



江蘇荃信生物醫藥股份有限公司  
Qyuns Therapeutics Co., Ltd.

A joint stock company incorporated in  
the People's Republic of China with limited liability

Stock code: 2509

# 2024

## Environmental, Social and Governance Report





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# About This Report



## Introduction

This report is the second Environmental, Social and Governance (ESG) Report issued by Qyuns Therapeutics Co., Ltd (2509.HK). It aims to disclose the company's environmental, social and governance information to stakeholders such as shareholders, employees, suppliers and business partners, so as to objectively and truthfully reflect the actions and achievements of Qyuns Therapeutics Co., Ltd. in relevant areas.



## Organizational Scope

The scope of the ESG Report covers Qyuns Therapeutics Co., Ltd. and its subsidiaries, consistent with the scope of its annual report.



## Abbreviations

For efficient communication and comprehensions, "Qyuns", "the Company" or "we/our/us" in this report all refer to Qyuns Therapeutics Co., Ltd. and its subsidiaries. "Cellularforce" refers to Jiangsu Cellularforce Biopharma Co., Ltd., our CMC (Chemical Manufacture and Control)-focused subsidiary.



## Reporting Period

This report covers the period from January 1, 2024 to December 31, 2024. In order to be consistent and complete, part of the data and information beyond this period are indicated where concerned.

**Latest Practicable Date:** April 15, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication



## Reference

This report is compiled based on the Appendix C2 Environmental, Social and Governance Reporting Code (the ESG Reporting Code) to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the "Exchange" or "HKEX").





## Reporting Principles

This report follows the reporting principles of the ESG Reporting Code issued by HKEX, including:

- **Materiality:** Through materiality analysis, this report examines the significance of ESG issues that may affect the Company's internal and external stakeholders, as well as highlights and explanations on critical issues.
- **Quantification:** This report discloses key performance indicators ("KPIs") in social and environmental aspects in accordance with the ESG Reporting Code, and explains their key meanings and calculation bases.
- **Balance:** This report aims to provide a complete and objective presentation of the Company's ESG performance.
- **Consistency:** This report uses a consistent statistical method on disclosure and explains the basis for changes in statistical calibre, methodologies, etc., so that KPIs could be meaningfully compared in the future.



## Report Access

This report is available for download on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of Qyuns ([www.qyuns.net](http://www.qyuns.net)).



## Confirmation and Approval

This report was approved by the Board (the "Board") of directors (the "Director(s)") on March 28, 2025, following confirmation by management.



## Contact Us

If you have any comments or suggestions on this report or our work on sustainability, please contact us by the following means.

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E-mail: [IR@qyuns.net](mailto:IR@qyuns.net)

# Chairman's Statement

Qyuns, founded in 2015, proudly marks its tenth anniversary this year. The journey of innovation and entrepreneurship has been challenging, culminating in a significant milestone: the Company was officially listed on Hong Kong Stock Exchange at 9:30 AM on March 20th, 2024. This event made Qyuns the first biotechnology stock to be listed on HKEX in the Year of the Dragon.

To be publicly listed is not an end goal but represents a new beginning. In fact, in the next five years, Qyuns will transition to a new era focusing on both commercialization and innovation.

On October 29th, 2024, the application for the commercialization of Ustekinumab injection (trade name: SAILEXIN, R&D code: QX001S/HDM3001), a monoclonal antibody injection co-developed with Zhongmei Huadong, was approved for the treatment of moderate to severe plaque psoriasis in adults. This pivotal moment marks the launch of Qyuns' first product from its research and development pipeline, as well as the introduction of the first approved biosimilar monoclonal antibody injection of its kind in China. This marks that Qyuns has stepped into the commercialization stage from the research and development (R&D) and production in the field of autoimmune diseases.

In line with our mission - to "pursue scientific innovation and deliver affordable and quality therapeutics" - the commercialization of QX001S underscores our commitment to delivering accessible treatment options, precise therapeutic tools, and improved quality of life for our patients. We aspire to reduce health disparities by ensuring that advanced medical technologies benefit a wider population.

The success of Qyuns is rooted in unwavering trust, a dedication to innovation, and adherence to sustainable development principles. We recognize that the market and our stakeholders have elevated expectations for our environmental, social, and governance (ESG) practices. In 2024 and beyond, we commit to enhancing our R&D investments, establishing a robust integrated R&D platform, and increasing the presence of biopharmaceuticals in the autoimmune sector. We will start from small yet meaningful initiatives focused on environmental stewardship, employee welfare, sustainable governance, and the overall advancement of sustainability, for us and for the biopharmaceutical industry.

In terms of corporate governance, in 2024, through Broad resolution, we established a three-tier ESG management framework comprising the Decision-making level, Managerial level, and Executive level. Additionally, we set up an independent ESG Committee under the Board, and an ESG Working Group Force to collaborate with relevant departments in advancing environmental, social, and governance initiatives. While formulating ESG management strategies, evaluating objectives, and monitoring progress, we actively developed accompanying documents in ESG policies, identified potential ESG risks and opportunities, and conducted corporate-wide training on corporate governance to promote ESG practices.

In terms of environmental responsibility, we are committed to reducing our impact on the environment through research, production, and operations by adopting advanced technologies. This includes optimizing resource utilization, reducing carbon emissions and waste generation, and implementing a strict environmental management system. In 2024, based on comprehensive management and rigorous requirements, Cellularforce was awarded Waste-free Factory by Taizhou City, contributing to Taizhou's initiative as a Waste-free City and positioned Cellularforce a leading model in China Medical City. Furthermore, we invented a Traction Anti-deviation Device in 2024, which received a Utility Model Patent certificate. This device reduces production material waste caused by mechanical vibrations and misalignment of PVC film on packaging lines, thereby lowering the amount of wasted materials.

Regarding social responsibility, as a company that values societal impact, we focus on creating positive effects for our employees, patients, communities, and other stakeholders. We improved a dual-track promotion and training system for employees, fostering an inclusive, equitable, and diverse work environment. We actively reviewed talent policies to support our staff in professional title evaluations and subsidy applications, providing an impetus in talent development. Our industry-university-research cooperation with institutions such as the China Pharmaceutical University and the Institute of Biophysics at Chinese Academy of Sciences evolved, enabling students in life sciences to apply theoretical knowledge in practical settings, while enhancing our own competitiveness. We continued to organize diverse employee activities to strengthen corporate culture. Our employees were featured, enthusiastically and vibrantly, participating in events such as the Taizhou Marathon, the Medical City Badminton Tournament, and our company trip to Mount Huangshan in Anhui.

I extend my heartfelt gratitude to all investors and stakeholders for your attention and trust in Qyuns in 2024. Moving forward, we will join hands with those who share our vision, values, and goals to pursue further development. Qyuns is ready to seize this historical opportunity, staying true to our innovative spirit and contributing to the advancement of China's biopharmaceutical industry. We aim to build a robust portfolio and competitive edge in China's autoimmune and allergy therapeutic areas. Our goal is to become an innovative pharmaceutical company, with global influence and a commitment to sustainable development.

With aspirations for the greater good, we uphold ESG principles. Earnest and studious, we base our work on R&D technologies that meet the needs of the patients, focusing on "innovation for the great majority".



Chairman of the Board and Executive Director  
Mr. Qiu Jiwan

# About Qyuns

## Company Profile

Adhering to the development philosophy of "innovation for the great majority", Qyuns Therapeutics (2509.HK), as a high-tech enterprise focuses on R&D, industrialization and commercialization of antibody drugs for autoimmune and allergic diseases, and strives to improve drug accessibility and affordability. This year, Qyuns went public on Hong Kong Stock Exchange, becoming the first biotechnology company focusing on autoimmunity on HKEX. Based on our independent innovation capabilities, the Company has built a comprehensive pipeline, including one product approved for commercialization<sup>1</sup>, two products at phase III clinical stage, four products at phase II or phase I, with indications covering the four major disease areas of skin, respiratory, digestive, and rheumatism. We are one of the leading companies in China in the field of autoimmune and allergic diseases, and one of the leading companies regarding autoimmune and allergic diseases in China. Meanwhile, through the commercialization cooperation with Huadong Medicine and other strategic partners, Qyuns is able to build an integrated layout of the whole industrial chain of R&D, production and sales, and the development certainty is further enhanced. Qyuns Therapeutics has applied for more than 100 invention patents domestically and globally. It has also been recognized as a potential unicorn enterprise by Productivity Centre of Jiangsu Province.

The following chart summarizes our portfolio of drug candidates as of the Latest Practicable Date:



<sup>1</sup> IND: Investigational New Drug  
<sup>2</sup> BLA: biologics license application  
<sup>3</sup> AS: ankylosing spondylitis  
<sup>4</sup> LN: lupus nephritis

<sup>5</sup> AD: atopic dermatitis  
<sup>6</sup> PN: prurigo nodularis  
<sup>7</sup> CRSwNP: chronic rhinosinusitis with nasal polyps  
<sup>8</sup> CSU: chronic spontaneous urticaria

<sup>9</sup> COPD: chronic obstructive pulmonary disease  
<sup>10</sup> Ps: psoriasis  
<sup>11</sup> CD: Crohn's disease  
<sup>12</sup> SLE: systemic lupus erythematosus

## Corporate Culture

In order to achieve our mission and vision, Qyuns will continue to observe the core values, advance the R&D process through continuous independent innovation, forward-looking industrialization layout and diversified cooperation, and constantly expand our product portfolio. To make innovation sustainable, make patients affordable, and make drugs more accessible!

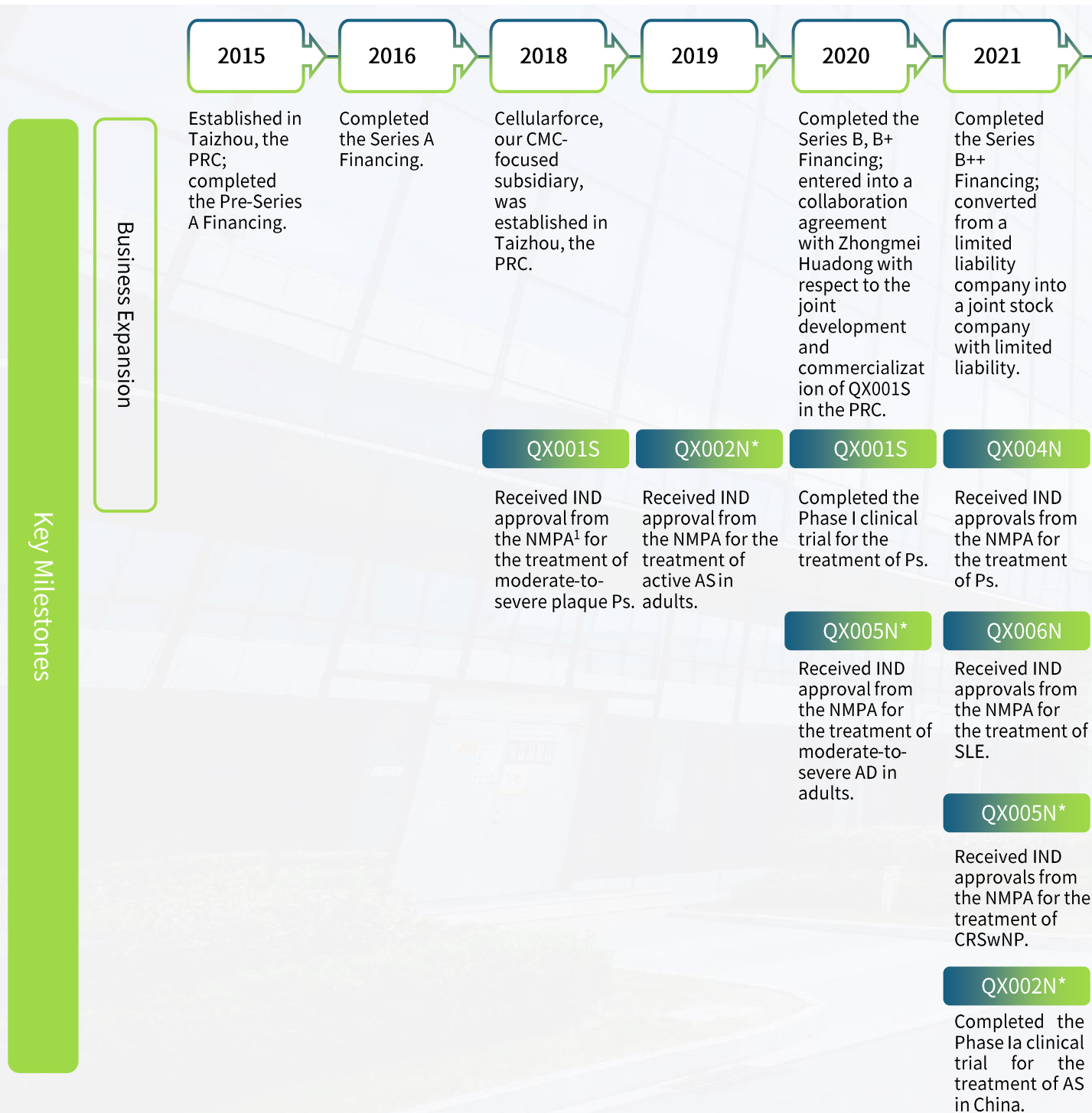
Corporate Spirit		Science, Conscience, Dignity
Mission		To pursue scientific innovation and deliver affordable and quality therapeutics
Vision		To address unmet needs from patients suffering from autoimmune and allergic diseases and build leadership in those therapeutic areas
Development Philosophy		Innovation for the great majority
Value		Strive to realize personal value and create social welfare





# About Qyuns

## Company History



<sup>1</sup>NMPA: National Medical Products Administration

2022

Completed the Series C Financing.

2023

University-enterprise cooperation with China Pharmaceutical University and Nanjing Tech University; Zhongmei Huadong, our commercialization partner for QX001S, submitted a BLA in China (accepted by the NMPA in August 2023).

2024

Qyuns (2509.HK) successfully listed on the Main Board of HKEX; Entered into a collaboration agreement with Joincare with respect to the development, manufacturing and commercialization of QX008N; Entered into a collaboration agreement with Hansoh Pharma with respect to the development, manufacturing and commercialization of QX004N; Entered into a collaboration agreement with Zhongmei Huadong with respect to the joint development and commercialization of QX005N; SAILEXIN (QX001S) successfully launched and its first prescription was issued in China.

QX005N\*

Received IND approvals from the NMPA for the treatment of CSU, PN, moderate-to-severe asthma; initiated the Phase II clinical trial for the treatment of AD in China.

QX008N

Received IND approvals from the NMPA for the treatment of asthma, moderate-to-severe COPD; received an IND approval from the FDA<sup>14</sup> for the treatment of severe asthma.

QX004N

Received IND approvals from the NMPA for the treatment of CD.

QX002N\*

Initiated the Phase II clinical trial and completed patient enrollment for the treatment of AS in China; completed the Phase Ib clinical trial for the treatment of AS in China.

QX002N

Completed the Phase II clinical trial for the treatment of AS in China; initiated the Phase III clinical trial for the treatment of AS in China.

QX005N\*

Completed subject enrollment for our Phase II clinical trial for the treatment of AD in China; commenced a Phase II clinical trial in adult patients with CRSwNP in China; completed subject enrollment for our Phase II clinical trial for the treatment of PN;

Received IND approvals from the NMPA for the treatment of COPD, AD in adolescents aged between 12 and 17 years.

QX001S

Zhongmei Huadong and Qyuns completed the Phase III clinical trial in patients with moderate-to-severe plaque Ps in China.

QX005N\*

Received the breakthrough therapy designation for QX005N for the treatment of PN;

Initiated Phase III clinical trials for QX005N for the treatment of AD and PN; The Phase II clinical trial data of QX005N for PN released at the CSD2024.

QX013N

Received the IND approval from the NMPA for QX013N for the treatment of CSU.

QX001S

The BLA for QX001S for treatment of Ps in children has been accepted.

QX004N

The Phase I clinical trial data of QX004N released in JAMA Dermatology (the Top Journal of Dermatology).

<sup>14</sup> FDA: the United States Food and Drug Administration

# About Qyuns

## Honours and Recognitions

By the end of the Reporting Period, major honors received by us are listed below:



Best Innovative Practice of Listed Companies  
Qyuns  
2024

Comein Finance



Excellent Labour Relationship Harmonious Enterprise in Jiangsu Province  
Cellularforce  
2023

Jiangsu Provincial Department of Human Resources and Social Security, Jiangsu General Trade Union, Industry and Information Technology Department of Jiangsu, Jiangsu Province Enterprise Confederation / Jiangsu Province Enterprise Directors Association, Jiangsu Federation of Industry & Commerce



Potential Unicorn Enterprise of Jiangsu Provincial High-Tech Industrial Development Area  
Qyuns  
2020-2023

Productivity Centre of Jiangsu Province  
Housing and Construction Promotion Service Center of Jiangsu Province High-tech Zone



China's 2023 Top 500 Invisible Unicorns  
Qyuns  
2023

Research Association for China's Economic Development, China Association of Inventions, The Investment Association of China, China Society of Automotive Engineers, Chinese Association for Artificial Intelligence



China Biopharmaceutical Science and Technology Innovation Value List Top 10 Most Promising Biopharmaceutical Enterprises  
Qyuns  
2023

Shanghai Biopharmaceutical Industry Association, Yiyun Technology



2023 China Biopharmaceutical Industry Value List Top 10 Most Promising CDMO Enterprises  
Cellularforce  
2023

Huayi Research Institute



Top 100 Chinese Enterprises in  
terms of Comprehensive  
Pharmaceutical R&D Capability  
Qyuns  
2022-2023

China Pharmaceutical Industry  
Journal Publisher, Yaozhi Web



Top 50 Chinese Enterprises in  
terms of Biopharmaceutical R&D  
Capability  
Qyuns  
2022-2023

China Pharmaceutical Industry  
Journal Publisher, Yaozhi Web



Most Valuable Pharmaceutical and  
Healthcare Company  
Qyuns  
2024

Zhitongcaijing

Hurun China Healthcare Emerging  
Force Company  
Qyuns  
2024

Hurun Research Institute

Gold Award for Communication  
Case - Most Successful Crisis  
Management Case of the Year  
Qyuns  
2024

bioPR, R&D Guest, Zhangjiang  
Medicine Valley, Zhangjiang Zhi  
Shang, and ZJ-BBC

Outstanding Award for  
Communication Case - Best  
Website of the Year  
Qyuns  
2024

bioPR, R&D Guest, Zhangjiang  
Medicine Valley, Zhangjiang Zhi  
Shang, and ZJ-BBC

Top 100 Innovative  
Pharmaceutical Companies in  
China  
Qyuns  
2024

Healthcare Executive

Top 30 Innovative Antibody Drug  
Companies in China  
Qyuns  
2021-2024

Menet

Chinese Healthcare Front-runners  
Top 100 Excellent Leaders List  
Qyuns  
2023

Shanghai Biomedical Industry  
Promotion Centre, Shanghai STVC  
Group, Yiyun Tech, Yicai, etc.

2022 Taizhou Happy Enterprise  
Qyuns  
2023

Taizhou General Trade Union

2021 Top 10 Innovative and  
Entrepreneurial Enterprises  
Qyuns  
2021

The Management Committee of  
Taizhou Medical New and High-  
tech Industrial Development Zone,  
Taizhou Gaogang District  
Government, etc.

