HANGZHOU JIUYUAN GENETIC BIOPHARMACEUTICAL CO., LTD.

杭州九源基因生物醫藥股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

Stock code : 2566

# Environmental, Social and Governance Report

# 2024

# 2024 Environmental, Social, and Governance (ESG) Report

## INSTRUCTIONS FOR REPORT COMPILATION

This Report is the first Environmental, Social, and Governance (ESG) Report (hereinafter referred to as the "ESG Report" or "Report") released by Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd., and its subsidiaries (hereinafter referred to as "JIUYUAN GENE", "the Group", or "we"). While pursuing innovation and development, we consistently adhere to the concept of sustainable development and actively fulfil our corporate social responsibilities. This Report summarizes our policies, initiatives, and performance in the areas of environmental, social, and governance (hereinafter referred to as "ESG"). It aims to demonstrate to stakeholders our efforts and commitments beyond financial performance and business growth, while also outlining our future vision for advancing gene technology and the practice of social responsibility.

## COMPILATION BASIS

This Report is prepared in accordance with Appendix C2 – "Environmental, Social and Governance Reporting Guide" of the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Guide"), and the scope and content of the Report also comply with the disclosure principles required in the Guide.

When compiling the ESG Report, the Group follows the following four reporting principles:

| Principle | Our Response |
|---|---|
| Materiality | The ESG management policy of the Group is designed to focus on the core areas that have a significant impact on business operations, investors, and stakeholders. These key areas will be introduced in the "Materiality Assessment" section of the ESG Report. |
| Quantification | Disclosures are presented in a quantifiable format wherever applicable, enabling the evaluation and verification of the effectiveness of ESG policies and management systems. Quantitative information should be supplemented with explanations of its objectives and impacts, and comparative data should be provided when appropriate. |
| Balance | The ESG Report should present the issuer's performance impartially and avoid any selection, omission, or presentation format that might inappropriately influence the decisions or judgments of report readers. |
| Consistency | The compilation methods, statistical methods, and measurement standards, methods, assumptions, and/or calculation tools for quantitative data, as well as the conversion factors used, remain consistent throughout this Report. |

## REPORTING PERIOD AND SCOPE

The period covered by this Report is from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "Reporting Period"), which is consistent with the Group's financial year, and the report scope is also consistent with the Annual Report. This allows stakeholders to comprehensively understand our annual performance and progress in the ESG field. Some data or cases may extend beyond this period to provide more comprehensive background information or long-term trend analysis.

## REPORTING LANGUAGE

This Report is published in both traditional Chinese and English versions. In case of any ambiguity, the traditional Chinese version shall prevail.

# 2024 Environmental, Social, and Governance (ESG) Report

## BOARD STATEMENT

JIUYUAN GENE deeply understands that sustainable development is the cornerstone of a company's long-term and stable development and the demonstration of our fulfillment of corporate social responsibilities. The Board of Directors (hereinafter referred to as the"Board"), as the highest governance body for the Group's ESG initiatives, bears full responsibility for ESG strategy and reporting. We attach great importance to ESG-related risks and opportunities and incorporate them into the Group's risk management system to ensure that while pursuing economic benefits, the Group actively fulfils its environmental and social responsibilities.

We have developed the Group's sustainable development strategy and set specific goals for this year in the areas such as greenhouse gas (GHG) emissions, waste management, energy consumption, and water resource use, with 2023 as the base year. We will regularly evaluate the progress of these goals and adjust and optimize according to the actual situations.

This Report discloses in detail the progress and effectiveness of the Company's ESG work in 2024. There are no false records, misleading statements, or material omissions in the Report. The Board assumes full responsibility for the content reported in this Report. This Report was reviewed and approved by the Board meeting on March 26, 2025.

## 1. ABOUT JIUYUAN GENE

### 1.1 The Group Profile

JIUYUAN GENE is a high-tech enterprise specializing in the research, development, production, and sales of biopharmaceuticals and medical devices. Established in 1993 and headquartered in Zhejiang Province, the Group has more than 30 years of industry experience, with a focus on four therapeutic areas: orthopedics, metabolic diseases, oncology, and hematology. Its core products include China's first leukocyte-boosting drug, Jilifen, the first bone repair material containing rhBMP-2, Guyoudao, and the potential first commercially approved biosimilar of Semaglutide, JY29-2. The Group has consistently achieved annual revenues exceeding RMB1 billion for many years.

JIUYUAN GENE boasts robust R&D capabilities, supported by a team of 114 members at its research center, more than 61% of whom hold master's or doctoral degrees, with core members from prestigious institutions such as Peking University and Zhejiang University. The Group has established six product development platforms, participated in multiple national or provincial research projects, undertaken three national major science and technology projects, and operates innovative platforms such as a national postdoctoral workstation and an academician workstation. Currently, the Group has launched nine products, with over 10 in the pipeline, forming a diversified product portfolio that includes several innovative and first-to-market generic drugs in China.

Guided by a commitment to sustainable development, JIUYUAN GENE prioritizes ESG practices, emphasizing green manufacturing, biosecurity, and the protection of patient data privacy. The Group remains dedicated to innovation-driven growth, supported by market-oriented strategies, and deepen its efforts in the four core therapeutic areas. With a vision to become a leading biopharmaceutical enterprise in China, JIUYUAN GENE is steadfast in its mission to advance human health and well-being.

## 1.2 Honors of the Group

| Award Category | Award Level | Award Name | Awarding Organization | Award Date |
|---|---|---|---|---|
| Technological Innovation | National Level | Participating Drafting Unit – Low Molecular Weight Heparin Generic Drugs | China Biochemical Pharmaceutical Industry Association | Dec 2024 |
| Industry Comprehensive | Municipal Level | 2024 Outstanding Member Enterprise | Hangzhou Qiantang District Chamber of Commerce (General Chamber of Commerce) | Dec 2024 |
| Social Responsibility | Municipal Level | 2024 Qiantang District "Ten Thousand Enterprises Thriving Ten Thousand Villages" Co-rich Action Demonstration Unit | Hangzhou Qiantang District Federation of Commerce and Industry (General Chamber of Commerce) | Dec 2024 |
| Industry Comprehensive | Municipal Level | 2024 Hangzhou Headquarters Enterprise | Hangzhou Municipal Government | Nov 2024 |
| Industry Comprehensive | Municipal Level | Standing Council Member Unit | Hangzhou High-Tech Enterprise Association | Nov 2024 |
| Technological Innovation | Provincial Level | Zhejiang Provincial Science and Technology Progress Award – Clinical Translation Research on Bone and Cartilage Tissue Engineering | Zhejiang Provincial Government | Nov 2024 |
| Industry Comprehensive | Provincial Level | Zhejiang Province AAA-Level "Contract-Honoring and Credit-Worthy" Enterprise | Zhejiang Provincial Administration for Market Regulation | Oct 2024 |
| Industry Comprehensive | Municipal Level | 2024 Qiantang (New) District Headquarters Enterprise | Hangzhou Qiantang District Development and Reform Bureau | Sep 2024 |
| Industry Comprehensive | Provincial Level | 2023 Zhejiang Province High-Growth Enterprise in Biopharmaceutical Industry | Zhejiang Provincial Department of Economy and Information Technology | Jul 2024 |
| Industry Comprehensive | Municipal Level | 2024 Hangzhou High-Quality Product Recommendation Catalog | Hangzhou Municipal Bureau of Economy and Information Technology | May 2024 |
| Social Responsibility | Municipal Level | 2023 Outstanding Contribution Award for Counterpart Support | Hangzhou Qiantang District Development and Reform Bureau | Mar 2024 |
| Industry Comprehensive | National Level | 2023 Excellent Partner | *Chinese Journal of Bone and Joint Surgery* | Mar 2024 |
| Industry Comprehensive | Provincial Level | High-Tech Enterprise (for 3 years) | Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial Taxation Bureau of the State Taxation Administration | Dec 2023 |

## 2. PRACTICING SUSTAINABLE DEVELOPMENT

### 2.1. Sustainable Development Framework

JIUYUAN GENE is committed to implementing high standards in health, safety, social responsibility, and environmental protection, and strictly adheres to the post-listing ESG reporting requirements. The Board has authorized the establishment of a three-tier ESG management hierarchy, comprising the ESG Committee (an internal organization), the ESG Office, and the ESG Working Group, to define responsibilities, further refine the ESG governance system, and ensure the effective execution of ESG initiatives, thereby providing a solid foundation for the Group's sustainable development.

The ESG Committee, serving as the Group's ESG oversight and management body, is responsible for comprehensive supervision and management of the Group's ESG performance, and reports directly to the Board. The ESG Office bears the crucial responsibility of implementing and executing the ESG action plans formulated by the ESG Committee. The ESG Working Group, formed by the collaboration of multiple ESG-related functional departments, collaborates with the ESG Office to jointly undertake the specific implementation and execution of tasks related to ESG, ensuring the efficient advancement and enforcement of the Group's ESG efforts.

Under the management and supervision of the ESG governance structure, to ensure the establishment and continuous improvement of an effective ESG risk management and internal control mechanism, we regularly conduct ESG materiality assessments and submit the evaluation results to the ESG Working Group for review, guiding the management in optimizing the ESG objective management system.

| Role | Composition | Key Responsibilities |
|---|---|---|
| The Board | Directors | ➢ Assess and define ESG-related risks;<br>➢ Manage the impact of significant ESG risks and opportunities;<br>➢ Establish ESG-related mechanisms, policies, and objectives;<br>➢ Annually evaluate the Group's performance against ESG objectives and revise ESG policies in case of significant deviations;<br>➢ Oversee the development and reporting of ESG strategies, objectives, and internal monitoring indicators. |
| ESG Committee | Directors and Senior Management | ➢ Evaluate and manage ESG-related risks and opportunities, and develop ESG strategic plans, management structures, systems, strategies, and implementation rules;<br>➢ Develop guidelines for significant ESG matters, review and rate them, and identify key ESG issues;<br>➢ Review ESG work and internal monitoring systems and propose improvement suggestions; review ESG-related disclosure documents, including the annual ESG report;<br>➢ Monitor ESG-related risks, develop response measures, and oversee issue resolution;<br>➢ Report regularly to the Board;<br>➢ Provide ESG-related training and materials to the Board. |
| ESG Office | Department Heads | ➢ Develop specific work plans in accordance with ESG requirements and implement detailed ESG-related measures;<br>➢ Coordinate the ESG Working Group to ensure proper deployment of specific tasks;<br>➢ Regularly organize assessments of ESG work performance and produce reports. |
| ESG Working Group | Functional Departments | ➢ Execute relevant policies and objectives as required by the ESG Office and drive the implementation and execution of ESG initiatives;<br>➢ Monitor the implementation of ESG initiatives; identify significant ESG issues and related risks;<br>➢ Regularly collect, organize, and report progress, performance, and case studies related to ESG initiatives. |

## 2.2. Stakeholder Engagement

JIUYUAN GENE consistently regards the expectations and feedback of stakeholders as the core driving force of ESG governance, striving to build transparent and trust-based partnership with all stakeholders. Through a multi-faceted communication model, we maintain close interaction with stakeholders, gaining an in-depth understanding of their concerns and expectations regarding the Group's ESG performance, and integrating these into our operational strategies and sustainable development planning. By leveraging diverse communication channels, including regular meetings, surveys, public reports, and dedicated events, we ensure that the voices of shareholders, customers, employees, suppliers, regulatory authorities, and the public are fully heard and effectively addressed. JIUYUAN GENE will continue to deepen its stakeholder engagement mechanisms, foster constructive dialogue, and work collaboratively to create a blueprint for long-term prosperity and sustainable development, contributing to industry progress and social well-being.

