



Safeguarding human health, by preventing the
unseen & treating the ailing

Strive to build a world-class biopharmaceutical enterprise

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2024

SUSTAINABILITY REPORT

CHONGQING ZHIFEI BIOLOGICAL PRODUCTS CO., LTD.
In case of any divergence, the Chinese version shall prevail



Contents

About This Report	01
Message from the Company	03
About Zhifei	05
Key Performance in 2024	08
Sustainable Development Management	15
Appendix	165



Better Governance for Better Future

Corporate development aligned with Party building work	27
Standardized management for good corporate governance	31
Compliance and integrity first in operation	39



Dedication in R&D for Health and Wellbeing

Innovation and ethics support	45
Strategic guidance for a healthy future	51
Assessing impacts and seizing opportunities	58
Quantitative metrics to support goal attainment	59



Quality First for Product Responsibility

Quality assurance, responsibility first	65
Responsible marketing and professional services	74
Global accessibility and health for all	82



Secure Environment for Continuous Management

Target-oriented EHS system	91
Safety and health	95
Reduction of resource consumption, and improvement of quality and efficiency	103
Pollution prevention and ecological protection	108
Building resilience in response to climate change	113



Employee Care and Talent Cultivation

Compliant and fair employment	119
Recruitment and attraction of talents	121
Development driven by employee training	126
Employee communication and care	136



Cooperation and Industry Growth

A responsible supply chain	145
Joint forces for win-win results	153



Public Welfare and Social Development

Affordable healthcare	159
Promoting children education	162
Rural construction and industrial revitalization	164

About This Report

Overview

The Report is the eighth Sustainability Report (previously ESG Report) issued by Chongqing Zhifei Biological Products Co., Ltd. (hereinafter referred to as "the Company", "Company", or "Zhifei"). This Report, prepared in the principles of objectivity, regulation, transparency, and comprehensiveness, gives an unbiased picture of the Company's strategic policies, management measures and performance in environmental, social and governance ("ESG") areas and sustainable development in 2024. It also provides responses to stakeholders' expectations on the Company's sustainable development and information disclosure, and thus arouses deeper understanding of and confidence in the Company.

Reporting period

The Report is released on an annual basis. Unless otherwise specified, the Reporting Period is from January 1, 2024 to December 31, 2024 (hereinafter referred to as "during the year" or "during the Reporting Period"). To enhance the comparability and integrity of this Report, related information extending beyond the Reporting Period, if any, will be specifically noted.

References

The Report is compiled in accordance with *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)* (hereinafter "SZSE Guidelines") and *Self-Regulatory Guidance No. 3 for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange - Preparation of Sustainability Report* released by the Shenzhen Stock Exchange (SZSE) and draws on *Global Reporting Initiative (GRI) Reporting Standards (hereinafter "GRI Standards")*. A content index of SZSE Guidelines and GRI Standards is presented in the Appendix for quick reference.

Scope of the Report

The information and data set out in the Report are consistent with those covered in the Consolidated Annual Report of the Company for the same period. Information or data beyond the scope, if any, are stated separately.

Unless otherwise specified, the amounts in the Report are denominated in RMB.

Approval of the Report

The Report has been approved by the Board of Directors of the Company and is published along with the Company's Annual Report. The Board of Directors of the Company has made a commitment that there is no false record or misleading statement in the Report, and is responsible for its authenticity, accuracy and completeness.

Access to the Report and contact information

The Report is published in both English and Chinese. In case of any divergence, the Chinese version shall prevail. The soft copy of the Report is available on CNINFO (www.cninfo.com.cn), the designated information disclosure website of SZSE, or on the Company's website (<http://www.zhifeishengwu.com/>).

For any inquiries or suggestions regarding the Report and its content, please contact us via the following channels:



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Message from the Company

Through diligent efforts and persistent hard work, the Company has achieved remarkable success and written a glorious chapter with determined steps. The year 2024 has been a pivotal year for achieving the goals of China's 14th Five-Year Plan and a critical year for advancing reform, innovation, and comprehensive improvement in the healthcare sector. Against the backdrop of escalating global R&D innovation and internationalization, and under the overall leadership of the national strategy prioritizing health development, the Company has taken on the mission of "safeguarding human health, by preventing the unseen & treating the ailing". We expand industry boundaries through R&D innovation, protect public well-being with exceptional products, and enhance global health outcomes via international collaboration, contributing the "Zhifei Wisdom" to health equity worldwide. By aligning our corporate vision with national development priorities, we have been committed to enhancing our quality and investment value as a listing company, sharing growth dividends with investors through continuous and steady cash dividends.

- **Building immune defenses with leading products.** We precisely address global diversified health needs and vigorously advance our product internationalization strategy. In 2024, we worked closely with Merck Sharp & Dohme (MSD) to steadily promote the widespread vaccination of HPV vaccine, and deepened our strategic cooperation with GSK to extend the exclusive promotion right of Recombinant Zoster Vaccine and the commercialization period of Respiratory Syncytial Virus (RSV) Vaccine, promoting quality products to effectively benefit more communities. In the same year, we accelerated the expansion of the overseas market for self-developed products. The Recombinant Mycobacterium Tuberculosis Fusion Protein (EC), independently developed by the Company, was officially approved for launching in Indonesia market and approved for use in Macau, China. It also made its appearance at the Union World Conference on Lung Health, contributing to the global fight against tuberculosis. The 23-valent Pneumococcal Polysaccharide Vaccine received GMP certification in the Philippines, while the Quadrivalent Meningococcal Polysaccharide Vaccine has been stably supplied to Indonesia for many years. We have also steadily advanced the international clinical trials of the S. flexneri and S. sonnei Bivalent Shigella Conjugate Vaccine and the 26-valent Pneumococcal Conjugate Vaccine, reinforcing China's role in global public health security.
- **Empowering disease prevention with R&D activities.** Under our innovation strategy of "putting independent R&D at the core, conducting cooperative R&D as a backup, engaging in investment and incubation as a supplement", we leverage 3 core R&D and manufacturing bases, 9 technology platforms and 8 product matrices to continuously overcome cutting-edge technological problems. By deepening the integration of industry, academia, research, and healthcare, we have established an R&D system that efficiently connects the "innovation chain" with the "industrial chain", accelerating the translation of scientific breakthroughs. In 2024, our R&D investment reached RMB 1.391 billion. As of now, we have initiated 34 self-developed R&D projects, among which 19 have entered the clinical trial and registration stages. The Quadrivalent Influenza Virus-split Vaccine has received drug marketing authorization, while the applications for production registration of the Lyophilized Rabies Vaccine for Human Use (human diploid cell) and the Trivalent Influenza Virus-split Vaccine have been accepted. Several other pipeline projects, including the 26-valent Pneumococcal Conjugate Vaccine, the Quadrivalent Recombinant Norovirus Vaccine, and the Quadrivalent Influenza Virus-split Vaccine (with ZFA02 adjuvant), have also made significant progress.

- **Striving excellence with exceptional talents.** We prioritize people-centered growth, creating a comprehensive, multi-tiered talent development system and a corporate culture that encourages innovation and collaborative progress. In 2024, we partnered with Chongqing Medical University and recruited our first full-time post-doctoral researcher, officially launching the post-doctoral research station. By deepening university-industry collaboration, we have been committed to jointly building industry-academia-research demonstration bases, strengthening the synergy among innovation, industry, and talent chains to fuel the cultivation of high-level and diversified talents and the construction of an innovative scientific research platform.
- **Strengthening sustainability with green development.** Guided by the comprehensive Environment, Health, and Safety (EHS) management system and targets, we embed green, low-carbon, and safety principles into every aspect of operations. In 2024, based on the existing EHS management system, we advanced green practices by adopting eco-friendly materials and equipment, enhancing the management of exhaust gas, wastewater and waste, and accelerating establishment of smart and low-carbon production systems. By building a sustainable and high-efficiency modern enterprise management system, the Company helps the advancement of green ecological civilization.
- **Fulfilling social commitments in performance of social responsibility.** In adherence to the business philosophy of "Prioritizing social benefits over corporate profits", we actively fulfill our civic duties and give back to society with practical actions. The cumulative donation amount has exceeded RMB 400 million, benefiting a wide range of people. Over 8 years, we have cumulatively donated RMB 87 million to the "China Women's Cervical Health Promotion Program Caring for Frontline Healthcare Workers" of the China Women's Development Foundation in support of cervical cancer elimination. We have been engaged in the "Children's Day" Charitable Education Support Program for 4 consecutive years, donating more than RMB 2 million in total to underprivileged children in remote areas. In 2024, we actively participated in 12 key charitable donation programs, including initiatives organized by the Chongqing Charity Federation and the Jiangbei District Charity Association. Focusing on healthcare, education, and rural revitalization, we made actual donations exceeding RMB 10.96 million.

Striving leads the way; innovating builds the strength. Looking back on 2024, Zhifei stayed true to our mission and moved forward bravely, standing at the forefront of the turbulent global pharmaceutical changes. We drove high-quality growth through a robust sustainable development framework with practical actions. Looking forward to the future, we will anchor our development vision of becoming a "world-class biopharmaceutical enterprise", explore global biopharmaceutical frontier, deepen the construction of the innovation system, accelerate the development of cultivating the new quality of productive forces, and integrate the enterprise's development vision into the overall situation of the country's development. With a higher position and broader vision, we will join hands with our global partners to interpret the role of Chinese pharmaceutical enterprises in the times and build a healthy future for the community with a shared future for mankind.



About Zhifei

Company profile



Total assets RMB

49.910 billion

Employees

7,220

Operating revenue RMB

26.070 billion

Chongqing Zhifei Biological Products Co., Ltd., established in 2002, is an international, full-industry chain high-tech bio-pharmaceutical enterprise integrating R&D, production, sales, distribution, import and export of vaccine and biological products. In September 2010, Zhifei Biological was listed on the Shenzhen Stock Exchange (stock code: 300122), becoming the first privately-run vaccine enterprise listed on ChiNext.

The Company has five wholly-owned subsidiaries and two joint-stock subsidiaries. Among these, Beijing Zhifei Lvzhu Biopharmaceutical Co., Ltd. (hereinafter referred to as "Zhifei Lvzhu") and Anhui Zhifei Longcom Biopharmaceutical Co., Ltd. (hereinafter referred to as "Zhifei Longcom") are two high-tech enterprises that, as R&D and production bases, drive innovation in bacterial, viral, and tuberculosis-related products. Zhifei Airport (Beijing) International Trading Co., Ltd. (hereinafter referred to as "Zhifei Airport") handles the import/export of biological products, providing services such as bonded storage, customs clearance, and batch release of imported agent vaccines. With Chongqing Zhirui Investment Co., Ltd. (hereinafter referred to as "Zhirui Investment"), the Company incubates and cultivates promising preventive and therapeutic biotechnologies and products via equity investments.

In March 2025, the Company made a cash capital increase of RMB 593 million to acquire a 51% controlling stake in Chongqing Chenan Biopharmaceutical Co., Ltd ("Chenan Biopharm"). Chenan Biopharm, incubated by Zhirui Investment, an innovative biopharmaceutical enterprise focusing on metabolic diseases such as diabetes and obesity, with a product pipeline centered around GLP-1 analogs and insulin analogs. Upon completion of this capital increase, Chen'an Biopharma will become a controlled subsidiary of the Company. This move enables the Company to expand its business from vaccines into metabolic disease field, and enter therapeutic biopharmaceutical sector.

The Company's main business, human vaccines, falls under China's seven strategic emerging industries, boasting broad development prospects. The Company currently has 15 products on the market, with one product conditionally approved for marketing. These products include vaccines for the prevention of infectious diseases such as meningitis, pneumonia, HPV, influenza, rotavirus, and herpes zoster, as well as pharmaceuticals that provide effective solutions for the diagnosis, prevention, and treatment of tuberculosis infections. Meanwhile, the Company has established an eight-product portfolio encompassing meningococcal vaccines, pneumococcal vaccines, enteric vaccines, tuberculosis products, combination vaccines, vaccines for emerging and re-emerging infectious diseases, adult vaccines, and upgraded vaccines. This portfolio caters to infants, adolescents, and adults, effectively providing product support for infectious disease prevention and control and offering the public a diverse range of disease protection options. For detailed information about the Company's products and pipeline in development, please refer to the Company's *2024 Annual Report*.

Development model

Through the dual-wheel driving pattern characterized by "Technology_Marketing", the Company has formed a cycle mechanism which succeeds in realizing the mutual facilitation and transformation between R&D and marketing, accelerating the commercialization process of vaccine products. In response to public health needs, the Company stays at the forefront of biopharmaceutical advancements, strengthens innovation capabilities, and sustains growth momentum.

The Company adheres to an innovation strategy centered on "independent R&D as the primary focus, collaborative R&D as a supplementary approach, and investment & incubation as a complementary measure," remaining steadfast in its commitment to independent innovation. The Company has established nine major technological platforms, encompassing polysaccharide and polysaccharide-protein conjugate vaccines, outer membrane vesicles (OMV), inactivated vaccines, genetic recombination, mRNA vaccines, adenovirus vector vaccines, human diploid cell strains, novel multivalent and combination vaccines, and novel adjuvants. By integrating resources, the Company continues to increase its R&D investment, extensively deploying various vaccine R&D pathways and fully leveraging the synergistic effects of its product portfolio. As of the disclosure date of the Report, the Company has 34 independent R&D projects underway, with 19 projects currently in clinical trials or the application and registration phase. The Company collaborates on R&D with leading research institutions and academies, and consistently targets cutting-edge technologies, accelerating the transformation of scientific and technological achievements into high-quality products that serve public health needs, thereby expediting the conversion of innovative technologies into social benefits and commercial value.

The Company's professional marketing team organizes academic meetings and promotional events, carries out activities to popularize vaccination knowledge, and employs a direct sales model to bring the Company's vaccines and medicines to end users. In addition, the Company has constructed its in-depth service network with comprehensive coverage, which supplies sustainable, rapid and all-sided first-rate service for more than 30,000 points of vaccination (POVs) (township POVs and community outpatient clinics) of over 2,600 districts or counties in more than 300 cities of 31 provinces, autonomous regions and municipalities directly under the Central Government across the country. In addition, the Company is closely aligned with its international development strategy, diligently implementing the strategy to introduce its self-developed products to overseas markets. It is actively cultivating and fortifying global partnerships, while consistently advancing international market collaborations and overseas certification processes for its self-developed products. By doing so, the Company endeavors to bring its high-quality products beyond national borders, benefiting global population, and is making significant strides towards becoming a "world-class biopharmaceutical enterprise."




Corporate culture

As a global vital vaccine supplier with mission and responsibility, Zhifei is committed to building a global immunization shield. Since its establishment, the Company has always adhered to the business philosophy of "social benefits go before corporate profits" while fulfilling the mission of "safeguarding human health, by preventing the unseen & treating the ailing". Besides, guided by the core value featuring "six firsts and six seconds" and the "Quality & Value Enhancement Action Plan", the Company strives relentlessly to become a world-class biopharmaceutical enterprise and advance public health worldwide.

企业宗旨

社会效益第一，企业效益第二。





Corporate Values

<ul style="list-style-type: none"> Priority to Moral Quality over Ability Priority to Compliance over Performance Priority to Integrity over Profit 	<ul style="list-style-type: none"> Priority to Quality over Speed Priority to Discipline over Excuse Priority to Collective over Individuals
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Missions

Safeguarding human health, by preventing the unseen & treating the ailing



Visions

Strive to build a world-class biopharmaceutical enterprise



Key Performance in 2024

Economic performance



Key performance in sustainability

Dedication in R&D



R&D investment in 2024 amounted to RMB **1.391** billion
 Cumulative R&D investment in the past five years exceeded RMB **5.1** billion

A total of **82** academic papers have been published since 2019

Cumulative total of **57** authorized patents (including patents obtained overseas)



Product responsibility



National service: more than **30,000** primary health service points of over **2,600** districts and counties in **31** provinces and municipalities

Product warranty: **0** actual recalls and **100%** complaint handling rate throughout the year

Quality audit and certification: a total of **10** internal quality audits had been completed throughout the year, with quality certification obtained for **100%** product lines of released products



Secure environment



EHS investment: RMB **12.4662** million

Major safety accidents and work-related injuries throughout the year: **0**

Standardization certification: Zhifei Lvzhu and Zhifei Longcom obtained ISO 14001 Environmental Management System (EMS) Certification and ISO 45001 Occupational Health and Safety Management System Certification



Employee care



Total employees: **7,220**

Proportion of female employees: **39.39%**

Proportion of female employees in management: **31.45%**

Number of disabled employees: **30**

Employee training: average training hours reaching **61.01** hours



Public welfare



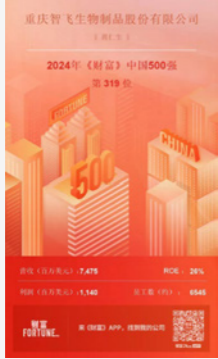
Up to now, the accumulated tax payment has exceeded RMB **28** billion, and the accumulated donations have exceeded RMB **400** million

Participation in **12** key public welfare projects, with the actual donation amount exceeding RMB **10.96** million




Honors


Comprehensive strength




2024 Fortune China 500 Fortune




China Top 500 Private Enterprises
All-China Federation of Industry and Commerce




China Top 500 Manufacturing Private Enterprises
All-China Federation of Industry and Commerce



Global 200 Forbes




China Top 500 Enterprises
China Enterprise Confederation & China Enterprise Directors Association




China Top 500 Manufacturing Enterprises
China Enterprise Confederation & China Enterprise Directors Association

Rank	Company Name	Country	Revenue (USD)	Revenue (CNY)	Revenue (USD)	Revenue (CNY)
1374	达瑞集团	中国	104.42亿美元	1292.23亿元	8377.02亿美元	83.82亿美元
1384	蓝箭航天集团	中国	107.82亿美元	4.82亿元	109.22亿美元	819.32亿美元
1388	湖南湘江新区新材料研究院	中国	94.92亿美元	9.88亿元	8794.42亿美元	907.02亿美元
1393	重庆智飞生物制品	中国	73.82亿美元	10.82亿元	74.42亿美元	94.42亿美元
1394	中国航工业集团公司	中国	93.32亿美元	2.9442亿元	8916.32亿美元	93.42亿美元
1395	天康银行	中国	93.72亿美元	5.2422亿元	8984.42亿美元	94.82亿美元


Sustainability



Chongqing Charity Award - Corporate Donor
Chongqing Human Resources and Social Security Bureau & Chongqing Municipal Civil Affairs Bureau



Best Practice in Investor Relations Management among Listed Companies
China Association for Public Companies




Outstanding Sustainable Development Practice among Listed Companies
China Association for Public Companies




15th Tianma Award for the Best Investor Relations Management




Exemplary Case for Technological and Industrial Innovation among Private Enterprises
All-China Federation of Industry and Commerce




Pioneer in Philanthropy
Chongqing Jiangbei District Charity Association




MSCI ESG Rating AA



Top 100 Best ESG Practices among Listed Companies in China for 2024, rated by Wind



2024 ESG Golden Dawn Award, rated by Weekly on Stocks



26th Golden Bull Award - Most Valuable Investment



18th Brand Value List of Chinese Listed Companies - Top 50 Listed Companies on the Growth Enterprise Market (GEM) in China

Other honors (a non-exhaustive list)

Member (Vice President) of China Association for Vaccines	Grade-A Taxpayer	Top 100 Pharmaceutical Companies by Revenue
1st Prize of Chongqing Technical Invention Award	Top 100 Pharmaceutical Brand Impact Cases	2024 Future of Healthcare Top 100 Innovation Award - Leader Company of the Year
Top 100 enterprises in Beijing E-Town	Outstanding Safety Production Enterprise, awarded by Hefei High-Tech Zone	Advanced Enterprise in Environmental Emergency Management, awarded by Hefei High-Tech Zone
Green Development Award, awarded by Hefei High-Tech Zone	Zero Waste Facility Certification, recognized by Hefei Ecological Environment Bureau	Exceptional Contributor to Economic Development, recognized by Jiangbei District

◀ 2024 ▶

Top 100 Enterprises in Chongqing	Top 100 Manufacturing Enterprises in Chongqing	4th among Top 100 Private Enterprises in Chongqing
2nd among Top 100 Private Manufacturing Enterprises in Chongqing	3rd among Top 100 Social Responsibility List in Chongqing	Capital Labor Award
28th among Top 100 Private Enterprises in Science and Technology Innovation in Beijing	56th among Top 100 Social Responsibility List in Beijing	25th among Top 100 Enterprises in Advanced, Sophisticated and Cutting-edge Industries in Beijing
63th among Top 100 High-tech Enterprises in Beijing	70th among Top 100 Manufacturing Enterprises in Beijing	2024 Stock Market Weekly ESG Golden Dawn Award



Sustainable Development Management

Zhifei integrates the concept of sustainable development into its business operations and corporate culture. By establishing a sustainable development governance structure and management system, the Company continuously enhances its professional capabilities in sustainable development, viewing the fulfillment of environmental and social responsibilities as an imperative for high-quality development. Committed to raising public awareness of preventive health, Zhifei collaborates with stakeholders to advance the sustainable development of public health initiatives.

In 2024, the Company achieved an MSCI ESG rating upgrade to AA, positioning it among the top tier of Chinese enterprises in the "Biotechnology" category. It was also recognized for Outstanding Sustainable Development Practice among Listed Companies by the China Association of Public Companies in 2024. These milestones not only reflect the Company's breakthroughs in sustainable development performance but also demonstrate market recognition of its sustainable value. This recognition further motivates the Company to deepen its focus on core businesses, drive innovation, accelerate the cultivation of new quality productive forces, deliver high-quality products to meet public health needs, and contribute to the Healthy China Initiative through concrete actions.



Sustainable development governance structure

The Board of Directors ("the Board") of Zhifei serves as the highest decision-making and oversight body for sustainable development matters. It oversees the formulation of medium- to long-term sustainable development strategies and regularly reviews major issues related to sustainable development. Besides, it monitors progress toward sustainable development goals, evaluates impacts, risks, and opportunities thereupon, and ensures the effectiveness of internal controls, monitoring procedures, and performance evaluation systems. All members of the Board actively fulfill their supervisory roles, engage in continuous learning on ESG principles, risk management, and industry best practices, and ensure they possess sufficient expertise to address sustainable development challenges.

To support the Board in fulfilling its responsibilities and effectively executing the identification, assessment, and management of impacts, risks, and opportunities related to sustainable development, the Company has established a governance structure comprising the Board, the special committees under the Board, and the ESG Working Group. A regular reporting mechanism has been implemented. In 2024, "Strategy Committee" was renamed as "Strategy and Sustainable Development Committee" to emphasize the Company's division of responsibilities for sustainable development and its commitment to deeply integrating the concept of sustainable development with the Company's development strategy. Additionally, the Company has formulated and implemented the *ESG Management System to standardize strategies and principles for sustainable development governance*.

Sustainable development governance structure



Sustainable development strategy

In adherence to the business philosophy of "social benefits go before corporate profits" and guided by the United Nations Sustainable Development Goals (SDGs), the Company analyzes and maps the alignment of its responsibilities in areas such as product responsibility and green development with the SDGs. It formulates sustainable development strategies aimed at driving the comprehensive enhancement of the Company's sustainable competitiveness, thereby contributing to the global achievement of the SDGs.



Safeguard good corporate governance

Better Governance for Better Future

The Company is dedicated to establishing and improving the corporate governance system and work rules, and strengthening the guidance of party building while enhancing ESG management and advancing the establishment of the compliance management system. Meanwhile, various compliance training is provided to raise the awareness of integrity and anti-corruption.

- Credible and compliant operation
- Corporate governance
- Risk management
- Business ethics and anti-corruption
- Due diligence
- Anti-unfair competition



Build hubs for R&D innovation

Dedication in R&D for Health and Wellbeing

The Company accelerates its innovation-based development strategy, strives to create innovative product series with prominent technical and clinical advantages. It also promotes global health accessibility and supports immunoprophylaxis with its R&D strength.

- R&D and innovation
- Product and service accessibility
- Protection of intellectual property rights
- Affordable healthcare



Strengthen product responsibility

Quality First for Product Responsibility

The Company strictly controls all links of the quality management system, comprehensively enhances the quality management awareness of all employees and prevents the risk from quality safety events. It aims to offer high-quality vaccines to protect the people's health.

- Product quality and safety
- Responsible marketing
- Customer service management
- Affordable healthcare
- Information security and privacy protection
- Product and service accessibility
- Ethics in Science and Technology



Promote green development

Secure Environment for Continuous Management

Adhering to the concept of sustainable development, the Company improves the EHS management system to fulfill its green commitment and protect the employees' health. Besides, the Company continues to act as a safe and green enterprise.

- Employee occupational health and safety
- Emissions management
- Energy usage
- Water resources management
- Climate change mitigation and adaptation
- Environmental compliance management
- Environmental compliance management
- Circular economy
- Ecosystem and biodiversity conservation



Focus on talent growth

Employee Care and Talent Cultivation

The Company implements an open, fair and diversified talent introduction policy, and establishes a competitive talent system to create an equal and inclusive workplace. In addition, the Company provides multiple promotion channels and development platforms, creates a harmonious and pleasant working environment and shares achievements of sustainable development with employees.

- Employee training and development
- Compliant employment
- Diversity and equal opportunity



Drive industry development

Cooperation and Industry Growth

The Company always regards suppliers, scientific, educational and research institutions, medical organizations and universities as important partners. We learn the excellent experience from them and contribute our value, aiming to achieve prosperity and growth with the industry, and work with them to build a high-quality growth platform.

- Responsible supply chain
- Industry cooperation and development
- Equal treatment of small and medium-sized enterprises



Practice social responsibility

Public Welfare and Social Development

The Company never forgets its original aspiration and is committed to public welfare undertakings for many years. We are keen to provide high-quality products to safeguard people's health, and take the initiative to fulfill our social responsibility and serve the society wholeheartedly.

- Community development and public welfare
- Affordable healthcare
- Rural Revitalization



Stakeholder engagement

Zhifei places high importance on the expectations and needs of stakeholders. We have established diversified and regular dialogue mechanisms to maintain close communication with all stakeholder groups, fostering constructive interactions with them and advancing the implementation of sustainable development initiatives. By evaluating the impacts of our decisions, we adjust strategic directions in a timely manner to drive continuous improvement in sustainable development performance.

Stakeholders	Communication methods	Expectations and demands	Communication and responses
Shareholders and investors 	General Meeting of Shareholders Information disclosure Telephone, email and SZSE interactive Q&A platform Official website of the Company	Financial performance Rights protection Transparency Risk control	Improve economic benefits Convene General Meeting of Shareholders Daily information disclosure Optimize the risk and compliance system
Government and regulators 	Information reporting Visit and survey On-site inspection	Compliance with laws Pay taxes according to laws Compliant operations Respond to national policies Support local development	Law-abiding and compliant operations Pay taxes in full and on time Implement relevant policies Provide employment opportunities
Employees 	Labor union activities Communication platforms of the Company Employee care activities Employee training Employee satisfaction Corporate mailbox	Remuneration and benefits Employees' rights and interests Cross-level interaction opportunities Efficient and transparent workflows Career development opportunities Healthy and safe working environment	Optimize the remuneration and benefit system Equal communication and appeal mechanism Increase employee interactions Improve operation and management efficiency Improve the career promotion mechanism Promote EHS management
Customers 	Customer satisfaction survey Academic and technical exchanges Official website of the Company WeChat official accounts	Product quality and safety Customer service management Customer information security	Strictly control product quality Marketing compliance Optimize the complaint and feedback mechanism Cybersecurity and permission settings
Suppliers 	Supplier bid review Periodic assessment and audit Communication with suppliers Supplier training	Good and stable partnerships Business ethics and reputation Supply chain sustainability	Promote project cooperation Facilitate daily communication Obligatory performance of contracts Build a responsible supply chain
Partners 	Expert training Academic and technical meetings Company surveys	Resource information sharing Opportunities for industry-university-research cooperation	Improve management in social media platforms Facilitate collaborative communication among expert teams Promote strategic cooperation and organizational communication
Society and public 	Official website of the Company WeChat official accounts News Community public welfare activities	Public welfare Resources and environment Poverty alleviation and education development Help the disabled and the disadvantaged	Promote rural revitalization Maintain green operations Share health knowledge Engage in philanthropy

Double materiality assessment

In 2024, we introduced the "double materiality" concept, engaging stakeholders in a materiality assessment of key issues from both the "financial materiality" and "impact materiality" perspectives. This process comprehensively analyzed the financial implications of ESG issues on the Company as well as the Company's impacts on economy, society, and environment. The insights gained formed the foundation for defining our sustainable development governance framework, strategies, management priorities, and objectives. The findings from this assessment also served as a key reference for disclosures in this Report. In the future, we will continue to pay attention to the updates of SZSE Guidelines and improve our double materiality assessment processes and methods to provide a scientific basis for our sustainable development planning.

Assessment Method

Scope

In our assessment of impact materiality, we take into account positive and negative impacts, actual and potential impacts related to ESG issues. In our assessment of financial materiality, we assess positive and negative impacts, actual and potential risks and opportunities for our business.

Stakeholder Engagement

Due to the far-reaching impact of the application of the double materiality principle on our management and disclosure matters, the numerous ESG issues involved, and the fact that some of the assessment requirements require a certain level of industry understanding on the part of the assessor, we invited a wide range of internal and external stakeholders to participate in the impact materiality assessment, while restricting the stakeholders for the financial materiality assessment to a limited number of internal senior management and external sustainability experts.

Methodology

When evaluating the "severity" of impacts, we score based on the scale, scope and Irremediability of impacts, i.e., we comprehensively assess the extent of impacts on human beings or the environment, the breadth of impact coverage, and the time and economic costs of remediating the damages, etc. The scores range from 1 to 5. When evaluating the "likelihood of occurrence" of impacts, we score according to the probability of potential impacts occurring within five years. The scores range from 0.2 to 1.

In assessing the scale of financial impact, we use a percentage of FY2023 pre-tax profit as a threshold, with scores ranging from 1 to 5. In assessing the "likelihood of occurrence" of a financial risk or opportunity, we score it based on its probability of occurrence within five years, scoring from 0.2 to 1.

Threshold

We set the materiality threshold at 2.5, meaning that impacts, risks and opportunities and their associated ESG issues that are ultimately assessed as "material" when exceeding the threshold

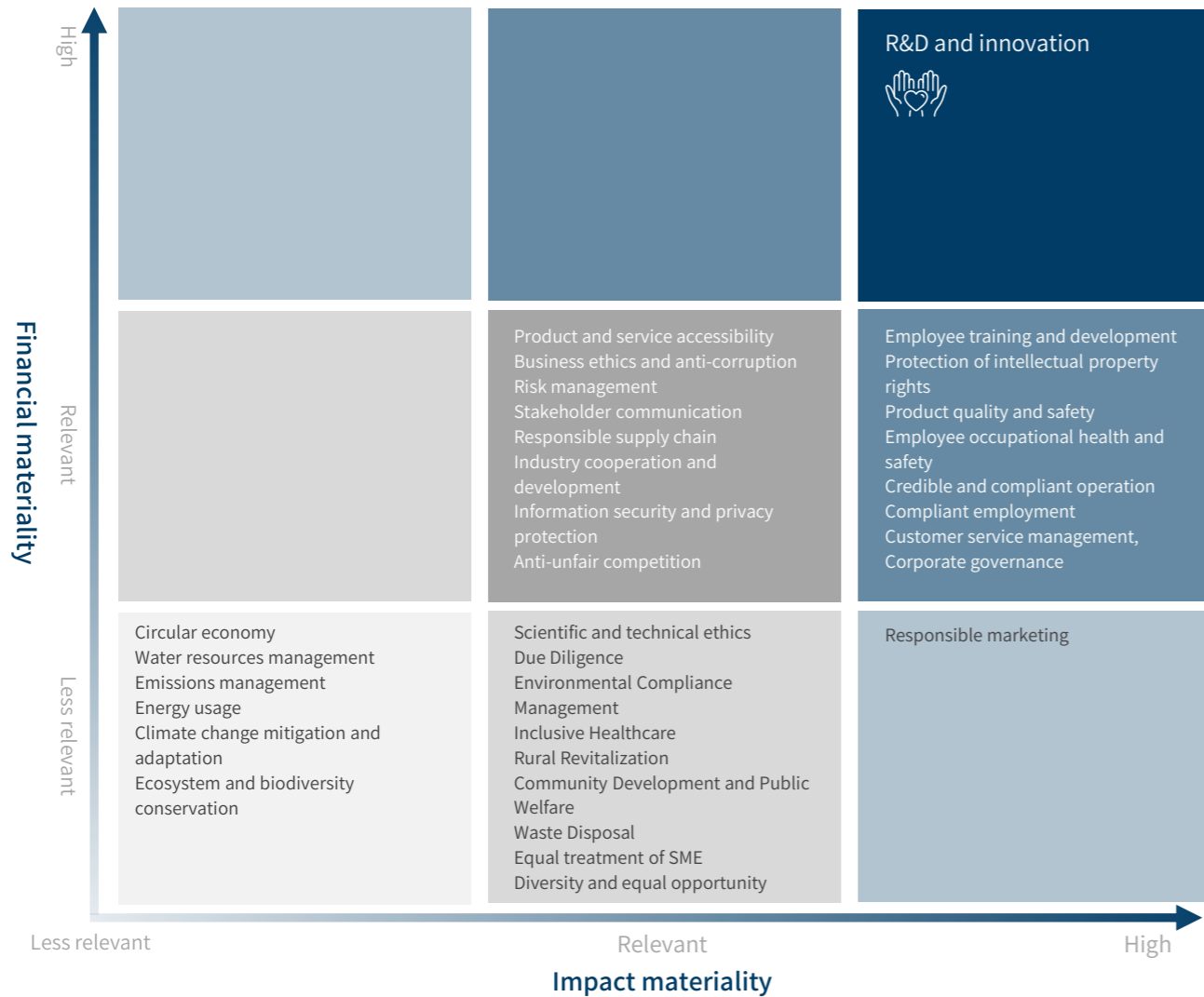
Assessment Process

During the year, the Company determined double materiality issues through the following four steps:

- 01 Background survey**
 Based on the Company's business nature, industry-specific sustainability characteristics, and upstream/downstream value chain relationships, and in alignment with newly revised listing standards issued by SZSE, GRI Standards, and mainstream market rating criteria, the following key stakeholder groups have been identified as being impacted by the Company's operations and sustainable development practices.
- 02 Identification of issues**
 Based on newly revised listing standards issued by SZSE and Zhifei 's strategic priorities, combined with industry characteristics, development stage, and value chain positioning, the following analysis identified potential impacts, risks, opportunities, and established a priority-driven issue list for compliance and sustainable growth.
- 03 Issue assessment**
 External stakeholders were invited to conduct research on impact materiality assessment and financial materiality assessment. In the impact materiality assessment, the positive and negative, actual and potential impacts related to ESG issues were taken into account. In terms of financial materiality, the positive and negative impacts, as well as the actual and potential risks and opportunities for our business were taken into account.
- 04 Issue analysis and disclosure**
 Reviewed and confirmed, together with various departments, significant impacts, risks, opportunities, and issues based on materiality assessment results from various parties, formulated the material issue matrix and then submitted it to the Board of Directors for approval. Developed the ESG work plan for the following year based on assessment results, periodically reviewed the progress of goals and disclosed major concerns of stakeholders in the sustainability report.



According to the double materiality assessment results of the reporting year, the Company developed a double materiality matrix to showcase the materiality levels of various issues. Please refer to the figure below for details.



The double materiality assessment identifies R&D and innovation, product quality and safety, protection of intellectual property rights, employee training and development, employee occupational health and safety, credible and compliant operation, compliant employment, customer service management, corporate governance, and responsible marketing as our most material sustainability priorities. Notably, R&D and innovation emerged as issue of double materiality (with both financial materiality and impact materiality). Currently, we confront market competition pressures in technological iteration and product innovation, which could erode our market share and brand influence, potentially leading to customer attrition. These challenges may ultimately impact corporate profitability, market position, and growth potential. R&D and innovation is the cornerstone of our sustainable development. As technological evolution accelerates and market demands escalate, we will persistently drive product innovation to maintain long-term market competitiveness. Detailed insights into our "R&D and Innovation" initiatives are elaborated in the "Dedication in R&D for Health and Wellbeing" section.

The table below outlines significant sustainable development impacts, risks, and opportunities faced by Zhifei. Corresponding monitoring, mitigation and management measures are further detailed in subsequent sections.