Excellent Enterprise in Scientific  
and Technological Innovation  
Qyuns  
2020

Taizhou Government

# About Qyuns

By the end of the Reporting Period, the major recognitions received by us are listed below:



Jiangsu Autoimmune Diseases Antibody  
Engineering Research Center  
Qyuns  
2021

Jiangsu Provincial Development and  
Reform Commission



2024 Taizhou Waste-Free Factory

Cellularforce  
2024

Taizhou Ecological Environment Bureau

Taizhou Antibody Drug Innovation  
Technology Development Engineering  
Research Center  
Cellularforce  
2024

Taizhou Development and Reform  
Commission

Taizhou Engineering Technology  
Research Centre (Taizhou (Qyuns)  
Antibody Drugs Engineering Technology  
Research Centre)  
Qyuns  
2023

Taizhou Science and Technology  
Bureau

High and New Tech Enterprise  
Qyuns  
2021

Jiangsu Science and Technology Department  
Jiangsu Provincial Department of Science and Technology  
Jiangsu Provincial Department of Finance  
Jiangsu Provincial Tax Service of the State Taxation  
Administration

Jiangsu Foreign Expert Workshop  
Qyuns  
2018

Jiangsu Provincial Department of  
Science and Technology



Advanced Companies in Fire Safety  
Management  
Cellularforce  
2024

Fire Rescue Brigade of Taizhou Medical  
High-tech Industrial Development Zone

Five-Star Cloud Enterprise in Jiangsu  
Province

Cellularforce  
2024

Industry and Information Technology  
Department of Jiangsu

Four-Star Cloud Enterprise in Jiangsu  
Province

Cellularforce  
2021-2023

Industry and Information Technology  
Department of Jiangsu

2019 Jiangsu Provincial Major Project  
Investment Plan (Taizhou Cellularforce  
Antibody Drugs)  
Cellularforce  
2019

Jiangsu Provincial Development and  
Reform Commission

Jiangsu Practice Technology Enterprise  
Qyuns  
2018

Jiangsu Association of Practice  
Technology Enterprise



Taizhou Industry-Education Integration  
Cultivation Enterprise  
Cellularforce  
2024

Taizhou Development and Reform  
Commission, Education Bureau, Human  
Resources and Social Security Bureau

AA Integration of Informationization and  
Industrialization Management System  
Certificate  
Cellularforce  
2023

Beijing Saisheng Technology Co., Ltd.

Taizhou Municipal Smart Manufacturing  
Demonstration Workshop (antibody  
drug product workshop)  
Cellularforce  
2021

Taizhou Industry and Information  
Technology Bureau

Taizhou Municipal Smart Manufacturing  
Demonstration Workshop (antibody drug  
substance workshop)  
Cellularforce  
2020

Taizhou Industry and Information  
Technology Bureau



# 01 Effective Governance Rooted in Compliance

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Qyuns fully recognizes the important mission of corporate environmental, social, and governance work, and firmly adheres to this philosophy. We believe that the long-term development of companies must be deeply integrated with social values in order to achieve true sustainable growth. To this end, we further improve our ESG governance structure, actively listen to the voices from all sectors of the society, establish open and efficient communication channels, actively communicate with stakeholders such as employees, suppliers, the government, and regulatory agencies, continuously improve corporate governance, and address key ESG issues.

”

# 01 Effective Governance Rooted in Compliance

## ESG Governance

### *Board Statement*

The Board of Directors of Qyuns places significant emphasis to ESG related matters. We actively monitor the expectations of regulators, capital markets, and rating agencies regarding ESG management and development for listed companies. In accordance with the requirements of ESG Reporting Code (Appendix C2 to the Listing Rules) of the Hong Kong Stock Exchange, the board is committed to continuously improving the governance structure and system of the Company's ESG governance capabilities, and working with stakeholders to create more and higher-quality economic, social and environmental value.

As the highest decision-making and governance unit for ESG matters, the Board of Directors establishes and authorizes an ESG Committee to represent the Board in fulfilling its supervisory and management responsibilities for ESG related matters, including developing ESG management strategies, identifying and evaluating important events and related risks that affect the Company's operations, setting ESG goals, monitoring ESG related affairs, and reviewing the progress of achieving ESG goals.

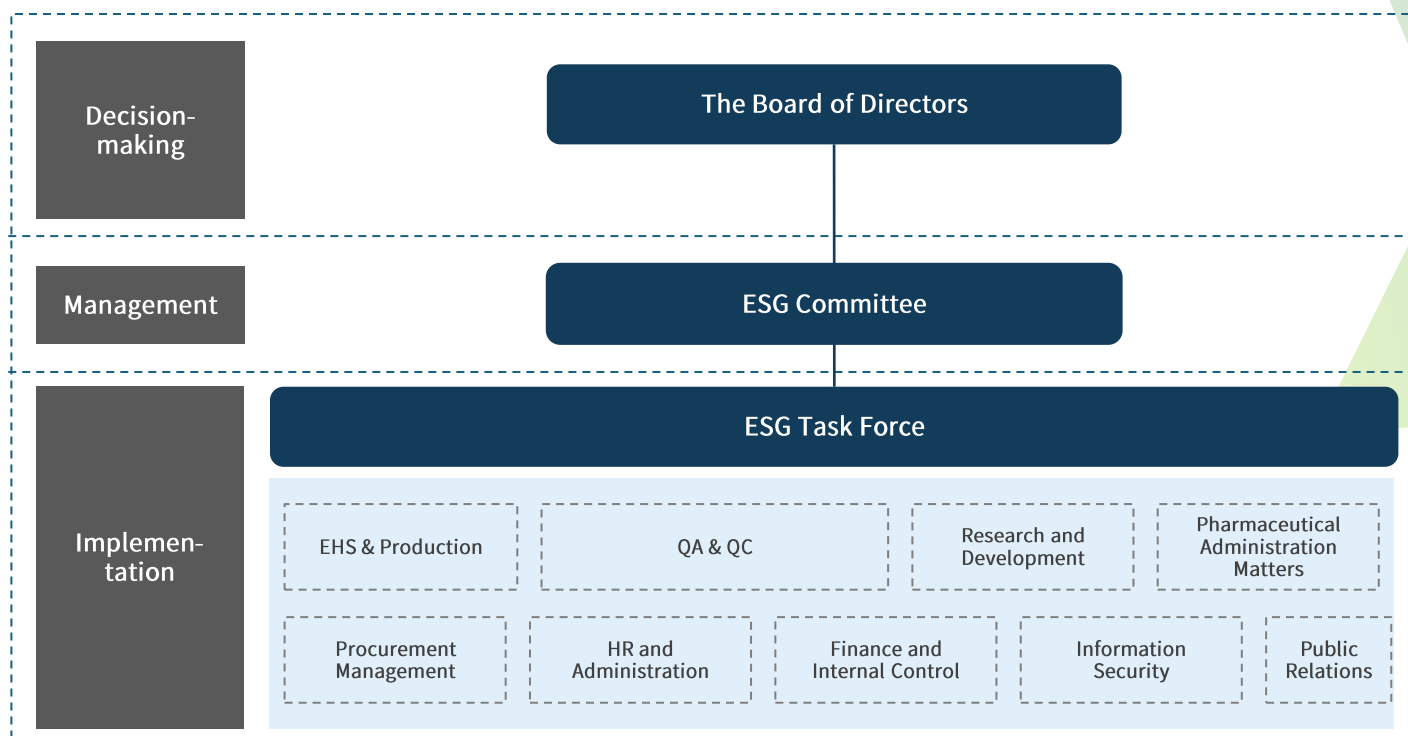
During the Reporting Period, we actively incorporated ESG factors into our business practices, clarified the responsibilities of each department, identified and prioritized various ESG important issues, identified ESG risks and opportunities, reviewed the analysis results, clarified the focus of ESG management work, and evaluated the overall ESG performance.

The Board of Directors will continuously improve the ESG governance system, continuously enhance the Company's ESG performance, actively integrate ESG concepts into the Company's key decisions and business development, in order to achieve long-term stable development of the Company. During the Reporting Period, the Board of Directors held two ESG-related meetings to evaluate ESG related goals, review progress, and review the annual Environmental, Social, and Governance Report.





## ESG Governance Structure



At the decision-making level, the Board of Directors of Qyuns is responsible for leading and supervising the Company's strategic planning, management strategies, and performance related to sustainable development such as ESG and climate change, and is the highest decision-making and governance unit for ESG matters. The Board of Directors is responsible for making decisions, supervising, and evaluating the development and updating of ESG strategies and goals, the effectiveness of ESG workflows, making decisions on major ESG-related matters of the Company, monitoring the progress and effectiveness of ESG major matters, including ESG materiality issues, ESG information disclosure, stakeholder communication, etc. At the same time, it reviews the disclosure materials of the Company's annual ESG plan, major ESG projects, ESG reports, etc.

At the management level, the Board of Directors authorizes the ESG Committee to carry out daily ESG supervision and management work. Mr. Wu Yiliang, the executive director of the group, serves as the chairman of the ESG Committee, while Mr. Hu Yanbao, Mr. Xu Zuixiao, Ms. Shan Ying, and Ms. Qiu Zhiying serve as committee members. The ESG Committee is responsible for analyzing and identifying significant ESG issues and risks of the Company, making relevant recommendations, developing and updating ESG strategies, goals, systems, and workflows, coordinating with various departments to develop ESG related performance, and promoting the implementation of strategies. At the same time, the ESG Committee is responsible for regularly collecting information from ESG related departments, monitoring the implementation of plans, regularly summarizing the progress and effectiveness of the Company's major ESG issues, and reporting to the Board of Directors.

At the execution level, Qyuns has established an ESG Working Group. Ms. Shan Ying from the Board Office serves as the team leader, and each business department designates a core member as the executive responsible person to implement the Company's ESG management system and processes, timely carry out daily ESG management work, and regularly review progress. The ESG Working Group tracks, collects, and organizes annual ESG information, materials, and progress to ensure the authenticity, accuracy, and completeness, and coordinates departmental resources to implement ESG work related to business departments.

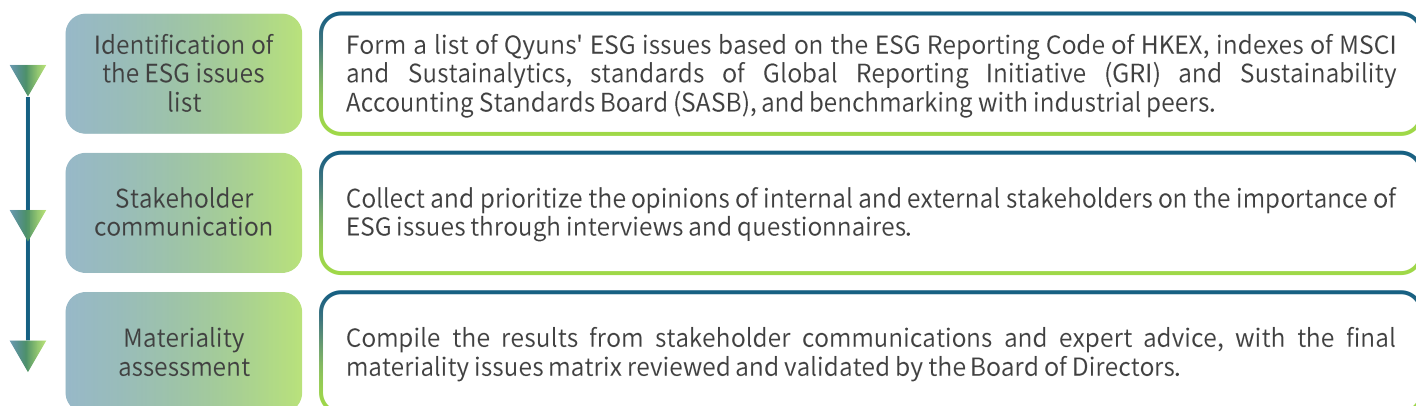
## Stakeholder Communications

Qyuns always closely monitors the expectations and feedback of various stakeholders, and is committed to building diversified channels to promote the sustainability and effectiveness of communications. The stakeholders we involve include shareholders, employees, customers, suppliers, governments, and regulatory agencies. We adopt differentiated communication strategies and response measures based on different characteristics and needs.



## Analysis of Material Issues

We screened and assessed material ESG issues that have a significant impact on Qyuns based on international standards and industry benchmarks, as well as communication with stakeholders through interviews and questionnaires. These issues were used as a key basis for the preparation of our ESG report and the implementation of ESG management.



Analysis process of material issues

Based on the comprehensive assessment results, we identified 19 issues that have a significant impact on Qyuns, including 9 issues of high materiality, 7 issues of medium materiality and 3 issues of low materiality.



High Materiality	Medium Materiality	Low Materiality
Operational Compliance	Compliance with Hiring Standards	Use of Resources
Product Quality and Safety	Waste Management	Employee Training and Development
Clinical Trial Safety	Supply Chain Management	Community Service and Investment
Intellectual Property Protection	Responsible Marketing	
Corporate Governance and Risk Management	Employee Compensation and Benefits	
Occupational Health and Safety	Data and Privacy Protection	
Business Ethics	Climate Change	
Product Development and Innovation		
Anti-corruption		



## Corporate Governance and Risk Management

Qyuns consistently upholds the value of integrity and compliance, leads business behaviour with high standards, and is committed to shaping an open and honest communication environment. By strengthening internal controls, we effectively manage operational risks and enhance economic and social benefits. At the same time, we prioritize data security and privacy protection while striving to establish an efficient and stable supply chain. Our business operations strictly comply with laws, regulations, and industry standards, as we adhere to the compliance bottom lines.

Qyuns strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Accounting Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other relevant laws, administrative regulations, departmental rules, regulatory documents, and relevant provisions issued by regulatory authorities. Based on these rules and regulations, we have formulated internal policies and systems, such as the *Qyuns Therapeutics Co., Ltd. Articles of Association*, the *Measures for Internal Audit and Risk Management* and the *Measures for Process Management*, to enhance corporate compliance and risk management.

## Operational Compliance, Business Ethics and Anti-corruption

Qyuns strictly complies with the *Company Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery*, *Anti-Unfair Competition Law of the People's Republic of China*, *Civil Code of the People's Republic of China*, and *Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks* issued by the State Administration for Market Regulation, and other laws and regulations on the prevention of bribery, extortion, fraud, and money laundering. During the Reporting Period, we released *Measures for the Management of Anti-corruption and Anti-commercial Bribery*, and the *System for the Conflicts of Interests of Directors, Supervisors, and Senior Management*, which regulate the training of anti-corruption and anti-bribery, the declaration of conflicts of interest, and the protection of whistleblowing.

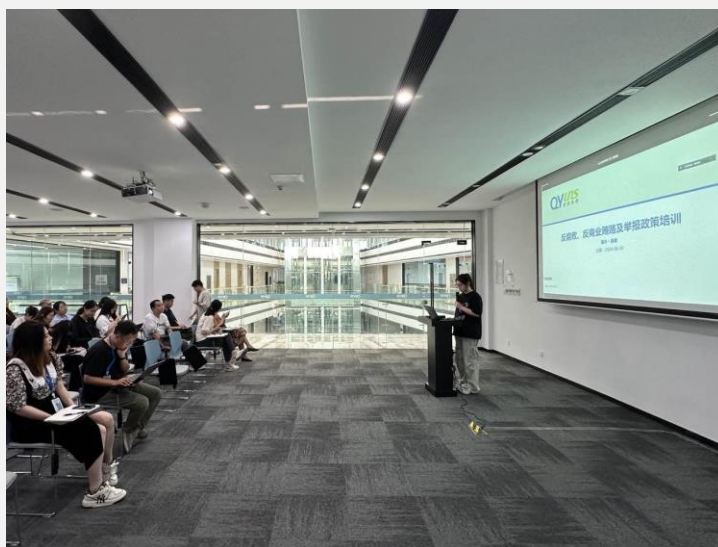
We have taken proactive measures in the areas of operational compliance, business ethics and anti-corruption to safeguard the transparency and integrity of our operations. Externally, we have continuously strengthened the accuracy and transparency of information disclosure and actively cooperated with various supervision and inspection efforts by regulatory authorities. With the promotion and deepening of the ESG concept, the proportion of contracts containing anti-bribery clauses in the company's external contracts has significantly increased. In 2024, we also upgraded the contract templates for procurement and technical services signed externally, adding contents covering anti-bribery, environmental protection, labor compliance, and corporate governance compliance.

Internally, we have continuously carried out employee training related to compliance, including topics such as business ethics and anti-corruption. We have incorporated integrity and self-discipline into the special indicators of employees' annual performance appraisals, implementing a one-vote veto system. Meanwhile, we require managerial staff at supervisor level and above and all employees related to research and development to sign non-compete agreements to maintain industry order and fair competition.

During the Reporting Period, the Company organized training for all employees on the topic of “anti-corruption, anti-commercial bribery and whistle-blowing policy”, including educating on the definition and scope of anti-corruption and anti-commercial bribery, sharing anti-commercial bribery cases, explaining the Company's whistle-blowing policy, and protecting the privacy rights of whistle-blowers.

### Case: Training on "anti-corruption, anti-commercial bribery and whistle-blowing policy"

During the Reporting Period, the Company organized training for all employees on the topic of “anti-corruption, anti-commercial bribery and whistle-blowing policy”, including educating on the definition and scope of anti-corruption and anti-commercial bribery, sharing anti-commercial bribery cases, explaining the Company's whistle-blowing policy, and protecting the privacy rights of whistle-blowers.



Qyuns 2024 Anti-Corruption Training

In addition, we encourage employees to communicate and raise questions about anti-corruption issues. They can report in writing through the suggestion box set up by the Company. Employees have a responsibility to report potential or certain violations to the Head of Internal Audit, and we will initiate an independent investigation after confirming its materiality. Employees or other related parties (e.g., clients and suppliers) may anonymously report concerns about the Company's misconduct to the audit committee. We maintain strict confidentiality during the reporting and investigation process and strive to protect the information and data evidence of whistleblowers and witnesses at all stages, to prevent leakage and loss. At the same time, we provide protection for whistleblowers, take disciplinary action against retaliation, and take appropriate measures against those who intentionally create false reports.

During the Reporting Period, there were no cases on business ethics or anti-corruption.

## Leading with Party Building

2024 is the 75th anniversary of the founding of the People's Republic of China and a crucial year for the goals and tasks of the 14th Five Year Plan. We participate in Party-building activities, strengthen the construction of grassroots Party organizations, and fully leverage the leading role of Party building.

This year, Qyuns actively participated in the "Party Building Sharing Day" activities for the organizations of "Two Enterprises and Three New Types" held by the Medical High-tech Zone (Gaogang District). During the event, Qyuns showcased the company exhibition hall to the attendees, providing a detailed introduction to the Party building brand, work achievements, and the role played by the Company's Party branch.



Government leaders visiting Qyuns Exhibition Hall





# 02

## Leading with Research and Development, Empowered by Intellectual Property Protection

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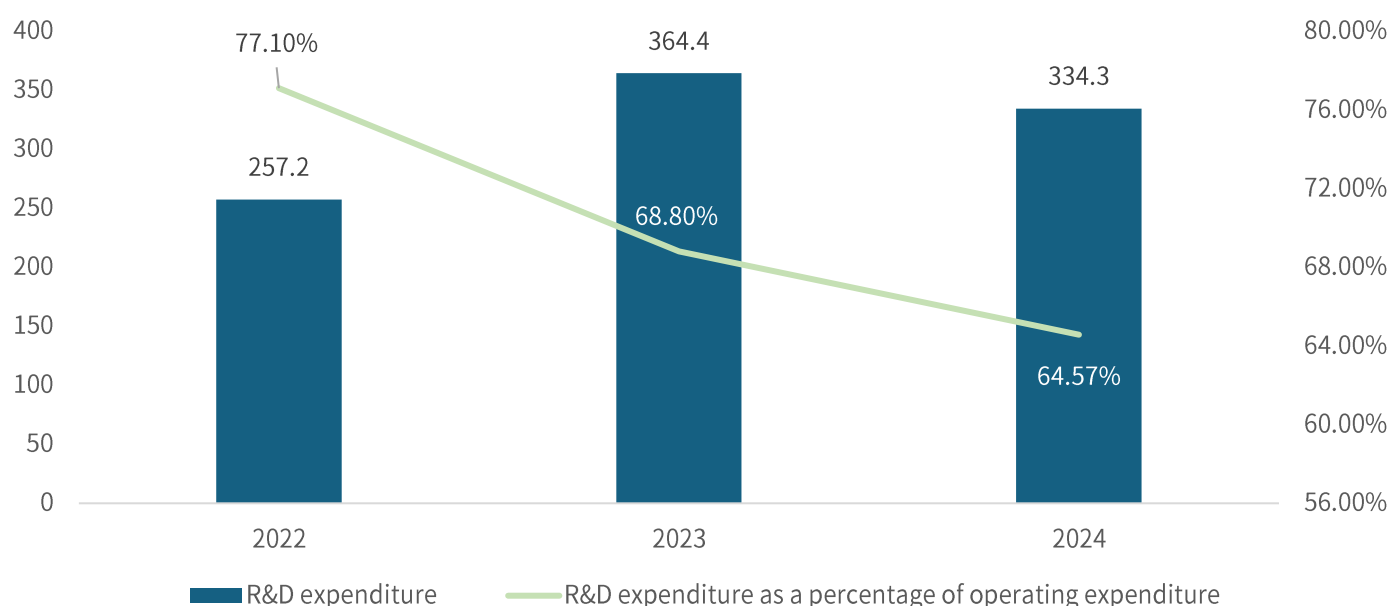
Innovative research and development and intellectual property protection have become the core driving forces for sustainable development of many companies. Nowadays, the antibody drug market is fiercely competitive and constantly changing. Corporations must continuously invest resources, establish sound research and development teams, adapt to market and patient needs, in order to launch drugs with independent intellectual property rights and continuously improve treatment efficacy and safety. A sound innovation research and development and intellectual property system will enhance our competitive advantage, and is also an important link in creating a favourable business environment and promoting technological innovation and industrial upgrading.

