2024

Environmental, Social and Corporate Governance (ESG) Report

Yifan Pharmaceutical Co., LTD.

Address: Intersection of Fanhua Avenue and Wenshan Road, Taohua Town, Feixi County, Hefei City, Anhui Province, Yifan Pharmaceutical
Postal Code:311300
Phone：0551-62672019
Fax：0551-66100530
Business Consultation Hotline: 400-180-2019
Overseas Business Consultation: overseas@yifanyy.com
Official Website: www.yifanyy.com

YIFAN

Report Description

Reporting Cycle

Annual Report

Reporting Period

January 1, 2024 to December 31, 2024

Report Introduction

This report is based on Yifan Pharmaceutical Co., Ltd. (hereinafter referred to as “Yifan Pharmaceutical”, the “Company”, or “we”). aimed at presenting to stakeholders the concepts upheld, management approaches adopted, work progress made, and results achieved by the Company in the areas of environment, society, and corporate governance in the year 2024.

Basis of Report Preparation

In accordance with the GRI Sustainability Reporting Standards issued by the Global Sustainability Standards Board (GSSB)

International Organization for Standardization (ISO) "ISO26000: Guidance on Social Responsibility (2010) and other international requirements

With reference to the national standard GB/T 36001-2015 — Guidelines for the Preparation of Social Responsibility Reports

With reference to the United Nations Sustainable Development Goals (SDGs)

Prepared in accordance with the Guidelines No. 17 for Self-Regulation of Listed Companies — Sustainable Development Reports (Trial) issued by the Shenzhen Stock Exchange

Report Scope

This report takes Yifan Pharmaceutical Co., Ltd. as the reporting entity and covers all its subsidiaries (for details, please refer to the Company's Annual Report).

Data Description

The data is sourced from internal company documents, reports, and related statistical data

Data Statement

The Company hereby ensures that there are no false records, misleading statements, or material omissions in this report, and assumes responsibility for the authenticity, accuracy, and completeness of its contents.

Release Format

To reduce resource consumption and environmental pollution, this report is published in electronic format and is available on the official website of the Shenzhen Stock Exchange (www.szse.cn), CNINFO (www.cninfo.com.cn), and the official website of Yifan Pharmaceutical Co., Ltd. (www.yifanyy.com).

Prepared by

Yifan Pharmaceutical Co., Ltd.

Contact Information

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Chairman's Address

The vibrant vitality of a corporation is not only derived from excellent economic benefits but also from a profound commitment to social responsibility. As an innovative force deeply engaged in the pharmaceutical and health sector, Yifan Pharmaceutical has consistently adhered to its corporate mission of "striving to eliminate human ailments" since its inception, steadfastly upholding the growth philosophy of long-termism, and resolutely advancing strategies for safety, compliance, and sustainable development, while steadily reforming and seeking progress amid change. On the occasion of the inaugural Environmental, Social, and Corporate Governance (ESG) Report, we sincerely invite you to witness together the efforts and practices of Yifan Pharmaceutical in 2024 concerning innovation and R&D, green transition, social responsibility, and ecological governance.

Innovation-driven, aiding in healing. Responding to the expectations of patients is our unwavering pursuit! Focusing on key disease areas such as oncology, inflammation of the body, rare diseases, dermatology, and pediatrics, guided by the philosophy of "classic discovery, classic innovation, scientific validation". Over the past 10 years, the company has accumulated a R&D investment of 446,496.96 ten thousand yuan for drug innovation and research, accelerating the launch of new products. In 2024, the dinazone oral suspension, independently R&D by Yifan, for the treatment of rare diseases was approved for market launch, attracting the attention numerous of physicians, experts, and scholars, bringing hope for health to hundreds of children with congenital hyperinsulinism (CHI); the first macromolecules innovative biologic drug, Ryzneuta®, successfully received approval in Europe and Brazil following China and the United States, and to date, Ryzneuta® has been approved for marketing in over 30 countries and regions globally, benefiting cancer patients worldwide.

Compliance in Business Operations, Steady and Far-Reaching. We strictly adhere to relevant domestic and international regulations and industry standards, establishing a comprehensive management system that covers the entire supply chain from "procurement to production to market". Through the formulation of the Whistleblowing Supervision System and the Anti-commercial Bribery Compliance Management System, we strengthen the institutional safeguards for compliant development from a top-level design perspective; in raw material procurement, we adhere to comparing prices from multiple suppliers and select the best options to ensure product quality from the source; in pharmaceutical manufacturing, we strictly implement the GMP standards and requirements of the NMPA (with some production lines certified by the FDA and EMA), ensuring compliance with their intended use and marketing authorization or clinical requirements; in product promotion, we consistently ensure the authenticity, accuracy, and completeness of information, resolutely eliminating exaggerated promotion and misleading marketing practices. We adhere to high standards of business ethics, striving to create a clean and transparent environment, ensuring that every business operation can withstand legal scrutiny.

Green Transition, Safeguarding Ecosystems. In response to global climate action and the national "dual carbon" strategy, we integrate ecological civilization into our corporate strategy and resolutely pursue the path of green development, systematically conducting comprehensive environmental management from source prevention, process control to end governance, balancing both development and environmental protection. By benchmarking against the green production models of internationally advanced enterprises, we will upgrade and transform production equipment, adopt more advanced energy-saving technologies, and reduce energy consumption; strengthen risk management and control of three wastes emissions, ensure compliance with discharge standards, and minimize environmental impact; product packaging will predominantly use paper or eco-friendly plastics, reducing reliance on traditional non-renewable materials; vigorously advocate for water and electricity conservation, implement paperless offices, and translate the concept of green and sustainable development into daily actions to contribute to the improvement of the Earth's ecological environment.

People-oriented, together building a better future. We strive to take proactive actions in fulfilling our social responsibility to the best of our ability! Engaging in social welfare and paying attention to the health needs of affected groups and special populations during sudden disaster events, we alleviate, to some extent, the shortage of medical resources through timely donations of medicines and supplies, thereby playing a positive role in safeguarding public health and maintaining social stability; adhering to the concept of mutual growth with employees, we focus on career development, care for employee health, clarify career development paths for employees, continually improve the welfare and care system, promote diversified and inclusive development, enhance employee cohesion, and increase their sense of belonging.

We believe that the success of business resonates in harmony with the health of the planet and the well-being of society. ESG management is no longer an "optional question" for the survival and development of enterprises, but rather a "mandatory question". Looking to the future, the company will continue to embrace awe and sincerity, drive transformation and innovation, and steadfastly embrace the ESG strategy. We shall work hand in hand with all parties to create a greener and warmer future. May every step of Yifan Pharmaceutical's exploration become a healing light that safeguards human health and our earthly home!

Chairman's Signature

Step into Yifan

Company Overview

Yifan Pharmaceutical is an innovative pharmaceutical R&D enterprise, dedicated to scientific verification of potential solutions through a dual focus on classic discoveries and innovations, contributing updated expertise to the global pharmaceutical health industry. The company was established in 2000, with its registered location in Hangzhou, Zhejiang, China. In 2004, it was listed on the Shenzhen Stock Exchange, with the stock code (SZ: 002019).

The company has established an independent research center focusing on four core areas: biologics, small molecules, featured traditional Chinese medicine, and synthetic biology. The business scope covers over 50 countries and regions, with the number of subsidiaries exceeding 50 and a global workforce surpassing 4,000 individuals.

Main Business

The company primarily engages in the research and development, production, sales, and promotion services of pharmaceutical products, API, and polymer materials, with a core focus on research and development, establishing a significant position in the pharmaceutical and health sector through diversified product layout and internationalization strategies.

Biologics (Biopharmaceuticals) Field

The company has been deeply cultivating the field of biologics for many years, especially relying on the international development journey of the Ryzneuta product in China and globally, and has established a full life-cycle undertaking system covering new drug discovery, CMC research, clinical development, and commercial production. This system covers key global new drug markets including China, the United States, and Europe. At the same time, relying on a cross-regional collaborative network, we efficiently integrate global resources to accelerate the industrialization process of subsequent innovative achievements.

The company has established biologics drug research and development centers in both China and the United States, and has built an international R&D system and talent team that meet development needs. It has also established a comprehensive supporting team for drug clinical trials and regulatory submissions, and is capable of undertaking the entire process of new drug research — from project evaluation and initiation, new drug screening, API and formulation process development, to quality standard establishment, clinical research, and registration.
The company has established a high-standard large molecule drug manufacturing system aligned with international practices, capable of meeting drug production quality requirements of different countries and regions. Its subsidiary, the Beijing Evive manufacturing site, has successfully passed GMP certifications from China’ s NMPA, the U.S. FDA, and the European EMA. It is also one of the few biopharmaceutical API manufacturing sites in China that has obtained commercial production licenses and passed GMP inspections from the regulatory authorities of China, the United States, the European Union, and Brazil.

The company is actively building and strengthening its international business team for large molecule drugs, with extensive experience in international market access, business negotiations, and partnership expansion. It continues to broaden its product portfolio through product licensing transactions and other means. As of now, the company’ s first innovative biologic drug, Ryzneuta, has been approved for marketing and sales in 34 countries, including China, the United States, the European Union, and Brazil.

Small Molecules (Chemical Medicines) Field

We base our endeavors on "Specialty raw materials and high-end excipients," focusing on a differentiated pharmaceutical product chain characterized as "Small, Precise, and Unique", and possess a sophisticated research and development manufacturing platform for chemical drugs along with a high-standard quality management system that aligns with international standards. In terms of products, our research and development and manufacturing encompass a range that includes, dinazone oral suspension, oxytocin injection, nimodipine injection, phloroglucinol injection, methocarbamol injection, famotidine injection, and neostigmine methylsulfate injection, fully addressing the diverse needs of the market.

During the reporting period, we completed the registration application for 7 products; the production line for small-volume injectables (non-terminal sterilization) successfully passed the EU GMP on-site inspection and was awarded the GMP certificate; the chemical drug research and development center advanced multiple R&D projects, accumulating the completion of 85 key milestones, reflecting a growth of 13.3% compared to 2023.

Traditional Chinese Medicine Sector

Traditional Chinese medicine is a traditional area of strength for Yifan Pharmaceutical, leveraging the competitive edge of "exclusive varieties and the basic drug catalog under health insurance", advancing through a dual approach of policy-driven initiatives and international expansion. We possess 104 approved numbers for traditional Chinese medicine, including Baixuekang (Compound Huangdai Tablets), Xiao'er Qingqiao Granules, moisture-removing itch-relieving ointment, Piminxiao Capsules, Fuyinkang Lotion, and 14 exclusive traditional Chinese medicine products under health insurance, 6 from the National Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance Drug List, 1 national second-class protected traditional Chinese medicine Variety, 1 from the World Health Organization's Essential Medicines List, and 5 registered varieties overseas.

During the reporting period, we enriched our product matrix in the advantageous field of traditional Chinese medicine. There are 17 ongoing projects, of which 5 are new drugs and improved formulations (including 1 newly initiated project), 5 are classic prescriptions, 6 are secondary developments, and 1 is for the protection of traditional Chinese medicine.

Synthetic Biology Field

The company is one of the leading manufacturers and suppliers of Vitamin B5 and its raw products globally, employing a flexible sales strategy that primarily focuses on direct sales, supplemented by distribution. Over 70% of its products are sold to various countries and regions, including Europe and America, maintaining a leading position in the global market for many years.

During the reporting period, the company's self-developed vitamin new product processes underwent continuous optimization, resulting in a significant enhancement of technical indicators. The leading products showed remarkable progress in quality improvement, cost reduction, and efficiency enhancement, thereby strengthening product competitiveness. Simultaneously, the existing production technology has improved significantly compared to the year 2023, with multiple technological achievements successfully implemented.

Business Model

Pharmaceutical Business Operating Model

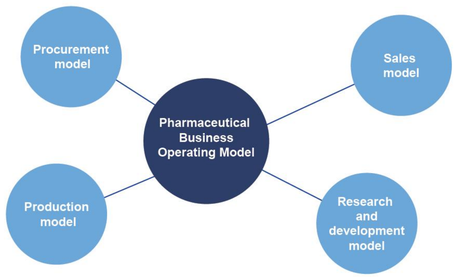
In the operation of the pharmaceutical business, we have established a mature and distinctive business model across the four stages of procurement, production, sales, and research and development, based on a scientifically efficient operational system. Each stage closely collaborates, combining to form a powerful synergy that drives the company forward steadily, continuously enhancing market competitiveness and industry influence.

Procurement model: We implement a rolling procurement plan based on the annual budget, sales, and production plan, improve the tendering procurement system, adopt order-based procurement for core Chinese herbal materials and key raw materials, and quantitatively purchase general auxiliary packaging materials according to the production plan, continuously enhancing the supplier admission standards to ensure the steady progress of production and operation.

Production model: Domestic pharmaceuticals adopt a model that combines produce according to sales and balanced production, formulating and adjusting the production plan based on market and sales demands surrounding the core products already on the market, and producing strictly in accordance with GMP requirements; overseas drugs adopt a model combining produce according to sales and contract manufacturing, arranging production according to market and customer needs, strictly adhering to GMP standards such as those of the FDA and EMA.

Sales model: Domestic product sales adopt a model that combines specialized academic promotion with cooperative sales, continuously increasing the coverage of proprietary products; overseas products utilize a model that combines direct sales with distribution, leveraging third-party resources to continually enhance product sales and market share.

Research and development model: We adhere to a combined approach of independent R&D and collaborative R&D for the development of pharmaceutical products. The biological innovative drug insists on independent R&D, while chemical generic drugs, traditional Chinese medicine, and medical API are developed through independent R&D, leveraging research institutions, higher education institutions, and technology introduction to enhance r&d capabilities, achieving technological innovation and product development.



Operational Model of Active Pharmaceutical Ingredients (API) and New Materials Business

The company continues to adopt the produce according to sales model in its operations concerning API and new materials business. In terms of responsibilities, the procurement center is responsible for externally sourcing API and polymer materials, the production quality center formulates and issues the production plan based on the product demands from the sales department, production cycles, and inventory periods, while the marketing center is responsible for product sales. Currently, API and polymer material products are primarily sold overseas, with a sales model mainly focused on direct sales supplemented by distribution; in the development of new products, a combination of independent R&D and collaborative research with overseas R&D enterprises and domestic and foreign research institutions is employed.

Corporate Culture

Cultural Philosophy

Pragmatism, Innovation, Integrity, Diligence

Mission

Strive to eradicate human diseases

Vision

To grow into a renewed professional force in the global pharmaceutical and health industry

Development Planning

Innovation, Internationalization

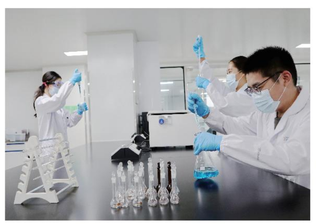
ESG Concept

Safety · Controllable · Sustainable Development

Major Events of 2024

The company's self-developed innovative product Ryzneuta® has obtained approvals in China, the United States, the European Union, and Brazil, making it the first Biopharmaceutical in the country to be approved for marketing in China, the United States, Europe, and other countries under the ownership status.

The company's first synthetic biology product, human milk oligosaccharides (HMO) 2'-FL (2'-fucosyllactose), has completed the self-GRAS certification in the United States, meeting commercialization requirements， and submitted to the FDA for record.



The company has reached a consensus with the Chinese regulatory authority on the Phase IIb clinical trial protocol of its investigational product F-652 for the treatment of acute-on-chronic liver failure (ACLF), and the Phase II clinical trial protocol for the treatment of alcoholic hepatitis (AH) has been recognized by the Chinese regulatory authority and received implicit approval from the U.S. FDA.

The independently R&D medication by the company for the treatment of congenital hyperinsulinemic hypoglycemia—dinazone oral suspension has received market approval from the National Medical Products Administration. As the company’ s first domestically produced chemical API, obtained approval for marketing in India and will supply the Indian market following CDSCO certification.

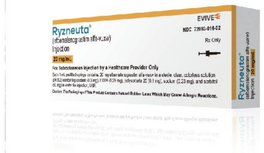
The company’ s innovative traditional Chinese medicine project under research was awarded the Second Prize of the National Scientific and Technological Progress Award; to date, we have received three national-level scientific and technological awards for our technologies/products.

The company's featured traditional chinese medicine products, including Maxin Xiaoke Granules, Ginkgo Biloba Pills, Piminxiao Capsules, and moisture-removing itch-relieving ointment, have been successively approved for sale in Singapore, breaking down the registration barriers for pharmaceuticals both domestically and internationally, and facilitating the company's pharmaceutical strategy of "Bring in and Go Global".

The company's pharmaceutical small-volume injection production line (non-final sterilization) has successfully passed the on-site inspection for EU GMP and has received the GMP certificate.

Special Feature: Featured Products

Biopharmaceuticals



Efbemalenograstim α Injection
(Ryzneuta®)

Used for the prevention and treatment of neutropenia occurring in cancer patients following chemotherapy.

It is the first domestically developed biological innovative drug to obtain marketing authorization in China, the U.S., and the EU as a Marketing Authorization Holder (MAH)

Chemical Drugs

Capecitabine Tablets
(Xeloda®)

Used for the treatment of metastatic colorectal cancer, breast cancer, and gastric cancer.

Imported originator drug, medical insurance covered products

Lactulose Oral Solution

Oral formulation for the treatment of constipation and the prevention and treatment of hepatic encephalopathy

Imported and In-House Products, Medical Insurance Covered Products, and Essential Medicines

Emedastine Difumarate
Extended-Release Capsules

A relatively selective H1 receptor antagonist indicated for allergic rhinitis and urticaria.

Exclusive Medical Insurance Products

Butanediol Cross-Linked Sodium
Hyaluronate Injection
(Yikang®)

Indicated for adult patients with knee osteoarthritis (OA) who have inadequate pain relief from non-pharmacological conservative treatments and simple analgesic medications (e.g., paracetamol).

Imported products, national medical insurance negotiated products

Oxytocin Nasal Spray

Promotes milk ejection and aids in the expulsion of breast milk secreted by the mammary glands in postpartum women.

Exclusive Medical Insurance Products

Plerixafor Injection
(Pufanle®)

Indicated for mobilizing hematopoietic stem cells (HSC) into the peripheral blood in patients with non-Hodgkin lymphoma (NHL), to facilitate HSC collection and autologous transplantation.

It is the only domestically produced plerixafor product in China validated by NHL clinical data and with Phase III clinical data published in international journals

Zoledronic Acid for Injection
(Zometa®)

Used for the treatment of skeletal damage in patients with solid tumor bone metastases and multiple myeloma, as well as for the treatment of hypercalcemia of malignancy (HCM) caused by malignant tumors.

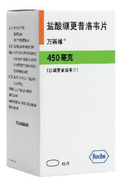
Original Research Products (Overseas Sales)

Special Feature: Featured Products

Recombinant Human Growth Hormone for Injection (SciTropin A®)

Indicated for growth hormone deficiency in children and adults, Turner syndrome, growth disorders caused by chronic renal failure in children, hypermetabolic states following surgery or trauma (negative nitrogen balance), burns, and septic shock.

Overseas sales



Valganciclovir Hydrochloride Tablets (Wansaiwei®)

Suitable for the treatment of cytomegalovirus (CMV) retinitis in patients with acquired immunodeficiency syndrome (AIDS). Suitable for the prevention of CMV infection in high-risk solid organ transplant patients.

Imported Originator Product

Traditional Chinese Medicine

Xiao'er Qingqiao Granules

Dispels wind and clears heat, detoxifies and benefits the throat, reduces swelling and alleviates pain, used for chronic tonsillitis due to wind and heat attacking the lungs and acute tonsillitis in children.

Exclusive medical insurance products and essential medicines

Moisture-removing itch-relieving ointment

Clearing heat and eliminating dampness, dispelling wind and alleviating itching, used as an adjunctive treatment for acute and subacute eczema classified as damp-heat or damp-obstruction type.

A national-level new drug, awarded a national invention patent, exclusive medical insurance and essential medicines

Fuyinkang Lotion

Dispels wind and releases the exterior, clears heat and removes toxicity. Indicated for common cold and influenza with wind-heat syndrome.