Below is an overview of the expectations, requirements, and communication channels with the Group's key stakeholders:

| Stakeholder | Expectations and Requirements | Primary Communication Channels |
|---|---|---|
| Shareholders & Investors | ➢ Compliance operations<br>➢ Investment returns<br>➢ Protection of shareholder rights<br>➢ Corporate sustainability and industry development trends<br>➢ Anti-corruption and integrity | ➢ General meetings<br>➢ Annual reports, announcements, and other public disclosures<br>➢ Investor meetings<br>➢ Listed company information disclosures |
| Customers | ➢ Product quality and safety assurance<br>➢ High-quality and efficient services and products<br>➢ Business ethics<br>➢ Introduction of new products | ➢ Customer service center<br>➢ Email and phone communication<br>➢ Online service platform<br>➢ Customer satisfaction surveys and feedback forms |
| Employees | ➢ Compensation and benefits<br>➢ Career development opportunities<br>➢ Safe working environment<br>➢ Professional training<br>➢ Humanistic care | ➢ Regular performance reviews<br>➢ Training sessions and workshops<br>➢ Employee activities<br>➢ Employee satisfaction and feedback surveys<br>➢ Employee research |
| Suppliers | ➢ Business ethics<br>➢ Supply chain management<br>➢ Sustainable partnerships | ➢ Supplier evaluations<br>➢ Supplier meetings<br>➢ On-site inspections |

| Stakeholder | Expectations and Requirements | Primary Communication Channels |
|---|---|---|
| Regulatory Authorities | ➢ Compliance operations<br>➢ Product quality and safety assurance<br>➢ Economic development promotion<br>➢ Employment promotion<br>➢ Advancement of genetic technology | ➢ Compliance reports<br>➢ Regulatory or voluntary disclosures<br>➢ Written responses to inquiries<br>➢ News releases<br>➢ Participation in social activities |
| The Public | ➢ Corporate social responsibility<br>➢ Efficient resource utilization<br>➢ Environmental protection<br>➢ Employment opportunities<br>➢ Reduction of pollutant emissions | ➢ Participation in seminars and lectures<br>➢ ESG reports<br>➢ Public welfare activities<br>➢ Environmental protection initiatives |

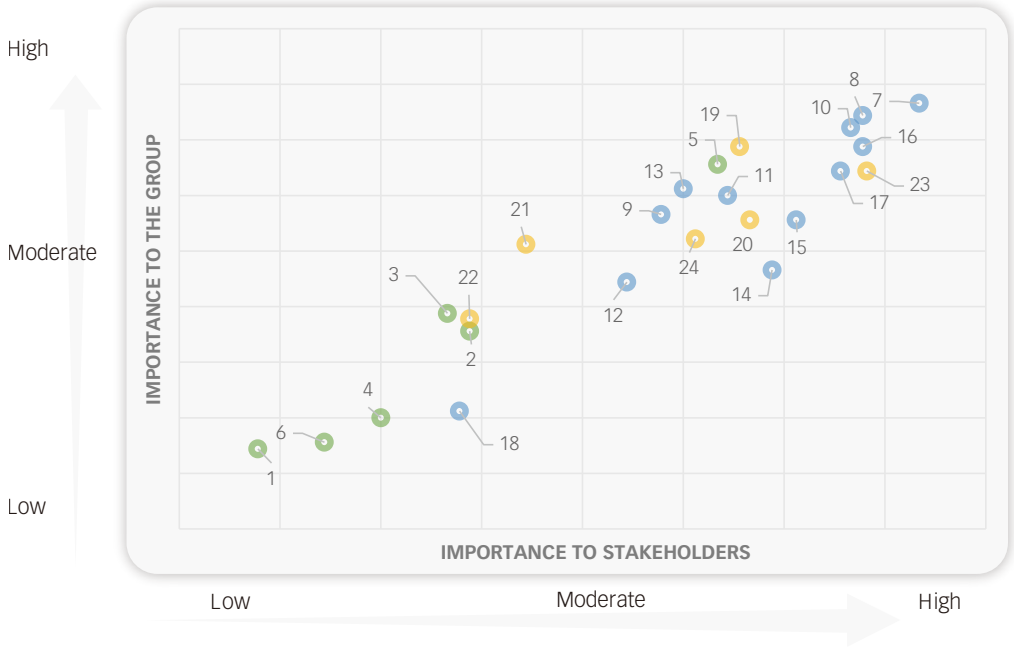
## 2.3. Materiality Assessment

To effectively identify potential material ESG issues applicable to the Group, we actively engage various categories of stakeholders in in-depth participation. Through comprehensive communication and interaction, we conduct a thorough and rigorous materiality assessment.

During the assessment process, we consider multiple critical factors. Firstly, we accurately identify the core concerns and priorities of stakeholders to ensure that their expectations are fully addressed. Secondly, we closely align with relevant regulatory frameworks and strictly adhere to policy and legal requirements. Additionally, we conduct a detailed analysis of the actual impact of various ESG issues on the Group's operational efficiency, financial performance stability, and sustainable development potential.

Based on this comprehensive and in-depth analysis, we scientifically prioritize and precisely evaluate the materiality of various ESG issues, ultimately identifying a series of material ESG matters that are highly relevant to the Group's business characteristics. These key issues will serve as important guidance for the subsequent development of ESG strategies and action plans, helping the Group achieve its business objectives while actively fulfilling social responsibilities and promoting sustainable development in the industry.

Below are the key issues identified by the Group during the Reporting Period, along with their materiality assessment as reflected in the materiality matrix:




| Environment | | Society | | Governance | |
|---|---|---|---|---|---|
| 1. | GHG and Exhaust Emission Management | 7. | Product Quality and Safety | 19. | Compliant Operations and Expansion |
| 2. | Energy Utilization and Management | 8. | R&D and Technological Innovation | 20. | Business Ethics and Anti-corruption |
| 3. | Resource Utilization and Management | 9. | High-quality Customer Services | 21. | ESG Governance System |
| 4. | Non-hazardous Waste Management | 10. | Intellectual Property Management | 22. | Responsible Investment |
| 5. | Hazardous Waste Management | 11. | Information Security and Privacy Protection | 23. | Corporate Governance and Risk Management |
| 6. | Climate Change Response | 12. | Industry Collaboration and Ecosystem Development | 24. | Corporate Culture Development |
| | | 13. | Sustainable Supply Chain Management | | |
| | | 14. | Employee Compliance, Equality, Diversity, and Inclusion | | |
| | | 15. | Employee Development and Training | | |
| | | 16. | Employee Health and Safety | | |
| | | 17. | Employee Benefits and Talent Attraction | | |
| | | 18. | Social Investment and Public Welfare Contributions | | |

The Group will continue to enhance its ESG performance, actively respond to stakeholder expectations, effectively address business risks, and formulate and implement sustainable development strategies based on these efforts. During the Reporting Period, we strictly adhered to ESG reporting guidelines and provided detailed disclosures on work details and key performance indicators that are closely related to and material to the Group's operations. These contents will be presented around the following six areas, closely aligned with the Group's business development, aiming to advance the achievement of sustainable operational goals.

## 3. CORPORATE COMPLIANCE MANAGEMENT

Compliance operations are the foundation of a Company's existence and a crucial guarantee for achieving sustainable development. We strictly adhere to various laws and regulations, rigorously implement legal and compliance standards for business conduct, and are committed to fostering a fair, just, and transparent operating environment.

### 3.1. Business Conduct Compliance

The Group consistently regards business ethics and integrity as the core of sustainable development. In our operations, we strictly comply with laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Interim Provisions on Prohibiting Commercial Bribery*, and the *Company Law of the People's Republic of China*, as well as industry standards. We uphold integrity in business operations, ensuring that all business activities are transparent and compliant. By establishing comprehensive ethical guidelines, anti-corruption policies, and internal control mechanisms, we are committed to building a fair and just business environment, eliminating any form of commercial bribery, conflicts of interest, and unfair competition.

#### 3.1.1. Anti-Fraud, Anti-Money Laundering and Anti-Corruption

To prevent and combat violations such as fraud, money laundering, and corruption, standardize the Group's management, and protect the legitimate rights and interests of the Group and its shareholders, we have formulated the *Anti-Fraud and Anti-Money Laundering Management System* in accordance with relevant laws, regulations, and the Group's operational objectives, tailored to the Group's actual circumstances. This system aims to regulate the professional conduct of the Group's management and employees.

According to the *Anti-Fraud and Anti-Money Laundering Management System*, each department is responsible for anti-fraud and anti-money laundering efforts within its scope, while the Risk Management Committee and the Audit Department oversee company-wide matters. They report annually to the Board and the Audit Committee, further standardizing employee behavior and preventing actions that could harm the Group's interests.

During the Reporting Period, the Group did not encounter any litigation cases related to fraud, money laundering, or corruption.

### 3.1.2. Anti-Misconduct Regulations

To prevent misconduct, strengthen corporate governance and internal controls, reduce operational risks, standardize the Group's business conduct, protect the Group's legitimate rights and interests, and ensure the Group's sustainable and healthy development, the *JIUYUAN GENE Anti-Misconduct Regulations* have been established in accordance with the Group's operational objectives, relevant laws and regulations, regulatory requirements, and the Group's specific circumstances. These regulations aim to standardize the professional conduct of Directors, senior and middle management, and employees.

According to the *JIUYUAN GENE Anti-Misconduct Regulations*, the Risk Management Committee and the Audit Department, as standing bodies, oversee the Group's anti-misconduct efforts, including risk assessment, reporting acceptance, and investigation. The General Administration Office promotes the anti-misconduct system and corporate culture, while the Audit Committee supervises and guides the work, establishing an anti-misconduct management system at the group level to prevent misconduct and foster a culture of integrity and diligence.

During the Reporting Period, the Group did not encounter any litigation cases related to misconduct.

### 3.1.3. Business Conduct

To uphold the principle of compliance in operations, we have developed corresponding strategies for the Group's business conduct or activities through the *Business Conduct Compliance Guidelines*. By fully implementing these requirements, we actively build a fair business environment, continuously enhance corporate reputation, and contribute to the achievement of sustainable development goals. Our business conduct covers the following categories:

| Business Behaviors or Activities | Regulations and Requirements |
|---|---|
| Medical Interactive Communication Activities | Focused on improving medical standards and benefiting patients, adhering to principles of transparency, integrity, objectivity, caution, and non-exchange of interests. These activities aim to provide healthcare professionals with drug information, scientific educational resources, and support medical research and education. |
| Self-organized/Jointly organized Activities | Includes events independently organized by the Group, commissioned to a third party, or jointly held with a third party. Joint events are treated as self-organized events. Event formats vary and require internal evaluation and approval, with strict compliance to regulations on schedules, venues, and hospitality standards. |
| Third-Party Conferences | Participation in conferences organized by independent third parties require rigorous review of the organizer's qualifications and participation costs (travel, registration, hospitality, etc.) to ensure reasonable and compliant expenditures. |

The Group regulates its various business activities through the following measures: clearly define the scope of expert services and sign agreements, ensure fair selection of healthcare professionals, establish reasonable service fee standards, prohibit inducing prescriptions through services, and disallow payments in cash or substitutes. Providing personal gifts, cash, or services to healthcare professionals are also prohibited. However, compliant promotional materials and medical supplies with moderate value and company logos are permitted. Only educational materials may be provided to healthcare professionals. For activities such as market research, clinical studies, donations, commercial sponsorships, expert consultation meetings, and continuing education, standardized processes are established for each activity to ensure compliance and support the development of the healthcare industry. We also encourage reporting of violations, establish confidential reporting channels, and promptly investigate and address issues to maintain transparency and credibility of the industry.

## 3.2. Internal Control and Risk Management

JIUYUAN GENE has established a comprehensive risk management system and internal control framework to identify, assess, monitor, and mitigate risks that may hinder our sustainable development, ensuring the compliance, security, and effectiveness of the Group's business operations.

In accordance with laws, regulations, and other regulatory standards such as the *Company Law of the People's Republic of China*, the *Accounting Law of the People's Republic of China,* and the *Basic Standards for Enterprise Internal Contro*l, the Group has developed a comprehensive internal control and risk management system tailored to its actual circumstances. This system covers strategic, legal, financial, and operational areas, with various internal control and risk management measures implemented. Additionally, the internal control system is regularly evaluated and refined, encompassing financial reporting and disclosure controls, enterprise-level controls, information system control management, and other operational procedures, with deep integration of internal control measures. Furthermore, through the supervision and evaluation of the effectiveness of risk management and internal control systems, the Group continuously strengthens risk management and internal control efforts, enhances management capabilities, and effectively safeguards the Company's sustainable development.

### 3.2.1. Internal Control

The Group strictly adheres to national laws, regulations, and industry regulatory requirements, striving to establish a robust internal control system. This system aims to safeguard asset security and integrity, prevent operational risks, ensure the authenticity, accuracy, and timeliness of financial reports and management information, improve operational efficiency, and facilitate the achievement of strategic objectives, thereby ensuring sustainable development and long-term value creation.

#### *3.2.1.1. Internal Control Framework*

The Group has established a dedicated Risk Management and Audit Department, staffed with a professional team responsible for comprehensive internal control-related tasks. These tasks include system establishment, execution checks, risk assessment, and misconduct auditing. By improving anti-misconduct, anti-money laundering, and anti-fraud mechanisms, the department accepts reports, conducts investigations, and optimizes strategies and processes to ensure risks are manageable. Additionally, it oversees large-scale procurement tenders, conducts engineering project settlement audits, and performs investment evaluations to ensure compliance and cost-effectiveness. Through data monitoring, report reviews, and financial risk prevention, the department enhances operational efficiency and decision-making support capabilities. Furthermore, aligned with the Group's strategy, it promotes team building and performance management, optimizes budget control and resource allocation, and builds an efficient and stable organizational system to support the Group's sustainable development goals.