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## 02 Leading with Research and Development, Empowered by Intellectual Property Protection

### Product Development and Innovation

As one of the few biotech companies focusing on the autoimmune field, Qyuns adheres to the principle of "innovation for the great majority", and strives to expand pipelines in autoimmune and allergic biotherapy drugs through continuous independent research and development, to reduce the burden on patients and solve the problem of drug affordability. R&D capability is crucial for us to maintain industry competitiveness. During the Reporting Period, the Company's R&D investment was approximately RMB 334.3 million, accounting for 64.57% of operating expenses. Qyuns has a total of 125 R&D employees from the Clinical Medicine Department and the New Drug R&D Center, accounting for 36.9% of the total number of employees.



Currently, we have established an integrated R&D platform as the foundation for our continuous innovation. The platform comprises six R&D components, including mAb screening and functional validation, innovative mechanisms and structural design for bispecific antibody development, development of analytical methods, cell line screening and process development, drug formulation development and preclinical and clinical sample analysis and testing. We have developed all of our biologic drug candidates in-house and set up two clinical development centers in Beijing and Shanghai to accelerate the clinical trials of the relevant products under development.

In terms of scientific ethics standards, as a high-tech company driven by standardized operation and innovation, Qyuns emphasizes on the protection of rights of the testing subjects and has formulated corresponding institutional documents, signed quality agreements with CROs, and clarified and standardized confidentiality obligations (see Chapter 3 – Ensuring Safety and Innovation through High Quality and Enhanced Progress – Clinical Trial Safety).



## R&D innovation assessment and the reward system

Qyuns actively promotes and inspires innovation, and takes concrete actions in doing so. We have formulated management systems and measures such as the Intellectual Property Reward and Punishment Management Measures, the *Intellectual Property Handbook*, the *Intellectual Property Procedure Documents*, etc., which clearly stipulate rewards and punishments for intellectual property such as patents, trademarks, and copyrights. A graded reward system has been set up according to the type and importance of patents, and employees who contribute to the Company's intellectual properties are rewarded. At the same time, the management measures specify departments responsible for intellectual property target management, encourage each department to quantify intellectual property assessment targets, and continuously improve the intellectual property performance management system.

The implementation of these management systems and methods not only stimulates our enthusiasm and motivation in innovation, but also enhances employees' awareness of applying for patents for innovative achievements, and promotes the implementation and development of patented technologies. Since the implementation of the *Intellectual Property Reward and Punishment Management Measures* in 2022, a total of RMB 161,076.12 in rewards has been distributed across 98 occasions. During the reporting period, RMB 33,307.12 was disbursed for 32 occasions.

This year, we have published a total of 3 international articles.

### Case: Phase I clinical trial data of QX004N injection were published in the top journal of dermatology, JAMA Dermatology

In 2024, Qyuns achieved important results in the development and innovation of clinical medicine. The results of the Phase Ib clinical trial of its key product, QX004N Injection (a humanized IgG1 monoclonal antibody targeting IL - 23), were published in the JAMA Dermatology journal (IF = 10.9). The leading unit was the team of Professor Ding Yanhua and Professor Li Shanshan from the First Hospital of Jilin University. The article was titled "Safety and Efficacy of Anti - IL - 23 Monoclonal Antibody QX004N for Patients With Psoriasis: A Randomized Clinical Trial". This study evaluated the safety, tolerability, efficacy, pharmacokinetics, and immunogenicity characteristics of QX004N in patients with moderate - to - severe plaque psoriasis. The study results showed that, compared with the placebo, QX004N was well - tolerated in patients with moderate - to - severe plaque psoriasis and had superior efficacy.

Research

JAMA Dermatology | Original Investigation

### Safety and Efficacy of Anti-IL-23 Monoclonal Antibody QX004N for Patients With Psoriasis A Randomized Clinical Trial

Xiaojiao LI, PhD; Bing LI, BS; Deming Yang, BS; Meng Wang, BS; Qianqian LI, MS; Nan Wang, MS; Min Fang, MD;  
Jingrui Liu, MS; Hong Zhang, MD; Min Wu, MS; Cuiyun LI, MS; Xiaoxue Zhu, MS;  
Yanhua Ding, MD; Shanshan LI, MD

Results of the Phase Ib clinical trial of its key product, QX004N Injection published in the top  
journal of dermatology, JAMA Dermatology

## Communication within the Industry

In 2024, Qyuns actively participates in industry communications, promoting experience-sharing and cooperation with industry corporations through the sharing of best practices and innovative ideas. We actively participate in conferences in the biopharmaceutical industry, guiding industry technicians to break through technological bottlenecks, promoting the development of innovative drugs, accelerating the dissemination of cutting-edge knowledge in the biopharmaceutical industry, and sharing technological experience in the field of new drug development.

In addition, we serve as vice-chairman of the Healthcare Executive' Council, and we joined the Biomedical Industry Supply Chain Alliance. Mr. Qiu Jiwan, Chairman of the Board and Executive Director, serves as the Executive Director of the Association of Taizhou Pharmaceutical Association. We are committed to contributing to the development and construction of China's pharmaceutical industry.

### Case: Qyuns actively participates in industry expos related to new drug research and development

#### (1) 2024 3<sup>rd</sup> IDC New Drugs Development Impact Conference

In August 2024, Chen Tao, the Head of Qyuns New Drug Research Center, attended the 3rd IDC New Drug Development Impact Conference and gave a presentation on *the Development of Urticaria Drugs Based on Mast Cell Depletion Therapy*.



Chen Tao, the Head of Qyuns New Drug Research Center, attended the 2024 3<sup>rd</sup> IDC New Drug Development Impact Conference

### Case: Qyuns actively participates in industry expos related to new drug research and development (continued)

#### (2) The 7th China Conference on Precision Medicine (CCPM)

In August 2024, Qyuns was invited to participate in the 7th China Conference on Precision Medicine, and Chen Tao, the head of the New Drug Research Center, gave a presentation. With *Selection of R&D Pipeline for Biopharmaceutical Companies - Taking the Development of QX013N Chronic Spontaneous Urticaria Drug as an Example*, we presented the latest research results to medical experts and industry leaders from all over the country, jointly exploring the latest progress and future development directions in the field of precision medicine.



Qyuns being invited to the 7th China Conference on Precision Medicine

#### (3) The 15th China (Taizhou) International Medical Expo

In November 2024, Qyuns participated in the 15th China (Taizhou) International Medical Expo and had Chen Tao, the head of the New Drug Research Center, give a presentation on *Early Development of Differentiated Antibodies to Clinical Research*.



Chen Tao, the head of the New Drug Research Center, participating in the 15th China (Taizhou) International Medical Expo and gave a presentation



Qyuns' booth at the 15th China (Taizhou) International Medical Expo



During the Reporting Period, Qyuns also participated in the EBC Biotech Industry Conference and the 6th Antibody Drug Industry Development Conference.



EBC Biotech Industry Conference



6th Antibody Drug Industry Development Conference

## Collaboration with Universities

Since the establishment, Qyuns has devoted its efforts to University-Industry collaborations new drug research, building a long-term cooperative research mechanism with universities, promoting academic exchanges and personnel exchanges between the two sides, and accelerating the transformation of scientific and technological achievements. Currently, we have established long-term strategic cooperation agreements with China Pharmaceutical University and the Institute of Biophysics, Chinese Academy of Sciences to jointly build research and practice bases. Through resource sharing among universities and complementary industrial advantages, we screen and verify drug targets, conduct early cooperation in drug development, and jointly cultivate technical talents that meet market demand.

### Case: Joint laboratory establishment with China Pharmaceutical University

In 2023, we signed a contract with China Pharmaceutical University to establish a five-year-long joint laboratory, focusing on non-clinical research in the process of antibody drug screening, evaluation, engineering modification, new technology development, and the industrialization of scientific and technological achievements.

During the Reporting Period, the laboratory focused on the in vivo efficacy evaluation of dual antibody products in animal disease models of asthma and atopic dermatitis, verifying the effectiveness of multiple combined targets in asthma and atopic dermatitis models, and providing support for innovative product target selection and efficacy evaluation.



Qyuns and China Pharmaceutical University jointly establishing a practice base for graduate students



### Case: Collaboration with the Institute of Biophysics, Chinese Academy of Sciences

We have signed a 3-year technical service contract with the Institute of Biophysics, Chinese Academy of Sciences, focusing on the development of antibody drugs. During the Reporting Period, we conducted further research on the crystal structure analysis of QX006N and completed the publication of relevant articles on the crystal structure analysis of QX006N in the International Journal of Biological Molecules.



The article related to the crystal structure analysis of QX006N was published in the International Journal of Biological Molecules

## Intellectual Property Protection

In strict compliance with the *Patent Law of the People's Republic of China*, the *Detailed Rules for the Implementation of the Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other relevant laws and regulations, Qyuns has established an intellectual property management system that complies with the national standard and meets our own development needs. The system clearly stipulates the Company's intellectual property policies and goals, supported by the Intellectual Property Manual and a series of intellectual property procedural and institutional documents, and supplemented by record documents as a result of such system. Additionally, the Company has formulated a series of supporting documents such as the *Document Control Procedures*, the *Technical File Management Procedures*, the *Intellectual Property Reward and Punishment Management Measures*, and the *Confidentiality System*, in order to establish a comprehensive closed loop for managing intellectual property.

### Contents of intellectual property control procedures

Internal documents control	External documents and document records control	Laws and other requirements control	Human resources control
Information resource management control	Confidentiality control	Internal audit control	Intellectual property acquisition control
Intellectual property maintenance control	Intellectual property utilization control	Intellectual property risk management control	Intellectual property dispute settlement control

The establishment, implementation, and continuous improvement of the intellectual property management system aim to standardize intellectual property management behaviors in our production and operation activities, and to enhance our ability to create, manage, use, and protect intellectual property rights. Our long-term commitment is to enhance the Company's intellectual property management system in order to effectively prevent and control intellectual property risks, encourage and protect innovative activities, create products with high technical barriers, and build the core competitiveness of the Company through intellectual property strategies.

At the same time, Qyuns places significant emphasis on protecting intellectual property rights throughout the drug development process, recognizing their critical role in the Company's long-term growth and competitiveness. To this end, we have established a comprehensive and thorough strategy for protecting intellectual property. By conducting ongoing research and monitoring throughout the project, implementing multi-dimensional and multi-level patent protection strategies, and globalizing our patent layout, we are able to provide stable legal protection for our innovations throughout the entire development cycle of our pharmaceutical products. This provides a solid guarantee for the Company's sustainable development and enhances our competitiveness in the market.



#### Ongoing research and monitoring throughout the project

During the early stages of a project, we conduct thorough research and investigation to monitor the development of relevant competitors and potential intellectual property risks. This allows us to make timely adjustments to our development goals and avoid infringing on others' intellectual property rights, while also effectively protecting our innovations. We monitor our key projects and products continuously and provide prompt feedback to our management, enabling quick and informed decision-making.



#### Multi-dimensional and multi-level patent protection strategies

For the product of each project, the Company applies for patents not only at the basic level for sequence and composition but also for the formulation, production process, testing method, and therapeutic use. This comprehensive patent strategy improves the stability and defence of our pharmaceutical intellectual property rights.



#### Globalized patents

Considering the complexity of the international market, we apply for overseas patents in key territories such as the US and Europe for each of our major products to protect them against global competition.

Intellectual property protection strategies throughout the pharmaceutical development cycle

The intellectual property management system has been operating smoothly since its establishment in 2021, and has successfully passed the annual supervisory audit of intellectual property management system certification that meets national standards in 2022 and 2023, maintaining the continuous validity of the standard certificate. The Company has also been named one of the second-batch qualified companies for the performance evaluation in intellectual property management standardization of Jiangsu Province in 2022.

During the Reporting Period, the Company completed the certification of the 2023 version of the new national standard for intellectual property compliance management system, fully reflecting the Company's autonomy and advancement in intellectual property compliance management.

During the Reporting Period, no infringing products in the market were found.



Certificate in intellectual property management 2021-2023

### Obtained certification for the new version of the intellectual property compliance management system

During the Reporting Period, the Company completed the certification of the 2023 version of the new national standard for intellectual property compliance management system, fully reflecting the Company's autonomy and advancement in intellectual property compliance management.



Certificate in intellectual property management 2024

### Case: Important patents and patent applications for the core products QX002N and QX005N

Qyuns currently owns two core products, QX002N and QX005N, which have been protected through patent applications in major overseas countries. Among them, QX002N's patent of "Anti-human interleukin 17A monoclonal antibody and application thereof" has been approved in China, Europe, Australia and Japan, and patent applications have been filed in Canada; while QX005N's patent of "Anti-human interleukin-4 receptor  $\alpha$  monoclonal antibody and application thereof" has been approved in China, Australia and Japan, and patent applications have been filed in the United States, Canada and Europe.



"Anti-human interleukin 17A monoclonal antibody and application thereof" patent for QX002N product



"Anti-human interleukin-4 receptor  $\alpha$  monoclonal antibody and application thereof" patent for QX005N product

Active patent applications	47
Patent authorizations	60
Number of trademarks obtained	93
Number of domain names obtained	21
Number of copyrights obtained	4



A background image of a male scientist with grey hair, wearing a white lab coat, safety goggles, and a white face mask. He is looking down at a piece of laboratory equipment. The image has a green tint and a blue gradient overlay on the left side.

# 03 Ensuring Safety and Innovation through High Quality and Enhanced Progress

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Qyuns has always adhered to the business philosophy of "craftsmanship perseverance and quality first". Under the leadership of the management team, the Company keeps quality as the top priority, continuously optimizes and improves the quality system in an all-round way, and spares no effort to shape the corporate quality culture. At the same time, the Company thoroughly implements the development philosophy of "innovation for the great majority", regarding the courage to break through and continuous innovation as the core driving force for the Company's rapid development, and integrates it into every link of business operations.

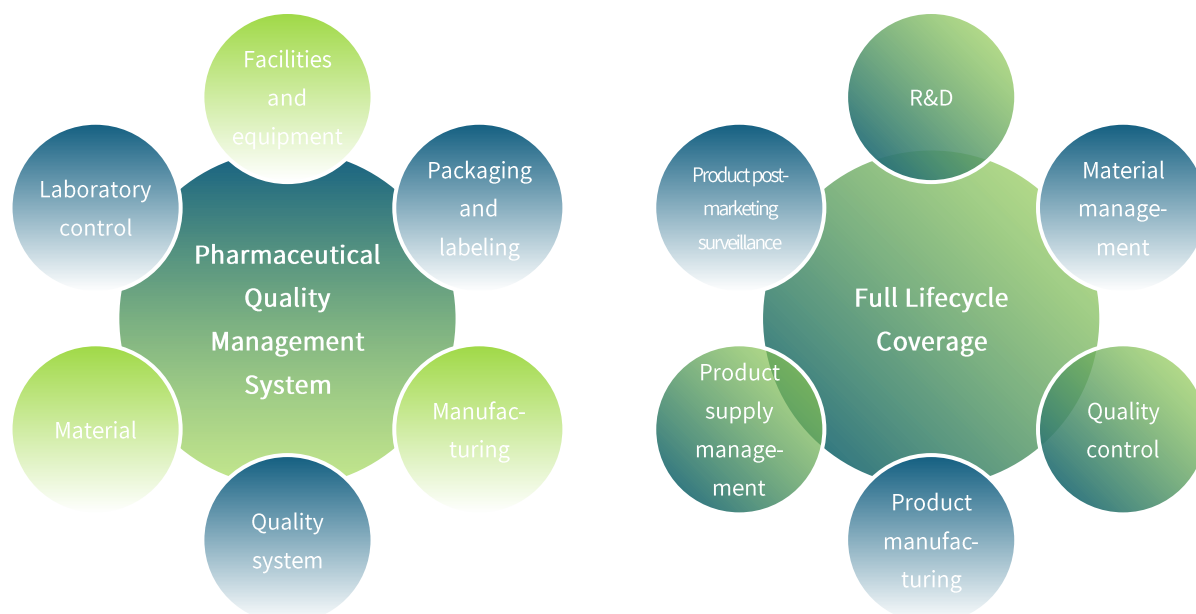
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## 03 Ensuring Safety and Innovation through High Quality and Enhanced Progress

### Product Quality and Safety

#### Product Quality Management System

Qyuns has set continuous optimization of the product quality management system as one of the Company strategies. We strictly comply with the *Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practices for Pharmaceutical Products* and other laws and regulations of the countries and regions in which we operate. On this basis, we have established a quality management system that covers the entire life cycle of pharmaceuticals taking into account the GMPs of China, the United States and the European Union, with international standards for quality management of pharmaceutical production, such as International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), the International Society for Pharmaceutical Engineering (ISPE), and the Parenteral Drug Association (PDA).



Product Quality System

The Company's quality management document system consists of three levels: the management manual, the master procedure, and various standard procedures. *The Quality Management Manual* serves as the criterion and guidance document for quality work. It stipulates the quality policy and objectives that align with the requirements of quality management for pharmaceutical products and the Company's business objectives. This year, in response to the *Announcement on Strengthening the Supervision and Management of Contract Manufacturing by Marketing Authorization Holders* issued by the National Medical Products Administration (Announcement No. 132 of 2023), we have carried out self-inspection and gap analysis work, and optimized relevant management procedures under the Quality Management Manual. For example, we have added provisions on how Cellularforce, as the entrusted party, assists the marketing authorization holder (MAH) in implementing risk management of marketed products and establishing annual reports in the Client Communication Management Procedure (SOP-00457). We have also added sampling management procedures related to the MAH's entrusting Cellularforce to conduct finished product sampling during the entrusted production process in the Sampling Standard Management Procedure (SOP-00020). To ensure the quality system operates effectively, we have established standard management and operations procedures covering organizational personnel, plant facilities, products and materials, verification, document management, production management, quality control and assurance, entrusted inspection, product shipment and recall, and self-inspection.

#### Quality Policy

In compliance with the applicable registration regulations, we continuously enhance the quality system of drug production by conducting periodic reviews. Our goal is to produce safe, effective and quality-controlled products that meet their intended use. We strive to be customer-focused, quality-oriented and continuously innovative.

The Company establishes a risk management system for the whole lifecycle of products with reference to the guidance of *ICH Q9 Quality Risk Management*. The system applies to all of our products, covering the entire process of pharmaceutical R&D, technology transfer, commercial production, and product withdrawal. It involves the operation of plants, equipment, utility systems, computerized systems and automatic control systems, as well as activities related to product quality, such as the use of materials, the applicability of production processes and analytical methods.

