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稳如磐石


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**COSTONE CAPITAL**

# **ACCESSING GREEN FUTURE**

**SUSTAINABLE INVESTMENT AND IMPACT REPORT**

SEPTEMBER 2022





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Profit is never the goal, but the result.  
We hope that our corporate behavior  
is sentimental and righteous, aspiring,  
ambitious and mission-minded. We  
are a qualified corporate citizen to  
provide a platform for colleagues  
with talents and cultural identity”

## I. Message from Chairman

In 1954, Peter F. Drucker, the father of modern management, first proposed the concept of "corporate social responsibility" in his classic book *The Practice of Management*. He defined three equally important tasks of "management":

Setting specific goals and missions of the organization;

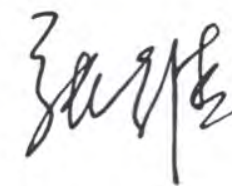
Ensuring that work is productive and that employees' work can lead to achievements and benefits;

Managing the social impact and social responsibilities of the organization.

Drucker believed that business enterprises are organs of society and community, and they exist to fulfill a specific social purpose. Meanwhile, he put forward the best way for enterprises to fulfill their social responsibilities, that is, to align their self-interest with public interests and turn social responsibilities into business opportunities.

In more than 20 years of development, CoStone Capital has always adhered to the direction of Drucker's philosophy and actively practiced ESG standards. As an ordinary enterprise, we focus on corporate governance, help employees grow, and improve operational efficiency. At the same time, we pay attention to our relationship with society and the community, minimize the negative impact of our own activities, and strive for the promotion of public interests. As a venture capital institution, we are committed to becoming the organizer of the equity investment industry chain. We actively integrate ESG standards with our investment decision-making processes and indicator system, formulate industrial layout of low-carbon and emerging industries, and foster balanced regional economic development through our targeted guidance. Also, we provide necessary capital for enterprises through our concentrated investment, especially for small and medium-sized enterprises, private enterprises, and enterprises under the new economy. Furthermore, we serve the development of the real economy by empowering our investee companies with operations management through our post-investment services.

Currently, the Fourth Industrial Revolution is coming for the reconciliation between humanity and the planet, which is calling for a green, sustainable growth. China's local semiconductor, new energy, intelligent manufacturing and other industries need the full support of investment institutions. CoStone Capital believes that technology leads to a better world, and investing in the "leading-edge" technology in every era is the right way to promote carbon neutrality and improve social well-being. We have always practiced impact investment, and in the future, we will be committed to providing innovation capital for more outstanding carbon-neutral startups, and investing in the forces that change the world and create a better and more sustainable planet!



ZHANG WEI

Chairman of CoStone Capital





## II. About CoStone Capital

CoStone Asset Management Co., Ltd. ("CoStone", "CoStone Capital" or "we") has more than 20 years of investment management experience and is among the first tier venture capital institutions in China. We have long been committed to equity investment in Chinese innovative enterprises in initial & growth stage, and closely track key industries such as advanced manufacturing, medical services, consumer services, cultural media, green & environmental protection, and agriculture. In recent years, our investment has been focused more on technology and medical care, giving birth to a series of industry leaders and sub-industry leaders. The asset types managed by CoStone Capital cover the entire equity investment industry chain, including angel, VC, PE, M&A, PIPE, securities market and other types of investment funds. The investment stages cover the entire life cycle of the enterprise. Headquartered in Shenzhen, CoStone Capital has 8 offices across the country, which are located in Shenzhen, Beijing, Shanghai, Nanjing, Hefei, Changsha, Sanya and Hong Kong, respectively, providing professional asset management services for investors and investee companies.

### Mission

To be the organiser of the industry chain, to construct entrepreneurial society, and to contribute national innovation power

### Vision

To empower partners, to invest in technology promoting social good, and to become a respected Chinese venture capital institution

### Values

To gain foresights in dedication, and to present generous returns for trust

Environmental and social responsibility are woven into the fabric of how we invest and operate businesses. Through proper strategies and policies, we actively advocate and practice the concept of sustainable development to fulfill long-term value for the company and sustainable returns for our investors.

Create lasting social value with financial returns, and promote scientific and technological progress and long-term high-quality social and economic development

### Sustainable investment

Protect the rights and interests of employees, attach importance to the development of employees' ability, and create a simple and happy corporate culture

### Human capital

Assume environmental responsibility, advocate green office, and encourage low-carbon travel

### Green office



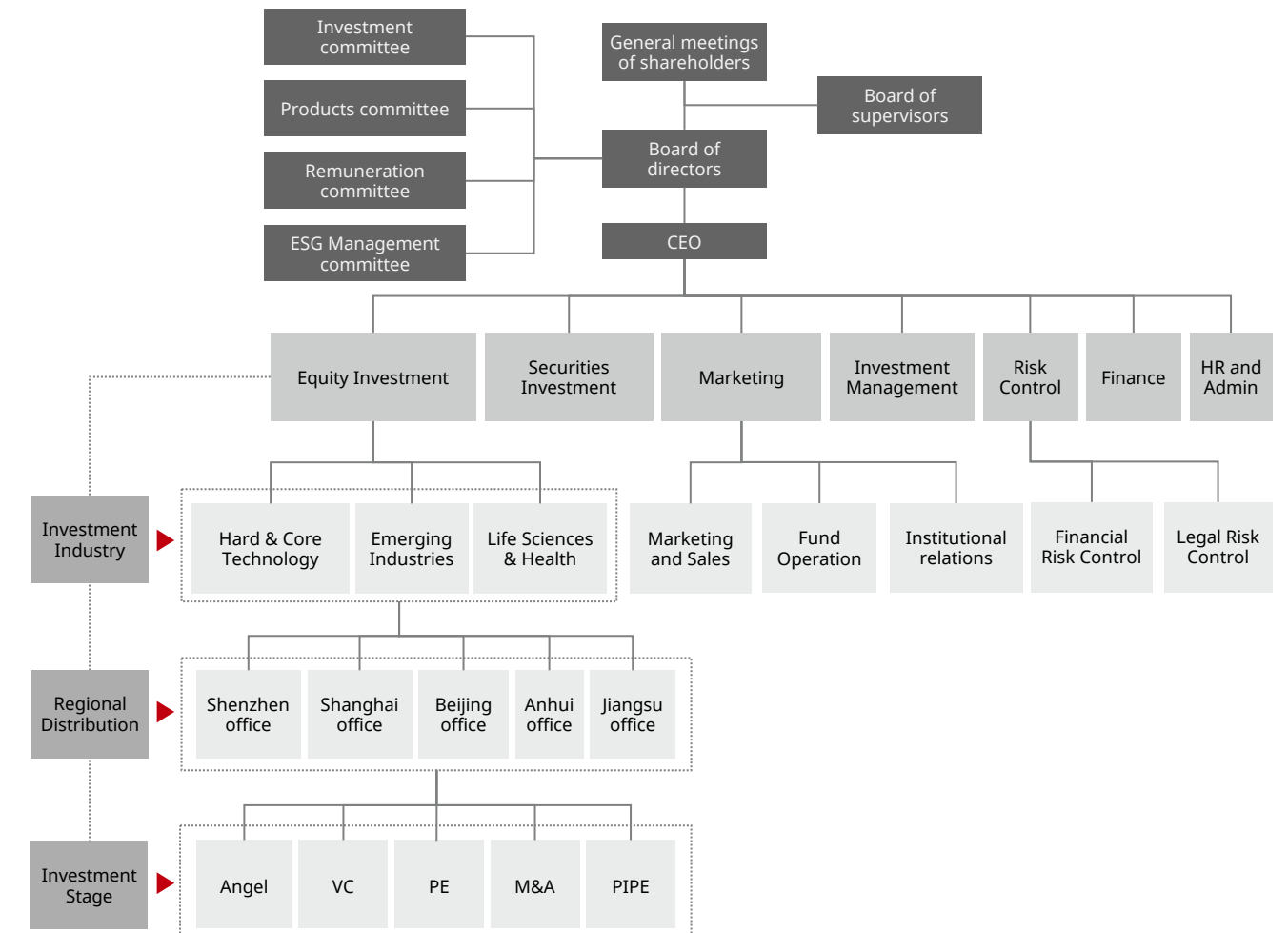
Operate in compliance with laws and regulations and strengthen investor management and digital construction to build the core competitiveness of enterprises

### Operation management

Practice corporate social responsibility and actively participate in social welfare undertakings

### Public welfare

## Organisational structure



共识

CONSENSUS

共创

CO-CREATION

共担








JOINT RESPONSIBILITY

共享

SHARING



# Key figures of CoStone capital

-  AUM: Over RMB **60 billion**;
-  Investment profile in the green field <sup>(1)</sup>: **46** projects in total, with a total investment scale of nearly RMB **8.5 billion**;
-  Distributions to investors: a total of RMB **28 billion**;
-  Investment profile in the primary market: **252** equity projects in total, including **66** listed companies;
-  Male to female ratio of employees: **48%** (female) vs **52%** (male);
-  Annual training hours per employee: **53**;
-  Annual greenhouse gas emissions: **58.92** tonnes of carbon dioxide equivalent <sup>(2)</sup>

(1) The types of companies and projects we invest in are based on the *Catalogue of Green Industries (2019)* and the *Catalogue of Projects Supported by Green Bonds (2021)* issued by the National Development and Reform Commission, the People's Bank of China and other authorities.

(2) The environmental data only cover Shenzhen, Hefei, Shanghai, Nanjing and Beijing offices, and the period under review is from 1 July 2021 to 30 June 2022.

# Qualifications and honours

Repeated recognition by authoritative organisations in the industry makes us an **outstanding** brand

 <p><b>CVINFO</b>        Top 10 Best Venture Capital Institutions in China        Top 10 Best Venture Investors in China (Zhang Wei, Chairman of CoStone Capital)        Top 10 Best Venture Capital Institutions in China        Top 20 Venture Capital Institutions in China That Get Most Attention from LPs</p>	 <p><b>Zero2IPO</b>        Top 10 Venture Capital Institutions in China        Top 10 Venture Capitalists in China (Zhang Wei, Chairman of CoStone Capital)        Top 10 Investment Institutions in China in the Healthcare Sector        Top 10 Investment Institutions in China in the Advanced Manufacturing Sector</p>
 <p><b>China Securities Journal</b>        Golden Bull Venture Capital Institution        Golden Bull Venture Capital Institution - Consecutive Title-winning (Three-year)        Golden Bull Equity Investment Elite (Zhang Wei, Chairman of CoStone Capital)</p>	 <p><b>Chinese Venture</b>        Top 20 Best Venture Capital Institutions in China        Top 30 Innovators of the Year in China in the Equity Investment Sector (Lin Ling, Vice Chairman of CoStone Capital)        Best Cases in China's Green Investment Field (CoStone Capital invests in Dongdao New Energy)</p>
 <p><b>China Venture Capital Research Institute</b>        Top 10 China's Most Influential Investment Institution        Top 10 Most Influential Investors in China (Zhang Wei, Chairman of CoStone Capital)        Top 10 Most Socially Responsible Investment Institutions in China        Top 10 Most Socially Responsible Investors in China (Zhang Wei, Chairman of CoStone Capital)</p>	 <p><b>21st Century Business Herald</b>        Top 10 Most Competitive Investment Institutions in the Private Equity Sector        Top 10 Most Competitive Investment Institutions in the Venture Capital Sector        Top 20 Investors of the Year (Zhang Wei, Chairman of CoStone Capital)</p>
 <p><b>Securities Times</b>        Best PE Institution        Best VC Institution        Investor of the Year (Zhang Wei, Chairman of CoStone Capital)        Best Exit Venture Capital Institution</p>	 <p><b>Forbes</b>        TOP 20 Best Venture Capital Institution        TOP 10 Best Venture Investor (Zhang Wei, Chairman of CoStone Capital)</p>
 <p><b>Shenzhen Private Equity Association</b>        Best PE Manager in China        Best Local VC/PE Management Institution in China</p>	 <p><b>Core Tech Asia Review</b>        Top 10 Asian Semiconductor Venture Capital Institutions        China's 100 Most Influential Core Technology Investors (Zhang Wei, Chairman of CoStone Capital)        Top 20 Chinese Core Technology Private Equity Investment Institutions</p>



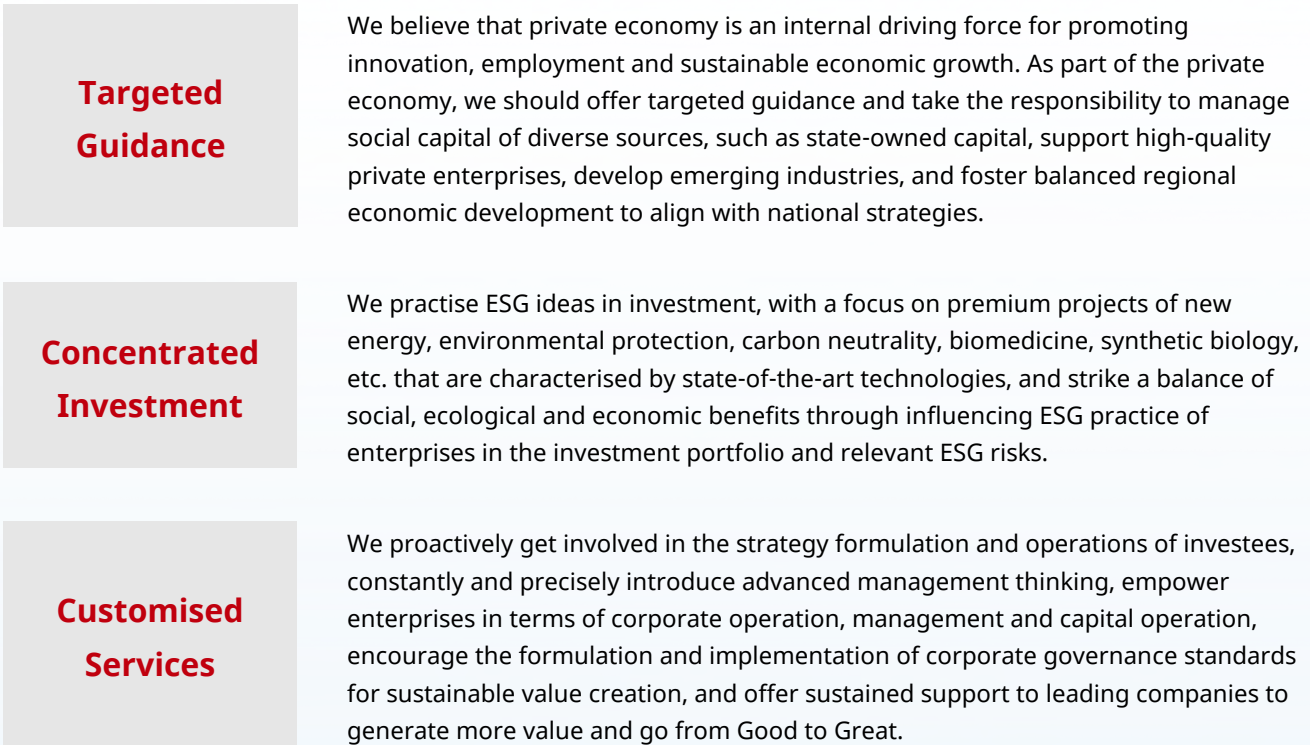
# III. Sustainable Development Management System


## Sustainable Development management framework

Sustainable management is largely dependent on a well-established management framework. In 2022, CoStone Capital officially set up the ESG Management Committee and establish a three-tiered ESG management structure with clearly-defined duties and responsibilities, in a bid to systematically lift the Company's ability of sustainability governance, fully identify ESG-related risks and opportunities, incorporate sustainability into corporate culture, investment management and daily operations, ensure proper investment decisions, employees’ interests and rights, environmental protection, etc. , and safeguard the smooth implementation of CoStone Capital's ESG goals.



# Sustainable investment concepts






Wang Qiwen

Partner and CEO

Sustainable investment constitutes the fundamental purpose, long-term strategy and solid foundation for the investment business of CoStone Capital. CoStone Capital always upholds the values of free market and human civilisation, devotes itself to advocating entrepreneurship and fostering the entrepreneurial society, sticks to angel investing and New Philanthropy and investments in technological innovation, SMEs development, industrial upgrading, low carbon and environmental protection, so as to facilitate the establishment of a national economic system featuring green, low-carbon and circular development as a pioneer of sustainability.



Tao Tao

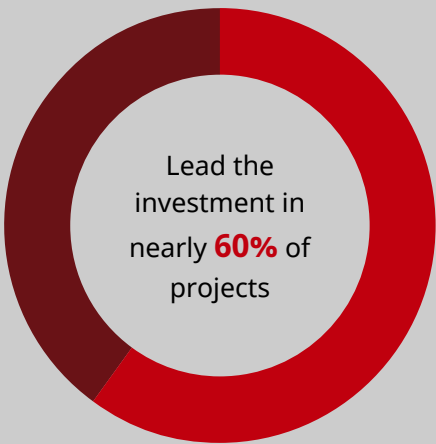
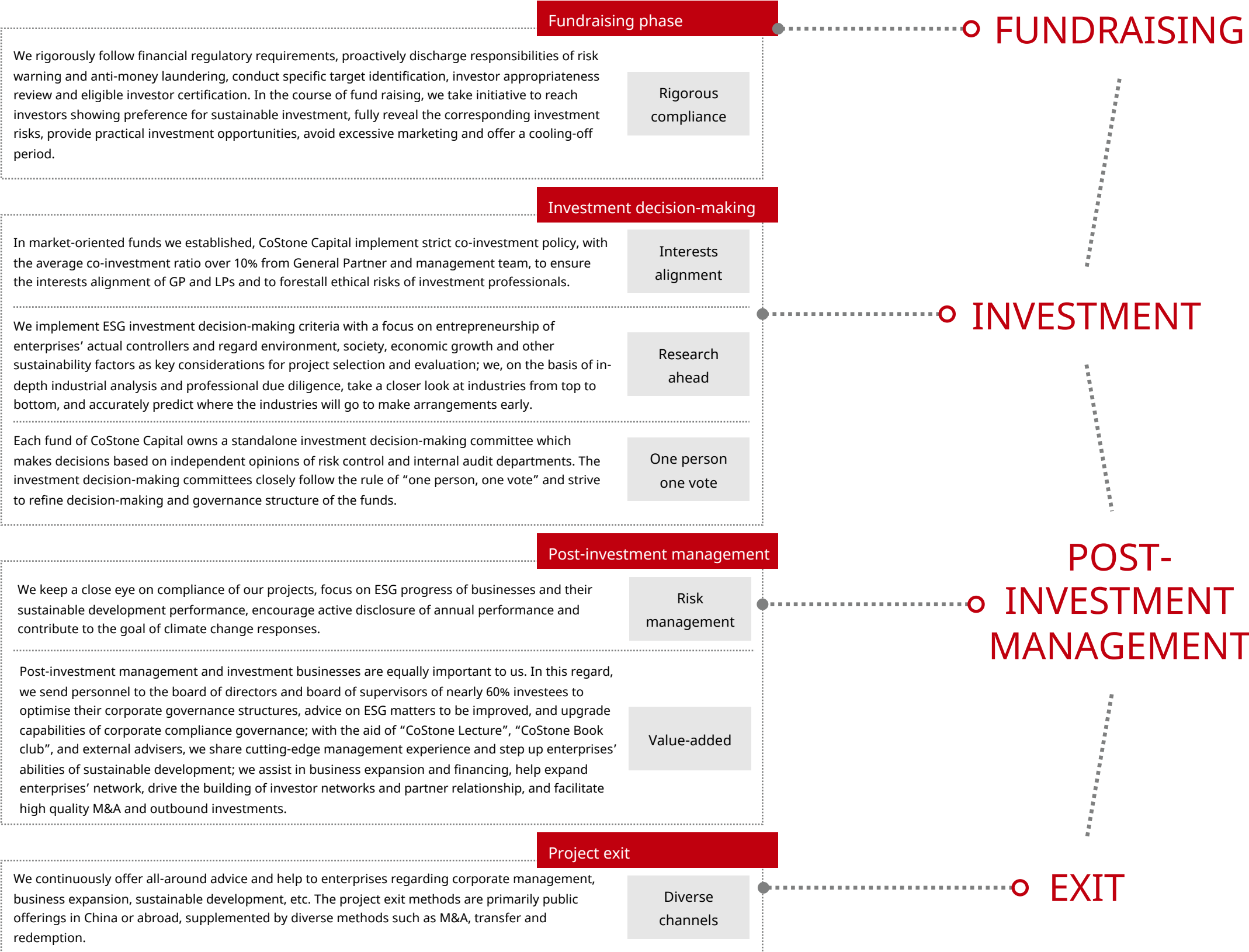
Partner

Investors provide us sustainable long-term capital, the public offer us favourable valuation and liquidity of our projects, entrepreneurs offer us boarder opportunities for investment, and in turn, become our clients as investor. The trust we earned and the returns we offered form a benign cycle, which represents exactly the important sustainable investment model of CoStone Capital.