#### *3.2.1.2. Five Elements of Internal Control*

Based on the *Basic Standards for Enterprise Internal Control* and its supporting guidelines, the Group has constructed an internal control system by integrating the five core elements of the COSO Internal Control Framework. This system ensures comprehensive and efficient internal control by combining control environment, risk assessment, control activities, information and communication, and internal monitoring mechanisms. It provides a solid foundation for the Group to achieve its strategic objectives and sustainable development goals.

| Five Elements of Internal Control | Specific Requirements for Each Element |
|---|---|
| Control Environment | The governance structure strictly complies with regulations, clearly defining the responsibilities and division of labor among departments, with the major shareholder's audit department conducting regular audits. Human resource management policies are well-established, implementing the separation of incompatible duties, and featuring comprehensive training, compensation, and promotion systems. Multiple measures are in place to strengthen compliance awareness. Additionally, corporate culture development is vigorously promoted, with a vertical communication network and a robust concept and behavior recognition system established. |

| Five Elements of Internal Control | Specific Requirements for Each Element |
|---|---|
| Risk Assessment | The Group has established a comprehensive risk assessment mechanism, clearly defining pre-control risks and loss reduction objectives, and standardizing process criteria. Risks are assessed during the formulation of strategic objectives, and operational risks are identified in accordance with regulations. At the beginning of 2024, 30 medium-level and 1 low-level risks were identified. Responsibilities are assigned, and corrective measures are implemented to ensure risks are manageable and strategic goals are achieved. |
| Control Activities | Effectiveness is evaluated based on relevant standards, covering control activities such as separation of incompatible duties, authorization and approval, accounting systems, asset protection, budgeting, operational analysis, and performance evaluation. |
| Information and Communication | Internal information communication is efficient, financial reporting systems are robust, and external communication channels are diverse. Information systems are maintained by dedicated personnel, and an anti-misconduct mechanism is in place. |
| Internal Monitoring | The Group has established multiple systems to enhance standardization. The Board of Supervisors, the Audit Committee of the Board, the major shareholder's audit department, and the Risk Management and Audit Department each perform their duties, conducting supervision, inspection, and evaluation to improve all aspects of the Group. |

### 3.2.2. Risk Management

In accordance with relevant laws, regulations, and regulatory standards, we have formulated the *Risk Control Management System*. Centered on the Group's strategy and operational objectives, this system implements fundamental risk management processes across all management levels and operational activities, establishing a robust risk management framework to ensure the achievement of overall risk management goals. It aims to standardize risk management, build a structured and effective risk control system, enhance risk prevention capabilities, ensure the Company's safe and stable operations, and improve overall management standards.

#### *3.2.2.1. Risk Classification and Management Organizational System*

The Group's risks are categorized into strategic, legal, financial, and operational risks. Operational risks are further subdivided into risks across multiple stages, such as production and procurement payments. The risk management organizational system consists of the Board, the Risk Management Committee under the Board, and risk management positions within various functional departments:

| Risk Management Organization System | Department or Level | Key Responsibilities |
|---|---|---|
| First Line of Defense | Functional Departments | Identify and analyze risks, design control measures, and oversee their implementation. |
| Second Line of Defense | Board of Directors, General Meeting, Risk Management Committee, and Board of Supervisors | Promote system development, with the Board of Supervisors and Risk Management Committee responsible for daily management. |

#### *3.2.2.2. Basic Risk Management Process*

| Key Processes | Risk Management Nodes |
|---|---|
| Strategy Formulation and Implementation | Risk management strategies are formulated by the Risk Management Committee and approved by the Board |
| Risk Assessment | Through processes such as establishing concepts and setting objectives, response plans are determined based on cost-benefit analysis and risk tolerance, such as avoiding, reducing, sharing, or accepting risks |

| Key Processes | Risk Management Nodes |
|---|---|
| Monitoring and Early Warning | Multiple internal control measures are established, including authorization, reporting, and approval systems. Financial and operational management early warning systems are also in place. Communication and feedback mechanisms ensure leadership is informed of risks. The Risk Management Committee monitors operational plans, and each department annually evaluates risk control levels |
| Risk Handling | Emergency mechanisms are established to promptly develop and report contingency plans for newly emerging significant risks. General risks are handled by relevant units, while corporate crises are addressed by forming task forces and developing action plans according to procedures, followed by summarizing lessons and assigning responsibilities |
| Supervision and Improvement | Information communication channels are established. Departments conduct self-assessments, while the committee supervises and evaluates, with results reported to the Board |

### 3.3. Prevention and Reporting Procedures

To fully implement the Group's business conduct compliance requirements and ensure the strict enforcement of internal control and risk management systems, the Group has established comprehensive prevention, reporting, and handling procedures, creating a closed-loop compliance management system. Specific measures include the following prevention and reporting procedures:

Senior and middle management lead by example, fostering a culture of integrity through initiatives such as cultural development, risk prevention, and background checks to reduce risks of misconduct, fraud, and corruption. Risks are assessed at the beginning of each year, with each department establishing control mechanisms and setting up standing bodies to handle reports, ensuring daily activities incorporate oversight and forming a comprehensive prevention system.

The Risk Management Committee and Audit Department publicize reporting channels. Upon receiving a report, an investigation is initiated within 3 working days, and a report is submitted within 15 working days. The Board and Audit Committee conduct multi-faceted reviews and supervision. Major issues are addressed through ad hoc meetings to ensure transparent and efficient handling of reports, with written records maintained.

After incidents of misconduct or fraud, internal control measures are evaluated and improved, and results are communicated. Employees involved in violations face internal disciplinary actions based on the severity of the case. Criminal cases are referred to judicial authorities, and cases involving Party members are handled by disciplinary inspection bodies. Whistleblowers with verified reports are rewarded, and investigation information is strictly confidential, demonstrating the Group's firm stance on business ethics and supporting sustainable development.

During the Reporting Period, the Group did not receive any complaints, reports, or related litigation cases.

### 3.4. Integrity and Ethical Business Practices

We recognize that adherence to business compliance and ethics is a critical pillar of corporate development, enhancing the Company's reputation and earning the trust of partners, customers, and regulatory authorities. By formulating and strictly enforcing anti-fraud, anti-money laundering, anti-corruption, and anti-misconduct management systems, along with related prevention and reporting procedures, the Group has achieved significant results in building business ethics. Additionally, through providing relevant training, internal management has become more standardized, significantly raising employees' awareness of integrity. The Group will continue to optimize relevant systems and procedures, actively explore innovative prevention methods, and adapt to the evolving needs of industry development and market changes. We remain committed to upholding the bottom line of integrity and ethical business practices, setting a benchmark for the healthy development of the biopharmaceutical and medical device industries, and contributing to the promotion of sustainable industry development.

During the Reporting Period, we provided all Directors with a 1-hour anti-corruption and anti-embezzlement training session, with a 100% attendance rate.

## 4. FULFILLING PRODUCT RESPONSIBILITIES

The Group strictly complies with relevant national laws, regulations, and administrative regulatory standards, including the *Drug Administration Law of the People's Republic of China*, the *Work Safety Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China*, the *Good Manufacturing Practice for Pharmaceutical Products*, the *Pharmacopoeia of the People's Republic of China*, the *Supervisory Measures for Drug Production*, the *Measures for the Administration of Drug Recall*, and the *Opinions on Deepening the Reform of the Review and Approval System to Encourage Innovation in Drugs and Medical Devices*. We fully recognize the significant responsibility associated with our products and have established a robust quality control system, strengthened institutional development and staff training, and rigorously ensured the safety and efficacy of our products. We place great emphasis on customer complaint management and satisfaction surveys, strictly safeguarding business confidentiality and customer privacy, and ensuring compliance in labeling and advertising. Additionally, we are committed to promoting inclusive healthcare through innovative products, benefiting patients, fulfilling our social responsibilities, and contributing to sustainable social development.

During the Reporting Period, we did not violate any of the laws and regulations that significantly impact the Group's products, nor did we incur any penalties. Furthermore, due to the nature of our business, there were no product recalls required for safety or health reasons, and no issues related to advertising or labeling arose.

## 4.1. Product Quality Control System

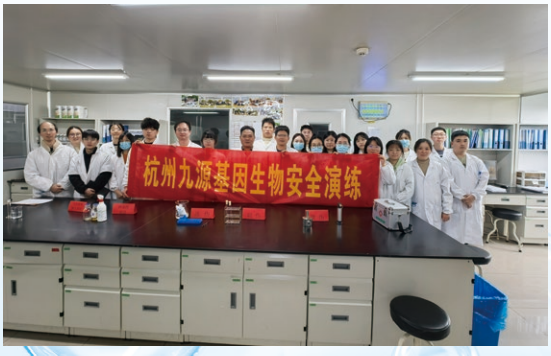
In accordance with relevant laws and regulations, we have established a series of systems, including the *Company Product Process Capability Management System, Sampling System, Raw and Auxiliary Material Sampling Operating Procedures, Quality Control Department Inspection Process, Quality Control Department Laboratory Abnormal Data Investigation Standard Operating Procedures, and Quality Control Department Report Process Management Procedures*. These systems form our quality management framework, creating a comprehensive set of product quality management documents that are strictly implemented and maintained to ensure the quality of our products meets both customer and regulatory requirements.

The Group has established management departments such as the Quality Management Department, Production Management Department, and Material Management Department, defining the responsibilities of each department and their respective managers. We have also allocated an adequate number of management and technical personnel. The Group implements a Qualified Person (QP) system, where each batch of products is approved for release by the QP or a delegated person. A risk management system has been established, encompassing quality management, quality assurance, quality control, and quality risk assessment. We have developed management systems for document control, training, product release, ongoing stability studies, change control, deviation management, corrective actions, supplier evaluation and approval, product quality review analysis, complaints, self-inspections, and pharmacovigilance. Annual product quality reviews are conducted for all production batches.

In terms of quality control testing, products are tested according to the Group's systems and the operating procedures and quality standards for intermediates and finished products. Test results are managed in a standardized manner to ensure timely and effective identification of adverse trends, thereby avoiding quality risks. In line with the Group's procedures, we have standardized processes for sampling operations, inspection procedures, laboratory abnormal data investigation and handling, and report issuance, ensuring the effectiveness of laboratory operations.

The Group provides systematic training and drills on product quality control to employees, ensuring they acquire the necessary knowledge and skills. New employees must pass assessments after completing training before they can assume their roles. Annual training is conducted, and targeted training is organized promptly when laws, regulations, or procedural documents are updated. Through systematic training and drills, we comprehensively enhance employees' capabilities, ensuring efficient and safe operations. Specialized training and drill topics include:

**Biosafety Drills:** Enhance emergency response capabilities and strengthen awareness of safe operations.



**Safety Knowledge Sharing:** Improve safety awareness and master emergency handling procedures.

Meanwhile, the Group pays attention to the after-sales situation of each product, formulates the *Product Recall System* for the possible product recall risks involved, establishes a recall group, and is fully responsible for product recall matters. In the event of any incident caused by products that may have safety hazards, the recall group will immediately launch an investigation and assessment, comprehensively analyze the reasons for the safety hazards of the products, and evaluate such reasons and the impact range of such products. The product recall procedure will be initiated based on the investigation results. The recall group needs to maintain close communication with customers, regulatory authorities, media and other relevant parties to determine the product recall methods, compensation plans, etc., and conduct real-time evaluations of the product recall situation. After the product recall is completed, the recall group will handle such products and write a summary report on the recall situation, which will be submitted and archived. During the Reporting Period, no product recall incidents occurred in the Group.

## 4.2. Green Production and Sustainable Operations

The Group strictly adheres to relevant laws and regulations, consistently prioritizing environmental protection as a core focus in our production and operations. We ensure that the environmental assessment results of all projects comply with national and local laws, regulations, and standards and have achieved ISO 14001 certification for our environmental management system. Through continuous improvement and strict compliance, we are committed to reducing the environmental impact of our operations and fulfilling our corporate sustainability responsibilities.

JIUYUAN GENE places environmental protection and safety management at the forefront. As laboratories are the core of scientific research, their safety and standardized management are of utmost importance. The Group has implemented a series of management measures centered around R&D activities. From standardizing daily laboratory operations and setting up clear biosafety warning signs to the proper use of steam sterilizers and biosafety cabinets, and rigorous biosafety inspections, every step is meticulously designed to build a robust safety and environmental protection framework. This ensures the smooth progress of R&D activities and guarantees that scientific achievements are nurtured in a safe and green environment.

### 4.2.1. Safety Management

The Group has established the *Research & Development (R&D) Center Management System*, which outlines safety management protocols for the R&D center to ensure the safety of personnel and equipment, thereby facilitating the orderly advancement of scientific research.

**Responsibilities and Roles:** The Director/Deputy Director of the R&D Center is responsible for overall safety; department managers/supervisors are accountable for safety education, monitoring compliance, and ensuring the safety of their respective departments; employees are required to learn safety protocols and adhere to regulations; safety officers conduct regular inspections of safety facilities, identify and resolve potential hazards.

**Management Principles:** Upholding the principle of "Safety First," employees must undergo safety training before starting work; laboratory access is restricted to authorized personnel, with specific dress code requirements for experimenters and visitors. Non-experimental personnel are prohibited from entering without approval.

**Environment and Item Management:** Maintain cleanliness in offices and laboratories; prohibit the entry of hazardous items and ensure proper storage and disposal of hazardous chemicals. Experimental waste must be disposed of according to regulations.

**Equipment Management:** Inspect equipment before use and perform regular maintenance; operating faulty equipment is strictly prohibited; ensure safety passages remain unobstructed and access cards are properly managed.

**Additional Measures:** Employees must be trained to use safety facilities; conduct safety checks before leaving work and during holidays; strictly safeguard company confidentiality.

### 4.2.2. Laboratory Safety

The efficient and safe operation of laboratories is critical to the Group's scientific research progress. The Group has established comprehensive rules and regulations that standardize personnel management and operational procedures, providing clear guidelines for daily operations. In terms of equipment usage and management, regular maintenance is conducted, and every aspect is strictly controlled and interconnected, collectively building a robust system for laboratory safety and standardized operations.