ESG issues	Impact materiality		Financial materiality		Time horizon ³	Actions
	Main impacts	Impact Category ¹	Materiality ²	Main risks/Opportunities		
R&D and innovation	Drive product upgrades and technological advancements, thereby enhancing product added value.	+	III	Risks: Significant investment, long cycles, and high risks are involved in R&D and innovation, requiring long-term funding.	III	Long-term Dedication in R&D for Health and Wellbeing
Employee training and development	Enhance staff skills and competencies, thereby improving productivity and fostering innovation capabilities.	+	III	Opportunities: Through continuous employee training and development, enterprises can cultivate more high-quality talents, providing talent security for the company's long-term development and promoting company revenue and profits.	II	Medium-term Development driven by employee training
Protection of intellectual property rights	Drive technological innovation and facilitate product upgrading.	+	III	Risks: More funds need to be invested in patent applications, and enforcement costs and legal litigation costs need to be borne, which will have a certain impact on profitability.	II	Medium-term Dedication in R&D for Health and Wellbeing
Product quality and safety	Foster greater consumer trust and loyalty.	+	III	Risks: Product quality and safety issues may lead to a decline in consumer trust and sales.	II	Short-term Quality assurance, responsibility first
Employee occupational health and safety	leads to illnesses or accidents, resulting in work stoppages and revenue losses.	-	III	Opportunities: By improving occupational health and safety management standards, enterprises can enhance employee satisfaction and productivity, reduce operating costs, and strengthen market competitiveness.	II	Short-term Secure environment for continuous management
Credible and compliant operation	By adhering to market regulations and industry standards, enterprises can foster a fair and competitive market environment, thereby promoting healthy market development.	+	III	Risks: Non-compliant behavior may lead to severe legal consequences and increase operating costs.	II	Short-term Compliance and integrity in operation
Compliant employment	Ensure the protection of workers' legitimate rights and interests, enabling enterprises that comply with labor laws and regulations to establish harmonious labor relations with their employees.	+	III	Risks: Violating labor laws may result in employee lawsuits and penalties from regulatory agencies.	II	Short-term Compliant and fair employment
Customer service management	Effective customer service management enhances customer satisfaction and loyalty.	+	III	Risks: Low customer satisfaction or improper complaint handling can lead to customer churn, thereby requiring more resources to attract new customers and increasing market development costs.	II	Short-term Responsible marketing and professional services
Corporate governance	characterized by a clear shareholding framework and an efficient board oversight mechanism, can bolster investor confidence and attract greater capital inflows into the market.	+	III	Opportunities: Good corporate governance helps to enhance the company's reputation and investor confidence, thereby attracting more capital inflows.	II	Short-term Standardized management for good corporate governance
Responsible marketing	emphasizes truthful and accurate information dissemination to avoid misleading consumers, safeguarding their right to information and choice.	+	III	Opportunities: Responsible marketing can strengthen consumer confidence and achieve sustainable value appreciation of the brand.	I	Short-term Responsible marketing and professional services

¹"+" represents a positive impact, while "-" represents a negative impact.

²The importance level indicates the significance of the issues identified by Zhifei in various dimensions. The more "I"s there are, the higher the level of importance.

³Based on Zhifei's strategic planning and business timeline, the company defines the time periods as follows: short-term (<1 year), medium-term (1-5 years), and long-term (>5 years).

01

Better Governance for Better Future

Throughout our developmental journey, the Company has consistently anchored its operations to national regulatory requirements, establishing robust and standardized corporate governance as the cornerstone for sustainable growth. To achieve effective governance, we fully leverage the guiding role of Party-building in corporate development, systematically enhancing our governance framework and compliance management systems. This drives continuous improvement in risk prevention capabilities and fosters an integrity-driven corporate environment. Guided by a profound sense of purpose, we remain committed to creating sustainable value for shareholders and contributing to society. This focus embodies not merely our objectives but our enduring pledge to the future.

- Corporate development aligned with Party building work 27
- Standardized management for good corporate governance 31
- Compliance and integrity first in operation 39

Corporate development aligned with Party building work

In 2024, under the guidance of Xi Jinping's thought of socialism with Chinese characteristics for a new era, Zhifei fully implemented the spirit of the 20th National Congress of the CPC and the Second and Third Plenary Sessions of the 20th Central Committee. Adhering to the leadership of Party building, we closely centered our efforts around the main theme of enterprise development. By vigorously advancing ideological and political education, organizational and team building, cultural and promotional initiatives, and the fulfillment of social responsibilities, we have driven significant achievements in Party building efforts.

Organizational and talent development

Uniting ideological consensus and pooling developmental strength, Zhifei has consistently upheld the political core of the Party organization, enshrining "adherence to the Party's leadership" in its corporate charter. The Company implements a "dual-entry and cross-appointment" approach, integrating the Party Committee leadership into its governance structure.

This year, the Company's Party Committee has fully integrated the construction of Party organizations with the management of company departments. It has newly established the First and Second Clinical Party Branches, with a total of six grassroots Party branches completing their term-based elections. The Party Committee prioritizes the selection of branch secretaries from the management, R&D key personnel, and business elites, aiming to strengthen the team of branch leaders, further enhance the cohesion and combat effectiveness of the Party organizations, and provide solid support for the business operations of various departments. In the same year, two Party members of the company were honored by the superior sub-district Party Working Committee for their outstanding contributions. The company also transferred in 12 new Party member cadres, recruited 4 new Party members, and duly approved the conversion of 6 probationary Party members to full membership, effectively promoting the integrated development of Party building and business operations, and fostering a virtuous cycle of talent cultivation.



As at December 31, 2024, the Company has established **22** Party branches nationwide, with **180** registered Party members and nearly **500** mobile Party members. Over 50% of the executive team are Party members.



Unite with one heart, forge ahead with courage, and successfully complete the party committee and discipline inspection commission elections

In July 2024, the Company's Party Committee organized and convened a Party Congress, successfully completing the election process for the 5th Party Committee and the Disciplinary Inspection Commission (DIC). The meeting strictly adhered to the electoral procedures outlined in the Constitution of the Communist Party of China and the Regulations on Elections for Primary-Level Party Organizations of the Communist Party of China. Through secret ballot and competitive elections, members of the 5th Party Committee and DIC of the company were duly elected.

Following the election, Comrade Jiang Rensheng, the Chairman of the Board, was elected as the Secretary of the Party Committee. Comrade Xie Li, the Vice President, was appointed as the Deputy Secretary of the Party Committee. Comrade Jiang Lingfeng, the Vice Chairman of the Board and President, was elected as a member of the Party Committee. The remaining members of the Party Committee are senior management personnel in charge of strategy, marketing, human resources, legal affairs, and other key areas. Comrade Leng Danqing, the Vice President, was elected as the Secretary of the DIC.

At the meeting, Comrade Jiang Rensheng, the Secretary of the Party Committee and Chairman of the Board, delivered a work report titled "Unite with One Heart, March Forward Boldly: Striving to Write a New Chapter in Zhifei's Journey Towards Becoming a World-Class Biopharmaceutical Enterprise." Under the leadership of the new leadership team, all Party members, cadres, and employees will unite with one heart, march forward boldly, and continuously pioneer new initiatives with a high sense of responsibility and a vibrant spirit. They are committed to opening up new horizons in all aspects of work, striving to realize the company's vision of becoming a "world-class biopharmaceutical enterprise," and making greater contributions to the construction of a Healthy China.



Meeting of Delegates

The Company actively strengthens its cadre team by anchoring Party branches within departments and frontline operations. It adheres to the principle of "learning by doing and doing by learning," setting up Party member pioneer posts and Party member responsibility zones in critical roles to ensure members fully exemplify vanguard roles in operations management, technological innovation, and market expansion. In 2024, the Company organized 4 training sessions, hosted by the Party Organization Department, for branch secretaries and committee members, and continued implementing the "Three Cultivations" initiative, i.e. cultivating Party members into business leaders, cultivating business leaders into Party members, and cultivating Party member leaders into mid-to-senior management.

Guided by the principle of "Party building guides group building, and group building reinforces Party building," the Party Committee spearheaded collaborative efforts. It oversaw the preparation, election, and establishment of the Company's Women's Federation, actively engaged in union and Youth League activities, and organized Party members and group cadres to conduct volunteer services such as disease screenings and health education in schools and communities. With these efforts, the Company aimed to build a civilized, harmonious, and cohesive corporate culture.

Ideological development and working discipline

This year, the Company's Party Committee prioritized ideological and political education. Mr. Jiang Lingfeng, a deputy to the National People's Congress and the Company's President, delivered multiple thematic lectures for all employees, including "Advancing the Healthy China Initiative" and "Interpreting the Spirit of the National Two Sessions (i.e. the National People's Congress and the Chinese People's Political Consultative Conference)." All Party branches rigorously implemented the "three meetings and one lecture" system, organizing Party building activities such as "Studying New Quality Productive Forces," "Learning and Implementing the Spirit of the Two Sessions," and "Studying the Spirit of the Third Plenary Session of the 20th CPC Central Committee" in alignment with practical business needs. The Company also conducted joint Party building activities with external organizations, including the Chongqing Federation of Industry and Commerce, West China School of Pharmacy Sichuan University, and Qingdao Preventive Medicine Association. Leveraging platforms like WeChat groups and xuexi.cn ("学习强国"), Party members and cadres engaged in daily study of current affairs and actively participated in "micro-forum" discussions, transforming the Party's innovative theories into a driving force for high-quality development.



In 2024, the Party Committee of the Company organized over **30** internal Party building activities and **8** collaborative Party building events with external partners.



Company-wide thematic party lecture - "Strive Unremittingly to Comprehensively Advance the Healthy China Initiative"

In January, 2024, to deepen ideological study, unify consensus, and pool developmental strength, the Company's Party Committee organized a thematic Party lecture. The Vice Chairman and Vice President (then) Jiang Lingfeng delivered a lecture titled "Bravely Embrace the Mission of Our Era, Safeguard People's Health, and Strive Unremittingly to Comprehensively Advance the Healthy China Initiative" to all Party members and employees. The lecture aligned with the Company's practical operations, clarifying how the enterprise, in the new era and on its new journey, should "gratefully heed the Party's guidance, follow the Party's direction" and fulfill its mission of "safeguarding human health, by preventing the unseen & treating the ailing". In response to national health strategies and public health needs, the Company took concrete actions to accelerate the Healthy China Initiative and contribute to the nation's economic development.



The scene of the thematic party lecture

In accordance with the requirements of the Central Committee's directives, the Company's Party Committee rigorously carried out disciplinary education and study activities. Party members were organized to study the *Regulations of the CPC on Disciplinary Punishment*, national laws and regulations, and company-related rules and policies. Educational content, including interpretations of the regulations, Q&A materials, and warning education videos, was shared in Party member groups. Additionally, Party members were encouraged to share their learning insights aligned with their practical business roles, further strengthening awareness of discipline and compliance. This initiative fostered a work ethos of "studying discipline, understanding discipline, clarifying discipline, and abiding by discipline," providing robust political and disciplinary safeguards for the Company's development.



Study Party discipline, strengthen Party spirit, and build defenses – learning session for themed party discipline education

In June, 2024, the Company's First Party Branch held a thematic meeting to guide Party members in studying important speeches and instructions of General Secretary Xi Jinping on the Party discipline learning and education and the *Regulations of the CPC on Disciplinary Punishment* revised by the Central Committee. In this way, all Party members were encouraged to understand and abide by Party discipline, ensuring in-depth implementation of disciplinary education. Comrade Wu Mengyuan, Director of the Party Committee Office, first led participants through a review of the Party's disciplinary development across revolutionary, construction, and reform periods. Key sections of the *Regulations of the CPC on Disciplinary Punishment* were then studied line by line, covering the six major disciplines (political discipline, organizational discipline, etc.). Attendees watched the education video *Warning Bell (《警钟》)*, followed by a review of the Company's relevant rules and regulations. This session further reinforced members' awareness of discipline and compliance, fortified ideological defenses, and provided steadfast disciplinary safeguards for both the Party's cause and the Company's development.



The scene of the thematic party discipline education

Simultaneously, the Company's Party Committee has organically integrated Party building culture with corporate culture, dedicating efforts to establishing the "Following Party Building and Safeguarding Health" brand. Through four initiatives - "Solidifying Roots and Forging Spirit, Shaping Conduct and Enhancing Quality, Nurturing Talent and Inspiring Growth, Upholding Integrity and Building Trust" - the Company comprehensively showcased achievements in both Party building and operational development. Under the guidance of the District Committee's Organization Department, the Company also established the "Red Gene" Biotech Industrial Chain brand. By collaborating with 6 Party organizations from subsidiaries, partner enterprises, and government agencies, an Industrial Chain Joint Party Committee was formed. This initiative leverages Party building to strengthen organizational synergy, driving the healthy development of the industrial chain.



In 2024, the Company's Party Committee produced **24** Party building activity briefs, published **7** promotional articles on its WeChat official account, and released **8** press pieces through media outlets, amplifying the Party's positive narratives and inspiring energy.

Standardized management for good corporate governance

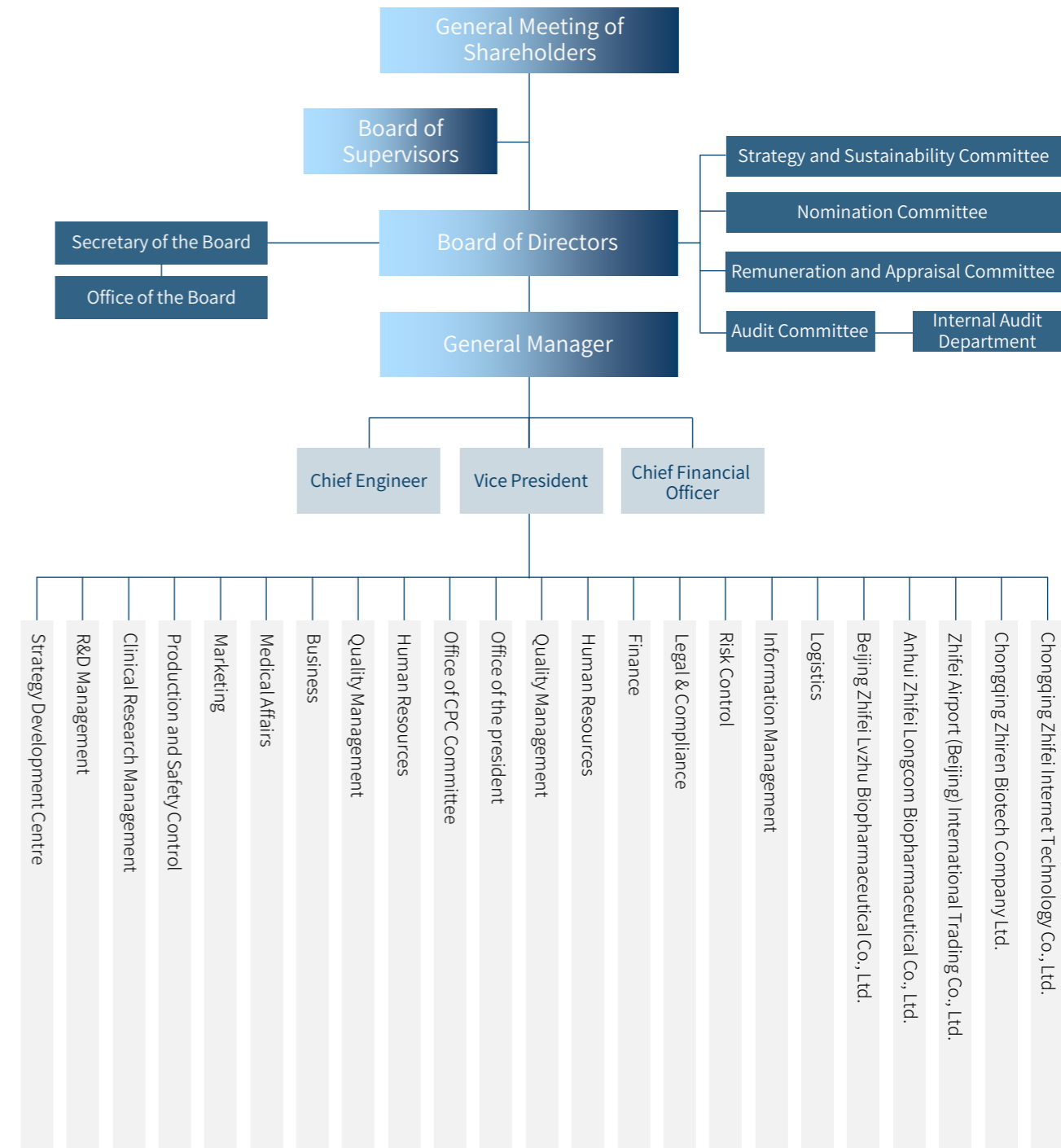
Integrity and compliance form the bedrock of the Company's development, anchoring its efforts to establish a robust governance system and refine its governance capabilities. In 2024, the Company deeply studied and implemented the spirit of the Third Plenary Session of the 20th CPC Central Committee and meetings of the CPC Central Political Bureau, penetrated the essence of the new "Nine State Guidelines" ("国九条") and the "1+N" policy framework for the capital market, and closely aligned with national policy directions. By enhancing strategic thinking and operational management, the Company solidified a long-term mechanism for standardized governance, laying a strong foundation for further quality and efficiency improvements. These efforts have injected vigorous momentum into high-quality development while ensuring the lawful rights and interests of investors are effectively protected.

Corporate governance structure

The Company strictly complies with relevant laws and regulations, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Governance Guidelines for Listed Companies*, the *Rules for the Listing of Stocks on the GEM of the Shenzhen Stock Exchange (SZSE)* and the *Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No. 2 - Standard Operation of Companies Listed on the ChiNext*. Internal governance frameworks such as the *Articles of Association*, the *Working System for Special Meetings of Independent Directors*, and the *Remuneration Management System for Directors and Supervisors* have been formulated and implemented to ensure rigorous adherence to the corporate governance structure.

The Company has established a corporate governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management. The Board of Directors operates four specialized committees, i.e. the Strategy and Sustainable Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, which provide professional recommendations to support the Board's decision. The Company has established and improved its operational systems and governance rules, forming a reasonable mechanism with clearly defined responsibilities, communication, and checks and balances among governing bodies, decision-making bodies, supervisory bodies, and executive bodies. Simultaneously, through the development of a comprehensive risk management and internal control system, the Company has institutionalized standardized governance, embedding a culture of self-regulation, continuous improvement, and self-refinement. This framework regulates the rights and obligations of controlling shareholders and management while preventing the abuse of shareholder privileges or managerial dominance to the detriment of minority investors' interests. In 2024, the Company successfully completed the transition of its Board of Directors and the Board of Supervisors. The renewed leadership team of directors, supervisors, and senior executives maintains stability while achieving greater diversity in composition. This enhances the Company's corporate governance standards and operational management capabilities, ensuring robust protection of all shareholders' legitimate rights and interests. It further strengthens the Company's core competitiveness, profitability, and comprehensive risk management capacity, solidifying its developmental foundation to sustain long-term and healthy growth.

The Company's governance structure



Shareholders and the General Meeting of Shareholders

The General Meeting of Shareholders is the highest body of power of the Company. In accordance with the provisions and requirements of the *Rules of General Meeting of Shareholders of Listed Companies*, *the Articles of Association* and *the Rules of Procedure of General Meeting of Shareholders*, the Company convenes, holds and votes for shareholders' meetings in a standardized manner. Professional lawyers are required to attend and issue legal opinion letters as witnesses. The Company strives to facilitate shareholder participation, guaranteeing equal rights for all shareholders - particularly minority shareholders - to fully exercise their entitlements and safeguard their lawful interests.

The Company has its own business and can operate independently of the controlling shareholders in business, personnel, assets, departments and finance. The Company's Board of Directors, Board of Supervisors and internal departments all operate independently. The controlling shareholders of the Company strictly regulate their own behavior, exercise their rights and undertake obligations in accordance with the law, without overriding the shareholders' general meeting to directly or indirectly interfere with the Company's decision-making and operation activities. The controlling shareholders are not allowed to illegally occupy the Company's assets and harm the interests of the Company and other shareholders.

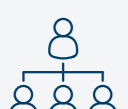


In 2024, the Board of Directors of the Company held a total of **3** general meetings of shareholders and deliberated **13** proposals.

Directors and the Board of Directors

The Board of Directors, as the Company's operational and management decision-making body, is responsible to the General Meeting of Shareholders. The Company's Board of Directors has 9 directors, including 2 female directors and 3 independent directors. The number and composition of directors meet relevant laws and regulations. Board members bring diverse expertise across industries such as biopharmaceuticals, law, finance, and corporate governance, equipped with the knowledge and competencies necessary for their roles. Directors actively participate in professional training organized by regulatory authorities as required.


The Company rigorously complies with the *Measures on the Administration of Independent Directors of Listed Companies*, leveraging independent directors' role in corporate governance. All directors perform their duties faithfully and diligently under the *Rules of Procedure for the Board of Directors* and *Working Guidelines for Independent Directors*, ensuring high-quality decision-making and laying a solid foundation for sustainable development.



In 2024, the Board of Directors of the Company held a total of **7** meetings and deliberated **32** proposals.

Supervisors and the Board of Supervisors

The Board of Supervisors of the Company has 3 supervisors, including 2 employee supervisors. The number and composition of supervisors comply with the relevant provisions and requirements of laws and regulations. All supervisors rigorously fulfill their oversight duties with a high sense of responsibility to shareholders, adhering to the *Rules of Procedure for Board of Supervisors*. They closely monitor major corporate decisions, related-party transactions, financial status, and the performance of directors and senior management to ensure full compliance with laws, regulations, and the *Articles of Association*.



In 2024, the Board of Supervisors of the Company held a total of **4** meetings and deliberated **15** proposals.

Senior management

The Company had a total of 15 senior managers, including 6 female senior managers. The senior management team comprises industry experts and professionals in law, quality assurance, marketing, strategic planning, environmental safety, and other fields. This diverse leadership fosters synergistic collaboration, enabling agile responses to market shifts, seizing opportunities, addressing challenges effectively, and providing expert guidance on sustainability initiatives. Their efforts drive a balance between social responsibility and economic performance, achieving win-win outcomes.



Protection of rights and interests of investors

Information transparency

The Company strictly abides by relevant laws and regulations such as the *Securities Law of the People's Republic of China*, the *GEM Listing Rules*, the *Administrative Measures for Information Disclosure and the Insider Registration System*. Adhering to principles of openness, fairness, and impartiality, it promptly communicates corporate developments and value to the market. A robust internal mechanism for information collection, reporting, and communication ensures the authenticity, accuracy, and completeness of disclosures. Designated channels such as CNINFO (www.cninfo.com.cn), Securities Times, and Shanghai Securities Journal guarantee that all shareholders equitably and timely access updates, financial data, and major milestones, fostering market trust.

In 2024, the Company released 86 regulatory announcements and filings, including 4 periodic reports, ad-hoc announcements, and voluntary disclosures. No instances of false records, misleading statements, material omissions, or improper disclosures occurred.



The Company was awarded the "Category 'A' (highest rating)" in SZSE GEM-listed company information disclosure evaluation for the 9th consecutive year in 2024.

Return to shareholders

Respecting, rewarding, and protecting investors - particularly minority shareholders - is a fundamental duty of listed companies. Upholding the "investor-oriented" concept, the Company prioritizes delivering sustained, stable, and reasonable returns to shareholders while advancing its own growth.

In compliance with regulations issued by the China Securities Regulatory Commission (CSRC) and SZSE, the Company has honored annual cash dividend commitments since its IPO. The Articles of Association clearly stipulates a stable and reasonable profit distribution policy. The Board of Directors formulates a profit distribution plan based on the Company's annual performance and submits it to the General Meeting of Shareholders for deliberation, so as to effectively protect the legitimate rights and interests of shareholders, especially small and medium-sized shareholders. During the Reporting Period, the Company distributed RMB 2.394 billion in total dividends, comprising the 2023 annual dividend and 2024 interim dividend - marking the highest cash payout in its history. Beyond cash dividends, the Company shared growth value through share repurchases. In addition to cash dividends, the Company has implemented a share repurchase exceeding RMB 300 million, all of which will be used for cancellation to reduce the registered capital and share the Company's development achievements with investors.



In 2024, the company repurchased and subsequently canceled 6,210,253 shares through concentrated bidding transactions, with a total transaction amount of RMB **300,007,668.00**. The company implemented the 2024 interim equity distribution, distributing a cash dividend of RMB 2.00 (tax-inclusive) per 10 shares to all shareholders based on the company's total share capital of 2,393,789,747 shares. No bonus shares were distributed, and no shares were transferred from the capital reserve to all shareholders on a per-10-share basis. The total cash dividends distributed amounted to RMB **478,757,949.40** (tax-inclusive). In 2024, the company's total cash dividends and share repurchases amounted to RMB **778,765,617.40**.


Summary of annual cash dividend distribution on common shares since listing (including the Reporting Period)

Year	Total cash dividends distributed (RMB 10,000)	Net profit attributable to the parent company's shareholders (RMB 10,000)
Mid of 2024	47,875.79	215,062.29
2023	191,503.18	806,986.82
2022	80,000.00	753,899.97
2021	96,000.00	1,020,854.84
2020	80,000.00	330,132.68
2019	80,000.00	236,643.87
2018	80,000.00	145,136.65
2017	20,800.00	43,227.54
2016	1,600.00	3,252.03
2015	8,000.00	19,740.19
2014	8,000.00	14,800.40
2013	8,000.00	13,034.78
2012	12,000.00	21,504.54
2011	10,000.00	19,638.36
2010	8,000.00	25,678.81

In the days ahead, the Company will continue to provide reasonable investment returns to investors in more ways. The Company takes into account the immediate and long-term interests of shareholders without compromising the principles of profit distribution and the normal operation and long-term development. Besides, it strives to improve returns to shareholders by developing and implementing a "long-term, stable, and sustainable" shareholder value return mechanism.

Investor relations management

The Company regards investor relations as a critical initiative to implement the new development philosophy, striving to improve IR quality and foster a healthy market ecosystem. In compliance with the Investor Relations Management System, we maintain diversified communication channels, including the General Meeting of Shareholders, presentations for business performance, hotline, email, irm.cninfo.com.cn portal, regional collective reception days, on-site visits and analyst conferences, ensuring prompt and transparent responses to investor inquiries and actively soliciting feedback. We treat all investors equitably, facilitating participation in major decision-making processes - particularly for minority shareholders - by creating opportunities for engagement. This approach strengthens investor voice and satisfaction, building mutual trust and interaction.



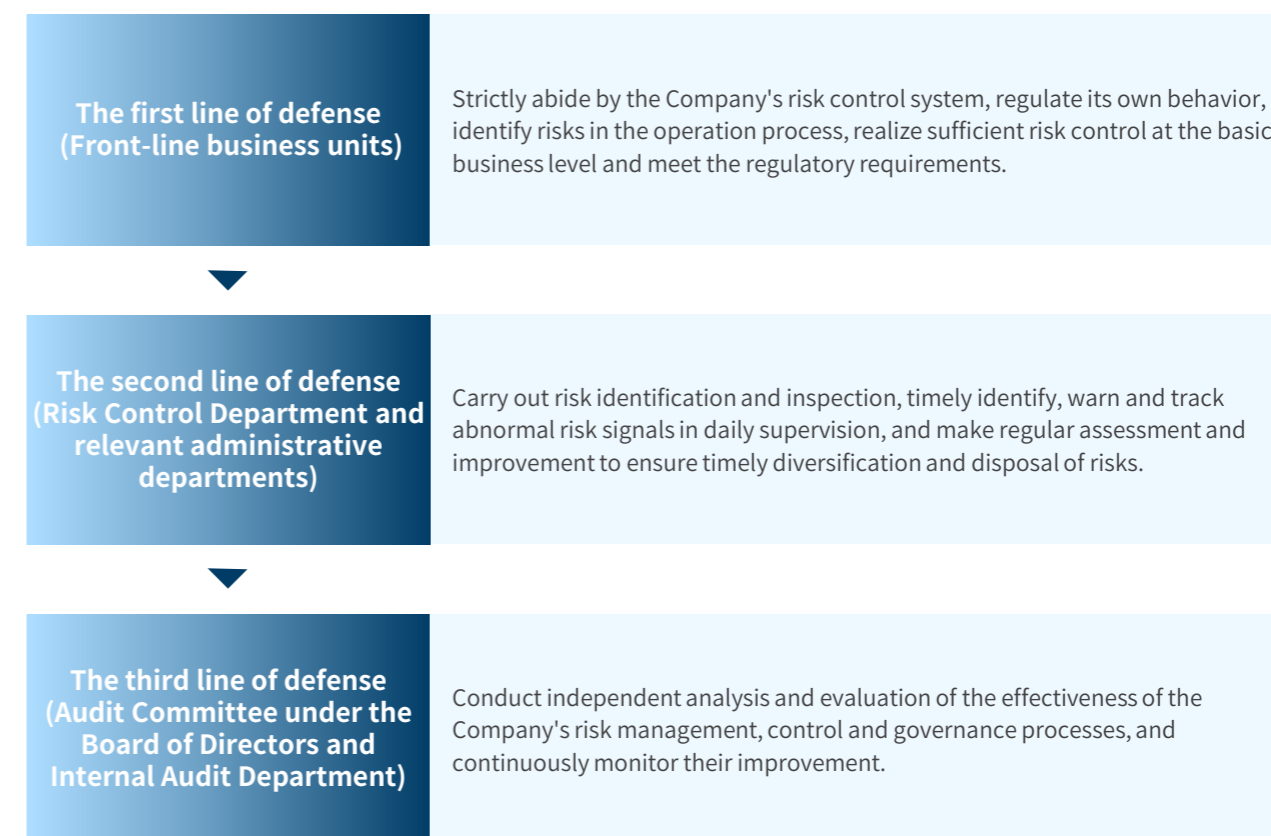
In 2024, the Company achieved a **100%** response rate on investor hotline inquiries and addressed **228** questions via irm.cninfo.com.cn portal with a **100%** reply rate.

Risk management and internal control

The Company has established an effective risk management and internal control system to promptly identify and mitigate potential risks, driving continuous improvement in operational management. Internal regulations such as the *Internal Audit System* have been formulated and implemented, clarifying responsibilities and oversight procedures across all organizational levels to ensure systematic and scientific execution of risk management and internal control initiatives.

The Board of Directors serves as the supreme decision-making body for the risk management and internal control framework. Under the Board, the Audit Committee oversees, inspects, and evaluates matters related to internal controls, financial reporting, and internal audits. It reports to the Board at least quarterly on audit progress, compliance quality, and significant risk exposures. Guided by the Board and its Audit Committee, the Company has established the Internal Audit Department and Risk Control Department which work alongside frontline business units to reinforce the three lines of defense in risk management and internal control.

Three lines of defense for risk management and internal control



To provide professional risk management support and oversight, the Risk Control Department carries out unannounced compliance inspection, in-depth inspection, etc. to identify risk points and manage defects. For internal control and promotion behavior risks, the Risk Control Department cooperates with the Internal Audit Department and the Legal and Compliance Department respectively to timely control existing and new risks, establish risk assessment models, and build a solid line of defense against business risks. For operation projects, the Company has set up a Project Management Committee, and coordinated the Legal and Compliance Department, the Risk Control Department, the Finance Department and others to control project risks, in an effort to effectively protect the Company's interests.

In order to guarantee the efficiency of the first and second lines of defense, the Internal Audit Department carries out independent internal audits for each department, controlling subsidiary and relevant joint stock company of the Company, and evaluates the effectiveness of internal control. The scope of internal audit covers all business operations related to financial report and information disclosure, including procurement, human resources, information system management, etc., to fully perform the supervisory function of the third line of defense. For the deficiencies in internal control found during the audit process, the Internal Audit Department supervises the rectification and conducts a follow-up review to ensure the effective implementation of rectification measures.

Compliance and integrity first in operation

The Company strives to implement the principle of "Prevention-Surveillance-Sanction" integrated compliance management system and oversight mechanism. By doing so, it aims to carry out the compliance concept of "compliance in heart, responsibility in action". This approach helps prevent risks of non-compliance, enabling the Company to adhere to national laws and regulations, meet the standards of the pharmaceutical industry, and fulfill the requirements of business development. As a result, the Company can build an honest and responsible image. During the Reporting Period, no commercial bribery or embezzlement incidents occurred at Zhifei, nor were there any lawsuits involving unfair competition practices or major administrative penalties.

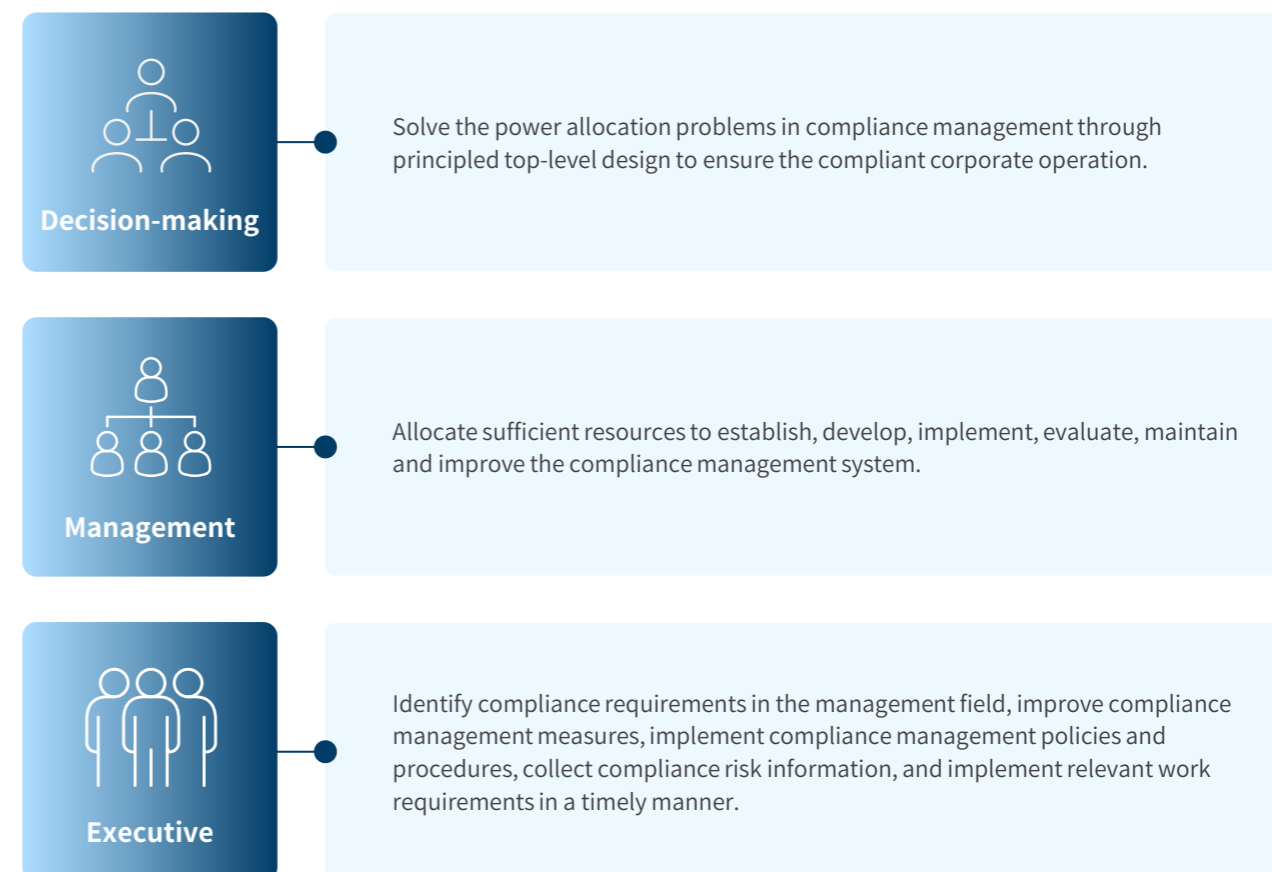
Compliance management system

The Company recognizes the importance of business ethics. In compliance with the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and other laws and regulations, and by reference to the code of conduct of China Association of Enterprises with Foreign Investment R&D-based Pharmaceutical Association Committee (RDPAC) (including 47 multinational pharmaceutical enterprises) for the industry, the Company has formulated and implemented the *Trade Secret Protection System*, the *Employee Complaints and Reports Management System* and the *Third-Party Behavior Norms Management System*, along with anti-corruption policies and business ethics standards. These measures are designed to clearly set out the compliance management requirements for employees, suppliers, and other relevant parties. In 2024, the Company further clarify institutional management requirements for preventing unfair competition practices such as false or misleading advertising and commercial defamation. These revisions strengthened regulations on employee fraud, conflict of interest management, anti-bribery and anti-corruption, as well as due diligence of partners, to ensure voluntary fairness, honesty, and trustworthiness in the business environment.

The Company's Board of Directors serves as the ultimate decision-making body for compliance, business ethics, and anti-corruption matters. To ensure effective oversight and implementation of compliance, business ethics, and anti-corruption management, the Company has established a three-tier structure composed of decision-making, management, and implementation levels. Additionally, the Company has specifically established a Compliance Committee, comprising the Chief Compliance Officer, senior management, and heads of relevant departments, which is responsible for deliberating on major compliance matters, holding discussion sessions on compliance risk assessments and handling of risk-related matters, and reporting to the Board of Directors.



Compliance management structure



In 2024, the Company's Compliance Committee deliberated on over **90** projects.

To ensure the effective operation of the compliance management system, the Company conducted regular audits on implementation of compliance management systems, anti-corruption policies and business ethics standards. These audits covered daily financial statements, academic promotion activities, publicity materials management, internal quality management systems, compensation and performance, and other businesses. The Company also undertook full-process follow-up and control of key projects, forming a full-cycle control model that included pre-project deliberation, mid-term review, and post-project retrospect. Concurrently, the Company integrated an information system for its compliance management system to enable closed-loop management across multiple processes, including promotion activity planning and submission, activity management, budget management, expense reimbursement, and document retention, and to realize process node tracking.

Compliance management framework

The Company maintains zero tolerance for acts of commercial bribery, embezzlement, and money laundering. Through the implementation of diverse management measures, it works to prevent, identify, correct, and punish all violations, sparing no effort to embed the principles of integrity-based operations and ethical self-discipline into every management process and strengthen its risk prevention capabilities.

Prevention

The Company requires all employees to sign the *Compliance Commitment Letter* and the *Integrity and Self-Discipline Compliance Convention*. Before cooperation, suppliers, customers and third parties are required to sign the Integrity Agreement or business ethics clauses. These documents clearly stipulate compliance standards and requirements.

Prior to establishing partnership with external organizations, the Company conducts due diligence and conflict of interest investigations on them and comprehensively evaluates whether to proceed with cooperation. If any prospective partner is found to have engaged in non-compliant practices such as commercial bribery or embezzlement, the Company reserves the right to immediately terminate cooperation with it. In 2024, the Company also conducted conflict of interest investigations on personnel such as employees and lecturers, and implemented targeted mitigation measures for material conflicts of interest to address them and prevent potential adverse impacts.

