健康元 Joincare | Stock Short Name：健康元
Stock Code：600380

2024 Sustainability Report

Joincare Pharmaceutical Group Industry Co., Ltd.

健康元
JOINCARE

For the Health For the Future

CONTENTS

01 The Report at a Glance

Overview

Since 2018, Joincare Pharmaceutical Group Industry Co., Ltd. (Stock Code: 600380) has consecutively issued corporate social responsibility (CSR) reports for seven years. Starting from this year, we have renamed the report as the "Sustainability Report", aiming to present comprehensively to the stakeholders the Group's commitments, measures and performance in the aspects of fulfilling social responsibility, managing environmental sustainability and corporate governance from a more professional perspective. The report covers the period from 1 January 2024 to 31 December 2024. In view of the continuity and comparability of certain data, some contents of this report may be extended or traced back to other periods where applicable.

Scope of the Report

The report covers Joincare and its wholly-owned subsidiaries and holding subsidiaries, which is consistent with the scope of the consolidated financial statements in the annual report.

Preparation Basis

This report is prepared mainly in accordance with the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) and the Corporate Sustainability Disclosure Standards—Basic Standards (For Trial Implementation), and meanwhile refers to the Environmental, Social and Governance Reporting Code published by the Hong Kong Stock Exchange. To ensure the completeness, materiality, authenticity and balance of the content, the preparation of this report has gone through a systematic set of procedures, including identifying key stakeholders, identifying and prioritising material issues, determining the scope of this report, collecting relevant materials and data, reviewing the data and preparing the report based on the information gathered.

Definitions

For the sake of compendious expression and smooth reading, unless otherwise specified, “Joincare”, “the Group”, “Group” and “we” mentioned in this report all refer to Joincare Pharmaceutical Group Industry Co., Ltd. This report involves several subsidiaries of Joincare. Moreover, the full names and abbreviations of the subsidiaries used in the report are listed below:

Company Name	Abbreviation
Shenzhen Haibin Pharmaceutical Co., Ltd.	Haibin Pharma
Xinxiang Haibin Pharmaceutical Co., Ltd.	Xinxiang Haibin
Shenzhen Taitai Pharmaceutical Co., Ltd.	Taitai Pharmaceutical
Jiaozuo Joincare Bio Technological Co., Ltd.	Jiaozuo Joincare
Joincare Haibin Pharmaceutical Co., Ltd.	Joincare Haibin
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd.	Shanghai Frontier
Livzon Pharmaceutical Group Inc.	Livzon Group
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.	Sichuan Guangda
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.	Shanghai Livzon

Company Name	Abbreviation
Livzon Group Livzon Pharmaceutical Factory	Livzon Pharmaceutical Factory
Livzon Group Limin Pharmaceutical Manufacturing Factory	Livzon Limin
Zhuhai Livzon Diagnostics Inc.	Livzon Diagnostics
LivzonBio, Inc.	LivzonBio
Zhuhai Livzon Microsphere Technology Co., Ltd.	Livzon Microsphere
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.	Livzon Xinbeijiang
Gutian Fuxing Pharmaceutical Co., Ltd.	Gutian Fuxing
Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.	Jiaozuo Hecheng
Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.	Ningxia Pharmaceutical
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.	Livzon Hecheng
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	Fuzhou Fuxing

Data Sources and Reliability Statement

Data and cases disclosed in this report are derived from official documents, statistical reports, relevant public information and internal reporting documents. Joincare guarantees that this report does not contain any false representation or misleading statement and assumes liability for the authenticity, accuracy and completeness of this report.

Confirmation and Approval of this Report

The contents of this report have been confirmed by the management and been approved by our Board of Directors on 24 April 2025.

Access and Response to the Report

This report can be accessed or downloaded from the official website of the Shanghai Stock Exchange (www.sse.com.cn) and our official webpage (www.joincare.com). Should you need to make further inquiries, comments or suggestions regarding this report, please contact us via fax (0755-86252165) or email (joincare@joincare.com).

Legal Statement

This report contains forward-looking statements regarding Joincare's future sustainability strategy, objectives, and plans. These statements are grounded in the Group's current judgments and expectations. However, the actual outcomes may vary owing to significant uncertainties, such as fluctuations in the market environment, changes in policies, and technological advancements. The inclusion of a particular piece of information in this report should not be construed as a characterization of the significance or financial impact (or potential impact) of that information. To obtain a more comprehensive understanding of our financial performance and operations, please refer to our annual report and the various announcements issued on the website of the Shanghai Stock Exchange (www.sse.com.cn).

This report is originally written in Chinese, and this English version is for stakeholders' reference only. Should ambiguities arise between the two versions, the Chinese version shall prevail.

02 Chairman's Statement

Dear stakeholders and friends,

Looking back on 2024, the pharmaceutical market has sustained its growth momentum, with drug innovation driving transformation. The R&D environment has been continuously optimised, and the regulatory framework has become increasingly robust. In response to emerging industry trends and opportunities, we remain committed to our mission of "For the health, For the future". By prioritising technological innovation and clinical needs, we are accelerating our technological transformation to foster development and break new ground.

The Group places paramount importance on sustainability, consistently ranking leading positions in multiple ESG ratings. Notably, we maintained the MSCI ESG rating of "AA" and were included in the Sustainability Yearbook (China Edition) 2024 by S&P Global. We made our debut in the S&P Global Sustainability Yearbook 2025. Additionally, we were awarded a "B" rating in CDP's Climate Change Questionnaire. These honours reflect both domestic and global capital markets' recognition of our sustainable development management practices.

Innovation as the Priority, Jointly Pursuing High-Quality Development

The Group prioritises technological innovation as the core driver of developing new quality productive forces. Dedicating substantial resources to innovative drug R&D, we aim to ceaselessly deliver high-quality pharmaceutical products and health solutions. In 2024, multiple innovative drug R&D projects achieved significant milestones. Notably, the new anti-influenza drug Pixavir Marboxil Capsules successfully completed regulatory filing for production (i.e. NDA); the TSLP monoclonal antibody, an innovative GSNOR inhibitor, and a new dual-target drug MABA advanced to Phase II clinical trials; the Nav 1.8 inhibitor for analgesia and a PREP-targeted oral medication received approvals for clinical trials. To date, Joincare has built a pipeline of over 20 innovative drugs spanning respiratory, pain management, gastroenterology, assisted reproduction, and Psychiatry. The Company's innovation-driven strategy continues to advance steadily.

The Group actively explores AI-powered applications to accelerate its digital and intelligent development. By integrating cutting-edge AI methodologies with molecular science, we enhance efficiency and quality across critical R&D stages such as molecular discovery, pharmaceutical research and clinical trials. Upholding the quality management concept of high standards and stringent requirements, we apply intelligent manufacturing technologies in drug production by thoroughly integrating digital management with the lean manufacturing model. Moreover, we have established a robust intelligent manufacturing system and modern factory layout, forming an intelligent production network covering multiple provinces nationwide. Furthermore, AI applications extend to internal operations, including marketing and sales. These efforts continuously promote the Group's high-quality and sustainable development.

Collaboration as the Cornerstone, Jointly Empowering Stakeholder Growth

The Group regards employees as the driving force and invaluable asset for corporate sustainability. We are dedicated to safeguarding their rights and interests, unblocking communication channels, protecting their health and safety, and fostering a diverse, inclusive, and stable working environment. We actively support employee development by

providing tailored training courses across all levels and roles, and implementing scientific remuneration and incentive mechanisms to enhance talent retention. We are committed to share corporate achievements with our employees.

We actively collaborate with suppliers and uphold the supplier management philosophy of "Open Cooperation, Resource Sharing and Mutual Benefit". Our Code of Conduct for Suppliers clearly outlines ESG requirements for suppliers. We conduct regular supplier audits and assessments, and fully support their capacity building. We spare no effort to empower the development of suppliers through training, exchanges, and cooperation.

Responsibility as the Foundation, Co-Creating a Sustainable Future

As a responsible corporate citizen, the Group proactively fulfils our main responsibility in environmental governance and climate change by assessing the climate-related risks facing our business and implementing targeted countermeasures. We have established long-term carbon emission goals, strictly regulated our emission practices, and constantly improved energy and resource utilisation efficiency. To align with China's 3060 Dual Carbon Goals (carbon peak by 2030 and carbon neutrality by 2060), we plan to achieve carbon peak emissions by 2028 and carbon neutrality across the entire value chain by 2055.

The Group actively responds to the nation's call to contribute to all-around rural vitalisation. We persistently implement the "Access to Public Welfare for Chronic Diseases Prevention and Treatment Programme"(普惠慢病防治公益项目) across multiple regions, effectively alleviating the financial burden of low-income families and preventing poverty caused or exacerbated by illness. We systematically organise health-related and education-based public welfare activities to disseminate knowledge of daily health. We also actively engage in community welfare campaigns, and mobilise employees to participate in volunteer services, spreading care and kindness.

Looking ahead to 2025, Joincare will remain committed to the concept of sustainable development, anchored by our core values of "Putting people first, Valuing workmanship and quality, Pursuing innovation and truth, Promoting cooperation and sharing". Staying true to our founding aspirations, we will deepen our roots in the pharmaceutical sector, uphold our societal responsibilities, and strive tirelessly for the advancement of human health.

Chairman: Zhu Baoguo

April 24, 2025

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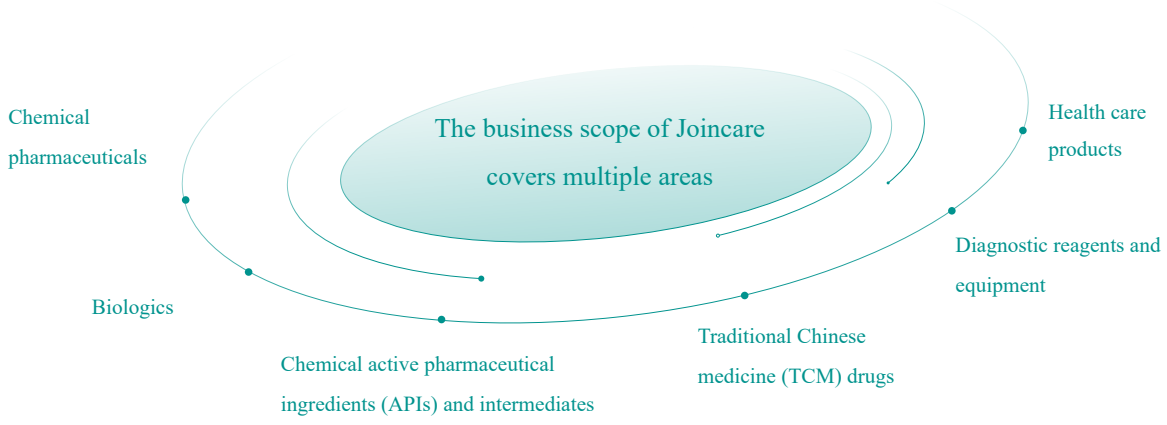
About Joincare

3.1 Group Overview



The Group has strong R&D capabilities and internationalized R&D concept in the fields of chemical pharmaceuticals, traditional Chinese medicine, biologics, diagnostic reagents, and healthcare products. In recent years, with innovation-driven as the core development strategy, the Group has efficiently established a highly promising R&D pipeline of innovative products focusing on important areas such as respiratory, pain management, gastroenterology, assisted reproduction, and neuropsychiatry. The continued transformation and commercialization of these innovative products will further enhance the Group' s product portfolio and business layout, thereby strengthening its core competitiveness.

Table: Main Products of the Group

Chemical Pharmaceuticals

1.Respiratory

健可妥®
(Tobramycin Inhalation Solution)

丽舒同®
(Levosalbutamol Hydrochloride Nebuliser Solution)

雾舒®
(Budesonide Suspension for Inhalation)

健可畅®
(Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation)

2. Gastroenterology

壹丽安®
(Ilaprazole Sodium for Injection)

壹丽安®
(Ilaprazole Enteric-Coated Tablets)

丽珠得乐®
(Bismuth Potassium Citrate Tablets)

丽珠维三联®
(Bismuth Potassium Citrate Tablets/ Tinidazole Tablets/Clarithromycin Tablets)

3. Gonadotropic hormones

贝依®
(Leuprorelin Acetate Microspheres for Injection)

丽申宝®
(Urofollitropin for Injection)

4. Psychiatry

瑞必乐®
(Fluvoxamine Maleate Tablets)

康尔汀®
(Perospirone Hydrochloride Tablets)

5. Anti-infection

丽福康®
(Voriconazole for Injection)

倍能®
(Meropenem for Injection)

Chemical APIs and intermediates

Drugs for humans

7-ACA
Meropenem Trihydrate
Mevastatin
Acarbose
Phenylalanine
Vancomycin Hydrochloride
Daptomycin
Ceftriaxone

Veterinary drugs

Milbemycin Oxime and Moxidectin

TCM drugs

Anti-tumour and cold medicine

Cold medicine
Anti-viral Granules

Anti-tumour
Shenqi Fuzheng Injection

Diagnostic reagents and equipment

Mycoplasma pneumoniae IgM Antibody Test (Colloidal gold method)

Antinuclear Antibody Test Kit (17) (Magnetic Barcode Immunofluorescence)

Biologics

安维泰®
(Tocilizumab Injection)

丽康乐®
(Mouse Nerve Growth Factor for Injection)

Health care products and OTC

Taitai Oral Liquid

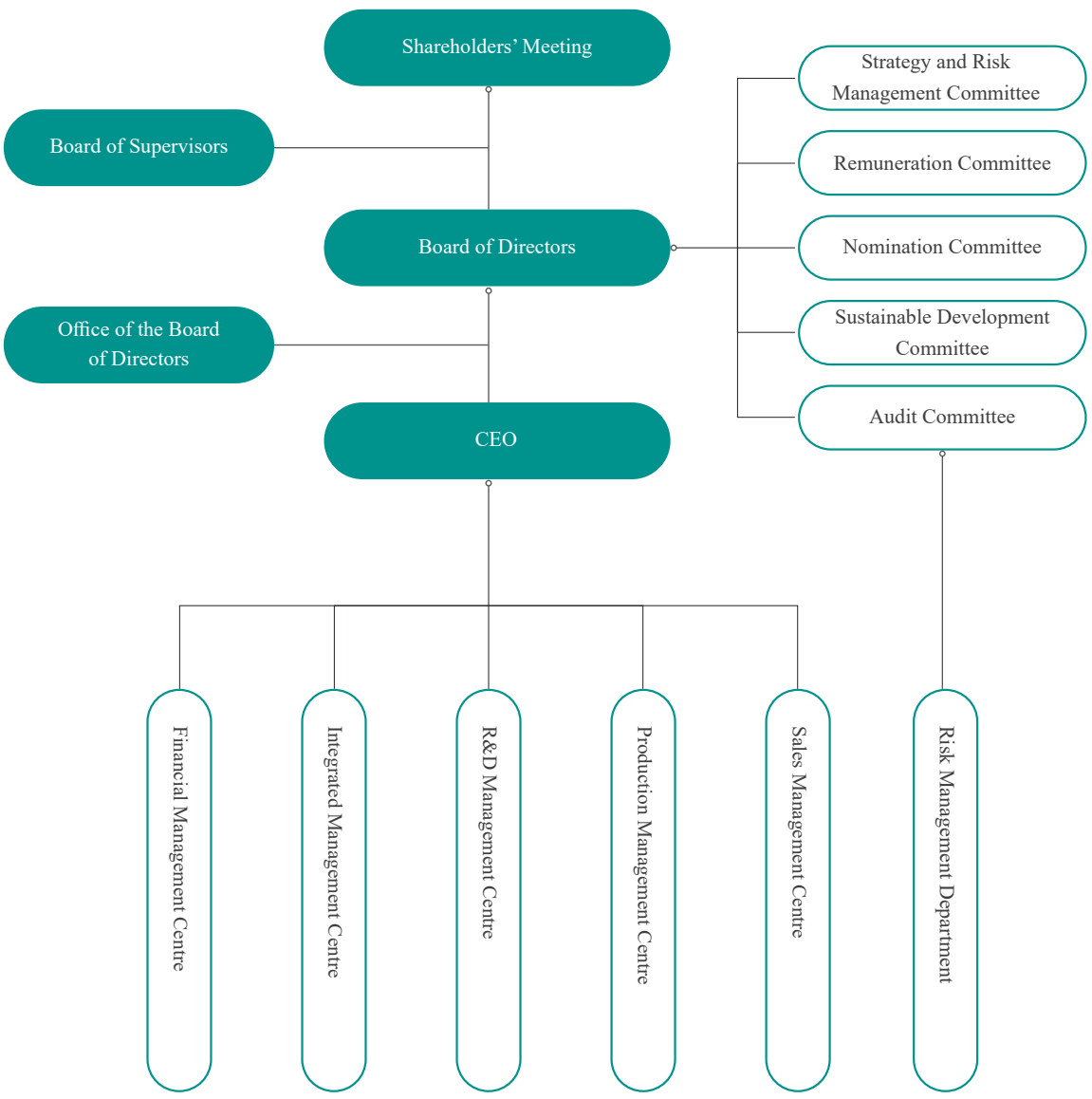
Jingxin Oral Liquid

Eagle's American Ginseng Tea

Dexamethasone Acetate Adhesive Tablets

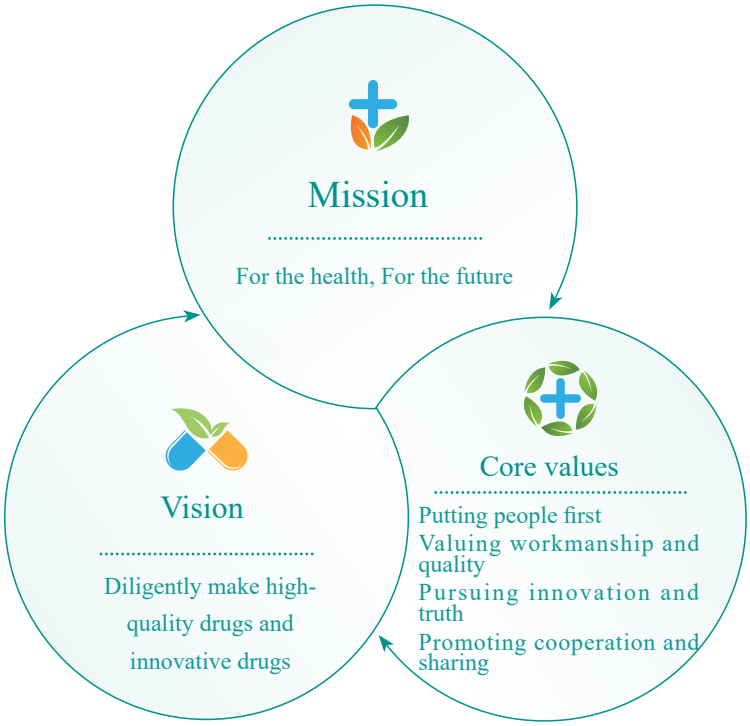
3.2 Organisational Structure

Organisational Structure of Joincare



3.3 Corporate Culture

Since the establishment in 1992, Joincare has constantly been focusing on the field of healthcare, always staying true to its original aspiration in its ongoing inheritance and innovation. Gradually, we have formed a corporate mission - "For the health, For the future". Along this journey, we always act in the interests of patients and focus on safeguarding human life and health. We take scientific and technological innovation as the strategic foundation, adhere to the innovation-driven strategy, and carefully conceive a new vision of "Diligently make high-quality drugs and innovative drugs". In addition, we actively and continuously contribute to building a community with a shared future for the public. Even while focusing on business development, we take "Putting people first, Valuing workmanship and quality, Pursuing innovation and truth, Promoting cooperation and sharing" as core values. We consider the quality of products, the training of talents, and the strength of R&D of the utmost importance, thereby advocating the coexistence of the humanistic spirit and the scientific spirit, and actively assuming obligations and responsibilities for the development of human health.



3.4 Key Performance

During the reporting period, Joincare achieved total revenues of RMB 15.619 billion, achieved net profits attributable to shareholders of the listed company of RMB 1.387 billion, and achieved net profit attributable to shareholders of the listed company after extraordinary gain or loss of RMB 1.319 billion.

At the same time, the Group has been actively undertaking corporate social responsibilities and constantly creating social value. In 2024, the Group generated tax revenues for the government of RMB 1.982 billion, paid RMB 2.474 billion in salary to employees, distributed dividends and paid interest worth RMB 1.501 billion to banks and other creditors, donated funds and goods totalling RMB 14.0428 million to society.

Total revenues

RMB **15.619** billion

Net profits attributable to shareholders of the listed company

RMB **1.387** billion

Tax revenues for the government

RMB **1.982** billion

Salary to employees

RMB **2.474** billion

Donated funds and goods

RMB **14.0428** million

3.5 Honours

Date of issue	Awards & Honours	Issued by
January 2024	Shenzhen Healthy Enterprises in 2023	Shenzhen Patriotic Health Campaign Committee, Public Hygiene and Health Commission of Shenzhen Municipality, Industry and Information Technology Bureau of Shenzhen Municipality, Ecology and Environment Bureau of Shenzhen Municipality, Market Regulation Bureau of Shenzhen Municipality, Shenzhen Federation of Trade Unions, Shenzhen Municipal Committee of the Communist Youth League of China, Shenzhen Women's Federation
March 2024	Special Contribution Award and China Red Cross Fraternity Medal	Red Cross Society of China
March 2024	Renowned Enterprise's Sincere Care Warms Bomé County, Good Medicines of Livzon Protect Health	People's Government of Bomê County, Tibet Autonomous Region
May 2024	Enterprise Donates Medicines to Protect Health, Chronic Diseases in Remote Areas Get Improved	People's Government of Tuoketuo County, Inner Mongolia Autonomous Region
April 2024	Care for Special Children and Practice the Spirit of Public Welfare	Jinsenianhua Special Children Intervention Center, Nanshan District, Shenzhen
June 2024	"Green Channel" Enterprise in Nanshan District, Shenzhen	People's Government of Nanshan District, Shenzhen
July 2024	Ranked 47th in the Top 100 of China's Comprehensive Pharmaceutical R&D Strength Ranking in 2024	Yaozh.com, Organizing Committee of China Pharmaceutical R&D • Innovation Summit, China Pharmaceutical Industry
July 2024	Ranked 25th in the Top 100 of China's Chemical Pharmaceutical R&D Strength Ranking in 2024	Yaozh.com, Organizing Committee of China Pharmaceutical R&D • Innovation Summit, China Pharmaceutical Industry
July 2024	Selected for the Sustainability Yearbook (China Edition) 2024	S&P Global
July 2024	Renowned Enterprise's Loving Care Warms People's Hearts, Good Medicines of Livzon Ensure Health	Health Commission of Gêrzê County, Tibet Autonomous Region
September 2024	Ranked 83rd among the Top 100 Chinese Pharmaceutical Industrial Enterprises in 2023	Organizing Committee of the National Pharmaceutical Industry Information Annual Conference
September 2024	Ranked 47th in the Top 100 of the Comprehensive Competitiveness of the Pharmaceutical Industry in 2024	Organizing Committee of the Health Industry Ecology Conference
September 2024	Ranked 463rd among the Top 500 Private Manufacturing Enterprises in China in 2024	All-China Federation of Industry and Commerce
October 2024	Ranked 47th among the Top 100 Private Manufacturing Enterprises in Guangdong Province in 2024	Guangdong Federation of Industry and Commerce

Date of issue	Awards & Honours	Issued by
October 2024	Ranked 77th among the Top 100 Private Enterprises in Guangdong Province in 2024	Guangdong Federation of Industry and Commerce
October 2024	Golden Information Disclosure Award in 2023	China Securities Journal
November 2024	Top 20 in Corporate Governance of Listed Companies in the Greater Bay Area	Shenzhen Institute of Corporate Governance
November 2024	Best Practice Case of the Board of Directors of Listed Companies in 2024	China Association for Public Companies
November 2024	Excellent Case of Sustainable Development Practice of Listed Companies in 2024	China Association for Public Companies
November 2024	Industry Influence Award in the 2024 Capital Power Annual Selection	Stockstar
November 2024	ESG "Golden Dawn Award" in 2024 of "Securities Market Weekly"	Securities Market Weekly
November 2024	The Great Love Knows No Bounds, Demonstrating the Enterprise's Responsibility, Enthusiastically Participating in Public Welfare to Boost Rural Revitalization	The Communist Party Committee of Sunan Yugur Autonomous County, People's Government of Sunan Yugur Autonomous County
December 2024	Top 100 of the Second Guoxin Cup ESG Golden Bull Award	China Securities Journal
December 2024	ESG Award of the Golden Quality Award of Shanghai Securities News in 2024	Shanghai Securities News
December 2024	"Value 100" of Yi Dong ESG+8 in 2024	ValueOnline

ESG Rating Performance

Rating	Score
MSCI ESG Rating	AA
S&P Global 2024 Corporate Sustainability Assessment (CSA)	Scored 67 in CSA and selected for the S&P Global Sustainability Yearbook 2025
CDP Climate Change Questionnaire	B
Wind ESG Rating	A
CSI ESG Rating	AAA
SNSI ESG Rating	AA

04

Sustainability Management

Joincare firmly believes that sustainability management practices is crucial for the Group's growth. Focusing on four dimensions, governance, strategy, impacts, risks and opportunities management, metrics and targets, we have established an effective sustainability governance framework, refined the processes for identifying, assessing, and managing sustainability-related risks and opportunities, and integrated sustainability metrics and targets into our daily business operations and management. All these efforts lay a solid foundation for the enterprise's long-term and high-quality development.

4.1 Sustainability Governance

Effective sustainability governance system is a strong support for Joincare to implement sustainability strategy and achieve sustainability goals. The Group has established a sustainability management structure that consists of the Board of Directors, the Sustainable Development Committee and the Sustainable Development Working Group. We continuously implement the Sustainable Development Management System of Joincare, which clarifies the duties and work scope of the management at all levels and standardises the division of labour among functional departments. By establishing an effective governance framework, improving information disclosure and data management, and strengthening ESG risk assessment and management, we can better incorporate sustainability-related impacts, risks, and opportunities into the company's strategy implementation, major transaction decisions, and risk management activities.

Board of Directors

Board of Directors is the highest decision-making body, which makes decisions on all major matters relating to sustainability and oversees sustainability-related impacts, risks, and opportunities.

Sustainable Development Committee

The Sustainable Development Committee is composed of three directors, includes one independent director, and is chaired by the chairman of the Board of Directors. The three directors respectively possess rich experience in corporate management within the pharmaceutical industry, green production, supply chain management, as well as financial compliance and risk management.

The Sustainable Development Committee is responsible for identifying and managing sustainability-related impacts, risks, and opportunities, formulating and improving the Group's major ESG policies, guiding the business practices across various departments and subsidiaries. At the same time, it regularly reports to the board of directors every year on the implementation of ESG policies and action plans and the achievement of targets, forming a closed-loop management of concepts, goals, strategies, and business practices.

Sustainable Development Working Group

The Sustainable Development Working Group, composed of core personnel from relevant businesses and key functions of the Group with professional expertise and extensive experience, operates under the guidance of the Sustainable Development Committee. It can efficiently advance ESG-related work and implement risk control measures. This working group is primarily tasked with tracking and coordinating the implementation of specific ESG tasks across all departments at the Group headquarters and its subsidiaries. Additionally, it regularly organizes internal discussions and meetings to review, discuss, and improve the existing ESG policies.

ESG indicators have been incorporated into the individual performance assessment of all members of our sustainable development working group.

Joincare Sustainability Management Structure and Responsibility

In addition, to improve the Group's sustainability management, we pay close attention to sustainability cutting-edge trend, actively understand the hot topics and seize the opportunities in the capital market, and keep abreast of the latest regulatory developments relating to sustainable development. We organise training on sustainability management every year. The training is aimed to strengthen management's awareness of sustainable development and help them to understand and learn about excellent management practice, thus improving our sustainability management performance.

4.2 Sustainability Strategy

Committed to promoting social development, Joincare puts great efforts into the healthcare industry with innovation to help build a Healthy China and create a green, bright and prosperous future with stakeholders. Focusing on "health", the Group aligns its sustainability concepts with its development strategy to guide its efforts to promote sustainable development. We are committed to providing the whole society with high-quality, safe, accessible and affordable medical products and services to better meet the clinical needs. In addition, we pay close attention to demands of internal and external stakeholders and constantly strengthen management of areas in relation to sustainable development. We continuously empower our employees' growth, actively undertake responsibility of environmental protection and dedicate to social welfare. These efforts are aimed to promote social harmony and development.

4.2.1 Communication with Stakeholders

Joincare values the opinions of stakeholders. By establishing a regular and diversified mechanism to communicate with stakeholders, we constantly strengthen our relation with stakeholders. We promptly understand and respond to stakeholders' demands through various convenient channels, aiming to achieve positive interaction with stakeholders and create long-term value for stakeholders.

Table: Issues of concern to and communication methods with stakeholders

Stakeholders	Issues of Concern	Communication Methods
Employees	• Occupational Health and Safety • Talent Attraction, Retention and Development • Employees' Rights, Interests and Treatment	• Workers' congresses and labour union • Employees' satisfaction survey,occupational health and safety training • Platforms for feedback,Daily communication
Investors	• Risk Management • Business Ethics and Anti-Corruption • Product R&D and Technological Innovation	• Shareholders' meeting • Regular releases of business information and data • Telephone, fax, email • Investor's survey, platforms for interactive communication and exchange, and external roadshows • WeChat official account
Consumers	• Product Quality and Safety • Circular Economy • Business Ethics and Anti-Corruption	• Product labelling and information disclosure • Regular visits,consumers' satisfaction survey • Handling of complaints and opinions
Distributors, suppliers and partners	• Product Quality and Safety • Sustainable Supply Chain Management • Responsible Marketing	• Regular communication • Working meetings and exchanges via telephone and correspondence, company's website
Government and regulators	• Product Quality and Safety • Responsible Marketing • Emission Management	• Government-enterprise symposiums • Supervision and inspection • Work reports and surveys • On-site inspection
Media	• Product R&D and Technological Innovation • Industry Development and Cooperation • Business Ethics and Anti-Corruption	• Company’s website and WeChat official account • Interactive communication platforms, special reports, external roadshows
Pharmaceutical industry associations/ organisations	• Product R&D and Technological Innovation • Intellectual Property Rights Protection • Emission Management	• Industry organisation meetings, experience sharing sessions, site visits
Community/ The public	• Access to Healthcare • Charity • Emission Management	• Volunteering activities • Money and medicine donation, medicine knowledge publicity

4.2.2 Materiality Assessment

The Group continuously conducts stakeholder survey and incorporates annual materiality assessment into the risk management process. To fully understand the concerns and expectations of stakeholders, this year, we introduced the principle of "double materiality" into the materiality assessment and invited internal and external stakeholders to participate in questionnaire surveys. Through the surveys, we fully identified and evaluated the impact materiality and financial materiality of each issue, and responded to each issue in this report based on the assessment result.

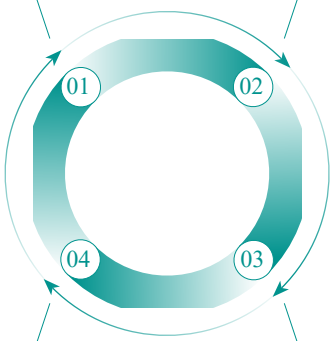
We determine the material issues by following steps:

Identification of issues

Based on the 21 issues set in the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), and in combination with the characteristics of the pharmaceutical industry, the industry's development stage, the Group's own business model and value chain, etc., 24 material issues with the Group's business characteristics have been formulated.

Research on issues

We designed questionnaires for "Impact Materiality Assessment" and "Financial Materiality Assessment" and invited various stakeholders to participate in the research. The research subjects cover the company's directors, supervisors and senior management, internal employees, suppliers, investors, consumers, government and regulators, and so on.

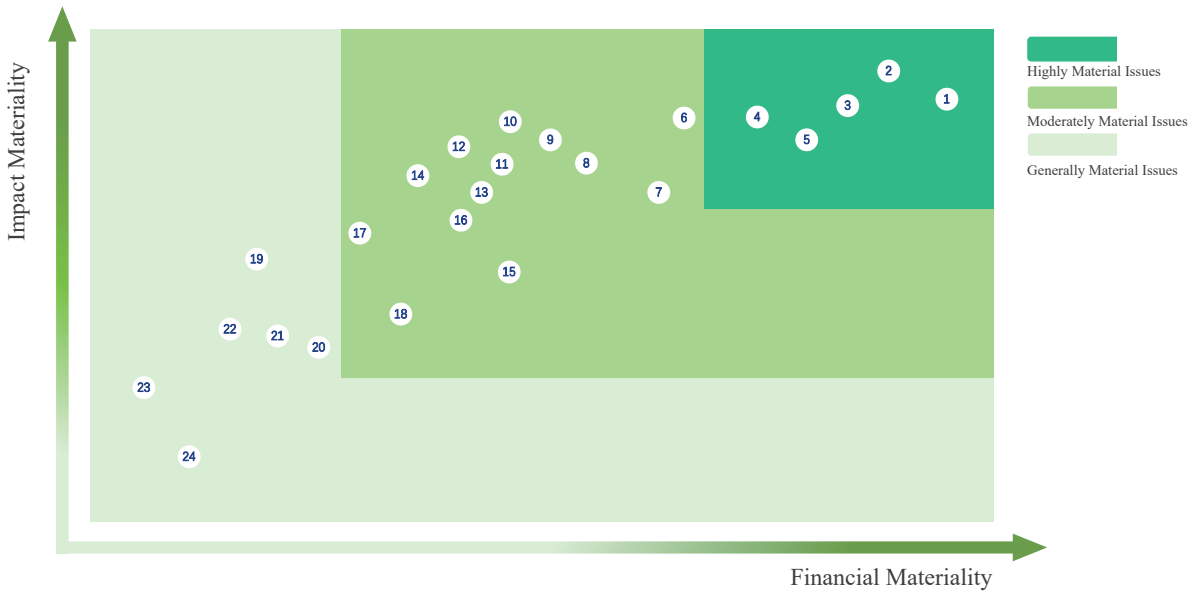


Review of issues

According to the results of materiality assessment, a matrix of material issues and the focus areas of the report in 2024 are determined. The results of materiality assessment are submitted to management and disclosed in the report after review by management and approval by the Board of Directors.

Assessment of issues

Taking into account both peer benchmarking and the results of stakeholder surveys, we conduct an assessment and analysis from two dimensions: the materiality of the issues' impacts on the economy, society, and the environment, and the materiality of the issues to the company's finances. We identify issues that have financial materiality, which are also called highly material issues in the report, through this process.



Joincare's Matrix of Material Issues in 2024

Highly Material Issues	Moderately Material Issues	Generally Material Issues
1. Product R&D and Technological Innovation	6. Risk Management	19. Charity
2. Product Quality and Safety	7. Business Ethics and Anti-Corruption	20.Energy Management
3. Responsible Marketing	8. Occupational Health and Safety	21.Water Resources Management
4. Intellectual Property Rights Protection	9. Talent Attraction, Retention and Development	22.Circular Economy
5. Corporate Governance and Compliance Operations	10. Employees' Rights, Interests and Treatment	23.Climate Change Tackling
	11. Customer Privacy and Data Security	24.Biodiversity
	12. Stakeholder Communication	
	13. Sustainable Supply Chain Management	
	14. Industry Development and Cooperation	
	15. Emission Management	
	16. Diversity, Equality and Inclusion	
	17. Access to Healthcare	
	18. Environmental compliance management	

For the 5 issues that have financial materiality, we have further identified risks and opportunities associated with these issues, and assessed their potential impacts on corporate strategy, decision-making, financial position, operational performance, cash flows, and other aspects across short-term (0-3 years), medium-term (4-10 years), and long-term (over 10 years)[1] horizons. In corresponding sections of this report, we disclose methodologies and plans adopted by the Group to address the risks and opportunities associated with these issues, as well as the measures and actions taken to monitor, prevent, manage, control, and mitigate associated impacts.

1 Considering the internal sustainability roadmaps and external macro policies, Joincare defines time horizons as short-term (0-3 years), medium-term (4-10 years), and long-term (over 10 years). This definition is aligned with our strategic planning and resource allocation plans.

Financial Materiality Issues	Risks & Impacts	Opportunities & Impacts	Time Horizon	Corresponding Section
Product R&D and Technological Innovation	The R&D process for innovative drugs is costly and lengthy, with high pressure on upfront investments in capital and human resources. Meanwhile, high risks of R&D failure or industrialisation failure may result in inability to deliver new products as planned.	Introducing new technologies, such as AI and big data, helps accelerate the R&D process and enhance innovation efficiency. Upon successful development of novel therapeutics, market reach can be expanded through technology licensing or overseas factory construction, thereby achieving higher profit margins.	Short/ Medium/ Long-term	Access to Healthcare
Product Quality and Safety	Quality issues in pharmaceutical products directly impact patient safety and health, and will lead to substantial financial liabilities and reputational damage once they occur. Amid increasingly stringent regulatory requirements, enterprises must allocate additional financial and human resources to quality inspection.	High-quality products can strengthen corporate brand influence and customer loyalty. Through rigorous quality control and management systems, enterprises can mitigate quality risks while enhancing productivity.	Short/ Medium/ Long-term	Safeguarding Product Quality
Responsible Marketing	Inadequate marketing strategies may lead to underperformance in sales, while excessive or non-compliant marketing practices could trigger regulatory scrutiny and penalties.	Compliant and transparent marketing campaigns enable enterprises to establish a positive brand image in the short term while fostering sales growth over the long term.	Short/ Medium/ Long-term	Safeguarding Product Quality
Intellectual Property Rights Protection	Overseas patent applications and maintenance incur significant costs and carry risks of technology leakage. Failure to adequately protect intellectual property may result in technology infringement, thereby diminishing market competitiveness.	Robust intellectual property protection can consolidate core competitiveness. Through patent portfolio management, enterprises can protect innovation achievements globally and secure international market presence.	Medium/ long-term	Safeguarding Product Quality
Corporate Governance and Compliance	Due to stringent regulation in the pharmaceutical industry, the compliance risk is heightened. Non-compliant practices, such as commercial bribery, trigger severe penalties, resulting in reputational damage, customer attrition, and even suspension of operations.	A robust compliance management system can reduce compliance costs, upgrade the corporate credit rating, foster stakeholder confidence, and mitigate legal and financial risks.	Short/ Medium/ Long-term	Responsible Governance

4.3 Impact, Risk and Opportunity Management

Joincare has integrated the sustainability-related impact, risk, and opportunity management process into the internal management process, forming a closed-loop mechanism spanning identification, assessment, prioritisation, control, and monitoring. In this way, we ensure effective implementation and continuous advancement of sustainability goals.

Identification

Based on data collected on a daily basis, we identify sustainability-related risks and opportunities that impact our business operations and financial performance.

Assessment

Assess and analyse the development conditions, potential impacts, and probability of occurrence for risks and opportunities, and prioritise them accordingly.

Monitoring

Establish internal oversight and reporting mechanisms to periodically monitor sustainability management performance and goal attainment.

Control

Define sustainability management targets and monitoring metrics, formulate and implement risk and opportunity control measures.

4.3.1 Comprehensive Risk Management

The Group has established a well-developed risk management system. It has formulated and implemented the Comprehensive Risk Management System, and established and improved the "Three Lines of Defense" framework for risk management and internal control to regulate risk assessment and management process. We also set overall risk management goals to improve overall risk prevention and control. The Board of Directors, as the highest decision-making body in comprehensive risk management, takes charge of supervising risk management practices. The Strategy and Risk Management Committee takes charge of reviewing the effectiveness of overall risk identification, assessment, internal management and monitoring procedures. The management, as the execution body, takes charge of the effectiveness of comprehensive risk management to the Board of Directors. All functional departments play their roles in supporting the implementation of risk management procedure. The Risk Management Department, as the leading management department of comprehensive risk management, takes charge of conducting risk management under the guidance of the Strategy and Risk Management Committee.

Joincare's "Three Lines of Defense" Framework

First Line	Second Line	Third Line
Each of the subsidiaries and departments	Risk Management Department	Internal Control Department
It is mainly responsible for the daily work of risk identification and assessment, risk prevention and control and internal control within the scope of its business responsibilities.	It is mainly responsible for risk prevention and control during the pre-incident and ongoing phases, as well as risk handling in the post-incident phase. The Risk Management Department directly reports to the Strategy and Risk Management Committee of the Board.	It is responsible for the supervision of the establishment and implementation of risk control, the authenticity and integrity of financial information, integrity and anti-corruption, etc. The Internal Control Department directly reports to the Audit Committee of the Board and is independent from any departments of the Company.