#### *4.2.2.1. Laboratory Management System*

Based on strict compliance with relevant laws and regulations, the Group has formulated the *Laboratory Management System*, which covers daily management, instrument and equipment maintenance, reagent and apparatus usage, environmental hygiene management, and record-keeping standards. This system aims to systematically standardize laboratory operations and management, ensuring safe and effective laboratory functioning.

**Personnel Operational Standards:** Prioritize quality and strictly adhere to Good Laboratory Practice (GLP) standards. Implement safety protocols and ensure personal protective measures are in place. New employees must undergo safety training. Project leaders are responsible for project management, ensuring the laboratory remains clean and quiet.

**Instrument and Equipment Usage:** Follow safety rules for equipment usage and properly dispose of waste liquids. Equip the laboratory with necessary safety and emergency facilities. Precision and high-value instruments are assigned to dedicated personnel for maintenance and regular calibration. Reagents and apparatus are stored in categorized areas, with special reagents managed according to regulations to ensure standardized operations.

**Experimental Records and Environmental Maintenance:** Conduct thorough preparation and risk assessment before experiments. Maintain standardized and accurate data recording during experiments. Organize, back up, and securely store records after experiments. Staff regularly clean the laboratory, ensuring thorough cleaning and inspection after experiments. Periodic hygiene inspections ensure the environment meets research requirements, supporting safe and efficient laboratory operations.

#### *4.2.2.2. Steam Sterilizer Usage Management*

The Group has established the *Steam Sterilizer Usage Management System*, which regulates the use, monitoring, maintenance, and emergency response protocols for steam sterilizers, ensuring their proper and safe operation.

**Operational Requirements:** Operators must undergo specialized training and pass certification exams before using the equipment. Before operation, check water supply, steam supply, and electrical connections; cease use and conduct repairs if abnormalities are detected. Regularly monitor sterilization effectiveness using meters, charts, and chemical indicators to assess equipment performance and sterilization parameters. Periodically calibrate pressure gauges and temperature meters and send safety valves for inspection;

**Maintenance Measures:** Regularly inspect equipment components and promptly repair or replace damaged parts. Clean the internal and external surfaces of the equipment. Perform regular maintenance based on the user manual and usage conditions;

**Emergency Response:** In case of equipment malfunction or abnormal temperature/pressure during sterilization, operators must immediately stop operations. For equipment failure, disconnect the power supply and seek professional repair services. For parameter abnormalities, investigate and address the root cause to ensure the safe and stable operation of the equipment.

### 4.2.3. Biosafety

In terms of biosafety management, we have established a series of corresponding management systems, including the *Laboratory Biosafety Signage Usage System*, the *Biosafety Inspection System*, and the *Biosafety Cabinet Usage Management System*, to ensure that biosafety in business and operations fully complies with national laws and regulations. These systems clearly define biosafety-related operations and standards from various dimensions. Through strict implementation, they effectively regulate the use of laboratory signage, biosafety inspection procedures, and the management of biosafety cabinets, comprehensively strengthening the biosafety framework and ensuring that all business and operational activities are conducted smoothly and orderly within a legally compliant biosafety framework.

#### *4.2.3.1. Laboratory Biosafety Signage*

The Group has formulated the *Laboratory Biosafety Signage Usage System* to standardize the identification and use of biosafety signage, enhance the safety awareness of laboratory personnel, and ensure the safety and health of experimental operators.

We have clear regulations on the use of biosafety signage. Laboratories and waste bins involving biohazardous materials must display biosafety signs. Departments involved in biosafety include all units in the New Drug Research Department, as well as the Cell Fermentation Room and Microbial Fermentation Room in the Process Development Department. Biosafety signs must be posted at laboratory entrances and on conspicuous locations such as waste bins containing biohazardous materials (e.g., pathogen culture media, specimens, bacterial and viral strains, preservation solutions, and disposable items exposed to biohazardous materials). When necessary, the signs should also indicate the laboratory's biosafety level, safety responsible person, and emergency contact information to ensure rapid response measures can be taken in emergencies.

#### *4.2.3.2. Biosafety Inspections*

In accordance with the Group's *Biosafety Inspection System*, laboratory safety inspections are strengthened to comprehensively ensure the safety of laboratory personnel.

The system specifies that all personnel must participate in "Laboratory Biosafety" training, and individual room zones must have clear biosafety signage. Biosafety zones include office areas, semi-contaminated areas, and experimental areas, each with its own functions and usage standards. For inspection and supervision, the General Manager is the primary responsible person for biosafety, with the R&D Director and Laboratory Manager responsible for implementation. Inspections combine daily and routine checks, with issues and rectification requirements listed post-inspection and follow-up on their resolution. Essential equipment includes biosafety cabinets, high-pressure sterilizers, and handwashing stations in each experimental area. First aid kits must also be available, with items regularly replaced and easily accessible.

#### *4.2.3.3. Biosafety Cabinet Usage Management*

*Usage Management System*, we have established protocols for the disinfection, use, and maintenance of biosafety cabinets to standardize their management and ensure proper operation.

Biosafety cabinets are critical equipment for protecting personnel and the environment in laboratories. Our laboratory uses Class II, Type A2 biosafety cabinets, which provide both personnel protection and safeguard items on the work surface from room air contamination. Before use, the cabinet's operation must be checked, and it should be started 15–30 minutes in advance daily. After use, it should continue running for at least 5 minutes to complete the "purification" process. After experimental operations, the work surface and inner walls (excluding the supply filter diffuser plate) should be wiped with 75% ethanol or 0.2% chlorhexidine acetate. Additionally, the surface of the UV lamp inside the cabinet should be cleaned weekly, and annual inspections should measure indicators such as inflow and downflow air velocities to ensure the biosafety cabinet remains in normal working condition and functions reliably.

### 4.3. Customer Complaint Management

The Group strictly complies with laws and regulations such as the *Product Quality Law of the People's Republic of China* and the *Consumer Rights Protection Law of the People's Republic of China*. Under these legal frameworks, we have established the *Quality Complaint Handling System* to standardize the complaint handling process, ensuring the collection, investigation, handling, and feedback of complaint information. Upon receiving a customer complaint, the Quality Assurance (QA) department of the Quality Management Department is responsible for recording, preliminary investigation, and categorization, and organizes relevant departments to conduct in-depth investigations to analyze the root cause and potential quality impacts. If necessary, customers are requested to return samples for testing or technical personnel are dispatched for on-site verification. Once the cause is identified, corrective measures are formulated and implemented, and the results are communicated to the customer. Regardless of whether the complaint involves product quality, a response must be provided to the customer. The complaint is closed and archived after the customer expresses satisfaction with the explanation letter.

### 4.4. Protection of Business Secrets and Customer Privacy

In compliance with the regulations of the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Administrative Regulations on Internet Service Providers, the Group has established a series of systems to ensure information security, serving as a critical foundation for our information security management. These systems regulate all aspects of information security management at different levels, providing a robust institutional framework for safeguarding trade secrets and customer privacy.

We have formulated and strictly implemented the *Network Security Management System*. By deploying network security devices such as firewalls to defend against external attacks, implementing network isolation for core data and confidential information, and managing employee internet usage, we comprehensively maintain a secure network environment. The office network is divided into different Virtual Local Area Networks (VLANs) based on departments or business functions to isolate network traffic and reduce the risk of internal network attacks. Additionally, physical security measures are applied to hardware facilities such as servers, storage devices, and network equipment (e.g., centralized installation in server rooms, access control systems, and UPS backup power). Terminal devices are equipped with antivirus software, and unnecessary services and ports are disabled to prevent virus infections and hacker exploits, ensuring the security of the Group's network and equipment at every level.

We have also established and rigorously enforced the *Data Backup System*. Core business data is clearly defined, and the backup frequency, storage locations, and archiving periods are scientifically managed. Access and application permissions for core business systems are centrally configured and managed, ensuring that these systems can only be accessed through the internal network or VPN. This fully guarantees the secure, stable, and efficient operation of core business data and systems.

## 4.5. Social Contribution of Products

Over the years, we have been committed to investing in innovative research and development, leveraging cutting-edge technology and relentless efforts to create a series of products with exceptional value. From the bone-healing accelerator Guyoudao in the orthopedic field, which avoids secondary interventions, to oncology products like Jilifen, Jujufen, Jiouting, Jifuwei, and Jixinfen targeting various conditions, and hematology products such as Yinuojia and Jipailin for effective prevention and treatment of thrombosis, these products not only cover multiple critical medical fields but also demonstrate significant contributions to society by improving patient health and enhancing quality of life.

### 4.5.1. "Guyoudao" – Empowering Patient Bone Health

Through the clinical application of "Guyoudao" in the orthopedic field, the Group has significantly improved treatment outcomes for orthopedic patients, shortened recovery times, reduced surgical risks, and created substantial medical value for society.

| Bone Conditions or Treatment Techniques | Performance of "Guyoudao" in Clinical Applications in Accelerating Patient Recovery |
|---|---|
| Distal Tibial Fracture | Clinical trials confirm that using Guyoudao reduces fracture healing time by approximately 3–4 weeks, helping patients regain mobility faster and reducing the risk of complications from prolonged bed rest. |
| Femoral Neck Fracture | Clinical data show that Guyoudao shortens femoral neck fracture healing time by about 0.8 month. In clinical trials, healing time was reduced by approximately 13 weeks, and hospitalization time was shortened by about 9 weeks, significantly lowering patients' medical burden and hospitalization costs. |
| Lumbar Degenerative Disease | The application of Guyoudao in lumbar surgery has shown excellent repair effects, helping patients recover daily living abilities faster. |
| Femoral Head Necrosis | In clinical trials, the Guyoudao group achieved a postoperative excellence rate of 70% and a femoral head preservation rate of 80%. |
| Femoral Neck Fracture | Postoperative Harris scores reached an excellence rate of 85%, significantly improving patients' quality of life. |
| Calcaneal Fracture | The foot scoring system evaluation achieved an excellence rate of 94%, providing tangible benefits and satisfactory outcomes for patients. |

| Bone Conditions or Treatment Techniques | Performance of "Guyoudao" in Clinical Applications in Accelerating Patient Recovery |
|---|---|
| Trauma and Spinal Fusion Surgery | Guyoudao has demonstrated excellent osteoinductive and bone tissue growth-promoting effects in trauma and spinal fusion surgeries. Clinical outcomes in hospitals demonstrated spinal fusion rates reached up to 100%, with fracture healing times reduced by an average of over 1 week. The efficacy is equivalent to or even superior to autologous bone, avoiding the need for iliac bone harvesting and reducing the risks of rejection and infection associated with allograft implantation. |
| Distal Femoral Comminuted Fracture | Guyoudao promotes fracture healing in elderly patients with osteoporosis and bone defects, providing an effective treatment solution for this special population. |

### 4.5.2. "Guyoudao" – Advancing Medical Standards

The Group's product "Guyoudao" (containing BMP-2, Bone Morphogenetic Protein-2, a protein that plays a critical role in bone development, growth, and repair) has been included in multiple authoritative expert consensus documents and clinical guidelines, becoming an important option for treating orthopedic diseases such as femoral head necrosis and significantly improving patient outcomes and quality of life.

Our product "Guyoudao" has been recommended by several authoritative expert consensus documents and clinical guidelines, establishing it as a key choice for treating orthopedic diseases like femoral head necrosis. The *Clinical Diagnosis and Treatment Guidelines for Femoral Head Necrosis (2015 and 2016 editions)* recommend the implantation of BMP-2 in bone impaction grafting, affirming its significant role in promoting bone repair. The *Guidelines for Hip Preservation in Femoral Head Necrosis (2016 Edition)* further recommend the use of BMP-2 in non-structural bone grafting, solidifying its position in hip preservation therapy. The *Expert Consensus on Clinical Drug Prevention and Treatment of Femoral Head Necrosis (2022)* states that rhBMP-2 (recombinant human Bone Morphogenetic Protein-2) can improve the clinical efficacy and quality of bone repair, particularly for patients at ARCO Stage II or CJFH classification types C and L1. The *Expert Consensus on Clinical Diagnosis and Treatment Techniques for Femoral Head Necrosis (2022)* emphasizes that BMP-2 has osteoinductive and osteoconductive functions in the early treatment of femoral head necrosis, aiding in bone repair and providing structural support for the femoral head.

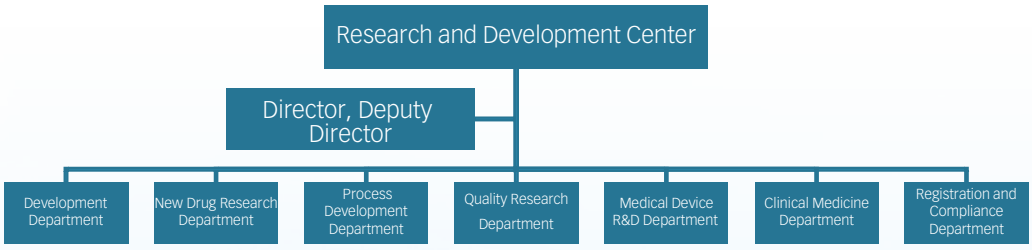
## 4.6. Innovation Management and Intellectual Property Protection

JIUYUAN GENE strictly adheres to domestic and international laws and regulations, including the *Patent Law of the People's Republic of China*, the *Implementing Regulations of the Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Implementing Regulations of the Trademark Law of the People's Republic of China*, the *Measures for the Implementation of Drug Trial Data Protection*, the *General Requirements for Laboratory Biosafety*, the *Regulations on the Safety Management of Hazardous Chemicals*, ICH (International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use) guidelines, and the *Requirements for Drug Records and Data Management*. Innovation serves as the core driver of the Group's development and medical advancements, while intellectual property protection forms the solid foundation supporting innovation. We are committed to creating a stable and healthy environment to ensure that every innovation is properly safeguarded.

