麗珠醫藥集團股份有限公司
Livzon Pharmaceutical Group Inc.*

Stock Code 股份代號: 1513

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

（在中華人民共和國註冊成立的股份有限公司）





2025
環境、社會及管治報告
Environmental, Social and Governance Report

* For identification purpose only 僅供識別

01 About This Report

Overview 02
Chairman's Statement 05
About Livzon 08
Annual Achievements And Recognition 09
Spotlight of the Year: AI-Driven Productivity Enhancement – Livzon's Full-Spectrum Innovation System Leap 12
Section 1: From Molecules to Clinical Applications – Building a Next-Generation End-to-End R&D System 14
Section 2: Making Organizations More Agile – The Digital Transformation of Human Resources, Compliance, and Operations Management 19

02 Sustainable Development Management

Sustainable Development Strategy 25
Sustainable Development Management System 30
Stakeholder Communication 34
ESG Materiality Assessment 36

03 Building Governance Foundations

Corporate Governance 41
Business Ethics 46
Information Security and Privacy Protection 49

04 Innovation-Driven

R&D Innovation and Product 52
Access To Health Care and Patient Care 60
Quality Management Throughout The Entire Product Lifecycle 70

05 Empowering Through People

Employee Development and Rights Protection 78
Talent Development 84
Occupational Health and Safety 88

06 Value Co-Creation

Sustainable Supply Chain 91
Social Contribution and Public Welfare Initiatives 96
Industry Collaboration and Standards Participation 100

07 Green Transformation

Climate Action 101
Environmental Management and Ecological Protection 118
Resource Utilization and Biodiversity 132

08 Appendix Performance Table 138

09 Content Index

Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guidelines Content Index 158
Content Index Of Self-Regulatory Guidelines No. 17 For Companies Listed On Shenzhen Stock Exchange – Sustainability Reporting 160



01

ABOUT THIS REPORT

1.1 ABOUT THIS REPORT

OVERVIEW

This Report is the tenth environmental, social and governance ("ESG") report (the "Report") published by the Company. This Report is an annual ESG report covering the period from 1 January 2025 to 31 December 2025 (the "Reporting Period" or the "Year"), and aims to disclose the ESG performance of the Company and its subsidiaries in 2025. In order to enhance the comparability and completeness of the contents of this report, some contents are appropriately traced back to previous years or extended to the first quarter of 2026.

REFERENCE FOR THE REPORT

This report complies with the requirements of Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, "Code on Environmental, Social and Governance Reporting," the Shenzhen Stock Exchange's "Shenzhen Stock Exchange Self-Regulatory Guidance No. 17 for Listed Companies–Sustainability Reporting (Trial)," and the Shenzhen Stock Exchange Guideline No. 3 on Self-Regulatory Supervision for Listed Companies–Preparation of Sustainability Reports. It also references the International Sustainability Standards Board (ISSB) International Financial Reporting Standard (IFRS) S1–General Requirements for Disclosure of Sustainability-Related Financial Information and IFRS S2–Climate-Related Disclosures, the United Nations 2030 Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards. It is also prepared in conjunction with the results of the Company's materiality analysis.

SCOPE AND BOUNDARY OF THE REPORT

The scope of this report is consistent with the scope of the consolidated financial statements of the Company's 2025 annual report.



DATA SOURCE AND RELIABILITY STATEMENT

The data and cases in this report are mainly derived from the Group's official documents, statistical reports, relevant public information and internal reporting documents. The Company promises that there are no false records or misleading statements in this report, and is responsible for the authenticity, accuracy and completeness of its contents. Unless otherwise stated, the currency unit in this report is RMB.

CONFIRMATION AND APPROVAL

This report was approved by the Board of Directors of the Company on 24 March 2026 after being confirmed by the management of the Company.

OBTAINING AND RESPONDING TO THIS REPORT

This report can be accessed and downloaded from the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), the Company (www.livzon.com.cn) and cninfo.com (www.cninfo.com.cn).

If you have any comments or suggestions on this report, please contact the Company at LIVZON_GROUP@livzon.com.cn.

This report is prepared in Chinese and English respectively, and in case of any inconsistency, the Chinese version shall prevail.