# Sustainable investment flow

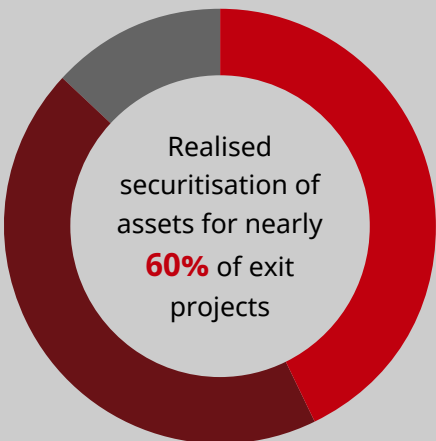
At CoStone Capital, we actively integrate ESG ideas with management operations and constantly embed ESG considerations into our investment circle of "Fundraising, Investment, Post-investment management and Exit" through optimisation of processes and formulation of rules and systems.



Lead investment Follow-on Investment



Delegated directors or supervisors Participate in governance



IPO M&A/Equity transfer Back-door listing/Restructuring and listing



# ESG Investment decision-making criteria

To advance responsible investment in an orderly manner, CoStone Capital leverages its extensive investment experience over the years to set up an indicator system for ESG investment decision-making centring on environmental, social and governance aspects, and incorporates the system into industrial analysis, preliminary screening, due diligence, risk management and other links related to underlying investment, for the purpose of making final investment decisions. In selecting the underlying investments, we attach great importance to industries highly relevant to ESG concepts and enterprises with positive contribution to the society, and keep abreast of ESG rating and related changes of underlying investments. We will consider avoiding or removing investments that exert significant negative impact on ESG indicators after prudent assessment, in an effort to avert investment risks and create economic benefits while generating more social benefits and discovering long-term investment value in enterprises.

CoStone Capital is comprehensively reinforcing the building and management of the sustainable investment system and refining the indicator system for ESG investment decision-making. As part of the pre-investment due diligence, we gradually cover all investees' ESG performance and get an overall understanding of ESG awareness among management of enterprises; in the investment phase, we include investee information disclosure, ecological environment protection, labour safety in investment agreement terms; as for post-investment management, we actively assist investees in improving ESG performance, encourage GHG emissions verification and carbon footprint disclosure, so as to contribute our due share in realising the national goals to address climate change.

The indicator system for ESG Investment decision-making

Area	Positive indicators of investees — accept	Negative indicators of investees — reject
Environmental	<p>Offer products and services with positive environmental effects;</p> <p>Core management highly values environmental responsibilities;</p> <p>Actively save energy and cut consumption during production and operation through procedure innovation, technological transformation, process improvement;</p> <p>Establish clear carbon emissions reduction targets, paths and actions;</p> <p>Obtain operation permits and environmental protection qualifications in the jurisdictions where they operate as required;</p> <p>Have no record of receiving administrative punishment due to environmental incidents.</p>	<p>In high-pollution, high-energy-consumption and high-emission industries;</p> <p>Adopt a production and operation model at the expense of environment;</p> <p>Lack of necessary production and operation qualifications or permits;</p> <p>Have a record of receiving administrative punishment or have reputation tarnished due to environmental incidents.</p>
Social	<p>Offer products and services with positive social values;</p> <p>Uphold a customer-centric operation concept;</p> <p>Provide products and services with high levels of customer satisfaction;</p> <p>Receive less complaints with acceptable resolution results for products and services;</p> <p>Regard talents as valuable assets of the company;</p> <p>Put emphasis on employee development and training;</p> <p>Have a sophisticated and competitive compensation and benefits system;</p> <p>Put emphasis on production safety and labour health.</p>	<p>Products or services fail to adhere to positive social values;</p> <p>Products or services have caused major negative events, with problems remaining to be properly solved;</p> <p>Careless about labour relations;</p> <p>There exists discrimination, child labour, forced labour and other labour disputes;</p> <p>Employees are exposed to major safety and health hazards in the workplace;</p> <p>Turnover rate is far higher than the industry average.</p>
Governance	<p>Shareholders' meetings, board of directors and board of supervisors have sound governance structures and clear separation of duty;</p> <p>Operating conditions, financial information and other significant matters are fully disclosed to shareholders;</p> <p>No material litigation;</p> <p>Clear equity ownership of actual controller and shareholders.</p>	<p>Irregular corporate governance structure;</p> <p>Existence of significant pitfalls in corporate compliance governance;</p> <p>Existence of material litigation;</p> <p>Significant matters not reviewed and approved by the board of directors and shareholders.</p>



# Supporting UN Sustainable Development Goals

In September 2015, the United Nations' 193 member states adopted Sustainable Development Goals (SDGs) on behalf of the international community, including 17 individual SDGs and their 169 sub-goals. These goals lay out a path for major work on sustainable development by 2030, as a universal call to action, in areas vital to mankind and the earth, to end poverty, protect our planet and improve the lives and prospects of everyone, everywhere. The realisation of 17 SDGs and 169 sub-goals entails the involvement of all countries, non-governmental organisations, enterprises and investors.

Recently, in active response to UN SDGs, CoStone Capital pays constant attention to sustainable investment opportunities in strategic emerging industries including intelligent manufacturing, semiconductor, new energy resources, IT, digital economy, biomedicine, medical equipment and medical service, and the fund investment projects under management have covered 11 SDGs.

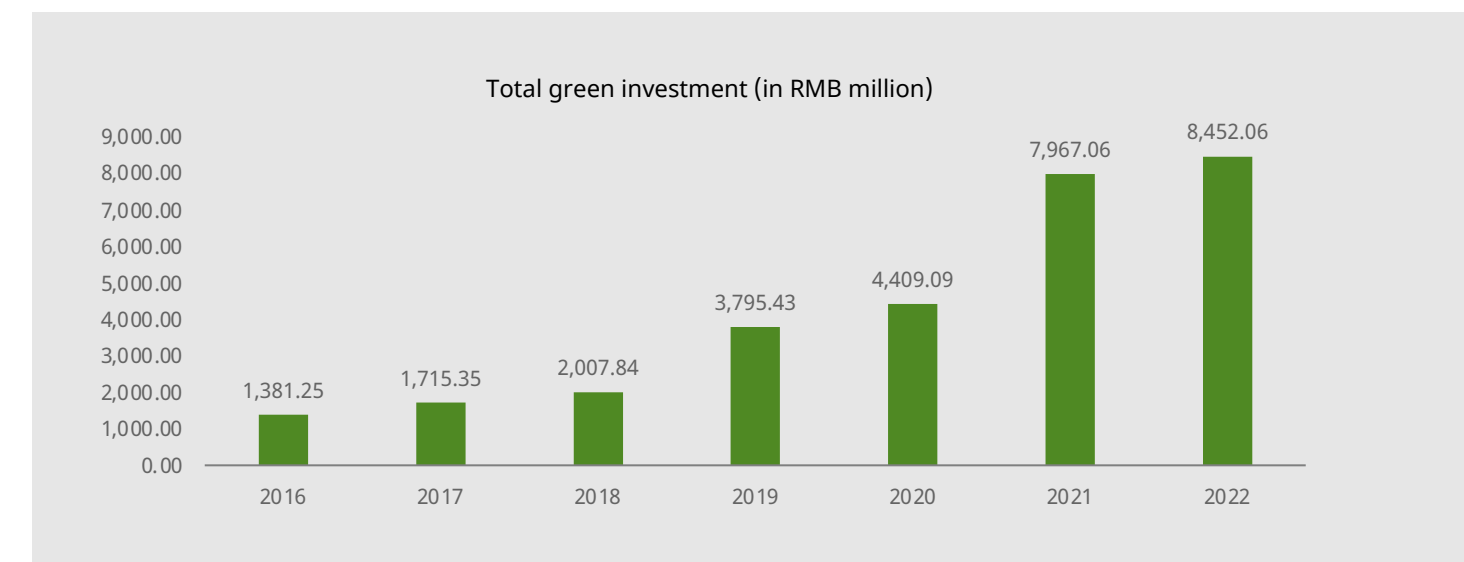


# Green investment

Responsible investment is an important financial topic worldwide, as addressing climate change and propelling sustainable development are in the fundamental interests of the entire human race. Globally, European and American countries have a wealth of advanced experience in green and sustainable financial development and China also takes a leading position in this regard.

In 2020, General Secretary Xi Jinping proposed in the Seventy-fifth session of the United Nations General Assembly a national strategy to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060. In 2021, in the report on the work of government and "14th Five-Year Plan", it was suggested that relevant action plans should be drawn up. In the same year, China pledged to achieve the core targets of "green transformation" in the UN Climate Change Conference (COP26).

Financial investment institutions are main players in social and economic activities and people's daily lives. Green investment, as a key component of green finance, plays a leading role in meeting "dual-carbon" goals and ensuring social and economic sustainability. At the same time, the ability to follow this trend gives investment institutions an edge in ESG investment and more new opportunities. CoStone Capital actively implements national and local green finance development strategy, avoids investing in sectors featuring "High Pollution, High Energy Consumption, and Overcapacity", prioritises strategic emerging industries beneficial to "dual-carbon" goals and key areas underpinning the transition to low-carbon economy, such as clean energy, energy conservation and environmental protection, ecological environment. Since 2016, CoStone Capital has witnessed an exponential growth in green investment. As of 30 June 2022, the scale of green investment amounted to RMB 8.452 billion<sup>(3)</sup>.



As of 30 June 2022, the scale of green investment amounted to RMB

**8.452 billion**

<sup>(3)</sup> The types of companies and projects we invest in are based on the *Catalogue of Green Industries (2019)* and the *Catalogue of Projects Supported by Green Bonds (2021)* issued by the National Development and Reform Commission, the People's Bank of China and other authorities.



## IV. Sustainable Investment Value Creation

With the advent of the Fourth Industrial Revolution, our goal is to realise the reconciliation between human and the earth, and build a community with a shared future for mankind. It raises two requirements for us: one is to develop new energy and improve the utilisation efficiency of existing energy sources, and the other is to rely on targeted and efficient energy saving and consumption reduction to improve energy efficiency. Against this background, promoting the energy revolution has become the common goal of all countries in the world. To eliminate the dependence on fossil fuels and coal-fired power plants, break through the status quo of energy utilisation, subvert existing technologies, and break the traditional industrial ecology, we need huge financial support to carry out extensive research and development, application and promotion of low-carbon technologies.

For China, under the "2030-2060" goal of carbon peak and peak neutrality, an investment track with very high certainty and huge growth space has been opened for at least 40 years. With new industries and enterprises emerging and rising up, we are faced with historic investment opportunities.

CoStone Capital actively seizes the related opportunities, focuses on areas that provide the driving forces behind technological change, and actively seeks for industry "disruptors". We uphold the three major concepts of sustainable investment, closely track the sub-sectors of new energy, medical & health, artificial intelligence, semiconductor, intelligent manufacturing, etc, and identify industry-leading enterprises with robust sustainable development, wide market space, smart industry positioning and excellent competitiveness. In addition, we understand the core development logic of each subdivision track on the basis of in-depth research, continue to optimise our investment layout based on industrial value, and constantly seek and find outstanding business leaders and entrepreneurs. In doing so, we have identified and cultivated a series of outstanding enterprises, including New Hope Liuhe, Sunward Intelligent, Asymchem, New Industries, Mindray Medical, Will Semi, Opplé Lighting, MGI Tech, SenseTime, AHB China, CALB and CXMT.

As of the end of June 2022, we have successfully incubated 66 listed companies, driving the improvement of social production efficiency, accelerating energy conservation and consumption reduction and industrial low-carbon transformation, and promoting social welfare and talent development. We are gradually becoming an organiser and enabler of sustainable value creation in the equity investment industry chain.

E



Environment

- 1 Contributing to the dual-carbon target

**XCar**

Clean Energy  
Energy Conservation & Environment Protection  
Synthetic Biology

S



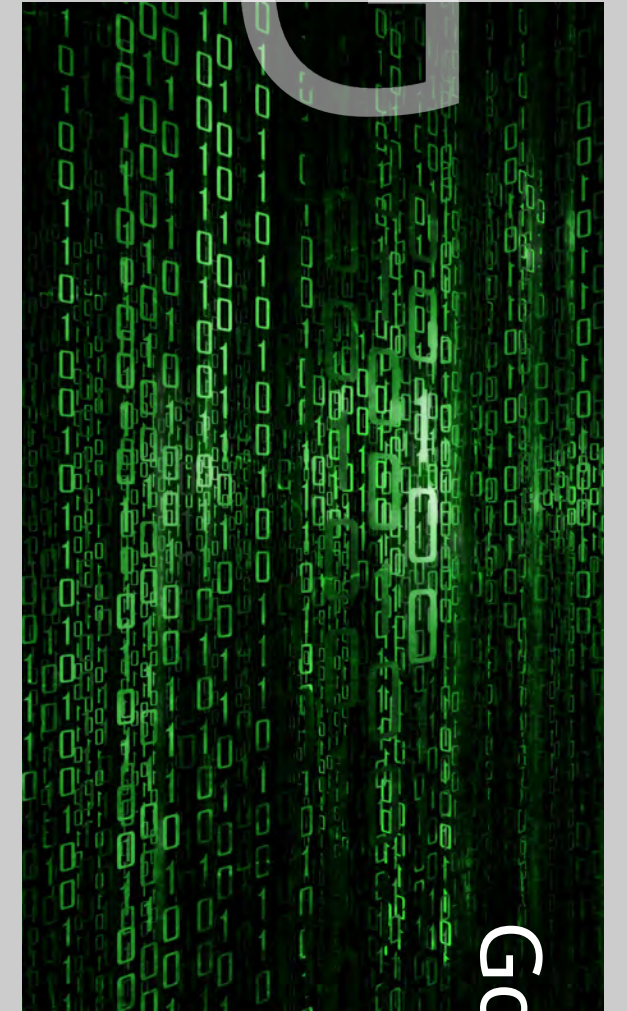
Social

- 2 Creating a better life together

**PharmPlus**

Medical & Health  
Rural Revitalisation  
Consumer & Culture

G



Governance

- 3 Driving digital management

**Shannon Semi**

Semiconductor  
Artificial Intelligence  
Intelligent Manufacturing



## (I) Contributing to the dual-carbon target

In September 2020, at the general debate of the 75<sup>th</sup> session of the United Nations General Assembly, China for the first time proposed the goal of “achieve carbon peak by 2030 and carbon neutrality by 2060”. This will accelerate investment in new energy, new processes and new technologies related to low-carbon development, and the medium and long term growth potential of China's economy will be further enhanced.

As a responsible investment institution, CoStone Capital actively responds to national climate-related strategies, integrates sustainable development and low-carbon concepts into our investment layout, and keep increasing the focus on clean energy, energy conservation and environmental protection, synthetic biology and other green fields. Through capital to promote corporate ESG practice, we strive to promote the green transformation of the economy and build a world in which humans and nature coexist in harmony.



爱卡



## XCar is omnipotent, and designed for you!

**XCar** was founded in August 2002, and is currently the third largest car Internet vertical media in China and the world's largest car-themed community, with an average daily pageview of more than 250 million and more than 26 million valid registered users. CoStone Capital acquired XCar in October 2015.

As part of the post-investment management, CoStone Capital helped XCar dismantle its overseas structure, redesign its shareholding structure, improve the company's governance structure and system by dispatching directors with rich management experience, and introduce senior executives with relevant industry backgrounds to liaise with dealers, cultural media organisations and other external resources and optimise management models and market channels.

### Promoting the development of the new energy vehicle (NEV) industry

XCar has made targeted efforts in terms of content, and is the first in China to launch the industry-leading NEV autonomous driving evaluation system and battery life capacity measurement system. For the NEV sector, XCar has successively launched multi-dimensional data and tools including charging pile maps, charging guides and new energy theme online community to improve customers' experience.

### "Enjoy life and love nature"

In 2020, XCar and State Grid EV Service jointly held the first domestic festival for NEV users - "919 NEV Life Festival". In addition, XCar continues to build the largest outdoor camping event brand in China - "X-Camping", which holds hundreds of camping events a year, the largest carnival for car enthusiasts in China - "XMEETING", and the largest cultural and creative IP of desert self-driving & camping in China - "XCar Gobi Paradise", with more than 200,000 attendees in 2021, creating a dazzling pan-car life scene. Further, XCar also cooperates with many NEV companies to promote camping, showing consumers more consumption and life scenes and enhancing their understanding of NEVs, thus promoting the development of the NEV market and encouraging the public to get close to lucid waters and lush mountains and embrace nature.

### Helping public welfare

XCar has given full play to the advantages of its offline car clubs. In the past five years, XCar has launched various XCar car clubs to carry out more than 3,700 public welfare activities, including tree planting, poverty alleviation, teaching assistance, visiting heirless elderly people, pandemic prevention and disaster relief, thus making contributions to the public.





## 1. Clean energy



The national energy strategy is an important part of achieving the dual-carbon goal. The scale of the clean energy industry is growing rapidly, among which hydropower, wind power and photovoltaic power generation have huge potential for future growth. We are deeply involved in the field of clean energy and have been making extensive deployments in the new energy industry chain. With our new energy business, we hope to help enterprises gain strong market competitive advantages in the green and low-carbon transformation.

