

APELOA

—
2024

Environmental, Social, and Corporate Governance (ESG) Report



About This Report

Reporting Scope

The time frame of this report is from January 1, 2024 to December 31, 2024, with some content falling beyond the aforementioned scope.

Reporting Cycle

The report is released annually.

Reporting Coverage

The scope of this report aligns with the company's operational coverage, including the ESG principles, strategies, and practices of Apeloa and its subsidiaries as well as the operations of the Company during the reporting period.

Data Sources

The data cited in this report is the final statistical data as of December 31, 2024.

Preparation Basis

The report is prepared in accordance with the *Self-regulatory Guideline No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)* and also refers to the *GRI Sustainability Reporting Standards* (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), the *Guidelines No. 1 for Self-Regulation of Listed Companies—Standardized Operation of Listed Companies* released by the Shenzhen Stock Exchange, *Code of Corporate Governance for Listed Companies in China* and the *2030 Agenda for Sustainable Development* issued by the UN. Accordingly, the report integrated the above key guidelines and standard requirements in response to the expectations and demands of stakeholders, and highlight the industry and company characteristics.

Abbreviations

For better expression, Apeloa Pharmaceutical Co., Ltd. in this report is also refereed as to "Apeloa", "the Company" or "We/our".

Report Access

This report is available in both print and electronic versions, and the latter can be accessed on our official website (<http://www.apeloa.com/cn/index.html>) for online viewing or download. If you have any questions or suggestions regarding this report, please feel free to contact us by phone or letter.

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Message from the Chairman

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Dear stakeholders,

As time marches on and the seasons renew, we are writing to share with you the efforts and accomplishments of Apeloa in environmental, social, and governance throughout 2024.

Reflecting on 2024, we navigated through a complex environment of geopolitical uncertainties and economic fluctuations, while confronting heightened industry competition, stricter regulations, and increasing compliance costs. Amid these challenges, we proactively adapted to the new landscape, embraced changes, and seized emerging opportunities. Apeloa remained dedicated to strengthening R&D innovation, deepening international collaborations, enhancing operational efficiency, and implementing rigorous risk management. These efforts bolstered our competitive edge, fueled robust business growth, and propelled our revenue to a record high.

In 2024, we upheld our strategic vision to advance business upgrades. Marking our 35th anniversary, we have evolved from a startup with ambitious dreams to a rapidly growing enterprise, and now stand as a leader in innovation-driven, high-quality development. Having successfully met all previous strategic goals, we embraced proactive transformation and launched our 2030 development strategy of "Global API Leader, CDMO Excellence, High-quality & Affordable Medicine, Expanding Aesthetic & Care Ingredients", clearly charting our future direction. Our API business is making steady progress, positioning us closer towards a global leader in API manufacturing. Enhancements in our CDMO services have enabled more efficient delivery of affordable medicines to patients worldwide. Our FDF business is gaining momentum, bringing health and hope to countless families. Additionally, our bold entry into the Aesthetic & Care Ingredients sector heralds an exciting new chapter in beauty innovation.

In 2024, we remained committed to innovation-driven growth to foster high-quality development. We focused on building a three-pronged technological innovation system by enhancing internal R&D teams, partnering with research institutions, and promoting efficient industry collaborations. The inauguration of our first overseas CDMO R&D center in Boston, alongside the establishment of a national-level postdoctoral research workstation, marked significant milestones. To date, we have secured 134 invention patents and 11 valid utility model patents. Guided by clinical value and market demand, we expanded our product portfolio, offering affordable and reliable medicines globally. Key achievements include the approval and launch of ademetonine 1, 4-Butanedisulfonate enteric coated tablets, and the successful entry of metoprolol succinate ER tablets and adamantium hydrochloride tablets into the U.S. market. Our efforts have been recognized with record-high rankings in the Top 100 Enterprises in China's Pharmaceutical Industry and several prestigious awards, such as Zhejiang Leading Biopharmaceutical Enterprise, the Zhejiang Industry Award (Enterprise Award), inclusion in the "Eagle Action Enterprises" dedicated to local technological advancement in Zhejiang, and the Quality Award of Jinhua Municipal People's Government. These accolades underscore our strengthened position within the industry.

In 2024, we reinforced our commitment to green development to protect lucid waters and lush mountains. Following the principles of "green, low-carbon, energy-saving, and sustainable" practices, we adopted several measures to minimize resource and energy consumption per product unit. These measures included advancing green processes, employing precise dosing based on reaction risk data, and developing continuous flow and bio-catalytic alternatives to traditional synthesis methods. We also progressed with rooftop photovoltaic power projects and engaged in green energy trading to boost renewable energy use and reduce fossil fuel dependence. Continuous upgrades to production equipment, coupled with increased investment in environmental technology R&D, we explored new paths for sustainable growth. Furthermore, we enhanced employee environmental awareness, and encouraged them to incorporate green practices into daily routines. In 2024, an Apeloa team representing Jinhua City participated in Zhejiang Province's inaugural Corporate Environmental Legal Knowledge Competition and secured third place.

In 2024, we maintained the people-oriented principle and shared the benefits of development with all stakeholders. Through active collaboration with suppliers, industry partners, universities, and associations, we built an efficient and resilient industrial ecosystem, contributing to the industry's high-quality growth. Guided by the principles of "serving the organization, talents, and employees", we continuously refined career development paths for our workforce. Leveraging the Apeloa Academy as a foundation, we established a robust training system, providing employees with platforms to achieve their professional goals. Simultaneously, we prioritized employee well-being, and enhanced their sense of fulfillment and happiness. Balancing growth with social responsibility, we engaged in various public welfare initiatives, including building civilized cities and organizing blood donations. With a total contribution of 362,200 milliliters of blood, we have been honored as an "Outstanding Entity for Voluntary Blood Donation in Dongyang City" for four consecutive years.

Though dreams may seem distant, perseverance makes them attainable; though aspirations may be challenging, persistence ensures their fulfillment. Looking ahead, Apeloa will continue to uphold its core values and principles, and commits to the mission of "Technology for Health". We will boost investment in R&D, enhance talent development, and improve the efficiency of both R&D and manufacturing. By closely collaborating with our partners, we aim to co-create, share, and achieve mutual success, fostering sustainable growth of the healthcare industry. With unwavering determination, we are striving to become a global leading technology-driven pharmaceutical manufacturer.

Chairman of Apeloa Pharmaceutical Co., Ltd.
Fangmeng Zhu

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About Apelo

Apelo Pharmaceutical Co., Ltd., founded in 1989, is a pharmaceutical industry platform under the Hengdian Group and a publicly traded company on the Shenzhen Stock Exchange(SZSE). Headquartered in Hengdian, Zhejiang, Apelo has a registered capital of RMB 1.169 billion and a total of 7,060 employees worldwide. The Company is Vice President of the China Chamber of Commerce for Import & Export of Medicines & Health Products (CCCMHPIE), Executive Council Member of the Zhejiang Pharmaceutical Industry Association (ZIPA), Council Member of the Zhejiang Pharmaceutical Association (ZIPA), and Council Unit of Shanghai Yangtze River Delta Institute of Business Innovation. Apelo is among China's top 2 exporters of APIs and top 5 CDMO companies. It ranks 36th among China's top 100 pharmaceutical companies recently selected by the Ministry of Industry and Information Technology. The Company has also been recognized as one of the China Top 100 High Growth Enterprises, the leading bio-pharmaceutical enterprise in Zhejiang, and one of the "Eagle Enterprises" dedicated to local technological advancement in Zhejiang.

Apelo's core businesses include Active Pharmaceutical Ingredients (APIs), Contract Development & Manufacturing Organization (CDMO), Finished Dosage Form(FDF), and Aesthetic & Care Ingredients(ACIs), with seven API manufacturing sites (five for chemical synthesis and two for biofermentation) and two drug product sites. Our products cover cardiovascular, anti-infection, psychotropic, and anti-cancer treatments, with manufacturing bases in Dongyang City (Zhejiang Province), Weifang City (Shandong Province), Dongzhi County (Anhui Province), and Quzhou City (Zhejiang Province). Since 2007, our main API manufacturing sites have passed audits by NMPA, US FDA, EMEA, and PMDA, establishing us as a leading API enterprise. These manufacturing sites have remained committed to making pharmaceutical manufacturing more consistent, automatic, digitalized and intelligent. Leveraging our edges of R&D and efficient manufacturing, our CDMO business maintains strategic partnerships with the world's top pharmaceutical companies, offering comprehensive services and sustaining high growth. Apelo's brands, "Baishixin" and "Tianliwei", have been widely recognized at home and abroad, and our first extended-release product has successfully entered the U.S. market with an expected rapid growth.

Apelo implements the development strategy of "Global API Leader, CDMO Excellence, High-quality & Affordable Medicine, Expanding Aesthetic & Care Ingredients", with annual R&D expenses exceeding 5% of revenue. We have established several Chinese and even world leading technology platforms, with over 1,100 chemists and the Apelo Scientific Advisory Board (ASAB). We also collaborate with Shanghai Jiao Tong University, Shanghai Institute of Technology, and Zhejiang University of Technology to establish biology, chemistry and engineering technology platforms, empowering technological innovation and intelligent manufacturing. We champion the philosophy of "technology-oriented R&D, high-standard compliance, and cost-efficient manufacturing", aspiring to be a global leading technology-driven pharmaceutical manufacturer.

On October 8, 2024, Apelo held a cocktail party themed on "Together, Towards Tomorrow" at the Palazzo Reale di Milano, Italy, inviting global partners attending the CPHI Worldwide here to celebrate the Company's 35th anniversary.



Registered capital
RMB **11.69** billion

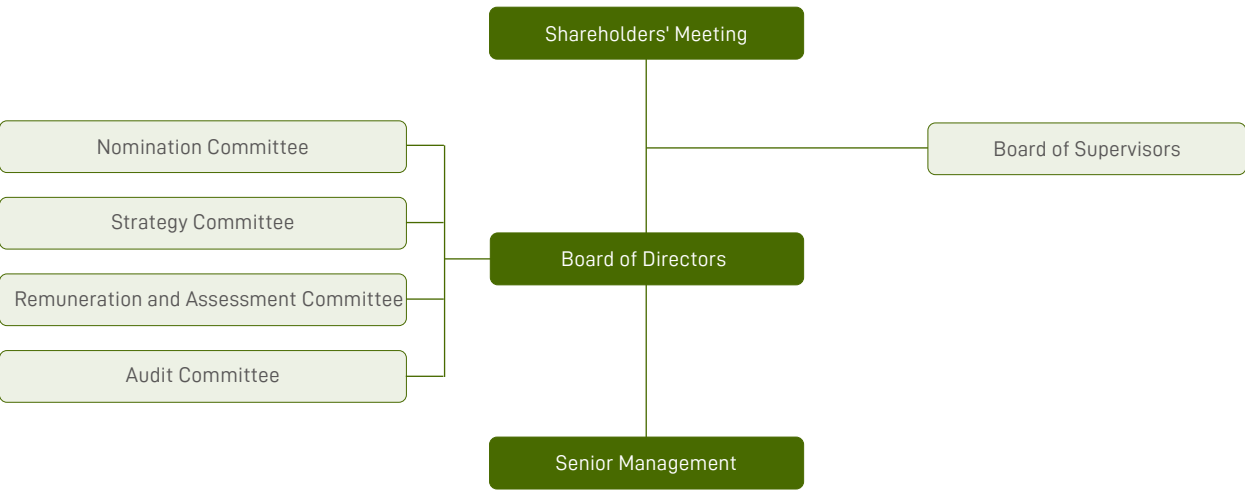
Employees
7,060

Ranking among China's
top 100 pharmaceutical
companies
36th

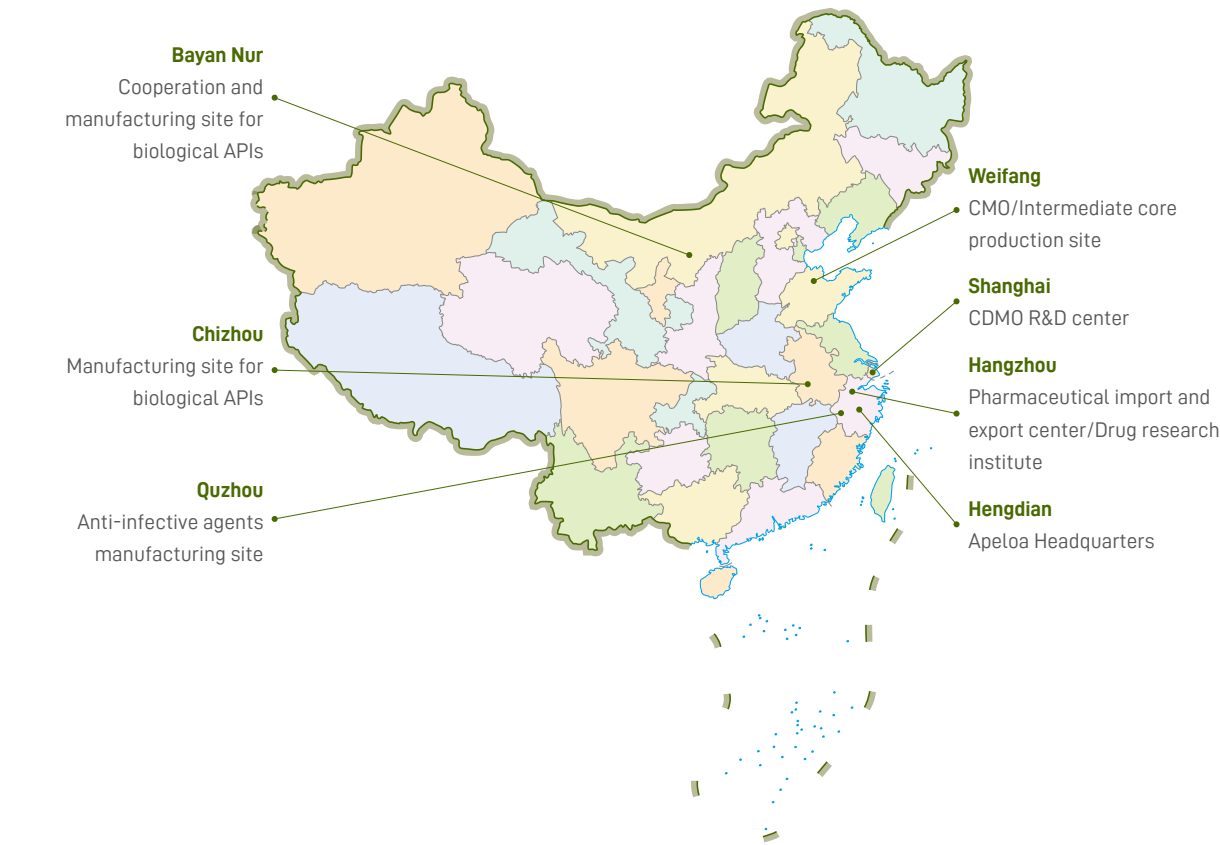
Ranking among China's
top exporters of APIs
2th