DESCRIPTION OF APPELLATIONS

For the convenience of expression and reading, unless otherwise specified, the following abbreviations have the following meanings:

Abbreviations of Major Subsidiaries of the Company

Full company name	Abbreviated company name
Livzon Pharmaceutical Group Co., Ltd.* (麗珠醫藥集團股份有限公司)	The Company
Company and its subsidiaries	The Group, Livzon
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.* (四川光大製藥有限公司)	Sichuan Guangda
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.* (上海麗珠製藥有限公司)	Shanghai Livzon
Shanghai Livzon Biotechnology Co., Ltd., Jiaozuo Branch* (上海麗珠生物科技有限公司焦作分公司)	Shanghai Livzon Biotech
Livzon Group Livzon Pharmaceutical Factory* (麗珠集團麗珠製藥廠)	Pharmaceutical Factory
Livzon Group Limin Pharmaceutical Manufacturing Factory* (麗珠集團利民製藥廠)	Limin Factory
Zhuhai Livzon Diagnostics Inc.* (珠海麗珠試劑股份有限公司)	Livzon Diagnostics
Livzon MABPharm Inc.* (珠海市麗珠單抗生物技術有限公司)	Livzon MAB
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (麗珠集團新北江製藥股份有限公司)	Xinbeijiang Pharma

Full company name	Abbreviated company name
Gutian Fuxing Pharmaceutical Co., Ltd.* (古田福興醫藥有限公司)	Gutian Fuxing
Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.*(焦作麗珠合成製藥有限公司)	Jiaozuo Hecheng
Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.*(麗珠集團(寧夏)製藥有限公司)	Ningxia Pharma
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.*(珠海保税區麗珠合成製藥有限公司)	Livzon Hecheng
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (麗珠集團福州福興醫藥有限公司)	Fuzhou Fuxing
Zhuhai Livzon Microsphere Technology Co., Ltd.* (珠海市麗珠微球科技有限公司)	Livzon Microsphere
Maohaizi Animal Healthcare (Guangdong) Co., Ltd.* (毛孩子動物保健(廣東)有限公司)	Maohaizi

1.2 CHAIRMAN'S STATEMENT

Dear stakeholders and all friends who care about Livzon ,

2025 marks a pivotal year for China's pharmaceutical industry, where deepening policy reforms, accelerated technological iteration, and the rise of domestic innovation converge. Livzon remains steadfast in its founding mission of "patient-centered, value-driven" principles, resolutely advancing its dual-engine strategy of "innovative drugs + high-barrier complex formulations." While solidifying its core foundation, the company is accelerating its transformation into a global innovative pharmaceutical enterprise.



Mr. Zhu Baoguo

Chairman of the Board

Through breakthroughs in its R&D pipeline by 2025, the Group advances its dual-engine strategy of "in-house R&D + BD introductions" with robust clinical data and a differentiated product portfolio. In the autoimmune field, Lacutuzumab Monoclonal Antibody, the world's second and China's first dual IL-17A/F inhibitor, was granted priority review for its marketing application based on superior head-to-head results against Secukinumab. **In the neuropsychiatry field,** a tiered strategy has been established with "one generation on market, one generation in clinical trials". The world's first Aripiprazole Nanocrystals for Injection was included in the National Medical Insurance Directory in the same year it was launched, offering a new long-acting option for schizophrenia patients. Meanwhile, the clinical-stage NS-041 (KCNQ2/3 agonist) is advancing concurrently for epilepsy and depression indications, demonstrating best-in-class potential. **The assisted Reproduction Field is also deepening:** the novel oral GnRH antagonist LZHN2502 approaches Phase III clinical trials, complementing existing products like leuprolide microspheres to form a full-cycle solution featuring "agonist + antagonist, injection + oral, short-acting + long-acting" modalities. **Gastrointestinal Field:** The P-CAB class innovative drug JP-1366 tablets have submitted a marketing application, with the injectable formulation advancing concurrently. This makes it the only product in China with both dosage forms, offering a new solution for reflux esophagitis and peptic ulcer bleeding. Through these breakthroughs–from "filling gaps" to "head-to-head superiority"–Livzon is forging an innovation pathway in core therapeutic areas characterized by "near-term outputs, mid-term pipeline, and long-term reserves." This approach brings more globally leading therapies into patients' lives.

The Group has formally incorporated artificial intelligence into its core corporate strategy, driving profound transformations across R&D systems, manufacturing, and marketing management. In R&D, AI is emerging as a critical accelerator for innovation breakthroughs. We are advancing the deep integration of AI throughout the entire process–from molecular discovery and process development to clinical translation–transforming our R&D model from "trial-and-error based on experience" to "data-driven intelligence." In the realm of advanced complex formulations like microspheres, AI-assisted microscopic imaging analysis and integrity testing systems enable millisecond-level precision characterization of microsphere structure, drug loading uniformity, and release behavior, delivering higher-quality medication options for patients. On the production front, AI is reshaping the paradigm of lean manufacturing. By deploying intelligent agents, real-time inventory management and intelligent production scheduling enhance production coordination with greater agility and efficiency. In marketing and management, intelligent script recommendations, physician behavior profiling, and patient compliance prediction models enable data-driven decision-making. We recognize that technology for good must prioritize safety and compliance. By deploying localized large models and establishing end-to-end data governance mechanisms, we ensure AI applications operate within compliant, transparent, and controllable frameworks.