We use a forward or retrospective approach to assess, control, communicate and review quality risks throughout the product lifecycle. We determine the level of risk by scoring the different dimensions around severity and likelihood based on the actual situation, combining quality risk management theories and different tools. The methods, measures, forms and documentation used in the quality risk management process are adapted to the level of risks presented.



#### Risk Identification

- Risk-related departments identify the quality risks in the system and processes related to the product.
- Pre-assessed and formally report the risk event to the Quality Risk Assessment Team.



#### Risk Evaluation

- The team identifies, analyzes and evaluates risks in accordance with the theories and tools of quality risk management and develops effective decisions based on quality risk considerations.
- The team drafts a quality risk assessment report based on the applicability of the risk level, covering all contents and processes of the team's activities, including risk identification, analysis, control, audit and communication.



#### Risk Control

- Once the quality risk assessment is approved, the responsible department transfers the risk control measures to the Corrective and Preventive Action (CAPA) or change process tracking.
- Risk control aims to eliminate, reduce or control potential quality risks to an acceptable level in accordance with quality management and GMP regulations, thereby ensuring the product's quality continuously.

Risk management processes

## Safety in Drug Production

We have established in-house commercial-scale production capacity that can seamlessly coordinate our drug development activities at all stages. Our CMC-focused subsidiary is established in Taizhou according to the cGMP standards of China, the United States and the EU. We have a CMC team of 160 members, covering the full-cycle development of monoclonal antibodies. Our drug substance manufacturing site has four 2,000L single-use bioreactors and one downstream purification/production line with an annual manufacturing capacity of approximately 300 kg therapeutic antibodies. Our drug product manufacturing site has one vial fill-finish and packaging production line, with a manufacturing capacity of 18,000 vials/hour, and one prefilled syringe production line, with a manufacturing capacity of 9,000 syringes/hour. We believe that our own production capacity that meets cGMP standards, combined with our strong R&D capabilities, will enable us to control costs and ensure stable clinical and commercial drug supply. In April 2021, we received a *Drug Manufacturing Certificate* from Jiangsu Medical Products Administration for the production at Taizhou Manufacturing Facility. In this year, SAILEXIN (QX001S/HDM3001) successfully launched, becoming the first product in Qyuns's R&D pipeline to be approved for marketing.

GMP Production Platform			
57,977 m <sup>2</sup>	160 people	4 lines	300+ kg
Land Area	CMC Team	2000L Drug Substance Production Line	Annual Antibody Production Capacity

### Case: Departmental Collaboration Ensures Secure and Timely Delivery of QX001S

In order to expedite the market launch of QX001S [45mg (0.5ml) per vial], prior to product approval, the CMC, Quality, and Regulatory Affairs teams actively coordinated with both internal and external stakeholders, engaging in multiple rounds of in-depth communication and exchange. They clarified work processes and responsibilities, identified key, challenging, and rate-limiting steps in the launch process, and proactively managed risks and deployed tasks. This effort spanned various aspects, including preparation of printing packaging materials, acquisition of drug traceability codes, production testing, and release for shipment.

We achieved the set goals of completing the delivery of the first batch of injections within 7 days and the second batch within 30 days after obtaining the approval document, helping the Company achieve the milestone of transitioning from R&D to commercial production.

We promote smart drug productions to enhance safety and efficiency through precise control, real-time monitoring, and automation. In 2021, our antibody drug production project was officially put into operation, equipped with advanced smart production facilities and automated equipment. Throughout the production process, from raw material input to qualified product output, the Company has implemented process monitoring, alarm systems, and audit tracking mechanisms at each step. This enables comprehensive visual management of the entire product life cycle.



Our smart production practices have received a number of authoritative recognitions. In 2021, the Company was awarded the "Integration of Informationization and Industrialization Management System Certificate." In 2020 and 2021, the Company's antibody drug substance workshop and antibody drug product workshop were selected as municipal smart manufacturing demonstration workshops by Taizhou Industry and Information Technology Bureau respectively.



Integration of Informationization and Industrialization Management System Certificate

In the year of this report, Cellularforce has adopted Kingdee ERP as the core framework and utilized advanced information technology in production management, including Warehouse Management System (WMS), Document Management System (DMS), Laboratory Information Management System (LIMS), and Flexible Factory Monitoring System (FF). These systems have been implemented to enhance management efficiency. By constructing a real-time updated dashboard visualization management platform and establishing a centralized control center, Cellularforce has integrated security surveillance NVR systems, WMS + ERP inventory age structure visualization systems, and DMS document management systems. This integration aims to establish an innovative centralized control model for pharmaceutical production that aligns with the Company's development strategy through precision and intelligence. With the high level and rapid development in information construction, Cellularforce actively applied for the Smart Factory Star Cloud and successfully obtained the Five-Star Cloud Certification from the Jiangsu Provincial Department of Industry and Information Technology.

Furthermore, we guarantee the safety of drug production by implementing an aseptic control system. This system is based on the principles of quality risk management and provides comprehensive control of potential contaminants such as microorganisms, pyrogens, and particles. The Company's plant facilities, equipment, and production processes are optimally designed, and the stable operation is maintained through a monitoring system. Meanwhile, we strictly adhere to the requirements for producing sterile and low-bio-load products while also conducting validation. In this year, in terms of aseptic process simulation, we added a review of the actual execution frequency of historical batch corrective interventions to the plan to assess whether the frequency of corrective interventions meets the requirements. On the other hand, we also introduced challenges under worst-case conditions into the aseptic process simulation protocol, such as challenges to the cleaning and disinfection validity period in Grade B areas, and further refined the description of the storage duration for sterilized items.

We established the *Master Procedure of Pollution Control Strategy Management* to standardize the pollution control management in the plant and guide the documentation of pollution control strategies. The master procedure is made based on EU GMP and the European Compliance Academy (ECA)'s *How to Develop and Document a Contamination Control Strategy*, combined with the comprehensive concepts of the *ICH Q8 (R2) Pharmaceutical Development*, *Q9 Quality Risk Management*, and *Q10 Pharmaceutical Quality System*.

## Quality Control and Response Strategies

Regarding quality assurance, we have established a quality control platform for large molecule drugs that meets the registration and declaration requirements of both China and the United States. This platform fulfills the GMP requirements for producing and testing samples at different clinical and commercialization stages. Our quality control capabilities include physical and chemical analysis, instrumental analysis, materials analysis, biochemical analysis, microbiological analysis, environmental monitoring, and laboratory operations. To guarantee the quality of our drugs, we have implemented strict standards for material release, intermediate sample testing during production, release testing and stabilization studies of drug substances and drug products. We also maintain strict controls over pharmaceutical water, process gases and environmental monitoring.

In this year, we conducted self-inspections and training in product quality-related information systems. The Laboratory Information Management System (LIMS) has empowered our product quality supervision in a digital manner. Implemented last year, it has improved sample testing efficiency through convenient information queries and automated report generation, enhanced the reliability of analytical results, and optimized the handling of complex analytical issues. This year, we further completed the performance qualification of the LIMS system, which went live in May, to enhance work efficiency and accuracy. We also completed the supplementary validation of the DMS system (Phase II), with new document categories going live to further improve document circulation efficiency and visibility. The system was launched at the end of May 2024. In addition, we completed supplementary confirmations of computerized systems, such as the addition of electronic bin card confirmation in WMS and touch screen function confirmation in the EMS system. We also conducted regular audits of 144 company systems/equipment to ensure that computerized systems remain in a validated state.

Furthermore, we have implemented a quality assurance supervision system which enhances control and supervision of production through regular on-site inspections and checks. Any defects identified during these inspections are reported promptly, and corresponding corrective and preventive measures are taken to ensure that the production and inspection process consistently meets quality standards and safety requirements.

Regarding product recalls, we are dedicated to ensuring product quality and consumer safety led by the *Regulations of Rework Standard*. The regulations make a clear distinction between implementable and non-implementable rework scenarios. It states that rework can only be implemented if it meets product quality standards, the predefined operating procedures have been approved by our quality management department, and the associated risks have been fully assessed. Furthermore, our rework processes, which encompass approval, implementation, inspection, release, and record management, are unambiguously defined to guarantee process transparency and traceability. During the Reporting Period, there were no products that we had to recall for safety and health reasons.



Regarding complaints, we have developed the *Regulations of User Complaint Handling Standard Management* to standardize the process of handling product complaints. We have established a dedicated complaint channel to promptly record, track, report and provide feedback on complaints received. This effectively safeguards users' rights and interests, as well as drug safety. We strictly follow the complaint handling requirements stipulated in the Quality Agreement with the Clients. During the Reporting Period, the Company has not received any complaints regarding the products and services.

## Clinical Trial Safety

Qyuns places great importance on the safety and compliance of clinical trials and strictly adheres to the laws and regulations related to clinical trials, including the *Good Clinical Practice (GCP)*, the *Drug Administration Law of the People's Republic of China*, and the Declaration of Helsinki. We have established internal systems and procedures, such as the Preparation of Clinical Trial Plans Management System, to safeguard the safety and privacy of clinical trial subjects. Cellularforce has continued to build laboratory infrastructure, management systems, and to configure instruments, equipment, and protective gear. In 2023, it was rated as a Biosafety Level 2 laboratory and obtained the relevant certification.



Cellularforce awarded the Biosafety Level 2 laboratory and obtained the registration certificate in 2023

We conduct clinical trials through Contract Research Organizations (CRO) and have established relevant operating procedures and standard processes, such as the *Standard Operating Procedures for Screening of CROs*, the *Standard Process for Screening of Centers*, and the *Standard Process for Routine Supervision*, to ensure compliance with national laws and regulations. We assess the quality assurance and risk management capabilities of CROs through a rigorous screening process. Independent quality audits are conducted by third-party organizations when necessary. Only CROs that have passed the audit will be included in the *List of Qualified Service Providers for Commissioned Research*. For animal trials, we will participate in protocol development and report review, as well as conduct on-site monitoring during key points such as drug administration and autopsy. After completing the project, we will conduct on-site data verification to improve the completeness, authenticity, and traceability of the trial records.

In order to protect the rights and interests of subjects, we have signed quality agreements with CROs that specify confidentiality obligations. We have also established corresponding quality systems and documents. Prior to the commencement of a clinical trial, the trial protocol and related documents must be approved by the Ethics Committee. Additionally, subjects are required to undergo an informed consent process and sign an informed consent form. During clinical trials, we will handle and follow up on adverse events effectively and report them to the Ethics Committee.

Furthermore, the Company has established the *Standard Process for Corrective and Preventive Actions (CAPA)* to address and prevent nonconformities, defects, or other undesirable conditions. The process improves compliance and quality control in internal workflows, supplier collaboration, routine monitoring, collaborative visits, quality control visits, third-party audits, and regulatory verification by analyzing the underlying issues in pharmaceutical clinical trials and creating a table for categorizing and classifying quality issues, as well as a plan and tracking table.

By the end of the Reporting Period, we had obtained a total of 20 clinical trial approvals for our pharmaceutical products, including 19 approvals in the People's Republic of China and 1 approval in the United States. In addition, the QX001S project has received marketing authorization and production license certificates issued by the NMPA. Meanwhile, the QX005N project (for the indication of nodular prurigo) has been granted Breakthrough Therapy designation by the NMPA.



# 04

## Embracing Green Initiatives with Energy-Efficient Operations

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Globally, climate change and the deterioration of the natural environment have far-reaching and comprehensive impacts on human socio-economic development. The various issues arising from these changes are becoming increasingly severe and represent urgent global challenges that need to be addressed. Qyuns has recognized the importance of fulfilling its environmental responsibilities, actively responding to climate risks, and accurately seizing opportunities for green development. Based on this understanding, we actively support the national "3060" carbon goals and major development strategies such as ecological civilization construction. We strictly implement the management of emissions and continuously optimize energy-saving and consumption-reduction measures. Our aim is to reduce the negative environmental and climatic impacts of our operations and promote the green transformation of the Company. In 2024, our total investment in environmental protection was approximately RMB 604,400.

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## 04 Embracing Green Initiatives with Energy-Efficient Operations

### Climate Change

It is an urgent matter to address climate change. We recognize the various physical and transition risks that climate change poses to the Company's operations, including the frequent occurrence of extreme weather events such as heavy rain floods and typhoons, which can cause damage and disruption to our assets, employee commuting, safe production, and logistics stability. Long-term high temperatures can also affect the health and well-being of our employees and increase energy consumption and operational costs. Policies and tightened requirements aimed at addressing climate change and promoting green development put forward by regulatory agencies has increased compliance costs for businesses. Additionally, the adoption of energy-efficient, low-carbon technologies involves complex calculations and increased investments in equipment upgrades and renewals. We actively take measures such as using renewable energy equipment, conducting greenhouse gas emissions management, developing emergency plans, and providing training to promote green operations across the Company.

#### *GHG Emission Management*

The primary greenhouse gas (GHG) emitted by the Company is carbon dioxide (CO<sub>2</sub>), which mainly stems from indirect emissions generated by purchased electricity. We have established the Enterprise Energy Management System to reduce GHG emissions by decreasing electricity consumption. At the same time, we utilize equipment with lower emissions. We also focus on transitioning on clean energy, and actively employing renewable energy sources. Our emission reduction measures mainly include:

- The 30 streetlights installed in the park all powered by solar energy.
- The steam purchased by the Company sourced from biomass fuel.
- The use of electric-powered stacker cranes instead of those powered by diesel combustion, which helps to reduce carbon emissions.



Solar streetlights



Electric-powered stacker cranes

During the Reporting Period, GHG emissions of Qyuns are as follows:

Amount of GHG Emissions		
Indicators	Unit	Number in 2024
Direct (Scope 1) GHG Emissions <sup>15</sup>	Tons of CO2e	182.11
Indirect (Scope 2) GHG Emissions <sup>16</sup>	Tons of CO2e	7,384.02
Total GHG Emissions (Scope 1 & 2)	Tons of CO2e	7,566.13
GHG Emission Intensity <sup>17</sup>	Tons of CO2e per square meter	0.17

## Use of Resources

Qyuns recognizes that efficient utilization of natural resources is key to the long-term operation of a company. We adhere to the management philosophy of "encouraging employees to save energy and reduce emissions, and promoting the sustainable development of the enterprise ", and we are advancing the Company's energy-saving and emission reduction efforts. At the same time, we strengthen the application of digital systems in energy management. The Company integrates energy management with production operations through a public energy management system. This system can monitor the consumption of water, electricity, and other energy resources in each building, as well as environmental data such as temperature and pressure in various production workshops and laboratories. It presents visual information through presentation screens, which effectively supports the analysis, control, and optimized management of energy consumption.

This year, we have reduced energy consumption by lowering costs. Compared to last year, our water usage decreased by 2.1%, electricity consumption decreased by 0.03%, and natural gas usage decreased by 46% in 2024.

### Energy Management

We consistently place high priority on efficient use of energy to optimize our energy management practices and continuously drive improvements in energy conservation. Our direct energy consumption comes from natural gas and diesel, which are used for backup boilers and emergency generators, while our indirect energy consumption comes from purchased electricity and steam. By implementing various measures such as equipment maintenance, increasing the use of renewable energy, and promoting the reuse of waste heat, we are taking a multifaceted approach to reduce overall energy consumption.



<sup>15</sup> Calculated according to the *Other Industry Enterprises Guidelines for Accounting and Reporting Greenhouse Gas Emissions (Trial)* issued by National Development and Reform Commission. It includes CO<sub>2</sub> emissions from fossil fuel combustion, CO<sub>2</sub> emissions from carbonate use and CH<sub>4</sub> emissions from anaerobic treatment of industrial wastewater.

<sup>16</sup> Calculated according to the *Other Industry Enterprises Guidelines for Accounting and Reporting Greenhouse Gas Emissions (Trial)* issued by National Development and Reform Commission. It includes CO<sub>2</sub> emissions implied by net purchases of electricity and heat.

<sup>17</sup> Greenhouse Gas Emission Intensity = Total Emissions (tCO<sub>2</sub>) / Production Facility Areas (m<sup>2</sup>)

We have established the *Corporate Energy Management System*, which comprehensively stipulates management measures for various types of energy, energy-saving and consumption reduction measures, and related optimization, reward and penalty methods. At the same time, to reduce energy consumption from damaged equipment, we implement *the Annual Equipment Preventive Maintenance Plan*. This plan specifies the types of equipment, maintenance content, maintenance cycles, and implementing departments, and uses the Equipment Preventive Maintenance Record Form to ensure the implementation of inspections, maintenance, and reviews. Specific measures for energy saving and consumption reduction include:

- Implement a public energy management system to monitor real-time energy consumption for each building and conduct systematic analysis, control, and optimization to improve energy efficiency.
- Regularly inspect and promptly replace outdated equipment.
- Install energy-saving devices, such as air conditioners that can switch heating modes and close valves according to the load and condensate status during operation, improving heat exchange efficiency, and reducing energy loss.
- Operate the comfort air conditioning system in general areas based on usage needs.
- Set the air conditioning temperature to 26°C or higher during the summer.
- Advocate for all employees to turn off lights and close unused air conditioning and other equipment when not in use.
- Utilize industrial waste heat to heat the boiler for hot water.

During the Reporting Period, our energy consumption situation is as follows:

Energy Usage		
Category	Unit	Number in 2024
Direct Energy Consumption - Gasoline	kWh	177,059.04
Direct Energy Consumption - Diesel	kWh	7,166.67
Direct Energy Consumption - Natural Gas	kWh	696,265.16
Direct Energy Consumption - Solar Energy <sup>18</sup>	kWh	8,784.00
Total Direct Energy Consumption	kWh	889,274.87
Direct Energy Consumption Density	kWh/ m <sup>2</sup>	20.41
Indirect Energy Consumption - Purchased Electricity	kWh	7,734,486.00
Indirect Energy Consumption - Purchased Steam	kWh	1,639,116.80
Total Indirect Energy Consumption	kWh	9,373,602.80
Indirect Energy Consumption Density	kWh/ m <sup>2</sup>	215.13
Total Energy Consumption	kWh	10,262,877.67
Energy Consumption Intensity <sup>19</sup>	kWh/ m <sup>2</sup>	235.54

<sup>18</sup> Direct Energy Consumption - Solar Energy refers to the self-generated electricity from solar-powered streetlights.

<sup>19</sup> Energy Consumption Intensity = Total Emissions (kWh) / Production Facility Areas (m<sup>2</sup>)



### Case Study: Invention of a Traction Anti-deviation Device

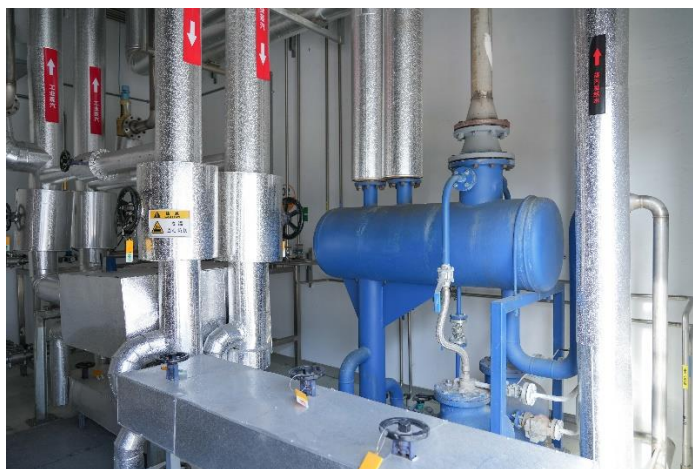
To implement the concept of resource conservation, we independently invented a "Traction Anti-deviation Device" and obtained a utility model patent certificate. This device can reduce the waste of production materials caused by mechanical vibration and deviation of PVC film on the formulation packaging line, and prevent machine stoppages due to material jams. As a result, it lowers the rate of production material waste and machine downtime, and improves equipment efficiency. Without the protection of a traction anti-deviation device, it is relatively easy to have waste of PVC film and medicine liquid. The application of the traction anti-deviation device can effectively prevent waste and is expected to increase equipment efficiency by more than 50%.