Ranking among China's
top **5** Small Molecule
CDMO companies

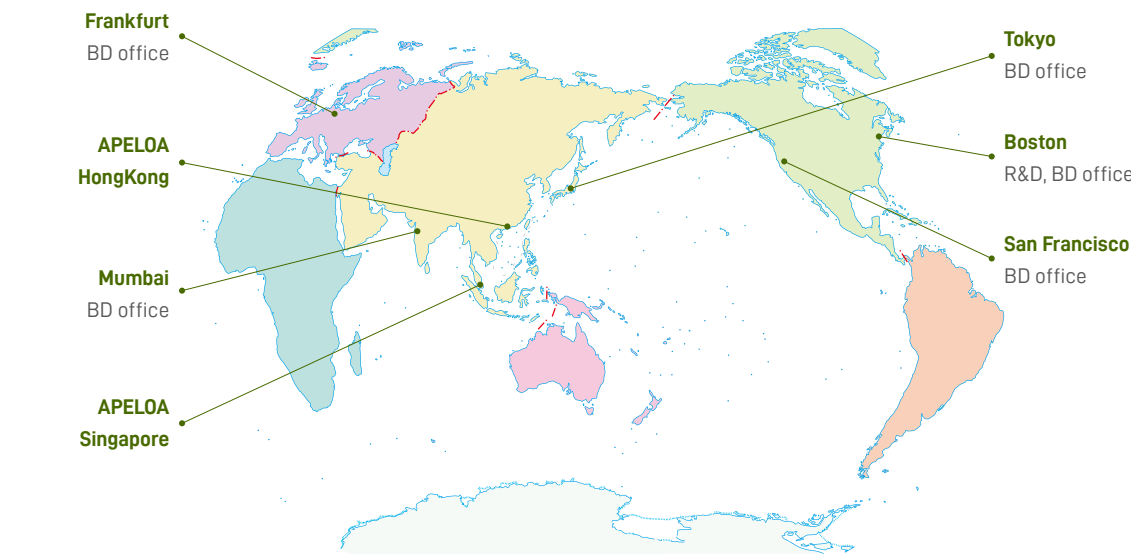
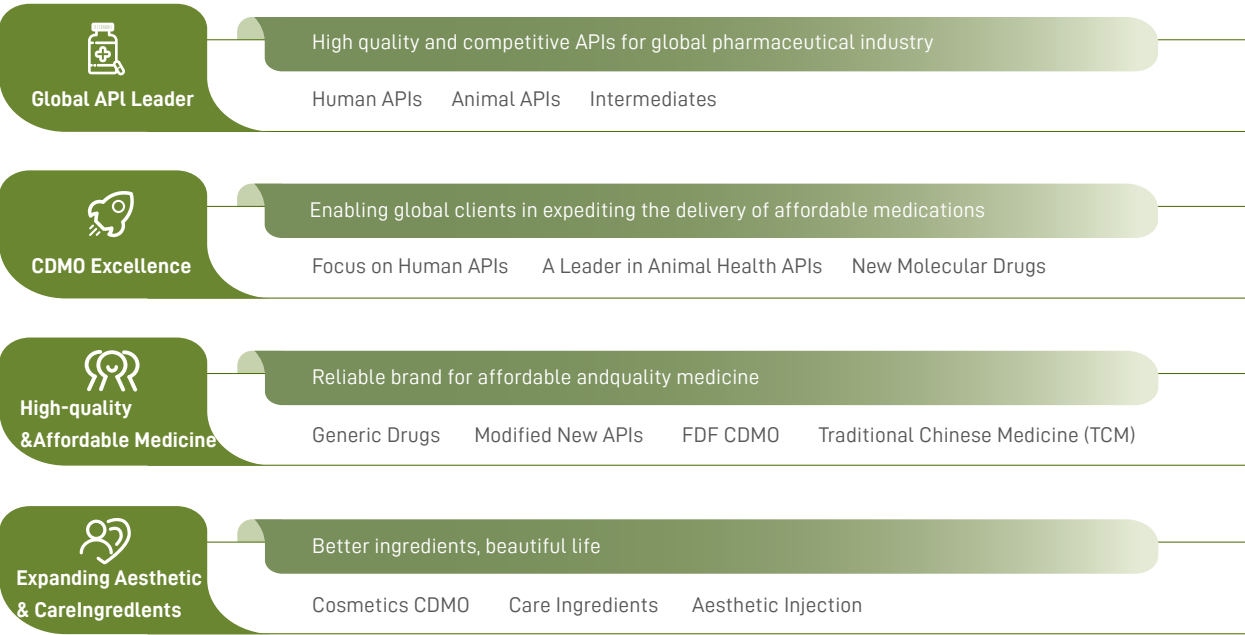
Organizational Structure



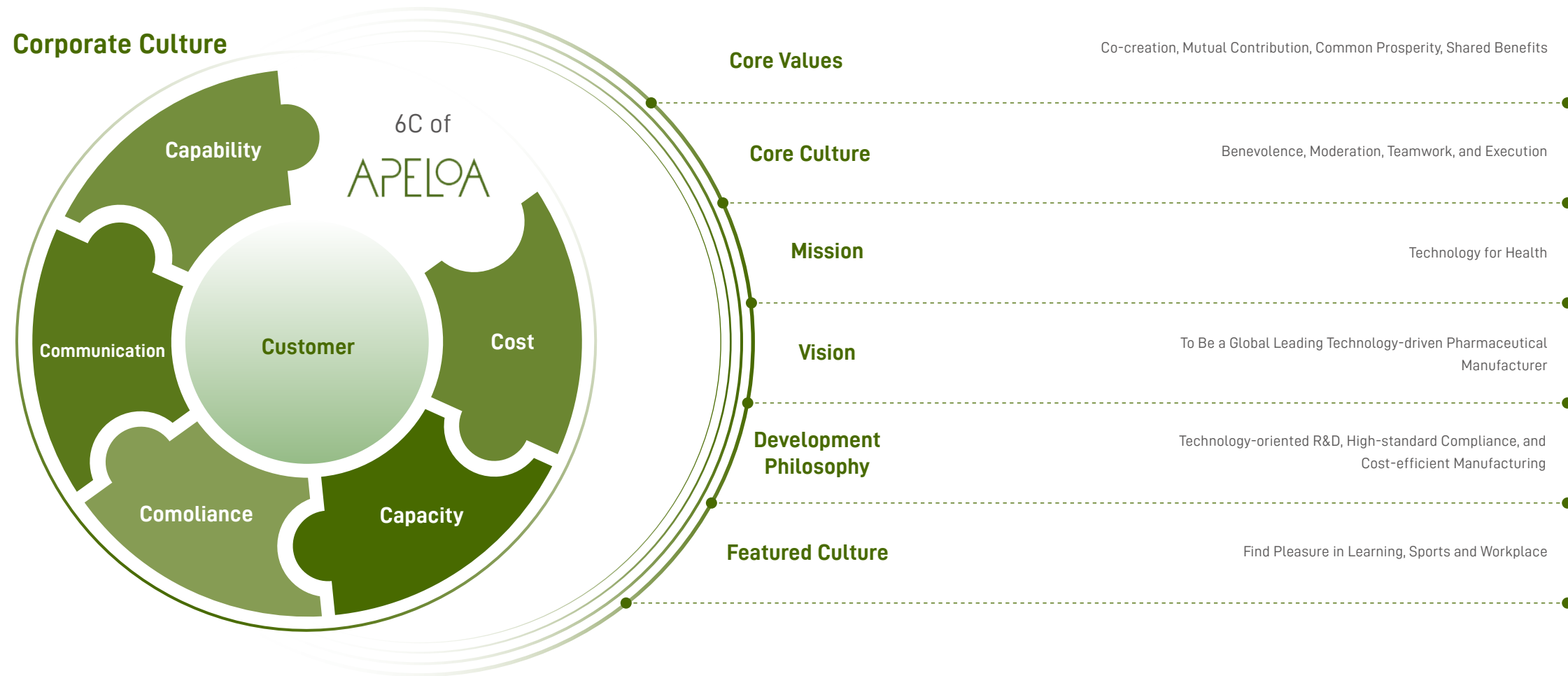
Business Layout



Development Strategy



Corporate Culture



ESG Principles and Policy

ESG Principles

Technological Innovation - Enhance product and service efficiency through scientific and technological advancements

Global Service - Serve global customers and patients with excellence

Green Development - Uphold environmental health and sustainability

ESG Policy

Environmental

- Continuously monitor carbon emissions across R&D, manufacturing, logistics and waste management processes; collaborate closely with clients, employees, suppliers, local communities and other stakeholders to build a sustainable supply chain.
- Actively explore and increase the use of renewable energies, and continuously improve energy efficiency to mitigate the impact of our operations on climate change.
- Invest in green technologies to enhance the utilization of water resources, raw materials and packing materials, reducing the generation of exhaust gases, wastewater and hazardous waste during operations.
- Strengthen employee training, cultivate emergency response teams, and improve risk management to reduce the impact of environmental risks such as abnormal operation of environmental facilities and extreme weather on business operations.

Social

- Care employees by creating a safe, eco-friendly, and healthy workplace for employees and contractors, and foster a culture of mutual contribution, construction and sharing.
- Maintain a culture of openness, communication and collaboration, actively listen to internal and external suggestions, provide grievance channels for employees and contractors, and protect their privacy.
- Adhere to responsible marketing practices during business operations, comply with applicable laws, regulations, industry standards, and guidelines in operating regions, engage in fair competition, accurately disclose business-related information, and avoid falsifying performance and product/service prices.
- Contribute to society through the Company's development, including increasing social donations, organizing charitable activities, and visiting vulnerable groups such as the elderly and children.

Governance

- Establish and improve Apehoa's ESG governance system and formulate rules of procedure.
- Enhance compliance and transparency in business operations through tighter training and daily supervision, make the management lead by example, ensure all employees adhere to the code of business ethics, advocate for integrity, and oppose any form of corruption or bribery.
- Regularly audit suppliers and communicate requirements regarding business ethics, occupational health, environmental protection and product quality to help suppliers operate more compliantly.
- Implement strict confidentiality measures for the Company and customer information, including signing confidentiality agreements,

Data in 2024



Governance

billion Revenue

RMB12.022

billion Accumulated dividends

RMB2.259

billion Market value

RMB19.013

Percentage of female directors

14.28%



Development

million R&D expenses

RMB641

Valid invention patents

134

Patents of utility model

11

Plants certified by GMP quality management system

7

Products listed as "Excellent Made-in-Zhejiang Products"

7



Environmental

Apeloa's subsidiaries certified by ISO 14001:2015 environment management systems

8

Training sessions on environmental protection

154

Compliance rate of the discharge of waste gases, wastewater and solid waste

100%

Participants

6,109

National-level Green Plant

1

Municipal-level Green Plant

1

Water-saving Enterprises

2



Social

Percentage of female managers

24.90%

Participants of employee training

200,000 +

hours Training hours

587,841.09

Subsidies cumulatively granted by the Love Fund

RMB702,000

Scholarships cumulatively granted for employees' children

RMB452,500

Consecutive years that Apeloa has won the honor of Outstanding Entity for Voluntary Blood Donation in Dongyang City

4

Honors

Among the 2nd Batch of "Eagle Action" Enterprises in Zhejiang Province

Quality Award of Jinhua Municipal People's Government

Among "2024 Top 50 Yangtze River Delta Innovation Model Enterprises"

Shanghai Securities News 2024 Golden Quality Award for Corporate Governance

Highest rating of Grade A in SZSE's assessment on annual information disclosure of listed companies for four consecutive years

Among "2024 Top 500 Private Enterprises in R&D Investment"

36th of the Top 100 Enterprises in China's Pharmaceutical Industry in 2023

On the China Chemical Pharmaceutical R&D Capacity List for two consecutive years

Among the Top 5 Chinese CMDO Enterprises for five consecutive years

Zhejiang Leading Bio-pharmaceutical Enterprise

20th among the Top 100 Chinese Chemical Pharmaceutical Enterprises in 2023

11th among Top 20 China CXO Enterprises in 2023

2023 Technological Innovation Award by Dongyang Municipal Government

Among the Top 100 Zhejiang's Private Enterprises in R&D Investment

2nd on the List of Jinhua's Industrial Enterprises with over RMB 10 Million Tax Payment

Top 10 Jinhua Manufacturing Enterprises in Tax Payment in 2023

Kangyu Pharmaceutical, Jiayuan Pharmaceutical, and Tospo Pharmaceutical were selected into the 2024 Zhejiang Top 500 High-tech Enterprises in Innovation Capability

"Dongyang Best Employer in Human Resource Service Industry in 2023"

Outstanding Entity in Human Resource Management

The 6th Zhejiang Industry Award (Enterprise Award)

API Industry High-quality Development and Innovation Award

CPHI Celaboration Awards: Premium Global Partne





Sustainability Management

Apeloa adheres to the development philosophy of "Eco-friendliness, Coordination and Sustainability" based on innovation and efficiency. The Company is continuously improving corporate governance, strengthening compliance assurance capability in terms of safety, environmental protection, quality and risk control, and actively practicing ESG policies. Furthermore, we attach great importance to stakeholders' suggestions and appeals, maintain close communication, and share our development accomplishments with them.

Deepening Corporate Governance

Optimizing governance structure

Apeloa works to establish a sound corporate governance structure and improves the rules of procedure in accordance with the requirements of Chinese laws and regulations such as the *Company Law and the Law on Securities*. Our Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the senior management operate effectively based on clear roles and check and balance. To ensure their compliance and validity, we have formulated corresponding proposal, announcement, and other documents according to the relevant policies and requirements of regulators, prepare and organize every meeting, and follow the procedures as required by laws and regulations. All the procedures safeguard the rights of shareholders, directors, supervisors and senior executives.

In 2024, Apeloa formulated three new rules, including the *Rules of Selecting and Appointing Accounting Firms*, the *Rules of Entrusted Wealth Management*, and the *Rules of Special Meetings of Independent Directors*. The Company also revised nine rules, including the *Articles of Association*, the *Rules of Management of Raised Funds*, and the *Rules of Financial Management*, further improving corporate governance and relevant governance rules.

In 2024

1

Shareholders' meeting

6

Board meetings

4

Meetings of the Board of Supervisors

9

Meetings of specialized committees

68

Proposals and reports deliberated by the Shareholders' Meeting, the Board of Directors, the Board of Supervisors

9

Proposals deliberated by specialized committees

The Company's Board of Directors(the Board) has set up four specialized committees, including the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Assessment Committee. They are subject to the Board, and perform their duties according to the *Articles of Association* and under the authorization of the Board. Their proposals are submitted to the Board for deliberation before approval. The Board consists of seven board members, including three independent directors. We have taken into consideration board diversity (including but not limited to gender, age, and ethnicity) as well as various qualities of candidates of directors including education background, industry experience, special knowledge, and technical expertise. In 2024, all seven directors of the Company are experts with rich experience in different fields such as pharmaceutical and chemical, accounting, economics, and management. Among them, one is female, and one from ethnic minority (Tujia ethnic group).