The Group leverages fair pricing as a powerful fulcrum to fulfill its responsibility of providing accessible medicines. Domestically, we put this principle into action by securing inclusion of 194 products in the 2025 National Medical Insurance Reimbursement List: Aripiprazole Nanocrystals for Injection was included for the first time; Triptorelin Acetate Microspheres for Injection gained new indications and successfully renewed its listing; and Esomeprazole Sodium for Injection secured a smooth renewal. We extend this commitment globally, striving to break high-price monopolies and enable patients in more developing countries to access high-quality treatments at affordable prices. In formulation internationalization, Semaglutide secured over 50 countries across Latin America, the Middle East, Africa, and Southeast Asia through more than ten cooperation agreements. In Indonesia, our recombinant HCG maintained a leading market position, while our urine-derived assisted reproductive formulation ranked second in Pakistan. Coupled with the successful PIC/S GMP certification in Malaysia, these achievements solidify our foundation for global expansion. In the API sector, differentiated pricing strategies have enabled deep penetration into emerging markets. Premium antibiotics like Teicoplanin are priced significantly lower in non-regulated markets compared to regulated ones. Vancomycin achieved rapid growth in Central America, while Ceftriaxone Sodium leveraged substantial price advantages to penetrate markets, driving steady annual export growth. From domestic medical insurance coverage to supplies reaching as far as Latin America, Livzon is making the concept of access to health care take root and flourish across the global health landscape.



The Group has deeply embedded green development principles into its strategic decision-making and daily operations. Under the leadership of the Board of Directors and the ESG Committee, the company has established a climate risk management framework to identify the financial impacts of physical and transition risks, while integrating climate opportunities into its long-term development plans. Building upon a comprehensive review of the 2021-2025 Environmental Management Targets, the company has formulated the 2026-2030 Environmental Management and Carbon Reduction Goals, aligning with industry trends and stakeholder expectations to chart a clear path for the Group's sustainable development. To ensure these goals are achieved, the Group continuously monitors progress across subsidiaries, with the ESG Committee regularly reviewing performance and proposing improvement recommendations. In 2025, we conducted our second consecutive comprehensive Scope 3 greenhouse gas inventory. By systematically mapping emissions sources across the upstream and downstream value chain, we identified reduction potentials at every stage. From empowering suppliers in green transformation to optimizing energy conservation and emissions reduction in operations, Livzon is taking concrete actions to build a low-carbon, sustainable future alongside its ecosystem partners.

The Group uses industry as its bond and social responsibility as its foundation, conveying greater warmth and strength through its practices of safeguarding employees, giving back to rural communities, and caring for patients. In employee development, we have established a full-cycle support system covering on-the-job learning, university-enterprise collaboration, and professional title evaluation, encouraging employees to continuously improve through on-the-job training and self-study examinations. In rural revitalization, the company centers its efforts on the Chinese herbal medicine industry. Through a collaborative "company + supplier + planting cooperative" model, we continuously advance standardized cultivation practices. Over 16,000 acres of new and jointly established bases were developed throughout the year. By facilitating land transfers and contract-based procurement, we transform traditional farmers into industrial workers, creating sustainable income channels for rural communities. In terms of pharmaceutical donations, the "Accessible and Affordable Chronic Disease Management" initiative has been running for eight consecutive years, reaching 37 regions across 12 provinces and 4 autonomous regions nationwide. It has cumulatively benefited over 48,000 patients, embedding philanthropic action as a long-term corporate commitment. Through a sustainable operational model, the program drives the implementation of social responsibility.

With unwavering commitment and steadfast action, we forge ahead. Looking to the future, Livzon will continue to uphold its mission of "putting patient quality of life first." We will deepen our dedication to innovative drugs and complex formulations with high barriers to entry, harnessing AI to inject new momentum into R&D, ensuring equitable pricing benefits more people, and embedding green development into our corporate DNA. We are committed to advancing with the times, using innovation to illuminate unmet clinical needs, safeguarding every patient's health with a spirit of inclusivity, and carving out a steadfast path for Livzon on the journey toward a Healthy China.

Mr. Zhu Baoguo
Chairman of the Board



1.3 ABOUT LIVZON

The Company is a comprehensive group company integrating pharmaceutical research and development, production and sales. It was founded in January 1985 and is headquartered in Zhuhai, Guangdong Province, the People's Republic of China (the "PRC"). It is one of the top 100 enterprises in China's pharmaceutical industry. The Company was listed on the Main Board of Shenzhen Stock Exchange on 28 October 1993 (stock code: 000513. SZ) and on the Main Board of Hong Kong Stock Exchange on 16 January 2014 (stock code: 01513. HK).

