



Hua Medicine 華領醫藥

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2552



Environmental, Social and Governance Report 2021

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ABOUT THE REPORT

Hua Medicine (the “Company” or “We”) hereby presents the Environmental, Social and Governance report to the public for the year 2021. This report aims to disclose the environmental, social and governance (“ESG”) practices of the Company and its subsidiaries for the year 2021.

Compilation Reference

This report is prepared in compliance with *Environmental, Social and Governance Reporting Guide* set out in Appendix 27 to the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”).

The information in this report is derived from the Company’s internal statistical reports or related documents.

Report Scope

The policies, data and cases disclosed in this report cover the Company and its subsidiaries, namely Hua Medicine (Shanghai) Ltd., its branches, and its wholly-owned subsidiary, Shanghai Hua Medicine Biotechnology Ltd. Shanghai Hua Medicine Biotechnology Ltd. was established in February 2021, which is a new entity included in the disclosure scope for the year.

The reporting period of this report is from January 1st, 2021 to December 31st, 2021.

Reporting Principles

This report follows the following principles as required by Appendix 27 of the HKEX Listing Rules:

- ✓ Materiality: The Company identifies important ESG issues through a materiality assessment with the involvement of stakeholders and performs disclosure accordingly.
- ✓ Quantitative: The quantitative indicators in this report are accompanied by corresponding measurement caliber and methodology used.
- ✓ Balance: The information and data disclosed in this report are summarized based on the actual situation of the Company, without selective misstatement or omission.
- ✓ Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

Report Availability

The report is available in an electronic version which can be viewed on the websites of the Company (<https://www.huamedicine.com>) and HKEX (www.hkexnews.hk).

The report is prepared in both traditional Chinese and English. In the event of discrepancy between the two versions, the English version shall prevail.

ABOUT US

Message from CEO

In 2021, Hua Medicine continued to advance its ESG efforts. Through this report, we would like to demonstrate to our stakeholders our efforts and achievements in fulfilling our ESG responsibilities, as well as our outlook and commitment to take more responsibilities in the future.

During the year, we continuously strengthened our ESG governance. We established a new Environment, Health and Safety (EHS) department, which is responsible for the overall management of environment, health, and safety. We set sustainable development goals and integrated the concepts of environmental protection and social responsibility into our strategic decisions and daily operations. In terms of environmental protection, we carried out pollution prevention, emission control and effective utilization of resources through various methods. In terms of social responsibility, we were people-oriented, created a good office environment for employees, attached importance to the rights and interests of employees, paid attention to employee occupational safety and health, and provided a variety of vocational training to help employees achieve value enhancement and self-development. In terms of product responsibilities, we focused on the concept of “High Standards, High Quality and High Value Creation” in the process of drug development.



CEO, Dr. Li CHEN

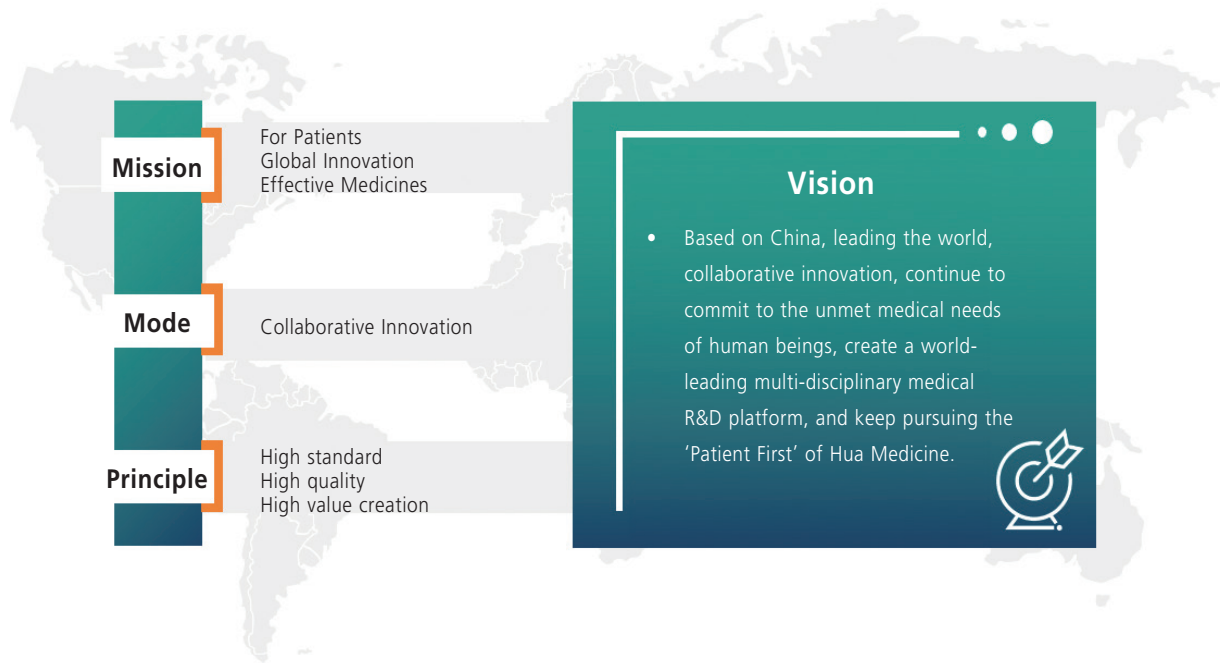
In 2021, Hua Medicine achieved significant milestones in both commercialization and research and development (“R&D”). In terms of commercialization, in March 2021, Hua Medicine submitted to the National Medical Products Administration (“NMPA”) the New Drug Application (“NDA”) for dorzagliatin for treating type 2 diabetes (“T2D”) and received the NMPA’s acceptance in April 2021. In September 2021, Hua Medicine and Sinopharm announced supply chain strategic cooperation. In addition, we started to build a manufacturing base at Shanghai Lin-gang Special Area to ensure adequate commercial supply of dorzagliatin. In terms of R&D, a clinical trial called DREAM showed that some patients participating in the SEED study, the phase III registered clinical study of dorzagliatin, had a 52-week glucose remission rate of 65.2% after reaching normal blood glucose level and in discontinuation of glucose-lowering medication. The DREAM study explored the possibility of oral dosing in diabetes remission and was of great significance in expanding the treatment options for T2D. Against this background, we are well aware that “collaborating with upstream and downstream business partners to build a green and transparent business environment” and “safeguarding product quality and protecting consumer rights” will have an increasingly significant impact on Hua Medicine’s ESG journey. Therefore, in 2021, we further established and improved the management process of our business partners, fully implemented Hua Medicine’s core values of “Honesty and Credibility, Cooperation and Win-win”, and strengthened the foundation for safe and green channels, and fair and transparent cooperation. Additionally, we optimized the procedures for handling consumer complaints to control the quality of products more comprehensively and reach and serve the consumers more smoothly after the commercialization of our therapy, carrying out our mission of “Effective Medicines”.

Looking forward to the future, Hua Medicine will further accelerate the progress of commercialization and marketing of dorzagliatin to achieve the target of “First-in-class, First-in-China” as soon as possible to benefit diabetic patients. We will stick to our original intention and continue to ride on the waves to set sail for a new journey.

Business Overview

Hua Medicine is an innovative drug development company in China focused on developing novel therapies for patients worldwide with unmet medical needs. Hua Medicine teams up with global high caliber people and integrates ultimate global resources to explore breakthrough technologies and products and accelerate global innovation in diabetes care. Targeted on glucose sensor glucokinase, dorzagliatin, a novel oral diabetes drug, restoring glucose sensitivity in T2D patients, has completed SEED and DAWN registration trails and filed NDA in China. This global first-in-class glucokinase activator (GKA) has demonstrated its potential of achieving diabetes remission to help millions of diabetes around world.

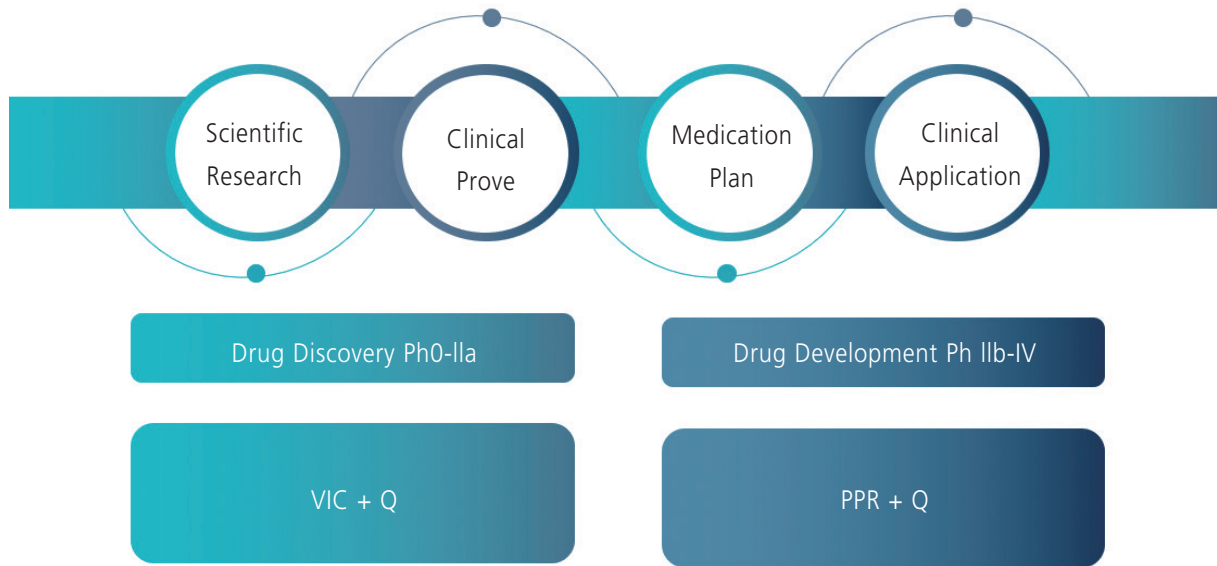
With the mission of “For patients, Global innovation, Effective medicines”, we have created the operation mode of “Collaborative Innovation”. We always adhere to the management principle of “High standard, High quality, High value creation”, strive to create a world-leading multi-disciplinary medical R&D platform and keep pursuing the “Patient First” of Hua Medicine.