Through effective risk management processes, we aim to minimise the impact of adverse factors and safeguard the steady and quality development of the Group. We continuously collect information, identify internal and external risks, formulate comprehensive risk management strategies, implement actions to address risks, monitor risks and give relevant early warnings. We conduct regular risk reporting, monitor and evaluate the implementation and effect of risk management, and rectify issues identified. We review risk exposure encountered by the Company on an annual basis. Against financial and non-financial risks in main business and other high-risk areas, we assess the internal controls and engage independent third-part agencies to conduct external risk audit. We also conduct impairment testing of goodwill using sensitivity analysis. In addition, we actively carry out a variety of risk management training programs. Through online thematic courses, offline lectures, and other means, we fully popularize and deepen the Company's risk management principles among all employees, comprehensively enhancing employees' awareness and response to risks.

4.3.2 Emerging Risks

The Group has identified and assessed emerging social and environmental risks that might influence the long-term development of the Group, and implemented effective responses in operation to prevent or mitigate such risks.

Emerging Risks

Global geopolitical tension

The escalating global geopolitical tensions are poised to exert significant impacts on the international layout of the pharmaceutical industry. The uncertainty of the United States' tariff policies, especially those towards China, and the approval of the BIOSECURE Act have amplified challenges for Chinese pharmaceutical enterprises in overseas R&D, commercialisation, and business expansion.

Impact Description

The United States is one of the important export markets for Chinese pharmaceutical products. Changes in tariff policies may potentially restrict access to overseas markets, thereby undermining globalisation strategies and overseas revenue streams of pharmaceutical enterprises.

As the supply chain of the pharmaceutical industry is highly globalized, international market volatilities could precipitate supply chain disruptions and unstable raw material supplies. Critical raw materials may become inaccessible from specific nations, leading to production interruptions.

Countermeasures

Diversify market presence in multiple international markets to reduce reliance on a single market;

Set up factories abroad to enhance our overseas production capacity;

Formulate an alternative supplier system to maintain alternative suppliers for raw materials and excipients as well as key consumables and ensure stable supply of materials;

Closely monitor international policy changes and prepare responses in advance.

Application of AI

Currently, artificial intelligence (AI) technology has had a strong impact on traditional industries. The rapid popularization of AI technology may lead to the subversion of the traditional business models in the pharmaceutical industry, posing risks to enterprises that fail to adapt to technological changes in a timely manner.

Impact Description

The application of AI technology may change the R&D, production, and sales models of pharmaceutical enterprises. For example, AI can accelerate the drug research and development process and improve production efficiency, but at the same time, it may also lead to a reduction in traditional R&D and production positions.

The rapid popularization of AI technology subverts traditional business models, and pharmaceutical enterprises that do not adapt in a timely manner will face a survival crisis of weakened competitiveness.

AI technology will attract new market participants, which may intensify market competition.

The rapid iteration of AI technology potentially render corporations' early-stage technologies obsolete quickly, thereby increasing R&D costs.

Countermeasures

Increase investment in AI technology, cooperate with technology companies, and develop new business models and products;

Cultivate and introduce professional talents in the field of AI to enhance the enterprise's technological innovation capabilities;

Reasonably and efficiently utilize medical big data, etc., and formulate more targeted research and development directions and market strategies.

4.4 Support for United Nations Sustainable Development Goals

As a responsible corporate citizen, the Group strives to improve the sustainability management system, and actively engages in a wide range of areas such as pharmaceutical innovation, access to healthcare, environmental protection and rural revitalisation, aiming to support the achievement of United Nations sustainable development goals (SDGs) with our actions.

SDG1: No Poverty

End poverty in all its forms everywhere.

Section

Public Welfare and Charity

Examples of Our Actions

- We carried on the long-term "Access to Public Welfare for Chronic Diseases Prevention and Treatment Programme" to donate drugs to patients with financial difficulties in remote areas who suffer from chronic diseases.
- We implemented the "Astragalus Root Industry Revitalisation" plan, supporting rural economic development through industry assistance.

SDG3: Good Health and Well-being

Ensure healthy lives and promote well-being for all at all ages.

Section

Access to Healthcare

Examples of Our Actions

- Focus on unsatisfied clinical needs and continuously expand the R&D pipeline of innovative drugs.
- We built a popular science new media platform matrix called "Respiratory Experts' Views" to promote knowledge on chronic respiratory disease and give treatment support for the public.
- We provided training for local healthcare workers in developing countries, contributing to improving the quality and capacity of health services.

SDG4: Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Section

Talent Management

Examples of Our Actions

- We cooperated with higher education institutions to deliver joint training programmes and provided students with traineeship positions.
- We tailored job-specific development training programmes according to the characteristics and business needs of different positions.
- We encourage continuing education and support employees to obtain academic degree or professional certifications.

SDG5: Gender Equality

Achieve gender equality and empower all women and girls.

Section

Talent Management

Examples of Our Actions

- We set a diversity target of "no less than 49% female employees by 2032".
- We provided various of material benefits and special care for female employees, such as maternity leaves, breastfeeding leaves and customised physical examination services.

SDG6: Clean Water and sanitation

Ensure availability and sustainable management of water and sanitation for all.

Section

Operating with Green Sustainability

Examples of Our Actions

- By installing online wastewater monitoring equipment at the effluent outlets of major wastewater discharge plants and networking with regulatory authorities, we monitored and shared real-time discharge data of treated wastewater.
- Through improving wastewater treatment processes and upgrading wastewater treatment facilities, we decreased wastewater discharge, increased wastewater utilisation, and reduced the concentration of pollutants in wastewater.

SDG7: Affordable and Clean Energy

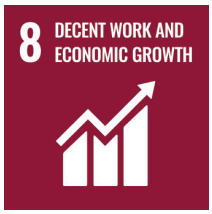
Ensure access to affordable, reliable, sustainable and modern energy for all.

Section

Operating with Green Sustainability

Examples of Our Actions

- We took steady steps to develop the energy management system based on ISO 50001 standards.
- We took measures to improve energy use efficiency for energy conservation and emission reduction, increased the investment in green production projects and strived to build a low-carbon and energy-saving green production enterprise.



SDG8: Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Section

Talent Management

Public Welfare and Charity

Examples of Our Actions

- We have formulated the Code of Labor Employment and Ethical Conduct to specify provisions on protecting labour rights as the prohibition on forced and child labour, equal remuneration, etc.
- We strengthened education and training on protecting human rights, strictly reviewed the implementation of human right policies, and actively take improvement actions.
- We provided professional training for local managers through the "Astragalus Root Industry Revitalisation" plan.

SDG10: Reduced Inequalities

Reduce inequality within and among countries.

Section

Access to Healthcare
Talent Management

Examples of Our Actions

- We adopted inter-country and intra-country equitable pricing policies based on product affordability.
- We were deeply committed to the development of healthcare and actively involved in capacity advancement initiatives for healthcare in developing countries.
- We prohibited any forms of discrimination and prejudice, defined escalation process and disciplinary actions, and apply for social insurance subsidies for the employees with disabilities.

SDG12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

Section

Safeguarding Product Quality
Operating with Green Sustainability

Examples of Our Actions

- We took product quality, safety, health, environmental protection and other elements into account to minimise the negative impact that our products may have on the environment and society in the whole product life cycle.
- We classified waste for treatment, and actively promoted waste reduction, recycling and harmless disposal by introducing advanced environmental protection technology into production, upgrading original production technology and formulations, and cooperating with third parties.

SDG13: Climate Action

Take urgent action to combat climate change and its impacts.

Section

Operating with Green Sustainability

Examples of Our Actions

- We developed the Climate Change Management System, set out the Group's procedures for identifying and assessing climate-related risks and opportunities, as well as the requirements for implementing and monitoring the response measures.
- We identified and assessed the climate-related risks and opportunities facing our business and determined response measures to improve the overall ability to manage climate risks.
- We set the carbon emission target from 2022 to 2025 and the target to achieving carbon peaking by 2028 and carbon neutrality by 2055.

SDG15: Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.

Section

Operating with Green Sustainability

Examples of Our Actions

- We strictly comply with the laws and regulations related to biodiversity conservation.
- We identified environmental risk factors and hidden hazards before building factories, met the "ecological red lines" requirements and avoided operating in areas of high biodiversity value, such as those close to government-designated ecological reserves.

SDG16: Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Section

Responsible Governance

Talent Management

Examples of Our Actions

- We issued Anti-Corruption and Anti-Commercial Bribery System and the Anti-Fraud System, strengthened audit and supervision, and conducted training on business ethical standards.
- We require management, employees, and partners to comply with business ethics and clearly implement the anti-corruption management responsibility.
- We have built a smooth and confidential grievance escalation and reporting procedures for employees to support them to timely complain or report the violation of labour rights and any dissatisfaction.

05

Responsible Governance

SDGs in this section

Joincare is committed to creating social value through compliant and stable operations. We adhere to compliance, follow the Party leadership, and conduct business with integrity and self-discipline. We firmly resist unethical behaviors such as commercial bribery and unfair competition, and strengthen business ethics training and the promotion of integrity culture. This efforts a solid foundation for sustainable development and drives our business forward steadily.

5.1 Compliance Governance

Joincare strictly abides by relevant laws, regulations, and supervisory requirements, such as the Company Law of the People's Republic of China (PRC), the Securities Law of the PRC, the Code of Corporate Governance for Listed Companies, and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. We conduct high-quality information disclosure, enhance investor management, and establish and improve internal control mechanisms to ensure high-standard and standardized operations.

5.1.1 Protection of Shareholders' Rights and Interests

Joincare actively protects shareholder rights and interests by formulating relevant regulations, such as the Articles of Association and the Rules of Procedure for General Meetings and other relevant regulations to standardize the procedures for convening, holding and voting at general meetings to ensure equal treatment for all shareholders. To protect the rights of all shareholders, especially minority shareholders, and to ensure they can exercise their rights to information and decision-making participation, we provide efficient ways to participate in company decisions, such as online voting.

Joincare maintains its independence through its unique business operations and autonomous operation capabilities. The Company and its controlling shareholder operate and account independently in terms of business operations, personnel allocation, asset management, institutional setup, and financial management. The controlling shareholder exercises its rights and assumes its obligations strictly in accordance with laws and regulations, without directly or indirectly interfering in the Group's decision-making processes or business activities by bypassing the general meetings. Additionally, we have established a long-term mechanism to prevent the controlling shareholder, de facto controller, and other related parties from occupying funds of the listed company and infringing on its interests. We have specifically formulated the Policy for Preventing the Controlling Shareholder or the De Facto Controller and Other Related Parties from Occupying Company Funds, and through systematic management measures, we ensure the Company's steady development.

During the year, no disputes arose from the appropriation of the Group's assets and damage to the interests of the Company and its minority shareholders were triggered by the Group's controlling shareholder, de facto controller and other related parties.

5.1.2 Performance of Duties of Directors and Supervisors

Joincare is committed to enhancing the governance of the Board of Directors by continuously optimizing its structure and promoting the professionalism and diversity of Board members. We have formulated the Board Diversity Policy to ensure that the Nomination Committee selects Board members based on a series of professional criteria, including educational background, professional experience, skills, expertise and tenure, as well as diversified factors such as gender, age, nationality, cultural background and ethnicity. Meanwhile, we disclose measurable targets and relevant progress for the implementation of the Board's diversity-related policies on an annual basis.

The number of members of the Board of Directors [2] is nine (four independent directors in total). There are three female directors, accounting for over 30% of the total. The Board of Directors has established the Audit Committee, the Remuneration Committee, the Strategy and Risk Management Committee, the Nomination Committee and the Sustainable Development Committee. These committees assist the board in making legal, compliant, scientific, and accurate decisions, ensuring the effective operation of integrity and transparent corporate governance procedures.

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2 Board members and the date of formal appointment:
Zhu Baoguo: December 1992; Liu Guangxia: July 1995; Qiu Qingfeng: August 2006; Lin Nanqi: December 2019; Xing Zhiwei: August 2024; Huo Jing: May 2019; Qin Yezhi: May 2020; Peng Juan: August 2021; Yin Xiaoxing: September 2023.

Members of the Board of Directors have backgrounds and expertise in the pharmaceuticals, corporate management, finance, accounting, law and manufacturing. Based on their extensive industry experience, they can provide forward-looking strategic insights for the Group's governance and development.

Name of Directors	Expertise of the Board of Directors					
	Corporate Management	Pharmaceutical Industry	Legal Compliance	Financial Management	Risk Management	Sustainable Development
Zhu Baoguo	√	√				√
Liu Guangxia	√					
Lin Nanqi	√	√				√
Qiu Qingfeng				√	√	
Xing Zhiwei		√				√
Huo Jing			√		√	
Qin Yezhi				√		
Peng Juan				√		
Yin Xiaoxing		√				

There are three supervisors in the Supervisory Committee of Joincare, includes one employee representative. The Supervisory Committee performs its duties in accordance with the law, supervises the performance of duties of the Group's directors and senior management, regularly inspects the Group's financial position and performance, pays attention to the Group's major investment projects, and fully safeguards the interests of the Company and all shareholders.

The Company's directors, supervisors, and senior management actively engage in various training programs related to the standardized operation of listed companies. These include specialized training sessions and forums, professional courses on sustainable development, internal training and reading regulatory newsletters and enforcement briefings on listing rules issued by the Stock Exchanges , etc. This enables them to stay updated on industry policy developments, listing regulatory information, ESG-related dynamics, and the company's code of business ethics, thereby continuously enhancing their ability to fulfill their duties.

5.1.3 Disclosure Transparency

In strict accordance with relevant standards and guidelines of the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE), the Group has formulated the Management System for Information Disclosure Affairs and actively fulfill our information disclosure responsibilities. We closely focus on the needs of investors, adopt diversified means of information disclosure, strengthen voluntary information disclosure, and make use of various channels such as the Group's official website, media reports, WeChat official account, etc., to enhance the timeliness and transparency of information disclosure, presenting the management status of the Group to investors in an all-round manner, and effectively guaranteeing that the majority of investors are able to obtain the relevant information in an equal, prompt and accurate manner.

In 2024, we filed and disclosed 199 documents in compliance with the information disclosure principle of authenticity, accuracy, integrity, timeliness and transparency, with a total Chinese character count of 3.1122 million, outperforming 96% of our A-share listed peers. Our information disclosure has been highly recognized by regulators and capital market.In 2024, Joincare was again rated “A” (Excellent) in the information disclosure assessment over listed companies organized by the SSE. It's the fourth year in a sequence we got this rating. We also won the award of the “Best Practices of the Office of the Board of Directors” in the “Best Practices of the Office of the Board of Directors” selection held by the China Association for Public Companies (CAPCO).

Disclosures and Filings Published Online

199

5.1.4 Investor Relations

Joincare has established a sound communication mechanism and formulated the Regulations on Investor Relations Management. We engage in comprehensive and multi-level communication with investors through various channels to strengthen investor relations management. The Board of Directors designates specific departments and employees to take charge of information disclosure and investor relations, listen to investors' suggestions and opinions, promptly respond to investor inquiries and achieve positive interaction with investors.

This year, to further strengthen our relations with institutional investors, we held three online performance briefings and one activity “Listed Companies Open Day”. Furthermore, we actively participated in the 2024 Listed Company Investors' Online Collective Reception Day event in Shenzhen, where we answered investors' questions on the operation of the Company and other aspects in detail. We have also communicated with over 100 institutional investors, proactively showcasing our business conditions and investment value.

Earnings Calls Held

3

Institutional Investors Engaged

100 +

To enhance our connection with minority investors, the Office of the Board of Directors designates personnel to provide Q&A for investors via SSE e-interactive platform, answer their phone calls and reply to their emails. In 2024, we provided 95 Q&A for investors via SSE e-interactive platform, answered 296 phone calls from investors and published 16 articles on our WeChat official account. The concerns addressed include corporate strategy, performance, operation status, key R&D project progress, IR events, and investment progress.

In terms of international investor relations management, Joincare was invited by the SSE to participate in the GDR-issuing enterprise roadshow hosted by the SIX Swiss Exchange in Switzerland. During the event, Joincare introduced its innovation strategy, performance in the respiratory therapy field, and R&D pipelines to multiple European investment institutions. This enabled overseas investors to gain a deeper understanding of the Company’s strengths and potential, effectively enhancing its visibility and influence.

Overseas Roadshow Site

Joincare's continuous efforts in corporate governance, information disclosure, investor relations management, and market value management have been widely recognized by the capital markets and various sectors of society. In 2024, the Company received multiple awards and honors in the field of investor relations.

- Best Practice Award for Investor Relations Management
- Excellence Practice Award for 2023 Annual Report Performance Presentation of Listed Companies
- 5A rating in "2024 Performance Appraisal on Board Secretaries of Listed Companies"
- 5th Panorama Investor Relations Gold Award
  Outstanding IR Company Award
  Outstanding IR Team Award
  Outstanding ESG Value Communication Award
- Golden Board Secretary (20th session)
- Tianma Award - Outstanding Board Secretary for Investor Relations (15th session)
- 2024 Best Practices of the Office of the Board of Directors

5.2 Carrying Forward the Party-Masses Spirit

Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Joincare thoroughly implements the guiding principles of the 20th CPC National Congress and the 3rd Plenary Session of the 20th CPC Central Committee. Moreover, we resolutely support the establishment of both Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and uphold the authority of the Party Central Committee and its centralized, unified leadership. Focusing on the central tasks and serving the overall interests, we highlight the role of "Party building engine" in all aspects. To reinforce the guidance of Party building theories, we stringently enforce the "first topic" principle (starting every important Party member meeting with the learning of the Party or President's instructions), and continuously practice the policy of "holding Party branch general meetings, meetings of Party branch committees, Party group meetings, and Party lectures". Also, we are strengthening the engagement between the Party and the people, and actively promoting the Party-masses culture, to help invigorate our market competitiveness. Through deepening Party discipline and regulations education, we strive to cultivate a high-caliber contingent of Party members characterized by loyalty, integrity, and responsibility.

In 2024, driven by the dual engines of "innovation + quality", we dedicated ourselves to advancing high-quality development. By integrating the Party-masses spirit into innovation-led development, we promote virtuous interactions between enterprises and the society. We actively encourage employees to participate in public welfare activities, and give back to the society, contributing to social harmony.

Case

Joincare contributed to classroom teaching reform

Joincare remains the commitment to supporting educational development and pursuing technological innovation. In December 2024, the General Party Branch Secretary of Joincare was appointed as the "Technology Mentor" by Shenzhen Songping Second Primary School, further strengthening corporate-school cooperation. We will fully leverage our technological expertise to support the school's classroom teaching reform, and spark students' interest in scientific and technological innovation.

Case

Joincare invited an associate professor from Party school to give a thematic seminar

In August 2024, Joincare organized a seminar themed on the guiding principles of the 3rd Plenary Session of the 20th CPC Central Committee, featuring an associate professor from the Party School of Nanshan District Party Committee in Shenzhen. This activity reinforced our development orientation under Party leadership. Building on our practical experience in Party building, we aim to enhance employees' comprehension of the Party's latest policies, stimulate their innovation vitality and sense of responsibility in respective roles, and contribute to high-quality corporate development and steady socio-economic advancement.

5.3 Integrity and Business Ethics

Joincare adheres to the principles of integrity and self-discipline and strictly abides by the Law of the PRC Against Unfair Competition, the Interim Provisions on Prohibition of Commercial Bribery, the Criminal Law of the PRC and other relevant laws and regulations. We continuously improve our integrity management system. The Audit Committee of the Board of Directors plans and oversees the work related to business ethics, anti-corruption, and anti-unfair competition, and the Risk Management Department is responsible for the implementation to ensure legal and compliant operation. Meanwhile, we strengthen internal audit and supervision, promote integrity culture through the clean culture training covering all employees. In 2024, there were no violation cases of corruption, bribery, fraud, money laundering, conflict of interest, Anti-unfair competition, customer privacy data breaches, discrimination or harassment in Joincare.

5.3.1 Enhancing Anti-corruption Mechanism

The Group is well aware of the importance of integrity management, so we manage business ethics and anti-corruption issues at the level of the Board of Directors. In 2024, the Board approved the Anti-Corruption and Anti-Commercial Bribery System and the Anti-Fraud System revised version, to further refine ethical standards and regulate the behavior of employees and partners. In addition, specific requirements have been set up for certain high-risk business segments, including the Financial Management System, the Outbound Investment Management System, the Management Measures for Material Procurement of Joincare, the Implementation Rules for Procurement Bid Evaluation of Joincare, the Implementation Rules for Bidding Management and other regulations to ensure legal and compliant operations. The systems mentioned above are applicable to all the employees of Joincare (including but not limited to full-time and part-time employees, interns, contractors).

We require all employees, management and partners to strictly implement the following measures and commit to ensuring the integrity of their own behavior.

Employees

- All employees receive training on the code of conduct in relation to anti-corruption and anti-commercial bribery at the onboarding stage
- Sign the Commitment Letter of Anti-commercial Bribery to clarify respective integrity responsibility and forbid violations

Management

- Sign the Oath of Integrity for Senior Executives of the Company to ensure that they perform their duties with integrity and self-discipline

Suppliers & partners

- All suppliers shall sign the Anti-Commercial Bribery Agreement as an appendix to commit anti-corruption and anti-commercial bribery and promise not to violate business ethics during the performance of the contract

5.3.2 Internal Audit and Supervision

Joincare complies with the applicable laws and regulations, such as the Provisions of the National Audit Office on Internal Audit and the Guiding Opinions of the General Office of the State Council on Reforming and Perfecting the Comprehensive Supervision System for the Medical and Health Industry, and formulates the Rules for Implementation of the Audit Committee, the Internal Control System, to regulate internal control work of the Group. We also continuously monitor changes in regulations, policies, and the development needs of the group, optimize existing systems, and enhance their forward-looking and practical nature.

The Group, on an annual basis, conduct overall audits on all subsidiaries, with the Annual Risk Management and Internal Control Evaluation Report issued, and develop special audit plans. For issues identified in the audit, we promptly propose rectification advice, require the audited company to complete the rectification within 100 days and verify the rectification results, to ensure that issues are effectively resolved and a management closed-loop is established.

We set up the Risk Management Department, which is independent from the Group's business operations, to conduct business ethics and anti-corruption audit on all subsidiaries. The Risk Management Department, under the guidance of the Audit Committee, formulates the annual audit and supervision work plan and carries out audit work in accordance with the plan. The Risk Management Department is responsible for reviewing and supervising the implementation of policies such as the Anti-Corruption and Anti-Commercial Bribery System and the Anti-Fraud System, and assessing the effectiveness of business ethics management measures. Employees of the Risk Management Department are full-time employees who are not directly involved in production and operation activities, and the audit results are reported directly to the Audit Committee of the Board of Directors, which maintains independence at the organizational, operational and personal levels to ensure that the audit results are independent, fair, objective and accurate.

In 2024, the Risk Management Department conducted audit on all subsidiaries as planned. The scope of the audits covered all businesses of the Group, including the management and implementation of internal controls over subsidiaries' business activities, particularly the management of engineering, financial and expense, human capital, procurement, inventory, quality, EHS, contract and other aspects. The audit work covers the whole internal control process, from risk assessment and control activities to information communication and monitoring. This comprehensive approach allows us to thoroughly review the operational performance of subsidiaries, assess and mitigate risks, and ensure operational compliance and internal control effectiveness. Additionally, we actively engage external independent third-party auditors to enhance the credibility and objectivity of audit outcomes.

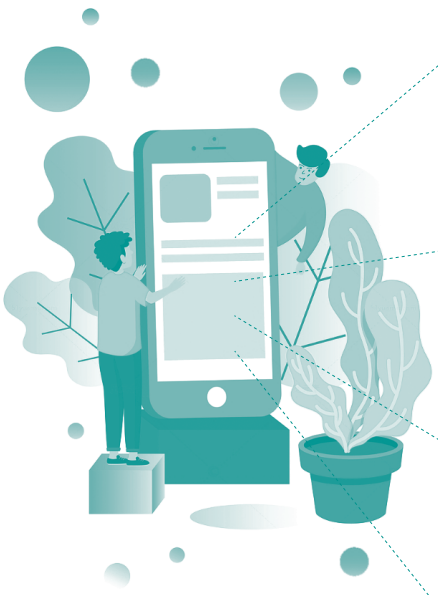
No major audit deficiencies were identified in 2024.

0
Deficiencies

5.3.3 Whistleblower Protection

Joincare has formulated and publicized the Measures for the Management of Reporting and Complaining and the Reporting and Whistleblower Protection Policy to continuously improve the mechanism of reports and protection of whistleblowers, which standardize the reporting process and clarify that all the employees, customers and suppliers of the Group have the right to report corruption, bribery, fraud and other misconducts, thus fully protecting the reporting rights of employees and partners.

We have established various public reporting channels, including mail, telephone and email. The Group's Risk Management Department is responsible for the acceptance of whistleblower reports, timely investigation and handling, and case summarizing and reporting. The case shall be completed within 30 days from the date of acceptance, and the result shall be notified to the whistleblower. We strictly keep confidential the information on whistleblowers and the content of reports and complaints according to the requirements of the relevant policies. We classify the materials and records of reports as private and confidential, and keep them under the custody of designated personnel, thereby protecting whistleblowers from the disclosure of reports and fully safeguarding reporters' legitimate rights and interests. Employees who violate confidentiality provisions, disclose whistleblowers' information or retaliate whistleblowers will be held legally liable upon verification.



Joincare's Reporting and Complaint Channels

Tel: 0755-86252316
0755-26980226

Internal email: SAMD@joincare.com
External email: joincaresamd@163.com

Address: Joincare Pharmaceutical Group Building No. 17-2 Langshan Road, Nanshan District, Shenzhen, Guangdong

Human Resources Complaints and Reporting Mailbox:
hr.group@joincare.com

5.3.4 Fostering Integrity Culture

Joincare fully recognizes the importance of integrity culture, and by combining the construction of integrity culture with the prevention and control of business risks, we create a fair and open, integrity and transparency of the corporate culture, so that the concept of integrity is taking root. We set out the requirements for business ethics in the Employee Manual to regulate the behavior of all employees. We promote the culture of business ethics in the induction training of all new employees to raise their integrity awareness.

In 2024, we provided all employees (including full-time, part-time and contractors) with on-line and off-line training on ethical standards, including requirements of the Anti-Corruption and Anti-Commercial Bribery System and the Anti-Fraud System, and requirements for integrity. This aims to raise employees' awareness of anti-corruption, anti-commercial bribery and antifraud to ensure the implementation of business ethics policies in the Group. Meanwhile, all directors, supervisors, and senior management of the Group have participated in several trainings on the standardized operation of listed companies, including topics of compliance management, anti-commercial bribery, anti-monopoly, and risk management. We also conduct anti-corruption training for suppliers to ensure they understand and adhere to business ethics requirements. This initiative fosters sustainable business development within a culture of integrity, ensuring operations remain transparent and compliant.

During the year, business ethics training covered

14,350 employees

Coverage rate

100%

Case

Directors, supervisors, and senior management of Joincare participated in anti-corruption and risk management training

We provide annual anti-corruption and risk management training for all directors, supervisors, and senior management to enhance their professional competence and integrity awareness. In 2024, all directors, supervisors, and senior management of Joincare participated in anti-corruption, compliance, and risk management training delivered by specialized institutions, achieving a 100% coverage rate.

Additionally, our independent directors actively attended the special training course titled “Key Points and Recommendations for Anti-Fraud Duties of Independent Directors in Listed Companies” organized by the Shanghai Stock Exchange, achieving a 100% training coverage rate. This training facilitated their accurate understanding of securities laws and regulations and relevant operational rules, strengthened their capability in fulfilling anti-fraud duties, and satisfied their professional learning requirements.

5.4 Information Security

In order to enhance the efficiency of business processes, the Group has continued to explore the in-depth integration of information technology with daily business processes and operations management. In terms of office system applications, we use Customer Relationship Management (CRM) system, the System Applications and Products (SAP) system and the office system Feishu to fully empower our daily operations through digitalization.

We have established a comprehensive information security management system and formulated the Management System for the Security of Computer Information System, the Management Requirements for IDC Data Centre Operation and Maintenance, the Backup System and the Process of Reporting Suspicious Affairs of Information Security and other information security management systems and norms which are applicable to the entire Group. Additionally, we have established an organizational structure for information security management in the Group, with the President as the highest person in charge of information security management. We ensure the stable operation of information systems and protect information security and customer privacy through a comprehensive information security management system and processes.

In daily operations and management, we actively protect the end computers against viruses by deploying the Endpoint Detection and Response (EDR) system. The next-generation firewall is deployed to conduct network penetration testing and in-depth inspection of system security and carry out security assessment and vulnerability scanning. A security mechanism of the Intrusion Prevention System (IPS) is also in place, which uses a variety of defensive techniques to stop intrusion when identifying security threats in real-time, with intrusion detection as the core. In addition, we perform a regular data backup and regularly inspect hardware equipment to ensure data security.

To ensure adequate response to any sudden disaster events, the Group formulated the Emergency Plan for Network Server Systems and the Disaster Recovery Plan for Information Systems, which clarify the response mechanism, processing procedures and measures in case of emergency. In addition, we conduct relevant emergency drills on a regular basis to verify the feasibility and integrity of emergency plans. These efforts are aimed to ensure our information security and business continuity. We carry out all-in-one backup appliance test and data backup drill annually to verify the effectiveness of relevant emergency plans.

We keep improving information security management capability and engages independent third-party agencies to annually audit information systems and information security policies to comprehensively investigate and identify potential risks. Furthermore, we make improvements based on the audit results to constantly perfect our information security risk management system. This year, the Group has not experienced any information security or privacy breaches incidents.

In addition, we pay a high emphasis on information security training. All our employees are required to participate in the training on information security and privacy protection. We organize information security training courses on a regular basis and incorporate them into our new employee orientation training system. Meanwhile, we use online training to impart information security knowledge to our employees, covering topics such as high-risk security threats and defense mechanisms, as well as key security precautions in daily operations and other related content. During the National Cybersecurity Awareness Week, we delivered information security prevention knowledge to all employees via the Feishu, aiming to enhance their information security awareness and risk prevention capabilities. By the end of the reporting period, all employees of the Group have completed training sessions on data security and privacy protection.

Cybersecurity Awareness Training Series

06

Safeguarding Product Quality

SDGs in this section

Product quality is a cornerstone for Joincare's steady progress. We work to provide premium products and services for customers and constantly improve the lifecycle quality management system, so as to realise strict control throughout the process from R&D to drug use by patients after marketing. We also strengthen the supply chain management to ensure raw material quality. In pursuit of responsible marketing, the Group promotes products in an accurate and honest manner, aiming to guarantee the development of public healthcare.

To continuously improve the operation mechanism and enhance the quality control performance, we have set the overall quality goals for the Group and consistently monitor the progress towards these goals on an annual basis. The goals include:

Market sampling pass rate reaches	Customer complaint rate is less than	Customer satisfaction rate is greater than
100%	1%	90%

6.1 Quality Management System

Prioritising the product quality management and adhering to the basic principles of "risk management, whole-process control, and social co-governance", Joincare has established and refined the lifecycle quality management system covering medicine R&D, production, sales and usage. In active response to regulatory requirements, the Group undertakes the responsibilities of drug marketing authorisation holders ("Holder" or "MAH") and strives to offer patients high-quality and reliable products.

In 2024, the Group and its subsidiaries reviewed and optimised the quality management system for R&D, production, sales and use. In this regard, a number of documents have been newly formulated, including the Management Procedures for Chemistry, Manufacturing and Controls Changes of Innovative Drugs during Clinical Trials, the Management Measures of Plan Changes during Clinical Trials, the Entrusted Producer Assessment Procedures, and the Alert and Action Limits Management Procedures. Besides, the Group revised such regulations as the Procedure for Administration of Entrusted Drug Production, the Procedure for Routine Supervision and Administration of Entrusted Drug Production, the Management Procedures for Sample Retention, and the Management Procedure for Entrusted Inspection. By doing so, we provide safe and reliable products of all kinds with tightened quality risk control.

6.1.1 R&D Quality Management

In line with the requirements of ISO 9001, ICH Q10 and other systems, Joincare keeps optimising various processes of product R&D and daily records management, thus improving the R&D quality management. Each R&D unit is required to designate special R&D quality assurance ("QA") personnel to supervise the compliance from project initiations, R&D management, project operation, and technology transfer to routine inspection.

In 2024, we improved our R&D quality management system in accordance with domestic and overseas laws and regulations and based on our own R&D management characteristics. We have also formulated and refined various internal management documents. Thanks to those efforts, our R&D processes such as file management, lab management, instrument and device management, materials and reagent management, as well as preparation research have been optimised. In addition, we strengthened on-site supervision and management of R&D activities. From the dimensions of stability study, instrument and device management, electronic data management, reference substances and preparations management, and original records management, we carried out on-site supervision and inspection. This helped us identify deficiencies in quality management processes, and make targeted rectifications, thus ensuring compliance with all relevant requirements. We also managed R&D deviations, abnormal lab data, and Out of Specification (OOS) results to ensure that R&D data is authentic, reliable, complete and traceable.

The Group has set up the Department of Clinical Quality for quality control in stages of design, preparation, implementation, review, etc,. in clinic trial. The goal is to ensure that investigational medicinal products (IMP), biological sample management, clinical operations, clinical quality control and other quality management related aspects are legal and compliant.

Design

The Department of Clinical Quality participates in the discussion and review of key documents of the clinical trial project, to ensure that the trial is scientific, reasonable and feasible from the perspective of design.

Preparation

The Department of Clinical Quality develops the clinical monitoring plan, the project management plan and the quality control plan and makes the project audit plan at the group level. This is to ensure that the clinical monitoring team, project management team, quality control team and group audit team perform their quality management functions effectively and to safeguard the quality of clinical trials.

Implementation

The Department of Clinical Quality oversees the relevant quality management activities. It is responsible for ensuring that clinical trial data is truthful, accurate and reliable, and that the maintenance of clinical trial documents, trial procedures, IMPs, biological samples, and other trial information are all compliant with the relevant requirements of the quality management specification for the clinical trials of medical products and the quality management system.

Review

After the trial, the Department of Clinical Quality summarises quality issues of the project and the research centre taking into account the quality performance of research centres. It confirms the self-inspection plan with the project team before locking the database of high-risk centres, making sure that the quality issues identified be resolved in accordance with the rectification plan.

Furthermore, the Group always prioritises the rights and interests of subjects. In strict compliance with the World Medical Association Declaration of Helsinki and other laws and regulations as well as ethical and moral standards, Joincare conducts all clinical trials after obtaining the approval from medical products regulators and passing the ethical review as required by regulations. When recruiting subjects, we specify the selection criteria to exclude applicants with specific safety risks. Before a subject is enrolled in a clinical trial, the researcher should fully inform him or her of key information such as clinical operations, potential safety risks of the drug and corresponding medical treatment, compensation for trial-related injuries, privacy and information confidentiality. Besides, the subject must be given sufficient time to ponder over the above aspects. If the subject agrees to join the trial, we will require him or her to sign the Informed Consent, which clarifies the subject's right to know, make free decisions, refuse or quit the trial. During the project supervision, clinical supervisors, quality controllers and audit staff are required to focus on the compliance in key processes including acquisition of ethical approval, signing of the Informed Consent, and records of consent documentation. With these efforts, we aim to safeguard the legitimate rights and interests of subjects all round.

We monitor adverse events in clinical trials in real time, devise corresponding contingency plans, and promptly report them to regulatory authorities. By insuring every subject, we limit clinical trial risks to a controllable level and address them in a standardised manner. By means of anonymity, coding and dedicated management, we avoid the disclosure of the subject's identity, disease condition, biological samples and other information. This year, the Group continued to optimise the clinical trial management system in response to the UN SDGs framework, and was not involved in any ethical violations or regulatory penalties.

6.1.2 Production Quality Management

Joincare strictly abides by national laws and regulations and has established the production quality management system in accordance with the Drug Administration Law of the PRC, the Provisions for the Supervision and Administration of Drug Manufacturing, and the Good Manufacturing Practice ("GMP"). In addition, we constantly improve the production quality management system to meet international standards and urge subsidiaries to obtain international certifications to deliver competitive products to global markets.

The Group cooperates with regulatory inspections and takes prompt actions to correct any quality management issues identified, so as to improve the quality management performance. In 2024, we received 105 inspections from regulators, and the inspection results all met the requirements, without any significant or serious deficiencies identified.

Inspections from regulators

105

Registration and Certification

By the end of the reporting period, the overall registration and certification of Joincare's APIs, formulations, and diagnostic reagents are shown as follows:

Table: International certification of Joincare

International Certification		
APIs	**16** varieties passed on-site international inspections	**40** valid international certificates obtained (including 6 FDA site-inspected products, 17 CEP certificates)
Formulations	**5** varieties passed international certification	**25** valid international certificates obtained
In Vitro Diagnostic Reagents	**10** varieties passed international certification	**8** valid international certificates obtained

By the end of the reporting period, all the production lines and related products of the Group and its subsidiaries had complied with the GMP regulations. Joincare and multiple production subsidiaries had passed the quality management system certification.

Table: GMP compliance of production lines of Joincare

GMP Certification

APIs	Formulations	In Vitro Diagnostic Reagents
88	**72**	**2**
production lines of API producers complied with GMP regulations.	production lines of formulation producers complied with GMP regulations.	production lines of a vitro diagnostic reagent producer complied with GMP regulations.

Table: Certification of the quality management system of Joincare

Company Name	Certification
Joincare	GB/T19001-2016/ISO 9001:2015；ISO/IEC 17025:2017；CNAS-CL01
Joincare Haibin	GB/T19001-2016/ISO 9001:2015
Jiaozuo Joincare	GB/T19001-2016/ISO 9001:2015
Fuzhou Fuxing	GB/T19001-2016/ISO 9001:2015
Ningxia Pharmaceutical	GB/T19001-2016/ISO 9001:2015；ISO 22000:2018
Livzon Diagnostics	GB/T42061-2022/ISO 13485:2016
Shanghai Frontier	GB/T19001-2016/ISO 9001:2015；CNAS - CL01:2018
Haibin Pharma	CNAS - CL01:2018

Product Testing Capacity

All our production subsidiaries have set up various labs for the testing of drugs. These labs are equipped with high-precision devices such as high-resolution mass spectrometry, liquid chromatography triple quadrupole mass spectrometry, gas chromatography triple quadrupole mass spectrometry, inductively coupled plasma mass spectrometry, X-ray diffractometer, ion chromatograph, and high-performance liquid chromatograph. All these devices enable production subsidiaries to conduct many test projects independently. This can meet their needs for quick testing and the R&D testing of innovative products, ensuring product quality in a comprehensive manner. Meanwhile, our Analysis and Testing Centre conducts in-house testing on innovative medicines and high-end complex preparations. The centre also supports the research and testing on the compatibility of packaging materials, ensuring that the products meet the quality management requirements. In 2024, the Analysis and Testing Centre of the Group and the testing centre of Shanghai Frontier passed the lab certification of China National Accreditation Service for Conformity Assessment (CNAS). This means that the testing centres of the Group and its production subsidiaries are fully capable of performing testing in accordance with ISO/IEC 17025.

Case

Research and testing on the APIs and formulations of the novel influenza antiviral Pixavir Marboxil

In 2024, Joincare fully supported the research and testing on the APIs and formulations of the novel influenza antiviral Pixavir Marboxil, so as to achieve up-to-standard quality. The Group's Analysis and Testing Centre developed a method of testing nitrosamine impurities in APIs with the liquid chromatography triple quadrupole mass spectrometry. We carefully designed the experimental process, repeatedly verified the accuracy and reliability of the method, and tested several batches of samples. Additionally, we developed and verified the quantitative method of measuring finished products and crystallised solid dispersions, and tested sample stability by using the X-ray diffractometer. Thanks to the rigorous and orderly testing, we completed relevant quality research on schedule. This laid a solid foundation for the subsequent new drug application and marketing of the APIs and formulations of Pixavir Marboxil.

Case

Jiaozuo Joincare improves its product quality testing capabilities

To meet national standards and customer needs, Jiaozuo Joincare focuses on building up its product testing capabilities. It has set quality standards and test operation specifications for all products and is equipped with high-precision equipment such as high-performance liquid chromatograph, gas chromatograph, particle size analyser, protein analyser, and specific surface area analyser. At Jiaozuo Joincare, a total of 4 products can be tested on all quality metrics. Jiaozuo Joincare has developed specific test operation specifications and conducts test control to fully improve its product testing capabilities. In 2024, Jiaozuo Joincare completed over 5,000 batches of full-scope quality tests and tested over 8,600 batches of raw materials used in the products.

