

ANGELALIGN TECHNOLOGY INC.
時代天使科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6699

2023

Environmental, Social and
Governance Report

用科技创新造福世界的未来





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ABOUT THE ESG REPORT

Angelalign Technology Inc. (the “**Company**” or “**Angelalign**”) and its subsidiaries (the “**Group**” or “**We**”) hereby release the 2023 Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”), which is our third ESG Report to present our ESG strategy, philosophy, practice and performance.

About the Company

The Company was incorporated in the Cayman Islands on November 29, 2018, as an exempted company with limited liability under the Cayman Companies Act. The Company is an investment holding company. Founded in 2003 in China, the Group is the leading clear aligner solutions provider with the largest market share in China. The Group is also developing its international business rapidly and has expanded into more than 30 countries and regions in Asia-Pacific, Europe, the Middle East, North America and South America. The Company was listed on the Main Board of the Stock Exchange on June 16, 2021 with stock code 6699.

Please refer to the 2023 Annual Report of the Company dated April 23, 2024 for more details.

Reporting Scope

The ESG Report is an annual report dated from January 1, 2023 to December 31, 2023 (the “**Reporting Period**”). To ensure the completeness and coherence of the statements, some of the contents may be beyond the aforementioned timeframes.





In 2023, we successfully acquired ADITEK DO BRASIL S.A. (formerly known as ADITEK DO BRASIL LTDA.) (“**Aditek**”), a leading manufacturer of orthodontic products in Brazil, which is newly included in the reporting scope of environmental and social KPIs for the Reporting Period. Therefore, the reporting scope of environmental and social KPIs for the year has been adjusted to the Company’s headquarters in Shanghai, Chuangmei Center and Huishan Production Center in Wuxi, and Aditek in Brazil. Other information and KPIs disclosed in the ESG Report cover the Company and its subsidiaries, which are consistent with those disclosed in our Annual Report.

Data Description

The data and information of the ESG Report are from our internal statistical reports or official documents, and the amount of currency involved is denominated in RMB.

Reporting Principles

The ESG Report is prepared in accordance with the provisions of the “Environmental, Social and Governance Reporting Guide” (the “**ESG Guide**”) in Appendix C2 (formerly known as Appendix 27) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in the following reporting principles:

-  **Materiality** We identify important ESG issues through stakeholder engagements and materiality assessments, and make targeted disclosures in the ESG Report;
-  **Balance** The ESG Report faithfully presents our environmental and social performance;
-  **Quantitative** The ESG Report discloses the standards, methods and sources of the conversion factors adopted for emission and energy data reports;
-  **Consistency** The KPIs and statistical methods of the 2023 ESG Report are consistent with those set forth in the 2022 ESG Report to facilitate comparability.

ESG MANAGEMENT

We believe that scientific and sound ESG management is the cornerstone of integrating sustainable development into the Company's daily management and operations. We incorporate sustainable development into our operational practices through a comprehensive governance framework and effective management procedures. We reinforce effective communication with different stakeholders through various communication and participation channels, and fully respond to the expectations and requirements of internal and external stakeholders. Based on the materiality assessment, we integrated the assessment results into the Company's ESG management process and determined the priority of ESG work to create sustainable value for all stakeholders.

Board Statement

The Board Responsibilities

As the highest decision-making body for ESG management, the Board is responsible for the guidance of our ESG-related matters, formulating ESG management policies and strategies, and monitoring the overall implementation of ESG-related matters.

ESG-related Matters Enforcement

At the business operation level, our management is responsible for promoting ESG management and ESG reporting, formulating ESG management systems and processes, and setting specific ESG indicators. Each main functional department forms an ESG working group, which is responsible for implementing the daily management of ESG work, implementing the ESG management policies approved by the management and reporting on a regular basis.

ESG Risk Management

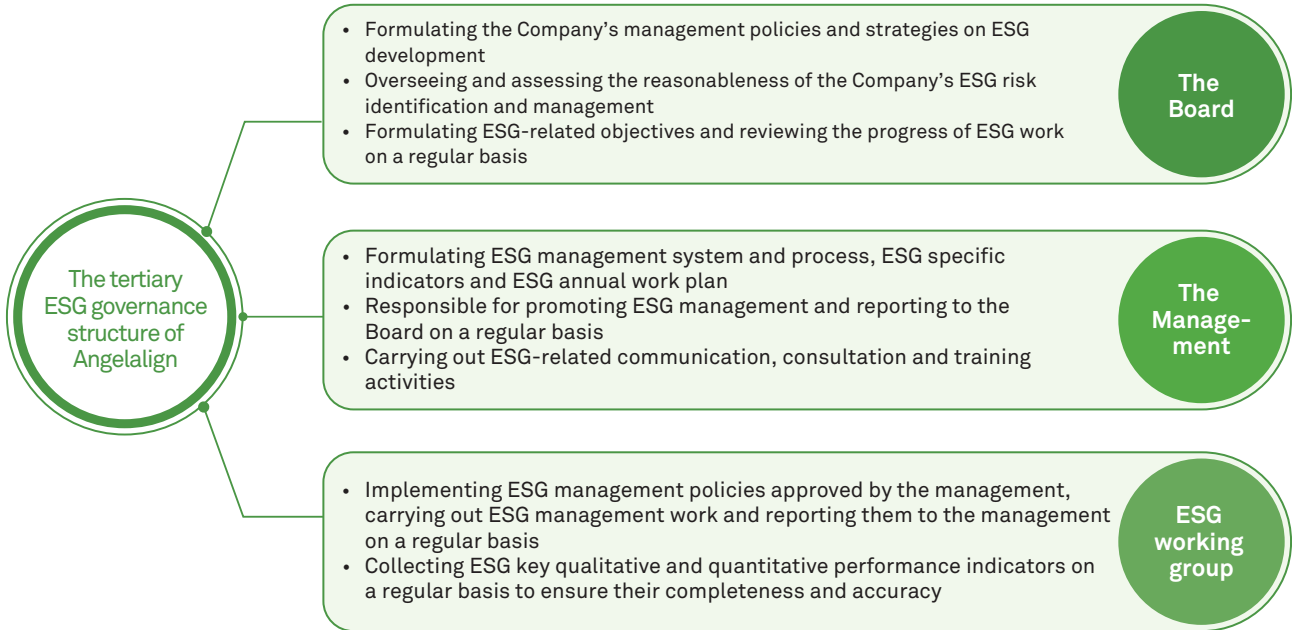
In order to effectively prevent and control the Company's potential ESG risks, we evaluate, prioritize and manage the identified ESG risks and opportunities in the course of operation, and ensures that appropriate and effective ESG risk management and internal control systems are in place that are in line with the actual business situation, so as to promote the effective implementation of ESG management strategies.

Key ESG Issues

We are committed to realizing the common value of stakeholders, and has established stable and transparent communication channels and feedback mechanisms to identify, evaluate and follow up the key ESG demands of stakeholders in a timely manner, identify key ESG issues that are important to the Company, and supervise and manage relevant content.






ESG Governance Structure

The Company has established and improved the ESG governance structure from the Board to the ESG working group in a top-down manner, and effectively integrated ESG management strategies into various departments and key business processes.



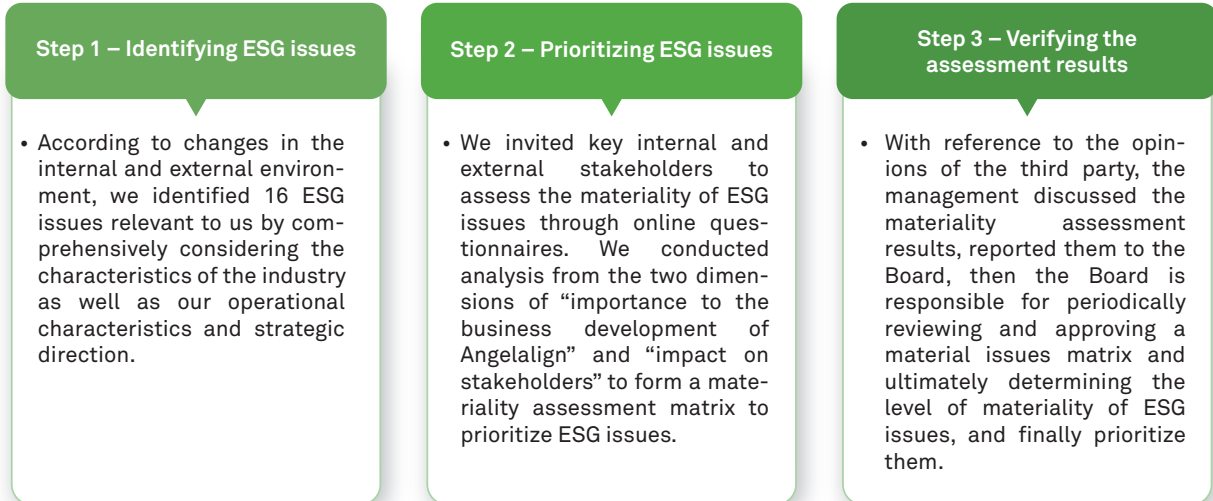
Stakeholder Engagement

We believe that the suggestions of stakeholders can help us actively respond to key risk factors affecting business development. Therefore, we have established a good communication mechanism with external stakeholders to regularly communicate on the Company's ESG performance, focus of attention and the impact on them to better understand their expectations, perspectives and concerns.

Stakeholder	Expectation and Concern	Communication Channel
 Governments and Regulators	Operation compliance Strict compliance with regulatory requirements Anti-corruption	Inspection of institutions Reporting Official communications
 Shareholders and Investors	Product quality and safety Returns on investments Corporate governance Information security and privacy protection	Announcements and circulars General meetings Investor communication meeting
 Employees	Employees' rights and benefits Occupational health and safety Product quality and safety Intellectual property protection	Employee training Internal announcements and emails Employee care activities Employee publication
 Clients	Product quality and safety Protection of clients' rights Information security and privacy protection	Client surveying Satisfaction survey Channel for complaints
 Suppliers	Customer service Commercial ethics Win-win cooperation	Business visits Daily meetings Academic conferences
 Communities and Media	Contributions to community development Healthy community Raising public awareness	Public benefit project Charity donation Media interviews and communications

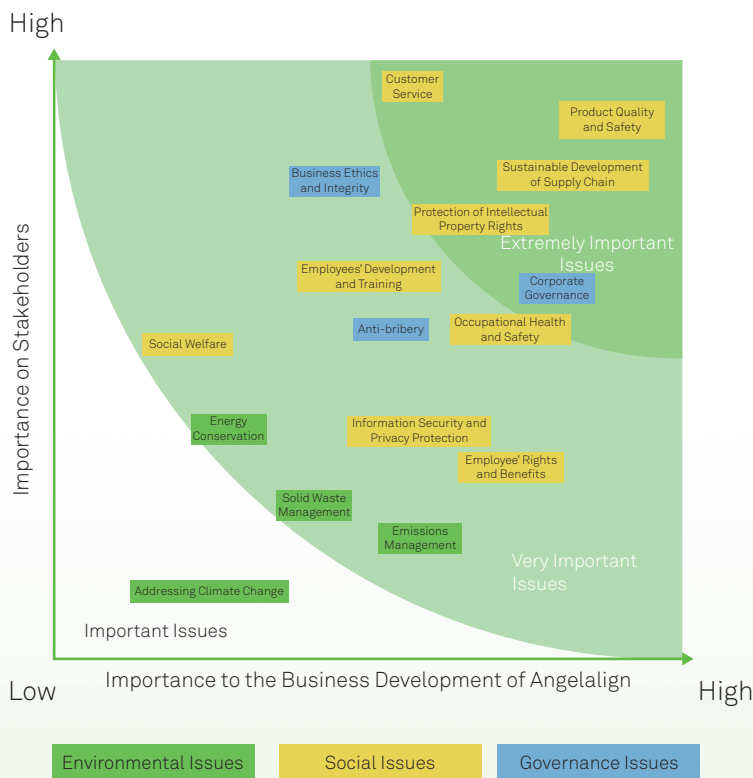
Materiality Assessment

Based on the “materiality” principle in the ESG Guide, we determine important ESG issues on a regular basis through a materiality assessment process and clarify key areas of ESG work by taking into account the potential impact of various ESG issues on the Company, as well as the impact of the Company’s operations on the environment, society and other external stakeholders.



ESG Materiality Assessment Procedures

The Company’s materiality issue matrix for the year ended December 31, 2023 is as follows:



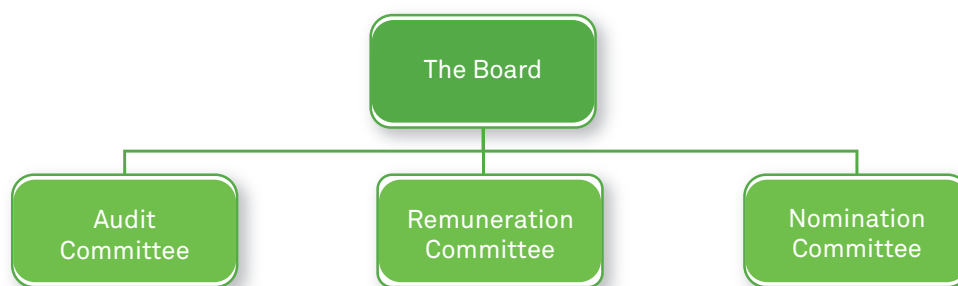
The 2023 Materiality Assessment Results of Angelalign

GOVERNANCE AND RESPONSIBILITY

We stay true to the bottom line of compliance management while strictly complying with relevant laws and regulations. To that end, we continuously improve the construction of our compliance system by integrating the corporate culture featuring integrity, honesty, fairness and justice into all aspects of management and operation. This will help further improve our ability to prevent and respond to major compliance risks, in order to adapt to the multiple challenges brought by the development and changes in the macro economics. We are committed to providing long-term value to all stakeholders by strengthening supervision and management, improving transparency and management effectiveness.