Innovative R&D Model

In the drug discovery phase, we adopt the innovative “VIC” model: VC (Venture Capital) + IP (Intellectual Property) + CRO (Contract Research Organization). In the drug development phase, we adopt the “PPR” Model: Policy + Practice + Regulation. Throughout the drug’s full life cycle, our team has always placed an emphasis on the management of “Q” (Quality). Hua Medicine has established the Drug Safety Management Committee and the Quality Risk Management Committee, which focus on drug safety and quality issues throughout our clinical trials, manufacturing and sales, to ensure that the trial design, research execution and operations performed by our partners can all be in accordance with international standards. Our R&D model not only enables us to improve efficiency and reduce costs of drug innovation but also ensures the drug quality and data rigorously.

Innovative Drug Developing Model



- VIC: VC (Venture Capital) + IP (Intellectual Patent) + CRO (Clinical Research Organization)
- PPR: Policy + Practice + Regulation
- Q: Quality

Awards & Recognitions in 2021

Hua Medicine received “0 to 1 Innovation Company” Award from *Economic Observer*.



Hua Medicine was recognized as The Best Business Development Company in 2021 (TOP3), Kungpeng Award of 2021 China Biopharmaceutical Industry Innovation Billboard.



Hua Medicine was approved by Science and Technology Commission of Shanghai Municipality together with other commissions to be in Shanghai High-tech Enterprise Cultivation Pool.

关于公布2020年度上海市高新技术企业入库培育名单的通知
沪科合〔2021〕14号



附件

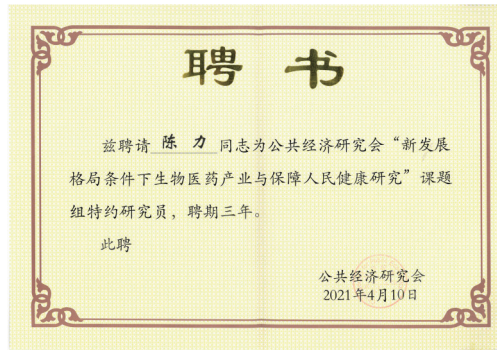
上海市 2020 年度高新技术企业入库培育名单

序号	企业名称	注册地	支持金额 (万元)
42	华领医药技术 (上海) 有限公司	浦东新区	200

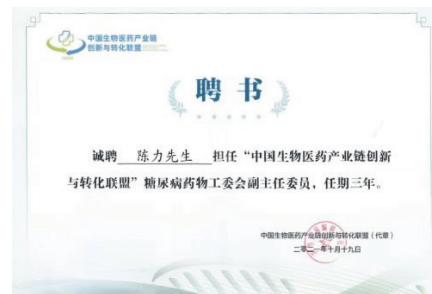
Dr. Li Chen, CEO of Hua Medicine, was honored “Top 10 Celebrity of the Year 2020” by Shanghai Pudong International Chamber of Commerce.



Dr. Li Chen, CEO of Hua Medicine, was appointed as a special researcher of the “Biomedical Industry and People’s Health under the New Development Pattern” by the China Society for Public Economics.



Dr. Li Chen, CEO of Hua Medicine, was appointed as the executive director of China Biopharmaceutical Industry Chain Innovation and Transformation Alliance and the vice chairman of Diabetes Drugs Working Committee.



Dr. Li Chen, CEO of Hua Medicine, won the honorary certificate of “Lecturer of Science and Technology Micro Party Course” issued by Shanghai Science and Technology Commission.

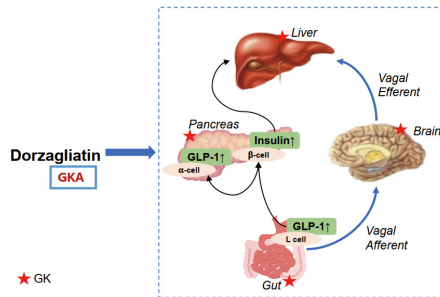


Highlights of 2021



April 2021

Hua Medicine announced the NDA for dorzagliatin, global first-in-class drug of diabetes, was accepted by the China NMPA.



June 2021

Hua Medicine announced important clinical research results at the 81st American Diabetes Association (ADA) Annual Scientific Sessions — dorzagliatin has the potential to restore the impaired insulin and GLP-1 secretion of patients with T2D.



August 2021

Hua Medicine commenced the construction of an industrialization development base for innovative drug and clinical urgency drug at Shanghai Lin-gang Special Area and a launch ceremony was held at the industrialization base.



September 2021

Hua Medicine and Sinopharm announced supply chain strategic cooperation to accelerate the commercialization progress in logistics warehousing, supply chain management and channel data analysis.









September 2021

Professor Jianhua MA, representative of the principal researchers, presented key research results on diabetes remission of dorzagliatin at the 6th China BioMed Innovation and Investment Conference.

Stakeholder Communication

We believe understanding stakeholder expectations is a vital element in sustainability strategy. Through actively creating innovative channels to strengthen communications with stakeholders, Hua Medicine continuously revises and optimizes its environmental and corporate social responsibility initiatives.

Stakeholder	Expectations	Communication Channels
 Government/Regulatory Agencies	<ul style="list-style-type: none"> Compliance with the Law Promote industry innovation 	<ul style="list-style-type: none"> Work report Government-Enterprise meetings Policy consultation
 Shareholders/Investors	<ul style="list-style-type: none"> Protect shareholders' rights and interests Satisfactory investment return Compliance management 	<ul style="list-style-type: none"> Timely information disclosure Shareholder meetings Sound legal risk control system
 Employees	<ul style="list-style-type: none"> Protect employees' rights and interests Democratic and empathetic management Focus on health and safety Provide trainings and career development channels 	<ul style="list-style-type: none"> Performance evaluation mechanism Periodic safety drill Labor union and employee caring activities Professional trainings
 Medical Community	<ul style="list-style-type: none"> Provide safe and high-quality drug Protect safety of patients Protect privacy of patients Listen to feedbacks from patients 	<ul style="list-style-type: none"> Innovative drug research Product quality control Personal data protection Effective helplines, complaint filling channels
 Suppliers/Partners	<ul style="list-style-type: none"> Fulfill contracts Ensure open and transparent cooperation Create a win-win situation 	<ul style="list-style-type: none"> Long-term strategic cooperation Procurement guidance Management visits Consistent communication
 Community/Public	<ul style="list-style-type: none"> Create environmental-friendly workplace Hold community charity events 	<ul style="list-style-type: none"> Resource saving promotion Industry forum Public speeches Social media

Board Statement

Governance Structure

The Board of Hua Medicine adheres to the mission of “For Patients, Global Innovation, Effective Medicines” and is responsible for the oversight of the Company’s ESG matters. Specifically, the Board is involved in, among other things:

- participating in the development of management approaches, strategies, objectives, plans and priorities for ESG matters of the Company through communication with senior management and stakeholders and assessment of ESG-related data;
- monitoring whether strategies to regulate ESG are incorporated into the Company’s management operations;
- understanding the impact and potential risks of ESG issues on the Company’s business and ensure that the Company’s ESG matters are consistent with the expectations and requirements of investors and regulators;
- supervising the Company’s assessments related to environmental and social impacts; and
- conducting Board meetings regularly to receive progress reports from each responsible department on the achievement of current ESG goals, to approve ESG information to be disclosed to the public, and to assess the need to adjust the focus areas in the context of the core business model and operational processes.




Meanwhile, the Board has authorized senior management and relevant departments to carry out specific ESG-related work. Specifically:

- senior management is responsible for implementing ESG risk management and internal control systems, reporting to the Board on key ESG trends, related risks and opportunities, progress and achievements of the Company’s ESG efforts, and the annual ESG report;
- the EHS department, established in 2021, is responsible for establishing and improving the management system of Hua Medicine in areas related to environmental protection, health and safety, supervising the implementation of various management policies and effectively controlling EHS risks; and
- other departments are responsible for implementing ESG-related plans, collecting and tracking ESG-related data, reporting ESG work progress to senior management, and supporting annual ESG reports.