The Group has been actively engaged in precautionary tests and the detailed investigation of possible impurities in product formulations and production processes. We identify potential product issue from the perspective of safety and quality and promptly optimise formulations, processes, packaging, storage and other production steps, so as to control potential product risks at their origin. Furthermore, we pay sustained attention to the latest requirements for product quality in the industry and stakeholders' expectations, and engage qualified third parties to perform quality tests when necessary.

Case

Simulated precautionary test under transport scenarios

Short-term deviations from the specified storage conditions during transport may affect product quality. To assess the potential impact of short-term deviations on our products, we carry out repeated simulated precautionary tests on various types of products. With reference to the actual transportation conditions and the product quality, we designed more demanding testing conditions in 2024.

Taking Acetylcysteine Solution for Inhalation as an example, the solution should be stored at room temperature in an airtight container. During the test, we simulated extreme transportation scenarios. Firstly, samples of the solution were placed at a low temperature of -20°C to -10°C for 10 days, followed by a high temperature of 40°C for 2 days. The 12-day cycle ran twice. Subsequently, these samples were divided into two groups. While one group was placed under long-term test conditions (30±2°C, RH65±5%) until expiry, the other was stored under accelerated test conditions (40±2°C, RH75±5%) for 1 month and then under long-term test conditions until expiry. In the simulated test, we paid close attention to the stability of the solution, deeply analysed the changes in the test data, and predicted potential product quality risks. Accordingly, we gave detailed instructions to transport service providers. This ensures that product quality isn't compromised throughout the transport and guarantees product quality and safety.

Case

Taitai Pharmaceutical optimised product testing processes and facilities

Following the GMP requirements, Taitai Pharmaceutical optimised testing processes and facilities in 2024. For the temperature-sensitive Levosalbutamol Hydrochloride Nebuliser Solution, Taitai Pharmaceutical has delineated an exclusive area for sample management in the finished product sampling room, where the temperature is strictly controlled below 25°C. Simulating the worst storage conditions for compliant sampling facilitates product quality traceability and ensures the medication safety for consumers. In terms of testing technology, Taitai Pharmaceutical has upgraded the standalone high-performance liquid chromatograph to a network-connected version. The online system can store massive chromatographic data, thus enhancing data management efficiency. As such, it becomes more convenient to compare data of different product batches during drug development. In addition, the online version allows for remote control of instruments, which reduces errors of manual operations. The function of audit tracking can record the operation process and data modification in detail to meet the regulatory requirements. All these improvements help guarantee the product quality from various aspects.

6.1.3 Operation Quality Management

In strict compliance with the Good Supply Practice ("GSP"), Joincare has formulated multiple management policies, including the Procurement Management Policy, the Sales Management Policy, the Product Acceptance Management Policy, the Product Storage Management Policy, the Product Delivery Management Policy, and the Drug Traceability Management Policy. With these documents, we carry out comprehensive quality control in the drug procurement, storage, sales, transportation and other processes. Through digital means of the "On-code" drug traceability information system, we ensure that "each drug has a code, and both the drug and its code can be traced" and present the traceability data of drugs throughout the process in real time.

This year, we refined internal management documents. Along with production subsidiaries, we have activated the function of electronic drug inspection report on the "On-code" platform, enabling the online flow of and access to the report. Additionally, the SAP system has been optimised to enhance functions related to inventory data report, acceptance, and maintenance processes, thereby improving the efficiency of drug traceability.

With regard to the management of insert sheets and labels, the Group strictly controls the design, use and change of product inserts and labels in accordance with related laws and regulations, as well as the Marketed Chemicals and Biologics Clinical Changes Technical Guidelines, the Change Management Regulations and other internal management regulations. We continue to strengthen the internal risk management on medicine insert sheets and labels, and standardise the process for any change. We demand that changes to package inserts and labels be initiated and designed by the holder. The design should be strictly reviewed and approved by the holder's sales, production, quality control and other related departments, and changes to information on the safety and efficacy of medicines should ultimately be approved by the National Medical Products Administration, so as to maintain the objectivity, rationality and accuracy of drug information to the greatest extent possible.

We classify changes according to their impact on and risk to drug safety, efficacy and clinical use. In the event of changes to drug safety information or pharmacovigilance plans, our Pharmacovigilance Department will strictly manage the changes in accordance with the Procedures for Changes to Information Related to Safety in Package Inserts. Relevant data about drug safety will be collected, reviewed and evaluated by the Pharmacovigilance Department, and then submitted to the Drug Safety Committee for review and confirmation, thus fully protecting patients' medication safety.

6.1.4 Pharmacovigilance

Joincare strictly follows the requirements of the Good Pharmacovigilance Practices ("GVP"). With reference to the Guiding Principles for Pharmacovigilance Inspection, we standardise the pharmacovigilance practices. We adopt the digital drug safety management system to ensure the security of pharmacovigilance data. Its data statistics and analysis function provides a strong data support for pharmacovigilance and improves the effectiveness of the Group's pharmacovigilance practices. In 2024, we updated internal management policies and documents, including the Quality Management System for Pharmacovigilance Practices, the Drug Safety Committee Management Procedures, and the Emergency Plan for Drug Safety (Mass Incident Investigation). This effort helped us standardise the operation of the pharmacovigilance system. Also, the new corporate collaboration and management platform and the AI platform have made our pharmacovigilance practices more scientific and efficient.

The Group highlights the management of adverse drug reactions. In addition to collecting adverse events from the National Centre for ADR Monitoring, China, we seek feedback on adverse reactions from users through channels such as the 400 hotline, official website, pharmacovigilance email and extension, and sales feedback. We regularly collect information on adverse reactions to similar products through relevant professional websites or literature searches. By doing so, we ensure that adverse reactions are comprehensively collected through multiple channels and reported to regulatory authorities in accordance with laws and regulations.

In 2024, the Group actively conducted post-marketing clinical studies and collected information on adverse reactions. We observed the medication effects and possible adverse reactions more thoroughly with post-marketing clinical studies conducted in real-world drug application settings. This broadened the sources of information on adverse reactions and helped us understand the safety characteristics of products in a more precise manner. Besides, we categorised, analysed and monitored the collected adverse events, regularly assessed the risks of product safety, and implemented control measures to ensure the safety of medication for the public.

This year, we also conducted a number of internal pharmacovigilance training activities, helping new hires from the Pharmacovigilance Department understand the latest regulatory requirements and the processes of collecting and reporting adverse drug events. By defining the roles and responsibilities of each department within the pharmacovigilance system, we work to raise employees' management awareness on this front.

Case

Meeting of the Drug Safety Committee

In March 2024, Joincare held the meeting of the Drug Safety Committee as scheduled. During the meeting, we reviewed the update on product safety information for the current year in all facets, covering all drug safety data and changes in the reporting of adverse events. We also analysed and discussed the potential drug risks identified from clinical feedback, adverse reaction monitoring data, patient feedback and other channels. At the meeting, the Company focused on the analysis of medical device vigilance risks, so as to achieve full control over the safety of drugs and medical devices.

6.2 Quality Risk Control

Joincare attaches great importance to product quality risk control. We have established the Regulations on Quality Risk Management and the Regulations on Risk Management Plan with reference to the requirements of relevant laws and regulations to standardise the processes of identification, analysis, evaluation, control and review of quality risks.

6.2.1 Quality Risk Management

The Group makes continuous efforts to enhance its risk management system covering R&D, production and operation, manage quality risks throughout the product lifecycle, build up its quality risk management capabilities, and deliver high quality products.

R&D	Production	Operation
On the premise of complying with relevant laws and regulations, Joincare ensures its R&D quality by following ICH guidelines such as the pharmaceutical quality system ICH Q10 and adopting the Quality Target Product Profile (QTPP), the Failure Mode and Effects Analysis (FMEA), the Hazard Analysis and Critical Control Points (HACCP), and other risk management tools to determine products' critical quality attributes (CQAs) and critical process parameters (CPPs).	Joincare has developed policies including the Risk Management and the Data Integrity Assessment pursuant to the GMP. In prospective and retrospective manners, we identify risks in man's work, machines, materials, rules, links, and tests with FMEA, HACCP, preliminary hazard analysis, and other tools. Further, we conduct classified risk management and take corresponding measures to mitigate or eliminate the risks.	By formulating and optimising relevant management documents, Joincare promptly handles quality complaints and adverse reaction feedback from users for post-marketing management. Besides, we organise and conduct post-marketing drug research, and collect full lifecycle drug data. Efforts are also made to assess risks, determine management measures for risks identified, and continuously monitor potential risks.

Product Recall

Product recall simulation is exercised every two years at Joincare to ensure the drug recall process is effective. We also implement a product risk management scheme to ensure that the risk management of post-marketing products is in line with related pharmacovigilance laws and that the products' quality always serves their intended purposes and satisfies the registration requirements. We have developed the Drug Recall Management Procedures to guide the recall of products in case of quality issues or other safety hazards. We also classify drug recalls into Level - I, -II and -III ones according to the severity of safety hazards, and have corresponding recall procedures in place. Over the past five years, there were no recall incidents related to our sold or shipped products for safety or health reasons. The total number of product recalls was 0.

Case

Product recall simulation and drug safety emergency drill

Joincare organised product recall simulation in September 2024. Set at the Level-I, the exercise witnessed rapid response by all units within the specified time. This verified the effectiveness of our recall process in promptly and accurately removing drugs with potential quality issues or other safety hazards from the market.

Besides, we launched a drug safety emergency drill of major drug safety incidents (Level-II). Simulation of real scenarios enabled us to verify the feasibility of the Company's processes in response to safety incidents. It also contributed to the collaboration among production, sales, logistics and other departments, thus helping us safeguard drug safety and properly handle these incidents.

6.2.2 Quality Audit

In order to continuously improve the quality management system, the Group has made periodic quality audit plans covering all the producers, operators, and R&D institutions. Special audits are conducted following management demands and external regulatory changes.

We perform quality audits at least twice a year on our production subsidiaries with reference to GMP regulations and the On-site Audit Management Procedures. In 2024, the Group and its subsidiaries organised an audit team to conduct 50 quality audits on the production system, packaging system, material system, equipment and facility system, quality assurance system, quality control system, environmental protection and occupational health and safety of the subsidiaries and entrusted production enterprises. We also urged them to rectify the deficiencies identified in the audits. With reference to the Procedures on Self-Inspection Management and the Quality Management System Internal Audit Management Policy and Operating Procedures, we designated teams to carry out comprehensive self-inspection or internal audit on the quality management system of R&D, production and sales.

Meanwhile, the Group and each of its subsidiaries actively cooperated with the quality audits by domestic and overseas regulators and customers, and analysed and promptly rectified the deficiencies identified by external experts to enhance quality management continuously. In 2024, Joincare passed a total of 139 external audits and inspections at the group level, which included third-party audit (ISO 9001 annual audit), on-site inspection for drug re-registration, GMP compliance inspection, and supervisory inspection. As for deficiencies identified during self-inspections and internal and external audits, the Group and subsidiaries promptly conducted cause analysis and risk assessment by means of fishbone diagram, fault tree, FMEA and other quality risk management tools. Furthermore, we devised corrective and preventive measures for these deficiencies to enhance our quality management performance.

Internal Quality Audits Conducted in 2024 Groupled audits across subsidiaries and contract manufacturers

50

External Inspections Completed in 2024

139

6.2.3 Responsible Product Design

As a key driver and beneficiary of the green transition strategy, Joincare integrates green and low-carbon concepts into new product development taking into account quality, safety, health, environmental protection and other elements throughout the product lifecycle. On the premise of meeting customer needs and providing premium products, we make every effort to minimise the negative impact that our products may have on the environment and society in R&D, production, transportation, sale, use, disposal, etc. By implementing green supply chain management, we facilitate green manufacturing of factories along the supply chain. In this way, we promote the green performance throughout the chain in a coordinated manner, and help build a green, low-carbon and circular economy.

R&D and design

We analyse and identify potential social and environmental risks that may arise throughout the lifecycle of our products and seek to manage them at the source where possible. For example, we have recognised that choosing the wrong raw materials or ingredients for product development may cause serious damage to the environment. With this in mind, we have stepped up our efforts to monitor and study environmental impact factors of raw materials. We have set up a department to assess the potential environmental impact and other negative impacts of the raw materials used in our products, and to promote the use of non-hazardous materials or minimise the use of hazardous materials.

Manufacturing

We have developed management policies such as the Control and Management of Environmental Factor Identification and Evaluation. In accordance with these policies, we monitor energy and water consumption, emissions, waste discharge and other environmental impacts during product manufacture. We assess the materiality of environmental factors in terms of producing frequency, toxicity, degree of mitigation, control measures and impact on stakeholders, and adjust product design or take relevant control measures based on the assessment results, so as to reduce the negative impact of our products on the environment during their manufacture.

Transport and distribution

Focusing on the harm that hazardous chemicals may cause to human health and the environment, we sort out, identify and classify all chemicals involved in the transport and distribution of our products to reduce the use of hazardous chemicals wherever possible. We also implement strict rules for the storage, transport and use of necessary chemicals to minimise the harm caused by hazardous chemicals during their lifecycle.

Product use

We analyse the environmental and social impacts of products during their use following the principle of product lifecycle management, to ensure that product design and materials selection do not violate environmental and social laws and regulations.

Recycling and disposal

We identify the elements of our products that may have negative impacts on the environment during product recycling and disposal following the Control and Management of Environmental Factor Identification and Evaluation. On this basis, we seek to reduce the use of such elements in product design and develop standardised processing procedures for irreplaceable elements, to guide relevant parties on how to process them properly and minimise negative environmental impacts.

6.3 Quality Training for Employees

Joincare values training and education programmes on product quality. We have established the scheme to manage employee quality training in accordance with GMP, GSP, GVP, CNAS and other specifications. Quality training plans are developed every year for all employees to enhance their awareness and competence in this regard through quality-related short training sessions, fun games, online knowledge contests, operational skills competitions and other diversified training forms. In 2024, Joincare conducted more than 730 training sessions on product quality and safety, with an employee coverage rate of 100% and 47.37 hours of training per person.

Training sessions on product quality and safety more than **730+**

Employee coverage rate of **100%**

Average Quality Training Per Employee **47.37** hours

Joincare and its subsidiaries carry out "Quality Month" events for all employees on an annual basis. Every month, we provide professional and customised training courses for all personnel related to quality systems, covering quality control, as well as R&D, production, sales and pharmacovigilance management. In this way, we keep relevant personnel well informed of the changes in applicable laws and regulations and quality standards and improve their professional skills and competencies.

To enhance employee awareness of product quality, we share knowledge on quality laws and regulations with employees every day, to help them gain legal knowledge about quality in their daily work. In addition, following the principle of practicality and necessity, the Group has issued the Joincare Compilation of Quality Laws and Regulations based on 20 common regulations and guidelines selected from MAH, GCP, GMP, GSP, GVP and other regulations. This compilation serves as a daily reference tool provided to all employees, supporting and encouraging them to consult it promptly.

Case

The "Innovation Leads and Quality Comes First" event of Jiaozuo Joincare during the "Quality Month"

In September 2024, Jiaozuo Joincare carried out a variety of interesting activities themed on "Innovation Leads and Quality Comes First", including knowledge contest, fun quiz, essay contest and creative video sharing. It aimed to guide employees to learn quality knowledge, enhance quality awareness, and combine quality management with practical production. Jiaozuo Joincare also arranged generous rewards to encourage employees to participate and improve their knowledge and expertise of quality management.

The "Innovation Leads and Quality Comes First" event of Jiaozuo Joincare during the "Quality Month"

Case

The 2024 “Quality Month” of Joincare

In September 2024, the Group carried out the annual “Quality Month” activity for all employees as usual, with the aim of practicing quality management and consolidating the quality culture. To this end, the headquarters delivered a series of activities jointly with multiple subsidiaries such as Taitai Pharmaceutical, Joincare Haibin, Haibin Pharma, Xinxiang Haibin, Jiaozuo Joincare and Shanghai Frontier. These activities mainly included quality knowledge training, quality knowledge contests, and fun activities.

In terms of quality knowledge, we conducted a total of 8 centralised training sessions, covering innovative drug R&D, API R&D technology transfer, IND formulation quality research, quality management, cleaning validation, laboratory management and so on. With 100% employee participation, the training enriched the professional knowledge for all staff. We also organised knowledge competitions with questions revolving around R&D, production, sales and other business modules. By joining in these activities, employees became more familiar with quality-related regulations and theories.

Various fun activities during the “Quality Month” created a working atmosphere in which all employees are constantly involved in quality management. Through these events, we increased employees’ sense of responsibility that quality management is essential in all business areas, throughout the process and at all times. This reflected the Group’s remarkable achievements in building a quality culture and raising the quality management awareness.

“Quality Month” Events of Joincare in 2024

Case

Taitai Pharmaceutical carried out special training on GMP practices

Taitai Pharmaceutical focuses on reserving and training production quality management talents to meet the Group’s talent needs in rapid development. In 2024, Taitai Pharmaceutical organised a total of 49 training sessions on GMP practices in various production departments, the content of which covered contamination prevention, cross contamination control, confusion prevention, and error prevention. The training acquainted employees with operational skills of each stage, thereby reducing quality issues due to improper operations. Through these efforts, employees thoroughly understood the importance of drug quality, ensuring the integration of quality awareness in every aspect of production.

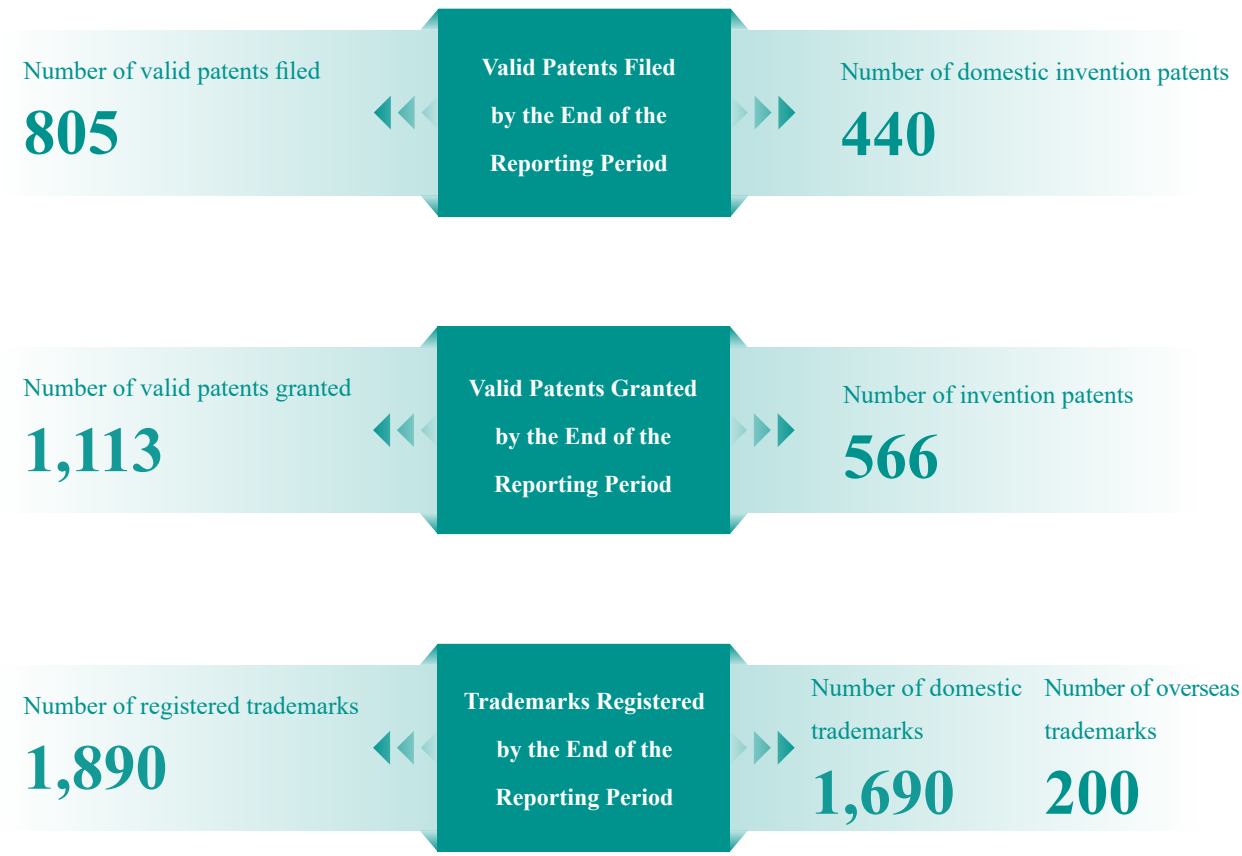
Taitai Pharmaceutical Carried out Special Training on GMP practices

6.4 Intellectual Property Rights Protection

As part of the continuous efforts to build a system of intellectual property rights protection, Joincare strictly abides by laws and regulations such as the Patent Law of the PRC, the Guidelines for Patent Examination, and the Measures for the Implementation of Early Resolution Mechanisms for Drug Patent Disputes (for Trial Implementation). Joincare has formulated management documents such as the Policy on Emergency Plan for Intellectual Property and the Policy on Intellectual Property Education and Training to clarify the Group's emergency plan for patent infringement and the department responsible for training method of intellectual property. All these efforts aim to improve the management and operation of intellectual property, raise employees' awareness of intellectual property protection, and fully respect others' research and innovation achievements, so as to build an R&D innovation ecosystem featuring mutual benefit and mutual trust.

The Group continues to promote intellectual property protection, improve the intellectual property system, and accelerate the transformation of R&D achievements within the Group. By registering patents, trademarks, copyrights and technical secrets, we aim to protect the Group's intellectual property and optimise strategies in this regard. In 2024, the Group registered trademarks for two marketed products of Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation (健可畅®), and Fluticasone Propionate Nebuliser Suspension (健可顺®). By the end of the reporting period, the Group had applied for 125 patents for inhalation preparations, including 65 invention patents, 49 utility model patents, and 11 appearance design patents. Meanwhile, 99 patents were granted, including 43 invention patents, 45 utility model patents and 11 appearance design patents.

Table: Joincare's intellectual properties



At the same time, we make training plans every year to train employees on intellectual property knowledge and skills at various levels and stages. This program aims to provide general knowledge and professional skills training related to intellectual property protection. Through methods such as case studies, interpretation of standards, and practical application exercises, we strengthen employees' awareness and professional capabilities in intellectual property protection. In the days ahead, we will continue to strengthen intellectual property protection with new technologies, play a demonstration role in intellectual property management, and implement the Group's strategy of innovation-driven sustainable development, to contribute to the building of a powerful country in intellectual property.

Case

Training on the intellectual property rights of innovative drugs

In November 2024, the Group held 5 training sessions on intellectual property mining, patent writing, case analysis, policies and regulations, and other topics related to innovative drugs. In particular, the training on "Patent Mining during Pharmaceutical Research on Innovative Drugs" delved into the judgement of creativity, and identification and differentiation of techniques during pharmaceutical development. By analysing a great deal of real cases, the training helped R&D personnel master relevant regulatory requirements and enhanced their practical operations during patent mining. These training sessions assisted R&D teams to better understand and apply intellectual property regulations, thereby building up the Group's competitiveness in the field of innovative drugs.

Training on the Intellectual Property Rights of Innovative Drugs

Joincare tends to develop overseas markets with an open and inclusive attitude. In the future, when promoting our drugs and reagents on overseas markets, we will implement as far as possible the Doha Declaration on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health. Where third parties invite us to provide our products for the least developed and low-income countries, we will license our product patents on appropriate terms and conditions.

6.5 Protection of Customer Rights and Interests

Adhering to the concept of responsible marketing, we deliver truthful and effective drug information to customers. We fully respect and understand users' needs to enhance customer satisfaction and improve the Group's service quality in multiple dimensions.

6.5.1 Responsible Marketing

Joincare strictly abides by the Advertising Law of the PRC, the Against Unfair Competition Law of the PRC, the Personal Information Protection Law of the PRC, the Measures for Examination and Administration of Advertisements of Drugs, Medical Devices, Healthcare Products and Formula Foods for Special Medical Purposes, and the relevant laws and regulations of the places where the Group operates. We commit to provide accurate and truthful product information in the process of publicity and marketing. We have formulated the Responsible Marketing Policy to specify requirements for all employees (including full-time, part-time and temporary employees) of the Group when conducting marketing campaigns. These include requirements on compliance with industry laws and regulations and marketing, ads and sales rules applicable to us, accurate disclosure of information, protection of customer privacy, and fulfilment of environmental protection and social responsibility. Meanwhile, we have developed the Code of Conduct for Sales Personnel of Joincare and other internal policies to regulate the marketing behaviours of relevant personnel.

The Code of Conduct for Sales Personnel of Joincare is summarised as follows:

- Strictly abide by national laws and regulations.
- Strictly comply with the relevant provisions of the Good Supply Practice.
- Be honest and trustworthy in business activities, and uphold fairness in competition. In business activities, it is strictly prohibited to interfere with or affect the rational clinical use of drugs by exaggerating the efficacy of products, making false and misleading statements, concealing adverse drug reactions and other means.
- The interests of enterprises and others shall not be harmed in business activities; the Group's business secrets and customer privacy shall be protected.
- Illegal activities such as commercial bribery shall not be conducted for sales.
- Timely report adverse clinic reactions of drugs (if any) to the Group.
- Malicious transregional sales are not allowed to affect the order of the sales market.

Responsible Marketing Audit

Joincare continues to improve its responsible marketing audit system and standardise the management of marketing activities approval process. In the design, production and distribution of our product information and promotional plans, all marketing materials are subject to the approval by authorised management personnel. Besides, we provide professional and timely marketing compliance consulting channels for employees. We also work with regulators and the media to review the compliance of all our marketing materials in the process of brand promotion and building, so as to ensure that promotional materials comply with laws and regulations.

Compliance Review Process for Joincare's Marketing Campaigns

Material production	Produce publicity materials in strict accordance with the Measures for the Examination of Drug Advertisements
Review by relevant departments	Review by the Business Department, Legal Department and Internal Control Department to ensure that publicity materials comply with relevant policies and regulations of the Group
Review by regulators	Submit advertising materials to relevant regulators to obtain approval after review
Review by media	Carry out the second round of review by targeted media
Advertisement distribution	Distribute publicity materials in compliance with laws and regulations and according to marketing plans

We have set out the requirements for our responsible marketing audit in the Responsible Marketing Policy and established the review and monitoring mechanism for responsible marketing materials. We regularly review marketing activities and materials, including but not limited to marketing activity plans, promotional materials and sales documents, aiming to ensure that marketing activity is true, accurate and legal, free from false advertising and misleading information, and compliant with the requirements of the Group's Responsible Marketing Policy. In addition, the Group Risk Management Department conducts regular internal audits on the implementation of the Responsible Marketing Policy to ensure that all marketing activities meet the requirements of the policy.

Responsible Marketing Training

The Group provides regular responsible marketing training for all employees. Meanwhile, the marketing personnel will receive additional professional training on a regular basis, which covers marketing rules and policies, product knowledge, laws and regulations, compliance risks, sales techniques, etc. The training, which takes the form of field exercises, scenario simulations, case studies and interpretation of laws and regulations, helps to ensure that employees understand and comply with our marketing and advertising policies, avoid exaggerated, misleading or false advertising, and provide consumers with truthful and trustworthy product information.

In 2024, Joincare constantly carried out responsible marketing training, covering all employees in marketing positions, with a total training time of 17,206 hours.

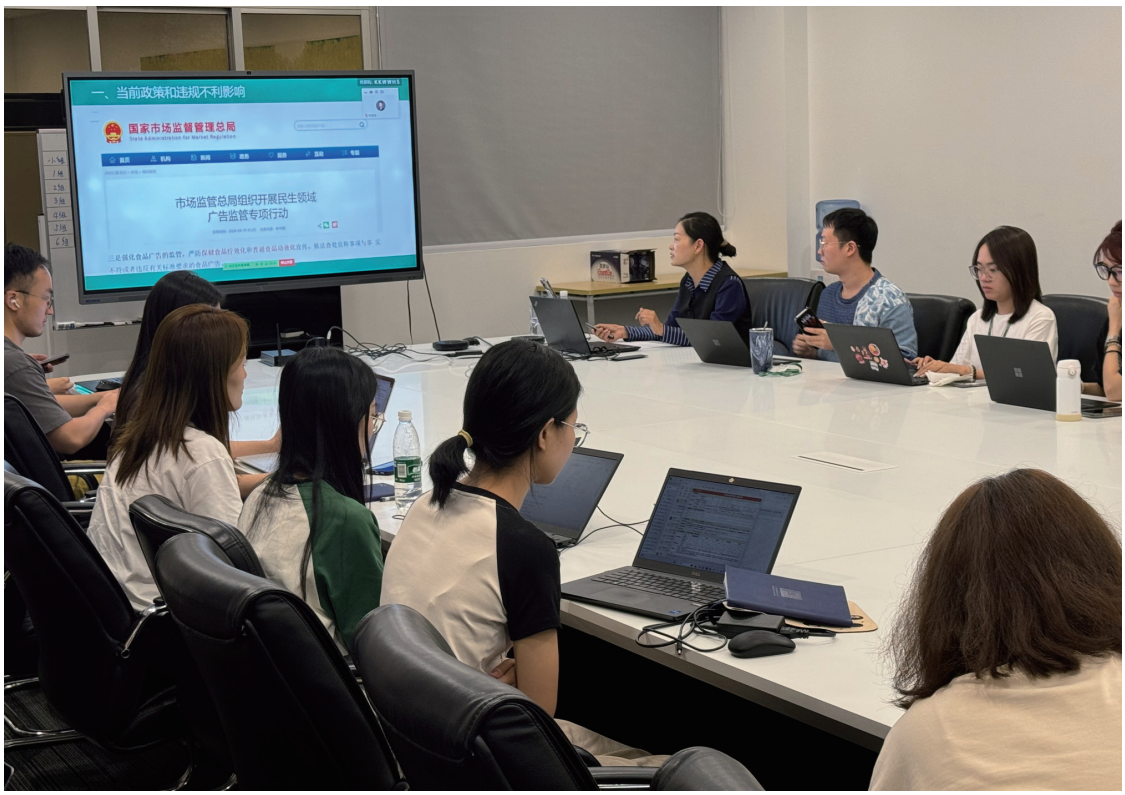
Case

Cultural building of responsible marketing at Joincare

This year, Joincare's Healthcare Product Division launched diversified training activities of responsible marketing, such as online live streaming, on-site lectures, recorded videos, and practices and exercises. The training content included marketing management policies, product knowledge, sales skills, business negotiation, project implementation, and user expansion skills. Based on the online knowledge library, we introduced the training event of "Online Enhancement Camp for Lecturers", enabling us to organise responsible marketing courses, practices and exams in a more flexible and efficient manner.

With a focus on the building of a compliance culture, the Prescription Medicine Division formulated and optimised a series of management documents, such as the Prescription Medicine Compliance Management Policy and the Service Provider Management Policy. The division also strengthened the compliance assessment and knowledge training for sales staff. Meanwhile, we carried out 50 unaccounted visits and compliance training events for partners in 18 provincial administrative regions across the country, with a view to intensifying partner selection and risk control.

In 2024, Joincare delivered tiered training with varying frequency and focus for all marketing employees. Specifically, the Healthcare Product Division conducted 119 training sessions for 1,981 participants cumulatively, and the Prescription Medicine Division conducted 26 training sessions.



Joincare's Responsible Marketing Training

6.5.2 Customer Satisfaction

The Group conducts quarterly surveys of online and offline customers regarding their satisfaction with the efficacy of our products, the service provided by our customer service/in-store staff, product safety and packaging, and their willingness to recommend our products to others. The aim is to understand customers' attitudes to, views of, and suggestions for our products and services, so as to improve our product quality and service processes according to customer feedback. By fully meeting customer needs, we strive to improve our service quality and increase customer satisfaction.

In 2024, Joincare's annual customer satisfaction rate reached **92**%.

Customer Communication and Complaints

We focus on building a multi-channel platform for communicating and interacting with customers, to understand their opinions in time and meet their needs and expectations. Customers can make complaints on our official platform or by calling our hotline. Our after-sales personnel will handle customer complaints and provide customers with reasonable solutions after understanding their needs. We also monitor the progress of the implementation of the solutions to ensure that customers' reasonable requirements are met. In addition, we regularly collect and summarise issues that customers frequently complain about, and organise operations, product, logistics and other departments to take targeted corrective action for better customer experience.

To improve the skills of customer service staff, we provide them with quarterly training on customer communication and complaint handling. In 2024, we conducted a number of customer service training sessions on themes including empathy, products, conversion rate and intelligent customer service assistance.

Customer Privacy Protection

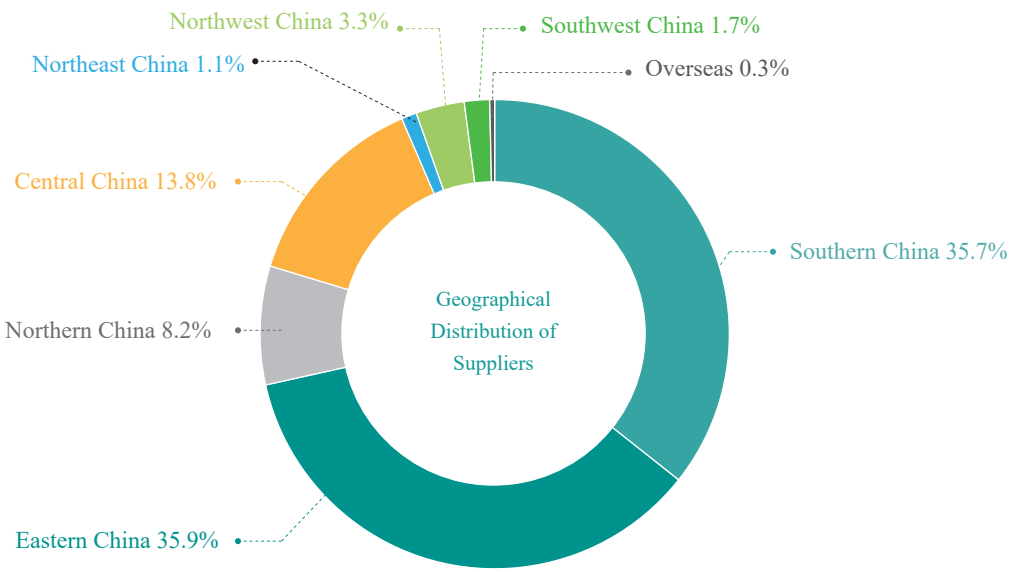
We abide by the Civil Code of the PRC, the Personal Information Protection Law of the PRC, and other laws and regulations on the protection of personal information. We have built a management system for customer privacy security risks to protect customer privacy. Where reasonable, we adhere to the principle of "Data minimisation" to minimise the collection of customer information and other personal information, and allow customers to change their personal information by calling or emailing us. For highly confidential information, we sign confidentiality agreements with relevant parties and take necessary measures to ensure information security.

In 2024, the Group did not have any violation of customers' privacy or breaches of customers' private data.

6.6 Supply Chain Management

To ensure the stability and sustainability of the supply chain, Joincare actively cooperates with suppliers to build a harmonious and win-win partnership. In strict compliance with relevant laws and regulations such as the Bidding Law of the PRC, we continue to improve the internal policies including the Procurement Control and Management Procedures, the Supplier Management System, and the Material Supplier Selection Instruction to standardise procurement and supplier management.

We have formulated and released the Code of Conduct for Suppliers to specify the main principles for suppliers in business ethics, labour rights and human rights, health and safety, environmental protection and green development. Besides, our purchasing practices are continuously reviewed to ensure that our suppliers operate in alignment with our Code of Conduct for Suppliers to avoid potential conflicts with ESG requirements.



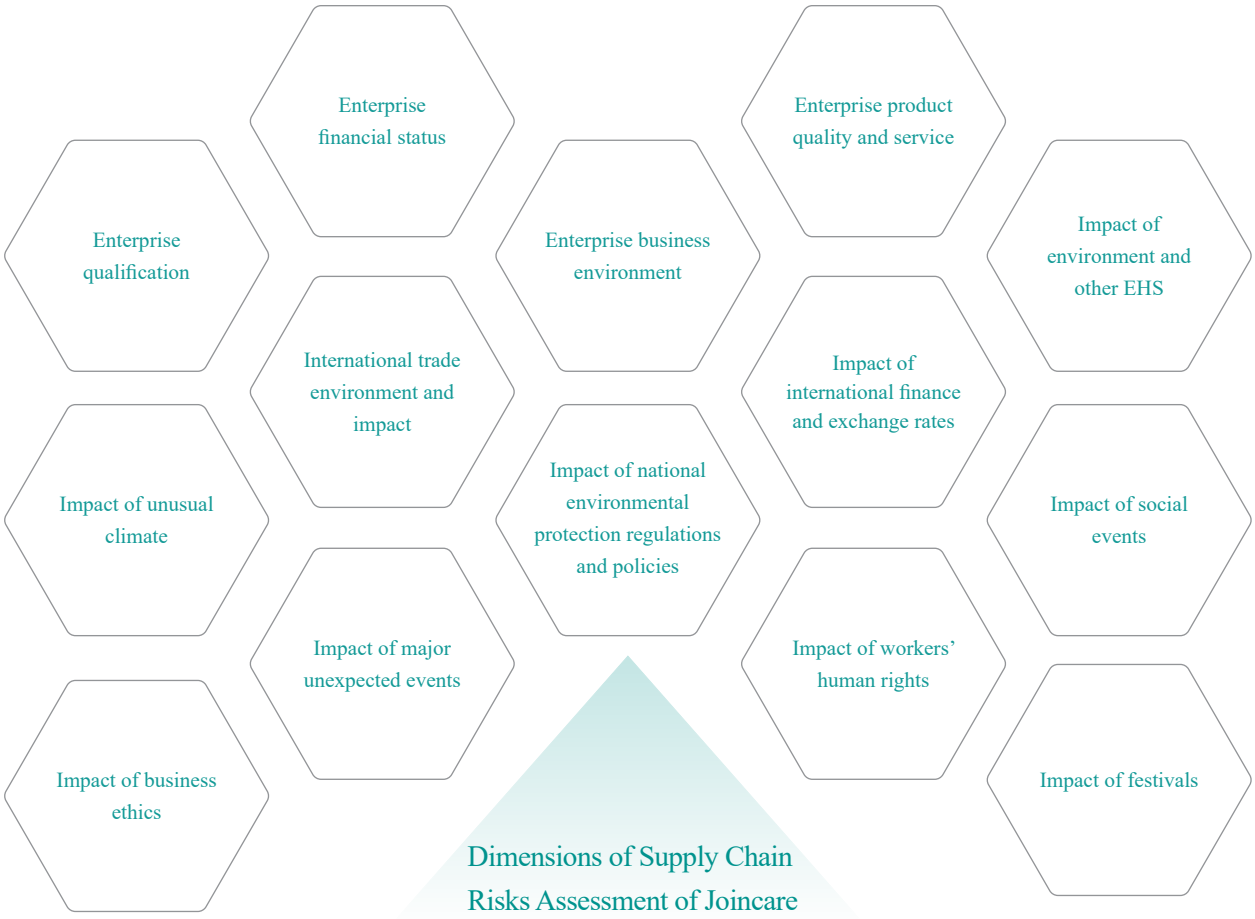
Geographical Distribution of Suppliers

6.6.1 Supplier On-Boarding Management

We set strict standards for supplier on-boarding in consideration of fair bidding, quality priority and diversified procurement. Potential suppliers are evaluated on the quality control, supply stability, environmental and risk control and other aspects through various forms such as desk assessment and product testing to verify their qualifications and capabilities. On even ground, we give preference to suppliers who have been certified to ISO 9001, ISO 14001, ISO 45001, and ISO 50001, or who have obtained other EHS-related certifications such as green factory, clean production review, and safety production standardisation. Suppliers included in the list of qualified suppliers shall sign the Procurement Contract and the Quality Assurance Agreement and return the Supplier Questionnaire Survey and the Supplier EHS Questionnaire Survey, which define their responsibilities of quality assurance and EHS management in the supply process, and their commitment to a stable and safe supply of production materials.