Diversity Governance

The efficient operation of the Company benefits from a sound governance structure and clear management responsibilities. Three committees under the Board supervise matters in different dimensions to ensure the stable operation of the Company. Under the guidance of the Committee, we actively take measures to fulfill our responsibilities to stakeholders and achieve more transparent management.



Governance Structure of the Company

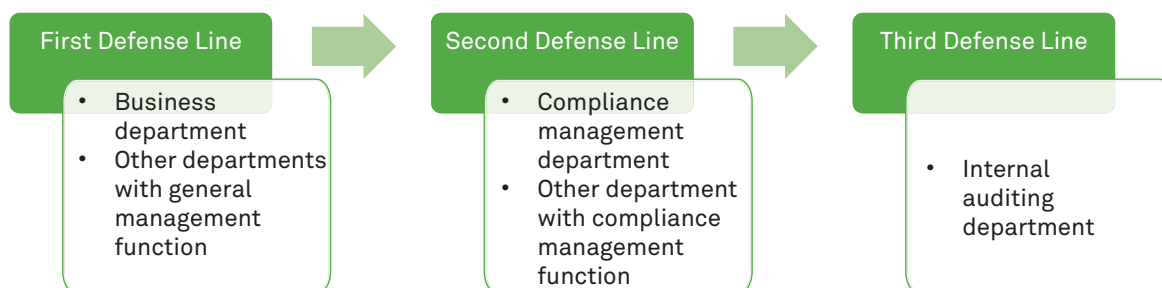
The Board, consisting of members with diverse backgrounds and cultures, can bring diverse perspectives to the Company's governance decisions and better cope with the ever-changing business environment. We have adopted the Board Diversity Policy and should endeavor to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. We will seek to achieve Board diversity in consideration of a number of factors, including but not limited to professional experiences, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. Meanwhile, the Board and the Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Compliance Risk Management

Angelalign advocates the values of "Customer-centric, Integrity, Accountability, Cooperation, and Innovation", and has gradually established a reasonable and comprehensive compliance management system to ensure the legal compliance and stable and sustainable operation of the Company. We have established an efficient compliance organization and defined the division of responsibilities among the members of the organization. Our Board is responsible for decision-making and coordination of the Company's compliance management; the management including managers shall establish and improve the organizational structure of compliance management according to the decision of the Board, and clarify the compliance management process to ensure the effective implementation of the compliance system; the business departments and other executive levels are responsible for the daily compliance management in this field, organizing or cooperating with the investigation of violations and timely rectification.

GOVERNANCE AND RESPONSIBILITY

We attach great importance to the corporate spirit of honesty and integrity, and take various measures to ensure the effective operation of compliance work. At the same time, business departments and other functional departments have also become an important guarantee for the coordinated and effective operation of the compliance management system, the first defense line for compliance risk prevention, together with the compliance management department as the second defense line and the internal audit as the third defense line, forming an effective cycle operation mechanism for compliance planning, implementation, supervision and audit.



Three Defense Lines for Compliance Risk

Through the risk dashboard, the Board comprehensively identifies, sorts out, iterates and updates the potential compliance risks in the operation of the enterprise every quarter, and implements the follow-up situation to identify and reduce various risks in the operation of the enterprise as soon as possible. The risk dashboard covers major sectors such as finance, procurement, production, legal affairs, compliance and intellectual property rights, and the managers of each business line are required to truthfully fill in and report the risk factors and responses of each quarter to the Board according to the actual situation. At the same time, the Board has also introduced a third-party agency to conduct the internal audit of the dashboard to ensure the reasonableness of the design of the dashboard and the accuracy of the data, so as to better prevent and control potential risks.

We are going to launch the Angelalign Code of Business Conduct and Ethics (時代天使商業行為和道德準則), which will serve as the guidance for the Company's compliance management. In this guidance, it clearly requires our business to be conducted in accordance with the applicable laws and regulations of the countries and regions in which we operate, so as to make sure we operate in a lawful and compliant manner. Also, it exhaustively stipulates the standards of conduct and regulations that our employees shall comply with in order to achieve high-quality and sustainable development.

Highlights of the Angelalign Code of Business Conduct and Ethics

- Safe and respectful work environment
- Protection of shareholders' interests
- Confidential and proprietary information
- Corporate records management
- Guidances related to external activities
- Business conduct compliance
- Compliance organization
- Compliance and compliance investigation
- Compliance training
- Compliance audit

Business Ethics and Anti-corruption

Bearing in mind our concept of business integrity, we strictly comply with relevant laws and regulations on anti-corruption, anti-extortion and anti-fraud, such as the Criminal Law of the People's Republic of China (中華人民共和國刑法), the Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法) and the Interim Provisions on Banning Commercial Bribery (關於禁止商業賄賂行為的暫行規定).

We regard business ethics and anti-corruption management as the key work of corporate governance, and have set out detailed requirements for all our employees and stakeholders in the Angelalign Code of Business Conduct and Ethics, which clearly requires to conduct business in accordance with the applicable laws and regulations of the countries and regions where the Company operates, and make detailed requirements for all employees and stakeholders of the Company in terms of conflicts of interest, anti-fraud, anti-commercial bribery, anti-monopoly, etc., and treat these as the compliance red lines to restrain employees to help them adhere to higher ethical standards. We uphold the spirit of Angelalign, lead the Company's operation with the highest integrity standards, strive to maintain high ethical standards and integrity awareness of employees, adopt a zero-tolerance attitude towards violations of business ethics, and resolutely crack down and stop them. We also require suppliers to hold the same position as us in terms of business ethics. During the Reporting Period, no corruption lawsuit was filed against us.

Highlights of Business Conduct Compliance in the Angelalign Code of Business Conduct and Ethics

- Anti-fraud Compliance
- Anti-commercial Bribery Compliance
- Antitrust Compliance
- Marketing and Publicity Compliance
- Compliance of Marketing Activities
- Labor Employment Compliance
- Data Compliance
- Trade Compliance
- Production Safety and Environmental Protection Compliance

The Audit Committee oversees the Company's business ethics and anti-corruption management to ensure the effectiveness of risk management and internal control procedures. We have established a sound and effective internal risk management system in strict compliance with laws, regulations and regulatory requirements, formulated and continuously optimized a series of internal control systems covering all business processes of the Group, and established a sound audit mechanism to achieve effective supervision of business ethics-related matters such as anti-corruption, anti-bribery, reporting and complaint, and responsible marketing, so as to avoid the occurrence of various improper, illegal and fraudulent activities, and achieve effective prevention and control of internal risks of the Group.

We have formulated the Management Policy for Conflicts of Interest of Management (管理層利益衝突管理制度) and the Sunshine Practice Management Policy (陽光從業管理制度) to define the situations and handling principles for internal and external conflicts of interest of the management, clarify the management responsibilities of all departments, to improve the integrity management system of the Company and create a corporate atmosphere of integrity, honesty, fairness and impartiality. All employees are required to sign the Integrity Practice Commitment Declaration Form (員工廉潔從業承諾書), which clearly prohibits any form of bribery, soliciting or accepting bribes, and regulates employees to properly deal with conflicts of interest. In addition, we extend the requirements of integrity and professional ethics to the supply chain, requiring suppliers to sign the Sunshine Agreement (陽光協議), and provide them with reporting channels such as email, telephone and letter, to jointly build a defense line against corruption.

GOVERNANCE AND RESPONSIBILITY

In order to ensure the high quality of internal control compliance, we have established a monitoring system for implementing systematic anti-bribery and anti-corruption procedures and policies, which will help reduce the risks of violating of laws and regulations by employees and enterprises. In order to further implement business ethics and anti-corruption, we link all business ethics and compliance red-line issues such as conflicts of interest, anti-fraud, anti-commercial bribery and anti-monopoly with the salary and performance of the relevant personnel and include them in the compliance requirements of performance evaluation of the relevant personnel. In the event of non-compliance, the performance evaluation shall be zero.

Fostering anti-corruption culture

We have always been committed to creating a compliance culture of integrity and honesty. We continue to promote internal and external anti-corruption publicity and implementation, normalize the publicity and education of integrity and anti-corruption, enhance the awareness of integrity among employees and business partners, and promote the formation of a clean working atmosphere of the Group.

We attach great importance to fostering an anti-corruption culture, requiring the Board, the management and all employees to maintain a law-abiding, incorruptible, honest and self-disciplined personal conduct and work style. We issue the Monthly Compliance Questionnaires (月度合規問卷) to employees from key departments for their self-examination, so as to help them better understand our core values and ethical bottom line, and thus further strengthen the compliance awareness and risk identification ability of all employees. We held a series of anti-corruption training sessions for all employees, the Board and the management in 2023, effectively improving the compliance awareness of all employees.

Whistleblower protection

We fully encourage employees to participate in the construction of the Company's business ethics and compliance culture, formulate a regular reporting and complaint mechanism, and set up reporting emails and hotlines for all stakeholders. Within the Company, employees can also complain or report through the internal communication application software and the factory director mailbox. The whistleblower shall be responsible for the authenticity of the reported issue, and anyone who intentionally reports the fabricated improper behavior shall be punished. After receiving the report, the Company will set up an internal project investigation team to carry out investigation and sorting within three working days. Once the reported matter is verified, we will take such strict measures as fines, demerits, termination of labor contracts, and handing it over to judicial authorities.

Email	Hotline	Address
<ul style="list-style-type: none">jubao@angelalign.com	<ul style="list-style-type: none">+86-021-56561919	<ul style="list-style-type: none">7/F, Building No. 7, KIC Business Center, No. 500 Zhengli Road, Yangpu District, Shanghai

We support real-name or anonymous reports of illegal and dishonest acts, resolutely protect the lawful rights and interests of whistleblowers, and take active and effective whistle-blowing confidentiality measures. After receiving a report, the relevant department will keep the whistleblower's information strictly confidential after registration, and strictly prohibit the disclosure of the whistleblower's personal information and the handling of the report to the person being reported or not related to the handling of the report. For the behavior of leaking the information of whistleblowers, the Company will investigate the relevant responsibility of the person causing the information leakage according to the severity of the case. In addition, we will try our best to protect the personal and property safety of whistleblowers.

We prohibit anyone from retaliating against whistleblowers, and adopt a zero-tolerance policy for any retaliation. We will hold relevant personnel and superior leaders accountable for any violation, and provide necessary legal assistance to whistleblowers. For behaviors that seriously endanger the rights and interests of whistleblowers, we will report them to the judicial authorities in a timely manner, and investigate the criminal responsibility of the relevant personnel in accordance with the law, so as to maximize the protection of whistleblowers and complainants. Our anti-retaliation policy also applies to conduct threatening, intimidating or retaliatory actions against compliance investigators and others cooperating with compliance investigations. Once any retaliation is verified, the relevant personnel shall be subject to disciplinary actions such as warnings, penalties, and dismissals. Where a crime is committed, the relevant personnel shall be transferred to the judicial authority for handling in accordance with the law. At the same time, Angelalign will actively take anti-retaliatory remedial measures to protect the lawful rights and interests of whistleblowers from infringement.

Responsible Marketing

In the process of market promotion and marketing, we strictly abide by the relevant laws of the places where we operate, rigorously implement the requirements of the relevant laws and regulations such as the Advertisement Law of the People's Republic of China (中華人民共和國廣告法), the Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法) and the Interim Measures for the Administrative of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purpose (藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法), and practice responsible marketing, to avoid misleading the clients by exaggeration or false dissemination. All these efforts will help protect clients' rights and interests, which in turn will reinforce our brand image. Our Angelalign Code of Business Conduct and Ethics stipulates the compliance requirements for employees' business behaviors such as external activities and marketing activities. In the contracts signed with customers, we have formulated special provisions related to business ethics and compliance, which stipulates and restricts the behavior of operating and interacting with doctors and other health care personnel.

In order to effectively carry out sales and marketing practices that comply with laws and regulations, social norms and ethical standards, we regularly organize multi-dimensional and standardized marketing training for different personnel, including compliance training for new employees, ethics compliance training for sales personnel, and annual compliance training for all employees. In the multi-type compliance training, we gave detailed explanations on how to standardize the use of advertising and marketing materials, and how to standardize the marketing activities. Angelalign continues to emphasize the importance of standardized publicity and has incorporated standardized publicity into its compliance culture. Every employee is required to understand and comply with the relevant laws and regulations to ensure the legality and compliance of publicity activities, protect the brand reputation, assume corporate social responsibility, and protect the legitimate rights and interests of partners and end consumers to the greatest extent.

At the same time, in order to ensure the implementation of the relevant requirements for standardized marketing, we have developed and implemented a strict advertising review process for the pre-review and final review of all promotional materials released to the public. The promotional materials can only be submitted to the Market Supervision Administration after the final approval of the Legal Department. All other promotional materials and channels released by third-party platforms, self-media and other partners shall also be approved by us before they can be used.



Advertising Review Process

In addition, we follow closely the changes in the latest laws and regulations on brand logos, and update and release the Opinions on the Use of Brand and Product Logos (品牌及產品標識使用意見) and the Opinions on the Use of Technical Logos (技術類標識使用意見) based on the actual operations of the Company, to ensure the standardized and orderly use of brand logos.

Network and Information Security Management

We take data security and privacy protection as an important responsibility for enterprise operations, strictly abide by domestic laws and regulations such as the Civil Code of the People’s Republic of China (中華人民共和國民法典), the Cybersecurity Law of the People’s Republic of China (中華人民共和國網絡安全法), the Personal Information Protection Law of the People’s Republic of China (中華人民共和國個人信息保護法) and overseas laws and regulations, such as the EU General Data Protection Regulation (GDPR) (通用數據保護條例), make further efforts in improving the information security management system and integrate information security management and privacy protection into every aspect of the operation. During the Reporting Period, we have been certified with ISO/IEC 27701 Privacy Information Management System and ISO/IEC 27001 Information Security Management System, and our core business systems have been certified as Grade III for Protection of Information System by the State (國家信息系統安全等級保護).