As early as 2012, CoStone Capital has invested in Lake Lithium, an upstream enterprise of NEVs, as one of our focused investments. Over the past ten years, based on the carbon cycle of the industry and the social positive externalities, we have made a comprehensive investment layout in the power battery, NEVs and clean energy (photovoltaic and wind power) industries according to forward-looking ESG performance surveys, forming a relatively complete investment chain for the clean energy industry.

Manufacturing of new energy battery raw materials, new energy components and parts

Material



Equipment



Battery system



NEV industry chain

Hydrogen power generation, hydropower, wind power, photovoltaic power generation and renewable energy power generation

Wind power



Photovoltaic

Equipment



Material

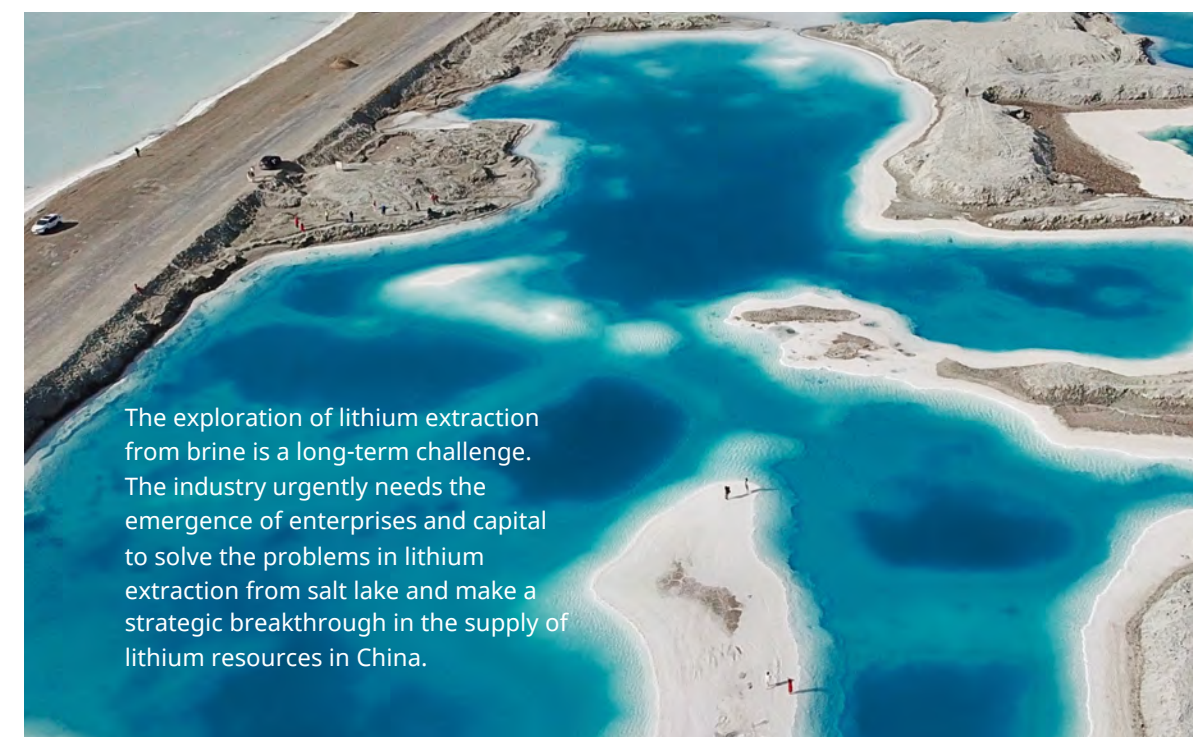


Wind power and photovoltaic industry chain



### Expert of lithium extraction from salt lake, "escort" of new energy industry

CoStone Capital made two rounds of investment in Lake Lithium in 2012 and 2014



The exploration of lithium extraction from brine is a long-term challenge. The industry urgently needs the emergence of enterprises and capital to solve the problems in lithium extraction from salt lake and make a strategic breakthrough in the supply of lithium resources in China.

**Lake Lithium** is a high-tech enterprise that extracts lithium carbonate from brine by adsorption method. Relying on the rich brine resources of the Chaerhan Salt Lake, the company has gotten around the worldwide challenge of lithium extraction from low-concentration brine by using Russian patented technology, and has both "resource advantages" and "technical advantages". At present, Lake Lithium has achieved large-scale production and is a pioneer in lithium extraction from salt lake in China.

As the exclusive financial investment institution for Lake Lithium, CoStone Capital helped the company to reverse the situation on the verge of bankruptcy and achieve breakthroughs in technology, mass production as well as the transition from laboratory to market. In the early stage of investment, CoStone Capital conducted due diligence at the Qinghai Chaerhan Salt Lake for several days, and carried out 24/7 monitoring and judgement on the strength, durability and performance of the technology of extracting lithium from salt lake using adsorption method. After the completion of the investment, Zhang Wei, Chairman of CoStone Capital, had conducted on-the-spot investigations for more than ten times. Project leader Li Xiaohong had been stationed in the Chaerhan Salt Lake for a long time to supervise the scientific research of the technical team, providing valuable financial and management support for Lake Lithium to bring lithium extraction from brine from laboratory to industrialisation.

### Creating a recycling economy

Lake Lithium actively promotes the concept of green development, adheres to the unification of industrial development and ecological protection, assists the location where it operates - Qaidam Recycling Economy Industrial Park to implement sustainable development plans, helps forge ahead with the coupled development of multiple industries such as salt lakes, non-ferrous metals, renewable energy and biological resources, and provides strong support for its establishment of a national-level demonstration zone of salt lake industry recycling economy.





### Beyond business, for the benefit of mankind

CoStone Capital made two rounds of investment in CALB in 2020 and 2021

Founded in 2007, **CALB** is a high-tech enterprise specialising in the R&D, production, sales and market application development of lithium-ion power batteries, battery management systems, energy storage batteries and related integrated products and lithium battery materials. At present, CALB's portfolio covers the two systems, i.e. ternary polymer and lithium iron phosphate. In 2020, the company adhered to the innovative development strategy, and continued to build leading product power, recording the highest growth rate among leading power battery companies and second largest installed capacity of ternary power batteries in China.



### To be the world's leading supplier of new energy materials

CoStone Capital invested in Kaijin in 2020

**Kaijin** was established in 2012. As a well-known domestic supplier of lithium-ion battery anode materials, Kaijin focuses on the research and development (R&D), production and sales of lithium-ion battery anode materials such as artificial graphite and composite graphite. Its products are mainly used in the fields of power batteries and storage batteries. Now, the company is the main supplier of anode materials for CATL.



### Your blue sky, our mission

CoStone Capital invested in Aeolon in 2020

Established in 2007, **Aeolon** is a high-tech private enterprise specialising in the production, sales and service of onshore and offshore wind turbine blades. Aeolon cooperates with internationally renowned blade design companies in R&D, and its blade supply covers mainstream OEMs at home and abroad, forming an optimal industry layout of nearby supply, fast service, and 24/7 on-demand production, sales and service for wind power plants. At present, Aeolon is among the top three wind turbine blade suppliers in China.



### Create more valuable cobalt products for customers

CoStone Capital invested in Tengyuan Cobalt in 2019

**Tengyuan Cobalt** was established in 2004, mainly engaged in the R&D, production and sales of cobalt and copper products. Core products of the company are cobalt chloride, cobalt sulfate and other cobalt salts, as well as electrodeposited copper associated with cobalt. The company has 7 invention patents and 20 utility patents, and is currently one of the leading enterprises in the cobalt salt production industry with the largest scale and highest strength and technical level in China.



### To be a leading provider of lithium-ion battery systems for EVs

CoStone Capital invested in Sunwoda Electric Vehicle Battery in 2022

**Sunwoda Electric Vehicle Battery** is a majority-owned subsidiary of Sunwoda (300207.SZ). The company has built up complete R&D and manufacturing capabilities in the field of EV battery packs and has owned a battery management system (BMS) with completely independent intellectual property rights, highly automated production lines of cell sorting and module grouping as well as a fully automated battery pack assembly line. It has established in-depth cooperative relations with many well-known automakers, providing a complete set of solutions for the R&D and manufacturing of pure electric/hybrid battery systems for vehicles at home and abroad.



### Leader of optical storage and charging smart energy solutions

CoStone Capital invested in Sofarsolar in 2021

Founded in 2013, **Sofarsolar** is a national high-tech enterprise whose main business is the R&D, production and sales of serial PV inverters, PV-storage integrated inverters, energy storage batteries and related software systems. The company provides inverter products and related solutions for household and commercial "photovoltaic power generation + energy storage" systems in many countries.



### Industry-leading manufacturer of photovoltaic silicon wafer diamond wire

CoStone Capital invested in Yuanshi Advanced in 2021

**Yuanshi Advanced** was established in 2015 and is committed to independent innovation, R&D and production of diamond wire saws. This kind of wire saw has the advantages of high-speed cutting, environmentally friendly production, and low cost, and is widely used in the photovoltaic industry. Yuanshi Advanced products break the monopoly by foreign companies and create a road to the revival of national brands of domestic high-performance new materials.



### Integrity first, and striving for perfection

CoStone Capital invested in Gellec in 2021

**Gellec** was established in February 2010. It is a comprehensive enterprise integrating the functions of R&D, production, sales and service of lithium battery wet separators, and has three production bases in Handan of Hebei, Ma'anshan of Anhui, and Tianjin, with a total planned capacity of 6.1 billion square metres per year. In 2021, the annual output of the company was 1 billion square metres. Using ultra-high molecular weight polyethylene (UHMWPE) as raw material, Gellec adopts the thermally induced phase separation wet process to produce high-performance lithium battery separators. So far, the company has 230 patents registered.



## 2. Energy conservation and environment protection



The energy conservation and environmental protection industry features a huge industrial chain and countless industrial links. Accelerating the development of this industry is an inherent requirement for adjusting the economic structure and changing the economic development mode, and represents a strategic choice to promote energy conservation and emission reduction, develop recycling economy, protect the ecological environment, and actively respond to climate change.

**OPPLE**

Create value with light

CoStone Capital invested in Opple Lighting in 2012

**Opple Lighting** (603515.SH) was established in August 1996 and listed on the Shanghai Stock Exchange in August 2016. It is a comprehensive lighting enterprise integrating R&D, production, sales and service, committed to creating a new life with green, harmonious and low-cost lighting. Opple actively participates in public welfare undertakings, holding events like "Bright Classroom", "Opple Charity Fair", "Public Welfare Walking" and "Qinghai Charity Walk". For more than ten years, Opple has been making efforts on the road of public welfare step by step to bring brightness and warmth to every corner where they are needed.

- Invest more than RMB 300 million in R&D every year to improve products. While maintaining the same light efficiency, the company's LED lamps require only one ten-thousandth of the power consumption of incandescent bulbs, and the average service life is about 30 times that of incandescent lamps.
- In terms of smart road lighting, the Opple road lighting management system not only realises point-to-point control of lighting equipment, fault alarms and other functions, but also improves the equipment active rate, control rate and lighting rate to an industry-leading level of 99.5%.
- By the end of 2021, the company had implemented hundreds of smart road lighting and smart multi-function pole projects in Beijing, Shanghai, Guangzhou, Shenzhen, Xiong'an, Zhuhai and other places, and the total power saving rate of the projects exceeded 50% <sup>(4)</sup>.
- In 2020, Opple worked with distributors to contribute more than 55,000 lighting products, with a total value of over RMB 2 million, to medical facilities.



As an important part of the terminal building, lighting needs to meet the functional requirements of the super large space and present a high-quality indoor light environment effect

<sup>(4)</sup> Source: Opple Lighting's official website, 2021 Annual Report of Opple Lighting and other public resources



Building "ecological China with beautiful urban and rural areas"

CoStone Capital invested in Jinlv Environment in 2020

**Jinlv Environment** (001230.SZ) was established in July 2002 and listed on the Shenzhen Stock Exchange in July 2022. It is mainly engaged in the manufacturing of sanitation compression equipment, and has gradually expanded its scope of business to the investment, operation, management services and comprehensive sanitation operation services for equipment manufacturing business.

- It has developed various types of domestic waste compression equipment and sanitation vehicles, covering various fields such as garbage collection and transportation, mechanical cleaning and road washing, and has become one of the suppliers of domestic waste compression equipment and sanitation vehicles that has a high degree of serialisation and complete categories in the industry.
- The self-developed smart sanitation cloud platform gradually upgrades the sanitation management service from "mechanisation" to "intelligence", improves the working quality and operation efficiency of sanitation services, and effectively reduces management costs.



Jointly building a green, low-carbon and high-quality metal renewable resource ecosystem

CoStone Capital invested in Ouyee in 2021

**Ouyee** was established in April 2011. The company focuses on scrap steel procurement, inspection, warehousing, processing and distribution, and has extended its scope of business to related environmental protection businesses such as automobile dismantling, ship dismantling and specialised recycling of recycled non-ferrous metals.

- The scrapped car dismantling business can dismantle 1.5 million vehicles per year, and the scrapped ship dismantling business can process and distribute 1.5 million tonnes of scrap steel annually <sup>(5)</sup>.
- In 2021, Ouyee invested RMB 73.597 million to organise and implement 15 major technological innovation projects, focusing on technological innovation around green, low-carbon and smart manufacturing.
- It also formulated a promotion plan for the use of clean energy to encourage the building of photovoltaic power generation projects on rooftops. Ouyee Magang Chengxing and Shanxi Recycle photovoltaic projects have completed grid connection and started power generation, which are expected to achieve an annual power generation of 10 million kWh and 7.32 million kWh respectively, and reduce 5,307 tonnes of carbon dioxide emissions each year.



Huitian, bonding the future

CoStone Capital invested in Huitian New Material in 2001

**Huitian New Material** (300041.SZ), formerly known as Huitian Adhesive, was established in 1998 and listed on the Growth Enterprise Market in January 2010. It is one of the first high-tech enterprises engaged in adhesive research and development in China. The main business products cover high-performance silicone, polyurethane glue and other engineering adhesives as well as solar cell back films, which are widely used in different fields such as photovoltaic new energy, LED, green flexible packaging and high-end construction.

- One of every two photovoltaic modules in the world is using Huitian products - Huitian New Material's solar back sheet is one of the important auxiliary materials in the photovoltaic industry, which protects and supports the cells, and has reliable insulation, water resistance and aging resistance.
- The company provides employment opportunities to nearly 200 people with hearing and speech impairments each year.

<sup>(5)</sup> Source: the official website of Ouyee.



### 3. Synthetic biology



The concept of full supply chain and full life-cycle carbon neutrality has been extensively promoted around the world, making synthetic biology, which "takes low-carbon technology as the core and converts biomass raw materials into various chemical raw materials", an important technical means for the chemical industry to achieve "carbon neutrality". We believe that synthetic biology is a future-oriented industry that is expected to lead sustainable manufacturing, and is one of the important directions for practicing the concept of sustainable investment.



#### Explore the infinite possibilities of biotechnology

CoStone Capital invested in Huaheng Biotech in 2018

**Huaheng Biotech** (688639.SH) was established on 13 April 2005 and listed on 22 April 2021. It is a high-tech enterprise with synthetic biology as the core of its businesses, mainly engaged in the R&D, production and sales of amino acids and their derivatives. Its products are widely used in daily chemicals, medicine and health products, food additives, feed and many other fields, and the production scale of alanine series products ranks in the forefront of the world. Huaheng Biotech implements the core idea of "replacing non-renewable petrochemical resources with renewable biological resources, high-energy-consumption and high-polluting petrochemical processes with green and clean biological manufacturing processes, and planting and extraction with biotechnology", and advocates "environmental protection is also competitiveness", so as to practice its commitment to building a "resource-saving, environmental-friendly" enterprise.

- Breaking through the bottleneck of anaerobic fermentation technology, becoming the first company in the world that has realised the large-scale production of L-alanine products by microbial anaerobic fermentation, which greatly reduces energy consumption and product cost, and at the same time realises zero emission of carbon dioxide during the fermentation. The L-alanine production line has an annual production capacity of 30,000 tonnes, and achieves an annual carbon dioxide emission reduction of 7.65 million cubic meters.
- In 2021, Huaheng Biotech and thirteen international chemical giants, including BASF, jointly established the "Sustainable Development Co-construction Alliance", aiming to bring together industrial chain partners to promote the low-carbon development of various key industries. The goal of the alliance is to "reduce carbon dioxide emissions by 25% by 2030 compared to 2018 and achieve net zero carbon dioxide emissions by 2050."



#### Co-create a "New Era of Biology"

CoStone Capital invested in Shineking Biotech in 2021

**Shineking Biotech** was established in April 2010, focusing on industrial biotechnology. The company synthesises polyglutamic acid through microorganisms, and is mainly engaged in the R&D, production and sales of biological assistant products and biological agent products.

Shineking Biotech's main product, polyglutamic acid, is one of the three major biostimulants in China. By improving soil microbial structure and greatly improving plant photosynthesis efficiency, it can effectively improve the utilisation rate of fertilisers and reduce the total amount of fertilisers used, thus alleviating soil and groundwater pollution caused by fertilisers.



#### Providing safe and efficient green solutions

CoStone Capital invested in PAM2L Biotechnologies in 2022

Founded in March 2021, **PAM2L Biotechnologies** is a platform-based synthetic biology company with synthetic biology and machine learning (BT-IT) as its core technologies. It is dedicated to the development of bio-based materials and related products to provide customers with safe, efficient and green solutions. The innovative products of the company are widely used in medical, skin care, food and industrial fields.

PAM2L Biotechnologies has developed an innovative material adhesive protein through synthetic biotechnology, which provides new solutions for renewable energy, biomedicine, environmental governance, new materials, space exploration and other fields.



#### Serve customers, achieve common development, embrace change, and strive for a long time

CoStone Capital invested in Readline in 2022

Founded in August 2017, **Readline** is an innovative high-tech enterprise with synthetic biotechnology as the core of its businesses and multidisciplinary applications. The company is committed to producing amino acid (polypeptide), carbohydrate, and nucleic acid series products relying on an R&D platform supported by multidisciplinary technologies such as enzyme catalysis, chassis cell transformation and green chemistry. Its products are widely used in green agriculture, biomedicine, biomaterials, efficacy skin care and other industries.

Readline's oxidised glutathione products can improve the effectiveness of biological fertilisers and biological pesticides; microbial preparations and new green pesticide products are used in soil remediation, fertilisers and pest control, reducing agricultural non-point source pollution, protecting agricultural ecosystem, and assisting customers in realising the sustainable development of agriculture.



## (II) Creating a better life together

"People's yearning for a better life is our goal." In the past, the good life of the Chinese people meant material wealth, food, clothing, housing and transportation. Realizing the young are educated, the learning is taught, the labor is paid, the sick is treated, the old is supported, the housing is provided, and the weak are supported, the public can be relieved from the worries of survival. This is the simplest desire for a better life. Nowadays, with the prosperity of the country and the improvement of the Chinese people's material living standards, people's pursuit of spiritual life is also getting higher and higher. People are more looking forward to higher levels of spiritual life such as security, respect and self-actualization.