### 4.6.1. Research and Development Innovation System

Based on relevant laws and regulations, we have established a comprehensive new product development management system, formulating a series of normative documents, including the New Product Development Management System, New Product Development Topic Selection Report Standards, New Product Development Feasibility Assessment Procedures, and New Product Project Plan Standards. These documents ensure that the entire process of new product development is managed in a standardized, efficient, and controllable manner.

To support the smooth progress of R&D activities, we have built a scientific and efficient R&D management system. The R&D Center is led by a Director/Deputy Director and comprises seven major departments: Development Department, New Drug Research Department, Process Development Department, Quality Research Department, Medical Device R&D Department, Clinical Medicine Department, and Registration and Compliance Department. These departments are further divided into 25 specialized units, forming a well-structured and clearly defined organizational framework. This system not only ensures the professionalism and collaboration of R&D activities but also provides a solid organizational foundation for continuous innovation.




### 4.6.2. Innovative Products and Projects

With years of R&D experience, we have accumulated extensive expertise and possess strong R&D capabilities, reflected in our mature product development platforms, successfully commercialized products, professional R&D teams, impressive project participation records, and effective intellectual property protection.

We have established six product development technology platforms, forming the foundation of our R&D strength: recombinant protein drugs, peptide drugs, drug-device combinations, antibody drugs, long-acting technologies, and subcutaneous drug delivery technologies. These platforms enable us to quickly identify therapeutic targets with market potential and develop and commercialize pipeline products. Among them, three marketed products stand out as the first domestically approved products in their respective categories in China: a drug-device combination, a biosimilar, and a chemical drug. We have a diversified pipeline of over 10 products under development, covering therapeutic areas such as metabolic diseases, orthopedics, and oncology, and hematology, as detailed below:

**Metabolic Diseases:** JY29-2, a biosimilar of semaglutide injection branded as "Jiyoutai" for treating type 2 diabetes and "Jikeqin" for obesity and overweight, as well as an oral semaglutide tablet. JY54 amylin analog, an expected Class 1 innovative drug for treating obesity, overweight, and other metabolic diseases.

**Orthopedics:** Currently developing JY23, a next-generation bone repair material containing rhBMP-2, and JY23-2, an injectable rhBMP-2 bone repair material.

**Oncology:** JY49 avatrombopag maleate, designed for treating thrombocytopenia, has submitted NDA. JY47 SIRP$\alpha$ monoclonal antibody, a Class 1 innovative drug for solid tumors. JY43 daratumumab intravenous and JY43-2 daratumumab (with recombinant human hyaluronidase), both for treating multiple myeloma.

**Hematology:** Currently developing JY56 emicizumab for treating hemophilia.

### 4.6.3. Intellectual Property Protection

To strengthen intellectual property (IP) protection and management, enhance innovation capabilities, and improve market competitiveness, JIUYUAN GENE has formulated a series of IP management systems and policies in close alignment with relevant laws and regulations and the Group's actual circumstances.

#### *4.6.3.1. System and Management Measures*

In patent management, to strengthen patent protection, standardize patent management, encourage employee innovation, and promote the transformation of scientific achievements and technological innovation, the Group has established the *Patent Management Measures*. In trademark management, to standardize trademark management, ensure the proper exercise of trademark rights, and safeguard legal interests, the *Trademark Management Measures* have been formulated. In comprehensive IP management, to implement the national standard *Enterprise Intellectual Property Management Specification*, IP management standards across all production and operation processes have been improved, and the ability to acquire, maintain, utilize, and protect IP has been enhanced. The Group has developed the *Intellectual Property Management System*. These core documents – *Patent Management Measures*, *Trademark Management Measures*, and *Intellectual Property Management System* – effectively ensure the Company's competitive advantage in innovation and market competition.

Additionally, the Group has established the *Project Research Management Procedures*, which track and evaluate information on drug project profiles, pharmacology, toxicology, medical aspects, domestic and international markets, registration, and patents. This comprehensive assessment effectively reduces the risk of infringing on others' IP rights and further solidifies the foundation of the Company's IP management.

#### *4.6.3.2. Intellectual Property Portfolio*

The Group's IP primarily covers compounds, compositions, preparation methods, and production processes. Currently, JIUYUAN GENE boasts a robust IP portfolio, including 13 valid patents, 40 registered trademarks (38 in mainland China and 2 in Hong Kong), and 1 copyright.

#### *4.6.3.3. Intellectual Property Risks*

Despite implementing internal control procedures, the Group still faces IP-related risks. If IP is not adequately protected or the scope of IP rights does not effectively safeguard proprietary rights, other pharmaceutical companies may compete more directly with the Group, significantly adversely affecting its business and operating performance. Additionally, the Group may face IP infringement claims, incur substantial liabilities, damage its reputation, restrict R&D or other business activities, and hinder the commercialization of pipeline products.

#### *4.6.3.4. Intellectual Property Protection Measures*

To effectively protect intellectual property, the Group requires employees to sign confidentiality agreements, stipulating that any IP developed during employment belongs to the Group and is treated as a trade secret. Employees are prohibited from disclosing confidential information to third parties without written authorization from the Board. Furthermore, the Group follows procedures such as patent searches to avoid infringing on others' IP rights and selling counterfeit drugs.

Some of the Group's pipeline products are chemical generics or biosimilars based on originator products. Developing such products before the expiration of the originator's primary patents complies with Chinese laws and regulations. The Group has engaged IP consultants for analysis and litigation searches. During the Reporting Period, no potential or confirmed cases of infringing third-party IP rights were identified or occurred.

## 4.7. Incentives for Research and Innovation

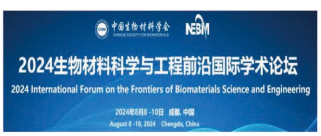
In accordance with the *Drug Registration Management Measures* officially implemented in July 2020, the General Administration Office of the Group, has reorganized the classification, assessment milestones, and weighting of scientific research and approval projects. Simultaneously, by comprehensively evaluating the market value of the projects, corresponding reward standards have been clearly defined. Additionally, we have formulated the *Scientific Research Project Assessment and Incentive Methods* for supplementary application projects, external transfers, and commissioned development projects. These methods provide different rewards and recognitions based on the type of product, the stage of product development, and the achievements obtained, serving as an important basis for the participants' career advancement and performance evaluation.

## 4.8. Industry Collaboration and Communication

Throughout the development journey of JIUYUAN GENE, we have consistently adhered to an open and collaborative approach, actively participating in various industry exchanges and technical cooperation activities. The long-term accumulation of exchanges and collaborations has not only provided us with valuable opportunities to learn from and inspire each other with top experts, scholars, and enterprises in the industry, effectively enhancing our technical capabilities and innovation levels, but also enabled us to continuously achieve breakthroughs in the research, development, and production of biopharmaceuticals and medical devices. At the same time, by sharing knowledge, experience, and resources, we have injected vitality into the progress of the entire industry and contributed solid strength to promoting the sustainable development of the industry and the Group.

During the Reporting Period, the Group was invited to participate in the Suzhou T20 Conference organized by Tong Xieyi, where we discussed cutting-edge technologies and explored commercial closed-loop solutions.


During the Reporting Period, the Group actively participated in orthopedic academic seminars, biomaterials research forums, medical device and pharmaceutical machinery exhibitions, and medical device industry regulatory policy meetings. At these intersections of academia and industry, we absorbed cutting-edge knowledge, exchanged innovative ideas, and provided solid technical support and inspiration for the development of the BMP-2 product series.



During the Reporting Period, the Group launched the 2024 "Learn, Catch Up, and Surpass" initiative to study benchmark enterprises, organizing visits and exchange activities at Hangzhou Cobetter Filtration Equipment Co., Ltd.


During the Reporting Period, the Group participated in the activities of the Synthetic Biology Alliance in Qiantang District and visited and communicated in the Hangzhou Synthetic Biology Innovation Industrial Park.

## 5. ENSURING SUPPLY CHAIN STABILITY

JIUYUAN GENE deeply recognizes that supply chain management is a critical pillar for ensuring product quality. We place transparency, compliance, and social responsibility at the core of our supply chain, striving to build long-term, stable, and mutually trusting relationships with suppliers. Through rigorous supplier screening, comprehensive risk assessments, and continuous monitoring, we ensure that every link in the supply chain meets high-quality standards and sustainable development requirements. Simultaneously, we actively promote green procurement and the construction of low-carbon supply chains to reduce environmental impact and fulfill our social responsibilities.

### 5.1. Supply Chain Management

This year, the Group engaged with 321 active suppliers, primarily providing raw materials and equipment to produce our pharmaceutical and drug-device combination products. We have established long-term, stable partnerships with key suppliers and do not overly rely on any single supplier. Suppliers are distributed across multiple domestic and international locations, including but not limited to Shanghai, Zhejiang Province, Jiangsu Province, as well as the United States, Germany, and the United Kingdom.

Below is the number of suppliers by region:

| Region | Shanghai | Zhejiang Province | Jiangsu Province | Shandong Province | Beijing | Guangdong Province | Hong Kong, Macao, Taiwan | USA | Germany | UK | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number (Units) | 68 | 63 | 51 | 17 | 14 | 14 | 1 | 18 | 11 | 5 | 59 | 321 |

We have established the *Supplier Management System*, adhering to principles of equality, voluntariness, fairness, and good faith when entering contracts with suppliers. When necessary, both parties sign a *Integrity Cooperation Agreement* alongside the bidding contract to establish comprehensive procurement and management standards for suppliers. Based on the importance and quality risks of purchased materials, we categorize materials and define audit requirements for suppliers of different material grades. We also standardize the evaluation, audit, approval, and revocation processes for suppliers to ensure the efficiency and compliance of the procurement process.

For supplier evaluation and selection, we conduct annual reassessments using the "Risk Grading and Filtering" technique based on the *Supplier Evaluation Procedures*. Audit priorities and cycles are determined by the PI (Priority Index) value:

- PI between 2.5 and 3.1: Audit after 1 year.
- PI between 1.6 and 2.4: Audit after 3 years.
- PI between 1 and 1.5: Audit after 4 years.
- PI below 1: Audit after 5 years.

Based on this standard, we formulate the supplier audit plan for the following year. Priority is given to suppliers designated by the National Medical Products Administration. The list of qualified suppliers is jointly determined with production and quality management departments, ensuring materials meet relevant quality standards. Quality agreements are signed with key material suppliers to clarify quality responsibilities.

The Group has further strengthened control measures for procurement and warehousing. For the initial inspection and testing of purchased materials, if damage or discrepancies are found during the initial inspection, the Supply Department will reject the materials on the spot. If testing fails, materials are returned or destroyed according to the *Non-Conforming Product Management System* and the *Non-Conforming Product Disposal Application*. Printed packaging materials that cannot be returned are directly destroyed. During warehousing checks, warehouse staff must verify the name, manufacturer, specifications, quantity, and packaging integrity of raw materials and packaging materials. Materials that do not meet requirements are rejected. Additionally, if materials pass testing but need to be returned due to other reasons (e.g., historical trends or critical limits), a return form for raw materials and packaging materials must be completed, approved, and executed. Returned items must be labeled with the product name, specifications, quantity, batch number, and manufacturer, and wrapped with blue rope for clear identification.

To standardize the management process of technical service suppliers, our R&D Center has established the *Technical Service Supplier Management System* and the *Technical Service Supplier Directory*. These systems ensure that technical service activities strictly comply with national laws and regulations while effectively meeting the Company's needs for cost control and quality assurance in R&D projects.

### 5.2. Green Procurement

In green procurement, we are committed to optimizing supply chain management by prioritizing suppliers and products that meet environmental standards and social responsibility, promoting the efficient use of resources and sustainable environmental protection. We recognize that green procurement is not only a crucial measure for fulfilling environmental responsibilities but also a key path to enhancing product competitiveness and achieving long-term development.

The Group ensures supply chain sustainability through three dimensions: source control, certification management, and quality standards.

**Source Control:** All production materials come from controlled enterprises. Before incorporating suppliers into the Group's management system, on-site or written audits are conducted, and suppliers are required to provide complete ISO certification certificates, with their environmental performance evaluated.

**Certification Management:** We have established a dynamic monitoring mechanism, checking the validity of suppliers' ISO certificates monthly and providing early warnings for expiring certificates. Suppliers failing to update certifications in time are subject to an exit mechanism.

**Quality Standards:** We strictly enforce national drug standards, pharmaceutical raw material standards, and biological product regulations. All raw materials and packaging materials entering production must comply with relevant environmental standards, ensuring both product quality and environmental performance.

Through this systematic management mechanism, we achieve full-process control from supplier admission to daily management, effectively reducing ESG risks in the supply chain.