Honors

Shanghai Securities News 2024 Golden Quality Award for Corporate Governance



Protecting the rights of shareholders

Building the human-centric relations with investors is a core concept of Apeloa. Through persistent efforts in recent years, we have established a sound investor communication mechanism and a variety of communication channels to meet the demands of different investors.



Performance briefing and investor telephone communication - Extensively communicate with investors online in a convenient manner

Brokerage strategy meetings, roadshows and reverse roadshows - Profoundly interact and communicate face-to-face with investors



Protecting the rights of shareholders



Investor reception day and company tour - Allow investors to have an onsite survey of the Company's R&D and manufacturing sites

SZSE "Easy IR" Platform and investor hotline - Immediately respond to investors' questions and concerns



In 2024

1,090

Investors and industry analysts received

160

Replies to investors' questions through the hotline

46

Replies to investors' questions through the SZSE "Easy IR" Platform

4

Newly covered securities firms

43

Research reports published by securities analysts

Increasing the investment return of shareholders

Since being listed, Apeloa has made unwavering efforts to increase the profits of investors, and shared the Company's accomplishments with them. In recent years, the annual dividends distributed to shareholders in cash has accounted for 35% of net profit attributable to shareholders of listed companies each year, effectively ensuring their rights to earnings. Since the listing, the Company has distributed to its shareholders a total of RMB 2,259,818,266.15 in cash, of which the shares repurchased and de-registered are recorded at RMB 200,202,436.53, and the amount of funds raised from the capital market reached RMB 1,528,929,984.06, meaning that the total dividends distributed to shareholders exceeded the total funds raised. In 2024, Apeloa has completed a new round of share repurchase involving 10,880,000 shares, equivalent to RMB 153,070,084 (excluding trading fees).

Enhancing information exposure

Apeloa is dedicated to compliance management by continuously strengthening information exposure and improving management process. Efforts are made to earnestly prevent the leaking of inside information, insider trading, and other misconducts. To update investors with the Company's business performance in real time, we voluntarily publicize such information as strategic cooperation and FDF approvals. We also disclose specific content including R&D capability, pharmaceutical manufacturing capacity, system assurance capability, and project growth data in our annual and semi-annual reports, enabling investors to have a clearer knowledge of the Company's comprehensive competitiveness and newest operational developments. In addition, Apeloa effectively manages all its publicity platforms such as portal website, WeChat public account, and WeChat enterprise account in accordance with the mechanism of information auditing by three parties "head of department, office of the Board and chairman", ensuring that authentic and complete information is published on such platforms in a timely, accurate and impartial manner.

In 2024

6

Reports regularly published

86

Temporary announcements published

129

Documents reported for filing

Case

Apeloa receives the highest rating of Grade A in SZSE's assessment on information disclosure for four consecutive years

In October 2024, Apeloa obtained the highest rating of Grade A in Shenzhen Stock Exchange's assessment on annual information disclosure of listed companies. It is the fourth consecutive time for the Company to win this honor, fully indicating that the Company's standardized operations, information disclosure quality, and investor relations management are highly recognized by the securities regulatory body. The listed companies with top A rating will not only raise their credibility in the capital market, but enjoy policy support and convenience in terms of mergers & acquisitions, and refinancing audit.

Intensifying Risk Control

Apeloa has established the Risk Control Committee to enhance the capability of identifying, handling and minimizing risks, and effectively address challenges in risk assessment and project implementation. The *Rules of Internal Audit Management* is formulated. Accordingly, problems discovered in auditing shall be communicated with business departments, with suggestions on corrections and risk alerts offered. Meanwhile, we urge business departments to check and correct problems independently, thus enhancing internal management. In 2024, we completed the auditing on Tospo Pharmaceutical and Jiayuan Pharmaceutical with the correction process tracked, ensuring close-loop audit and inspection management. In terms of contract risk management, we conduct background checks and legal risk management before signing any contract. It is also required to strengthen contract review and standardize contract texts. In addition, we properly manage the contract fulfillment, with special attention paid to risks of contract breach.

Complying with Business Ethics

Advocating for integrity

Apeloa has formulated the regulations on corporate integrity management, improved the reporting and complaint mechanism, and set up a dedicated whistleblowing email. The signing of the Letters of Responsibility *for Integrity Management and the Commitment to Integrity and Self-discipline* has been completed, and the legal and disciplinary audit training has been launched. We encourage all functional departments and key departments of subsidiaries to inspect and correct their own misconducts, sort out major risks and adopt preventive measures. Apeloa has signed the *Agreement on Integrity Cooperation* with suppliers, advancing the anti-corruption work to a higher level. Meanwhile, we continue the standardization process to effectively integrate the concept of compliance, credibility, and integrity into business operations. In April 2024, we attended the training on integrity management organized by Dongyang Federation of Industry and Commerce. In September, we participated in the rating on enterprises with outstanding performance in integrity and compliance, organized by the Jinhua Municipal Commission for Discipline Inspection.

In 2024

100%

Mid-level & senior managers and staff on key positions receiving anti-corruption training

Case ApeloA holds a meeting of education and publicity on integrity management to safeguard business operations

In April 2024, ApeloA held a meeting of education and publicity on integrity management, attended by over 500 mid-level & senior managers and staff on key positions. During the meeting, Mr. Guoping Li, Chairman of the Board of Supervisors, delivered a speech on *Publicity and Implementation of Principles and Case Analysis*. In addition, Mr. Fangmeng Zhu, Chairman & CEO, along with other senior executives, heads of all functional departments and subsidiaries signed their names on the *Letters of Responsibility for Integrity Management* and the *Commitment to Integrity and Self-discipline*.



Anti-monopoly

ApeloA sets up the Anti-monopoly Compliance and Control Committee with clear member composition and duties, aiming to strengthen the anti-monopoly compliance management and effectively tackle problems in the process of implementation. Meanwhile, we facilitate the establishment of a leading team in preventing monopolistic practices within subsidiaries and urge them to formulate and revise their documents concerning anti-monopoly compliance management. In addition, a range of training activities on anti-monopoly compliance help improve the awareness of our salespersons in this regard. In 2024, three such training sessions were held to review the anti-monopoly investigation case of ofloxacin, thus promoting the operational independence of our subsidiaries. Our goal is to pass the anti-monopoly inspection and acceptance as a leading pharmaceutical manufacturer.

Case ApeloA holds special training on anti-monopoly compliance management to build a new eco-system for compliance-based development

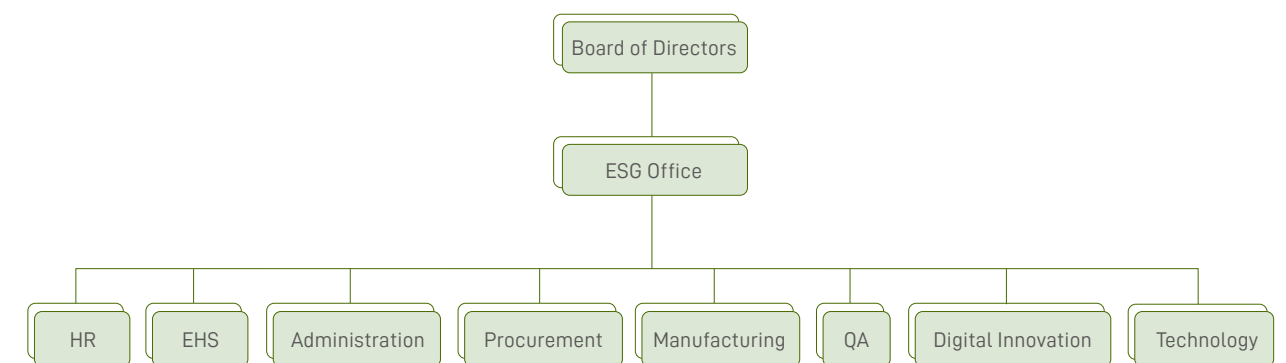
In July 2024, ApeloA launched special training on anti-monopoly compliance management to improve employees' knowledge of relevant laws and regulations, and strengthen compliance management of business operations. It is ensured that we uphold the principles of fairness in the ferociously competitive market, and work with our competitors to create a harmonious and healthy business environment. All members of ApeloA Anti-monopoly Committee, relevant staff of API and FDF departments, heads of subsidiaries, and employees engaging in audit and supervision participated in the training.



Optimizing ESG Management

Governance structure








ApeloA has set up the ESG Office to integrate ESG principles into business operations and management, continuously strengthening our sustainability capability and core competitiveness. Built on this structure, we are striving to realize sustainable business modes and create long-term value.



ESG Governance Structure

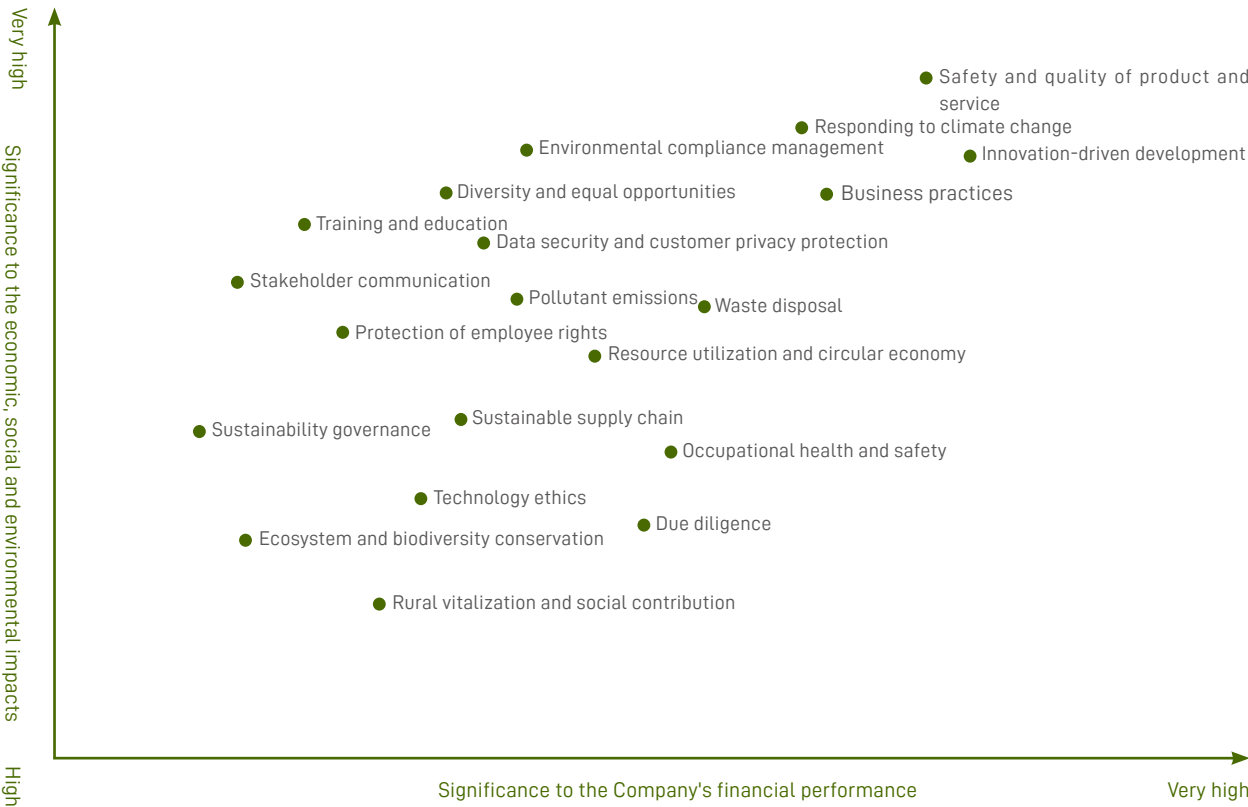
Stakeholder communication

Apeloa values the communication with internal and external stakeholders. Based on new modes of communication through more communication channels, we carefully track the voice of our stakeholders, and take their feedback as reference for our ESG action planning and information disclosure.

Stakeholders	Contents	Main communication methods
 Customers and consumers	Compliant operations Product service quality and safety Product technology innovation	Customer survey Technical cooperation Customer satisfaction
 Shareholders and investors	Company performance and operating conditions Industry, market status and trends Investor Q&A	Performance briefing and investor telephone communication Brokerage strategy meetings, roadshows and reve re roadshows Investor reception day and company tour SZSE "Easy IR" Platform and investor hotline
 Employees	Employee development Protection of rights and interests Health and safety	Employee training Recreational and sports activities Rules release Union building
 Communities	Pollution control Joint community building	Information disclosure Charitable projects
 Suppliers/industry partners	Technical exchange and collaborative innovation Industry development	Industry conferences, seminars, and other exchange activities Collaborative project cooperation
 Government	Corporate governance and compliance operations Regional economic development Environmental protection and job creations	Seminars and symposiums Inspection and self-examination Localized recruitment
 Media	Company operations and development ESG information disclosure	Media communication activities such as interviews and meetings Regular reports and ESG reports

Identifying material topics

Apeloa lays considerable emphasis on the suggestions and concerns of stakeholders so that our sustainability policies and performance can meet their expectations. In 2024, we identified the sustainability topics by reference to the requirements of the *Self-regulatory Guideline No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*, relevant policies in China and other countries, and the practices of our counterparts. On the other hand, we reviewed and prioritized those topics in accordance with the "double materiality" principle and based on their "significance to the Company's financial performance", and their "significance to the economic, social and environmental impacts".



Environmental	Social	Governance
<ul style="list-style-type: none">● Environmental compliance management● Waste disposal● Pollutant emissions● Ecosystem and biodiversity conservation● Responding to climate change● Resource utilization and circular economy	<ul style="list-style-type: none">● Protection of employee rights● Diversity and equal opportunities● Occupational health and safety● Training and education● Safety and quality of product and service● Data security and customer privacy protection● Innovation-driven development● Technology ethics● Sustainable supply chain● Rural vitalization and social contribution	<ul style="list-style-type: none">● Sustainability governance● Stakeholder communication● Due diligence● Business practices

Products

Empowering Industrial Development

Apeloa adheres to the mission of "Technology for Health", aiming to promote high-quality development through technological innovation. The Company has continuously reinforced technological innovation and kept the commercialization of technological achievements. Persistent efforts have been made in improving product quality, sharpening our core competitiveness in pharmaceutical manufacturing and accelerating intelligent manufacturing. All of those initiatives will empower the development of the pharmaceutical industry.



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Driving Development through Innovation

Innovation is the engine driving the development of the pharmaceutical industry. Apeloa works to establish a sound scientific and technological innovation system, and constantly increases investment in R&D and technological innovation. We also push forward the development of high-level technological innovation platforms with focus on intellectual property protection, facilitating high-quality corporate development.

Innovation-driven development

Apeloa has refined the development model of integrating independent research with industry-academia-research collaboration, gradually establishing a three-in-one technological innovation system encompassing internal R&D team building, cooperation with scientific research institutes and universities, and efficient interactions among peer enterprises. Our Apeloa Scientific Advisory Board is designed to optimize the internal talent structure and create a cluster of top-notch scientists. Furthermore, a mechanism of substantially increasing R&D investment is in place to ensure that the growth of R&D investment exceeds the operating income, thereby empowering the R&D of technological innovation achievements. We have also formulated the *Rules of Improving Management through Innovation*, and set up a functional department and a committee of experts to elevate management through innovation, assess the submitted innovation projects and establish specialized technical platforms. We endeavor to strengthen innovation environment and innovation awareness, and gradually improve our innovation mechanism, striving to lead the technological innovation.