The social value of CoStone Capital is not only to create wealth and appreciation, we cultivate and strengthen enterprises through investment and empowerment. We are committed to cultivating industry leaders, improving social well-being, and jointly creating a better life. We focus on medical devices and biopharmaceuticals to fundamentally promote industrial transformation and improve access to health; we invest in modern agriculture and rural revitalization, empower new consumption and cultural education, and promote these enterprises to meet the needs of the public's life while achieving consumption upgrades to advance towards material and spiritual "common prosperity".





Becoming a professional health steward for hundreds of millions of people

**PharmPlus** was founded in 2016. It is a chain pharmacy M&A project jointly initiated by CoStone Capital and various outstanding management teams, aiming to build a leading chain pharmacy enterprise integrating online and offline “products + services”. Since the establishment, PharmPlus has developed rapidly through its model of “capital + management + mechanism” and purchased 14 regional leading chain pharmacies in Jiangsu, Zhejiang and Hebei through differentiated M&A strategies. So far, PharmPlus has become one of the top 10 chain pharmacy enterprises in China in respect of sales, and has more than 2,600 direct-sale stores with a total of over 13,000 employees across China. In December 2020, CoStone Capital entered into an agreement with the world famous private equity giant KKR to sell PharmPlus as a whole to a fund of KKR, marking China’s largest buyout transaction case of the pharmaceutical distribution industry in that year.

#### Improve the Corporate governance structure

Attaching great importance to the team configuration and management for the M&A project, CoStone Capital has occupied more than half of the positions in the Board of Directors in PharmPlus since its establishment, and has designated professionals in finance, legal affairs, investment, etc. for long-time full engagement in daily operation and M&A. At the same time, CoStone Capital has continuously improved its incentive mechanism to encourage the original shareholders of the merged stores to keep their shareholdings, so as to enhance the stability of human resource.

#### "Warm guardianship against the epidemic"

During the pandemic, in order to meet residents’ needs to buy medicine, PharmPlus guaranteed all its stores to remain open during normal hours. According to incomplete statistics, PharmPlus has provided 11 million masks, 400,000 bottles of disinfection supplies and 70,000 thermometers, and has accumulatively served more than 10 million customers. In order to help fight the pandemic, PharmPlus set up an emergency team for pandemic prevention and control, and cooperated with the government to strictly carry out risk identification and hidden danger investigation and treatment to ensure a safe environment for drug purchase.

PharmPlus also assisted various local governments, associations and enterprises in coordination and dispatching of masks, disinfection supplies and other pandemic prevention materials, and provided support to Hubei, Anhui and other disaster areas.





# 1. Healthcare



The pharmaceutical industry is a benevolent industry bearing great social responsibilities. The deep integration of technology and medical care will help solve the imbalance of medical resources, improve the accessibility of high-quality medical resources, support the implementation of telemedicine, and push forward the development of China’s medical industry. We maintain long-term comprehensive layout in the pharmaceutical industry to boost the creative reform of healthcare, and work with pharmaceutical companies to improve human well-being.



**Becoming the core force to protect human health**

CoStone Capital invested in Mindray in 2016

**Mindray** (300760.SZ) was incorporated in 1991 and listed on the Shenzhen Stock Exchange on 16 October 2018. It is a global leading supplier of medical devices and solutions involved in patient monitoring & life support, in-vitro diagnosis and medical imaging system. Through cutting-edge technology innovation, Mindray provides better products and solutions to help the world improve medical conditions and maximise the efficiency of diagnosis and treatment. Mindray has set up 10 R&D centres around the world, forming a vast global R&D, marketing and service network.<sup>(6)</sup>



**Leading life technology through innovative intelligent manufacturing**

CoStone Capital invested in MGI in 2020

**MGI** was incorporated in 2016. It endeavours to become the manufacturer of core tools for life technology to provide full sets of real-time, panoramic, and full-life-cycle life digital equipment and system solutions for precision healthcare, precision agriculture, precision health and other industries that matter the national economy and people’s livelihood. MGI is one of the three companies in the world and the only company in China that has successfully developed a full product line of gene sequencers and achieved large-scale commercialisation. On September 2022, MGI will be listed on the Sci-Tech Innovation Board.

## Improving product accessibility and diagnosis efficiency

Mindray and MGI take active parts in global pandemic prevention and control based on their professional advantages. By developing COVID-19 detection products that meet the market requirements, focusing on comprehensive solutions for precision medical detection and assisting the global anti-pandemic practices, MGI has continuously contributed to the protection of the community of common health for mankind. During the pandemic, MGI’s self-developed remote ultrasound robot assisted experts to synchronously offer remote diagnosis to patients, which eased the pain in allocation of medical resources in the pandemic, freed sonographers from the limits of space and time, and provided front-line clinicians with support for the professional diagnosis of difficult and critical cases to the most extent. In addition to processing a large number of ventilator and monitor orders received abroad, Mindray expanded the IoT boundary of equipment through the "M-Connect IT" solution to enable the interconnection of equipment beside the hospital bed, so as to reduce the contact between doctors and patients and improve the efficiency of diagnosis.

## Supporting precision healthcare

BGI increased resource investment in R&D layout of COVID-19 testing products to meet the multi-scenario testing needs in global pandemic prevention and control, and obtained the EU CE access qualification for all relevant testing kits. Mindray pays extreme attention to the life safety of the public, and raises public awareness of first aid by popularising AED products. As at the end of 2021, MGI helped nearly 100 centres for disease control in more than ten provinces across China to trace the sources of COVID-19 outbreaks, providing an effective basis for pandemic prevention and control, and offered all-round assistance in virus identification and source tracing for COVID-19 outbreaks in various areas; 103 patients who suffered from sudden cardiac arrest in public places in China have been treated by Mindray. Also, Mindray continued to donate AED equipment to the Red Cross, schools, scenic spots and other public places, and cooperated with government agencies and social groups to provide the public with first aid trainings, involving more than 500,000 participants under its direct or indirect promotion.

(6) Source: the official websites and annual reports of Mindray and MGI as well as other the public data.





**Providing customers with high-quality and efficient one-stop service**

CoStone Capital invested in Asymchem in 2012

**Asymchem** (002821.SZ/06821.HK) is an one-stop integrated service provider of contract development and manufacturing organisation (CDMO) for new drug R&D and production. It continuously helps new drug R&D enterprises solve various problems encountered in the whole process concerning laboratory, new drug application and commercial production through process design and improvement, chemical engineering, analysis and test, quality control, application document preparation, cost control, etc. Asymchem was listed on the Shenzhen Stock Exchange and the HKEX in 2016 and 2021, respectively.



- Constantly devoting itself in small molecule CDMO, Asymchem actively applied continuous reaction during the pandemic and significantly reduced the time and cost on the R&D and production of anti-virus drugs, which greatly benefiting the healthy life of global patients.
- Asymchem resolutely pursues the innovation of advanced green pharmaceutical technology. A series of continuous reaction devices independently developed by Asymchem have been applied in the field of pharmaceutical and fine chemicals on a large scale to achieve the tonne-level large-scale production in China and the sharp reduction of cost, energy consumption and three wastes (i.e. waste gas, waste water and waste residues), making the pharmaceutical process greener, safer and more reliable.
- Asymchem is enthusiastic about public welfare undertakings, and has set up "TEDA-Asymchem Scholarship" in universities to support college students in study and research.



**Constantly creating value for human life and health**

CoStone Capital invested in Snibe in 2014

**Snibe** (300832.SZ) is a national high-tech enterprise specialising in the R&D, production, sales and service of in-vitro diagnosis products. It was listed on the Shenzhen Stock Exchange in 2020. Snibe has established four technology platforms for R&D of nano-magnetic microspheres, key raw materials of reagents, automatic diagnosis instruments and diagnostic reagents. The products developed by Snibe are mainly used to provide medical terminals with diagnostic information concerning disease prevention, diagnosis, treatment monitoring, prognosis, health condition assessment and genetic disease prediction. Its technical success in rare disease detection has established its leading position in the industry.

Snibe continues to invest in R&D and innovation. During the outbreaks of pandemic, Snibe developed more than 10 COVID-19 detection products, and donated 100,000 detection reagents and other various pandemic prevention materials to the pandemic prevention and control hospitals, aiming to make contributions to the pandemic prevention and control with its scientific and technological strength.



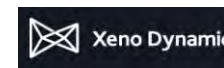
CoStone Capital invested in TransThera in 2021

**TransThera** is a small molecule new drug development platform company. It transforms small molecule new drug R&D through basic scientific research, and its main targets are cancers, cardiovascular diseases and metabolic liver diseases.



CoStone Capital invested in Recbio in 2020

**Rebio** (02179.HK) was listed on the HKEX in 2022. It is an innovative vaccine company taking self-developed technology as its core driving force. As one of the few companies around the world that are capable of developing novel adjuvants, Recbio strives to develop a full value chain of innovative vaccines throughout R&D, production and commercialisation.



CoStone Capital invested in Xeno Dynamics in 2021

**Xeno Dynamics** is a leading technology company specialising in powered exoskeleton robot in China. It integrates R&D, manufacturing and sales functions, offering groundbreaking products and solutions in the realms such as healthcare, industrial production and sports consumption.



CoStone Capital invested in YuanhuaTech in 2021

**YuanhuaTech** is an innovative high-tech enterprise focusing on specialised cross-department surgical robots. Presently, its fully self-developed world-leading Gusheng Yuanhua general orthopedic surgery assistance system can be used to assist orthopaedic surgeons in performing precise, efficient and safe trauma, spine and joint replacement surgeries.



CoStone Capital invested in GenePlus in 2019

**GenePlus** focuses on needs of precision prevention and treatment for tumors, and provides scientific research cooperation, technology development and product transformation, clinical testing, medical health and other services in respect of application fields such as precision medicine for tumors, efficacy evaluation, postoperative monitoring, auxiliary diagnosis, genetic risk and early screening.



CoStone Capital invested in Bright Eye Hospital in 2018

**Bright Eye Hospital** (301239.SZ) is committed to providing ophthalmic patients with general ophthalmic medical services such as diagnosis, treatment, healthcare and medical optometry. Since its incorporation, the company has been using the "direct-sale chain" business model to carry on its nationwide expansion, and has established business in 17 cities across China.



## 2. Rural revitalisation



As a Chinese company, we closely follow the pace of our country, and actively undertake our social responsibilities. Relying on our own industrial advantages, we provide vigorous support to the development of agricultural economy and boost rural revitalisation, so as to fundamentally consolidate and improve the achievement of the goal of comprehensive poverty alleviation.



### The reward of the cultivator, the welfare of the feaster

CoStone Capital invested in Shandong Liuhe in August 2003

**New Hope Liuhe** (000876.SZ) is the largest agricultural and pastoral food segment of New Hope Group. It is mainly engaged in processing and trading of feed, breeding, ready-to-eat food and meat products. Its business stretches across nearly 20 countries and regions. CoStone Capital invested in Shandong Liuhe in 2003. In 2005, with the help of CoStone Capital, Sichuan New Hope Agriculture Co., Ltd. (the predecessor of New Hope Liuhe) completed the merger and reorganization with Shandong Liuhe, which has similar business and similar assets. In 2011, the asset restructuring was approved by the China Securities Regulatory Commission, and the company was officially renamed as New Hope Liuhe Co., Ltd.

- In response to the actual needs of farmers, a number of high-quality training programs on rural revitalisation have been developed. As at December 2021, New Hope Liuhe accumulatively carried out 1,908 offline trainings for 74,969 participants, and 13,493,000 participants took the trainings online.
- With the support of various government poverty alleviation policies, New Hope Liuhe took active part in targeted poverty alleviation. In 2020, New Hope Liuhe invested RMB 1.34 billion for the development of 10 industrial projects, which helped 83,551 people to increase income and get rid of poverty.
- Undertaking five major projects including rural industry revitalisation, rural employment promotion and "Lvling" trainings, New Hope Liuhe provided farmers with various services and increased the proportion of direct supply to help farmers improve breeding efficiency and raise income.
- New Hope Liuhe actively undertakes corporate social responsibilities and vigorously invests in public welfare and charity activities. The company has carried out the "Action of Warm Winter" for 8 consecutive years, donating 40,000 winter clothes and materials worth nearly RMB 300,000 to 687 villagers and 915 teachers and students in the three prefectures of Sichuan. New Hope Liuhe also conducts public welfare cooperation with the orphanages and universities in Indonesia.



### Changing the traditional production model in rural areas and striving to develop high-quality and efficient agriculture and husbandry

CoStone Capital invested in Shennong Group in 2019

**Shennong Group** (605296.SH) is a company focusing on the construction and development of pig industry chain. It was listed on the Shanghai Stock Exchange in 2021. The company has developed a completed pig industry chain integrating the production and sales of feed products, the breeding and sales of pigs, the slaughtering and processing of pigs and the sales of pork food. Shennong Group is not only the largest feed production enterprise in Yunnan, but also a leading breeding and slaughtering enterprise in China.



### Raising the value of animals and improving the natural environment for them

CoStone Capital invested in Sansheng Biological in 2020

**Sansheng Biological** is a leader of the animal breeding hormone industry in China, owning 9 Class II new veterinary drugs and 13 Class III new veterinary drugs. It also takes the lead in introducing the mature batch management technology solutions from Europe and America for the breeding of cows and sows in China to help large-scale breeding enterprises to improve the accuracy of production plans. This significantly reduces the number of non-production days of sows, increases the number of annual births, improves feed profit and production efficiency, and effectively improves the biosecurity of the breeding industry.



### products with human touch can only be made by "understanding and caring about people"

CoStone Capital invested in Ganyuan Food in 2018

**Ganyuan Food** (002991.SZ) was listed on the Shenzhen Stock Exchange in 2020. It's a snack food manufacturer mainly engaged in snack food R&D, production and sales. Its products mainly include roasted seeds, nuts and cereal cookies, and have been sold to 32 provinces, cities and regions across China. Through a dealer-based marketing system supplemented by e-commerce, Ganyuan Food has established a three-dimensional marketing channel involving over 1,500 offline dealers and various online flagship stores on Tmall, Jingdong and yhd.com, as well as e-commerce agency sales.



### Making every meal fresh

CoStone Capital invested in Qiandama in 2019

**Qiandama** is an emerging community fresh food chain brand. Striving to build a "nearby vegetable market", Qiandama adheres to the mission of "making every meal fresh". It has developed the business philosophy of "no overnight meat", namely, all the chain stores are required to sell out all the fresh meat and vegetable products in one day, and the remaining products are not allowed to be sold on the next day.



### Making everyone enjoy life with delicious fruit

CoStone Capital invested in Pagoda in 2017

**Pagoda** is a leading fruit retailer in China. Its businesses cover the full fruit industry chain to provide consumers with "more delicious fruits" through strong supply chain control. In terms of sustainable development, Pagoda relies on its advantages in the industry to achieve a strategic combination with China's voluntary services for poverty alleviation to "serve hundreds of counties", so as to fundamentally assist the revitalisation of the rural economy.



### 3. Consumer & Culture



The era of data economy gives birth to a new segment called “Internet+ cultural consumption”, which is a game-changing revolution that has gradually changed people's habits, content and ideas on cultural consumption. For consumer culture companies, we care about the economic benefits they bring, and more about the value dissemination and spiritual building.



#### Reading lights up the life

CoStone Capital invested in Fandeng Reading Club in 2019

Fandeng Reading Club(Spiritual Wealth Club)was established in February 2015 by Dr. Fan Deng, a former CCTV host. It is an enterprise dedicated to providing knowledge services such as book interpretation, high-quality courses and learning communities. Its products and businesses involve content production, publishing cooperation, online e-commerce, offline book stores and other fields.

- In 2021, for the purpose of assisting rural revitalisation, Fandeng Reading Club APP called on its nationwide operation centres to carry out interactions. It donated 100 "love reading rooms", 104 schools, and more than 100,000 books for rural schools.
- Fandeng Reading Club has created five flexible employment channels, including “storyteller”, “flipped classroom coach”, “knowledge consultant”, “Fandeng Reading Club shop owner” and “knowledge anchor”, providing more than 360,000 people with flexible employment channels.



#### Creating positive emotional value

CoStone Capital invested in MeWe in 2016

**MeWe** was established in August 2015 by Ma Dong, the former Chief Content Officer of iQIYI and a famous producer and compere. It is a new-generation content media company engaged in Internet variety show production and Internet communication.

- In recent years, adhering to the philosophy of “creating positive emotional value”, the company has successively produced a series of high-quality online variety shows such as I Can I Bibi, Temptation Banquet and The Big Band, which not only brought the audience sensory and spiritual pleasure, but also output high-quality cultural consumption products for the public.
- The Big Band was honoured as one of the “outstanding works in the selection of excellent online visual and audio works in 2019” by the National Radio and Television Administration by virtue of its remarkable performance in content production and social influence.



#### Adhering to the integration of technology and art to provide customers with the best 3D digital content products and production services

CoStone Capital invested in Original Force in 2014

**Original Force** was incorporated in 2010. It is an animation and digital entertainment content production company that provides high-quality 3D digital content production services, including virtual humans, games, movies, and animated series and movies. The company has reached stable business cooperation with customers in the fields of international first-line game production, animation production and AI, including DreamWorks, Electronic Arts, 2K Sports, Warner Bros. Entertainment, Tencent Group, NetEase, SenseTime, and Sogou.

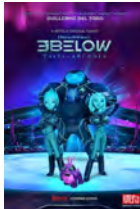
Original Force focuses on talent development - Original Force’s talent development centre is an important support platform for its strategic planning and business development. It has 20 years of experience in the training of newcomers, providing strong support for the company’s talent team construction and cultivating a large number of innovative talents for the domestic digital art industry.



Dragons



Duck Duck Goose



3 below

 Yeahmobi	 Irts.me	 Give Me Five	 Insta360
 OMNIJOI	 Xiron	 Tongcheng-Elong	 Silkroad

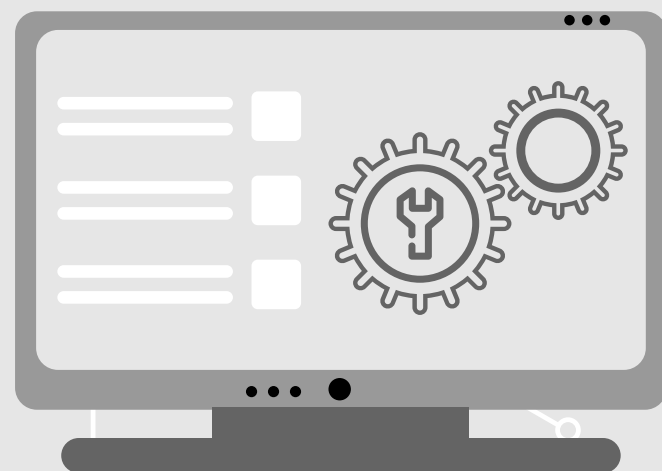


### (III) Driving digital management

The information technology revolution has greatly improved the efficiency of energy utilization. The first programmable general-purpose electronic digital computer, ENIAC, born in 1946, can complete 5,000 computing instructions per second and consume 150kW·h; while AlphaGo, which defeated the human Go champion, is equipped with 1,202 CPUs and 176 GPUs and can perform about 847.4 trillion operations per second, which is 169.48 billion times that of ENIAC. Roughly calculated, assuming that the technical level of an ENIAC is used to complete a game of AlphaGo (about 3 hours), then it takes 58 million years to calculate, and the total power consumption is 76.3 trillion kW·h, which is equivalent to 9.4 times the national power generation in China in 2021. From 1946 to 2010, computers became roughly 40,000 times more energy efficient, according to calculations by scholar Jonathan Koomey.