Information Security Management System Structure of Angelalign

Level	Person	Responsibilities
Decision-making Level	Chairman, CEO*, Head of Data Compliance, Head of Information Security & Cyber Security	<ul style="list-style-type: none"> Establishing the Company's data security protection management organization and appointing responsible persons of relevant positions Approving the information security and data compliance management system to promote the implementation of the system Approving the information security, data compliance operations and assessment mechanisms Approving the annual work plan and audit plan for information security and data compliance Making strategic decisions on the information security, data compliance organization management dimension and technical implementation dimension programs provided by the executive level
Execution Level	Legal Department	<ul style="list-style-type: none"> Responsible for legal and regulatory affairs and providing compliance dimension docking of data compliance management
	IT Operations and Maintenance – Information Security	<ul style="list-style-type: none"> Responsible for building overall information security technology capabilities
	System Software Center Software R&D Center	<ul style="list-style-type: none"> Responsible for the realization, optimization and improvement in data compliance requirements at the system function level
	Other Departments	<ul style="list-style-type: none"> Implementing the Company's information security management system to daily business operation process
Compliance Representatives from Various Jurisdictions	China, EU, etc.	<ul style="list-style-type: none"> Responsible for communicating with local regulatory authorities on data security and privacy matters

* The Chairman and CEO are the joint team leaders at the decision-making level

GOVERNANCE AND RESPONSIBILITY

We continue to establish a system of information security and privacy management. To that end, we have formulated a series of systems, including the Regulations on Data Security Management (數據安全管理規定), the Regulations on Information Asset Security Management (信息資產安全管理規定), and the Rules for the Implementation of Data Backup (數據備份實施細則), and updated the user agreement, as well as the privacy clause, privacy statement, and data transfer agreement on the Company's system and official website, categorizing data and information by their importance and confidentiality, and clarifying the requirements for the acquisition, processing, transmission and storage of all types of data and information, which ensures information security in all aspects, to avoid business interruption or loss due to information system failure, data loss, and sensitive information leakage. All these efforts secure the confidentiality, integrity and availability of all kinds of data. In addition, with our data loss prevention (DLP) products, and disaster recovery drills and security drills, we have further improved our management of data and information systems, and thus ensured the protection of data and information security of the Company's operation and maintenance system in an all-round way.

Information Security Protection Measures

- Bastion host: Adopting the bastion host of composite 4A specification. Employees perform operation and maintenance operations on servers through the bastion host, realizing that the whole process of operation and maintenance is auditable and traceable.
- WEB application firewall: Using the WEB application firewall components to intercept and block cyberattacks and ensure the normal operation of the Company's relevant business systems.
- Anti-virus: We deploy enterprise-grade antivirus software to detect ransomware, Trojans and malicious software through regular scanning.
- Central Authentication Service (CAS): All business systems of the Company are connected to the CAS Platform, combined with two-factor authentication, to avoid unauthorized visits by departing staff.
- Authority management: Each system has its own logic of identity and authority to ensure authorization as needed.
- Data backup: The database achieved off-site mutual backup in the off-site server room and synchronized in real time.
- Network access: Enabling network access, unauthorized terminals are prohibited from accessing the Company's network, and visitors are required to apply for approval before access.

We pay close attention to the requirements of overseas laws and regulations on information security, data security and network security. In terms of overseas data security, we have established a data compliance committee and a data compliance execution level, and formulated core indicators of data compliance operation, including data protection organization, privacy policy, data leakage emergency response, compliance audit, etc. Monthly tracking of matters involved the core indicators of data compliance operation, and monthly meetings on data security compliance operation are held.

In order to effectively protect the security of customer information, we have applied the PDS system, which encrypts and desensitizes users' privacy information to prevent their personal privacy being infringed. On WeChat Mini Programs, apps and other online platforms, we have published personal privacy protection policies, covering the purpose, method and scope of personal information collected and used by us, the personal privacy protection measures, and in a reminder for clients to read the policies. We do not collect personal information without authorization by the customers.

The Angelalign Code of Business Conduct and Ethics rules require all our employees to consciously implement data security and privacy protections of the Company, correctly identify the potential security risks and report information security incidents in a timely manner in an effort to achieve information security and privacy management goals by the Company. In order to enhance employees' awareness of information security, we carry out annual training for all employees covering information security, network security, privacy protection, etc., and require new employees to participate in pre-job data security training. At the same time, we post information security posters and conduct phishing email drills, all of which will facilitate more faithful implementation of such information security policies.

We entrust a third-party agency to conduct an annual audit of the Company's information system and information security system every year to achieve comprehensive identification and assessment of relevant risks, and actively carry out rectification and improvement based on the audit results to continuously improve the Company's information and data security risk prevention system. The international certification body DNV conducts an ISO 27001 and ISO 27701 certification audit on us once a year. Internally, we conducted monthly information security audits on all account permissions of resigned personnel and output audit reports. At the same time, we carried out penetration tests covering all core business systems and vulnerability scanning to continuously improve the management of internal information security.

Intellectual Property Protection

Staying true to the concept of intellectual property protection, we were working more on the standardization, institutionalization and refinement of the management and use of intellectual property by strictly implementing the Patent Law of the People's Republic of China (中華人民共和國專利法), the Trademark Law of the People's Republic of China (中華人民共和國商標法) and other relevant laws and regulations on intellectual property and trademarks. Moreover, we have established the intellectual property protection system and formulated relevant internal policies such as the Control Procedure for the Acquisition of Intellectual Property (知識產權獲取控制程序), the Control Procedure for the Maintenance of Intellectual Property (知識產權維護控制程序), the Procedures for the Dispute Resolution of Intellectual Property (知識產權爭議處理程序) and the Measures for Trademark Management (商標管理辦法). We have formulated the Intellectual Property Reward Measures (知識產權獎勵辦法) to encourage innovative R&D and apply for intellectual property rights. As of December 31, 2023, we had 429 trademarks, 185 patents, 25 software copyrights and 35 domain names registered worldwide. During the Reporting Period, the Company was awarded the 2023 Wuxi Intellectual Property Promotion High-value Patent Cultivation Center Project, and the 15th Wuxi Patent Award for its “Combined Dental Aligner Treatment System and its Manufacturing Method (組合型牙齒矯治系統及其製造方法)”.

In order to prevent the risk of intellectual property infringement, the Company actively follows up the development of projects under research, conducts intellectual property risk assessments in a timely manner, and takes appropriate measures to mitigate the risk. At the same time, we have formulated the decision-making and approval process for patent overseas layout, which stipulates the process and requirements for entering overseas regions after Chinese patent applications. In 2023, in order to further prevent the liability and risk of overseas infringement and infringement of products, we cooperated with well-known domestic insurance companies to purchase overseas intellectual property rights protection insurance with the largest amount of insurance coverage in China, and built a “protection shield” for the overseas sales of products.

As an innovation-driven company, we are committed to further improving our internal intellectual property management, maintenance and application, which serve as the foundation for solidifying our core competitiveness. To this end, we continue to strengthen employees' awareness and ability of intellectual property protection through organizing and carrying out various intellectual property training. During the Reporting Period, we have carried out special training on patent basics and patent database, and patent search training for further strengthening employees' awareness of intellectual property protection.



SEAMLESS SERVICE AND QUALITY ORIENTATION

With the continuous changes in external demand and the continuous update of regulatory standards, Angelalign adheres to “Customer first”, improves product and service quality through scientific and professional management, empowers product innovation breakthroughs with digitalization, promotes sustainable supply chain construction, and provides superior service quality and excellent customer experience.

Quality First

Angelalign strictly controls product quality to ensure that customers are provided with safe and effective products and high-quality services, relentlessly pursuing the continuous improvement of products and services to meet the all-round needs of customers. We strictly comply with the requirements of relevant laws and regulations such as the Product Quality Law of the People’s Republic of China (中華人民共和國產品質量法), the Administrative Measures on the Supervision of the Production of Medical Devices (醫療器械生產監督管理辦法), and Good Manufacturing Practice for Medical Devices (醫療器械生產質量管理規範). We have formulated and continuously updated and improved the product quality assurance system, and optimized a series of product inspection processes such as process inspection and incoming material inspection during the Reporting Period, so as to adhere to high-quality standards.

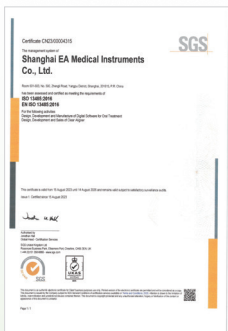
In 2023, we set a series of quality goals and regularly tracked the achievement of the goals, almost all of which have been achieved during the Reporting Period.

Quality Targets for 2023

- Process defect rate
- One-time pass rate of the final inspection
- One-time pass rate of cases
- Customer complaint rate in terms of the production process
- No serious non-compliance in internal and external audits
- Number of general non-conformities
- No non-compliance
- Customer satisfaction

Strengthening quality management

The quality management system runs through our business scope to ensure the quality of products and services provided. We have established a quality management system (QMS) covering the whole life cycle of product R&D, production and sales, which complies with the requirements of ISO 9001, ISO 13485, CFR 820, MDR2017/745, UK MDR2002, and MDSAP (recognized by five countries) regulations, China’s GMP and China’s GSP, to ensure that the quality throughout the product life cycle is safe and controllable. We have been certified with ISO 9001: 2015 and ISO 13485: 2016. During the Reporting Period, Wuxi EA Bio-Tech Co., Ltd. obtained the MDSAP certificate.



ISO 13485: 2016

ISO 9001: 2015

MDSAP

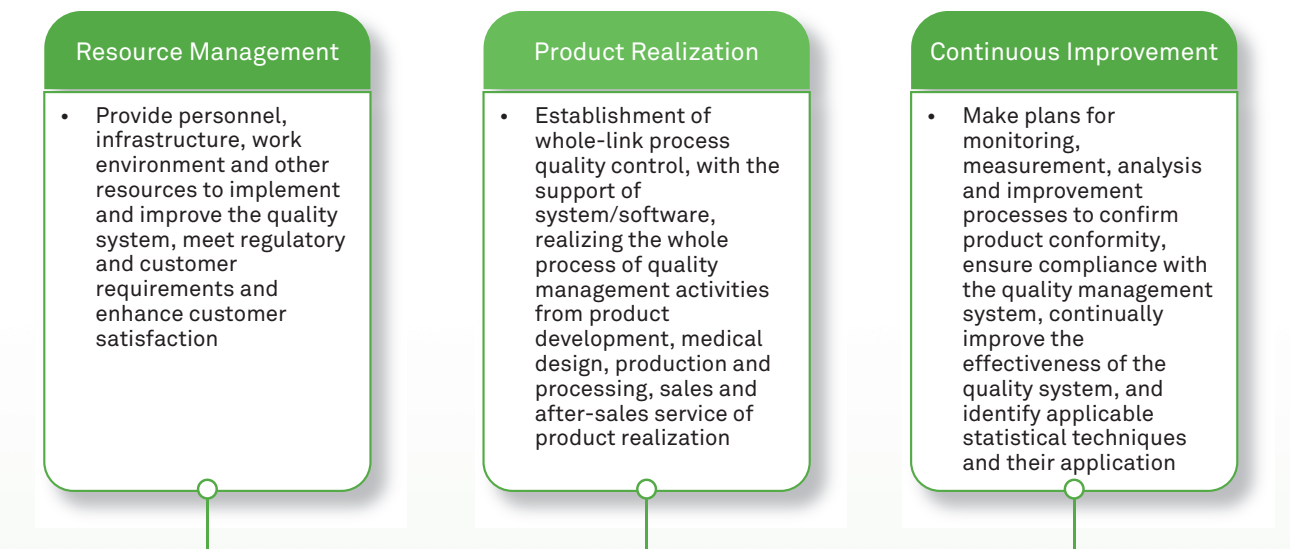
SEAMLESS SERVICE AND QUALITY ORIENTATION

We have formed a top-down quality management organizational structure to strictly control product quality. As the main responsible person for the quality of the Company's medical device products and the operation quality of medical devices, the general manager is responsible for organizing the formulation of the quality policy and quality goals of the Company, and ensuring that the Quality Management Department and quality management personnel effectively perform their duties. With the support of the management and the joint efforts of all employees, we have continuously improved and enhanced the effectiveness and compliance of the system.



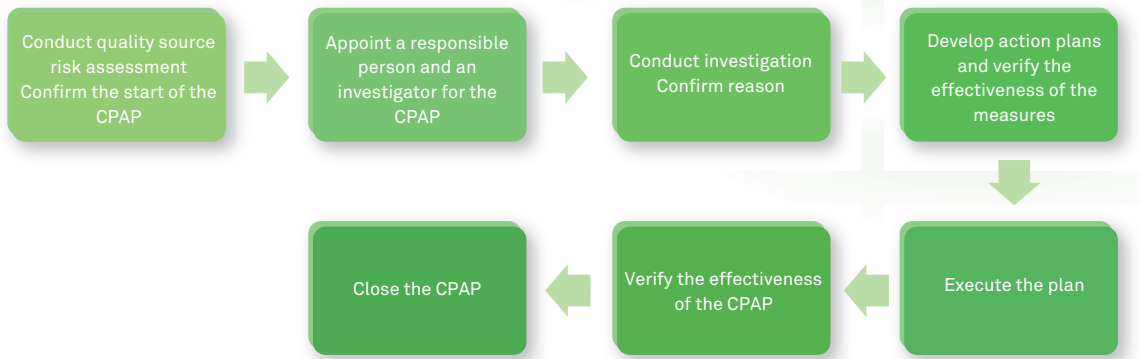
Organizational Structure of Product Quality Management

We have formulated the Risk Management Procedures (風險管理程序) to determine product-related hazards, evaluate risks, control risks and monitor the effectiveness of control. In addition, we have been refining the quality management model through resource management, product realization and continuous improvement to achieve full life-cycle quality control:



Product Life Cycle Quality Management

We have formulated the Corrective and Preventive Action Procedure (CPAP) (糾正和預防措施程序) to solve quality problems in products and processes by taking effective corrective and preventive measures to prevent recurrence and continuously maintain the effective operation of the quality management system.