Sustainable Development Goals

In response to the international call for sustainable management and China’s historic strategic deployment of carbon peaking and carbon neutrality, we have set the following milestones to guide our operations and ESG governance:

Sustainable Development Goals

 Emissions	 Waste	 Resource Utilization
<ul style="list-style-type: none"> • Eliminate major environmental pollution accident or complaint • 100% Emission detection compliance rate • Actively respond to the national dual carbon targets and achieve a carbon neutral pace no later than the peer average 	<ul style="list-style-type: none"> • Declare the planned amount of hazardous waste to the relevant departments every year and implement it within the planned dosage • 100% of the waste is entrusted to qualified institutions • 100% Hazardous waste detection compliance rate 	<ul style="list-style-type: none"> • Continue to promote the use and deployment of energy-saving equipment and green energy • The annual growth rate of hydropower expenditures is lower than the growth rate of management expenses

Note: Due to the significant operational developments and changes that have occurred in recent years (e.g., the relocation of our main office to the Shanghai Zhangjiang Area at the end of 2020, the addition of a new entity and the commencement of construction of a new industrialization and development platform in 2021, etc.) and will occur, we do not yet have comparable historical data to set waste reduction and emission reduction targets based on a historical baseline. As a result, our current sustainability goals are forward-looking.

Details of how our sustainability goals relate to the Company’s business are set out in this report. The Board will monitor and regularly review the progress of implementation of our sustainability goals by assessing relevant ESG-related data and maintaining communication with senior management and other departments of the Company and refine them according to the actual situation.

Materiality Analysis

Through communication with stakeholders, details of whom are set out in the section headed “Stakeholder Communication” above, and taking into consideration the Company’s business characteristics, the ESG trends and general concerns of the biotechnology and pharmaceutical industry, we ranked the materiality of each potential sustainability issue, and confirmed that key disclosures will be made on the following issues:

Category	Issues
Environmental	Greenhouse gas emission and management Pollutant emission management Efficient utilization of resources
Social and governance	Quality management Anti-corruption Supply chain management Staff safety and health Staff development and training Intellectual property management

CARING FOR ECOLOGY & PRACTICING GREEN AND LOW-CARBON

Environmental Management

Hua Medicine actively implements the concept of green development and strictly complies with *Environmental Protection Law of the People's Republic of China* ("the PRC"), the *Law of the PRC on the Prevention and Control of Water Pollution*, and the *Law of the PRC on the Prevention and Control of Atmospheric Pollution* and other laws and regulations. We have also formulated and implemented the *Hazardous Waste Management Policy of Hua Medicine Pharmaceutical R&D Centre*, *Hazardous Waste Management Policy of Hua Medicine Biomedical Laboratory*, *Laboratory EHS Management Regulations* and *Chemical Management Procedures*, etc. to maximize the benefits of resource usage and minimize the impact on the environment, and to effectively fulfill our corporate social responsibility through environment-friendly operations. During the year, we complied with applicable laws and regulations that have a significant impact on us and had no material environmental pollution incidents, nor did we receive any complaints for environmental pollution or violation of environmental regulations.

Our R&D model allows us to work closely with a number of third parties in the development and manufacturing of pharmaceuticals. When selecting our partners, we have stringent requirements for the quality of our partners' delivery, and we also value our partners' environmental and social responsibilities, ensuring that our partners have good standards of pollution prevention to achieve green emissions.

We have two laboratories in Shanghai Zhangjiang Hi-Tech Park, which are mainly engaged in biological and pharmacological experiments, sample analysis, product formulation and analytical research related to new drug development. Upon completion of the construction of the laboratories, in accordance with the requirements of the *Regulations on the Administration of Construction Project Environmental Protection* and the *Interim Measures for the Acceptance of Environmental Protection on Completion of Construction Projects*, we organized an environmental protection acceptance team to carry out the environmental protection acceptance of the construction projects to ensure that all pollutants are properly disposed of and the impact on the environment is minimized.

We commenced the construction of an industrialization and development platform in the Lin-gang New Area of the Shanghai Pilot Free Trade Zone in 2021, which will be mainly engaged in the production and development of products. We commissioned a qualified unit to prepare and submit an Environmental Impact Report for the project to the Management Committee of the Lin-gang New Area of the Shanghai Pilot Free Trade Zone, which agreed to the construction of the project from an environmental protection perspective. Meanwhile, our EHS department was deeply involved in the Lin-gang industrialization and development platform project, and responsible for the environmental impact assessment, environmental monitoring and inspection, investigation and follow-up rectification of environmental accident handling, etc.

Pollution Prevention

We strictly comply with the *Law of PRC on the Prevention and Control of Air Pollution* and the *Trial Standard for Industrial Exhaust Gas Emission in Shanghai* and other laws and regulations. Exhaust gases generated from the laboratories is collected by fume hoods and transported via exhaust ducts to the activated carbon adsorption devices installed uniformly in the property for purification and treatment before discharge. Exhaust gases generated from the industrialization and development platform at Lin-gang is collected by exhaust ducts, filtered and purified by high efficiency filters and then discharged, or collected by reagent cabinet exhaust systems, fume hoods and air collection hoods and discharged after treatment by activated carbon adsorption devices. We plan to conduct routine monitoring of exhaust gases every six months after the implementation of the Lin-gang project is completed. No exhaust gas emissions were generated during our experiments during the 2021 reporting period, while the Lin-gang industrialization and development platform is still under construction, so the exhaust emissions are mainly from vehicle emissions, which mainly include nitrogen oxides, sulphur oxides and particulate matter. Details of such exhaust emissions for the reporting period are set out in the table below:

KPI	Kg
Nitrogen Oxides (NO_x)	39.37
Sulfur Oxide (SO_x)	0.05
Particulate Matter (PM)	3.77

Note: Reference data sources for emission factors include EMFAC-HK Vehicle Emission Calculation and Vehicle Emission Modeling Software of United States Environmental Protection Agency.

We strictly abide by the relevant provisions of the *Water Pollution Prevention and Control Law* of PRC and strictly control the discharge of wastewater, with the target that wastewater discharge 100% meets the relevant discharge standards such as the *National Standard – Comprehensive Sewage Discharge Standard*. The back-channel cleaning wastewater, constant temperature water bath drainage and domestic wastewater generated by the laboratory are incorporated into the municipal sewage network after pretreatment and discharged into the sewage treatment plant. The rainwater and sewage separation system are strictly implemented in the industrialization and development platform of Lin-gang. The rainwater from the factory area is incorporated into the municipal rainwater pipeline network through the general rainwater outfall, while the production equipment cleaning wastewater, quality inspection laboratory wastewater, R&D laboratory wastewater and clean laundry wastewater are discharged into the municipal sewage network through the general wastewater outfall together with clean sewage, non-clean laundry wastewater, shower wastewater and domestic wastewater after being treated to the standard by the sewage station, and finally released into the Lin-gang Wastewater Treatment Plant. There were no issues in sourcing water in 2021.

Hazardous wastes are mainly experimental waste goods, experimental waste liquids and scrapped samples generated during the R&D process. We strictly comply with the relevant provisions of the *Environmental Protection Law of PRC*, the *Shanghai Environmental Protection Regulations*, the *Shanghai Measures for the Prevention of Pollution by Hazardous Waste*, the *Law of PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Shanghai Regulations for the Filing of Hazardous Waste Management Plan*, the *Measures for the Management of Hazardous Waste Transfer Coupons* and other relevant laws and regulations to strengthen the management of our hazardous wastes, rationalize the use and harmless treatment of hazardous wastes, and prevent hazardous wastes from polluting the environment. We have formulated the *Hazardous Waste Management Policy of Hua Medicine R&D Centre*, which stipulates that the laboratory shall complete the declaration of Hazardous Waste Management Plan through the Shanghai Hazardous Waste Management Information System by the end of February each year before the generation of hazardous wastes. It is strictly forbidden to mix hazardous wastes with domestic wastes or to discard them at will. Hazardous wastes must be provided with the appropriate collection containers according to the type of wastes, labelled as hazardous waste and placed in the corresponding collection containers. In the *Laboratory EHS Management Regulations*, *Chemical Management Procedures* and other policies, we make it clear that experimental waste liquids should be collected in accordance with the requirements of hazardous waste management and should not be poured directly into the drainage system. After collection, hazardous wastes are uniformly handed over to the qualified units for disposal. In the 2021 reporting period, no experiments were conducted in the biology laboratory, and hazardous wastes mainly originated from the pharmacology laboratory. The hazardous waste data for the 2021 reporting period is as follows:

KPI	Kg
Experimental Waste Liquid	164
Experimental Waste	84
Scrapped samples	4

Note: The intensity of hazardous waste is not applicable to Hua Medicine, as the Company has not entered the stage of mass production and commercialization.

Non-hazardous wastes mainly originate from domestic wastes generated from daily office operations. We comply with the *Shanghai Domestic Waste Management Regulations* and classify wastes in accordance with the unified standards for waste separation principles of Shanghai and post waste classification signs on each floor to remind employees. Wastes are sorted and collected in garbage bins and disposed of by the property management company. The non-hazardous waste data for the 2021 reporting period is as follows:

KPI	Total Output (Ton)	Output Per Capita (Kg/Person)
Residual Waste	5.31	38.20
Household Food Waste	2.53	18.20
Recyclable Waste	3.80	27.34

Note: Non-hazardous wastes of our Wuhan and Beijing branches are handled by the property company in a unified way, so it is difficult to measure the exact quantity. In addition, the scale of the two branches is small (24 employees in total). Therefore, these two branches are not included in the above statistics.