National Category III New Traditional Chinese Medicines, Category II Protected Traditional Chinese Medicines, medical Insurance, essential medicines

Piminxiao Capsules

To dispel wind and dampness, clear heat and detoxify, and cool the blood to relieve itching, used for acute and chronic urticaria, and acute eczema classified as wind-heat syndrome or wind-heat combined with dampness syndrome.

Exclusive medical insurance product, national category three new drug, patented product

Compound Huangdai Tablets

Clearing heat and detoxifying, invigorating qi and enriching blood, used for the initial treatment of acute promyelocytic leukemia.

Exclusive medical insurance product, World Health Organization's essential medicines list product

Issue Importance Assessment

▪ Substantive Issue Identification Process

Identify relevant issues

In accordance with the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 17 – Sustainability Reporting, the GRI Sustainability Reporting Standards and the issues of concern within the capital market, we benchmark against domestic and international peer companies while integrating the current hotspot trends of sustainable development, and comprehensively sort through the important ESG issues for our company this year as well as the matters of concern for various stakeholders.

Research on Internal and External Stakeholders

In the stakeholder research, we assessed the importance of relevant issues through online questionnaires involving stakeholders such as the Government/Regulatory Authority, shareholders/ investors, employees, customers, suppliers, partners, and the public/community.

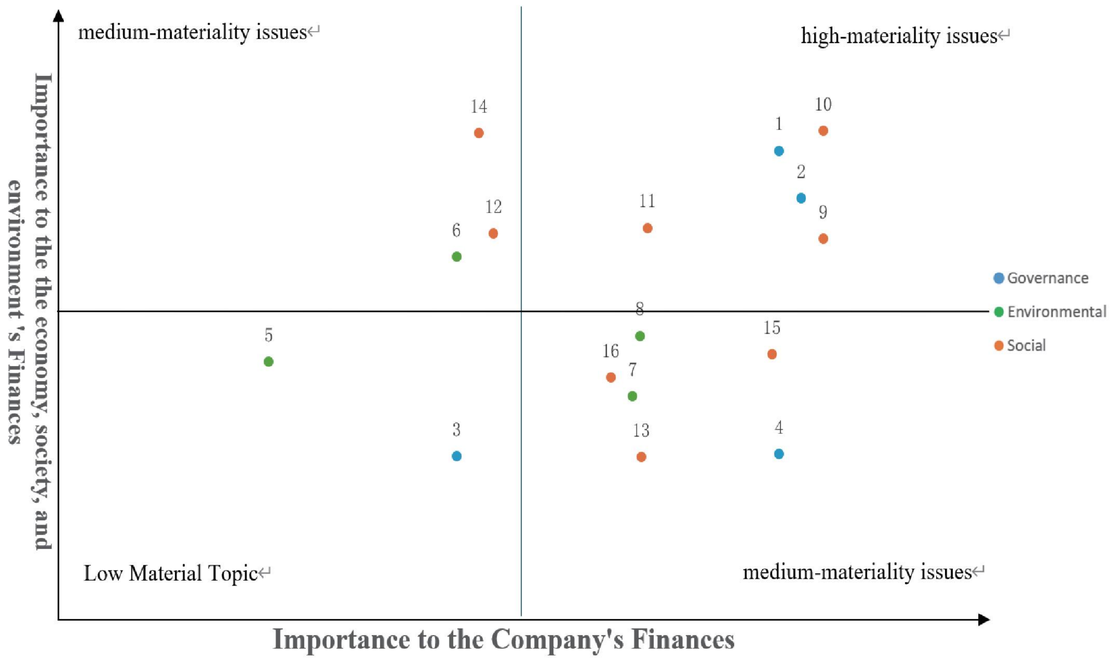
Forming a matrix of substantive issues

Finally, through the identification, research, and selection of significant issues, we identified a total of 16 issues in the three areas of environment, society, and corporate governance that have substantial impacts on both the company and its stakeholders. Following the approval by the Board of Directors, a substantive issues matrix was established.

▪ Substantive Issue Analysis

Based on the analysis of substantive issues, we have developed the substantive issue matrix for 2024, in which "stakeholder concern" represents the significance of impact, and "importance for Yifan Pharmaceutical's sustainable development" represents financial significance impact. A total of 16 important issues are involved, including 2 low substantive issues, 9 medium substantive issues, and 5 high substantive issues.

Yifan Pharmaceutical 2024 ESG Report Materiality Matrix



	Social Issues	Environmental Issues	Corporate Governance Issues
High Materiality	9. Scientific Innovation 10. Product and Service Quality 11. Safety Management	/	1. Corporate Governance 2. Risk Management and Compliance
Moderate Materiality	12. Employee Rights 13. Employee Training and Development 14. Compensation and Benefits 15. Responsible Supply Chain 16. Community Communication and Participation	6. Energy Resource Utilization 7. Emission Management 8. Pollution Prevention	4. Investor Protection
Low Materiality	/	5. Green Transition and Climate Change Response	3. Strengthening Party Construction

Issue Importance Assessment

Stakeholder Communication

Stakeholders	Focus Areas	Response Method
Government/Regulatory authority	Corporate governance Strengthening party construction Scientific innovation Safety management	Questionnaire survey Policy training and guidance Publish national laws and regulations Visits and exchanges
Shareholder/Investor	Investor protection Corporate governance Risk management and compliance	Official Website Information disclosure Shareholders' meeting On-site research Performance explanation Investor communication
Current employees	Employee rights Compensation and benefits Employee training and development	Trade union activities Workers' representative meeting Corporate culture activities Rational suggestion platform Employee training and skills activities
Client	Scientific innovation Safety management Product and service quality	Regular visits Industry conference Regular communication meeting Project team services Seminar, exhibition Customer satisfaction survey
Supplier	Responsible supply chain Product and service quality Risk management and compliance	Supply chain training Contract negotiation
Partner	Scientific innovation Safety management Product and service quality	Regular visits Industry conference Regular communication meeting Project team services Seminar, exhibition
Public/Community	Safety management Community communication and participation	Public welfare activities Volunteers service Daily communication and interaction
Environment	Pollution prevention Emission management Energy resource utilization Green transition and climate change response	Environmental compliance management Green office Green building Circular economy

Sustainable Development Management

Concept of Sustainable Development

Safety · Controllable · Sustainable Development

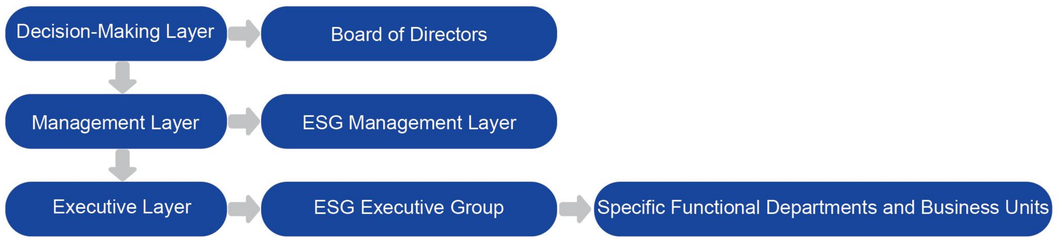
Sustainable Development Governance Mechanism

Yifan Pharmaceutical, while providing high-quality products and services, fully incorporates environmental, social, and corporate governance factors into its management philosophy and daily business operations. In order to systematically plan and execute the company's environmental, social, and corporate governance strategies, and to ensure the effective implementation of sustainable development management, while ensuring that the company's operational strategy remains highly aligned with global sustainable development trends, the company established a top-down sustainable development governance structure during the reporting period. This enables the organic integration and coordinated growth of the company's environmental benefits, social benefits, and economic benefits, thereby winning broader development space and a promising future.

The Board of Directors of the company is the highest management decision-making body for sustainable development work, responsible for unified leadership and decision-making. Its main responsibilities include making strategic decisions regarding relevant actions or plans at the company level based on the potential risks and opportunities provided by the sustainable development supervision and management team, guiding the implementation of sustainable development supervision and management, and approving the company's sustainable development report, among others.

The company has established a sustainable development management layer within its management, composed of directors and senior management personnel with substantial professional backgrounds. As the supervisory management body for sustainable development initiatives, the sustainable development management layer is responsible for monitoring the company's management status based on the information reported and collected by the executive group, providing research guidance for day-to-day operations, assessing relevant risks and opportunities, and responding promptly. It formulates and supervises the implementation of sustainable development management execution plans based on decisions made by the decision-making body, establishes key performance indicators, ensures the achievement of sustainable development goals and plans, and organizes the preparation of the company's sustainable development report, among other responsibilities.

The company has established an executive group for sustainable development, serving as the specific execution layer of the management structure, composed of specific functional departments and business units of the company. Under the unified guidance of the management, the executive group for sustainable development is responsible for coordinating the relevant work across various departments; implementing the work plans of the sustainable development supervisory management group and providing timely feedback; establishing a system for collecting information and data, and regularly gathering and summarizing relevant information for reporting to the management; promoting the integration of sustainable development with the company's business, identifying and analyzing risks and opportunities, promptly communicating the demands of stakeholders, and completing the collection and verification of information related to sustainable development management within the company.



Operating with Integrity and Compliance

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Integrity is the foundation upon which enterprises establish themselves in the market and is key to earning the trust of patients, partners, and society. Compliance, on the other hand, is the assurance for stable progress, ensuring that each business activity is carried out in an orderly manner within the framework of laws, regulations, and ethical standards. We deeply recognize that only by adhering to the business philosophy of integrity and compliance can we maintain an advantage in fierce market competition, achieve sustainable development, and contribute to the cause of human health.

Key Chapter Performance

During the reporting period:

A total of 65 periodic reports and 45 interim reports were disclosed; the information disclosure level of the Shenzhen Stock Exchange is classified as Grade B;

The company convened a total of 2 shareholders' meetings and 4 Board of Directors meetings.

Business Revenue:

Revenue from pharmaceutical business: RMB 426,002.58 ten thousand

Vitamin and polymers achieved operating revenue of RMB 89,979.74 ten thousand

Contribution to the Sustainable Development Goals (SDGs)

Strengthening Corporate Governance

1. Governance Structure

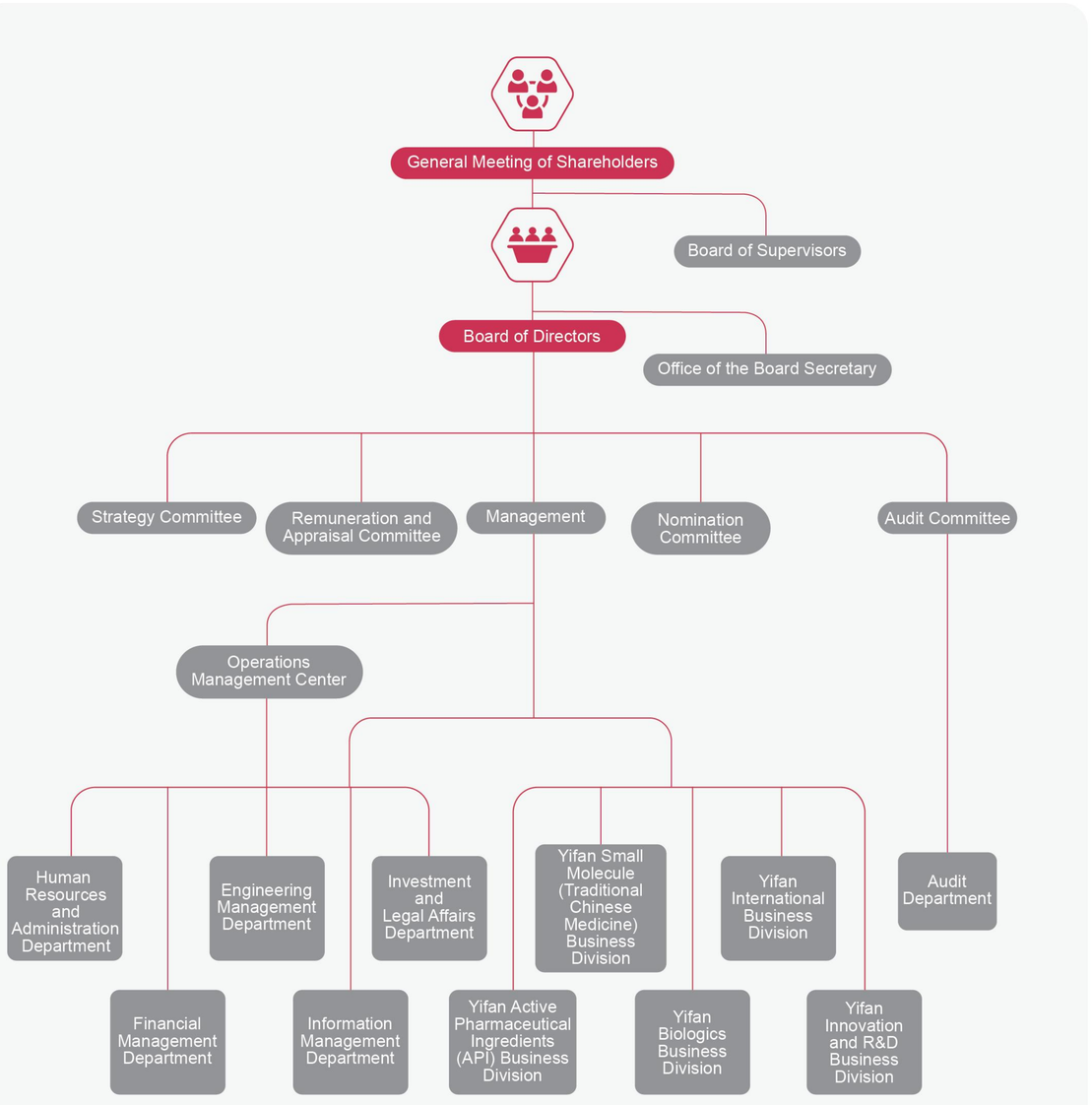


Figure: Yifan Pharmaceutical Organizational Structure

Yifan Pharmaceutical strictly adheres to the requirements of the Company Law of the People's Republic of China (hereinafter referred to as "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as "Securities Law"), the Guidelines on Corporate Governance of Listed Companies, the Stock Listing Rules of the Shenzhen Stock Exchange (hereinafter referred to as "Listing Rules"), and the Articles of Association of Yifan Pharmaceutical Co., Ltd. (hereinafter referred to as "Articles of Association") for standardized operations. The company clarifies the responsibilities and powers of each department, establishing a governance mechanism of mutual coordination and checks and balances, providing strong support for the reform and development of the enterprise, assisting the company in progressing steadily in the market, and achieving sustainable development.

▪ Shareholders' meeting

The shareholders' meeting, as the highest authority of the company, is elected strictly according to the provisions of the company's Articles of Association, with both the number of participants and their composition in compliance with the requirements of laws and regulations, playing a central role in corporate governance. In accordance with relevant laws and regulations, the shareholders' meeting is responsible for determining the company's business policies and investment plans; reviewing and approving the reports of the Board of Directors and the supervisory board, as well as significant matters such as the company's annual financial budget, final accounts, and profit distribution; making resolutions regarding the increase or decrease of the company's registered capital; and making resolutions on the company's merger, division, dissolution, liquidation, or changes in corporate form, among other matters.

Year 2024, the company held a total of 2 shareholders' meetings, during which 22 agenda items were reviewed.

▪ Board of Directors

The Board of Directors, as the decision-making body of the company, is elected strictly in accordance with the provisions of the Articles of Association, with the number and composition of members meeting the requirements of laws and regulations. It has set up a Compensation and Assessment Committee, a Strategy Committee, a Nomination Committee, and an Audit Committee, and is accountable to the shareholders' meeting. The Board of Directors strictly adheres to the responsibilities outlined in the Company Law and the Articles of Association, primarily responsible for convening the shareholders' meeting and reporting on its work to the shareholders' meeting; executing the resolutions of the shareholders' meeting; determining the company's operational plans and investment schemes; formulating the company's annual financial budget schemes and final accounts; devising the company's profit distribution schemes and plans to recoup losses, among other matters.

As of the end of the reporting period , the Company's Board of Directors consists of 8 directors, including 3 independent directors. In 2024, the Company held a total of 4 meetings of the Board of Directors, deliberating on 38 agenda items, with a participation rate of 100% among the directors.

▪ Supervisory Board

The supervisory board is elected strictly in accordance with the provisions of the Articles of Association, with the number of members and their composition meeting the requirements of laws and regulations. It effectively safeguards the interests of the company and all shareholders' rights, conducting comprehensive and effective supervision over the company's operational decision-making processes, legal operations, financial status, related transactions, fundraising, external investments, as well as the performance of duties by the company's directors and senior management personnel.

As of the end of the reporting period , the company has 3 supervisors, including 1 employee Supervisor and 1 Female Supervisor; Year 2024,the supervisory board has convened a total of 4 times, deliberating on 14 agenda items, with a supervisor attendance rate of 100%.

Case

Executives Lead Compliance Governance, Strengthening the Foundation for Development

Compliance governance is the cornerstone of a company's sound development, and the company leadership actively participates in compliance governance training to enhance professional competence. In 2024, the company held a performance briefing to communicate and address the work situation of various business units and the concerns of investors.

The executives of Yifan Pharmaceutical have fostered a strong atmosphere of compliance culture through continuous learning and knowledge transfer, guiding the company to uphold its compliance bottom line and laying a solid foundation for achieving sustainable development.

Figure: The company holds the annual performance briefing

2. Risk Management

◆ Risk Identification Mechanism

To effectively safeguard the interests of the company and all shareholders' rights, the company actively takes initiatives and fully fulfills its supervisory responsibilities. In enhancing the risk prevention system, we have established a comprehensive risk identification mechanism to strictly manage major matters such as operational decision-making processes, financial status, and external investments, enabling timely identification of potential risks. In the pharmaceutical business sector, the company has successively issued several management systems, including the Third-Party Compliance Management System, Compliance Training Management System, Supplier Management Process, Compliance Inspection Management System, and Whistleblowing and Supervision Management Measures covering key areas such as partner management, daily compliance inspections, supplier admission systems, and compliance training, ensuring that the company's operations are lawful and compliant.

In supervising the daily performance of the company's directors and senior management, we have effectively enhanced the company's risk prevention capabilities through a series of measures, ensuring stable operations and establishing a solid defense for shareholders' rights.

◆ Risk Identification Process

Control Objectives

We strictly adhere to the Basic System of Internal Control and exert efforts from multiple dimensions to comprehensively ensure the stable operation of the company. On the level of legality and compliance, we conduct in-depth compliance reviews to ensure that all business management activities proceed in an orderly manner within the legal framework; in terms of information management, we standardize the process of financial report preparation and strengthen the information review mechanism, effectively ensuring the authenticity and completeness of financial reports and related information. We optimize internal processes, rationally allocate resources, and significantly enhance operational efficiency and effectiveness.

Risk Identification

We actively carry out risk identification work, comprehensively investigating internal and external risk factors that may cause the company to suffer losses. Among them, the types of identified risks are diverse; financial risks include issues of capital liquidity and cost overruns; operational risks cover supply chain disruptions and low production efficiency; compliance risks involve violations of industry regulations and failure to respond timely to policy changes. Through the accurate identification of these risk factors, we effectively reduce the likelihood of risk occurrence and the potential losses that may arise.

Risk Analysis

After conducting risk identification, the company evaluates the identified risk factors; internal identification includes methods such as questionnaires, group discussions, expert consultations, scenario analysis, policy analysis, benchmarking, management interviews, and expert research; external identification is accomplished by establishing a supervision and reporting mechanism to summarize the areas of supervision and reporting. On one hand, we assess the likelihood of risk occurrence; on the other hand, we evaluate the degree of impact that risk occurrence could cause, covering multiple dimensions such as financial loss, decline in market share, and damage to corporate reputation.

Response Strategy

In response to the identified types of risks, the company conducts an in-depth analysis of the root causes of these risks and the possible impacts they may cause, using this as the basis to develop precise response plans. Regarding responsibility allocation, we clearly delineate the persons responsible for plan approval and plan execution, ensuring that each link has a dedicated individual in charge, thereby guaranteeing efficiency and quality in execution. Additionally, we establish a comprehensive reporting and monitoring mechanism, providing regular updates on the progress of risk responses and monitoring risk dynamics in real-time, thereby offering a basis for decision-making to the company management and ensuring that the company operates stably in a complex and changing market environment, effectively resisting various risks.