The Corrective and Preventive Action Procedure of Angelalign

Quality improvement

We have closely monitored product quality and safety performance, and we, through the research and development phase of material research and product testing (such as product performance testing, biocompatibility testing and accelerated aging test, etc.), as well as regular post-mass product full performance testing, have ensured the safety and effectiveness of materials. We have also achieved continuous improvement in product quality through laser cutting, cold grinding to remove burrs, and system software error prevention.

Case: Laser Cutting to Improve Product Quality

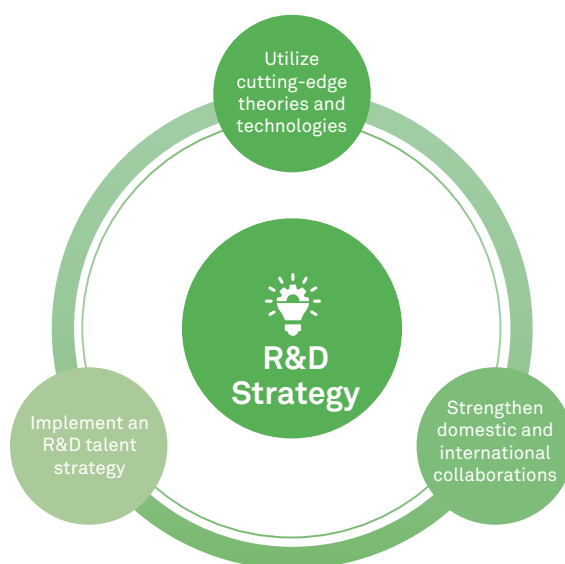
In order to reduce the burrs generated by the polishing of cutting tools, we have developed our own multi-axis motion control system and laser energy control system, and established a model thickness prediction mechanism, based on which we have developed the first laser cutting equipment. The laser cutting equipment enables smooth and tidy edges of the aligner, making it more comfortable for patients to wear the aligner, while significantly reducing polishing or even avoiding polishing to improve productivity.

In accordance with the Internal Audit Procedures (內部審核程序), we arrange at least two quality management system audits every year, covering all processes, activities, functions or areas of the management system. In 2023, we conducted 5 internal audits according to the GMP, ISO 13485 and ISO 9001 clauses, quality-related laws and regulations, the Company’s quality management system documents and product technical requirements, and found no serious non-compliance. We responded to and passed 5 audits by external regulatory agencies and third-party certification agencies, including special audits of adverse events and annual system certifications such as ISO 13485 and MDSAP, and completed the rectification of general non-compliances.

We attach great importance to the construction of quality culture, and actively carry out quality control and product safety training by internal lecturers or third parties invited, covering the management methods for the monitoring and re-evaluation of medical device adverse events, national unannounced inspection cases, and GMP provisions. In 2023, we conducted 8 quality-related training sessions for target groups.

R&D Innovation

As a leading clear aligner enterprise in the world, Angelalign insists on leading the high-quality development of the industry with innovation-driven approaches and empowering China's digital orthodontics business to go global. We have implemented the "Three major R&D Strategies" ("Utilize cutting-edge theories and technologies, Implement an R&D talent strategy, and Strengthen domestic and international collaborations"). We have increased investment in R&D on an ongoing basis, and driven the upgrade of the oral industry chain through our Digital Stomatology Research Institute. These all have helped us realize more accurate and efficient diagnosis and treatment, more intelligent doctor-patient interaction, more convenient data management, and more inclusive medical services.



Three Major R&D Strategies of Angelalign

In 2023, we received a number of honors and external recognitions such as the "Fifth Batch of National Specialized and Sophisticated Little Giants Enterprise", "National High-tech Enterprise", "Wuxi Enterprise Technology Center" and "Shanghai Specialized and Sophisticated Enterprise".

Promoting intelligent manufacturing

We have continuously explored and implemented intelligent manufacturing, promoted the “Mass customization” production model, provided all production facilities with advanced intelligent manufacturing technology, and enhanced market competitiveness to cope with market changes and customer needs, so as to achieve long-term sustainable development. In 2023, we used our self-developed 3D printing materials, and precisely controlled and optimized the production process through intelligent and innovative technologies such as wash-free process, laser cutting, semi-automatic internal/external wrapping, and automatic dental model feeding.

In 2023, we were awarded the “Wuxi Intelligent Manufacturing Benchmark” and “Integration of Informatization and Industrialization Management System Certificate-3A Enterprise” by the China Classification Society for promoting the coordinated development of industrialization and informatization and realizing a digital and intelligent production process.

Industrial co-governance promotion

We proactively take advantage of corporate education, open up the channels of industry-academia-research cooperation, and deepen the strategic cooperation in upstream and downstream of the industry chain, so as to promote the synergistic development and win-win outcome of the industry with our professional advantages.

Industry-academia-research cooperation

In order to foster the innovation, development and promotion of orthodontic technology in China, we have launched the “Joint Innovation A+” Plan since 2015, aiming to cultivate and forge a high-quality innovative team consisting of world-class medical experts. In recent years, we constantly promote cooperation with a number of dental hospitals, universities, professional colleges and other research institutions, including Zhejiang University, Ninth People’s Hospital affiliated to Shanghai Jiaotong University School of Medicine and West China Hospital of Stomatology Sichuan University, in the fields of computer science, biomechanics, clinical dental hospitals, 3D printing technology, materials science, the Internet and finance, to explore the innovative methods and technologies of clear aligners.

Case: Jointly Publishing Excellent Research Papers Regarding the Field of AI and Stomatology with Colleges and Universities

We cooperate with the research team of professional colleges including Zhejiang University, West China Hospital of Stomatology Sichuan University, and Harvard University, to publish the excellent research papers regarding the field of AI and Stomatology in the Patterns from Cell Press, which is an innovative achievement that opens up a new way of combining CBCT with IOS data. It creates an effective solution for reconstructing three-dimensional dental bone models for actual clinical applications, and provides orthodontists with the accurate crown-root-bone structure of teeth, i.e. “what you see is what you get”. In addition, it will further improve the accuracy and efficiency of treatment and reduce treatment costs in clinical practices.

SEAMLESS SERVICE AND QUALITY ORIENTATION

Industry exchange and development

We have proactively propelled the industry cooperation and organized the A-tech Forum every year since 2014, which brings together top orthodontic experts from home and abroad to explore innovative technologies and solutions for digital clear aligners. In June 2023, we hosted the 10th A-Tech Forum, with an attendance of nearly 2,000 industry professionals. With the theme of “Link Essence to Infinities” (溯本源、鏈無界), we officially released the latest angelLink interface system and the upgraded digital dental monitoring solution MOOELI, and shared the application of our clear aligner technology in tooth extraction cases in the Innovation Session of the Forum.



2023 A-tech Forum with the Theme of “Link Essence to Infinities”

In addition, in order to pay tribute to the 20th anniversary of the development of China’s clear aligner industry, we released the “White Paper on China’s Clear Aligner Industry” (中國隱形正畸行業白皮書) with China Insights Consultancy at this year’s A-tech Forum, which comprehensively summarizes the industry’s development backgrounds, industry patterns, technological changes, talent cultivation and future trends, and records a panoramic view of China’s clear aligner industry in the past two decades for sharing and exchanges of practitioners in the fields of clear aligners and oral healthcare.

We actively participate in various industry activities, display innovative scientific and technological achievements, and continuously broaden the scope of cooperation. In 2023, we participated in the Dental South China, the 22nd Annual Meeting of the Chinese Orthodontic Society and other domestic activities, thus propelling the industry co-construction through exchanges with experts and peers in the industry. With our internationalization presence further in-depth, we also participated in a number of top-level orthodontic conferences in Europe, such as DGKFO Congress in Germany, BOC Congress in the UK and JO Congress in France, and shared our results of advanced research and development with world-class orthodontic practitioners, bringing Chinese orthodontics to the world.



The 22nd Annual Meeting of the Chinese Orthodontic Society



Dental South China



DGKFO Conference in Germany



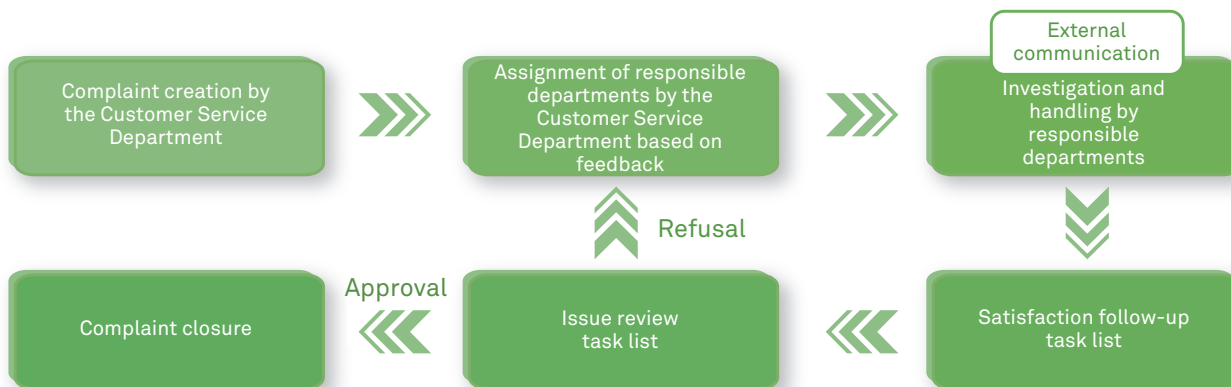
SEDOA Conference in Spain

Customer Satisfaction

We are committed to providing customers with high-standard quality services, continuously optimizing customer communication channels, efficiently and conveniently resolving user requests, constantly improving service quality and increasing customer satisfaction. During the Reporting Period, we were honored with the title of the “2023 Leading Enterprise of Jiangsu Province in High-Quality Development of Modern Service Industry”.

Customer communication

In strict compliance with the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法), we have formulated a series of management methods, including the Customer Service Management System (客戶服務管理制度) and the Regulations on Complaint Handling (投訴處理程序), to standardize the processes of customer complaint handling and after-sales service, and fully understand the demands and feedback of customers in a timely manner.



Angelalign Complaint Handling Process

We listen to customers’ voices and collect customers’ comments and feedback through various online and offline channels such as WeChat group, customer communication system, corporate hotline, and corporate customer service email. In 2023, we added a scoring function to our self-developed system, iOrtho, to collect feedback from doctors on the medical design and effectiveness of aligner, so as to realize precise solutions to customer problems.

In order to understand the real thoughts of our customers and explore their potential needs, we conducted annual satisfaction surveys covering various dimensions such as iOrtho software, customer representative services, customer service, orthodontic products and training support, with a good overall average satisfaction for the year 2023. We also conduct quarterly satisfaction surveys, annual satisfaction surveys and monthly satisfaction surveys of new doctors, with the aim of improving the customer experience as the guide. In this way, we feed back customers’ opinions on medical design, products and services to the relevant departments in time, and find effective solutions through a closed-loop mechanism, and formulate new corrective measures, so as to facilitate the gradual improvement in the works, minimize complaints and customer attrition, and continuously improve customer satisfaction. On the basis of regular customer satisfaction surveys, Aditek evaluates domestic and international markets according to the feedback, so that we can take targeted measures and carry out corresponding optimizations.

Moreover, we regularly launch the training on customer service skills, organize internal customer service sharing sessions, conduct training on common issues, and manage customer complaint-related matters through customer complaint analysis meetings or email supervision, so as to ensure service levels and strengthen business skills.

During the Reporting Period, we have received and handled 2,273 complaints with a resolution rate of 100%.

Product recalls

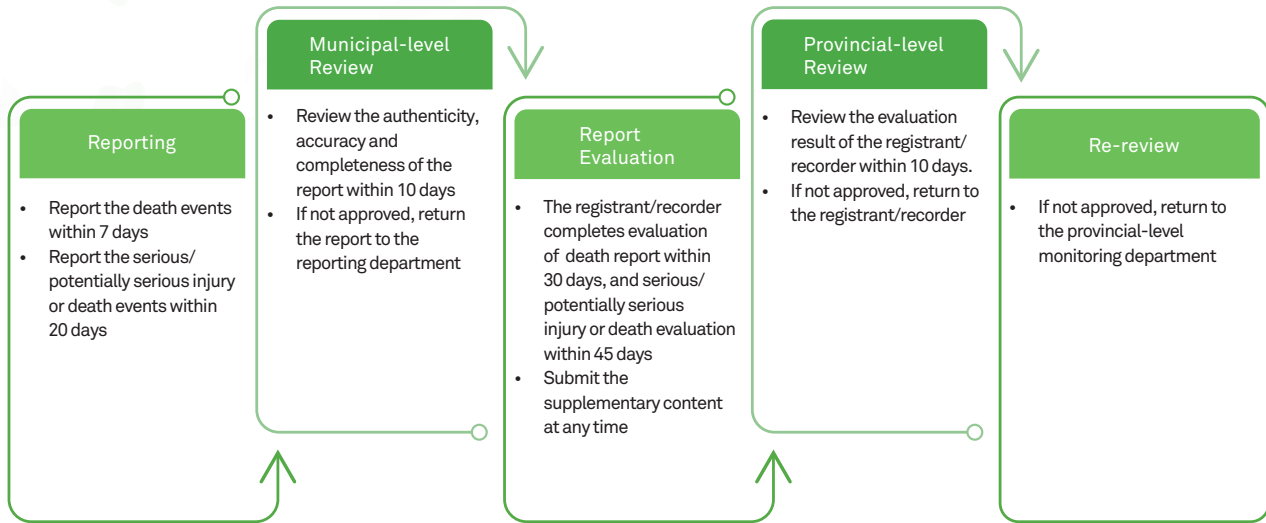
According to the Measures for the Administration of Medical Device Recalls (醫療器械召回管理辦法), and the requirements of ISO 13485, GMP and other regulations and standards, we have formulated management regulations such as the Product Recall Procedure (產品召回程序) and the Reporting Procedures to Supervisors (向監管機構的報告程序), which stipulate the disposal process of post-marketing product recalls to ensure that the defective products of a certain category, model or batch that have been marketed and sold are controlled and eliminated to strictly control product quality. We carry out post-sale supervision of the products in accordance with the Post-marketing Supervision and Control Procedures (上市後監督控制程序), conduct investigation and analysis and handle such issues when an accident happens to the products, if necessary, publish notices or withdraw the relevant products from the market and report it to the competent authorities.