Utility model patent certificate for "a traction anti-deviation device"

## Water Resource Management

Water resources play a crucial role in our production and operations. We draw water from the municipal water supply network in the development zone, ensuring stable and safe access to high-quality water sources. In our Corporate Energy Management System, we have established management and optimization measures related to water use and are actively taking steps to manage it effectively. We conduct monthly statistical analysis of water meters in each building and the municipal water usage master meter. Additionally, the Company has introduced slogans and informational boards in the office areas and promote water conservation, aiming to reduce water resource consumption from the outset. Moreover, we recycle industrial condensate water and use it as raw water for gas boilers, enhancing the efficiency of water resource recovery and utilization. During the Reporting Period, our total water consumption was 74,404 cubic meters, with a water consumption density of 1.71 cubic meters per square meter.



Recovery and utilization of steam waste heat

## Green Packaging

Our packaging materials are primarily produced in the R&D phase, which include plastics, glass, paper, rubber, and others. While ensuring the quality requirements of pharmaceutical products, we actively identify opportunities to simplify packaging, improve material utilization, and increase circulation rates, thereby reducing the resource consumption associated with packaging. During the Reporting Period, the total amount of packaging materials used for our drug products was 2.48 tons, with a packaging material consumption density of 0.000057 tons per square meter.

## Waste Management

Our waste and emission management involve various types such as gaseous, liquid, solid waste, and noise. We strictly comply with national and local laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and the *Regulations of Jiangsu Province on Prevention and Control of Environment Pollution Caused by Solid Waste*. We have also established internal regulations such as the *Waste Standard Management Procedures*, the *Emission Management System* and the *Wastewater Emission Management System* to manage the classification, collection, storage, and treatment of waste and emissions. The EHS department sets clear, quantifiable, executable, consistent, comparable, and targeted principles for environmental protection goals at the beginning of each year. Subsequently, each department refines these goals and includes them in the safety production responsibility statement as an important assessment basis, ensuring that responsibilities are implemented at the individual level. Additionally, we conduct internal checks such as comprehensive inspections, routine patrols, and holiday checks, as well as external audits through cooperative vendor inspections, expert reviews, and regulatory agency checks to ensure the effective implementation and compliance of management systems.

During the Reporting Period, the Company did not experience any major incidents related to environmental pollution.

2024 Environmental Protection Goals		Achievement
Exhaust Gas Discharge Compliance Rate	100%	Achieved
Wastewater Discharge Compliance Rate	100%	Achieved
Hazardous Solid Waste Proper Disposal Rate	100%	Achieved
Noise in Factory Boundary	Compliant throughout the year	Achieved

## Hazardous Waste Management

Our hazardous waste primarily originates from the pharmaceutical R&D process, which includes laboratory waste, expired pharmaceuticals, waste resins, waste activated carbon, waste filtration materials, waste fluorescent tubes, and other dangerous wastes ("hazardous waste"). We strictly adhere to relevant laws and regulations such as the *Directory of National Hazardous Wastes*, the *Regulations on the Safety Management of Hazardous Chemicals*, and the *Safety Specifications for Special Word in Hazardous Chemicals Enterprises*, and have established internal documents such as the *Waste Standard Management Procedures* and *2023 Hazardous Waste Classification and Control Measures*. We categorize and manage the involved solids, semi-solids, and liquids, clearly label the names and harmful components of hazardous waste, and implement standardized management of collection, storage, and processing procedures. We have set up separate hazardous waste collection points in relevant areas and use anti-leakage devices to strictly separate hazardous waste from general solid waste. In addition, according to the *Implementation Opinions on Further Strengthening the Prevention and Control of Hazardous Waste Pollution* by the Jiangsu Provincial Department of Ecology and Environment, we have constructed a hazardous waste storage warehouse that meets regulatory requirements and have assigned a dedicated staff for registration. All hazardous waste entries, generations, and exits are registered in the "Environmental Protection Facial Mark-up" management system of Jiangsu Province to prevent leaks during the transfer process. Furthermore, we report on the generation and transfer of hazardous waste at our management meetings held quarterly.



Hazardous waste storage warehouse

To ensure the standardized implementation and strict enforcement of hazardous waste management measures, we clearly define job responsibilities of all relevant departments to achieve full process coverage. At the same time, we stipulate that personnel engaged in the storage, transportation, and use of hazardous chemicals must receive training on relevant laws and regulations, safety knowledge, professional techniques, protection, and emergency response. They are only allowed to perform their duties after passing the assessment and obtaining the "Hazardous Chemicals Operator Safety Qualification Certificate". Additionally, they are required to participate in annual re-examinations and attend external professional training to renew their certificates before their validity period expires.

## Hazardous waste classification and management measures

Solids	Liquids	Sharps	Hazardous wastes containing live species	Waste light tubes
<ul style="list-style-type: none"><li>After using trash bags for packaging, we collect the waste in ton bags and seal the bag tightly.</li></ul>	<ul style="list-style-type: none"><li>Sorted and stored in designated empty barrels, which are then placed inside spill-proof trays.</li></ul>	<ul style="list-style-type: none"><li>Placed in containers or other types of small boxes, packaged uniformly, and then put into ton bags.</li></ul>	<ul style="list-style-type: none"><li>Collected uniformly in ton bags after high-temperature sterilization.</li></ul>	<ul style="list-style-type: none"><li>Collected and placed uniformly in the tube boxes provided by qualified third-party suppliers.</li></ul>

During the Reporting Period, we generated a total of 28.77 tons of hazardous waste, with an emission density of 0.00066 tons per square meter. We categorize and collect all hazardous waste. Solid waste is stored in ton bags, while bodily fluids are collected in waste liquid drums. These items are then temporarily stored in designated segregation rooms. We regularly arrange for qualified transportation companies to transfer the hazardous waste to accredited third-party facilities for incineration and proper disposal.

Hazardous Waste		
Category	Unit	Number in 2024
Laboratory Solid Waste	Tons	13.03
Sludge	Tons	3.74
Disposable Reaction Bags	Tons	4.34
Waste Filtration Materials	Tons	5.41
Others	Tons	2.26
Total Hazardous Waste	Tons	28.77
Hazardous Waste Intensity <sup>20</sup>	Tons/ m <sup>2</sup>	0.00066

#### Case: Cellularforce Awarded the "Waste-Free Factory" Title by Taizhou Ecological Environment Bureau

During the reporting year, Taizhou carried out the evaluation work for "Waste-Free Factories". Cellularforce stood out among the participants and was rated as the first and only "Waste-Free Factory" in the Medical High-tech Industrial Park by the Taizhou Ecological Environment Bureau. It successfully joined the ranks of the 36 "Waste-Free Factories" in Taizhou.

## Non-hazardous Waste Management

The types of non-hazardous waste generated by Qyuns include household waste and general industrial solid waste. Household waste, such as waste paper, bagged items, and miscellaneous items, is uniformly collected and taken to the household waste room, where it is daily cleared and disposed by the municipal sanitation company. General industrial solid waste includes glass bottles, waste packaging materials that are not contaminated with pharmaceuticals or chemicals, and waste air conditioning filters, etc. These are placed in special plastic bags and transported to a temporary storage area for general industrial solid waste, from where they are handed over to a third-party recycling company for clearance and processing. In 2024, our waste recycling and reuse volume was 0.49 tons, accounting for 0.54% of the total non-hazardous waste.

Non-hazardous Waste		
Category	Unit	Number in 2024
Household Waste	Tons	88.47
Others	Tons	2.09
Total Non-hazardous Waste	Tons	90.56
Non-hazardous Waste Intensity <sup>21</sup>	Tons/ m <sup>2</sup>	0.0021

<sup>20</sup> Hazardous Waste Emissions Intensity = Total Emissions (t) / Production Facility Areas (m<sup>2</sup>)

<sup>21</sup> Non-hazardous Waste Emission Intensity = Total Emissions (t) / Production Facility Areas (m<sup>2</sup>)



Noise Management

We prioritize the use of low-noise equipment, and for high-noise equipment, we implement noise reduction measures such as sound insulation, noise cancellation, and vibration reduction to ensure that the noise levels comply with the *Emission Standard for Industrial Enterprises Noise at Boundary*.

Waste Gas Emission Management

Qyuns adheres to national standards such as the *Emission Standard of Air Pollutants for Pharmaceutical Industry and the Emission standards for odor pollutant*. In accordance with these standards, our *Waste Gas Emission Management System* comprehensively stipulates and manages various aspects of waste gas generation, treatment, emission methods, monitoring, and operational frequencies based on the type of waste gas. At the same time, we ensure of strict and effective implementation of waste gas emission management by assigning dedicated personnel to record the operation of waste gas treatment devices and regularly replace adsorption media, installing waste gas monitoring ports on exhaust stacks, and entrusting external units for monitoring. In this year, Qyuns 's emissions of volatile organic compounds (VOCs) were 0.001839 tons.

Source	Main Pollutants	Measures
Laboratory	VOCs (Volatile Organic Compounds), methanol, ethanol, acetonitrile, acetic acid, biological factors, etc.	Collected using fume hoods, universal hoods, and biosafety cabinets, then passed through waste gas pipelines and emitted through exhaust stacks after activated carbon adsorption.
Workshop	Hydrochloric acid	Collected using pipeline negative pressure, treated with SDG (dry acidic gas adsorbent), and then emitted through exhaust stacks.
Wastewater treatment stations & hazardous waste temporary storage area	VOCs, hydrogen sulfide, ammonia, etc.	Collected by hoods and treated by odor control facilities, then emitted after meeting emission standard requirements. Wastewater treatment pool wells are covered with lid plates.
Boiler	Waste gases from natural gas combustion	Emitted through exhaust stacks after low-ammonia combustion.



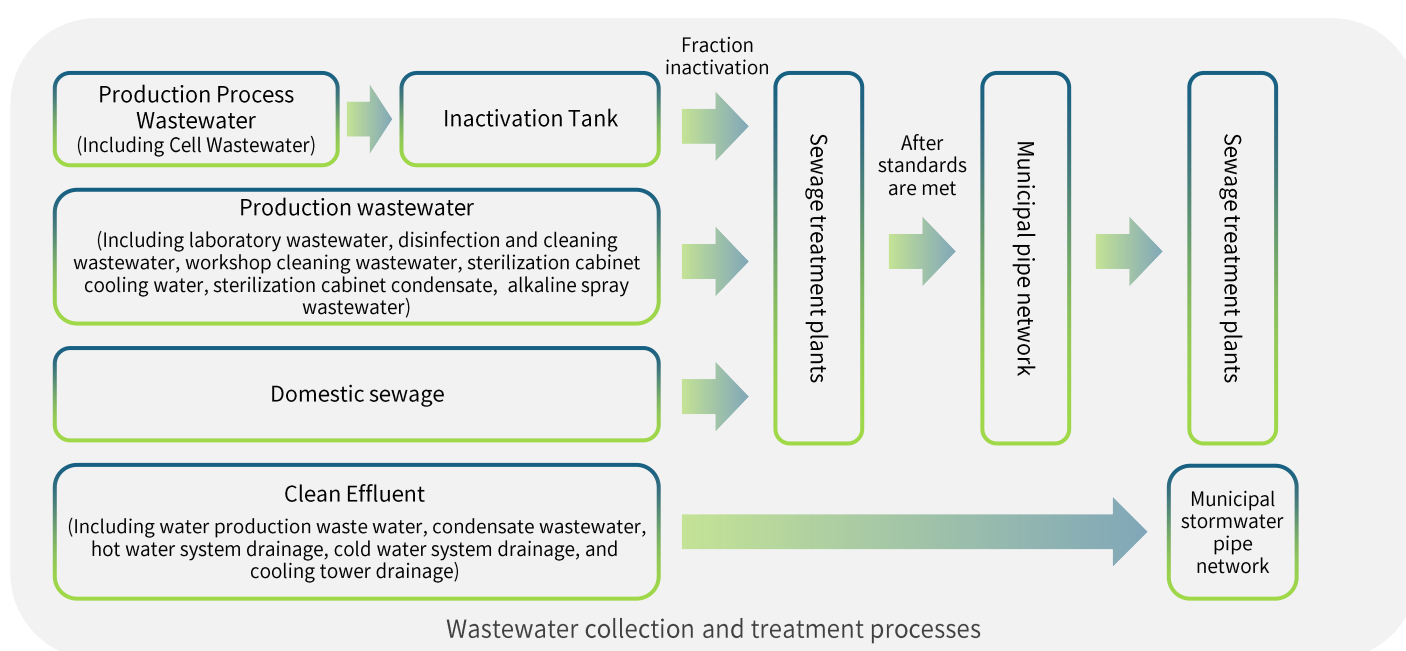
Waste gas emission and treatment facilities

**Waste Gas Emission**

Category	Unit	Number in 2024
Nitrogen Oxides (NOx)	Kg	56.15
Sulfur Oxides (SOx)	Kg	0.28
Particulate Matter (PM)	Kg	3.9
Others	Kg	67.18
<b>Total Waste Gas Emissions</b>	Kg	127.51
<b>Waste Gas Emission Intensity<sup>22</sup></b>	Kg / m <sup>2</sup>	0.003

**Wastewater Management**

We have established internal management systems and standard operating documents such as the Wastewater Discharge Management System and the Standard Operating Procedures for the Use, Cleaning, and Maintenance of the Sewage Treatment System. We strictly follow the principles of "clean and polluted water diversion, rainwater and wastewater diversion, classified collection, and quality-based treatment", categorizing by type and setting corresponding prevention and control methods, monitoring frequencies, and operational procedures. We have established a comprehensive wastewater collection and treatment system and sewage treatment station, which is managed by dedicated personnel responsible for the daily operation, maintenance, regular sludge removal, and pollution indicator testing at the sewage station. The process wastewater containing cells is collected and uniformly treated in the inactivation tank. After that, it is mixed with other production wastewater and domestic sewage and sent to the sewage treatment facility. Once treated to meet standards, it is discharged into the municipal pipeline of the development zone where we are located, and eventually sent to a sewage treatment plant for further treatment. During the Reporting Period, our total wastewater discharge was 10,642.93 tons, with a wastewater discharge density of 0.244 tons per square meter. The discharge of ammonia nitrogen was 0.0411 tons, and the chemical oxygen demand (COD) was 0.1545 tons.



<sup>22</sup> Waste Gas Emission Intensity = Total Emissions (kg) / Production Facility Areas (m<sup>2</sup>)

At the same time, we have online monitoring equipment and entrust the operation and maintenance of the equipment to a third-party agency. In accordance with the regulations of the pollution discharge permit, we commission third-party agency to regularly collect water samples and conduct monitoring. Cellularforce is a key enterprise for wastewater discharge. We have installed online monitoring equipment at the total wastewater discharge outlet, and the monitoring data is uploaded in real-time to the "Environmental Protection Portrait" official website. The equipped online monitoring devices automatically collect and analyze water samples every six hours to ensure precise, timely, and effective monitoring of wastewater discharge.

Furthermore, to prevent emergencies such as wastewater leakage or spillage, we have established an effective groundwater monitoring plan and compiled an emergency response plan. We have implemented compartmentalized anti-seepage measures, set up monitoring wells between the plant and downstream drinking water sources, and conduct regular monitoring. In case of any abnormalities, timely early warnings will be issued. We have also set up a 180-cubic-meter emergency response pond within the plant area to collect emergency wastewater and conduct emergency drills.



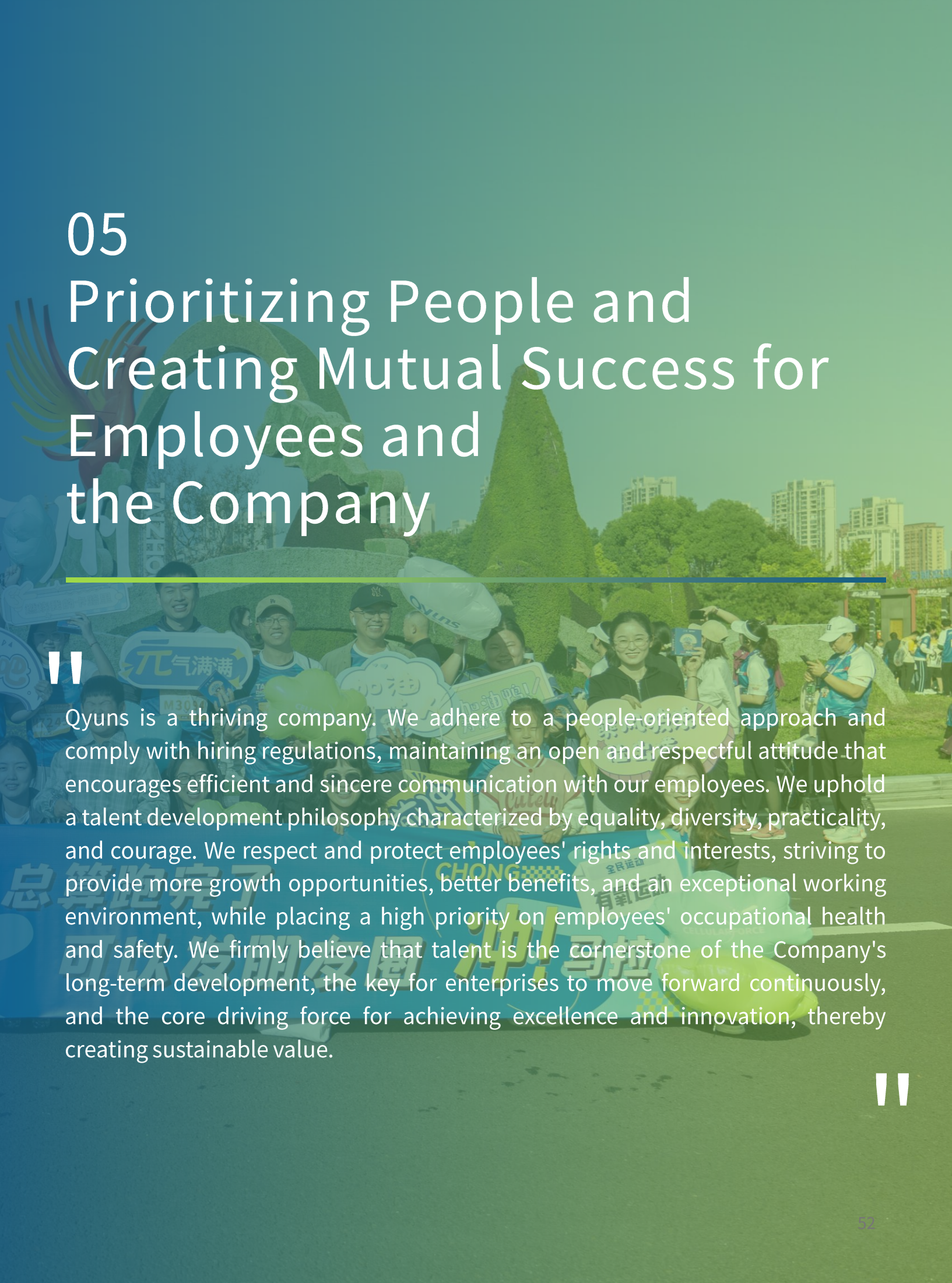
Wastewater treatment facilities





# 05

## Prioritizing People and Creating Mutual Success for Employees and the Company



Qyuns is a thriving company. We adhere to a people-oriented approach and comply with hiring regulations, maintaining an open and respectful attitude that encourages efficient and sincere communication with our employees. We uphold a talent development philosophy characterized by equality, diversity, practicality, and courage. We respect and protect employees' rights and interests, striving to provide more growth opportunities, better benefits, and an exceptional working environment, while placing a high priority on employees' occupational health and safety. We firmly believe that talent is the cornerstone of the Company's long-term development, the key for enterprises to move forward continuously, and the core driving force for achieving excellence and innovation, thereby creating sustainable value.