To continuously enhance employees' compliance and business ethics awareness, the Company has established a compliance and business ethics training system for all directors and employees, delivering training sessions on anti-commercial bribery, anti-corruption, legal disputes, responsible marketing, intellectual property protection, and other areas. These initiatives aim to prevent incidents of violating laws, regulations, industry standards, or the Company's business ethics guidelines.



In 2024, Zhifei conducted **190** compliance training sessions for its directors and all employees, covering a cumulative total of **83,030** participants.

Surveillance

Under the coordination of the Risk Control Department, the Company implemented unannounced internal and external compliance inspections and imposed punishments on illegal and non-compliant practices identified during these inspections and internal reviews.

The Company has set up a Corporate Mailbox channel to encourage internal and external stakeholders such as employees, suppliers and customers to report violations. To protect the legitimate rights and interests of whistle-blowers, the Company takes confidentiality and protection measures against retaliation and provides legal assistance to prevent retaliation against whistle-blowers. Information of the whistle-blowers, including name, company, department, position, and contact information, is provided only for investigating and collecting evidence or notifying the handling result, and it will not be used on any other occasion. Leakage of such information to the respondent is strictly forbidden.

Punishments

With strict punishments for violations established, the Company handles violations and punishes the persons involved in light of nature, degree of harm and scope of influence of violations, and prevents the re-occurrence of such behaviors through continuous supervision, education and corrective measures.

02

Dedication in R&D for Health and Wellbeing

Zhifei has always been deeply involved in the field of vaccines, adhered to the innovation-driven development strategy, focused on cutting-edge new technologies and new breakthroughs in biomedicine under the guidance of the people's health needs, built innovative product pipelines with prominent technological advantages and obvious clinical advantages with cutting-edge technological strength and leading R&D capabilities, and accelerated the transformation of innovative scientific research results, thereby providing the public with a variety of high-quality vaccines and biological products to protect life.

With R&D and innovation as the engine for development, Zhifei focuses on the forefront of biotechnology and vigorously develops new quality productive forces. To effectively stimulate R&D potential and enhance innovation advantages, the Company has carried out in-depth R&D and innovation system construction, and built a scientific and reasonable R&D and innovation governance system, strategic path, as well as risk and opportunity & impact management mechanism. Metrics and goals are also established, with the progress regularly measured.

- Innovation and ethics support 45
- Strategic guidance for a healthy future 51
- Assessing impacts and seizing opportunities 58
- Quantitative metrics to support goal attainment 59



Innovation and ethics support

Along the path to a world-leading enterprise with exceptional products, a renowned brand, innovative solutions, and modern governance, the Company has stayed true to its corporate mission and dedicated to vaccines for human use. The Company has established a sound governance system for R&D and innovation to ensure that R&D and innovation are promoted efficiently within the framework of legal compliance and scientific and technological ethics.

Organizational guarantee

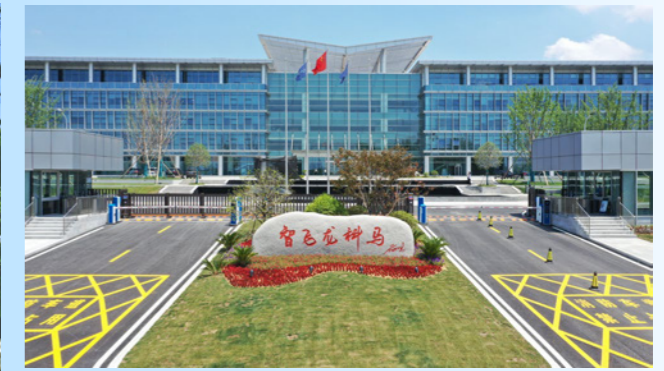
Zhifei has incorporated the governance of R&D and innovation issues into the Company's sustainable development governance structure, ensuring that R&D and innovation issues are integrated into the Company's strategy formulation. Under the supervision of the Board of Directors and the Strategy and Sustainability Committee, the Company's headquarters organizes feasibility analysis and project approval study of R&D and innovation projects, and is responsible for project management. The project leader is responsible for the lifecycle management of the project, and performs the lifecycle management responsibilities from R&D project approval, process review, change management to R&D results protection, etc. The functional departments of the subsidiaries are responsible for the implementation of R&D, clinical, registration, quality, production transfer and other links, and fully undertake the implementation responsibility of R&D and innovation.

At the same time, the Company established three R&D and production bases of Zhifei Lvzhu, Zhifei Longcom and Chongqing Zhirui Biopharmaceutical Industrial Park. Through Zhifei Lvzhu and Zhifei Longcom, the Company deepens the cause of disease prevention. Relying on Zhirui Biopharmaceutical Industrial Park, we deepen layout in the large Biopharmaceutical field, build an innovation incubation center in Beijing, focus on cutting-edge technologies in the industry, and carry out original technological innovation. The Company has established the entire process from product R&D to industrialization, which covers early R&D, products transformation research, process amplification, quality control, clinical monitoring, drug registration and other sectors. This is how innovation plays its core role in driving development, thus laying a solid foundation for innovative breakthroughs and new technology development.

Delving deeply into the field of disease prevention, we have made positive progress in the clinical research of multiple self-developed products, and comprehensively deepened strategic cooperation with international organizations and scientific research institutions.



Zhifei Lvzhu



Zhifei Longcom

Leveraging the Zhirui Biopharmaceutical Industrial Park, we are deepening our layout within the broader biotechnology sector, incubating and nurturing preventive and therapeutic biotechnologies and products to drive continuous enhancement of our company's R&D capabilities.

The Beijing Innovation Incubation Center has officially commenced operations, which will provide foundational technological support for the R&D of more innovative products.



Zhirui Biopharmaceutical Industrial Park

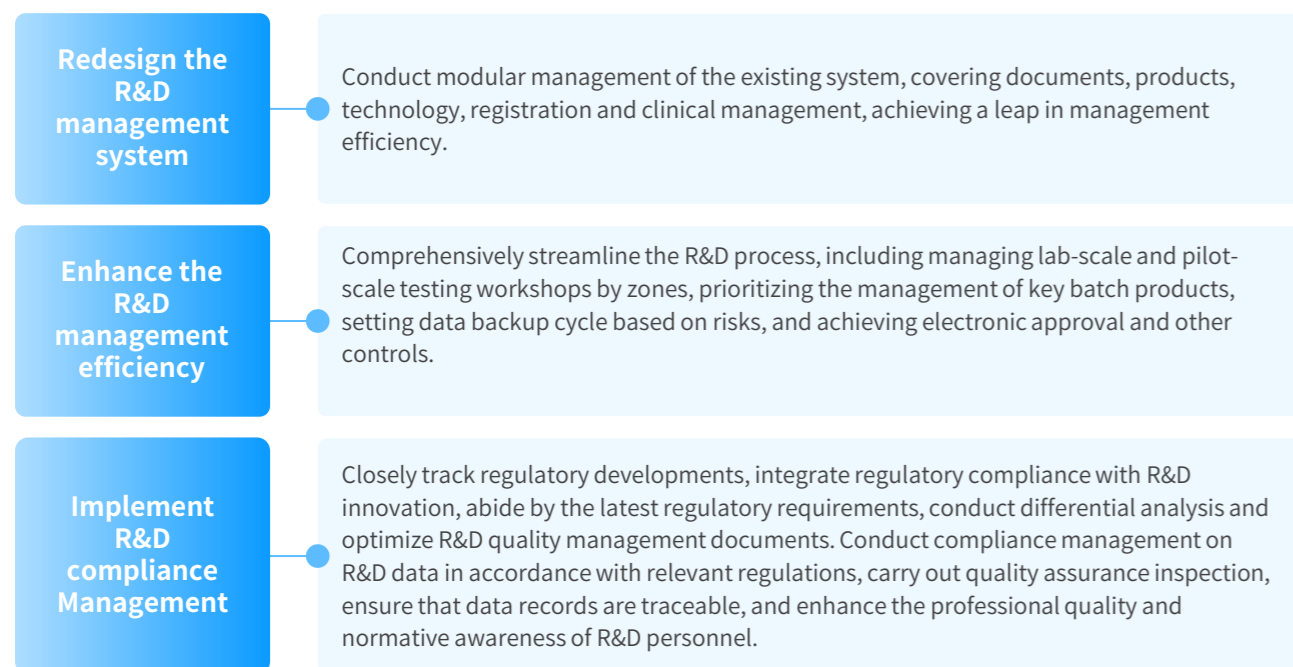


Beijing Innovation Incubation Center

Policy guarantee

In accordance with R&D policies such as the *Management System for Research and Development of Scientific Research Projects (Trial)* and the *Implementation Measures for Management and Reward of Scientific Research Achievements (Trial)*, the Company has strictly implemented a series of standardized management requirements for project proposal, project execution, product transformation, project closure, achievement, and incentive mechanisms.

In 2024, the Company further optimized the working mechanism of R&D project management based on the actual operation of the R&D management system. The Company redesigned the R&D management system, improved the R&D management efficiency, implemented R&D compliance management, comprehensively streamlined the R&D management policy, improved the R&D management system, enhanced the foundation for innovation capacity building, improved the R&D efficiency and quality, and ensured the smooth progress of projects under the guidance of standardized processes.



Ethics guarantee

Zhifei adheres to scientific and technological ethics in innovative decision-making and practice. We implement measures in clinical ethics supervision, animal experiment ethics management, and substitution of animal-derived substances, promote ethical innovation and compliance in the biopharmaceutical industry, achieve harmonious progress of technological innovation and ethical responsibility, and make positive contributions to global public health. In 2024, Zhifei's scientific research methods and purposes were in compliance with ethical standards and international practices, and there were no violations of scientific and technological ethics.

Clinical ethics

The Company strictly abides by the *Good Clinical Practice (GCP)*, the *Development Safety Update Report (Trial)*, the *Good Pharmacovigilance Practices (GVP)* and other laws and regulations, and conducts clinical trials only after obtaining approval from local ethics committees at the provincial and municipal levels. We will report regularly to the Ethics Committee during the trials, and put the interests and safety of the subjects first to ensure that R&D activities are ethical.

The Company has established a clinical quality management system by revisiting standard operating procedures and management policies for clinical trials, which cover 14 important sectors, such as quality manual, clinical operation, medical affairs, project management, risk management, problem management, quality control and knowledge management. Combined with clinical trial quality management practices, a clinical trial quality management system (cQMS) that applies to the entire company's management process has been formed to standardize the lifecycle quality control of clinical trials, data management, subject protection, risk assessment, adverse event reporting and other key links. Based on this system, the Company continues to optimize clinical digital management methods, improve the rationality and reliability of data collection through electronic data acquisition system, emergency unblinding system, etc., to ensure the transparency and compliance of clinical research. At the same time, the Company conducts internal reviews and third-party audits, strengthens the supervision of clinical research ethics, and conducts regular training and assessment on clinical safety knowledge and medical ethics. We also improve the professionalism of clinical teams, and ensure the compliance of clinical trials and the safety of subjects.



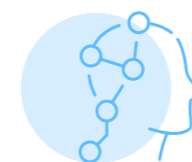
Animal welfare

The Company adheres to the scientific, reasonable and humane use of experimental animals, follows the "3R" principle of "reduce, replace and optimize", and formulates and implements the *Standard Operating Procedure for Animal Welfare, Ethics Review and Biosafety* and other management systems to standardize the animal experiment process and effectively protect animal welfare.

In addition, the Company actively promotes the substitution of animal-derived substances, optimizes vaccine production process, and actively introduces non-animal detection technology. We also deepen research and application of animal-free vaccine production, and develop an ethical vaccine production plan.



1



Use genetically engineered trypsin

- Use the genetically engineered trypsin to replace the animal-derived trypsin. The genetically engineered trypsin is produced through microbial fermentation without animal-derived substances. This method eliminates the risk of pathogen contamination that may be caused by the common use of animal-derived pancreatic enzymes in traditional vaccine production, avoids the risk of impurities or immune reactions that may be caused by animal serum and other components, reduces the ethical problems in the process of animal feeding, slaughter and extraction, and conforms to modern biotechnology and animal welfare standards.

Reduce dependence on animal serum

- Improve cell culture technology to improve the adaptability of cells to low-serum or serum-free media and reduce dependence on new-born calf serum;
- Use fully synthetic media, achieving cell culture without animal-derived substances through precisely proportioned chemical compositions, so as to guarantee the production quality of vaccines;
- Introduce serological substitutes to replace some functional components in animal serum with recombinant proteins, immune factors, specific growth factors and others, thereby improving viral expression to ensure vaccine quality and consistency.



2



3

Reduce the use of Limulus Amebocyte Lysate (LAL)

- Replace traditional gel methods with dynamic chromogenic assay to improve detection efficiency and reduce the use of Limulus Amebocyte Lysate (LAL) by 50%, to protect the endangered species of Chinese Limulus and promote the upgrading of biotesting technology;
- Focus on and promote the application of recombinant Factor C (rFC) and recombinant Limulus Amebocyte Lysate (rLAL), which have been approved by the FDA as a complete alternative to traditional LAL. The Company is continuing to focus on the development and validation progress in the industry.

Explore new techniques for animal-free experiments

Pay active attention to the application of non-animal testing methods at home and abroad, and explore more efficient and sustainable biotesting technologies, including:

- In vitro testing, using cell culture and other methods to replace in vivo experiments;
- In silico, which predicts biological reactions through artificial intelligence and data modeling;
- Read across, which speculates on the safety of new substances with data from known substances;
- IVIVE, which integrates in vitro experimental data to predict in-vivo reactions, reducing the need for animal experiments.



4

Animal ethics practices

Strategic guidance for a healthy future

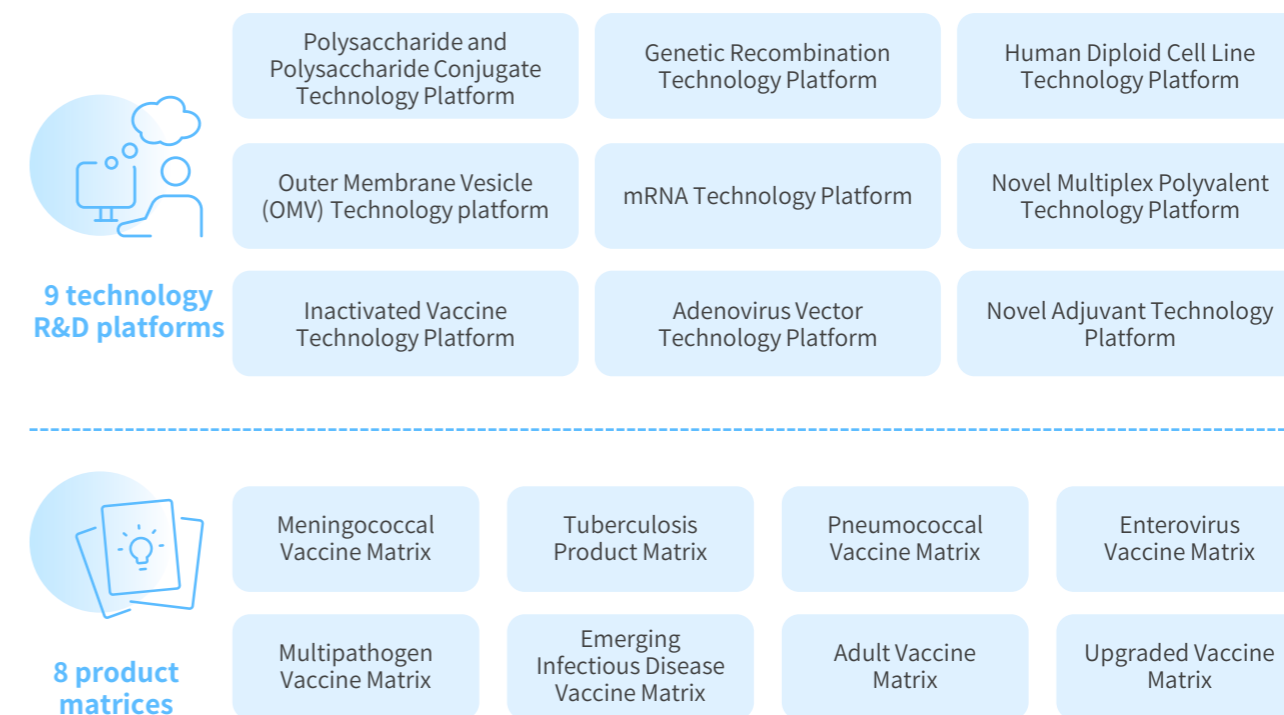
In formulating R&D and innovation strategies, Zhifei has taken into account internal factors such as its own operating characteristics and development plans, as well as external factors such as market demand, industry trends, etc., anchoring the future direction of the health business by identifying R&D and innovation impacts, risks and opportunities that are significant to its business and value chain.

Risk/Opportunities and Impacts		Countermeasures
Risks	Technology risks	Due to the high investment, long cycle and high-risk characteristics of R&D of biological products, there are uncertainties in the R&D process of products. Relying on its strong R&D capabilities, the Company has abundant R&D project reserves and reasonable R&D product portfolios, and sticks to a risk-orientated roadmap to strengthen the R&D team building and reduce product R&D risks.
	Policy risks	Biological vaccines are strictly regulated, and with the rapid social and economic development and profound changes in the biomedical industry, the adjustments and changes of industry policies may have an unpredictable impact on the Company's R&D, production, etc. The Company strictly abides by laws, regulations and regulatory documents, improves and implements the enterprise operation and management system, pays close attention to policy changes and adjusts business strategies in a timely manner to meet regulatory and regulatory requirements.
	Market risks	The Company's product sales are affected by macro policies, product supply, market demand and other factors. If the Company actively participates in the R&D and innovation of products, the above factors may slow down sales or cause sold-out. The Company carries out the production of innovative products in accordance with the production model based on sales orders, and adjusts product procurement plans in a timely manner based on market changes and product demands.
Opportunities	Product & service offering	The Company continues to promote product R&D and innovation, which will help attract more new customers, expand market share and enhance the Company's competitive advantage with innovative products. The Company closely follows the policy orientation, continuously solidifies and improves its R&D and innovation capabilities, accurately grasps the new situation, new changes and new requirements, to better embrace technological innovation and industrial upgrading and launch more innovative products.

To effectively manage the risks and opportunities associated with R&D and innovation, the Company adheres to the R&D and innovation strategy of "Independent R&D as a priority, cooperative R&D as a supplement and investment and incubation as a complement", implements risk mitigation plans and measures based on multiple approaches, seizes the opportunities of new quality productivity, continuously improves its innovation and research capabilities, advance IPR protection, and commits to transforming innovative R&D achievements into products that benefit the whole society.

Enhance the raw strength of R&D and innovation

R&D and innovation are the core elements of developing new quality productive forces. Zhifei has strengthened its independent R&D capabilities and unwaveringly pursued the path of independent R&D and innovation. The Company adheres to the R&D ideas of "globally sourced projects, precise project selection, pipelined project development, and localized project production", focuses on cutting-edge technologies, explores R&D and innovation, and has built 9 R&D technology platforms and 8 product matrices, covering a wide range of R&D paths, orderly promotes the coordinated development of multiple product pipelines, improves independent R&D capabilities with concerted efforts, and consolidates its original R&D and innovation capabilities.



At the same time, the Company is firmly committed to the capacity building of the R&D talent team to enhance R&D and innovation efficiency and quality. The Company provides training sessions on R&D project management ability, R&D quality management ability, drug registration process, product process knowledge, vaccine quality research, the latest industry policies and regulations and others for the R&D team each year. Such training is mandatory for all R&D personnel and can help enhance their professional skills and ensure strict adherence to SOPs.

In 2024, Zhifei conducted a total of **200** training activities for R&D personnel, totalling over **304** hours of training and over **5,288** participants.



The 3rd Academic Exchange Meeting of Zhifei

In August 2024, Zhifei held the 3rd academic exchange meeting to share and exchange insights on multiple dimensions such as process development, methodology development, quality research, and frontier review, covering employees of R&D centers, technology centers, production centers, quality centers and other departments, with more than 700 people participating, further stimulating internal innovation vitality.



The 3rd Academic Exchange Meeting of Zhifei



Zhifei Longcom's knowledge-sharing activities on "large-scale cultivation"

In 2024, Zhifei Longcom carried out a knowledge-sharing activity on the theme of "Large-scale Cultivation". By systematically introducing the key links of large-scale cultivation of respiratory syncytial virus (RSV) and the key points of quality control, the activity comprehensively improves the quality risk control ability of employees in the process of R&D, and ensures the continuous improvement of the quality of R&D projects and products.



Zhifei Longcom R&D upskilling training



Zhifei Lvzhu carries out R&D capability exchange activities

In 2024, Zhifei Lvzhu held and participated in a number of training activities related to R&D capability improvement, including the development and application of vaccine enterprise standard substances, introduction of national standard system for biological products, and vaccine design and case sharing based on antigen structure. The meeting also elaborated on the origin and development of standard substances, the establishment of quality standards for biological products, the concept and technical course of structural vaccine science, etc., comprehensively improving the R&D capabilities of employees.



Zhifei Lvzhu R&D upskilling training

Concerted efforts to drive R&D and innovation

The Company adheres to open innovation, and actively promotes the deep integration of industry, university and research for collaborative innovation. By promoting the deep cooperation of the Company with research institutes and pharmaceutical industry partners, the Company accelerates the process of its new technology from R&D to application, so as to achieve the Company's R&D and innovation breakthroughs, and further serve the people's life and health needs.

In terms of industry cooperation, the Company works with industry-leading enterprises to promote exchange and cooperation on original innovation and industrialization. In terms of technological cooperation, the Company introduced 9 technology R&D platforms and 8 product matrices to cooperate externally in aspects of new antigen, new target, new adjuvant and upgraded technologies.



Zhifei and Delonix Bioworks work together on vaccine development

In January 2024, Zhifei and Delonix Bioworks Ltd. ("Delonix Bioworks") entered into a cooperation agreement. Both parties will work together through the new vaccine development platform of Zhifei's innovative incubation center and the synthetic biological vaccine technology platform of Delonix Bioworks to promote vaccine R&D relying on both parties' upstream and downstream advantages. In open cooperation, Zhifei constantly improves its R&D and innovation capabilities, accumulates high-quality development momentum, and works with all parties to overcome challenges that threaten human life and health.



Zhifei carries out vaccine R&D cooperation with SIII-CAS

To promote the integrated development of basic research, applied research and technological innovation in the vaccine industry, and solve common problems and technical problems in the industry, Zhifei has signed a cooperation framework agreement with the Shanghai Institute of Immunity and Infection of the Chinese Academy of Sciences (SIII-CAS), formerly known as the Institut Pasteur of Shanghai of the Chinese Academy of Sciences), reaching a consensus on joint development of new viral and genetic engineering vaccines, the development of genetically engineered dual- or multi-valent norovirus vaccines and other research projects. In April 2024, Zhifei successfully completed the preparation of Phase III clinical samples of the quadrivalent norovirus project, helping the development of China's vaccine industry in a win-win way.



Zhifei has cooperated with the SIII-CAS since 2015



Huazhi Bio, a company settled in Zhirui Biopharmaceutical Industrial Park, has established a joint laboratory with Fudan University

In 2024, Chongqing Huazhi Bio, a company settled in Zhirui Biopharmaceutical Industrial Park, and Fudan University Shanghai Institute of Infectious Diseases and Biosecurity co-built the "University-Enterprise Joint Lab for Innovative Vaccine Generic Platform Research and Development" (hereinafter referred to as the "Joint Lab"). The Joint Lab will conduct exploratory and practical research based on the combination of cutting-edge science and the actual market needs, focusing on the virus-like particle technology platform. The two parties will give full play to their respective advantages in scientific research and market application, explore the development of new vaccines, improve the ability of independent innovation in the field of vaccines, and promote the rapid transfer of scientific research results to forces for the prevention and control of infectious diseases in China and the world.



Joint Lab unveiling ceremony

Investments to uncover R&D and innovation opportunities

The Company deepens its independent R&D and innovation technology capabilities in biopharmaceutical through investment incubation. In addition to prioritizing "preventing diseases", the Company has engaged in the field of "treating diseases" through the Zhirui investment platform, and incubated and cultivated promising preventive and therapeutic biotechnology and products through equity investment.

Relying on Zhirui Biopharmaceutical Industrial Park, the Company extends its technological innovation scope and develops preventive and therapeutic biotechnologies and products with a strong emphasis on biopharmaceutical and healthcare industries. So far, Zhirui Investment has incubated more than 10 R&D enterprises, and promoted the R&D and industrialization of cutting-edge biotechnology with a focus on the fields of tumor, metabolic diseases, cardiovascular diseases, autoimmune diseases and neurodegenerative diseases, empowering the R&D and innovative development of Zhifei.



Start investment mergers and acquisitions to improve the "prevention and treatment" landscape

Chongqing Chenan Biopharmaceutical Co., Ltd ("Chenan Biopharm") is a biopharmaceutical enterprise that the Company invests in and incubates through Zhirui investment platform. Zhifei reached a preliminary intention with Zhirui Investment and founder of Chenan Biopharm to acquire 100% equity of Chenan Biopharm in cash, and signed an *Intent Agreement on Equity Acquisition*. The cooperation aims to extend the Company's business scope to the field of diabetes, obesity and other metabolic diseases and enter the therapeutic biopharmaceutical sector.

Upon completion of the transaction, Zhifei will obtain pipelines and production bases of insulin analogs products and GLP-1 analogs. This helps the Company extend its business scope and scale of proprietary technologies and products in biopharmaceuticals and safeguard the public health by preventing and treating diseases.

Secure R&D and innovation achievements

The Company places significant emphasis on protecting intellectual property rights and strictly adheres to the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and other laws and regulations to carry out intellectual property management. The Patent Management Department is responsible for the overall management of patent-related work to ensure that the patent strategy is highly aligned with the Company's business strategy. In 2024, the Company updated and further implemented the *Patent Application and Management Policy*, which clearly defined management requirements in patent management, patent application mechanism, patent reward mechanism, R&D results disclosure, patent risk warning, patent dispute settlement and other aspects, in an effort to continue to optimize the principles and processes of intellectual property management, and actively promote the progress of patent application and registration.

Patent management standards

- The Company has developed internal policies related to protection of intellectual property rights to clarify the management requirements in patent application, patent right management, patent declaration process, reward and punishment mechanism to make the management of patent application, maintenance and information change more standardized and objective.
- Build an online intellectual property management system to achieve the lifecycle management of patents and further improve the efficiency of patent management.

Patent application reward

- The Company provides comprehensive patent application support and reward for employees in accordance with the Implementation *Measures for Scientific Research Achievements Management and Reward (Trial)*. The Company fosters a culture of self-motivation and innovation and encourages employees to propose reasonable solutions to any problems in the process.
- The amount of the rewards is provided taking into account the degree of difficulty, innovation, expected benefits and other factors of the project, and based on the multiple evaluations conducted at the project inception and closure. The Company recognizes and rewards employees' achievements, in accordance with its internal patent reward mechanism, when these solutions are successfully transformed into products.

Patent database

- The Company makes continuous efforts to improve the patent system building, and has successively introduced a patent database and a professional database to provide professional information support for R&D projects and their efficient execution, while minimizing the risks associated with intellectual property infringement.

Intellectual property training

- We organized two intellectual property (IP) training sessions, covering topics such as patent application procedures, patent infringement analysis, and related legal strategies, tailoring for participants from R&D Center, Production Center, and Quality Control Department, with a total on-site attendance exceeding 500 individuals. This deepens participants' understanding and awareness of patent application processes, strategic patent portfolio management, and effective IP protection measures. We seek to significantly mitigate the risks of IP infringement for the enterprise, thereby fostering an environment conducive to technological innovation and safeguarding the company's core competitive advantages.

Assessing impacts and seizing opportunities

Zhifei has established a sound risk management and internal control system based on the risk-oriented principle, standardized the identification, evaluation and reporting procedures of major risks, and regularly reviewed the effectiveness of various risk response mechanisms to adapt to changes in the external environment and updates of internal requirements, effectively make scientific decisions, prevent risks, seize opportunities, and ensure the sustainable operation of the Company. Meanwhile, the Company conducted a double materiality assessment on ESG issues during the Reporting Period to identify significant management and disclosure issues by analyzing the impacts, risks and opportunities of various related issues. Relying on the effective operation of the Company's risk management and internal control system and the further research on the double materiality assessment, the Company identified R&D and innovation as the most important issue. For more information on relevant mechanisms and evaluation results, please refer to the sections "Risk Management and Internal Controls" and "Double Materiality Assessment" in this Report.

For the daily management of risks and opportunities related to R&D and innovation, the Company regularly conducts special self-tests, including key modules such as documents, sample retention for clinically tested drugs, material retention and shipment of drugs, and practices the concept of "quality-by-design" to ensure that R&D and innovation risks are controllable. At the same time, the Company drafts relevant management documents based on R&D and innovation requirements, and adds GMP (Good Manufacturing Practice of Medical Products) audit process, acceptance inspection at key nodes, etc., to escort R&D and innovation work in an all-round manner. For identified R&D and innovation risks, the Company timely assesses the possibility of occurrence and impact, and makes effective management measures to ensure that the risks and impacts are controllable. In addition, the Company continuously monitors changes in external environment such as policy changes, market demands and technological development to capture potential growth points and emerging trends. Meanwhile, the Company conducts in-depth analysis on its own resources and advantages to ensure that the identified opportunities are aligned with the Company's core capabilities and long-term strategy, laying a solid foundation for the Company's R&D and innovation direction and capabilities.



Quantitative metrics to support goal attainment

Zhifei provides strong support for scientific research and innovation with stable R&D capital, and continues to promote the construction of a high-level R&D team to inject tremendous momentum into scientific and technological innovation. In recent years, the Company's R&D investment has continued to grow, and the R&D talent team has been growing, resulting in the continuous emergence of scientific research achievements.



During the Reporting Period, Zhifei invested RMB **1.391** billion in R&D, cumulative R&D investment over the past five years has exceeded RMB **5.1** billion.. The R&D team had a total of **1,072** employees, representing an increase of **15.56%** over the same period last year, accounting for **14.85%** of the total employees. Zhifei has granted for **57** patents, including patents granted oversea.

The Company effectively promotes the development of pipelines under research, and accelerates product innovation and launch, helping the Company create greater social and economic benefits. By the end of the Reporting Period, the Company had 34 independent development projects in pipeline, 19 of which were in clinical trials or registration. The Company had launched 8 proprietary products (including products with conditional marketing license), safeguarding the lives and health of millions of people. As of the disclosure date of this Report, the Company's independently developed Quadrivalent Influenza Virus Split Vaccine has been approved for market launch in March 2025. The 15-valent Pneumococcal Conjugate Vaccine and the ACYW₁₃₅ Group Meningococcal Conjugate Vaccine have both received summary reports for their Phase III clinical trials. The Therapeutic BCG Vaccine has advanced to Phase III clinical trials. Applications for production registration of the Freeze-Dried Human Rabies Vaccine (Human Diploid Cell), the Quadrivalent Influenza Virus Split Vaccine (Pediatric Formulation), and the Influenza Virus Split Vaccine have been accepted by regulatory authorities. The Quadrivalent Recombinant Norovirus Vaccine has entered Phase III clinical trials, representing the fastest progress among products of the same valency. The 26-valent Pneumococcal Conjugate Vaccine has advanced to Phase I/II clinical trials, marking it as the highest-valency product of its kind to have entered clinical trials in China to date. The Quadrivalent Influenza Virus Split Vaccine (with ZFA02 adjuvant) and the Trivalent Influenza Virus Split Vaccine (with ZFA02 adjuvant) have both obtained approval notices for clinical trials. Notably, no adjuvanted influenza vaccines have yet been officially approved for market launch in China. The efficient advancement of the Company's R&D pipeline fully underscores its innovative capabilities in vaccine development.

Progress of ongoing R&D projects



Ongoing project	Preclinical research	Application for clinical trial pending approval	On-going Phase I clinical trial	On-going Phase II clinical trial	Ongoing Phase III clinical trial	Clinical trials completed	Application for marketing pending approval
Trivalent Influenza Virus Split Vaccine (ZFA02 Adjuvant)	██████████						
Adsorbed DTaP-Hib Combined Vaccine	██████████						
Adsorbed Tetanus Toxoid Vaccine (TT)	██████████						
Recombinant Hepatitis B Vaccine (Hansenula)	██████████						
Quadrivalent HFMD Vaccine	██████████						
Recombinant Rotavirus vaccine (Pichia Pastoris)	██████████						
Inactivated Japanese Encephalitis Vaccine	██████████						
Recombinant Zoster Vaccine (CHO Cell)	██████████						
Inactivated Varicella-zoster Virus Vaccine	██████████						

Ongoing project	Preclinical research	Application for clinical trial pending approval	On-going Phase I clinical trial	On-going Phase II clinical trial	Ongoing Phase III clinical trial	Clinical trials completed	Application for marketing pending approval
Respiratory Syncytial Virus (RSV)	██████████						
Recombinant MERS Virus Vaccine	██████████						
DPT-based Combination Vaccine	██████████						
Pentavalent Meningococcal Conjugate	██████████						
Mpox Vaccine	██████████						
Lyophilized Rabies Vaccine for Human Use (ZFB-3 Cell)	██████████						
EBV Vaccine	██████████						
Herpes Zoster mRNA Vaccine	██████████						
Tdap Vaccine for Adolescents and Adults	██████████						



03

Quality First for Product Responsibility

Zhifei leverages its advantages to build a global health community, continuously improving its quality management system covering the entire product lifecycle. The Company enhances product and service quality through refined management, strengthens quality control and health accessibility across the entire chain, empowers global public health initiatives with premium quality, and contributes Zhifei's strength to fortify humanity's immune defenses.

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- Quality assurance, responsibility first 65
 - Responsible marketing and professional services 74
 - Global accessibility and health for all 82
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Quality assurance, responsibility first

Zhifei persistently upholds its "quality first" philosophy, implementing excellence throughout R&D, manufacturing, and post-market quality management. The Company continuously optimizes its comprehensive quality management system, rigorously conducts internal and external quality audits, enhances quality control standards, and ensures the safety and efficacy of every product. Through systematic training and practice, the Company elevates organization-wide quality awareness, integrates quality culture into operations, and safeguards public health with high-standard products. As of the end of the Reporting Period, no major safety or quality incidents related to products and services occurred.

Establishment of quality management system

Zhifei treats product quality as its operational lifeline, strictly complying with the *Law of the People's Republic of China on Drug Administration*, the *Vaccine Administration Law of the People's Republic of China*, the *Pharmacopoeia of the People's Republic of China*, the *Good Manufacturing Practice of Medical Products (GMP)*, and the *Good Supply Practice (GSP)*. The Company has established institutional frameworks including the *Quality Policy and Objective Management Protocol*, the *Quality Risk Management Strategy*, and the *Quality Risk Management Protocol*. This comprehensive quality management system covers R&D, clinical trials, material management, production control, and product release, ensuring full compliance with national vaccine production and quality control standards.

Meanwhile, the Company focuses on enhancing the compliance, applicability, and effectiveness of its quality system and actively refers to and benchmarks against international quality standards and guidelines established by World Health Organization (WHO), U.S. Food and Drug Administration (FDA), and International Conference on Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH). We learn from such standards to refine our best practices to continuously optimize the Company's quality and safety system.

To further enhance quality management effectiveness, the Company refers to the *Provisions on the Supervision and Administration of the Fulfillment of Medicinal Product Quality and Safety Responsibilities by Holders of Marketing Authorization for Medicinal Products*, and regularly convenes quality analysis meetings to review production and quality management performance, assess potential risks, and formulate Corrective and Preventive Actions (CAPA), thereby continuously improving quality control capabilities. The Company has implemented information systems such as LIMS, WMS, and SCADA, and further advanced the development of computerized systems for production and quality management. A comprehensive management framework has been established to enable refined operations and process-based control, ensuring end-to-end oversight from raw material intake to production and inspection processes. The Company also actively promotes real-time data integration to enhance the precision and intelligence of production control.

Full-process quality management system for products



Certification of quality management system

Zhifei actively promotes quality certification efforts with domestic and international regulatory agencies and third-party certification bodies, focusing on optimizing the operational processes of the quality system and enhancing efficiency to ensure the robust operation of the Company's quality management system, thereby strongly safeguarding the safety and efficacy of its products.

As of December 31, 2024, the Company's headquarters and subsidiaries, Zhifei Longcom, Zhifei Lvzhu and Zhifei Airport, had all passed the ISO9001: 2015 certification for the quality management systems. Moreover, 100% of owned production lines for released products at the Company's production and operation bases (including production facilities, equipment and plants) had obtained GMP certification. The Company obtained registration certification in Uzbekistan and Indonesia for 2 vaccines, Halal certification for 2 vaccines and Declaration of Conformity signed by an EU Qualified Person (QP) for 2 vaccines. In addition, Zhifei and Zhifei Airport had been awarded with the Advanced AEO Certification by China Customs, providing strong support for the Company's products to develop the international market.

Quality audit and inspection

Quality audit

Zhifei positions quality auditing as a critical measure to ensure product quality and enhance management systems, combining internal audits with external regulatory oversight to comprehensively strengthen quality compliance management. Internal quality audits focus on key aspects including production, distribution, and quality control, precisely identifying potential risks and implementing corrective optimization measures. Simultaneously, the Company actively undergoes audits by domestic and international regulatory authorities and third parties to ensure the integrity, compliance, and continuous improvement of the quality system. Through institutionalized auditing management, the Company continuously optimizes production quality control workflows, strengthens quality management capabilities, and provides robust assurance for product safety and stable market supply.