Key Focus of Risk Management

Focuses on Risk Identification

We regularly conduct research on risk regulations and case studies, and rank the current compliance risks based on the likelihood of occurrence and potential consequences. Accordingly, the risks are categorized into four levels: critical risk, high risk, medium risk, low risk, and strengthening control on urgent issues that the company needs to address, thereby managing compliance risks.

Strengthening the Compliance System

We establish a compliance management framework for risk management, clarifying compliance management responsibilities, with the Legal Investment Department of the company serving as the leading management department for compliance. In terms of personnel allocation, we designate specific individuals for specific positions to establish, improve, and perfect the compliance management system.

Furthermore, the company is gradually enhancing its compliance processes, and by the end of 2024, seven compliance processes have operated on the OA system.

Popularization of Education and Training

Compliance Training for New Employees: Starting from August 2024, we will incorporate compliance training mechanism into the new employee orientation for the marketing sector, simultaneously establish an assessment mechanism that requires all new recruits to participate.

Regular compliance training: In the last thrree quarter of 2024, we have conducted compliance training for the marketing sector each quarter. In the second quarter, two sessions of online training were conducted for the direct sales department, with the theme Latest Regulatory Trends and Compliance Essentials for Pharmaceutical Enterprises' Medical Academic Activities; in the third quarter, an online training session was jointly held with partners, titled "Advocacy of 2024 Compliance Policies, and all colleagues participating in the training signed a compliance commitment letter; in the fourth quarter, compliance training titled Company Compliance Systems and Process Advocacy was disseminated via online platforms to relevant responsible colleagues across the entire marketing sector.

Innovative Highlights in Work

Signed the Compliance Commitment Letter

We are systematically advancing the promotion of the compliance management system and organizing the signing activities of the Compliance Commitment Letter, deeply embedding the concept of compliance among all employees, actively fostering compliance behaviors among all personnel, and creating a conducive environment for compliant operations.

Establish a Legal Risk Control Expert Database

We engage in external cooperation with legal and compliance institutions to refine the establishment and management of the rule of law and risk control expert database. In the course of the cooperation, we focus on promoting the construction and management of this database and continuously expanding and enhancing its composition. Meanwhile, the expert database offers precise strategic advice in key areas such as foreign-related legal affairs, investment mergers and acquisitions, major engineering projects, and significant litigations, assisting us in effectively identifying, assessing, and responding to various potential risks, thereby promoting the company's compliance and steady development of the company.

Fostering a Culture of Compliance Management

In order to further establish the foundation of a compliance management culture, the company's senior executives took the lead in issuing a compliance initiative at the annual meeting, thereby setting a direction for the company's compliance development. The Legal Investment Department headed this effort, promptly issuing compliance guidelines and organizing multiple training sessions to continuously deepen the culture of compliance management.

Deepening the Construction of the Compliance Team

We have established a comprehensive compliance management training system that integrates compliance management concepts into various business fields, making compliance management more aligned with business needs. Relevant personnel, in conjunction with the actual circumstances of their business areas, formulate and execute compliance obligations, and review the compliance of business content and processes, truly preventing compliance risks from their source.

Case

Focusing on Legal Risk Prevention and Control, the District Court Supports Yifan Pharmaceutical's Steady Progress

In February 2025, Yifan Pharmaceutical welcomed a remarkable legal knowledge feast. The local People's Court launched the "Legal Delivery to Enterprises" initiative, entering Yifan Pharmaceutical to deliver a lecture entitled Common Legal Risks in Corporate Compliance and Their Prevention, which focused on judicial review of employment compliance in enterprises, distinctions between individual and corporate crimes involving bribery in the pharmaceutical sector, and important considerations in cases involving corporate enforcement.

During the salon event following the lecture, representatives of Yifan Pharmaceutical raised legal questions regarding the company's daily operations, to which the judge team provided professional and detailed answers one by one. This event enriched the legal knowledge of Yifan Pharmaceutical employees, enhanced the company's capability in legal risk prevention and control, and promoted the stable development of the enterprise.

Figure: The district court conducts legal education activities at Yifan Pharmaceutical

★ During the reporting period, we identified a total of 18 significant compliance risk factors for the company, all of which have been rectified.We organized a total of 15compliance risk management training sessions, covering multiple key departments of the company, including sales, procurement, human resources, finance, and research and development.

Internal Control Management

Yifan Pharmaceutical strictly adheres to the Company Law, the Securities Law, the Accounting Law of the People's Republic of China, the Basic Norms for Enterprise Internal Control, and the applicable guidance in the Shenzhen Stock Exchange Self-Regulatory Guidelines No. 1 for Main Board Listed Companies. In accordance with relevant laws and regulations, it has established the Basic internal control system of Yifan Pharmaceutical Co., Ltd..

In the construction of the internal control system, we take proactive measures to gradually establish a complete and efficient internal control system. In terms of system construction, we have formulated and improved various internal control systems, covering the internal control basic system, financial internal control system, and human resources internal audit management system, among others; in terms of organizational structure, the company has established an Inspection Department in the sales business sector to deeply carry out internal control work targeting key areas such as procurement, engineering management, and production management. We consistently uphold a three-in-one internal control philosophy of "preventing beforehand, controlling in process, and handling afterward" and incorporate it into the internal control system. Through prevention beforehand, we identify potential risks in advance and formulate response strategies; through control in process, we ensure that various business activities proceed orderly within the compliance framework; finally, through handling afterward, we conduct in-depth analysis and proper management of issues that have occurred to prevent similar problems from reoccurring.

The effective operation of this internal control system plays a crucial role in risk prevention across multiple aspects. It not only minimizes losses when risks occur but also enhances the efficiency and profitability of the company's operations by optimizing business processes. Simultaneously, by continuously strengthening internal controls, the company has significantly enhanced its ability to respond to risks, providing a solid guarantee for stable corporate development.

- "Five Elements and Six Principles"

Internal Environment

As the foundation of the company's internal control system, the internal environment covers aspects such as governance structure, organizational setup, allocation of responsibilities and authorities, internal auditing, human resources policies, and corporate culture.

Risk Assessment

The company utilizes a scientific internal control system to timely identify and analyze risks associated with achieving internal control objectives within its operational activities. By employing a combination of qualitative and quantitative methods, it assesses the likelihood and impact of these risks, rationally determining risk response strategies to provide a reference for subsequent risk prevention and control.

Control Activities

Based on the results of the risk assessment, the company adopts corresponding measures for business processes such as procurement, production, sales, and finance to keep risks within an acceptable level. For instance, the procurement process standardizes the selection, approval, and contract management of suppliers; in the production phase, strict adherence to GMP standards is implemented to ensure the quality of pharmaceuticals.

Information and Communication

The company has established a comprehensive information system to collect and transmit information related to internal control in a timely and accurate manner, ensuring effective communication of information among various departments and employees within the company, as well as between the company and external stakeholders.

Internal Supervision

Led by the company's Audit Committee, the establishment and implementation of internal controls will be subject to supervision and inspection, evaluating the effectiveness of internal controls. If any deficiencies in internal controls are identified, timely improvements will be made, and the internal control system will be continuously refined to meet the needs of the company's development.

Comprehensiveness | Importance | Checks and Balances | Adaptability | Authority | Cost-effectiveness

In the progress of implementing internal control, the company strictly adheres to the six principles and integrates them into the five key elements of its internal control system, forming a cohesive and efficient internal control network that provides a solid guarantee for the company's sustained and healthy development.

◆ Standard Compliance Audit

In order to strengthen and regulate the company's internal audit work, improve the quality of internal auditing, and protect the legitimate rights and interests of investors, we have formulated the Internal Audit System of Yifan Pharmaceutical Co., Ltd. in accordance with relevant laws, regulations, rules, and normative documents such as the Audit Law of the People's Republic of China, the Basic Norms for Enterprise Internal Control, the Stock Listing Rules, the Internal Audit Standards of China, and Self-Regulatory Guidelines for Listed Companies No. 1—Standardized Operation of Main Board Listed Companies in accordance with the Articles of Association and in consideration of the actual circumstances of the company.

3. Investor Protection

◆ Investor communication

In accordance with relevant laws and regulations such as the Company Law, the Securities Law, and the Guidelines for Listed Companies' Investor Relations Management, we actively promote investor relations management, enhancing comprehensive and effective communication with shareholders and investors. Starting from the protection of small and medium-sized investors' interests, we avoid selective disclosure and ensure that small and medium-sized shareholders have the right to fairly and equitably access company information.

To facilitate channels for the broad base of investors to understand and contact the company, we promptly publish and update information related to investor relations management, engaging in communication and exchanges with investors through various channels, and striving to establish a transparent and efficient information interaction platform.

- In-depth Communication at the Shareholders' Meeting

  The company management has arranged a specific segment for investor communication during the shareholders' meeting to share the company's strategic direction, business layout, current operating conditions, and future outlook. Meanwhile, we invite the heads of the company's divisions to participate together, listen face-to-face to investors' questions, and provide expert answers, ensuring that investors can gain an in-depth understanding of the company's operational details and development plans.

- Diverse Communication Channels

  The company maintains close interaction with investors through performance briefings, regular or ad-hoc investor research and visiting activities. Furthermore, we fully utilize online communication methods such as telephone, email, and web conferences to promptly convey the progress of the company's business and operational status, thereby enhancing the investors' understanding of and confidence in the company's development.

- Construction of Information Disclosure Platform

  The company has established an "Investor Relations" section on its official website and WeChat public account, timely publishing and updating important content such as company announcements and securities information, and regularly releasing annual financial performance, interim financial performance, and other relevant information that meets or does not meet the disclosure standards. In addition, we actively respond to investor inquiries through the "Investor Interactive Platform (HuDongYi)" platform of the Shenzhen Stock Exchange, ensuring that every question from investors receives timely and accurate replies.

★ During the reporting period, we answered investor inquiries 508 times through the HuDongYi platform and held one performance briefing.

◆ Information disclosure

Yifan Pharmaceutical strictly adheres to the relevant regulations of the Company Law, the Securities Law, the Articles of Association, the Listing Rules, and the Administrative Measures for the Management of Information Disclosure Affairs of Companies, establishing and improving a comprehensive information disclosure system, clarifying the content, methods, matters, and responsible persons for information disclosure, ensuring that the information disclosed is authentic, accurate, complete, and timely.

The company upholds a high sense of responsibility and the principle of transparency, proactively disclosing information that is crucial for investors, which not only includes key content that aids investors in making value judgments and reasonable investment decisions but also encompasses various hot topics of interest to investors, such as the company's latest research and development achievements, market expansion dynamics, and core competitiveness analysis. Through these methods, we are committed to providing investors with more comprehensive and in-depth information, continuously enhancing their trust and support for the company.

★ During the reporting period, the company disclosed a total of 110 reports, comprising 65 regular reports and 45 temporary reports.

Play a Leading Role of Party Building

2024 is a critical year for the implementation of the "14th Five-Year Plan" and marks a new starting point for Yifan Pharmaceutical as it embarks on a new journey of high-quality development. The company adheres to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, deeply studying and implementing the spirit of the 20th National Congress and the Central Economic Work Conference, leading the company's high-quality and sustainable development through high-quality Party building.

In 2024, the company's Party Committee successfully completed its election for the new committee. Currently, the company's Party Committee oversees 7 Party branches, with a total of 85 Party members.

Over the years, the company's Party Committee has adhered to the concept of "Serving enterprises, Serving employees, and Serving society", maintaining the overall work tone of "Party Committee leadership, Party and labor integration; Party Committee deployment, branch implementation; resource sharing and mutual progress". It actively plays the role of a strong bastion of the Party organization and the exemplary role of Party members, injecting powerful red motivation into the company's high-quality development.

The Party Committee's deployment, implementation by branch, resource sharing, and mutual integration for progress

The work of the branch is closely integrated with the business, advancing in synergy. The fifth branch of the company consists largely of party members from the R&D department, who are courageous and full of vitality. They deeply integrate party building work with project research and development and production technology transformation, taking the lead in technical breakthroughs, and they are expected to exceed the company's targets in 2024. The third branch is composed of party members from the pantothenic acid calcium workshop, having established six demonstration positions for party members, where they consolidate their strength in key positions and critical tasks. They work closely around production tasks, leading the employees to tackle challenges and promote cost reduction and efficiency enhancement, successfully completing all tasks assigned by the company, thereby transform the vitality of Party building into a strong driving force for improving quality and efficiency of the company..

Case

Strengthening the Foundation of Party Building and Practicing the Responsibilities of Party Members

At the branch level, the company's Party Committee has consistently implemented a total of 13 routine activities, including "Theme Party Day" and the "Three Meetings and One Lesson" system. The "Theme Party Day" activities are diverse in form. The company organizes party members to study the latest theoretical guidelines and policies of the Party in depth, conducts visits to red education bases, strengthens the foundation of faith, and enhances party spirit cultivation. The "Three Meetings and One Lesson" system is rigorously implemented, with regular convening of branch member meetings to convey the important spirit of the Party and discuss major matters pertaining to the branch. The branch committee formulates detailed work plans to provide robust guidance for the advancement of various tasks. Party group meetings facilitate in-depth exchanges on work and ideological perspectives, promoting the mutual progress of party members. In the party class study sessions, experts and scholars or exemplary party members are invited to give lectures, enhancing the political theoretical level of the party members.

In addition, we actively carry out a variety of engaging and meaningful Party-building activities, establishing a platform for skill exchange through organizing technical competitions, where Party members continuously enhance their professional skills during the contests, creating a favorable atmosphere of competition and striving for excellence, injecting strong momentum into the company's technological innovation and development; during the assistance activities for employees in difficulty, Party members gain a deep understanding of the living conditions of these employees, aiding them in addressing practical issues through donations, psychological counseling, and provision of employment information, allowing the employees to genuinely feel the care and warmth of the Party organization.

Figure: 7.1 Organizing party members to visit the Crossing of the Yangtze River Campaign Memorial Hall

Figure: Organizing a visit to the red base to draw strength for progress

Promote Compliance in Operations

1. Business Ethics

◆ Anti-Unfair Competition

Yifan Pharmaceutical strictly adheres to the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Regulations on the Prohibition of Monopoly Agreements, and the Compliance Management Norms for the Pharmaceutical Industry among other laws and regulations, upholding high standards of business ethical norms and opposing all forms of monopolistic behavior. During the reporting period, the Legal Investment Department of the company spearheaded the formulation of the Antitrust Compliance Guidelines of Yifan Pharmaceutical Co., Ltd., which not only strengthened the internal control mechanisms of the enterprise, improved the company's risk identification, prevention, and handling capabilities regarding monopolistic behaviors, but also enhanced the effectiveness and regularity of the company's compliance management, ensuring the sustained and healthy development of the company's operational activities.

Compliance culture is an important component of corporate culture. The Legal Investment Department, as the supervisory authority for the company's antitrust compliance management, conducts multiple antitrust compliance training sessions for all employees each year to enhance the company's capacity for antitrust risk identification. During the reporting period, no illegal or improper competitive practices occurred.

Year 2024
Conducted 20 training sessions on anti-commercial bribery;
Conducted 13 anti-corruption training sessions;
A total of 1,847 employees have received training on anti-commercial bribery and anti-corruption.

◆ Advocacy for Anti-Corruption and Integrity

Yifan Pharmaceutical adheres to high standards of business ethics and insists on fostering a clean and honest environment. By formulating a series of regulations such as the Whistleblowing Supervision System and the Anti-Commercial Bribery Compliance Management System, the company strengthens the institutional foundation for its anti-corruption and integrity initiatives. In the establishment of complaint and reporting channels, the company has adopted multiple approaches, setting up a complaint and reporting email, a complaint and reporting public account, a complaint hotline, and a complaint and reporting questionnaire, while also assigning dedicated personnel to manage these channels. They ensure that every detail is reviewed daily, leaving no leads overlooked. Upon receiving any complaint or reporting information, the company responds promptly, conducts follow-up investigations on relevant incidents, aims for immediate verification of the situation, and rigorously addresses the issues.

Furthermore, in response to the issue of "No Corruption", the company has formulated the Ten Prohibitions, the Whistleblowing Supervision System, and the anti-commercial bribery compliance management system, thereby providing institutional support for the company's integrity and development. Through the stringent implementation of a series of policies, we have achieved significant results in anti-corruption initiatives, effectively addressing any possible gaps in previous regulations. At the same time, we have clarified the contents of supervision and refined the supervision processes, ensuring that supervisory activities can target effectively and are integrated into the company's daily operations, thus achieving specificity, precision, and regularity in our supervision efforts.

★ During the reporting period, the company did not experience any significant corruption or disciplinary incidents.

2. Information Security

The company strictly adheres to the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China, among other laws and regulations. In conjunction with the company's actual development, during the reporting period, it drafted the Emergency Response Plan for Cybersecurity and Information Security Incidents of Yifan Pharmaceutical Co., Ltd.. This plan aids the company in responding swiftly to emergencies such as cybersecurity incidents or information leaks, thereby reducing losses and protecting the company's assets and reputation.

Case **Yifan Pharmaceutical Reinforces Information Security Defense Line in All Aspects**

In the context of the current digitalization wave sweeping across various industries, pharmaceutical enterprises are facing severe challenges in terms of information security. The company has established a cybersecurity protection system tailored to its industry and business characteristics. In terms of equipment and facilities, we have established our own data center to monitor abnormal situations at all times and have deployed cybersecurity software and hardware. Regarding data security assurance, we have adopted a hybrid system that integrates private and public clouds, utilizes an automatic data backup model, and has deployed antivirus systems on both servers and clients. Furthermore, encryption systems have been implemented across various departments to comprehensively ensure protection against cyberattacks, data loss, and information leakage.

Figure: Yifan Pharmaceutical Information Safety Management System

3. Establishing Compliance for Global Expansion

Yifan Pharmaceutical adheres to a globalization strategy of "Innovation and Internationalization," actively expanding its international business by both bringing in and going global. As of the end of the reporting period, we have established a business network centered around our headquarters in Singapore, with the Asia-Pacific Region at its core, covering the globe, and achieving sales in over 50 countries and regions worldwide, benefiting patients globally.

▪ Introduction of Contract Management System

In 2024, Yifan Pharmaceutical's International Business Division successfully advanced the digital transformation of international contract processes by introducing an advanced online contract management system, seamlessly integrating core elements such as contract approval and archiving into the database, thereby significantly enhancing contract management efficiency. The system utilizes standardized templates and processes to rigorously review each legal document, significantly reducing compliance risks and establishing a solid defense for the company's operations.

▪ Establishing a Compliance Meeting Mechanism

We have established a compliance reporting meeting system, led by the Legal Investment Department, to address compliance issues and significant matters in the global market, conducting bi-weekly, quarterly, semi-annual, and annual reporting sessions. During the reporting period, the company held more than 30 compliance and routine work meetings, engaging in in-depth discussions on current compliance hot issues and typical cases, developing response strategies based on the impact of emerging regulatory policies on the company's business, and enhancing sharp insight and efficient handling capabilities regarding compliance matters.

▪ Organize Compliance Education and Training

In response to the demands of globalization, the Legal Investment Department collaborates with multiple departments to create a compliance training system that encompasses key positions in the international business division. The training content covers the company's internal compliance policies, industry regulations, and the compliance regulatory requirements of the respective countries; the scope of compliance includes anti-corruption, data compliance protection, and personal information protection, among others.

★ During the reporting period, the company issued three new anti-corruption policy documents and successfully held five compliance training sessions, involving multiple countries including South Korea, Vietnam, and the Philippines, significantly enhancing employees' compliance awareness and business capabilities.

▪ Standardization of Compliance Team Construction

The company's International Business Department has established an international compliance position, assigning dedicated personnel to handle special international compliance matters. This initiative not only enriches the compliance talent pool of the Legal Investment Department but also injects new vitality into the department's compliance work. At the same time, the company has established an efficient communication bridge between the International Business Department and the headquarters, allowing the international compliance officer to report directly to the compliance officer at headquarters, ensuring that compliance issues can be responded to and addressed in a timely manner. Moreover, we have established a global legal resource database, collaborating with local professional institutions to assist the compliance team in keeping abreast of local regulatory policy dynamics, thereby providing robust support for the meticulous management of our compliance operations worldwide.