Corporate Strategy

Livzon has always adhered to the clinical value orientation, paid close attention to the cutting-edge technologies and new molecular trends of global new drugs, and continued to carry out forward-looking and differentiated layout. In the field of treatment, we will continue to deepen product iteration and comprehensive layout in advantageous fields such as gastrointestinal, assisted reproduction, and psychiatric neurology, and gradually expand the research and development pipeline in chronic diseases such as anti-infectives, metabolic diseases, and cardiovascular and cerebrovascular diseases. In terms of technology platform, relying on advantageous platforms such as sustained-release microspheres, antibody drugs, and recombinant protein vaccines, we will promote pipeline construction. At the same time, we will play the role of a national R&D platform for traditional Chinese medicines, actively deploy innovative traditional Chinese medicines, and continue to explore cutting-edge technologies such as small nucleic acid drugs. A differentiated product cluster covering preparation products, APIs and intermediates, as well as diagnostic reagents and equipment has been established, and a complete product pipeline covering the entire R&D cycle has been established.

Company culture vision

Livzon's Vision	*Livzon Mission*	*Core Values*
To be a leader in the pharmaceutical industry	*Putting patients' quality of life first*	*People-oriented craftsman spirit, trustworthy, truth-seeking and pragmatic, happy life and happy work*

1.4 ANNUAL ACHIEVEMENTS AND RECOGNITION

In 2025, with its solid ESG practice, Livzon will be in an industry-leading position in a number of authoritative selections at home and abroad, and won a number of honors, demonstrating a benchmark image of sustainable development.

2025 Honors

S&P Global CSA Score: 71 points (Ranked in the top 5% of Chinese companies) Selected into S&P Global's Sustainable Development Yearbook (China Edition)	S&P Global CSA
B	CDP Climate Change Questionnaire
Selected into the Hang Seng A-Share Corporate Sustainability Benchmark Index	Hang Seng Index
Glass AA; Selected into the top 100 ESG best practices of Wind China listed companies in 2025 (large market capitalization)	Wind ESG
Included in "Best Practice Cases of Sustainable Development of Chinese Listed Companies 2025"	China Association of Listed Companies
Selected into the first Hong Kong stock index "HKEX Technology 100 Index" launched by HKEx	HKEX
Corporate Sustainability Score A-	Hong Kong Quality Assurance Agency (HKQAA)
Class A	SynTao Green Financing ESG
2025 Social (S) Responsibility Excellence Award	Sina Finance



ESG Key Performance in 2025

Economic performance

Net profit attributable to shareholders of the Company

RMB**2,023.25** Million

Tax revenue created for the state

RMB **1,472.07** million

Pay wages, bonuses, allowances, subsidies, welfare fees, housing accumulation fund and social insurance premiums to all employees

RMB **1,712.89** million

Social Contribution Value per Share for the Society

5.97 Yuan/share

Social performance

R&D and innovation

R&D personnel and proportion of all employees

11.04%

R&D investment and its proportion to operating income

RMB **1,056.27** Million

8.79%

Inclusive health

Products are included in the national medical insurance catalog

194

Many products adopt fair pricing policies in South Asia, Southeast Asia, South America and Africa to match local income levels

Health and safety

Safety production and occupational health investment

RMB**32.57** million

GB/T 45001-2020/ISO 45001: 2018 Occupational Health and Safety Management System certification rate

100%

The number of work-related fatalities for employees and contractors

0 persons

No recalls of sold or shipped products due to safety or health reasons

Diversity and Training

Proportion of female employees in total employees

47.60%

Proportion of female management

38.31%

Number of minority employees

529 minority employees

Young staff (aged 30 and below): Core staff (aged 31-49): Senior staff (aged 50 and above)

3.3: 6.0: 0.7

Total employee training hours

818,449 hours

Public welfare

Charity donation expenditure

RMB**30.96** million

As of the end of the reporting period, the Chronic Disease Prevention and Control Public Welfare Project Has reached 37 regions across 12 provinces and 4 autonomous regions nationwide

Low-income individuals with chronic diseases assisted as of the end of the reporting period:

48,000+

ESG Key Performance in 2025 *(Continued)*



Environmental Performance

Greenhouse gas emissions

Carbon dioxide emissions totaled **488,612** tons, **19.84%** decrease from 2020

CO_2 emission intensity decreased compared to 2020 **23.11%**

Target year to achieve carbon neutrality **2055**

Water consumption

The total water consumption is **6.028** million tons, **3.84%** decrease from 2020

Environmental investment

Environmental protection investment RMB**72.09** million

Wherein:

Environmental protection, operation and maintenance investment RMB**65.14** million