The noise mainly originates from the operation noise of the laboratory fume hoods and other equipment, as well as the environmental protection facilities such as production equipment, public auxiliary equipment and wastewater and waste gas treatment in the industrialization and development platform of Lin-gang. We strictly comply with the Law of PRC on the Prevention and Control of Environmental Noise Pollution and other relevant laws and regulations, use low-noise and low-vibration environment-friendly equipment for laboratory equipment, and adopt vibration isolation foundation or non-paving, vibration damping mats and other sound insulation measures for high-noise equipment to minimize the impact of noise on employees, residents and the urban environment.

Utilization of Energy and Resource

In its daily operations, Hua Medicine mainly consumes water, electricity, and a small quantity of gasoline, all from procurement. We comply with the *Law of the PRC on Conserving Energy* and respond positively to the resource conservation measures implemented by the government, make full, rational and efficient use of existing resources, and gradually reduce waste of available energy and resources while reducing operating costs.

We actively advocate and promote green office, cultivate employees' awareness of resource conservation, and maximize the use of resources in company operations. We use water-saving automatic sensor faucets to improve the utilization of water resources. All high-power electrical appliances in the office building are made of products that meet the requirements of Level 1 Energy Efficiency Index. Reminder slogans about turning off the lights when leaving are posted to raise employees' awareness of saving electricity. Our security patrol checks if the lights are turned off in time to reduce electricity waste. The air conditioner is centrally supplied with energy from 8 a.m. to 8 p.m. on weekdays, and no supply is provided on holidays to reduce non-essential energy waste. We promote digitalization and implement a paperless office, reducing resource consumption while improving work efficiency. The Company's official vehicles are integrated into the unified deployment of the Equipment Management Department and driven by designated drivers. Employees are encouraged to share office vehicles among multiple departments to reduce the fuel consumption generated by business trips and gradually reduce greenhouse gas emissions.

Over the 2021 reporting period, resource and energy consumption of Hua Medicine is as follows:

KPI	Total Consumption	Consumption Per Capita
Executive Water	1716 Tons	12 Tons
Executive Electricity	677,085 KWh	4,871 KWh
Executive Gasoline	3,394 Liters	24 Liters

Note: The gasoline and electricity consumption data include our Wuhan and Beijing branches, but the water consumption data does not include our Wuhan and Beijing branches. Water of the two branches is provided by the property companies, so it is difficult to measure accurate data. In addition, the scale of the two branches is small (24 employees in total). Therefore, these two branches are not included in the above statistics.

Our greenhouse gas emissions are primarily from vehicle gasoline consumption and small amounts of refrigerants (Scope 1: direct greenhouse emissions), and electricity consumption (Scope 2: energy indirect greenhouse emissions). Greenhouse gas (CO₂) generated by Hua Medicine over the 2021 reporting period is as follows:

KPI	Kg
Greenhouse Gas Emissions (Scope 1)	15,190
Greenhouse Gas Emissions (Scope 2)	413,090
Total Greenhouse Gas Emissions (Scope 1 & 2)	482,280
Total Greenhouse Gas Emissions Per Capita	3,081

Note: Greenhouse gas emissions are presented in terms of CO₂. Reference data sources for greenhouse gas accounting methods and emission factors include the Intergovernmental Panel on Climate Change (IPCC) assessment reports, the Environmental Protection Department, and the Bureau of Ecology and Environment of the People's Republic of China.

Since our drug is not yet in production, no packaging materials have been used.

Climate Change

In recent years, climate change has had profound impacts on the sustainable development of economy and society, and accelerating climate change adaptation is a common challenge facing the whole world. To cope with the adverse effects caused by climate change and adapt to climate change, Hua Medicine continues to pay attention to climate change trends, identify the impact of climate change, prepare emergency plans to prevent the impact of thunderstorms and typhoons and other extreme weather emergencies in advance, and develop corresponding emergency action plans and protection measures to minimize the damage caused by climate change. We haven't carried out large-scale production activities yet, and do not consume large amounts of energy or produce large amounts of emissions, so we face low risks from policies, regulations, technology, markets, reputation, etc.

CARING FOR EMPLOYEES & CREATING A BETTER LIFE

Employee Rights

Employees are the greatest asset of an enterprise. Hua Medicine strictly abides by the *Labor Law of the PRC*, the *Labor Contract Law of the PRC*, the *Regulations on the Implementation of the Labor Contract Law of the PRC* and other laws and regulations of PRC and has established policies and procedures regarding employment, working hours, leave, dismissal, etc. We ensure equal employment opportunities, pay full attention to the potential and physical and mental health of our employees, striving to create a comfortable working environment for each employee.

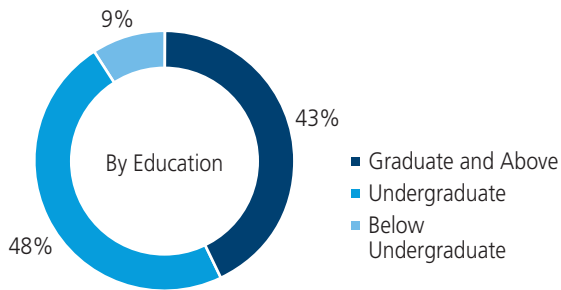
Talent Acquisition

We respect the legal rights of each employee and adhere to the basic principles of fairness and openness in the recruitment process, ensuring that we do not discriminate between candidates on the basis of family status, disability, race, nationality or other non-work-related factors, providing an inclusive, diverse and non-discriminatory working environment and fully implementing our 'People First' working philosophy. We strictly oppose and prohibit the use of child labor and forced labor and have put in place policies to prevent this. Before hiring new employees, we confirm that their age meets the legal requirements. We sign labor contract with each employee and provide them with *Employee Handbook* to ensure they acknowledge and accept terms and conditions of Hua Medicine's employment, including working hours, leaves, compensation, benefits, performance evaluation, office principles, requirements regarding anti-corruption, whistleblower channel and procedures, dismissal procedures, etc. Dismissal of employees is carried out in strict compliance with applicable PRC laws and regulations and the labor contracts. In the event of discovery of child labor or forced labor, our employees may report the violation through our whistleblower channel and the Company will take the necessary actions, including terminating their employment contracts in strict accordance with the law. In 2021, there were no cases of employment discrimination, child labor or forced labor.

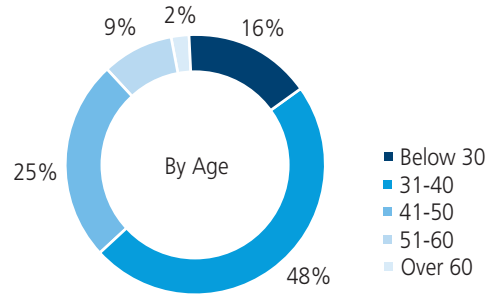
As of December 31, 2021, Hua Medicine had 139 full-time employees with a balanced gender ratio and highly educated staff.

Hua Medicine Employment Data of 2021

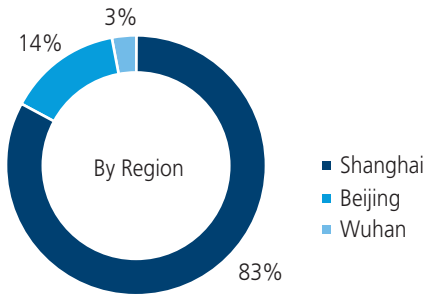
Number of Employees 139



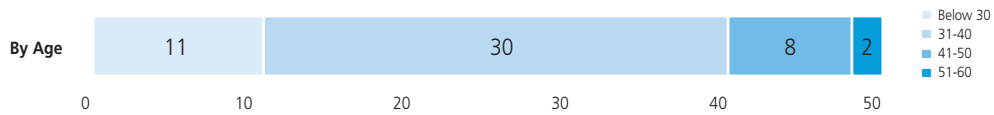
Female Ratio 61.9%



100% Full-time Employees

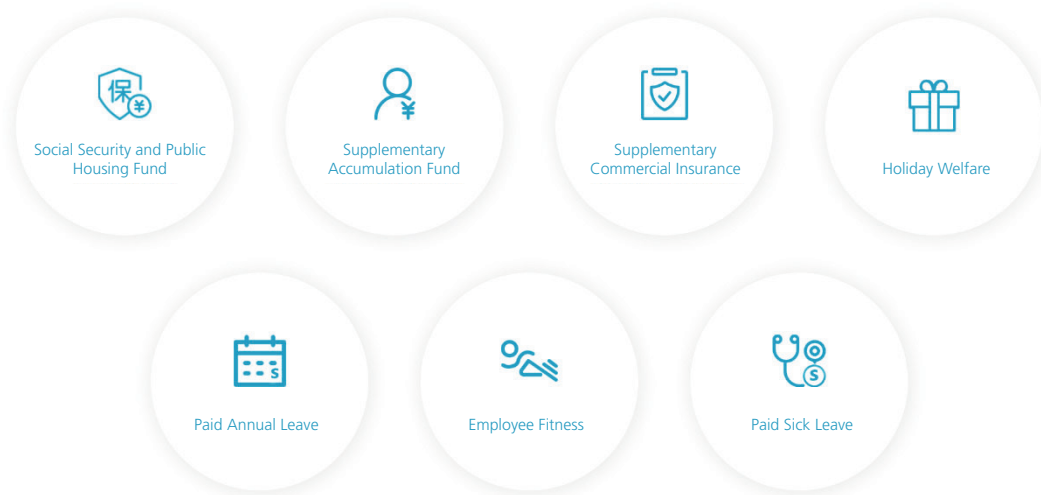


Hua Medicine Turnover Data of 2021



Compensation and Benefits

We attract and retain employees through competitive remuneration, positive and harmonious corporate culture and diversified benefits, such as social security, public housing fund, supplementary accumulation fund, supplementary commercial medical insurance, meal benefits, holiday welfare, employee fitness, etc. The Company implements a standard system for working hours which prescribes 8 working hours a day and 40 hours a week. In case of national holidays, adjustments are made according to the statutory holiday arrangement. In addition to statutory holidays, employees of Hua Medicine are also entitled to 12 days of annual leave per year and 15 days of annual leave per year for those with more than 20 years of working experience. Furthermore, there are also marriage leave, maternity leave, paternity leave, bereavement leave, work injury leave and paid sick leave.