Low-carbon and Green Transition

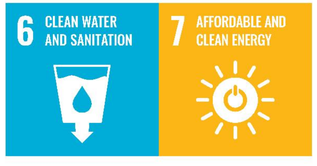
02

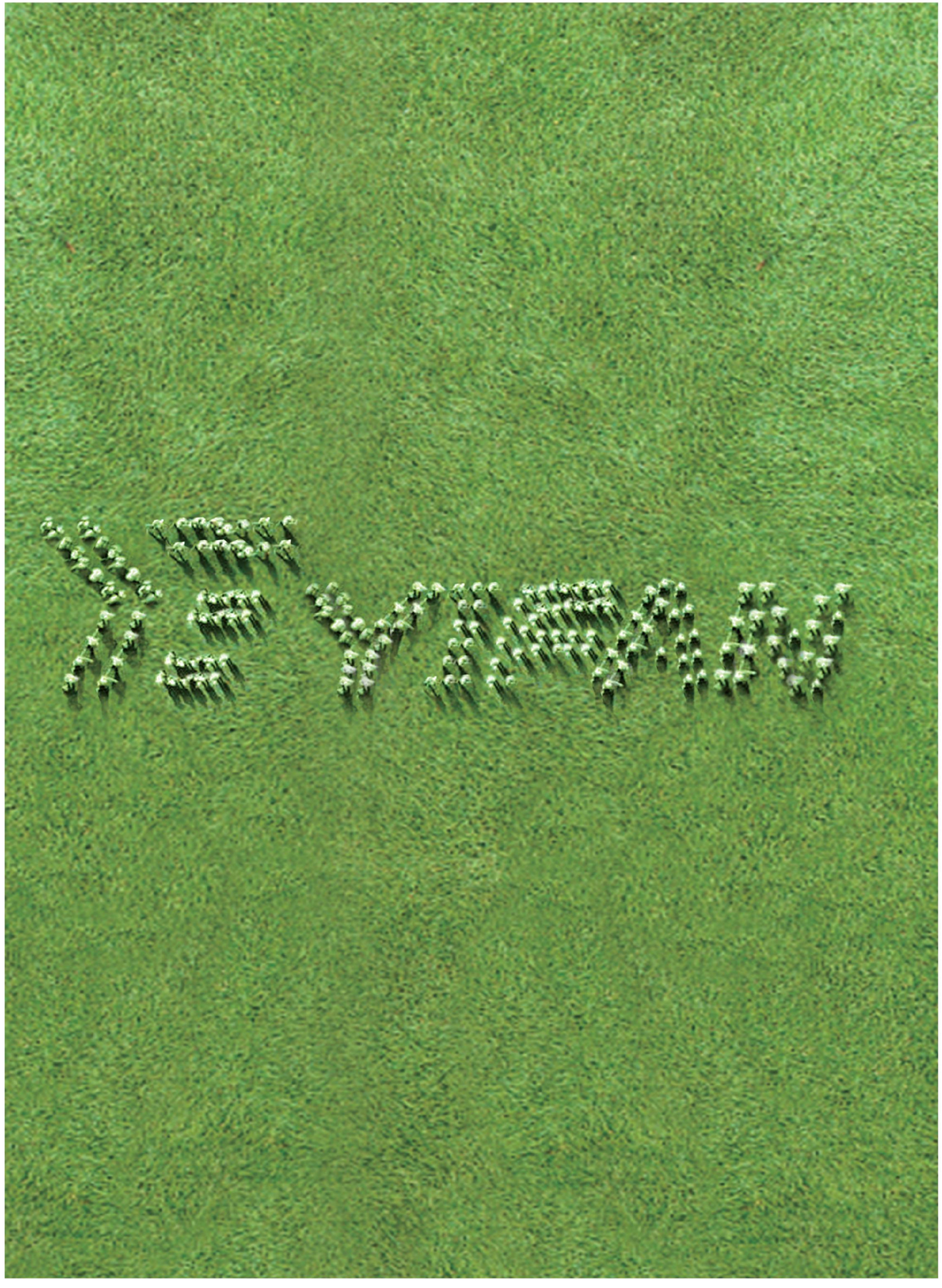
Against the backdrop of actively addressing climate change and vigorously advocating for sustainable development globally, the low-carbon green transition has become an irreversible trend in various industries. Yifan Pharmaceutical deeply integrates the low-carbon green transition into its business strategy, regarding it as the core driving force for the long-term development of the enterprise. Striving to contribute to the improvement of the global ecological environment while achieving high-quality development of the enterprise, a new realm is being opened in the green health industry.

Key Chapter Performance

During the reporting period:
Environmental monitoring 316 times;
Power consumption 85.5371 million kilowatt-hours;
Water consumption: 1,153,275.00 tons;
Environmental emergency drill was 1,422;
Environmental pollution accidents 0 time.

Contribution to the Sustainable Development Goals (SDGs)





Improve Environmental Management

1.Environmental Compliance

Yifan Pharmaceutical strictly adheres to the relevant laws, regulations, and industry standards, including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, and the Solid Waste Pollution Prevention Law of the People's Republic of China. The company actively integrates into the national "Dual carbon" strategic layout, striving to enhance its own environmental management level.

In 2024, building upon the existing internal management system, the company systematically organized its environmental management efforts focusing on environmental protection, occupational health, and safe production, standardizing the management of the entire production operation process. During the reporting period, no serious environmental pollution incidents or significant environmental administrative penalties occurred.

Environmental Management System	The company has integrated ecological civilization into its corporate development strategy, resolutely embarking on the path of green development, and has established a comprehensive environmental management system for holistic coordination and standardization at the corporate level. In 2024, the company further deepened its environmental management efforts, conducting a comprehensive and detailed review of internal environmental risks and the current state of environmental management. On this basis, we orderly implemented full-process environmental management, covering everything from source prevention, process control to end treatment, thereby ensuring comprehensive coverage of environmental management and maintaining a strong sense of environmental responsibility throughout the company's development.
Environmental Management Framework	In advancing the process of environmental compliance, the company consistently regards EHS management as a critical component, ensuring that all management tasks are solidly implemented with a high sense of responsibility and professionalism. Led by the company's Safety and Environmental Protection Department, a top-down, rigorous and orderly environmental management framework has been established. Through systematic thinking, the environmental management objectives are refined into specific tasks, accurately decomposed, transmitted at every level, and responsibilities are assigned to each employee.
Environmental Data Management	The Safety and Environmental Protection Department is responsible for environmental management and conducts comprehensive monthly statistics on various environmental data, compiling and summarizing the data to create a monthly data ledger. At the same time, the department head reports to the company's management and relevant departments, providing strong data support for the adjustment and optimization of the company's environmental management strategy.
Environmental Emergency Management	The company strictly conducts environmental emergency management work in accordance with the relevant regulatory requirements of the Emergency Management Measures for Sudden Environmental Events and the Management Measures for the Filing of Emergency Plans for Sudden Environmental Events in Enterprises and Institutions (Trial), and has formulated the Emergency Plan for Sudden Environmental Events in conjunction with the current development status of the company. Furthermore, during the reporting period, the company conducted emergency drills such as Hazardous Waste Leakage Accidents in accordance with the requirements of the emergency plan. By simulating sudden environmental events in real scenarios, the company tested and enhanced its emergency command coordination capabilities, the practical abilities of the rescue team, as well as the collaborative capabilities of various departments, thus building a solid foundation for effectively responding to potential sudden environmental events.

2. Green Development

◆ Green Packaging

The formulation production department of Yifan Pharmaceutical actively responds to the call for national green development, vigorously advancing green packaging efforts and achieving certain results. To mitigate the environmental impact of the packaging process, we utilize environmentally friendly plastic products for the reusable containers in our packaging phase, thereby reducing waste generation; approximately 70% of the waste is collected and recycled by recyclers, thus diminishing pollution; in terms of minimizing waste from packaging, after a scientific assessment, the company opts for bulk tanker truck packaging or large tonnage bags wherever possible to reduce the use of small packaging bags, while the used waste packaging is uniformly collected and processed by a third party.

In 2024, the use of renewable materials in our biologics product packaging reached 17.9 tons, accounting for 77.2%, while the usage of eco-friendly plastics amounted to 5.3 tons, representing 22.6%. Through cooperation and communication with our suppliers, we ensure the quality and stability of packaging materials while also reducing the usage of traditional non-renewable materials. For the packaging boxes used during the transportation process in production, we opt for durable plastic materials that can be reused for over 3 years, thereby reducing the consumption of plastic products. Furthermore, the company has categorized and recycled the packaging materials that need to be discarded, having recovered a total of 0.5 tons of paper packaging materials this year, which were handed over to the recycler for reuse. Simultaneously, we have conducted multiple promotional and training activities regarding the recycling of packaging materials, which not only raised employees' and consumers' awareness of recycling but also promoted the circulation of packaging materials.

In 2024, the company's synthetic biology division requires suppliers to reduce the basic plastic usage by 20% in the areas of plastic reduction and weight reduction in packaging, without compromising packaging quality, leading to an annual reduction of 10,718.6kg in the L packaging barrels; for packaging recycling, we procure packaging materials from suppliers (Shuqi Containers) who provide global recycling services, purchasing recyclable experimental container plastic barrels, which results in cost savings exceeding 600,000 yuan.

In pursuit of the goal of reducing costs and increasing efficiency, we have continuously improved the dimensions of packaging bags, resulting in an increase of 12% in the load capacity of a certain takeout product per vehicle, a reduction of 7% in the number of packaging bags, which has significantly lowered the transportation and packaging costs of takeout.

◆ Green office

We actively advocate for the concept of green and sustainable development, guiding all employees to collectively practice low-carbon office and living models. We have strengthened the management of energy saving, water conservation, and paper saving within the company, reducing unnecessary waste.

In terms of office lighting, the company has phased out traditional high-energy-consuming lamps and completely replaced them with energy-saving lights, which not only effectively reduces electricity consumption but also provides a more comfortable lighting environment. Regarding paper usage, the company strongly promotes paperless offices by implementing a digitalization system for online transmission, approval, and storage of documents. For scenarios that necessitate the use of paper, double-sided printing is encouraged, and dedicated paper recycling bins have been established to facilitate the recycling of waste paper.

Figure: Reasonably adjusting the air conditioning temperature in the office area to reduce energy consumption

Figure: Displaying environmental protection signs to encourage employees to conserve electricity, water, and paper

◆ Green building

Resource Conservation / Efficient Utilization	Eternal integration, making the most of the resources	Employ the innovative strategy of combining temporary and permanent solutions, using the concrete from temporary roads as the gravel sublayer for permanent roads, which not only prevents the waste of concrete but also significantly reduces the cost of road construction.
	Earthwork balance, precise planning	Have fully taken into account the volume difference between the excavation and backfill of the foundation pit, and through precise calculations and scientific planning, we have minimized the external transportation and disposal of soil to the greatest extent possible.
	Material precontrol, reduce losses	For wall materials, we conduct layout design in advance and adopt a standardized processing method, effectively reducing material cutting waste.
	Flexible Material Selection and Loss Reduction	For areas where the function has not yet been determined, have selected lightweight partition walls as the wall material. This material features convenient installation and easy disassembly, effectively reducing material waste and economic losses caused by subsequent alterations.
	Utilization of waste residue, recycling and regeneration	In the selection of solid concrete bricks, have chosen waste residue concrete bricks. This type of brick is made from industrial waste, achieving the secondary recycling of discarded materials.
	Sponge city, rainwater utilization	In the outdoor pipeline design of the projects in Hefei and Shanghai, have integrated the planning concept of sponge cities. By incorporating facilities such as rain gardens, sunken green spaces, and permeable pavements, we have achieved the absorption, storage, infiltration, and purification of rainwater, effectively "releasing" and utilizing the stored water as needed.
Emission Reduction and Consumption Decrease / Green Development	Process improvement, reducing pollution	The traditional hot melt waterproof membrane has been replaced with self-adhesive membrane, utilizing the cold adhesive construction method. This process improvement prevents the emission of harmful gases during the hot melt construction process.
	Optimizing materials, reducing costs and enhancing efficiency	The cement mortar waterproof isolation layer has been optimized to a polyester cloth isolation, which not only reduces material costs but also improves construction efficiency.
	Local procurement, energy conservation and emission reduction	In order to reduce carbon emissions during the transportation process, implement localized supply for essential building materials such as concrete, mortar, and blocks.
	Prefabricated buildings, green construction	In the engineering project in Shanghai, the main structure adopts a prefabricated integral frame structure, with an overall prefabrication rate reaching 40%. Components such as precast beams, precast slabs, precast stairs, and precast columns are prefabricated in the factory and then transported to the construction site for assembly.
	Photovoltaic utilization, green energy	Fully utilize the effective space on the rooftop by adopting a distributed photovoltaic power generation system, which converts solar energy into electricity. This not only meets the project's own electricity needs, but also integrates the excess electricity into the local national grid, achieving the transmission and storage of electric power.

On-site Control Creating a Green Environment	Bare soil coverage, dust prevention and suppression	Have implemented comprehensive coverage of all bare soil areas at the construction site with dust control nets, effectively preventing dust from rising and reducing the impact of dust on the surrounding environment and residents.
	Dust reduction measures, clean construction	Using mist cannons, spraying systems, and water trucks, dust suppression operations are regularly conducted at the construction site, and dedicated personnel are arranged to clean the site periodically, maintaining cleanliness and hygiene, thereby creating a favorable working environment for the construction workers.
	Waste classification and centralized processing	Fixed waste storage areas are established at the construction site, categorizes and centrally manages the construction waste. Recyclable waste is collected for reuse, while non-recyclable and hazardous waste is properly disposed of in accordance with relevant regulations, thereby preventing pollution to the environment from waste.

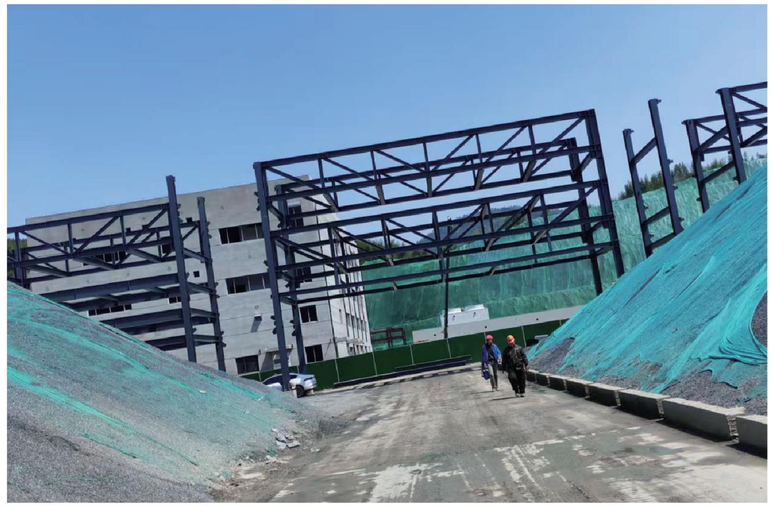


Figure: Covering bare soil on construction sites

Figure: Cleaning vehicles entering and exiting the construction site

Figure: Installation of an online dust concentration monitoring device

Implementation of Energy Conservation and Environmental Protection

1. Water Resources Management

Yifan Pharmaceutical strictly adheres to the requirements of the Water Law of the People's Republic of China, viewing the enhancement of water usage efficiency and the practice of water conservation as its key responsibilities during the development process. In our daily operations, we place great emphasis on water resource management and have established a comprehensive water-saving management mechanism to promptly rectify any identified water resource wastage behaviors.

In 2024, the company formulated and implemented a series of practical water-saving measures, actively exploring innovative models for the recycling of water resources.

Recycling of Steam Condensate

The company has installed efficient condensate recovery devices to collect portion of condensate. The Safety and Environmental Protection Department, through professional water quality testing and purification processes, removes potential impurities to reintegrate the water into the production system. This is utilized in processes requiring preheating or where the water quality requirements are relatively lower, effectively reducing the consumption of fresh water resources while also fully utilizing the residual heat of the condensate, thereby minimizing energy losses.

Reutilization of Cooling Water in Distillation Towers

The company has established a dedicated circulation system for the distillation tower cooling water. When the cooling water absorbs heat from the distillation tower and its temperature rises, it is not directly discharged; instead, it is channeled into the cooling tower for temperature reduction treatment. The cooled water is then returned to the distillation tower to continue its cooling responsibilities, achieving multiple cycles of cooling water usage and significantly reducing water resource consumption during the operation of the distillation tower.

Condensate Water is Recycled as Process Water

The company's production process generates a substantial amount of condensate, which undergoes rigorous water quality analysis and purification treatment. Once it meets the standards for process water, it is reused in a closed loop, thereby satisfying production needs while significantly enhancing the utilization rate of water resources and reducing dependence on external water sources.

Reasonably Adjust the Specifications of the Water Pipes

Through precise calculations and assessments, we have replaced the water pipes used for cleaning with smaller specifications. While ensuring the effectiveness of the cleaning, we have effectively reduced the water flow rate per unit of time, thereby lowering the consumption of water resources during the cleaning process, making the cleaning work more timely and efficient.

Optimize the water tank configuration to enhance water utilization efficiency

The company categorizes and manages water resources through the reasonable configuration of water tanks for different purposes. It allocates and utilizes various types of water resources in a targeted manner based on the differing quality requirements for water in different production processes and equipment cleaning. This initiative not only prevents the excessive use of high-quality water resources and effectively reduces the amount of water used for equipment cleaning, but it also further enhances the overall utilization rate of water resources.

Case

From Direct Discharge to Recirculation, Suzhou Yifan Upgrades and Renovates the Vacuum Pump System

Suzhou Yifan Pharmaceutical Co., Ltd. has always adhered to the development philosophy of "Taking environmental protection as its responsibility, prioritizing safety, and jointly creating a better tomorrow". The company vigorously promotes the recycling of water resources by transforming the severely wasteful direct discharge method for vacuum pump water extraction into a circulation system through technical upgrades, resulting in remarkable success, with water savings exceeding 900 tons compared to last year. The renovated system is completely transformed, with the circulating water temperature reduced by 10-20 ° C compared to before the renovation. The system operates stably, energy consumption has significantly decreased, and the equipment maintenance rate has also markedly declined, bringing good economic benefits and production stability to the company.

Figure: Suzhou City Yifan Vacuum Pump System

2. Resource Conservation

On the path of practicing the concept of green development, we continually explore innovations and persistently promote the recycling of resources. During the reporting period, the company actively introduced advanced energy consumption monitoring systems, utilizing real-time data collection to closely monitor the operating status of key equipment, energy consumption levels, and other critical parameters. In addition, technical renovations have been made to existing equipment by installing energy-saving frequency converters, which not only comply with GMP inspections but also significantly reduce power losses.

Case

Utilization of Steam Condensate Recovery

In 2024, we vigorously promoted promote water-saving technology renovation projects through a series of innovative measures such as RO concentrate recovery and steam condensate recovery, effectively achieving the recycling of water resources. Meanwhile, the company has implemented a rational configuration of the recovered steam condensate through a condensate recovery system to achieve secondary utilization. The drainage pipeline is connected to a storage tank to collect and store the condensate, which is then pumped to the boiler system as source water.

★ During the reporting period, the company achieved water savings exceeding **10,000 tons** through this system.

Figure: Steam condensate recycling system

◆ Refined Management, Vigorously Developing Energy Conservation in Thermal Systems

Fuel Consumption Control: Each shift measures fuel before it enters the furnace, providing a quantitative basis for employee assessment, thereby stimulating energy-saving motivation from a human resource perspective and encouraging employees to reduce energy consumption.

Utilization of Waste Heat: As a secondary development of energy, we have equipped thermal oil boilers with waste heat boilers to fully recover flue gas waste heat, generating steam for production, truly achieving hierarchical utilization of energy that not only reduces energy consumption but also decreases equipment investment costs, providing significant economic and environmental benefits.