## 05 Prioritizing People and Creating Mutual Success for Employees and the Company

### Compliance with Hiring Standards

In order to protect employees' rights and interests, Qyuns strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Regulations of Jiangsu Province on Labour Protection, the Regulations on Labour Security Supervision, the Employment Promotion Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labour, and the Law of the People's Republic of China on the Protection of Minors, etc., as well as other relevant laws and regulations that are significant to the Company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. On this basis, we standardize the management system of personnel, attendance, compensation and benefits through the Employee Handbook of Qyuns.

Regarding the avoidance of child and forced labour, we have clearly stipulated in our employee recruitment management system that "those under the age of eighteen shall not be employed." In the labour contract management system, we firmly adhere to the principles of "fairness, equality, and legality", ensuring that employees are hired on an equal and voluntary basis. The attendance management system mandates the implementation of a standard five-day, eight-hour workweek, and provides compensation for overtime work through wage subsidies, lunch allowances, and compensatory leave, effectively preventing forced labour. During the Reporting Period, the Company did not experience any cases or other labour disputes related to the employment of child labour or forced labour.

#### Case: Implementation of a night shift compensation system

To ensure production quality and continuity while strictly adhering to company policies and relevant laws and regulations, we have introduced the "Trial Measures for the Implementation of Night Shift Compensation" in 2023, and continued the implementation in 2024. The measures specify work hours for both long and short night shifts and offer two distinct compensation options along with corresponding wage subsidies, allowing employees to choose based on their individual needs. At the same time, in accordance with the implementation of relevant regulations in 2023, during this reporting year, the Company has further improved the system from scheduling, the approval process of the OA online system, and compliance management.

#### Case: Stability allowance enhances overall employee competitiveness

During the Reporting Period, the Company met the conditions for general enterprises to receive the unemployment insurance stability return. It has paid unemployment insurance premiums in full for over 12 months and has no historical arrears records. In the month of review, the Company's insurance status remained normal. Accordingly, the Company would receive a total of RMB 162,226 in unemployment insurance stability return funds this year. This funding will provide strong support for the Company to stabilize its workforce and enhance overall competitiveness.



## Anti-discrimination and Anti-forced Labour

In 2024, we formulated and implemented the Corporate Employment Management Regulations, further regulating employee recruitment, onboarding, regularization, job transfers, and departure. To avoid child labor and forced labor, the Company explicitly stipulates, "Those under eighteen shall not be hired." Regarding anti-discrimination and diversity, it clearly defines the "principle of fairness" in recruitment activities, meaning applicants shall not be discriminated against based on differences in their race, gender, religion, or beliefs. Before the new-hires onboard, we strictly adhere to background investigation processes, with verification of identification documents being a foundational and essential step. To date, no instances of age-related violations have been detected during investigations. Should any candidate be found to not meet the Company's age requirements, we will rigorously follow our hiring policies and offer issuance provisions, promptly and honestly informing the candidate of their disqualification for employment and deciding accordingly not to proceed with their hire, while also retracting any issued offers. This process ensures the fairness and compliance of our recruitment practices. During the Reporting Period, no cases related to child labor, forced labor, or other labor disputes have occurred at the Company.

In 2023, Qyuns was awarded "Excellent Labour Relationship Harmonious Enterprise in Jiangsu Province".



During the Reporting Period, Qyuns was awarded "Excellent Labour Relationship Harmonious Enterprise in Jiangsu Province"

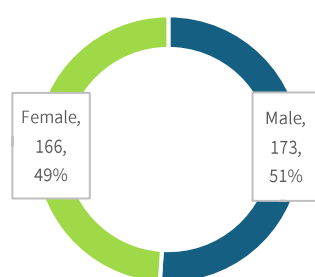
### Case: Caring for the vulnerable and employing talent with disabilities

In today's employment market, people with disabilities still face numerous difficulties and challenges. As a company that adheres to a sense of social responsibility and humanitarian spirit, Qyuns actively fulfills its corporate obligations while also striving to promote diverse and inclusive values. During the Reporting Period, Qyuns and Cellularforce actively hired two employees with disabilities. For Qyuns, the contributions of these employees with disabilities in their positions have not only enriched team composition but also brought new perspectives and thinking to the Company's operations and development. This is not only a practice of caring for and supporting vulnerable groups but also a significant initiative by the Company to foster an inclusive, competitive, and diverse work environment.

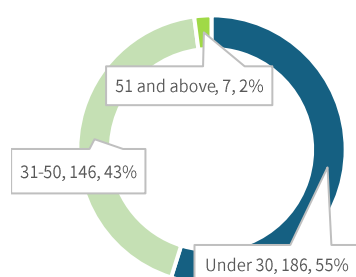
## Hiring Management

Qyuns is a people-oriented company and continuously recruits talents. Adhering to the principles of "open recruitment, comprehensive assessment, and merit-based selection", the Company selects candidates whose abilities match the job requirements through a combination of internal deployment and external recruitment. By the end of the Reporting Period, Qyuns had a total of 339 full-time employees in Mainland China. The employee structure and headcount, categorized by gender, age, and education level, are as follows:

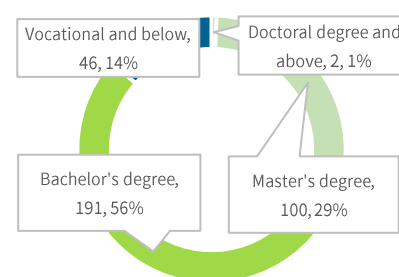
Percentage of employees  
by gender



Percentage of employees  
by age



Percentage of employees  
by education level



During the Reporting Period, the employee turnover rate<sup>23</sup> by gender and age group of Qyuns is as follows:

Employee Turnover Rate			
Indicators		Unit	Number in 2024
Overall employment turnover rate		%	11.49
By gender	Male	%	12.18
	Female	%	10.75
By age	Under 30	%	11.00
	31-50	%	12.05
	51 and above	%	12.50

<sup>23</sup> Calculated according to *How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs* issued by HKEX. Turnover rate (per category) = Employees in the specified category leaving employment / Number of employees in the specified category \*100.



## Employee Communication

Qyuns places a high value on employee communication and feedback. The Human Resources department implements various communication methods, such as new-hire interviews, interviews upon probation completion, and regular performance reviews, to ensure that employees' voices are heard and responded to promptly. These measures not only aid employees in integrating them into the team more quickly and enhancing job satisfaction rates, but also provide valuable feedback to the Company, supporting continuous management improvement and enhancing the employee experience. Additionally, the Company actively collects employee opinions and suggestions through a physical suggestion box located in the office building.



### New-hire interviews

- Conducted on the 3rd day, two weeks, one month, two months, and three months after a new employee joins, these interviews aim to understand the employee's adaptation, work experience, challenges, and suggestions at different stages.
- In response to employees' difficulties and suggestions, we document, track, and address each issue through follow-up actions to ensure comprehensive and timely resolutions.



### Interviews upon probation completion

- Conducted six months after an employee joins, these interviews gather feedback on supervisors and the Company, employees' work challenges and support needs, and suggestions for optimizing job positions.



### Regular performance reviews

- Regular performance reviews aim to enhance employee performance and job satisfaction by discussing employee satisfaction levels, summarizing work achievements and challenges, developing work plans and improvement directions, and addressing personal growth and support needs. Annually, these reviews cover at least 20% of employees.



### Exit interviews

- Once the employee submits a resignation application and the approval stages by the department head and supervisor in charge are completed, the Human Resources Department will initiate an exit interview. The purpose is to identify the main reasons for resignation, optimize internal policies and processes, collect employee feedback, facilitate organizational improvements, and ultimately enhance team management and strengthen employees' sense of belonging to the company.

### Case: Special interview on the Leave and Attendance Management System

In January 2024, Qyuns formulated and implemented the Leave and Attendance Management System, which provides clear regulations on employee attendance check-in, working hours, overtime recognition and approval, and compensation standards. After the system was put into operation for 3 to 4 months, we organized interviews with employees to understand their thoughts and views on the system, the implementation, and suggestions to improve it. The number of interviewees reached about 60 people. Through interviews, we gained a deeper understanding of employees' views and needs towards the system, identified issues and deviations in the implementation, and were able to answer questions and concerns through in-person conversations. The interview process further enhanced trust and communication between management and employees, improved employee satisfaction, optimized the Leave and Attendance Management System, and promoted a harmonious and efficient working culture.

#### Case: Monthly rewards and follow-up interviews

In 2024, Qyuns launched a monthly reward program. To ensure that the system can be designed to meet the needs of employees to the greatest extent possible, while also being fair and targeted, we conducted a series of interviews and questionnaire surveys to understand employees' thoughts and suggestions. The interview scope included senior management of the company, as well as representatives of approximately 60 employees from different functional departments. During the in-person interviews and questionnaire surveys, we carefully listened to the suggestions of each employee, and arranged for a dedicated person to follow up on each selected award proposal. The research fully considered individual contributions of employees and emphasized the Company's respect and recognition of the value of our talent.

Furthermore, we have established an organizational guarantee system centered on the Labour Union for employee communication. We have formed a union committee, a fund examination committee, a female employee committee, and a labour law supervision committee under the Labour Union, with the Union possessing the legal entity of a social organization. We implement a system of workers' congress, convening at least once per year to effectively enforce its decisions. Simultaneously, we have instituted a factory affairs disclosure system, disclosing relevant information comprehensively, authentically, and promptly through various forms such as fixed bulletin boards and office automation systems (OA). When formulating labour-related rules, regulations and significant matters regarding employees' vital interests, we fully listen to the opinions of employee representatives or all employees and consult with them equally to promote the fairness and rationality in decision-making.

## Occupational Health and Safety

### *Production Safety Management*

Qyuns strictly abides by the Work Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, Jiangsu Province Production Safety Regulations and other laws and regulations of the countries and regions where we are located. We have constructed a three-tier EHS (Environment, Health, and Safety) documentation system, led by the EHS Management Manual and supplemented by 47 regulatory documents and 9 management program documents, covering a number of key areas such as production safety, operation norms, waste and emission management, hazardous chemical control, fire safety, emergency plans, and detection and prevention of occupational disease hazards, which provides us with the guiding principles. On this basis, we evaluate and update these documents regularly, which are drafted by the commissioner, reviewed by the manager, and then approved and released by the head of operation and security.

In terms of organization and management, we have set up a multi-level safety management organization structure, with the general manager as the main person in charge and the head of the operation center as the person in charge of safety, and incorporating the participation of multiple departments such as quality, R&D and production. At the same time, we have set up an EHS department under the operation center to clarify the management functions of each department, so as to form a set of top-to-bottom and consistent safety production management system.

We set targets on an annual basis, detail the sub-targets of each department related to the EHS area, and sort out and review the completion status on a monthly basis. During the Reporting Period, 100% of our production safety objectives were achieved.

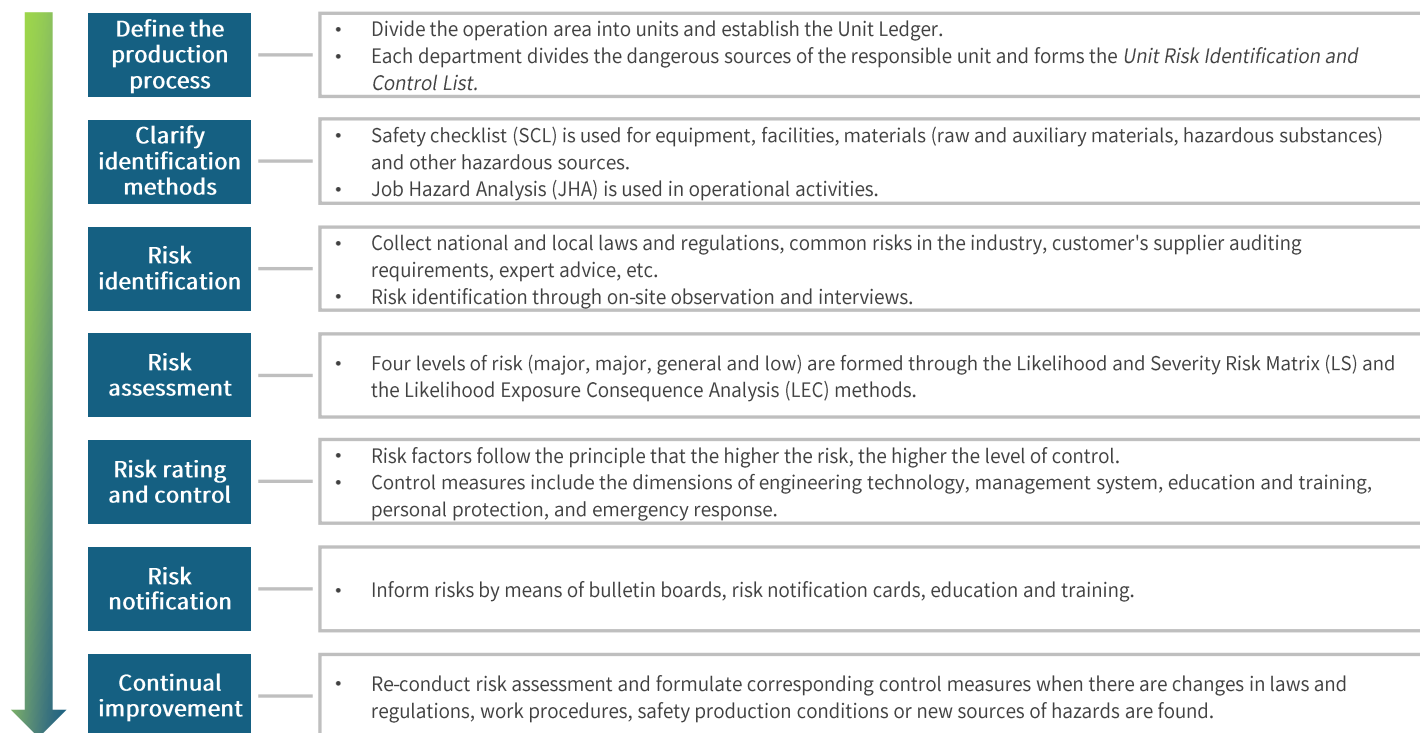
Production Safety Goals	Target	Status of achievement
Number of work-related deaths and serious injuries	0	Achieved
Number of accidents with losses exceeding RMB one million	0	Achieved
Rectification rate of major safety production hazards	100%	Achieved
Number of major environmental water or air pollution accidents	0	Achieved

#### EHS Production Safety Policy

Create a good working environment to ensure the safety of employees at work.  
Provide the necessary safety protection to safeguard the health of employees.

Qyuns implements the requirements of production safety to every employee and ensures that the responsibility is personalized. To this end, in 2021, we established the "Production Safety Responsibility Program", which requires all employees to sign a "Production Safety Target Responsibility Document" every year, specifying the implementation items, objectives and assessment mechanisms. In addition, we require all employees who are involved in special jobs such as storage, transportation and use of hazardous chemicals to be licensed and provided them with relevant training.

In terms of risk management in production safety, Qyuns has established a dual prevention mechanism for production safety by formulating and implementing the Safety Risk Rating and Control System and the Hidden Hazard Investigation and Management System, which sets out responsibilities to the departments and individuals.



Safety risk rating and control system

The Company has incorporated the investigation of hidden hazards into daily management, clarified the responsible parties and inspection criteria, and set up a team for the investigation and management of hidden hazards. We use a variety of methods to carry out hidden hazard inspections, such as checking operation records and site markings, measuring environmental parameters, and observing operation behaviour. At the same time, we stipulate the form and frequency of hidden hazard inspection, including monthly routine inspection, quarterly comprehensive inspection, departmental self-inspection, special inspection, seasonal inspection, and holiday inspection, and form our records in the Hidden Hazard Inspection and Governance Ledger. If hidden hazards are found, we require each department to respond and deal with them promptly in accordance with the procedures for handling general hidden hazards and major hidden hazards, and to implement temporary protective measures and draw up long-term improvement plans for hidden hazards that are difficult to be solved. We require that safety precautions be emphasized in the process of handling hidden hazards, and that reports be made to supervisors and relevant departments afterwards. We reward employees who actively discover, remove and report hidden hazards, and penalize those who fail to rectify the situation on schedule. The status of hidden hazard investigation and rectification is also included in the annual performance assessment.

#### Case: Safety reward and punishment management system

We have formulated and implemented the Safety Reward and Punishment Management System, which stipulates in detail the principles of reward and punishment in the process of safety production, and the implementation process. During the Reporting Period, the hidden hazards reported by each department have been rectified in a timely and effective manner. The EHS department has completed the issuance of rewards in accordance with the provisions of the system. It encouraged employees to participate in safety management and to build a safety defense together.

As a result of the above company initiatives and the efforts of our employees, Cellularforce was awarded the Level 3 Safety Production Standardization Grading Enterprise in Taizhou City in 2023, which is valid for 3 years.

### Prevention of Occupational Diseases

Qyuns attaches great importance to the occupational health of our employees. We strictly abide by the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Regulations on Labour Protection in Workplaces Where Toxic Substances Are Used and other laws and regulations. The Company has formulated internal policy of the Occupational Health Management Procedures, a series of rules and regulations such as the Occupational Disease Hazard Warning and Informing System, the Occupational Disease Hazard Project Declaration System, the Occupational Disease Hazard Monitoring and Prevention Management System, the Worker's Occupational Health Supervision and Guardianship Management System, and the Labour Protective Supplies Management System. In 2024, the Company conducted a third-party assessment of occupational disease hazard factors, and all testing results met the required standards.

We formulate the Occupational Disease Prevention and Control Plan and Implementation Program annually based on the actual situation. Main contents are as follows:





Prevention and control actions	Detailed policies
Occupational physical examination program	<ul style="list-style-type: none"> <li>• Provide new employees with entry physical examinations, and provide annual physical examinations for all employees in service.</li> <li>• Regular pre-job, in-job and out-of-job occupational physical examinations are provided for personnel in special positions, to detect and prevent occupational disease hazards as early as possible.</li> </ul>
Personal health monitoring files	<ul style="list-style-type: none"> <li>• Establish personal health monitoring files for employees, including history of exposure to occupational hazards, results of occupational health examinations, as well as diagnosis, treatment, and therapy for occupational diseases.</li> </ul>
Improvement of labour conditions	<ul style="list-style-type: none"> <li>• Improve operating procedures and the working environment to minimize the release of hazardous substances.</li> <li>• Strengthen the maintenance and management of equipment to reduce the leakage, spillage, dripping and escape of toxic substances.</li> <li>• Clean up workplaces timely to prevent secondary pollution of hazardous substances.</li> </ul>
Personal protection	<ul style="list-style-type: none"> <li>• Effective protective equipment must be provided in workplaces that may pose occupational hazards, or when exposure to high concentrations of hazardous substances is necessary due to the overhaul of facilities.</li> </ul>
Employee health care	<ul style="list-style-type: none"> <li>• Remind employees to pay attention to personal hygiene, and to have a rational work and break schedule .</li> </ul>
Special protection for female employees	<ul style="list-style-type: none"> <li>• We do ask female employees to work in positions that are unsuitable for women's physical conditions.</li> <li>• We do not assign female employees who are pregnant or breastfeeding to jobs that are hazardous to them or to the fetus.</li> </ul>
Health education	<ul style="list-style-type: none"> <li>• Employees are required to receive training on policies and regulations related to the prevention and treatment of occupational diseases, occupational hazards and protections against these hazards.</li> <li>• Occupational health systems and operating procedures are developed.</li> </ul>
Occupational health notification	<ul style="list-style-type: none"> <li>• Set up bulletin boards in conspicuous places to publicize the rules and regulations on the prevention and control of occupational diseases, operating procedures, emergency rescue measures for accidents involving occupational disease hazards, and the results of testing for occupational disease hazards in workplaces.</li> <li>• Set up alarm devices for toxic and hazardous workplaces where acute injuries may occur, and configure on-site first-aid supplies, flushing equipment, emergency evacuation routes and necessary danger relief areas.</li> </ul>



Case: Organizing employee occupational health checkups on a regular basis

Qyuns regularly organizes employees in participating in occupational health examinations. For employees identified with occupational contraindications that make them unsuitable for certain hazardous occupations, the Company does not assign them to the prohibited tasks.