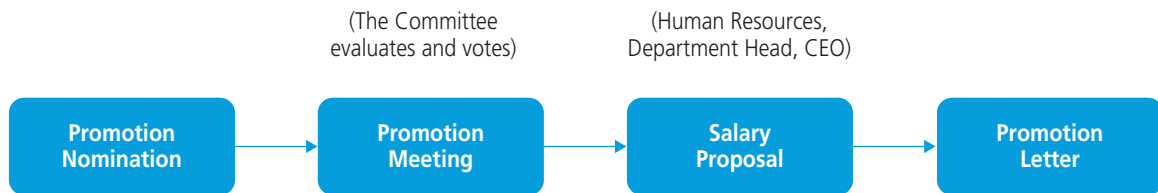
Hua Medicine Employee Benefits

Performance and Promotion

Hua Medicine has a comprehensive performance appraisal and promotion system. We set quarterly and annual targets according to staff positions, then set quantitative and qualitative performance indicators according to the targets and assign reasonable weights. We also provide opportunities for the employees to participate in setting work targets and establishing work plans to integrate employees’ personal demands. We finally determine the employee’s performance results and issue performance appraisal report in a fair and objective manner. In addition, we have set up employee recognition awards for outstanding employees to encourage employees to realize their value in their positions. The 2021 employee award data are as follows:

Award category	Award content	Number of people awarded in 2021
Spot Award	The day-to-day achievement, positive behavior or noteworthy contribution that had an impact within a project, team, or group	91
Special Recognition Award	The day-to-day achievement, positive behavior or noteworthy contribution that had a significant impact on the business of a department	171
Patents Award	Recognition of job invention creation	17

Hua Medicine makes every effort to provide each employee with a fair and clear promotion path. Each year, a promotion meeting is organized by the Human Resources Department and led by the Promotion Committee. In the meeting, we objectively assess the performance of employees in all aspects of their work, considering their duties, work objectives and other evaluation elements, and then vote to confirm the dynamic adjustment of employee grade and differentiate the salary according to their performance to ensure the fairness and seriousness of the grade system.



Hua Medicine Promotion Process Flow

Employee Activities and Care

We are committed to fostering a warm and welcoming working atmosphere comprised of employees that care and support each other. In 2021, under the premise of ensuring good safety and protection, the Labor Union of Hua Medicine organized a series of cultural and sports activities such as staff birthday parties, Women's Day activities, snooker games, etc., to enhance the interaction and communication among employees and improve the sense of employee belonging and cohesion.



Lantern Festival Reunion Dinner



Snooker Game

Occupational Safety and Health

Safety Incident Management

Hua Medicine strictly implements laws and regulations such as the *PRC Work Safety Law*, *Statute on Work Safety of Shanghai City*, *Occupational Disease Prevention Law of the PRC*. We are also committed to strengthening the supervision and management of production safety, standardizing emergency management, and improving the ability to cope with risks and prevent accidents. In addition, through the *Emergency Response Plan for Production Accidents* updated in March 2021, we improved and fully conveyed to our employees the emergency operation procedures for typical accidents, such as elevator trapping, falling objects and falling accidents, heatstroke, food poisoning, and emergent security incidents. In the past three years, there were no work-related injuries or deaths in the company, therefore there were no lost days due to work injury.

We also attach great importance to safety-related practices and education. We clearly define the responsibilities of each role in the whole process of establishing, implementing, and maintaining the safety system through the *Laboratory Safety Management Process*, put the responsibility of safety management into different roles and eliminate safety hazards at the source. In the daily work of the laboratory, the person in charge of the laboratory or a designated person organizes regular EHS systemic inspections to ensure the proper operation of the laboratories. In the safety training organized by Hua Medicine in 2021, office staff, production staff and laboratory staff learned the new *Production Safety Law* so that they could understand the laboratory EHS risks, corresponding protective measures and emergency response and be more conscious of safety.



Safety Training

Fire Safety

Our offices are equipped with fire-fighting equipment such as fire hydrants, fire hammers and audible alarms. We also have emergency safety fire escape diagrams prominently posted to ensure that staff can respond quickly in the event of an emergency. In terms of emergency management, the *Fire Fighting and Evacuation Emergency Plan* issued by Hua Medicine clarifies the confirmation, command, and safe evacuation process in the event of a fire, so that staff are aware of the emergency measures to be taken in the event of a fire. In terms of planning drills, we organized fire safety training and carried out practical fire drills in 2021, during which the employees united to put out the fire, to ensure fire safety to the greatest extent.



Practice of Fire Drill



Fire Safety Training

Health Guarantee

Hua Medicine arranges physical examinations for employees, including entry physical examinations, annual physical examinations, and physical examinations to meet the requirements of pharmaceutical production quality management standards, and provides personal accident insurance and commercial medical insurance for each employee. In addition, a gym and an activity center have been built in the office building to encourage employees to balance work and rest and enhance their physical fitness.



Employee Gym

Epidemic Prevention

To further improve the prevention and control of epidemics and to ensure the safety and health of our employees, we have added a special section on emergency plans for epidemic prevention and control in the *Emergency Response Plan for Safety Accidents*. The plan follows the principle of “prevention first and prevention combined”, with a focus on prediction and prevention, ensures the effectiveness of epidemic prevention, warning and emergency response procedures through unified command and hierarchical responsibility. In addition, in 2021, we continued to supplement and improve the *Epidemic Prevention and Control Management Code* to ensure the safety and health of our staff. We have combined the normal management and special control requirements to implement the epidemic prevention measures into all details of our daily work. The relevant specifications are as follows:

- ✓ Routine management: the daily disinfection and protection of office areas, daily personal hygiene protection, control of outsiders and other daily management are standardized.
- ✓ Prevention and control requirements during the special period of the epidemic: detailed requirements regarding working period, outside personnel management, disinfection of deliveries, isolation and observation in high-risk areas are specified.
- ✓ Emergency response measures: the handling of suspected symptoms, the release of the latest epidemic prevention work contact group list, the arrangement of emergency response locations and other important emergency measures are clarified to provide effective guidance for emergency operations.



Entry Registration Desk

Training & Development

We provide a good career development platform and diverse vocational training, combining staff development with the Company’s development goals. The Company formulates training plans based on the employee’s post competency model, job responsibilities and personal development plans, encourages employees to set up the goal of lifelong learning, maximizes the professional competence of employees, to provide talents that support the rapid development of Hua Medicine. In 2021, Hua Medicine actively held various training activities. The total number of trained employees reached 62, the proportion of trained employees reached 44.6%, and the total training duration reached 2170 hours. The data related to the training is as follows:

	Male Staff	Female Staff
Percentage of Trained Employees	32.3%	67.7%
Average Training Hours	13.5	45.2

	Department Head	Other Employees
Percentage of Trained Employees	3.2%	96.8%
Average Training Hours	16.0	35.6

Note: Percentage of trained employees = number of employees in this category/total number of employees trained in the reporting period x 100%

Our training content mainly includes new employee onboard training, internal and external general competency training and professional competency training. The onboard training aims to help new employees adapt to the company environment, and effectively convey the Company's mission, values, relevant policies and safety awareness. General and professional competency training focuses on improving work quality and work efficiency to better achieve the Company's goals. In addition, the Company also holds management training from time to time to enhance the management's fit with corporate values.

2021 Hua Medicine Training Highlights

CEO Orientation Session



On 10th November 2021, Hua Medicine held a CEO orientation meeting to welcome 54 new employees.

The CEO introduced the history, products, events and development of Hua Medicine to the new employees, helping them to know the company quickly, familiarize with the functions of different departments, and integrate into the company culture.

Xinrui Institute – China's Industrial Structure



On 15 December 2021, Hua Medicine invited Prof. Zhiyi He from Xinrui Institute to train all staff on "China's Industrial Structure".

The training introduced the distribution of global leaders in various industries and how they have successfully moved towards their industry leadership positions. Through this training, Hua Medicine's staff can learn from the successful experience of the leading companies, make concerted efforts to prepare for a steady win, let the world's first-in-class innovative drug go global from China, and carry out the mission of "Effective Medicines" to benefit patients all over the world.

Xinrui Training – Language and Expression



On 4th August 2021, Hua Medicine took a combination of online and offline training to conduct a training on the theme of "Language and Expression".

This training elaborated the charm of language expression and enhanced the expression ability of all staff.