6.6.2 Supplier Classification and Risk Control

To assess and manage suppliers, we first identify, assess and manage supply chain risks, including environmental, social and governance (ESG) impacts and business relevance aspects. We evaluate the ESG impact of suppliers by assessing their country-specific risk, sector-specific risk and commodity-specific risk, and identify our significant suppliers and significant indirect suppliers.



Dimensions of Supply Chain Risks Assessment of Joincare

Details of Joincare's significant suppliers

Total number of Tier-1 suppliers

4,186

Total number of significant suppliers

849

Total number of significant suppliers in Tier-1

531

Total number of significant indirect suppliers

318

The risk level of suppliers is initially determined according to the type of materials they supply. We implement hierarchical management on suppliers and the existing suppliers are rated at three levels, namely H (high risk)/M (medium risk)/L (low risk). We comprehensively consider suppliers' product quality risk, consumption of materials, the impact of materials on product quality, and the risk factors involved above every year, and re-evaluate their risk level based on their annual quality review reports.

H (High-risk materials)	M (Medium-risk materials)	L (Low-risk materials)
Materials that directly affect the intrinsic quality of medicines, such as APIs for medicine production.	Materials that indirectly affect the intrinsic quality of medicines, such as excipients for medicine production, packaging materials in direct contact with medicines, and key consumables for preparations.	Materials that affect the external quality or other quality characteristics of products, such as packing materials.

To ensure production stability and product quality and safety throughout the production process, we have developed comprehensive and systematic risk mitigation process and contingency plans based on our own supply chain and businesses. In procurement, we continue to improve our existing dual sourcing policy and have formulated relevant systems for alternative suppliers. We have alternative suppliers for raw materials and excipients as well as key consumables to minimise the supply risks resulted from the material shortage of suppliers. In production, we conduct research on preparations, establish production base for APIs, actively develop the API production process and strive for the integrated production of "APIs-preparations vertical integration" to steadily improve our production capacity for major raw materials. At the same time, the Group's multiple manufacturing sites across the country can back up each other, with the ability to provide production support in case of emergencies.

We pay close attention to inventory levels in day-to-day operation. The following risk management measures are taken to ensure the production stability from the source. Manufacturing subsidiaries are also taking proactive measures to address supply chain stability risks.

Signing strategic cooperation agreements with key material suppliers to ensure stable supply of materials.

Planning for alternative suppliers and developing suppliers in advance to avoid single sourcing.

Adopting the safe inventory strategy and dynamically managing inventory levels for materials supplied by high-risk suppliers, to maintain an optimal inventory level to meet six months to a year's production requirements.

Company Name	Response Measures
Joincare Haibin	**Joincare Haibin implements diversified supply strategies and actively responds to supply chain risks:** • The company ensures that its main raw materials and packaging materials are purchased from multiple suppliers, and production consumables are chosen from a number of qualified suppliers, in order to avoid supply shortage and enhance stability. In 2024, the company engaged several new suppliers. When existing suppliers experienced short-term supply shortage due to force majeure, the new suppliers would be able to provide sufficient supply in a timely manner. This practice prevented production interruption and reduced the risk of supply disruption of raw materials and excipients as well as packaging materials by approximately 40%. • The company plans to introduce domestic suppliers for exclusive imported materials, striving to mitigate risks such as delayed delivery due to the change of the international pattern or suppliers' own reasons. In 2024, the company developed domestic suppliers. After several rounds of strict selection and quality assessment, Joincare Haibin selected those with excellent qualifications and strong technical strengths to enrich the supply source. This helped mitigate the overseas supply risks caused by international trade friction.
Taitai Pharmaceutical	**Taitai Pharmaceutical has reviewed past cooperation patterns with suppliers and devised feasible solutions to mitigate supply risks. These solutions aim to address material shortages, supply interruptions, delays in delivery and other potential risks to supply chain stability:** • The company regularly checks its inventory, establishes the minimum inventory alert line, and makes preparations for material purchase in advance. • The company regularly conducts desk assessment or on-site audit of suppliers' qualifications and production sites to understand their latest operating status, and timely assists suppliers to solve difficulties in production. • The company establishes long-term cooperation with suppliers and signs annual procurement agreements to ensure that suppliers deliver according to requirements and to reduce the risk of supply interruption. **In 2024, Taitai Pharmaceutical further introduced 12 qualified suppliers to phase in the dual-supplier mechanism for all raw materials, excipients and key consumables. This effort ensured the stable supply of raw materials along the production line and avoided production stagnation due to raw material shortage. As a result, the company firmly guaranteed the continuity of production and reinforced resistance to risks during procurement.**
Xinxiang Haibin	**To effectively prevent problems such as lack of products and supply shortage of qualified suppliers, Xinxiang Haibin has taken the following measures:** • For each type of key raw material, the company ensures that there are 3 or more qualified suppliers to keep the supply chain safe and stable. • The company predicts the market supply and demand according to the annual cyclical supply of products, and prepares certain safety stock of materials in short supply in advance to deal with the uncertainty caused by market changes. • The company continues to find and develop new qualified suppliers, ensure multi-regional, multichannel and diversified management of qualified suppliers, so as to cope with risks brought by changes of government policies and uncertain market supply and demand.

6.6.3 Supplier Audit and Evaluation

Joincare has formulated the On-site Audit Management Procedures, the Supplier Quality Review Management, the Material Supplier Quality Audit Procedures, among others, which require periodical reviews of supplier's qualification, production site, process technology and production facilities, warehouse management, quality management system, environmental protection and occupational health and safety management. This year, we further revised our Supplier Management Procedures to set stricter management requirements for those involved in the Group's supplier audits, and to clarify the approval process of suppliers. In addition, we continue to strengthen the management of significant indirect suppliers, conducting on-site audits of the manufacturers of key products purchased from distributors (the significant indirect suppliers of the Group). We also inspect the production facilities and management of the upstream supply chain to ensure that significant indirect suppliers are qualified.

We determine the audit frequency and form according to the risk classification of suppliers. In case of any management or quality deficiencies during the audit, we will inform them through quality feedback notice. The results are consolidated in the Supplier Quality Audit Report as the requirements for suppliers to make rectifications and improvement. We also follow up on the rectifications of suppliers in a timely manner, collect rectification reports, and help them to improve quality management. In 2024, we audited a total of 654 tier-1 suppliers in accordance with the annual supplier audit plan and conducted on-site audits to 11 significant indirect suppliers.

Audited tier-1 suppliers

654

On-Site Audits of Key Tier-2 Suppliers

11

Table: Supplier audit frequency and form of Joincare

Supplier Classification	Audit Frequency and Form
H (High-risk materials)	One on-site audit every 3 years
M (Medium-risk materials)	One desk audit on quality every 3 years, and on-site audit when necessary
L (Low-risk materials)	Qualification information update

In addition to the supplier audit, we evaluate suppliers every year to get a timely and comprehensive understanding of supplier management. According to the Supplier Annual Evaluation Form, we give suppliers a letter grade of A, B, C, and D by assessing their product quality, product delivery accuracy, product delivery timeliness and service satisfaction. Among them, level C suppliers are required to make rectifications within a time limit, during which we will reduce the quantity we purchase from them accordingly. These suppliers will be re-evaluated and reclassified after rectifications. Level D represents unqualified. We will immediately end the cooperation with suppliers rated level D and revoke their supply qualifications for three years. The distribution of procurement shares in the next year is largely determined by the annual comprehensive supplier evaluation. Depending on business conditions and the results of the annual comprehensive supplier evaluation in the previous year, subsidiaries of the Group will make appropriate adjustments to the procurement ratio of the current year. In 2024, the Group conducted an annual comprehensive evaluation of 412 significant suppliers, either through desk assessments or on-site assessments.

6.6.4 Supplier ESG Management

Joincare keeps a close eye on suppliers' sustainable development management and performance to systematically monitors their ESG management. The Sustainability Committee of the Board of Directors, as the highest decision-making body, is responsible for overseeing the implementation of supplier ESG programmes. At the same time, we have clarified the environmental, social and governance requirements for suppliers in the Code of Conduct for Suppliers, and increased our focus on suppliers' ESG management performance when onboarding, auditing and evaluating them.

We conduct an EHS survey and score on suppliers as part of the on-boarding process, and take the score as one of the factors for supplier admission. In the early stage of cooperation, we organise suppliers to learn the specific requirements of the Group's Code of Conduct for Suppliers, guide them towards more sustainable production and operations, and encourage them to obtain management system certifications such as ISO 14001 and ISO 45001 to mitigate ESG risks in the supply chain. By the end of the reporting period, the Group and subsidiaries had 651 suppliers that obtained certification for environmental management systems and 564 suppliers that obtained certification for occupational health and safety management systems.

We fully review suppliers' ESG management and implementation of the Code of Conduct for Suppliers during supplier audits and evaluations, and share ESG-related regulations and regulatory trends with suppliers during on-site audits. Suppliers that are found to be in breach of the Group's ESG requirements during the audit and assessment will be excluded from contracting if they cannot achieve minimum ESG requirements within a specified timeframe. To supervise supplier EHS management, we have formulated the Supplier EHS Audit Management Procedure to clarify the EHS audit and relevant management requirements for suppliers. Supplier EHS audit includes safety, environmental protection and other fields, covering toxic and harmful emission indicators such as particulate matter, sulphide, VOCs emission, to review the supplier's management of indirect discharge of water pollutants, air pollutant emissions, noise and other emissions. We organise the EHS audit for suppliers every year, the results of which will be considered as an important factor for the next annual purchase share assessment. This can urge suppliers to promote their EHS management.

Procurement staff are also organised to learn about the supplier ESG management. This enables them to familiarise their roles with our supplier ESG programmes. Besides, we organise relevant training to help procurement staff better understand supplier ESG management, so that they can ensure strict compliance with the supplier ESG management standards in their daily work, thereby contributing to building a sustainable supply chain.

Company Name	Supplier EHS Audit
Xinxiang Haibin	Xinxiang Haibin has incorporated EHS audits into the annual supplier audit plan. The audits cover staff occupational health and safety management, wastewater pre-treatment, waste gas treatment, and solid waste treatment. At the same time, Xinxiang Haibin focuses on the supplier's treatment of toxic and harmful emissions, reviewing its VOC emissions, exhaust gas and other indicators.
Jiaozuo Joincare	Jiaozuo Joincare carries out on-site supplier audit in accordance with ESG standards. The company conducts supplier EHS audits by checking written documents and records, operation of environmental protection facilities during production, and compliance with operation norms for employee safety. For suppliers not certified by the ISO 14001 and ISO 45001 systems, Jiaozuo Joincare provides professional guidance and assistance to advance their efforts for sustainable development. By doing so, the company aligns their production activities with the demanding requirements in terms of environmental protection, health and safety.
Livzon Group	Livzon Group, a holding subsidiary of Joincare, has incorporated EHS audits on suppliers into the annual supplier audit plan. The audit covers environmental and safety indicators, such as energy conservation and emission reduction, compliance with pollutant discharge standards, compliance with solid waste collection and disposal regulations, and ISO system certification. In addition, Livzon Group closely monitors the harmful emissions of suppliers, including sulfur dioxide emissions and hazardous waste treatment indicators into the scope of audits.

6.6.5 Supplier Capacity Building

We provide multiple channels including training, exchanges, and collaboration to help our suppliers build their capacity. To ensure the safety and reliability of our products, we carry out training on quality assurance covering all high-risk suppliers at least annually. During training, we emphasise the Group's quality standards and requirements to suppliers, help them analyse existing areas of improvement, provide guidance on environmental protection, technical improvement and other aspects, and encourage them to develop and implement relevant measures. In addition, we will further summarise the quality problems found in supplier audits and annual evaluations, and conduct special training and communication for suppliers to improve training efficiency. In 2024, the Group conducted training on quality assurance for all high-risk suppliers.

Case

Joincare's subsidiaries conducted supplier training

- In 2024, Joincare Haibin provided quality enhancement training for all high-risk material suppliers, communicating the Group's quality management goals to suppliers, and helping them better understand the key points of quality and EHS management.
- In 2024, Haibin Pharma provided 18 quality training sessions for suppliers, communicating the Group's quality management requirements to suppliers, and strengthening their awareness of quality management.
- In 2024, Jiaozuo Joincare launched a series of systematic and targeted quality training activities for raw material suppliers, mainly centring on three topics of "How to promote 5s management", "ISO9001 quality management system standards", and "How to carry out on-site QA management". These activities aimed to maintain quality and stable raw material supply, thus laying a solid foundation for product quality. The company also actively supports suppliers in improving their own supplier management level, and helps them stay complaint with regulatory requirements and build robust supplier management processes to ensure the quality and safety of materials from the source.

07

Access to Healthcare

SDGs in this section

Based in the healthcare industry, Joincare firmly implements the core innovation-driven strategy. With the protection of patients' interests as our fundamental goal, we work hard to address unmet clinical needs. We deeply explore the diversified application of AI technology in pharmaceutical sector, and continue to introduce better medical products and healthcare solutions through continuous innovation and scientific and technological efforts. Meanwhile, we endeavour to improve the accessibility and affordability of high-quality pharmaceutical products and services. We are making continuous efforts to expand our overseas business, contributing to improving the quality and capacity of healthcare services in low-and middle-income countries and regions, and facilitating the improvement of human health by working with stakeholders.

The Board of Directors of Joincare, as the highest organ represent for Access to Healthcare issues, is responsible for understanding and monitoring the management of the Group's Access to Healthcare issues through the Sustainable Development Committee. The Sustainable Development Committee is responsible for regularly reviewing the Group's strategies, policies and performance on Access to Healthcare issues, overseeing and reporting the progress to the Board of Directors, and urging the Group to improve access to healthcare.

7.1 Focusing on R&D and Innovation

Focusing on the development of innovative medicines, the Group actively seeks cutting-edge technologies and development opportunities at home and abroad. We practise the R&D mode that integrates independent R&D, license-in and cooperative development, and focus on key treatment fields, including respiratory diseases, digestive system diseases, assisted reproduction, psychiatric disorders, tumour immunity and pain management. Moreover, we continuously expand the product line and R&D pipeline in areas where we have an advantage.

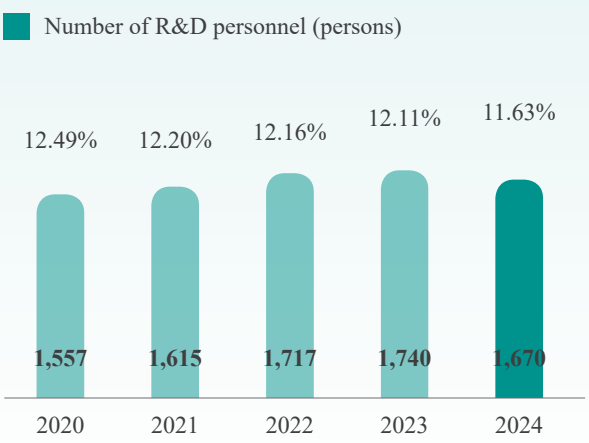
We have a multi-level R&D mechanism and an experienced R&D team for independent R&D. To promote independent R&D, we continue to invest more and strengthen the construction of innovative technology platforms for inhalation administration, antibody, sustained-release microspheres, and complex injection, and expand the R&D of other high-end formulations with market potential and new drug delivery devices. By the end of the reporting period, the Group had made landmark progress in many high-barrier complex formulations, obtaining a number of approvals for production or clinical trials.

In terms of cooperative innovation, we introduce new technologies and products through cooperative development, technology transfer, patent licensing and other ways. Based on this, we can rapidly promote the subsequent pharmaceutical, clinical and non-clinical research and study on industrial transformation of new products. We also work with first-tier top R&D teams in China to enhance product development in areas where we have an advantage and speed up the transition to an innovative pharmaceutical enterprise.

In addition, the Group actively explores the application of new technologies in pharmaceutical manufacturing. We have established long-term cooperative relations with well-known universities, scientific research institutions, and laboratories both domestically and abroad. Based on this, we create an enterprise technology innovation network with coordinated efforts of enterprises, universities, and research institutions. We now have three state-level R&D technology centres and a number of provincial and municipal innovation carriers. In the field of innovative drug R&D, we adopt the world's leading AI models, comprehensively improving R&D efficiency in aspects such as target identification, molecular design, and molecular screening, shortening the R&D cycle, and accelerating the process of bringing innovative drugs to market. We have also completed the deployment and application of the DeepSeek-R1 671B, becoming one of the first pharmaceutical enterprises in China to introduce an AI model with hundreds of billions of parameters into its core business. In the area of synthetic biology pharmaceuticals, we have established R&D platforms including an AI computing platform, a synthetic biology component library, a high-throughput automated breeding platform, as well as platforms for industrial verification and scaling-up, forming an AI-driven system for the design and screening of industrial strains.

By the end of the reporting period, the Group's R&D team had been growing continuously, with 1,670 R&D personnel. We also have continuously increased investment in R&D. This year, the total R&D expenditures amounted to RMB 1,532 million, accounting for 9.81% of the total audited revenues of the year.

Number and Proportion of R&D Personnel of Joincare in 2020-2024



Joincare's R&D Expenditures and Proportion of Its Total Revenues in 2020-2024

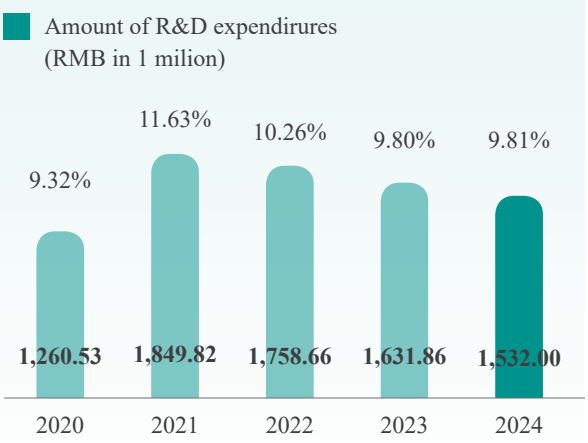


Table: Major R&D/registration progress of Joincare in 2024

Date	Major R&D/Registration Progress
January 2024	Clinical trial approval notice obtained for JKN2306 (Nav1.8 Inhibitor)
January 2024	Lay out two respiratory biological agents, namely TSLP monoclonal antibody and IL-4R monoclonal antibody
January 2024	Compound Ipratropium Bromide Solution for Inhalation approved for drug registration in the Philippines
February 2024	Clinical approval notice obtained for Semaglutide Injection (for indications for weight loss)
February 2024	Clinical approval notice obtained for JP-1366 Tablets (P-CAB)
March 2024	Lay out the oral drug for COPD, PREP inhibitor, enriching the pipeline of drugs under research in the field of respiratory diseases.
May 2024	Approval for drug registration obtained for Fluticasone Propionate Nebuliser Suspension
June 2024	Approval for drug registration obtained for Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation
June 2024	Application for drug registration submitted for Polymyxin B Injection
June 2024	Registration and marketing authorisation applications for Semaglutide Injection (for hypoglycemic indications) accepted
July 2024	JKN2401 (TSLP monoclonal antibody) entered Phase II clinical trial
August 2024	Application for drug registration submitted for Pixavir Marboxil Capsules
August 2024	Clinic trial approval obtained for Polymyxin E Sodium Methanesulfonate Injection
September 2024	Lay out the new generation of inhaled corticosteroids (ICS)
October 2024	The first subject has been enrolled in Phase II clinical trial for the GSNOR inhibitor
October 2024	Leuprorelin Acetate Microspheres for Injection passed the consistency evaluation
October 2024	Approval for drug registration obtained for Voriconazole Dry Suspension
November 2024	The first subject has been enrolled in Phase II clinical trial for the MABA dual-target project
November 2024	Application for drug registration submitted for Meloxicam Nanocrystal Injection
November 2024	Lay out PDE4 inhibitors to further enrich the products under research for asthma and COPD
December 2024	New drug clinical trial (IDN) approval obtained for JKN2403 Tablets (PREP Inhibitor)
December 2024	Lay out β-lactamase inhibitors, which can be used in combination with meropenem to treat hospital-acquired pneumonia/ventilator-associated pneumonia.

7.1.1 Diversified Product Development

Committed to Respiratory Health

Chronic respiratory diseases are a major category of diseases represented by chronic obstructive pulmonary diseases (COPD), asthma, etc., featuring a high prevalence rate, high disability rate, high mortality rate, and high disease burden. Adhering to the original aspiration of "joining us in respiratory care", Joincare continues to improve the market presence of respiratory disease medicines, to support domestic respiratory disease treatment. After years of steady development, . our existing products and products under R&D cover all types of drugs for inhalation therapy for COPD and asthma, providing more effective and safe drugs for patients with COPD and asthma. By the end of the reporting period, the Group had 10 varieties of inhalation formulations in 14 specifications on the market.

In 2024, Joincare achieved a strategic breakthrough in the R&D for respiratory system diseases, laying out more than 20 R&D pipelines, including over 10 Class 1 innovative drugs. In the field of respiratory diseases, Joincare's innovative products have covered all dosage forms such as inhalation, oral administration, and injection, forming a powerful product matrix for respiratory diseases. This year, the Fluticasone Propionate Nebuliser Suspension and the Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation were approved for marketing. The new influenza drug Pixavir Marboxil Capsule completed Phase III clinical trial and an application for production was submitted. The injection of JKN2401 (TSLP monoclonal antibody), a new drug for treating COPD; JKN2305 (GSNOR) Capsules, an oral new drug for asthma; and the inhalation preparation of JKN2304 (MABA dual-target), a new drug for treating COPD, all smoothly entered Phase II clinical trial. A number of Class 1 innovative drugs have made phased progress.

Case

JKN2304, an FIC drug of Joincare, officially enters Phase II clinical trial

In November 2024, JKN2304, a novel MABA dual-target drug of Joincare for the treatment of chronic obstructive pulmonary disease (COPD), observed good safety in the Phase I clinical trial, and officially entered the Phase II clinical trial with the first patient enrolled, marking a robust step toward commercialisation.

This First-in-Class (FIC) drug has a unique "dual-target" mechanism of action, enabling an innovative design that simultaneously acts on both LABA and LAMA targets on one molecule, providing a new way of thinking to address the current challenges in COPD treatment. The dual-target mechanism has successfully avoided the potential limitations and side-effect risks of single-agent therapy, and the synergy of "dual-target" can achieve a dual improvement in COPD symptoms and lung function, greatly improving the efficacy and patients' adherence to treatments. Besides, the drug offers both quick and long-lasting benefits, and is expected to complement or even replace existing treatment options. In terms of safety, this drug significantly reduces the likelihood of side effects on the central nervous system, providing COPD patients with more efficient, convenient, and safe new treatment options.

Case

Marketing application accelerated for Pixavir Marboxil, an innovative anti-influenza drug of Joincare

In December 2024, a notice from the Chinese Pharmacopoeia Commission was received, approving the registration of the generic name of Joincare's innovative anti-influenza drug. The formal name approved is "Pixavir Marboxil". This hints that the drug will soon be officially launched. Pixavir Marboxil, a Class 1 innovative anti-influenza drug, is a novel cap-dependent endonuclease (CEN) inhibitor that effectively blocks replication and transmission of the virus. The drug can effectively inhibit both influenza A and B viruses. In April 2024, the drug reached the primary endpoint for Phase III clinical trial. In August 2024, the drug registration application was submitted and accepted by the National Medical Products Administration.

Compared with Baloxavir Marboxil, a mainstream anti-influenza drug on the market, Pixavir Marboxil acts faster and shows higher efficacy and safety in relieving the symptoms of and cure influenza B infection and adolescent influenza infection during its Phase III clinical trial. It also shows lower overall resistance rate. Compared with another mainstream drug Oseltamivir with a recommended dosage of twice a day, Pixavir Marboxil can inhibit virus longer with only a single oral dose required for the entire duration of the treatment, which significantly improves clinical adherence, and simplifies treatment while demonstrating high clinical value.

Case

健可畅®, a powder for inhalation of Joincare, was approved for marketing

In June 2024, Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation ("健　可　畅®") of Joincare was granted the marketing approval, becoming the first powder for inhalation to be launched in China since the publication of the Guideline for Bioequivalence Study on Genetic Drugs of Orally Inhaled Drug Products in 2020. It is also the first domestic generic drug of Seretide® of GlaxoSmithKline. Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation, a mix of bronchodilator and corticosteroid for combination therapy, is an important product for the treatment of asthma and COPD. Among the various inhalation formulations, powders are of the highest technological complexity. The particle engineering, process development, process scale-up, and drug delivery devices are all challenging. Factors such as intensity, timing, temperature and humidity may affect the air movement pattern of drug particles during inhalation and in turn the distribution of drugs in the lungs, ultimately affecting the clinical effect. So the replication of dry powders for inhalation is an industry recognised challenge. With Joincare's Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation approved to be marketed, it is expected to break the monopoly of branded drug research in China and provide patients with more drug options.

R&D Efforts in Bio-Pharma

Over the years, LivzonBio, a subsidiary of Joincare, has kept exploring biomedicine. It has built well-developed R&D and production technology platforms for antibody medicines and fusion protein medicines. Focusing on the development of products related to autoimmune disease, reproduction, and communicable disease prevention, LivzonBio has carried out and promoted a number of R&D projects for innovative vaccines, monoclonal antibodies, and recombinant protein drugs.

LivzonBio speeds up the approval of new products through independent R&D, license-in, strategic cooperation, and other ways. Relying on the well-developed R&D and industrialisation conditions of recombinant protein drugs, LivzonBio continuously enriches the pipelines of products under research and improves the commercialisation of products. This year, LivzonBio made progressive efforts in R&D and went all-out to advance a number of key projects. Among them, the critical Phase III clinical trial of Recombinant Anti-human IL-17A/F Humanised Monoclonal Antibody Injection were accelerated, successfully completing the enrolments for the Phase III clinical trial of ankylosing spondylitis and psoriasis. The Phase III clinical trial of Recombinant Human Follicle Stimulating Hormone were prioritised, with the pharmacological, non-clinical and clinical similarity studies completed, and the enrolment for Phase III clinical trial successfully completed, reaching the major efficacy endpoint. In January 2025, the BLA marketing application was filed. Meanwhile, LivzonBio introduced quadrivalent recombinant influenza vaccines (RIVs) to strengthen the iteration of the vaccine R&D platform.

Development of Sustained-Release Microspheres for Injection

Microspheres are microspherical polymers prepared with high molecular materials with a particle size of 1-250 μm and containing one or more drugs. Microsphere formulations are superior to traditional injection formulations in long acting and high bioavailability. They have specific tropism to target organs and can greatly simplify drug administration and improve patients' adherence to treatments, with outstanding clinical advantages. Livzon Microsphere, a subsidiary of Joincare, focuses on the R&D of anti-tumour, endocrine-regulating, and antipsychotic microsphere formulations, which are advantaged for their long-acting and sustained-release mechanism. The company has an in-depth study of long-acting formulation technology with independent intellectual property rights (IIPR).

This year, the new drug application of Aripiprazole Microspheres for Injection of Livzon Microsphere was steadily advanced, successfully passing the on-site verification of drug registration and the clinical registration verification by four centres, with supplementary information submitted on time. In September 2024, approval was obtained for adding Endometriosis Endometriotic as an indication for use for Triptorelin Acetate Microspheres for Injection (1-month sustained release). In 2024, Phase III clinical trial on this drug for adding central precocious puberty (CPP) as in indication for use were conducted, which is expected to make new breakthroughs in this field. Leuprorelin Acetate Microspheres for Injection (Three-month sustained-release) is being tested for bioequivalence (BE). Leuprorelin Acetate Microspheres for Injection has passed the consistency evaluation, becoming the first long-acting, sustained-release formulation of gonadotropin-releasing hormone (GnRH) in the world approved for bioequivalence (BE) studies in accordance with the U.S. FDA guidelines for individual agents.

Care about Mental Disorders

Mental illnesses severely impact the lives of hundreds of millions of people globally. They not only cause great harm to the physical and mental health of patients but also impose a heavy burden on families and society. Livzon Group, Joincare’s holding subsidiary, has been actively deploying in the field of mental illnesses for many years and has launched multiple marketed and pipeline products targeting mental diseases. In November 2024, Livzon's Lurasidone Hydrochloride Tablets were approved for marketing. Lurasidone is a new-type atypical antipsychotic drug that has been approved in China for the treatment of schizophrenia. It has relatively weak extrapyramidal reactions, is less likely to cause adverse reactions such as weight gain, hyperlipidemia, and hyperprolactinemia, and has good tolerability. In addition, in July 2024, Livzon also introduced the innovative drug NS-041 intended for the treatment of epilepsy and depression. Currently, this project has completed Phase I clinical trial and is preparing for Phase II clinical trial. Moreover, since patients with mental illnesses generally have poor medication compliance, long-acting formulations can improve long-term treatment compliance, enhance patient functionality, and reduce the risk of recurrence. Livzon has deployed multiple complex long-acting formulations in the field of mental and neurological disorders. Several of these products are in the review process for marketing approval or the late stage of clinical trials and are expected to be launched in the next two years.

7.1.2 Explore the Application of AI Technology

Joincare is committed to deeply exploring the application potential of AI technology. By using cutting-edge methods integrating AI new quality technology and molecular science, the vertical AI tools have significantly improved the R&D efficiency of key links such as molecular modelling for drug discovery, drug safety and effectiveness prediction, pharmaceutical process development, drug clinical research, as well as data management and analysis, and reduced research risks. Drug R&D is usually a long-term, costly and high-risk process. The use of AI is expected to effectively reduce R&D costs and cycles, and bring better drugs to patients faster. In addition, we integrate patients' drug costs as a key consideration at the beginning of process development, laying the foundation for new products to benefit more patients.

We have applied AI tools throughout the process of synthetic biology R&D, including project initiation research, data analysis, and experimental verification, significantly improving efficiency and quality. During the research phase of the project, we use AI tools to efficiently collect, accurately screen, and intelligently read and summarise a large amount of data, saving significant time for subsequent analysis and validation. In the structural prediction phase, AI tools enable short-term, low-cost prediction of complex protein structures. With AI tools and the tools for structure comparison based on deep learning, we can quickly target candidates in the protein structure database with AI prediction, greatly reducing trial and error costs, improving R&D success rate, and effectively shortening the project cycle. In the future, the Group will continue to explore AI technology and enhance R&D and innovation ability to drive the pharmaceutical industry's high-quality development.

Case

Joincare's research on application of AIDD for drug discovery in the field of COPD

In 2024, the Group conducted a research on the application of AI-powered drug discovery (AIDD) for drug discovery in the field of COPD. The results show that AIDD has certain advantages in the construction of candidate compound libraries through skeletal editing. AIDD skeletal editing tools significantly improve the efficiency and success rate of drug discovery through innovative molecular editing technologies, and the resulting molecules are more diverse and novel than those by artificial designs, providing strong support for new drug R&D.

7.1.3 External Cooperation and Recognition

While strengthening independent innovation, the Group makes continuous efforts in cooperative development and license-in of products in core fields. By leveraging global superior resources and cutting-edge technologies, we enhanced the Group's commercialization and integration capabilities. This year, we have made phased progress in business development, introducing a number of innovative drugs and continuously expanding indications such as those related to the respiratory system and pain relief.

Case

Joincare collaborates with Bayer to develop a FIC drug to fill the treatment gaps in China

In March 2024, Joincare signed an exclusive license agreement for the development, commercialisation and production of a small molecule inhibitor in China with Bayer AG, a German company. This small molecule compound, an oral COPD drug that effectively prevents the production of inflammatory mediators in COPD by inhibiting the activity of prolyl endopeptidase (PREP), is a highly innovative FIC drug. In December 2024, Joincare successfully obtained the approval for clinical trial of the drug. In January 2025, the drug officially entered the phase of "Phase I Bridging Study on Healthy Subjects", marking a significant step from R&D to clinical transformation.

Based on previous studies, this PREP-targeted oral COPD drug has completed Phase I clinical trial in Europe, which showed good safety and tolerance and provided important support for subsequent trials. Meanwhile, preclinical data indicate that the drug has no less potential for efficacy than the high-side-effect oral COPD drugs currently on the market overseas but not in China, while showing significantly better safety than that of the latter. If successfully developed and launched, the new drug will become the first PREP inhibitor going to market in the world and the first approved oral COPD drug in China. This drug is intended to meet the unmet critical needs by providing new treatment options for related diseases. It is expected to fill the treatment gap in the domestic market and provide patients with more efficient and safe treatment options. The launch of the drug will also significantly improve the treatment effect on associated diseases, thus improving the life quality of patients.

Case

Livzon Pharma and NeuShen Therapeutics cooperate in developing a BIC drug for mental illness

In July 2024, Livzon Pharmaceutical Factory, a wholly-controlled subsidiary of Joincare's holding subsidiary Livzon Group, entered into an exclusive license agreement for NS-041 for Greater China with NeuShen Therapeutics (Shanghai) Co., Ltd. ("NeuShen Therapeutics"). The two parties will work closely together on this basis to accelerate the marketing application for NS-041.

NS-041 is a highly selective KCNQ2/3 activator targeted for the treatment of neuropsychiatric diseases such as epilepsy and depression. NS-041 shows good and differentiated preclinical efficacy and safety based on its data, with potential to become a BIC drug. In November 2024, the drug successfully completed a randomised, double-blind, placebo-controlled, Phase I clinical research in China and was about to enter Phase II clinical trial to explore its safety and efficacy for patients with diseases such as focal epilepsy.

The potassium channel KCNQ2/3 is considered to be one of the key targets for the development of next-generation antiepilepsy drugs, and its novel mechanism of action is expected to fill the gap in current therapies. The potential indications for this target can also extend to a variety of emotional disorders to compensate for the unmet clinical needs with existing drugs, such as slow onset of action and insufficient efficacy. The drug candidates of the same target in the global market are currently in the clinical research phase and have obtained positive data on epilepsy and severe depression.

Case

Joincare introduces a new small-molecule glucocorticoid drug

The lives of a large number of patients in China are affected by respiratory inflammatory diseases. And glucocorticoids, as endogenous anti-inflammatory small molecules, can act on glucocorticoid receptors (GR), inhibit the expression of inflammatory factors by regulating the transcription of genes related to inflammation, and inhibit the proliferation of immune cells. In October 2024, Joincare introduced and announced the launch of a new small-molecule glucocorticoid drug. Targeting respiratory diseases such as COPD, bronchial asthma, and rhinitis, the drug can activate the activity of specific receptors, and effectively improve efficacy and reduce toxic side-reactions. It is expected to be a new therapy option for patients with COPD, bronchial asthma, and rhinitis. Data shows that this drug has shown more than three times the efficacy of the existing clinically used glucocorticoids in mice OVA asthma models, and has the potential to become a Best-in-Class (BIC) drug. It marks the important progress made by Chinese enterprises in the global R&D of new-generation glucocorticoids.

In 2024, Joincare and its subsidiaries gained many external honours and recognition. The Group continuously won the titles of "Top 100 Enterprises in China's Pharmaceutical Industry", "China's Top 500 Manufacturing Private Enterprises", "Top 100 Manufacturing Private Enterprises in Guangdong Province", and "Top 100 Private Enterprises in Guangdong Province". In addition, as the world's first inhalation formulation for the treatment of bronchiectasis and the China's first inhaled antibiotic, 健可妥®, a modified new drug developed independently by Joincare, was invited to represent the innovative drugs of Guangdong Province to participate in the "2024 China Brand Day" and the "Exhibition of Achievements in the Integrated Development of Industry and Science and Technology" in Guangdong Province, showcasing the Group's remarkable achievements in the R&D of inhalation formulations.

7.2 Paying Attention to Rare Diseases Treatment

Rare diseases, also known as "orphan diseases", are featured by unknown causes and extremely low incidence rates. High treatment costs for rare diseases result from their low market demand, difficulties in R&D and lack of experience in clinical medication, and even there is no medicine for some rare diseases. Under the guidance of relevant policies such as the "Healthy China 2030" Planning Outline and the Guidelines for Diagnosis and Treatment of Rare Diseases, we, based on our own scientific platform and capabilities, undertake corporate social responsibility actively by continuously investing in research on rare diseases, and focusing on improving the current situation of diagnosis and treatment of rare diseases, thus making contributions to building a Healthy China.

Idiopathic Pulmonary Fibrosis

Idiopathic Pulmonary Fibrosis ("IPF") is a cryptogenic, chronic, progressive, and interstitial pneumonia. This disease usually affects middle-aged and aged people and has cardinal symptoms, including progressively increased dyspnea with restrictive ventilation dysfunction and ventilation dysfunction. Besides, it is featured by rapid progress, poor prognosis and no proven effective treatment to date. It's proved that traditional hormone therapy or anticoagulant therapy is unable to alleviate the disease progression of IPF, and it has strong side effects or the risk of aggravating complications. Therefore, it is not recommended for the treatment of IPF. Due to the limitations of existing drugs, Joincare developed the modified new drug XYP-001, which is a new mechanism/target drug in IPF indication development area. If it is launched, it will be a new and more secure drug alternative for IPF patients.

Malignant Hyperthermia

Malignant Hyperthermia ("MH"), a rare clinical hereditary disease that can cause perioperative death due to conventional anaesthesia, has an extremely low incidence rate and an extremely high mortality rate. Dantrolene Sodium for Injection is the only specific medicine for the treatment of the disease. Due to the high challenge in R&D and low-profit margin, no enterprise in China had been engaged in R&D and production of the drug for a long time. Joincare's holding subsidiary Livzon Group began to plan the R&D of the medicine in the early days. After over a decade of arduous exploration, it obtained the medicine registration certificate in October 2020, and thus became the first enterprise in China to successfully produce generic Dantrolene Sodium for Injection, bringing good news to the vast number of MH patients and anaesthetists in China. By the end of the reporting period, a total of 121 hospitals across China have included Livzon Group's Dantrolene Sodium for Injection in their drug reserves, covering approximately 53% of provincial-level administrative regions.

Systemic juvenile idiopathic arthritis

Systemic juvenile idiopathic arthritis ("sJIA") is a rare chronic systemic disease that mainly featured by arthralgia lasting 6 weeks or more and accompanied by damage to other tissues and organs. At present, the incidence rate in China is about 0.01%. Tocilizumab Injection ("安维泰®"), a Recombinant Humanised Monoclonal Antibody targeting Interleukin-6 Receptor (IL-6R) developed by LivzonBio, a subsidiary of Joincare, was approved for additional indications in sJIA and cytokine release syndrome (CRS) in May 2023. Tocilizumab Injection is the only biologics approved for sJIA indications in China, and also the drug for the treatment of sJIA active systemic symptoms or active sJIA with failed first-line treatment, as recommended by domestic and overseas definitive guides. Characterised by fast onset and sustained efficacy, it can rapidly improve the disease activity index of child-patients, timely control the conditions, help them catch up on growth and reduce damage to the joint structure, providing a new targeted option for the treatment of child-patients with sJIA.

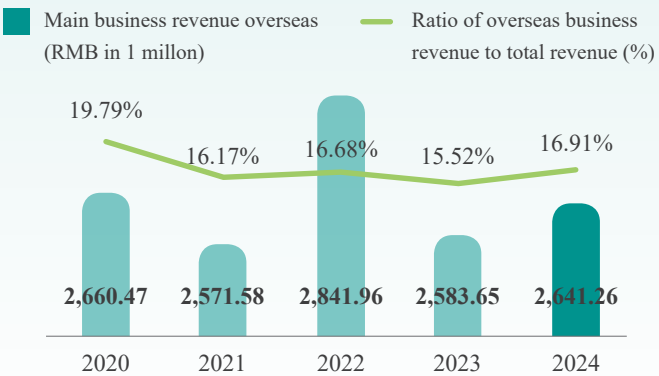
7.3 Improving Product Availability

To improve our product availability and make more safe and effective products available to global patients, Joincare expands the production and marketing of vaccines, patent medicines, generics, APIs, and IVD (In-Vitro Diagnostics) reagents and devices overseas mainly via direct operation and authorising local distributors. So far, our products have been approved for registration in major pharmaceutical markets and emerging markets in multiple countries and areas across Asia, Europe, North America and Africa.

In 2024, our revenues generated from overseas businesses reached RMB

2,641.26 million.