Investment in environmental protection equipment renovation RMB**6.95** million

System and Certification

14 manufacturers have obtained GB/T 24001-2016/ISO 14001: 2015 Environmental Management System certification





DRIVEN PRODUCTIVITY ENHANCEMENT

AI-DRIVEN PRODUCTIVITY ENHANCEMENT

LIVZON'S FULL-SPECTRUM INNOVATION SYSTEM LEAP

Against the backdrop of accelerated innovation transformation and industrial upgrading in the biopharmaceutical sector, Livzon Pharmaceutical Group is steadily upgrading its R&D system and operational efficiency. The Group is committed to deeply integrating AI technology into the foundational logic of R&D, gradually establishing it as a key driver supporting innovation. This approach injects new momentum and possibilities into the Group's long-term development. By applying AI technology across the entire lifecycle–from molecular structure development and clinical enrollment to translational research and industrial production–Livzon is progressively advancing toward a new phase of Agentic AI featured by multi-agent collaboration. Through building a research network where specialized AI agents operate synergistically, we are driving the transformation of R&D models from "experience-driven" to "data-driven." This approach continuously enhances efficiency across the entire R&D chain, promotes industrial synergy, and solidifies the foundation for the Group's innovative development.



GOVERNANCE

Livzon has established a systematic AI management framework, complemented by dedicated policy documents that define application standards and management requirements for AI across the entire pharmaceutical R&D process. This ensures AI deployment aligns closely with corporate strategy, risk management, and regulatory mandates, providing governance safeguards for compliant and orderly AI application in pharmaceutical R&D. The Board of Directors serves as the highest accountability body for AI initiatives, overseeing strategic planning, policy formulation, and execution effectiveness to ensure AI development remains consistent with the Group's long-term vision.

This year, to solidify the foundations of security and compliance, we further refined our AI governance framework. We released the Internal IT Security and Compliance Process and specifically drafted a management system for Application Programming Interface (API). A unified model application and permission management platform was established to standardize the distribution process for core API keys, enabling centralized control over AI tool usage and enhanced security compliance framework and risk control capabilities within our AI governance. Technologically, we deployed localized large models to ensure core R&D and business data interact with AI exclusively within secure internal environments, fundamentally eliminating data leakage risks. Concurrently, we continuously promoted knowledge dissemination through model evaluation reports, internal AI publications, and risk alerts, to enhance all employees' awareness of compliant usage and risk prevention.

STRATEGY

Livzon has integrated the full-scenario application of AI technology into its core corporate strategy, committed to building a dual-cycle system of intelligent R&D and management centered on "data-driven" principles. In pharmaceutical R&D, the company has established a collaborative research paradigm combining "data foundations and capability pillars," transforming fragmented experimental data into standardized assets. This approach unblocks critical pathways from molecular discovery to clinical translation, comprehensively enhancing R&D efficiency and innovation quality. In organizational management, the company leverages AI to deeply empower human resources, operational management, and compliance system development. This drives an agile transformation of management processes, continuously enhances governance effectiveness and overall competitiveness, and lays a solid foundation for navigating complex and dynamic market environments.

SECTION 1: FROM MOLECULES TO CLINICAL APPLICATIONS–BUILDING A NEXT-GENERATION END-TO-END R&D SYSTEM

Livzon prioritizes the development of a new R&D system that integrates "foundation and pillars." As the "foundation," our intelligent data platform transforms fragmented, unstructured experimental data into standardized, traceable digital assets, thereby providing high-quality data support for AI models. Upon this foundation, the company systematically constructs six core capability pillars spanning the entire process from drug discovery and manufacturing to clinical research, including predicting R&D risks at the source, gaining dynamic insights into development progress, and analyzing target pathways, to optimizing production processes through digital twins and simulation for dual improvements in quality and efficiency, and finally to precisely matching trial subjects and accelerating clinical verification. This forms a complete and efficient R&D value chain that continuously strengthening Livzon's core competitiveness in pharmaceutical research and development.

1 FOUNDATIONAL FRAMEWORK: BUILDING AN INTELLIGENT DATA ASSET INFRASTRUCTURE

Under traditional data management models, vast amounts of high-value data are stored in unstructured formats across various carriers, with management and analysis primarily relying on manual operations. To unlock greater data value, Livzon has developed an automated laboratory data management platform based on standardized processes. By integrating diverse AI tools and providing AI solutions, this platform enables full lifecycle management of R&D data–from collection and cleansing to assetization. Data is transformed into high-quality, reusable assets, to enhance processing efficiency while deliver robust data support for AI module modeling and closed-loop optimization.



- **Full-scale automated collection and standardized processing/analysis:** The automated laboratory data management platform enables real-time, automatic capture of core data, eliminating risks of manual transcription errors. Algorithms transform heterogeneous data into high-quality assets directly usable for model training, achieving "assetization" at the moment of data generation.