RESPONSIBLE OPERATION & BUILDING A RELIABLE INDUSTRY

Business Ethics

Hua Medicine adheres to the business ethics of integrity, honesty, and self-discipline, prohibits corruption and bribery, and avoids conflicts between business interests and personal interests of employees. In accordance with the *Criminal Law of the PRC*, *Company Law of the PRC*, *Law of the PRC against Unfair Competition* and other laws and regulations, and in combination with our own development, we have established internal rules and regulations to continuously strengthen our internal control and supervision mechanism. The *Fraud Policy Statement* issued by us stipulates the definition of fraud, investigation responsibilities, the reporting procedures, etc. The *Whistleblower Policy* clearly stipulates the ways and means of whistleblowing, the acceptance, investigation, recording and reporting of whistleblowing, ensuring that the relevant departments can handle the whistleblowing of misconducts in accordance with the established objectives of management, the audit committee, and the internal audit department.

In addition to enhancing internal anti-corruption, Hua Medicine also extended its anti-corruption efforts to the upstream and downstream supply chain, working with partners to build a transparent and honest business cooperation environment. All of our physical and service procurement contract templates in 2021 have relevant integrity clauses, and we sign integrity compliance agreements with partners involved in key businesses, requiring partners to declare conflict of interest and strictly comply with various laws and regulations related to anti-bribery, anti-corruption, and internal control. Moreover, in addition to other communication channels, Hua Medicine has also set up a whistleblowing email address, whistleblow@huamedicine.com, to which all internal and external personnel can report any violations of business ethics. Information of the whistleblower is kept strictly confidential to ensure that the whistleblowers do not suffer any exclusion or retaliation. In 2021, there were no ongoing or concluded legal cases involving bribery or money laundering brought against the Company or its employees.

Quality Management

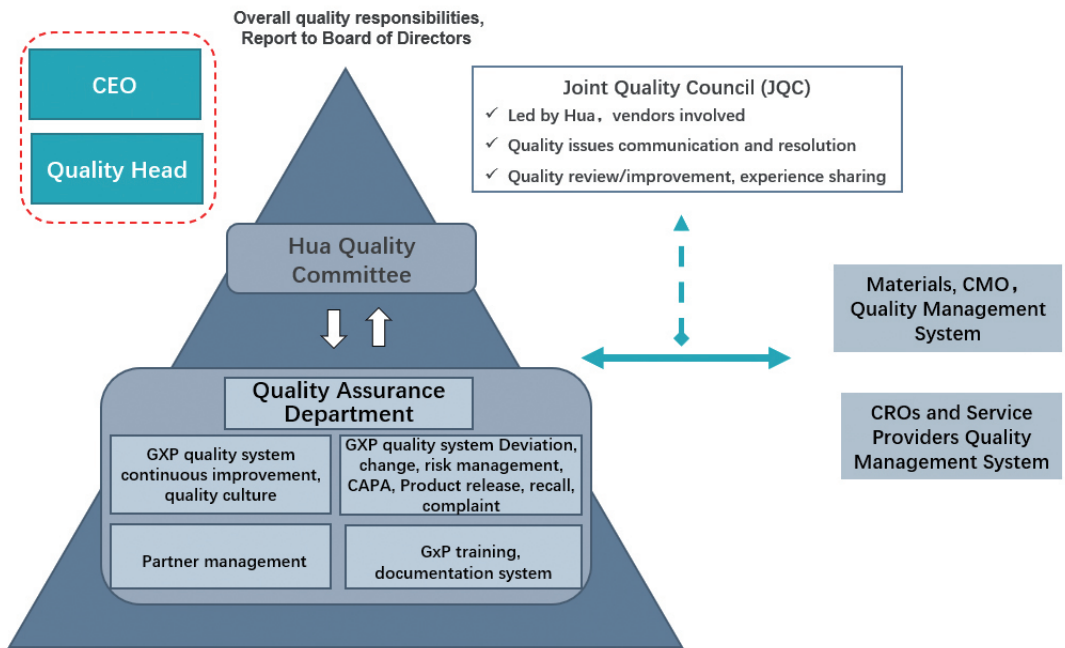
Bearing in mind the mission of “Effective Medicines”, Hua Medicine insists on putting quality control in the first place, abides by the relevant laws, regulations and various requirements, continuously optimizes the quality management model and quality system, and is committed to providing high-quality and innovative products and services to customers, and strictly follows the principles of the Declaration of Helsinki in the process of practice, respects and protects the rights and interests of the subjects.

Quality Management Model

Hua Medicine has established a comprehensive quality management structure, which clarifies the responsibilities of each department in each production process. In the Company’s internal management structure, the CEO and Quality Head take overall quality responsibilities and report to the Board of Directors. The Company has also established a Quality Committee to supervise and guide the quality-related work of the Quality Assurance Department. The structured internal quality management model ensures the effective implementation of quality work and provides an effective guarantee for product quality and safety.

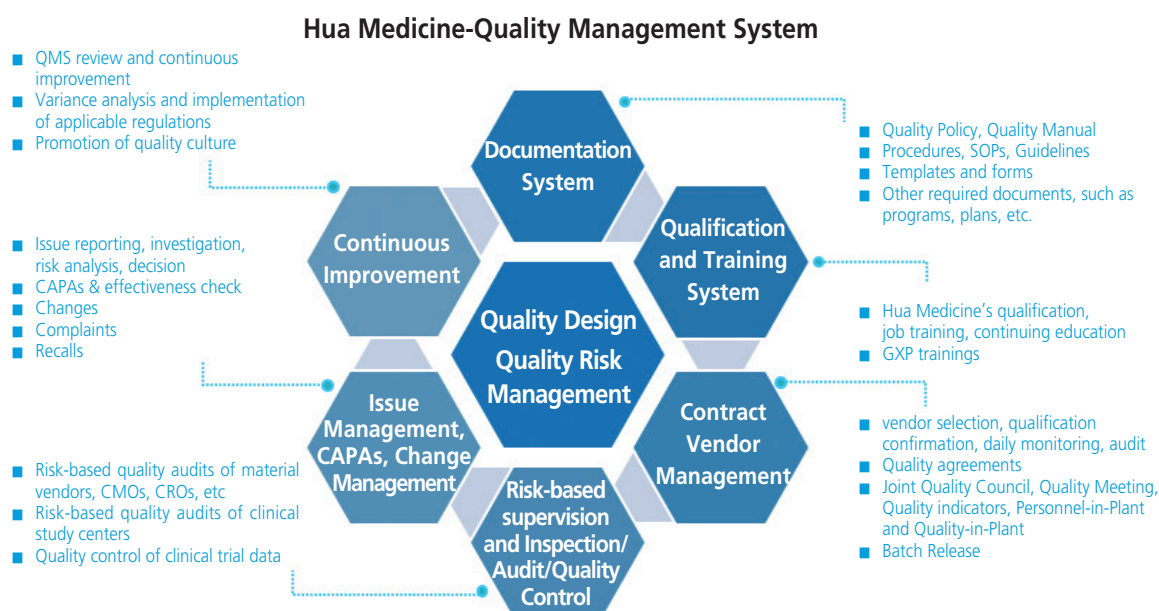
To ensure timely delivery and reliable quality of external suppliers, Hua Medicine has established an independent Joint Quality Council (JQC). The JQC, with the participation of both Hua Medicine’s Quality Department and suppliers, manages quality, compliance, continuous quality improvement and quality risks. Specific management approaches include reviewing and assessing quality indicators, providing expert guidance and advice, strategic planning and implementation of regulatory and verification activities, and effective investigation and management of potential or actual incidents of non-compliance during collaboration. Thanks to the JQC, the quality management system of Hua Medicine and its suppliers of material, CMO, CRO and services is further improved.

Hua Medicine- Quality Management Model



Quality Management System (“QMS”)

A well-designed system is the foundation of quality management. Currently, dorzagliatin has entered the NDA review stage. To prepare for the upcoming commercial production and operation and to provide the high-quality products, Hua Medicine has established a comprehensive quality management system in accordance with the *PRC Drug Administration Law*, the *Drug Manufacturing Supervision and Administration Measures*, the *Drug Registration Management Measures* and other relevant laws and regulations. The QMS can be summarized into the six modules set out in the diagram below. The six modules of the QMS cover the key factors affecting quality and interact with each other and work synergistically to achieve effective monitoring and enhancement of all processes in the product lifecycle, ensuring that the QMS complies with the *PRC Drug Administration Law*, Chinese quality management systems (GMP, GCP, GLP, GSP, GCP, etc.) and relevant requirements of the ICH Guides and supporting us to achieve the goal of minimizing quality risks.



Commercial Quality System

In 2021, Hua Medicine’s quality department took the preparation of commercial quality system as one of its most important work targets, focused on refining the quality management system of Hua Medicine’s production and those of supplier and commercial production partner and made a clear distinction between critical points in R&D quality management and those in commercialization quality management through combing and optimizing the R&D quality management. In addition, *Quality Standards for Raw Materials*, *Quality Standards for Intermediate Products*, *Quality Standards for Finished Goods* and other relevant policies were updated to further standardize the quality standards and inspection methods for all products of Hua Medicine in the pre-commercialization/post-commercialization phase, ensuring that product quality meets the requirements of national laws and regulations and Hua Medicine’s quality system.

In addition, as a drug marketing authorization holder (MAH), Hua Medicine fulfills its responsibility of releasing drugs to market by establishing a mechanism of onsite supervision, performing strict audit over batch production and inspection records, conducting a comprehensive investigation of possible problems and taking full responsibilities of the overall quality of drugs, to ensure the safety, efficiency, and quality control of drugs during their life cycle.