Joincare's Main Business Revenue Overseas and Proportion of Its Total Revenues in 2020-2024



Advancing Global Healthcare Strategy

Internationalisation is the long-term strategy of Joincare's development. The Group practices the global layout strategy in multiple dimensions such as license-in of products, license-out of technologies and IPs, and overseas capital market exchanges. Business expansion plans for overseas markets including low- and middle-income countries also have been formulated to enhance the global presence. In the process of license-in, we actively seek overseas high-quality pharmaceutical targets and pipeline products to enrich the Group's product pipeline reserves in respiratory, digestive tract, mental, assisted reproduction and other advantageous treatment fields. The products successfully licensed in from overseas markets include Pixavir Marboxil, a new influenza drug, PREP inhibitor, an oral COPD drug, potassium-competitive acid blocker (P-CAB), an innovative drug in the field of digestive tract, and others. Meanwhile, we are committed to promoting the technology licensing of high-end complex preparations in emerging markets, so that more patients in low- and middle-income countries can access high-quality drugs.

While consolidating the existing market, the Group actively explores the opportunities for cooperation with large multinational corporations (MNCs), and quickly reaches overseas markets with the help of world-leading partners. We also promote international cooperation and external licensing and authorisation of innovative products and pipelines, and we conduct discussions on cooperation with multiple parties around the world. Among them, we are discussing the license-out of the modified new drug Tobramycin Inhalation Solution with customers in European and Southeast Asia.

We pay close attention to the policies and opportunities for innovative development in the capital market, and actively use the capital market to support our strategic development and business layout. In 2024, we signed a USD 100 million loan agreement with the International Finance Corporation (IFC), a member of the World Bank Group. We continue to enhance the building of overseas business development teams and promote overseas transactions. We carry out on-site exchanges with investors to elaborate on the Group's innovation strategy, international layout and key products to overseas institutional investors. These efforts have further boosted the Group's international presence, laying a foundation for the subsequent development of overseas markets and channels.

Accelerating Overseas Business Expansion

We proceed with the work of admittance, product registration, and promotion for products such as inhalation formulations, assisted reproduction, gastroenterology, and anti-infection overseas. This year, many of the Group's inhalation formulations were produced in developing countries such as Malaysia and the Philippines, and started registration application in the Netherlands, Germany, Italy and other EU countries. Our inhalation formulations have quality and technical advantages in the Philippines and Malaysia, and are expected to benefit 0.5% to 3% of local patients with COPD, ensuring drug quality and supply stability. In January 2024, the Compound Ipratropium Bromide Solution for Inhalation was approved for drug registration and granted the registration approval in the Philippines. In February 2024, the Levosalbutamol Hydrochloride Nebuliser Solution was granted the registration approval in Macao SAR.

By the end of the reporting period, we had also achieved many advancements in fields other than inhalation formulations. This includes marketing approval obtained from the US FDA for Cetrorelix Acetate Powder for Injection, registration certificate obtained from the Ministry of Health of the Russian Federation for Anti-viral Granules, a flagship product in the TCM sector, and cooperative projects planned for Semaglutide and Tocilizumab Injection in Latin America, the Middle East, Asia, Africa and Latin America. Other highlights include registration certificate obtained for Meropenem for Injection in Honduras and Bolivia, and registration applications submitted in Peru, Venezuela, Namibia, Turkmenistan, Cameroon and other countries which are pending approval. In terms of international certification, we vigorously promote the overseas medium- and high-end GMP certification - PIC/S GMP certification for our products, and have completed the on-site inspection of GMP certification for member states under the Pharmaceutical Inspection Cooperation Scheme (PIC/S), opening up a convenient channel for products to enter the global market.

Case

Joincare has accelerated the business expansion for inhalation formulations in Southeast Asia, Europe and the United States

In January 2024, Joincare obtained the registration approval for Compound Ipratropium Bromide Solution for Inhalation in the Philippines, which set a good beginning for other products to enter the global market. The Philippine FDA plans to conduct GMP certification on-site inspection on the Company's inhalation formulation workshops. In the same year, Malaysia officially scheduled for PIC/S GMP certification on-site inspection for Compound Ipratropium Bromide Solution for Inhalation. Passing the high-standard PIC/S inspection will push the Group's production quality management to a new level.

In 2024, to further explore the global market, we fully completed stability studies for several inhaled liquid preparations to test their stability in overseas climate zones. The preparations involved include the Tobramycin Inhalation Solution, the Ipratropium Bromide Solution for Inhalation, the Budesonide Suspension for Inhalation and the Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation. The studies were steadily advanced according to different standards and guidelines in overseas countries. In 2024, we set up subsidiaries in the Philippines and the Netherlands to secure business development in key regional markets. The Philippine subsidiary obtained the drug business license and submitted GMP on-site inspection applications for multiple inhalation preparation workshops to the Philippine FDA. The Dutch subsidiary completed the quality system construction, submitted the application for production permit and import permit to the Medicines Evaluation Board (MEB) of the Netherlands, and obtained MEB-granted EU registration declaration schedule for target types.

Case

Anti-virus Granules, a TCM preparation of Livzon Group, obtained the registration certificate in Russia

Livzon Group has accelerated the expansion of its overseas layout for traditional Chinese medicine (TCM) preparations. In April 2024, it successfully obtained the EAC Certificate of State Registration issued by the Russian authorities for the Anti-viral Granules in the countries of the Eurasian Economic Union. The Anti-viral Granules are mainly used to clear heat and dampness, cool the blood and detoxify. They are indicated for wind-heat cold, upper respiratory tract infections, and influenza. In the future, this product can freely circulate and be sold within the customs territory of the five member countries of the Eurasian Economic Union (Russia, Kazakhstan, Belarus, Kyrgyzstan, and Armenia).

Case

Livzon Group's Tocilizumab Injection has been launched in Brazil to gain a market share in the Latin American market

Brazil is a major emerging pharma market in the world, taking a more than half share in the Latin American pharma market, with a leading pharma regulatory environment. Joincare’s holding subsidiary Livzon Group partners with a world-leading pharmaceutical MNC to register Tocilizumab Injection in Brazil. When launched upon approval, the product will benefit patients in Brazil, improving the accessibility of the biopharmaceutical in Brazil, laying the foundation for the promotion and popularisation of biopharmaceutical products in Latin America, and enabling more patients to benefit from advanced biopharmaceutical technology.

In terms of APIs and intermediates, we accelerate the development of overseas API business, and step up efforts to develop the market for high-end antibiotic APIs. For our key product, 7-ACA, we actively expand the domestic and overseas markets to maintain its market share advantage. Meropenem Trihydrate and Imipenem-Cilastatin Sodium have been successfully registered in Russia. Efforts are continued to tackle the technical bottlenecks in the production of the starting material demeclocycline hydrochloride (DH) to meet the differentiated needs of customers around the world. In 2024, the product was registered globally, breaking the market pattern dominated by high-price foreign suppliers, gaining about a 60% market share, delivering affordable quality APIs to users around the world.

To promote the industry chain integration, the Group leverages the strategic advantage of "APIs-preparations vertical integration" to globalise and integrate the core supply chain while expanding the business map. This year, the Group entered into strategic cooperation with PT KALBE FARMA, TBK., a large pharmaceutical enterprise in Southeast Asia, to build an API factory in Indonesia. The future products are expected to be sold to Europe and the United States, while meeting the market demands in Southeast Asia, to further improve the global accessibility of the Group's high-quality products.

7.4 Improving Product Affordability

The cost of medicines accounts for the majority of the medication-related financial burden. Joincare is committed to alleviating the financial burden on patients by adopting inter-country and intra-country tiered pricing based on affordability, aiming to provide high-quality medicines to more patients at affordable prices.

Domestic Market

Respond to the National Centralized Drug Procurement

The Group has actively responded to the national centralized procurement policy and deeply participated in it, demonstrating a high sense of social responsibility and forward-looking strategic vision. We not only help the country achieve the goals of medical cost control and improving the efficiency of medical insurance fund utilization, but also bring tangible benefits to a large number of patients. Patients can obtain high-quality drugs at a lower cost, which greatly reduces their economic burden and improves the accessibility of drugs.

Joincare has always regarded fulfilling the corporate mission as the core driving force for its development. Against the backdrop of the national centralized procurement policy, we deeply understand that this is not only an opportunity to shoulder social responsibilities but also a new opportunity for the enterprise's own development. Since the implementation of the centralized procurement policy, the Group, relying on its strong R&D capabilities and production capacity, has included many of its products in the scope of centralized procurement applications. Through centralized procurement, we have further expanded our market coverage and served more patients. While promoting our own sustainable development, we have also injected new vitality into the medical and health undertakings and continuously contributed to the achievement of national goals.

Products Selected in the National Centralized Drug Procurement

Product	Batch No. of the procurement
Budesonide Suspension for Inhalation	The 5th Batch
Compound Ipratropium Bromide Solution for Inhalation	The 5th Batch
Ipratropium Bromide Solution for Inhalation	The 5th Batch

Product	Batch No. of the procurement
Tinidazole Tablets	The 5th Batch
Meropenem for Injection	The 7th Batch
Terbutaline Sulfate Solution for Nebulization Inhalation	The 7th Batch
Voriconazole for Injection	The 8th Batch
Sodium Cefodizime for Injection	The 8th Batch
Levalbuterol Hydrochloride Solution for Nebulization Inhalation	The 9th Batch

Admission to the National Reimbursement Drug List

The Group actively responds to admission to the medical insurance list. In 2024, in the new version of the National Medicine List for Basic Medical Insurance, Work Injury Insurance and Maternity Insurance ("National Reimbursement Drug List") published by the National Healthcare Security Administration, Joincare had 215 products included, among which 94 were Class A and 121 were Class B. For the products included in the National Reimbursement Drug List, we strictly follow the regulations and publicly list the medical insurance payment standards on the medical price inquiry platforms of local Healthcare Security Administration to ensure that the drug pricing is reasonable and transparent.

Key Products in National Reimbursement Drug List	Medical Insurance Payment Standard
Tobramycin Inhalation Solution ("健可妥®"): As a modified innovative medicine developed independently by Joincare, 健可妥® is the only approved inhalation formulation in the world for the treatment of bronchiectasis accompanied with pseudomonas aeruginosa infection. It was approved for marketing in October 2022, breaking the dilemma that no atomised antibiotics are available for patients with bronchiectasis in China. As a key item under the National Key New Drug Creation Programme, 健可妥® offers the benefits of low-dose local administration, high concentration, non-ototoxicity and non-nephrotoxicity, and low medicine resistance. It is safer for both childhood and elderly patients and represents a significant breakthrough in the field of respiratory system diseases.	**RMB 253.60** **(5ml:300mg/piece)**
Ilaprazole Sodium for Injection ("壹丽安®"): 壹丽安®, a patented new drug of Joincare's holding subsidiary Livzon Group, was incorporated into the NRDL in 2019. In 2023, 壹丽安® was once again included in the NRDL as a drug used for patients with peptic ulcer, and it also received approval for a new indication "prevention of severe stress-induced ulcer bleeding". The medical insurance payment for this drug was reduced from RMB 71/piece to RMB 63/piece, which expands the application range of the product, meets clinical needs, and further alleviates the economic burden on patients.	**RMB 63.00** **(10mg/piece)**
Triptorelin Acetate Microspheres for Injection ("维宝宁®"): It is a modified new drug developed by Livzon Microsphere, a subsidiary of Joincare and was approved for marketing in May 2023. It is indicated for the treatment of locally advanced or metastatic prostate cancer. Compared with the Triptorelin Acetate Injection, 维宝宁® offers significant advantages such as a longer duration of action and fewer doses required. The medical insurance payment is RMB 1,000 per bottle, representing a price reduction of approximately 20% compared to the imported formulations already on the market.	**RMB 1,000.00** **(3.75mg/bottle)**

Overseas Market

When entering overseas markets, Joincare comprehensively considers the local economy, healthcare level, and price benchmarking to offer equitable pricing in line with the current regional development, avoiding an increase in the financial burden of patients. After an adequate assessment of local per capita income and analysis of local patients' affordability, differential and tiered pricing strategies are implemented for different markets. Joincare also positively goes for the bidding of local governments during product promotion in developing countries overseas so that affordable medicines and services would be offered locally. By the end of the reporting period, the Group and its subsidiaries had adopted equitable pricing policies for 28 products in South Asia, Southeast Asia, Eastern Europe, Central Asia, South America and Africa to match the local income level.

Taking into account the affordability, Joincare's holding subsidiary Livzon Group also adopts equitable pricing policies, in a bid to promote pricing transparency in both developed and emerging markets. For formulations, Livzon Group strictly adheres to the local government's pharmaceutical pricing policies in developing countries. The generic drugs are usually priced at 60-70% of the price of the original drugs. For APIs, Livzon Group reduces intermediary channels by selling APIs directly to the end formulation factories. This approach enables accurate knowledge of the purchasing prices of end customers, thereby enhancing pricing transparency and reducing local pharmaceutical supply costs.

Table: Livzon Group's pricing policies and implementation

Business	Pricing policies	Pricing
APIs	• Continuously reduce the production costs of APIs. Sell APIs and intermediates in emerging markets/ developing countries at prices lower than those in developed countries to reduce the medication costs for the target market countries. • Adhere to the principle of fair pricing for both domestic and overseas markets. For domestic strategic partners, by signing an annual supply agreement, certain price discounts will be given according to the purchase quantity.	• Carry out commercial cooperation with about more than 50 customers in India, supplying 20 kinds of APIs and intermediates. Among them, the selling price of intermediates is approximately 5%-10% lower than that in developed countries, and the selling price of APIs is about 20%-30% lower than that in developed countries. • Some high-end antibiotic products have a large demand in overseas markets. The average selling prices in regions such as South America, Southeast Asia, and Africa are approximately 15%-30% lower than those in developed countries.
Formulations	• Formulate reasonable prices that are in line with the local development level, and provide formulated drugs in the markets of Asia, Africa, and Latin America, which are cheaper than the on-patent formulations and can achieve similar therapeutic effects.	• For regions such as South Asia, Southeast Asia, Eastern Europe, Central Asia, South America, and Africa, price policies for formulated drugs that are cheaper than the on-patent formulations and can achieve similar therapeutic effects have been provided or formulated.
Reagents	• Conduct thorough research on the terminal selling prices of products, and formulate more preferential product prices in less developed countries and low-income countries.	• Actively inquire about the prices of multiple transportation companies, seek freight services with the best quotations, and provide customers with transportation methods that are low in cost and high in cost-effectiveness.

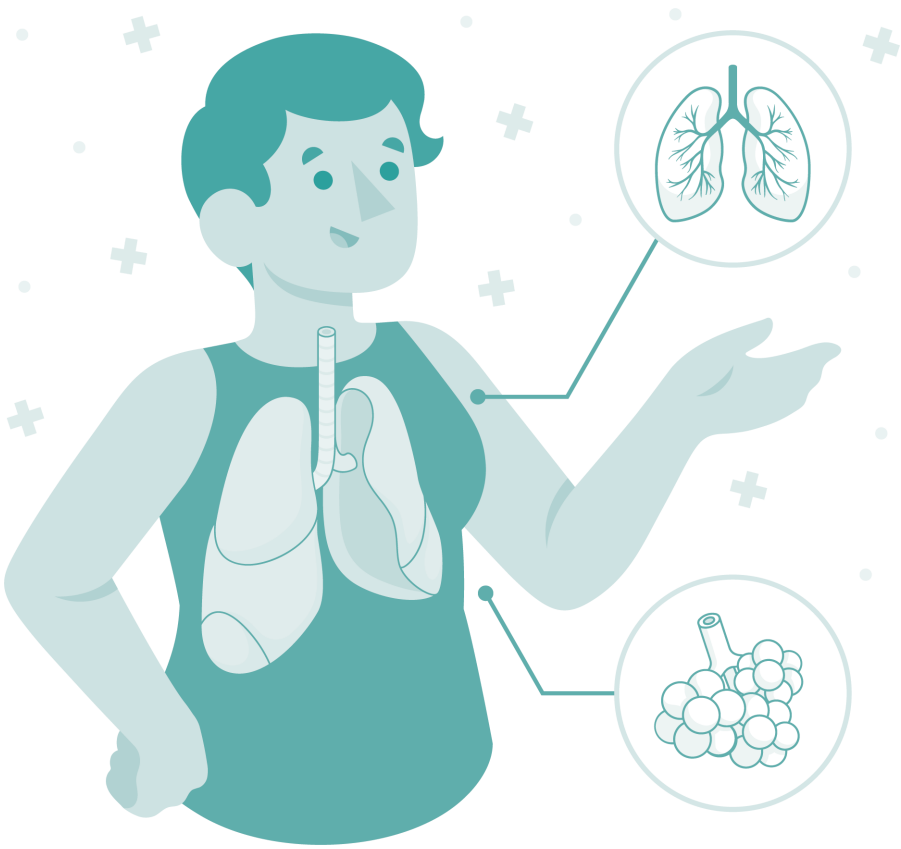
7.5 Improving Healthcare

In recent years, the global population has been increasing, leading to a growing demand for medical services. The issues of uneven distribution of medical resources and imbalanced development of medical technology have become increasingly prominent. As a result, many patients in developing countries still lack access to timely, effective, and affordable healthcare. Joincare adheres to the corporate mission of "For the health, For the future," and fully leverages our own strengths to continuously popularise knowledge of chronic diseases and eliminate the indiscrimination use of antibiotics. We also actively involve in capacity advancement initiatives in developing countries and contribute to global health development.

7.5.1 Popularising Knowledge of Chronic Disease

Respiratory disease is China's third most common chronic disease after cardiovascular disease and diabetes. Recently, the incidence of asthma, COPD and other respiratory diseases in China have kept rising. According to the statistics, China has nearly 45.7 million adult and 15 million childhood patients with asthma and 100 million patients with COPD. However, the awareness rate of COPD is way below the target set by the Healthy China initiative 2019-2030. In order to strengthen the prevention and treatment system for chronic respiratory diseases, the National Health Commission of the PRC officially included COPD in the basic public health service program in 2024. This marks that the prevention and treatment of respiratory diseases in China has entered a new stage.

Joincare actively responds to the national strategy. We establish an "online + offline" science popularization network, including organising online live-broadcasting via new media, publishing academic papers, supporting academic research, and holding and participating in offline academic promotion activities. With various measures, Joincare endeavours to educate the public about chronic respiratory diseases such as asthma and COPD, and encourages people potentially suffering from these diseases to take regular pulmonary function tests, effectively contributing to the prevention and treatment goals of respiratory diseases set by the "Healthy China 2030" initiative.



Case

"Respiratory Experts' Views" public welfare activities series

Joincare focuses on respiratory diseases. We build a popular science new media platform matrix called "Respiratory Experts' Views". Through new media channels such as WeChat official account, Douyin, and Weibo, we promote knowledge on chronic respiratory disease and give treatment support.

- During the "World Asthma Day" activities in 2024, the "Respiratory Experts' Views" platform joined hands with 18 core hospitals across the country to live stream on asthma in 13 sessions. Professor Chen Yuzhi from the Children's Hospital affiliated to the Capital Institute of Pediatrics worked with 27 first-line experts across the country answered questions for the public from the perspectives of asthma medication, asthma management, and asthma misunderstandings, thereby strengthening asthma education.

- During the "World Bronchiectasis Day" activities in 2024, the "Respiratory Experts' Views" platform collaborated with the China Bronchiectasis Registry and Research Collaboration (BE-China) to launch a series of public welfare and educational campaigns themed of "Understand Bronchiectasis, Enjoy A Healthy and Happy Life". Meanwhile, the special bronchiectasis-themed live streaming month activity was launched. Professor Guan Weijie from the First Affiliated Hospital of Guangzhou Medical University led 57 experts from 32 core and tertiary hospitals across the country to carry out knowledge popularisation on diseases, providing detailed explanations on the pathogenesis, diagnosis methods and the latest treatment progress of bronchiectasis.

- During the "World COPD Day" activities in 2024, the "Respiratory Experts' Views" platform live streamed on COPD in 35 sessions with the theme of "Understanding Your Lung Function". Meanwhile, Professor Wang Wei from the Respiratory Doctors Association of the Chinese Medical Doctor Association launched a COPD live-streaming month activity. A total of 70 front-line experts from 62 tertiary hospitals participated in the live streaming, calling for public attention to lung health.

By the end of the reporting period, the "Respiratory Experts' Views" platform had assembled over 5,000 respiratory experts, hosted over 500 educational live broadcasts on respiratory diseases, involving over 1,000 experts and over 30 million views, and attracted over 5 million followers. In 2024, a total of 334 educational live broadcasts were delivered.

7.5.2 Addressing Antibiotic Resistance

The Group acknowledges that antibiotic resistance has become a global public health risk theme, threatening human health. We take measures to address antibiotic resistance mainly from the following three aspects:

Responsible production

During the production of antibiotics, we strictly control the discharge of wastewater, waste gas and waste residue to prevent antibiotics from entering the natural environment. We also refine the production process to improve the production efficiency of antibiotics and reduce waste generation.

Responsible use

In strict accordance with the Management Policy for Clinical Use of Antimicrobial Medicines, Joincare strictly regulates the clinical use of antibiotics and strengthens the management of its anti-infection product portfolio. Based on the classification of antibiotics for clinical use, we actively cooperate with medical institutions to handle antibiotic abuse, enforce the principles of "non-limited use", "limited use", and "special use", and promote the management of physicians' prescription rights and control of medicine-resistance bacteria. Training lessons and lectures on optimising medicine-resistance bacteria treatment schemes are given to improve the clinical efficacy of antibiotics and effectively prevent misuse.

Responsible R&D

We continue to carry out R&D to limit or prevent antibiotic resistance, explore the mechanism of resistance through cooperation with third parties, and study new ways of drug administration by taking the advantage of fewer dosage of inhalation formulations to ensure reasonable drug administration. Meanwhile, we are conducting post-marketing studies on Tobramycin Inhalation Solution, which shows a low risk of resistance based on its resistance indicators in Phase III clinical trial.

Moreover, Joincare takes an active part in a number of academic conferences and has in-depth exchanges with clinical experts in infection, respiratory, blood, ICU, organ transplantation, skin, obstetrics, and gynaecology and scholars engaged in basic research of microbiology. Through these efforts, we aim to promote development and innovation in the field of medicine to ensure that all people can live a healthy life.

Case

Joincare's novel beta-lactamase inhibitor for injection enables upgraded infection treatment

In 2024, Joincare focused its efforts on the development of China's first and world's only new beta-lactamase inhibitor for injection for joint administration with Meropenem, which is expected to provide a revolutionary treatment option for the global response to antibiotic resistance. Meropenem, a representative of carbapenem antibiotics, has been described as "one of the last lines of defense of antibiotics" for its high-efficiency broad-spectrum antimicrobial properties. However, bacteria are resistant to Meropenem by mechanisms such as producing beta-lactamases, thus impeding the efficacy. The new beta-lactamase inhibitor for injection developed by Joincare can accurately inhibit bacterial resistance enzymes, and effectively restore the efficacy of antibiotics. It acts locally when injected, significantly reducing the risk of systemic side effects (e.g., gastrointestinal discomfort, and allergic reactions) and providing patients with safer and more efficient treatment options.

Case

Livzon Group introduced the innovative antifungal drug SG1001

In recent years, the global concern of antifungal resistance has become increasingly prominent. In 2024, Livzon Group introduced the innovative Class 1 antifungal drug SG1001, and was exclusively licensed to conduct R&D, production and commercialisation of all the possible formulations against all indications in antifungal treatment and other fields in Greater China. SG1001 is a selective inhibitor of fungal dihydroorotate dehydrogenase (DHODH), with a mechanism of action that is distinct from common antifungal agents such as polyene, azole and echinocandin, showing significant antibacterial activity against aspergillus (including aspergillus fumigatus), scedosporium spp., penicillium, trichoderma, and talaromyces marneffei. By the end of the reporting period, the project had started clinical trials, which is expected to provide new solutions to address infections caused by drug-resistant fungi.

Case

Study progress on drug resistance of Gram-Negative Bacteria (GNB)

The drug resistance of GNB still poses a tough challenge. According to the study, all top five clinical strain infections in China are GNB infections. Polymyxin, one of the most important drugs in the treatment of multidrug-resistant (MDR) GNB infections, is effective against various GNB including Escherichia coli thanks to its low resistance rate and strong antibacterial activity. It is called the last line of defence for MDR GNB infections, against which antibiotics such as β-lactams, aminoglycosides and quinolones are ineffective. The Livzon Group is developing polymyxin products. By the end of the reporting period, Livzon Group's API polymyxin E sodium methanesulfonate had obtained the notice of approval for APIs in China and the European CEP and passed the US FDA review.

7.5.3 Involvement in Capacity Advancement Initiatives

Joincare is deeply committed to the development of healthcare in low- and middle-income countries. In line with our international strategies, we are actively involved in capacity advancement initiatives for healthcare in low- and middle-income countries and work closely with local partners to collectively improving the quality and capacity of health services in those regions.

Training local healthcare workers

While expanding our formulation business in developing countries, the Group actively provides training for local healthcare workers to improve local medical service standards. While we exported Meropenem for Injection to developing countries such as the Philippines, Ukraine, Vietnam, Pakistan, Peru, and Chile, we provided registration and promotion training for local contacts and assisted our partners in conducting product usage and related training for local healthcare workers. Also, Joincare's holding subsidiary Livzon Group is actively engaged in overseas academic promotion and training activities. Livzon Group provides detailed product usage instructions and shares clinical experience with healthcare workers in developing countries, so as to ensure the safe and effective use of our products for local patients.

Case

Livzon Group provides academic training for healthcare workers in Indonesia

In 2024, Livzon Group and local partners jointly organised four academic training and exchanges in Indonesia. In August 2024, Livzon Group and its partners participated in the 9th fertility and endocrinology congress in Semarang, Indonesia, which attracted around 500 Indonesian reproductive experts. During the event, both sides invited well-known Chinese reproductive experts to introduce recombinant human chorionic gonadotropin products and share their clinical experience. This event received positive feedback from Indonesian reproductive experts, and effectively promoted the awareness and application level of this drug among local medical staff.

Case

Livzon Group provides academic training for healthcare workers in Uzbekistan

Livzon Group actively helps Uzbek medical staff to improve their professional skills in the field of assisted reproduction. In May 2024, Livzon Group organised Chinese experts with rich clinical experience to participate in the Uzbekistan Reproductive Medicine Conference. There, they shared the experience of assisted reproductive technology and the utilisation of related medications in China. The experts shared intricate cases of using assisted reproductive products in China, answered questions from local doctors, and received positive feedback from Uzbek experts. In September of the same year, Livzon Group, together with its partners, invited 9 Uzbek reproductive experts to visit 2 leading hospitals of assisted reproductive technology in China and exchange ideas with the hospitals' doctors. The Uzbek experts organised a sharing meeting after returning home, providing in-depth training for 70 assisted reproductive doctors, which strongly promoted the improvement of local assisted reproductive technology.

Assistance to local manufacturers to improve manufacturing quality

As an APIs supplier, Joincare, together with its holding subsidiary Livzon Pharmaceutical Group, shares its research results with less developed countries and regions overseas and proceeds technology transfer. We improve the capability of local manufacturers to ensure that they can achieve international drug manufacturing quality standards. By building API plants in Indonesia and introducing advanced production equipment and processes, we encourage local manufacturers to upgrade their production processes and technology applications. High-quality API production also helps local pharmaceutical companies produce more competitive drugs, improve drug accessibility, and meet the medical needs of local residents.

Case

Joincare sets up a joint venture factory in Jakarta

PT Livzon Pharma Indonesia is a strategic joint venture between PT KALBE FARMA, TBK. ("Kalbe") and our subsidiary Livzon Group. The company has been active in manufacturing operations in Indonesia since its establishment in July 2024. It is committed to improving Indonesia's pharmaceutical industry through localised API manufacturing. The company strictly follows the principle of global sustainable development. It focuses on responsible procurement and environmental management in the production process, and actively participates in community activities to improve healthcare services for the Indonesian people.

Livzon Group's technical expertise and Kalbe's extensive market knowledge in Indonesia provide strong support for the development of the joint venture. In terms of production standards, PT Livzon Pharma Indonesia is established in accordance with CMP standards and has obtained the PIC/S certification. This is a solid guarantee for the production of high-quality drugs. With the gradual realisation of localised supply, the establishment of the joint venture is expected to reduce local production costs, accelerate market response, and effectively reduce Indonesia's dependence on imported drugs. In addition, the joint venture has promoted the transfer of local technology and the enhancement of local research and development capabilities. The introduction of advanced technologies and concepts has helped to achieve the goal of improving local pharmaceutical production and propelling the Indonesian pharmaceutical industry to new heights.

Case

Joincare subsidiary Livzon Group explores localised production overseas

South Asia is currently one of the fastest growing pharmaceutical markets. Bangladesh is leading the way and is considered to be an emerging generic drug hub in the region. Our subsidiary, Livzon Group, has established a partnership with a leading producer of reproductive products in Bangladesh. Following the memorandum of understanding on strategic cooperation and localised production cooperation of biologics signed with the company in 2023, a formal cooperation agreement was inked in 2024, that led the commencement of localised production of Recombinant Human Choriogonadotropin alfa for Injection in Bangladesh, marking the beginning of the strategic localised production cooperation.

If all goes well, Recombinant Human Choriogonadotropin alfa for Injection will be available in Bangladesh in the future, and more than 3 million local patients in need of assisted reproduction will have better treatment options.

Supporting local pharmacovigilance

Pharmacovigilance work in developing countries started relatively late and progress has been slow, leaving a number of problems to be solved. We have distributors in Macao and the Philippines for drugs including the Compound Ipratropium Bromide Solution for Inhalation, Levosalbutamol Hydrochloride Nebuliser Solution, and Budesonide Suspension for Inhalation. To ensure the safe use of drugs in local areas, we have signed pharmacovigilance work agreements with overseas distributors and partners, and established the communication mechanism and work process for the pharmacovigilance teams of both sides. Our Pharmacovigilance Department is responsible for processing individual safety reports from local sites, conducting data evaluation, and reporting to domestic and foreign regulatory authorities. At the same time, through our agents, we investigate and monitor the use of our drugs overseas, conduct business training for local staff, receive regular adverse event reports, and help to improve the local pharmacovigilance system for these drugs.

Upon launching the product Recombinant Human Choriogonadotropin alfa for Injection in Indonesia, our subsidiary Livzon Group took the opportunity to partner with local companies and governments to improve local pharmacovigilance. Since the launch of the product, Livzon Group has made great efforts to identify, evaluate, analyse and prevent adverse drug reactions or any other issues that may be related to the drug. This is to ensure the scientific and rational use of the drug, effectively prevent local people from substandard or unqualified drugs, and protect the safety of drug use in local places.

Improving local healthcare capacity

While actively expanding its global business, the Group pays close attention to the local healthcare and communicates with local medical personnel as necessary, contributing to the improvement of regional healthcare capacity.

Our subsidiary, Livzon Group, invited domestic medical experts to visit some cities in Pakistan (Islamabad, Peshawar, Karachi, Lahore, and Faisalabad) to train Pakistani medical experts and medical personnel on medical knowledge and products. They introduced Chinese research achievements in the field of reproductive health to local obstetricians and gynecologists, shared the established experience in technology application, and demonstrated the latest scientific and technological innovations in the industry. These efforts helped to promote new ideas and technologies in the field of reproductive health in Pakistan, improving local medical expertise and drug use.

08

Talent Management

SDGs in this section

In keeping with its core values of “putting people first”, Joincare always regards employees as a valuable asset and the driving force for its sustainable development. We are fully committed to protecting the rights and interests of our employees, listening to their suggestions and fostering a diverse, respectful, and inclusive working environment. We place particular emphasis on talent management, continuously introducing talents and optimising training and compensation and benefits systems to attract, develop and deploy talent in a scientific and rational way. Meanwhile, we take occupational health and safety very seriously and are working hard to protect employees’ well-being, strengthen our work safety defences, and build a healthy business.

8.1 Protection of Rights and Interests of Employees

The Group always regards high-quality talents as the core strength for corporate development. Committed to safeguarding the legitimate rights and interests of employees, we improve the employment management and eliminate any form of prejudice, discrimination or harassment to create a workplace with diversity and equity. By the end of the reporting period, Joincare has 14,350 employees in total.

Total Employees

14,350

8.1.1 Employment Compliance

We comply with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Provisions on the Prohibition of Child Labour and other laws and regulations. We have formulated the Code of Labour Employment and Ethical Conduct[3](the "Code of Employment"). The Code of Employment applies to all employees (including full-time, part-time and temporary employees) of the Group and its subsidiaries, as well as all suppliers, contractors, service providers, customers and other partners in collaboration with the Group. It is designed for the ongoing regulation of our employment management. With zero tolerance for any form of discrimination, we have defined procedures for reporting discrimination and harassment, as well as sanctions and corrective measures in the Code of Employment (as detailed in Articles 5, 6 and 8 of Chapter III Employment Management in the Code of Employment).

Meanwhile, we keep improving HR policies and regulations such as the Human Resources Management Regulations, the Training Management System, the Attendance Management System, and the Employee Handbook. We sign contracts with employees under the principle of free will, setting out the rights and obligations of both the Group and the employee, and we insist on employment in accordance with the law and regulations. During the year, there were no discrimination or harassment incidents at Joincare.

8.1.2 Human Rights Protection

The Group has always respected human rights and labor rights, and has developed and published on the official website the Code of Employment, a company-specific and company-wide human rights policy covering the practices set out in the International Labour Organization (ILO) core conventions and the Universal Declaration of Human Rights of the United Nations. This Code has specified such provisions on protecting human rights as the prohibition on forced and child labour, anti-discrimination, anti-harassment, equal remuneration, freedom of association, the right to collective bargaining , and occupational safety and health. (Please refer to "II. Recruitment and Employment" and "III. Labor Management" in the Code of Employment).

We have established a formal human rights grievance mechanism in accordance with the Employee Grievance Management System. All employees and relevant personnel of the Group can report potential human right risks or identified human rights issues via the hotline published on the official website, and we also commit to strictly protecting the personal information of the complainants. Those in violation of the provisions on protecting human rights will be investigated immediately. We will also take the necessary actions to protect the legitimate rights and interests of the reporter. Once verified, those who violate the Code of Employment will be punished appropriately, including but not limited to the termination of labour contracts and business contracts. Those whose acts are suspected of constituting crimes will be transferred to judiciary authorities for handling.

To effectively implement the Group's human rights policies, we have established a systematic human rights due diligence process, covering human rights risk assessment, annual audit and reporting, and the formulation and implementation of mitigation and remedial measures. We conduct human rights due diligence annually and submit the findings, together with mitigation and remedial measures, to the Sustainable Development Committee under the Board of Directors for approval and to have the committee determine the response measures for the next year. During the year, Joincare completed investigations into human rights management issues and implemented corrective actions based on the findings. According to the findings of human rights due diligence, our human rights risks mainly stem from anti-discrimination, anti-harassment, and the working environment. We have taken prompt action to address identified human rights risks. For example, we provide targeted training to ensure that employees' concerns are fully acknowledged and addressed.

3 Joincare Pharmaceutical Group Industry Co., Ltd. Code of Labor Employment and Ethical Conduct: https://en.joincare.com/news/178.html.

8.1.3 Diversity and Inclusion

We have always adhered to the core values of diversity, equality, and inclusion, fully respecting the individual differences and diversity of our employees. We continue to improve our diversity system, formulate and implement the Diversity, Equity, and Inclusion Policy, specifying that the Sustainable Development Committee of the Board is responsible for reviewing the policy, and overseeing diversity performance and progress for target of the Group. We always adhere to the recruitment principles of fairness, impartiality and transparency. We conduct selection, assessment and promotion based on the job requirements and the capabilities of candidates. We will not treat candidates differently due to factors such as gender, age, ethnicity, race, nationality, religious belief, etc. and we eliminate all forms of discrimination and prejudice to provide equal development opportunities for every employee. Moreover, in our benefits policies, we strive to meet the special needs of different employee groups to ensure that every employee enjoys equal treatment and benefits. Additionally, we place great emphasis on creating a diverse and inclusive cultural atmosphere. All employees are required to complete trainings related to diversity, equality, and inclusion every year, covering topics such as diversity, inclusiveness, bias-free behavior, and anti-discrimination. We also incorporate diversity-related content into the trainings for new employees to cultivate their awareness of diversity.

We attach importance to the feelings and experiences of our employees in terms of diversity and inclusion, and have specifically included issues related to diversity and inclusion in our employee satisfaction surveys in order to keep abreast of the needs of our employees and to continuously adjust and optimize our diversity and inclusion policies and measures. At the same time, we firmly oppose all forms of discrimination and harassment. We have established sound mechanisms against discrimination and harassment and regularly organise relevant training sessions to enhance employees' awareness of self-protection and rights-protection.

Case

Management diversity training

In October 2024, Livzon Group, a holding subsidiary of Joincare, conducted an online "Management Diversity" training for all management members. The training covered the DEI concept, the impact of diverse cultures, and management diversity in corporate governance. The training helped our management to better understand the importance of diversity in a company, to improve their ability to address the challenge of diversity and to implement the concept of diversity in their operational and management practices.

Based on business development requirements, the Group has set a quantifiable diversity goal of "no less than 49% female employees by 2032". The Group also strengthens the collection, statistics and disclosure of diversity indicators ensure the orderly progress of diversity-related initiatives.

Female employees	Female employees percentage	Female representation in management
6,632	**46.2%**	**37.0%**

In terms of material benefits to facilitate diversity, we provide female employees with paid marriage, maternity, breastfeeding and other leaves stipulated by the national law. We also offer exclusive medical check-up services to all female employees to enable them to detect potential health problems in a timely manner and take appropriate precautions and treatments. Meanwhile, we have fully-equipped lactation facilities to support female employees who return to work after childbirth, and provide paid paternity leave for male employees. In addition, we apply for social insurance subsidies for on-the-job employment for employees with disabilities to provide them and their families with more financial support and to eliminate their worries as much as possible. We also actively carry out diverse cultural exchange activities in combination with employees' backgrounds in terms of region, ethnicity and religion to promote mutual assistance among different ethnic groups.

Case

Female employee care

We regularly carry out care and support activities for female employees. Our trade union provides gifts and consolation money to all female employees who get married or have children. In 2024, we extended our care to 40 female employees, fostering a good relationship with employees and increasing employees' sense of happiness and belonging.

Female Employee Care

Case

Care extending activities on International Women's Day

On the occasion of International Women's Day in March 2024, the Group presented all female employees with festival gift packages including flowers, exquisite pastries, coffee and holiday blessings. This is to show respect and care for our female employees and to create a supportive work environment for women.

Festival Gift Packages of the International Women's Day

Case

Ethnic minority employee activities

In 2024, the Group organises ethnic minority employees to actively participate in various cultural activities, such as the "Ethnic Unity Cup" badminton friendship match in Shenzhen and the "All Ethnic Groups Work Together as One Family to Realise the Chinese Dream" celebration in Shenzhen, the annual "Ethnic Groups Unite for a Better Future of Nanshan" showcase of young people's innovation and entrepreneurship achievements from various ethnic groups in Nanshan District, and the Literary and Artistic Performance of Shenzhen United Front Work Department. These activities fully demonstrated the Group's respect for and protection of ethnic minority cultures, and effectively promoted ethnic unity and cultural exchanges.

Ethnic Minority Employee Activities

8.1.4 Staff Communication

The Group respects employees' comments and suggestions, and is constantly improving its employee communication and reporting channels. This year, we collected employee comments and complaints through the HR Department's dedicated reporting email hr.group@joincare.com. This supports all employees in promptly reporting or complaining about violations of the Code of Employment, breaches of employee rights, and other incidents causing dissatisfaction. Upon receiving employee comments or reporting emails, we archive them and conduct a preliminary assessment of the issues. For issues requiring further investigation, we initiate an investigation process and coordinate with relevant departments for resolution. During the investigation, we will maintain communication with the employees involved and keep them promptly informed of the progress and results.

To protect the rights of complainants, we have formulated and implemented the Measures for the Management of Complaining and Reporting. We maintain the confidentiality of complainants' identities and the content of complaints and prohibit any form of retaliation. Any retaliation once found will be dealt with seriously in accordance with the Group's internal relevant regulations and the relevant laws and regulations. We also provide psychological support and legal advice to complainants to help them cope with the psychological stress arising during the complaint process and to protect their physical and mental health.

Protection Measures for Complainants

The information on whistleblowers and complainants as well as the content of reports and complaints should be strictly confidential. The materials and records of reports should be incorporated into confidential document management. The settled cases should be filed.

Receiving reports and complaints and verifying with relevant personnel, such as whistleblowers and complainants, should be conducted in a confidential way, without the identity of the personnel being disclosed.

Any personal information, including identity and rewards cannot be disclosed without the express consent of whistleblowers and complainants.