- **Prediction and Insight:** The platform's embedded trend analysis model mines historical experimental data to predict critical variability parameters affecting stability. It identifies and assesses risk points, shifting the approach from "post-event correction" to "pre-event prevention."

Leveraging AI solutions, we streamline the entire data flow, which helps achieve improved human resource efficiency, optimized equipment space utilization, and higher success rate of predicting critical risks in experiments. Ultimately, it achieves closed-loop management of data throughout its entire lifecycle from collection to assetization.

2 SIX INTELLIGENT PILLARS DRIVING THE ENTIRE R&D LIFECYCLE

With a robust data foundation as its base, Livzon deeply embedded AI technology in every critical stage of pharmaceutical R&D from early-stage assessment to clinical operations, forming six intelligent pillars that link the entire R&D lifecycle. This approach aims to enhance operational efficiency and management precision within the R&D system, injecting powerful intelligent momentum into pharmaceutical innovation.

Pillar One – Shield Against Risk

Triple Verification for Precise Prediction, Reducing R&D Failure Rates at the Source

During pharmaceutical R&D, the granularity of decision-making determines the viability of the pipeline's. Through cross-validation of multiple algorithms and simulation of high precision, Livzon has established a risk sentry station overseeing the whole procedure from molecular design to pharmacokinetic assessment. This system frontloads risk prediction, traditionally conducted in late-stage laboratories, to the design phase, and identifies potential failure risks through quantitative indicators, which highlights the Group's transition from a traditional R&D model reliant on experience and trial-and-error to a computation-driven, data-decision approach.

- **Predicting Drug Toxicity:** In Project H001, guided by the principle of "running models before conducting experiments," we employs high-precision AI models to establish a triple-cross-validation system linking "target-molecule-metabolism." This frontloads the reach of drugability assessment to the very source of molecular design, helping to avoid potential clinical failure risks through quantitative guidance. By performing multidimensional toxicity predictions before molecules enter the laboratory, the R&D costs are significantly reduced.

Pillar Two – Strategic Intelligence

Enhancing Data Analysis Efficiency to Accelerate Strategic Decision-Making Cycles

In the rapidly evolving global biopharmaceutical market, the breadth of information access and speed of analysis form the company's core competitive barriers. Leveraging deep semantic mining and large-scale knowledge graphs, we transform vast volumes of unstructured literature into quantifiable, interconnected strategic insights, which reshapes research workflows for project literature review and risk analysis, and enables decision-makers to swiftly grasp industry trends and potential challenges. Every major strategic initiative is thereby grounded in forward-looking, reliable analysis.

- **Intelligent Patent Intelligence Analysis:** We deploy an AI-powered patent intelligence system that monitors global target dynamics 24/7. Compared to traditional manual searches, it more accurately identifies technical barriers in peripheral patents. Simultaneously, it enables proactive risk early warning, shortening the timeframe for risk identification from six months to one week, and effectively mitigating related legal disputes.

- **Optimization of Influenza Vaccine Quality Analysis Methods:** In optimizing analytical methods for influenza vaccine quality control, we addressed dual challenges: insufficient method research from partners and limited platform experience. By introducing AI technology, we establish a collaborative model that employs AI for preliminary research to supplement methodological gaps, AI-driven data fitting to generate output solutions, and trend analysis to optimize workflows. This solution successfully optimized 11 analytical methods and methodological requirements across multiple dimensions including sample quantification and component identification, purity and impurity testing, and compliance verification. This approach reduced sample analysis time and compliance validation cycles while lowering related procurement costs, demonstrating the practical value of AI technologies in the field of biopharmaceutical quality analysis, evolving from an auxiliary tool to a core efficiency driver.

Pillar Three – Discovery Intelligence

Unraveling New Glycosylation Pathways, Transitioning from Trial-and-Error to Intelligent Design

Translating complex biological mechanisms into transparency is the core imperative of new-quality productive forces. We are committed to dismantling the "black box" effect in traditional R&D by leveraging AI's multi-factor correlation analysis capabilities to uncover underlying connections within biological processes. By mapping mechanisms from metabolic environments to quality attributes, we support the transformation of R&D paradigms from experience-dependent to data-driven.

- **Deep Mechanism Identification:** During the development of the JKN2401 project, precisely controlling the galactosylation ratio, a critical quality attribute in cell culture, has long been a persistent challenge for the R&D team. By introducing AI-powered multi-factor correlation analysis, we conducted deep mining of historical batch metabolic data, culture medium components, and environmental parameters. As a result, we successfully identified subtle variable correlations imperceptible to human analysis, guiding specialized experimental design. Inspired by AI analysis results, the team precisely set and locked the osmotic pressure of the base medium as the core control parameter. In subsequent large-scale production validation, the galactosylation ratio was stably maintained within the expected range, effectively ensuring clinical consistency of the product.