## 6. BUILDING A HARMONIOUS WORKPLACE

### 6.1. Employee Rights Protection

JIUYUAN GENE strictly adheres to relevant laws and regulations, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Social Insurance Law of the People's Republic of China*. Guided by a people-oriented management philosophy, we have established a comprehensive employee management and rights protection system to create a fair and transparent development environment for our employees. We have developed a detailed employee handbook to ensure that human resource management policies are both legally compliant and reflective of the Company's responsibility to employees and society. In recruitment and departure management, we implement strict control processes and departure audit mechanisms to fully protect employee rights and maintain corporate compliance. Through multi-dimensional performance evaluations and incentive mechanisms, we fully motivate employees' enthusiasm and creativity, achieving synergistic development and mutual growth between individuals and the Company.

#### 6.1.1. System Construction

The Group has compiled the *Employee Handbook* to standardize employee behavior and professional ethics, stimulate employee enthusiasm and creativity, and drive the Company toward a scientific management model. Its content comprehensively covers all aspects of employee management systems to ensure company operations and promote employee development.

##### *6.1.1.1. Employee Handbook*

In the *Employee Handbook*, the Group consistently upholds a "people-oriented" philosophy, creating a fair and transparent work environment through systematic and standardized management mechanisms. We have established a robust personnel data management system to ensure the accuracy and security of employee information, while reserving the right to terminate contracts without compensation for employees providing false information. We strictly enforce attendance systems to ensure work order and discipline, optimize administrative and logistical services to enhance employee belonging and satisfaction, and improve financial management systems to ensure compliance and transparency in expense reimbursement processes. Additionally, through non-compete clauses, reward and penalty regulations, and complaint reporting mechanisms, we strive to balance corporate interests with employee rights, building a harmonious and sustainable work ecosystem.

In terms of employee numbers and structure, the Group is committed to building a diverse and professional talent pool to support innovation-driven and sustainable development. As of December 31, 2024, the Group has a total of 1,541 employees, all of whom are full-time. The employee structure is categorized by gender, age, level, and region as shown in the table below:

| Category | | 2024 |
|---|---|---|
| **Gender Structure and Percentage** | | |
| Male | 799 | 51.85% |
| Female | 742 | 48.15% |
| **Age Structure and Percentage** | | |
| Under 30 | 412 | 26.74% |
| 30-40 | 735 | 47.70% |
| 41-50 | 344 | 22.32% |
| Over 50 | 50 | 3.24% |
| **Job Level Structure and Percentage** | | |
| Chief Executives | 1 | 0.06% |
| Senior Management | 6 | 0.39% |
| Middle Management | 47 | 3.05% |
| General Employees | 1,487 | 96.5% |
| **Region Structure and Percentage** | | |
| Mainland China | 1,541 | 100% |

#### *6.1.1.2. Prevention of Child Labor and Forced Labor*

The Group strictly adheres to the *Labor Law of the People's Republic of China*, the *Law on the Protection of Minors*, and the *Regulations on the Prohibition of Child Labor*, resolutely prohibiting child labor and forced labor. During the recruitment process, we require applicants to be at least 18 years old and rigorously verify identity documents, educational certificates, and other materials to ensure employees meet the legal working age. Upon joining, employees must sign labor contracts and provide relevant supporting documents, while also undergoing background checks. We strictly regulate recruitment processes and working hours, prohibiting any form of harassment, abuse, or sexual harassment. If violations are discovered, contracts will be terminated immediately, and appropriate measures will be taken to ensure employee rights and a fair, safe working environment.

During the Reporting Period, the Group did not encounter any instances of child labor or forced labor.

### 6.1.2. Recruitment and Departure Audit

#### *6.1.2.1. Recruitment and Hiring*

JIUYUAN GENE has established the *Recruitment Management System* to standardize recruitment processes, improve talent selection, and meet the Company's development needs. This system applies to all departments and follows principles such as headcount control, position-based hiring, fairness and transparency, and a combination of internal and external recruitment with priority given to internal candidates. Employees are encouraged to recommend talent and are rewarded for successful referrals. Strict requirements are imposed on recruitment candidates, who must disclose any familial relationships. Changes in familial relationships after joining must also be reported, and the Company reserves the right to reassign employees in cases of specific familial connections. Candidates who have not terminated previous employment relationships, provided false information, or suffered from illnesses unsuitable for the position will not be hired or will have their offers revoked. Contracts will be terminated immediately without compensation if such issues are discovered. The system stipulates that new employees must sign contracts within one month of joining, with a probation period of 3–6 months. Upon passing the probation assessment, employees are formally hired; otherwise, their contracts are terminated without financial compensation. The recruitment system also clarifies the following processes and regulations.

| | |
|---|---|
| **Recruitment Procedures** | **Establishment Application and Approval:**<br>Each department submits the annual staffing plan online every year. After offline discussion and approval, the Human Resources Department enters it into the system. For additional establishment requirements outside the annual establishment, a temporary establishment adjustment application should be submitted. |
| | **Recruitment Application:**<br>After the establishment approval is passed, the department head submits the corresponding application according to the situation. |
| | **Organizing Recruitment and Interviews:**<br>The Human Resources Department selects recruitment channels and screening methods, screens the materials, and then recommends them to the employing department. Both parties jointly determine the interview candidates and organize the initial and final interviews. For some core positions, a re-interview is required. Resumes of unhired talents are filed. There are clear divisions of interview and employment rights for talents at different levels. |
| | **Employment Physical Examination:**<br>After determining the employment candidates in the interview, initiate the employment approval process and notify the candidates. Instruct the candidates to take a physical examination, and handle the on-boarding procedures if they pass. |
| | **Background Check:**<br>Conduct third-party background checks on key and sensitive positions as well as special talents before they join the Company. For any risk-related issues, handle them before processing the on-boarding procedures. |

| | |
|---|---|
| **Talent Recommendation and Discipline** | The Group encourages employees to recommend talents, and the recommenders will receive rewards once the recommended candidates are hired. Any irregular operations are strictly prohibited during the recruitment process. Interviewers should avoid interviewing candidates with whom they have family relationships. Individuals who are still under contract with other employers, provide false information, or have diseases that make them unfit for the position according to laws shall not be employed. Once such situations are discovered, the employment contract will be terminated immediately without compensation. |

#### *6.1.2.2. Departure Audit*

JIUYUAN GENE has established standardized systems for employee departure management, clearly defined in the *Employee Handbook* and the *Departure Audit System*. For employee departures, we have developed detailed and standardized exit procedures and management processes to ensure the rationality and compliance of the departure process. For management and key positions, departure audits are strictly conducted in accordance with the departure audit system to ensure the completeness and compliance of work handovers. These regulations not only safeguard the continuity of business operations but also protect the legitimate rights and interests of employees and the Company, reflecting our emphasis on standardized management and employee accountability.

The Group has established the Departure Audit System to strengthen the audit and supervision of the economic and project responsibilities of departing personnel, ensuring the continuity of work in their former positions. This system applies to senior management at the Company level, heads of branches/subsidiaries, and other key personnel. The Board is responsible for approving the system's content, while the Human Resources Department identifies audit positions, assesses impacts, and clarifies handover lists, working with the audit department to organize and implement audits. Audit teams must possess professional expertise, and external experts may be hired if necessary. Auditors must remain objective, impartial, and confidential, and are granted multiple authorities.

Audit content includes the fulfillment of economic responsibilities, completeness of work handovers, debt settlement, and assessment of trade secrets and non-compete agreements. Different departments or personnel are responsible for different aspects of the audit. The audit process follows procedures such as notification, preparation of materials, audit evidence collection, report issuance, objection review, and document archiving. If issues are identified during the audit or actions infringing on the Company's interests are discovered, measures such as freezing rights or litigation will be taken against the audited personnel.

As of December 31, 2024, the total number of employees who left or resigned was 150, all of whom were full-time. The structure of departing employees by gender, age, and region is shown in the table below:

| Category | | 2024 |
|---|---|---|
| **Gender Structure and Percentage** | | |
| Male | 81 | 10.14% |
| Female | 69 | 9.3% |
| **Age Structure and Percentage** | | |
| Under 30 | 60 | 14.56% |
| 30-40 | 59 | 8.03% |
| 41-50 | 25 | 7.27% |
| Over 50 | 6 | 12% |
| **Region Structure and Percentage** | | |
| Mainland China | 150 | 9.73% |

### 6.1.3. Performance and Evaluation

In terms of employee performance and evaluation, we set clear goals through probationary assessments and regular performance evaluations. Formal performance review meetings provide feedback on evaluation results and clarify improvement directions. For underperforming employees, performance improvement plans are designed to help them achieve their goals. If no improvement is made, labor contracts are terminated in accordance with the law. We encourage two-way communication between superiors and subordinates and have established a performance appeal mechanism to ensure fair and transparent evaluations, providing talent security for the Company's sustainable development.

JIUYUAN GENE's employee performance management system applies to formal employees excluding middle and senior management. It aims to motivate employees, enhance performance, and achieve company goals, adhering to principles such as aligned objectives and continuous improvement. Based on differences in job levels, different evaluation cycles and content are set for employees at various levels. The responsibilities of relevant personnel are clearly defined, and performance goals follow the SMART principle – Specific, Measurable, Action-oriented, Realistic, and Time and resource-bound – with adjustments allowed under special circumstances. Performance coaching is provided to enhance employee capabilities, and performance levels are determined based on work achievements and behavioral performance evaluations.

Additionally, we have established a comprehensive social insurance and housing provident fund system, effectively implementing an annual salary dynamic adjustment mechanism that closely links employee compensation to market competitiveness and individual contributions.

## 6.2. Occupational Health and Safety

JIUYUAN GENE strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Work Safety Law of the People's Republic of China*, the *Law on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, the *Measures for the Management of Occupational Health Examinations*, and the *Regulations on the Emergency Response to Work Safety Accidents*. We have established the *Work Environment Safety Management* and *Laboratory Safety Management System*. By building a robust health and safety management system, we are committed to providing employees with a safe and healthy working environment, preventing occupational injuries and illnesses.

During the Reporting Period, the Group did not experience any major violations or incidents related to health and safety.

### 6.2.1. Office Environment Safety Management

We have established a comprehensive biosafety management system covering laboratory buildings, safety facilities, protective equipment, organizational management, and personnel training to ensure a safe and compliant working environment. Under the supervision of senior management, the group-level Environment, Health, and Safety (EHS) team systematically implements the following measures: strictly adhering to pollutant emission standards and optimizing production processes to reduce emissions of waste gas, wastewater, and hazardous solid waste; enforcing safety guidelines for laboratories and production facilities, regularly identifying potential hazards, and strengthening the designated storage of hazardous materials and their compliant disposal by third parties; implementing waste classification management (solid/hazardous waste) and entrusting qualified agencies for professional treatment to minimize environmental pollution.

During the past three years including the Reporting Period, there have been no work-related fatalities or major violations of health and safety laws and regulations.

| Indicator | Unit | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Work-related Fatalities and Percentage | Persons | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) |
| Work-related Injuries | Persons | 4 | 3 | 4 |
| Lost Workdays due to Work-related Injury | Days | 95.0 | 135.0 | 80.5 |

### 6.2.2. Safety Drills and Training

We regularly conduct employee safety training, organize environmental compliance monitoring (e.g., waste gas and wastewater testing), and collaborate with regulatory authorities to assess operational compliance. By continuously improving the EHS management framework and technical measures, we are committed to building a healthy, safe, and environmentally friendly operational ecosystem, laying a solid foundation for sustainable development.

During the Reporting Period, the Group carried out the "Work Safety Month" campaign, posting promotional slogans, screening safety education videos, and conducting inspections and rectifications of safety hazards.


## 6.3. Employee Growth and Advancement

The Group consistently places employees' professional growth and career development at a strategic level. By establishing a systematic training system and a fair and transparent promotion mechanism, we empower employees to enhance their capabilities and achieve their value. We provide employees with diverse training programs covering professional skills, compliance awareness, and management capabilities. At the same time, through clear career development pathways, we ensure that every employee has equal opportunities for advancement.

### 6.3.1. Training System

Talent is the core driver of corporate development, and training is a key means of cultivating and enhancing talent. This year, JIUYUAN GENE placed great emphasis on employee training, meticulously planning and systematically advancing various training programs. From onboarding training for new employees to management training at all levels, as well as external training to broaden horizons and skills, the Group is committed to building a comprehensive, multi-level training system. This year, the training efforts have achieved remarkable results, not only improved the retention rate of new employees and enhancing their sense of identification with corporate culture but also providing targeted opportunities for skill enhancement for managers at different levels.

During the Reporting Period, the Group placed high importance on the capability building of the management team. For frontline managers and middle-to-senior managers, a series of specialized training programs were designed and implemented, aiming to enhance their performance development, leadership skills, and overall competencies. The training content covered multiple themes, including the "Butterfly Project," "How to Scale Products – Results Delivery Strategies," "Learning Management from World-Class Enterprises – From Strategy to Execution," and "Management Learning Communication Sessions."