We regularly conduct satisfaction surveys for all employees of the Group and its subsidiaries on an annual basis, which covers multiple dimensions, including employees' work satisfaction , the purpose of work, sense of well-being, and work-rated stress levels. We fully respect employees' opinions and feedback and promptly take measures for improvement, continuously enhancing employee satisfaction and engagement.

Case

Employee engagement survey at Joincare

In 2024, Joincare conducted an employee engagement survey for all employees. 100% of our employees participated in the survey, and the overall engagement score was 90%. The survey helped us to identify that our employees' main concerns were about employee care, welfare and benefits, after-work activities and training. To address these concerns, we have taken steps such as developing mental health and career development care plans, organising diverse team-building and club activities, enriching online courses and running professional skills seminars. We will continue to refine these measures based on feedback from our employees to increase their satisfaction and happiness at work, and work with them to create a better working environment.

Case

Employee engagement survey at Livzon Group

In 2024, Livzon Group, a holding subsidiary of Joincare, hired a third-party institution to conduct an employee engagement survey using the influence model of the Gallup system from 16 dimensions, including organisational support, work-life balance, career development opportunities, diversity and inclusion, performance management, and employer branding. The aim is to track employee satisfaction. The survey covered all employees of Livzon Group. The response rate was 100%, and the overall engagement score was 80%, about 5 percentage points higher than that of the previous year. The result exceeds the national average by 7 percentage points and the pharmaceutical industry level by 3 percentage points respectively.

Trade Union Management

We have always regarded the trade union as an important link between management and employees. We holds regular employees' congresses to maintain close communication with them, ensure their full participation in the decision-making processes of the important matters of the Group, and continuously strengthen the connection between the enterprise and its employees. To better leverage the important role of the trade union in employee care, we invite professional psychological consultants to hold lectures to alleviate the stress of employees in both work and life, and to help them regulate their emotions and relax.

8.2 Improving Talent Management

The Group highlights talent cultivation. With a formal talent pipeline development strategy, we recruit talents based on scientific forecast of hiring needs. We actively broaden channels for talent introduction and implement more humanized talent retention measures in an effort to retain outstanding talents. Meanwhile, we provide training courses that meet the developmental needs of employees at different levels and in different positions, and continuously build a learning-oriented enterprise. We also keep optimizing the salaries and benefits system to share the fruits of corporate development with our employees.

8.2.1 Talent Attraction and Retention

We continuously optimize our talent acquisition strategy based on the group's strategic positioning, business development needs, and the current status of our talent pool. By deeply insighting into industry trends and market dynamics, we accurately predict the talent requirements for key positions. This year, we actively carried out talent employment by experienced hire recruiting and campus recruiting, employing various recruitment channels such as online recruitment, internal recommendation, headhunting, and cooperation with governmental agencies to strengthen the group's talent reserve. We are committed to attracting high-quality talents who align with the company's long-term development goals to drive continuous business growth. We place special emphasis on the recruitment of top-notch talents, strengthening cooperation with renowned domestic and international universities and research institutions to bring in excellent R&D talents and provide strong support for the transformation of technological achievements.

In addition, we actively promote the construction of a digital and intelligent talent pool. Leveraging the Feishu platform, we have established a talent pool management system to centrally store candidate information. The system automatically screens and matches candidates based on job requirements and intelligently recommends talents with high potential that meet the criteria according to multi-dimensional data such as job requirements, skill tags, and work experience. This greatly improves the efficiency of talent screening and matching.

New Employees

3,105

University-Enterprise Cooperation

We have established long-term cooperative relationships with top domestic universities, research institutions, and vocational colleges in the areas of talent cultivation, skills training, and job recommendations. We sign internship agreements with students from relevant majors, provide customized internship platforms, and offer employment opportunities to outstanding interns. This year, we signed cooperation agreements with well-known institutions such as Guangdong University of Technology, Shenzhen University, and Henan Vocational College of Agriculture. We have carried out a series of internship programs through models such as "dual-mentor apprenticeship" and alternating work and study to enhance the vocational skills of students on campus. At the same time, we provide interns with comprehensive benefits, including salaries, meal allowances, accommodation arrangements, and health check-ups, and offer priority conversion opportunities to students who perform excellently during the internship period.

Case

University-enterprise internship cooperation

Taitai Pharmaceutical: This year, Taitai Pharmaceutical signed an agreement with Shenzhen University to establish a joint training base for pharmacy graduates. The project covers multiple fields including technology, production, and quality management, providing a practical platform for pharmacy graduates and promoting industry-academia-research cooperation. Taitai Pharmaceutical has also partnered with Hunan Food and Drug Vocational College and Guangxi Health Science College to establish training bases to cultivate skilled talent in pharmaceutical production. This initiative is part of the company’s efforts to steadily build a comprehensive and multi-level talent cultivation ecosystem.

Joincare Haibin: This year, Joincare Haibin signed a cooperation agreement with Guangdong University of Technology for the joint cultivation of undergraduate students. The project covers various areas such as internships, curriculum development, and research projects. This initiative not only helps students apply their theoretical knowledge to practice and enhance their professional skills, but also creates a long-term talent pipeline for the company and expands its talent pool.

Talent Retention

To reduce employee turnover and maintain a stable talent pool, we provide comprehensive onboarding training for new employees to help them understand the corporate culture and become familiar with job requirements, so that they can integrate into the work environment as soon as possible. We implement a fair and transparent performance evaluation and promotion system, ensuring that every employee has equal opportunities for development and fostering a positive and upward work atmosphere. We offer a variety of training and development opportunities for employees, encouraging them to continuously improve themselves and helping them clarify their career direction and enhance their professional competitiveness. At the same time, we strive to create a workplace culture of "happy working and happy living", regularly organise team-building activities to enhance team cohesion, and comprehensively improve employees' sense of happiness and belonging. In addition, we regularly conduct performance communication with employees, give positive feedback to those who perform well, and hold annual excellence evaluation activities to award certificates of honor and commendations to outstanding employees and individuals or teams with outstanding contributions, thereby enhancing employees' job satisfaction and sense of achievement.

Turnover Rate Down to

10% in 2024 (vs. 12% in 2023)

No Major Layoffs or M&A Impacting Employees in the Past 3 Years

8.2.2 Training and Development

With a strong focus on internal talent development, Joincare continues to build comprehensive and diversified employee training system. Using internal and external resources, we have precisely developed training content for online and offline learning, catering to the diverse needs of employees at different levels and positions. We are also working to continuously innovate training forms to ensure that our training programmes are closely align with our strategic and business needs, as well as developments in our business and the industry. At the same time, we collect feedback on the training through a variety of means, including questionnaire surveys and face-to-face interviews, and continually optimise the training content based on this feedback to ensure training quality. This year, we upgraded our IT-based training management system, adding functional modules such as annual training management, document management, external training management, and examination management. The system automatically generates monthly training schedules based on each department’s annual training plans and clarify the training arrangements for employees to ensure timely attendance.

Total Training Hours Delivered

1,345,002 hours

Training per Employee

94.7 hours

On-boarding Training

We have carefully developed a systematic training program for new hires and recent graduates. Through a six-month tracking and nurturing period, combined with approaches such as course study, mentor guidance, practical exercises, and sharing and communication, we help new employees deeply understand the company’s core values, master job skills, quickly adapt to the work environment, and integrate into the team as soon as possible. During this period, we regularly hold face-to-face communications with new employees to promptly understand their work performance and growth needs, and provide feedback based on the assessment results. We offer early confirmation opportunities or salary adjustments for outstanding employees, ensuring that every new employee receives full support and care during the probation period. We also continue to follow employees’ development after the probationary period, providing them with career planning suggestions clarifying their career goals.

Case

"Dream & Future" Campus Recruitment Training Camp

This year, we continued to host the "Dream & Future" fresh graduates training, aiming to develop future management talent in line with our needs. A total of 64 new employees hired through campus recruitment were arranged for two days of training at the Group's headquarters. They learned about the Group's history and culture, organisational structure and business processes, as well as professional ethics and workplace etiquette. They also engaged in activities such as simulation exercises, case analysis, role playing, and team-building exercises. This has helped them quickly understand our corporate culture and strengthened their sense of identity and belonging. Additionally, we assigned a career mentor to each new employee to provide them with personalised work guidance and career development advice based on their performance. These efforts have helped them improve their professional skills and laid a solid foundation for their future career development.

"Dream & Future" Campus Recruitment Training Camp

Job-specific Development Training

We tailor job-specific development training programmes for our employees according to the characteristics and expertise requirements of different positions. For special operation staff, we organise learning of relevant laws and regulations, standard operating procedures and technical requirements and carry out professional qualification training. These staff are only allowed to work with professional qualifications. For R&D staff, we offer training courses on project management, experimental technology, literature sourcing, and academic writing. We mobilize our production and quality control staff to learn about the knowledge related to equipment operation and quality standards. For sales staff, we deliver training on product knowledge, marketing compliance and sales skills enhancement. For safety management staff, we train them in the laws, regulations and policies applicable to our industry, first aid, and work safety. Meeting the growth needs of employees in various positions, our tailored training comprehensively enhances employees' professional competencies, and provides strong talent support for the efficient and stable operation of all business segments.

Case

Training for employees in production positions

This year, Joincare Haibin conducted a series of training sessions for cleanroom operators in key areas such as cleanroom operation specifications, microbial control, and equipment maintenance. The training combined theoretical instruction with hands-on operations to ensure that each operator masters the requirements of cleanroom operation and strictly adheres to the operating standards. The aim is to effectively prevent potential contamination risks during production and to establish a comprehensive quality assurance system for cleanroom operations, ensuring steady improvement in product quality.

Training for Employees in Production Positions

Case

Training for employees in quality control positions

This year, Jiaozuo Joincare organised its employees from the Quality Management Department for training on pharmaceutical quality control techniques and quality control measures in the pharmaceutica industry. They studied relevant laws, regulations, and industry requirements for pharmaceutical quality management, with a focus on key quality inspection techniques such as calibration and recalibration of reference substances. The aim is to effectively enhance employees' professional skills in pharmaceutical quality control and to ensure that products meet and exceed industry standards.

Case

Training for employees in safety management positions

This year, Xinxiang Haibin provided safety training for its employees in safety management positions. The training covered work safety laws and regulations, knowledge of hazardous chemicals, dual prevention systems, the organization and implementation of accident emergency plans, as well as fire safety knowledge. Key safety management aspects such as the handling of production equipment failures, safety instrumentation systems, and abnormal situation handling were emphasized. Employees participated in on-site simulation drills. These measures are aimed at effectively enhancing their safety awareness and emergency response capabilities, and safeguarding the company's work safety.

Training for Employees in Safety Management Positions

Promotion and Job Transfer Mechanisms

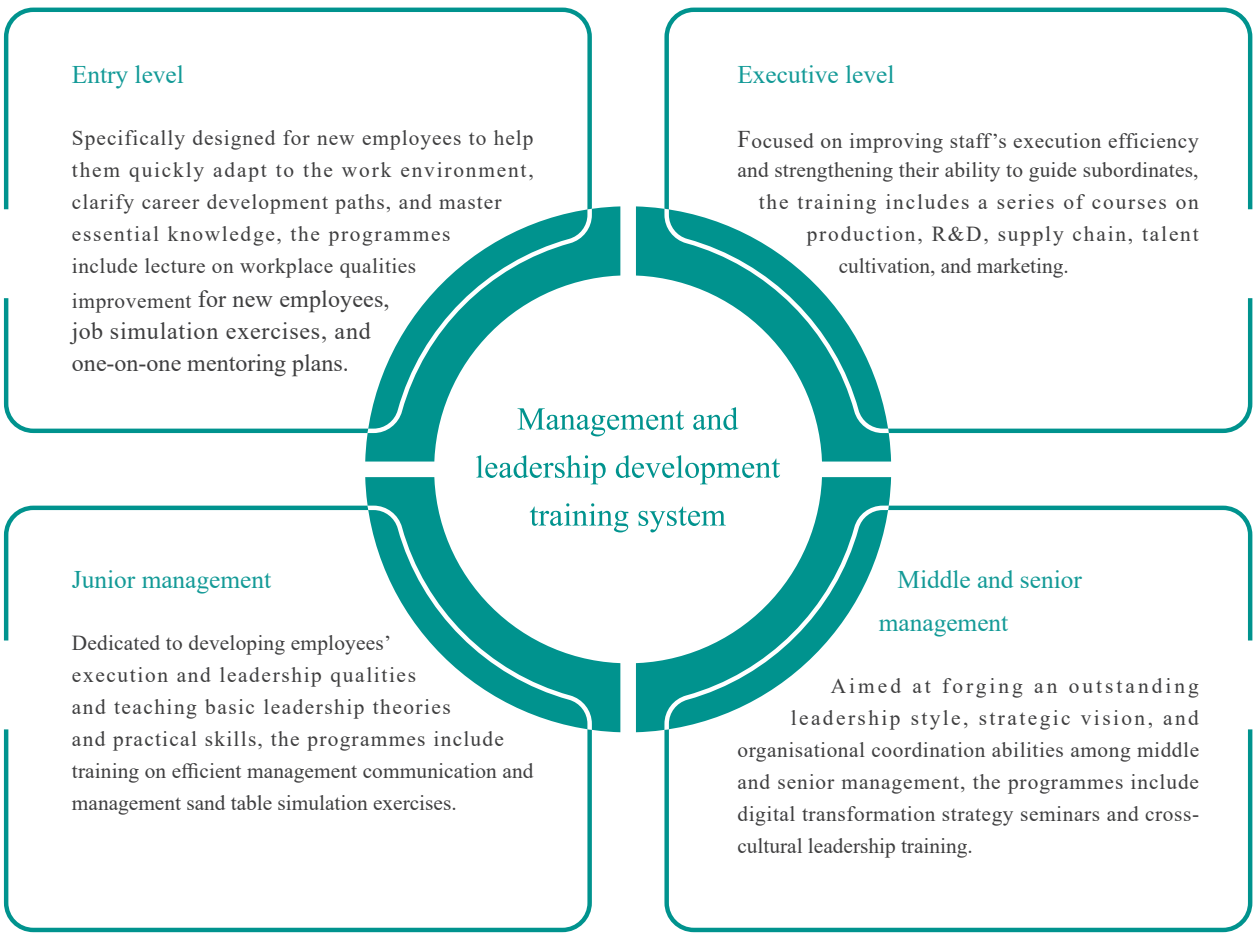
We are committed to providing employees with broad career development opportunities. We continuously optimize the dual-promotion mechanism ("Professional" and "Management) to help employees choose suitable career paths based on their interests, abilities, and growth aspirations. We continue to combine "step-by-step promotion" with "exceptional promotion," offering rapid development channels for employees who have outstanding performance, make significant contributions, or possess special talents, thereby stimulating the vitality of our talent pool. At the same time, we further clarify the career development paths for each job series, providing more cross-departmental and diversified development opportunities for administrative and technical series, and more challenging innovative project positions for the R&D series, helping employees in different positions achieve their career goals.

We regularly post internal recruitment information, encouraging employees to participate in internal competitions based on their personal career plans, and providing job adaptability counseling. Relying on our rich training resources, we help employees quickly adapt to new positions. At the same time, we implement a flexible internal transfer mechanism, regularly assessing the work performance and professional capabilities of employees who wish to transfer. We offer cross-departmental and cross-functional transfer opportunities for those who are willing and qualified, breaking down job limitations, unleashing employees' development potential, and enhancing the organization's vitality and innovation capabilities.

Succession Planning and Leadership Development

We continue to implement succession plans for the employees in our key departments and positions. According to the plans, we assess employees' professional backgrounds, work experience and development aspirations, and identify potential successors based on the assessment results. This year, 10% of the potential successors identified through the assessment were successfully promoted to key positions, effectively enriching the talent pipeline. Employees who excel in professional skills, comprehensive capabilities and other aspects are given opportunities for promotion and salary increases, relentlessly consolidating our talent team. At the same time, we focus on the comprehensive skill and quality development of management personnel by regularly inviting internal and external lecturers to conduct management training. The training content covers leadership development, team building, communication skills, decision-making skills, and more, and includes case studies of leading industry companies and typical domestic and international cases. This approach helps us to continuously improve management and leadership skills and build a structurally sound, highly competent and innovative talent team. This is a solid guarantee for the Company to gain advantages in the fierce market competition and to achieve its strategic goals.

We have established a comprehensive and hierarchical management and leadership development training system, covering employees from entry level to senior management:



Case

Training for mid-to- senior management of Joincare

In 2024, the Group included management training in its annual priorities and defined “improving decision-making capabilities and optimising management efficiency” as the core objectives. Over 30 management training sessions were conducted, covering legal compliance, financial control, the application of AI tools, team management innovation and other modules. More than 120 mid-to-senior managers received training for a total duration of 650 hours. We also organised internal exams and other assessments, which effectively enhanced their management and decision-making skills, creating a virtuous cycle that “training drives system optimisation and system evolution supports capability building”.

Case

Management training of Taitai Pharmaceutical

In 2024, Taitai Pharmaceutical organised over 40 management training sessions for managers, covering key areas of company management such as pharmaceutical regulations, quality management and organisational management. 48 managers received training for a total duration of 1,888 hours. The training effectively improved their professional knowledge, business and management skills. Approximately 10% of the participants were promoted after the training.

Management Training of Taitai Pharmaceutical

Case

Special training to middle management of Xinxiang Haibin

In 2024, Xinxiang Haibin invited external instructors to conduct special training for its middle management. The training focused on goal management, communication management and team cooperation, and addressed operational and management issues facing the company. 40 middle managers participated in the training, and each of them received 16 hours of training. Typical cases were discussed and analysed, and simulation and team-building exercises through teamwork and interaction were conducted to enhance management skills and support the stable operation of the company.

Management Trainings of Xinxiang Haibin

University-Enterprise Cooperative Training

We are committed to lifelong learning and have launched joint training programmes with several renowned universities and educational institutions to share resources and complement each other, thereby enhancing our scientific research and innovation capabilities. This year, we ran joint doctoral training programmes with China Pharmaceutical University, Shanghai Jiao Tong University, Jinan University, and other institutions. These programmes aim to develop interdisciplinary talents with in-depth expertise and rich practical experience by combining theoretical research with practical applications. This initiative further promotes our technological innovation and transformation of scientific research achievements in the pharmaceutical field. We also invited pharmaceutical experts and scholars from universities to introduce frontier research achievements and provide professional and technical training. This has broadened the horizons of our employees and enhanced their technological innovation capabilities.

Case

Joint postdoctoral programme between Joincare and Shanghai Jiao Tong University

Since 2021 when Shanghai Frontier and Shanghai Jiao Tong University (SJTU) jointly launched the postdoctoral programme, we have continuously strengthened the development of our corporate postdoctoral workstation. The workstation focuses on molecular evaluation in the early stages of innovative drug development. This year, our first postdoctoral researcher trained jointly with SJTU successfully completed the programme. The researcher's research achievements gained strong support from the Shanghai Haibo Programme (Innovative Drugs) Fund, and the published paper was indexed in the Science Citation Index (SCI). The researcher also submitted research achievements for patent application, making significant contributions to promoting the transformation of our scientific research achievements and enhancing our R&D capabilities.

Support for Degree Programmes and Certifications

We advocate lifelong learning for our employees and actively support all employees of the group (including part-time and contractors) in obtaining academic degrees or professional qualification certificates for their positions. We assist employees in applying for relevant qualifications or national professional title recognition. We encourage and support employees to enhance their academic qualifications and professional capabilities through self-study exams, distance education, on-the-job postgraduate studies, and other pathways. We provide benefits such as tuition reimbursement, exam leave, and class attendance leave for this purpose. Meanwhile, in accordance with local talent policies, we actively help employees apply for high-caliber talent, skilled craftsman, and innovative team certifications, assisting them in enjoying relevant government benefits.

Case

Enterprise-independent assessment of vocational skill levels

This year, Jiaozuo Joincare and Xinxiang Haibin obtained the qualification to autonomously conduct vocational skill level certification. Following the relevant national standards and taking into account our production needs and technical position characteristics, they organised the certification of vocational skill levels for technicians. A total of 188 electricians, instrument technicians, fitters, chemical inspectors and other technicians received certificates of senior, intermediate and junior vocational qualifications. This initiative has laid a solid foundation for talent development and accelerated the construction of a highly skilled talent team.

Case

Academic and qualification improvement programme at Livzon Group

In 2024, Livzon Group, a holding subsidiary of Joincare, formulated the Administrative Regulations on Employee Learning and Growth. This is to support its employees in applying for academic improvement programmes or obtain professional qualification certificates that meet job requirements. Livzon Group encouraged its employees to improve their academic qualifications and certifications through self-taught examinations, correspondence courses, distance learning, on-the-job postgraduate studies, and professional title evaluations. During the reporting period, Livzon Group supported its employees in pursuing academic improvement at 18 higher education institutions and in applying for 8 skill certificates. A total of 25 employees achieved academic improvement, and 407 employees obtained vocational skill or qualification certificates.

8.2.3 Compensation and Employee Benefits

The Group strictly complies with laws and regulations related to compensation and benefits, optimizes and implements internal systems and policies such as the Salary Management System and the Performance Management System, and continuously improves the performance evaluation and feedback mechanisms. We provide employees with remuneration and benefits that are both fair and competitive in the market. We adhere to the remuneration management philosophy of " the consistency between responsibility and benefit, the consistency between ability and value, and the consistency between performance and earnings." We implement a compensation mechanism that consists of fixed and variable components for all employees (including non-officer and non-sales employees). The variable income is linked to individual performance and the Group's performance, which fully leverages employees' initiative and effectively demonstrates the motivational power of remuneration.

Performance Appraisals and Feedback Process

Adhering to the principles of fairness, impartiality, and transparency, we continue to optimise our performance appraisal and feedback mechanisms. We are seeking diversified performance appraisal methods based on the characteristics of our departments and positions. For individual performance appraisal, we continue to use multi-dimensional assessments such as KPIs (Key Performance Indicators), OKRs (Objectives and Key Results), 360-degree feedback, and agile dialogues. The appraisal content covers performance achievement, teamwork, innovation capability, and personal development. We set work objectives for employees, quantitatively assess their work results, continuously track their work progress, and conduct scientific and comprehensive performance reviews based on feedback from their peers and managers. For team performance appraisal, we have developed targeted assessment standards based on the functions and business characteristics of different departments. We conduct quantitative assessments of key performance outcomes such as technological innovation projects, the number of clinical and production approvals obtained, and annual sales. In addition, we have integrated sustainability indicators into employee performance appraisal, which represent compliance with the Code of Employment, employee compliance with regulations, occupational health and safety, environmental protection, employment risk management, etc. These are also linked to employee salary to constantly improve our overall management performance.

Our performance appraisal covers all employees of the Group. We set team performance targets for each department and subsidiary based on the Group’s annual business goals. These team targets are then broken down into individual targets, to provide a comprehensive measure of individual achievement and contribution to the team, ensuring that individual performance is closely linked to team targets. At the same time, we place great emphasis on performance communication. Team leaders hold regular performance communication meetings with their members to provide timely performance feedback and encourage the implementation of improvement actions. These efforts help to further enhance overall team performance.

Long-term Incentive Mechanisms

To further improve the Group's long-term incentive mechanisms and fully motivate core employees, Joincare has formulated various long-term incentive plans for directors, senior management, middle management and core technicians. The interests of shareholders, the Group and core team members are thus united, helping motivate the initiative and creativity of core employees and build a working environment with shared responsibilities and values. Since the end of 2014, we have successively launched the 2015 restricted share incentive scheme and 2018 share options incentive scheme and 2022 share options incentive scheme and the 2019-2028 Medium to Long-term Business Partner Share Ownership Scheme to improve the long-term incentive mechanisms for employees. Up to now, the 2015 restricted share incentive scheme was completed in 2019, and the 2018 share options incentive scheme was completed in 2022.

The progress of our two existing Employee Share Ownership Plan/Share Options Incentive Scheme in 2024 is shown as follows:

- We developed the Medium to Long-term Business Partner Share Ownership Scheme (Draft) at the end of 2019. The plan benefits senior management and core personnel engaged in R&D, production, sales, and management with outstanding performance during assessment or significant impacts on the future performance. The validity period of the plan is from 2019 to 2028. The First, Second and Third Phase Ownership Schemes were approved on the General Meeting in June 2021 , May 2022 and October 2023 respectively.

- In August 2024, the lock-up period for the first phase of our share ownership scheme expired. The first phase of the scheme included 2,430.8 thousand shares with a total amount of RMB 31,038.3 thousand for 41 participants.

- In September 2022, the Board of Directors deliberated and approved the 2022 Share Options Incentive Scheme (Draft), proposed to grant 55.00 million stock options to the incentive recipients, of which 49.50 million stock options, or 90.00% of the total number of stock options to be granted under the Plan, are to be granted for the first time, and 5.50 million stock options, or 10.00% of the total number of stock options to be granted under the Plan, are to be granted as a set-aside. The beneficiaries of the Incentive Scheme include directors, senior management, middle management, core technicians, and those recognised by the Board of Directors as deserving incentives, with meet performance evaluation goals as the vesting condition.

- On September 5, 2022, the Board of Directors deliberated and approved the 2022 Share Options Incentive Scheme (Draft), granting 49.45 million stock options to 423 incentive recipients with September 5, 2022 as the first grant date. On August 11, 2023, the Board of Directors of convened a meeting to consider and approve the Proposal for Granting Reserved Stock Options, determining August 11, 2023 as the reserved grant date for granting 5.5 million stock options to 149 incentive recipients. The beneficiaries of the Incentive Scheme include directors, senior management, middle management, core technicians, and those recognised by the Board of Directors as deserving incentives, with meet performance evaluation goals as the vesting condition.

In addition, Joincare's holding subsidiary Livzon Group also implemented the following Employee Share Ownership Plan/Share Options Incentive Scheme :

- In November 2023, Livzon Group approved the Third Phase of Ownership Schemes of the Medium and Longterm Business Partner Shareholding Plan through the shareholders' meeting. A total of 84 persons participated in this shareholding plan, including 8 directors (excluding independent directors), supervisors and senior management and 76 other employees.

- In October 2022, Livzon Group approved the 2022 Share Options Incentive Scheme by the general meeting. The Scheme granted incentives to 1,026 employees in the first vesting period, including 8 directors (excluding independent directors) and senior management, and 1,018 other employees. The first vesting period was completed in November 2022.

- In October 2023, the Board of Directors of Livzon Group considered and approved the Proposal on Matters Related to the Proposed Reserved Grants under the 2022 Stock Option Incentive Plan, which determined the reserved grant date to be October 30, 2023, and granted 2,000,000 stock options to 243 incentive recipients.

Employee Benefits System

In order to continuously enhance employee welfare, we keep refining our employee benefits system. We ensure that all employees are entitled to all statutory holidays and pay for pension, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident funds for all employees.

We have established an employee benefits system that covers three main pillars: health support, family and personal support, and work-life balance. We provide a broad range of material non-pay benefits (including full-time, part-time, and contractors), such as occupational health check-ups, transportation allowances, welfare dormitories, and gyms. Meanwhile, according to employees' needs, we have introduced flexible work arrangements such as working from home, offering more choices for those who really need them. In addition, we have created a comfortable working environment for employees, setting up relaxation areas such as cafes and activity parks in the office area, providing free coffee and half - price afternoon tea. We distribute employee welfare packages during major traditional festivals every year, and give consolation money to employees in special difficulties, conveying the group's care and warmth. We also regularly hold a variety of employee activities such as reading clubs, sports competitions, ethnic minority cultural performances, and annual parties, committed to enriching employees' leisure time, enhancing employee cohesion, and improving employee well-being. As of the end of the reporting period, the groups paid a total of RMB 2,454.68 million in salaries, bonuses, allowances, subsidies, welfare expenses, housing provident fund, and social insurance premiums for all employees.

Table: Joincare Employee Benefits System

Health support

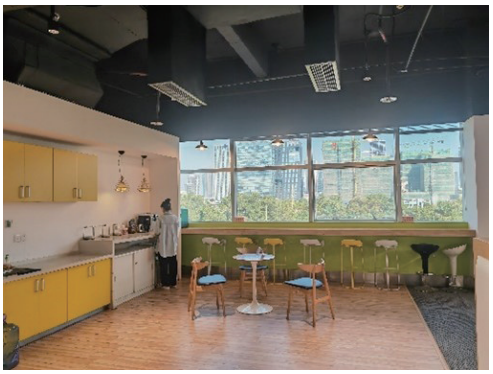
- Annual health checkups for employees
- Occupational health check-ups
- Health check-ups for females
- Psychological counselling
- Accident insurance
- Heatstroke prevention allowance

Family and personal support

- Employee canteen
- Dormitories
- Government-run talent apartments
- Housing subsidies for talents
- Living allowance for talents introduced
- Support for advanced studies under master's and doctoral programs
- Commuter allowance
- Gifts for traditional holidays
- Cash gifts for birthday, wedding and maternity
- Funeral and retirement solatia

Work-life balance

- Gym
- Breakout/refreshment areas
- Team building
- Annual parties
- Associations
- Library



Cafes

Activity Parks

Free Gym Access

Employee Birthday Party

Activities in Womens' Day

Reading Clubs

Annual Parties

Ethnic Minority Activities

8.3 Occupational Health and Safety

The Group upholds the safety management policy of "Safety First, Prevention First, Integrated Management" and advocates the "Putting People First" safety concept. We strictly abide by the laws and regulations regarding occupational health and safety, such as the Law of the PRC on Work Safety and the Law of the PRC on the Prevention and Treatment of Occupational Diseases. In accordance with the requirements of the ISO45001 Occupational Health and Safety Management System, we continuously improve and strictly implement internal systems and policies such as the Occupational Health Management System and Operating Procedures, the Monitoring and Evaluation System for Occupational Hazard Factors for Diseases at the Workplace, and the Management Procedures for Identification and Evaluation of Hazards Sources. We accurately identify, analyze, and control potential occupational hazards in the production process. Every year, we set the Group's occupational health and safety objectives, and we continuously carry out health and safety management to ensure the health and safety of employees.

Fire safety

No work safety accidents

Occupational health

No new cases of occupational diseases

Lean management objectives

We continue the construction of the EHS system, complete internal and external audits and management reviews within this year. We improve the emergency system and conduct planned emergency drills. We also add safety sessions in our on-boarding training for all new employees, and offer special safety training for specific employees.

We conduct internal audits, external audits, and management reviews of the EHS system annually. Each production subsidiary also carries out relevant audit work as planned. We continuously improve the EHS management system to ensure the effective operation of safety, environmental protection, occupational health, fire prevention, and other preventive and management measures during production operations.

EHS Internal Audit

Document review

We review EHS-related documents and ledgers and supervise the performance of EHS targets. of EHS targets.

On-site audits

We check potential hazards in production sites, and verify whether on-site safety controls are effective, and safe protective articles are in place to reduce potential accidents. to reduce potential accidents.

New, reconstruction and expansion projects review

We propose suggestions for new, reconstruction and expansion projects from the perspective of EHS to improve safety management throughout each project.

The Group's EHS Management Committee, as the highest decision - making body for EHS management, is composed of the Group's directors and senior executives, production heads, and EHS heads. It is responsible for formulating the Group's overall EHS development plan and occupational health and safety policy. The general managers of Joincare and its subsidiaries are the primary persons in charge of EHS work, responsible for supervising and promoting the implementation of the enterprise's EHS management work. The Group's prioritization and integration of occupational health and safety management work this year are as follows:

Overview of the Group's Occupational Health and Safety Action Plans Prioritisation and Integration in 2024

- We establish annual safe production goals and work plans.
- We increase safety investments, especially in automated facilities, to reinforce our safety foundation.
- We implement a safe production responsibility system for all employees.
- We improve the emergency system and conduct emergency drills.
- We provide more safety educational training to raise employees' awareness of safe production.
- We continue to build the EHS management system and refine our management regulations to ensure production compliance in programmes.
- We strengthen risk management, and standardise the management of special operations and strictly control operation approvals.
- We enhance safety management of contractors, with all contractors signing safety management agreements to improve the management quality of external construction crews.

We continuously increases investments in occupational health and safety. We upgrade work safety technology and equipment, and carry out safety training, safety emergency drills and other activities. This year, we invested about RMB 60,270.1 thousand in occupational health and safety, and the coverage rate of employees' work injury insurance has reached 100%. The expense breakdown is as follows:

Table: Breakdown of occupational health and safety expenses

(1)Work safety expenses	**RMB 46,279.2 thousand**
In which: Expenses of safety training and education	RMB 944 thousand
Expenses of safety emergency drills	RMB 886.5 thousand
(2)Occupational health expenses	**RMB 13,990.9 thousand**
In which: Total expense of employees' work injury insurance	RMB 6,362.1 thousand

8.3.1 Occupational Health

The Group continues to improve and strictly follow management policies such as the Occupational Health Management System and Operating Procedures, the Monitoring and Evaluation System for Occupational Hazard Factors in the Workplace, and the Regulation on the Management of Hazard Identification and Evaluation. We make every effort to avoid occupational health risks in work and production processes and actively carry out external certification work. This year, Joincare and all its production subsidiaries have passed the GB/T45001-2020/ISO45001:2018 Occupational Health and Safety Management System certification.

This year, we have continued to optimize employee occupational health protection. We have set up special funds for purposes such as improving the working environment, monitoring occupational health, and purchasing labor protective equipment. We regularly maintain and service safety protection facilities to ensure that they are ready for use at any time. During the reporting period, there were no new cases of occupational diseases, suspected occupational diseases, or occupational contraindications at Joincare.

Joincare's Safeguards for Occupational Health and Safety

Occupational hazards check-ups

- Healthier and more harmless processes, equipment, materials, etc. are preferred to minimise the impact of hazards on employees.
- We engage qualified service providers to carry out regular testing for potential occupational health hazard factors; conduct occupational disease hazard evaluation in accordance with the Regulations on the Management of Occupational Health in the Workplace.

Occupational health monitoring

We arrange regular occupational health examinations for employees in positions exposed to occupational disease hazards:

- Pre-job examination: We organise pre-job occupational health examination for employees who are about to engage in operations exposed to occupational hazards and operations with special health requirements.
- On-job examination: We organise regular on-job occupational health examination for employees who are exposed to occupational hazards.
- After-job examination: Employees are required to undergo health examination before they change posts or leave current posts that are exposed to occupational hazards.

Safeguarding occupational health of special posts

- We equip employees exposed to occupational hazards with labour protection articles and first aid supplies.
- We set up warning signs in places where occupational disease hazards may be involved.
- We maintain, overhaul and upgrade protective facilities against occupational diseases.

Case

Weeklong publicity campaign on the Law of the PRC on the Prevention and Treatment of Occupational Diseases at Jiaozuo Joincare

In May 2024, Jiaozuo Joincare launched a weeklong publicity campaign on the Law of the PRC on the Prevention and Treatment of Occupational Diseases in the theme of “Prevention Comes First in Protecting Occupational Health”. Over 500 brochures promoting the law were distributed to frontline employees, and more than 10 online and offline training sessions on occupational disease prevention were held. These activities popularised the harm of and response to occupational diseases, increased employees’ awareness and ability to protect themselves, and successfully developed an occupational health mindset among employees.

Training Sessions on Occupational Disease Prevention at Jiaozuo Joincare

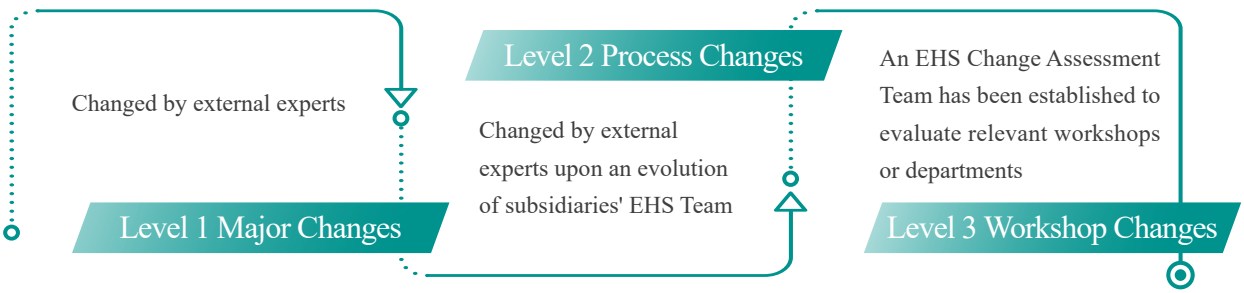
Case

Occupational hazard assessment at Haibin Pharma

In June 2024, Haibin Pharma commissioned a third-party institution to conduct an annual occupational hazard assessment at the company and issue the assessment results report. This was to comply with the requirement of national occupational health laws and regulations that regular assessments of the status of occupational hazard should be conducted. All the company’s production and business premises were assessed, such as factory workshops, crude product synthesis areas, solvent storage areas, wastewater treatment stations and exhaust gas treatment stations. The assessment indicators included the overall layout of production and business premises, production processes and equipment layout, occupational hazard factors, occupational disease prevention facilities, emergency rescue facilities and personal protective equipment. The results of the assessment showed that the concentration (intensity) of the occupational hazard factors in all positions and job types in the company met the requirements of the occupational exposure limits.

8.3.2 Work Safety

The Group implements the work safety policy of "safety awareness, legal compliance and continuous improvement." We optimize and implement management systems such as the Safety Management System Operation Control Management and the Operation Assessment System for Dual Prevention Systems and continuously improve the work safety management system. We conduct work safety risk assessments annually, analyze the applicability of existing risk control measures, and make adjustments according to business needs and production conditions. We have established and improved a risk-grading control mechanism at the company level, workshop level, and position level, clarifying the responsibilities of safety management personnel at each level and position. This year, we have established a work safety management system for operations, formulated work safety management measures for various operations, managed operations according to their levels, required step-by-step approval, and required safety and production management personnel to conduct on-site supervision. We have upgraded protective measures at the operation site and continuously strengthened work safety.



At Joincare, we conduct regular internal audits of the safety system and organise safety education and training for employees to effectively ensure a stable environment for work safety within the Group. According to the characteristics of the positions, we arrange for new employees, those transferred to new positions, and those returning to work to participate in pre-job training. We aim to achieve full coverage of vocational qualification certificates for special operation personnel. Moreover, we require relevant position holders, not just special operation personnel, to complete safety management training and special equipment operation training before obtaining certificates and taking up their posts. This year, no safety accidents occurred in the Group, achieving the goal of "zero safety accidents".

Safety Inspection

This year, Joincare and its subsidiaries carried out 1,486 safety inspections, including routine safety inspection, monthly and quarterly safety inspections, special inspections for hazardous chemicals, special Inspection of special equipment, inspection by external experts, special seasona safety inspection and other internal inspections. To ensure safety production, we spared more efforts in safety inspection, including inspection for lightning protection, safety inspection for electric fire facilities, special equipment inspection, fire alarm system maintenance and other safety rectifications.

Case

Comprehensive inspection of work safety at Xinxiang Haibin

In 2024, Xinxiang Haibin conducted a comprehensive work safety inspection covering its equipment and facilities, electrical management, work environment, hazardous chemicals and anti-static measures. The aim was to strictly implement technical procedures for work safety and standards, enforce safety management regulations, address prominent safety management issues and weaknesses, thoroughly investigate and rectify hidden hazards, and effectively prevent work safety accidents.

Comprehensive Inspection of Work Safety at Xinxiang Haibin

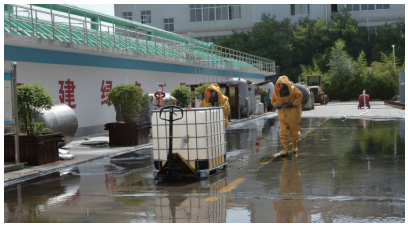
Emergency Plans and Drills

Joincare and its subsidiaries have continuously optimized emergency response plans for internal safety incidents and contractor safety incidents, covering overall emergency, specialised emergency, and on-site handling scenarios. All plans have been reviewed and published within the Group. In 2024, the Group and its subsidiaries conducted 199 emergency drills, further refining and supplementing the emergency response plans based on the drill results.

Case

Emergency drill for fire accident of the distillation tower at Xinxiang Haibin

In June 2024, Xinxiang Haibin organised the emergency drill for fire accident of the distillation tower, simulating a sudden fire in the distillation equipment. Ten emergency response teams were formed, consisting of department heads and production workshop operators. During the drill, the rescue team acted swiftly, the firefighters skilfully operated fire hydrants and fire monitors, and all departments worked closely together. The drill plan was executed effectively, and the accident was handled appropriately, significantly improving the company's fire emergency response capabilities.