Angelalign Product Recall Procedures

- Product recalls are categorized into three levels according to the severity of product safety hazards;
- If a recall decision is made, the Quality Department shall prepare and submit a recall plan and report the same to the drug regulators;
- In the recall process, a report on the implementation of the recall plan shall be submitted to the drug regulators on a regular basis, with detailed records concerning the handling of the recalled medical devices;
- The final evaluation report concerning such medical device recall shall be submitted to the drug regulators and cooperation will be taken to complete the follow-up investigation.

In addition, in order to strengthen the supervision and management of medical device products manufactured after delivery and use, we have formulated the Procedures for Monitoring and Re-evaluation of Adverse Events (不良事件監測和再評價程序) to standardize the monitoring, handling and control of adverse events, regular risk evaluation and re-evaluation. In addition, we have assembled a leading team for adverse medical device event monitoring, to lead, organize and manage the monitoring of adverse medical device events, and effectively control the risks of post-marketing products in a timely manner.

SEAMLESS SERVICE AND QUALITY ORIENTATION



Reporting Process of Angelalign Adverse Medical Device Event

We emphasize the collection of adverse events. With publishing the telephone number, correspondence address, email, fax and contact person in the instruction manual and packaging of products or the Company's website, we proactively collect the adverse event-related information from medical device operating companies and users, and provide the operators and users with an open and feasible channel to report adverse events. Besides, we screen any suspected adverse event from customer complaints or feedback according to the reporting standards of adverse medical device events, and inquire whether there are any adverse events information reported by the users through the national adverse medical device event monitoring system, and take necessary measures in time, to maximize the protection of the interests and safety of our customers.

During the Reporting Period, we had no product recall due to safety or health problems.

Sustainable Supply Chain

We believe that the stability and sustainability of the supply chain is the key to providing excellent services to our customers. We incorporate sustainable development into our long-term cooperation with suppliers, carry out the lifecycle quality management on suppliers, and establish a responsible, efficient and green supply chain to cope with the more complex market environment and multiple challenges.

Supply chain management

We have established a sound supplier management process and formulated the Policy on Supplier Audit Management (供應商審核管理制度) and the Procurement Management Policy (採購管理制度), to manage the whole process of supplier management from the stages of suppliers' approval, regular review and assessment to changes and withdrawal. During the Reporting Period, we updated our procurement system to close the online loop from procurement application to acceptance and payment, and to go paperless in all aspects of the procurement process (contracts exclusive). To ensure the smooth application of the new system, we launch training related to such application to minimize problems that may arise in the course of use, maximize the control of risks in the supply chain, and ensure the efficient quality warranty of our products. In addition, we are preparing the Supplier Code of Conduct (供應商行為準則), covering business ethics, product quality, labor rights, occupational health and safety and environmental protection, and gradually strengthening the ESG requirements for suppliers.

Approval Management

- We require all potential suppliers to provide business licenses, quality certifications and other relevant qualification documents, and prioritize the environment-friendly suppliers with benign reputation in the industry.
- We conduct rigorous on-site reviews for all key suppliers who provide products that directly affect the quality, key functions and performance indicators of final products, to ensure that they are capable of delivering products and services that meet the requirements

Suppliers Classification Management

- We create profiles for qualified suppliers and maintain the relevant materials on a regular basis.
- We categorize suppliers according to the material type, service type, and impact on final products.

Regular Review and Assessment

- We conduct regular on-site reviews and performance assessments for suppliers.
- We conduct annual supplier evaluations, reviewing and analyzing the quality, technical level, and delivery capability of the materials and services supplied by them according to the Supplier Performance Evaluation Form (供應商績效評價表)
- With regards to the suppliers with a low overall score in the performance evaluation, we formulate a supplier development plan and urge them to make rectifications within a limited period of time.

Change and Termination Management

- We require suppliers to initiate changes in accordance with the Change Notification Procedure (變更通知程序) before implementing any change that may affect the satisfaction of products to specified procurement requirements.
- If a supplier is assessed to have significant deficiencies that affect the quality of a purchased item, we will consider discontinuing the purchase and conducting a termination review, and promptly assess the risk of the purchased item in use to the products.

Lifecycle Quality Management on Suppliers

SEAMLESS SERVICE AND QUALITY ORIENTATION

In 2023, we initiated annual reviews of 142 suppliers, of which 45 performed on-site reviews and 6 were suspended/discontinued for non-compliance..

In order to meet the needs of procurement in terms of quality, cost and delivery, we constantly push forward the supplier capability improvement programs and proactively launch supports for suppliers. In terms of small suppliers producing medical device models, after investigating their development potential and technical capabilities, we ensure the stability, efficiency and sustainability of our supply chain by providing them with model data, full pre-payment of sampling fees and commitment to the number of orders after passing inspection.

As of the end of the Reporting Period, we had a total of 778 long-term suppliers partnerships. The following table shows the number of suppliers by region:

Region	Year ended December 31, 2023
East China	453
South China	71
North China	51
Other countries and regions	203

Sustainable procurement

We implement the sustainable procurement and are in the process of formulating the Angelalign Green Procurement Policy (時代天使綠色採購政策). Taking into account green factors such as energy conservation and environment protection, low carbon and recycling in the procurement area, we procure green products and services to promote the construction of a green supply chain. Meanwhile, we encourage suppliers to use more environment-friendly products and services, such as requiring the whole use of recycled paper for our paper business card suppliers, to enhance the efficiency of resource reuse.

We are committed to closely working with our suppliers to promote environmental protection and resource conservation. We increase the combined shipment rate in the express delivery process to reduce the number of express deliveries, cut transportation costs, and lower energy consumption and pollutant emissions, embracing a win-win outcome economically and environmentally.

ENERGY CONSERVATION AND GREEN DEVELOPMENT

We take environmental protection as our own responsibility, always carry out the concept of green development, strictly comply with environment-related laws and regulations such as the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of People's Republic of China on Environmental Impact Appraisal (中華人民共和國環境影響評價法) and the Environmental Protection Tax Law of the People's Republic of China (中華人民共和國環境保護稅法), and continuously improve our internal environmental management by setting up a Safety and Environmental Protection Department to fulfill our responsibility for environmental management. We are preparing the Environmental Protection Policy (環境保護方針政策) and Environmental Management Target Setting to better monitor and manage our environmental performance.

We take "Strengthening green operations by promoting energy conservation and emission reduction, and reducing resource consumption, for ensuring compliant emissions" as a target, to minimize the negative environmental impacts of our operations, actively address climate change and ecological crises, and help realize the harmonious coexistence between mankind and nature.

Resource Management

We attach great importance to resource management, formulate the Energy and Water Conservation Management System (節能節水管理制度), manage the use of resources in a standardized and systematic manner, and vigorously promote the improvement of resource utilization efficiency through the efficient use of energy and the continuous optimization of product packaging design, so as to consume less resources while achieving economic benefits.

Energy Management

- Formulate the Air Conditioner Management Policy (空調管理制度) to standardize the use of air conditioners and post prompt slogans on the control panel of air conditioners to achieve electricity saving
- Collect waste heat from the air compressor and use it for winter heating in the polishing workshop to reduce energy consumption

Material Management

- Continuously optimize the product packaging design and reduce the volume of new inner bags, outer boxes and corrugated cartons of products exported overseas, with a plan to reduce packaging usage by about 0.194 tons

Aditek is also optimizing its energy sources by installing rooftop photovoltaics, which are expected to generate 1,223.172kWh of electricity annually, further contributing to our transition to a more environment-friendly and sustainable energy mix.

ENERGY CONSERVATION AND GREEN DEVELOPMENT

In order to create a good atmosphere of energy conservation, consumption reduction and abstaining from extravagance, and to promote the high-quality development of “green operation”, we have released the initiative “Green Office, Low-Carbon Life”, which includes eight aspects, namely saving electricity for lighting, reducing standby energy consumption, reasonable use of air conditioners, and reducing paper for office use, green travel and commuting, reasonable disposal of waste, green procurement practices and increased green publicity. In this way, we appeal to all employees to be advocates, practitioners and supervisors of green environmental protection.

Our key performance indicators for the use of resources for the Reporting Period are as follows:

Use of Resources	Unit	Year ended December 31, 2023
Total Direct Energy	MWh	31.8
<i>Gasoline</i>	<i>MWh</i>	28.7
<i>Diesel</i>	<i>MWh</i>	3.1
Total Indirect Energy	MWh	25,206.2
<i>Electricity</i>	<i>MWh</i>	25,206.2
Total Energy Consumption	MWh	25,238.0
Energy Consumption Intensity	MWh/RMB mn in total revenue of the Company	17.1
<hr/>		
Total Water Consumption	Ton	70,246.8
Total Water Consumption Intensity	Ton/RMB mn in total revenue of the Company	47.6
<hr/>		
Total Packaging Materials	Ton	362.4
<i>Cartons</i>	<i>Ton</i>	351.0
<i>Plastic Packaging</i>	<i>Ton</i>	11.4
Packaging Material Intensity	Ton/RMB mn in total revenue of the Company	0.2

Notes:

1. Our water sources are all municipal water, so we are assured of adequate and suitable water.
2. Our direct energy is derived from gasoline and diesel fuel generated in our business operations and our indirect energy is derived from purchased electricity consumed.
3. Since there is no other environment and natural resource involved in our operations, Aspect A3 (environment and natural resources) and A3.1 (description of the significant impacts of business activities on the environment and natural resources and actions taken to manage such impacts) are not applicable.

Emissions Management

We strictly comply with the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國大氣污染防治法), the Water Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國水污染防治法), the Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise and other relevant laws and regulations (中華人民共和國環境噪聲污染防治法), and conduct stringent controls over various key areas of environmental management, including waste gas, waste water, waste and noise. Moreover, we regularly engage third-party professional testing organizations to conduct relevant assessments to ensure that various pollutants are handled in compliance, and take proactive measures to strengthen environmental management and continuously reduce pollutant emissions.

Wastewater and air emission management

We attach importance to the management of wastewater discharge and ensure that all of our production bases strictly comply with the relevant local laws, regulations and standards during the course of their operations, and ensure that wastewater is discharged into the municipal pipeline network on the condition that it has been treated and that our water quality parameters meet the standards. We continue to take measures to manage the risk of wastewater discharge, replace the previous grinding process with a new cold grinding process for liquid nitrogen in this year, to ensure that wastewater is effectively reduced and treated.

We continue to invest in and improve the collection and treatment facilities of air pollutant emission sources to actively control and reduce waste gas emissions.

Source Control	Equipment Improvement
<ul style="list-style-type: none"> • Use 3D printing resin no-cleaning process to reduce waste gas emissions by about 22.48kg per year. • Use cleaning agents with low volatile instead of those with high volatile to reduce the production of NMHC. 	<ul style="list-style-type: none"> • Install the post-treatment cleaning equipment with baffles to reduce exhaust gas escape • Use the secondary water spray + secondary activated carbon adsorption technology to improve the treatment efficiency of NMHC. • Collect and treat the waste gas generated from the film pressing process to meet the standard, and then discharge it at a high altitude to reduce the unorganized emission.

Our key performance indicators for wastewater and exhaust gas for the Reporting Period are as follows:

Emissions	Unit	Year ended December 31, 2023
Wastewater Volume	Ton	56,728.0
NMHC	Ton	0.3
Particulate Matter	Ton	0.3

Note: Our total emissions of NMHC and particulate matter are equal to the emission rates of NMHC and particulate matter multiplied by the operating hours of the exhaust treatment facilities during the Reporting Period where the emission rates were tested by a third-party professional testing company.

Waste management

In order to minimize the impact of hazardous waste on the surrounding environment, we have updated and continuously optimized the Solid Waste Management System (固體廢物管理制度), the Solid Waste Operation Guideline (固體廢物作業指導書) and other relevant regulations, which serve as the framework for our waste management. We continue to strengthen the standardized management and compliant waste disposal, and implement compliant collection, classification, storage and transfer of different types of waste, to avoid pollution to the soil and the surrounding environment and to ensure compliance.

General Solid Waste Management	Hazardous Waste Management
<ul style="list-style-type: none"> Entrust the recycling and disposal of general solid waste to relevant treatment departments. 	<ul style="list-style-type: none"> Separately store hazardous wastes and post labels. Establish a hazardous waste ledger and regularly entrust the recycling and disposal of the waste to qualified departments

Our key performance indicators for hazardous and non-hazardous waste emissions for the Reporting Period are as follows:

Waste	Unit	Year ended December 31, 2023
Total Hazardous Wastes	Tons	546.8
<i>Cleaning Waste Liquid</i>	<i>Tons</i>	<i>447.1</i>
<i>Activated Carbon</i>	<i>Tons</i>	<i>42.8</i>
<i>Packaging Drums</i>	<i>Tons</i>	<i>36.9</i>
<i>Shower Tower Waste Liquid</i>	<i>Tons</i>	<i>20.0</i>
Hazardous Waste Intensity	Tons/RMB mn in total revenue of the Company	0.4
Total Non-hazardous Waste	Tons	336.8
<i>Photochemical Model</i>	<i>Tons</i>	<i>328.3</i>
<i>Gypsum Model</i>	<i>Tons</i>	<i>8.5</i>
Non-hazardous Waste Intensity	Tons/RMB mn in total revenue of the Company	0.2

Note: Our hazardous waste types and emissions are sourced from the Circulate Forms for Transferring Hazardous Wastes (危險廢物轉運聯單).