The Group's training overview is as follows:

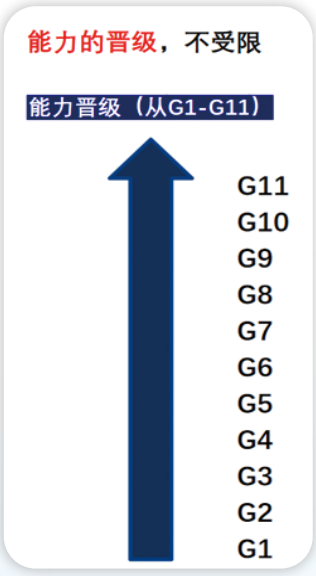
| Training Category | Number of Employees Trained and Percentage | | Training Duration (Hours) | Average Training Duration (Hours) |
|---|---|---|---|---|
| **Gender Structure and Duration** | | | | |
| Male | 341 | 42.7% | 10,637 | 31.2 |
| Female | 400 | 53.9% | 16,214 | 40.5 |
| **Job Level Structure and Duration** | | | | |
| Senior Management | 4 | 66.7% | 123 | 30.8 |
| Middle Management | 24 | 51.1% | 529 | 22.0 |
| General Employees | 713 | 47.9% | 26,199 | 36.7 |

### 6.3.2. Career Development Pathways

To improve the talent development mechanism, the Group has established a dual-path career development system: Position Promotion, based on organizational development needs, vertical advancement is achieved through job competitions and rank evaluations; Capability Advancement, focused on skill enhancement and professional certification, horizontal development is achieved through capability assessments and evaluations. These dual pathways provide employees with diverse career growth options, aligning individual capabilities with organizational strategy.

#### *6.3.2.1. Capability Advancement*

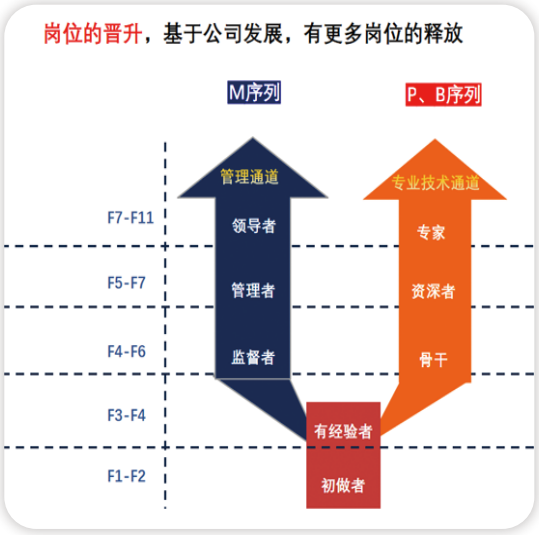
JIUYUAN GENE has established a capability advancement management system applicable to all employees except those in the pharmaceutical services company. The system aims to expand career development pathways, improve talent cultivation and incentive mechanisms, provide a basis for human resource management, and promote mutual growth between employees and the Company. The system divides capability levels into 11 grades, each with 3 sub-levels, and defines corresponding standards. New employees are initially assigned a capability level based on their position and salary, with sub-level J. Capability advancement includes application, preliminary evaluation, final review, result approval, and feedback. Applications are subject to time, conditions, grade, and exceptional application rules, with different evaluation methods and evaluation panel compositions for different application levels. Advancement results are applied to capability improvement, position promotion, salary adjustments, and talent pipeline development.




**Capability Advancement Pathway**

#### *6.3.2.2. Position Promotion*

JIUYUAN GENE's position promotion management system applies to all employees except those in the pharmaceutical services company, aiming to standardize promotions and improve the professional capability system. Promotions follow multiple principles, and applicants must meet performance, capability level, and tenure requirements. The promotion process is divided into two types based on the applied position: F5 and below, and F6 and above, each with corresponding steps. Evaluation criteria vary by position, with F5 and below focusing on interview evaluations, and F6 and above encompassing talent assessments, value evaluations, and on-site defenses. The system also clarifies the responsibilities of relevant parties in the promotion process.




**Position Promotion Pathway**

This year, a total of 52 promotion positions were released, including 16 positions at F5 and above. We strictly adhere to the position promotion system, selecting qualified employees through open competitions, multi-dimensional evaluations (e.g., performance, capability, potential), and comprehensive assessment mechanisms, ensuring fairness and transparency in the promotion process.

#### *6.3.2.3. New Talent Development*

We continuously enhance employees' comprehensive capabilities through a systematic, multi-dimensional training system. We have built a diversified training platform covering professional skills, management capabilities, and cultural literacy. Specific initiatives include:

**Knowledge Sharing Mechanism:** Launching the "Teach One Course" internal training program, encouraging employees to distill job experiences into standardized courses, promoting knowledge retention and cross-departmental collaboration.

**Management Capability Enhancement:** Designing "Performance Management Training" for management to optimize team management effectiveness.

**Learning Organization Development:** Hosting book-sharing sessions to facilitate in-depth exchanges on industry trends and innovative thinking, strengthening organizational learning awareness and cross-domain perspectives.

## 6.4. Employee Benefits and Team Activities

As a high-tech enterprise dedicated to the research, development, production, and sales of biopharmaceuticals and medical devices, we deeply understand that employee well-being is a core element of sustainable corporate development. To this end, we actively practice humanistic care and have meticulously developed a series of welfare programs. For employees facing difficulties, we have established a special assistance plan, offering holiday greetings and financial aid to ensure that every employee feels the warmth and care of the Company. In promoting gender equality, we have launched various special activities for women, providing them with unique benefits in health management and career development. Additionally, we regularly organize team-building activities, such as outdoor expeditions and summary sharing sessions, to continuously enhance team cohesion. These initiatives fully demonstrate our high regard for employee welfare and reflect our firm commitment to building harmonious labor relations.

### 6.4.1. Employee Care Activities

We have established a support mechanism for employees in need, conducting systematic assessments and organizing special "Warmth Delivery" activities during festive periods in the reporting year. Economic assistance was provided to 3 employees facing difficulties, effectively helping them overcome challenges. Additionally, the Group actively carried out high-temperature care activities to ensure the physical well-being of employees. These initiatives not only reflect the Company's humanistic care for its employees but also demonstrate our firm commitment to building harmonious labor relations.

**2024 Employee Care Activities**

### 6.4.2. Women's Care Activities

In promoting gender equality, we vigorously implement initiatives to care for female employees. Regular women's health lectures are held to popularize health knowledge; exclusive gynecological check-ups are arranged to safeguard women's health; flexible work arrangements are implemented to help women balance work and life. Additionally, for female employees returning to work postpartum, we offer sincere support and thoughtfully provide nursing rooms, comprehensively supporting their career development while enabling them to balance family responsibilities.

In addition, during this year's International Women's Day, we meticulously planned a series of activities to support the development of female employees across multiple dimensions. By hosting the "Romantic Evening at Jinsha Lake – Schubert Concert," we allowed our female employees to relax and immerse themselves in the charm of classical music. The thoughtfully arranged "Queen's Arrival: Relaxing Cervical Massage Service" helped alleviate occupational fatigue for those who spend long hours at their desks. The "Ten Miles of Blossoms, Just Like You" flower arrangement activity sparked artistic creativity, while the "West Lake Spring Outing" engaged 367 female employees in promoting physical and mental well-being. These activities, spanning artistic cultivation, occupational health, and creative expression, comprehensively demonstrated the Group's respect and care for its female employees.

### 6.4.3. Team building Activities

To deepen team culture development, during the Reporting Period, various departments of the Group actively organized and conducted diverse and theme-focused team-building activities. Guided by the core values of "Unity, Diligence, and Innovation," these initiatives comprehensively promoted employee well-being and enhanced team cohesion. In 2024, a total of over 760 employees participated in the Group's team-building activities. These efforts effectively improved team collaboration capabilities and fostered a positive organizational atmosphere. The activities not only enriched employees' leisure time but also laid a solid foundation for building a harmonious and efficient work environment.


## 7. PRACTICING GREEN DEVELOPMENT

The Group regards environmental protection as a core responsibility for sustainable development. In our operations, we strictly comply with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Road Traffic Safety Law of the People's Republic of China*, the *Road Transport Regulations of the People's Republic of China*, and the *Laboratory Biosafety Manual* issued by the World Health Organization. We comprehensively strengthen the control of projects with environmental impacts, focusing on key areas such as GHG emissions, hazardous and non-hazardous waste disposal, and energy and water usage. At the same time, we are committed to reducing resource consumption, controlling pollution emissions, actively promoting green production and circular economy, and practicing green development through concrete actions, contributing to ecological and environmental protection.

### 7.1. Emissions Management

#### 7.1.1. Waste Gas and GHG Emissions

The Group's waste gas emissions primarily come from mobile sources such as vehicle fuel usage and stationary sources such as production lines and kitchen equipment. To reduce waste gas emissions, the Group has implemented multiple measures. In energy usage, equipment operations utilize clean energy, and green transportation is encouraged. In production processes, we optimize the production processes of biopharmaceuticals and medical devices, reduce the use of organic solvents, and select environmentally friendly chemical reagents and plastic raw materials to minimize waste gas generation at the source. Management during R&D and production is equally critical. Targeted purification equipment is installed to treat different types of waste gas, such as combustion equipment for organic waste gas and dust removal devices for inorganic particles. An intelligent monitoring system is set up to monitor waste gas emissions in real time for timely response. Additionally, employee environmental training is strengthened to improve operational standards and environmental awareness. End-of-pipe treatment is also essential. Biological filtration is used to degrade harmful substances in waste gas, and high-concentration organic waste gas is recovered through condensation. Regular maintenance of waste gas treatment and production equipment ensures efficient operation and compliance with emission standards.

The Group's waste gas emissions for the year are summarized as follows:

| Waste Gas Emissions<br>Emission Type | Unit | 2024<br>Emission Volume |
|---|---|---|
| Nitrogen Oxides ($NO_x$) | kg | 128.3 |
| Sulfur Oxides ($SO_x$) | Kg | 0.2 |
| Inhalable Particulate Matter | kg | 12.1 |

The Group's GHG emissions primarily cover Scope 1 and Scope 2 emissions. Scope 1 includes direct emissions from vehicles, production facilities, and other operational activities using fuel. Scope 2 includes indirect emissions from purchased electricity and heat, calculated based on the *Guidelines for Greenhouse Gas Emission Accounting and Reporting for 24 Industries in China* issued by the National Development and Reform Commission.

Given the Group's main business, our laboratories and production lines involve volatile organic compound (VOC) emissions. We strictly adhere to waste gas treatment standards, using facilities such as waste gas towers for efficient treatment to ensure compliance and minimize the impact on air quality.

To reduce waste gas and GHG emissions, we have formulated and implemented a series of emission reduction measures to mitigate environmental impact. We actively promote green travel policies, optimize vehicle and cooling equipment efficiency, and prioritize online meetings for business negotiations. We are exploring clean energy alternatives, considering upgrades to canteens, production lines, and laboratory equipment to use more energy-efficient and cleaner energy sources.

The Group's GHG emissions for the year are summarized as follows:

| GHG Emissions<br>Emission Scope | Unit | 2024<br>Emission Volume | 2023<br>Emission Volume |
|---|---|---|---|
| Scope 1 (Direct Emissions) | Metric Tonnes $CO_2e$ | 268 | 56 |
| Scope 2 (Indirect Emissions) | Metric Tonnes $CO_2e$ | 19,299 | 18,420 |
| Total | Metric Tonnes $CO_2e$ | 19,567 | 18,476 |
| Density* | Metric Tonnes $CO_2e$/RMB million | 14.29 | 14.35 |

* Density is calculated by dividing total emissions by revenue during the Reporting Period (unit: RMB million).

The Group's GHG emissions have increased compared to 2023, primarily due to the expansion of business operations and increased production and operational activities, leading to a rise in carbon dioxide emissions. The Group has set a target for GHG emissions, with the 2023 GHG emission intensity of 14.35 metric tonnes of $CO_2$ equivalent per RMB million as the baseline, aiming for a 2% reduction in intensity. Within the current year, the Group's actual GHG emission intensity was 14.29 metric tonnes of $CO_2$ equivalent per RMB million, which is still being achieved. Moving forward, we will continue to use this carbon reduction target to manage GHG emissions and further reduce GHG emissions through optimization measures, aiming to achieve the target by 2025.

### 7.1.2. Hazardous and Non-Hazardous Waste

The Group's waste is categorized into hazardous and non-hazardous waste. Hazardous waste includes waste liquids and spent activated carbon generated during experiments and production, all of which are handled by qualified third-party waste treatment companies. Non-hazardous waste mainly comes from general office activities, and we reduce its environmental impact through standardized management.

#### *7.1.2.1. Hazardous Waste*

The Group has established the *Laboratory Waste Disposal Procedures*, specifying the handling procedures for solid, liquid, and gaseous waste generated during R&D to ensure reasonable and effective disposal.

According to the Group's procedures, the laboratory waste management system clarifies classification, treatment, and operational requirements. Waste is classified by nature (hazardous vs. general) and state (solid, liquid, gas). Solid waste is temporarily stored as hazardous waste or disposed of as general waste. Chemical waste liquids are discharged or treated as hazardous waste based on their composition. Biological waste liquids and raw liquids are treated and discharged into appropriate facilities. Gaseous waste is diluted and discharged after ventilation treatment. Operations require clear container labeling, proper loading, protective measures, and inspections, with dedicated storage areas for hazardous waste to ensure safety and compliance.