In 2024

RMB **641** million

R&D investment

5.33%

Percentage of operating income

1,156

R&D personnel

16.85%

Percentage of total staff



Honors

On the *China Chemical Pharmaceutical R&D Capacity List* for two consecutive years

Kangyu Pharmaceutical, Jiayuan Pharmaceutical, and Tospo Pharmaceutical were selected into the 2024 Zhejiang Top 500 High-tech Enterprises in Innovation Capability

Jiayuan Pharmaceutical won the 2023 Technological Innovation Award by Dongyang Municipal Government

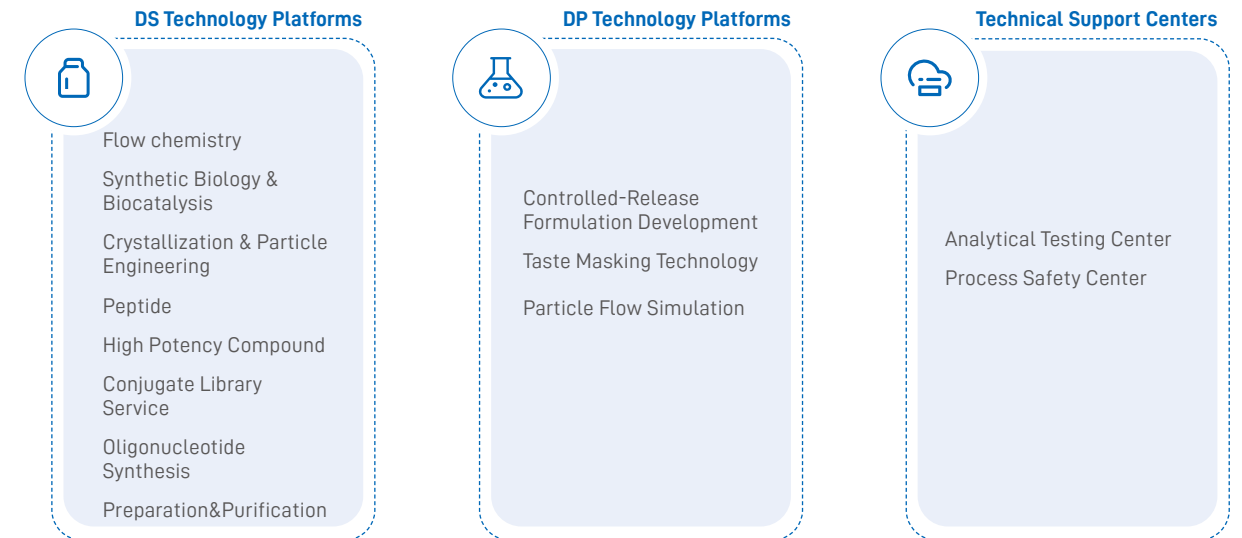
Listed among the Top 100 Zhejiang's Private Enterprises in R&D Investment

Listed among China Top 500 Private Enterprises in R&D Investment

Establishing innovation platforms

Apeloa engages in the industry-academia-research-application cooperation while advancing the establishment of technological innovation platforms. Fully leveraging the internal and external innovation resources, we explore a mechanism of in-depth integration and collaboration between universities and enterprises, and also between enterprises. We have joined hands with Zhejiang University of Technology, Shanghai Institute of Technology, and Shanghai Jiao Tong University to build the R&D Innovation Center, with an aim to create an open and cooperative innovation ecosystem, and boost high-quality development of the Company.

Apeloa's three major technology platforms and centers



We have established a state-level postdoctoral research station, and built a sound and efficient operational system. With closer collaboration among enterprises, research institutes and universities, we aim to consolidate their resources and mutual advantages. By continuously attracting high-level talents, and broadening our R&D vision and innovation capability, we cultivate a team of new-generation scientists with innovative spirit and hands-on expertise, thus empowering long-term development of our company.

Case

Apeloa Analytical Testing Center selected as "Innovation Workshop for Highly Skilled Talents" in Dongyang

The CNAS-certified Apeloa Analytical Testing Center has been committed to empowering the high-quality development of the pharmaceutical and health industry in Dongyang and even the Jinhua region, with our globally advanced testing equipment and instruments, a team of specially-trained professional testing personnel, and a world-level quality management system. To date, it has successfully completed 150 projects involving genotoxic impurity studies, polymorphism studies, elemental impurities, structural characterization, and other drug quality research work, developing nearly 700 methods in total. On August 30, 2024, the center was awarded the title of Innovation Workshop for Highly Skilled Talents (Model Master Artisans) in Dongyang.



Case ApeloA Boston R&D Center put into operation

On September 10, 2024, ApeloA Pharma Solutions (APS), the newly-established CDMO R&D center in Boston, commenced operations. As ApeloA's first overseas R&D center, APS is dedicated to providing our clients with services such as pre-clinical process screening, and kilogram-level scale-up and synthesis of toxicology batch. Built upon its ongoing efforts to expand small molecular business, the R&D Center aims to venture into cutting-edge technologies such as peptide and ADCs. The Boston R&D Center serves as an important platform to showcase the Company's technological innovation capability and service quality to global clients of innovative drug.



Advancing transformation of research achievements

Committed to technology-oriented R&D, ApeloA is dedicated to providing more effective and safer drug products to worldwide patients. The Company pays close attention to development trends in the pharmaceutical industry, and cooperates with scientific research institutes on the development of new drugs and leading-edge technologies, striving to improve medication safety and accessibility for global patients.

In 2024, the Company made the following achievements

- In July and September, Jutai Pharmaceutical's metoprolol succinate Extended-Release tablets and Amantadine hydrochloride tablets respectively received the approval for marketing issued by the U.S. Food and Drug Administration (FDA), marking the qualification of ApeloA to sell these two drugs in the US market. This is an important milestone for the internationalization of the Company's drug preparation.
- In October, Kangyu Pharmaceutical's bupropion HCL XL tablets (II) received the *Approval Notice for Supplementary Drug Application* issued by the National Medical Products Administration (NMPA) upon verification, which approved the addition of a new 150mg dosage for this product. It was deemed to have passed the generic drug consistency evaluation, with a drug approval number issued.
- In November, Kangyu Pharmaceutical's 0.5g ademetonine 1, 4-Butanedisulfonate enteric coated tablets and 0.5g ademetonine 1, 4-Butanedisulfonate for injection received the drug registration certificate issued by the NMPA upon verification.
- In December, Kangyu Pharmaceutical's 75mg oseltamivir phosphate capsules received the drug registration certificate issued by the NMPA upon verification.

Case ApeloA becomes the first company to have a drug for liver diseases approved for marketing



Ademetonine 1, 4-Butanedisulfonate enteric coated tablets

In November 2024, ApeloA made a new breakthrough in the field of drugs curing liver diseases, as our newly-developed ademetonine 1, 4-Butanedisulfonate enteric coated tablets obtained the drug registration certificate from the National Medical Products Administration(NMPA). The Company submitted this product for approval according to the NMPA's new registration category requirements for chemical drugs and became the first drug manufacturer to obtain such approval, which was treated as if the drug has passed the generic consistency evaluation. As the enteric coated tablets have a high technical barriers, receiving the approval marks that ApeloA has made new achievements in the field of FDF technology with high technical barriers and a new milestone for the Company. Meanwhile, the certificate also signifies that the Company is qualified to sell this drug product in the domestic market, which will broaden our production lines in the hepatobiliary field, and bring more affordable and reliable drugs to our patients.

Protecting intellectual property rights

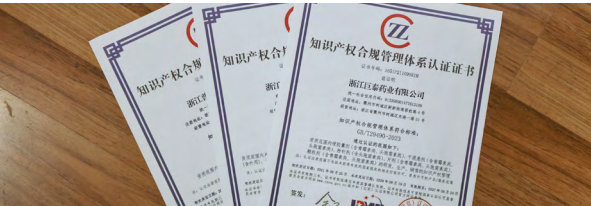
ApeloA has established the Department of Intellectual Property Rights to strengthen the intellectual property rights (IPRs) system in terms of IPR protection, risk management, and compliance management. To improve IPR risk management, the Company has conducted IPR risk assessment during the project proposal period, and used the assessment result as one of the conditions for project initiation. We also have formulated the *Rules for the Management of ApeloA's Trade Secrets*, to intensify the protection of trade secrets, effectively monitor various aspects such as recruitment, employment and resignation of employees, and prevent the Company's trade secrets from being divulged or infringed upon. By the end of 2024, eight subsidiaries of ApeloA have been certified by the GB/T 29490-2013 (2023) *Standard for the Management of Enterprise's Intellectual Property Rights* or the *Enterprise Intellectual Property Compliance Management System Requirements*.

As of the end of 2024

337	72	171
Invention patents submitted	Utility model patents submitted	Invention patents granted
70	134	11
Utility model patents granted	Valid invention patents (including 2 foreign patents)	Valid utility model patents

In 2024

46	7
Invention patents submitted	Invention patents granted



Certificates for Standards Implementation of the Intellectual Property Compliance Management System (Partial)



Jiayuan Pharmaceutical is awarded the honor of "National Intellectual Property Demonstration Enterprise"

Enhancing Quality Management

Following the guidelines of "quality foremost, customers first, innovative reform, and compliant efficiency", ApeloA has strengthened quality management throughout the entire life-cycle, and improved the pharmacovigilance management system to prevent quality and safety risks on all fronts, thus safeguarding the rights and interests of our consumers.

Reinforcing quality management

In strict accordance with the requirements as provided in the *Drug Administration Law*, and the *Standards for Quality Control of Pharmaceutical Trading*, ApeloA has developed management rules, such as the *Quality Manual*, the *Annual Quality Review and Management Procedures*, the *Risk Management Procedures*, the *Quality Standards and Testing Standards Management Procedures*. While improving our quality management system, we combine self-inspection with audits by the Quality Supervision Department, and continuously promote the third-party quality management system certification. Through internal and external audits, we aim to increase the effectiveness of our management system and underpin the quality of products.

To improve the quality objective management, we have formulated two annual quality management objectives: "passing all authoritative and customer audits from home and abroad" and "ensuring 100% product quality ex-factory pass rate". To this end, we are constantly reforming the quality management system, increasing investment in technologies and facilities, and optimizing our systems.

In 2024

0

Penalty on product quality issues

7

Sites passing the certification of GMP
quality management system

3

Sites passing the certification of ISO 9001
quality management system

35

Audits on the quality management system

265

Authoritative and customer audits passed



Honors

Won the Quality Award of Jinhua Municipal Government

Jiayuan Pharmaceutical's "Method of Improving QC Efficiency" received the Award of "2024 Jinhua Advanced Occupational Operation Method"

Developing high-quality products

Apeloa always pursues the development strategy of "high-quality & affordable medicine". Under the guidance of clinical value and market demands, the Company has provided more drug products with better efficacy through non-stop product innovation and optimization. We have also built a quality control (QC) team to effectively control and manage quality risks, raise the level of product quality, and contribute to improving our quality management system.

In 2024

100%

Product testing coverage

100%

Qualified rate of drug sampling

7

Products listed as "Excellent Made-in-Zhejiang Products"



In May 2024, cefixime tablets and levetiracetam tablets produced by Apeloa's subsidiaries were selected as "2023 Excellent Made-in-Zhejiang Products".

Case

Tospo Pharmaceutical launches the API Quality Management Action on AP107 products

AP107 product is a key product of Tospo Pharmaceutical. With premium quality, this product has been highly recognized by our clients. Nowadays, clients have raised their requirements for the quality standards of this product. To meet their requirements, Tospo Pharmaceutical has built an API quality management action team to carry out a series of activities, aiming to reduce the polymer impurities of AP107 to below 4.00%, and $\delta 2$ impurities to below 1.50%. Through these activities, the team members have effectively reduced product impurities and enhanced product quality and competitiveness by using scientific methods and management tools. As a result, it received positive responses from our clients. The API quality management action team was awarded the third prize as the 2024 Jinhua's Outstanding Quality Management Team selected by Jinhua Administration for Market Regulation.



Pharmacovigilance and recall

In accordance with the requirements as provided in the *Drug Administration Law of the People's Republic of China*, the *Guidelines for Good Clinical Practice (GCP) for Trials on Pharmaceutical Products*, *Guidelines on Good Pharmacovigilance Practices (GVP)*, the *Key Points for Pharmacovigilance Inspections in Zhejiang Province(For Trial Implementation)*, and other laws and regulations, Apeloa has improved its pharmacovigilance system, and formulated various management documents including the *Rules for Pharmacovigilance Management*, the *Risk Management Procedures for Pharmacovigilance*, the *Signal Detection Management Procedures for Drug Safety*, the *Operating Rules for Handling Individual Adverse Drug Reactions*, and the *Emergency Response Plan for Drug Safety Problems*. Therefore, the entire pharmacovigilance process from information collection, risk analysis, signal detection, reporting of adverse reactions, to pharmacovigilance plan has been established and could be properly managed. We also implement life-cycle management to ensure that legal requirements are fulfilled throughout drug R&D, production and distribution.

Our *Product Recall Management System* clearly outlines the responsibilities of different departments, recall classification, recall process, report process to drug regulatory bodies, and periodicity of recall system validity assessment. This specification ensures the timely and effective recall of marketed products that have been found to have or may have quality problems or other potential hazards, and thus protects the interests of patients and public medication safety. In 2024, the Company did not experience any product recall incident.



Honors

Kangyu Pharmaceutical was awarded the title of 2023 Outstanding Entity in Adverse Drug Reaction Testing in Jinhua
Yuelang Tan, an Apeloa employee, is recruited by the Jinhua Administration for Market Regulation as the drug safety ambassador in Jinhua.

Raising quality awareness

Our training on product quality and continuous campaigns for the Quality Management Month enable all staff to thoroughly study the quality-related laws and regulations, increase their awareness of potential risks, and foster a positive quality culture atmosphere. In 2024, 9,333 quality-related training sessions were launched, with a total of 193,544 participants.



Onsite training on special drugs for drug inspectors



Anhui Biotechnology conducts Quality Management Month activities themed on "standardized records and efficient communication"



Zhejiang Biotechnology holds Tug-of-war GMP Knowledge Competition.



GMP Knowledge Contest

Empowering Future with Digital and Intelligent Technologies

Apeloa persistently advances the development of continuous, automatic, digital and intelligent technologies. The Company has put into operation the Enterprise Digital Technology Application Center; the R&D laboratory management information system has been fully operating in technical centers of all business divisions and technical departments of our subsidiaries; and the workshop manufacturing & execution information system and the testing laboratory management information system have also been established in our subsidiaries. In addition, the industrial Internet platform has covered a number of our sites, and intelligent energy system and intelligent safety information system have been developed to support the platform. The application of industrial big data analysis technologies, represented by the "1% Engineering" project, has significantly improved the manufacturing process and management efficiency of the Company.