Noise management

We strictly comply with the Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法) and regularly monitor the noise at the plant boundary, to ensure that it complies with the requirements of the emission limit values of the Emission Standard for Industrial Enterprises Noise at Boundary (工業企業廠界環境噪聲排放標準). We constantly reduce noise by installing sound insulation and silencing materials and devices to minimize the noise pollution generated during our production and operation and to improve the quality of the environment.

Addressing Climate Change

We are actively solving climate change, combining the Company's practice to continuously explore solutions to address climate change, so as to cope with the growing challenges of climate change. We have integrated the management of climate-related issues into our overall ESG framework, with the Board of Directors overseeing and guiding our approach and strategy for climate change management. Based on the Company's business conditions, we have identified short, medium and long-term climate change risks and opportunities, formulated corresponding strategies, and integrated climate solutions into our daily operations to enhance our climate resilience.

In order to effectively prevent and control the possible high temperatures, typhoons and other severe weather, we formulate the Extreme Weather Emergency Response Plan (極端天氣應急預案) in accordance with the relevant management requirements and the reality of the production site, to estimate and analyze the place and time where the hazards are likely to occur, to specify the personnel of emergency organization structure and duties, and to achieve a rapid response to extreme weather through the complete on-site emergency procedures and measures.

- High-temperature weather: Provide sugar water, green bean soup and other anti-heat-cooling drinks and the necessary protective gear and heat-prevention drugs in the production sites, and set up shelters in the concentrated open-air operation sites and fixed sites to prevent heat radiation.
- Typhoon weather: Require personnel to immediately stop on-site overhead operations and evacuate from dangerous workplaces, and efficiently conduct the on-site vigilance and emergency vehicle deployment.

In order to minimize the impact of our business activities on the environment, we have integrated the measures regarding energy conservation and emission reduction into our design, manufacturing and operational processes, and continue to reduce greenhouse gas emissions by improving energy efficiency and replacing energy-efficient equipment to better cope with climate change risks. For specific climate-related disclosure information, please refer to the "Appendix 1: Climate-related Information Disclosure Report".

Angelalign's 2023 key performance indicators for greenhouse gas emissions are summarized in the table below.

Greenhouse Gas Emissions	Unit	Year ended December 31, 2023
Direct Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	7.8
Indirect Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	14,476.7
Total Greenhouse Gas Emissions	tCO ₂ e	14,484.5
Intensity of Greenhouse Gas Emissions	tCO ₂ e/RMB mn in total revenue of the Company	9.8

Notes:

1. Greenhouse gas accounting is presented in terms of carbon dioxide equivalents. The carbon dioxide emission factors of purchased electricity in our business operations in China are derived from the average emission factors of the national power grid in the Notice on Making Utmost Efforts to Manage Related Work of the Report on Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025 (關於做好2023-2025年發電行業企業溫室氣體排放報告管理有關工作的通知). The carbon dioxide emission factors of purchased electricity in our overseas business operations are derived from the International Energy Agency's (IEA) Brazilian State Grid Emission Factors.
2. Our direct energy greenhouse gas emissions (Scope 1) come from gasoline and diesel generated in business operations, and our indirect energy greenhouse gas emissions (Scope 2) come from purchased electricity consumed.

PEOPLE ORIENTATION AND TALENTS FOCUSING

Upholding the core value of “People-orientation”, Angelalign regards talent development as one of the key elements for its long-term development. We believe that the well-being and growth of employees are the basis for the robust development of the enterprise. We always pay attention to and protect the legitimate rights and interests of every employee, follow closely to the occupational health and safety of employees, actively create a diversified and inclusive corporate culture, improve a diversified training system and clarify a smooth promotion channel, and help employees achieve personal career development in Angelalign.

Safeguarding Basic Rights and Interests

Angelalign is committed to protecting the legitimate rights and interests of employees, strictly abiding by national and local laws and regulations such as the Labor Law of the People’s Republic of China (中華人民共和國勞動法), the Labor Contract Law of the People’s Republic of China (中華人民共和國勞動合同法) and the Provisions on the Prohibition of Using Child Labor (禁止使用童工規定). It clearly defines relevant provisions in its Employee Handbook (員工手冊) on recruitment and hiring, attendance and leave, compensation and benefits, training and development, performance appraisal, equal opportunity, diversity, and anti-discrimination.

We have always adhered to the principle of “compliant employment”, formulated and continuously improve the Recruitment Management System (招聘管理制度) and the Entry and Exit Management System (入離職管理制度) to regulate the recruitment, employment and resignation process of employees and ensure that employees’ rights and interests are not infringed upon, and will complete the corresponding release in due course.

We resolutely resist illegal employment practices such as the employment of child labor and forced labor. In order to ensure that the employment is in compliance with the Provisions on the Prohibition of Using Child Labor (禁止使用童工規定), we focus on checking the applicants’ valid identification to ensure that the applicants have reached the legal age for employment. If any person who has not reached the legal age for employment works in the Company, we will conduct background checks on the corresponding personnel in accordance with the regulations and deal with it in accordance with the requirements of laws and regulations to prevent such incidents. During the Reporting Period, there was no child labor or forced labor in the Company.

We provide all employees with paid holidays such as national statutory holidays, paid annual leave, bereavement leave, wedding leave, maternity leave, personal leave and sick leave. We have established a market competitive compensation and welfare system based on basic salary, position salary, allowance and performance bonus, and purchased commercial insurance such as employer’s liability insurance and critical illness insurance for employees to provide additional protection for them and attract and retain outstanding talents. We are in the process of formulating and improving the Attendance Management System(考勤管理制度) and the Compensation and Welfare Management System(薪酬福利管理制度) to standardize related matters.

Angelalign attaches great importance to employee communication, respects employees’ opinions and suggestions, and is committed to creating an equal, harmonious, smooth and transparent communication environment for employees. We provide employees with safe and confidential complaint channels and rich communication channels, and support employees in directly reporting their situation to their superiors in the form of oral, email, telephone, etc., to understand their concerns and needs in a timely manner.

Diversity and Equal Opportunities

Angelalign believes that employees from different backgrounds can stimulate the vitality of the organization and drive innovation. We uphold the principles of diversity, equality and inclusiveness, fully respect the diversity and differences of employees, strictly comply with laws, regulations and standards related to human rights, and follow the spirit of international human rights conventions such as the United Nations Universal Declaration of Human Rights (世界人權宣言) and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work (關於工作中的基本原則和權利宣言). We plan to formulate the Human Rights Statement (人權聲明) that emphasizes a rigorous approach to identify, mitigate and prevent human rights risks throughout our own operations and across our value chain, and clearly outlines our commitment to building a comprehensive human rights risk management mechanism. We prohibit any form of discrimination based on race, color, religious belief, gender, sexual orientation, ethnicity, nationality, age, marital status and disability. These all help us shape a diverse and inclusive workplace that respects and protects human rights.

Anti-discrimination and anti-harassment

All employees of Angelalign are entitled to work in an environment free of discrimination and harassment. Our Employee Manual (員工手冊) and Angelalign Code of Business Conduct and Ethics include non-discrimination and non-harassment clauses, which clearly state that we have zero tolerance for discrimination, refuse all discrimination and prejudices, and strictly prohibit any form of harassment (including sexual harassment and non-sexual harassment) and discrimination based on race, gender, color, religious belief, ethnicity, age, military service status or disability in the workplace. If an employee is found to have unlawful discrimination and harassment, the employee will be subject to penalties including dismissal, prosecution and civil or criminal penalties. Aditek has developed specific employment procedures for people with disabilities, while designing and building the new plant with the needs and convenience of people with disabilities in mind, so that they feel respected and cared for.

Diversified recruitment

We carry out recruitment activities based on the principles of fairness, impartiality and openness, and refuse all discrimination and prejudices. In order to build a diverse talent pool, we have optimized the Recruitment Management System (招聘管理制度), established more recruitment channels and methods, and actively introduced outstanding talents at home and abroad through recruitment channels and methods such as executive search, campus recruitment and internal online recommendation. During the Reporting Period, we carried out school-enterprise cooperative recruitment projects with 28 colleges and universities in 11 provinces; the employer brand promotion reached 1,668 people, and the number of students recruited from colleges and universities reached 354. In line with our strategic orientation and business development, we actively carried out talent recruitment for overseas teams and recruited international talents from Australia, the United States, the United Kingdom, Germany, France, Spain, the Netherlands, Malaysia and other countries.

PEOPLE ORIENTATION AND TALENTS FOCUSING

We view gender equality as an important part of our corporate culture of diversity, inclusion and equality. Based on the basic principle of equal pay for equal work, we pay salaries based on positions, performance and ability to ensure that male and female employees with the same position, experience and work performance will receive equal remuneration at Angelalign. At the same time, we are committed to providing equal opportunities and platforms for female employees. Based on the actual business development needs of the company, we have established the diversity target of “No less than 35% women in middle management”. During the Reporting Period, the proportion of women in our middle management has reached 36%.

As of December 31, 2023, we had 2,883 employees, all of whom were full-time employees.

Employees Category		Number	Percentage	Turnover Rate
Gender	Male	1,349	46.8%	14.7%
	Female	1,534	53.2%	17.1%
Age	< 30 years old	1,527	53.0%	17.0%
	30-39 years old	1,076	37.3%	14.3%
	≥ 40 years old	280	9.7%	16.9%
Region	Shanghai	456	15.8%	15.4%
	Wuxi	1,343	46.6%	17.7%
	Other countries and regions	1,084	37.6%	14.0%

Note: Employee turnover rate = the number of departed employees during the Reporting Period/(the number of departed employees during the Reporting Period+ number of employees at the end of the Reporting Period), and the statistical range of the number of departed employees include resignations and those who retire and terminate their employment relationship.

Talent Cultivation and Development

Angelalign values employee development and talent empowerment, and proceeded to formulate the Employee Development Policy (員工發展政策), which is committed to actively investing in every step of employee growth through a complete training system and smooth career development paths.

The Company is committed to the comprehensive and multi-level development of employees, the development of Training Management System (培訓管理制度), to build a set of perfect training system. We systematize and institutionalize the training of new employees through the New Employee Training Management System (新員工培訓管理制度). After joining the Company, new employees can quickly master the basic knowledge through online courses; and then participate in offline intensive training to hone their job skills and practical abilities to quickly adapt to the working environment. Along with the promotion and rank advancement of employees, the Company provides professional skills enhancement courses to continuously strengthen the professional ability of employees in the industry. In addition, the Company has set up a special Angelalign Business School, which focuses on training senior managers and enhancing team leadership through leadership development programmes. The Company also regularly organizes internal exchanges and external seminars to broaden employees' horizons. Training is provided in a variety of forms, including online courses, face-to-face lectures and practical projects. At the same time, the Company has set up an incentive mechanism to encourage employees to learn on their own, which complements the training system. Our training system aims to build a high-quality team and provide a solid talent guarantee for the long-term development of the enterprise.

In 2023, we carried out training sessions for about 280 employees who were members of front-line production, management and engineer teams, with a 100% training completion rate.

Training

During the Reporting Period, the coverage rate of employee training was 100% for both online and offline, with a total of 18,111 hours spent on centralized training.

Category	Indicators	Average Training Hours during the Reporting Period
Gender	Male	8.0
	Female	5.0
Rank	Management	4.0
	General staff	6.0

Case: Angelalign New Employee Training Program

After years of development, Angelalign new employee training program has been successfully held for 20 sessions. Our new employee training system is comprehensive and detailed, including an online 30-day learning package, an offline one-week intensive training and a teaching program targeting new sales employees.

Online 30-day Learning Package

- Covering company culture, basic knowledge of medical products and systems and processes, helping new employees to quickly grasp the core knowledge and integrate into the company culture, laying a solid foundation for their future work

Offline One-week Intensive Training

- The training set up the opening ceremony, systematic courses, co-creative exchanges, written tests and practical tests, as well as the conclusion of the commendation and other links, the theoretical knowledge learned online into the actual operation ability
- At the end of the training period, an outstanding group and an outstanding individual will be selected based on a combination of factors such as classroom performance and assessment results of each new staff member

Teaching Program Targeting New Sales Employees

- Developed a 4-month mentoring manual and mentoring programme based on the extensive experience of a number of senior mentors
- For all new employees in sales positions, the department will arrange for them to be taught by senior masters, in accordance with the established plan for teaching action to ensure that they can quickly adapt to the working environment, master market strategy, sales visits, product presentations and other work skills and knowledge

Through this series of well-designed training links and teaching programs, we help new employees grow rapidly and inject new vitality into the development of Angelalign.



Angelalign New Employee Training Program

Case: Angelalign Business School Program

Facing the rapid changes in the external environment, Angelalign launched the “Angelalign Business School Program” in order to strengthen the organizational strength and cultivate more outstanding talents. The Program was established to take full advantage of high-quality global resources and build a rapidly growing platform for future leaders. On March 2, 2024, we held the opening ceremony of the business school program, which was attended by 58 middle and senior management. In this program, Angelalign and School of Management, Fudan University jointly carried out a one-year in-depth training. We have invited first-class teachers in the industry to provide students with a comprehensive and systematic course system, covering eight modules such as macro vision, decision-making basis, strategic planning, organization and management, and a total of 15 well-designed courses. In order to ensure the effectiveness of students’ learning, in addition to classroom teaching, we also arrange a variety of group learning activities, including group homework, pre-class sharing and cross-departmental visits.