Equipment Insulation: The company utilizes materials with excellent insulation properties for the outer wall of the boiler to reduce heat loss; new insulation materials are employed for the thermal carrier pipelines, in accordance with the Design Guidelines for Equipment and Pipeline Insulation (GB/T8175), selecting environmentally friendly materials for the insulation of heat-radiating elements such as valves and pipes in the steam delivery system.

In this process, we have ensured that each phase can minimize heat loss to the greatest extent possible through the meticulous optimization of the entire thermal system. This has achieved efficient energy utilization and comprehensively promoted the company's development towards a green and energy-saving direction.

Strict Control of Waste Management

1.Wastewater Treatment

Yifan Pharmaceutical strictly implements the wastewater pollution prevention policies, regulations, and standards such as the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, and the Action Plan for Water Pollution Prevention. It regards water pollution prevention as a crucial aspect of the company's sustainable development, enhancing the management of water pollution prevention facilities to comprehensively control various water risks.

In terms of wastewater discharge management, the company conducts real-time monitoring of various discharge indicators to ensure that wastewater generated during production operations is properly treated and discharged in compliance with regulations. We strictly adhere to the principles of "Rainwater and sewage diversion, clear sewage diversion, and classified treatment", collecting production wastewater, domestic sewage, and rainwater separately, so that different types of wastewater can receive targeted treatment, ensuring that each discharge indicator meets environmental protection standards.

At the same time, for industrial wastewater, the company has increased its investment in infrastructure construction, establishing multiple in-house wastewater treatment stations equipped with advanced processing technologies, specifically for handling industrial wastewater. The wastewater treatment station possesses a powerful processing capacity of **400m³/d**, utilizing an advanced process of "Regulation pool & Contact anaerobic & A/O & Deep treatment & Carbon filtration", which ensures the efficiency and stability of wastewater treatment from the source.


Figure: Yifan Pharmaceutical Wastewater Treatment Station


Figure: Subsidiary wastewater treatment station

Case **Optimizing Wastewater Treatment Processes to Practice Green Development Concepts**

In active response to energy-saving and environmental protection policies, to reduce environmental impact while enhancing the sustainable development capacity of the enterprise, Yifan Pharmaceutical's synthetic biology sector has comprehensively optimized the sewage treatment process.

In accordance with the company's cost reduction and efficiency enhancement work deployment for 2024, by means such as wastewater assessment, the workshop's wastewater volume in 2024 has decreased by 32.6% compared to 2023; simultaneously, the wastewater treatment plant has implemented refined management measures to effectively schedule and control the usage of water, electricity, and reagents, resulting in a 18.3% reduction in wastewater discharge in 2024 compared to 2023; the environmental protection cost per ton of the main product has decreased by 26.1% in 2024 compared to 2023.

2. Waste Gas Treatment

Yifan Pharmaceutical strictly implements the relevant waste gas management systems, such as the Air Pollution Prevention and Control Law of the People's Republic of China and the Emission Standards for Air Pollutants in the Pharmaceutical Industry.

Compared to other fossil fuels, we have chosen natural gas as both the raw material and fuel, demonstrating significant environmental advantages during combustion, virtually eliminating sulfur dioxide and particulate matter emissions, with a reduction rate of nearly 100%; carbon dioxide emissions are reduced by 60%, and nitrogen oxides by as much as 50%, effectively inhibiting the formation of acid rain and contributing to the mitigation of the greenhouse effect on Earth, thereby promoting the improvement of environmental quality from the source. Furthermore, the company utilizes advanced equipment to efficiently process waste gases, ensuring that all indicators meet the standards before being discharged at a height, thereby minimizing the impact on the environment to the greatest extent.

3. Solid Waste Treatment

Yifan Pharmaceutical strictly adheres to the Environmental Protection Law of the People's Republic of China, the National Hazardous Waste List (2021 Edition), and other relevant laws and regulations. In conjunction with the actual circumstances of the company's solid waste treatment, it has established and rigorously implemented a clean production plan, achieving significant economic and environmental benefits.

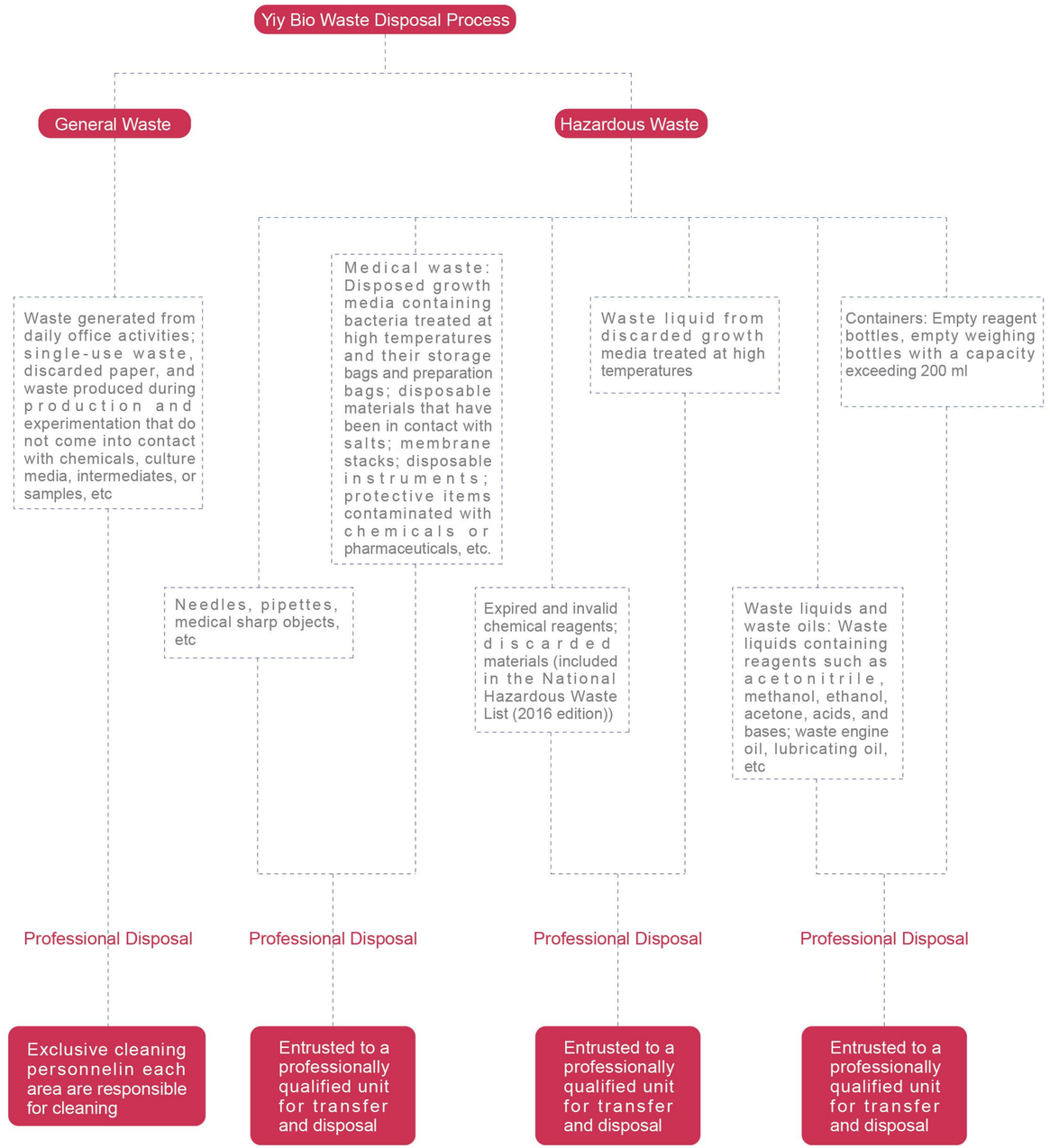
Synthetic Biology Field:
In 2024, the company successfully reduced the usage of raw and auxiliary materials by 113.34 tons through the optimization of production processes and management workflows; the total emissions of hazardous waste (distillation residues) and organic wastewater fell by 261.87 tons, and a third-party qualified entity was entrusted with recycling and treatment; the comprehensive energy consumption per ten thousand Yuan of industrial value added decreased by 3.87%. This not only lowered production costs and environmental risks but also demonstrated the company's efficient utilization of resources, fully highlighting our firm commitment to waste management.

Furthermore, in response to issues caused by aging production equipment and non-vacuum pump bodies leading to the leakage of gaseous solvents, which affected the production environment and air quality, the company decisively upgraded to new equipment to replace the existing vertical oil pumps in the workshop , effectively resolving issues of inadequate sealing and even oil leakage. This initiative fundamentally resolves issues of oil leakage and organic gas emissions, not only enhancing the safety and stability of production but also further reducing environmental pollution, thereby laying a solid foundation for creating a green workshop and achieving sustainable production

Case **Shanghai Yiy Optimizes Waste Disposal Process**

Yiy Bio Pharmaceuticals (Shanghai) Co., Ltd. maintains strict control over waste disposal throughout all critical aspects of production operations. The raw liquid production workshop, formulation production workshop, QC laboratory, and warehousing department have developed and approved exclusive waste disposal procedures according to the characteristics of their respective areas, clearly defining the disposal processes for general and hazardous waste. Especially in the raw liquid production workshop and the formulation production workshop, in order to ensure product quality and safety, the company has specifically established waste flow regulations to eliminate the risk of product contamination from the source.

At the company level, EHS040 Waste Management Regulations serves as a governing document, comprehensively covering the business areas of each department and providing overall guidelines for waste collection, classification, and storage procedures. In the actual handling process, we address different types of waste. For general waste that has recycling and reuse value, we assign dedicated personnel to be responsible for recovery, thus achieving secondary utilization of resources; for non-recyclable portions, they are systematically transferred to the park's waste station each day to ensure a clean factory environment; as for hazardous waste, due to its diverse nature, we entrust qualified third-party professional agencies for transfer and disposal.



Innovation Drives the Future

03

In the fiercely competitive pharmaceutical industry, innovation is the core driving force behind the sustainable development of enterprises. As a key participant in the industry, the company has consistently placed innovation-driven initiatives at the core of its strategic development. Through active exploration and practice in various aspects such as research and development investment and platform construction, it has gradually emerged in the pharmaceutical field, carving out a distinctive path of innovative development.

Key Chapter Performance

As of 2024:
Total R&D investment: 42,116.2 ten thousand yuan;
R&D and technical personnel: 813 individuals; Proportion of research personnel: 19.8%;
Number of patent applications: 65; Number of patents held (granted): 334;
The number of newly (granted) patents for the year is 34.

Contribution to the Sustainable Development Goals (SDGs)

Innovative R&D System

Yifan Pharmaceutical upholds the core value of "Striving to eliminate human diseases," focusing on areas with unmet clinical needs such as tumors, metabolic diseases, and rare diseases. It constructs a multi-tiered R&D system centered around four major business segments: macromolecules biopharmaceuticals, small molecules chemical drugs, synthetic biology, and featured traditional Chinese medicine. In 2024, the total R&D investment will reach 42,116.2 ten thousand yuan, with a total of 813 R&D personnel, accounting for 19.8% of the workforce, thereby establishing a comprehensive innovation capability that covers the entire chain from "target discovery - preclinical research - clinical trials - production". The company has established a comprehensive R&D project management model that spans from project initiation to product launch.

During the project initiation phase, the company organizes a team of experts from various fields to conduct rigorous market research and technical assessments, ensuring that the project possesses clear market demand and technical feasibility; upon entering the research and development process, a programmatic management approach is adopted, treating multiple related R&D projects as an unified system, thus enabling unified coordination and planning in terms of resource allocation, timeline management, and overcoming technical challenges. By establishing a comprehensive project progress tracking and feedback mechanism, we are able to promptly monitor the advancement of each project and provide early warnings for potential risks.

At the same time, the company implements a project leader system, designating an experienced and highly capable project leader for each research and development project, who is fully responsible for the daily management of the project, team coordination, technical decision-making, and other related tasks. This project-oriented approach effectively mobilizes the enthusiasm of project team members. In addition, the company grants project leaders certain resource allocation authorities, enabling them to flexibly arrange human and material resources according to the actual needs of the project, ensuring efficient project advancement. Furthermore, regular performance evaluations are conducted for project leaders and team members, with the results linked to compensation and promotion, thereby further stimulating the sense of responsibility and enthusiasm for work among team members.

In terms of industry-academia-research collaboration, we actively engage in deep cooperation with universities and research institutions, integrating resources from various parties to jointly tackle technical challenges and enhance the efficiency of innovative research and development. Regarding collaborative projects, we rapidly transform cutting-edge scientific research outcomes into actual productivity, driving the company to continuously achieve breakthroughs in the field of innovative research and development; in terms of application innovation, we closely align with market demands and clinical realities to optimize and upgrade existing products, exploring new application scenarios to enhance the market competitiveness and clinical value of our products.

Biologics Field

Our biologics innovation system closely aligns with the company's strategic layout, focusing R&D efforts on chronic disease areas where the group has advantages, such as oncology and metabolic diseases. In these areas, we concentrate resources on the development of innovative drugs, aiming to meet unmet clinical needs and enhance the treatment outcomes and quality of life for patients.

Small Molecule Field

We focus on treatment fields such as hematological tumors, emergency care, pediatrics, and rare diseases, establishing technological platforms for the raw materials of innovative drugs and intermediates, nucleoside drug synthesis, peptide solid-phase synthesis, and specialty excipients, as well as integrated formulation technology platforms for oral controlled-release formulations, micron suspensions, injectable micelles, solubilization of insoluble drugs, pediatric formulations, and high-end complex liquid formulations.

Featured Traditional Chinese Medicine Field

We focus on the traditional advantageous areas of traditional Chinese medicine, such as gynecology, pediatrics, orthopedics, and dermatology. The R&D platform is dedicated to the development of featured traditional Chinese medicine, forming a three-dimensional product pattern with distinctive clinical value. At the same time, a relatively complete R&D system for traditional Chinese medicine has been established, covering key technologies for the traditional Chinese medicine industry, key technologies for new traditional Chinese medicine, as well as the technical platform for basic and applied research in traditional Chinese medicine and the r&d of new traditional Chinese medicine.

Synthetic Biology Field

We focus on key areas such as human and animal nutrition, life health, and medical aesthetics, and adopt a development model that integrates self-research with industry-university-research cooperation to consolidate resources; currently, we have laid out over 30 related new technology and product development projects. On one hand, the company continuously enriches and strengthens its own research and development team, promotes the construction of the R&D platform, and advances the internationalization of biopharmaceutical products, thereby enhancing brand influence and market share through expansion in international markets; on the other hand, it actively engages in extensive cooperation with high-level domestic and foreign universities and research institutions, striving to establish technological high ground in relevant industrial fields.

Safeguarding Life and Health

We continuously increase our investment in research and development, establishing a comprehensive innovative R&D system. Through a model that combines independent R&D and collaborative innovation, we have achieved a series of remarkable results. The launch of innovative products has effectively improved the treatment methods for related diseases and enhanced patients' quality of life. Moreover, through economies of scale and cost control, it has reduced drug prices, making high-quality medical services more affordable for a greater number of patients, thereby advancing the realization of medical equity.

Innovation achievements:

◆ Biologics Field:

Efbemalenograstim α

◎ For neutropenia caused by chemotherapy.

◎ Approved for listing in China and the United States in 2023; approved for listing in the EU, Brazil and other regions in 2024.

F-652

◎ Indicated for acute liver failure (ACLF), severe alcoholic hepatitis (AH), and other related conditions.

◎ The company’ s investigational product F-652 Phase IIb clinical trial protocol for the treatment of acute-on-chronic liver failure (ACLF) has reached a consensus with the Chinese regulatory authority, and the Phase II clinical trial protocol for the treatment of alcoholic hepatitis (AH) has been recognized by the Chinese regulatory authority and received implicit approval from the U.S. FDA.

◆ Small Molecule Field:

Noradrenaline Bitartrate Injection

- Applied as an auxiliary treatment to replenish blood volume during emergencies, it addresses hypotension caused by acute myocardial infarction, extracorporeal circulation, as well as shock, hypotension due to insufficient blood volume, or hypotension following the resection of a pheochromocytoma.
- Approved for market in 2023; regulatory expansion in June 2024.

Diazoxide Oral Suspension

- Used for the treatment of congenital hyperinsulinism-induced hypoglycemia
- Approved for marketing in January 2024.

Oxytocin Injection

- Suitable for uterine bleeding caused by uterine atony or poor contraction recovery after induction, labor, postpartum, or after miscarriage; to assess the placental reserve function (oxytocin stimulation test).
- Approved for market in March 2024.

Nimodipine Injection

- Indicated for the prevention and treatment of ischemic nerve injury caused by vasospasm following aneurysmal subarachnoid hemorrhage.
- Approved for market launch in April 2024.

Phloroglucinol Injection

- Indicated for the treatment of acute spasmodic pain caused by gastrointestinal and biliary dysfunction; for the treatment of acute spasmodic urethral, bladder, and renal colic; for the treatment of gynecological spasmodic pain.
- Approved for market in June 2024.

Methocarbamol Injection

- Mainly used for the treatment of acute skeletal muscle pain or discomfort.
- Approved for market release in August 2024.

Famotidine Injection

- Upper gastrointestinal bleeding caused by peptic ulcers, except for various causes of gastric and duodenal mucosal erosion and bleeding, excluding tumors and esophageal or gastric fundal varices.
- Approved for market in September 2024.

Neostigmine Methylsulfate Injection

- An anticholinesterase agent. Used to antagonize the residual muscle relaxation effects of non-depolarizing muscle relaxants at the end of surgery, as well as for myasthenia gravis, postoperative functional bowel distension, and urinary retention, among others.
- Approved for market in November 2024.

◆ Featured Traditional Chinese Medicine Field:

Fuyinkang Lotion

- To respond to influenza in children.
- The Phase III clinical trials will be conducted in 2024.

◆ Synthetic Biology Field:

Human Milk Oligosaccharides

- Modulating infant immunity, aiding brain development, and regulating gut microbiota.
- The company's first synthetic biology product, human milk oligosaccharides (HMO) 2'-FL (2'-fucosyllactose), has completed the self-GRAS certification in the United States, meeting commercialization requirements. And submitted to the FDA for record.

Indicator	Unit	Year 2024
Number of patent applications	Item	65
Number of Patents Held (granted)	Item	334
Annual number of newly patents(granted)	Item	34
The number of invention patents applied to the main business	Item	94

Case

Efbemalenograstim α Injection has received approval in the EU and Brazil

Yifan Pharmaceutical's Class 1 innovative drug Efbemalenograstim α Injection (overseas trade name "Ryzneuta®", Chinese trade name "亿 立 舒®") received marketing approval from the European Commission and Brazil's ANVISA in March and December 2024, respectively, having previously been approved in China and the United States. As an rhG-CSF dimer based on Fc fusion protein technology, it has demonstrated outstanding efficacy in preventing neutropenia following chemotherapy in cancer patients. It is the only drug within the global G-CSF therapeutic market that has achieved preset goals through head-to-head clinical studies against both long-acting and short-acting original products. With advantages such as innovative processes, superior efficacy, and favorable safety profiles, it offers new hope to numerous cancer patients worldwide.

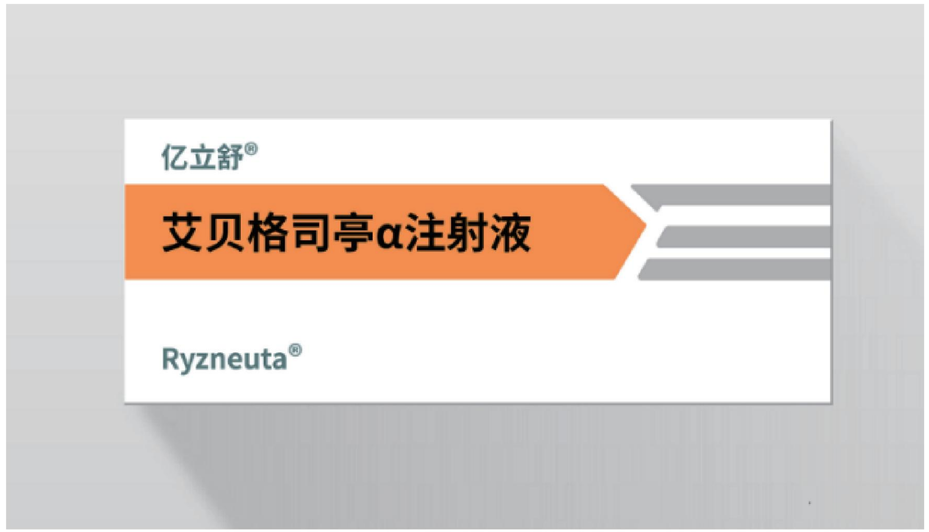


Figure: Efbemalenograstim α Injection

Protection of Intellectual Property Rights

In 2024, the company actively undertook the revision certification related work of the new version of GB/T 29490 intellectual property management system. Strictly following the requirements of the intellectual property management system, a dedicated intellectual property management department was established, with a clear division of responsibilities in terms of personnel structure. The department head oversees the overall situation, responsible for communication and collaboration with external agencies as well as the formulation of significant intellectual property decisions; the patent officer is responsible for the application, maintenance, and analysis of patents; the trademark officer focuses on trademark searches, registration, and infringement monitoring. At the same time, a comprehensive institutional framework encompassing the entire lifecycle of intellectual property was developed and refined.