Intelligent industry's platform-based supOS system

The supOS industry operating system software is Apeloa's industrial Internet platform, industrial big data platform and industrial AI platform that connect comprehensive information and data of manufacturing sites, equipment, personnel, products, etc. The system mainly comprises functions such as edge-side data integration, platform-side multi-domain data management, and application-side industrial APPs. It achieves the construction of a comprehensive information model for manufacturing sites through digital plant modelling, utilizes the platform's data governance and comprehensive utilization capabilities to objectified organization of plant metadata, DIY analysis of industrial big data, and configuration development of industrial APPs.

Process scale-up platform DCS system

The process scale-up platform establishes two sets of Supcon Webfield ECS 700 distributed control system (DCS), which are used for automated detection and control of microbial fermentation and extraction. With the industrial control system DCS as the core, various sensors, actuators, distributors, digital displays, along with software modules, are employed to precisely control process parameters such as temperature, pressure, air flow, liquid level, dissolved oxygen and pH during the production process, ensuring stable product quality.

Safety management based on information technologies

Apeloa headquarters has completed the bidding process and contract signing for 3D modelling of the personnel positioning information system, and Anhui Biotechnology has completed 3D modelling, equipment installation and commissioning of the personnel positioning information system.

HR Management System based on information technologies

Our independently developed recruitment system "APELOAHRM" assists the Company in attracting and selecting outstanding talents. The system can also support job seekers in entering personal information, provide login and registration functions, and even include recruitment process management functions such as job browsing, CV submission, and interview arrangement.



Case

Apeloa's high-end API production capacity projects - 303 and 304 workshops put into production

On March 8, 2024, Apeloa held a launch ceremony for the 303 and 304 API workshops with high-end capacity at the phase-III site of Jiayuan Pharmaceutical, marking a new milestone in the Company's high-end manufacturing capabilities. The 303 and 304 workshops are newly-built high-end API manufacturing facilities for the Company. These workshops adopt advanced design concepts such as modularization, skid-mounting, generalization, and flexibility. They utilize a DCS control system to achieve automated control of most process operations, ultimately meeting the requirements of pipeline production, enclosed production and automated control. In term of the process, the workshops adopt the method of chemical synthesis + synthetic biology, which far outperforms the traditional chemical synthesis. These advanced design concepts enable the workshops to meet the production process needs of different projects.



Case

Apeloa advances the application of AI vision technology

Apeloa has established a specialized AI vision development team to develop and promote the application of AI vision technology. This technology features unmanned and paperless operation, safety and standardization. We have used the AI vision technology in various fields such as defoaming in fermentation tanks, reaction kettle separation, centrifuge loading detection, and product defect detection.

Customers

Providing High-quality Services

Upholding the philosophy of "customer-centric services", Apeloa extensively explores customer needs, continues providing high-quality services to customers, and improves the management of customer relationship. The Company remains committed to responsible marketing in which customer information security and privacy are properly protected, thus creating more value for our customers.



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Customer Relationship Management

With customer needs at the core, ApeloA is building a 6C customer service system focusing on capability, communication, compliance, cost, and capacity, dedicated to providing customers with uncompromising services and unparalleled experience. This has made the Company a trustworthy and preferred value-creating partner for numerous customers worldwide. Meanwhile, a set of rules and documents, such as the *Complaint Management Procedures*, the *Return Material Authorization Procedures*, and the *Recall Management Procedures*, are issued to standardize after-sales services, complaint handling processes and procedures, better safeguarding the rights of customers.

The Company has established the pharmaceutical CRM system, which stores 2,441,533 pieces of industry customer data and 3,981 pieces of expert data. This system encompasses internal master data of nearly 4,000 traders, over 30,000 clinics, over 33,000 pharmacies, and over 1,000 chain store headquarters, as well as more than 13,000 customer visit records. Meanwhile, the CRM system for API sales has been launched to provide functions such as sales lead management, business travel and visit record management, customer information management, quotation management, and sales order management, for API business. It also realizes some functions for CDMO business, such as, customer information management, agreement management, inquiry management, order management, and sales order management.

In addition, the Company has launched the ApeloA Flagship Pharmacy on JD.com, where the best-selling Perfect Potion Wound Ointment is now available online, providing a new purchase access for customers.

Case ApeloA assists our partner to obtain the world's first approval for market launch of a class-1 targeted therapy drug for hepatitis B

In November 2024, the new class-1 targeted therapy drug - prafefovir mesylate tablets (brand name: Xinshumu) independently developed by one of ApeloA's partners was approved for marketing. The associated API of this innovative drug is produced and registered by ApeloA. This drug is the world's first approved targeted therapy drug for hepatitis B. As a partner, ApeloA provides one-stop services for R&D and production of APIs.

During the cooperation, our partner highly recognized the high-quality and efficient services provided by ApeloA's teams. Particularly during the phase of providing additional materials for new drug registration at the Center for Drug Evaluation (CDE), ApeloA's R&D team made endeavors to generate excellent products and new breakthroughs; the registration team worked tirelessly and coordinated comprehensively; and the quality control team were rigorous and conscientious in checking every detail. With their constant efforts, the task of providing additional materials was completed two months ahead of schedule, helping our partner win valuable time for market launch. Through practical actions, we testified the Company's consistent strategic pursuit of "CDMO Excellence" - to assist our global partners in delivering affordable drugs to patients at the fastest speed.



Responsible Marketing

Following the concept of responsible marketing, ApeloA strictly complies with the requirements of various laws and regulations, including the *Criminal Law*, the *Anti-unfair Competition Law*, the *Advertising Law*, the *Interim Measures for the Administration of Advertising Review of Drugs, Medical Devices, Health Food, and Formula Food for Special Medical Purpose*, the *Measures for the Administration of Medical Advertisements*, the *Measures for the Examination of Drug Advertisements*, and the *Notice on Regulating the Use of Drug Names in Drug Advertisements*. The Company continuously improves the management system for responsible marketing, and explicitly prohibits exaggeration, deception, and false content in marketing, advertising, and sales activities to safeguard the rights of consumers. Meanwhile, the Company provides marketing compliance guidance for marketing-related personnel, ensuring that they convey accurate and responsible information in their communication with stakeholders such as customers and medical professionals.



Information Security and Privacy Protection

ApeloA strictly adheres to the requirements as provided in Chinese laws and regulations, such as the *Cybersecurity Law*, and the *Personal Information Protection Law*. In accordance with relevant regulations, we have formulated the *ApeloA Cybersecurity Management Rules*, established the organizational structure for cybersecurity management, and clearly outlined the requirements for cybersecurity and personal information security management. We have also made efforts to ensure the proper protection and storage of customers' information, and mitigate the risks of privacy disclosure and regulatory violations. In addition, the Company utilizes the Green Shield for Desktop Management 6.0 to safeguard cybersecurity in areas such as terminal security management, IP address management, mobile storage device management, audit security management, anti-illegal outreach, assets management, etc. In 2024, the Company did not occur any leakage of customer information or privacy.

Partnership

Securing a Win-win Future

Apeloa actively engages with suppliers, industry enterprises, universities, associations and other partners to collaborate, share resources, and build an efficient and resilient industrial chain ecosystem. Through win-win cooperation, we activate development momentum, foster sustainable growth with a pioneering attitude, and contribute to the high-quality development of the industry.



Building a Responsible Supply Chain

Apeloa values communication with industry chain partners, and commits to transparent procurement. The Company strengthens supplier management, treats small and medium-sized companies equally as large ones, and empowers their growth. Together, we strive for a sustainable value chain.

Responsible procurement

Apeloa has developed a range of rules for procurement, including the *Implementation Rules for Internal Control of Procurement Business*, and the *Regulations on Strategic Procurement Management*, to continuously promote responsible procurement, deepen collaboration on the supply chain, and promote eco-friendly procurement. Our purpose is to assist suppliers in sharpening their core competitiveness in the market, and facilitate a sustainable supply chain.

Case

Apeloa teams with partners to create a procurement chain of recycling resources

Under the backdrop of green development in the industry, Jiayuan Pharmaceutical has collaborated with two partners to establish an efficient procurement chain of recycling resources. One of the partners (partner 1) is responsible for converting the organic wastes generated during Jiayuan's production process into hydrogen and carbon dioxide, which, after effective harmless treatment, react to produce ammonium bicarbonate. The other partner (partner 2) purchases the generated ammonium bicarbonate, which, after chemical treatment, reacts to produce potassium carbonate. This procurement chain not only ensures a stable supply of raw materials, but effectively reduce waste discharge and carbon emissions during transportation. While increasing economic benefits, it significantly minimizes environmental impact and provides practical experience for eco-friendly procurement in the industry.

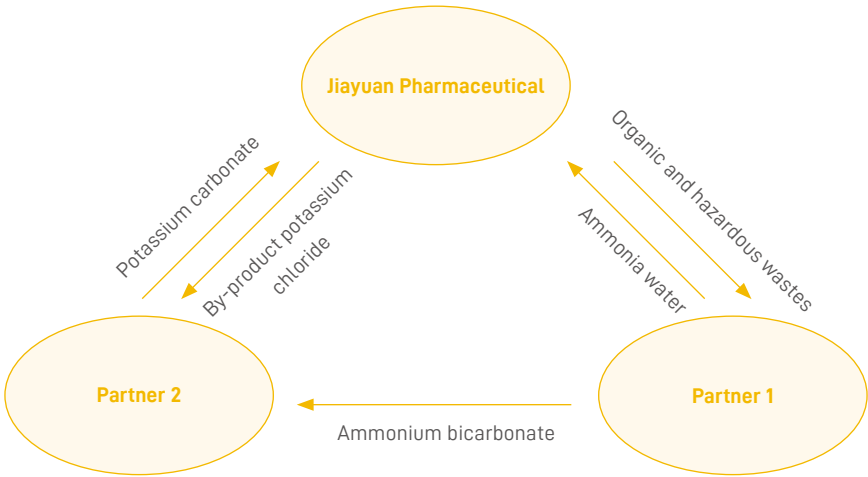


Illustration for the procurement chain of recycling resources

Supply chain management

Apeloa integrates ESG concept into the supply chain management system, and collaborates with suppliers to address ESG risks in the supply chain and jointly embark on the path of sustainable development.

In 2024

In the list of qualified suppliers

Domestic suppliers

Overseas suppliers

93.33%

6.67%

Supplier access and management

Apeloa has formulated various relevant rules, including the *Regulations on the Classification and Management of Raw Materials and Suppliers*, and the *Rules for the Management of Materials Suppliers*. In the supplier access process, ESG-related clauses are incorporated into the contract template, setting specific requirements for issues such as human rights, environmental management, and code of business conduct. Meanwhile, all suppliers are required to sign the *Agreement on Integrity Cooperation*, ensuring that suppliers strictly comply with the principle of integrity and self-discipline during the cooperation, and jointly create an honest, transparent and sustainable cooperation environment. Jiayuan Pharmaceutical has developed the *Code of Supplier Conduct*, which includes requirements for suppliers in terms of social responsibility, labor and human rights, environment, business ethics, sustainable procurement, etc. It has also developed the *Self-evaluation Form for Supplier Social Responsibility* and the *Management Procedures for Supplier Social Responsibility*, aiming to promote suppliers to practice sustainable daily operations.

In 2024

Key suppliers signing the *Agreement on Integrity Cooperation* 100%

Assessment and audits on suppliers

When assessing the performance of suppliers, we will take into consideration such factors as costs, timely supply, quality management, technology and innovation, service capabilities, and ESG performance. We conduct annual audits on suppliers from various dimensions including qualification reviews, document reviews, and on-site audits. For critical raw materials suppliers, on-site audits are conducted once every two years or as needed. It is required that suppliers provide services and products in accordance with relevant laws and regulations, domestic and international industry standards, as well as Apeloa's specific requirements. For any deficiencies identified during the audit, a written audit rectification notice shall be issued, requiring suppliers to respond in writing within 30 days.

In 2024

Suppliers audited 260

Contributing to Industrial Development

Apeloa actively attends industry exchanges and industry exhibitions, contributes to the formulation of industry standards and engages in multi-party strategic cooperation. In collaboration with partners, we work to build a sound industrial ecosystem.

In 2024, Apeloa made the following progress in boosting the industry development (partial)



Apeloa signed a strategic cooperation agreement with Zhejiang Fengdeng Green Energy & Environmental Protection Co., Ltd. to jointly promote the recycling of resources and the development of low-carbon products.

February

March

April

May



Apeloa participated in the annual meeting of the Drug, Chemical & Allied Trades Association, Inc. (DCAT) and the 51st International OPRD Conference, introducing the Company's achievements in upgrading of advanced manufacturing technologies and R&D capacity building to representatives of global pharmaceutical companies and new drug R&D institutions.



The Company signed a strategic cooperation agreement with Zencore Biologics to collaborate on R&D and production in the field of antibody-drug conjugates (ADC), and jointly build a technology and service platform.



The Company signed a strategic cooperation agreement with Heze Pharmaceutical to expand cooperation in the field of FDF, and promote the pharmaceutical R&D of semaglutide injection as well as its potential clinical efficacy and safety studies for the treatment of type 2 diabetes and weight loss.



The group standard titled *General Technical Requirements for Digital Workshops of Chemical Drug API Manufacturing Enterprises*, which Apeloa participated in drafting, has been officially implemented, filling the gap in relevant standards for the construction and operational management of digital workshops of chemical drug API manufacturing enterprises.



A signing and awarding ceremony is held with Wenzhou University to establish an internship and employment base, aiming to deepen cooperation in academic research, talent training, and teaching practices, and provide more hands-on learning opportunities for college students.



The Company participates in the CPHI North America to engage in extensive discussions with pharmaceutical companies and customer representatives worldwide.

May

June



Apeloa co-established a training base with Zhejiang Pharmaceutical University to deepen the integration of industry and education, and actively explore new models of cooperation between enterprises and universities.

September

October

December



The Company, in partnership with the Dongyang Pharmaceutical Society, organized mutual learning and exchange activities to share practical experiences on drug R&D technologies and research on quality, thereby promoting the high-quality development of the pharmaceutical industry in Dongyang.



Apeloa entered into a strategic cooperation agreement with Biocreatech to enhance collaboration in the field of synthetic biology, complement each other's advantages in products, production capacity and technology, and jointly develop new products of strategic significance.



Apeloa participated in the 91st China International Pharmaceutical API/Intermediates/Packaging/Equipment Fair (API China) to showcase our high-quality development achievements, and introduce our core products and latest project progress to customers.