Semiconductor technology itself also contains simple laws of physics for energy saving and environmental protection, because each generation of Moore's Law progress doubles the computing power while the energy consumed by the chip remains almost unchanged. Moore's Law has passed 50 years, the computing power performance of semiconductor chips is increased by ten million times, while the energy consumed by semiconductor chips has hardly increased significantly, which is energy-saving and environment-friendly technology.

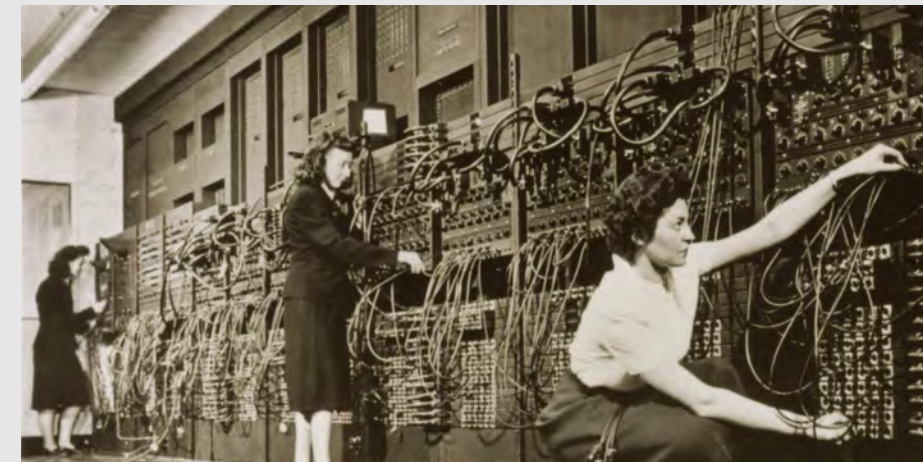
As one of the important investors in China's technology industry investment, CoStone Capital has transformed from a provider of innovation capital in the past to a cultivator of core technology. When building our own high-quality ecosystem, we are also constantly helping to improve the semiconductor industry chain and assist in connecting upstream and downstream resources of the industrial chain.



High Efficiency → Low Consumption



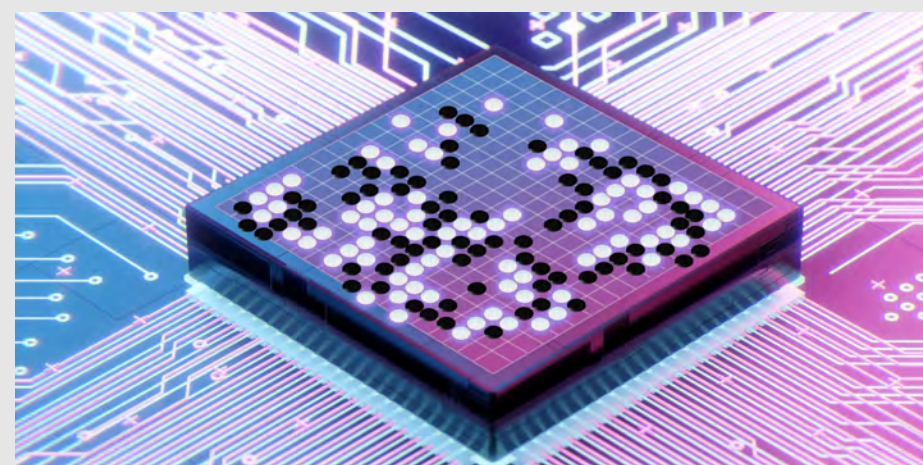
ENIAC



The Three Gorges Hydroelectric Station on Yangtze River



AlphaGo







Establishing a new ecology of world-leading semiconductor industry chain

**Shannon Semi** (formerly known as Julong Technology, SZ300475) was founded in September 1998. In the early days, the company was mainly engaged in R&D, production and sales of deceleration clutches for new, high-efficiency and energy-saving washing machines. In 2019, CoStone Capital initiated to merge Julong Technology and restructured its Board of Directors. In 2021, Julong Technology’s traditional manufacturing business was divested and renamed as Shannon Semi. Subsequently, CoStone Capital assisted Shannon Semi to acquire UFCT, a well-known chip distributor in China, and successfully transformed Shannon Semi into a semiconductor investment and distribution company with the capabilities to supply electronic components such as data storage devices, master control chips, integrated circuits, modules, and DAC cables.

Sound corporate governance	At the early stage of the acquisition, CoStone Capital actively participated in corporate governance. It successively designated a number of partners with backgrounds in technology, investment banking, and investment to serve as directors, and invited financial experts to serve as independent directors, so as to improve corporate governance.
Clear transformation direction	As competition in the traditional main business market intensifies and it's difficult for the company to achieve major breakthroughs, in order to effectively protect the interests of small and medium shareholders of listed companies, optimise the company’s business structure, and improve sustainable profitability, CoStone Capital actively uses its own advantages to help the company seek new business growth points in the semiconductor field.
Business innovation and optimisation	After the acquisition, CoStone Capital conducted strategic transformation of its business. With the distribution of electronic components as the pillar, CoStone Capital gradually penetrated the semiconductor industry chain, invested in leading companies involving design, packaging and testing, equipment and applications of semiconductors, and promoted the ecological development and upgrading of the semiconductor industry chain. This brought advanced semiconductor computing power to fields such as autonomous driving, finance and intelligent manufacturing.
Industry layout of Shannon Semi	 Electronic components distribution platform: UFCT is an important electronic components distribution platform for the company, and has established long-term cooperation with first-tier international manufacturers such as SK Hynix and MTK MediaTek. It is the only electronic component distributor in China that has the agency rights for the world's top master control chip and memory. Its core customers include Alibaba, Tencent, Byte Beating, Baidu and Tsinghua Unigroup. In 2021, UFCT achieved a revenue of RMB 12.997 billion with a year-on-year growth rate of 99.29%, including a net profit of RMB 200 million from the distribution of electronic components.

Adhering to the concept of “Creating a better world with chips”, Shannon Semi endeavours to become the organiser, operator and enabler of the semiconductor industry chain to create the common well-being of mankind in the information age.

Synergy of the semiconductor industry chain:



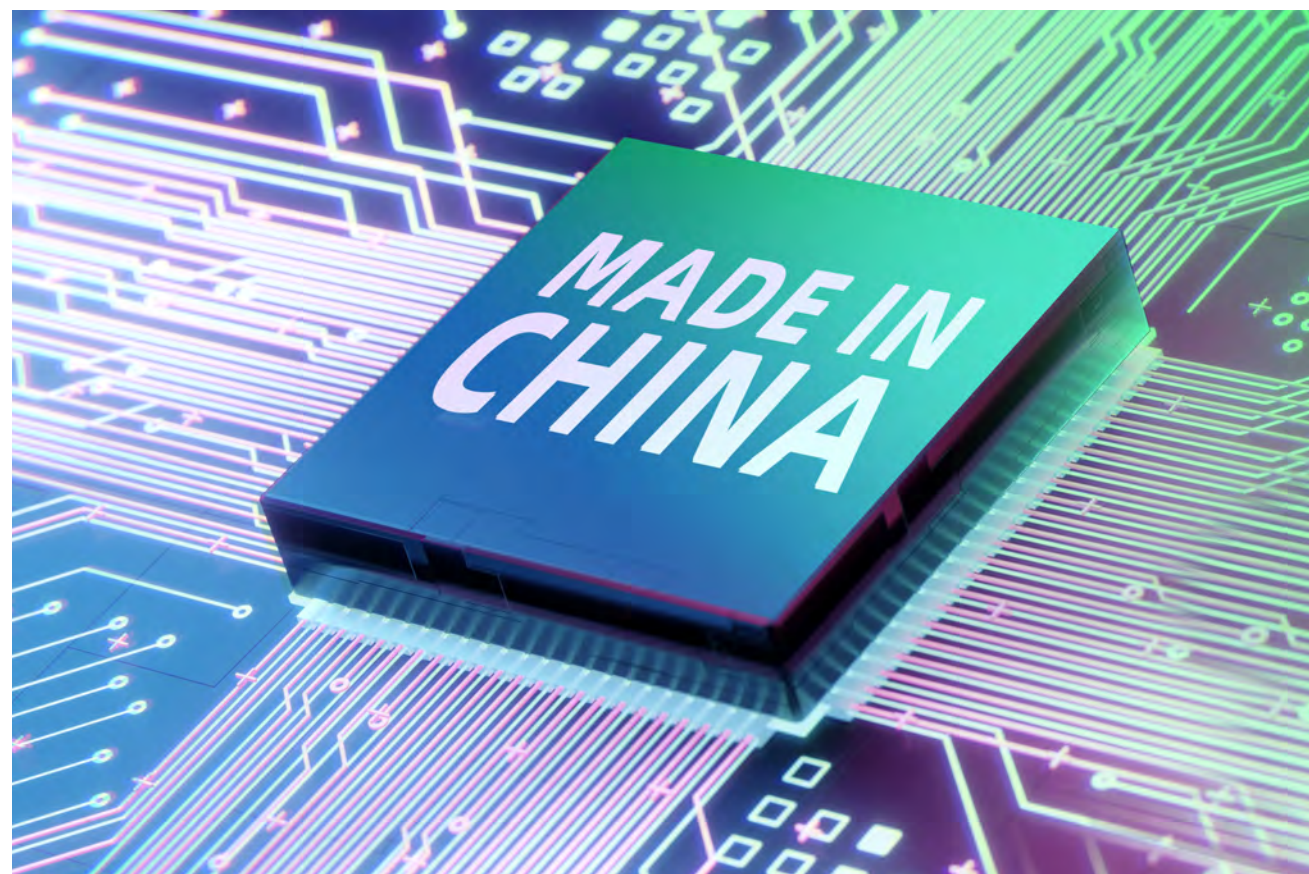


# 1. Semiconductor

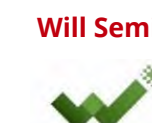


The semiconductor industry is the culmination of the modern industrial system of mankind, and the pillar technology of the digital information revolution and the intelligent revolution. The digital society and intelligent society we live in today are all based on the rapid breakthrough of semiconductor technology. Each leap forward in semiconductor technology brings about great progress in human life and production methods. Whether it is the rapid development of artificial intelligence technology today, or the new energy vehicles that have promoted the great energy revolution in recent years, they all come from the great progress of semiconductor chip technology.

Therefore, semiconductor technology is the core of the competitiveness of countries in modern society, and also the core of the independent and controllable national industrial chain. The implementation of the ESG concept of the semiconductor industry will help increase the core competitiveness of domestic enterprises and enhance the country's economic, political and military strategic security, but also strengthen the position of Chinese enterprises in the global industrial division of labor, integrate with the international market, promote China's industrial upgrading, and practice corporate social responsibility.



Since 2015, CoStone Capital has continued to invest in the semiconductor field, investing in more than 50 semiconductor companies, which cover semiconductor design, manufacturing, equipment, materials, packaging and testing, distribution and other industrial chain links. We practice the layout of the semiconductor industry from point to line to surface, and strive to build a sustainable semiconductor industry ecology.







**Empowering the technology,  
and feeling the infinite**

CoStone Capital invested in OmniVision in  
2018

**Will Semi** (603501. SH) is a leading semiconductor design company in the world. Founded in 1995, OmniVision provides sensor solutions, simulation solutions, touch screen and display solutions to help customers address technical challenges in the fields such as wearable devices, communications, computers, consumer electronics and medical treatment, and to meet the growing demands for AI and green energy. In the field of digital imaging, the company has world-class technology and ranks among the top three in the world along with Sony and Samsung, with an annual shipment of more than 12.3 billion units. CoStone Capital invested in OmniVision in 2018. In August 2019, Will Semi acquired OmniVision. In January 2022, the company launched OVB0B, the world's smallest 0.61µm pixel size 200MP resolution image sensor for the high-end smartphone market. In February 2022, OmniVision announced a further breakthrough, the world's smallest 0.56µm pixel technology.

- In 2021, Will Semi released the annual environmental, social and governance report, established a sustainable development framework THE SCI, and responded to all major issues identified, such as talent attraction and retention, employee health and safety, and business ethics.
- In respect of green operation, the company practises low carbon and emission reduction. The company's Shanghai Songjiang Park has established the ISO50001 energy management system, and has a rooftop solar photovoltaic power station with a total installed capacity of 1.61 MW. The company has built a wastewater station, which can save about 65,242 tonnes of municipal water every year. In 2021, Shanghai Songjiang Park was honoured with the title of "Advanced Organisation for Energy Conservation".
- The company has organised a number of public welfare activities to repay the society. In 2021, the company continued to carry out the "OmniVision Charity Action" project, and organised various public welfare activities around the world.

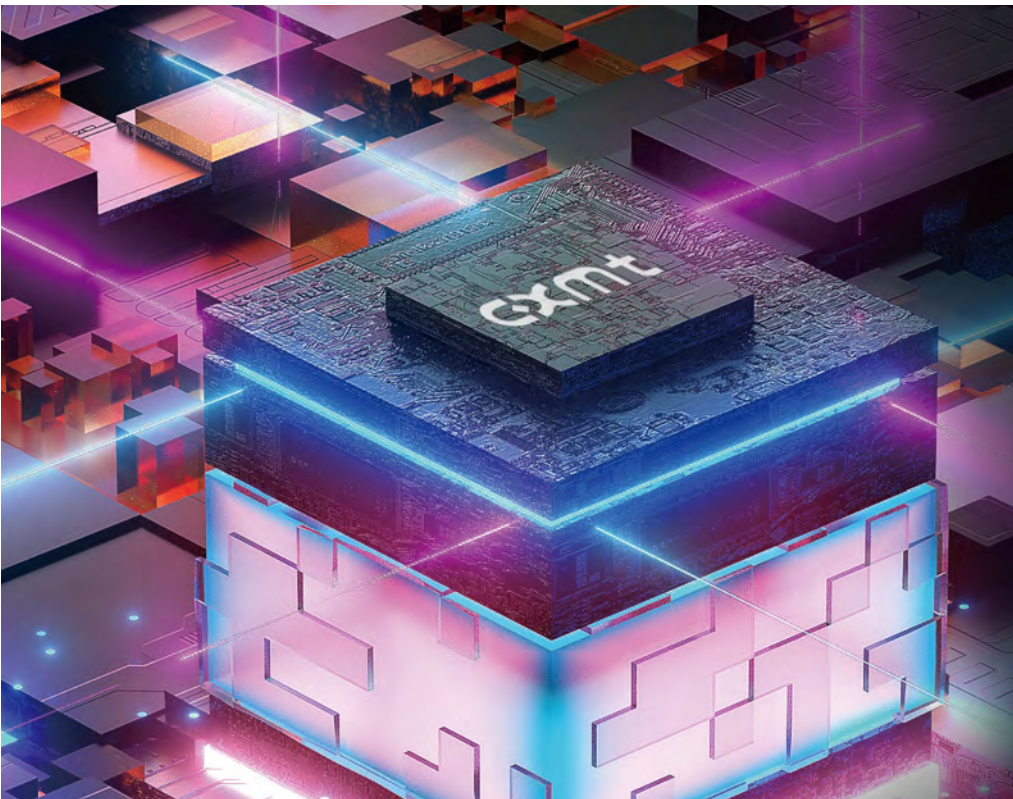


**Becoming a technologically advanced and commercially  
successful semiconductor memory company**

CoStone Capital  
invested in  
CXMT in 2021

**CXMT** was founded in May 2016. As an integrated memory manufacturer, CXMT is specialising in design, R&D, production and sales of dynamic random-access memory (DRAM). Presently, CXMT's first 12-inch wafer fab has been built and put into production. DRAM products are widely used in the fields such as mobile, computers, servers, virtual reality and the Internet of Things.

<b>Precision craftsmanship</b>	The first domestic DDR4 memory chip, a fourth-generation double-rate synchronous dynamic random access memory. Compared with the previous generation DDR3, it has faster data transmission speed, more stable performance and lower power consumption.
<b>Trade compliance</b>	CXMT always follows transparent and fair business processes, and has published the <i>Code of Conduct of Business Ethics</i> and the <i>Code of Conduct of Business Ethics for Partners</i> . Meanwhile, the company has set up a 24-hour compliance hotline operated by an independent third party. The company also fully follows trade compliance, and complies with applicable regulatory laws and regulations of China, the United States and the European Union on trade sanctions and export.
<b>EHS</b>	Environmental protection, occupational health and safety are the basic elements for the sustainable development of companies. CXMT endeavours to be a responsible enterprise by carry outing all businesses under the purpose of protecting the health and safety of employees and related parties and easing the burden of the environment.





## 2. Artificial intelligence



Artificial intelligence is the fourth major technological revolution since the steam revolution, electricity revolution and information revolution in modern times. Today, artificial intelligence technology is still in a very early stage, just like the gap between the carriage thousands of years ago and the aircraft and rockets at current, but artificial intelligence technology is in the process of rapid evolution, and human beings are striving to iterate and develop strong artificial intelligence across generations, pursuing human-like machine intelligence technologies that can rival human intelligence.

Building a better world with artificial intelligence is the greatest expectation that artificial intelligence technology brings to mankind. Today, artificial intelligence is promoting the rapid implementation of modern emerging technologies and applications such as autonomous driving, metaverse, and robots. In factories and manufacturing bases, artificial intelligence technology is rapidly promoting industrial upgrading and digital transformation; in wind farms and solar power plants, artificial intelligence technology is improving the efficiency of power generation; in the field of electric vehicles, artificial intelligence technology monitors the working state of the battery and continuously improves the energy consumption of the battery.



Adhering to originality, and letting AI lead human progress

CoStone Capital has made three rounds of investment in SenseTime since 2017.

**SenseTime** (00020.HK) is a world-leading AI platform company and a leading AI algorithm provider in China. The company has independently developed and established the world's leading deep learning platform and supercomputing centre, and has launched a series of advanced AI technologies such as face recognition, image recognition, medical image recognition, unmanned driving and remote sensing. A major breakthrough has been made in the solution of strong correlation between human face and human body.

**Green energy revolution led by "Smart+"**

Smart grid plays important roles in boosting clean production of electricity, promoting efficient use of electricity, ensuring reliable power supply, and realising electricity emission reduction and clean production. In 2020, SenseTime conducted the first industrial grade visual positioning AR technology pilot research at a converter station of the China Southern Power Grid. By identifying the on-site environment, the inspectors were accurately located to optimise the inspection route and improve the efficiency of power grid inspection.

**Smart medical care for the whole world**

SenseCare®, the AI-assisted diagnosis and treatment system of SenseTime, helps to curb the spread of the COVID-19 while improving the work efficiency of medical workers, and contributes to the UN SDGs for health and well-being. The SenseCare intelligent diagnosis and treatment platform of SenseTime allows high concurrent 3D rendering. A single device can support more than 160 doctors to interact with high-quality 3D rendering machines at the same time, allowing doctors from the imaging department and the clinical department to conduct diagnosis, treatment and cure more conveniently.