Internal quality audit

The Company conducts internal audits of the quality management system annually, continuously improving management levels through self-inspections and self-corrections, and driving continuous quality improvement and optimization of operational efficiency. In 2024, the headquarters and subsidiaries of Zhifei conducted 10 internal quality audits based on annual plan. The audit covered all aspects of pharmaceutical business, including organizations and personnel management, plants and facilities, equipment operation, materials and products control, confirmation and validation, document management, production processes, quality control and assurance, entrusted testing, correction of deficiencies identified during registration, drug storage and distribution, etc. The Company accurately identified potential risks across management processes, with key departments conducting in-depth analyses of identified quality defects and formulating corrective actions.

External quality audit

In addition to internal quality audits, the Company also employs external resources and professional review mechanisms to continuously optimize the quality management system. The Company welcomes compliance audits from domestic and international regulators and partners, to continuously improve the integrity and implementation of the quality management system. In 2024, the Company conducted 25 external quality audits, including inspections by the National Vaccine Inspection Center, reviews by provincial and municipal medical products administrations, recertification audits for the ISO 9001:2015 quality management system. No critical deficiencies were identified in any of the audits. The Company promptly developed corrective measures for potential risks identified during inspections, optimized its production quality control system, and reported progress to relevant authorities to ensure continuous improvement of quality management.

Quality audit in 2024

Company name	Number of internal quality audit	Number of external quality audit
Zhifei	1	7
Beijing Zhifei Lvzhu	3	9
Anhui Zhifei Longcom	6	15

Quality testing

Zhifei strictly adheres to domestic and foreign regulations and industry quality standards such as GMP, ISO, and ICH. The Company continuously improves and implements a number of internal quality inspection systems, including the *Standard Operating Procedures for Inspection Management*, and the *Standard Operating Procedures for Self-inspection Management*, at each production base. All batches of products are required to undergo high-standard quality inspections in terms of process methods, cleaner production, and other dimensions before leaving the factory. The Company conducts standardized management of raw and auxiliary materials, intermediate products, semi-finished products, and finished products throughout the entire process. The Company possesses comprehensive product quality testing capabilities covering the entire process from material intake to finished product release. These include raw material inspection, sample testing, product quality testing, equipment validation, and production process verification. Precautionary testing for emerging quality and safety concerns is conducted to ensure proactive risk mitigation.

Initiatives for product quality testing

Release management	<ul style="list-style-type: none"> The Company strictly implements the <i>Standard Operating Procedures for Release Management</i> to ensure that all materials and products can only be released after undergoing a full range of internal inspections, appraisals, and reviews; Non-conforming products found during the process, in strict accordance with the <i>Standard Operating Procedures for Non-conforming Products</i>, are not allowed to be used as raw materials for production and are not permitted to leave the factory, so as to ensure product safety and protect the medication rights and interests of consumers.
Quality testing organization	<ul style="list-style-type: none"> Each production base has set up the Quality Testing Department. This professional department is mainly responsible for testing materials and products, so as to ensure that the entire production process complies with quality standards; The Quality Center of each production base has set up the Verification Department. The department is specifically responsible for the validation and confirmation of facilities, equipment, process methods, and cleaner-production processes to ensure that the technology and hardware in all production links meet the high-standard requirements for safety and effectiveness.
Quality testing capability	<ul style="list-style-type: none"> Based on the <i>Standard Operating Procedures for Technical Evaluation of Inspection Personnel</i>, a multi-level training and assessment mechanism is established. Regular technical improvement and qualification confirmation are carried out for inspectors to ensure that the professional capabilities of key positions meet industry standards; The Company has assigned persons in charge of product testing technology to align the laboratory's testing capabilities with international high standards. The Company continuously deepens the professionalization, standardization, and internationalization of laboratory testing technologies, and improves the accuracy of quality inspection and global competitiveness.

Quality culture development

In addition to strengthening day-to-day quality management, Zhifei also actively nurtures a quality culture among all employees, and inspires all employees to contribute to the system of excellent quality. The Company has formulated the *Standard Operating Procedures for Employee Training Management* and formulates and strictly implements an annual quality training plan every year, covering multiple areas such as compliance requirements, specialized position training, and quality culture construction. The training contents include pharmacovigilance, safe production, regulatory learning, process knowledge enhancement, behavior control in clean areas, quality management tool application, 3C management, and biosafety management, ensuring that employees possess comprehensive quality management knowledge and practical capabilities.

To enhance the training effectiveness, the Company has established a systematic training database, optimized the training courseware of each department, and enriched the channels for employees to obtain professional knowledge. Through the assessment and evaluation mechanism, the Company ensures that employees effectively master the training content, promoting a virtuous cycle between the improvement of employees' skills and the optimization of the Company's quality management system, and continuously consolidating the foundation of the enterprise's quality management.



In 2024, in accordance with the annual quality training plan, Zhifei organized a total of **109** product quality training sessions, with a **100%** participation rate of all employees.



Zhifei Lvzhu conducted a series of GMP scientific management training

In 2024, Zhifei Lvzhu carried out a series of scientific management training based on GMP, focusing on two core areas: quality inspection management and process validation. The training was lectured by professional personnel from the inspection department. Centering around physical and chemical analysis, instrumental analysis, and microbial laboratory management, the requirements of quality inspection management were systematically explained from multiple dimensions such as personnel, equipment, environment, methods, and reagents to ensure that laboratory management complies with GMP requirements. At the same time, experts from the validation department conducted in-depth analyses of process validation throughout the entire life cycle, and discussed key processes in combination with practical cases, helping employees accurately master scientific management methods that meet GMP standards, strengthening employees' understanding of quality inspection and process validation, further consolidating the foundation of the company's GMP compliance management, and providing strong support for the continuous improvement of quality management capabilities.



A series of GMP scientific management training conducted by Zhifei Lvzhu



Zhifei Longcom held the Quality Month Summary and Commendation Conference

In January 2024, Zhifei Longcom held the Quality Month Summary and Commendation Conference with the theme of "Benchmarking Against the World's Best and Vowing to Build a Quality Strong Enterprise". It summarized the achievements, commended the advanced, and envisioned the blueprint for the construction of the quality culture. As the Company's first "Quality Month" activity, this initiative lasted for four months and covered 9 sub-projects. It comprehensively promoted the construction of an international compliance system, strengthened the quality responsibility awareness of all employees, deepened the excellent quality culture, and jointly built a solid safety bottom line.



Quality Month Summary and Commendation Conference of Zhifei Longcom

Pharmacovigilance system

Pharmacovigilance runs through the entire lifecycle of products. It is an important line of defense for ensuring the quality and safety of drugs and also a key link in risk management and control. Zhifei strictly complies with the requirements of laws and regulations such as the *Law of the People's Republic of China on Drug Administration*, the *Vaccine Administration Law of the People's Republic of China*, the *Good Pharmacovigilance Practice (GVP)*, and the *Provisions for Adverse Drug Reaction Reporting and Monitoring*. By integrating actual operational conditions, the Company continuously optimizes its pharmacovigilance management system, enhances adverse reaction monitoring and handling mechanisms to ensure pharmacovigilance activities are standardized, systematic, and efficient, thereby consistently improving product safety management capabilities.

Pharmacovigilance management system

The Company has developed and implemented a complete set of effective pharmacovigilance management policies, including the *Standard Operating Procedures for Pharmacovigilance Management*, the *Standard Operating Procedures for Pharmacovigilance Training*, and the *Standard Operating Procedures for Internal Audit of the Pharmacovigilance System*, to enhance the systematicity and standardization of pharmacovigilance activities. The Company comprehensively standardizes key aspects such as pharmacovigilance organizational structure, roles and responsibilities, training, internal audits, information receipt, reporting, evaluation, and risk control, continuously improving drug safety oversight capabilities to ensure patient medication safety.

The Company has set up a Drug Safety Committee and the Pharmacovigilance Department, staffed with professional pharmacovigilance personnel. The Drug Safety Committee defines clear responsibilities and decision-making mechanisms, primarily responsible for evaluating and reviewing major drug safety risks, addressing emergencies, and formulating risk control strategies. The Company continuously optimizes the pharmacovigilance organizational framework, strengthens safety management throughout the entire drug lifecycle, and establishes an efficient drug safety oversight mechanism.

To ensure the effective operation of the pharmacovigilance system, the Company has upgraded its internal audit mechanism by implementing independent and comprehensive specialized audit plans. These plans cover areas including monitoring of adverse drug events, personnel and resources of pharmacovigilance, and the implementation of quality management systems, to ensure the suitability, adequacy, and effectiveness of the system. Meanwhile, leveraging informatization and digital management, the Company has built a robust pharmacovigilance information system. The Company continuously enhances system functionalities to achieve efficient execution of core tasks such as data management, statistical analysis, and pharmacovigilance report preparation, enhancing the standardization and timeliness of pharmacovigilance management with intelligence.

Handling mechanism for adverse reactions or events

To ensure drug safety, the Company has established a series of regulations, including the *Standard Operating Procedures for the Management of Communication of Drug Safety Information* and the *Standard Operating Procedures for the Management of Reporting and Monitoring of Suspected Unusual Reactions to Vaccination*, thereby building a comprehensive adverse reaction/event management system to fully cover the monitoring of adverse reactions/events of vaccines and drugs both pre- and post-market, enhance capabilities in adverse reaction identification, documentation, and risk assessment, and ensure prompt implementation of corresponding measures to safeguard public health.

Upholding the principle of "100% reporting of adverse reactions/events", the Company rigorously controls drug safety across the entire process, including production, distribution, and marketing. The Company implements the management principles of early discovery, early investigation, early analysis and early response, and utilizes the digital pharmacovigilance reporting system, "Adverse Drug Event Reporting", to achieve efficient and transparent data management and tracking. In 2024, the Company further optimized the adverse event reporting mechanism by revising the *Standard Operating Procedures for the Management of Reporting and Monitoring of Suspected Unusual Reactions to Vaccination*, clarifying requirements for initial and follow-up reports to ensure comprehensive and standardized information collection. Concurrently, the Company upgraded the "Adverse Drug Event Reporting" system by adding a "Follow-up Report Requirement Notification" feature. This has strengthened employees' awareness of timely reporting of drug safety information and reinforced drug safety defenses through digital management and stringent internal-external collaboration mechanisms, ensuring patient medication safety.

Handling procedures for adverse reactions/events



Pharmacovigilance training

To further strengthen pharmacovigilance management, the Company integrates internal and external resources to advance systematic, professional, and company-wide pharmacovigilance training. This initiative aims to comprehensively enhance employees' awareness of drug safety oversight and compliance management capabilities, ensuring efficient and standardized drug safety monitoring while providing robust support for risk control throughout the entire drug lifecycle.



In 2024, Zhifei conducted **29** pharmacovigilance-related training sessions, covering **100%** of employees.



Zhifei conducted internal and external pharmacovigilance training

In November 2024, Zhifei organized training and assessment on key points of pharmacovigilance activities for all employees, helping them gain an in-depth understanding of adverse event (AE) and human safety information (HSI) reporting and handling requirements. The training focused on the Company's revised pharmacovigilance-related documents and incorporated best practices from leading industry companies. It reinforced employees' awareness of the pharmacovigilance system, compliance management, and adverse event reporting standards, thereby solidifying the foundation of corporate pharmacovigilance management and improving employees' understanding and execution of drug safety monitoring.

Additionally, the Company actively participated in the key technologies in pharmacovigilance training program organized by the China Society for Drug Regulation. Through this program, the Company deepened its understanding of the latest regulatory requirements and critical technologies for drug safety monitoring, and continuously optimized its internal pharmacovigilance management system based on practical operational needs.



Responsible marketing and professional services

Zhifei prioritizes customer needs by continuously improving its customer service system, strengthening customer complaint handling and drug recall management, ensuring timely response and effective resolution of customer issues. The Company is committed to delivering high-quality products and professionalized services. Meanwhile, adhering to the marketing philosophy of "science first with rigorous approach", the Company consistently implements responsible marketing practices to ensure the authenticity, transparency, and compliance of product information. The Company has established a comprehensive information security and privacy protection management system that covers all stages of data collection, storage, use, and sharing. This system safeguards customers' legitimate rights and interests throughout the entire process, thereby solidifying the foundation of customer trust.

Professional customer service

Zhifei makes constant efforts to create an industry-leading marketing network. At present, the Company has a sales team of 4,562 people and continues to strengthen their service awareness and capability via systematic training and professional guidance. To optimize the customer service system, the Company has established a multi-channel communication mechanism and standardized customer inquiry and complaint handling processes. These measures aim to enhance service quality and customer satisfaction. Leveraging professional medical support, the Company actively organizes academic exchanges and promotional activities to promote the dissemination of disease prevention concepts, ensure the scientific application of products, and achieve broader societal health benefits.

Extensive marketing network

The Company strives to build an industry-leading marketing network, aiming to make Zhifei's services to reach more regions and continuously improve product accessibility. Under the headquarters' marketing strategy, the Company implements a tiered vertical management on a provincial level, with the marketing network serving more than 30,000 primary health service points of over 2,600 districts and counties in 31 provinces and municipalities. Every year, the Company organizes special training on marketing services for sales teams across China and the Marketing Department of subsidiaries to enhance employees' service capability and awareness.

Efficient communication

While consolidating product quality management, the Company keeps refining the customer communication mechanism. To this end, the Company has established a comprehensive management system for customer inquiry and complaint, which, together with various communication channels, enables the Company to collect product or service-related inquiries and complaints in time, and ensure timely response and handling of relevant issues within a specified period of time. Moreover, the Company regularly conducts customer satisfaction surveys, in the form of questionnaires across dimensions such as product quality, delivery cycle, and service quality, to collect their opinions and suggestions on products, services and other aspects, identify opportunities for product and service improvement and continuously improve service quality.



In 2024, Zhifei achieved a **100%** response rate and a **99.37%** satisfaction rate in its customer satisfaction surveys.

Academic promotion

Adhering to the principle of "science first with rigorous approach", the Company actively conducts a wide range of academic exchanges and promotional activities in a bid to provide customers and the public with information on product knowledge, disease prevention, immunization and standardized vaccination. In this way, the Company helps disease control centers, grass roots vaccination clinics and other relevant personnel to better understand the products and medical knowledge.



Zhifei attended the 55th Union World Conference on Lung Health

In November 2024, Zhifei attended the Union World Conference on Lung Health held in Indonesia, the most prestigious academic conference in the field of tuberculosis prevention and control in the world. Zhifei was invited to showcase its self-developed Recombinant Mycobacterium Tuberculosis Fusion Protein (EC). EC, with its advantages of reliable results and cost-effective screening, significantly enhances early detection capabilities and reduces disease transmission risks. These strengths attracted attention from global TB prevention experts and representatives of international organizations. This international academic exchange not only strengthened EC's influence within global public health systems but also provided a more promising technological solution for TB prevention and control. Moving forward, Zhifei will continue to promote the global application of innovative screening technologies, strengthen exchanges and collaborations with international organizations, support countries in improving TB prevention capabilities, and contribute Chinese solutions to global public health initiatives.



Recombinant Mycobacterium Tuberculosis Fusion Protein (EC)

Responsible marketing

Zhifei strictly adheres to relevant laws and regulations in marketing and advertising, including the *Advertising Law of the People's Republic of China*, the *Law of the People's Republic of China on Drug Administration* and the *Vaccine Administration Law of the People's Republic of China*. Through institutionalized management, the Company standardizes all aspects of product sales and market promotion. Leveraging rigorous review mechanisms, regular training programs, and other systems, the Company reinforces employees' accountability and fulfills its commitment to responsible marketing practices.

Rigorously supervise on responsible marketing

In 2024, the Company, under the original policy requirements to prevent false propaganda and other acts of unfair competition, further improved the establishment of publicity information shall not be false propaganda, business defamation system requirements, and the market full training, requiring strict implementation. The Company continued to strengthen the compliance management of promotional materials for academic conferences and consumer education materials, and strictly enforced disciplinary measures for non-compliance with the use of such materials to ensure that promotional behaviors and disease science and technology are legal and compliant. In order to ensure responsible conducts in the marketing process, the Company has established a special supervise and control procedure for product publicity materials to strengthen responsible marketing management. The Company's Project Management Committee comprehensively evaluates marketing projects for initiation. The product related publicity materials are strictly reviewed and audited by the Medical Affairs Department and the Legal & Compliance Department to ensure compliance with scientific requirements, and are communicated in a clear and accurate manner to avoid the non-compliance, including misleading customers and consumers or giving unauthorized comments on competitive products.

The Company requires all employees to comply with relevant laws, regulations and internal policies, including fair competition in the marketplace, anti-commercial bribery, avoidance of conflicts of interest, environmental protection, protection of personal information, and financial and tax compliance, etc. The Company also provides detailed compliance guidance to marketing and sales employees to ensure that marketing behaviors are legally compliant. Meanwhile, the Company takes a zero-tolerance attitude towards the violations of regulations in the process of marketing, such as inappropriate wording and excessive marketing. The Company continuously monitors the marketing behaviors, and strictly reviews the customer information, such as qualifications, before promotion, to ensure that promotional behaviors are compliant and reasonable. During the year, the Company didn't have any incidents of misleading the public or medical staff due to incorrect or ambiguous information in product promotion.



Regular audit on responsible marketing

To strengthen compliance management in marketing activities, the Company has established a systematic responsible marketing audit system. Through rigorous audit oversight and rectification mechanisms, the Company continuously optimizes the compliance of market promotion initiatives.

The Company has established an internal audit team to conduct quarterly or semi-annual audits on key areas of the sales operations based on the risk level of different businesses, covering academic conference promotion and reimbursement of sales expenses. For issues identified during audits, the audit team put forward optimization or rectification proposals and supervise the implementation of relevant measures to ensure the improvement and efficient implementation of the management system.

Additionally, the Company has convened the Project Management Committee comprising Risk Control Department, Finance Department, Academic Conference Support Department and other relevant functional departments to irregularly conduct compliance reviews for market promotion projects and address operational inquiries, identify and mitigate potential risks, ensuring efficient execution of promotional activities under full regulatory compliance.



In 2024, Zhifei's Project Management Committee conducted over **90** online and offline compliance reviews.

Responsible marketing training

The Company places high priority on fostering responsible marketing awareness and organizes regular training programs to enhance compliance management. In 2024, the Company implemented a series of responsible marketing and compliance training sessions for all employees. The training covered critical areas such as product information management, updates to marketing policies, and sales behavior standards, aiming to elevate professional expertise, ensure regulatory adherence in promotions, and strengthen company-wide compliance awareness.



Zhifei conducted compliance training on commercial promotion and pharmaceutical advertising

In April 2024, the Company delivered compliance training on commercial promotion and pharmaceutical advertising to 711 management personnel, including directors and executives. The offline training focused on legal compliance requirements, commercial promotion guidelines, and pharmaceutical advertising governance. It provided in-depth analysis of management's compliance responsibilities in market promotion, strengthened executives' decision-making capabilities in regulatory adherence, and ensured strict compliance in marketing, promotional approvals, and brand management. This initiative advanced the effective implementation of the responsible marketing framework.



Compliance training on commercial promotion and pharmaceutical advertising

Complaint and recall

Zhifei values the concern of customers. In accordance with the *Good Manufacturing Practice of Medical Products*, the *Good Supply Practice of Medical Products*, and other industry standards, we continue to improve the product complaint and recall mechanism. The Company has established a clear management process to ensure efficient execution of complaint handling, investigation, corrective actions, and feedback. Regular reviews and analyses are conducted to refine the post-market management system, thereby enhancing product quality and customer satisfaction.

Complaint management

The Company rigorously implements the *Regulations on Quality Complaint Management* and the *Standard Operating Procedures for the Management of Customer Complaints*, which provide the methods and standards for proper response to customer consultations and complaints. Moreover, the Company has established an effective customer communication mechanism, a robust customer complaint and consultation system and diversified communication channels in a bid to handle complaints on product or service complaints in a timely manner, and continuously improve service quality.

Meanwhile, the Company systematically solicits and records customer feedback, and handles customer complaints by category, to ensure that customer complaints are properly handled. For possible complaints relating to product quality, the Company organizes and coordinates investigations of the complaints, and handles and responds to the feedback in time, so that all complaints are handled efficiently and accurately.

Category-based complaint handling mechanism	
Medical Center	To receive, track and handle consultation and complaints of customers in and outside China regarding the safety problems, such as suspected adverse effects of products.
Quality Management	To receive consultations and complaints relating to product quality, organizing; to coordinate the investigation by the relevant departments, and to provide timely feedback to customers.
Marketing	To receive, handle and respond to the information about medical consultation, business negotiations and market services.
Administrative Office	To receive, handle and respond to the information about government affairs or others.

The Company provides customers with diversified complaint reporting channels, including hotline, e-mail and fax, to receive their feedback and consultation on products and services, safeguarding their legal rights and interests in all aspects. Furthermore, the Company has set up an online product quality reporting system to handle the complaints more quickly. Through this system, the marketing staff across the country could handle the quality complaints on their mobile phones in a more timely and standardized manner, further accelerating and standardizing the handling of product quality complaints.



In 2024, Zhifei responded to and handled all inquiries and consultations related to product quality, maintaining a handling rate of **100%** for many years.

Drug recall system

The Company has established and implemented the *Regulations on Product Recall Management*, which standardizes the recall handling procedures and clearly determines the processes for investigating and evaluating the safety hazards of drugs, judging and classifying the recall and issuing the recall notice. Based on the severity of safety risks and potential hazards, the Company categorizes drug recalls into Level I, II, and III, activating corresponding recall mechanisms to minimize product safety risks.

To ensure the effective operation of the recall system, the Company conducts annual simulated recall drills to evaluate the execution of recall protocols and the efficacy of traceability management. In 2024, the Company organized 3 simulated recalls, demonstrating smooth recall workflows, standardized product traceability, and high operational efficiency of the recall system. During the year, the Company had no actual product recalls, further validating the robustness of the quality management system.

Information security and privacy protection

Zhifei, adhering to the principle of "precautions by people, policy and technology", strictly complies with laws and regulations such as the *Data Security Law of the People's Republic of China* and the *Cybersecurity Law of the People's Republic of China*, and has established and implemented institutional documents including the *Information Security Management Policy*, the *IT Risk Assessment Policy*, the *Emergency Incident and Business Continuity Management* and the *Data Records Privacy and Security Management Policy*. These measures continuously strengthen the information security and privacy protection framework to ensure data security and regulatory compliance.

The Company fully ensures the data security through a sound policy management system, comprehensive information security management measures and advanced information security technologies, and continuously creates a protective shield for information security and privacy.



In 2024, Zhifei further promoted the certification of information security management and has obtained **ISO 27001** and **the certifications of the National Cybersecurity Classified Protection 2.0 (Level 3)**.

Strict device inspections

The Company irregularly checks the office computer labels, GMP controlled labels, and GMP-related mobile storage media labels, to ensure that they are not used for private purposes.

Technical assurance

The Company arranges professional technicians to monitor the information security, continuously improves information security assurance capability, and engages third-party firms to conduct information security assessments.

Precision grid management

For differentiated management of office computers, servers, industrial terminals, and other endpoints, the Company performs regular data backups and off-site storage. Network and data security are ensured through measures such as physical isolation, firewall deployment, logical isolation, and access restrictions.

Security awareness reinforcement

The Company continues to promote the information security training and network attack and defense drills to enhance employee's information security awareness and strengthen information security management.

To reinforce privacy protection for customers, employees, and partners, the Company has established strict privacy management mechanisms, requiring employees to sign the *Confidentiality Agreement* to clarify data protection obligations. Information security responsibilities are integrated into performance evaluations to ensure accountability. In 2024, the Company enhanced privacy safeguards by adding the "Privacy Notice Statement" to the "Adverse Drug Event Reporting" system and incorporating "Personal Information Protection Clauses" into academic conference sign-in sheets, ensuring data collection aligns with privacy policies.

During the year, Zhifei had neither accident of information security nor leakage of information about customers, employees and partners.

Global accessibility and health for all

Zhifei remains committed to addressing global disease prevention needs. Driven by innovation, the Company continuously advances product R&D and market expansion to deliver high-quality, efficient, and affordable vaccines and biologics, ensuring broader access to healthcare. Leveraging its technological and resource advantages, the Company actively provides technical support to less-developed regions to strengthen local vaccine production and R&D capabilities, thereby bolstering public health infrastructure and improving disease prevention and control.

Improving product accessibility

Innovative R&D

Zhifei adheres to an innovation-driven development philosophy, consistently increasing R&D investments. Focusing on the population's need to prevent disease, the Company has built a professional, high-efficiency scientific team and established a systematic, forward-looking product portfolio. Leveraging diversified innovation platforms, the Company advances research and development of novel vaccines and biologics, aiming to deliver safer and more effective products to meet broader population health demands.

Since 2014, through equity participation in Chongqing Zhirui Investment Co., Ltd., the Company has strategically expanded its footprint in the biopharmaceutical and healthcare sectors. It is committed to the research, development, and industrialization of cutting-edge biopharmaceuticals and advanced biotechnology. To date, the Company has incubated over ten innovative enterprises, focusing primarily on therapeutic areas such as oncology, autoimmune diseases, metabolic disorders, neurodegenerative diseases, and cardiovascular conditions. In 2024, several projects achieved significant milestones. Xeligekimab Injection, developed by GENRIX BIO, was successfully approved for marketing. It is the first IL-17 monoclonal antibody product in China approved for the treatment of psoriasis and ankylosing spondylitis. The world's first dual-antibody rabies therapy, Siluverimab Injection, has been submitted for marketing approval. Liraglutide Injection, developed by Chenan Biopharm for type 2 diabetes, is under regulatory review, while Semaglutide Injection for glycemic control has completed Phase III clinical trials, and its weight management indication has completed patient enrollment for Phase III. pCAR-19B Autologous CAR-T Cell Injection, developed by Precision Biotech, has also been submitted for marketing approval and is expected to become the first CAR-T therapy in China targeting pediatric acute lymphoblastic leukemia.

The Company is strategically accelerating internationalization, promoting global registration and certification of proprietary products to enhance market influence and accessibility. Our self-developed Quadrivalent Meningococcal Polysaccharide Vaccine has maintained stable supply in Indonesia for years. In 2024, Zhifei Longcom's Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) obtained usage approval from Macau SAR's Pharmaceutical Administration Bureau for use in a mass screening program for TB led by the local public health department, and was also successfully approved for marketing by the drug regulatory authority in Indonesia. Currently, the Company is accelerating the advancement of EC's registration and market authorization processes in countries such as Thailand and the Philippines, while simultaneously advancing registration applications for multiple products in several overseas countries, continuously enhancing the capacity for infectious disease control and prevention in developing countries.



Zhifei and GSK launched strategic collaboration

In 2024, Zhifei partnered with GSK to enhance the promotion and accessibility of Shingrix (the recombinant zoster vaccine) in China. As the country's first zoster preventive vaccine for adults aged 50 years and above, the vaccine has a protection efficacy of up to 100% for adults aged 50 years and above, providing a strong guarantee for guarding the health of the middle-aged and elderly groups.

The Company utilizes its nationwide marketing network, penetrating over 30 thousand primary health service points, collaborating with CDC branches and community health centers to integrate vaccination into routine immunization programs, ensuring stable supply and accessibility. Concurrently, the Company builds academic exchange platforms, organizes expert meetings, assists vaccination units to popularize knowledge of disease prevention and control among the public, strengthens the awareness of vaccination, and effectively promotes the continuous improvement of the market coverage and vaccination rate of the zoster vaccine, which contributes positively to the construction of a healthy aging society.

Empowering overseas developing countries

Zhifei remains dedicated to addressing global public health challenges, particularly in developing countries with limited vaccine accessibility and under-resourced healthcare systems. While supplying vaccines to these regions, the Company has launched collaborative initiatives to strengthen technical exchanges and R&D partnerships, sharing expertise in clinical trials and vaccine production to enhance local vaccine R&D and manufacturing capabilities, thereby advancing equitable vaccine access.

The Company continues to expand overseas clinical research partnerships, providing developing countries with clinical experience and technical support. In 2024, the Company established cooperation agreements with local research institutions in Indonesia, Bangladesh, Thailand, and other countries to conduct multiple overseas clinical studies on EC, jointly advancing the application of TB screening technologies to bolster TB prevention and control in developing nations. In April 2025, the Company's self-developed S. flexneri and S. sonnei Bivalent Shigella Conjugate Vaccine has completed preparations for a Phase III clinical trial in Bangladesh, and subject enrollment is about to be initiated.

EC overseas clinical research collaborations

- Indonesia: Collaboration with an Indonesian research team on the "Recombinant Mycobacterium Tuberculosis Fusion Protein-based Tuberculin Skin Test (C-TST) for Diagnosing Latent Tuberculosis Infection in Indonesian Adults Aged 18-65 Years" is in progress.
- Thailand: Clinical Study on "Diagnostic Accuracy of Two Novel TB-Specific Skin Tests for Tuberculosis Infection" in collaboration with a Thai research team, and the clinical trial of this project is in progress.

- Bangladesh: In collaboration with a Bangladeshi research team, the clinical study "EC for Diagnosing Mycobacterium Tuberculosis Infection in Bangladeshi Adults Aged 18 and Above" is underway and the clinical trial of this program is in progress.



Collaborative research with the International Centre for Diarrheal Disease Research, Bangladesh

To strengthen public health capacity in developing countries, the Company prioritizes clinical trials in regions with weaker healthcare infrastructure. By collaborating with local institutions, the Company aims to enhance local drug R&D and supply capabilities, achieving mutual technological and product-level benefits. In 2024, the Company signed an agreement with the International Centre for Diarrheal Disease Research, Bangladesh for a phase III clinical trial of a dysentery vaccine, jointly establishing local clinical trial sites and upgrading laboratory testing facilities to comprehensively strengthen local clinical trial capabilities. The Company collaborated with the Universidade Federal do Rio de Janeiro and Indonesian partners to advance EC clinical trials, contributing to the refinement of local clinical trial frameworks. During trials, the Company assisted in establishing standard operating procedures and quality management systems, while providing training to local healthcare personnel to improve their clinical trial management and operational competencies.

The Company focuses on the timely supply of vaccines in developing countries, and through the export of production technologies and analysis and testing methods, such as the use of production equipment, product calibration methods, and requirements for key control points, the Company is able to improve the management level of local pharmaceutical enterprises in the areas of product production and quality control, so as to realize the localized production of vaccines and achieve the international drug manufacturing standards. With the strong support of the Agency for Innovative Development of Uzbekistan, the Company provided technical guidance to partners in Uzbekistan on the production of vaccines. By helping the local party to establish a technical platform and giving guidance and advice to the Uzbek party on the use of vaccine equipment, requirements for key parameters and key control points, product calibration methods, product storage and delivery requirements, the Company has assisted the party in successfully completing the localization of the vaccine production work.

To ensure the quality and safety of its products, the Company continues to pay attention to the supervision and management of pharmacovigilance of its overseas listed products. For overseas listed products, the Company has established an effective pharmacovigilance management mechanism and signed pharmacovigilance agreements with local product agents to ensure comprehensive collection of adverse reaction-related events and targeted treatment, and to promote the improvement of their safe use of drugs. Meanwhile, the Company strictly implements overseas pharmacovigilance supervision and management mechanism, and cooperates with agents to collect adverse reaction data to ensure the safety and effectiveness of vaccines.

Additionally, the Company actively participates in vaccine R&D capacity-building in developing countries, becoming a member of the Developing Countries Vaccine Manufacturers Network (DCVMN), and expands partnerships through international industry exhibitions, establishing connections with enterprises and institutions in multiple developing countries to enhance global vaccine accessibility.



Zhifei participated in the 25th DCVMN Annual General Meeting

In 2024, as a key member of the Developing Countries Vaccine Manufacturers Network (DCVMN), Zhifei was invited to attend the 25th DCVMN Annual General Meeting held in Brazil. The Company engaged in in-depth discussions with global partners on topics such as localized fill-finish production of vaccines in developing countries. During the event, the Company explored critical issues with vaccine manufacturers from multiple countries, including technology transfer, production process optimization, and local supply chain development, reaching preliminary collaboration agreements. These efforts advance the globalization of vaccine development-to-production, accelerate global dissemination of vaccine technologies, and strengthen vaccine manufacturing capacity and accessibility in developing countries, contributing to global public health.



Representatives of Zhifei at the 25th DCVMN Annual General Meeting

Improving product affordability

Zhifei remains dedicated to improving product affordability. Under the premise of ensuring high-quality standards, the Company reduces people' financial burdens and benefits broader populations through initiatives such as expanding market access, inclusion in the national medical insurance catalog, and reasonable pricing.

In 2024, the Company continued advancing provincial bidding and market access for vaccines and pharmaceutical products, covering National Immunization Program (NIP) vaccines, non-NIP vaccines, and innovative drugs, further expanding market coverage to strengthen nationwide disease prevention and control. Concurrently, the Company actively promoted the inclusion of its products in the national medical insurance catalog to lower prices and enhance affordability. This year, the Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) was successfully renewed in the national medical insurance drug list. The product not only improves specificity and effectiveness, but also significantly reduces diagnostic costs, which helps in the early screening, detection and treatment of tuberculosis, and benefits more patients with tuberculosis and latent infections, thus accelerating the realization of the goal of ending the prevalence of tuberculosis, which is of great significance to the prevention and control of tuberculosis.

In overseas markets, the Company adheres to reasonable pricing strategies, carefully considering factors such as economic development levels, healthcare systems, and patient affordability across different markets, and implements tiered pricing, taking into account factors such as local production and supply conditions, partners and cooperation modes.

Reasonable pricing policy for improving product affordability

For comparable markets both Inter-country and intra-country, the Company adopts a transparent and consistent pricing policy for all products based on the local economy, product supply and cooperation, thus providing a reasonable price.

To increase the accessibility of its products in emerging markets, the Company employs a product access strategy that involves preferential pricing.

Progress

- The Company has established business cooperation in Uzbekistan and Indonesia. The Company has distribution partners in both locations and has set comparable product prices based on the cooperation methods and the local vaccination levels;
- Furthermore, the Company is actively seeking to register its products in countries with per capita GDP equivalent to or higher than that of China. For such markets, a transparent and consistent pricing policy will be adopted.

- The Company's product pricing takes into account factors such as local competitors in emerging markets, and uses more favorable prices first to expand the product's reach in that location.



Zhifei ensured stable supply of ACYW₁₃₅ Meningococcal Polysaccharide Vaccines

In 2024, Zhifei, adhering to a responsible market strategy, continued supplying affordable ACYW₁₃₅ Meningococcal Polysaccharide Vaccines to Indonesia, providing robust meningitis prevention and control for local pilgrims. Despite challenges such as rising global raw material costs and exchange rate fluctuations, the Company leveraged its strong supply chain management capabilities to maximize cost control, ensuring sufficient and low-cost vaccine supply. This effort meets local public health demands, guarantees supply stability, and actively supports Indonesia's public health initiatives, contributing China's expertise to global meningitis control.

Additionally, the Company fulfills its social responsibilities by improving product accessibility and affordability through public welfare donations. For example, as a product suitable for large-scale TB population screening, the Company has donated its EC products free of charge to countries including Bangladesh, Thailand, Brazil, and Indonesia for TB prevention and control efforts. These donations also support clinical research conducted by local scientific institutions to strengthen public health capacity-building. Such initiatives not only deepen the Company's collaboration with developing countries in public health but also deliver health benefits to broader populations.



Donation of EC for clinical research in Bangladesh

Promoting proper use of medicines

The Company acknowledges that resistance to antibiotic becomes one of the major public health risk themes, as it has posted a significant challenge to the global public health. The threat posed by bacterial resistance to human health necessitates proper use of antimicrobial drugs such as antibiotics. For this issue, the Company is committed to investing in the research and development of innovative products to combat antibiotic resistance.



Zhifei contributes to reducing antibiotic resistance in treatment

Bacillary dysentery is an intestinal infectious disease caused by the Shigella species. It has a higher morbidity in China and is most common and more likely to cause deaths among children under 5 years old. The disease is often treated with antibiotics to alleviate symptoms such as fever, bloody diarrhoea, or severe stomach cramps. However, with the widespread use of antibiotics, drug-resistant strains of Shigella have been found around the world.

Zhifei Lvzhu's Bivalent S. sonnei/S. flexneri 2a O-antigen Conjugate Vaccine is developed primarily for the prevention of bacillary dysentery in children aged 6 months to 5 years, caused by Shigella sonnei. This product targets the two serotypes that cause the highest incidence of dysentery and has demonstrated excellent safety and immunogenicity in clinical studies. Moreover, it can help reduce the use of antibiotics in the treatment, greatly reducing the threat of antibiotic resistance to human life and health.



04

Secure Environment for Continuous Management

With its dedication to protecting the environment and employees' health, Zhifei fulfils the environmental, health and safety (EHS) management policy in the management and operation, and creates a low-carbon, recycling, emission-reducing, and safe production and operational model. Through these efforts, the Company continuously ensures employee safety while fulfilling its commitments to safe production, environmental conservation, and resource efficiency.