Case

Apeloa establishes a community of enterprises in the industrial chain to build a new industrial ecosystem

In 2024, the Community of Enterprises of Non-natural Amino Acids and Derivatives, led by Jiayuan Pharmaceutical, was selected into the list of communities of upstream and downstream enterprises in the biopharmaceutical industrial chain of Zhejiang Province. Under the leadership of Jiayuan Pharmaceutical, this community is co-established by relevant upstream and downstream enterprises both inside and outside Zhejiang, as well as universities and institutions in the province. By pooling the technological advantages of various member entities, the community is committed to the development and application of advanced key general-purpose technologies in manufacturing large varieties of non-natural amino acids and derivatives. Through joint research, the community has made breakthroughs in key general-purpose technologies for green chemical synthesis and biological manufacturing of non-natural amino acids. The enzymatic synthesis of chiral centers and ineffective enantiomer transformation technologies developed by the community are world-leading. Relevant technologies have been granted 25 invention patents and received the first prize of Zhejiang Provincial Science and Technology Progress Award.

Environment

Safeguarding a Green Home

Apeloa remains committed to the principles of green, low-carbon, energy-efficient, and sustainable development. We keep improving our environmental management system, increase investment in environmental protection, and intensify our efforts for a green manufacturing framework as well as a regular energy conservation and carbon reduction mechanism. Those initiatives contribute to China's national strategy of carbon peaking and carbon neutrality.

6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 	15 LIFE ON LAND 

APELOA

Enhancing Environmental Management

Pursuing green development, Apeloa works to establish a sound environmental management system. We have established an Environment, Health, and Safety (EHS) department, responsible for overseeing and implementing environmental and safety matters. The department also streamlines environmental management structures across levels by clarifying responsibilities, enforcing a goal-oriented accountability system, and strengthening oversight and risk control—all to elevate our environmental governance. Meanwhile, we have introduced the *Environmental Protection Management Policy* to standardize our management practices and procedures.

Environmental risk identification

The *Guidelines for Environmental Risk Classification and Hazard Investigation* has been developed to guide all subsidiaries on regular risk classification and hazard inspections. Departments and workshops are required to thoroughly identify potential environmental risks, and implement classified control with corrective actions. Reviews and evaluations of rectification are carried out in a timely manner. Such a closed-loop management approach enables our effective control of environmental risks.

Strengthening environmental monitoring

We have established a standardized self-monitoring environmental plan that leverages both in-house monitoring capabilities and independent third-party assessments. Our periodic external environmental audits cover a wide range of areas, including online emissions data monitoring, routine operational maintenance, third-party assessment results, and emergency response preparedness. Any issues or deficiencies uncovered during these reviews will be promptly addressed, ensuring that overall environmental risks remain under control.

Reinforcing emergency management

To safeguard the stable operation of our environmental facilities, we hold regular emergency response drills for production/transport scenarios, preventing leaks, spills, or unplanned discharge. In addition, each subsidiary has formulated the *Contingency Plan for Environmental Emergencies* in accordance with environment management requirements, which outlines clear procedures for risk identification, organizational capacity building, early warning and prevention, and emergency response.

Environmental philosophy	Green	Low-carbon	Energy-efficient	Sustainable
Environmental goals	Zero environmental accidents	Zero environmental complaints	Zero exceedance in industrial "Three Wastes" emissions	

In 2024	As of the end of 2024
Key environmental projects implemented	8 subsidiaries were certified under ISO 14001:2015 Environmental Management Systems
15	Apeloa Jiayuan Pharmaceutical was awarded the title of "National-level Green Plant"
	Zhejiang Apeloa Biotechnology was recognized as a municipal-level green plant in Jinhua

Practicing Green Operations

In strict compliance with environmental laws and regulations, Apeloa constantly upgrades production facilities, increases investments in eco-friendly technology R&D, and explores new pathways for green development. We endeavor to contribute to a clean and beautiful ecological environment.

Addressing climate change

Confronted with the global challenge of climate change, we actively respond to the *Paris Agreement* and align closely with the United Nations Sustainable Development Goals (SDGs). Guided by China's 30-60 Decarbonization Goal, we embrace a low-carbon economy and drive green transformation across the value chain, contributing our share to both climate actions and global sustainable development. In manufacturing, we advance greener processes by multiple measures, including data-driven precise material charging, continuous flow technology, and biocatalytic synthesis to enhance efficiency and reduce environmental impact. These initiatives help reduce the use of toxic and hazardous raw materials at the source, and minimize resource and energy consumption per unit of output, end-of-pipe treatment costs, and environmental impact. In our site operations, we promote rooftop solar power projects with a total installed capacity of 3.77 MWp. The 932 MWp rooftop solar station at Jutai Pharmaceutical Phase I project is now operational, generating 1,042,595 kWh of electricity. We are also expanding green power trade. In 2024, we purchased 20 GWh of green electricity, further reducing our reliance on fossil fuels and lowering carbon emissions.



Greenhouse gas emission reduction target

Apeloa aims to reduce its carbon emissions intensity by 15% by 2030 compared to a 2024 baseline.

Case

Driving process upgrades for efficient and clean production

Apeloa has upgraded its production processes to develop the 13104 product series. Key innovations include the use of chiral resolving agents to improve separation efficiency, the development of a continuous esterification process to reduce wastewater and exhaust gas emissions, and the implementation of mother liquor degradation pre-treatment technology to address "bottleneck" challenges in wastewater treatment. These advancements have significantly improved production efficiency, leading to a 25% reduction in solid waste per unit of product and a 42% reduction in wastewater discharge. In parallel, we emphasize scaling, serialization, and integration of product development, with a focus on hydroxy acids, cephalosporins, amino acids, and veterinary drugs. We have adopted a synergistic model centered on shared intermediates across product lines. This approach not only significantly reduces production costs but also ensures stable and efficient treatment of "three wastes", fostering high-efficient, clean production.

In 2024

Scope 1 GHG emissions

10.4 ktCO₂e

Total GHG emissions (Scope 1 & 2)

615.6 ktCO₂e

Scope 2 GHG emissions

605.2 ktCO₂e

Scope 1 and 2 GHG emissions

0.5 tCO₂e/RMB 10,000 revenue




Scope 1 and Scope 2 data are preliminary estimates by the Company and have not yet been verified by a third party.

Strengthening pollution and emission reduction

Apeloa maintains strict control over wastewater, exhaust gas, and solid waste generated during production and operations to minimize pollutant discharge. In 2024, our compliance rate for the discharge of all three wastes reached 100%.

Wastewater management

In accordance with the *Integrated Wastewater Discharge Standard* (GB 8978-1996), we have established the comprehensive wastewater management procedure. Each production subsidiary has developed an emergency response plan to manage wastewater discharge risks. To mitigate unexpected water-related environmental risks, we have built a multi-level prevention and control system—this includes standardizing the construction of stormwater outlets, optimizing emergency pool systems, and enhancing interconnectivity among emergency pool pipelines across facilities, to strengthen our response to potential water pollution incidents.

- **Source control** We implement differentiated wastewater management by categorizing effluents from workshops and enhancing pretreatment of high-concentration, high-salinity, and toxic wastewater, realizing the discharge control at their source.
- **Wastewater treatment** At the end of the treatment chain, we have installed advanced wastewater treatment facilities to ensure that all effluents meet the required discharge standards before entering sewage disposal plants.
- **Water monitoring** We have established an online monitoring system to enable real-time tracking of wastewater discharge. Certified third-party organizations are also engaged to conduct regular wastewater testing.

In 2024

Total wastewater discharged		Chemical oxygen demand (COD) emissions	
3.077 million tons		830.46 tons	
Ammonia Nitrogen	COD removal	Ammonia removal	
24.82 tons	17,200 tons	427.60 tons	

Case Enhancing the management of biotoxicity emission limits for wastewater

To address knowledge gaps related to the potential COD and nitrification toxicity of new materials, products, and by-products, Tospo Pharmaceutical implemented a series of targeted measures to improve the management of biotoxicity emission limits for wastewater. To ensure the healthy reproduction of microbial communities in its wastewater treatment system and higher overall treatment capacity, the company conducted detailed biotoxicity assessments of existing materials and products, and performed COD and nitrification toxicity tests following mother liquor pretreatment. To further strengthen testing capabilities, it established a new biochemical toxicity testing laboratory, added biochemical aeration equipment, and expanded its sample testing capacity. These efforts enhanced the company's ability to monitor and manage biotoxicity discharge indicators and deepened its understanding of potential toxic risks. During the reporting period, Tospo Pharmaceutical achieved a 100% compliance rate in wastewater discharge.



The organic matter removal rate at the wastewater treatment station exceeds 95%.

Waste gas management

In accordance with the *Emission Standard of Air Pollutants for Pharmaceutical Industry* (GB 37823-2019), *Emission Standards for Odor Pollutants* (GB 14554-93), and *Standard for Fugitive Emission of Volatile Organic Compounds* (GB 37822—2019), we have established the waste gas management procedure. We strengthen the classification and pretreatment of organized emissions throughout the production and operation—including material storage, transfer and delivery, process reactions, and wastewater collection and treatment. End-of-pipe treatment systems have been established such as regenerative thermal oxidizers (RTO), activated carbon adsorption units, and spray towers. In addition, we have launched innovative waste gas treatment projects and built biochemical treatment systems for fermentation and low-concentration gas streams, achieving approximately 85% removal efficiency for odor and volatile organic compounds (VOCs).

We engage certified third-party agencies to regularly test waste gas we generated and have installed online monitoring systems for organized emissions in compliance with the requirements of local government and regulators. Since 2020, Apeloa has implemented a three-year initiative on advanced waste gas control. By adopting new equipment and closed-system production processes, we have significantly enhanced our emission control capabilities of VOCs, resulting in annual reductions of over 100 tons of VOCs. In 2024, the *New Three-Year Plan for Advanced Waste Gas Control (2024–2027)* was launched. With 2024 as the baseline year, we aim to reduce total waste gas generated by 15% by 2027.

In 2024

Total waste gas emissions		Nitrogen oxide (NOx) emissions	
1.5896 billion m³		66.97 tons	
SO ₂ emissions	Particulate matter emissions	VOC emissions	
12.96 tons	3.17 tons	75.74 tons	

Case Case Upgrading fermentation emissions treatment facility to improve air quality

To reduce the concentration of fermentation emissions and improve air quality, Zhejiang Apeloa Biotechnology planned to build a centralized treatment facility at its environmental protection station, designed to process 110,000 cubic meters of fermentation emissions per hour. The system will serve both existing fermentation workshops and those planned for future production. This project integrates odor treatment with biochemical wastewater treatment and adopts an enhanced biotrickling filtration process. Upon completion, the treated fermentation emissions are expected to achieve an odor concentration of 200 and a non-methane total hydrocarbon (NMTHC) concentration of 0.65 mg/m³.



The exhaust gas treatment system enables waste heat recovery and low-emission desulfurization and denitrification of incinerated gases.



Regenerative Thermal Oxidizer (RTO) with a treatment efficiency of up to 99%.



Tail gas absorption tower with multi-stage spray absorption, ensures a removal efficiency of over 95%.

Solid waste management

In accordance with the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2023), *Standard for Pollution Control on Hazardous Waste Incineration* (GB 18484-2020), and *Identification Rule for Hazardous Waste General Rules* (GB 5085.7-2019), Apeloa has established a solid waste management procedure. It helps strengthen risk identification of hazardous waste and promotes waste minimization, resource utilization, and harmless treatment through engineering and technological upgrades. Throughout the entire process—from production and storage to transportation and disposal—we maintain strict control over hazardous waste. All hazardous waste is handled by qualified third parties. Meanwhile, high-standard incineration facilities have been built to ensure compliance with local discharge regulations. In 2024, our newly launched sludge minimization initiative reduced the moisture content of high-pressure filter cakes from 90% to 60%. This initiative significantly decreased the volume and weight of sludge, improved treatment efficiency, and reduced pollutant emissions.



Waste management goal

We aim to achieve **near-zero** landfill of production-related hazardous waste by 2030.

In 2024

General industrial solid waste generated	Hazardous waste generated	Hazardous waste generated per RMB 10,000 revenue	Hazardous waste compliant disposal rate
20,700 tons	64,900 tons	0.054 tons	100 %

Efficient resource utilization

By adopting the "3R" principle (i.e., Reduce, Reuse, and Recycle) as the environmental standard in our economic activities, we enhance the management of energy, water, solvents, and other materials, to reduce resource consumption and actively promote a circular economy.



Energy and resource consumption reduction goals

Energy intensity: we aim to reduce energy consumption intensity by **15%** by 2030, compared to a 2024 baseline.

Water intensity: we aim to reduce water consumption intensity by **15%** by 2030, compared to a 2024 baseline.



Water conservation

We have upgraded enclosed, water-efficient environmental vacuum systems, reducing water discharge by over **90%**.

We have improved water reuse by redirecting VOC-free steam condensate to the RTO spray tower system and installing cooling devices for condensate recycling. Our RTO wastewater reduction project enables the reuse of 15,000 tons of treated wastewater annually.



Solvent conservation

We have significantly enhanced solvent reuse and reduced overall solvent consumption through multiple process improvements, including solvent distillation and recovery from wastewater, solvent capture from high-concentration exhaust, and distillation recovery from vacuum dryer condensates.



Energy conservation

To improve energy efficiency, we have established an energy management system, which has led to a **3%** annual reduction in energy consumption per unit of output. By recovering residual heat from high-temperature flue gas in our solid-liquid incinerators, we reduce external steam purchases by **150,000** tons annually.

In 2024

Total comprehensive energy consumption	Comprehensive energy consumption per RMB 10,000 revenue	Total water consumption	Water consumption per RMB 10,000 revenue
144,500 tons of standard coal	0.12 tons of standard coal	4.4 million tons	3.65 tons



Honors

Kangyu Pharmaceutical was recognized as a Water-Saving Enterprise of Zhejiang Province in 2024.

Anhui Biotechnology was recognized as a Water-Saving Enterprise of Anhui Province.

Raising Environmental Awareness

Apeloa places strong emphasis on fostering environmental awareness among employees. Through on-site campaigns, bulletin board messaging, and tiered training programs, we continuously strengthen environmental consciousness and encourage staff to integrate green development principles into their daily work. In 2024, an Apeloa team representing Jinhua City participated in Zhejiang Province's inaugural Corporate Environmental Legal Knowledge Competition and won third prize.

In 2024

Environmental training sessions	Total participants in environmental training programs
154	6,109



Apeloa team participates in Zhejiang Province's inaugural Corporate Environmental Legal Knowledge Competition.



Environmental awareness posters displayed on company bulletin boards.

Protecting Biodiversity

We strictly comply with relevant policies and regulations to minimize the ecological impact of our operations and protect biodiversity. None of our offices, business sites, or industrial facilities are located within nature reserves or areas with high biodiversity outside protected zones. We maintain strict control over newly identified pollutants in our production processes and regularly carry out groundwater and soil remediation efforts to prevent any adverse impact on local vegetation and ecosystems.