天使商学院第一期合影

First Session of Angelalign Business School Program

We attach great importance to the construction of the Company’s talent, and have built a dual-track job ranking system for the management and the professionals, and clarified the criteria, evaluation and promotion process of different career development channels. We fully recognize the value that each employee has created for the Company in different positions, and provide equal promotion opportunities and development space for employees in various fields to ensure that each employee receives fair and just promotion opportunities.

In order to actively mobilize the initiative, creativity and enthusiasm of employees, we have improved the assessment mechanism and indicators through the Performance Management System (績效管理制度) and the Management Measures for Performance Appraisal and Bonus Payment (績效考核與獎金發放管理辦法), and adopted scientific, reasonable and powerful performance assessment management measures. Keeping improving the long-term incentive mechanism, we have set up equity incentive plans to maintain the Company’s core competitiveness and motivate employees to achieve long-term development.

Employee Health and Safety

Adhering to the “People-oriented, Life first” principle, Angelalign puts the protection of employees’ life and health in the first place, and firmly believes that ensuring the health and safety of employees is fundamental for promoting employees’ well-being and improving their productivity and creativity. We have established a compliant and sound employee safety management system and created a healthy and safe working environment for employees in strict accordance with the Work Safety Law of the People’s Republic of China (中華人民共和國安全生產法), the Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法) and other relevant laws and regulations. In the past three years including the Reporting Period, we did not have any work-related deaths of employees. During the Reporting Period, we lost a total of 356 working days due to work-related injuries, of which 327 days were due to traffic accidents on the way to and from work.

Strengthening the safety defense line

To implement the production safety policy of “safety first, precaution orientation, and comprehensive management”, we have formulated internal policies and systems such as the Safety Production Responsibility System (安全生產責任制) and the Safety Hazard Investigation and Management System (安全隱患排查治理制度), which provide guiding principles for the safety management of our operating sites.

- **Safety Management Structure**

To ensure the smooth implementation of safety management regulations at the system level, we have incorporated health and safety affairs into the work responsibilities and supervision and management scope of the management and execution level. We have also established the Safety and Occupational Health Committee consisting of the Vice President, Safety and Environmental Protection Department members and managers of each department, to ensure effective safety management at all levels of the Company with practical actions.

- **Classification and Management of Safety Hazards**

To strictly implement the requirements of safety production, we have systematically classified accident hazards to better understand their characteristics and risk level. At the same time, we have organized specialists to carry out investigations of accident hazards and management in each production area and other key areas to minimize accident hazards and safeguard employees’ safety at all times.

- **Safety Training Drills**

We attach great importance to the training and dissemination of production safety, and have established a tertiary safety education and training system at the factory level, department level and group level. We have also put forward clear safety training requirements for persons in charge, safety management personnel, special equipment operators, and other employees, so as to continuously improve the safety awareness of employees.

PEOPLE ORIENTATION AND TALENTS FOCUSING

Plant

- Responsibilities and obligations of employees under the PRC Work Safety Law (中華人民共和國安全生產法)
- Safety management regulations and systems
- Accident emergency response process
- Main hazard sources and safety protection measures
- Basic knowledge of production safety and accident

Department

- Safety regulations and procedures of the department/workshop
- The layout and working environment of the department/workshop
- Main sources of danger, possible injuries and protective measures in the department/workshop
- Main occupational hazards and protective measures in the workshop
- Lessons learned from historical accident cases in the department/workshop

Group

- Post operation procedures(theory + field practice)
- Safety production duties of the post and labor discipline
- Risk points, protective measures and safety precautions of the post;
- Occupational hazards and protective measures
- Personal protective equipment requirements for the post
- Emergency stop and disposal process for accident/incident scenarios

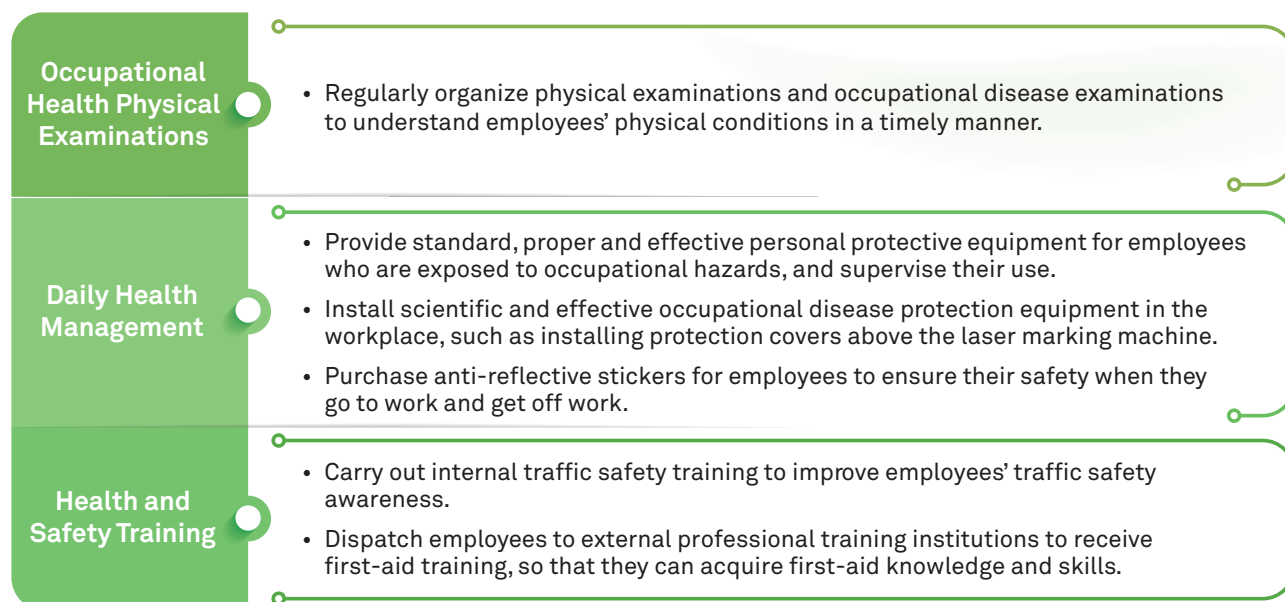
To improve the emergency response ability of employees, we regularly carry out safety training drills to ensure that emergencies or accidents can be handled in the fastest and most effective manner. In 2023, we organized fire emergency evacuation, fire-fighting and forklift emergency drills to further improve employees' ability and awareness of safe operations.



Fire Drills

Guarding the well-being of employees

In order to create a healthy and safe working environment for employees and ensure their health, our preventive measures for occupational health include carrying out occupational health physical examinations, providing employees with personal protective equipment and conducting corresponding dissemination and training.



Aditek also regularly invites physiotherapists to conduct ergonomic assessments of employees to ensure that their working posture and equipment use meet health standards. In addition, we arrange reasonable breaks during the working day to effectively reduce the fatigue caused by long working hours, thereby reducing the risk of accidents.

Caring for Employees' Life

We advocate the work-life balance of employees and have been enhancing their sense of happiness and belonging by organizing a variety of corporate culture activities. We regularly held holiday-themed activities on Mid-Autumn Festival, Dragon Boat Festival and Women's Day, and enriched employees' spare time through interactive games and various prizes. In addition, we have fully protected the daily safety of employees and striven to shape a happy workplace where employees feel a sense of belonging through holiday gifts, high-temperature allowance, afternoon tea and other benefits.



Dragon Boat Festival Activity



Mid-Autumn Festival Activity



Women's Day Activity



Birthday Activity

Case: Angelalign Sports Season-“Angelalign in the Badminton Competition”

We value the participation and sense of belonging of our employees. In November 2023, we held a series of activities for Angelalign Sports Season -“Angelalign Badminton Competition”. In this activity, in addition to badminton competitions, we also held basketball games and Honour of Kings activities, as well as interactive mini games such as basketball machine games, arcade machine games and badminton playing technique games, so that employees of different ages, genders and physical conditions could get involved. Among all employees, a total of more than 200 contestants and nearly 150 spectators participated in this activity, demonstrating the good physical fitness, hard work and cohesion of Angelaligners. This activity enhanced communication and teamwork, and successfully conveyed a healthy and harmonious corporate culture.



Scene of Angelalign Sports Season Games

We also pay attention to the needs of employees with difficulties in life. We issued a love donation proposal, organized love donations for employees in need and provided them with channels to raise funds, so that employees can truly feel the care and warmth from the Angelalign family.

SOCIAL CARING AND PUBLIC WELFARE DEVOTION

Upholding the mission that “Bring people confident smiles with technologies”, Angelalign actively gives back to the society with a caring heart and shares a win-win situation with the society. We gave full play to our professional advantages and jointly launched public welfare projects such as the “Champion Smile Program”, “Angels Love Smiling” and “Angels Love Singing” to create more social value and strive to make more Chinese children and sports athletes have a more beautiful smile.

Champion Smile Program (冠軍微笑計劃)

Since 2017, Angelalign has cooperated with the Training Bureau of General Administration of Sports of China to launch the “Champion Smile Program” to provide athletes with professional services in orthodontics and oral care, to care for their oral health and empower their smiles.

As a crucial support for the national team athletes of the Training Bureau, we moved in the Training Bureau in the early stage of the 2023 Hangzhou Asian Games, and held the Asian Games Oral Inspection Activity in conjunction with outstanding oral organizations from different parts of the country to provide national team athletes with comprehensive, detailed and professional oral examinations, and to answer their questions and popularize oral-related knowledge. During the Asian Games, we also cooperated with a number of oral organizations from different parts of the country to establish the “Cloud Oral Health Defense Camp”. Based on our digital oral monitoring solution MOOELI, we provided orthodontics and oral health care services for national athletes, so that they can smile more confidently in this international sports event. Let Chinese smiles influence the world.



Provision of Oral Examinations



Cloud Oral Health Defense Camp

Angels Love Smiling (天使真愛笑)

With the vision of “Protecting the innocent smile of Chinese children”, we gave full play to our professional advantages and jointly launched the “Angels Love Smiling” public welfare project with Shanghai Adream Charitable Foundation. We promoted popular science lectures about oral health and distributed special oral care kits to remove children’s bad oral habits, raise the prevention and control awareness of children and their parents, and improve the oral health of children in underdeveloped areas.

We invited a number of authoritative children's oral care experts in the industry to record a series of popular science videos on children's oral knowledge in a simple and easy-to-understand form from the perspectives of poor oral habits elimination, malocclusion correction, and parents' awareness of prevention and control, so as to improve the oral health literacy of children and their parents. To further shape the oral health knowledge-seeking atmosphere, we launched a series of popular science videos on our official website, Weibo and other online channels and also employed offline video playing. We distributed special oral care kits to children at the schools where they watched the videos, which contained a oral care kit, a waterproof toiletries package and a dental care manual to help children develop good oral care habits that benefit life as early as possible.

By the end of 2023, 5 programs of children's oral knowledge videos had been recorded and promoted, and a total of 6,340 oral care kits had been distributed to 127 schools in more than 20 provinces, autonomous regions and municipalities across the country. This organically combined concept education and protection practice to help children develop good oral care habits in the "Unity of knowledge and action".



Oral Health Popular Science Video Watching Activity



Distribution of Special Oral Care Kits

Angels Love Singing (天使愛歌唱)

Angelalign has been committed to the physical and mental health of teenagers and children and accompanying them to grow up. In July 2023, Angelalign and Beijing Hefeng Art Foundation jointly launched the "Angels Love Singing" music education public welfare project, delivering beauty and smiles through singing. The project was decided to be carried out in Ning'er Hani and Yi Autonomous County, Yunnan Province, including three parts: professional quality improvement training in music classrooms across the county, in-depth support for two project schools and the New Year's Concert.

The "Angels Love Singing" project invited Professor Dai Xinghai, the dean of the Department of Music of the School of Music and Dance of Yunnan Normal University, and his team as the faculty team for the training of this project to provide chorus command training for music teachers in Ning'er Hani and Yi Autonomous County. The Hefeng faculty team visited the two project schools once a month to provide offline guidance and invited music teachers from surrounding schools for observation. At the same time, the "Angels Love Singing" project has improved and upgraded the music classrooms of the two schools to create a better music learning environment for local students. After the training, the choruses of the project schools will be supported to participate in the 2024 Yunnan New Year Charity Concert of Beijing Hefeng Art Foundation.

SOCIAL CARING AND PUBLIC WELFARE DEVOTION

We hope that through the project full of songs and smiles, children will be happier for being immersed in the music environment and become more confident after learning quality music courses.



Charity New Year's Concert

In addition, we have been exploring new directions for public welfare and have launched a series of projects with social influence to give back to society in a more innovative and sustainable manner.

We have kept investing in the popular science of and brand influence in teenager and child oral health. In 2023, we innovatively launched children's oral cavity animations and AR games with the theme of the IP images of "Transformers" and "My Little Pony", attracting more than 38,000 users of more than 2,000 clinics across the country to get involved. This allowed children to experience the fun of oral care in interaction, and more families have since paid more attention to oral health as a result.

We joined hands with the "White Whale" public welfare organization to launch the "Christmas Public Welfare Goods Donation to Deliver Warmth" activity. By scanning the QR code of the channel, employees could make online appointments for free door-to-door mailing, so as to convey love without leaving home. The White Whale Public Welfare Platform will convert the recycled items into corresponding public welfare shares and make donations in the name of Angelalign. This transparent and fair way ensures that the love of every donor can be properly utilized.