Consumer Rights Protection

We uphold the principle of honesty and trustworthiness and make every effort to protect the rights and interests of consumers. Since Hua Medicine has not yet entered the commercialization stage, there was no case of consumer complaint or product recall in 2021. However, we have established a comprehensive product recall mechanism and product complaint response mechanism to ensure that all product issues can be resolved in a timely and effective manner after commercialization.

In terms of the product recall mechanism, Hua Medicine has established *Procedures of Handling Quality Issues and Recall of Commercialized Drugs & Clinical Trial Drugs*, which stipulates the scope of recall, roles and responsibilities, and recall process. The recall process includes initiating recall decision meetings, executing recall actions and batch freezing, etc. The effectiveness and traceability of the recall process is ensured through the cooperation of Hua Medicine’s internal R&D and production departments, the Recall Decision Committee and the Warehouse and Logistics Centre, as well as effective communication with external regulatory authorities. In addition, we hold regular product mock recall drills internally to appropriately grade and assess potential quality issues, make decisions on batch handling and recall situations, to ensure through practice that we have sufficient capacity in terms of organization and systems to handle potential market recalls.

In terms of product complaint response, in 2021, we periodically reviewed and improved the *Product Quality Complaint Handling Procedure*, further clarifying the quality complaint standards, roles and responsibilities, key processes and target timelines in the complaint process. We also set up a product hotline to provide consumers with a fast and effective complaint channel.

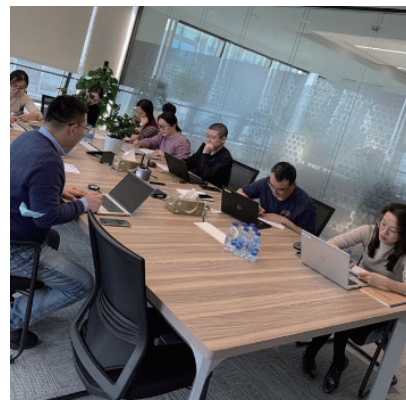
Complaint Handling Key Processes and Target Timelines



While having a complete mechanism, we also attach great importance to customer privacy. As Hua Medicine’s main business is the production and operation of pharmaceuticals, coupled with the fact that the products are not yet commercialized and we do not directly contact the end users, there is no material risk in terms of customer privacy. There was no incident involving customer privacy leakage during the reporting period. However, we attach importance to abiding by the legal documents related to the protection of personal information in China. In the labor contracts of our employees, we clearly require our employees to strictly observe the information confidentiality of customers, distributors and other information. In terms of IT information management and control, we have formulated the *Information Security Policy, IT User Access Application Process, IT Incident Management Policy* and other policies, assign different levels of user permissions to employees and leverage modern network security protection technology to comprehensively ensure the confidentiality and security.

Quality Culture Construction

To continuously improve the quality management level and strengthen all employees' awareness of drug management quality, Hua Medicine formulates the GxP training plan every year and conducts aperiodic special training and publicity in accordance with the relevant laws and regulations that are newly issued. In 2021 in addition to the regular GxP laws, regulations and documents learning during employee entry, about 145 other training sessions on specific topics were also organized. The training contents included the update of GxP procedural documents, sharing sessions on drug business activities and their quality requirements, training on the latest regulations, etc., to integrate quality culture into daily work.



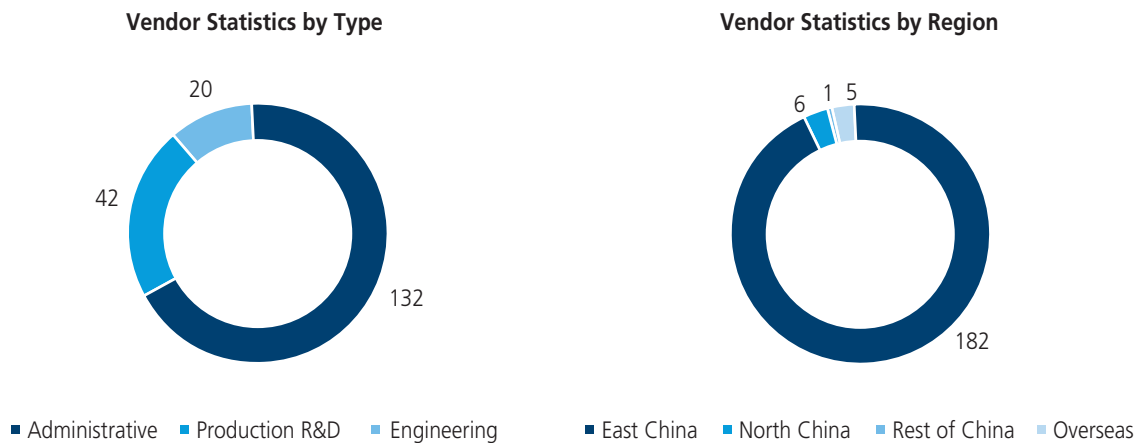
Theme	Number of trainings	Examples of topics
Post Qualification Training	Number of new employees	Training on relevant laws and regulations, and department GxP documents
Training on GxP Procedural Document Update	127	<i>Hua Medicine Drug Safety and Pharmacovigilance System Guidelines;</i> <i>Hua Medicine Drug Hotline Call Center Operational Procedures;</i>
Annual GxP Training	18	Sharing Session on Pharmaceutical Business Activities and Their Quality Requirements; Annual Training on GLP Regulations; Annual GMP Regulation Training;

Hua Medicine 2021 Training Topics and Photos

Supply Chain Management

In 2021, Hua Medicine continued to strengthen supply chain management, further subdivided the types of suppliers, enhanced the standardization of the process, strictly implemented relevant systems to ensure the product quality is stable and reliable. We classify suppliers according to their nature and access requirements. As of the end of 2021, Hua Medicine had 194 suppliers. The supplier categories and regions are as follows:

Statistics of Hua Medicine Suppliers in 2021



Vendor Selection

The selection of suppliers directly affects the quality and safety of products. We have strict and clear requirements for the quality management of suppliers. We require suppliers to fill in pharmaceutical questionnaires to learn about the supplier’s production information, quality assurance, production area, warehouse, transportation, and quality control.

In addition, we also conduct full due diligence on suppliers, inspect the business status, communication and evaluation of staff, and assign on-site personnel to conduct comprehensive evaluations to ensure that the quality of suppliers can fully meet the requirements of relevant laws and regulations in all aspects.

In the risk management of supplier access, we set up a qualified supplier list, the eligible suppliers are approved by the quality management department before being put into the qualified supplier list. We only select suppliers from the qualified supplier list that meet the quality specifications to release PO, conduct procurement and make a deal. In addition, we take various external risks and endogenous risks into consideration when selecting suppliers and disperse supply chain risks by enriching alternative supplier pool and diversifying supplier backgrounds.

For each supplier that decides to cooperate, Hua Medicine ensures that the supplier is qualified in accordance with relevant Hua Medicine’s processes before performing outsourcing tasks and binds the terms of legal and regulatory basis, responsibilities and obligations, receipt and acceptance, transportation, and storage, return and exchange, and quality complaints in the form of a contractual framework (e.g., *Quality Agreement*) to ensure meeting the quality expectations of deliverables. Hua Medicine signed 12 quality agreements in 2021.

Vendor Monitor and Performance Assessment

We match different performance management systems for each category of suppliers according to their nature and risk level. For production and R&D suppliers in relation to our core business, we evaluate the suppliers via regular quality feedback from front-line employees; for construction suppliers, we emphasize the whole process supervision of implementation; for administrative suppliers, we adopt a relatively simple and feasible assessment method. Through the setting of performance target setting, the setting of performance standard, performance data management, and performance improvement, we strictly implement the fairness and impartiality of the assessment and adjust the follow-up cooperation program with each supplier accordingly.

For suppliers whose quality is not up to standard in the assessment results, we will suspend procurement and supervise the necessary quality optimization. Moreover, we will commend and award the suppliers with excellent performance and guide them to continuously improve their quality performance. The statistics of supplier award categories and number of winners in 2021 are as follows.

Award Category	Award name	2021 Winners
Company Rewards	Best Value Partner Award	1
Team Rewards	Outstanding Team Award	2
Partner personal Reward	Extraordinary Contribution Award	35

We regularly review the performance of our suppliers and conduct periodic or aperiodic quality audits as needed. The audits are conducted by the quality department in collaboration with the supply chain department, checking supplier's quality management specification system, quality documentation, and handling of quality issues. For suppliers with unqualified quality audit results or material quality defects, the quality department will delete them from the supplier list and cancel relevant cooperation. In 2021, Hua Medicine completed 9 GMP supplier audits, and each supplier audit was filed with the *Supplier/Contractor Audit Report* that signed by the auditors.



On-site Audit Photos

Environmental and Social Responsibility

We proactively identify environmental and social risks associated with our suppliers. At the supplier entry stage, we study and evaluate suppliers' ESG practice through questionnaire, due diligence or onsite inspection. We also take the location and past safety incidents of the potential suppliers into consideration to ensure that we can effectively respond to force majeure factors.