Communities

Sharing a Better Life

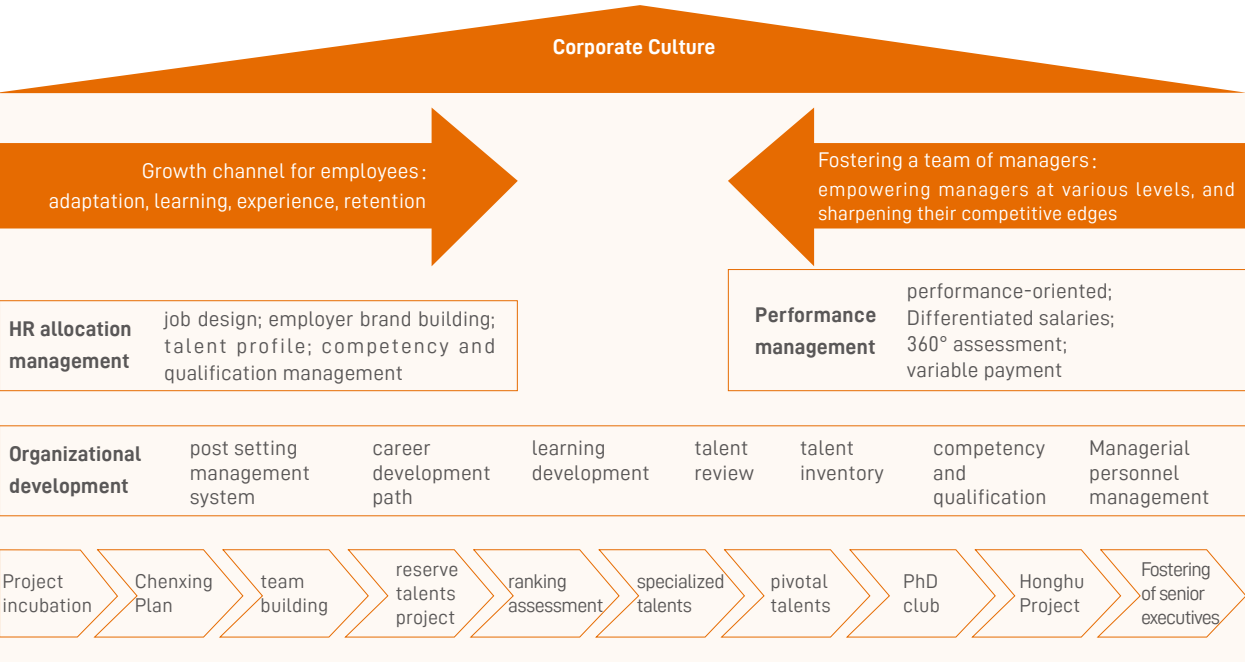
Based on the people-oriented principle, Apeloa has built a stage for employees to realize their career dreams. The Company cares about employees' life, and arranges various cultural and sports activities for them, enhancing their sense of happiness. We share our achievements with the neighboring communities, and play an active role in social welfare, striving to create a better and more harmonious society.



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Enabling Employees to Fulfill Their Dreams

Under the fundamental philosophy of "serving the organization, talents, and employees", ApeloA is committed to building a comprehensive and efficient workforce organization and management system. At ApeloA, a positive corporate culture is fundamental to our development. We actively promote interactions among different departments and subsidiaries, and encourage them to influence and support one another. We uphold equal employment, care about our employees, and provide various training opportunities to help their career development, as part of our efforts to achieve a win-win outcome for both individual employees and the Company.



ApeloA human resources construction panorama

Safeguarding employees' rights

ApeloA strictly adheres to the relevant Chinese laws and regulations such as the Labor Law , the *Labor Contract Law* , and the *Law on the Protection of Women's Rights and Interests*. We uphold equal employment, improve our compensation and performance management system, and promote democratic management. While protecting employees' occupational health and safety, we work to create an equal, safe, and healthy workplace for them.

Equal employment

We recruit employees in a fair, just and open manner, and resolutely oppose any discrimination based on factors such as gender, age, nationality, religious beliefs, ethnicity, and cultural background. At our company, child labor or forced labor is prohibited, and female employees have equal employment and promotion opportunities. In addition, we sign labor contracts with all employees in accordance with the law, and provide them with a fair, open, diverse and inclusive employment environment.

In 2024, we formulated and issued the *Detailed Rules for the Implementation of Internal Control of Human Resources* to standardize the management, development and allocation of human resources, stimulate employees' initiative and enthusiasm, and improve the management efficiency. Targeting the talent introduction and campus recruitment for our three technology platforms, we optimize the allocation of personnel to intellectually support the Company's new strategy. Meanwhile, we make constant efforts to promote business innovation, and continue to build a good employer brand image for ApeloA.



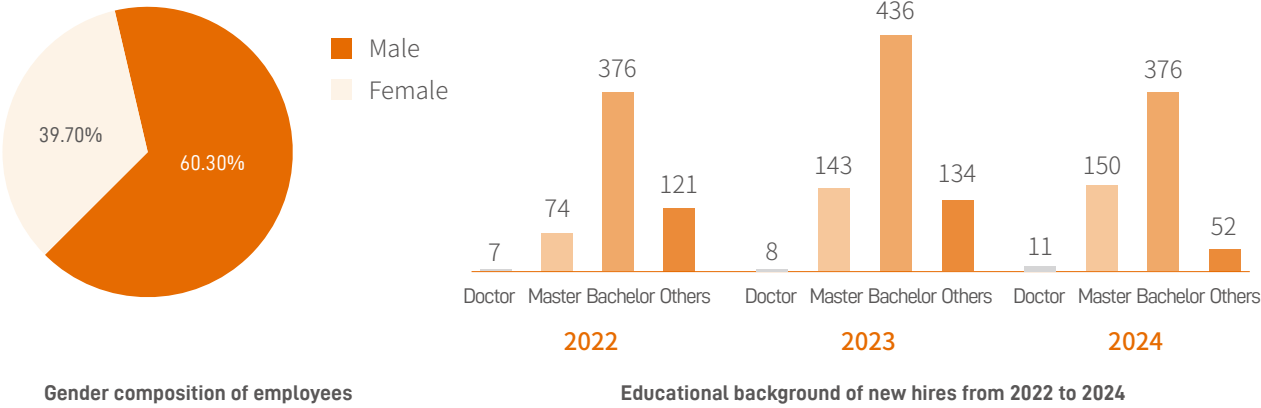
Honors

ApeloA was awarded the title of "Dongyang Best Employer in Human Resource Service Industry in 2023"

2024 Outstanding Entity in Human Resource Management

In 2024

7,060	24.90%	0.45%		
Employees	Percentage of female managers	Percentage of disabled employees		
100%	80.40%	80.40%	40.60 years old	1.40%
Employees signing the labor contract	Managers holding a bachelor's degree or above	Up by	Average age for managers	Down by



Gender composition of employees

Educational background of new hires from 2022 to 2024

Compensation and benefits

We continuously optimize the compensation and performance system to provide our employees with competitive salaries. This system can not only stimulate work enthusiasm of employees, but enhance our edge to attract top talents. Moreover, we offer ample care for our employees in term of social insurance, employee subsidies, and holiday entitlement, effectively ensuring their welfare and benefits. By creating a strong performance-oriented culture, we conduct a comprehensive assessment of the process and results of performance management. Differentiated salaries and variable pay based on their performance are adopted to encourage employees to actively engage in their work and create more value to the Company.

By thoroughly studying and utilizing local talent policies, we provide our employees with various company-related subsidies, including subsidies for job stability, one-time subsidies for retaining employees, subsidies for new hires, and subsidies for attracting high-level talents. Additionally, we offer personal subsidies for employees, such as allowances for technicians, settling-in allowances, talent subsidies, rewards for enhancing professional and technical qualifications, subsidies for college graduates, title incentives, subsidies for attracting top talents, and rental subsidies.

In 2024

100%

Employees regularly receiving performance and career development assessment

100%

Coverage of social insurance

7.33

Average annual paid holidays

Democratic management

Apeloa works to establish a sound system of workers' congress and the system of transparency in corporate affairs, encouraging employees to participate in decision-making on major issues affecting their interests and offer valuable suggestions for the Company's development. These systems can safeguard employees' rights to know, to participate in, to express and supervise on major issues. In 2024, based on the principle of equality, voluntariness, and unanimity through consultation, Apeloa signed the *Collective Contract and the Wages-related Collective Contract* with all employees. These contracts fully protect employees' rights and interests in terms of labor contract, labor compensation, working hours, rest and vacation, labor safety and health, employee training, insurance and benefits, protection of female and minor employees, dispute resolution, etc. They serve as the foundation to promote harmonious labor relations and drive the healthy and orderly corporate development.

In 2024

100%

Employee membership of labor union

4

sessions Workers' congress

17,017

Incentive suggestions received from employees

20,000

Participants in activities organized by the labor union



On August 29, 2024, the Fourth Session of the Second Apeloa Workers' Congress was held



Honors

2024 Outstanding Entity with Labor Union

Enabling employee growth

Apeloa attaches high importance to employee growth. Besides sound and reasonable career development paths, we have improved our professional training system to provide employees with more development opportunities, stimulate their individual potentials, and help them create professional value.

Employee development

To build a stronger talent pipeline, we pay close attention to the career development of our employees, and provide them with well-designed career development paths. We help employees at all levels make continuous progress through four stages: adaptation, learning, experience and retention. Aiming for a high-performing talent echelon, we design relevant job positions, and set up corresponding talent profiles. In addition, we optimize the competency-based qualification management, guide employees in the pathway and direction of their career development, and unlock development opportunities for them.



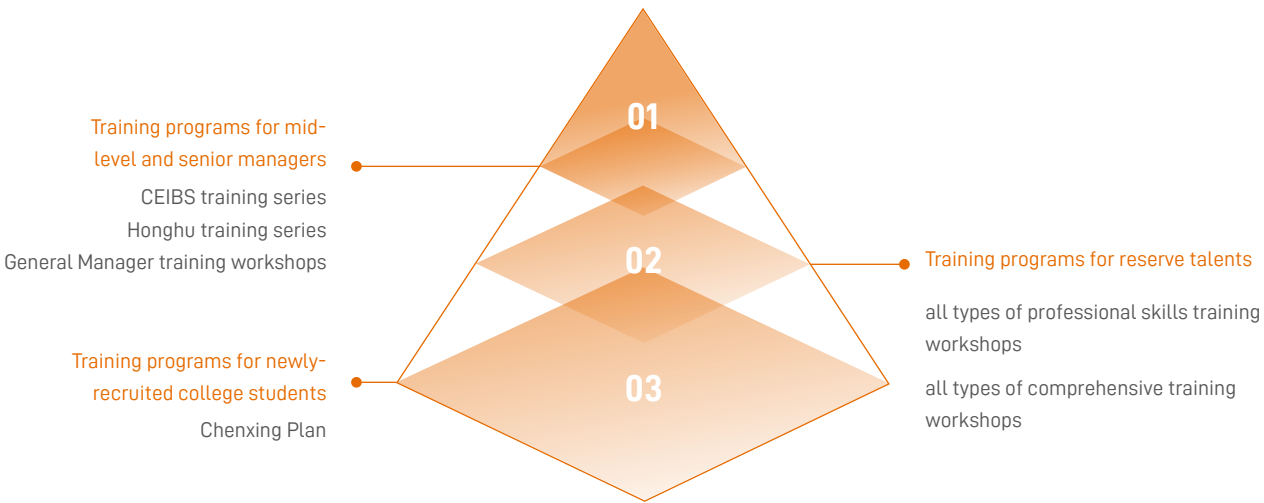
Cultivation path of managers

Development path of skilled talents

Classification	Professional titles
M-management, level 17	Deputy director, deputy head of department, chairman
R-research, level 20	Researcher, chief researcher, chief scientist
Q-quality, level 20	Junior analyst, senior analyst, chief analyst
A-administration, level 16	Clerk, administrator, chief administrator
T-technician, level 16	Intermediate worker, technician, chief technician
ME-manufacturing engineer, level 16	Junior ME, intermediate ME, chief ME

Employee training

We have founded the Apeloa Academy to build a sound training system, with a focus on the career development needs of different types of employees at various levels, including mid-level and senior managers, primary-level managers, and newly-recruited college students. Through a "three-step" process, we carefully design training courses to ensure that employees at all ranks receive professional training and development opportunities, enhancing their professional competence and comprehensive abilities. At the same time, to cultivate employees' working skills, we offer knowledge training activities, and regularly hold technical competitions to enhance their job skills. In 2024, technical competitions for EHS, QC, laboratory technicians, electricians, mechanics, and front-line positions were held in all of our subsidiaries.



Training programs for Apeloa employees at different levels

In 2024

200,000+

Participants in training

587,841.09_{hours}

Participants in training

100%

Training coverage



General Manager training workshop



CEIBS training course



Performance improvement program (PIP) training



Honghu training series

Case

Apeloa launches the "Chenxing Plan" training camp

Since the commencement of the "Chenxing Plan" training camp on July 19, 2024, Apeloa has organized a variety of activities such as course learning, quality development, field visits, and queue formation, to help new employees quickly familiarize themselves with the Company's rules and regulations, adapt to the corporate culture, and rapidly integrate into their teams. These activities have also cultivated a good work attitude of employees, and improved their personal professional qualities. The success of the "Chenxing Plan" marks not only the ending of a short journey of new employees, but the beginning of their future career at Apeloa.



Case

Apeloa celebrates the sixth "PhD club" Activity Day

In December 2024, Apeloa held the 6th "PhD club" Activity Day, with nearly 50 PhD-holders joined in person or online. The heads of our business divisions presented their respective strategic plans and implementation roadmaps. Dr. Yongli Zhong, Dr. Daniel Xu, as well as Dr. Ang Li, Member of the Apeloa Scientific Advisory Board, Researcher and Deputy Director of the Shanghai Institute of Organic Chemistry University, Chinese Academy of Sciences (CAS) were present to share their insights. The "PhD club" Activity Day has become an important platform for the Company's doctors to exchange academic ideas, share experience, explore disciplinary integration, and pursue collision of innovative thoughts. It has effectively driven the implementation of Apeloa's innovation-driven development strategy, and provided continuous momentum for high-quality development of the Company.



Case

Apeloa 2024 Lean Production Improvement Workshop concludes with a complete success

In November 2024, the graduation ceremony for the Apeloa 2024 Lean Production Improvement Workshop was held at the Tospo Pharmaceutical Training Center. During the two-month-long class, Apeloa invited both internal and external experts to help participants gain a deeper understanding of lean production in various forms, such as theory lectures, case studies, and field visits. Meanwhile, the course also emphasized hands-on operations, and encouraged trainees to apply the lean production tools and methods they learned to their actual work by implementing a series of improvement projects.



Focusing on health and safety

At Apeloa, employees' health and safety are our priorities. The Company has continuously enhanced the safety management and occupational health management system, and reinforced risk prevention and emergency management, thus providing employees with a healthy and safe working environment.

Emphasizing work safety

In strict accordance with the *Work Safety Law*, the *Fire Protection Law*, and other Chinese laws and regulations, we have improved our work safety management system, and set up an EHS management organizational framework. The *Work Safety Management System* has been revised, and some internal control standards including the *Safety Management Procedures for Hazardous Chemicals*, the *Safety Management Procedures for Special Equipment*, the *Management Procedures for Labor Production Supplies*, and the *Fire Safety Management Procedures* have been formulated. In addition, we have established and effectively implemented a standardized management system that integrates a process safety management system, continuously promoting the fulfillment of all employees' responsibility in this regard.