In regular operations, the company ensures the effective implementation of various systems through periodic internal audits and management reviews. Simultaneously, it conducts regular trademark information searches and analyses to promptly identify potential infringement risks. In response to the identified risk points, we have formulated corresponding countermeasures to effectively reduce infringement risks and protect the company's trademark rights. Furthermore, various departments regularly organize training related to intellectual property to disseminate knowledge about intellectual property among all employees, enhance employees' awareness of intellectual property and their professional capabilities, and create a positive atmosphere for collective participation in the protection of intellectual property.

Establishing Win-Win Cooperation

04

We deeply recognize that only by establishing broad and profound win-win cooperation can we make steady progress along this path filled with challenges and opportunities. The company consistently upholds the collaborative philosophy of openness, inclusiveness, and sharing, actively partnering with various parties to integrate diverse resources, consolidate innovative wisdom, and jointly advance the progress of the pharmaceutical industry.

Key Chapter Performance

As of 2024:
Customer complaint resolution rate: 100%;
Incidents related to the leakage or theft of customer privacy: 0 cases;
Major safety and quality incidents related to products and services: 0 cases;
Number of illegal or disciplinary incidents related to marketing and publicity: 0 cases.

Contribution to the Sustainable Development Goals (SDGs)

Deepening Supply Chain Responsibility

The company has established an effective supplier lifecycle management system that encompasses the entire process of supplier selection, evaluation, admission, review (regular monitoring), and exit. Conduct strict review and inspection of the qualifications and products of suppliers, continuously track aspects such as suppliers' service provision, supply capacity, product pricing, product quality, and supply stability during collaboration, establish supplier files and quality evaluation systems, implement dynamic management, and continuously optimize the supplier team.

1. Supplier Selection

◆ Selection Stage

We complete supplier research and identify the scope of suppliers through our existing and continually expanding supplier resource database. Based on product research, approval applications, and production processes, we determine the necessary raw and auxiliary materials, packaging materials, as well as the corresponding quality standards for quality management. In conjunction with the relevant requirements of the company's systems, we select products and rigorously screen the qualifications of suppliers to ensure compliance with the requirements.

◆ Access Stage

Following the verification of the supplier's product, the Procurement Department will collaborate with the Quality Management Department to conduct an admission assessment of the new supplier, and, if necessary, perform on-site audits to ensure that the production environment and quality control systems meet the required standards. Additionally, an identification and investigation of environmental factors related to the supplier's products will be conducted to ensure that the production and usage processes do not adversely affect the environment before the supplier is included in the qualified supplier directory. For suppliers that require on-site audits (excluding imports), the audit frequency will be once every two years. If the results of two consecutive on-site audits are rated as Level A, the audit frequency will change to once every three years. If subsequent audit results fall below Level A, the audit frequency will revert to once every two years (the method of auditing may vary based on actual circumstances). For suppliers subjected to non-on-site audits, timely supplier audits will be conducted when significant quality fluctuations of the products occur.

◆ Regular Monitoring Phase

We establish a scoring mechanism based on the data collected from daily procurement operations regarding supplier delivery irregularities, quality anomalies, and supply cycles, to assess supplier performance and determine whether to maintain the cooperative relationship. Concurrently, in response to supply chain risks, the company analyzes the risk levels associated with the supply of production materials and develops corresponding risk mitigation measures to reduce the impact of supply chain risks on the enterprise.

2.Supplier Lifecycle Management

The company's supply chain management encompasses the entire lifecycle, including supplier selection and evaluation, planning and demand management, procurement management, inventory management, production plan management, and product sales and after-sales service. In 2024, we have strengthened our procurement management efforts, resulting in more accurate procurement quantities, more reasonable procurement prices, and shorter procurement cycles.

Enhance Supply Chain Efficiency: We are gradually improving the supplier access system to ensure that the capabilities and service quality of suppliers meet the needs of the enterprise, thereby enhancing the overall efficiency of the supply chain.

Enhancing Supplier Performance: We incentivize suppliers to improve and optimize their services and products, conducting continuous performance evaluations and feedback to enhance the overall efficiency of the supply chain.

Enhancing Cooperation and Communication: We establish long-term cooperative relationships with qualified suppliers, jointly solving problems through effective communication and collaboration, thereby improving the responsiveness and flexibility of the supply chain.

Enhancing Compliance, Reducing Risk: We ensure that suppliers comply with laws, regulations, and industry standards, thereby avoiding legal and reputational risks.

Enhancing the Sustainability of the Supply Chain: We promote the performance of suppliers in environmental, social, and governance (ESG) aspects, fostering sustainable development within the supply chain.

Enhance market responsiveness: We continuously engage in market research, strengthen collaboration with suppliers, rapidly respond to market changes, and accelerate product launch times.

Enhance Transparency: We implement transparent management of supplier information and data to improve supply chain transparency and traceability.

Promoting Innovation: We facilitate the exchange of knowledge and technology among suppliers, stimulating innovative ideas and enhancing product competitiveness.

Addressing Complexity: We regularly analyze supply chain risks, formulate corresponding plans, and better manage and respond to the complexities of the supply chain in the context of globalization with suppliers.

3. Supplier Raw Material Traceability Management

We have established a supplier traceability system, utilizing this system to manage the processes of raw material warehousing, outbound logistics, and production material input. Upon the arrival of each batch of raw materials at the company, the supply chain warehousing department prints material labels from the traceability system in accordance with the acceptance and warehousing procedures, which include basic material information and a one-dimensional barcode.

Material labels accompany the entire lifecycle of the material, displaying material information and quality status through barcode scanning with a scanner. Materials that have not passed quality inspection or are suspected of being defective will show a "Frozen/Isolated" status, while materials released after confirmation by the Quality Assurance Department will be indicated as "Released". During the production material requisition process, raw materials can only enter the workshop for production upon confirming the "Released" status through scanning.

In order to verify the effectiveness of the company's traceability system, the Quality Management Department organizes at least one simulated traceability exercise annually, and generates corresponding plans and reports.

Safeguarding Customer Rights

In order to ensure that clients can fairly and readily access the company's products, we actively expand our sales channels, covering various Medical Institutions, pharmacies, and other relevant outlets, striving to facilitate the purchase of necessary medications for a greater number of clients in need. We also regularly compile and analyze client feedback, using it as a vital basis for product improvement and service optimization, thereby continuously enhancing client satisfaction and loyalty. By actively communicating and engaging with our clients, we not only better meet their needs but also enhance their trust and recognition of the company, further consolidating the enterprise's market position and laying a solid foundation for the mutual development of the enterprise and its clients.

1. Responsible Marketing

The company adheres to the concept of responsible marketing, strictly following relevant domestic and international regulations and ethical standards such as the Drug Administration Law and the Anti-Unfair Competition Law, integrating customer interests, social welfare, and environmental protection into the core of marketing activities. In the process of product promotion, we consistently ensure the authenticity, accuracy, and completeness of information, resolutely eliminating exaggerated claims and misleading marketing practices. The promotional materials for our products are strictly reviewed jointly by the medical and legal departments, ensuring that the indications, efficacy, and safety data involved are clearly traceable in their sources, fully aligning with evidence-based medicine standards, thus allowing doctors and patients to conveniently access product information and clinical research results at any time and from any place to obtain accurate and reliable product information.

Furthermore, for professional medical personnel, we provide scientific and professional therapeutic information regarding products through academic conferences, clinical research result sharing, and other means, assisting users in better understanding the efficacy and applicability of the products, thereby enabling the provision of more precise treatment plans for patients.

Case **Yifan Pharmaceutical Strengthening Medical Communication Training**

In 2024, the company will vigorously promote the enhancement of the professional competence of its service team by organizing systematic medical communication training for the customer service team, ensuring that they can provide scientific, rigorous, and precise responses when addressing customer inquiries. The training content is extensive, encompassing not only fundamental medical knowledge but also specialized information about various drugs, enabling team members to rely on solid professional knowledge and outstanding communication skills to provide reliable responses to customer inquiries, thereby enhancing the professionalism and credibility of the service.

Figure: Yifan Pharmaceutical Medical Communication Training

2. Customer Complaint Handling

We provide customers with a variety of complaint channels to ensure that they can conveniently give feedback on their problems. We ensure that the employees responsible for handling complaints receive professional training, possess good communication skills and problem-solving abilities, and are able to analyze and address each complaint promptly, striving to provide customers with a satisfactory response.

◆ Summary and Transmission of Complaints:

When the company receives customer complaints or grievances, the sales personnel responsible for handling the complaints must promptly compile the information and forward it to the administrative staff of the marketing center. Internal staff are required to complete the Customer Complaint and Handling Record and the customer complaint log (including customer faxes, customer phone records, customer emails, customer visit records, etc.), detailing the complaint situation, customer demands, and other relevant information, and to convey this to the manager of the Quality Management Department within 48 hours; if there is a risk of "Substantial product hazard" related to the product, the manager of the Quality Management Department must be notified immediately, and product recall and withdrawal must be executed in accordance with the Product Recall/Withdrawal Control Procedure. If necessary, preliminary "Temporary measures" may be taken upon approval from the General Manager or above.

◆ Investigation of Causes and Feedback of Results:

The manager of the Quality Management Department is responsible for organizing the Production Management Department, production workshop, Technical Department, Warehouse Management Department, and other relevant departments to conduct a cause investigation. This investigation includes verifying production records, inspection and analysis records, sales records, as well as samples and information provided by customers (including images, written explanations, and samples). The investigation results are to be promptly communicated to the administrative personnel of the marketing center, who will then relay the information to the customers. Typically, the investigation results will be communicated to the customers within 7 days; if, due to special circumstances, it is not possible to complete on time, the investigation period will be extended, and the customers will be informed in advance and their agreement obtained; if the initial assessment indicates the presence of a "substantial product hazard," emergency measures will be implemented.

◆ Different handling methods for various reasons:

Non-company reasons:
When the investigation results are caused by factors not attributable to our company, such as improper use of the product by the customer, inadequate protection, inconsistent testing and analysis methods, or misunderstanding, we will transmit the investigation results to the internal staff of the marketing center, who will then relay this information to the customer for explanation and clarification, ensuring customer understanding and confirmation.

Company Reasons:
If the investigation results indicate that the issue was caused by our company, and it is indeed a product quality problem, the Quality Management Department or the Food Safety Team of the company shall organize the relevant responsible departments to take corrective measures, and establish corrective and preventive measures to avoid similar situations from recurring in the future. The Food Safety Team of the Quality Management Department is responsible for tracking and verifying the effectiveness of the implementation.

Optimize Product Services

1. Quality Management System

In terms of quality management, the company deeply implements the philosophy of comprehensive quality management, adheres to a market-oriented and customer-centric approach, actively guides the enterprise to establish the concept of "big quality," and strives to create a distinctive corporate quality culture. Our quality management scope not only focuses on the product itself but also encompasses comprehensive areas such as technical quality, production quality, operational quality, cultural quality, and brand quality. We aim to enhance our production efficiency, reduce costs, decrease resource waste, and commit to creating a complete and multi-layered quality management model to achieve sustainable development.

In the process of constructing the quality management system, we not only meet the basic requirements of domestic and international laws and standards but also pursue the systematization and integrity of the management system. Guided by the management system, we scientifically formulate management policies and objectives, enabling each level of organization and personnel within the management system to clearly understand their respective management obligations and commitments. Each functional department, in accordance with the requirements of the management system standards, breaks down and refines the overall objectives into departmental management goals, ensuring that responsibilities are assigned to specific individuals.

In addition, we have established a comprehensive Annual Product Quality Review mechanism, conducting regular reviews of records and production documents related to product quality and compliance, monitoring the execution of process performance and product quality, confirming that the product and its production processes maintain their validation status, identifying areas for improvement throughout the product lifecycle, and promptly reflecting updated product information while effectively identifying quality risks. At the same time, the company has improved the Quality Risk Assessment mechanism, fully utilizing risk management tools, continuously optimizing the management processes for critical quality events and quality supervision processes, conducting comprehensive analysis and assessment of factors that may affect product quality, and formulating corresponding risk control measures. Through the Deviation and Trend Management Procedure, deviations from approved procedures or standards are identified in a timely manner, thereby optimizing production efficiency while enhancing product quality.

Case

Safeguarding the Production Environment and Strengthening the Quality Defense Line
— Yifan Pharmaceutical Microbial Control Group

In the field of pharmaceutical production, a sterile and safe production environment is the foundation for ensuring drug quality. Our Microbial Control Group serves as the guardian of this critical defense line, playing an essential role in the company's production and quality management system.

The Microbial Control Group bears the responsibility of establishing and maintaining a sterile production environment. Through rigorous environmental monitoring, they effectively prevent the proliferation of microorganisms. From providing detailed sterile operation training to employees, to conducting meticulous validation and monitoring of sterile equipment, every aspect is subjected to stringent scrutiny. Once an issue is identified, it is promptly consolidated, and relevant personnel are organized to engage in in-depth discussions and follow-up on corrective actions.

The establishment of the Microbial Control Group not only ensures the safety of the company's production environment but also injects new vitality into the company's quality management system. They interpret the principle of quality supremacy through their practical actions, safeguarding the quality of the company's products and providing valuable experience for the management of the production environment across the entire pharmaceutical industry.

Figure: The microbial control group is awarded the quality improvement award

2. Work Safety Management

The company completes the regular updates of safety regulations annually, with the 2024 revisions issuing the Company Safety Production Responsibility System, Hazardous Operations Management Procedures, Safety Management Procedures for External Units, and other safety management regulations. At the same time, we organized the signing of the 2024 Company-level Safety and Environmental Responsibility Agreement, ensuring that safety production and environmental protection efforts are implemented at all levels, from top management to grassroots employees, effectively fulfilling the management requirements of the "Three musts": managing the industry must involve safety, managing business must involve safety, and managing production operations must involve safety.

At the same time, we actively promote the ISO 9001 quality management system, ISO 22000 food safety management system, BRC global standard for food safety, BRC global standard for consumer products, NSF GMP, FAMI-QS EU feed additives and pre-mixed feed quality management system, MUI HALAL halal food management system, OU KOSHER kosher food management system, Sedex social responsibility certification, and CEP suitability of the European Pharmacopeia, among numerous other standard system certifications. Based on the requirements of these management systems, the company has established comprehensive management systems, truly realizing the principles of "Having rules to follow, acting in accordance with the rules, and having evidence to refer to", guiding the orderly development of various company operations through the normalization and standardization of systems, thereby providing a solid management foundation for safety management.

3. Management of Drug Recalls

We have established the Drug Recall Management Procedure (SMP-SR-0001), adhering strictly to the drug recall management protocols. The drug recall leadership team determines the severity of drug safety hazards based on the evaluation report, scientifically establishing the recall level and formulating the recall plan. The Quality Assurance Department is responsible for implementing, tracking, and supervising the drug recall processes, and shall report in a timely manner according to regulatory requirements, ensuring that the drug recall efforts are conducted in a standardized and efficient manner.

4. Emergency Management in Production

Following the completion of the revision of the Emergency Plan for Production Safety Accidents in 2023, we have conducted a series of emergency rescue drills in 2024, including vehicle injury accident rescue drills, elevator rescue drills, fire evacuation emergency plan drills, pressure vessel emergency drills, and boiler accident emergency drills, in accordance with the latest emergency plan requirements. Through these drills, employees have significantly improved their emergency response capabilities in the face of sudden accidents, and the collaboration among various departments has become more harmonious, effectively enhancing the overall emergency response level of the company.

★ During the reporting period, the company did not incur any major liability accidents related to the safety and quality of products and services.

Case

Yifan Pharmaceutical Implements Various Safety Culture Building Activities

In 2024, we organized various safety culture construction activities such as "Safety Production Month" and "Fire Safety Month," with over 500 employee participations. Through diverse activities such as training, competitions, and drills, we created a cultural atmosphere where everyone learns safety knowledge and enhances their safety awareness. During the "Safety Production Month" activities, the company organized a safety knowledge competition, in which employees actively participated to reinforce their safety knowledge; during the "Fire Safety Month" activities, a fire evacuation drill was organized to enhance employees' emergency escape capabilities in the event of a fire.

Figure: Safety Production Month Activities

Figure: Fire Safety Knowledge Training Seminar

Caring for Employee Life

05

We always regard legal and compliant employment as an important cornerstone of enterprise development, strictly adhering to labor laws and regulations, continuously improving employment systems, and safeguarding the legitimate rights and interests of employees. In the future, the company will continue to closely monitor changes in labor laws and regulations, continually optimizing employment management, creating a better working environment for employees, and promoting the mutual development of the enterprise and its employees.

Key Chapter Performance

As of 2024
Total number of employees: 4,098;
The labor contract signing rate is 100%;
Social insurance coverage rate is 100%;
Employee annual health check coverage rate: 100%;
Conducted employee training project: 967 times.

Contribution to the Sustainable Development Goals (SDGs)

Protecting Employee Rights

1. Basic Rights

Yifan Pharmaceutical's labor employment policies strictly comply with and refer to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other related labor regulations and policies. The company has established the Yifan Pharmaceutical Employee Relations Management System and the Yifan Pharmaceutical Recruitment and Hiring Management System, among others. Each stage, from the recruitment, onboarding, and employment management to the departure of employees, is strictly executed in compliance with laws and regulations, ensuring the legal rights of employees. In terms of signing labor contracts, we ensure that a standard labor contract is signed with each employee, clearly delineating the rights and obligations of both parties. Regarding working hours and rest periods, we strictly adhere to national regulations to protect employees' right to rest. In terms of labor remuneration, salaries are paid on time and in full, and social insurance and housing provident fund contributions are made in accordance with the law.

★ Year 2024:Labor contract signing rate: 100%; Coverage rate of social insurance: 100%.

Our overseas subsidiaries are distributed across countries such as the United States, Italy, Singapore, South Korea, and the Philippines, and the labor employment policies of each of these overseas subsidiaries strictly comply with and reference the relevant labor policies of the respective host countries. The company has designated personnel responsible for tracking and researching changes in local labor policies, promptly adjusting employment strategies to ensure the legality of the company's employment practices.

2. Prohibition of Child Labor

We steadfastly uphold the ethical and legal baselines, resolutely eliminating the phenomenon of child labor. The company strictly adheres to the Regulations on the Prohibition of Child Labor, establishing a comprehensive identity verification mechanism during recruitment, requiring applicants to provide valid identification, and meticulously verifying age information to ensure that all newly hired employees have reached the legal working age. Simultaneously, we conduct regular internal audits of employee labor conditions, and promptly take corrective measures upon identifying potential risks, thereby eliminating any possibility of child labor at its source.

3. Employment Equality and Diversity

The company strongly advocates for employment equality and diversity. In the recruitment and employment processes, we firmly eliminate discrimination based on gender, age, and ethnicity, except where required by the special nature of the position. We uphold the principles of fairness and justice, providing equal employment opportunities for every job seeker, evaluating and hiring based on professional skills, work experience, and overall qualifications, rather than personal attributes. The company attracts talents from diverse backgrounds through various recruitment channels, enriching the talent pool structure and promoting intellectual exchange and innovative development.