Emergency Drill for Fire Accident of the Distillation Tower

Case

Emergency drill for hazardous chemical leakage at Haibin Pharma

In 2024, Haibin Pharma conducted a comprehensive emergency drill for hazardous chemical leakage in the workshop synthesis area, simulating a fire caused by leakage from reaction kettle bottom valves. The company-level emergency response plan was immediately activated. The drill included emergency disposal of chemical leaks, first aid and transfer of burn victims, emergency evacuation, emergency transfer of on-site hazardous chemicals, and fire and environmental emergency response. Emergency equipment such as mobile foam trucks, foam fire hydrants, wheeled fire extinguishers, outdoor fire hydrants, leak-proof adsorption blankets, and portable gas detectors were used. This drill helped relevant employees better understand their work safety responsibilities and effectively familiarise themselves with and improve their ability to use emergency equipment.

Emergency Drill for Hazardous Chemical Leakage

Safety Culture Cultivation

Joincare strictly complies with relevant national laws and regulations, and formulates an annual training plan in accordance with the requirements of the emergency management authorities. This year's EHS training covered various topics, including safety orientation for new employees, specialised operation, safe production responsibility system, accident case study, safety management - team safety, occupational health and safety, dual-prevention system, laws and regulations on safe production, fire safety, and emergency drills. As the end of reporting period, our EHS trainings lasted for a total of 240,252 hours with approximately 18.08 hours per employee, successfully achieving the goal of "Safety orientation for all new employees and specialised safety training for specific employees."

In 2024, the Group and its subsidiaries launched "Safety Month" campaigns. By participating in various activities such as themed publicity and education, warning education on production accidents, safety training, emergency drills, and safety inspection, our employees became more aware of safety at work. They got motivated to create a safety culture with joint efforts.

Case

Fire safety training of Taitai Pharmaceutical

In August 2024, Taitai Pharmaceutical organised fire safety training for all its employees, which included fire safety laws and regulations, knowledge of fire prevention in public places, use of firefighting equipment and response to public safety emergencies. This training increased employees' fire safety awareness and developed their sense of responsibility for fire safety.

Fire Safety Training

Case

"Work Safety Month" activities of Haibin Pharma

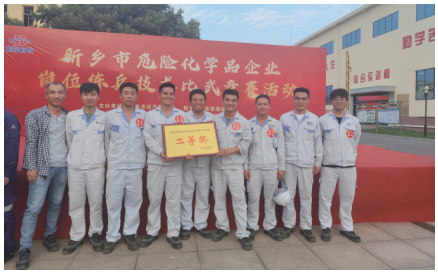
During the 23rd national Work Safety Month in June 2024, Haibin Pharma organised a variety of activities, including work safety knowledge training, analysis of typical accidents and emergency rescue cases, learning of CPR and other first aid knowledge, online safety quizzes, and safety skills competitions. These activities created an atmosphere of "everyone talks about safety, and everyone knows how to respond to emergencies", and improved employees' ability to handle work safety emergencies.

"Work Safety Month" Activities

Case

Xinxiang Haibin participated in a safety emergency response skills competition

In September 2024, Xinxiang Haibin participated in the safety emergency response skills competition in the theme of "On - the - Job Training and Technical Competition" organised by Xinxiang Emergency Management Bureau. After theoretical tests and three practical tests, the Xinxiang Haibin team won the second prize. The award is a successful test of the company's emergency response capabilities and the effectiveness of its daily work safety emergency management, and has earned the company a good reputation in the industry.



Xinxiang Haibin Team Won the Second Prize in the Competition

09

Operating with Green Sustainability

SDGs in this section

Joincare adheres to the principle of green development. While strictly following the environmental compliance requirements, we deeply integrate the concept of "green and low-carbon" into all aspects of our operations and management. We actively advocate the use of clean energy, practice low-carbon operation modes, strengthen resource conservation actions, and reduce waste emissions, to improve our environmental management performance in a comprehensive manner. The goal is to better contribute to the national goals of "carbon peaking" and "carbon neutrality" and the harmonious coexistence between man and nature.

9.1 Environmental Management System

Joincare strictly abides by laws and regulations regarding environmental protection, including the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Energy Conservation Law of the PRC, and the Administrative Measures for Hazardous Waste. Active efforts are made to optimise the internal environmental management system.

We have developed the EHS Management Policy to regulate the management requirements in key areas such as the three types of wastes (wastewater, waste gas, and solid waste), energy, chemicals, and water resources for the Group and its subsidiaries. With this policy in place, we aim to improve our environmental management practices. We have also introduced and kept improving the Safety and Environmental Management Manual, General Requirements for the EHS Management System, and Requirements for Identification and Assessment of Environmental Factors. These are part of our efforts to improve our capability of managing environmental issues and take on our environmental responsibility pragmatically. In 2024, no major environmental pollution accidents and no administrative punishments occurred at any production subsidiaries of Joincare.

In terms of environmental pollution prevention and control, we have developed and implemented the “three simultaneous” policy, requiring each production subsidiary to ensure the pollution prevention and control facilities should be designed, constructed and put into use simultaneously with the project’s main work. Meanwhile, we regularly maintain pollution abatement equipment and invest increasingly more in equipment and facilities upgrading and transformation of production processes and technologies to ensure their normal, stable and efficient operation. Also, we regularly provide training for employees on energy conservation and consumption reduction, water usage reduction, waste reduction, etc. This is aimed at optimizing employees' behaviors in energy and water resource usage, improving water efficiency, and enhancing the performance in energy management and waste management.

In addition, the Group continues to improve the environmental management system. We devote down-to-earth efforts to environmental management, proactively promote cleaner production and green factory certification. By the end of the reporting period, Joincare and 100% of its production subsidiaries were accredited to the ISO 14001 environmental management system. Among all production subsidiaries of the Group, 15 were passed the clean production review, 6 were accredited as the national green factory, 1 as the provincial green factory, and 6 production subsidiaries completed HAZOP analysis.

Table: Expenditures of Joincare in environmental protection in 2024

Category	Amount (RMB 10,000)
Technical upgradation of environmental protection equipment	2,001.57
Environmental protection operation and maintenance	8,064.97

9.1.1 Policies and Targets

Joincare adheres to the environmental management policy focused on "pollution prevention, legal compliance and continuous improvement". Based on the environmental management status and performance, the Group has set five-year targets of energy saving and emission reduction, with 2020 as the baseline year, and keeps monitoring the progress for the targets. All production subsidiaries are required to refine their management of energy and natural resources and propel energy conservation and emission reduction at every link of production and operation to achieve environmental management targets together with the Group.

Table: Energy conservation and emission reduction targets of Joincare

Item	Indicator	Final Target by 2025
Water	Water consumption per unit production (RMB 10,000)	Down 5% from 2020
Electricity	Electricity consumption per unit production (RMB 10,000)	Down 5% from 2020
Chemical oxygen demand	Emission per unit production (RMB 10,000)	Down 5% from 2020
Sulfur dioxide	Emission per unit production (RMB 10,000)	Down 10% from 2020
Disposal volume of hazardous waste	Disposal volume per unit production (RMB 10,000)	Down 2% from 2020

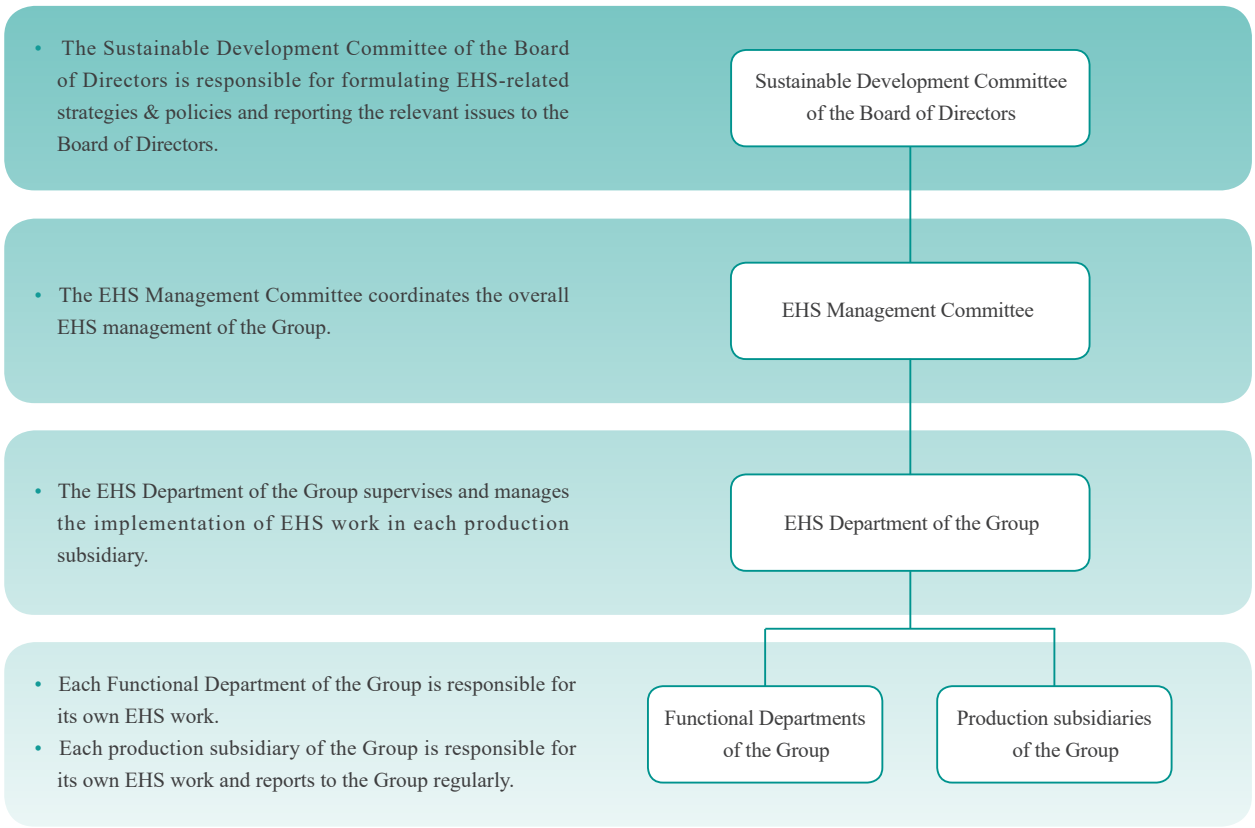
To constantly enhance the environmental management level and performance, the Group sets annual targets for environmental compliance in operation and urges production subsidiaries to meet the required standard in terms of compliance with the standards three dimensions for wastewater and gas emissions, the occurrence of major pollution accidents, and annual environmental penalties.

Table: Targets of environmental compliance in the operation of Joincare in 2024

Indicator	Annual Targets	Achievements
Compliant wastewater/gas emissions	100%	Achieved
Compliant hazardous waste disposal	100%	Achieved
Number of major pollution accidents	0	Achieved
Number of environmental penalties in the year	0	Achieved

9.1.2 Management Structure

To enhance the EHS management level, Joincare continuously improves the EHS management structure to define responsibilities and ensure their performance according to the EHS Management Policy. As the highest responsible body, the Sustainable Development Committee of the Board of Directors is responsible for formulating EHS-related strategies and policies, such as those on environmental management and resource utilisation, regularly reviewing the Group's performance in environmental management performance, and reporting EHS issues to the Board of Directors.



EHS Management Structure

Production subsidiaries of the Group have also developed a standardised EHS management system. As the first responsible person for EHS, the general manager is in charge of the overall environmental protection work; as the directly responsible persons, supervisors or department managers are in charge of the preparation of EHS initiatives, filing to the EHS Department of the Group, and supervision of the implementation of specific initiatives; and the employees of the subsidiaries cooperate with the Group's EHS policy and their EHS responsible persons in EHS management.

Joincare actively fulfils the responsibilities of carbon emission reduction management. The EHS Department is responsible for setting carbon emission reduction targets for the Group and its subsidiaries, reporting them to the Sustainable Development Committee of the Board of Directors for approval, and following up on the quarterly achievement of the Group's carbon emission targets. The general manager of each subsidiary, as the first person in charge of carbon emission, is responsible for scheduling carbon emission targets based on the actual situation of the company, working out effective carbon emission reduction measures, designating relevant responsible persons, and reporting the target achievement to the EHS Department of the Group on a quarterly basis. ESG indicators have been added to the individual performance assessment of all Sustainable Development Working Group members (including executive management) since 1 January 2022, with a weight of 10% in the total performance system. A corresponding percentage of the management's annual performance bonus will be reduced due to declining performance of ESG indicators. ESG indicators and their weights are as follows:

Table: Weight of ESG indicators in the assessment of Sustainable Development Working Group

(1) Energy conservation and emission reduction targets	3%
(2) Carbon emission targets	3%
(3) ESG rating objectives	4%
Total weight of ESG indicators	10%

9.1.3 EHS Audit

Internal Audit

Joincare strictly implements internal audit procedures in accordance with the Group EHS Internal Audit Management Procedure, to make sure that its EHS management is effective. At the beginning of the year, the EHS Department of the Group works with the audit team on an annual internal audit plan based on vulnerabilities found in past internal audits and corrective actions taken by subsidiaries. The EHS Department conducts EHS audits on all subsidiaries at least twice a year, and makes timely summaries and prepares internal audit reports of subsidiaries after the audit. Subsequently, the EHS Department urges the rectification of unqualified items by the subsidiaries, compiles a group audit report every six months and submits them to the management for review. Corresponding production subsidiaries shall rectify unqualified items found in the internal audit under the guidance of the Management Regulations on Corrective and Preventive Measures. In 2024, the Group and its subsidiaries conducted 30 EHS internal audits. All unqualified items found in the annual EHS internal audit were rectified with a coverage rate of 100%.

Production subsidiaries of the Group consciously and regularly inspect the stability of pollutant control equipment, the disposal method of solid waste and the launch of emergency drills, and rectify the unqualified items in a timely manner, to firmly ensure the compliance of EHS management and the effective operation of the Group's EHS management system.

External Audit

Joincare conducts an external audit of EHS annually and engages qualified third-party certification agencies to audit and supervise production subsidiaries that have obtained ISO 14001, ISO 45001 and ISO 50001 certifications. During the course, we carry out energy audit, waste audit and water use assessment, continuously tap into energy saving, water conservation and resource consumption reduction, and strengthen management requirements of all kinds. Besides, we review the energy use within the ISO systems. Based on the analysis of energy use and energy consumption, Joincare identifies the overall energy use by category. We refine the management of facilities and equipment with a huge impact on this front, identify and prioritise opportunities for better energy performance, and devise targeted improvement measures. In 2024, we rectified all the unqualified items found and passed the external audit.

9.2 Addressing Climate Change

Climate change is a grave challenge facing all mankind. The warming trend of the climate system has continued in recent years. As extreme weather events, rising sea levels and other climate problems become more severe, there is an urgent need to address climate change. In line with international trends, Joincare is committed to reducing the impact of climate change on human health and business operations. While intensifying efforts to manage and address climate risks, we are working hard to seize the green development opportunities brought by climate change, to support the country's achievement of carbon peaking and carbon neutrality.

Referring to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we manage and disclose our climate-related information along four dimensions: governance, strategy, risk management, and metrics and targets. Since 2023, we have responded to the CDP climate change questionnaire for two consecutive years based on the management practices of the Group. Moving forward, we will continue to disclose detailed climate-related information by responding to the questionnaire.

9.2.1 Governance

Relying on the sustainable development governance system, the Group has established a climate governance framework to implement climate change management from top management to frontline employees. As the highest management body, the Sustainability Committee of the Board of Directors is responsible for developing and improving climate strategies, reviewing climate risk management policies, assessing climate-related targets and progress against them, and monitoring the implementation of measures to address climate change.

We have set up a climate change response team at the Group level. The team conducts in-depth research and analysis of the development status of the Group and all the production subsidiaries, accurately identifies significant climate-related risks facing the Group, and develops strategies accordingly. It reports annually to the Sustainability Committee of the Board of Directors. The EHS Department leads our implementation of climate change tasks, including making the list of climate risks, identifying and assessing climate-related risks, analysing and listing potential climate-related development opportunities, and determining addressing measures and targets based on discussions with other business units and the climate risk scores.

We have developed and published the Climate Change Management System. It sets out the Group's procedures for identifying and assessing climate-related risks and opportunities, and the requirements for implementing and monitoring the response measures. This helps to strengthen our climate change management. This year, all our subsidiaries engaged professional third-party companies in their carbon accounting, allowing us to comprehensively review the carbon management performance and actively promote the carbon emissions reduction efforts of the Group.

9.2.2 Strategy

Assessment of Climate-Related Risks and Opportunities

We have incorporated the issue of climate change response into the decision-making process of our corporate strategies, and stay focused on the impact of climate change on the Group's production and operations in the short, medium and long term. During the year, we invited our production subsidiaries to participate in our climate risk assessment. We reviewed the climate-related risks closely linked to our business and formulated targeted responses to improve the Group's overall ability to respond to climate risks.

Table: Climate risk identification and countermeasures[4]

Category		Impact	Risk Assessment	Countermeasures
Physical risks - acute risks	Typhoon	Climate change causes frequent and stronger typhoons (e.g., once-in-50-year, once-in-100-year strong typhoons or super typhoons), resulting in unceasing strong winds and heavy rainfalls. These extreme weather events may interrupt electricity transmission in plants, resulting in water and power outages or damaged equipment, which will reduce productivity and threaten the safety of an enterprise's properties.	Severity of impact: relatively low Possibility: possible Timeframe: short-term	• The Group pays close attention to climate change trends, formulates contingency plans for extreme weather according to the circumstances, and carries out emergency training. • The Group has set up a special action team for typhoon disaster weather to ensure emergency material reserves. The team checks the local drainpipe system to guarantee an effective response to flooding caused by heavy rains.
	Rainstorm (flood)	Climate change has been increasing the number of rainstorm days and the intensity of precipitation in most regions across China. The situation results in flooding due to the rising water volume and water level in rivers, lakes and coasts. It also causes inundation of land and houses in plants due to untimely drainage.	Severity of impact: relatively low Possibility: possible Timeframe: short-term	• We pay close attention to geo-climatic information and cover all our operations with the "property all risks" insurance. • Xinxiang Haibin and Jiaozuo Joincare have established special teams for flood responses and Party member taskforce and purchased adequate materials, reinforcing flood response capabilities.
Physical risks - chronic risks	Mean temperature rise	Warming climate will elevate China's daily maximum and minimum temperatures. More frequent extremely scorching weather will harm the health of employees who work in high temperatures environment.	Severity of impact: relatively low Possibility: likely Timeframe: medium-term	• The Group has taken effective measures to prevent heat-related illness. We provide heatstroke prevention grants for employees working in the summer and provide intensive protection for employees working in high temperatures and on hot days. • We install air-conditioners in the workshop and insulate the roof and walls with materials of favourable thermal insulation properties.
Transition risks - policy and legal risks	Carbon pricing and carbon trading	Carbon trading requires enterprises that emit more than their quotas to purchase additional quotas from the trading market, while those that emit less than their quotas can sell their surplus. Emissions beyond the quota may increase operating costs or bring penalties to the enterprise.	Severity of impact: medium Possibility: probable Timeframe: medium-term	• The Group is actively adjusting its business and product structure and gradually reducing the use of energy-intensive and highly polluting production technologies and equipment. Sustained efforts are being made to try eco-friendly technologies and materials, so as to limit our carbon emissions. • The Group pays constant attention to the trends and changes of the carbon trading market. We promptly adjust the corporate operating strategy, establish carbon accounting systems, set carbon emission targets, and strengthen the management of carbon quotas.

4 Timeframes (time over which a risk is expected to materialise): short-term (0-3 years), medium-term (4-10 years), and long-term (more than 10 years)
Possibility (the likelihood that a risk is to materialise): basically certain, probable, likely, possible, unlikely, and very unlikely
Severity of impact (the severity of a risk's impact on business performance): high, relatively high, medium, relatively low, and low

Category		Impact	Risk Assessment	Countermeasures
Transition risks - policy and legal risks	Climate and environmental policies	Regulatory requirements for environmental protection are becoming more stringent. Besides, more national and local policies have been issued, driving up enterprises' costs in protecting the environment. Enterprises that fail to meet the new environmental standards may face administrative penalties.	Severity of impact: medium Possibility: likely Timeframe: medium-term	We continuously monitor national and local climate and environmental policies to align our operations with relevant requirements. We further communication and cooperation with environmental authorities, taking the initiative to play a part in policy formulation and stay ready to act accordingly. We have established an early warning mechanism for environmental compliance risks. Should any possible non-compliance against the latest environmental standards be identified, we will take active measures to align us with the relevant environmental regulations.
Transition risks - market risks	Increased cost of raw materials	Climate change results in higher costs of raw materials, packaging materials, and energy consumption (e.g. water and electricity) for pharmaceutical production, and increasing logistics costs, which threatens the stability of the supply chain.	Severity of impact: relatively high Possibility: likely Timeframe: medium-term	The Group has maintained alternative suppliers of raw materials, key consumables and other materials. The Group has also signed strategic cooperation agreements with suppliers of key materials, and made plans to incorporate new suppliers. These measures are taken to ensure a stable and consistent supply.
Transition risks - technology risks	Low-carbon technology transformation	Low-carbon technology entails significant upfront investment in R&D and equipment upgrades. The development of low-carbon equipment and production technologies is fraught with uncertainty. Investments in new technologies may fail due to immature technology and low market recognition.	Severity of impact: relatively low Possibility: possible Timeframe: medium-term	When investing in new technologies or introducing new equipment, the Group will conduct sufficient project research and feasibility studies to fully assess the payback period and project feasibility. We will select the most appropriate and mature technology to reduce the risk of investment failure.
Transition risks - reputation risks	Stakeholder concerns	As the public pays more attention to environmental protection issues, an enterprise's failure to respond to climate change will affect the public opinion of it and damage its reputation in the market.	Severity of impact: relatively low Possibility: possible Timeframe: medium-term	The Group has set carbon emission targets and discloses information on climate change in its corporate social responsibility reports and the CDP climate change questionnaire. We have ramped up communication with stakeholders to respond promptly to their concerns about our environmental performance.

Climate change brings not only risks but also opportunities to our business. We keep abreast of national and international climate change policy developments and have asked our production subsidiaries to identify and assess climate-related opportunities in terms of resource utilisation, clean energy substitution and market demand.

Table: Climate opportunity identification and countermeasures[5]

Opportunity	Impact	Opportunity Assessment	Measures to Seize Opportunity
Higher resource utilisation rate	• Lower energy and resource consumption can reduce emissions and operating costs. • By adopting more efficient production technologies, companies can increase their production capacity and revenue while using resources more efficiently.	Severity of impact: medium Possibility: likely Timeframe: medium-term	• The Group actively engages in energy conservation and emission reduction projects and increases investments in green production projects to continuously improve energy and resource efficiency, reduce costs, and increase efficiency through technology transformation and equipment upgrading.
Increased proportion of clean energy	• Increasing the proportion of clean energy can effectively reduce carbon emissions and help achieve the Group's emissions reduction targets. • Replacing fossil fuels with clean energy can help companies better manage the risk of rising fossil fuel prices in the future.	Severity of impact: medium Possibility: possible Timeframe: medium-term	• The Group plans to accelerate the construction of photovoltaic power generation projects and gradually increase the installed photovoltaic capacity and annual photovoltaic power generation. • The Group has initiated photovoltaic projects in the qualified plants of all our subsidiaries, to continuously improve self-sufficiency in clean energy.
New market demands	• Climate change may lead to more chances for human infections and outbreaks of influenza, as well as increased risk of respiratory diseases, creating new market demands for pharmaceutical companies.	Severity of impact: relatively high Possibility: probable Timeframe: medium-term	• We closely track market demands and have developed a number of new medicines for respiratory diseases such as asthma, COPD and bronchiectasis. • We participate in public health promotion and education activities to raise public awareness of climate change-related diseases.

5 Timeframes (time over which a risk is expected to materialise): short-term (0-3 years), medium-term (4-10 years), and long-term (more than 10 years)
Possibility (the likelihood that a risk is to materialise): basically certain, probable, likely, possible, unlikely, and very unlikely
Severity of impact (the severity of a risk's impact on business performance): high, relatively high, medium, relatively low, and low

Climate Scenario Analysis

Recognising the importance of climate scenario analysis for climate risk assessment and management, the Group uses the following scenarios as one of the reference factors in assessing climate risks and opportunities. The aim is to better predict the potential impact of climate risks under low and high emissions scenarios, raise business resilience, and identify solutions to reduce emissions.

Low emissions scenarios:

- SSP 1-2.6: In this scenario, a sustainable society consuming mostly clean energy, countries have realised the seriousness of climate change, intensified climate action, and adopted stronger climate policies to reduce carbon emissions and limit global warming to well below 2°C. At the same time, continued technological progress and increased awareness are driving a global transition to low-carbon and low-energy practices and more climate-friendly modes of production and consumption. Global CO_2 emissions have declined significantly, but at a slower pace, to reach net-zero emissions after 2050.

- IEA NZE 2050: In this scenario, the entire world is committed to achieving the goal of net-zero emissions by 2050. Governments and industries have taken positive climate action by developing and implementing a range of new climate policies. These policies have spurred the widespread deployment of clean energy and improved energy efficiency. Technological innovation and increased public awareness have facilitated the transition to a low-carbon economy and driven positive corporate action to reduce emissions. The goal of net zero emissions will be achieved by 2050.

High emissions scenarios:

- SSP 5-8.5: In this scenario, the emissions path remains unchanged. The focus is on the climate impacts of physical risk factors, and countries have not adopted strong climate policies. Global temperatures are projected to rise by more than 2.5°C by 2055, which could lead to rising sea levels, changes in weather patterns, and more intense and frequent extreme weather events.

- IEA STEPS: This scenario reflects the global energy and climate development path based on current policies. In this scenario, governments promote the optimisation of the energy mix and the development of clean energy technologies in accordance with existing policy frameworks and plans. Global CO2 emissions are reduced in this scenario, and there is a 50% chance of limiting the global average temperature increase to 2.4°C by 2100.

Case

The climate scenario analysis of Livzon Group

In 2024, Livzon Group conducted a comprehensive assessment of the climate change risks (including physical and transition risks) and opportunities for business operations. By means of climate scenario analysis, Livzon Group assessed the adaptability of various stakeholders along the value chain to different climate scenarios, the materiality of climate-related risks, and the impact on Livzon Group of potential opportunities during the transition to a low-carbon future. In the scenario analysis, Livzon Group also identified significant uncertainties, including concerns on policy continuity, risks of delays in technological breakthrough, obstacles to global cooperation, geopolitical conflicts, and shifts in public awareness. While improving the energy utilisation across the board, Livzon Group will continue to raise the proportion of renewable energy use and reduce carbon emissions.

9.2.3 Risk Management

To proactively respond to the risks and opportunities brought by climate change, the Group has established a robust climate risk management system. We identify climate risks and opportunities each year, formulate scientific climate change response plans, and regularly report progress to the Sustainable Development Committee of the Board of Directors, which ensures that climate-related risks are effectively managed.

Our climate risk management steps:

Step 1: Making a list of potential climate risks	The EHS departments of our subsidiaries collect peer reports, industry research reports, media reports, relevant policies enacted by regulators and other external information and data. Based on this information as well as stakeholder surveys and internet searches, they draw up a list of potential climate risks faced by their companies. In the process, other relevant business divisions will support the EHS departments by collecting, summarizing and sharing information on climate risks faced by their departments.
Step 2: Determining assessment criteria	•For each identified climate risk, assess from the following four dimensions: (1) Time over which a risk is expected to materialise (2) The likelihood that a risk is to materialise (3) The severity of a risk' impact on the subsidiaries' financial plans (4) The severity of a risk' impact on the subsidiaries' corporate strategies
Step 3: Scoring by the management	• The EHS departments assess and score each risk identified in the 4 dimensions in Step 2. Based on their scores, the risks are ranked from the highest to the lowest and a list of risks by severity is created. The list is submitted to the heads of the relevant business divisions for initial approval and then to the general managers of the subsidiaries for final approval. Once approved, it becomes the final annual list of risks of the subsidiaries.
Step 4: Determining response measures	• The EHS departments determine response measures and set targets based on the risk scores and discussions with other relevant business divisions. They then hammer out action plans to respond to climate risks, which will be implemented by the relevant business divisions after approval by the general managers.
Step 5: Overseeing and reporting	• The relevant business divisions report to their general managers on the implementation of the action plans every six months and adapt them in good time to their actual situation. • The subsidiaries prepare annual reports on climate risk management every year. After approval by the general managers, the reports are submitted to the Corporate Social Responsibility Working Group for review and then to the Sustainable Development Committee of the Board of Directors for final approval.

9.2.4 Metrics and Targets

The Group's GHG emissions mainly come from fuel combustion, electricity and purchased steam consumed in production and operation. GHG emissions and energy use of Joincare in 2024 are as follows:

Table: GHG emissions and energy use of Joincare in 2024

Indicator	Unit	Total
Direct GHG emissions (Scope 1)	Tonne of CO_2 equivalents	197,854.4
Indirect GHG emissions (Scope 2)	Tonne of CO_2 equivalents	828,817.7
Total GHG emissions	Tonne of CO_2 equivalents	1,026,672.1

The Group deliberated and approved the Proposal on Adding Carbon Emission Targets to Joincare's Environmental Management in 2022. According to the proposal, we set the carbon emission target of Joincare from 2022 to 2025 and commit to achieving carbon peaking by 2028 and carbon neutrality by 2055 (Scope 1 and Scope 2[6]). In 2024, we took multiple measures to meet our carbon emission targets, including closely monitoring our progress towards our annual targets, constantly promoting green production, and diligently exploring the potential in energy management.

Table: Carbon emission targets of Joincare from 2022 to 2025

Year	Item	Indicator	Targets
2022	Carbon emission	Emission per unit production (RMB 10,000)	Down 2% from 2021
2023	Carbon emission	Emission per unit production (RMB 10,000)	Down 4% from 2021
2024	Carbon emission	Emission per unit production (RMB 10,000)	Down 6% from 2021
2025	Carbon emission	Emission per unit production (RMB 10,000)	Down 8% from 2021

9.3 Energy Management

The Group takes steady steps to develop the energy management system in strict accordance with laws and regulations such as the Energy Conservation Law of the PRC and the Law of the PRC on Promoting Clean Production, based on ISO 50001 standards. The production subsidiaries of the Group have established an energy management system based on their actualities. They identify their energy availability through on-site investigation, data verification and energy data analysis, fully exploit their energy-saving potential, and formulate practical measures for efficient and orderly energy management.

6 Scope 1 greenhouse gas ("GHG") emissions are mainly derived from direct GHG emissions from the consumption of fossil fuels in the company's operations/production processes (e.g. gasoline, diesel, natural gas, etc.). Scope 2 GHG emissions are mainly derived from indirect GHG emissions from purchased electricity and steam consumed by the company's operations/production processes.

Table: Energy system accreditations of Joincare's production subsidiaries

Company Name	Energy System Accreditation	Name of the Energy System
Jiaozuo Joincare	Accredited	ISO 50001:2018 / RB/T114-2014
Xinxiang Haibin	Accredited	ISO 50001:2018 / RB/T114-2014
Haibin Pharma	Accredited	ISO 50001:2018 / RB/T114-2014
Fuzhou Fuxing	Accredited	ISO 50001:2018 / RB/T114-2014
Livzon Hecheng	Accredited	GB/ T23331-2020/ RB/T 114-2014

We incorporate the energy management concept into the work processes. In production, we take measures to improve energy use efficiency for energy conservation and emission reduction. We also increase the investment in green production projects and strive to build a low-carbon and energy-saving green production enterprise.

Table: Green production projects of Joincare in 2024

Company Name	Project Name	Investment Amount	Result
Jiaozuo Joincare	Anaerobic biogas reuse	RMB 1.79 million	Jiaozuo Joincare completed the biogas reuse project with a capacity of 4,000 m^3/d. In this project, biogas produced in the anaerobic section of the industrial wastewater workshop is purified and used as fuel for RTO regenerative incinerators, meeting the fuel needs of the two RTO incinerators of Joincare and Jiaozuo Livzon. An RTO consumes approximately 365,000 m^3 of natural gas annually. The remaining part, after heating hot water, is used to replace steam, saving 3,759.5 m^3 of steam per year.
	Installation of heat exchangers on blowers	RMB 66 thousand	Jiaozuo Joincare completed the project of installing heat exchangers on blowers. Heat at the outlet of aeration blowers is transferred through the heat exchanger to the high-concentration wastewater collected by the anaerobic system. As a result, the wastewater is heated up through a heat exchange with the hot air at the blower outlet. While increasing the treatment capacity and efficiency of CASS tanks, the project reduces steam consumption. After being put into operation, the project has cut down the steam volume used to heat the anaerobic system by 180 tonnes annually.
Ningxia Pharmaceutical	Energy saving project of the hot water system in the workshop	RMB 1.53 million was invested by the third party	Ningxia Pharmaceutical installed waste heat recovery units to recover heat generated by air compressors in operation. Heat recovered as such is used for the water heating system in workshops. Replacing the original method of steam heating, the project saves about 6,000 tonnes of steam per year.
Livzon Hecheng	Photovoltaic power generation	RMB 1.8 million	Livzon Hecheng launched a photovoltaic power generation project. Adopting monocrystalline silicon solar cells as the device for photovoltaic power conversion, the project installs photovoltaic facilities on the rooftop of the parking lot and the warehouse. Access systems are configured according to the site planning. Financed and constructed by Livzon Hecheng, the project is expected to generate 500,000 kWh of electricity annually upon completion.
Sichuan Guangda	Photovoltaic power generation	RMB 6 million was invested by the third party	Sichuan Guangda pushed forward a photovoltaic power generation project to install photovoltaic facilities on the rooftop of the vehicle shed and buildings at the plant. Financed and constructed by a third party with rate preferences for Sichuan Guangda, the project is expected to generate 2.17 million kWh of electricity annually upon completion.

9.4 Emission Management

Joincare abides by national and local laws and regulations such as the Law of the People's Republic of China on Environmental Impact Assessment, the Law of the People's Republic of China on Prevention and Control of Soil Contamination, the Law of the People's Republic of China on the Prevention and Control of Air Pollution and the Regulations on the Safety Management of Hazardous Chemicals. We strictly control emissions and perform our environmental protection responsibilities. We have formulated policies such as the Safety and Environmental Management Manual and the Environmental Protection Management Assessment System in light of our own operating conditions. We also revised our environmental management policies in 2024, including the Hazardous Waste Management Policy, the VOCs Collection and Treatment Management System, and the Management Policy for Production Wastewater Discharge. In these policies, clear requirements are provided concerning the classification method, monitoring method, disposal process and emission standard of all emissions. This ensures that emission management is based on unified systems and standards.

In addition, we conduct lifecycle management for the pollutant emission. All production subsidiaries of the Group have applied for a sewage discharge permit in accordance with the law on the unified national platform. After obtaining the permit, they discharge in strict accordance with the requirements within the validity period and firmly ensure the compliance of pollutant emission. Furthermore, we have formulated a self-monitoring plan in line with the environmental impact assessment requirements and sewage discharge permits. We hire qualified third-party testing agencies to monitor our waste gas, wastewater and noise regularly. Based on the monitoring results, we conduct self-inspection and correction of non-standard behaviours, and strive to minimise the negative impact of our production on the environment, as part of our environmental protection efforts.

9.4.1 Waste Gas Management

Joincare devotes ongoing efforts to the management of waste gas emissions in accordance with laws and regulations, including the Law of the PRC on the Prevention and Control of Air Pollution. We have formulated and implemented waste gas management policies such as the VOCs Collection and Treatment Management System, the Boiler Waste Gas Emission Management System, and the Standard Operating Procedures for High-concentration Waste Gas Treatment Systems. The policies require all production subsidiaries to standardise the management process and ensure the waste gas emission is up to standard. The production subsidiaries of the Group strictly implement waste gas management and take effective measures to minimise the impact of waste gas emissions on the environment based on their actualities.

Digital Monitoring and Manual Detection of Waste Gas

The production subsidiaries have installed online monitoring equipment for organised waste gas emissions and detection equipment for fugitive waste gas emissions for teal-time monitoring of the waste gas pollution factors. Data is uploaded to the national automatic monitoring and basic database system for key pollution sources in real-time.

The production subsidiaries conduct manual detection of organised and fugitive waste gas emissions each quarter pursuant to the requirements of the waste discharge permit and their self-monitoring plans. This practice aims to advance efficient management of the emissions.

Daily Detection and Feedback of Waste Gas Concentration

In the daily inspection of environmental protection, the production subsidiaries check the concentration detection of environmental pollutants in their production areas, the concentration detection of environmental pollutants in key areas, the leakage problems in the production areas, and the operating status of the waste gas collection and treatment facilities. In addition, they report the concentration of environmental pollutants within the scope of their factories to the production units, demand that the items that do not meet the requirements be corrected in a timely manner, and record the items that violate the environmental management policy and punish those responsible.

Strengthening of Waste Gas Management

The production subsidiaries conduct professional and technical training for waste gas management personnel to enhance their professional ability. The subsidiaries also acquire real-time updates on the progress of each production step by consistently strengthening communication between the waste gas treatment departments and the production departments.

To reduce harmful emissions from our operations, we carry out group-wide projects of emissions management improvement every year. Each Joincare's production subsidiary continues to increase its investments in waste gas management and has achieved effective management of waste gas emissions by upgrading waste gas treatment equipment and process.

Table: Major waste gas management and improvement projects of Joincare in 2024

Company Name	Project Name	Result
Xinxiang Haibin	Inspection and maintenance of the RTO system	Xinxiang Haibin inspected and maintained the RTO system. By replacing the ceramic regenerator and pall ring, the project enhanced the system performance. Upon completion, the average VOC emissions decreased by more than 60%, reducing the VOC content in the waste gas.
	Membrane recovery	Xinxiang Haibin invested in a membrane recovery project that is expected to recycle 1,000 tonnes of ethyl acetate (EA) per year, hugely reducing the concentration of organic solvents in waste gas emissions.
	Replacement with a three-in-one treatment device	Xinxiang Haibin replaced the flat centrifuge with a three-in-one device and delineated a closed treatment room to lessen the open operations and reduce the fugitive VOC emissions from the workshop.
Taitai Pharmaceutical	Upgrade of waste gas treatment facilities	Taitai Pharmaceutical introduced a one-stage activated carbon treatment cycle after the original quality control waste gas treatment facility. By replacing the UV photodissolver of the injection moulding waste gas treatment facility with two-stage activated carbon, the project greatly enhanced the treatment efficiency.
Fuzhou Fuxing	Equipment upgrading and technical transformation	Fuzhou Fuxing constructed a low-temperature refrigeration system to recover the tail gas of organic solvents in the workshop for low-temperature water recycling, reducing the amount of organic solvent tail gas discharged into the RTO. Through technical means such as low-temperature cooling and increasing the heat transfer area, while reducing the amount of tail gas, it can also save the usage amount of solvents, saving approximately RMB 3.5 million in solvent costs every year.
Gutian Fuxing	Upgrade of waste gas treatment facilities	Gutian Fuxing improved the waste gas treatment technique by means of adding procedures and replacing facilities and equipment, further enhancing the waste gas treatment efficiency and effectively reducing pollutant emissions.

9.4.2 Wastewater Management

Joincare abides by laws and regulations such as the Water Law of the PRC and the Water Pollution Prevention and Control Law of the PRC, and has established the wastewater management system and a series of standard operating procedures. By installing online wastewater monitoring equipment at the effluent outlets of major wastewater discharge plants and networking with regulatory authorities, we monitor and share real-time chemical oxygen demand (COD), ammonia nitrogen, total nitrogen, total phosphorus and other discharge data of treated wastewater, and urge all the production subsidiaries to meet the set standards for wastewater treatment and discharge.

We regularly inspect and maintain the wastewater treatment and monitoring equipment to ensure the stable and efficient operation of the wastewater treatment system. The production subsidiaries of the Group also upgrade the processes and equipment that produce wastewater and strive to reduce the discharge of wastewater. At the same time, we conduct regular training for operators of the wastewater treatment system and at the sewage stations to improve their management awareness and professional skills and to ensure that wastewater management runs smoothly.