In working with our suppliers, we promote the use of energy-efficient and environment-friendly products, and effectively encourage our suppliers to make appropriate efforts towards environmental, safety and social responsibility. In the contracts with our manufacturing partners, we clearly state their environmental management responsibilities to ensure that the health, safety and environmental issues involved have been fully considered to meet the relevant regulatory authorities and Hua Medicine's own requirements. We encourage our suppliers to adopt environment-friendly products and improve measures to protect the environment. For example, we required our supplier to use environment-friendly refrigerants such as R407C or R410A in the installation of air conditioners in the electrical control room and we recommended our supplier to replace the plastic packaging with cardboard.

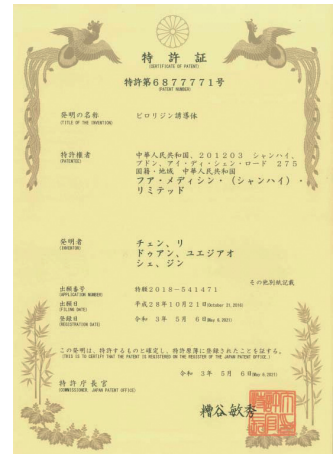
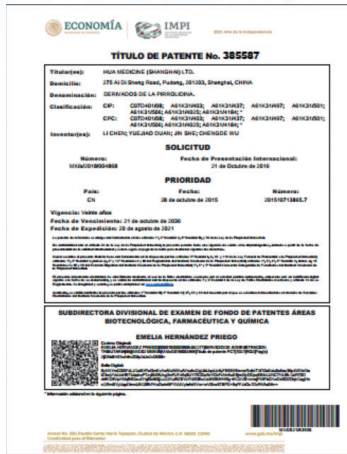
Intellectual Property Management

Adhering to the approach of “For Patients, Global Innovation, Effective Medicines”, Hua Medicine continues to expand the intellectual property protection of its core technologies and establish a more comprehensive intellectual property management system.

In 2021, according to the fourth revision of the *Patent Law* and the *14th Five-Year Plan for the Protection and Application of National Intellectual Property* and other laws and regulations, Hua Medicine further improved and updated 8 intellectual property-related policies, including the *Intellectual Property Acquisition Policy*, the *Standard Operating Procedures for Patent Acquisition*, and the *Intellectual Property Manual*, to further standardize the operational procedures for the management of patents, trademarks, copyrights and document records to ensure the protection and application of patents. Hua Medicine has clearly stipulated the responsibilities related to intellectual property of both parties in the contract templates updated in 2021 and requires employees to sign an agreement related to intellectual property protection when they join the Company.

In 2021, Hua Medicine made a series of patent applications around R&D and committed to strengthening the management of the whole lifecycle of Hua Medicine products. As of December 31, 2021, Hua Medicine submitted a total of 22 invention patent applications and obtained 13 invention patent authorizations and 8 design patent authorizations, the distribution of Hua Medicine patents is as follows:

No.	Patent Type	Patent Coverage	Authorization Status
1	Invention patent	Oral preparation of glucokinase activator and preparation method	Authorized in 4 countries: Australia, Japan, Korea and Taiwan
2	Invention patent	Pyrrolidine derivatives	Authorized in 6 countries: China, India, Japan, Mexico, Singapore and Taiwan
3	Invention patent	Pyrazole Derivatives	Authorized in 2 countries in the US and Europe
4	Invention patent	Pyrrrole Derivatives	Authorized in Europe
5	Appearance design	Pharmaceutical Table	Licensed in 8 countries: Australia, Brazil, China, UK, Hong Kong, Israel, South Korea, and Mexico



Hua Medicine's Select Newly Granted Patents in 2021

CARING FOR COMMUNITY & SHARING A WARM HOME

As a biotech company based in China, aiming to develop the world’s first-in-class innovative drugs, Hua Medicine is committed to bringing new treatment solutions to diabetes patients around the world while taking advantage of its strengths in the pharmaceutical industry and actively taking social responsibility to feedback the society through diversified ways.

In October 2021, the Zhangjiang Life Sciences International Innovation Summit was held in Zhangjiang Science City, and Hua Medicine was the organizer of the International Metabolic Diseases Forum. Dr. Chen Li, CEO of Hua Medicine, presided at the forum as the chairman of the conference. With the theme of “Innovation – Sharing and Opening”, the summit invited top international and domestic metabolic disease experts to focus on the global cutting-edge academic theories, pharmaceutical R&D trends and innovative technological achievements in metabolic diseases. The forum built a professional exchange platform for scholars, doctors and innovative enterprises in the field of metabolic diseases with multi-faceted industry, academia and research.



2021 International Metabolic Diseases

Meanwhile, in 2021, the management of Hua Medicine has participated in many industry forums, engaged in industry-wide exchanges and communications, discussed the experience and prospects of industry development together, and contributed to the promotion of industry development.



UNIDO Night 2021

2021 Gathering Talents and Enlightening the Future - Shanghai Biomedical Industry Future Innovation and Development Theme Forum



APPENDIX: ESG GUIDELINE CONTENT INDEX

Item	Descriptions		Hua Medicine Related sections/Claims
A. Environmental			
A1. Emissions	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to emissions of waste gas and greenhouse gas, discharge into water and land, generation of hazardous and non-hazardous waste	Caring for Ecology & Practicing Green and Low – Carbon
	A1.1	The types of emissions and respective emissions data	Caring for Ecology & Practicing Green and Low-Carbon – Pollution Prevention
	A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity	Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
	A1.3	Total hazardous waste produced and, where appropriate, intensity	Caring for Ecology & Practicing Green and Low Carbon- Pollution Prevention
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Caring for Ecology & Practicing Green and Low-Carbon – Pollution Prevention
	A1.5	Description of emissions target(s) set, and steps taken to achieve them	Board Statement – Sustainable Development Goals Caring for Ecology & Practicing Green and Low-Carbon – Pollution Prevention
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them	Board Statement – Sustainable Development Goals Caring for Ecology & Practicing Green and Low-Carbon – Pollution Prevention

Item	Descriptions		Hua Medicine Related sections/Claims
A. Environmental			
A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
	A2.2	Water consumption in total and intensity	Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
	A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them	Board Statement – Sustainable Development Goals Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them	Board Statement – Sustainable Development Goals Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Caring for Ecology & Practicing Green and Low-Carbon – Utilization of Energy and Resource
A3. The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Caring for Ecology & Practicing Green and Low-Carbon – Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Caring for Ecology & Practicing Green and Low-Carbon – Environmental Management
A4. Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Caring for Ecology & Practicing Green and Low-Carbon – Climate Changes
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Caring for Ecology & Practicing Green and Low-Carbon – Climate Changes

Item	Descriptions		Hua Medicine Related sections/Claims
B. Social			
B1. Employment	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Caring for Employees & Creating a Better Life – Employment Rights
	B1.1	Total workforce by gender, employment type, age group and geographical region	Caring for Employees & Creating a Better Life – Employment Rights
	B1.2	Employee turnover rate by gender, age group and geographical region	Caring for Employees & Creating a Better Life – Employment Rights
B2. Health and Safety	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Caring for Employees & Creating a Better Life – Occupational Safety & Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Caring for Employees & Creating a Better Life – Occupational Safety & Health
	B2.2	Lost days due to work injury	Caring for Employees & Creating a Better Life – Occupational Safety & Health
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Caring for Employees & Creating a Better Life – Occupational Safety & Health
B3. Development and Training	General Disclosure	Policies on enhancing the knowledge and skills of employees to perform duties. Describe training activities	Caring for Employees & Creating a Better Life – Training & Development
	B3.1	The percentage of employees trained by gender and employment type	Caring for Employees & Creating a Better Life – Training & Development
	B3.2	The average training hours completed per employee by gender and employment category	Caring for Employees & Creating a Better Life – Training & Development
B4. Labor Standards	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child labor or forced labor	Caring for Employees & Creating a Better Life – Employment Rights
	B4.1	Description of measures to review employment practices to avoid child and forced labor	Caring for Employees & Creating a Better Life – Employment Rights
	B4.2	Description of steps taken to eliminate such practices when discovered	Caring for Employees & Creating a Better Life – Employment Rights

Item	Descriptions		Hua Medicine Related sections/Claims
B. Social			
B5. Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Responsible Operation & Building a reliable Industry – Supply Chain Management
	B5.1	Number of suppliers by geographical region	Responsible Operation & Building a reliable Industry – Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Responsible Operation & Building a reliable Industry – Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Responsible Operation & Building a reliable Industry – Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Responsible Operation & Building a reliable Industry – Supply Chain Management
B6. Product Responsibility	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Responsible Operation & Building a reliable Industry – Quality Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Responsible Operation & Building a reliable Industry – Quality Management
	B6.2	Number of products and service-related complaints received and how they are dealt with	Responsible Operation & Building a reliable Industry – Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Responsible Operation & Building a reliable Industry – Intellectual Property Management
	B6.4	Description of quality assurance process and recall procedures	Responsible Operation & Building a reliable Industry – Quality Management
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Responsible Operation & Building a reliable Industry – Quality Management

Item	Descriptions		Hua Medicine Related sections/Claims
B. Social			
B7. Anti-corruption	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Responsible Operation & Building a reliable Industry – Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Responsible Operation & Building a reliable Industry – Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Responsible Operation & Building a reliable Industry – Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff	Caring for Employees & Creating a Better Life-Employment Rights Responsible Operation & Building a reliable Industry – Business Ethics
B8. Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Caring for Community & Sharing a Warm Home
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport)	Caring for Community & Sharing a Warm Home
	B8.2	Resources (e.g., money or time) contributed to the focus area	Caring for Community & Sharing a Warm Home