**Promotion of basic education on AI**

SenseTime has developed an AI teaching system covering the education of "basic, advanced and technical innovation knowledge and skills" for all grades from primary school to undergraduate, and has successively published 11 volumes of AI textbooks, supplemented by experimental courses and supporting AI experimental facilities (e.g. robot teaching aids), forming an AI teaching system. Up to now, SenseTime has promoted AI basic education to more than 30 cities across China, covering more than 2,700 primary and secondary schools, providing trainings for more than 7,200 front-line teachers.



SenseTime Partners with Alfa Romeo F1 Team ORLEN, Extending the Power of Artificial Intelligence to Motorsport



SenseTime Furthers Digital Tourism in Saudi Arabia, Bringing AI-Powered Solutions to Jeddah Season





### Explore new business models powered by AI-driven decision making

CoStone Capital invested in 4Paradigm in 2019

Founded in 2014, **4Paradigm** is a leading AI technology and service provider. It offers platform-centric AI solutions and leverages core technologies to develop end-to-end enterprise-class AI products that have been widely used in manufacturing, energy and power, healthcare and other sectors.

- Intelligent Energy — **96%** increase in reservoir identification rate, and **20 minutes** in advance of wind turbine failure warning;
- Intelligent Healthcare — **16x** higher accuracy in screening people with high risk of COVID-19 infection;
- Intelligent Manufacturing — **13.8%** reduction in production cycle time.



### Empower businesses with AI Technology

CoStone Capital invested in AInnovation in 2022

Founded in February 2018, **AInnovation** (2121.HK) is a fast-growing enterprise AI solutions provider in China. With a two-wheel drive model of “technology & products” + “industry scenarios”, AInnovation builds ManuVision (intelligent machine vision platform), MatrixVision (intelligent edge video platform), Orion (distributed machine learning platform) and Cloud platforms relying on computer vision and machine learning technology, and provides full-stack AI solutions for manufacturing, financial services and other industries, serving a great many top customers with AI products and solutions that can be quickly delivered.



### Strive for impactful innovations, create great business value

CoStone Capital made two rounds investments in SmartMore in 2020 and 2021

Established at the end of 2019, **SmartMore** is a global company dedicated to developing cutting-edge AI technology, providing Smore-Media all-in-one solutions for UHD video applications, as well as powerful in-depth technical capabilities. Its core technologies cover video super-resolution, video deblurring, image content creation, and content understanding, offering tools for content providers and content distribution platforms. Through its smart industrial vision platform SMore ViMo, smart sensors and smart all-in-one devices, SmartMore has served over 100 industry-leading enterprises worldwide, leveraging advanced technologies to deliver higher efficiency and greater flexibility for the intelligent manufacturing industry. In addition, based on the “intelligent manufacturing+” platform and digital-intelligent solutions, SmartMore is progressively extending the reach of its digitalisation services to various fields including transportation, radio and television, cultural tourism, environment.



### A private computing technology provider with computing capacity as the core

CoStone Capital made two rounds investments in 2019 and 2020

**Clustar**, a private computing technology provider with computing capacity as the core, is committed to the R&D and technology innovation of high-performance private computing capacity products, including software computing platforms for private computing, software and hardware all-in-one machine, computing capacity accelerator cards and chips. Adopting the technical layout and strategic concept of “computing capacity+”, the company strives to build “infrastructure” for the large-scale application of private computing, to efficiently enable the orderly sharing and integrated application of data.



### Shaping the future of autonomous driving

CoStone Capital invested in WeRide in 2021

Established in 2017, **WeRide** is a leading, commercial-stage global company that develops Level 4 autonomous driving technologies, and has conducted autonomous driving R&D, tests and operations in 23 cities around the world. WeRide aims to develop safe and reliable driverless solutions, which are commercially applied in such scenarios as smart mobility, smart transportation and smart sanitation, its autonomous mileage has **reached over 11,000,000 kilometres**.

- In April 2022, WeRide announces the launch of Robo Street Sweeper, the first mass-produced and factory-installed self-driving sweeper vehicle in China. The launch also represents the roll-off of Robo Street Sweeper and the next step towards a large-scale road test in May this year, with a fleet of more than 50 vehicles, to be conducted in Nansha District, Guangzhou.



Autonomous driving increases road capacity by 60%-80% (7)

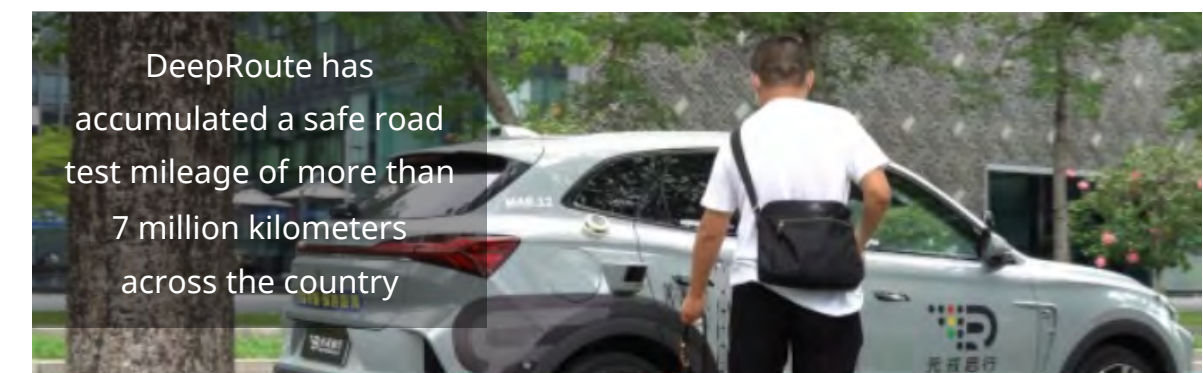


### Make autonomous driving safer, more reliable and more intelligent

CoStone Capital invested in DeepRoute in 2021

Founded in 2019, **DeepRoute** is a domestic company that focuses on the R&D and application of L4 autonomous driving technologies. The company is comprised of two product lines, DeepRoute-INJOY (Robotaxi, autonomous driving passenger vehicle) and DeepRoute-LINK (Robotruck, autonomous driving medium-duty truck) for the mobility service and urban logistics. DeepRoute has accumulated over 7 million kilometres of road testing and operations with no accidents across the country.

- “DeepRoute-INJOY” Robotaxi develops accessibility functions for adaptation to and voice interaction with the visually-challenged to provide them with convenient mobility services.



DeepRoute has accumulated a safe road test mileage of more than 7 million kilometers across the country

(7) In Singapore, an efficient fleet of self-driving cars could reduce the number of vehicles on the road by two-thirds - Singapore-MIT Research and Technology Alliance



### 3. Intelligent manufacturing



The manufacturing industry is being transformed, from traditional mode to a digital, networked, intelligent mode, from extensive mode to quality-benefit mode, from high pollution and high energy consumption to green manufacturing, as well as from production model to "production + service" model. Specifically, intelligent manufacturing serves as an important mean to achieve the transformation and upgrading of manufacturing industry, as it can improve production efficiency and product quality while reducing operating costs and energy consumption.



Vision creates future

CoStone Capital participated in the private placement of Zoomlion in 2021

Founded in 1992, **Zoomlion** (000157.SZ) is mainly engaged in developing and manufacturing major high-tech equipment in the areas of engineering industry and agricultural industry. The company possesses 11 major categories, 70 product lines, and nearly 600 leading products. Zoomlion is China's first company in the industry to be listed on both Shenzhen and Hong Kong stock exchanges, ranking among the top 5 global construction machinery companies.

The company has 6 national-level scientific research and innovation platforms, with a total of 11,880 patent applications, staying way ahead of other companies in the machinery and equipment industry in terms of the number of valid patents. Zoomlion has established its presence in over 100 countries and regions around the world, with subsidiaries set up in nearly 20 countries in East Asia, Southeast Asia, Europe and other regions.

Public welfare and poverty alleviation	In 2020, Zoomlion invested over RMB 27.41 million in poverty alleviation and other public welfare, benefiting over 10,000 impoverished students, people with disabilities and employees in difficulties.
Safe Production	Carrying out activities and measures such as "creation of production safety standardization team", "100-day safety and no accident", "environmental safety hidden danger management", safety compliance construction and other activities and measures, and was awarded the "2021 Excellent Production Safety Class" in Xingsha Industrial Base of Changsha Economic and Technological Development Zone Model Enterprise".
Green operation	In 2020, a total of RMB 59 million was invested in technical transformation for environment protection. As a result, all parks have obtained pollution discharge permits, and all environmental protection facilities were functioning well and in line with discharge requirements.
Digital transformation	Based on "Internet +" and Industry 4.0, Zoomlion aims to promote intelligent manufacturing and realise the integration of informatisation and industrialisation, by embedding the mobile internet, cloud computing, big data, Internet of Things in the construction machinery manufacturing industry. In terms of product design, PLM enterprise cloud database was established to engage nearly 3,000 engineers from Asia, Europe, and America in product development. In terms of manufacturing, a Manufacturing Execution System (MES) was independently developed, and more than 20 CNC production lines were put into operation along with over 1,000 high-end CNC manufacturing equipment.



#### Pilot innovation for leap-forward development with differentiated products

CoStone Capital invested in Sunward in 2004

Founded in 1999, **Sunward** (002097.SZ) was successfully listed in 2006. It is mainly engaged in the R&D, manufacturing and sales of underground engineering equipment, full series of excavators, special equipment, etc., which have been exported to over 100 countries and regions around the world.

Energy-saving excavator	The pioneered flow self-matching (FSM) rotary energy-saving technology is adopted to reduce the engine workload and greatly avoid "black smoke". With the latest self-developed ELAC control system 2.0, the excavator, compared with traditional hydraulic excavators of the same level, can save fuel consumption by up to 30% under standard operating conditions.
Social responsibility	"Sunward Talents" award has been set up in Central South University since 2004. Sunward joined the fight against ice disaster in southern China and participated the relief work after 5.12 Wenchuan earthquake in 2008, donated excavation machinery to the Alashan Ecological Foundation in 2012, and established "Sunward Fund" in 2014 to help employees in poverty or difficulties.



#### "Smart" manufacturing of intelligent equipment to liberate human productivity

CoStone Capital invested in EFORT via two funding rounds in 2017 and 2018

Founded in 2007, **EFORT** (688165.SH) is a well-known industrial robot group company with leading technology in the entire industry chain. Its main business includes: R&D, manufacturing and sales of articulated robots, industrial robot production system assembly, etc.

In 2017, after 9 months of due diligence work, CoStone Capital fuelled the acquisition of the Italian WFC group by EFORT, and assisted EFORT in post-acquisition integration and capital operations. This effectively accelerates the industrial upgrading of efort in the high-end robot system integration industry chain on a global scale.

EHS production	Strictly promote the implementation of the enterprise EHS production responsibility system, formulate a series of systems such as the "Safety Production Management System", "Environmental Protection Management System" and "Occupational Health Management System", and properly handle, comprehensively utilize and effectively implement the company's solid waste and wastewater management.
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#### Industrial intelligence, intelligent industrialisation

CoStone Capital invested in PHIMA Intelligence Technology in 2019

**Baosight** (600845.SH), a listed software company controlled by Baosteel, is a solution and service provider in the industrial software industry. Founded in 2002, PHIMA Intelligence Technology is a modern national high-tech enterprise engaged in intelligence, research, engineering, consulting and cloud services. In 2019, CoStone Capital invested in PHIMA Intelligence Technology, which was later acquired by Baosight in 2021.

Dual-carbon action	A special working group for carbon neutrality was set up, and a dual-carbon action plan was submitted to China Baowu.
Care for employees	A three-dimensional talent training system was established, with over 90,000 attendance at training in 2021.
Social responsibility	In 2021, the company made further investment in rural revitalisation activities to consolidate achievements of poverty alleviation. Specifically, the company purchased agricultural products from poverty-stricken areas in the amount of RMB 3.352 million, and helped sell RMB 2.608 million worth of agricultural products.



# V. Forge Ahead with Compliance Operation

## Risk control

### Risk management

Pursuant to the *Securities Investment Fund Law*, the *Interim Measures for the Supervision and Administration of Private Investment Funds*, the *Measures for the Registration of Private Equity Managers and Filing of Private Equity (Trial)*, the *Regulations of Shenzhen Special Economic Zone on Green Finance* and other laws and regulations as well as relevant self-discipline rules, CoStone Capital has established sound policies concerning internal risk control, custody, financial and human resources management, independently managed private equities and kept separate accounts to ensure that the properties of managed private equities and managers are independent, and maintain legal compliance in operation and management, security of fund assets, truthfulness, accuracy and completeness of financial reports and related information. Furthermore, CoStone Capital has continuously improved operation efficiency to maximise the risk-adjusted return on capital.

In terms of risk management framework, we developed a four-tier structure with the Board of Directors as the highest decision-making body.



## Compliance and ethics

Well-established internal control is a key pillar for private equity managers to effectively prevent and mitigate risks, ensure legal compliance in each business and achieve well-regulated operation. With full consideration of the internal and external environment, private equity managers shall enhance institutional arrangements, organisational system and control measures used to identify, evaluate and manage risks during operation.

### Compliant internal control

In accordance with the *Internal Control Guidelines for Private Equity Managers* and other relevant laws and regulations as well as industry self-discipline rules, we have formulated the *Internal Control System of CoStone Capital*, the *Internal Control Guidelines for Fund Business of CoStone Capital*, the *Management System for Prevention of Insider Trading and Conflict of Interest*, the *Management System for Information Disclosure of Private Equity*, etc., to implement tighter control over investors management, fund raising, honest practice, information disclosure and other aspects, and prevent operational risks.

### Business ethics

*The Letter of Commitment on Professional Conduct shall be signed by new joiners when getting on board, and by existing employees for every half a year.* We have “zero tolerance” towards suspected insider trading, bribery and other fraudulent behaviours, encouraging our employees to uphold professional ethics that promote integrity, anti-corruption, diligence and self-discipline.

# Investors management and service

## Investors management

<p><b>Qualified investors education and suitability management</b></p>	<p>We strictly abide by provisions of regulatory authorities and develop the <i>Risk Disclosure System for Qualified Investors</i>, the <i>Internal Review Process and File Management System for Qualified Investors</i>, the <i>Management System for Investors Suitability</i>, the <i>Promotion and Fundraising Policies for Private Equity</i> and other rules accordingly. On that basis, we actively evaluate risk level of fund products and risk tolerance of investors, and further optimise qualified investors identification and suitability management.</p>
<p><b>Anti-money laundering</b></p>	<p>Internal control system over anti-money laundering is established to make sure that all aspects of fund sales business comply with laws and regulations concerning anti-money laundering. Compliance risk management measures in this area mainly include:</p> <ol style="list-style-type: none"> <li>(1) Build a risk-oriented prevention and control system for anti-money laundering to allocate resources reasonably;</li> <li>(2) Develop strict and effective account opening procedures, to comply with legal duties under KYC standards to prevent money-laundering and terrorism financing, filing investor's identities material in system.</li> <li>(3) Strictly monitor the modification of investors' core information, and non-trading transfer;</li> <li>(4) Strictly follow the fund clearing system to control and monitor cash payments;</li> <li>(5) Establish an investor risk identification and suspicious transaction analysis mechanism that is in line with industry characteristics.</li> </ol>

## Investors service

With 20 years of outstanding performance, Costone Capital has gathered a group of fund investors, including government-guided funds, national-level FOFs, banks, insurance, professional FOFs and industry-side investment institutions, as well as high net worth individual investors, mainly entrepreneurs. We highly value how we serve investors, and this is why we collect investors’ opinions and suggestions for our businesses and services through opinion box, investor visits, investor conferences, etc. to further improve our service capability and effectively protect investors' legitimate rights and interests. As of the issuing date of the report, CoStone Capital had no investor complaints filed with the Asset Management Association of China. Funds under our management ranked among the top in the performance evaluation by government fund of funds (FOF), and won several annual awards granted by government FOF.

In 2020 and 2021, CoStone Capital has been selected for the list of **Class A** managers in the annual evaluation of China Insurance Asset Management Association for two consecutive years



Lingchuang Angel Fund of CoStone Capital was awarded “Top 10 Sub-funds in 2019 and 2020” by Shenzhen Angel FOF



CoStone Capital was selected as Top 10 among [Exit Period Sub-Funds] in 2020 Comprehensive Performance Evaluation by Shenzhen Government Investment Guiding Fund.



# Supplier management

Supplier management system

We have the *Selection System for Fund Outsourcing Institutions and Custodian Banks*, the *Selection System for fundraising agencies*, the *Procurement System for Professional Services*, the *Management Measures for Agencies Engagement in Due Diligence* and other policies in place, and establish a whitelist system for due diligence service providers. In addition, we form a comprehensive evaluation system centring on supply capacity, service awareness, internal control, integrity, information security, etc. by incorporating ESG factors into the daily management of suppliers, and implement a mechanism where qualified suppliers are selected and unqualified ones are eliminated.

Suppliers ESG risk management

Internal compliance management	establish a sound internal control system, and mechanisms for anti-money laundering, independence, prevention of commercial bribery, etc.;
Data and information security management	sign the <i>Confidentiality Agreement</i> with suppliers to strictly safeguard private information of investment and business;
Environmental and carbon emission management	give priority to suppliers with outstanding sustainability performance and excellent environmental governance and carbon emission management.

fundraising agencies management

With the selection and evaluation system for fundraising agencies in place, private equity managers are able to conduct stricter inspection, selection and management on these agencies effectively. CoStone Capital has thus established good, long-term and interactive strategic partnerships with many sales and fundraising agencies, managing to maximise the company's interests in a legal and compliant manner.