- Target-oriented EHS system 91
- Safety and health 95
- Reduction of resource consumption, and improvement of quality and efficiency 103
- Pollution prevention and ecological protection 108
- Building resilience in response to climate change 113

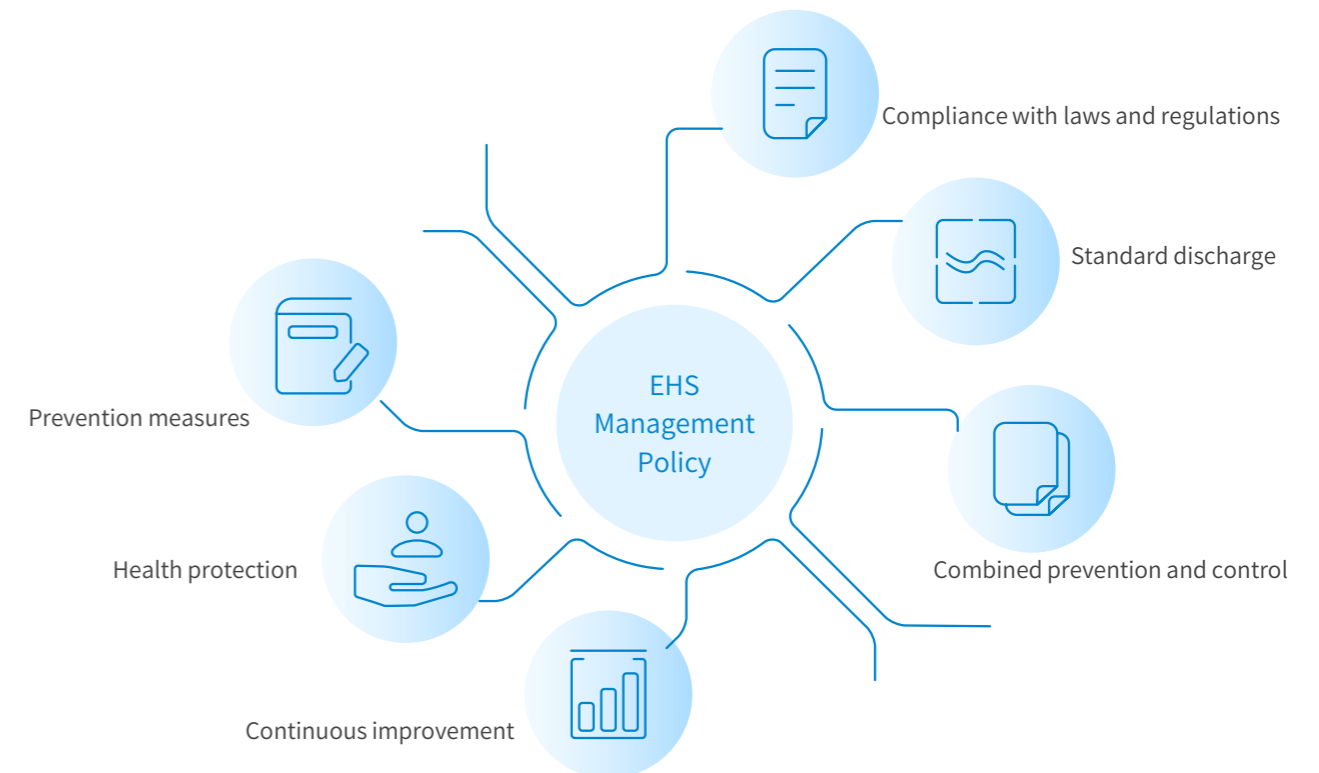


Target-oriented EHS system

The Company follows a strict compliance with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other laws and regulations. Pursuant to these laws and regulations and internal management requirements, the Company has established and improved the comprehensive EHS policies in key areas (air emissions, water discharges and waste etc.), such as the *Environmental and Occupational Health and Safety Management Manual*, to integrate the clearly defined EHS management strategies and targets into daily management and operation to carry out various EHS management activities orderly.



EHS management policy






EHS management structure

The Company continues to promote the establishment of the EHS management framework. The Board of Directors is the highest decision-making body for EHS matters. Under the Board, a Strategy and Sustainability Committee serving as the overall management body for all ESG management tasks is set up to formulate the Company's EHS-related strategies and evaluate the performance of EHS management. Besides, a Work Safety Committee consisting of the Company's senior management and relevant safety officers is set up to implement the EHS strategies, establish the work safety management system and formulate the work safety management policies. Under the coordination of the headquarters, the Company's main production bases, i.e., Zhifei Longcom and Zhifei Lvzhu make constant efforts to improve the EHS management framework according to their own production and operating nature, thereby providing strong support to advance the EHS management. We also actively implement EHS management responsibilities. Under the EHS management frameworks of the subsidiaries, the executive directors are fully responsible for the EHS management, and the general managers assist the executive directors in the EHS management, assuming leadership responsibility for the EHS work in accordance with the law.

EHS management targets and assessment

We take into full account the EHS management factors to set management targets, and incorporate the management measures for meeting targets into operational processes to continuously improve EHS management performance. We also actively implement EHS management responsibilities. In addition, to achieve the management targets for work safety, occupational health and safety, and environmental protection, the Company carries out the work safety responsibility system assessment. We sign the statement of work safety targets and the commitments on work safety with the employees, and include the safety responsibility fulfillment into the performance evaluation of the safety officers, i.e., the relevant senior management of the Company, to reinforce EHS responsibility management.

Area of responsibility	Management targets
 <p>Environmental management</p>	<ul style="list-style-type: none"> Strictly abide by the laws and regulations on environmental protection and industry standards that are required to be observed during the production and operation to ensure that the administrative licenses for environmental protection are obtained; Formulate and strictly implement environmental monitoring plans, actively assess environmental risks, make contingency plans, and step up efforts to control the environmental risks; Take effective technologies and ways to dispose of pollutants to ensure compliance with pollutant discharge standard; Take active attitude towards the national goal of "carbon neutrality and carbon peak" to help cope with global climate change.
 <p>Health management</p>	<ul style="list-style-type: none"> Strictly abide by the laws and regulations on occupational health management, continuously establish and improve the occupational health and safety management system, and clarify the responsibilities of occupational health and safety management; Implement occupational health and safety management by carrying out occupational health and safety protection, evaluation and checkups, to comprehensively and effectively protect employees' health.
 <p>Safety management</p>	<ul style="list-style-type: none"> Strictly abide by the laws and regulations on work safety management that are required to be observed during the production and operation, and take effective measures to advance safety management and safeguard the employees' health and safety comprehensively; Provide regular training to improve the capability and awareness of safety management, and make contingency plans to deal with the emergencies in a timely and effective way.

Certification and audit of EHS system

The Company continues to promote the systematic management of EHS. During the year, the Company's production bases all have established internal environmental management systems. In particular, Zhifei Lvzhu and Zhifei Longcom obtained ISO 14001 Environmental Management System (EMS) Certification, and ISO 45001 Occupational Health and Safety Management System Certification; and Zhifei Lvzhu was certified as Level 2 enterprise for work safety standardization. Meanwhile, Zhifei Longcom carried out environmental credit evaluation, and its Fushan Road Plant and Biopharmaceutical Industrial Park (Section A) were honored as environmental integrity enterprises.

The Company regularly reviews and evaluates the EHS construction to ensure the EHS management system is effective, and conducts regular internal audits on environmental management of all production bases that have obtained EMS certification, including compliance management of toxic emissions, waste, sewage, and waste gas. Moreover, all production operations are subject to an environmental management system compliance audit by an independent third-party certification body once a year, as well as a re-audit of environmental management system certification once every three years. During the year, all production bases certified under the ISO 14001 Environmental Management System passed annual compliance audits conducted by independent third-party certification institutions.

EHS risk management

The Company has formulated various system and management documents, such as the *Procedures for Hazard Identification, Risk Evaluation and Risk Control Measures Determination and Control*, the *Hazard Investigation and Management Policy*, the *EHS Risk Management and Control Manual* and the *Biosafety Risk Control List*. Focusing on equipment operating conditions, site operating environment, personnel behavior, pollution prevention facilities and other aspects, we comprehensively detect EHS hazards through monthly, quarterly and pre-festival hazard detections and special safety inspections, and continuously follow up on rectification of hazards, forming a closed-loop handling mechanism for the hazards. In addition, the Company has formulated the *Work Safety Emergency Plan* and other emergency management systems, and established the organizational structure for accident response. Together with measures such as establishing emergency response plan and conducting safety emergency drills, the Company enhances the ability to respond to various emergencies and reduce losses caused by accidents.

Investment in EHS operation

The Company continues to invest resources to effectively minimize the impact of the Company's production and operation on the ecological environment. In 2024, the Company invested a total of RMB 3.9397 million in environmental protection, which was mainly used for the upgrading and maintenance of environmental protection facilities, and RMB 8.5265 million in safety, which was mainly used for the operation and maintenance of safety facilities and the safety protection of employees, covering 100% of employees.

Safety and health

The Company attaches importance to the health and safety of employees, and always adheres to the objective of safe operation. We formulate corresponding safety management systems for multiple work scenarios, and continuously optimize the safety management system. By implementing safety management measures, we strive to create a safe working environment for our employees.

Safe operation management

The Company strictly implements the principle of "safety first, prevention as priority, and integrated management". We have formulated management policies covering work safety, biosafety, fire safety, and construction safety, including the Regulations on Work Safety Management, *the Regulations on Work Safety Responsibility System*, *the Biosafety Management Manual*, *the Laboratory Safety Management Policy*, and *the Regulations on Fire Safety Management*, to constantly practise our safety management commitments under clear safety management system and process requirements. During the Reporting Period, Zhifei had no general work safety accidents, major safety accidents, major occupational disease incidents and fire incidents, having a good health and safety situation as a whole.

Work safety

The Company continues to improve the safety management system in accordance with the management requirements of internal policies to fully ensure work safety. Under the leadership and supervision of the Work Safety Committee, the Company continues to strengthen the work safety responsibility and implement the safety management requirements regarding production project design, production safety inspection and reporting and other aspects to ensure safe operations. During the year, the subsidiary Zhifei Longcom formulated the *Special Operation Management Regulation* to standardize the management process of special operations, and established the EHS Service Center to ensure standardized and efficient approval of special operations. The Company's production safety protection measures are as follows:



Work safety equipment management and inspection

- The Company has formulated the *Comprehensive Analysis Report on Work Safety Conditions and Facilities* and *the Design Report on Safety Facilities* for production projects, which have passed the expert review, to ensure safe operation of facilities and equipment.
- The Company holds regular work safety meetings to report the key work on safety management, and designates safety officers to enhance the employees' safety awareness by the measures including work safety hazard investigation and rectification, special work safety inspection, safety emergency drills and work safety training and education.



Work safety supervision and reporting

- The Company arranges special personnel to supervise the sites of various hazardous operations, and sets up special equipment operator ledger to track the annual review of certificates on a regular basis.
- The Company has established comprehensive processes for reporting, investigating and handling production safety accidents to effectively enhance the safety prevention and governance capabilities. When accidents occur, in addition to the proper treatment of injured employees, we timely investigate the accidents and make rectification in accordance with relevant management requirements, to avoid the recurrence of accidents.



As of the end of the Reporting Period, the Company has cumulatively obtained a total of **1,040** personnel certifications for special equipment operators. In the

current year, **261** personnel certifications were either renewed or newly acquired for special equipment operators.

In 2024, the subsidiary conducted safety inspections for special equipment, production facilities, and other related equipment. Equipment with identified hazards was promptly repaired to ensure **100%** compliance with operational standards and safe operation of all facilities.

Biosafety

To implement the requirements for biosafety management, the Company has set up a Biosafety Committee to promote the biosafety management through a sound biosafety management system. In 2024, Zhifei Longcom further improved the biosafety management system, and comprehensively sorted out the biosafety risk points in light of the regulatory requirements and current management status. Meanwhile, Zhifei Longcom established six targeted modules including biosafety regulation benchmarking, biosafety management of construction projects, and biosafety risk assessment management, to guarantee the comprehensiveness of biosafety management.

Biosafety assessment



- Before laboratories are built and put into use, the Company conducts a thorough biosafety risk assessment.
- The Company conducts routine biosafety inspections on workshops and laboratories, engages third-party professional bodies to conduct an all-round assessment of its biosafety management, and takes targeted rectification and control measures.

Biosafety protection and training



- The Company also provides the complete biosafety protection articles, such as portable eye washers, and protective masks, and places the emergency disposal boxes in all clean areas of the laboratory to handle unintentional injuries in a timely and effective manner.
- Furthermore, the Company strengthens the employees' biosafety awareness by continuous biosafety training such as the biosafety training for new employees, annual biosafety training, and special training by external experts, and training assessment.

Laboratory biosafety management



- Based on the biosafety management requirements for pathogenic microorganism laboratories, the Company carries out the filing management of biosafety laboratory on the pathogenic microorganism laboratories that need filing and the production workshops involving pathogenic microorganisms, to establish safe and reliable pathogenic microorganism laboratories.

In 2024, Zhifei Longcom carried out 22 emergency drills for biosafety accidents, and the whole process included the preparation, review and approval of the drill plan, the establishment of emergency response teams at the center and departmental levels before the drills, with duties clarified for each position, and the evaluation of the effectiveness after the drills. The whole process enhanced the biosafety awareness of relevant personnel and improved their ability to handle biosafety incidents.



In 2024, Zhifei Longcom successfully obtained the filing certificates for **12** pathogenic microorganism laboratories on the "Scientific Education Management Information Platform of the Health Commission of Anhui Province"; Zhifei Lvzhu successfully obtained the filing certificates for **5** pathogenic microorganism laboratories on the "Biosafety Management Information System for Beijing Laboratories of Human Transmissible Pathogenic Microorganisms".



Zhifei Longcom conducted biosafety management training



Biosafety management training

In 2024, Zhifei Longcom customized targeted biosafety training by analyzing the characteristics of pathogenic microorganisms involved in different departments and the potential risks of processes. Zhifei Longcom conducted biosafety training and assessment, involving a total of more than 1,000 participants, which further strengthened the biosafety awareness of employees.



Protecting animal welfare for sustainable development

The Company highly values the standard animal experiments in the production and experiment process, focusing on the protection of animal welfare. The Company has established the related management documents including the Standard Operating Procedure for Animal Welfare, Biosafety and Animal Ethics Review, which require that animals should be treated well, and advocate the principle of "Reduction, Replacement and Refinement" (3R) to use laboratory animals in a scientific, reasonable and humanistic manner. The current animal experiment methods and purpose of the Company comply with the human moral and ethical standards and international practice. In addition, the Company takes active measures towards the alternatives to animal reagents, such as using less Limulus Amebocyte Lysate during the quality detection.

Fire and construction safety

In order to prevent losses to the Company's employees and properties caused by fire and construction safety incidents, the Company continuously strengthens its fire and construction safety management. We have formulated internal management systems related to construction and fire protection such as the *Project Construction Management Policy* to clarify the relevant fire and construction safety responsibilities, and strictly implement safety protection measures.

Fire safety management



- The Company proactively conducts fire safety inspection, identifies fire safety risks and implements targeted management measures.
- By carrying out firefighting training, education and emergency drills, the Company widely disseminates general knowledge of fire safety, fire extinguishing and evacuation.

Construction safety management



- The Company has formulated relevant safety inspection and rectification policies, and regularly organized site safety and HSE compliant construction inspections. We ensure that relevant billboards and signs are posted as required, and require personnel of special types of work to obtain their qualification certificates before going on duty, so as to protect construction safety.
- Meanwhile, the Company has signed the agreements with contractors and other parties, specifying the management responsibilities of both parties and the site requirements, to safeguard the health and safety of the employees involved in the projects.



Zhifei Lvzhu carried out National Fire Prevention Day themed activities

In 2024, on the National Fire Prevention Day, Zhifei Lvzhu carried out fire prevention knowledge publicity and centralized inspection of fire prevention supplies under the theme of "Fire Prevention for All, and Life First" to ensure that the fire prevention facilities in the fire hydrant were complete and undamaged, and the emergency evacuation lamps and smoke alarms were working properly. The activities further enhanced the fire safety management capabilities.



National Fire Prevention Day themed activities

Occupational health and safety management

The Company is committed to creating a healthy and safe working environment for employees. We have formulated the *Occupational Health Supervision and Management Policy*, the *Occupational Hazard Control Responsibility Policy* and the *Occupational Health Monitoring and Archive Management Policy for Workers*, clarifying the occupational health management responsibilities for different posts to continuously keep standard occupational health and safety management for employees. The Company manages occupational health and safety around protection, evaluation and checkup arrangements, providing employees with more comprehensive and effective health protection.

Occupational safety and health protection

- The Company has specially prepared the article named Pre-evaluation of Occupational Health and Design of Occupational Disease Protection Facilities for the production projects, and organizes the expert review to ensure compliance with the occupational health requirements.
- The Company provides employees with complete occupational disease prevention measures and protective articles, arranges emergency facilities for occupational health protection and warnings and notifications of occupational hazards, and prepares first aid kits and other emergency supplies to put the occupational health and safety management in place.

Occupational health and safety assessment

- In accordance with the requirements of the Occupational Hazard Detection and Evaluation Policy and other internal systems, we continuously carry out testing of occupational disease hazards in the workplace. We have formulated testing plans based on the distribution of occupational disease hazards. We entrust qualified organizations to carry out the testing of occupational disease hazards, and ensure the authenticity and compliance of the testing data. Based on the analysis of the current situation of the Company's occupational disease hazards, we formulate improvement measures to avoid the occurrence of occupational diseases.

Occupational health and safety checkup

- We continuously improve the occupational health management files, and establish the complete occupational health records with "one file for one employee" for employees exposed to occupational hazards. We regularly organize physical examinations for employees, and strengthen the pre-post, in-service and off-post occupational health checkup for employees involving the occupational hazards. Through such efforts, we strive to continuously monitor and protect employee health.

Training on occupational health and safety

- The Company develops special training policies, and organizes regular training on plant safety management to improve employees' safety management skills and accident response abilities and ensure the safe and orderly operation of the plant. Besides, the Company continues to strengthen the plant management by defining gatekeepers' daily management precautions and conducting regular inspections.



In 2024, **662** employees of the Company received occupational health checkups, with an occupational hazard detection coverage rate of **100%**.

Construction of safety culture

The Company actively promotes the construction of safety culture, and has organized a series of safety culture activities such as work safety training, and firefighting training and drills. By continuously strengthening the construction of the Company's safety culture, we strive to create a sound environment for safe production, and implement the concept of health and safety management.

Safety training and publicity

The Company requires all new employees to pass all sessions of safety training at company, department and team/group levels. They are also required to participate in regular safety management training to strengthen their expertise and skills on safety. At the same time, we continue to carry out safety knowledge dissemination activities for employees in the form of "one question one day for work safety" to drive employees to learn the *Work Safety Law of the People's Republic of China*, *the Regulations on the Safety Supervision of Special Equipment*, *the Safety Code for Special Operations of Hazardous Chemical Enterprises* and other laws and regulations related to work safety. In 2024, we carried out special training on various topics, such as "work safety training for all employees", "special training on laboratory hazardous chemicals" and "special equipment training". Involving a total of 2,753 participants, the training enhanced the safety knowledge of our employees and raised their safety awareness in all aspects.



Work safety training in 2024

Emergency plans and drills for accidents

The Company keeps strengthening emergency management requirements, and organizes safety emergency drills and special training on emergency rescue to enhance the response capability for emergencies. In order to test the scientific, practical and operable nature of the preparation of emergency plan for safety accidents, and to enhance the Company's risk awareness and emergency response capabilities for emergencies, the Company continues to carry out safety emergency drills and training to enhance the employees' awareness and capabilities for safe operation and prevent and minimize the occurrence of various types of accidents. In 2024, the Company carried out 29 emergency drills, including special drills for limited space and special equipment, and drills for high-temperature heatstroke accidents. We summarized all emergency drills in order to improve our ability and level of emergency response to accidents in an all-round way through targeted improvement measures to comprehensively raise the emergency handling capability and level through targeted improvement measures.



Zhifei Longcom conducted safety education for all employees

In 2024, Zhifei Longcom organized safety education and training for all employees to analyze in depth the management requirements for special operations, analyze the causes of accidents in special operations, help employees to understand the potential dangers and risks in special operations, and to master the methods and techniques to avoid accidents and injuries, so that employees can be more alert and take the necessary precautions to reduce the occurrence of injuries and accidents.



Zhifei Longcom carried out Work Safety Month themed activities

June 2024 marked the 23rd national "Work Safety Month". Zhifei Longcom carried out "Work Safety Month" publicity activities under the theme of "Engaging everyone in Safety and Emergency Response - Smoothing Passage of Life". Zhifei Longcom planned both online and offline prize quiz activities to stimulate employees' enthusiasm to participate in the activities, so as to improve their occupational health and safety awareness in all aspects.



Safety month activities at Zhifei Longcom

Reduction of resource consumption, and improvement of quality and efficiency

Striving to save energy and reduce consumption, Zhifei strictly abides by the requirements of laws and regulations, including the *Energy Conservation Law of the People's Republic of China and the Water Law of the People's Republic of China*, and has formulated and implemented internal management policies, such as the *Management Policy for Energy Saving and Consumption Reduction* to clarify the management responsibilities for energy conservation and consumption reduction. Meanwhile, the Company vigorously promotes various energy-saving and water-saving projects to effectively improve resource efficiency and implement the commitment to green and low-carbon development.

Energy usage

Zhifei continuously strengthens the management of consumption of power, steam and other energy sources. We leverage information technology to build an online energy management platform, which helps to quickly count and analyze the Company's energy use and realize the fine management of energy use through the statistics of power use in the peak, flat and valley hours. With the functions of historical data query and abnormal energy consumption alarm, the platform helps the energy management personnel to quickly trace the energy consumption abnormalities and optimize the energy management. In 2024, we had no difficulties in energy use. We actively implemented various energy-saving initiatives through energy-saving renovation of existing equipment, facilities and processes, and continued to explore space for energy conservation and consumption reduction, so as to build a resource-saving and green enterprise.



Energy-saving renovation for improvement of thermal energy efficiency

At the Industrial Park Plant of Zhifei Longcom, the Company carries out hot water heat exchanger system project, using steam condensate for preheating and using temperature sensors, steam regulating valves and other components to provide a stable heat source for air-conditioning units. The project is expected to reduce carbon emissions by 747.9 tons of CO₂e per year. At the Fushan Road Plant of Zhifei Longcom, the Company has implemented energy-saving insulation renovations in its steam chambers, utilizing aerogel insulation blankets and aluminum silicate needle-punched blankets for enhanced thermal retention. In partitioned wall areas, exhaust fans have been installed to improve ventilation, effectively reducing ambient temperature and minimizing heat loss. These measures are projected to reduce carbon emissions by 24.9 tons of CO₂e per year.



Automatic upgrading and precise energy regulation

Taking the Tongji North Road Plant as a pilot site, Zhifei Lvzhu carried out automated transformation of the refrigeration heat exchanger station to enable it to automate the real-time adjustment of various parameters according to changes in the external environment and the use of the workshop, which substantially improved its energy use efficiency. At the same time, Zhifei Lvzhu implemented an automatic energy management control program for the refrigeration heat exchanger equipment in order to realize automatic management of energy consumption of the refrigeration heat exchanger equipment and other equipment in the plant. This reduced industrial steam consumption by 1,785 tons over 2023. For the air conditioning at the Taihe Plant of Zhifei Lvzhu, the Company has implemented a duty-optimized energy-saving mode, which reduces electricity consumption by approximately 39% under identical production conditions compared to the energy usage data under the normal operational mode in 2023.

Energy indicators	Unit	2024
Pipeline natural gas consumption	tce	6,573.24
Petrol consumption	tce	18.00
Diesel consumption	tce	132.68
Direct energy consumption	tce	6,723.92
Power consumption	tce	11,353.06
Heat consumption	tce	8,453.43
Indirect energy consumption	tce	19,806.49
Total energy consumption	tce	26,530.41
Total energy consumption intensity	tce/RMB 10,000 of revenue	0.01

Water usage

Zhifei focuses on improving water resource efficiency and advocates for the secondary and circular use of water resources. The Company has established a leading group for water-saving actions to comprehensively oversee and coordinate water-saving initiatives. Through public awareness campaigns, implementation of water-saving technologies and equipment, and execution of infrastructure upgrade projects, the group is driving the Company toward becoming a water-efficient enterprise. In 2024, the Company's water was primarily from municipal supply and there were no difficulties in the use of water resources.

We installed water meters and water-saving taps to avoid leakage and other unnecessary waste of water resources. We promote the recycling of water resources, using the reclaimed water produced by water production system for plant greening irrigation, animal room washing, high-temperature pool cooling, etc. At the same time, steam condensate was recovered and reused through condensate recovery devices to enhance the efficiency of water recycling.



Recycling water through multiple measures

In 2024, Zhifei Longcom promoted water-saving process transformation throughout the plant. By optimizing the cleaning-in-place (CIP) process of the liquid dispensing system to reduce the use of water resources while ensuring product quality, among other things, it is expected to save approximately 820 tons of water per batch of products. At the Biopharmaceutical Industrial Park (Section A), Zhifei Longcom implemented the rainwater collection and utilisation system to collect rainwater and reuse it for watering green areas, roads, squares, etc. The system is expected to save water resource by 16,000 tons per year.

Water usage indicators	Unit	2024
Water withdrawal	Tons	1,532,948.16
Intensity of water withdrawal	Tons/RMB 10,000 of revenue	0.59
Water consumption	Tons	383,586.52
Intensity of water consumption	Tons/RMB 10,000 of revenue	0.15

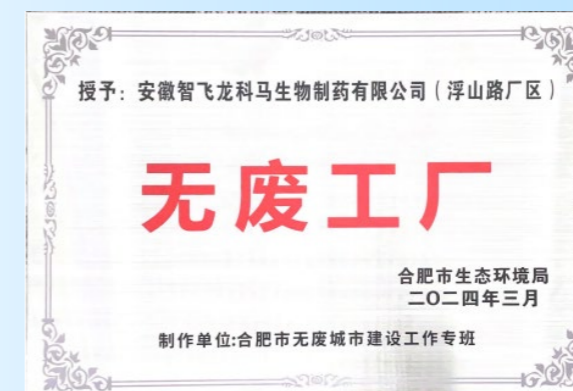
Circular economy

Circular economy has become a key path for enterprises to realize efficient resource utilization. Zhifei actively implements circular economy practices, guided by principles of source reduction, lean design, high-efficiency processes, and reuse/recycling, to pioneer a green, circular, and low-carbon development model. This effort aims to build a closed-loop resource system that harmonizes resource circulation with environmental sustainability.

Green design and production

The Company adheres to a green design philosophy, integrating energy efficiency and consumption reduction considerations into architectural design. By enhancing the thermal insulation performance of building envelopes, it effectively reduces the total energy consumption of heating, ventilation and air conditioning, thereby meeting the construction requirements of green building. For product design, we continue to promote the elimination of toxic and hazardous substances and replace toxic and hazardous reagents with non-toxic and harmless ones. At the same time, the Company upholds the principles of cleaner production, continuously strengthening efficient operational management of production facilities during manufacturing. By adopting advanced processes and production equipment, we ensure high-efficiency performance of both production equipment and auxiliary power systems, thereby reducing energy intensity per unit product.

In terms of solid waste reduction, proper management and technical means are adopted to reduce the generation of wastes, including cleaner production, rational selection and usage of raw materials and other resources, and adoption of advanced production processes and equipment to reduce the generation of solid waste at the source. Each workshop is also requested to reasonably arrange production plans and strictly control the storage and use of raw and auxiliary materials to ensure that materials are used before expiration, avoiding wastes. In addition, the Company continuously promotes the construction of "Zero-Waste Factory". In 2024, Anhui Zhifei Longcom Biopharmaceutical Co., Ltd. (Fushan Road Plant) won the title of "Zero-Waste Factory".



Won the title of "Zero-Waste Factory"

Green storage and distribution

In product storage and transportation, the Company reduces resource consumption during distribution by leveraging green transportation and low-carbon cold chain technologies, along with alternative pathways, thereby fulfilling its commitment to green development.

Green storage

The Company uses environmental-friendly materials for refrigerated storage panels, and rotation start as mode of operation for refrigerating units of the refrigeration house to save energy and reduce consumption. Polyurethane materials are adopted for insulation box during cold chain transport, and the box can be reused approximately dozens of times with no pollution or serious damage identified during the air shipment.



Green distribution

In the distribution phase, we procure vehicles that comply with high standards such as China VI vehicle emission regulations, and actively adopt eco-friendly refrigerated trucks equipped with dual refrigeration units or low-displacement engines. The Company prioritizes green and low-carbon transport based on order volume, distance and transport resources at the destination to reduce energy consumption. In response to the demand for transportation in some provinces and cities, the Company adopts the off-site warehousing and transportation, which greatly reduces the transportation distance, and adopts a variety of cold chain transportation modes, multimodal mode of distribution mode, rationalizes transportation routes, enables the Company to reduce delivery time, energy consumption and carbon emissions, thus creating a new low-carbon mode for cold chain transport.

Green office and operation

The Company actively integrates the green concept into the office and operation process, and has issued green office management policies such as *the Management Policy for Energy Saving and Consumption Reduction*. The Company has implemented a batch of moves to strengthen energy management, including daily checks on lamps and air conditioners at office area to ensure that they are turned off when no one is around, and requiring all departments and workshops to use air conditioners reasonably with the indoor temperature not higher than 20°C in winter, in a bid to reduce energy waste in multiple scenarios.

Upholding the concept of green office, the Company posts signs of environmental protection such as "turn off lights when leaving to save power" on switches and air-conditioning panels. In 2024, the Company implemented initiatives such as the "Clean Plate Campaign" and paper-saving awareness programs to further enhance employees' awareness of environmental protection. Additionally, the Company actively optimizes commuter shuttle routes by sharing temporary shuttle vehicles for employees within the park, meeting commuting needs while enhancing vehicle utilization efficiency and minimizing resource waste.



Paperless conference room

Pollution prevention and ecological protection

The Company strictly complies with environmental protection laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law*, the *Air Pollution Prevention and Control Law*, the *Integrated Wastewater Discharge Standards*, and environmental management requirements in all operational locations. In accordance with the *Regulations on the Administration of Pollutant Discharge Permits*, we implement pollutant discharge permit management to ensure all facilities requiring permits or registration obtain valid permits or complete registration. Through rigorous execution of management measures, we strive to minimize the environmental impact of production and operations, advancing green and sustainable development. During the Reporting Period, Zhifei did not incur any significant administrative penalties or criminal liabilities related to pollutant discharges or other environmental incidents. Additionally, no material deficiencies were identified in the Company's environmental monitoring programs or risk management measures.

Environmental compliance management system

Zhifei has established internal management systems including the *Regulations on Environmental Protection Management*, the *Regulations on Environmental Protection Facilities Management*, the *Regulations on Sewage Treatment System Operation*, the *Online Monitoring Management System of Wastewater and Waste Gas*, to standardize emission management processes. Environmental management objectives have been set, such as "zero environmental pollution incidents, full compliance with pollutant discharge standards, and 100% classification, collection, and disposal rate for solid waste". We are committed to reducing the generation of toxic emissions and hazardous waste across all operational activities, continuously improving the Company's environmental management performance.

Pursuant to regulations on environmental management, the Company complies with the management system of emission permits, formulates its own environmental monitoring program, conducts environmental monitoring in strict accordance with such program, reports pollutant emission concentrations and emission load truthfully, and establishes an electronic ledger for environmental management. It also conducts environmental impact assessment for construction projects and invites third party specialized agencies for environmental monitoring to ensure compliant pollutant emissions and prevent negative environmental impacts.

In order to effectively improve the management of environmental emergency, the Company has prepared contingency plans for environmental accidents and regularly conducts drills on environmental emergency to test the applicability, practicality and operability of the plans. The awareness and ability of employees to respond to emergencies are also improved to avoid or reduce the occurrence of environmental emergencies.

In order to implement the *Management System of Publicity, Education and Training on Environmental Protection* and other requirements, the Company arranges training on environmental protection, including standardized management of industrial solid waste, and environmental emergency response, to further enhance employees' awareness of environmental responsibilities and improve the Company's environmental protection management.

Sewage management

In strict compliance with the Wastewater Control Procedures and related management requirements, Zhifei ensures that wastewater treatment and discharge during production and operation fully adhere to regulatory standards. The Company's wastewater mainly includes production sewage and domestic sewage. To ensure effective wastewater treatment, we categorize various types of wastewater and process them through the Company's integrated wastewater treatment system. The treated effluent, fully compliant with regulatory standards, is discharged into the municipal sewage network. In particular, the waste organic acid solution involved in the production process is collected and transferred for disposal as hazardous waste and does not enter the sewage treatment system, and the acid and alkali waste solutions are discharged after harmless treatment.

The wastewater treatment plant at Zhifei employs key processes including biological contact oxidation in the aeration tank, solid-liquid separation in the secondary sedimentation tank, and sterilization in the disinfection tank. Equipped with online monitoring systems, it continuously tracks critical parameters such as Chemical Oxygen Demand (COD), ammonia nitrogen, pH, and flow rate. Real-time data enables immediate corrective actions for any parameter exceedances, ensuring full compliance with mandated discharge standards.

Sewage discharge indicators	Unit	2024
Sewage discharge	m3	1,149,361.64
Intensity of sewage discharge	m3/RMB 10,000 of revenue	0.44



Waste gas management

Pursuant to the internal management requirements such as the *Production Environment Operational Control Procedure* and *the Air Pollution Prevention and Control Procedures*, Zhifei controls the emission of waste gases generated from plants, and reinforces the standardized management of various types of waste gases to ensure that they are treated by the waste gas treatment devices and then emitted in accordance with the standards.

We take targeted treatment measures for different types of exhaust gases. In 2024, the Industrial Park Plant of Zhifei Longcom installed a dual-stage activated carbon adsorption system to capture exhaust gases generated during hazardous waste storage. The collected vapors undergo secondary adsorption treatment before being discharged through a high-elevation exhaust stack, effectively minimizing fugitive emissions.

Waste gas treatment measures

- Waste embryo treatment waste gas is treated by circulation combustion in the furnace and emitted in accordance with relevant standards;
- Organic waste gases from the temporary storage room for hazardous waste are treated by secondary activated carbon adsorption devices and emitted in accordance with relevant standards;
- Harmful exhaust gases generated from the production workshop are treated via adsorption by activated carbon in the exhaust gas purification treatment devices, and the pressure is monitored by fans to ensure the smooth operation of the equipment and the exhaust gases are discharged in accordance with relevant standards.



Waste gas treatment facility

Waste treatment

The Company strictly complies with such laws and regulations as *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Regulations on the Management of Medical Waste*, as well as local management standards. We have established relevant management systems, including the Solid Waste Control Procedure and the Hazardous Waste Management System, to clarify management processes for various types of wastes and define the responsibilities of relevant departments. A comprehensive environmental pollution prevention and control responsibility management system has been implemented, covering the entire life cycle of waste generation, collection, storage, transportation, utilization, and disposal. This ensures classified collection, labeling, and treatment of wastes by category. The Company continuously strengthens standardized management and compliant disposal practices to enhance waste management effectiveness.

Solid waste management



- The solid waste management ledger is applied to record type, quantity, storage and disposal of solid waste in a standardized manner to achieve the traceability of solid waste and to improve the whole process of solid waste standardized management.
- Qualified third parties are entrusted to handle solid waste transport, utilization and disposal. Relevant qualifications and technical capabilities of the entrusted parties will be reviewed and stringent pollution prevention and control requirements will be enforced.
- Employees are regularly trained to improve solid waste management capabilities, so as to handle such matters in a standardized manner.

Hazardous waste management



- Hazardous wastes are sorted by type and nature and collected in different special barrels, and the hazardous waste identification marks are labelled at the storage sites. EHS specialists are assigned to conduct regular inspections at all production facilities to ensure compliant storage.
- The Company entrusts licensed third-party organizations to conduct environmentally sound treatment of hazardous waste. It requires proper maintenance of hazardous waste management ledgers and strict implementation of the hazardous waste manifest system.
- Timely registration, reporting, and filing of hazardous waste management plans are also carried out;
- Training on hazardous waste, covering the laws, regulations, standards and policies of hazardous waste management, is provided for relevant personnel at regular intervals to ensure steerable management in every step.

Waste discharge	Unit	2024
Solid waste discharge	Tons	12,210.01
Intensity of non-hazardous waste discharge	Tons/RMB 10,000 of revenue	0.0047
Hazardous waste discharge	Tons	531.18
Intensity of hazardous waste discharge	Tons/RMB 10,000 of revenue	0.0002

Noise management

Following laws and regulations on noise management such as *the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and national or local standards such as *the Emission Standard for Industrial Enterprises Noise at Boundary*, the Company makes every effort to ensure the compliance of the noise at the factory with environmental emission standards and to reduce and prevent noise pollution and harm to the environment. Based on the administrative provisions and the requirements of environmental impact assessment of construction projects, the Company develops an environmental monitoring plan for the plant area and conducts annual noise testing at boundary. The layout of the plant is designed with the environment in mind and damping measures are taken for production equipment and common auxiliary equipment with strong vibration to reduce the noise impact.

Biodiversity conservation

The development of human society is inseparable from the gifts of nature. In the course of business operations, we keep our eyes on the current and potential future impacts of our production and operational activities on ecosystems and biodiversity.

For ongoing projects, we prioritize designs and construction plans that avoid negative impacts on local ecosystems and biodiversity. Through environmental impact assessments (EIAs), we evaluate the effects of construction on diversity of local species and the surrounding ecological environment, ensuring compliance with ecological conservation requirements.

Additionally, we strictly control pollutant emissions during operations, ensuring effective and compliant disposal of waste water, exhaust gases, and other pollutants. Continuous emission monitoring is implemented to uphold corporate accountability, rigorously monitor the environmental impact of our activities, and actively fulfill our commitment to sustainable development.

During the Reporting Period, none of our operational sites reported violations against ecological conservation requirements. We did not conduct any operation in key ecological function zones, protected natural areas, or other ecologically sensitive and fragile regions. Furthermore, our operations had no significant adverse impacts on ecosystems or biodiversity.

Building resilience in response to climate change

As a responsible enterprise, Zhifei actively addresses global climate change and has identified climate change as a critical factor in its development strategy. The Company continuously monitors climate change trends, identifies climate-related risks and opportunities, and formulates actionable strategies to mitigate risks while capitalizing on opportunities. This approach drives the sustainable development of business operations.

Climate governance structure

The Company has integrated the governance of climate-related issues into the holistic ESG governance framework to ensure climate change considerations are embedded in corporate strategic planning. Zhifei has set up an ESG governance structure and management process to manage issues related to climate change. It coordinates efforts of all functional departments to continuously monitor climate-related risks and opportunities, and to conduct comprehensive assessments of the direct and indirect impacts of climate change on both short-term and long-term business growth. The Company promotes the management and implementation of climate change-related initiatives such as energy conservation, emissions reduction, and green operations. It continuously identifies opportunities in climate change for the Company's sustainable development.