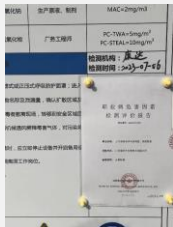
In the year 2024, Qyuns organized 180 person-times of occupational disease physical examinations, which included 37 person-times of pre-employment checks, 126 person-times of during-employment checks, and 15 person-times of post-employment checks. No cases of occupational diseases or suspected cases were found. The coverage rate of occupational disease examinations was 100%.



Employees having occupational health check-ups

Case: Occupational health and safety promotion measures: notice board in the factory area

We have formulated and implemented the Occupational Disease Prevention and Control Plan and Implementation Plan, and has set up notice boards in prominent locations within the factory premises. These boards publish relevant regulations and procedures for occupational disease prevention, emergency rescue measures for occupational disease incidents, as well as test results regarding occupational hazard factors in the workplace.



Setting up the Occupational Disease Prevention and Control Plan and Implementation Plan in notice boards

During the Reporting Period, no employees were diagnosed with occupational diseases.

Occupational Health Goals	Goal	Status of Achievement
Number of employees diagnosed with occupational diseases	0	Achieved

Occupational Health and Safety Training

To ensure effective implementation of the EHS management system, the Company has developed the EHS Education and Training Management System. A detailed program of 2024 EHS training and drills has been planned, which clearly specifies the training topics and participants. In addition to in-house training, the Company also engages professional organizations at the governmental level, such as the Human Resources and Social Security, Traffic Police, and Red Cross, to provide safety training for employees. New employees receive three levels of safety education and safety responsibility training before joining the Company. Each month, we organize various safety training sessions, including fire drills, limited space management, and special equipment operation safety training. We continuously improve our emergency response plan. Additionally, we emphasize on our safety culture every year through EHS promotion, training, and drill activities to motivate our employees to improve their safety-related knowledge and skills.

**Work safety training**

- Fire safety training and fire extinguisher operation drills
- Drill on theft of controlled chemicals
- EHS risk assessment training
- Hazardous waste management
- Hazardous operations management

**New employee training**

- Basic knowledge and regulation documents training for new employees in the pre-job stage
- Training for certifications

**Emergency and first aid training**

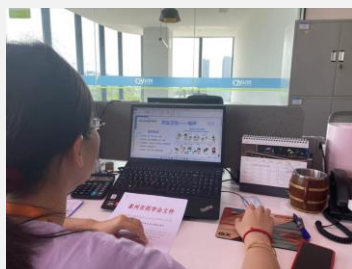
- Emergency environmental pollution scene disposal program exercise
- Hazardous chemicals, electric shock, security and other scenarios exercise
- Popularization of emergency rescue knowledge

**Prevention and treatment of work injuries**

- Occupational health and safety
- Training in the use of prevention tools
- Work injury prevention training
- Work injury insurance policy interpretation

**Occupational Health and Safety Training**

At the beginning of the year, the Company developed an EHS training program and successfully implemented all relevant safety and occupational health training initiatives while maintaining proper records. The primary locations for these training sessions were the Company's internal meeting rooms. The training topics included Safety Risk Identification and Control, Fire Safety, Contractor Safety Management & Hazardous Operations Management, and Safety of hazardous chemicals. Depending on the target audience, the number of participants varied each time. Ultimately, the training was provided to a total of 3,345 person-times throughout the year. All participants have completed the training and met the training expectations.



Safety and occupational health trainings

During the Reporting Period, there were no incidents that had a significant adverse impact on our business operations or financial condition. The number and proportion of our work-related deaths in the past three years are shown below:

**Performance on work-related injuries**

Goals	Unit	2024	2023	2022
The number and percentage of work-related deaths for the year	People and %	0	0	0

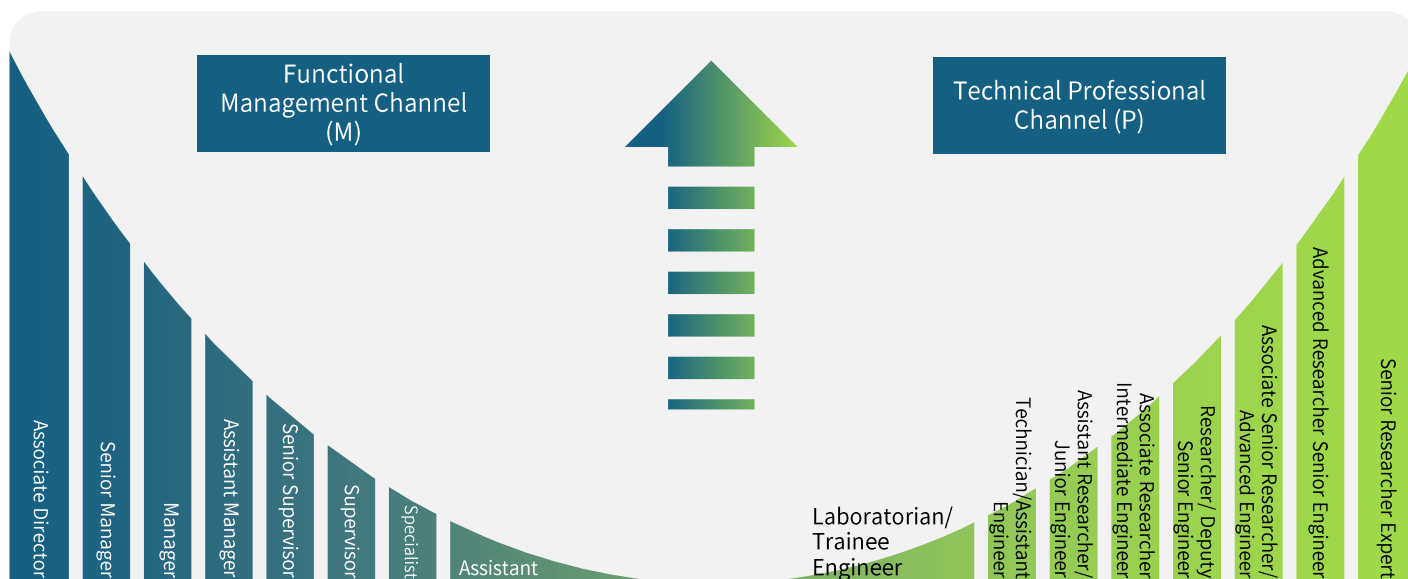
**Performance on work-related injuries**

Goals	Unit	2024
Lost working days due to work-related injuries	Days	41

## Employee Training and Development

### Career Trajectory

Qyuns adheres to the principles of fairness, impartiality, and transparency in our career promotion system, utilizing a dual-track promotion trajectory. Upon the promotion from being assistants to specialists, employees can opt for either the R&D and Engineering Track in the technical professional track (the P Track), or technical and administrative support in the functional management track (the M Track). The dual tracks allow for lateral movement, encouraging employees to continually improve, and achieve personal career goals and self-actualization, while fostering a balance between individual skills and team management capabilities.



### Case: Professional Title Application

In 2024, we formulated guidelines and plans for professional title applications, aiming to assist employees in their career development, increase the proportion of professional and technical talents in the Company, and empower business cooperation and project and proposal submissions. During project implementation, we collect and organize policies on professional title applications, its qualification requirements, and application processes. We analyze team members' basic conditions, professional skills, and performances. A professional title application plan for 2024-2028 was also drawn up and employees were pre-notified via email.

This year, professional titles for 3 new senior professionals and 6 intermediate professionals were awarded. At the end of the year, we have had 9 members with senior professional titles, 35 with intermediate professional titles, and 24 with junior professional titles, with professional and technical personnel accounting for 18.4% of the total number of employees. The professional title application plan for 2025 has been drawn, with 27 people identified to apply.

We collaborate with the technology project team and we strive for professional guidance, attentive service in the summarization and sharing of application experiences to clear obstacles for colleagues in their professional title applications.



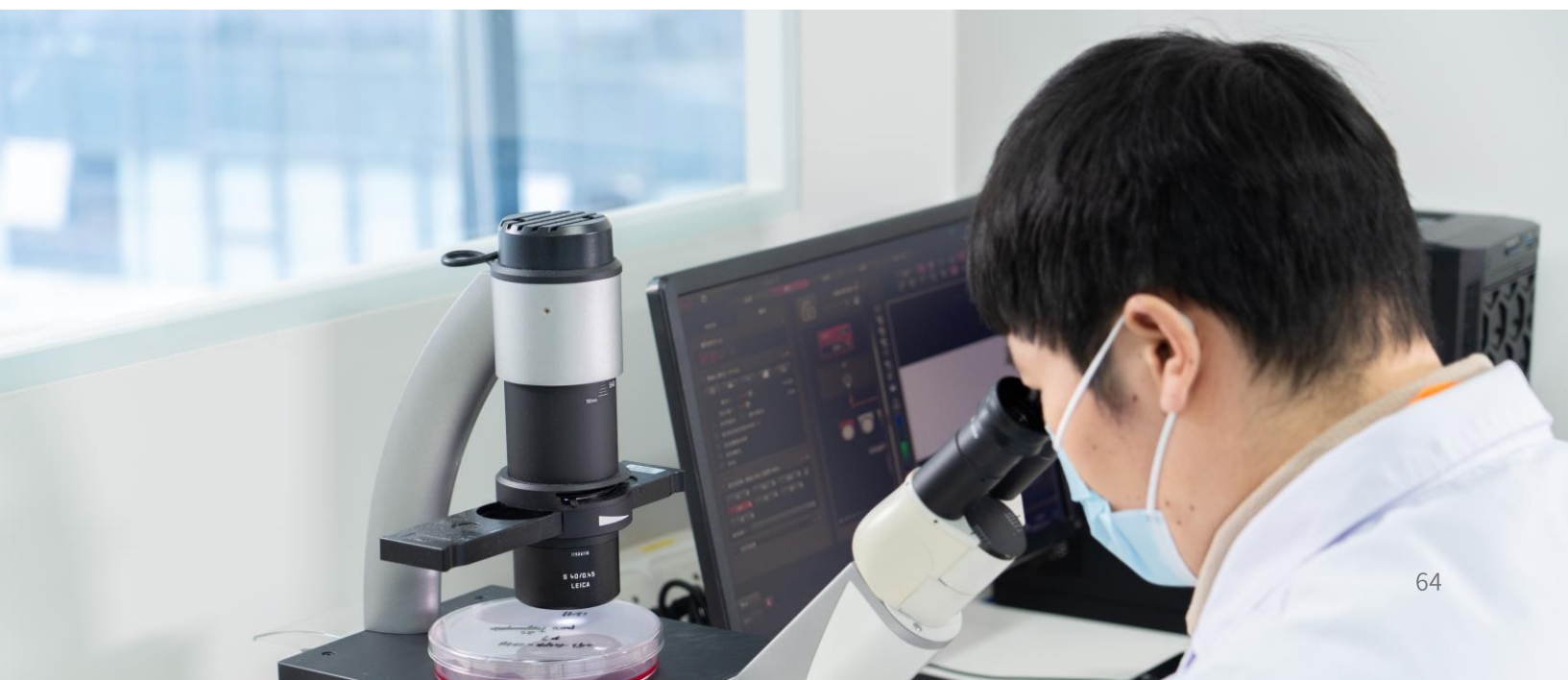
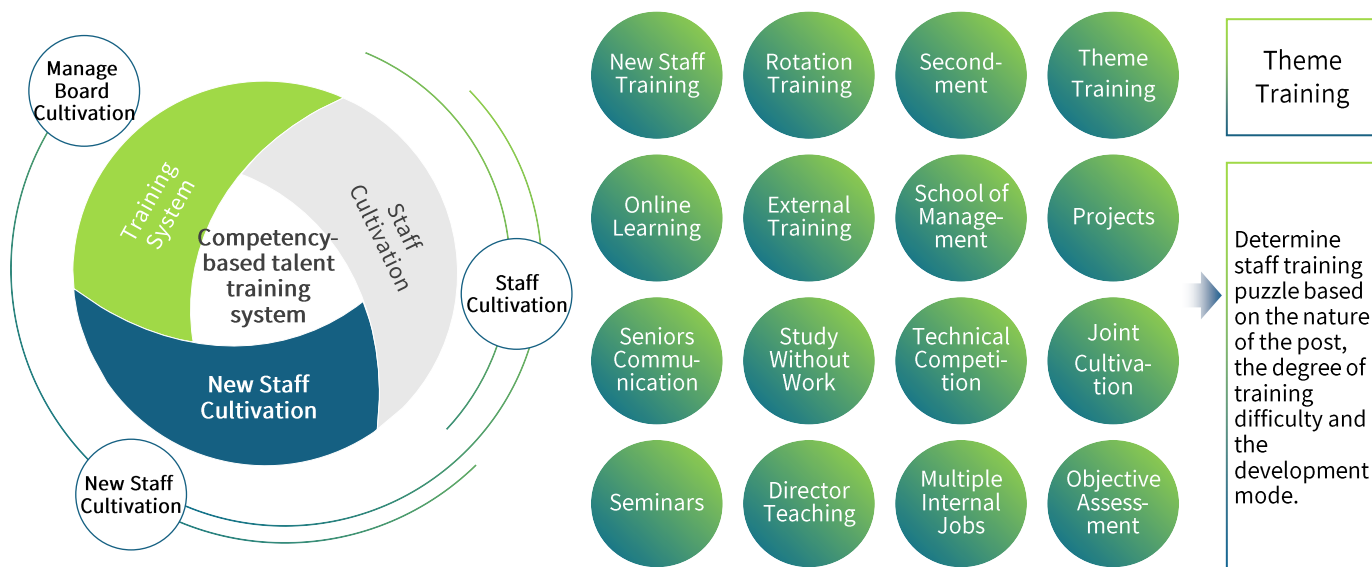
Qyuns provides employees with suggestions on professional title applications



## Training System

Qyuns has established a comprehensive training system, guided by the Company's Training Management Procedures aimed at enhancing employees' professional knowledge, business skills, and operational skills to ensure they are competent in their roles. Trainings are flexible and diverse, encompassing both internal and external programs across multiple levels from the Company, the department to the position, and spanning various stages including pre-employment, continuing education and the time of document implementation.

The Company's competency-based talent development framework includes onboarding, executive mentorship, departmental and job-specific training, and a buddy system for key personnels. We recognize and reward excellence through annual awards for outstanding new staff, outstanding employees, and high-performing teams, leveraging the leadership of role models. Additionally, we actively support employees in applying for talent and professional title programs, such as Taizhou's "113 Special Pharmaceutical Talent Plan" and "Innovation and Entrepreneurship Talent Plan", actively fostering individual growth and value.



### Case: Systematic training to help new employees better integrate with the corporate culture

Qyuns helps new employees understand the Company's mission, vision, core products, and services through a series of training, lectures, and evaluation trainings. From the exhibition hall visits, ice-breaking games, to workplace etiquette, knowledge related to antibody drugs and drug registration, as well as management regulations such as holiday leave management systems and company laboratory visits, we lead new employees in understanding industry-related knowledge and development trends, enabling them to have a comprehensive understanding of the Company's products, market, and corporate culture. During the Reporting Period, we added special visits to the Qyuns Exhibition Hall and three laboratory visits to help new employees better understand the Company's products and operations and inspire them to unleash their potentials, fully integrate into the team, and contribute their wisdom and strength to the future development of the Company.



Guided laboratory visits for new-hires



Exhibition hall visits for new-hires



Group photo from new employee trainings



Centralized training for new employees

Preparation before New  
Employees Onboard  
(3 working days)

Preparation for Training  
(30 working days)

Training & Filing (Filed in  
archives by month)

New employee orientation training process

For internal trainings, the Company follows a rigorous process to develop our annual plan. This involves identifying training needs across key areas like HR, administration, GMP, and EHS to form a structured training matrix. Departments are consulted via email to align the plan with their specific requirements. Based on feedback analysis, we finalize the Company training plan for the upcoming year, ensuring comprehensiveness, relevance, and effectiveness.

External training opportunities are available to employees who sign a "Special Training Agreement" with the Company. In 2024, employee participation in external training includes professional skills training for laboratory animal practitioners, GCP certificate training, safety management training, specialized training related to drug production, and legal service seminars. These external programs expose employees to industry progressions, enhancing their professional skills and overall competencies for greater contributions to the Company's growth.

### Case: Science and Technology Support Program

In 2024, our company greatly values the cultivation and development of core talents, actively electing outstanding representatives to participate in the Jiangsu Province Science and Technology Support Program. After a strict screening and evaluation process, one of the core talents in Qyuns - Tong Peng - was successfully selected with outstanding professional abilities and scientific research contributions, demonstrating the Company's high attention and support for talent cultivation. This achievement is not only a recognition of Tong Peng's personal capabilities, but also another important milestone where the Company continued to increase investment in technological innovation and promote the implementation of talent strategies, to consolidate the company's competitiveness and influence in the industry.



Core talent selected for the Science and Technology Support Program due to outstanding professional abilities and research contributions

During the Reporting Period, the percentage of employees trained of Qyuns is 98.82%; the average training time is 108.93 hours; and the total investment in staff training is RMB 150,634.78.

Development and Training Performance			
Indicators		Unit	Number in 2024
The percentage of employees trained <sup>24</sup>		%	98.82
By gender	Male	%	50.75
	Female	%	49.25
By rank	Senior management	%	8.36
	Middle management	%	15.22
	Junior staff	%	76.42
The average training hours <sup>25</sup>		Hour	108.93
By gender	Male	Hour	121.24
	Female	Hour	96.10
By rank	Senior management	Hour	91.24
	Middle management	Hour	86.10
	Junior staff	Hour	115.40

<sup>24</sup> Calculated according to How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs issued by HKEX. Percentage of employees trained = Employees who took part in training / Number of employees\*100, Breakdown for employees in relevant categories = Employees in the specified category who took part in training / Employees who took part in training\*100.

<sup>25</sup> Calculated according to How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs issued by HKEX. Average training hours per employee = Total number of training hours / Total number of employees, Average training hours for employees in relevant categories = Total number of training hours for employees in the specified category / Number of employees in the specified category.



### Case: Guidelines for declaring talent development subsidies for employees

In 2024, we have carefully formulated guidelines and plans in applications for talent-related subsidies, aiming to fully support the needs of the Company in recruiting, cultivating, and retaining talent. During the project implementation, we systematically collected and organized documents related to talent subsidies and notices from Jiangsu Province and Taizhou City from 2015 to 2024 and conducted an in-depth analysis. Based on the current situations and personnel structure, we have carefully drawn 14 targeted and operational talent subsidy application guidelines, effectively guiding the Company in efficiently utilizing these resources. In October and December 2024, the government launched two tools, "Wutong Talent Pool" and "Talent Policy Calculator", which greatly facilitated companies and applicants to quickly retrieve relevant policy information, and further improved the efficiency of policy and subsidy utilization. In 2024, there were 108 eligible candidates for talent projects, with 94 applicants and 85 selected in the Company. The accumulated amount of talent subsidies exceeded RMB 920,000.

## Joint Cultivation of Talents

Qyuns actively deepens university-enterprise co-operations, and has successfully gathered numerous excellent talents through the joint program on cultivation of talents. The Company provides a systematic training and development platform for the students from cooperating colleges and universities, and the Company's employees act as mentors outside of their schools, effectively passing on the corporate culture, helping the students integrate into the teams faster, enhancing their willingness to stay in the job after graduation and improving the satisfaction and loyalty of students who stay after the program.