Selection and evaluation processes for fundraising agencies include:

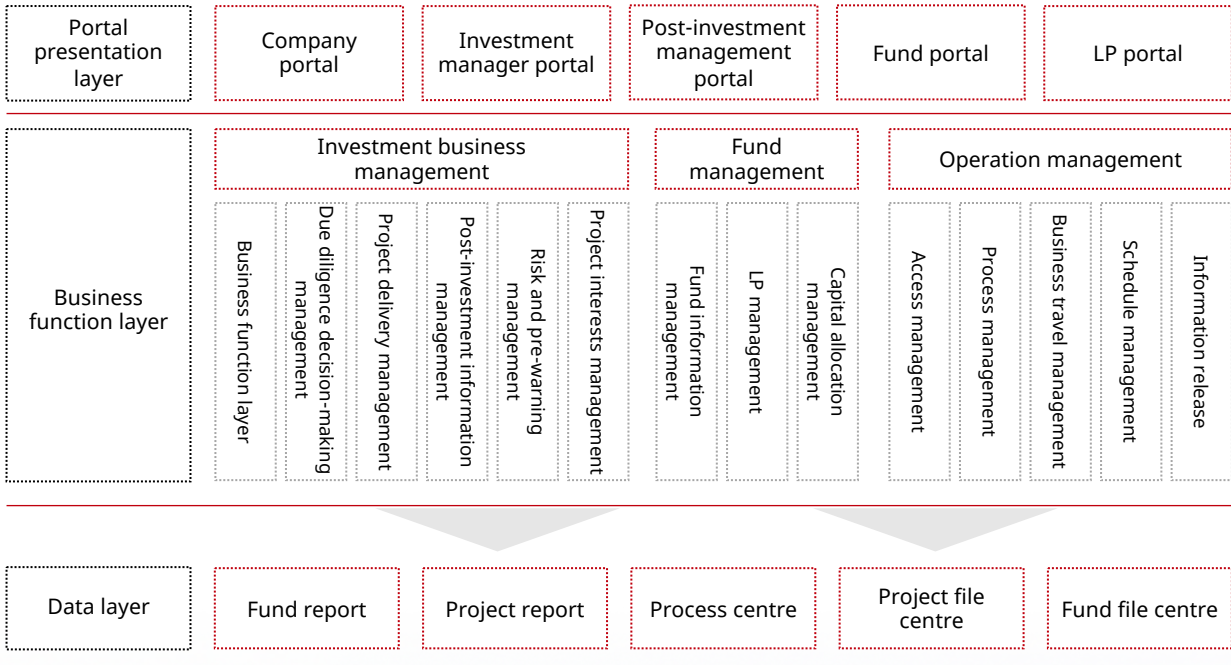
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graph LR
    A((Candidate application)) --> B((due diligence))
    B --> C((comprehensive evaluation))
    C --> D((staff training for fundraising agencies))
    D --> E((and sales assessment))
  
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# Digitalisation

## Digital management platform

We have been working on digitalisation ever since 2013 as this field is high on the agenda in our company. By building an advanced digital management platform, business management has been transformed from paper-based to electronic and process-based, with system functions covering access encryption, file management, whole-process control of fund and project operation, as well as data and report query.



## Data security governance

In terms of data security, we formulate and release system **access management** measures to regulate the daily management of business data. Responsible departments for business data regularly check and update the activation, request, and deactivation of access, to ensure trade secrets and data security. Further, we specify management over data access in detail, and develop an access matrix based on different posts to navigate business departments and technical departments through daily management over data access.

In addition, a professional security team is engaged in **security operation and maintenance** of our hardware infrastructure, which enables us to secure a closed-loop management of “pre-warning + in-process monitoring + post-improvement” for system and data security, achieving 24-hour automatic security inspection and generating system security reports on a daily basis. With backup servers deployed at the hosting computer room and headquarters, our data is backed up at both intra-city and remote servers, greatly reducing the risk of data loss.

In the future, to fully empower business development, CoStone Capital will formulate an action plan and roadmap for digital transformation with focus on business scenarios, and upgrade an all-round technical architecture that supports the transformation needs.



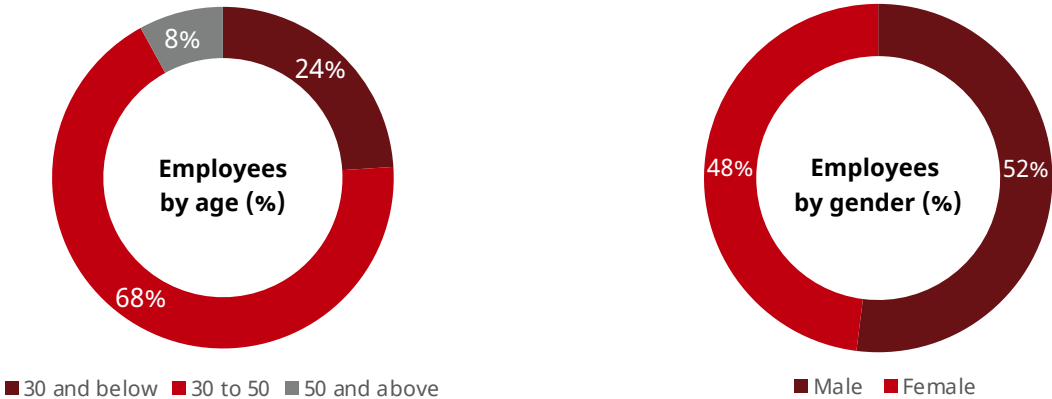
## VI. Team up for People-oriented Workplace

A stable core team and a flexible organisational system are the core elements for CoStone Capital to gain a foothold in the asset management industry. CoStone Capital brings together talents from all communities, attaches great importance to the working atmosphere, rights protection, competence developing, and physical and mental health. We are committed to building a diverse and inclusive workplace for a “harmonious, equal and better” CoStone family.



# Protect employees’ rights and interests

We create a working atmosphere that promotes equality, specifically, all employees, regardless of their job levels, shall not be referred to as “superiors” in daily work and life. Staying open-minded to employees' opinions, we encourage all attendees at meetings, like project investment conference, to speak up and let their voices be heard. Also, upholding the principles of fairness, openness and impartiality during the recruitment and promotion, we give equal treatment to candidates irrespective of age, gender, race, marital status, physical disability or other factors. As of the end of June 2022, CoStone Capital had a total of 132 employees, which are shown by age and gender as follows.



We actively protect the basic rights and interests of our employees, and take multiple measures to enhance their sense of belonging and happiness. In addition to “social insurances and housing fund”, national paid holidays, funeral leave, marriage leave and maternity leave as promulgated by the state, we also offer our employees the following benefits:

- high-value group accident insurance to provide insurance coverage for employees while they are travelling on business;
- annual thorough physical examination at professional institutions for all employees;
- weekly badminton and basketball events to improve employees’ physical fitness;
- masks, disinfectants and other pandemic prevention supplies during COVID-19;
- commuting allowance, holiday benefits and birthday allowance.



**Strong support to reproductive rights**

As a firm supporter of China’s “three-child” policy, CoStone Capital values reasonable demands of female employees, providing them with paid maternity leave, breastfeeding leave and male employees with 15 days of paternity leave in accordance with the law. And for those with children under the age of 3, they are allowed to take the parental leave flexibly.



**Prohibition of workplace discrimination and harassment**

CoStone Capital has “zero tolerance” for workplace harassment and is determined to safeguard the legitimate rights and interests of employees, striving to create a work environment that fosters a respectful and positive attitude and is free from bias and harassment. A “misconduct complaint box” is available for victims of any workplace misconduct to directly report to Chairman, managing partner or HR Administration Department.

# Solid talent development

A professional, efficient and stable team has always been the core competence that we take pride in. Our core executive team have rich experience in capital market over 20 years, and have been engaged in equity investment for more than 20 years. The well- integrated and stable executive team is a great force driving the development of CoStone Capital.

Adhering to the concept of “people-oriented”, we have established clear performance appraisal system, flexible promotion and salary adjustment mechanisms, as well as competitive incentive mechanism, with equity incentives granted to key employees. Accordingly, no member from founding partner team or middle management team left CoStone Capital over the years. We do not set limits on talents’ promotion. Any employee with outstanding performance and potential deserves to get promoted. At our annual meetings, we encourage all employees to take the initiative to share their work experience and industry insights, letting every “gold” shine.

To better advance the implementation of corporate strategies and key businesses, and equip employees with skills, CoStone Capital launches a series of training activities every year, including but not limited to:

Orientation training	Set orientation training to faster the integration of new employees by helping them to understand the company culture, management system, organizational structure, etc.;
Professional training	Fund practitioners' training and professional training for departments are designed to help employees gain more knowledge and improve work capabilities and policy insight;
Experts support	Support from the industry expert team and regularly updated research reports on hot industries benefit the investment team a lot by improving their professional skills in different segments;
ESG training	Invite professional consulting agencies to conduct ESG special training for all employees, enhancing their professional awareness of green investment, and learning from the excellent practices of international leading investment institutions.





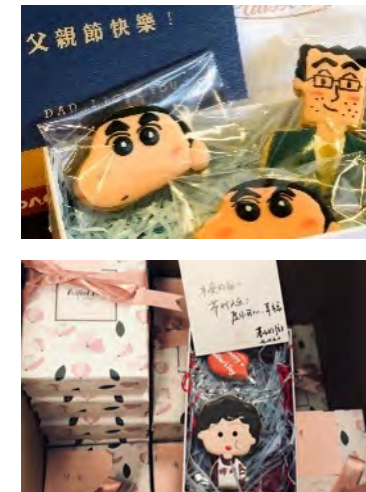
# WORK HARD AND PLAY HARD

In pursuit of open and diverse communication, CoStone Capital encourages employees to actively participate in company activities, so as to enhance internal communication and team cohesion. The way our employees spend their leisure time and nurture their spiritual life has been on our mind, and therefore we hold a number of cultural and club activities, covering symphony, badminton, basketball, hiking, and rowing, which allow them to get physical exercise and enrich their minds in spare time.

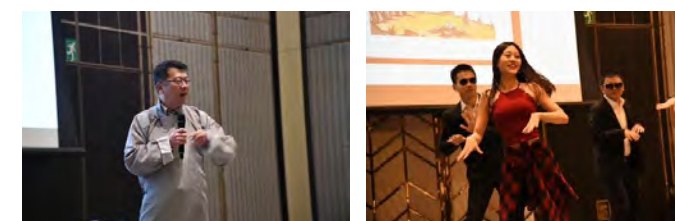
We attach great importance to a harmonious and healthy team atmosphere, and regularly carry out team building activities in various regional offices, aiming to allow employees to relax while enhancing the relationship with colleagues, and create a friendly and positive company atmosphere. We cherish the work-life balance and send cordial care and blessings to our employees during holidays.



Rowing and sailing



Celebrate festivals



Party time at the annual meeting



Symphony concert



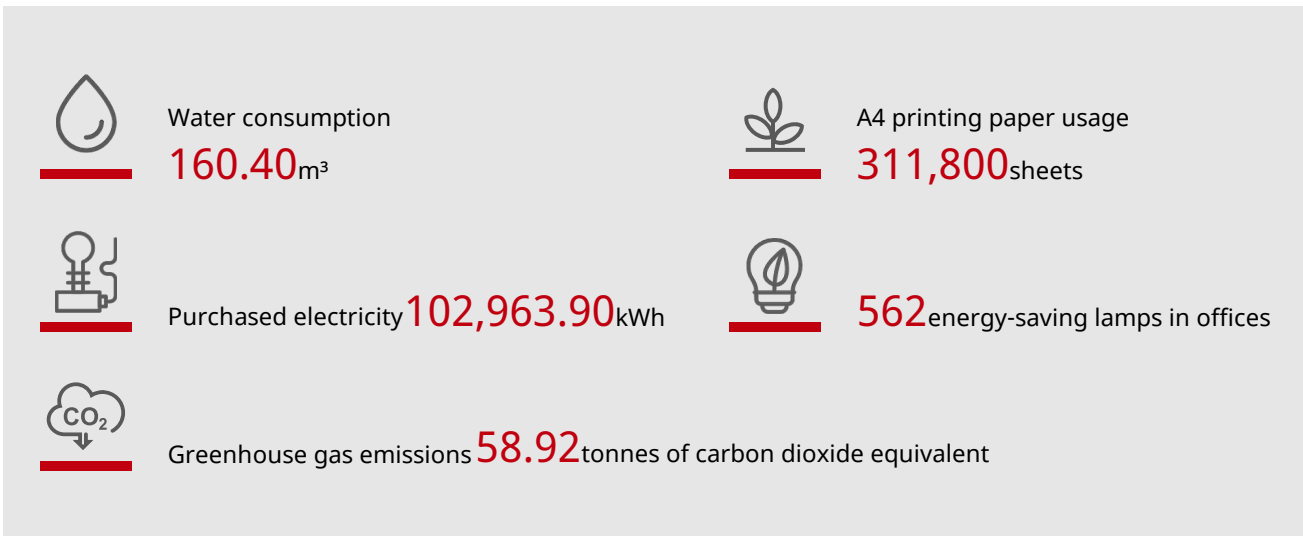
Exciting team sports



# VII. Practice Green Office and Low-carbon Travel

Firmly upholding the green operation concept, we made further efforts to strengthen employees' awareness of energy conservation and environmental protection. From 1 July 2021 to 30 June 2022, as CoStone Capital<sup>(7)</sup> recorded, the water consumption of 160.40 m<sup>3</sup><sup>(8)</sup>, electricity consumption of 102,963.90 kWh<sup>(9)</sup> and greenhouse gas emissions is 58.92 tonnes of carbon dioxide equivalent<sup>(10)</sup>.

Energy consumption in operating activities:



### Green office

- Paperless office and optimised information systems to reduce paper usage;
- “Turn off lights before you leave” as required by the *Staff Code*;
- Less use of paper cups and bottled water;
- Environment-friendly and energy-saving materials for office

### Low-carbon travel

- Carpooling for commute, high-speed railway as first choice for daily business travel, and public transportation as first choice for intra-city travel.
- Video conferences instead of business travels;
- More purchase and use of new energy vehicles.

(7) The environmental data only cover Shenzhen, Hefei, Shanghai, Nanjing and Beijing offices.  
 (8) All water is sourced from municipal water system.  
 (9) All purchased electricity is sourced from municipal power supply.  
 (10) Annual greenhouse gas emissions only cover indirect emissions from electricity used for daily operation of offices. Greenhouse gas emissions from other resources used for daily operation are not disclosed in this report, as the amount is insignificant and such emissions do not have material impact on the environment. In calculating greenhouse gas emissions from the use of electricity, the calculation method and related emission factors (0.5810 tCO<sub>2</sub>/MWh) are based on the *Guidelines for the Measurement and Reporting of Greenhouse Gas Emissions for Power Generation Facilities (2022 Revision)* by the Ministry of Ecology and Environment of the People's Republic of China.

# VIII. Contribute to the Industry and Public Welfare

“An enterprise has responsibility to boost economic growth, assume legal obligations, contribute to social welfare and fulfil the moral duty.” As a supporter of sustainable development goals, we attach great importance to corporate responsibilities to society and the industry.

## Green development

On 12 June 2019, AMAC held the “Private Equity + Intelligent Manufacturing” private sharing sessions in Hefei, Anhui. Zhang Wei, member of the association's special committee and Chairman of CoStone Capital, made a speech - institutional innovation drives intelligent manufacturing to “break through”.

While seizing opportunities brought by the transition to low-carbon economy to private equity funds, we also actively play a part in green finance and sustainable finance-related forums and industry researches, contributing to the sustainable development of the private equity investment industry.



In October 2021, at the Dameisha Carbon Neutrality International Forum, CoStone Capital, together with Destone Holdings and others, launched “Carbon Neutrality Innovation Fund”.



In August 2021, CoStone Capital became a member of the Shenzhen Green Finance Association, further promoting the innovation of green finance.



In March 2021, CoStone Capital was invited to the “Shenzhen Municipal Financial Regulatory Bureau - City of London Corporation Virtual Dialogue: Green Finance”, a platform for companies to discuss over theories and practices of legal environment for green finance, product innovation, and system design, and learn from leading practices of environmental information disclosure by financial institutions.



In 2019, the Private Equity and M&A Investment Fund Professional Committee of AMAC held an industry seminar in Hefei, Anhui. As a committee member, CoStone Capital participated in writing some of the chapters.



## CoStone Lecture

CoStone Lecture aims to build a platform for dialogue with masters, inviting top scholars or entrepreneurs in different fields to lecture on different topics in each session. From 2014 to now, CoStone Lecture has been successfully held for more than twenty sessions, and has become a feast for entrepreneurs, scholars and other social elites to exchange and share their thoughts. It is not only a frontier forum to study economic and financial aspects and the direction of science and society, but also a school for humanities to gather and ideas to collide.



CoStone Lecture

## CoStone Book Club

CoStone Capital regularly holds “reading sessions” to recommend classics on humanities, history, philosophy, psychology, economy, management and aesthetics etc. By sharing the “beauty” in books, CoStone Capital hopes to go beyond figures in work, and build a platform for readers to exchange ideas, enabling us to think and have a better understanding of life.



## Public welfare

We believe that, to be a long-lasting enterprise, we need to do everything in our power to meet demands of communities, well-operated in a sustainable society, and derive satisfaction from social development. Staying committed to public welfare and charity, we actively shoulder social responsibility to promote sustainable development of enterprises and common prosperity of society.

## Joint efforts to tide over the pandemic

- RMB 500,000 in cash to Tongji Hospital, Tongji Medical College, Huazhong University of Science and Technology in 2020.
- RMB 861,825 worth of pandemic prevention supplies to Ma’anshan He County Red Cross Society and the Management Committee of Ma’an shan Zhengpu Port New Area Modern Industrial Park in 2020.
- RMB 371,200 worth of one set of automated sample preparation system and 1,728 DNA/RNA extraction kits to Chuzhou Centre for Disease Control and Prevention in 2020.

At the same time, Costone Capital actively guide PharmPlus and other invested companies to donate money and materials, ensure supply to tide over the pandemic.

## Lift Fenxi out of poverty

In 2019, Costone Capital contributed 231,000 yuan to “Fenxi Yulu Pear (玉露香梨) Support Recognition” project, and the project has become one of the most important ways to escaping from poverty.

In 2018, in active response to the call of AMAC, CoStone Capital donated RMB 300,000 to support “PV Farm” poverty alleviation project in Fenxi. Upon completion, the project is expected to generate an annual income of over RMB 2.8 million, which will directly help nearly 800 registered impoverished households, providing strong support for poverty alleviation in Fenxi County.



Appreciation Letter from AMAC



Lift Fenxi out of poverty



## IX. Stick to Original Mission for a Bright Future

Though valuing environmental protection, green investment places its core at “investment”. To be more specific, it’s not a public welfare project nor a policy-based or emotional investment. It should be market-oriented investment from which a responsible investment institution finds balance between social and economic benefits. The practice of green investment and ESG principles is essential to the investment returns of investors and the long-term sustainable operation of enterprises. Driven by inherent factors, impactful investment aims to not only make money, but also bring positive impact on society and the environment.

Achieving “carbon peak and carbon neutrality” goals is a broad and profound economic and social systemic change. Decarbonisation, like digitalisation, is systematically reshaping and transforming industries. Sticking to the sustainable investment concepts of “targeted guidance”, “concentrated investment” and “customised service”, CoStone Capital embraces opportunities to invest good capital in low-carbon, new energy, medical health, energy saving and biodiversity, for a low-carbon and more stable future. In the next five years, CoStone Capital flagship fund will shift its focus to investment in sustainability related fields. It is our commitment that investment in energy-saving technical renovation and low-carbon transformation will be no less than 25% of the fund size, with asset allocation updated to be more environmental-friendly. We will further refine the ESG investment management system and gradually improve ESG evaluation indicators and database, incorporating ESG into the management system of each link of “fundraising, investment, post-investment management and exit”. We have responsibility for introducing the concept of sustainable development to our investees. In this regard, we should guide them to enhance corporate governance and shoulder social responsibilities, and supervise them over ESG information disclosure.

With close attention to carbon footprint, we will keep advocating green office and low-carbon lifestyle. Insightful views and different voices are allowed on our investment decisions as we aim to create a workplace that encourages fair promotion and win-win cooperation, and build talent teams that excel at their work and deliver good results. In this way, we can grow together with our employees. We hope to be a warm investment institution that cares for vulnerable groups, and unites all parties to support public welfare and pass on love.