Climate-related risks

The Company keeps an eye on climate change trends and the impact of climate change on the production and operations in the short, medium and long term. Zhifei identifies relevant climate change and opportunities based on internal data, industry-related research and major rating index and develops targeted response plans to enhance the effective management of related risks. The climate change risks faced by the Company comprise physical risks and transition risks.

The climate change risks faced by the Company comprise physical risks and transition risks.

Risk description and impact	Risk response measures
-----------------------------	------------------------



Physical risks

- | | |
|--|--|
| <ul style="list-style-type: none"> Acute extreme weather events due to climate change, such as heavy rainfall and typhoons, may cause damage to the Company's equipment or power outages in its plants. This could reduce capacity or affect the supply chain, resulting in a shortage of raw materials and equipment supply, and to some extent disrupt business continuity Extreme heat caused by changing climate models will affect the health of workers working in high temperatures | <ul style="list-style-type: none"> Establish contingency plans for extreme weather events based on actual operations and conduct regular emergency drills to protect employee safety and enhance emergency response Maintain close contact with meteorological and water resources departments, and analyze defense strategies and priorities for potential crises Perform technical transformation on equipment and apply energy saving devices to optimize the efficiency of energy and water utilization. More information is given in "Low consumption of resources, cost reduction and efficiency improvement" |
|--|--|



Transition risks

- | | |
|---|--|
| <ul style="list-style-type: none"> Since requirements of compliance disclosure on climate change become increasingly stringent, and national or local policies will be introduced to constrain carbon emissions, the production or operation of the Company will be affected Under the trend towards a low carbon economy, the Company shall take effective measures to manage its own and suppliers' carbon emissions in the future. Otherwise, damage to the Company's brand image, loss of customers and other negative impacts might occur due to improper management | <ul style="list-style-type: none"> Continuously optimize production and operation processes, and promote energy saving and emission reduction to effectively limit carbon emissions, building the Company into a green and environment-friendly enterprise with a good brand image Keep abreast of laws and regulations released at national and local levels, and reinforce the tracking and supervision of GHG emissions Explore the possibilities of energy saving and consumption reduction, put climate change mitigation and adaptation as the priority, and communicate with stakeholders through diverse channels |
|---|--|

Climate-related opportunities

The Company believes that risks and opportunities go hand in hand. It firmly believes that taking the lead in adopting proactive financial measures to alleviate or adapt to climate change will bring about numerous opportunities for enterprise development and create more value for the Company's growth in the context of low-carbon development. Climate change may lead to an increase in the incidence of certain diseases. The Company will always keep an eye on the impact of climate change on human health and disease patterns, and address emerging health threats in a timely manner based on innovative R&D. While addressing the risks of climate change, the Company will seize the opportunities that climate change brings to business development and operational management.

Emission reduction practices

In active response to the nation's "dual carbon policy" of achieving carbon peak by 2030 and carbon neutrality by 2060, we constantly implement the low-carbon operation philosophy, and regularly track and supervise the performance on reduction of greenhouse gas (GHG) emissions. In 2024, data on GHG emissions (Scope 1 and Scope 2) are shown in the table below.

GHG emissions	Unit	2024
GHG emissions (Scope 1)	Tons of CO ₂ e	13,575.52
GHG emissions (Scope 2)	Tons of CO ₂ e	76,807.20
GHG emissions in total	Tons of CO ₂ e	90,382.72
GHG emission intensity	Tons of CO ₂ e/RMB 10,000 of revenue	0.03

In terms of carbon emission rights, the Company conducts compliance trading in accordance with carbon emission allowances allocated by the government. Zhifei Lvzhu has been included in the list of units with heavy emissions under the local carbon emission trading scheme. In 2024, due to the construction of new factory buildings and the addition of operational equipment at its Taihe facility, Zhifei Lvzhu's greenhouse gas emissions exceeded its quota by 8,555 metric tons of carbon dioxide equivalent. It has duly completed the settlement of its carbon emission quotas and has not been subject to rectification requirements or formal investigations by relevant authorities regarding carbon emission compliance.

For details about the Company's practices in greenhouse gas emission reduction, please refer to the "Reduction of resource consumption, and improvement of quality and efficiency" in this Report.



05

Employee Care and Talent Cultivation

Zhifei understands that talent is the cornerstone of business operations and that the growth of employees is closely related to the development of the Company. The Company adheres to the employment concept of "integrity first", attracts and nurtures talents with a commitment to equity, diversity, and inclusion, and recognizes the unique value of every employee. With a comprehensive training system and scientific assessment and promotion mechanism, the Company closely combines employees' personal progress with the Company's strategic objectives. We encourage employees to fully display their talents and abilities in the workplace, so as to realize a win-win result of personal growth and business development. Meanwhile, the Company provides employees with competitive salary packages and various welfare benefits. We are committed to creating a sustainable workplace that is equal, inclusive and diverse, ensuring that we forge ahead with all employees in a caring atmosphere.

• Compliant and fair employment	119
• Recruitment and attraction of talents	121
• Development driven by employee training	126
• Employee communication and care	136



Compliant and fair employment

Zhifei adheres to the employment principle of "pursing fairness and justice and appointing people on their merit". The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Prohibition of Using Child Labor*, the *Special Provisions for the Protection of Minor Employees of the People's Republic of China* and other laws and regulations, and has also formulated and implemented a series of management policies, such as the *Recruitment and Hiring Management Policy* and the *Employee Handbook*, continuously refining the human resources employment management system and comprehensively guaranteeing employees' legitimate rights and interests.

Employment management

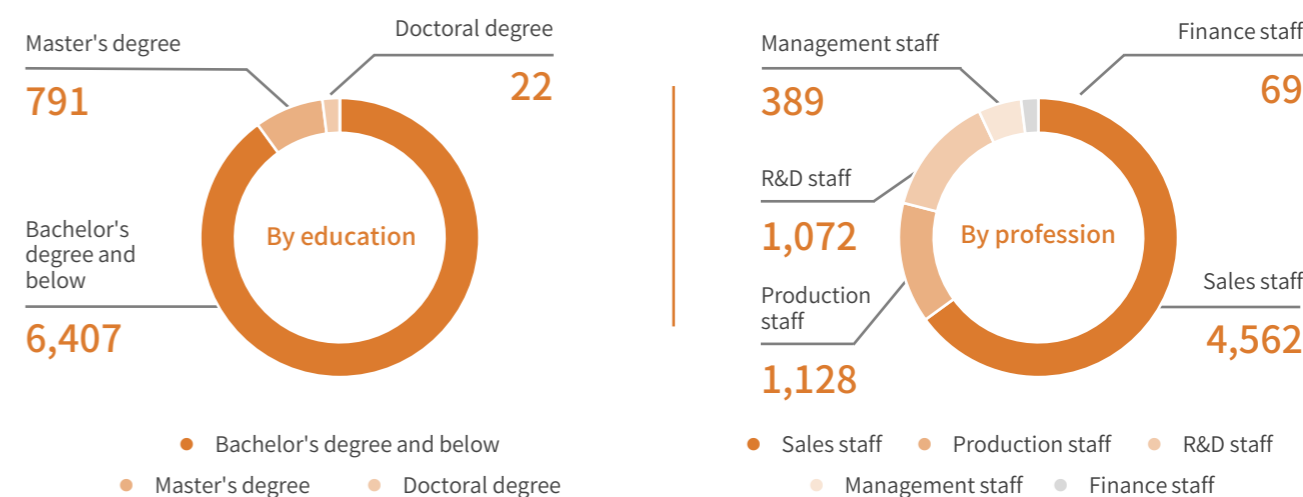
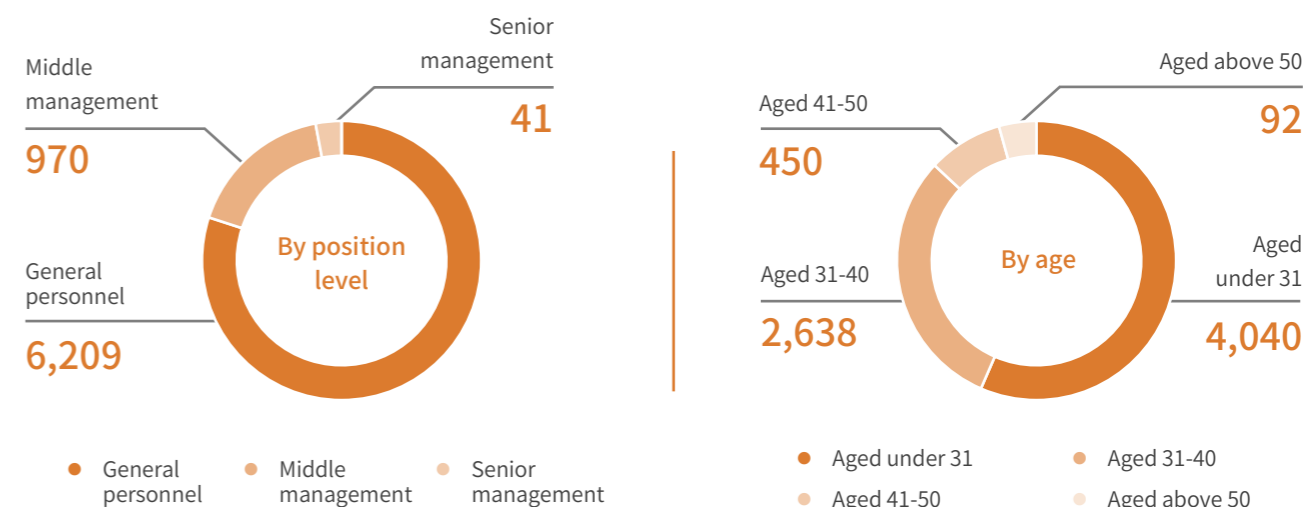
Integrity and capability constitute the Company's key evaluation criteria for talent. Zhifei has improved employment policies, including the *Standard Operating Procedures for Personnel Recruitment*, *Probationary Period Management*, and *Transfer Management*, further refined the recruitment standards, constantly enhanced the selection, hiring, transfer and other employee management processes, and established merit-based recruitment mechanism, ensuring that every aspect of recruitment process is open, transparent, standardized and orderly.

The Company upholds the principle of fairness and impartiality during recruitment. We prohibit any form of employment discrimination against candidates due to age, gender, race, marital status, religious beliefs and social backgrounds. As required by our policies and systems, we firmly ban child labor and forced labor, and strictly review identity information during recruitment. We will not employ the candidate once we find his or her identity inaccuracy, age fabrication or involvement in forced labor. During the year, there were no cases of child labor or forced labor at Zhifei.

The Company conducts reasonable employee attendance management and advocates appropriate working schedule in accordance with regulations. We do not promote overtime work or extend working hours against employees' willingness, so as to ensure their full right of having a rest. For employees planning for resignation, the Company has established an all-rounded approval process and management mechanism in accordance with the *Resignation Management Policy*. This effort aims to ensure proper compliance in salary settlement, labor relations and other related matters and to protect the legitimate rights and interests of employees.

Employee structure

By the end of Reporting Period, the Company had a total of 7,220 employees, with an increase of 675 employees over 2023.



The Company attaches great importance to talent retention and team stability. By developing robust business operations and constantly improving the employee management mechanism, the Company reduces the turnover rate and builds a healthy organization. As such, we work to maintain a long-term win-win situation for the Company and our talents. In 2024, Zhifei's turnover rate was 11.73%, lower than that of the biopharmaceutical industry.



Recruitment and attraction of talents

Taking into account the Company's business development needs, Zhifei has formulated and implemented personnel introduction plans, pushed forward an open, fair and diversified talent attraction policy, and established a multi-fronted talent reserve and recruitment system. By doing so, the Company has achieved a full process of talent attraction, reserve, training and development and actively developed a talent pool to continuously deliver outstanding management and technical talents to the industry. Simultaneously, the Company takes initiatives regarding employment diversity and workplace inclusiveness based on different job responsibilities and requirements of each department to better match employees with positions and give full play to the potential of talents.

Talent recruitment and attraction

Following the Company's medium- and long-term development plans and considering the human resources demands, business development goals, structural adjustment plans and employee flow forecasts, Zhifei scientifically devises the annual talent demand and introduction plan. The Company also reasonably allocates the recruitment resources, so as to improve the accuracy and efficiency of talent recruitment. During the implementation of the talent introduction plan, the Company keeps track of the business development process and adjusts the recruitment stages in a timely manner, so as to ensure that the talent supply goes parallel with the business demand, maintaining a stable talent pool for corporate sustainable development.

The Company continues to expand diversified recruitment channels to recruit talents in addition to internal competition and external recruitment.



In 2024, Zhifei hired a total of **1,268** new employees, providing human resources support for the rapid growth needs of the Company's business.



Internal competition

- Selection of suitable employees for higher or different positions



External recruitment

- Campus recruitment
- Online recruitment
- Talent market and industry seminar
- Headhunting and RPO
- Staff referral



Diversified recruitment channels for future talent

In March 2024, Zhifei Longcom held campus recruitment presentations at Sichuan University and the University of Science and Technology of China. During these events, Zhifei Longcom introduced in detail the corporate culture, industry prospect and basic job description, and provided students with guidance on career planning and insights into the industry. By directly interacting with students, Zhifei Longcom established preliminary contact with them, enhanced brand reputation, and attracted potential talents, all of which laid a solid foundation for subsequent recruitment.



Campus recruitment presentation

Throughout the year, the Company has continued to advance its recruitment programs for fresh graduates and interns. By actively establishing partnerships with universities across the country, the Company has built a competitive career development platform for graduates and provided high-quality industry learning resources for interns, thereby strengthening talent reserves and supporting team development.

- ✓ University visits and engagement: To further enhance the Company's talent pipeline and support long-term sustainable growth, the Company organized on-site exchange programs with faculty and students from eight leading universities: Peking University, Nankai University, Sichuan University, Lanzhou University, Central South University, Wuhan University, East China University of Science and Technology, and Southwest University. These initiatives reinforced the Company's employer brand across top academic institutions.
- ✓ Summer practice program: The Company collaborated with the School of Bioengineering at East China University of Science and Technology to organize a three-week summer practice program. This initiative effectively helped interns gain early exposure to fundamental knowledge and practical skills of professional-related positions.



In 2024, Zhifei recruited over **170** fresh graduates through campus recruitment and offered internship opportunities to **27** students at school.

To fully implement the talent pipeline development strategy, the Company has forged strategic alliances with a number of well-known academic institutions, covering product R&D, academic research, and practical applications. The establishment of a municipal postdoctoral research station has enriched the Company's talent pool and guaranteed affluent expert resources of multiple disciplines for joint training programs for staff.



The postdoctoral research station launched by Zhifei

In July 2024, the first full-time postdoctoral researcher recruited jointly by Zhifei and Chongqing Medical University officially entered the research station, marking the launch of the Company's postdoctoral research station. Postdoctoral researchers form a crucial part of the national strategic talent pool and embody the emerging power of young scientific and technological expertise. The postdoctoral research station serves not only as a superior platform for cultivating high-caliber talent but also as a crucial conduit for drawing top talent. It is also an efficient means of bolstering the Company's capacity for independent innovation. Significantly, it aids in attracting and recruiting postdoctoral researchers, enhances technological innovation, and facilitates the conversion of scientific and technological breakthroughs into practical applications. The operation of the station not only highlights the Company's firm pace in building a scientific research talent team, but also provides a robust support for attracting more high-end talents and enhancing scientific research and innovation capability.



Launch and operation of the postdoctoral research station



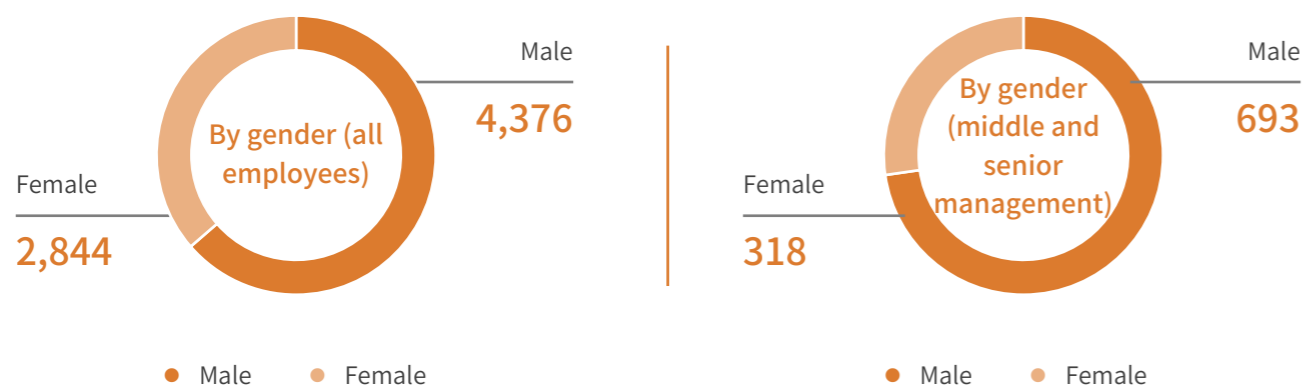
Employee diversity and equality

Zhifei adheres to employment diversity. While ensuring a fair and impartial recruitment process, the Company brings together employees from different backgrounds and cultures and with different professional skills. By doing so, we aim to create a diverse talent team, stimulate employee potential and promote their career growth. The Company's Board of Directors is the supreme supervisor for diversity issues. The senior management of the Company and its subsidiaries is responsible for overseeing the implementation of employee diversity policies, including setting diversity goals, tracking the implementation progress, and evaluating performance results. Besides, in line with the Company's needs for business development, we continuously optimize the employee diversity structure and enrich the talent composition.

The Company encourages and supports retired employees to return to work, offering them suitable employment opportunities and corresponding benefits while fully considering labor demand. In addition, the Company pays earnest attention to the employment needs of disadvantaged groups and ethnic minorities. We contribute to the inclusive development of society by providing equal employment opportunities and comprehensive welfare benefits.



By the end of the Reporting Period, the Company had a total of **22** employees rehired after retirement, **30** employees with disabilities, and **367** employees from minority groups.



Besides, the Company is committed to creating a diverse, equal and inclusive workplace in which every employee feels respected and valued. We view the diverse backgrounds, perspectives, and experiences of employees as our essential assets. The Company provides fair and equal opportunities and treatment in recruitment, training, promotion, and compensation, thus fulfilling the commitment to diversity and inclusion. Pursuing an inclusive culture and implementing equal employment, the Company strives to foster an open and inclusive workplace that empowers diverse talents to tap their full potential. During the year, there were no cases of workplace discrimination at Zhifei.

Development driven by employee training

Regarding employees' capability building as a key to the Company's rapid development, Zhifei consistently views the strategy of "driving business development with talents" as the core strength, proactively cultivating a corporate culture that promotes continuous learning. The Company closely integrates strategic objectives and employees' personal growth. By mobilizing internal and external resources in an orderly manner, we provide systematic training opportunities for employees, and encourage and support them to independently upgrade their academic qualifications and education levels. As the Company's business grows, we continuously refine our compensation and performance systems to guarantee that employees receive competitive compensation. The Company keeps expanding investment in critical areas including value orientation, professional skill enhancement, and leadership cultivation, aiming to establish a high-caliber and high-quality talent pipeline, through which the Company can gain inexhaustible momentum for sustainable development.

Employee training and development

Attaching great importance to employee training, Zhifei has developed and implemented the *Training Management Protocol* and other policies. With a comprehensive training mechanism, we continuously optimize the training framework and management processes, and actively integrate internal and external learning resources. By doing so, we are committed to building a quality, capable and executive workforce. The Human Resources Department of the Company coordinates training initiatives, and annually develops a comprehensive training program for all employees with modifications made as needed. The goal is to enhance employees' professional expertise and boost workplace competence, ensuring that they meet job demands and embrace technological renovation.

The Company continues to invest in value guidance, professional capability building and leadership training. The Company has established a tiered training system, encompassing new recruits training, job-specific training, and corporate culture training. Through ongoing efforts to revitalize the workforce, we promote the joint development of the Company and talents.



In 2024, Zhifei invested RMB **36.4189** million in training, accumulating **440,456.24** training hours for **100%** of employees, with an average of **61.01** hours per employee.

Type of employee		Training hours (hour)	Training hours on average (hour/per person)
By gender	Male	275,451.48	62.95
	Female	165,004.76	58.02
By position level	General employee	381,398.96	61.43
	Middle management	58,186.04	59.99
	Senior management	871.24	21.25

New recruits training

With the rapid expansion of the talent team, the Company always pays attention to the training and integration of new employees. The Company arranges orientation training for new employees. All new hires are required to pass the pre-employment training assessment before they are formally on the position, helping them integrate into the Company's culture and familiarize themselves with the business requirements of the job. New recruits training not only familiarizes new hires with the industry, the Company, and their own potential, but also inspires them to upskill themselves through ongoing education. Moreover, the training encourages them to pursue down-to-earth conduct, courage, responsibility, and a sense of gratitude, and strive to realize their individual values on the stage of the Company.



In 2024, Zhifei delivered **23** training sessions to new employees, with a total of **1,904** person-times participating.

Culture

This program delves into the Company's history, growth trajectory, vision, organizational structure, policies, and compensation packages, facilitating the seamless integration of new employees into the corporate culture.

Profession

The Company's expert instructors deliver comprehensive and easy-to-understand lectures on GMP modules, drug and vaccine management laws and regulations, microbiology, hygiene, and safety, ensuring new hires gain a firm grasp of industry standards.



Orientation training by Zhifei Lvzhu

To help new employees quickly integrate into the Company's culture and master industry knowledge, our subsidiary Zhifei Lvzhu organized 16 orientation training sessions in 2024, with a total of more than 90 participants. The training included basic corporate information, history, visions, rules and regulations. In addition, considering the unique characteristics of the vaccine industry, courses on the knowledge of GMP modules and industry regulations were specially arranged. After the training, Zhifei Lvzhu evaluated the training results of new employees by means of written tests. The results showed that the employees had met the expected goals in terms of knowledge of the vaccine industry and GMP modules. With a detailed training plan and elaborate lectures, the training session laid a solid foundation for new employees to smoothly integrate into the Company and perform their job responsibilities.



Orientation training session

Job-specific training

The Human Resources Departments of the headquarters and subsidiaries establish professional training plans in accordance with the corporate development goal each year, comprehensively covering several key positions including R&D, clinical practice, production, quality control, storage and transportation management, EHS, and sales. To guarantee effective training, each department adheres to the Company's annual training plan while integrating their own business needs and job standards to design targeted training content for each position, including EHS, GMP, drug regulations, Company rules and regulations, on-the-job skills, leadership and personal qualities, enabling all employees to fully acquire the professional skills and knowledge essential for their roles. To cope with the emerging business needs such as overseas registration and digital information system, the Company constantly updates and expands training courses. We are committed to developing employees' comprehensive capabilities, helping them to better adapt to and promote the Company's continuous development.




In 2024, the Company's Administrative Headquarters carried out **111** training sessions of various types,

With a total of over **84,000** participants and an average training duration of more than **75** hours per person. Meanwhile, by virtue of an online learning platform, Zhifei pushed the learning content in a timely and rapid manner.

We carried out **190** online training sessions and **14** online product knowledge tests, covering nearly **700,000** people.




Job-specific training for core positions

<p>Research and development</p>	<p>To enhance the quality-by-design (QbD) philosophy, the Company conducts specific training sessions on R&D quality management, fostering scientific, standardized, and efficient R&D work.</p>	
<p>Clinical trial</p>	<p>The Company conducts training on drug clinical trial safety, clinical research ethics, trial protocols, etc., to ensure that clinical trial personnel operate in a standardized manner.</p>	
<p>Production</p>	<p>For production personnel, the Company offers training in key areas such as workshop production quality management and pollution control, strengthening the aseptic awareness and operational standardization.</p>	
<p>Pharmacovigilance</p>	<p>Centering around the requirement of the Good Vigilance Practices of Pharmacovigilance (GVP), the Company offers training on pharmacovigilance risk management, providing directional guidance for employees in this position.</p>	
<p>Quality</p>	<p>Focusing on elements such as the GMP, the quality management system, and quality inspection methods, the Company conducts comprehensive quality awareness training for all employees.</p>	
<p>Sales</p>	<p>For all marketing personnel and relevant department employees, the Company conducts training on product knowledge and responsible and compliant marketing.</p>	
<p>Distribution</p>	<p>The training topics for this position cover transportation safety, temperature control, emergency response, and waybill management, ensuring the safe operation of delivery personnel during pharmaceutical transportation.</p>	

Job-specific training by Zhifei

In June 2024, Zhifei organized the 17th cold chain knowledge and transportation safety training for all drivers of refrigeration trucks. With a focus on key contents such as cold chain transportation standards, driving skills enhancement, road safety risk identification and distribution service improvement, we aimed to improve the safety of cold chain transportation. After the training, all the participants passed the on-site written examination, which improved their professional skills and safety awareness, and provided a strong guarantee for the efficient and safe cold chain logistics.



Cold chain knowledge and transportation safety training for all drivers of refrigeration trucks

During the year, the Company actively screened and introduced external training resources, and cooperated with external organizations to provide joint training programs for staff. The Company also invited external experts to join the training, which covered a variety of professional fields and technological frontiers, such as R&D process, biosafety, and quality management. These activities helped employees to enhance their professional capabilities and solve practical problems through theoretical lectures and hands-on training. To maximize the training effect, the Company encouraged and organized the trained staff to transform the knowledge into internal training content, expanding the beneficiary scope of the external training. By doing so, we promoted the application of technology and enhanced teamwork and overall professionalism.

Zhifei Longcom launched the "Spark Training Program" with the Provincial Medical Products Administration

In 2024, the "Spark Training Program", a joint training program for employees carried out by Zhifei Longcom and the Provincial Medical Products Administration, came to a successful conclusion. As an important practice for both parties to jointly explore the cultivation of high-quality talents, this training covered the core contents of industry regulations, quality management systems and technical practices. The training helped the staff to consolidate their professional foundation and enhance their professional abilities. Besides, we cultivated a group of technical talents with high professionalism and business competence for the Company. The event not only injected new vitality into our technical team, but also ensured the compliance with the requirements of drug production quality management, strengthening the Company's core competitiveness in drug quality management.



Drug production quality management - Spark Training Program



Zhifei Longcom conducted external technical exchanges and training

In 2024, Zhifei Longcom carried out in-depth technical exchanges and training with internationally recognized biotech companies such as Cytiva and Thermo Fisher Scientific. The Company invited excellent engineers and technical experts from partner companies to give lectures and technology sharing sessions to introduce the latest biopharmaceutical processes, equipment applications and quality control methods. These activities attracted more than 330 employees and engaged them in lively discussions with the lecturers. In addition, the Company organized technical personnel to visit partner enterprises, learning from their advanced production processes and management experience. By means of two-way interactive learning, the Company's technical staff not only mastered the industry's cutting-edge technologies and best practices, but also gained valuable experience through actual operation. In this way, we greatly promoted the expertise and innovative mindset of employees and advanced the overall development of the Company's technical team.



External technical exchanges and training

Corporate culture training

The Company has organized a variety of cultural activities around the inheritance of corporate culture and the learning of values, including lectures on corporate culture and e-publication reading clubs. We provide employees with sufficient opportunities for communication and exchange of ideas, helping them to deeply understand and identify with the Company's business purposes and core values. In particular, we boost the confidence and determination of the management personnel to overcome the difficulties in the workplace and to harvest new achievements.



In 2024, Zhifei continued to carry out positive article sharing for **365** days, held **22** WeChat corporate culture forums for management team, **1** thematic idea sharing conference, **2** business etiquette training sessions, **2** WeChat culture forums for all marketing staff, and **1** WeChat culture forums for marketing administrative staff.



Corporate culture training

Academic certifications and qualifications

The Company encourages employees to continuously upgrade their education and qualification through self-study examinations, correspondence courses, distance learning and on-the-job postgraduate studies, so as to enhance their professional competence. The Company also provides employees with a wealth of learning resources and support, and assists them in applying for relevant certifications, qualifications, degrees, and national titles. The Company links professional qualifications and titles to employees' salary levels and encourages them to enhance independent learning outside of work. After official verification and internal assessment, the Company will provide appropriate incentives and promotion opportunities based on the results of employees' further education, thus motivating employees to continue self-improvement.



Zhifei Longcom guided the employee title evaluation

In August 2024, Zhifei Longcom carried out the online training with a theme of "Guidance on Title Evaluation" for all employees. During the training process, the instructor explained in detail the requirements, standards and processes of title evaluation, and provided guidance and support to employees involved in the process. After this training, employees had a clearer understanding of the title evaluation and increased confidence in participating in title recognition and evaluation. Throughout the year, a total of 126 employees participated in the recognition and evaluation of titles through training, providing robust support for the construction of the Company's talent team.

Employee promotion and incentive

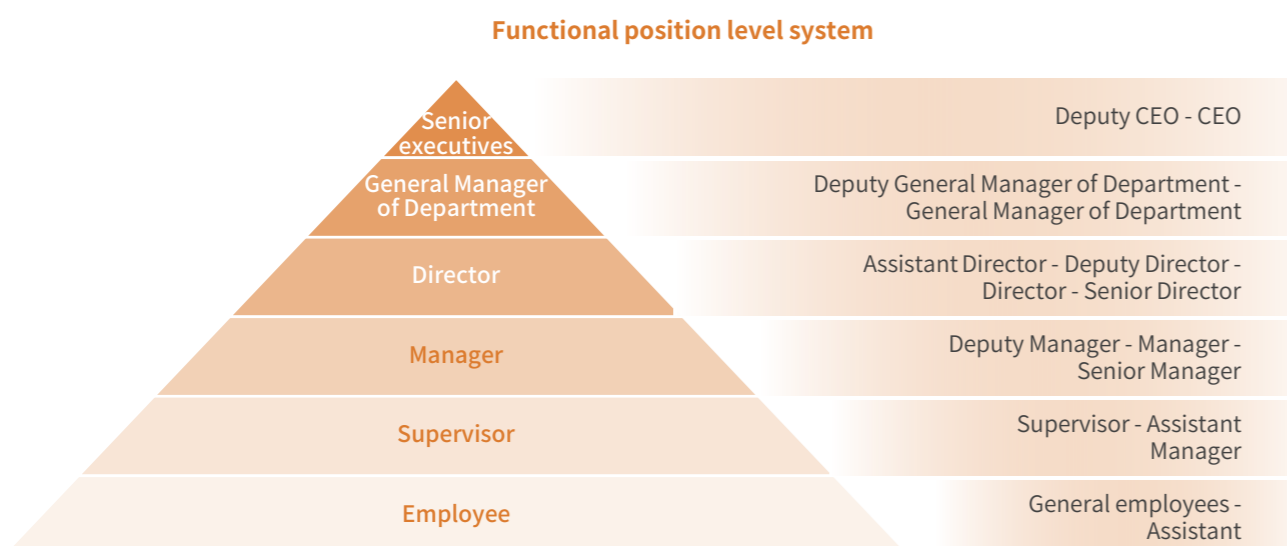
Zhifei is committed to taking measures to enhance the benefits of employees and attaches great importance to the construction of employee development and incentive system. To this end, we have formulated and been improving the remuneration, assessment, and incentive policies. The Company commits to offering competitive employment opportunities and compensation packages, considering factors like job value, regional variances, contribution levels, work intensity, skills, and competency. Salaries and bonuses are set in accordance with market rates, ensuring both internal equity and external competitiveness. This approach is designed to attract and retain exceptional talents. The Company also focuses on person-post matching and supports employees to rotate between posts within the Company, giving full play to their expertise. Meanwhile, the Company strongly encourages and offers support to employees in pursuing further education and independent academic upgrading in their expertise fields, acquiring systematic expertise, and making contributions to the Company across domains like scientific research, innovation, and team leadership. By pursuing personal growth, they can benefit both the Company and society.

Remuneration

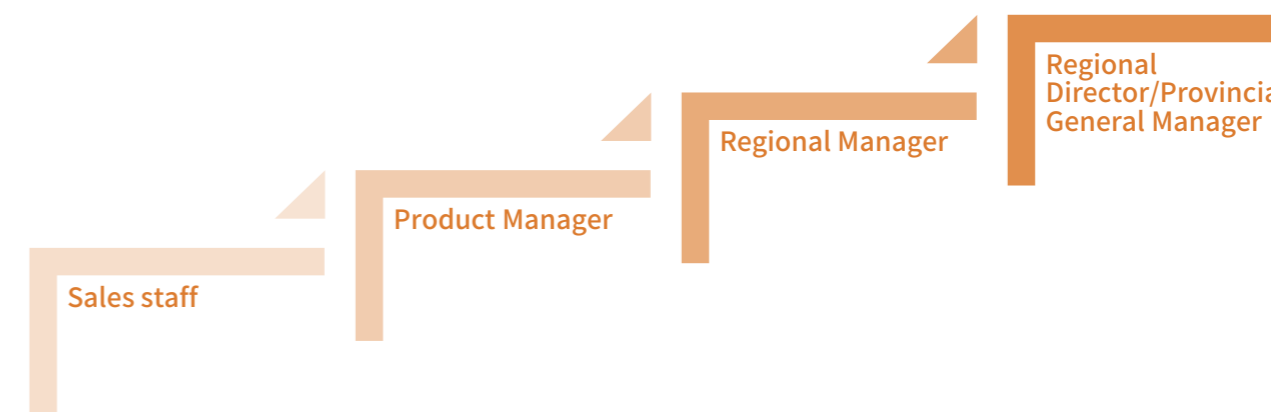
The Company implements a remuneration policy based on responsibility, competence and performance, and has set up the Remuneration and Evaluation Committee under the Board of Directors. The committee is responsible for monitoring the implementation of the remuneration policy and making suggestions for policy optimization. Within the framework of the Company's remuneration system, all employees, non-officer, and non-sales staff included, are paid with fixed income and variable income. Variable income is closely linked to individual performance and company performance, aimed at motivating employees' enthusiasm and initiative. This could help ensure that employees can have a fair share of the Company's operation results. The Company has also developed regular incentives and additional reward mechanisms to further motivate employees to make contributions to the Company. During the year, the Company complied with the law to pay employees' social insurance, housing funds and normal wages.

Performance assessment and promotion

The Company has built an all-rounded career development mechanism and set up a clear job level system. By dividing functional positions into 6 levels and sales positions into 4 with corresponding promotion paths, we promote employees according to their capability, performance and contribution. By doing so, we provide a clear career development framework for employees, encourage them to continuously improve their professionalism and management competence, and stimulate their motivation and potential.



Sales position level system

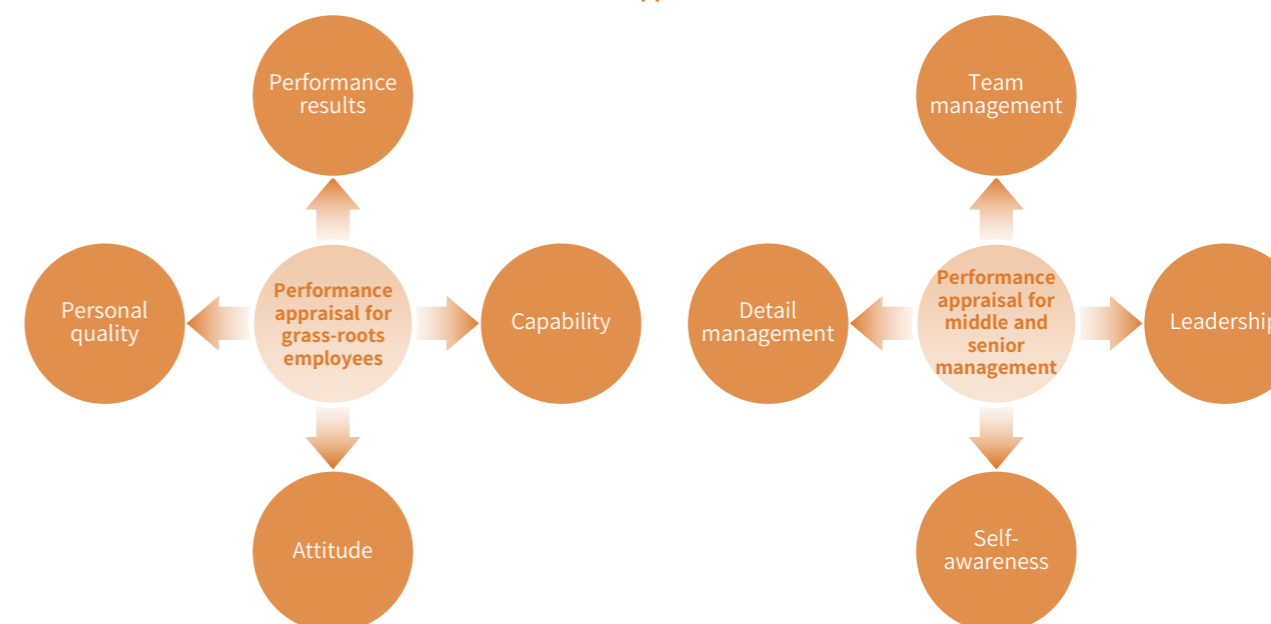


Performance appraisal mechanism

The Company strictly implements the *Performance Appraisal Management Policy* to ensure that performance appraisals are open, fair and equitable, and help employees clarify their development goals and provide room for advancement. Performance appraisals cover multiple dimensions and are differentiated according to job level. For grass-roots employees, the performance appraisal is conducted around four major dimensions, i.e., performance results, capabilities, attitude and personal quality. For middle and senior management, all-round appraisal is conducted based on various indicators, such as team management, leadership, self-awareness and detail management. The results of appraisals will be used to determine employee's remuneration and promotion. By these efforts, the Company aims to encourage employees to improve their performance.