Pillar Four – The Scale-Up Architect

AI-Driven Digital Twins and CFD Simulation Modeling for Industrial Mass Production Upgrades

When advancing from the laboratory stage to industrial-scale production, process stability is the core factor in overcoming bottlenecks in innovation transformation. Through digital twin and physical simulation technologies, we have established a virtual validation system that eliminates reliance on physical pilot-scale testing. This enables us to preemptively verify process adaptability across different production scales, addressing the challenges of variables that traditionally depend on manual experience and are difficult to precisely control during production scale-up. This approach ensures a smooth transition of technology from the R&D phase to industrial mass production.

- **Solving Process Scale-Up Challenges:** To address the difficulties in scaling up cell culture processes from laboratory scale to industrial mass production, we introduce CFD simulation and machine learning technologies to build virtual models of production equipment. Based on equipment parameters, the model generates analysis scripts that output process data and 3D virtual simulations for different-scale equipment, restoring the fluid flow dynamics in actual production. Meanwhile, integrating existing experimental data of the project, the models correlate simulation results with cell damage and product quality, and train AI to predict the yield and quality performance after process scale-up. Through this system, AI identifies optimal production conditions from vast parameter combinations, which ensures mixing efficiency while minimizing cell damage. It further defines the process's feasible range and relationships between key parameters, transforming the empirical approach relying on repeated trial into a scientifical workflow guided by intelligent prediction.

Pillar Five – Lean Techniques

Dual Enhancement of Impurity Control and Yield, Breaking Through Industry Bottlenecks

Exceptional manufacturing capabilities ultimately translate the value of pharmaceutical R&D into tangible outcomes. We continuously explore quality optimization in processes, leveraging AI technology to conduct multidimensional parameter optimization. This approach breaks the traditional "zero-sum game" between quality control and capacity enhancement by enabling strict control over critical metrics like impurities while simultaneously driving production growth, thereby solidifying the company's total cost competitiveness via its high-efficiency productivity

- **Vaccine Process Breakthrough:** During influenza vaccine development, the team encountered process bottlenecks including low hemagglutinin (HA) protein expression levels (approximately 100 μg/mL) and elevated host cell protein (HCP) impurities. To address this, the team introduced AI-assisted tools that rapidly retrieved and organized vast amounts of bioprocessing literature and cross-domain integrated key process parameters to deepened understanding of insect cell baculovirus culture. After multiple rounds of iterative optimization, AI-assisted technology guided the team to rapidly identify the optimal formulation from 20 medium combinations. During experimental validation, the expression of key proteins for target vaccine subtypes increased exponentially, with several subtypes achieving notable multiple-fold growth. Following optimization of the purification process, the total yield improved substantially while critical HCP impurity levels dropped to unprecedentedly low levels. AI-assisted technology participated in the entire workflow of this influenza vaccine development, from early cell screening and culture to subsequent impurity removal and product purification. By conducting collaborative analysis of data across all stages, it ultimately formed an overall optimal solution that balanced multiple requirements, achieving holistic improvements in product quality and production efficiency via a reliable pathway provided for efficient and stable vaccine manufacturing.