CoStone Capital will work together with employees, society, investors, investees and partners, to take on the duty to become an initiator and enabler in sustainable value creation in the equity investment industry chain. We will step up the pace of internationalisation, actively join green finance and sustainable development initiatives, and spare no effort to promote industry self-discipline, thereby shaping us into a respected and influential investment institution in China that steadily takes the road of sustainable development.



基业长青  
稳如磐石



# Appendixes

## Major Investment Cases in ESG Fields

### Energy Conservation and Environment Protection

Yu Zhong Qing Waterproof Technology Group Corporation Limited	Eaglebrand Holding Co., Ltd.	Hubei Huitian New Materials Co., Ltd.
Shenzhen Kiclear Technology Co., Ltd.	RePower Technology Co., Ltd.	Shanghai Baosight Software Co., Ltd.
Liaoning Huafu Environmental Engineering Co., Ltd.	Ouye Lianjin Renewable Resources Co., Ltd.	Opple Lighting Co., Ltd.
Beijing Kingfore HV & Energy Conservation Technology Co., Ltd.	Jinglv Environment Science and Technology Co.,Ltd.	Hefei Hengda Jianghai Pump Co., Ltd.
		Jiangsu Zhongli Group Co., Ltd.

### Clean Energy

CALB Co., Ltd.	Sunwoda Electric Vehicle Battery Co., Ltd.	Zhangjiakou Yuanshi Advanced Materials Co., Ltd.
Zhongxing Innovative Material Technologies Co., Ltd.	Shenzhen Sofarsolar Co., Ltd.	Qinghai Salt Lake Fozhao Lake Lithium Co., Ltd.
Hebei Gellec New Energy Science & Technology Co., Ltd.	Versolsolar Hangzhou Co., Ltd.	Guangdong Kaijin New Energy Technology Corp.,Ltd.
Guangdong Dongdao New Energy Co., Ltd.	Gansu Western Heavy Industry Co.,Ltd of Jisco	Shanghai Aeolon Wind ENERGY Technology Development (GROUP) Co., Ltd.
Keda Industrial Group Co., Ltd.		

### Synthetic Biology

Shenzhen PAM2L Biotechnologie Co., Ltd.	New Hope Liuhe Co., Ltd.	Yunnan Shennong Agricultural Industry Group Co., Ltd.
Shenzhen Readline Biotech Co., Ltd.	Pagoda Orchard Industrial Development Co., Ltd.	Guangzhou Money Aunt Agricultural Ltd.
Nanjing Shineking Biotech Co., Ltd	Kangxin New MATERIALS Co., Ltd.	Tongfu Group Co., Ltd.
Anhui Huaheng Biotechnology Co., Ltd.		Ganyuanfoods Co., Ltd.

### Rural Revitalisation

### Artificial Intelligence

Cloudwalk Technology Co., Ltd.	Biren Technology Co., Ltd.	Shenzhen Shifeng Technology Co., Ltd.
Shenzhen SmartMore Technology Co., Ltd.	Beijing Hanhai Cluster Science and Technology Co., Ltd.	Shenzhen Deeproute.ai Co., Ltd.
Moxin Artificial Intelligence Technology(Shenzhen) Co., Ltd.	Shenzhen Rayvision Technology Co., Ltd.	Shenzhen AInnovation Technology Co., Ltd.
Shenzhen Qianhai Fourth Paradigm Data Technology Co., Ltd.	Matrix Origin (Shenzhen) Information Technology Co., Ltd.	Beijing Ruilai Wisdom Technology Co., Ltd.
SenseTime Group Inc.	White Rhinoceros Zhida (Beijing) Technology Co., Ltd.	WeRide Inc.
		Transwarp Technology (Shanghai) Co.,Ltd.

### Consumer & Culture

Shandong Xinjufeng Technology Packaging Co., Ltd.	Shaanxi Huashangbao Media Group Co., Ltd.	Shenzhen Lanren Online Technology Co., Ltd.
Easy Click Worldwide Network Technology Co., Ltd.	Everyday Network Co., Ltd.	Xcar.com
Tongcheng-Elong Holdings Limited	Shanghai Yuepu Advertising Group Co., Ltd.	Fujian Lemo Wulian Technology Co., Ltd.
Silkroad Visual Technology Co., Ltd.	Guangzhou Weimeizi Industry Co., Ltd.	Beijing Xiron Culture Group Co., Ltd.
Shanghai Huangdou Network Technology Co.,Ltd	Arashi Vision Inc.	Beijing MEWE Culture Media Co., Ltd.
Original Force Ltd.	Omnijoi Media Corporation	Laoniangjiu Catering Co., Ltd.
	Suzhou Dayu Network Technology Co., Ltd.	Shenzhen Perry Pet Products Co., Ltd.

### Semiconductor

Shannon Semiconductor Technology Co., Ltd.	Microview Intelligent packaging Technology (Shenzhen) Com.,Ltd.	Advanced NanoSurface Technologies (Shenzhen) Co., Ltd.
Shenzhen Bluetrum Technology Co., Ltd.	Shenzhen Bencent Electronics Co., Ltd.	Shenzhen Yunyinggu Technology Co., Ltd.
Eigencomm Technologies Ltd.	Will Semiconductor CO.,Ltd. Shanghai	Shenzhen Giant Microelectronics Company Limited
Strong Half Conductor (Suzhou) Co., Ltd.	Newsemi Semiconductor Ltd.	Changxin Memory Technologies,Inc.
Jiangsu Changjing Electronics Technology Co., Ltd.	Jimsey Semiconductor Technology (Wuxi) Co., Ltd.	Nanjing Semidrive Technology Ltd
Vastai Technologies(Shanghai) Co., Ltd.	Goertek MICROELECTRONICS INC.	Hefei IC Valley Microelectronics Co., Ltd.
Cix technology (shanghai) co., Ltd	Chengdu CrossChip MicroSystems Inc.	Anhui DongKe Semiconductor Co., Ltd.
Chipone Technology (Beijing) Co., Ltd.	Anhui Xdlk Microsystem Corporation Limited	Beijing E-Town Semiconductor Technology Co., Ltd.
Toll Microelectronic Co., Ltd.	Shenzhen Edadoc Technology Co., Ltd.	Galaxycore (Shanghai) Co., Ltd.
Forehope ELECTRONIC(Ningbo) Co., Ltd.		Shoulder Electronics Corporation Limited

### Intelligent Manufacturing

Zoomlion Heavy Industry Science and Technology Co., Ltd.	ShenZhen United Aircraft Technology Co., Ltd.	Sunward Intelligent Equipment Co., Ltd.
Shenzhen Robotmeta Technology Co., Ltd.	Maanshan JINGWEI Slewing Ring Co., Ltd.	Changsha Kaiyuan Instruments Co., Ltd.
Shenzhen Angstrong Technology Co., Ltd.	Beijing Bluesky Technologies Co., Ltd.	Jilin Jlu Communication Design Institute Co., Ltd.
Shaanxi Tonly Heavy Industries Co., Ltd.	Huachangda Intelligent Equipment Group Co., Ltd.	Anhui Xiaoxiao Science and Technology Inc.
Hunan Zhonglian Engineering Machinery Co., Ltd.	Kunshan Kersen Science & Technology Co., Ltd.	Yuanrong Advanced SYSTEMS(Shenzhen) Co., Ltd.
Googol Technology Co., Ltd.	Qingdao PICO Technology Co., Ltd.	Shenzhen GreenSun Technology Co., Ltd.
Zhuzhou Cemented Carbide Cutting Tools Co., Ltd.	Xi'an Sitan Instrument Co., Ltd.	Shanghai Golytec Automation Co., Ltd.
Hunan Yujing Machinery Co., Ltd.	Shenzhen Camsense Technology Co., Ltd.	Efort Intelligent Equipment Co., Ltd.
Guoyi Quantum (Hefei) Technology Co., Ltd.	Shenzhen Hanglory Group Co., Ltd.	Wuhan Huazhong Numerical Control Co., Ltd.
Yuanhua Intelligent Technology (Shenzhen) Co., Ltd.	Beijing Land Space Science and Technology Co., Ltd.	Gansu Western Heavy Industry Co.,Ltd of Jisco
Shenzhen Kaadas Intelligent Technology Co., Ltd.	Beijing Semicore Microelectronics Equipment Co., Ltd.	Bestlink Technologies Co., Ltd.

### Healthcare

Zhejiang Fonow Medicine Co., Ltd.	InnerMedical Co., Ltd.	Sino Medical Sciences Technology Inc.
Wuxi NEST Biotechnology Co.,Ltd.	Medcaptain Medical Technology Co., Ltd.	Asymchem Laboratories (Tianjin) Co., Ltd.
Suzhou Shengnuo Biomedical Technology Co., Ltd.	Shanghai Dearer Medical Equipment Co., Ltd.	Dezhan Healthcare Company Limited
Shenzhen Ningyuan Technology Co., Ltd.	Nanjing Sanhome Pharmaceutical Co.Ltd.,	Beijing-Genepus Technology Limited
Shanghai Raykeen Laser Technology Co., Ltd.	Creative Biosciences (Guangzhou) Co., Ltd.	NeuroEchos Medical (Shenzhen) Co., Ltd.
Nanjing Iaso Biotherapeutics Co., Ltd.	Beijing ACCB Biotech Ltd.	Jiangsu Rec-Biotechnology Co., Ltd.
ClouDr (Hangzhou KangSheng Health Consulting Co., Ltd.)	Zhejiang Yinchili Medical Technology Co., Ltd.	Yaojie Ankang (Nanjing) Technology Co., Ltd.
BrightGene Bio-Medical Technology Co., Ltd.	Shanghai Opm Biosciences Co., Ltd.	Suzhou Aibo Biological Technology Co., Ltd.
Medprin Regenerative Medical Technologies Co., Ltd.	Biotyx Medical (Shenzhen) Co., Ltd.	Shenzhen Chino Power Technology Co., Ltd.
Ningbo Sansheng Biological Technology Co., Ltd.	Suzhou Lonwin Medical System Co., Ltd.	Shanghai Zhimeng Biopharma Inc.
CF PharmTech, Inc.	Shenzhen New Industries Biomedical Engineering Co., Ltd.	Ningxia Tairui Pharmaceutical Co., Ltd.
Maanshan Quanyi Health Investment Management Co., Ltd.	Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	JiangSu Solicitude Medical Technology Co., Ltd.
		Chengdu Bright Eye Hospital Co., Ltd.
		Robotrak Technologies Co., Ltd.
		MGI Tech Co., Ltd.



# About This Report

This report is the first sustainable investment and impact report released by CoStone Capital since its establishment. After reviewing and summarizing the past practices, we will be committed to the continuous improvement of investment value creation and operational capabilities, focusing on exerting our own social influence and sustainable growth. The investment cases cited in the report are from the company's investment projects. Unless otherwise specified, the scope of the report refers to the period from the date of establishment of the company to June 30, 2022, covering the headquarters and branches of Costone Capital.

Special thanks to the International Institute of Green Finance of Central University of Finance and Economics for its guidance on ESG management. We attach great importance to the protection of intellectual property rights, and thank friends of CoStone Capital for providing picture materials. The pictures of investment cases in this report are provided by relevant companies, and the rest of the pictures have been purchased through formal channels.

This report is prepared in accordance with the Principals for responsible investment (UNPRI), the Guidelines for Establishing the Green Financial System by the People’s Bank of China, the Green Finance Guidelines for the Banking and Insurance Industry by CBIRC, the Green Investment Guidelines (Trial) by AMAC, the Regulations of Shenzhen Special Economic Zone on Green Finance, and Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

# Access to This Report

This report is published in both Chinese and English in electronic and paper versions. You can download the electronic version on the official website at <https://www.stonevc.com>.

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# Disclaimers

The portfolios cited in Chapter 4 of this report are intended only to illustrate CoStone Capital's practice in the area of sustainable investing and are not intended to be used as indicators of CoStone Capital’s current or future investment portfolios. Information on sustainable investing has been obtained from publicly available sources or provided by CoStone Capital’s Investment Management Department. While such information may be considered reliable, CoStone Capital does not guarantee the completeness or accuracy of the information and, likewise, does not assure the profitability of such investments at the moment or in the future. The information provided in this section is for information purposes only and the opinions expressed and any descriptions contained therein should not be relied upon in any way for recommendation, purchase or sale of funds, equity products or other underlying assets that are available.

The report is printed on degradable and environmental-friendly paper.

# Stakeholder Engagement

CoStone Capital places weights on communication with stakeholders and maintains active communication with governments and regulators, shareholders, investors, employees, investees and their regulators, suppliers and partners, community and public welfare organisations, trying to turn stakeholders' expectations and demands into its own goals and actions for sustainable development and establishing multi-level and all-around communication channels. Meanwhile, it leverages the news media and the Internet to understand and address the concerns of stakeholders in a timely manner, ensuring smooth communication with all stakeholders.

Stakeholders	Concerns	Major communication channels
Governments and regulators	Compliance requirements Taxation in accordance with law Anti-corruption	Government conferences E-mails Reports and surveys
Shareholders	Investment return and growth Information disclosure Company value	General meetings Regular reports and company announcements
Investors	Performance return Public information disclosure Investors education	Regular/Interim investor meetings Informal communication and consultation Investors education activities
Employees	Legitimate rights and interests Fair remuneration and benefits Good working environment Training sessions and career development	Democratic management channel Escalation of special matters to higher level Employee care and welfare activities Employee training and development system
Investees and regulators	Assistance and empowerment Segregation of duties Legal employment Environment protection	Shareholders' meetings/Board of Directors/Board of Supervisors Regular visits, researches and seminars CoStone Lecture Daily management
Suppliers and partners	Honest cooperation Business ethics Win-win cooperation	Cooperation agreement Contract performance Daily business communication and visits
Communities and public welfare organisations	Rural revitalisation People's livelihood Community development	Public welfare activities New media platforms Support to public welfare organisations

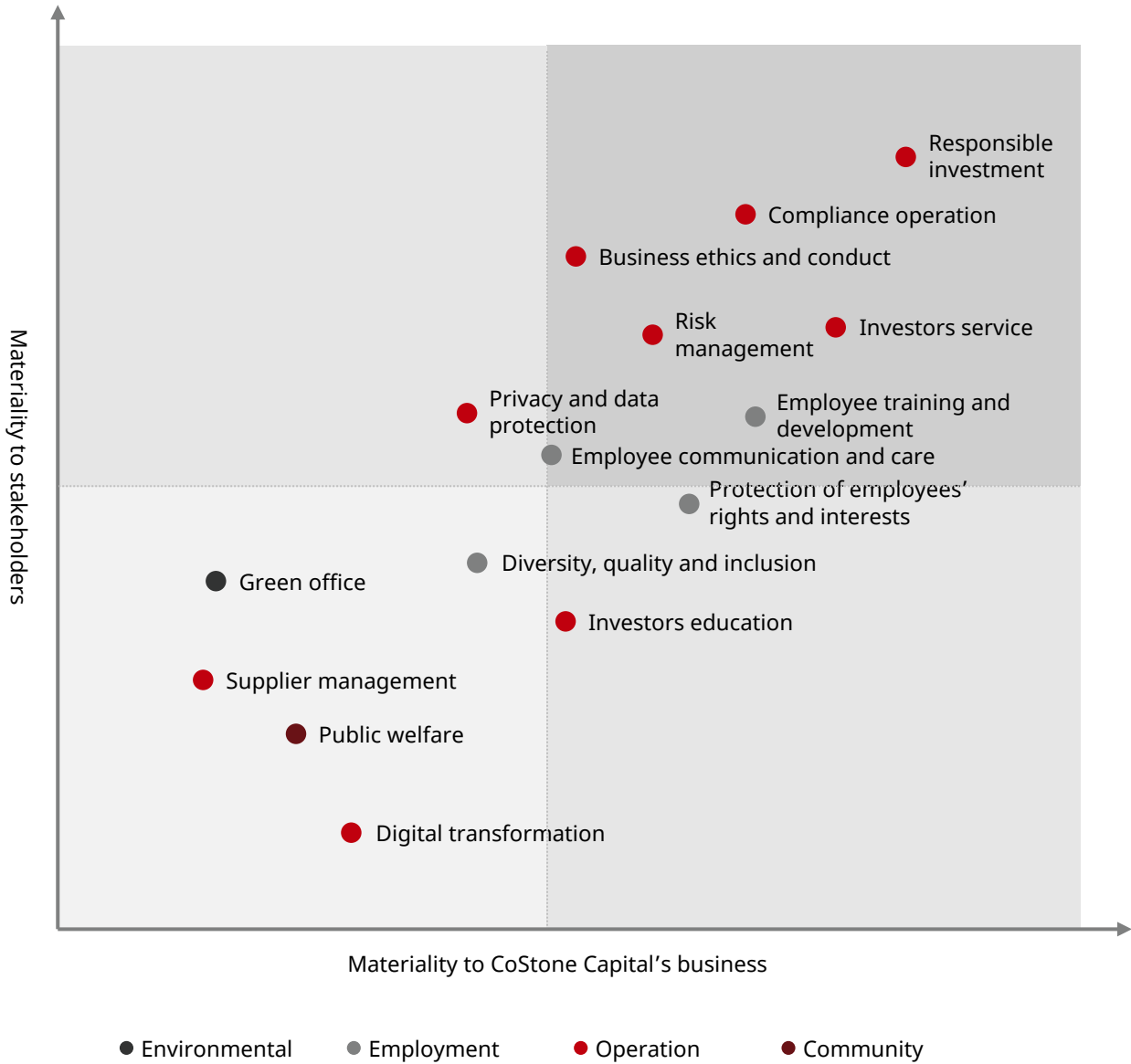


# Material issues management

## (1) Assessment for material issues

Based on the sustainable development management system and business development, CoStone Capital conducted a comprehensive identification and evaluation of material issues. By researches and seminars with internal and external stakeholders, CoStone Capital identified 15 ESG material issues that are critical to improve its sustainable development management and practice. The materiality matrix and ranking are shown as below.

## (2) Materiality assessment and ranking



# Feedback from Readers

Dear friends: Thank you for reading the *CoStone Sustainable Investment and Impact Report*. In order to provide you and other stakeholders with more valuable information and help us to further enhance our value and impact in the field of sustainable investment, we would appreciate hearing your valuable opinions and suggestions.

Please tick “√” the appropriate box

1. Your overall assessment of this report:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

2. Do you think this report addresses issues of stakeholders’ concern:

☐ Yes   ☐ No

3. Do you think this report reflects economic, social and environmental impacts of CoStone Capital:

☐ Yes   ☐ No

4. What do you think of the information disclosed in this report:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

5. Do you find the structure of this report easy to read:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

6. Which parts of the report are the most satisfactory to you?

\_\_\_\_\_

7. Which parts of the report need further disclosure?

\_\_\_\_\_

8. What opinions and suggestions do you have for CoStone Capital to practice social responsibility?

\_\_\_\_\_

Please send your opinions and suggestions to our e-mail at ESGTeam@stonevc.com

We will take your opinions and suggestions seriously, thanks again for your support!