The appraisal results are managed by the Human Resources Department in a unified manner. The department summarizes the appraisal results quarterly and adjusts plans if necessary. A comprehensive assessment is conducted every half a year. The Company gives employees fair feedback and provides performance support training and coaching to ensure continuous performance improvement.

Performance appraisal dimension



Open promotion and competition mechanism

The Company optimizes the employee promotion channel and evaluates the performance, contribution, ability and job matching of employees objectively, fairly and impartially. There are respective promotion channels for sales and functional positions, and employees in these positions enjoy at least one promotion opportunity each year. The Company has a specific promotion mechanism for non-sales functional departments. In addition to the regular rewards, for those with excellent performance, the Company provides additional bonuses and promotion opportunities as appropriate according to the actual situation to ensure the matching of their ability and position.

In addition, the Company provides excellent employees with rapid promotion opportunities through the internal competition mechanism. Following the *Management Policy of Open Competition for Employment*, the Company organizes an internal open competition once a year to broaden the selection channels for key personnel. By implementing the competition-oriented incentive mechanism, the Company fully stimulates the enthusiasm and creativity of employees. We promote a virtuous cycle of internal talent flow, so as to ensure dynamic adjustment of management and general employees during reasonable competition.

Grievance reporting mechanism

To make sure that the Company's performance appraisal system operates in a standardized manner and to respond to the feedback of employees, the Company has established a performance grievance and reporting mechanism. The Human Resources Department is responsible for receiving and initially dealing with the performance grievances. The Performance Appraisal Committee is the final body to deliberate them. If an employee disagrees with the performance appraisal results, he or she can submit a written appeal to the Human Resources Department. The Company will conduct objective verification and provide feedback to the grieving employee on the outcome of the investigation to ensure that both parties reach a consensus on the outcome.



Employee Stock Ownership Plan

Zhifei continues to optimize incentive mechanisms. In addition to salaries and benefits, the Company has launched several phases of the Employee Stock Ownership Plan. The plan enables employees to become shareholders of the Company and directly share the fruits of the Company's development, thus enhancing their motivation and loyalty. When employees hold shares, they are more likely to fully support and promote the Company's missions and goals, thus contributing to the corporate spirit of "co-creation, shared benefits and common growth".

Since 2016, Zhifei has been committed to enhancing employees' sense of belonging and work motivation through the Employee Stock Ownership Plan. The first phase of the Employee Stock Ownership Plan benefited 445 employees and the second round expended to 761 employees. In 2022, the third phase of the plan was launched, benefiting 1,923 employees and strengthening bonds between employees and the Company. In 2024, the plan continued smoothly, providing long-term incentives and discipline for incentive recipients, and promoting shared responsibility and value between the Company and employees.

Employee communication and care

As employees are the most valuable asset of an enterprise, harmonious employment relations are the cornerstone of stable and sustainable development. Zhifei is committed to creating a caring and warm environment for employees to enhance their sense of belonging and stimulate business innovation. For mutual benefits and win-win results, the Company creates a communication platform of equality, listens carefully to the opinions and demands of employees, and solves the problems that employees care about in a timely manner. In addition, the Company organizes various labor union events and cultural and sports activities to strengthen the cohesion and sense of belonging and satisfaction among employees.

Employees' rights and interests and communication

Zhifei advocates employee participation and democratic communication, takes mutual understanding and communication as the key to build trust, and protect the rights and interests of employees. The Company also establishes a variety of open communication channels, listens to the voice of employees and delves into the demands of employees. The Company provides employees with a smooth feedback channel by improving internal information sharing and grievance procedures. We take targeted improvement measures for employee feedback to ensure that employee demands are effectively responded to and resolved. By the end of the Reporting Period, there were no significant litigation cases involving labor disputes, nor were there any cases of impairment to employees' rights and interests due to significant operational changes.

Multi-channel communication mechanism

- One-on-one communication with a dedicated Employee Relations Specialist in the Human Resources Department;
- Suggestions and requests to the head of the department in charge or the Human Resources Department through telephone, e-mail, DingTalk, enterprise WeChat and other tools;
- Organizing professional knowledge exchanges and work method sharing among departments, markets and functional units through WeChat groups or DingTalk;
- Holding regular management meetings to discuss opportunities, risks and challenges in the Company's development and enhancing the transparency of internal information so that employees can keep in step with the Company's development;
- The CEO of the Company holds talks with new employees to listen to their opinions and answer their questions.

Internal information sharing



- We share our latest dynamics and business achievements through the WeChat Official Account- "ZFSW", and "Zhifei's Intelligent Information";
- We also publish *Zhifei Internal Publication* to share our corporate culture, industrial news and employee updates;
- The Company publicizes policies and requirements through platforms, such as "Xiaozhi Report", to raise employees' awareness of compliance with norms.

Grievance feedback procedures

To standardize the internal complaint and reporting process, the Company has formulated and strictly implemented the *Employee Complaints and Reports Management Policy*. The Company has set up smooth and confidential channels, such as corporate mailbox, and complaint and reporting box, to encourage employees to speak up and report discrimination, corruption and bribery, abuse of power and other behaviors to higher management or the Human Resources Department. We protect the rights and interests of employees and the Company, thus providing support for the Company's sound and standardized development.

The Company ensures that every employee grievance and whistleblowing incident is handled in accordance with the prescribed process and that appropriate measures are taken to protect the legitimate needs and rights of bona fide whistleblowers. Taking strict confidentiality measures for the investigation and handling process, the Company promises not to disclose the whistleblower's information on any other occasion, and specifically prohibits it from being disclosed to the respondent. We resolutely oppose any form of retaliation and ensure that the rights and interests of complainants, whistleblowers and persons involved in investigations are not violated, so as to protect the personal safety and legitimate rights and interests of the complainant in an all-round way.

Channels for employee appeals

<p>Corporate mailbox</p>	<p>The "Corporate Mailbox" has been set up by the Company to receive internal and external information and feedback, which is managed by a designated person of the President Office. Employee reports, complaints or feedback will be immediately forwarded to the Human Resources Department for verification and processing. The whole process will be kept confidential.</p>	
<p>Face-to-face communication with the CEO</p>	<p>At the same time, the Company has established a "face-to-face communication with the CEO" mechanism. The Human Resources Department regularly collects and summarizes the questions and opinions of employees, and reports them to the CEO, who then answers questions to employees through meetings and other public forms to ensure that employees' concerns are directly addressed and to strengthen internal communication.</p>	

Complaint handling process



Employee satisfaction survey





The Company constantly identifies and evaluates the crucial factors that may have a great influence on employee satisfaction and work enthusiasm, aiming to create a better and positive work and life environment for employees. To this end, the Company conducts various employee satisfaction surveys in an anonymous manner that cover 100% of employees every year, to fully understand and respond to their concerns.

<p>System satisfaction</p>	<p>The Company distributes the <i>Questionnaire about Rules and Regulations</i> on a regular basis every year to have a understanding of employees' satisfaction with the Company's systems. Employees can express their opinions and suggestions about the Company's policies on human resource management, financial management, etc. In this way, employees can work together with the Company to improve policies, and promote scientific and standard management.</p>
<p>Logistics satisfaction</p>	<p>The Company conducts quarterly employee satisfaction survey on the service quality of the staff canteen in the form of online questionnaires, considering indicators including canteen environment, food quality, catering hygiene and service. Employees' reasonable suggestions will be seriously considered by the Company and rectified in the canteen. Rectification results will be announced to all employees.</p>
<p>Training satisfaction</p>	<p>In order to further understand the training effect and optimize the training plan, the Company conducts training effect evaluation at least once a year among participants of on-the-job training and document training, and the proportion of evaluation targets shall not be less than 50% of the current trainees. Each trainee fills in the <i>Training Effect Evaluation Form</i> truthfully based on their actual training experience. This year, the overall satisfaction with the training exceeded 98%.</p>
<p>Management satisfaction</p>	<p>During the year, the Company organized a management satisfaction survey for marketing managers, product managers and marketing directors to promote management and provide employees with a smooth feedback channel, with a total of 4,077 people participating in the survey.</p>
<p>Employer satisfaction</p>	<p>In September 2024, the Company organized the headquarter functional department personnel, some marketing management personnel and employees to participate in the corporate employer power survey, with a total of 215 participants. Employees generally gave a high rating to the indicators of "product recognition", "value recognition" and "sense of responsibility".</p>

Employee welfare and care

The Company values employees and adheres to the people-oriented concept. Zhifei strictly complies with the laws and regulations of the locations where we operate. In addition to the statutory benefits, the Company has formulated the *Welfare Management Policy*, providing a wide range of additional welfare benefits for all employees. These benefits include employee medical checkups, annual leaves, holiday gifts, and etc. By offering a range of benefits and care initiatives, the Company supports employees from all aspects, thus elevating their sense of belonging and well-being.

Diversified benefit system

 <p>Featured benefits</p> <p>Filial piety pay, nutritious meals, staff dormitory, health check-ups, education benefits, free-of-charge cafeteria, special holidays, etc.</p>	 <p>Labor union care</p> <p>Birthday gifts, holiday benefits, wedding/maternity subsidies, funeral condolences, team building activities, etc.</p>
 <p>Basic benefits</p> <p>Social insurance and housing fund, paid annual leave, communication allowance, accident insurance, etc.</p>	 <p>Basic salaries</p> <p>Base salary, fixed bonus, cash allowance, variable bonus, short-term rewards and incentives, long-term incentives, etc.</p>

Adhering to the concept of "healthy work and happy life", the Company organizes a variety of caring activities, such as holiday celebrations, birthday wishes, tours and team building. These measures help employees relax after work, establish a healthy lifestyle and enjoy a wonderful life.



Team building activity in Chengdu at Zhifei Lvzhu

From April to June 2024, Zhifei Lvzhu organized a three-month Chengdu team building activity in batches to facilitate communication and cooperation among employees and enhance team cohesion, with a total of more than 900 participants. Through the well-designed development projects such as interactive challenge activities, employees established closer cohesion. These activities fully mobilized employees, highlighting the Company's humanistic care efforts and laying a solid foundation for future teamwork.



Team building activity at Zhifei Lvzhu



Outdoor hiking team building activity in Anhui at Zhifei Longcom

In November 2024, Zhifei Longcom involved 34 employees from the Finance Department, Information Technology Department and Equipment Technology Department in the team building activity of outdoor hiking in the Red Stone Valley in Lu'an City, Anhui Province. This activity enhanced the teamwork of employees through the hiking challenge, improved the team cohesion, embodied the spirit of unity, mutual assistance and progress. Meanwhile, it helped the staff to relax and do physical and mental exercise in the natural environment, advocating a balance between work and rest for a healthier life.



Outdoor hiking team building activity at Zhifei Longcom



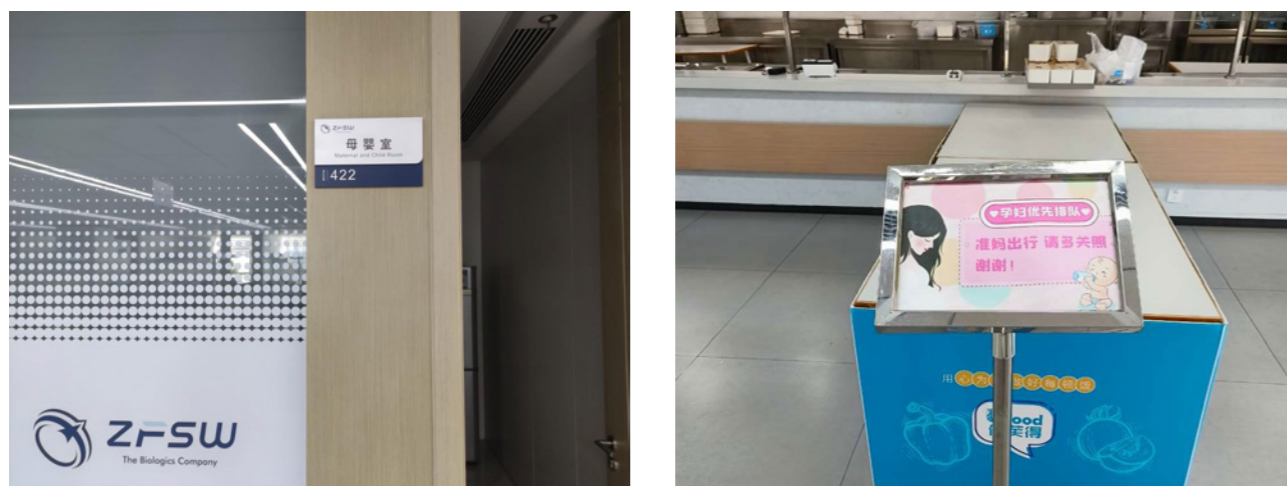
Open day for family members at Zhifei Longcom

In August 2024, Zhifei Longcom launched the first open day for employees' family members. More than a hundred employees and their family members from 41 households gathered to have fun together. From the "small family" into a "big one", employees' family members felt the Company's culture, understood the working environment, and witnessed the development of the Company together. This activity not only brought the staff family closer to the Company, but also enhanced the team cohesion in the joyful interaction, so that employees felt a sense of belonging and honor.




Open day for family members at Zhifei Longcom

Moreover, the Company pays attention to the physical and mental health and quality of life of female employees, fulfilling the commitment to care for them. In pursuit of a "women-friendly" workplace, the Company builds nursing rooms, sets up dining channels and exclusive dining seats for pregnant women, and properly solves the difficulties of female employees in physiological hygiene and breastfeeding to give them adequate protection. These efforts help employees better balance work and family life.



Women-friendly working environment

The Company's Labor Union always adheres to the core of meeting the needs of the Party and government and the expectations of employees, actively fulfilling the responsibility of "what the party and government need, what the workers expect, and what the labor union can do", and devoting itself to safeguarding the legitimate rights and interests of employees and serving employees wholeheartedly. Enhancing the democratic management and supervision functions of the Employee Assembly, the Labor Union has established an effective information communication mechanism, ensuring that information is transmitted in a timely manner. In addition, the Labor Union also takes advantage of the Employee Assembly to widen the channels for employee involvement in democratic engagement and stimulate their enthusiasm and creativity in engaging in the management of the Company.



In 2024, Zhifei had a total of **7,176** Labor Union members and **99.39%** of employees joined the union.

During the year, the Company's Labor Union carried out a series of activities, furthering a harmonious employment relationship. While improving the well-being of employees and promoting collaboration and communication among teams, these activities strengthened the cohesion of the Company.

Blessings on Women's Day at Zhifei

On March 8, 2024, Zhifei grandly celebrated the 114th International Women's Day. The Company's Labor Union offered condolences and festive blessings to the representatives of female employees and thanked them for hard work and unselfish dedication, conveying the warmth and care of the Company. To promote the professional image and confidence of female employees, the Labor Union specially organized holiday-themed training activities, focusing on workplace dressing and commuting makeup. We invited professional etiquette instructors to help female employees master the dressing skills and make-up methods for different occasions. These activities improved their professional temperament, made them more confident, and enriched their holiday experience. They also showed the Company's concern about the career progress of female employees, so as to enhance their sense of well-being and belonging.




Blessings on Women's Day at Zhifei

06

Cooperation and Industry Growth

Zhifei has always regarded suppliers, scientific research institutions, medical organizations, and universities as key partners, and believes that working together and developing in a coordinated manner are the solid foundation for the continuous growth of enterprises. The Company continuously optimizes the whole process management of suppliers and actively builds a sustainable supply chain system. At the same time, we accelerate the integrated innovation model of industry, academia, research and healthcare, and deepen cross-border cooperation, so as to enhance the value of the biopharmaceutical industry, and jointly promote the high-quality development of the industry.

- A responsible supply chain 145
- Joint forces for win-win results 153

A responsible supply chain

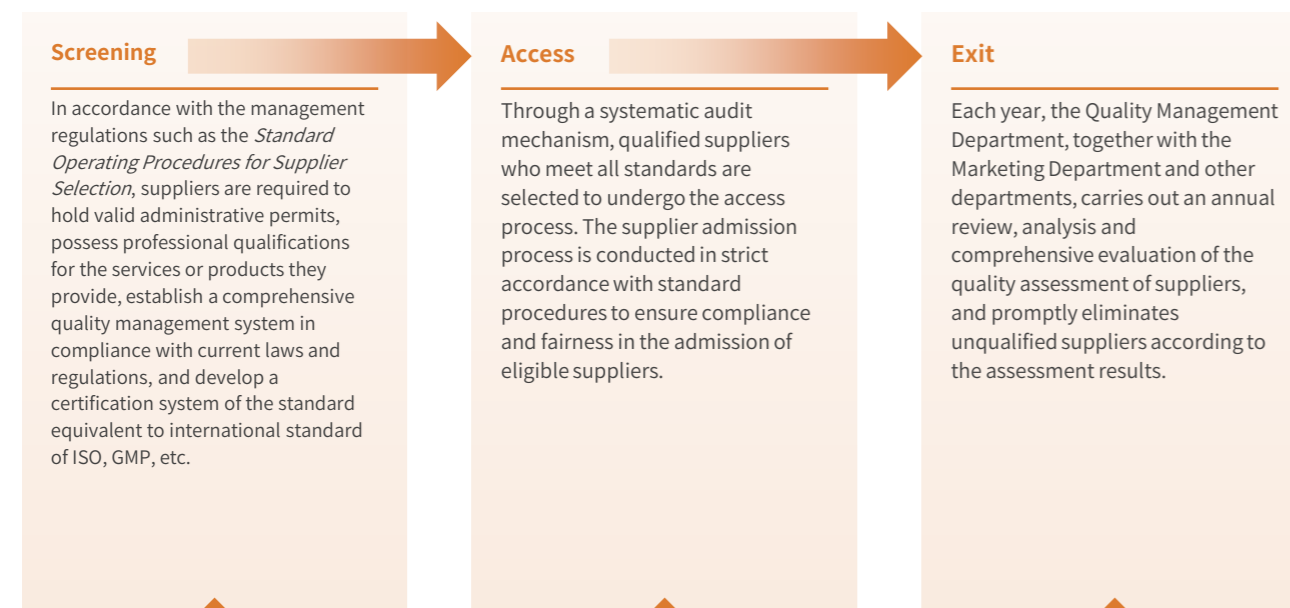
Zhifei rigidly abides by laws and regulations, such as the *Bidding Law of the People's Republic of China*. We have also established an all-round supplier management system in compliance with the requirements of the GMP system to continuously strengthen supply chain management. While ensuring the quality of products and services, the Company aims to create a compliant, efficient, and sustainable supply chain system, and pays attention to the performance of suppliers in labor compliance, occupational health and safety, business ethics, and environmental management. We also actively convey the concept of sustainable development to suppliers through regular communication and standardized management.

Supplier quality management

Zhifei has formulated and strictly implemented internal management policies, such as the *Procurement Management Rules*, the *Material Classification and Grading Management Regulations* and the *Standard Operating Procedures for Supplier Audit*, which clarify supplier qualification requirements, selection principles, audit procedures, quality assessment criteria, approval procedures, etc. These rules and regulations provide standard guidelines for supplier quality management. By establishing a full life cycle quality management system for suppliers, the Company standardizes key links such as the screening, access, use, assessment, maintenance and elimination of suppliers, effectively avoiding supply chain quality risks.

Screening, access and exit mechanism

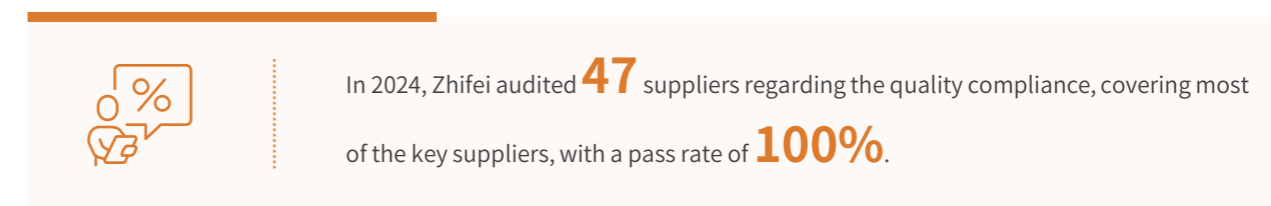
The Company has established detailed standards and procedures for the screening, access, and exit of suppliers to ensure that the selection and cooperation of suppliers meet our quality requirements. Through regular assessments and evaluations, the Company optimizes the supplier structure and provides strong support for improving procurement quality and supply chain stability.



Classification management and audits

The Company implements a classification and grading management system for suppliers. Based on different business needs, suppliers are divided into three major categories, namely material suppliers, service providers and storage and transportation service providers. For each category, the Company has formulated internal regulations such as the *Material Supplier Audit Management Regulations*, the *Service Provider Management Regulations*, and the *Storage and Transportation Service Provider Management Regulations* respectively. These detailed regulations clarify the standard working procedures for selecting, auditing, signing quality agreements, and conducting annual assessments of suppliers. Meanwhile, the Company comprehensively supervises and reduces supply chain risks through comprehensive measures such as qualification review, on-site audit, and quality agreement renewal each year.

The Company conducts quality management audits for all admitted suppliers (including direct and indirect suppliers). For different types of suppliers, a variety of audit methods are implemented, including qualification review, on-site audit, video audit, and third-party audit, etc. For cases where on-site audits cannot be conducted, the Company uses video audits or entrusts qualified third-party audit institutions to ensure the effectiveness and fairness of the audit work. At the end of each year, the Company summarizes and evaluates supplier audits, cooperation, procurement and services throughout the year, and continuously tracks the quality status of suppliers to effectively ensure the stability and reliability of the supply chain.



Supplier classification	Subcategory	Key verification and quality audit requirements (partial)
Material suppliers	According to the expected use of materials in the drug production and regulatory quality requirements about the risk level of the production process, suppliers are classified into three categories, A, B and C, with corresponding material levels at I, II and III respectively. Risk assessment tools are scientifically applied.	<ul style="list-style-type: none"> Review the qualifications of material suppliers quarterly; Conduct annual assessment of the inspection and use of supplied materials and the renewal of suppliers' qualifications and after-sales service; Make sure that most of key material suppliers have passed formal quality audit: For Category-A material suppliers, professional personnel shall conduct an on-site quality audit every 2 years and quality agreements shall be renewed every 3 years.
Service providers	Classify service providers into Class I, Class II and Class III suppliers according to their influence on products.	<ul style="list-style-type: none"> Carry out audit work such as qualification confirmation, questionnaires, on-site audit, review of quality agreements and annual audit for all service providers. Review the qualifications of service providers every six months and issue questionnaires to new or existing service providers when regular review is carried out. Renew quality agreements with major service providers every 3 years.
Storage and transportation service providers	Implement unified management requirements for storage and transportation service providers. Based on the quarterly and annual assessment results and reports, the storage and transportation service providers are classified into three grades of A, B and C.	<ul style="list-style-type: none"> The storage and transportation service providers shall have a sound quality management system in place. Only those service providers without serious violations of laws and regulations within 5 years can reach cooperation with the Company. Before commissioning, on-site and regular audits shall be conducted on the qualifications, storage and transportation equipment and facilities, personnel qualifications and training, as well as quality assurance, safe transportation and risk control capabilities of the storage and transportation service providers. If the quarterly/annual assessment is Grade B, the Company will send a quality warning letter and require rectification within a time limit. If the assessment grade fails to meet the Company's requirements, the Quality Management Department will assess the risks and determine whether to continue the cooperation. Storage and transportation service providers whose storage and transportation facilities and equipment and automatic monitoring system do not comply with the regulations or have not been verified shall not be entrusted to provide storage and transport services. The Company's <i>Standard Operating Procedures for Cold Chain Storage and Transportation Confirmation</i> and the <i>Contract for Vaccine Commissioned Storage and Cold Chain Transportation Services</i> set forth a strict prohibition on recommissioning by commissioned distributors.

Bilateral exchange and training

The Company highly values stable cooperative relationships with suppliers, considering it a key factor for corporate development. To ensure the effective operation of the Company's quality management system, the Company active conducts bilateral exchange and training on quality and technology. The Company communicates with suppliers on a regular basis via online telephone, visits, interviews, training and other means, and implements the mechanism for opinions and feedback. In this way, we can promptly address key issues encountered in production and supply. The Company's Quality Center and relevant departments, develop annual training plans for all suppliers by category. Targeted guidance and improvement suggestions are also provided based on the supplier evaluation reports and problems found in the audit. Furthermore, the Company guides suppliers to obtain relevant certifications and qualifications. Through long-term cooperation, the Company and suppliers integrate their strengths, leveraging high-quality project quality, a favorable industry environment, and strong supply capabilities to promote the continuous expansion of both parties' businesses.

During the year, the supplier quality assurance training was conducted for all different categories of key suppliers. A total of 24 on-site and online transportation quality and safety training sessions were organized for storage and transportation service providers. The training topics involve cold chain knowledge, quality safety assessment, drug transportation safety, problems identified in transportation safety monitoring system.



Zhifei Longcom conducted the supplier exchange and training

To improve procurement efficiency and deepen the understanding of suppliers' products and new technologies and methods, Zhifei Longcom innovatively organized supplier training on the basis of traditional door-to-door visits and interviews. By inviting supplier technical personnel to the Company for on-site training and exchange, user departments can comprehensively understand suppliers' products, technologies, and innovative methods in one stop, significantly reducing communication costs.

In 2024, the Company organized 2 large-scale supplier training and exchanges and over 10 small-scale technical exchanges. These activities strengthened in-depth cooperation with suppliers, promoted information flow, and effectively improved the efficiency of material selection by user departments, thus ensuring the stability and improvement of product quality.



Supplier exchange and training



Zhifei Lvzhu conducted the supplier quality audit training

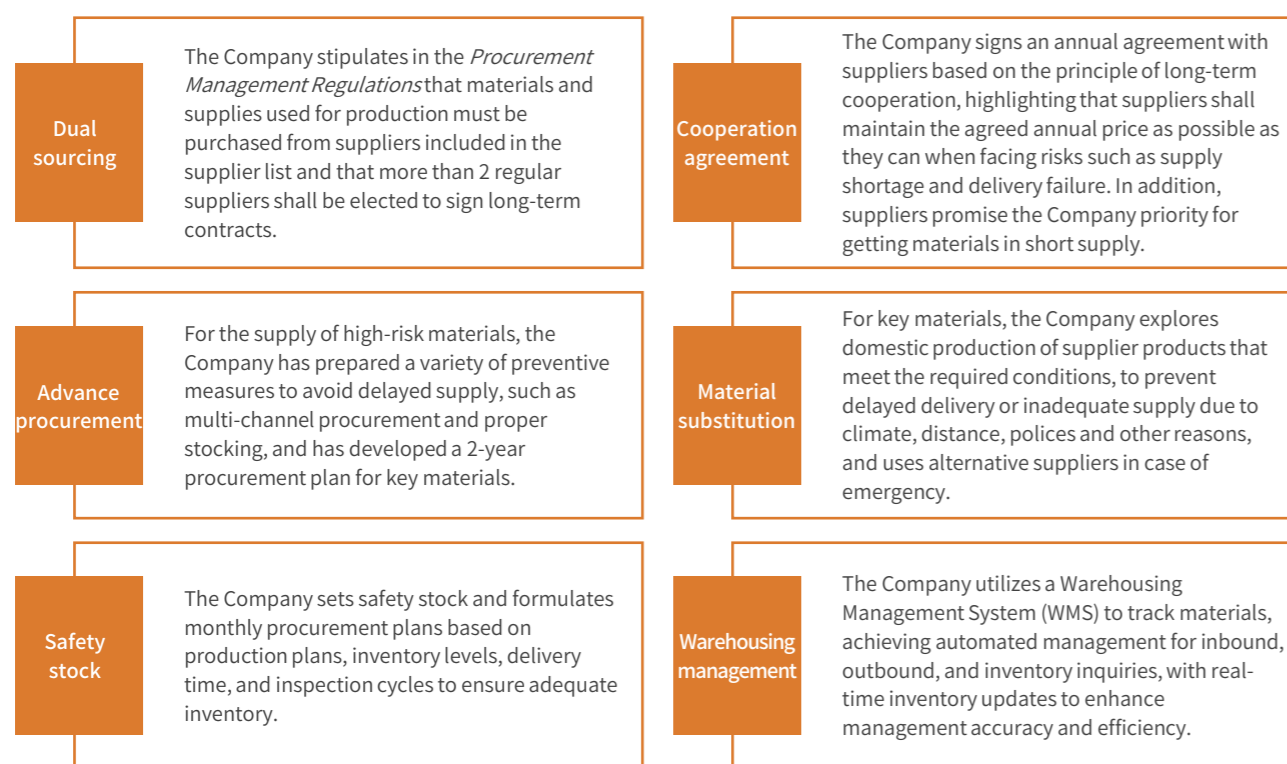
In 2024, according to the annual supplier quality audit plan, Zhifei Lvzhu conducted quality audit training for 5 Category I suppliers of raw and auxiliary materials, inner packaging materials, and key materials, targeting the audit focus of each supplier. The training covered quality standards and regulations such as aseptic processes and assurance, compliance of pharmaceutical raw auxiliary materials, material quality and inspection standards, and integrated aseptic control requirements. Through on-site training, suppliers fully understood the key points of quality audits and the Company's strict quality requirements. This move effectively improved the efficiency of quality audits and further enhanced the compliance and safety of suppliers' products, thus providing a solid guarantee for the Company's product quality.

Securing the stability of supply chain

Zhifei attaches great importance to supply chain risk prevention and control, and continuously optimizes measures to safeguard production quality and stability. We also continue to optimize processes and plans to respond to supply chain risks and fully implement supply, transportation and quality assurance, aiming to consolidate the safety and stability of the supply chain.

Robust supply of materials

The Company conducts comprehensive risk analyses for different types of material suppliers, covering risk identification, potential loss assessment, and corresponding risk avoidance measures, and formulates safeguard plans to ensure the stable supply and timely delivery of production materials.



In 2024, the Company continued to optimize supply chain management to ensure the stable supply of key materials, raw auxiliary materials, consumables, and packaging materials. Zhifei Longcom signed 32 long-term (annual) supply or strategic cooperation agreements with qualified suppliers, directly purchasing to avoid policy and market risks, stabilize product quality, and reduce inventory and procurement costs. We actively surveyed the market and worked with user departments to develop alternative suppliers, introducing a competitive mechanism to improve the quality, delivery time, and cost advantages of supplied materials. The substitution rate in production workshops exceeded 50%. We also selected high-quality domestic suppliers, collected product catalogs, and organized new technology and product exchanges. Under the premise of ensuring material quality, we steadily advanced the localization of raw materials, with a localization rate of over 70% for the culture media in R&D projects, effectively avoiding raw material shortages caused by suppliers' inability to supply designated materials.

In terms of local procurement, Zhifei Lvzhu accelerated supply chain transformation, prioritizing local suppliers with convenient transportation, strong production capabilities, and stable quality. We also made early arrangements for the next year's bulk material reserves and steadily advanced the substitution plan for key materials to ensure supply chain stability and cost optimization.



By the end of the Reporting Period, Zhifei Lvzhu had signed framework agreements with **41** regular cooperative suppliers, aimed at stabilizing purchase prices, guaranteeing priority and streamlining the process.

The procurement amount under these framework agreements accounted for **74%** of the total material procurement for the year.

Robust storage and distribution

The Company has improved its storage and distribution risk management system and formulates and strictly enforces risk management regulations such as the *Operating Procedures for Emergency Treatment of Cold Chain Abnormalities*, clarifying risk response standards and methods. In case of abnormalities related to facilities and equipment in cold chain during storage and transportation, each storage and transportation service provider should inform the Company immediately, independently store the products involved, control the storage temperature between 2°C to 8°C, and implement the emergency plan after the Company's approval. Meanwhile, the Company has established an emergency response team to swiftly intervene in case of abnormal storage and transportation to minimize the adverse impact on the quality of finished products. Additionally, to ensure the safe domestic storage of imported products, the Company has built new warehouses in Beijing Tianzhu Bonded Area and Chongqing, namely Zhifei Airport Phase IV Warehouse and Zhifei Warehousing and Logistics Base Phase II Warehouse, further enhancing storage security.

During the year, the Company further emphasized requirements such as safety management of vehicles in transit, operational procedures for changes in transportation route planning and driving safety norms to implement distribution safety and stability.



Zhifei conducted training on the new distribution regulation

In July 2024, the Company conducted training for all drivers on distribution operation procedures and specifications and ensured their proficiency and strict adherence to the new regulations through exams. The new regulations specified driving safety requirements, such as ensuring drivers shall have at least 6 hours of sleep before driving, limiting continuous driving to no more than 4 hours, requiring rest breaks of no less than 20 minutes, and capping total daily driving time at 8 hours, to enhance transport delivery safety management and improve emergency response capabilities, ensuring product safety and compliance during storage and transportation.

Building a responsible supply chain

In addition to focusing on product and service quality, Zhifei also considers suppliers' performance in labor safety, integrity and compliance, social responsibility, and environmental protection as important factors. The Company prefers suppliers with environmental management and occupational health and safety certifications and requires them to sign integrity and confidentiality agreements before entering the supplier database. By doing so, we ensure partners meet sustainable development requirements, and create a fair, transparent, and clean cooperation environment, continuously strengthening green management and compliance operations in the supply chain.

Open and transparent cooperation

The Company strictly complies with laws and regulations, including the *Bidding Law of the People's Republic of China*. We have formulated and implemented the anti-corruption and business ethics compliance regulations in external cooperation, such as the *Procurement Management Rules*, clarifying requirements for anti-corruption management in supply chain, continuously strengthening staff integrity and self-discipline management, and eliminating any form of external backroom deals.

Before engaging in cooperation, the Company conducts due diligence and risk assessments on all prospective partners, focusing on reviewing their bribery and corruption situations, and requires them to establish comprehensive anti-corruption policies and conduct compliance inspections. Upholding the principle of openness and transparency in the bidding process, the Company discloses the bidding information and process and reads out the bidding discipline and related requirements at the bidding meeting, in order to ensure the transparency of the bidding process and price, and promote the fairness, equity and openness of the bidding decision.

To further promote supply chain compliance, the Company requires all key suppliers to sign the *Integrity Agreement* and includes corresponding clauses in contracts to prohibit fraudulent behavior and improper interest transfers. Once violations are detected, the involved suppliers will be permanently blacklisted and banned from the Company's supplier list. Meanwhile, the Company conducts daily and annual supervision of suppliers' business ethics to ensure honest supply chain operations. During the year, Zhifei was not involved in supplier-related corruption or fraud events.

Green supply chain

The Company actively strengthens environmental and social risk management in the supply chain, fully considering environmental factors in supplier admission and evaluation, preferring suppliers with environmental management system certifications and using environmental protection equipment. We also ensure that purchased equipment and materials meet or exceed national environmental and health standards, and avoid cooperation with environmentally non-compliant enterprises to ensure the sustainability of the supply chain from the source.

To thoroughly implement the concept of green procurement, the Company prefers environmentally friendly materials, supplies, and equipment. For example, in the selection of refrigerants, the Company selects products with higher environmental performance and strictly eliminates outdated high-energy-consuming equipment to reduce negative environmental impacts from the procurement side.

In 2024, Zhifei Longcom further strengthened the sustainable development assessment of material suppliers, focusing on the environmental assessment of major suppliers of inner packaging materials that directly contact drugs, such as penicillin bottle, rubber plug and aluminum-plastic cover, as well as outer packaging materials like instruction and packaging box. After verification, material suppliers in these four categories who have passed GB/T24001-2016 or ISO14001:2015 Environment Management System Certification meet our environmental protection requirements.

Going forward, the Company will continue to explore the construction of a green supply chain, strengthen suppliers' environmental awareness and energy-saving and emission-reduction capabilities through regular assessments, and deepen communication and cooperation to reduce the emission of harmful substances in the supply chain, promoting the sustainable development and green upgrade of the supply chain.



Joint forces for win-win results

Zhifei deeply recognizes that the deep integration of industry, academia, research, and healthcare in the biotechnology field is an inevitable trend for sustainable industry development. Leveraging its strengths to continuously expand cross-border cooperation and actively build a collaborative innovation and mutually beneficial system, the Company enhances its technical capabilities while promoting industry knowledge sharing and technological progress, working with multiple parties to build a global community of health.

Industry: Boosting industry growth

While actively creating opportunities for academic and industry exchanges, Zhifei proactively integrates into the biomedical industry ecosystem. We have joined several national and provincial industry associations, including the China Association for Vaccines and the Chongqing Pharmaceutical Products Association, and actively fulfill our duties as a committee member. Adhering to an open and inclusive philosophy, the Company not only supports the daily activities of these associations but also deeply participates in industry dialogues, driving cross-border cooperation, practical training, and scientific research breakthroughs. Through extensive industry exchanges, the Company continuously absorbs advanced experiences, promoting its own technological improvement and common industry development. In terms of industry standard formulation, the Company actively contributes to the feedback of the clinical trial technical guidelines to support the construction and improvement of industry standards.



Zhifei Longcom offered suggestions to promote the development of public health

The Company has joined the China Association for Vaccines. During the year, Zhifei Longcom, in collaboration with the Jiangsu Provincial Center for Disease Control and Prevention and other institutions, took the lead in applying for the 2024 association standards project of the China Association for Vaccine and undertook the standard project topic of the *Technical Code of Artificial Intelligence-Assisted Screening and Immunoprophylaxis for People with Latent Tuberculosis Infection*. The project has completed key steps such as public opinion solicitation and expert pre-review and has entered the final draft revision stage. It will enhance the precise screening for latent tuberculosis infection, optimize immunoprophylaxis strategies, and provide technical support to further reduce the incidence rate of tuberculosis.

As an industry-leading vaccine enterprise, the Company will continue to leverage our expertise, deepen cooperation with industry organizations, and wholeheartedly share our vaccine knowledge and experience with the pharmaceutical industry. We are committed to promoting public health development through technological innovation and working towards the global goal of ending tuberculosis and addressing the challenges faced by infected populations in China.