To reduce the environmental impact of wastewater from our operations, we carry out group-wide wastewater management improvement projects every year. We decrease wastewater discharge, increase wastewater utilisation, and reduce the concentration of pollutants in wastewater by improving wastewater treatment processes and upgrading wastewater treatment facilities. In this way, we continue to explore the potential for better wastewater management. At the same time, we continue to track and review the progress of wastewater management improvement projects and the effectiveness of treatment to ensure that our efforts to reduce and manage wastewater emissions are fruitful.

Table: Major wastewater management and enhancement projects of Joincare in 2024

Company Name	Project Name	Result
Jiaozuo Joincare	Maintenance and renovation of wastewater treatment facilities	Jiaozuo Joincare invested in the maintenance and renovation of wastewater treatment facilities. By renovating aeration plates, pipelines, sludge dischargers, reflux pumps and other worn-out facilities in the wastewater workshop, Jiaozuo Joincare ensured a timely sludge discharge and a smooth wastewater reflux, thus boosting the efficiency of wastewater treatment.
Xinxiang Haibin	Renovation of the biochemical wastewater treatment system	Xinxiang Haibin invested to renovate the biochemical wastewater treatment system. By replacing the original aeration head and pipeline with a cyclone aerator, the project increased the oxygen dissolved in the aeration tank, thus enhancing the COD treatment efficiency.
Livzon Xinbeijiang	Construction of new sewage treatment facilities	The production of tobramycin consumes a large amount of water, elevating the ammonia nitrogen concentration of the influent into the sewage station by 70 mg/L on average. In 2024, Livzon Xinbeijiang newly built two tanks for nitrogen and phosphorus removal. The project aimed to optimise the wastewater denitrification effect and raise the efficiency of ammonia nitrogen treatment, making sure that the ammonia nitrogen content meets relevant standards after wastewater treatment.
Jiaozuo Hecheng	Improvement of wastewater treatment processes	Jiaozuo Hecheng tackled the wastewater treatment technique, reducing the emission of fluoride ions in the wastewater. This not only decreased the content of fluoride ions in the workshop wastewater but also reduced the monthly consumption of quicklime by 16.5 tons and polyaluminium chloride by 60 tons. It generates an economic benefit of approximately RMB 30,000 per month.

9.4.3 Solid Waste Management

Joincare collects, stores, transports and disposes of wastes in strict accordance with the standards and regulations such as the Catalogue of Classified Management of Discharge Permits for Stationary Pollution Sources and the Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Disposal Facility. Therefore, legal compliance is ensured in solid waste treatment. For hazardous waste, under the manifest system for transfer of hazardous waste, we transfer all such waste we produce to qualified companies for rule-based disposal. And we deliver non-hazardous waste to qualified entities with whom we have signed contracts for safe disposal.

Adhering to the circular economy concept, we strictly control the discharge of solid waste in waste generation, reduction, reuse and harmless disposal links, with the aim of reducing our impact on the environment. The Group has set solid waste disposal targets, which have been allocated to all subsidiaries. The subsidiaries are required to achieve a compliant disposal rate of 100%. In 2024, all subsidiaries achieved their solid waste disposal targets.

To reduce waste discharge from our operations, we carry out group-wide waste management improvement projects every year. We classify waste to improve treatment efficiency, introduce advanced environmental protection technology into production, and upgrade original production technology and formulations. We are monitoring the operation and treatment effects of solid waste management improvement projects to ensure that our efforts to reduce waste discharge are effective.

Table: Major solid waste management and improvement projects of Joincare in 2024

Company Name	Project Name	Result
Xinxiang Haibin	Intelligent hazardous waste management system	Xinxiang Haibin invested to install a set of intelligent hazardous waste management system. By technical means of electronic weighbridges, labels and management ledgers, the system allowed for the intelligent management of the generation, storage, discharge, disposal of hazardous wastes. As such, Xinxiang Haibin achieved intelligent hazardous waste management from the source with a higher efficiency.
	Hazardous waste reduction	To reduce hazardous waste, Xinxiang Haibin treated the wastewater separately. Part of the wastewater went directly to the evaporation boiler for evaporation and concentration, and was then mixed for targeted treatment. The process reduced the hazardous waste by 40%, equivalent to more than 500 tonnes over 2023.
Fuzhou Fuxing	Alumina recycling	Fuzhou Fuxing carried out the alumina recycling project through experimental cooperation with a third party. In this project, waste alumina is processed into aluminum sulfate for use as a water treatment flocculant. This project is currently underway. Once completed, it will reduce the amount of hazardous waste to be disposed of by Fuzhou Fuxing and save disposal costs at the same time.

9.4.4 Noise Management

Joincare strictly abides by the Environmental Noise Pollution Prevention and Control Law of the PRC, Environmental Noise Emission Standards for Industrial Enterprises Boundary, and other relevant laws and regulations. We equip the production subsidiaries with noise detectors and test the noise at the plant boundary every month to ensure that the noise during daytime/night is lower than the national emission limits. The production subsidiaries also actively optimise their production equipment, and try to reduce the impact of production noise on the environment by adding soundproof houses and nitrogen generator mufflers.

Case

Noise control at workshops by Xinxiang Haibin

In 2024, Xinxiang Haibin invested RMB 300,000 to prohibit noise transmission by building soundproof panels and rooms and eliminating noise from large refrigeration machines at the production workshop. These efforts helped Xinxiang Haibin meet the noise control standards for workshops.

Noise reduction of large refrigeration machines by Xinxiang Haibin

9.5 Resource Utilisation Management

Adhering to the concept of sustainable development in the whole process of production and operations, Joincare consistently strengthens resource use management and practices the concept of green development. We abide by the Water Law of the PRC, the Circular Economy Promotion Law of the PRC, and other relevant laws and regulations. We have implemented stringent management requirements for water resources and materials. We also promote standardised and systematic management measures, and work hard to improve resource utilisation rate in production and operations.

9.5.1 Water Resources Management

At Joincare, we attach great importance to water management. To conserve water and reduce water consumption, we implement a strict water management policy and carry out group-wide water management improvement projects. All our production subsidiaries are actively introducing and using advanced technologies and processes to conserve water and improve water use efficiency. We are strengthening the maintenance of various water-consuming equipment and facilities, investing in water resource recycling projects, and promoting the recycling of reclaimed water and cooling water. These efforts aim to reduce fresh water consumption and improve the reuse rate of water resources.

Table: Major water-saving projects of Joincare in 2024

Company Name	Project Name	Result
Jiaozuo Joincare	Recycling and utilisation of reclaimed water	After repeated testing, analysis, and experimental verification, Jiaozuo Joincare succeeded in recycling the water from the level-3 sedimentation tanks in the industrial wastewater workshops and the pickling wastewater from the refining plants. Through combined treatment, including classified collection, sedimentation and filtration, composite filtration, thorough removal of contaminants and secondary treatment with reverse osmosis membranes, the wastewater meets the standard for reuse. After being put into operation, the project recycles about 1,600 m^3 of water from the level-3 sedimentation tanks and 1,400 m^3 of pickling wastewater per day, reducing the daily wastewater volume by about 3,000 m^3.
Xinxiang Haibin	Steam condensate reuse	Xinxiang Haibin launched a steam condensate reuse project, using steam condensate for domestic use and irrigation. This saves 10,000 tonnes of water every year.
Fuzhou Fuxing	Utilisation of reclaimed water from vancomycin chromatography	Fuzhou Fuxing uses the ammonia washing water reclaimed through chromatography for acid washing of some decalcification columns and adsorption columns, while the reclaimed water has been used for ammonia washing. After the completion of this project, it can save an average of 80 tons of water per day.
	Recycling and utilisation of heavy water	Fuzhou Fuxing implemented a project to recycle the heavy water from water production for preparing the chemicals to be used for wastewater treatment at sewage stations. The project is expected to recycle 100 tonnes of heavy water every day upon completion.

9.5.2 Material Utilisation Management

Following the “3R principles” of Reduce, Reuse and Recycle, Joincare makes every effort to implement the recycling policy and advance a circular economy. We optimise the layout of the storage area for better material management. The packaging materials and excipients are stored and managed by zone, layer and category to save storage space and prevent material loss during storage. We optimise the material transportation route to improve the utilisation of elevators and the efficiency of internal material transportation. All these practices help prohibit resource loss during transportation. To improve the product packaging design and product specifications, we have been recycling consumables such as corner strips and packing belts used for packaging the finished products to raise resource utilisation.

Case

Environmental protection practices in product packaging materials by Joincare

Joincare continues to optimise the product packaging design. To meet the market demand, we have unveiled more environmentally friendly products:

- Taitai Pharmaceutical: Taitai Pharmaceutical has established company-wide standards for the selection of packaging materials by grade. According to the standards, metal products (with a recycling rate of more than 95%) and corrugated cardboard (with 100% FSC certification) are used to pack basic structural parts. The recycled EPE and high-density honeycomb paper are used as cushioning materials. Besides, the two thermoplastics for inner packaging, i.e. biaxially oriented polypropylene (BOPP) and low-density polyethylene (LDPE), have been certified to Global Recycled Standards (GRS).

- Joincare Haibin: The package of Budesonide Suspension for Inhalation is designed with a collapsible colour box, which significantly reduces the space for transportation and storage and lowers carbon emissions during transportation. The use of FSC-certified packaging materials ensures the sustainability of forest resources. Meanwhile, the product has obtained the Product Carbon Footprint Certificate.

- Haibin Pharma: By optimising the specification of infusion bottles from 15 ml to 10 ml, Haibin Pharma reduces the consumption of glass raw materials by 29.61 tonnes per year. The product packaging materials mainly include corrugated paper, white cardboard, halo-butyl rubber closures and infusion bottles made of middle borosilicate glass. All of these are recyclable with a 100% usage of green materials.

9.6 Biodiversity Conservation

Joincare pays great attention to the impact of its operations on biodiversity. We comply with the Law of the PRC on Prevention and Control of Soil Contamination, the Forestry Law of the PRC, the Law of the PRC on the Protection of Wildlife, the Regulations on Conversion of Farmland to Forests, the Opinions on Further Strengthening Biodiversity Protection, and other relevant laws and regulations. We also actively implement the UN Convention on Biological Diversity and promote biodiversity in many ways.

We would identify environmental risk factors and hidden hazards before building factories. We meet the “ecological red lines” requirements and avoid operating in areas of high biodiversity value, such as those close to government-designated ecological reserves. At the same time, we encourage our production subsidiaries to conduct biodiversity assessments relevant to their operations to help protect endangered species and promote ecosystem balance. During the year, Joincare had no production facilities or operational sites located within ecological reserves or areas of high biodiversity value. None of the Group’s production activities, products or services had a significant impact on ecosystem and biodiversity.

10

Public Welfare and Charity

SDGs in this section

Joincare is committed to the role as a responsible corporate citizen. By virtue of our business and technical advantages, the Group integrates various resources into charitable and public welfare projects. As part of our contributions to society, we participate in industry exchanges, support rural revitalisation, and facilitate community-level health activities.

10.1 Promoting Industry Development

Joincare aims to become a pioneer in the healthcare industry. We actively participate in exchanges and cooperation with industry associations and societies on cutting-edge industry technologies and trends, to promote the sustainable development of the industry through joint efforts.

Table: Associations joined by Joincare

No.	Associations
1	Medical and Chemicals Technical Options Committee (MCTOC)
2	Guangdong Pharmaceutical Profession Association
3	Guangdong Bio-Pharmaceutical Innovation Technology Association
4	Shenzhen Biomedical Industry Alliance
5	Shenzhen Life Science and Biotechnology Association
6	China Pharmaceutical Industry Association
7	Professional Committee of Drug Manufacturing Quality Authorised Person of Guangdong Pharmaceutical Association
8	China Nutrition and Health Food Association
9	China Health Care Association
10	Guangdong Food Safety Society
11	Guangdong IP Protection Association
12	Guangdong Forensic Science Association
13	Shenzhen Forensic Science Association
14	Shenzhen Biomedical Industry and Education Alliance

The processes of R&D, production, and quality control of inhalation preparations, which are high-end dosage forms, have relatively large difference from those of regular oral or injectable formulations. Dr. Jin Fang, General Manager of Shanghai Frontier, a holding subsidiary of Joincare, as a member of the Chinese Pharmacopoeia Commission, takes the lead in the research project of formulating and revising national drug standards, namely “Revision of General Rules for 0111 Inhalation Preparations”. She has participated in drafting multiple versions (the 2000 edition, the 2010 edition, the 2015 edition, and the 2020 edition) of the general rules for inhalation preparations and related testing methods in the Chinese Pharmacopoeia Commission. Moreover, he has completed research projects organized by the Chinese Pharmacopoeia Commission, such as “Research on the Classification, Naming and Quality of Inhalation Preparations” and “Research on the Determination Method of the Inhalation Efficacy of Inhalants”, contributing to the continuous improvement of inhalation-related standards and regulations. Meanwhile, Joincare has participated in the compilation of the “On-site Inspection Guide for Inhalation Preparations”, which is led by the Guangzhou Institute of Respiratory Health and approved by the Centre for Food and Drug Inspection of the National Medical Products Administration. This effectively helps on-site inspectors better identify the risk control points of inhalation preparations, improve the quality of on-site inspections, and comprehensively ensure the quality and safety of inhalation preparations.

10.2 Promoting Health-based Welfare and Charity

Rooted in the healthcare industry, Joincare continues to do its part in inclusive chronic disease prevention and treatment, industrial assistance, and community health, striving to build a healthy and harmonious society. In 2024, Joincare donated about RMB 14.043 million to public welfare projects, including cash of nearly RMB 11.957 million and goods worth about RMB 2.086 million.

Goods Worth about
RMB **2.086** Million.

Including Cash of nearly
RMB **11.957** Million

10.2.1 Rural Revitalisation

Chronic Disease Prevention and Treatment

In response to the national strategy of rural revitalisation and common prosperity, Joincare, joined hands with the Group's holding subsidiary Livzon Group to carry on the long-term drug donation programme - "Access to Public Welfare for Chronic Diseases Prevention and Treatment Programme". We provided long-term assistance to patients with financial difficulties in remote areas who suffer from chronic diseases, such as hypertension, hyperlipidemia, cardiocerebral diseases and gastric diseases. We donated five drugs for treating chronic diseases, including Pravastatin Capsules (普伐他汀钠胶囊), Amlodipine Besylate Capsules (苯磺酸氨氯地平胶囊), Valsartan Capsules (缬沙坦胶囊), Isosorbide Mononitrate Tablets (单硝酸异山梨酯片) and Bismuth Potassium Citrate Tablets (枸橼酸铋钾片), to reduce the medical burden of chronic diseases on poor families and prevent patients from sinking back into poverty due to illness.

Donations for Rural Revitalisation

Since late 2018 onwards, we have carried out the "Access to Public Welfare for Chronic Diseases Prevention and Treatment Programme" successively in areas including Chaotian District, Guangyuan City; Songpan County, Aba Zang Qiang Autonomous Prefecture; Jinkouhe District, Jiange and Pingwu Counties, Leshan City, Sichuan Province; Hunyuan, Guangling and Lingqiu Counties, Datong City, Shanxi Province; Dongxiang, Tianzhu, Linze, Shandan, Huining and Su'nan Counties, Gansu Province; Xianghai National Nature Reserve, Jilin Province; Macun District, Jiaozuo City, Henan Province; Huangshan District, Huangshan City, Anhui Province; Suining County, Hunan Province; Fenyi County, Jiangxi Province; Jiangshan City, Zhejiang Province; Chayu, Bomi, and Gerze Counties, Tibet Autonomous Region; Kashgar, Xinjiang Uygur Autonomous Region Baarin Left Banner and Togtoh County, Inner Mongolia Autonomous Region; and Ziyuan County, Guangxi Zhuang Autonomous Region. These are part of our efforts to benefit the public, protect the health of rural residents, revitalise rural areas, and build a beautiful and healthy China.

By the end of the reporting period, we had signed 31 agreements on the "Access to Public Welfare for Chronic Diseases Prevention and Treatment Programme", which covers 9 provinces and 4 autonomous regions, including 27 remote areas in need of aid, and benefiting 30,409 low-income patients with chronic diseases. In 2024, we donated RMB 1 million worth of chronic disease medicines to low-income patients in each of the following regions:

In January 2024, the Group donated RMB 1 million worth of medicines to Bomi County, Tibet Autonomous Region;

In May 2024, the Group donated RMB 1 million worth of medicines to Jiangshan City, Zhejiang Province;

In July 2024, the Group donated RMB 1 million worth of medicines to Gerze County, Tibet Autonomous Region;

In October 2024, the Group donated RMB 1 million worth of medicines to Shandan County, Gansu Province;

In November 2024, the Group donated RMB 1 million worth of medicines to Su'nan County, Gansu Province.

Case

Voluntary medical services and drug donations for chronic diseases

To raise public awareness of chronic diseases and improve prevention and treatment efforts, as well as to solve medicine access difficulties at the grassroots level, the "Rural Revitalisation: Public Welfare for Chronic Diseases Prevention by Joincare and Livzon Group" and the Programme of Voluntary Medical Services and Drug Donations for Chronic Diseases in Jiangshan City was launched in the Xunli Village Hall, Nianbadu Town, Jiangshan City in May 2024. During the programme, we donated RMB 1 million worth of medicines for cardiovascular, hypertension, hyperlipidemia, gastric diseases and other chronic diseases to people nearby the Jiangshanxueling Nature Reserve. By providing voluntary medical services to local chronic disease patients and villagers, we played a part in preventing and treating chronic diseases in remote areas.

Voluntary Medical Services and Drug Donations for Chronic Diseases

Industry-based Assistance

The Group provides industry-based assistance to empower the sustainable development of the rural economy using its industrial advantages. Following the "Astragalus Root (黄　芪) Industry Revitalisation" plan and by improving the model of "Company + Base" and "Company + Professional Cooperative", Joincare's holding subsidiary Livzon Group works to make the astragalus root industry a pillar industry for rural revitalisation with reference to the local conditions.

Case

Industry-based assistance to promote the development of the astragalus root industry by Livzon Group

Since 2017, Datong Livzon Qiyuan Medicine Co., Ltd. ("Datong Livzon") , a subsidiary of Livzon Group, has been providing industry-based assistance to develop the astragalus root industry. Datong Livzon has independently or jointly constructed more than 20,000 mu of astragalus root planting bases over the past eight years. Datong Livzon regularly provides on-site technical guidance and GAP training to base managers and large-scale growers every year. The company also conducts practical training on the traceability of Chinese herbal medicine. By the end of 2024, all bases had been included into the company's GAP production management traceability system for Chinese herbal medicines to share advanced technological resources with the company.

This year, astragalus root bases of Datong Livzon planted about 1,000 mu of astragalus root, harvested about 3,500 mu, and yielded about 709 tonnes of fresh astragalus root. In addition, Datong Livzon and the village committee of Mazhuang Village, Guan'er Township, Hunyuan County, Datong City jointly launched the "Co-construction between County and Corporate" project to build an astragalus root processing workshop in the local area. Having been put into operation in 2023, the workshop provided employment opportunities to 120 local farmers in 2024.

10.2.2 Community Health

As an effort to continuously promote public welfare science popularization, we invite experts to host science popularization live broadcasts and deliver public welfare lectures via Douyin, Weibo, WeChat and other media channels. By doing so, we aim to enhance the engagement and accessibility of publicity activities on health knowledge, thus working to popularise general health knowledge and raise public awareness on this front.

Popularization of Health Knowledge about Respiratory Diseases

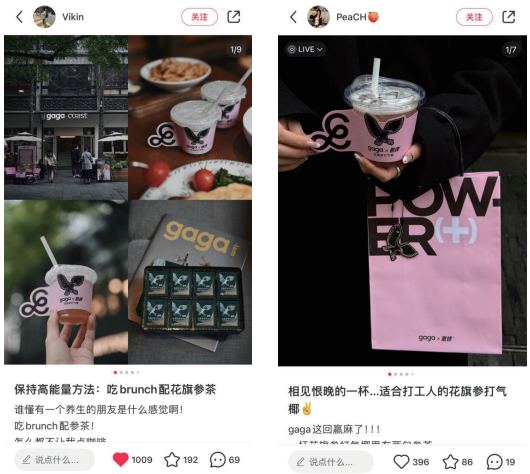
November 20th, 2024 marked the 23rd World COPD Day, with the theme of "Know Your Lung Function". Joincare actively responded to the call of the Global Initiative for Chronic Obstructive Lung Disease (GOLD) and the National Health Commission. Relying on the "Respiratory Experts' Views" platform, a series of wonderful and fruitful science popularization and publicity activities were carried out. We extensively collaborated with nearly a hundred authoritative experts in the field of respiratory diseases across the country and launched the COPD Live Streaming Month event. While enhancing public awareness, we have also successfully popularized relevant content such as the pathogenesis of COPD, the identification of early symptoms, treatment methods, and patients' daily self-management, increasing the public's attention to this disease. The successful holding of this World COPD Day event fully demonstrates the powerful influence and appeal of the "Respiratory Experts' Views" platform in the science popularization and publicity of respiratory system diseases. It has made positive contributions to enhancing the public's awareness of respiratory health and promoting the prevention and treatment of COPD.

Poster for Word COPD Day

Popularization of Oral Health Knowledge

At the 17th World Oral Health Day on 20 March 2024, we actively responded to the call of the World Dental Federation (FDI) and the Chinese Stomatological Association. Specifically, in cooperation with 90 doctors at home and abroad, we organised an enterprise self-media matrix to conduct knowledge publicity on platforms such as Douyin, Weibo and WeChat. A total of 106 educational videos on oral health were released, accumulating more than 150 million views across the network and reaching 15 million oral ulcer patients. As a result, we significantly increased the public attention to and awareness of oral health, and effectively popularised knowledge on oral health maintenance.

Popularization of Oral Health Knowledge



Promotion Postings

Dissemination of Healthcare Concepts

In 2024, we developed a cross-border partnership with gaga®, a well-known casual dining chain brand, to spotlight the work pressure and mental state of employed persons. We released co-branded Eagle's American Ginseng products, placed advertisements on Xiaohongshu, and encouraged users to post their product experiences, so as to disseminate healthcare concepts. Related advertisements and postings harvested favourable achievements with over 30 million views.

Series of Science Popularization about Melasma

From September to November 2024, we joined hands with Xinhuanet to invite experts and scholars from the College of Pharmaceutical Sciences, Zhejiang University and Hangzhou Third People's Hospital to launch a seminar on "2024 Chinese Women's Melasma Removal Research Report". The seminar aimed to help Chinese women solve melasma problems with scientific guidance. At the same time, we collaborated with 16 scholars and doctors active in Douyin to post serial educational videos on melasma, explaining the causes, traits, and internal and external treatment options for the issue. Viewed by more than 50 million women affected by melasma, these videos advanced melasma education and promoted inner nourishment with TCM.

Popularization Video on Melasma of Women

Experts' View on Menopause

Menopause is an unavoidable physiological stage for women. To this end, we cooperated with more than 60 nationally renowned experts and scholars in gynaecology, endocrinology, psychology, nutrition, sports rehabilitation and other professions to deliver more than 40 educational live broadcasts on WeChat official account, WeChat video account, Douyin, Xiaohongshu and other platforms. These efforts helped us attract more than 300,000 subscribers across the network. Besides, we held 3 offline public welfare lectures to provide women with scientific and effective knowledge on menopausal healthcare and psychological adjustment, which were widely welcomed by women of the appropriate age.

Lecture of Experts' View on Menopause

Case

Voluntary medical services and education activities for respiratory diseases

Joincare continued to join hands with major hospitals across the country to provide offline voluntary medical services and conduct patient education activities on respiratory diseases. By doing so, Joincare provided patients with free medical consultation and health education, thus raising public health awareness and popularising disease prevention and treatment knowledge. At the event, a team of experts patiently offered free medical services to patients, carefully inquired about their medical histories and symptoms, thoroughly provided detailed physical checkups, and expertly gave professional diagnosis and treatment advice. Meanwhile, Joincare carried out diversified diagnostic and therapeutic activities on site, including pulmonary function tests, CT report interpretation, effective sputum evacuation, and respiratory rehabilitation training. In 2024, a total of 275 hospitals participated in World Asthma Day, more than 300 hospitals participated in World Bronchiectasis Day, and 328 hospitals participated in World COPD Day events, respectively, altogether serving 18,060 patients.

Voluntary Medical Services on World COPD Day

10.3 Engaging in Public Welfare

We act in line with the corporate culture of "Caring and Helping People, Pragmatic Public Welfare". We continue to give full play to the advantages of the volunteer service team and call on more employees to join it. We carry out volunteer services in a variety of areas such as community volunteer work, public welfare blood donation, and biodiversity conservation to spread care and kindness.

Community Welfare

Case

Caring for children with autism

In April 2024, the Group's volunteer service team visited the Golden Rehabilitation Centre for Children with Autism in Nanshan District, Shenzhen City. The team learnt in detail about the rehabilitation of autistic children in the centre, interacted with them through caring games, and brought the children gifts to convey warmth and care. They also called on the society to deliver more caring and support to autistic children.

Caring Activity

Case

Caring for the elderly group

Nowadays, the elderly's health and well-being have gained increasing attention. The Group's volunteer service team participated in the activities organised by the local community to care for the elderly population for many times, bringing fresh fruits and vegetables, healthcare products and other supplies to the aged group, and creating a joy atmosphere by chatting and playing chess with them. While providing companionship and assistance to the elderly, the team promoted the spirit of respecting and caring for the senior population for building a harmonious community.

Bringing Supplies to the Elderly Group at the Community

Volunteer Activities

Case

Blood donation by employees

In 2024, the Group involved employees in a group blood donation activity at Yantian Haibin. We conveyed health guidelines before blood donation, offered employees sugar water and pastries for energy replenishment, and measured blood pressure after the donation. The Group encouraged employees to actively participate in the activity while safeguarding their physical health, which reflected our sense of social responsibility and contribution to medical emergency care.

Blood Donation Activity at Yantian Haibin

Biodiversity Conservation

With a strong sense of social responsibility, Joincare takes the initiative to provide financial support to the Paradise International Foundation and other social welfare organisations. It serves as one of our firm strides towards biodiversity conservation. Looking ahead, we will increase our investment and unite more forces to facilitate the protection of diversified biological resources on earth.

Case

Support for the Paradise International Foundation

The Paradise International Foundation is a non-profit environmental protection organisation focusing on nature reserves. The Foundation manages five reserves with a total area of 422 square kilometres in four provinces of Sichuan, Hubei, Anhui and Zhejiang. In 2024, the Group donated RMB 1 million to the Paradise International Foundation. In support of the procurement of necessary field gear and geographic information equipment, the donation facilitated ecological conservation activities such as wildlife surveys and fire protection and forest patrols in reserves such as Laohegou in Sichuan Province and Taiyangping in Hubei Province.

11 Appendix

11.1 Index of the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Topic	Article	Section in the report
Climate change tackling	Article 21-28	9.2 Addressing Climate Change
Pollutant discharge	Article 30	9.4 Emission Management
Waste disposal	Article 31	9.4 Emission Management
Ecosystem and biodiversity protection	Article 32	9.6 Biodiversity Conservation
Environmental compliance management	Article 33	9.1 Environmental Management System
Energy usage	Article 35	9.3 Energy Management
Usage of water resources	Article 36	9.5 Resource Utilisation Management
Circular economy	Article 37	9.5 Resource Utilisation Management
Rural revitalization	Article 39	10.2 Promoting Health-Based Welfare and Charity
Contributions to the society	Article 40	10 Public Welfare and Charity
Innovation-driven	Article 42	7.1 Focusing on R&D and Innovation
Ethics of science and technology	Article 43	6.1 Quality Management System
Supply chain security	Article 45	6.6 Supply Chain Management
Equal treatment to small and medium-sized enterprises	Article 46	Since the Group does not fall within the scope of the mandatory disclosure entities listed in Article 46, no response is provided this year.
Safety and quality of products and services	Article 47	06 Safeguarding Product Quality
Data security and customer privacy protection	Article 48	5.4 Information Security
Employees	Article 50	08 Talent Management
Due diligence	Article 52	8.1 Protection of Rights and Interests of Employees
Communications with stakeholders	Article 53	4.2 Sustainability Strategy
Anti-commercial bribery and anti-corruption	Article 55	5.3 Integrity and Business Ethics
Anti-unfair competition	Article 56	5.3 Integrity and Business Ethics

11.2 Data List of Key Performance Indicators

Sustainability indicator		Unit	2022	2023	2024
1 Environmental[7]					
1.1. Emissions[8]					
Waste Water Emission		Tonne	11,110,513.9	12,092,149.0	12,154,327.4
Chemical Oxygen Demand (COD_{Cr})		Tonne	1,029.4	995.2	1,070.4
Ammonia Nitrogen		Tonne	101.1	113.6	112.9
VOCs		Tonne	55.1	69.0	87.9
NO_X		Tonne	107.2	90.1	147.3
SO_2		Tonne	33.5	34.6	84.8
Particulates		Tonne	19.2	16.0	15.9
Hazardous and Non-hazardous Waste					
Hazardous Waste		Tonne	6,410.1	6,884.2	5,968.3
Divided by Category	Pharmaceutical Wastes and Medicine Wastes	Tonne	3,352.9	3,792.2	3,247.6
	Other Hazardous Wastes[9]	Tonne	3,057.1	3,092.0	2,720.7
Divided by Processing Method	Total Hazardous Waste Recycled/ Reused	Tonne	/	742.2	727.1
	Total Hazardous Waste Disposed	Tonne	/	6,141.9	5,965.5
Intensity of Hazardous Waste[10]		Tonne /RMB 10,000	0.003	0.003	0.003
Industrial Waste		Tonne	151,323.1	141,539.1	141,807.0
Industrial Waste (Recyclable)		Tonne	/	48,400.0	33,598.9
Industrial Waste (Non-Recyclable)		Tonne	/	93,139.1	108,208.1
Intensity of Industrial Waste[10]		Tonne /RMB 10,000	0.08	0.07	0.08
Greenhouse Gas Emissions					
Total Greenhouse Gas Emissions		CO_2 equivalent (in tonnes)	1,037,613.6	1,033,000.9	1,026,672.1
Intensity of Greenhouse Gas Emissions[10]		CO_2 equivalent (in tonnes)/ RMB 10,000	0.52	0.51	0.60

7 Scope of environmental data disclosure: the manufacturing enterprises of Joincare.

8 Disclosure of major pollutants/emissions and related emission data according to the production characteristics of enterprises.

9 Among other hazardous waste, high-level radioactive waste is included. This year, the amount of high-level radioactive waste is zero.

10 The intensity in 2024 was calculated based on RMB 10,000 of output value.

Sustainability indicator	Unit	2022	2023	2024
Direct Greenhouse Gas Emissions (Scope 1)[11]	CO_2 equivalent (in tonnes)	202,473.9	162,677.0	197,854.4
Indirect Greenhouse Gas Emissions (Scope 2)[12]	CO_2 equivalent (in tonnes)	835,139.7	870,323.9	828,817.7
1.2 Use of Resource				
Total Energy Consumption				
Gasoline	Litre	251,528.5	387,425.5	260,932.4
Diesel	Litre	196,825.5	261,122.8	235,846.7
Coal	Tonne	88,244.2	66,894.5	83,607.5
Natural Gas	10,000 cubic meters	858.3	1,093.9	887.5
Liquefied Petroleum Gas	Tonne	6.8	3.7	0.6
Purchased Steam	Tonne	932,444.1	1,605,949.6	973,876.7
Purchased Electricity	MWh	959,454.9	989,071.4	1,000,133.8
Biomass Fuels	Tonne	/	1,004.0	3,668.3
Direct Energy Consumption	MWh	611,129.2	506,554.7	601,772.7
Indirect Energy Consumption	MWh	1,682,747.5	1,787,199.0	1,762,987.5
Renewable Energy Consumption	MWh	1,320.8	5,708.2	17,809.1
Non-renewable Energy Consumption	MWh	2,292,555.9	2,288,045.4	2,346,951.1
Total Energy Consumption	MWh	2,293,876.7	2,293,753.6	2,364,760.2
Intensity of Total Energy Consumption[10]	MWh/RMB 10,000	1.1	1.1	1.4
Water Consumption				
Total Water Consumption	10,000 tonnes	1,300.4	1,426.5	1,388.6
Intensity of Total Water Consumption[10]	Tonne /RMB 10,000	6.5	7.1	8.1
Recycled Water Volume	10,000 tonnes	13.8	9.2	11.0
Packaging Material Used				
Packaging Material Used	Tonne	14,570.6	9,236.3	14,133.1
Intensity of Packaging Material Used[10]	Tonne/RMB 10,000	0.0073	0.0046	0.0083

11 Scope 1 greenhouse gas ("GHG") emissions are mainly derived from direct GHG emissions from the consumption of fossil fuels in the company's operations/production processes (e.g. gasoline, diesel, natural gas, etc.), and the formula used is: CO_2 emissions from fossil fuel combustion = fuel consumption × low level heat generation × carbon content per unit of calorific value × fuel carbon oxidation rate × 44/12. The emission factor and the calculation refer to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Non-Industrial Enterprises (Trial) (工业其他行业企业温室气体排放核算方法与报告指南（试行）).

12 Scope 2 GHG emissions are mainly derived from indirect GHG emissions from purchased electricity and steam consumed by the company's operations/production processes, calculated with reference to the document "Appendix 2: Reporting Guidance on Environmental KPIs" of the Hong Kong Stock Exchange. In 2022, the power emission factor adopts the grid emission factor 0.5810 tCO_2/MWh in the Corporate Greenhouse Gas Emission Accounting Methodology and Reporting Guide for Power Generation Facilities (企业温室气体排放核算方法与报告指南发电设施) (Huan Ban Qi Hou [2021] No. 9). In 2023, the power emission factor adopts the grid emission factor 0.5703 tCO_2/MWh in the Notice on the Management of Greenhouse Emission Reporting for Rnterprises in the Power Generation Industry from 2023 to 2025 (关于做好2023—2025年部分重点行业企业温室气体排放报告与核查工作的通知). In 2024, the power emission factor adopts the grid emission factor 0.5366 tCO_2/MWh in the Announcement on the Release of the 2022 Carbon Dioxide Emission Factor for Electricity (关于发布2022年电力二氧化碳排放因子的公告).

Sustainability indicator		Unit	2022	2023	2024
2. Social Responsibility					
2.1 Employment					
Number of Employees: By Gender, Age Group, Geographical Region and Job Level					
Number of Employees		Person	14,116	14,365	14,350
Gender	Male	Person	7,531	7,788	7,718
	Female	Person	6,585	6,577	6,632
Age	30 and below	Person	5,026	4,900	4,678
	31-49	Person	8,204	8,536	8,590
	50 and above	Person	886	929	1,082
Geographical Region	Chinese Mainland	Person	14,097	14,348	14,339
	Hong Kong, Macao and Taiwan, China	Person	6	5	2
	Foreigners	Person	13	12	9
Job Level	President and Vice President (Executive Management)	Person	/	12	16
	General Manager Level and above (Senior Management)	Person	/	107	119
	Director Level	Person	/	252	264
	Manager Level	Person	/	1,143	1,185
	Other Employees	Person	/	12,863	12,782
Diversity of Employees					
Number of Women in Executive Management		Person	/	2	4
Share of Women in Executive Positions		%	26.7	16.7	25.0
Number of Women in Senior Management		Person	/	31	34
Share of Women in Senior Management Positions		%	/	29.0	28.6
Share of Women in Management Positions		%	34.2	35.4	37.0
Share of Women in Management Positions in Revenue-generating Functions		%	28.8	27.5	31.6
Share of Women in STEM-related Positions		%	55.5	53.7	51.9
Number of Ethnic Minority Employees[13]		Person	784	789	807
Hiring					
Total Number of New Employee Hires		Person	4,351	3,999	3,105

13 The largest three ethnic minorities of Joincare's workforce are Hui (1.79%), Zhuang (1.25%) and Miao (0.48%), and the shares of Hui, Zhuang and Miao in the management are 0.32%, 0.76% and 0.06%.

Sustainability indicator		Unit	2022	2023	2024
Number of New Employee Hires by Gender and Age Group					
Gender	Male	Person	2,326	2,371	1,734
	Female	Person	2,025	1,628	1,371
Age	30 and below	Person	2,664	2,434	1,874
	31-49	Person	1,664	1,546	1,221
	50 and above	Person	23	19	10
Percentage of Open Positions Filled by Internal Candidates (Internal Hires)		%	14.4	18.9	28.2
Percentage of Internal Hires by Gender and Age Group					
Gender	Male	%	54.1	55.7	57.8
	Female	%	45.9	44.3	42.2
Age	30 and below	%	27.9	34.1	36.7
	31-49	%	70.5	62.8	58.5
	50 and above	%	1.6	3.1	4.8
Years Employed by the Company					
Average Years Employed by the Company for Male Employees		Year/Person	8.2	7.4	8.5
Average Years Employed by the Company for Female Employees		Year/Person	6.4	6.3	6.7
Group's Turnover Rate[14]					
Overall Employee Turnover Rate		%	12	12	10
Including: Active Employee Turnover Rate		%	12	12	10
Employee Turnover Rate by Gender, Age Group					
Gender	Male	%	10	11	10
	Female	%	11	14	10
Age	30 and below	%	13	16	14
	31-49	%	9	10	7
	50 and above	%	6	4	3
Employee Engagement Survey					
Employee Engagement		%	87	90	90

14 In order to better demonstrate the Group's human resource management and ensure the consistency of the calculation of internal management and external disclosure, the calculation of the turnover rate directly adopted the methodology used by the Group's human resources management, i.e. the number of employee resigned was equal to the number of permanent employees who voluntarily resign.

Sustainability indicator		Unit	2022	2023	2024
2.2 Health and Safety					
Number of Work-related Injuries					
Number of Work-related Fatalities		Person	0	0	0
Days Lost due to Work-related Injuries		Day	214	98	781.5
Lost-Time Injury Frequency Rate (LTIFR)		Number of Injuries/ Million Hours Worked	0.25	0.16	0.37
Number of Work-related Fatalities for Contractors		Person	0	0	0
Days Lost due to Work-related Injuries - Contractors		Day	0	0	0
Lost-Time Injury Frequency Rate (LTIFR) - Contractors		Number of Injuries/ Million Hours ofWorks	0	0	0
2.3 Training and Development					
Total Training Percentage for Employees		%	/	100	99
Total Training Hours for Employees		Hour	895,409	975,834	1,345,002
Training Hours for Male Employees		Hour	474,502	531,945	728,915
Training Hours for Female Employees		Hour	420,908	443,889	616,087
Average Training Hours per Employee		Hour/Person	63.4	67.9	94.7
Average Training Hours per Employee by Gender and Age Group					
Gender	Male	Hour/Person	63.0	68.3	95.4
	Female	Hour/Person	63.9	67.5	93.8
Age	30 and below	Hour/Person	63.3	85.2	123.7
	31-49	Hour/Person	63.7	58.5	79.1
	50 and above	Hour/Person	61.6	63.5	91.9
Average Training Hours of Employees in Management Training		Hour/Person	/	19.0	19.6
Average Training Hours of Employees in Leadership Training		Hour/Person	/	27.3	23.1
Percentage of Successful Succession/Promotion to Management Positions		%	/	14.5	15.2
Average Amount Spent per Employee on Training		RMB/Person	323.7	406.9	336.2

Sustainability indicator	Unit	2022	2023	2024
2.4 Product Responsibility				
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons				
Percentage of Such Products to Total Products Sold /Shipped	%	0	0	0
Number of Products and Service Related Complaints Received				
Product-related Complaints	Time	92	147	108
Medication Queries[15]	Time	20	17	5,221
2.5 Business Ethics				
Number of Brought and Concluded Legal Cases Regarding Corrupt Practices	Case	0	0	0
Number of Breaches on Conflicts of Interest	Case	0	0	0
Number of Breaches on Money Lanudering or Insider trading	Case	0	0	0
Number of Breaches on Customer Privacy Data	Case	0	0	0
Number of Breaches on Discrimination or Harassment	Case	0	0	0
2.6 Public Welfare Projects				
Financial Donation	RMB 10,000	569.9	1,976.2	1,195.7
Value of Donated Goods	RMB 10,000	641.8	622.3	208.6
Investment in Rural Revitalization	RMB 10,000	/	196.1	222.3

15 The purpose of medication querie is to ensure that patients can use medications safely and effectively, while improving their satisfaction with medication use and their quality of life. In 2024, the Group adjusted and optimized the statistical caliber for medication queries.