For wastewater treatment, production facilities are equipped with a wastewater classification management system to reduce concentration and ensure compliant discharge. We also conduct regular emergency drills to verify the effectiveness of emergency preparedness and response plans. Hazardous waste generated during internal R&D and production is professionally handled by qualified third-party companies to ensure compliance with regulations and minimize environmental impact.

Additionally, our production facilities are equipped with a wastewater classification management system. Wastewater undergoes biochemical treatment, pH adjustment, and other processes to ensure compliant discharge. Through real-time monitoring via an automated detection system, we strictly control key wastewater indicators within the following ranges: pH between 6–9, chemical oxygen demand (COD) ≤ 500 mg/L, total nitrogen (TN) ≤ 60 mg/L, and ammonia nitrogen ($NH_3$-N) ≤ 35 mg/L. These measures effectively reduce wastewater concentration, ensure compliance with environmental standards, and minimize environmental impact.

#### *7.1.2.2. Non-Hazardous Waste*

Non-hazardous waste generated during daily operations mainly includes office stationery waste, general waste, and canteen food waste. To ensure compliant disposal, we entrust qualified third-party companies to handle solid waste and food waste transportation.

We attach great importance to the management and resource utilization of non-hazardous waste, strictly complying with national and local environmental laws and regulations. For office stationery waste, general waste, and canteen food waste, we implement classified recycling, waste reduction management, and resource utilization measures. By setting up classified waste bins, promoting paperless offices, installing food waste treatment equipment, and encouraging employees to take meals as needed and precisely purchase ingredients, we effectively reduce waste generation and achieve efficient resource utilization.

During the Reporting Period, the Group's waste is summarized as follows:

| Waste Disposal<br>Waste Category | Unit | 2024<br>Emission Volume |
|---|---|---|
| **Hazardous Waste** | | |
| Used Toner Cartridges | Metric Tonnes | 0.1 |
| Electronic Equipment | Metric Tonnes | 0.2 |
| Solid Waste | Metric Tonnes | 2,561 |
| Waste Liquids | Metric Tonnes | 3 |
| Total | Metric Tonnes | 2,564 |
| Density* | Metric Tonnes/RMB Million | 1.87 |
| **Non-Hazardous Waste** | | |
| Food Waste | Metric Tonnes | 124 |
| Domestic Waste | Metric Tonnes | 103 |
| Total | Metric Tonnes | 227 |
| Density* | Metric Tonnes/RMB Million | 0.17 |

* Density is calculated by dividing total emissions by revenue during the Reporting Period (unit: RMB million).

In the future, we will continue to pursue emission reduction targets, manage the disposal of both hazardous and non-hazardous waste, and further reduce waste emissions through optimized measures.

### 7.2. Resource Usage

The Group's resource usage primarily comes from unleaded gasoline consumption by company vehicles, diesel usage in canteen stoves, electricity consumption during operations, water usage, and the use of paper and packaging materials in daily office activities.

### 7.2.1. Energy usage

Our energy consumption mainly stems from unleaded gasoline used by vehicles, diesel used in canteen stoves, and electricity used in production and operations. The Group strictly adheres to national laws and regulations. To reduce energy consumption, we have implemented a series of effective measures: promoting a vehicle-sharing system to reduce unnecessary vehicle use; optimizing logistics routes and adopting intelligent scheduling systems to lower vehicle idle rates and travel distances; gradually replacing traditional fuel vehicles with energy-efficient ones (e.g., hybrid or electric vehicles); and encouraging employees to use public transportation or carpool to further reduce energy consumption. In daily operations, we actively practice energy-saving principles by implementing measures such as turning off idle equipment and lighting, regularly maintaining and inspecting high-energy-consuming equipment and ensuring efficient operation of all devices. These initiatives not only effectively reduce energy waste and improve energy efficiency but also contribute positively to environmental protection.

The Group's energy usage for the year is summarized as follows:

| Energy Usage | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| **Energy Type** | **Unit** | **Consumption** | **Density*** | Consumption | Density* |
| Unleaded Gasoline | Liters | 16,452 | 12.02 | / | / |
| Diesel | Liters | 11,016 | 8.05 | / | / |
| Electricity | MWh | 19,134 | 13.98 | 17,010 | 13.21 |
| Thermal Energy | Gigajoule | 77,737 | 56.78 | / | / |

* Calculated by dividing the total emissions by the revenue during the Reporting Period (unit: RMB million).

In the future, we will continue to improve energy efficiency, manage energy use, and further save energy through facility optimization and concept advocacy.

### 7.2.2. Water Usage

We attach great importance to water resource management and actively fulfill our social responsibility to protect water resources. Municipal water supply networks are our primary water source, and we have not encountered significant difficulties in securing suitable water sources in past operations. Our water usage is mainly for laboratories, production facilities, and daily office operations. To improve water use efficiency, we advocate for green office practices, promote water recycling, and enhance employees' environmental awareness through training and communication.

The Group's water usage for the year is summarized as follows:

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| **Water Usage** | **Unit** | **Consumption** | **Density*** | Consumption | Density* |
| Water Consumption | Tonnes | 212,101 | 154.93 | 182,076 | 141.43 |

* Calculated by dividing the total emissions by the revenue during the Reporting Period (unit: RMB million).

The Group's water resource usage has increased significantly compared to 2023, primarily due to the expansion of business operations and increased production and operational activities, leading to higher water consumption. The Group has set a target for water resource usage, aiming for a 1% reduction in intensity based on the 2023 water usage intensity of 141.43 metric tonnes per RMB million. However, the actual water usage intensity for the current year was 154.93 metric tonnes per RMB million, meaning the target has not yet been achieved. Moving forward, we will continue to adhere to this water usage target, optimize and enhance water resource management, and strive to achieve the target by 2025.

### 7.2.3. Paper and Packaging Material Usage

The Group strictly complies with national laws and regulations, striving to reduce paper and packaging material usage through a series of practical measures. For paper conservation, we have fully implemented paperless office practices, promoting electronic documents and digital processes to significantly reduce paper usage. Electronic signatures and online approval systems have replaced traditional paper-based processes. Printing management has been optimized with default double-sided printing and centralized printing points. We also prioritize purchasing recycled and sustainably certified paper to ensure efficient resource utilization. For packaging materials, we adopt lightweight designs to reduce material usage, prioritize recyclable, biodegradable, or renewable materials, and promote minimalist packaging by eliminating unnecessary layers. Additionally, we have reduced the use of auxiliary packaging materials to further minimize environmental impact. By continuously monitoring paper and packaging material consumption, we ensure maximum resource efficiency.

The Group's paper and packaging material usage for the year is summarized as follows:

| Material Usage Type | Unit | 2024 Consumption |
|---|---|---|
| **Paper** | | |
| A4 Paper | Packs | 590 |
| A3 Paper | Packs | 9 |
| **Packaging Materials** | | |
| Cardboard Boxes | Units | 2,651,696 |
| Plastic Bags | Units | 11,688 |
| Aluminum Foil | Units | 4,900 |

## 7.3. Environmental and Natural Resource Protection

We consistently regard environmental protection and sustainable development as core corporate responsibilities. While pursuing technological innovation and product excellence, we place environmental responsibility at the heart of our operations, striving to reduce the consumption of natural resources and minimize environmental impact. By optimizing production processes, lowering energy consumption, reducing waste emissions, and promoting green supply chain management, we actively practice the concept of green development.

We firmly believe that only by taking on environmental responsibilities can we create long-term value for industry progress and social well-being, achieving harmonious coexistence between business and nature.

## 7.4. Climate Change

Today, climate change has become a global focus, with its impacts permeating various industries. As an innovation leader in the biopharmaceutical and medical device fields, JIUYUAN GENE deeply recognizes the profound effects of climate change on global ecosystems and human health. While driving technological innovation and business development, we consistently integrate climate change response into the core of our sustainable development strategy. Through systematic GHG emission management, climate adaptation measures, and green product innovation, we actively reduce our carbon footprint, enhance climate resilience, and promote the low-carbon transformation of the industry.

### 7.4.1. Assessment and Response to Climate-Related Risks

The Group places high importance on the physical and long-term risks posed by climate change, incorporating them into the core of corporate strategy and operational management. We conduct a comprehensive enterprise risk assessment at least once a year, covering strategic risks brought by disruptive forces such as climate change.

| Risk Category | Timeframe | Impact on the Group | Response Measures |
|---|---|---|---|
| **Physical Risks** | | | |
| Acute Risks | Short-term | Natural disasters or extreme weather events (e.g., typhoons, floods, droughts) causing power outages, water supply interruptions, operational disruptions, supply chain interruptions, and threats to employee safety. | • Continuously monitor weather warnings from meteorological authorities and activate emergency response plans during natural disasters or extreme weather events, requiring employees to take shelter promptly.<br>• Promote heatstroke prevention knowledge and provide high-temperature subsidies during summer heatwaves.<br>• Regularly inspect office and warehouse environments, identifying and addressing safety hazards related to water and electricity usage. |

| Risk Category | Timeframe | Impact on the Group | Response Measures |
|---|---|---|---|
| Chronic Risks | Long-term | Chronic changes such as glacier melting and sea-level rise due to global warming affecting future product yields, storage, and transportation. | • Continuously monitor global warming trends and improve employee working conditions, product transportation environments, and warehouse storage conditions. |
| **Transition Risks** | | | |
| Policy and Regulatory Risks | Medium- to long-term | Stricter regulatory requirements and emission disclosure obligations due to enhanced pharmaceutical industry regulations and energy-saving policies. | • Strengthen communication with regulatory authorities to stay informed and strictly comply with regulatory changes, ensuring operational compliance.<br>• Continuously monitor national sustainable development and climate change-related regulations and policies, reporting any compliance progress in subsequent reports.<br>• Continue to advance energy-saving measures to reduce GHG emissions. |
| Technological Risks | Medium-term | Market expectations for cleaner and more environmentally friendly products, or the potential replacement of our products by new technologies. | • Encourage continuous R&D and innovation, stay aligned with market trends and emerging technologies, and attract top talent. |

| Risk Category | Timeframe | Impact on the Group | Response Measures |
|---|---|---|---|
| Market Risks | Long-term | Increasing market preference for green products, leading to reduced competitiveness of our products, and fluctuating resource values (e.g., electricity, fuel, water) due to climate change. | • Encourage continuous R&D and innovation, explore green procurement practices, and use green technologies to produce environmentally friendly products, maintaining core competitiveness through high technical expertise and production capabilities.<br>• Strengthen energy-saving and emission-reduction promotion and management, prioritize energy-efficient equipment, and reduce unnecessary energy consumption. |
| Reputational Risks | Long-term | Negative perceptions and evaluations of high-carbon-emitting enterprises by customers or communities, potentially reducing investments or purchases and impacting profitability and market share. | • Stay informed about sustainability and climate change-related disclosure requirements, optimizing corporate social responsibility communication channels while ensuring compliance.<br>• Continuously implement measures to reduce carbon emissions, disclose and promote the Group's ESG contributions, and advocate for carbon reduction actions.<br>• Actively fulfill corporate social responsibilities to further enhance brand image. |

The Board and ESG Committee continuously monitor climate-related risk management methods, integrating them into standard operating procedures to ensure appropriate mitigation measures are implemented during regular management reviews. Management is responsible for implementing ESG policies in daily operations, including climate-related issues and risk management, ensuring the effectiveness of risk response measures.

#### 7.4.2. Improvement and Strategy Optimization

We integrate climate-related matters into risk assessment processes and risk appetite settings, ensuring that climate-related risks and opportunities are fully considered in strategic and financial planning. Annually, we review environmental, social, and climate-related risks and their response performance, identify significant ESG issues, and revise and adjust ESG strategies based on actual conditions. Through continuous improvement of risk management methods, we enhance the Company's adaptability to climate change, promote green and low-carbon transformation, and contribute to achieving carbon neutrality goals.

## 8. PROMOTING SOCIAL WELL-BEING

### 8.1. University-Enterprise Collaboration and Exchange

The Group actively promotes university-enterprise collaboration, participating in multiple high-quality exchange activities that further deepen strategic partnerships with universities. These collaborations not only provide us with high-quality talent but also drive technological innovation. Through in-depth cooperation and exchanges with university faculty and students, we jointly explore cutting-edge industry technologies, fostering the integration of industry, academia, and research, and injecting new vitality into the Group's development. At the same time, our efforts in employee care and corporate culture building have been recognized. These activities and achievements not only strengthen our industry exchanges and collaborations but also lay a solid foundation for our future sustainable development.

In 2024, we held campus recruitment seminars at China Pharmaceutical University and Shenyang Pharmaceutical University.


In 2024, we were awarded the "Best Employer for Humanistic Care" by China Pharmaceutical University.


## 8.2. Commitment to Public Welfare Development

The Group strictly complies with national laws and regulations, including the *Charity Law of the People's Republic of China* and the *Public Welfare Donations Law of the People's Republic of China*, ensuring that all activities in the field of social responsibility and public welfare are legal and compliant.

In fulfilling corporate social responsibilities, we are committed to supporting the development of the healthcare industry through donations, promoting medical research, and improving medical service standards. On October 18, 2024, we donated RMB10,000 through the Daocheng County Red Cross Society to the Daocheng Yading Nine-Year School, supporting teaching and research activities. Looking ahead, we will further promote the spirit of caring for society among employees and continue to contribute to public welfare.