Academia: Deepening the integration of industry and education

Zhifei actively promotes the integration of industry and academia, deepening cooperation and interaction between universities and enterprises to drive the deep coupling of the innovation chain, industry chain, and talent chain. The Company has established long-term and stable cooperative relationships with numerous universities. Through setting up post-doctoral research stations, building industry-university-research cooperation bases, and implementing joint training programs, we have constructed an integrated innovation ecosystem. Each year, the Company carries out a variety of university-enterprise cooperation and exchange projects to strengthen ties with universities and provide extensive platforms in scientific research, talent cultivation, internship and employment, continuously expanding talent reserves to support industry innovation and corporate development.

In 2024, the Company successively conducted teacher and student exchanges with several universities, signed employment and internship base agreements with multiple universities, and launched summer practice classes. We also jointly cultivated master's degree students with universities such as Shenyang Pharmaceutical University and Tianjin University. Besides, we provided practical training platforms for teaching and research organizations and guided students' scientific research work in practice, actively promoting the cultivation of pharmaceutical talents. Our achievement in industry-academia integration has been widely recognized by the universities and the industry.



Zhifei Lvzhu and University of Chinese Academy of Sciences conducted academic exchanges

In November 2024, Zhifei Lvzhu hosted the "microbiology and bioengineering technology corporate practice course" academic exchange, welcoming Professor Mi Kaixia from the Institute of Microbiology of the Chinese Academy of Sciences and 42 graduate students. Professor Mi Kaixia delivered a special report on the latest progress and applications in vaccine technology. Dr. Yao Lei, Vice President of R&D at Zhifei, introduced the Company's current development and R&D status in detail. Both parties engaged in an in-depth discussion on the cutting-edge of vaccine R&D and strategies for the prevention and control of major infectious diseases, exploring pathways for the transformation of scientific research results.

This collaboration promoted the deep integration of academic research and industrial practice, driving Zhifei Lvzhu's technological breakthroughs in vaccine R&D and biotechnology. In the future, the Company will continue to deepen cooperation with research institutions to promote interaction and understanding between academia and industry, contributing to the high-quality development of the biopharmaceutical industry.



"Microbiology and bioengineering technology corporate practice course" academic exchange of University of Chinese Academy of Sciences

Research: Collaborating to accelerate innovation

To expedite the transformation of technological innovation and achievement, and promote academic exchanges and collaboration, the Company continues to deepen both internal and external R&D cooperation and joint projects. During the year, the Company has steadily advanced long-term cooperation with domestic and international technical research teams, complementing strengths with top research institutions and exploring in-depth to jointly tackle biological research challenges and promote industry technological breakthroughs and practical application implementation.



Zhifei, Sun Yat-sen University and Sun Yat-sen University Cancer Center conducted R&D collaboration

In July 2024, Zhifei, along with professors and scholars from Sun Yat-sen University and Sun Yat-sen University Cancer Center, attended the international nasopharynx cancer (EBV) Gordon Research Conference (GRC) in Switzerland, engaging in in-depth exchanges on various aspects and levels related to EB virus, including basic research, applied research, vaccine development, and virus treatment. Simultaneously, Zhifei launched the "Pan-herpesvirus Collaboration Research Program" with Sun Yat-sen University and Sun Yat-sen University Cancer Center, which included human cytomegalovirus (HCMV). The program aimed to focus on the research of herpesvirus vaccines that threaten human health through collaborative R&D, fulfilling the commitment to "protect human health".



Collaboration on Nasopharynx Cancer (EBV) Gordon Research Conference (GRC)

Healthcare: Promoting medical exchanges

Zhifei actively promotes academic exchanges and sharing of research results in the field of scientific research, closely integrating theoretical innovation with technological practice, and continuously promoting the dissemination and application of innovative R&D results. The Company's R&D team has successively published phased research results in authoritative domestic and international journals. Since 2019 to the end of the Reporting Period, we have published 82 academic papers in the global influential journals, such as *The Lancet* and *The New England Journal of Medicine*. The presentation and sharing of cutting-edge research have provided our experience in basic R&D and clinical medical research for the industry, contributing to technological innovation and industry progress.

In addition, the Company has established deep cooperative relations with more than 20 research institutes including the Institute of Microbiology, Chinese Academy of Sciences, and the National Clinical Research Center for Infectious Diseases. We have conducted clinical research and academic exchanges in the fields of innovative vaccines and tuberculosis prevention and control, and closely cooperated with multiple hospitals to jointly promote the standardization and efficient implementation of clinical trials. Through results sharing, academic discussions, and clinical practice, the Company continuously absorbs cutting-edge ideas, accelerates the transformation of scientific research results into clinical applications, and injects continuous momentum into technological innovation.



Zhifei Longcom deepened medical exchanges and advanced clinical trials

In 2024, Zhifei Longcom cooperated with Liuzhou People's Hospital and the First Affiliated Hospital of Bengbu Medical University to conduct a multicenter, randomized, double-blind, controlled Phase III clinical trial of EC for the diagnosis of Mycobacterium tuberculosis infection in people aged 65 and above. The Company maintained close communication with the cooperating hospitals and actively organized medical exchanges to jointly explore screening strategies for tuberculosis in the elderly, enhancing the scientific and precise nature of clinical diagnosis, providing a scientific basis for public health prevention and control, and assisting in the early screening and prevention of tuberculosis.



Collaboration and exchange with Liuzhou People's Hospital and the First Affiliated Hospital of Bengbu Medical University



Zhifei Longcom participated in the China Biological Products Annual Conference

In May 2024, the 23rd China Biological Products Annual Conference (CBioPC2024) was grandly held at the Guangzhou Convention and Exhibition Center, gathering domestic authoritative experts, scientific research institutes, and biopharmaceutical companies to jointly explore the latest progress and future trends in the vaccine industry. Representatives of Zhifei Longcom participated in the event and engaged in in-depth exchanges with experts and scholars from the China National Institute for Food and Drug Control, the Chinese Center for Disease Control and Prevention, and other key domestic research institutions on the latest research progress, methods, and achievements in the vaccine industry during the special training on "Vaccine Quality and R&D," further expanding industry horizons, facilitating the implementation of cutting-edge technologies, and promoting high-quality development in the biopharmaceutical industry.



China Biological Products Annual Conference

07

Public Welfare and Social Development

Since its establishment, Zhifei has always adhered to its mission of "Preventing Diseases Before They Occur, Treating Those Already Afflicted, and Safeguarding Human Health," upholding the operating principle of "Prioritizing Social Benefits Over Corporate Profits." The company is committed to safeguarding public health and, while pursuing its own high-quality development, remains true to its original aspirations by actively supporting rural revitalization and participating in social welfare initiatives, embodying the spirit of "Zhi'ai" (Wisdom & Love).

Zhifei is not only a dedicated contributor to the healthcare sector but also an active participant in social welfare construction. As a major backbone enterprise in the vaccine industry, the company focuses on three key areas: healthcare, education, and rural revitalization, continuously leading and promoting societal development. It implements the principle of "Standardizing Large-Scale Projects and Systematizing Small-Scale Initiatives" in its daily operations, with the Project Management Committee overseeing the entire lifecycle of social welfare projects, including review, budgeting, supervision, and execution.

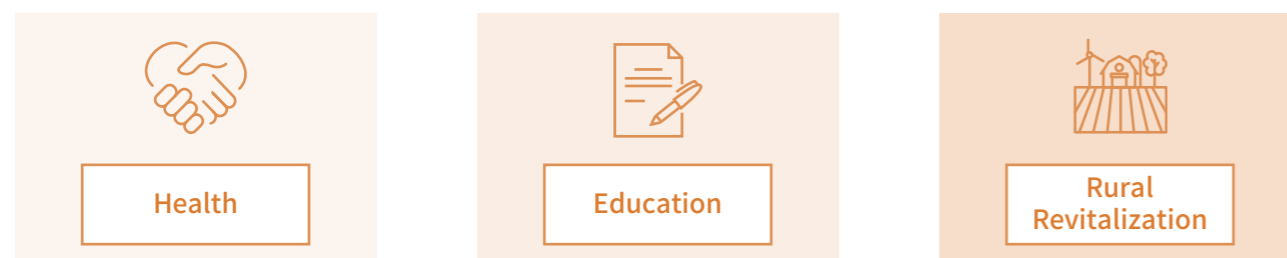
- Affordable healthcare 159
- Promoting children education 162
- Rural construction and industrial revitalization 164



Affordable healthcare

Zhifei adheres to the business philosophy of "innovative research and development to serve the public," and has been deeply engaged in the field of disease prevention for over two decades. Based on the health needs of the public, the Company has devoted itself to research and development, introduced advanced technologies, and strictly controlled product quality, effectively providing high-quality vaccines for the prevention of infectious diseases among infants, adolescents, adults, and the elderly. As of the disclosure date of this Report, the Company's products can be applied to the prevention, diagnosis, and treatment of over 9 disease areas, offering the public a variety of disease protection options. Meanwhile, the company continues to contribute to the building of a Healthy China. Through supporting health-related public welfare projects and donating medications, it injects continuous impetus into the advancement of social public health undertakings.

Social Responsibility



Three major areas of Zhifei's social responsibility strategy

Always focusing on social demands, the Company practices social public welfare under the guidance of the service strategy to give back to society and create social value. Since listed, the Company has actively participated in poverty alleviation donations, inclusive medical care, disaster relief, elderly care and child support, and rural revitalization. We have also continuously supported projects such as the "China Women's Cervical Health Promotion Program" and "Caring for Medical Workers" from the China Women's Development Foundation, as well as children's education and inclusive medical care projects from the Chongqing Charity Federation and Jiangbei District Charity Association. In recent years, the Company has donated more than RMB 400 million in funds and materials. The Company has also received widespread social recognition, winning honors such as the "Chongqing Charity Award" in 2024, which highlights its role as a caring enterprise.



In 2024, Zhifei has participated in **12** donation projects in forms of cash, vaccines, drugs, medical equipment and others, with actual donations over RMB **10.96** million.

Safeguarding women's health

Zhifei places a high priority on women's health protection and fully supports the development of women's health public welfare undertakings in China. Since 2013, the Company has continuously invested in and supported the "China Women's Cervical Health Promotion Program" under the China Women's Development Foundation. The aim is to utilize its own resources and strength to convey more health concepts to a wide range of women. In 2024, the Company donated RMB 7 million to this project, bringing the cumulative donation amount to RMB 87 million. These funds are used to enhance the health awareness and well-being of women and their families. Through a variety of promotional activities such as women's health classes, urban women's health walks, university health runs, expert and media exchanges, and the distribution of educational materials, the Company continuously raises public awareness of cervical cancer and its prevention and treatment, and enhances the consciousness of caring for women's health. With strong support of the Company and all sectors of society, the Program has achieved good social benefits and is also good for establishing healthy China.



Posters and site for the "China Women's Cervical Health Promotion Program"



Promoting pharmaceutical equity

As a biopharmaceutical enterprise, and with dedication to protecting people's health, Zhifei shares vaccine story, delivers value and facilitates the establishment of community immunization with excellent products, and in this way incorporates public welfare into enterprise operations. The Company fully leverages its strengths to donate high-quality products to society, supporting grass roots infectious disease prevention and control efforts. We also collaborate closely with local centers for disease control and prevention, research institutions, and universities to enhance social medical service capabilities and standards.

Zhifei has been engaged in the prevention and control of tuberculosis for years. The Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) and Mycobacterium Vaccae for Injection (Vaccae), which were independently developed and produced by the Company, were successfully launched on the market, contributing more strength to ending the tuberculosis epidemic and achieving the "Healthy China" goal. In 2024, Zhifei actively donated medicines to various provinces and cities, with a total value of RMB 2.56 million. This includes donating 3,793 bottles of tuberculosis screening reagents (1.0m/bottle) and 1,000 bottles of tuberculosis to Nayong County in Guizhou, Yongchuan District in Chongqing, and Pengshui Miao and Tujia Autonomous County in Chongqing; and donating 4,800 bottles of injectable Mycobacterium vaccae to Huzhou City in Zhejiang.



Donating tuberculosis screening reagents to Pengshui Miao and Tujia Autonomous County in Chongqing

In addition, in 2024, Zhifei donated RMB 1 million to support the "Caring for Medical Workers" project. This initiative targeted medical workers in various local hospitals, centers for disease control and prevention, maternal and child health hospitals, and community health service centers across the country. The Company distributed care packages for medical workers and, through professional training and promotional activities, enhanced the professional skills and enriched the knowledge structure of grass roots medical personnel to continuously improve grass roots medical service capabilities.

Promoting children education

Zhifei places great emphasis on the development of educational undertakings and actively supports the education of young people through concrete actions. The Company cares for the learning and living situation as well as physical and mental health of the left-behind children in difficulty and those who are orphans, disabled, sick and weak. By establishing scholarships and improving campus facilities, the Company enhances the living and learning conditions of young people, helps them build self-confidence, and encourages them to realize dreams.

For higher education, the Company worked with Peking University, the East China University of Science and Technology and other universities to set up education funds, to assist poor students, encourage entrepreneurship, employment and social practice, as well as strengthen the building of the teaching force. In 2024, Zhifei donated RMB 200 thousand to the East China University of Science and Technology Education Development Foundation, bringing the total donation amount to RMB 800 thousand. These funds are used to encourage undergraduate, master's, and doctoral students with excellent academic performance and innovative spirit to further their development, and to provide scholarships for students from financially disadvantaged families. In addition, the Company also sponsors summer social practice teams to help a wide range of students enhance their social skills.

We take actions to promote educational charity and provide substantial support to orphans, disabled, sick and vulnerable children and to bring them warmth. Moreover, we explore the transition from simply "offering educational assistance" to actively "providing mental health support", shifting our focus from viewing education solely as a means of alleviating poverty to using it as a tool for fostering benevolence and morality. Zhifei has carried out the "Children's Day" charity education assistance program for four consecutive years, donating over RMB 2 million to children in impoverished rural areas.

Charity education

In 2024, as Children's Day approached, Zhifei joined hands with the Jiangbei District Charity Association and Youyang County Charity Association to conduct charity education assistance activities at Wubao Town Experimental School in Jiangbei District, Chongqing, and Yiju Village Central Primary School in Youyang County, delivering special holiday greetings to the children of these rural schools. Zhifei donated charity packages to Wubao Town Experimental School, provided scholarships to 33 underprivileged students, and purchased new uniforms for the students of Yiju Village Central Primary School, with a total donation amounting to RMB 100 thousand.



Charity education assistance activity at Wubao Town Experimental School in Jiangbei District, Chongqing



Charity education assistance activity at Yiju Village Central Primary School in Youyang County



 Vaccine research and study

In May, 2024, Zhifei Lvzhu invited over 400 teachers and students from the High School Affiliated to Renmin University of China Economic Development School to visit the Company for a tour and learning experience. The aim was to ignite the students' interest and passion for the field of life sciences and to support talent cultivation. The event included a popular science lecture on vaccines, as well as on-site visits to the production workshop, quality inspection laboratory, and process control room. Through engaging explanations and interactions, students gained a better understanding of the history, mechanism of action, and production process of vaccines. Going forward, Zhifei will continue to take on social responsibilities by providing more learning and exchange opportunities for students, promoting the development of public health and technological innovation, and nurturing more outstanding talents.



Research and study trip site

Rural construction and industrial revitalization

Actively responding to the national call and taking on social responsibilities, Zhifei keeps contributing to rural revitalization and continues to support building a healthy rural area and developing industries. Zhifei aims to provide better medical services to the grassroots in rural areas and improve the living conditions of farmers.

The Company spares no effort in providing direct and indirect donations to counties and villages across the country and sets up Zhifei Guangcai Charitable Fund, which has already helped the construction of 100 village health rooms, to enhance the level of local medical services and provide better medical protection for the health of people in rural areas. We have formed a replicable and sustainable rural support model that varies from village to village, helping to achieve a better life and common progress.

In 2024, the Company fully engaged in actions to support rural revitalization and donated RMB 100 thousand to the Red Cross Society of Dongying District, Dongying City, Shandong Province. The funds are mainly used for key projects and public welfare programs in the jurisdiction of Dongying District, including the renovation of party-mass service venues, the creation of functional rooms, the repair of village roads, water conservancy construction, lighting projects, and industrial upgrading in key assisted villages and communities for rural revitalization. The Company also connected with Dashi Village in Dianjiang County, Chongqing, a key assisted village at the municipal level. Through consumer assistance, the Company purchased RMB 100 thousand worth of agricultural products to increase farmers' income and support rural revitalization.



Rural revitalization project in Dashi Village, Dianjiang County, Chongqing

Appendix I SZSE Guidelines Content Index

SZSE Guidelines Clause	SZSE Guidelines Topic	Chapter
Environment		
Articles 21-28	Climate response	Building resilience in response to climate change
Article 30	Pollutant discharge	Pollution prevention and ecological protection
Article 31	Waste disposal	Pollution prevention and ecological protection
Article 32	Ecosystem and biodiversity protection	Pollution prevention and ecological protection
Article 33	Environmental compliance management	Pollution prevention and ecological protection
Article 35	Energy utilization	Reduction of resource consumption, and improvement of quality and efficiency
Article 36	Water resources utilization	Reduction of resource consumption, and improvement of quality and efficiency
Article 37	Circular economy	Reduction of resource consumption, and improvement of quality and efficiency
Community		
Article 39	Rural revitalization	Rural construction and industrial revitalization
Article 40	Social contributions	Affordable healthcare
		Promoting children education
		Rural construction and industrial revitalization
Article 42	Innovation	Innovation and ethics support
Article 43	Ethics of science and technology	Innovation and ethics support
Article 45	Supply chain security	A responsible supply chain
Article 46	Equal treatment of SMEs	During the year, Zhifei disclosed information on overdue payments to SMEs to the public in the State Enterprise Information Disclosure System in accordance with the regulations, and there was no situation in which the balance of accounts payable (including bills payable) accounted for more than 50% of the total assets.
Article 47	Product and service safety and quality	Quality assurance, responsibility first
Article 48	Data security and customer privacy	Responsible marketing and professional services
Article 50	Employees	Compliant and fair employment
		Recruitment and attraction of talents
		Development driven by employee training Employee communication and care
Sustainability-related governance		
Article 52	Due diligence	Compliance and integrity first in operation A responsible supply chain
Article 53	Stakeholder engagement	Stakeholder engagement
Article 55	Anti-commercial bribery and anti-corruption	Compliance and integrity first in operation
Article 56	Fair competition	Compliance and integrity first in operation

Appendix II GRI Content Index

Disclosure Number	Disclosure Title	Chapter
General disclosures		
GRI2: The organization and its reporting practices		
GRI 2-1	Organizational details	About This Report About Zhifei
GRI 2-2	Entities included in the organization's sustainability reporting	About This Report
GRI 2-3	Reporting period, frequency and contact point	About This Report
GRI 2-4	Restatements of information	/
GRI 2-5	External assurance	/
GRI2: Activities and workers		
GRI 2-6	Activities, value chain, and other business relationships	Development model
GRI 2-7	Employees	Compliant and fair employment
GRI 2-8	Workers who are not employees	Compliant and fair employment
GRI2: Governance		
GRI 2-9	Governance structure and composition	Standardized management for good corporate governance
GRI 2-10	Nomination and selection of the highest governance body	Standardized management for good corporate governance
GRI 2-11	Chair of the highest governance body	Standardized management for good corporate governance
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Standardized management for good corporate governance
GRI 2-13	Delegation of responsibility for managing reporting	Standardized management for good corporate governance
GRI 2-14	Role of the highest governance body in sustainability reporting	Sustainable development governance structure
GRI 2-15	Conflicts of interest	Stakeholder engagement
GRI 2-16	Communication of critical concerns	Stakeholder engagement
GRI 2-17	Collective knowledge of the highest governance body	Standardized management for good corporate governance
GRI 2-18	Evaluation of the performance of the highest governance body	Standardized management for good corporate governance

Disclosure Number	Disclosure Title	Chapter
General disclosures		
GRI2: Governance		
GRI 2-19	Remuneration policies	Standardized management for good corporate governance
GRI 2-20	Process to determine remuneration	Standardized management for good corporate governance
GRI 2-21	Annual total compensation ratio	Standardized management for good corporate governance
GRI2: Strategies, policies and practices		
GRI 2-22	Statement on sustainable development strategy	Sustainable development strategy
GRI 2-23	Policy commitments	Sustainable development governance structure
GRI 2-24	Embedding policy commitments	Sustainable development governance structure
GRI 2-25	Processes to remediate negative impacts	Quality assurance, responsibility first
GRI 2-26	Mechanisms for seeking advice and raising concerns	Compliance and integrity first in operation Employee communication and care
GRI 2-27	Compliance with laws and regulations	Standardized management for good corporate governance
GRI 2-28	Membership associations	Joint forces for win-win results
GRI2: Stakeholder engagement		
GRI 2-29	Approach to stakeholder engagement	Stakeholder engagement
GRI 2-30	Collective bargaining agreements	Employee communication and care
GRI3: Material topics		
GRI 3-1	Process to determine material topics	Double materiality assessment
GRI 3-2	List of material topics	Double materiality assessment
GRI 3-3	Management of material topics	Double materiality assessment

Disclosure Number	Disclosure Title	Chapter
Economic		
GRI201: Economic performance		
Management approach disclosures		Economic performance
GRI 201-1	Direct economic value generated and distributed	Economic performance
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Building resilience in response to climate change
GRI 201-3	Defined benefit plan obligations and other retirement plans	Employee communication and care
GRI203: Indirect economic impacts		
Management approach disclosures		Affordable healthcare Promoting children education Rural construction and industrial revitalization
GRI 203-1	Infrastructure investments and services supported	Rural construction and industrial revitalization
GRI 203-2	Significant indirect economic impacts	Rural construction and industrial revitalization
GRI205: Anti-corruption		
Management approach disclosures		Compliance and integrity first in operation
GRI 205-1	Operations assessed for risks related to corruption	Compliance and integrity first in operation
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and integrity first in operation
GRI 201-3	Confirmed incidents of corruption and actions taken	Compliance and integrity first in operation
GRI2016: Anti-competitive behavior		
Management approach disclosures		Compliance and integrity first in operation
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance and integrity first in operation
Environmental		
GRI301: Materials		
Management approach disclosures		Quality assurance, responsibility first
GRI 301-1	Weight or volume of material used	Appendix III Environmental indicators
GRI 301-2	Recycled input materials used	Quality assurance, responsibility first
GRI 301-3	Reclaimed products and their packaged materials	During the year, Zhifei didn't reclaim any products or packaged materials.

Disclosure Number	Disclosure Title	Chapter
GRI302: Energy		
Management approach disclosures		Reduction of resource consumption, and improvement of quality and efficiency
GRI 302-1	Energy consumption within the organization	Reduction of resource consumption, and improvement of quality and efficiency
GRI 302-3	Energy intensity	Reduction of resource consumption, and improvement of quality and efficiency
GRI 302-4	Reduction of energy consumption	Reduction of resource consumption, and improvement of quality and efficiency
GRI 302-5	Reductions in energy requirements of products and services	Reduction of resource consumption, and improvement of quality and efficiency
GRI303: Water and effluents		
GRI 303-1	Interactions with water as a shared resource	Reduction of resource consumption, and improvement of quality and efficiency
GRI 303-2	Management of water discharge-related impacts	Pollution prevention and ecological protection
GRI 303-3	Water withdrawal	Reduction of resource consumption, and improvement of quality and efficiency
GRI 303-4	Water discharge	Pollution prevention and ecological protection
GRI 303-5	Water consumption	Reduction of resource consumption, and improvement of quality and efficiency
GRI305: Emissions		
Management approach disclosures		Pollution prevention and ecological protection Building resilience in response to climate change
GRI 305-1	Direct (Scope 1) GHG emissions	Building resilience in response to climate change Appendix III Environmental indicators
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Building resilience in response to climate change Appendix III Environmental indicators
GRI 305-4	GHG emissions intensity	Building resilience in response to climate change Appendix III Environmental indicators
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Appendix III Environmental indicators
GRI306: Waste		
GRI 306-1	Waste generation and significant waste-related impacts	Reduction of resource consumption, and improvement of quality and efficiency Pollution prevention and ecological protection
GRI 306-2	Management of significant waste-related impacts	Reduction of resource consumption, and improvement of quality and efficiency Pollution prevention and ecological protection
GRI 306-3	Waste generated	Pollution prevention and ecological protection Appendix III Environmental indicators
GRI 306-4	Waste diverted from disposal	Pollution prevention and ecological protection Appendix III Environmental indicators
GRI 306-5	Waste directed to disposal	Pollution prevention and ecological protection Appendix III Environmental indicators

Disclosure Number	Disclosure Title	Chapter
GRI308: Supplier environmental assessment		
Management approach disclosures		A responsible supply chain
GRI 308-1	New suppliers that were screened using environmental criteria	A responsible supply chain
GRI 308-2	Negative environmental impacts in the supply and actions taken	A responsible supply chain
Social		
GRI401: Employment		
Management approach disclosures		Compliant and fair employment
GRI 401-1	New employee hires and employee turnover	Compliant and fair employment
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compliant and fair employment
GRI402: Labor/Management relations		
Management approach disclosures		Compliant and fair employment
GRI403: Occupational health and safety		
Management approach disclosures		Safety and health
GRI 403-1	Occupational health and safety management system	Safety and health
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Safety and health
GRI 403-3	Occupational health services	Safety and health
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Safety and health
GRI 403-5	Worker training on occupational health and safety	Safety and health
GRI 403-6	Promotion of worker health	Safety and health
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety and health
GRI 403-8	Workers covered by an occupational health and safety management system	Safety and health
GRI 403-9	Work-related injuries	Safety and health Appendix III Governance and social indicators
GRI 403-10	Work-related ill health	Safety and health Appendix III Governance and social indicators

Disclosure Number	Disclosure Title	Chapter
GRI404: Training and education		
Management approach disclosures		Development driven by employee training
GRI 404-1	Average hours of training per year per employee	Development driven by employee training
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Development driven by employee training
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Development driven by employee training Appendix III Governance and social indicators
GRI405: Diversity and equal opportunity		
Management approach disclosures		Compliant and fair employment
GRI 405-1	Diversity of governance bodies and employees	Compliant and fair employment
GRI 405-2	Ratio of basic salary and remuneration of women to men	Compliant and fair employment
GRI406: Non-discrimination		
Management approach disclosures		Compliant and fair employment
GRI 406-1	Incidents of discrimination and corrective actions taken	Compliant and fair employment
GRI407: Freedom of association and collective bargaining		
Management approach disclosures		Employee communication and care
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	During the year, there were no operations and suppliers at risk in Zhifei.
GRI408: Child labor		
Management approach disclosures		Compliant and fair employment
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	During the year, there were no operations and suppliers at significant risk for incidents of child labor in Zhifei.
GRI409: Forced or compulsory labor		
Management approach disclosures		Compliant and fair employment
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	During the year, there were no operations and suppliers at significant risk for incidents of forced or compulsory labor in Zhifei.

Disclosure Number	Disclosure Title	Chapter
GRI413: Local communities		
Management approach disclosures		Affordable healthcare Promoting children education Rural construction and industrial revitalization
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Affordable healthcare Promoting children education Rural construction and industrial revitalization
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	During the year, there were no operations with significant actual and potential negative impacts on local communities in Zhifei.
GRI414: Supplier social assessment		
Management approach disclosures		A responsible supply chain
GRI 414-1	New suppliers that were screened using social criteria	A responsible supply chain
GRI 414-2	Negative social impacts in the supply chain and actions taken	A responsible supply chain
GRI416: Customer health and safety		
Management approach disclosures		Responsible marketing and professional services
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Responsible marketing and professional services
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible marketing and professional services
GRI417: Marketing and labeling		
Management approach disclosures		Responsible marketing and professional services
GRI 417-1	Requirements for product and service information and labeling	Responsible marketing and professional services
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	During the year, there were no incidents of non-compliance concerning product and service information and labeling in Zhifei.
GRI 417-3	Incidents of non-compliance concerning marketing communications	During the year, there were no incidents of non-compliance concerning marketing communications in Zhifei.
GRI418: Customer privacy		
Management approach disclosures		Responsible marketing and professional services
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the year, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data in Zhifei.

Appendix III Summary of ESG Key Performance Indicators

Governance and social indicators

ESG Indicator	Unit	2024
Employment		
Total employees	Person	7,220
By gender		
Male	Person	4,376
Female	Person	2,844
By age group		
Aged under 31	Person	4,040
Aged 31-40	Person	2,638
Aged 41-50	Person	450
Aged over 50	Person	92
By geographical region		
China (including Hong Kong, Macao and Taiwan)	Person	7,220
By education		
Doctoral degree	Person	22
Master's degree	Person	791
Bachelor's degree and below	Person	6,407
By profession		
Production staff	Person	1,128
Sales staff	Person	4,562
R&D staff	Person	1,072
Finance staff	Person	69
Management staff	Person	389

ESG Indicator	Unit	2024
By position level		
Senior management	Person	41
Middle management	Person	970
General personnel	Person	6,209
Total new employees		
Total new employees	Person	1,268
By gender		
Male	Person	810
Female	Person	458
By age group		
Aged under 31	Person	1,005
Aged 31-40	Person	256
Aged 41-50	Person	6
Aged over 50	Person	1
By geographical region		
China (including Hong Kong, Macao and Taiwan)	Person	1,268
Employment diversity and equal opportunities		
Board of Directors		
Male	Person	7
Female	Person	2

ESG Indicator	Unit	2024
Management		
Male	Person	693
Female	Person	318
General personnel		
Male	Person	3,683
Female	Person	2,526
Others		
Ethnic minorities	Person	367
Disabled persons	Person	30
Rehired retirees	Person	22
Compliant employment		
Operations and suppliers at significant risk for incidents of child labor	Case	0
Operations and suppliers at significant risk for incidents of forced or compulsory labor	Case	0
Total number of incidents of discrimination during the reporting period	Case	0
Turnover rate ⁴	%	11.73

⁴The formula of turnover rate: Turnover rate = Number employees resigned / (Number of employees at the end of the period + Number of employees resigned).

ESG Indicator	Unit	2024
Training and development		
Employee training coverage	%	100
Employee training expenses	RMB 10,000	3,641.89
Total hours of training for employees	Hour(s)	440,456.24
Average hours of training per year for employees	Hour(s)	61.01
By gender		
Male	Hour(s) per person	62.95
Female	Hour(s) per person	58.02
By position level		
Senior management	Hour(s) per person	21.25
Middle management	Hour(s) per person	59.99
General personnel	Hour(s) per person	61.43
Percentage of employees receiving regular performance and career development reviews	%	100
Health and safety⁵		
Investments in health and safety	RMB 10,000	631,192.08
Investments in work safety	RMB 10,000	750.84
Investments in occupational health and safety	RMB 10,000	101.81
Investments in work-related injury insurance and work safety liability insurance	RMB 10,000	630,339.43
Work safety training		
Total hours of work safety training	Hour(s)	15,859.50
Total number of participants in work safety training	Person times	5,382.00
Work-related injuries		
Number of employee deaths and mortality rates due to work-related injuries	Person; %	0; 0
Work-related ill health		
Number of employee deaths due to work-related ill health	Person	0

⁵The data of health and safety indicators covers the two main production and R&D bases of Zhifei Longcom and Zhifei Lvzhu.

ESG Indicator	Unit	2024
Product R&D and innovation		
Amount invested in R&D	RMB 100 million	13.91
Total number of patents granted	Case	57
Marketing and labeling		
Incidents of non-compliance concerning product and service information and labeling		
Number of incidents in which fines or penalties Case are imposed for non-compliance	Case	0
Number of incidents in which warnings are issued for non-compliance	Case	0
Number of incidents of violations of the voluntary code	Case	0
Incidents of non-compliance concerning marketing communications		
Number of incidents in which fines or penalties are imposed for non-compliance	Case	0
Number of incidents in which warnings are issued for non-compliance	Case	0
Number of incidents of violations of the voluntary code	Case	0
Customer service management		
Customer service satisfaction	%	99.37
Customer complaint response rate	%	100
Customer complaint resolution rate	%	100
Incidents of non-compliance concerning the health and safety impacts of products and services		
Number of incidents in which fines or penalties are imposed for non-compliance	Case	0
Number of incidents in which warnings are issued for non-compliance	Case	0
Number of incidents of violations of the voluntary code	Case	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data		
Number of complaints from external parties that have been substantiated by the organization	Case	0
Number of complaints from regulators	Case	0
Total number of leaks, thefts or losses of customer data confirmed	Case	0
Total number of substantiated complaints received concerning breaches of customer privacy	Case	0

ESG Indicator	Unit	2024
Infrastructure investments and services supported		
Public donation	RMB 10,000	Over 1,096
Annual participation in charity projects	Case	12
Support for rural revitalization inputs	RMB 10,000	20.03
Anti-corruption		
Number of anti-corruption trainings	Times	190
Number of people participated in anti-corruption trainings	Person times	83,030
Number of operating sites for which corruption risk assessments have been conducted	/	6
Percentage of operating sites for which corruption risk assessments have been conducted	%	100

Environmental indicators⁶

ESG Indicator	Unit	2024
Energy		
Total energy consumption within the organization	tce	26,530.41
Total non-renewable fuel consumption ⁷	tce	6,723.92
Gasoline	tce	18.00
Diesel	tce	132.68
Natural gas	tce	6,573.24
Electricity and heating purchased for consumption	tce	19,806.49
Electricity consumption	tce	11,353.06
Heat consumption	tce	8,453.43
Energy consumption intensity	tce/ RMB 10,000 of revenue	0.01

⁶The data of environmental indicators covers the two main production and R&D bases of Zhifei Longcom and Zhifei Lvzhu.

⁷The factors of the total energy consumption of each category in terms of standard coal equivalent refer to the *General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)* published by the People's Republic of China, in which the volume-to-weight conversion factors for gasoline refer to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC).

ESG Indicator	Unit	2024
Water and effluents		
Total water withdrawal	Tons	1,532,948.16
Third party facilities (Water supply by the government)	Tons	1,482,659.56
Others (Usage of reclaimed water)	Tons	50,288.60
Intensity of water withdrawal	Tons/ RMB 10,000 of revenue	0.59
Sewage discharge ⁸	m ³	1,149,361.64
Intensity of sewage discharge	m ³ / RMB 10,000 of revenue	0.44
Total water consumption	Tons	383,586.52
Intensity of water consumption	Tons/ RMB 10,000 of revenue	0.15
GHG emissions		
Total GHG emissions	Tons of CO ₂ e	90,382.72
Direct (Scope 1) GHG emissions ⁹	Tons of CO ₂ e	13,575.52
Indirect (Scope 2) GHG emissions ¹⁰	Tons of CO ₂ e	76,807.20
GHG emission intensity ¹¹	Tons of CO ₂ e/ RMB 10,000 of revenue	0.03
Air pollutant emissions		
Nitrogen oxide emissions ¹²	kg	13.34
Particulate matter (PM) emissions	kg	0.98
Sulfur dioxide emissions	kg	1.98
Waste gas emissions (Production process)	10,000 m ³	Please refer to the <i>2024 Annual Report</i>

⁸Sewage pollutants include chemical oxygen demand, ammonia nitrogen, and suspended matter, details of which can be found in the *2024 Annual Report*.

⁹The sources of direct (Scope 1) GHG emissions generated include: fuel combustion from stationary sources (pipeline natural gas); emissions from mobile combustion sources during fuel consumption, including gasoline consumption in business vehicles and diesel consumption in cold chain vehicles; and emissions released from the use of refrigeration/air conditioning equipment. Emission factors for stationary sources are referenced to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC); emission factors for mobile combustion sources and refrigerants and global warming potentials refer to the IPCC sixth Assessment Report (AR6).

¹⁰The sources of indirect (Scope 2) GHG emissions generated include: emissions from purchased electricity and heat. The emission factor of electricity refer to the National grid average emission factor from the *Announcement of the release of the 2022 CO₂ emission factors for electricity* issued by the Ministry of Ecology and Environment of the People's Republic of China; the calorific factors and emission factors for stationary sources refer to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries* issued by the Development and Reform Commission of the People's Republic of China on July 6, 2015.

¹¹GHG emissions intensity is calculated by taking the sum of the Company's direct (Scope 1) and indirect (Scope 2) GHG emissions for the year as the numerator and the Company's operating income for the year as the denominator.

¹²Nitrogen oxide emissions, Particulate matter (PM) emissions and Sulfur dioxide emissions are calculated only for air pollutants generated by vehicle use.

ESG Indicator	Unit	2024
Wastes		
Total non-hazardous waste emissions ¹³	Tons	12,210.01
Intensity of non-hazardous waste discharge	Tons/ RMB 10,000 of revenue	0.0047
Total hazardous waste discharge	Tons	531.18
Intensity of hazardous waste discharge	Tons/ RMB 10,000 of revenue	0.0002
Material consumption		
Total material usage	Tons	254.08
Non-renewable material usage ¹⁴	Tons	140.26
Renewable material usage ¹⁵	Tons	113.82
Intensity of material consumption	Tons/ RMB 10,000 of revenue	0.0001
Environmental compliance		
Total investments in EHS	RMB 10,000	1,246.62
Total investments in environmental protection	RMB 10,000	393.97
Total investments in safety	RMB 10,000	852.65
Non-compliance with environmental laws and regulations		
Total monetary value of material fines	RMB	0
Total non-monetary sanctions	Times	0
Number of cases filed under the dispute settlement mechanism	Times	0

¹³The Company's non-hazardous waste consists mainly of solid waste, and a small amount of office waste and food waste.

¹⁴The Company's non-renewable materials consist primarily of glass.

¹⁵The Company's renewable materials mainly include plastics, paper, silicone tubing, cardboard boxes, rubber plugs, and PVC.