In overseas operations, we actively implement the principles of employment equality and diversity, achieving nearly 100% local hiring of employees. This initiative not only allows the company to deeply integrate into the local market but also fully showcases the multinational and multiethnic characteristics of its employees. The company respects the cultural differences of various countries and nations, providing employees with an inclusive and harmonious working environment that promotes cross-cultural communication and cooperation; in talent selection, the same non-discrimination principle is followed, selecting outstanding local talents for various positions, contributing to local economic development while also injecting diverse vitality into the company's growth.

★ Year 2024:Total number of employees: 4,098;Male employees: 2342;
Female employees: 1,756;Proportion of ethnic minority employees: 1.8%.

Focus on Employee Growth

1. Compensation System

The company has established the Yifan Pharmaceutical Compensation Management System, adhering to the principles of fairness and justice in formulating the compensation structure. Regardless of gender, age, or ethnicity, all employees receive corresponding remuneration based on the value of their position, personal abilities, and work performance. At the same time, we have established a comprehensive compensation decision-making mechanism, whereby the formulation and adjustment of compensation policies must undergo discussions among multiple departments and obtain approval from management. For new employees with varying educational backgrounds and experience, a reasonable starting salary standard is provided to ensure a fair professional starting point.

We pay attention to the compensation competitiveness of key positions, conducting in-depth market research to collect salary data for similar positions in the same industry and region. Employing scientific data analysis methods and comprehensively considering factors such as the company's financial status, development stage, and trends in market compensation levels, we establish reasonable salary levels that meet market requirements. This ensures that attractive compensation is offered for key positions, thereby enhancing the company's competitiveness in the talent market while keeping compensation costs under control.

We base our construction of a scientific and rational compensation system for managers on multiple dimensions such as job value, individual capabilities, and the difficulty of annual tasks. The value of the position determines the basic framework of compensation, ensuring that the salaries between different positions maintain internal equity. The assessment of individual capabilities focuses on the manager's professional knowledge, skill level, leadership abilities, and other aspects. Based on the evaluation results, corresponding adjustments to compensation are made, reflecting recognition and encouragement of personal abilities. The annual task difficulty assessment combines the annual goals with actual business conditions to quantify the difficulty of the tasks assumed by the manager. Additional compensation incentives are provided for tasks with greater difficulty to encourage managers to bravely take on challenging work, thus promoting the expansion and innovation of the enterprise's business.

At the beginning of 2024, the company clarified its management approach for three-tier personnel and proposed a three-step path of establishing a system, refining the scope, and exploring first. Through the organization of multiple focused interviews on three-tier personnel, we gained in-depth insights into employees' work needs and ideas, implemented special incentive measures for three-tier personnel, and stimulated their work enthusiasm. This also created a positive exemplar effect within the company, promoting the unification of understanding among all employees and progress in actions, thereby better adapting to changes in both internal and external environments of the enterprise and providing strong support for the company's sustained development.

2. Vocational Training

To assist employees in achieving their career objectives, the company has established a comprehensive training system that offers customized training courses for employees at different positions and levels, including professional skills training and management skills enhancement training.

In the year 2024, the company conducted 967 employee training projects, totaling 55,315.5 training hours for employees, with 4,098 employees participating in the training.

★ Year 2024:Number of employees trained: 4,098;Conducted employee training project: 967 times;Training hours for employees: 55,315.5 hours;Number of employees participating in educational advancement: 15;The number of employees participating in professional skills training is 3,241;The number of employees participating in professional qualification training: 131.

Case

"Sailor" Training Program

In the year 2024, as the company's business diversifies, the demand for talent in business departments has become increasingly urgent and exhibits a diverse range of characteristics. In order to meet this critical demand, the company has launched the "Sailor" training program with significant emphasis.

The training content closely revolves around how managers at all levels can effectively "Select, Cultivate, Utilize, and Retain" employees, covering several key areas including talent recruitment skills, the establishment of employee training systems, the application of employee incentive mechanisms, and employee career planning. The training methods are diverse and rich, including theoretical lectures, case analyses, group discussions, simulated exercises, and more, which fully stimulate the enthusiasm and engagement of the trainees.

Figure: Yifan Pharmaceutical "Sailor" Training Activity Site

Case

"Working Hand-in-Hand to Create a Glorious Future" New Employee Themed Activity

In order to enable new employees to quickly adapt to their job positions, integrate into the company culture, and develop a strong sense of belonging and cultural identity, the Human Resources Administration Department conducts comprehensive and systematic phased training for new employees before, during, and after their onboarding process.

In 2024, we launched the seventh session of the "Working Hand-in-Hand to Create a Glorious Future" new employee themed activity, where trainers conducted systematic training for new employees from four perspectives: the company's human resources system, financial management system, company overview, and employee handbook. In the training on human resources systems, detailed explanations are given regarding the employees' compensation and benefits system, performance evaluation standards, and promotion mechanisms; the training on financial management systems focuses on expense reimbursement processes and financial approval authorities, aiding new employees in establishing a proper financial awareness; the company overview segment utilizes a rich combination of text and images to present the company's development achievements, business scope, and future strategic plans to new employees, thus enhancing their confidence in the company; the employee handbook training allows new employees to become acquainted with the company's various rules and regulations as well as daily behavioral norms.

Upon onboarding, the company assigns an experienced mentor to each new employee for one-on-one guidance. The mentor will develop a personalized teaching plan based on the new employee's job requirements and individual characteristics, assisting the new employee in quickly mastering work skills and familiarizing themselves with the workflow.

Figure: Yifan Pharmaceutical's seventh "Working Hand-in-Hand to Create a Glorious Future" themed team-building activity for new employees

3. Occupational Health and Safety

In the company's sustainable development strategy, employees' occupational health has always occupied a central position. We deeply recognize that ensuring employees' occupational health is not only an important responsibility of the enterprise, but also a key factor in promoting the company's continuous innovation and high-quality development.

We have established a comprehensive occupational health service system that thoroughly identifies and eliminates various hazards in the workplace, thereby minimizing the occupational health risks faced by employees. Through regular monitoring of the work environment, health check-ups, and risk assessments, we timely identify potential health hazards and implement targeted measures to address them. The company's subsidiaries have obtained ISO 45001 occupational health and safety management system certification, achieving the principles of "Having guidelines to follow, acting in accordance with regulations, and having verifiable evidence", thereby standardizing and systematizing the guidance of occupational health and safety work.

★ Year 2024:Occupational health and safety training conducted 188 times;The number of employees participating in occupational health and safety training is 2,581.

Focus on Employee Care

In addition to the salary system, the company will provide employees with a wealth of benefits, including the five social insurances and one housing fund, paid annual leave, holiday benefits, health check-ups, and more. For employees in specialized positions, special allowances will be provided to enhance employee motivation and work efficiency, attract outstanding talents to join, and provide strong support for the company's research and development, innovation, and market expansion.

1. Employee Benefits

At important moments such as employees' birthdays, weddings, and childbirths, we extend heartfelt blessings and gifts, allowing employees to feel the warmth of home; during traditional festivals, such as the Spring Festival and the Mid-Autumn Festival, we distribute holiday gifts to enhance employees' sense of belonging; for employees in difficulty, the company has established a special assistance fund to provide them with financial aid and life support to help them through tough times; we continuously promote the construction of the "Sunshine Home - Maternal and Infant Room", optimizing facility provisions (maternal and infant facilities, educational books, etc.) and management systems, ensuring the protection of female employees' rights and promptly providing care for employees who have given birth or are unwell.

★ Year 2024:Employee annual health check coverage: 100%.

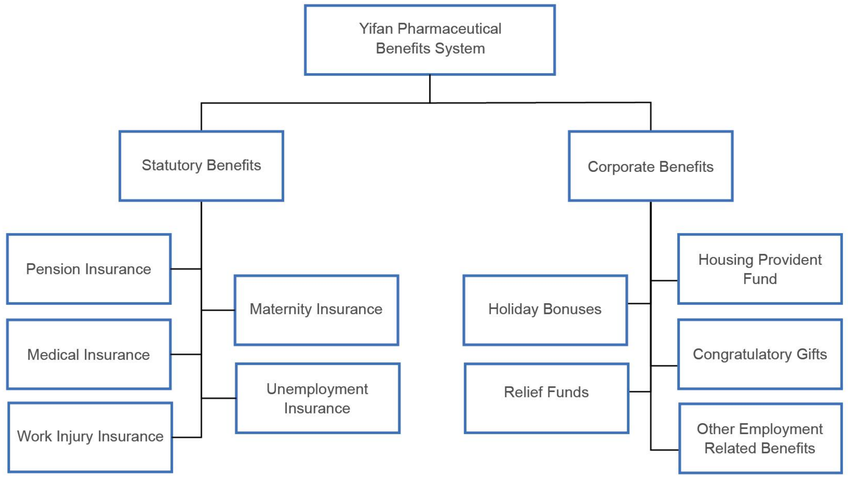


Figure: Yifan Pharmaceutical Benefits System

In the process of fulfilling social responsibility and promoting sustainable development, the company consistently places high importance on employee care. We vigorously advocate a culture of workplace camaraderie and actively carry out a variety of colorful employee activities, organizing a series of events such as the "Cool Summer Delivery", employee fishing competitions, and participation in district football leagues. Employees are regarded as professional managers who are courageous in taking responsibility at work, while also being considered members of the Yifan family, dedicated to creating a warm, harmonious, equitable, and caring working atmosphere.

Legal welfare protection	We provide employees with various statutory benefits, including social insurance, housing provident fund (which is not considered a legal benefit in certain countries or regions), statutory holidays, and paid leave, ensuring that the basic rights of employees are fully protected.
Special holiday and birthday benefits	In addition to the statutory benefits, we also provide festive gifts for the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, extending holiday greetings and care to our employees; each employee receives birthday benefits, with blessings and gifts presented on their birthday, allowing employees to feel the warmth of the company.
Exclusive benefits for women	Providing exclusive benefits for female employees on International Women's Day reflects the company's respect and care for its female staff.
Newly added internal special benefits	The introduction of various additional allowances, accident insurance, and other internal special benefits further ensures the comprehensive physical and mental well-being of employees, enhancing their sense of safety in life and job satisfaction.

Case **Yifan Pharmaceuticals Hosts the Fourth Employee Children Summer Care Program**

In addition to focusing on the health of our employees, we also concentrate on the challenges they face in their daily lives. The company continues to organize the "Employee Children Migratory Summer Care Program" to address the issue of childcare for employees during the holiday. Every summer, the issue of childcare for employee children becomes a pressing concern for many employees, and the introduction of the "Employee Children Migratory Summer Care Program" offers them a secure option. The care program not only provides a safe and comfortable learning and living environment but also arranges a wide variety of courses and activities, allowing children to be well taken care of while gaining valuable experiences during the summer.

Figure: Yifan Pharmaceutical's Fourth Employee Children Summer Care Program

Case

Yifan Pharmaceutical "Crispy Youth Health Conference" Thematic Event

In 2024, the company, in collaboration with an external traditional Chinese medicine clinic, innovatively launched the "Crispy youth health conference". At the event, traditional Chinese medicine experts not only presented professional health lectures, explaining the principles of traditional Chinese health preservation in a clear and accessible manner, but also provided one-on-one traditional Chinese constitution assessments and on-site massage services for the employees. Employees expressed that through this event, they gained a deeper understanding of their health status and also learned many practical health preservation techniques. The event received widespread recognition from all levels of the company and was met with rave reviews, becoming a vivid practice of the company's commitment to caring for the physical and mental well-being of its employees.

Figure: Yifan Pharmaceutical "Crispy youth health conference"

2. Employee Representative Assembly

The company has established a workers' representative meeting, which selects representatives of union members through democratic ballots. Currently, the Yifan Pharmaceutical trade union committee comprises one full-time union chairperson, two part-time union vice-chairpersons, three union members, and one director of the women's committee.

The trade union serves as a vital bridge linking the company and its employees, consistently upholding the philosophy of "relying on employees, uniting employees, and caring for employees." It adheres to a work orientation centered on employees, fulfilling its fundamental duty to safeguard the legitimate rights of employees and offer sincere services to them. We strive to build harmonious labor relations in the new era by effectively implementing the three major initiatives of "Healthy employees, Happy employees, and Fulfilled employees".

In 2024, the union strictly adhered to the Union Welfare System, providing various forms of consolation to a total of 105 union members. Among these, there were congratulations for 20 couples who got married, visits for childbirth to 18 individuals, hospital visits for illnesses to 53 individuals, and condolences for 14 funerals. In addition, the union has paid for work-related mutual medical insurance for all employees, and has also specifically insured female employees with "Critical Illness Medical Insurance for Female Employees". These expenses primarily arise from union fees paid by employees and special union funds allocated by the enterprise. The union funds adhere to the principle of operating within means and earmarking funds for specific purposes, ensuring that every amount is utilized for the care of employees.

Figure: Yifan Pharmaceutical's Third Session of the First Workers' Representative Meeting Venue

Building a Better Society Together

06

In the grand process of social development, the social responsibility of enterprises has become an important criterion for measuring their value. We have consistently embedded the concept of giving back to society at the core of our corporate culture, actively engaging in various charitable endeavors, and, with fearless courage and selfless dedication, transmitting love and strength to every corner of society, demonstrating the mission and responsibilities of the enterprise through our tangible actions.

Key Chapter Performance

As of 2024:
Total charity donations: 331.86 ten thousand yuan
16 volunteer activities had been carried out

Contribution to the Sustainable Development Goals (SDGs)

Engaging in Public Welfare Undertakings

Yifan Pharmaceutical consistently actively fulfills its corporate responsibilities, focusing on the health industry, and not only strives to provide safe and effective pharmaceutical products but also remains ever mindful of giving back to society. In the face of various sudden disasters and social demands, the company always responds promptly to calls for action, contributing to the development and stability of society through continuous charitable activities.

Through the donation of medicines and supplies, we have alleviated, to some extent, the shortage of medical resources in disaster-affected areas and among special groups, thereby playing a positive role in safeguarding public health and maintaining social stability, fulfilling the company's social responsibility, and highlighting the company's good image.

Case Urgent Assistance, Yifan Pharmaceutical Aids Flood Relief

During the summer monsoon period of 2024, the southern Anhui region experienced an unprecedented occurrence of persistent heavy rainfall, with torrents flooding the area, significantly impacting the lives of the local populace. Among these, areas such as Xiuning County and She County in Huangshan City were particularly hard-hit by the calamity, with rampant floods leading to shortages of essential living supplies and medical materials for some residents, posing severe challenges to the health and well-being of the community.

Upon learning of the disaster, we acted swiftly, responding immediately to the call and actively assuming our social responsibility as a corporation. The company urgently allocated supplies and continuously donated 22,000 boxes of respiratory medication for cold symptoms, intestinal medication for diarrhea, and topical medication for skin ailments to the subregions of She County and Xiuning County in Huangshan City, with a total value of nearly 500,000 yuan. These medications cover the treatment and prevention of common ailments, playing an important role in the lives and recovery of the affected population.

To ensure that the medicines can be delivered promptly and accurately to the affected population, this batch of medicines was uniformly received by the local Civil Affairs Department, which carried out reasonable allocation and orderly distribution. Upon receiving the donated supplies, the staff of the Civil Affairs Department quickly organized efforts, overcoming challenges such as transportation difficulties, to deliver the medicines to every individual in need, thereby securing the basic medical requirements of the disaster-affected population.

The recent donation initiative by Yifan Pharmaceutical demonstrated the company's compassion and commitment, bringing warmth and hope to the affected communities at a critical time. It is believed that with the concerted efforts of all sectors of society, the people in the disaster-stricken areas of southern Anhui will surely be able to restore normalcy to their lives and rebuild a beautiful home in no time.

Figure: Yifan Pharmaceutical Donation Ceremony for Flood Relief

Case Caring for Special Groups, Conveying Warmth and Compassion

In early June 2024, we received a special letter from an elderly orphan in his eighties. In the letter, the elderly man reminisced about happened to purchase a box of moisture-removing itch-relieving ointment, exclusively produced by Yifan Pharmaceutical, at a pharmacy. After using it, he found the itch-relief effect to be remarkable; however, due to his limited financial means, he was unable to afford the ongoing cost of the medication. In desperation, he resorted to writing to the company for assistance, hoping to receive help in the form of free medication.

This letter, filled with anticipation, swiftly garnered the utmost attention of the company leadership. The company actively coordinated with distribution partners, collaborating with the local street office and health bureau associated with the patient, to jointly initiate a relay of kindness. All parties promptly arranged for supplies, not only preparing the moisture-removing itch-relieving ointment urgently needed by the elderly individual, but also thoughtfully purchasing daily necessities.

Then a group of individuals, filled with compassion, hurried to the home of the elderly individual without delay. When everyone appeared before the elderly individual and presented the medicines and daily necessities, the elder's eyes were filled with emotion and surprise. The warm scene at the site showcased the care and support from all sectors of society towards special groups.

This heartwarming charitable activity has received widespread attention and coverage from local news media, such as Zhuzhou Daily. This not only reflects the company's humanitarian concern for special groups but also demonstrates the positive energy of various sectors of society working together to care for vulnerable populations.

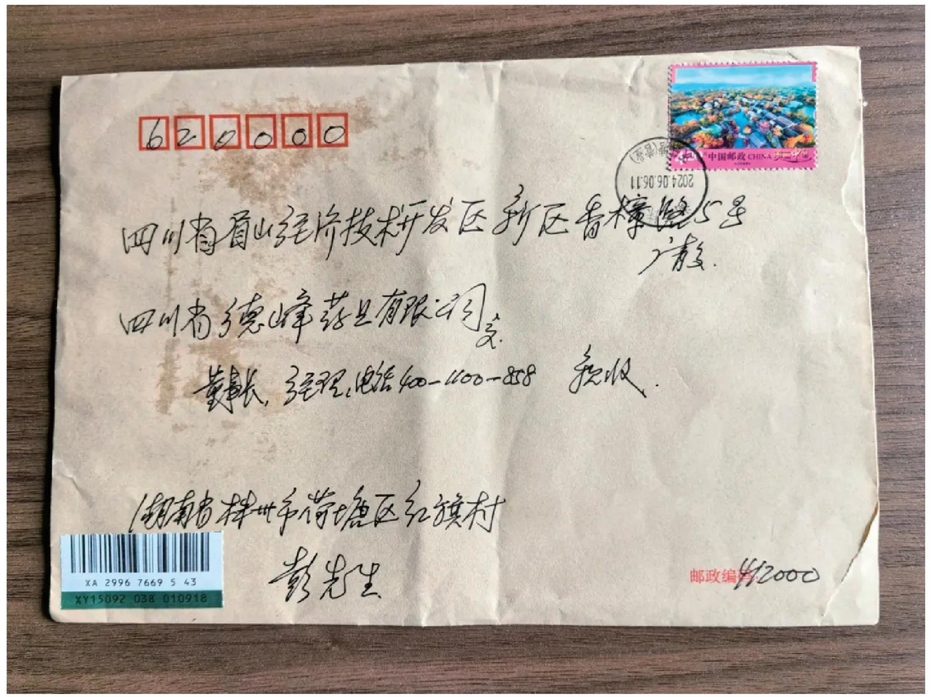


Figure: Letter from an Elderly Orphan

Figure: Yifan Pharmaceutical Delivers Warmth to Elderly Orphan

Actively Give Back to Society

In the process of social development, the responsibility of enterprises towards social responsibility becomes increasingly important. Yifan Pharmaceutical has consistently upheld the concept of giving back to society, actively engaging in various public welfare volunteer initiatives, and repeatedly demonstrating the company's compassion and commitment through tangible actions during social emergencies and in support of vulnerable groups.

★ Year 2024:Number of participants in volunteers' activities: 96; Duration of volunteer activities: 558.5 hours.

Case

Yifan Pharmaceutical's Five-Water Governance River Protection Volunteer Activities

In 2024, the volunteer team of Yifan Pharmaceutical in the Hangzhou region actively responded to the government's call for river protection actions, organizing three volunteer activities for comprehensive water management in January, April, and November respectively, with more than 50 employee volunteers participating enthusiastically. These volunteers, full of enthusiasm, dedicated their leisure time to environmental protection initiatives.