### Case: Cooperation with School of Life Science and Technology of China Pharmaceutical University

Qyuns is committed to cultivating high-level, practice-oriented professionals with innovative and practical abilities in the field of biopharmaceutical engineering. Currently, Qyuns has successfully signed a cooperation agreement with the School of Life Science and Technology at China Pharmaceutical University, jointly establishing a "Professional Degree Graduate Practice Base" and "Graduate Employment Base". For a long time, according to the "Professional Master's Degree Training Program of China Pharmaceutical University", the Company has maintained a deep and friendly cooperative relationship with the college. The two sides have worked together to train a total of 8 interns. We also have had 31 outstanding students that successfully joined us, becoming an important force for the Company's development.

During the Reporting Period, the Company once again admitted a master's student from China Pharmaceutical University, who will participate in a two-and-a-half-year corporate practice course at Qyuns in 2025.



Jointly establish an employment practice base with  
China Pharmaceutical University



## Employee Compensation and Benefits

### *A Positive Working Environment*

In recent years, Qyuns has meticulously built an office park with a spacious and bright work environment, fostering a comfortable workspace for employees. To align with the practical needs of our staff, we have not only established a cafeteria but also pantries on each office floor, making their lives more convenient. Additionally, with a special focus on accommodating out-of-town and long-distance commuting employees, we provide dormitories equipped with comprehensive living facilities and complimentary internet access, ensuring that the staff feel at home.

Furthermore, in commitment to employee health and safety, the Company has equipped various departments with first-aid kits to address potential emergencies. Within the park, we have created amenities such as the reading nook and a terrace, offering diversified spaces for learning and breaks. The installation of sports facilities like a basketball court and an indoor badminton court allows employees to participate in physical activities and relieve stress amidst their demanding schedules.

Through these concerted efforts, Qyuns has achieved "regularized cafeteria management, standardized dormitory management, and normalized medical support". This not only caters to the livelihood and cultural needs of our employees but also stimulates their work enthusiasm, injecting vitality into the Company's sustained development.



The Office Park



Cafeteria



Leisure Space



R&D Center



Basketball Court



Badminton Court



the Terrace



Reading Nook

## Comprehensive Compensation and Benefits

In strict compliance with relevant laws and regulations such as the Trade Union Law of the People's Republic of China, the Standards for Statutory Annual Leave, the Regulation on Public Holidays for National Annual Festivals and Memorial Days, the Regulation on Paid Annual Leave for Employees, the Jiangsu Province Wage Payment Regulation, and the Social Insurance Law of the People's Republic of China, Qyuns has established a competitive employee compensation and benefit system that aligns with our unique corporate culture. This system encompasses various aspects including salary, incentives, statutory benefits, and general welfare, providing comprehensive protection for employees' rights and interests, and offering strong support for their growth and development.

### Comprehensive compensation and benefits of Qyuns

Salary	Basic salary	Overtime allowance	Year-end bonus
	New talent growth award	Annual salary adjustment	Outstanding contribution award
Incentives	Outstanding employee award	Promotion salary adjustment	Incentive salary adjustment
Statutory Benefits	Five social insurance and one housing fund	Paternity leave	Maternity leave
	Paid annual leave	Marriage leave	Statutory holiday
	Weekends	Holiday greetings	Annual corporate trip
	Meal allowance	Birthday gifts	Anniversary celebration activities
General Welfare	Rental subsidy	Annual physical examination	Tea break
	High temperature allowance	High-end medical insurance	Sports club
	Team building	Special theme activities	

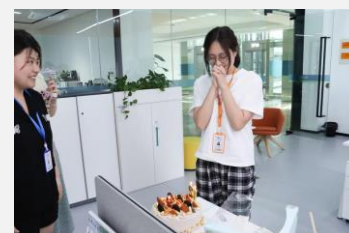
Qyuns adheres to the principle of putting people first. Led by the Administration Department, a leading group office has been established to organize various activities and distribute welfare benefits, ensuring that each benefit reaches employees precisely. In terms of general welfare, the Company not only establishes wedding, childbirth, illness, and retirement benefits in accordance with relevant regulations but also carefully prepares festival gifts for the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, as well as personalized care such as birthday cake vouchers.



Chinese New Year red envelopes



Holiday gifts



Employees' birthday celebrations

Furthermore, the Company attaches great importance to employee health and carefully formulates an annual employee protection plan each year. We provide commercial supplementary medical insurance for current employees and allow employees who have worked for a year to add coverage for their families, extending our care to their households. During the Reporting Period, the Company optimized and upgraded our insurance products, increasing the scope and amount of coverage, further enhancing employees' sense of security and stability.

### *Diversified Employee Activities*

In 2024, Qyuns demonstrated exceptional achievements and vitality in the promotion corporate culture. The company not only focused on business development but also placed great emphasis on fostering and disseminating its corporate culture. Through a series of diverse activities, Qyuns has significantly strengthened employee cohesion and a sense of belonging.

During the Reporting Period, Qyuns actively organized employees to participate in the 2024 Yangtze River Marathon, showcasing the team's commitment to a healthy lifestyle and their positive spirits. Additionally, the Company took part in intramural badminton tournaments, engaging with peer companies to enhance communication and collaboration.

Within the Company, Qyuns also made significant efforts to enrich employees' culture and lives. The organization meticulously planned tourist activities to Mount Huangshan, allowing employees to connect with nature and unwind outside of their busy schedules. Furthermore, traditional festive celebrations such as the Annual Dinner and the Lantern Festival events were held, creating a warm and festive atmosphere to reinforce the sense of a close-knit corporate family.



Annual Dinner



the Lantern Festival





Trip to Mount Huangshan

#### Case: Organizing Employees to Participate in the 2024 Yangtze River Marathon

In October 2024, Qyuns actively organized its employees to participate in the 2024 Taizhou Yangtze River Marathon. The participants had the opportunity to experience the rise and development of the "Medical City", which is at the core of Taizhou's health industry. During the race, Qyuns employees consistently encouraged and supported one another, demonstrating their spirit of perseverance and healthy lifestyle.



#### Case: Qyuns badminton club

Our Youth League branch has taken the lead in establishing the Qyuns Badminton Club, which operates under a membership-based management model. The club is comprised of an operation team, a promotion team, and an organization department to ensure orderly activities. It arranges 2-3 badminton sessions per week, providing a platform for members to improve skills. Furthermore, the club organizes 1-2 badminton tournaments annually, including competitions among internal members and friendly matches with external organizations, aiming to enhance members' competitive level and strengthen friendly communications with other companies in the park.



"Xinfu" Qyuns badminton club



## Care for Female Employees

Qyuns is committed to providing comprehensive care and support for our female employees. We strictly adhere to women's rights protection policies such as the Special Rules on the Labour Protection of Female Employees, the Provisions of Jiangsu Province for Maternity Insurance for Employees, and the Implementation Plan for Optimizing Fertility Policies and Promoting Long-term Balanced Population Development in Jiangsu Province. We offer female employees prenatal check-up leave, maternity leave, breastfeeding leave, parental leave, and maternity allowances to ensure they receive adequate rest and support during childbirth. Additionally, we provide full bonus payments to female employees during this period, guaranteeing their smooth transition back to their original positions after maternity, leaving them with no financial worries.

Furthermore, we provide maternity gifts to both female employees and wives of male employees, allowing every member of our team to feel warm and caring. On special occasions such as International Women's Day, we also send gifts to female employees to express our respect and good wishes. To better serve our female employees, we have established a baby care room and provided educational materials on the benefits and considerations of breastfeeding, creating a cozy and comfortable environment for them.

### Case: Baby care room

To further demonstrate our care and respect for female employees, we have specifically established a baby care room, providing a safe, comfortable, and private space for nursing moms. To ensure the standardized and efficient operations of this facility, we have formulated a series of related policies, including the *Registration Guide for the Baby Care Room*, the *Safety Guide for the Baby Care Room*, and the *Management and Maintenance Guide for the Baby Care Room*.



The Qyuns baby care room

### Case: Visits from the Trade Union to Send Congratulations to About-to-be Mothers

At Qyuns, employees are granted access to antenatal leave, maternity leave, breastfeeding leave, parental leave, and marriage leave during their employment, which fully reflects the Company's emphasis and care for employees' family life. We encourage employees to pay attention to their own physical health and family happiness while enjoying various holidays, ensuring that every employee receives necessary support and care during important stages of their life. For female employees who are about to become mothers, the Company has specially set up prenatal and maternity leave to ensure their health during pregnancy. These leaves ensure that employees can undergo necessary medical examinations on time, and provide them with sufficient time to adapt to the changes in their new life and focus on taking care of newborns. The setting of this series of holidays aims to allow employees to enjoy family time without feeling pressured by work, fully reflecting the warmth and care of the Company.

It is worth mentioning that when the above-mentioned holidays are approved, the Company's trade union will actively participate and organize visits or congratulatory activities for employees. This is not just a simple "congratulations", but also a manifestation of warm care and team support. Whether it is sending greeting cards or bouquets, the Union conveys the Company's value and appreciation for female employees through this means, indicating the Company's encouragement and support for employees to achieve a balance between family and career.

## Proactive Corporate Culture Development

Qyuns places great emphasis on corporate cultural development, showcasing our charm through diversified platforms. We present our corporate culture, products, and development plans both online (e.g. the official website, WeChat official platform, etc.) and offline (e.g. physical exhibition hall), enabling employees and visitors to gain an in-depth understanding of our core. Additionally, we have established an internal periodical and a Party-building culture wall, which not only highlight the Company's core values but also guide employees in cultivating the upright values.

As the Company was officially listed, we successfully held a listing appreciation banquet. The successful event further demonstrated Qyuns's sincere gratitude and respect to shareholders, customers, and business partners. These activities together form the unique corporate culture of Qyuns, showcasing the Company's humanistic care and vitality in development.



Corporate culture exhibition hall



Party-building culture wall



The listing appreciation banquet



## 06

# Conducting Business with Integrity and Engaging in Public Welfare

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Qyuns has embedded the principles of "Conducting Business with Integrity and Engaging in Public Welfare" into the core of its corporate development. Qyuns has been committed to building a high-quality supply chain management system, focusing on the quality of suppliers' products and services, and paying attention to their performance in ESG aspects. We have collaborated with Huadong Medicine to establish a pragmatic commercialization model, accelerate innovation transformation, and ensure that drugs can quickly and widely benefit patients. Meanwhile, we also attach great importance to information security management and continuously strengthen the overall information security level of the Company. We actively participate in industry development activities and contribute our strength to the development of the industry and the health of society.

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## 06 Conducting Business with Integrity and Engaging in Public Welfare

### Supply Chain Management

Qyuns strictly complies with the *Government Procurement Law of the People's Republic of China*, the *Tendering and Bidding Law of the People's Republic of China*, and *Good Manufacturing Practice for Drugs (GMP)* and other relevant laws and regulations on supply chain management. We have formulated a series of internal policies such as the *Procurement Management System*, the *Procurement Standard Management Procedures*, the *Clinical Services Procurement Management System*, and the *Measures for Preclinical Technical Services Procurement Management* to regulate our procurement activities. These policies regulate departmental responsibilities, scope of procurement, procurement principles, and procurement processes. At the same time, we have formulated and implemented the *Master Procedures for Materials Management* and the *Suppliers Standard Management Procedures* to manage suppliers comprehensively. We classified the materials into three levels (I, II and III) according to the degree of their impact on the production process and product quality, so as to take corresponding management measures.

At the supplier registration stage, we have established a stringent quality evaluation system, including qualification audits, quality audits and trial validation. Suppliers who pass the evaluation are included in our supplier pool and their information is updated regularly. Meanwhile, we sign quality assurance agreements with suppliers of Type I and II materials, specifying the requirements and standards to ensure the quality of supplies.

Regarding material acceptance checks, we have established precise quality standards for Type I and II materials and conduct thorough inspections in accordance with these standards. Once the materials pass inspection, we accept them following the *Standard Management Procedures for Material Release*. If the material fails inspection or there are any abnormalities in the process of use, we will provide feedback to the purchasing staff through the *Supplier Abnormality Feedback Sheet* and take corresponding measures. If it is confirmed that the materials have quality issues, the warehouse manager will notify the purchasing staff to return the unqualified materials according to the inspection report.

Meanwhile, we regularly review the quality of our Type I and II material suppliers. This includes evaluating the quality of their supplies, providing feedback on quality information, conducting quality audits, and ensuring compliance with quality agreements. Based on the results of these evaluations, we make timely adjustments to our management strategies. For suppliers of Type I materials, we conduct on-site audits. An interdepartmental audit team performs these audits in accordance with a pre-approved plan to enhance professionalism and fairness.

In terms of inventory management, we have implemented various measures to avoid overstocking and reduce material waste. We require each department to submit procurement demands monthly based on the usage plan within the procurement cycle and the inventory status, and to adjust demands according to the supply cycle replied by suppliers to avoid overstocking. To ensure the smoothness of the supply chain, the procurement department has also established an expedited procurement process. For materials with a long procurement cycle, such as those imported from abroad, we have taken alternative measures to gradually find domestic materials for substitution. In cases where adjustments to the production plan may cause material waste, we actively negotiate with suppliers for return and exchange handling. In the reporting year, the amount of stagnant inventory has been reduced.



Case: Adding ESG-related Clauses to Supplier Contract Templates

During the Reporting Period, we added ESG-related clauses on environmental compliance, labor compliance, and corporate governance compliance to the contracts signed with suppliers to reduce environmental and social risks in the procurement process. During the Reporting Period, 602 suppliers have adopted the contract template formulated by Qyuns. The relevant clause contents are as follows:

- Environmental Compliance: Both contracting parties shall comply with all applicable environmental laws, regulations, and policies, and fully consider environmental protection and sustainable development when performing contractual obligations. Both parties shall ensure that the environmental impacts generated during the performance of the contract meet national and local environmental protection standards and policies. Both parties shall take reasonable technical and management measures to reduce energy consumption, decrease pollutant emissions, and use resources efficiently to minimize negative environmental impacts. Both parties shall ensure that waste generated during the performance of the contract is properly treated and recycled in compliance with national and local environmental laws and regulations.
- Labor Compliance: Both contracting parties shall respect labor laws and regulations and protect the legal rights and interests of employees, including but not limited to provisions on wages, working hours, and safety.
- Corporate Governance Compliance: Both contracting parties shall establish and improve internal management systems, regulate business operations, and prevent acts of interest transfer and corruption. Both parties shall strengthen internal controls to ensure the accuracy and transparency of financial reporting and actively cooperate with regulatory authorities' supervision and inspections.

By the end of the Reporting Period, the number of Qyuns' suppliers by region was as follows:

Supplier		
Indicators	Unit	Number in 2024
Number of domestic suppliers (including Hong Kong, Macao and Taiwan)	Supplier	648
Number of overseas suppliers	Supplier	3
Total number of suppliers	Supplier	651

Responsible Marketing

In the reporting year, our first product, the ustekinumab biosimilar injection SAILEXIN, was launched on October 29th, marking its entry into the commercial stage. Currently, the sales of our pharmaceutical products are managed by Huadong Medicine. Although we have not yet independently conducted marketing activities, we have strictly controlled our promotional activities. We have established the *Corporate Promotion Management Measures*, which clarify the principles and management processes of related work to ensure that our external promotional content is compliant, true, timely, and effective.

Regarding advertising and labeling, we strictly comply with *the Advertising Law of the People's Republic of China*, *the Provisions on the Administration of Pharmaceutical Directions and Labels* and other laws and regulations. We have established procedures for designing, proofing, printing, using, and destroying printed packaging materials in accordance with *the Regulations of Printing and Packaging Materials Standard Management*. This ensures that the contents of our advertisements and labels are both lawful and compliant, while also protecting the rights and interests of consumers. In the future, we will continue to strictly follow relevant legal and regulatory requirements to ensure that our marketing activities are conducted with responsibility, compliance, and integrity.

## Data and Privacy Protection

Qyuns highly deems data security and privacy protection. We strictly comply with the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and have implemented a series of management systems and measures.

In terms of data security and privacy protection, we have formulated a series of policies to safeguard the Company's computer equipment, network and data security, such as the Computer and Network Security Management Procedures, the Information System Operations and Maintenance Monitoring Management Procedures, the Information System Security Incident Management Procedures, the Computerized System Security Standard Management Procedures and the Computerized System Backup and Recovery Standard Management Procedures. We have established an information security emergency response team, which is responsible for monitoring and responding to various information security incidents and organizing emergency drills on a regular basis. The Company has passed the Level 2 Certification for the National Information System Security Protection Grades in 2022. This year, the Company has successfully passed the re-inspection for the Level 2 certification.

In addition, all of our employees have signed a confidentiality agreement to prevent the disclosure of commercial information and data.



### Data backup

- Data is regularly backed up and stored on the local server and the cloud, where a confidentiality agreement has been signed with the service provider.
- Adopt full and incremental backup strategies and conduct regular tests according to standard operating procedures to enable data to be recovered quickly and efficiently during emergencies.



### Cybersecurity

- Multiple network monitoring systems are in place to detect and handle network faults in a timely manner.
- Equipped with alternative core switches for quick switching to restore service in case of centralized network failure.
- Install uninterruptible power supply system in the server room to provide continuous power supply for critical equipment in the event of a power outage.



### Virus attack

- Adopt domain control management and restrict access rights.
- Install and update anti-virus software to identify and remove virus threats in a timely manner.
- Reduce the risk of virus attacks through network security principles such as access control, security auditing and vulnerability remediation.
- Conduct regular training for employees on security awareness and preventing virus attacks.

## Information security protection initiatives



### Document management

- Document management procedures are built to clearly stipulate requirements for the documents' entire lifecycle, from drafting, reviewing, approval, trainings, distribution, execution, re-examination, filing, to withdrawal and destruction, and document changes.
- A rigorous system of license management is in place, whereby staff members are assigned distinct license tiers based on their specific roles and obligations, thereby limiting the accessibility of information and data for varying levels of personnel.



### Encryption of information

- To protect the confidentiality of core information on servers and databases, security measures such as encryption programs, network isolation technology, firewalls, and intrusion detection systems are used. These measures also monitor network traffic to prevent malicious attacks.



### Disabling the USB port

- Control the use of terminal computers by restricting USB peripherals and installing desktop management software to prevent unauthorized data transfer; only authorized USB devices can be accessed.



### Information security training

- Through regular information security trainings, we enhance employees' knowledge of common network threats, such as social engineering attacks and phishing emails, so as to strengthen their awareness in information security and capabilities to prevent such incidents.

## Measures to prevent information leakage

### Case: IT Department Provides Support for Digital Systems

In 2024, the Company completed a series of tasks related to information systems, including the performance confirmation of the Laboratory Information Management System (LIMS) and the supplementary validation of the Document Management System (DMS) (Phase II). These efforts have enhanced work efficiency, document circulation efficiency, and visibility. The IT department provided substantial technical support during the implementation of these information systems. We conducted requirements collection and analysis, ensured the development and implementation of the systems, safeguarded the secure transfer of data, and provided ongoing technical support after the systems went live. After the systems were launched, various departments achieved information sharing and process automation through them. This reduced manual operations and communication costs, significantly improved work efficiency, and lowered operational costs through automation and process optimization. It also enabled the rational allocation of human resources.

## Community Service and Investment

Qyuns has always firmly believed in the importance of progressing together with society and continues to join hands with all sectors of society to create a better future. We actively participate in public welfare activities and fulfill our corporate responsibilities through concrete actions.

We actively fulfill our social responsibility in community investment and public welfare activities. In 2020, we raised RMB 500,000 for the fight against COVID-19 and received the "Donation Award for the Fight against COVID-19" from the Red Cross Society of China Taizhou Branch, China. In 2021, we participated in a charity activity in Taizhou Gaogang District and donated RMB 100,000, contributing to the promotion of community welfare.



Donation Award for the Fight against COVID-19



Donation Certificate to charity activities in Taizhou Gaogang District



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ESG Reporting Code		Response
<b>Subject Area A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
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.	Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Waste Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Management

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

## ESG Reporting Code

## Response

### Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Training and Development

### Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Compliance with Hiring Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Compliance with Hiring Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Compliance with Hiring Standards

### Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management



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

Innovation for the great majority

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