APPENDIX 1: CLIMATE-RELATED INFORMATION DISCLOSURE REPORT

Against the backdrop of global climate change, low-carbon development is a common development path recognized by all sectors of the society and a common action method for different stakeholders to cope with climate change. Angelalign continues to explore action plans to address climate change, comprehensively optimizes greenhouse gas management such as energy management, climate risk and opportunity identification, improves its climate resilience and business resilience, and strengthens climate change mitigation actions.

Climate Change Risk Governance

We attach great importance to issues related to climate change, continuously improve the internal management system, and integrate the governance of climate-related issues into the overall ESG structure to ensure that climate change issues can be equally integrated into the Company's overall strategy formulation process with other major ESG issues.

Climate-related Management Responsibilities

The Board	To supervise the management policies and strategies related to ESG development, and evaluate, rank and manage important ESG risks and opportunities, covering our climate change strategies, climate-related risks and opportunities.
The Management	To carry out overall deployment and systematic promotion of climate-related work, evaluate climate risks, formulate risk response strategies and measures, supervise the implementation of key measures, and coordinate, deploy, guide and supervise the climate management work of various departments; and to regularly report the progress of climate-related work to the Board.
ESG Working Group	To undertake the Company's climate-related development plans, pay attention to the current and emerging climate-related regulations, refine climate action plans and promote the implementation of key measures, report the results of climate-related work, and promote the realization of climate change-related visions.
Relevant Business Departments and Production Plants	Relevant business departments such as the supply chain and administration, as well as production plants around the world are included, which are responsible for the implementation of climate change-related adaptation and mitigation strategies, and proposing and implementing operational and practical measures on climate change-related issues.

Climate Change Management Strategy

We recognize that climate change brings both potential risks and opportunities to the entire value chain and impacts our business strategies, operations and financial results. Based on China's macro environment, industry characteristics and our own business model, we have conducted a comprehensive assessment of the short-, medium- and long-term climate change risks (including physical risks and transition risks) and opportunities faced by our business, and formulated corresponding response strategies.

Risk Identification

	Risk Type	Risk Name	Description	Potential Financial Impact	Time Dimension
Physical Risks	Acute risk	Typhoon Flood Rainstorm	The increase in the severity and frequency of extreme weather events may have an impact on the company’s business continuity and resource costs.	Increase operating costs (such as energy, water, raw materials price)	Short-term
	Chronic risk	Average temperature rise	The increase in average temperature leads to the need to consume more energy to regulate the temperature of the production site, and the probability of heat stroke and other sudden diseases of employees increases.	Increase the operating costs of basic utilities, and increase cost of additional subsidies to ensure the health of employees in high temperatures	Long-term
Transition Risks	Policy and regulatory risks	Increased carbon emission rights pricing Intensified environmental regulation	<p>The country has implemented a carbon emission trading mechanism, and the pharmaceutical industry may be included in the national carbon emission trading industry in the future.</p> <p>The government has strengthened the supervision of the environment and added new requirements for the low-carbon transformation of enterprises.</p>	May increase operating costs due to the purchase of carbon emission allowances for compliance and increased environmental regulatory requirements	Long-term

APPENDIX 1: CLIMATE-RELATED INFORMATION DISCLOSURE REPORT

Risk Type	Risk Name	Description	Potential Financial Impact	Time Dimension
Technology risk	Low-carbon technology transformation cost	Industrial technology to high efficiency, energy saving, emerging low-carbon technology transfer.	The market expansion and maintenance of traditional technologies have been hindered, and revenue has been affected. Investment in efficient, energy-saving and low-carbon production technology and research and development costs increased	Long-term
Market risk	Changes in customer behaviors Volatility of market information	Customers are increasingly concerned about the carbon footprint of the value chain and tend to use environment-friendly products and services. Affected by climate change or the national dual carbon policy, market information fluctuations such as sudden power outages, water outages, and electricity price increases may occur.	Increase in production costs as a result of getting close to the needs of customers for environment-friendly products. Changes in operating costs associated with changes in market resource and energy prices.	Medium-term
Reputation risk	Stakeholders' increasing attention to the reputation of the Company	With the gradual increase of stakeholders' attention to climate change, green and low-carbon, they are increasingly concerned about the company's green and low-carbon performance.	If the company fails to meet stakeholders' expectations, operating costs may increase, which will have an impact on the company's valuation	Long-term

Opportunity Identification

Type of Opportunity	Name of Opportunity	Description	Potential Impact	Time Dimension
Resource Efficiency	Energy-saving technology Resource recycling and reuse	Continue to promote the concept of green operation, through the energy-saving optimization of infrastructure, technology and process, improve the efficiency of resource and energy use.	Reduce operating costs	Medium-term
Energy Substitution	Clean energy and renewable energy Carbon market participation	With the successive introduction of renewable energy policies and incentive methods, we use clean energy and renewable energy instead, and participate in the carbon trading market.	Reduce energy costs Reduce the risk of greenhouse gas emissions, thus reducing the sensitivity to changes in carbon trading prices	Long-term
Products and Services	Consumer preference New product development	Under the theme of sustainable development, the public's preference for using green products and services has gradually increased. The Company can adapt to market trends by developing low-carbon products and services, thus obtaining competitive advantages.	Increase operating income, enhance corporate reputation and increase business demand for products and services	Long-term
Market Opportunity	Government incentive policies and subsidies	The introduction of carbon neutrality, clean energy, environmental protection subsidies and other related policies plays a guiding role in the market and help the Company develop new markets and business.	Increase the Company's operating income by exploring and entering new markets	Long-term
Resilience	Energy-saving project improvement Sustainable supply chain	As the Company continues to improve its ability to respond to climate change risks and seek new opportunities, it enhances its operational capabilities under different conditions through energy-saving initiatives, and enables supply chain reliability and strengthens climate change resilience of suppliers.	Enhance market valuation through resilience planning, and reduce operating costs by improving supply chain stability and reliability	Long-term

Climate Change Risk Management

In response to the identified climate change risks and opportunities, we have formulated corresponding countermeasures to reduce potential losses and improve corporate competitiveness, so as to better protect employees' health and well-being.

- Risk Response Initiatives**

Risk Type	Specific Risk Name	Countermeasure
Physical Risks	Acute risk Typhoon Flood Rainstorm	<ul style="list-style-type: none"> Continue to monitor weather, carry out safety inspections, and equip necessary protective and emergency devices in advance. Formulate an emergency plan for extreme weather, clarify the personnel and responsibilities of the emergency organization structure, and achieve rapid response to extreme weather.
	Chronic risk Average temperature rise	<ul style="list-style-type: none"> Prepare plans and work arrangements for consuming electricity based on consumption intensity in advance during peak electricity consumption periods. Use energy-saving equipment instead, continuously monitor the energy consumption of equipment and make timely improvements. Prepare anti-heat medicine in summer and reduce employees' outdoor work.
Transition Risks	Policy and regulatory risks Increased carbon emission rights pricing Intensified environmental regulation	<ul style="list-style-type: none"> Pay attention to the latest national policies and regulations and evaluate their impact on our operations. Keep up with policies and lay out in new industries based on the Company's business operation.
	Technology risk Low-carbon technology transformation cost	<ul style="list-style-type: none"> Take environmental impact and energy efficiency into account at the front end of equipment procurement, and give priority to low-emission equipment. Actively carry out technological innovation, such as developing the use of clean energy.
	Market risk Changes in customer behaviors Volatility of market information	<ul style="list-style-type: none"> Strengthen communication with customers and keep abreast of customer preferences in the market Improve data collection and information disclosure levels to ensure the transparency of environmental performance.
	Reputational risk Stakeholders' increasing attention to the reputation of the Company	<ul style="list-style-type: none"> Enhance stakeholder communication, actively respond to inquiries about the company's response to climate change from stakeholders. Comprehensively improve ESG governance and corporate brand value.

• **Opportunity Response Initiatives**

Type of Opportunity	Name of the Specific Opportunity	How to Respond
Resource Efficiency	Energy-saving technology Resource recycling and reuse	<ul style="list-style-type: none"> • Employ advanced intelligent manufacturing technology to optimize production process. • Promote the reuse of resources such as waste and reclaimed water recycling to increase the efficiency of resource use.
Energy Substitution	Clean energy and renewable energy Carbon market participation	<ul style="list-style-type: none"> • Explore opportunities for the use of clean energy such as photovoltaics to optimize the Company’s energy structure. • Continue to promote clean production and reduce greenhouse gas emissions to increase the possibility of making profits in the carbon trading market in the future.
Products and Services	Consumer preference New product development	<ul style="list-style-type: none"> • Actively pay attention to the trend of market preference and focus on the development of green and low-carbon products.
Market Opportunity	Government incentive policies and subsidies	<ul style="list-style-type: none"> • Continue to focus on new markets and actively develop new markets and business due to climate change. • Expand cooperation with partners in low-carbon solutions and product research and development.
Resilience	Energy-saving project improvement Sustainable supply chain	<ul style="list-style-type: none"> • Continue to carry out energy-saving measures and advocate green office and green operation to enhance the market valuation. • Implement low-carbon concept across the value chain, encourage suppliers and customers to join us, and improve the resilience of corporate operations.

Performance and Indicators

To better cope with climate change and reduce the impact of business activities on the environment, we have been striving to better collate greenhouse gas emissions. This report discloses our energy-induced emissions and greenhouse gas emissions (Scope 1 and Scope 2). Our direct greenhouse gas emissions (Scope 1) mainly come from gasoline and diesel, while indirect greenhouse gas emissions (Scope 2) mainly come from purchased electricity.

We are committed to improving the Company's overall energy management, unswervingly keep making innovations and promoting new technologies and methods for energy conservation and consumption reduction, and actively explore the possibility of carbon reduction in the future. Please refer to the table below for the greenhouse gas emissions and energy consumption indicators of Angelalign in 2023, and the section headed "Energy Conservation and Emission Reduction, Green Development" for other environmental indicators.

Energy Consumption	Unit	Year ended December 31, 2023
Total Direct Energy	MWh	31.8
Gasoline	MWh	28.7
Diesel	MWh	3.1
Total Indirect Energy	MWh	25,206.2
Electricity	MWh	25,206.2
Total Energy Consumption	MWh	25,238.0

Greenhouse Gas Emissions	Unit	Year ended December 31, 2023
Direct Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	7.8
Indirect Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	14,476.7
Total Greenhouse Gas Emissions	tCO ₂ e	14,484.5
Intensity of Greenhouse Gas Emissions	tCO ₂ e/RMB mn in sales revenue	9.8

Notes:

- Greenhouse gas accounting is presented in terms of carbon dioxide equivalents. The carbon dioxide emission factors of purchased electricity in our business operations in China are derived from the average emission factors of the national power grid in the Notice on Making Utmost Efforts to Manage Related Work of the Report on Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025(關於做好2023 – 2025年發電行業企業溫室氣體排放報告管理有關工作的通知). The carbon dioxide emission factors of purchased electricity in our overseas business operations are derived from the International Energy Agency's (IEA) Brazilian State Grid Emission Factors.
- Our direct energy greenhouse gas emissions (Scope 1) come from gasoline and diesel generated in business operations, and our indirect energy greenhouse gas emissions (Scope 2) come from purchased electricity consumed.

APPENDIX 2: ESG INDEX

Aspects	Description	Corresponding Chapters
A1	Emissions	Energy Conservation and Green Development
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and harmless waste.	Energy Conservation and Green Development
A1.1	The types of emissions and respective emissions data.	Emissions Management
A1.2	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions from energy use and intensity.	Addressing Climate Change
A1.3	Total hazardous waste produced and intensity.	Emissions Management
A1.4	Total non-hazardous waste produced and intensity.	Emissions Management
A1.5	Description of emission target(s) set and steps taken to achieve them.	Energy Conservation and Green Development Emissions Management
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.	Energy Conservation and Green Development Emissions Management
A2	Use of Resources	Energy Conservation and Green Development
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Resource Management
A2.2	Water consumption in total and intensity.	Resource Management
A2.3	Description of energy use efficiency target(s) and steps taken to achieve them.	Energy Conservation and Green Development Resource Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieved them.	Energy Conservation and Green Development Resource Management
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Resource Management

Aspects	Description	Corresponding Chapters
A3	Environment and Natural Resources	Energy Conservation and Green Development
General Disclosures	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Energy Conservation and Green Development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Energy Conservation and Green Development
A4	Climate Change	Addressing Climate Change
General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Addressing Climate Change
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.	Addressing Climate Change
B1	Employment	People Orientation and Talents Focusing
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Safeguarding Basic Rights and Interests Diversity and Equal Opportunities
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Diversity and Equal Opportunities
B1.2	Employee turnover rate by gender, age group and geographical region.	Diversity and Equal Opportunities
B2	Health and Safety	Employee Health and Safety
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety
B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	Employee Health and Safety
B2.2	Lost days due to work injury.	Employee Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Health and Safety

APPENDIX 2: ESG INDEX

Aspects	Description	Corresponding Chapters
B3	Development and Training	Talent Cultivation and Development
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Cultivation and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Cultivation and Development
B3.2	The average training hours completed per employee by gender and employee category.	Talent Cultivation and Development
B4	Labor Standards	Safeguarding Basic Rights and Interests
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Safeguarding Basic Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding Basic Rights and Interests
B5	Supply Chain Management	Sustainable Supply Chain
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain
B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain

Aspects	Description	Corresponding Chapters
B6	Product Responsibility	Seamless Service and Quality Orientation
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Seamless Service and Quality Orientation Responsible Marketing
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Satisfaction
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures.	Quality First Customer Satisfaction
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Network and Information Security Management
B7	Anti-corruption	Governance and Responsibility
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of bribery, extortion, fraud and money laundering.	Business Ethics and Anti-corruption
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.	Business Ethics and Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics and Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics and Anti-corruption
B8	Community Investment	Social Caring and Public Welfare Devotion
General Disclosures	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.	Social Caring and Public Welfare Devotion
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Social Caring and Public Welfare Devotion
B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Caring and Public Welfare Devotion