Production safety concepts

- Safety by design, safety by management, and safety by responsibility
- Zero tolerance for potential risks, no compromise in safety supervision, one-vote veto for work safety hazards, full accountability for workplace accidents, and responsible for life safety

We have taken measures to identify and control safety risks, aiming to make the production process inherently safer in terms of process design and engineering control. For identified safety risks, we have established an efficient and coordinated emergency response system, with emergency supplies in place based on different accident scenarios. Emergency drills are also held on a regular basis. Meanwhile, our experience hall for emergency drills is built to provide various experience programs such as stress testing of protective equipment, experiencing falls from a great height, safety emergency response experience, enhancing employees' consciousness of correctly using protective equipment and raising safety awareness. In 2024, we continued our operation of the Process Safety Management (PSM) system, and our overseas branches commenced the establishment of their PSM systems; Six subsidiaries/branches of Apeloa obtained the Level-2 Safety Standardization Certificate.

Establishing the EHS management system

- Identify and control risks, and establish an environment, health and safety (EHS) management system in which all employees at various levels take respective responsibilities for EHS risks.
- Formulate four sets of EHS system-related documents, including Environmental and Occupational Health and Safety Management Manual, EHS Procedure Documents, Operating Procedures, and Record Form, and successfully obtain authoritative certificates such as safety standardization certificate and management system certificate

Intensifying the production safety process control

- Establish a process safety laboratory, optimize processes with high risk levels, and achieve a shift from uncertainty to certainty in process safety management
- Implement a three-year action plan for special rectification of work safety, eliminate and control major safety risks, resolutely prevent major accidents, and ensure the life safety and physical health of employees
- Conduct production safety inspections and safety risks diagnosis, and formulate improvement plans in conjunction with the emergency management of Zhejiang Province set for the "14th Five-year Plan" period
- Conduct production safety inspections and safety risks diagnosis, and formulate improvement plans in conjunction with the emergency management of Zhejiang Province set for the "14th Five-year Plan" period

Strengthening empowerment through engineering technical process

- Utilize micro-reactors, continuous stirred tank reactors, and online samplers to achieve sealed sampling, and adjust the combination of intermediate materials flow control devices
- Enhance the inherent safety in chemical engineering processes, conduct early monitoring and perception of risks in abnormal operating conditions and significantly reduce the severity of accidents by using risk perception, monitoring and warning, risk control and response technologies
- Reinforce safety management based on information technologies: Apelo headquarters has completed the bidding process and contract signing for 3D modelling of the personnel positioning information system; and Anhui Biotechnology has completed 3D modelling, equipment installation and commissioning of the personnel positioning information system

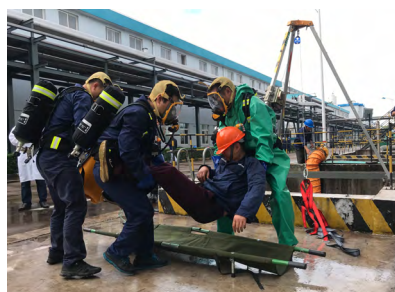
Leading with a safety-first culture

- Enable employees to understand and recognize safety concepts, and continuously enhance all employees' EHS awareness and their capabilities by means of safety commitments made by general managers of all subsidiaries/branches, the creation of a safety culture corridor, and safety improvement activities such as "safety training in teams", "everyone is a safety officer", and "teams with zero accident".

Promoting the integration of Party building into safety training

- By integrating Party building with publicity, inspection and supervision, we carry out campaigns to publicize safety-related knowledge and information, launch specific activities such as "no misconduct around Party members" and "setting a safety post for Party members", encourage Party members to go to the front line to screen and control potential risks, and take the lead in addressing major work safety issues.

Production safety management measures



Emergency response competitions



Anti-riot drills



Screening and control of potential risks

In 2024

756 sessions	42,102	100%	323
Training on work safety	Participants in work safety training	Coverage of work safety Training on work safety	Emergency drills



Honors

Tospo Pharmaceutical received the honor of Safety Culture Demonstration Enterprise in Zhejiang.
Jiayuan Pharmaceutical's emergency rescue team was awarded the title of Jinhua Pioneer Workers.

Case

Apeloa's Process Safety Laboratory receives two awards

The Process Safety Laboratory of Apelo is a qualified member of the China National Accreditation Service for Conformity Assessment (CNAS Laboratory), and boasts a team of specialists experienced in process and engineering technology, thermal safety and thermal dynamics technology, and with proven experimental capabilities. The laboratory can accurately identify the hazards of fine chemical processes, and facilitate the transition from qualitative to quantitative hazard analysis, thus enhancing the inherent safety of the Company. Furthermore, the laboratory establishes a general evaluation system for process safety before pilot scale production by integrating process and safety into production platforms. In January 2024, Apelo's Process Safety Evaluation System was selected as the 2023 Jinhua Advanced Occupational Operation Method, and the Company's Process Safety Laboratory was awarded the honor of the 2023 Jinhua Youth Work Safety Demonstration Post.



Case

Apeloa holds the 7th "Ankang Cup" Emergency Response Skills Competition

In August 2024, Apelo held the 7th "Ankang Cup" emergency response skills competition themed on the concept of "Everyone Emphasizes Work Safety, and Everyone Knows Emergency Response - Keeping the Door Open to Life Safety". The competition involved 14 teams and set up multiple contest items such as alarm response, three-person fire hose relay, use of air respirator, and cardiopulmonary resuscitation. The success of the competition further strengthened the Company's emergency rescue capabilities, enhanced the work safety awareness among employees, and improved their abilities in risk prevention, emergency response, risk avoidance and escape.



Maintaining occupational health

In strict accordance with relevant Chinese laws and regulations such as *Law on Prevention and Control of Occupational Disease*, the *Provisions on the Supervision and Administration of Occupational Health On Site*, the *Regulations on Work-Related Injury Insurances*, and the *Special Regulations on Labor Protection for Female Employees*, we have refined our occupational health management system and established internal control standards, including the *Work-related Injury Management Procedures*, the *Employee Health Check-up Management System*, the *Occupational Hazard Warning and Notification System*, the *Occupational Hazard Monitoring, Detection and Evaluation Management System*, and the *Management System of "Three Simultaneities" for the Occupational Health of Construction Projects*. To prevent occupational harm, we conduct training on work injury prevention, create a healthy working environment for employees, and provide them with effective labor protection equipment. The occupational disease prevention and health check-ups are also in place. In 2024, Apeloa became the pilot company to meet the occupational hygiene requirements in chemical API manufacturing industry in Zhejiang. We will remain unchanged in building Apeloa into an enterprise that meets such requirements, advancing occupational hygiene through information technologies, and earnestly improving employees' occupational health.



Honors

Tospo Pharmaceutical received the honor of Provincial Healthy Enterprises in Shandong.
The Manual for the Prevention and Control of Occupational Diseases of Hanxing Pharmaceutical, Shandong was awarded the Outstanding Prize of the 3rd Occupational Health Publicity Works Assessment in Weifang.
As of the end of 2024, eight employees of our company has won the honor of municipal-level "Occupational Health Experts".

In 2024

6

Subsidiaries certified by ISO 45001 occupational health and safety management systems

100%

Coverage rate of occupational injury insurance for employees

0.948

Work-related injury accident rate per one million working hours

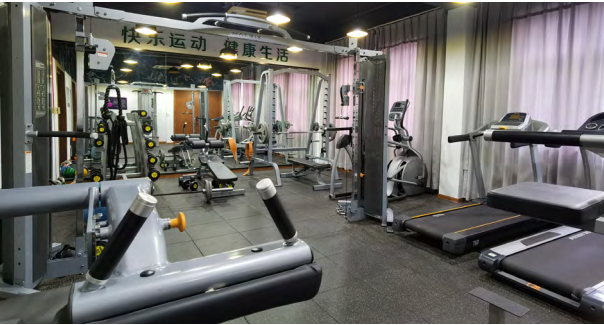
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Work-related fatalities

We truly value the physical and mental health of our employees. As such, we have installed necessary service facilities such as gyms, reading rooms, health huts, and psychological counseling rooms to provide employees with opportunities for physical exercises, rests, and counseling services, ensuring that our employees are all in good health, both physically and mentally.



Reading room



Gym

Employee Well-being Initiatives

Apeloa works to improve the sense of belonging, happiness and cohesion among our employees. We organize a variety of cultural and sports activities, and care our female employees, disadvantaged employees and special employees. Through those endeavors, we strive to create an employer brand image that is more compassionate, responsible and trustworthy.

Employee activities

Under the guidance of the corporate culture of "Joyful Learning, Joyful Sports, Joyful Work", we launch various cultural and sports activities such as art performances, basketball, badminton, soccer, tug-of-war matches, Labor's Day celebration, and 10th anniversary running event. These activities have strengthened solidarity and collaboration among employees, and fostered a positive and win-win atmosphere for a bright future.



Basketball match



Tug-of-war match



Choral performance in the Company's annual meeting



Team-building activities for front-line employees on Labor's Day

Case

Apeloa's Tianliwei Happy Runner Team holds its 10th anniversary celebration

On September 28, 2024, the Apeloa Tianliwei Happy Runner Team celebrated its tenth anniversary. Over 1,000 runners from Tianliwei's headquarters in Hengdian and its sub-teams in Quzhou, Shandong, Anhui, Hangzhou, Shanghai, and Boston, as well as from other runner teams and medical service providers, participated in the event. During the event, the new organizational structure of the runner team was announced, a list of "Top Ten Influential Figures of the Tianliwei Happy Runner Team" revealed, and prizes presented. As the embodiment of Apeloa's cultural element of "Joyful Sports", the Tianliwei Happy Runner Team demonstrates the essential traits of Apeloa's employees - healthy, happy, cheerful, and optimistic, thereby contributing to the sustained and healthy development of the Company.



Employee care

We have established the *Labor Union Care & Support System* to assist employees in addressing their challenges. We have organized "Compassion Fund" activities to promote the project of delivering love and warmth to those in need. We provide assistance to employees in need, and extend care to frontline and retired staff, building stronger belonging and loyalty. In addition, we safeguard the legitimate rights of female employees, purchase insurance against cervical and breast cancers for them, and enhance their awareness of disease prevention and their abilities to resist risks.

In 2024

3,526

Employees joined the Mutual Assistance Program

As of the end of 2024

RMB 702,000

Subsidies cumulatively granted by the Compassion Fund

1,095

Recipients

RMB 452,500

Scholarships cumulatively granted for employees' children

530+

Recipients



Honors

2024 Outstanding Entity of the Women's Confederation



Sending summer drinks to outdoor workers



2024 Floral Art Salon on Women's Day

Engaging in Charity Cause

Apeloa lays equal emphasis on business development and dedication to communities. As an active participant in social welfare volunteer services, we engage in building civilized cities, organizing voluntary blood donations, assisting local governments in emergency rescue work with our emergency rescue teams, donating drugs to people in need (in Wuhan and Shanghai), and other charity activities on a regular basis. We proactively give back to surrounding communities, and donate over RMB 1.1 million annually to eight communities around the Hengdian headquarters for the rural development in these communities. We also support the elderly care initiatives in the neighbouring communities, and provide RMB 350,000 annually to the elderly associations in neighboring communities.



Honors

Won the honor of "Outstanding Entity for Voluntary Blood Donation in Dongyang City" for four consecutive years

Won the honor of "Jinhua municipal-level Outstanding Entity for Voluntary Blood Donation"



362,200 mL

Cumulative blood donated



Participating in voluntary blood donation activities

Case

Apeloa participates in volunteer activities for Hengdian Marathon

On November 24, 2024, Apeloa organized over 400 volunteers, first-aid runners, and security personnel to provide solid support for the safety and success of the Hengdian Marathon, helping create a safer and more comfortable competition environment for runners. Along the running course, Apeloa's Tianliwei Happy Runner Team installed several private nutrition & aid stations for runners, replenishing their energy, and conveying the power of support and encouragement for them.



Employee volunteers provide support for Hengdian Marathon



Private nutrition & aid stations of Apeloa Tianliwei Happy Runner Team



Outlook

We look into the future with strong confidence. The year 2025 marks the final lap for implementing China's 14th Five-Year Plan (2021-2025) and a critical year for deepening reforms. Committed to green, low-carbon, and circular development, Apeloa will reinforce its investment in R&D, strengthen talent development, and enhance both research and manufacturing efficiency to drive sustainable business growth. Guided by our core values and corporate culture, we will uphold the mission to "technology for health" and take on greater social responsibilities to ensure high-quality and healthy development. Together with our partners, we strive for shared success and continuous progress in the pharmaceutical and healthcare industry, aiming to make a greater impact on global well-being.

Key Performance

Environmental

Indicator	Unit	2024
Water consumption	million tons	4.4
Water consumption per RMB 10,000 of operating income	ton/RMB 10,000	3.65
Comprehensive energy consumption	10,000 tons of standard coal	14.45
Renewable energy consumption	ton standard coal	2,458
Comprehensive energy consumption per RMB 10,000 of operating income	ton of standard coal/ RMB 10,000	0.12
Scope 1 GHG emissions	10,000 tons of CO2e	1.04
Scope 2 GHG emissions	10,000 tons of CO2e	60.52
GHG emissions per RMB 10,000 of operating income (Scope 1, Scope 2)	tCO2e/RMB 10,000	0.51
Wastewater discharged	million tons	3.077
Exhaust emissions	million m³	158.96057
General industrial solid waste generated	ton	20,700
Hazardous waste generated	ton	64,900
Hazardous waste generated per RMB 10,000 of operating income	ton /RMB 10,000	0.054

Social

Indicator	Unit	2024
R&D investment	RMB million	641
Percentage of R&D investment in business revenue	%	5.33
R&D personnel	headcount	1,156
Proportion of R&D personnel	%	16.85%
Authorized invention patent	-	7
Number of plants certified by GMP quality management system	-	7
Number of product recalls	time	0
Total employees	headcount	7,060
Proportion of women in the management team	%	24.90

Indicator	Unit	2024
Proportion of disabled employees	%	0.45
Employee turnover rate	%	12.92
Labor contract signing rate	%	100
Social insurance coverage rate	%	100
Average paid annual leave	day	7.33
Participants of employee training	headcount	200,000+
Employee training hours	hour	587,841.09
Number of environmental training sessions	/	154
Participants of environmental protection training	headcount	6,109
Number of quality training sessions	/	9,333
Participants of of quality training	headcount	193,554
Number of safety training sessions	/	768
Participants of of safety training	headcount	42,102
Number of safety emergency drills	/	323
Coverage rate of occupational injury insurance for employees	%	100
Work-related injury accident rate per one million working hours	/	0.948
Accumulated blood donation	10,000 mL	36.22
Number of suppliers audited	-	260
Key suppliers signing the <i>Agreement on Integrity Cooperation</i>	100	100

Governance

Indicator	Unit	2024
Operating income	RMB billion	12.022
Total assets	RMB billion	12.729
Total tax payment	RMB million	636
Market capitalization	RMB billion	19.013
Accumulated dividends distributed	RMB billion	2.259
Proportion of female directors	%	14.28

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