During the event, the team of volunteers swiftly divided into different sub-teams, each performing its duties in an orderly manner. The cleaning team held garbage bags and tools, meticulously picking up scattered debris along the riverbank; their actions renewed the surrounding environment of the river. Meanwhile, the management team focused on observing the drainage situation at the outlets, providing valuable data references for the relevant departments through professional observations and records; the public awareness team engaged with the residents, patiently explaining the serious harm caused to the water environment by indiscriminate sewage discharge and littering, encouraging residents to cultivate good water usage habits. At the same time, the volunteers actively called on residents to jointly supervise uncivilized water usage and behaviors that pollute the water environment, advocating for collective efforts to create a positive atmosphere for water management across the community.

This series of river protection actions not only highlights the corporate sense of social responsibility but also injects new vitality into Zhejiang's Five-Water Governance initiative. It is believed that with the joint efforts of more enterprises and the public, the waters of Zhejiang Province will become clearer, the scenery will become more beautiful, and the charm of the water towns will be better sustained and developed.

Figure: Yifan Pharmaceutical's Volunteer Activities for River Protection in Five Water Governance

Figure: The site of the Volunteer Blood Donation Activity of Yifan Pharmaceutical

Case

Yifan Pharmaceutical Volunteer Blood Donation Activity

In 2024, Yifan Pharmaceutical actively conducted volunteer blood donation activities in the Hefei and Hangzhou regions. The company places great importance on this public welfare activity, having conducted extensive promotional mobilization in advance through various channels such as internal notifications and online promotions, to educate employees about blood donation knowledge and its significance, thus stimulating their enthusiasm for participation.

On the day of the event, the organization was orderly on-site, and medical personnel diligently conducted various checks for employees prior to blood donation, including blood type testing, blood pressure measurements, and initial blood screening, to ensure that the donors' physical conditions were suitable for donation, while also safeguarding the quality and safety of the blood.

This public blood donation activity not only alleviated the pressure on the blood bank's usage but also provided strong support for clinical medical treatment. More importantly, through the active participation of employees, it promoted a social ethos of selfless dedication and caring for others, enhancing employees' sense of social responsibility and team cohesion. At the same time, we conveyed to society the positive energy of Yifan Pharmaceutical's active fulfillment of social responsibility, establishing a favorable corporate image.

Future Outlook

Looking back, we have made steady progress on the path of sustainable development, achieving remarkable results; looking ahead, we are filled with confidence and great ambitions. In our company's strategic layout, we integrate the concept of social responsibility in all dimensions, aligning the trajectory of corporate development deeply with the advancing blueprint of the Party and the country, closely linking it with the needs of the times, implementing our mission with practical actions, and working hand in hand towards a prosperous new journey.

In the new year, we will continue to enhance our integrity and compliance management system to safeguard the steady development of the enterprise; vigorously promote a green and environmentally-friendly transformation to contribute to the efforts against global climate change; focus on cutting-edge pharmaceutical technologies and green innovation to enhance the core competitiveness of the enterprise; actively promote the establishment of long-term and stable partnerships to jointly advance the progress and development of the pharmaceutical industry; optimize the employee benefits system to enable employees and the enterprise to grow together.

Constant doers achieve, steady walkers arrive. We will focus on the field of pharmaceutical health, maintaining a strategic direction of "Innovation and Internationalization". With a calm mindset, a critical perspective, and a pioneering spirit, we will uphold our original intention, grow steadily, and strive to eliminate human ailments.

Appendix

1.Key Performance

Economic

Item	Unit	2024
Operating Income	RMB 100 million	51.60
Net Profit	RMB 100 million	3.86
Total Assets	RMB 100 million	122.86
Net Assets	RMB 100 million	85.22
Tax Payment	ten thousand yuan	40,801.16
Asset-Liability Ratio	%	31.41
Social Contribution Value per Share (Based on Weighted Average Shares)	RMB per share	1.37

* Statistical scope: The scope of Yifan Pharmaceutical Co., Ltd. is consistent with the annual report

Environmental

Category	Item	Unit	2024
Environmental information	Conducting Environmental Monitoring	Time（s）	316
	Number of Environmental Emergency Drills Conducted	Time（s）	40
	Number of Participants in Environmental Emergency Drills	Person-time	1,422

* Statistical scope: The scope of Yifan Pharmaceutical Co., Ltd. is consistent with the annual report
* The execution of environmental monitoring data covers bioologics field, small molecules field, traditional Chinese medicine field, and synthetic biology field.

Category	Item	Unit	2024
Pollutants and Wastes	Pollution Control Policies	Pcs（s）	78
	Total Emissions of Major Pollutants	Ton（s）	62.89
	Approved Emission Limits for Major Pollutants	Ton（s）	279.30
	Excessive emissions of major pollutants	Ton（s）	0.00
	Major Administrative Penalties Related to Pollutant Discharges	Pcs（s）	0
	Total hazardous waste generated	Ton（s）	1,172.88
	Total non-hazardous waste generated	Ton（s）	1,355.74
	General solid waste	Ton（s）	3,311.35
	Non-hazardous Waste from Office and Domestic Activities	Ton（s）	267.09
	Total wastewater	Ton（s）	701,581.00
	Total exhaust gas	Ton（s）	327,847.31

* Statistical scope: The data covers bioologics field, small molecules field, traditional Chinese medicine field, and synthetic biology field.
* Pollution prevention and control systems, harmless waste, total amount of general solid waste, other harmless waste from office and daily life, and waste gas data cover small molecules field, traditional Chinese medicine field, and synthetic biology field.

Category	Item	Unit	2024
Energy management	Number of Environmental Pollution Incidents	Case（s）	0
	Major Administrative Penalty Cases Due to Environmental Events	Cases（s）	0
	Total Direct (Comprehensive) Energy Consumption	Tons of standard coal	15,018.24
	Total natural gas consumption	10,000 standard cubic meters	1,379.28
	Total Indirect Energy Consumption	10,000 kWh	13,398.38
	Total electricity consumption	10,000 kWh	8,553.71
	Total water consumption	Ton（s）	1,153,275.00
	Freshwater Consumption	Ton（s）	988,373.00
	Reclaimed Water Usage	Ton（s）	174,070.00

* Statistical scope: The data covers bioologics field, small molecules field, traditional Chinese medicine field, and synthetic biology field.
* Total Direct (Comprehensive) Energy Consumption data cover small molecules field, traditional Chinese medicine field, and synthetic biology field.
* Total Indirect Energy Consumption data cover synthetic biology field.

Social

Category	Item	Unit	2024
Technological innovation	Number of patent applications	Pcs（s）	65
	Number of patents held	Pcs（s）	334
	Number of new patents in this year	Pcs（s）	34
	Number of invention patents applied to the main business	Pcs（s）	94
	Number of system certifications or qualifications held	Pcs（s）	41

	Number of relevant research and development achievements	Pcs（s）	17
	Number of R&D personnel	Person（s）	813
	Proportion of R&D personnel to the total number of employees	%	19.80
	Penalties for violating scientific and technological ethics	Time（s）	0.00

* Statistical scope: The scope of Yifan Pharmaceutical Co., Ltd. is consistent with the annual report.

Category	Item	Unit	2024
Supply chain management	Number of external suppliers	Pcs（s）	6,319
	Suppliers Within the Province	Pcs（s）	2,345
	Suppliers Outside the Province	Pcs（s）	3,893
	Procurement Expenditure	Ten thousand yuan	204,214.75
	Number of Supplier Evaluations Conducted	Time（s）	5
	Number of New Suppliers	Pcs（s）	939
	Number of suppliers signing Code of Conduct (ESG)	Pcs（s）	4,007

* Statistical scope: The data covers bioologics field, small molecules field, traditional Chinese medicine field, and synthetic biology field.
* Number of suppliers signing Code of Conduct (ESG) data cover bioologics field and synthetic biology field.

Category	Item	Unit	2024
Product and service	Number of Product and Service Quality Training Sessions Organized	Time（s）	2,759
	Number of Participants in Product and Service Quality Training	Person（s）	53,881
	Number of Major Incidents Related to Product and Service	Pcs（s）	0
	Number of Administrative Penalties Related to Product and Service Quality and Safety	Ten thousand yuan	0
	Number of Products Recalled Due to Safety and Health	Time（s）	0

* Statistical scope: The data covers bioologics field, small molecules field, traditional Chinese medicine field, and synthetic biology field.
*Number of Product and Service Quality Training Sessions Organized, Number of Participants in Product and Service Quality Training cover small molecules field, traditional Chinese medicine field, and synthetic biology field.

Category	Item	Unit	2024
Customer	Number of Customer Complaints	Pcs（s）	38
	Customer Complaint Response Rate	%	100
	Incidents of Customer Data Breach	Pcs（s）	0
	Amount Involved in Customer Privacy Breach	Ten thousand yuan	0
	Violations in Marketing and Advertising Activities	Pcs（s）	0

* Statistical scope: The data covers bioologics field, small molecules field, traditional Chinese medicine field, and synthetic biology field.

Category	Item	Unit	2024
Employee	Employment contract signing rate	%	100
	Social Insurance Coverage Rate	%	100
	Number of Labor Arbitration or Dispute Cases	Pcs（s）	15
	Average Annual Paid Leave Days per Employee	Day（s）	9
	Total number of employees	Person（s）	4,098
	Proportion of Ethnic Minority Employees	%	1.8
	Number of disabled employees	Person（s）	20
	Proportion of Female Executives (Vice President and Above)	%	16.67
	Number of male employees	Person（s）	2,342
	Number of female employees	Person（s）	1,756
	Number of employees under 30 (excl. 30)	Person（s）	94
	Number of employees aged 30-50	Person（s）	2,504
	Number of employees over 50 (excl. 50)	Person（s）	646
	Number of Full-time Employees	Person（s）	4,093
	Number of Part-time Employees	Person（s）	5
	Master’ s Degree or above = master and PhD	%	6.6
	Bachelor’ s Degree = university diploma	%	33.65
	Proportion of Employees with Associate Degree or Below	%	59.75
	Proportion of Production Staff	%	38.16

Employee	Proportion of Sales Staff	%	22.82
	Proportion of Technical Staff	%	20.30
	Proportion of Financial Staff	%	3.83
	Proportion of Administrative Staff	%	4.47
	Proportion of Management Staff	%	10.42
	Proportion of Other Staff	%	-
	Number of Senior Management	Person（s）	67
	Number of Middle Management	Person（s）	340
	Number of General Staff (Including Supervisors)	Person（s）	3,691
	New employees	Pcs（s）	350
	New employees (male)	Person（s）	290
	New employees (female)	Person（s）	159
	Number of new employees under 30 (excl. 30)	Person（s）	281
	Number of new employees aged 30-50	Person（s）	161
	Number of new employees over 50 (excl. 50)	Person（s）	7
	Number of new disabled employees	Person（s）	1
	Employee Turnover Rate	%	15
	Male Employees Who Left the Company	Person（s）	368
	Female Employees Who Left the Company	Person（s）	238
	Return to work and retention rates of employees that took maternity, paternity or parental leave	%	100
	Employee Annual Health Examination Coverage Rate	%	100
	Occupational health and safety training	Time（s）	188
	Occupational Health and Safety Training Coverage Rate	%	71
	Participants in occupational health and safety training	Person-time	2,581
	Number of emergency drills conducted	Time（s）	93
	Number of participants in emergency drills	Person-time	2,600
	Number of occupational disease patients	Person（s）	0
	Number of work accidents	Pcs（s）	0
	Number of Work-related Fatalities	Person（s）	0
	Work-related Fatality Rate	%	0
	Number of Work-related Injuries	Person（s）	8
	Number of working days lost due to work-related injuries	Day（s）	407
	Average Working Hours per Employee	Hour（s）	8
	Number of training programs	Time（s）	967
	Total training time	Hour（s）	55,315.5
	Number of employees trained	Person（s）	4,098
	Total training expense	Ten thousand yuan	65
	Average Training Hours per Male Employee	Hour（s）	13.4
	Average Training Hours per Female Employee	Hour（s）	13.4
	Number of Employees Receiving Professional Skills Training	Person（s）	3,241
	Number of Employees Receiving Vocational Qualification Training	Person（s）	131
	Number of Employees Participating in educational advancement	Person（s）	15

* Statistical scope: The scope of Yifan Pharmaceutical Co., Ltd. is consistent with the annual report

Category	Item	Unit	2024
Social contribution	Total Investment in Public Welfare Activities	Ten thousand yuan	331.86
	Number of Volunteer Activities Organized	Time（s）	16
	Number of participants in volunteer activities	Person-time	96
	Total Volunteer Hours	Hour（s）	558.5

* Statistical scope: The scope of Yifan Pharmaceutical Co., Ltd. is consistent with the annual report

Governance

Category	Item	Unit	2024
Corporate governance	Number of Personnel Responsible for Due Diligence	Person（s）	3
	Number of Institutions Conducting Due Diligence	Pcs（s）	1
	Number of Board Members	Person（s）	8
	Aged 30 and Below (Including 30)	Person（s）	0
	Aged 31 to 50	Person（s）	2

	Aged 50 and Above (Including 50)	Person（s）	6
	Number of female individuals on the board of directors	Person（s）	0
	Number of independent board members	Person（s）	3
	Number of board meetings held	Time（s）	4
	Number of topics reviewed by the board of directors	Item（s）	38
	Number of supervisory board meetings held	Time（s）	4
	Number of topics reviewed by the supervisory board	Item（s）	14
	Number of shareholders' meetings held	Time（s）	2
	Number of topics reviewed at shareholders' meetings	Item（s）	22
	Responses to stakeholder inquiries	Time（s）	508
	Activities to protect medium and small investors	Time（s）	1
Information disclosure	Number of information disclosure documents released	Copy（s）	110
	Number of periodic reports	Copy（s）	65
	Number of interim reports	Copy（s）	45
Compliance governance	Number of Violations Related to Commercial Bribery	Item（s）	0
	Number of Violations Related to Corruption	Pcs（s）	0
	Number of Activities Conducted to Prevent Unfair Competition	Session（s）	8
	Number of Lawsuits or Major Administrative Penalties Caused by Unfair Competition	Item（s）	0
	Number of anti-commercial bribery training sessions conducted	Session（s）	20
	Number of Anti-Corruption Training Sessions Conducted	Session（s）	13
	Total Number of Board Members Trained on Commercial Bribery and Corruption	Person（s）	1
	Percentage of Board Members Trained on Commercial Bribery and Corruption	%	13
	Total Number of Senior Management Personnel Trained on Commercial Bribery and Corruption	Person（s）	338
	Percentage of Senior Management Personnel Trained on Commercial Bribery and Corruption	%	67
	Total Number of Employees Trained on Commercial Bribery and Corruption	Time-person	1,847
	Percentage of Employees Trained on Commercial Bribery and Corruption	%	51

* Statistical scope: The scope of Yifan Pharmaceutical Co., Ltd. is consistent with the annual report

2.Independent Assurance Report

BDO 立信 立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

关于亿帆医药股份有限公司 2024 年度 环境、社会和公司治理（ESG）报告的鉴证报告

信会师报字[2025]第 ZB10862 号

亿帆医药股份有限公司董事会：

我们接受委托，对亿帆医药股份有限公司（以下简称“亿帆医药”）《2024年度环境、社会和公司治理（ESG）报告》（以下简称“《ESG报告》”）中选定的2024年度关键数据（以下简称“2024年度关键数据”）执行了有限保证的鉴证业务。

关键数据

本报告就亿帆医药《ESG 报告》中的下列 2024 年度关键数据实施了有限保证鉴证工作程序：

- 每股社会贡献值
- 废水
- 耗电量
- 持有专利数量
- 劳动合同签订率
- 贪污相关违规事件数
- 不正当竞争行为导致诉讼或重大行政处罚的事件数量
- 董事会会议召开次数
- 回复利益相关方问题
- 发布信息披露文件数

我们的鉴证工作仅限于上述2024年度关键数据，《ESG报告》中披露的以前年度关键数据和其他信息不在我们的工作范围内。

标准

亿帆医药编制《ESG报告》关键数据所采用的标准列示于《ESG报告》“报告说明”的“编制依据”（以下简称“编制依据”）中。

管理层的责任

按照编制依据编制2024年度关键数据是亿帆医药管理层的责任。这种责任包括设计、执行和维护与编制企业环境、社会和公司治理（ESG）报告关键数据有关的内部控制，以使关键数据不存在由于舞弊或错误而导致的重大错报。

注册会计师的责任

我们的责任是在执行鉴证工作的基础上对 2024 年度关键数据发表结论。

我们根据《中国注册会计师其他鉴证业务准则第 3101 号——历史财务信息审计或审阅以外的鉴证业务》的规定执行了鉴证工作。该准则要求我们遵守职业道德规范，计划和实施工作，以形成鉴证结论。

有限保证鉴证业务所实施程序的性质和时间较合理保证鉴证业务有所不同，且范围较小。因此，有限保证鉴证业务的保证程度远低于合理保证鉴证业务。因此，我们不会就 2024 年度关键数据是否在所有重大方面按照编制依据编制发表合理保证意见。我们的鉴证工作包括评估 2024 年度关键数据是否存在由于舞弊或错误导致的重大错报风险，以及应对评估出的风险。选择的鉴证程序取决于我们的判断及对项目风险的评估。在我们的工作范围内，我们仅在亿帆医药及下属境内主要子公司层面对关键数据开展工作。我们不对除亿帆医药及下属境内主要子公司外的其他分支机构实施鉴证工作。我们执行的工作包括：

1) 与亿帆医药负责编制《ESG 报告》的部门负责人及相关人员进行访谈；
2) 与参与提供 2024 年度关键数据基础信息的相关部门人员进行访谈；
3) 实施分析程序；
4) 了解和测试与 2024 年度关键数据相关的内部控制；
5) 采用抽样方法检查 2024 年度关键数据的支持性文件和记录；
6) 重新计算 2024 年度关键数据；

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BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

固有限制

我们提请使用者注意，针对非财务数据，尚无公认的评估和计量标准体系，因此存在不统一的计量方法，这将会影响不同公司之间数据的可比性。

结论

基于已实施的程序及获取的证据，我们没有注意到任何事项使我们相信亿帆医药《ESG 报告》中选定的 2024 年度关键数据未能在所有重大方面按照编制依据编制。

报告使用限制

本报告仅向亿帆医药董事会出具，用于披露《ESG 报告》的目的使用，不适用于任何其他目的。我们不会就本报告的内容向任何其他方承担任何责任或义务。

立信会计师事务所（特殊普通合伙）

中国注册会计师：刘海山

中国注册会计师：晁喜文

中国·上海

二〇二五年四月二十四日

3.Indicator Index

Chapter		GRI Index	Self-regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 17 - Sustainable Development Report (Trial) Index
Report Instructions		2-2/2-3/2-14	Article 4/ Article 6
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Step into Yifan		2-1/2-6	Article 5
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	Play a Leading Role of Party Building	/	/
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Low-carbon and Green Transition	Improve Environmental Management	2-23/2-24/2-27/301-1	/
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Feedback

Dear readers:

Thank you for reading the "2024 Environmental, Social and Corporate Governance (ESG) Report of Yifan Pharmaceutical Co., LTD." If you have any opinions or suggestions during the reading of the report, please do not hesitate to correct them to help us further improve the management of sustainable development in the future.
Please offer other opinions and suggestions here:

For the following questions, please rate them on a scale of 1 to 5 (1 is the lowest score and 5 is the highest score)

1. Your overall evaluation of Yifan Medicine's ESG report

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

2. Do you think this report can reflect the significant impact of Yifan Medicine on the economy, society and environment

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

3.Your overall evaluation of the degree of information disclosure in this report

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

4. Your overall evaluation of the quality of the textual descriptions in this report

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

5. Your overall evaluation of the layout and design of this report

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

Please offer other opinions and suggestions here:

Your contact information:

Name:

Telephone:

Contact information:

Address: Intersection of Fanhua Avenue and Wenshan Road, Taohua Town, Feixi County, Hefei City, Anhui Province, Yifan Pharmaceutical
Postal Code:311300
Phone:0551-62672019
Fax:0551-66100530
Business Consultation Hotline: 400-180-2019
Overseas Business Consultation: overseas@yifanyy.com
Official Website: www.yifanyy.com