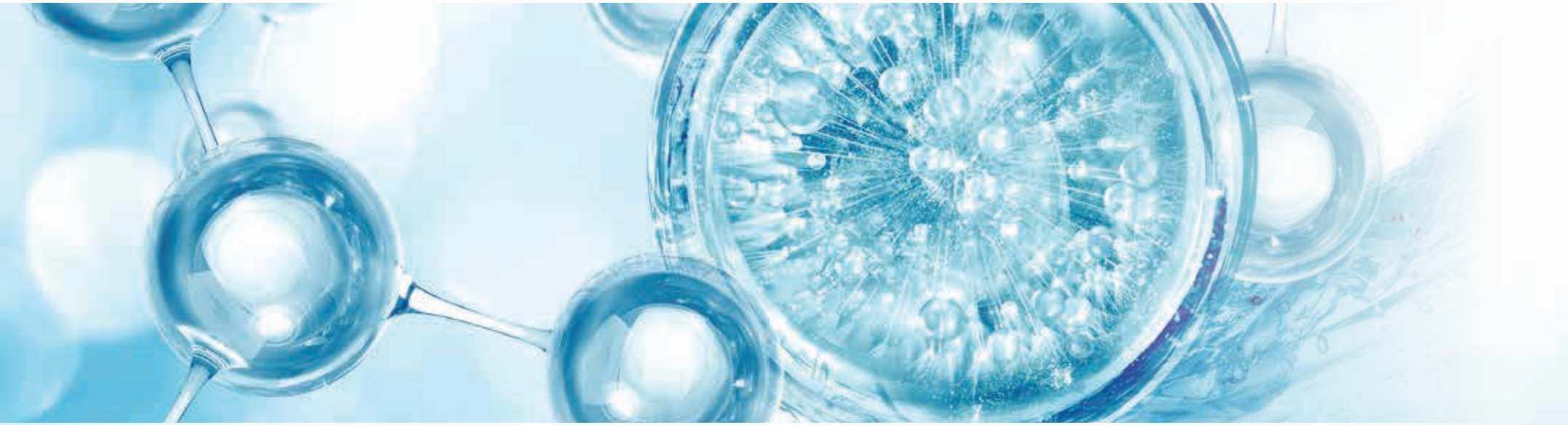
Pillar Six – Clinical Dimension

Achieving High-Frequency, Precise Subject Matching and Accelerated SAE Verification

The clinical phase represents a critical juncture in the drug commercialization process. Inefficient workflows and information biases inherent in traditional manual approaches often constrain pipeline advancement. Through deep integration of digital platforms and AI algorithms, we have established an intelligent collaborative system covering subject screening, SAE verification, and operational management. We leverage algorithms to improve the precision of subject matching and the immediacy of safety data auditing, while eliminating information delays and human errors by restructuring business workflows. This solution strengthens quality monitoring, boosts clinical operational efficiency, and accelerates pipeline progression toward market launch.

- **Intelligent PK Parameter Calculation:** Preclinical pharmacokinetics (PK) studies involving animal experiments and sample analysis rely on highly specialized manual interpretation, and corresponding PK data processing software requires significant time investment for less experienced users to master. The PK Parameter AI agent we developed achieves zero-barrier preclinical data analysis through rapid computation and data interpretation. Even personnel without a professional statistics background can quickly generate high-quality analytical reports with AI support, by which the efficiency of preclinical data analysis and interpretation is significantly improved.

- **Upgrading the Entire Clinical Trial Subject Screening Process:** Traditional manual subject screening in clinical trials suffers from multiple pain points: manual review of individual case files is time-consuming and repetitive; data stored across scattered locations is prone to leakage and difficult to reuse, compromising both efficiency and security. To address this, we introduce the "Screening Treasure" AI-powered screening system. It builds a standardized screening workflow based on multidimensional spreadsheets: uploads subject medical records to the spreadsheet where the system automatically extracts key information, generates preliminary screening results, and highlights potential issues. Combined with manual review, this establishes a standardized, traceable screening management system.



- **AI-Empowered Full-Process SAE Review:** The serious adverse events (SAEs) review in clinical trials typically requires manual data collection and cross-referencing across multiple specialized databases. This process is not only time-consuming but also prone to omissions or misjudgments due to personnel's limited expertise and inadequate resources. To address this, we developed an AI review platform that automatically extracts key data and correlates it with medical guidelines. It also lowers approval risks caused by data inconsistencies and reduced reliance on the individual experience of junior reviewers, making the review process more aligned with scientific standards and international regulatory requirements.

- **AI Multi-Dimensional Tables Empowering Precision Clinical Operations Management:** To achieve precision control in clinical operations, we utilize project-specific AI multidimensional tables as the core platform, integrating key modules such as quality, progress, and costs to enhance operational efficiency. For each study site, the system automatically aggregates multi-dimensional data including departmental verification status and investigator or Clinical Research Coordinator(CRC) performance metrics. It calculates site risk scores through predefined scoring formulas, proactively alerting managers to prioritize high-risk sites. During monitoring, AI automatically analyzes monitoring issues recorded by Clinical Research Associates (CRAs), flags critical content, and synchronizes findings with relevant personnel. Dashboards provide real-time visibility into project quality and CRA monitoring performance. The system dynamically identifies risks and links them to quality assessment outcomes, strengthening clinical operations risk management and delivering robust support for cost reduction.

SECTION 2: MAKING ORGANIZATIONS MORE AGILE–THE DIGITAL TRANSFORMATION OF HUMAN RESOURCES, COMPLIANCE, AND OPERATIONS MANAGEMENT

Facing a complex and volatile external environment, Livzon deeply integrates AI technology into core management functions including human resources, compliance management, and production operations, driving organizational efficiency through data-driven approaches. In human resources management, AI is restructuring HR processes to accelerate organizational responsiveness and enhance talent insights. For compliance and safety, AI is upgrading governance models to boost efficiency while ensuring high-standard compliance. In production, AI is optimizing collaboration and control processes, enabling more precise and efficient management decisions to drive continuous improvements in organizational agility.

1 AGILE ORGANIZATIONS AND TALENT ASSET MANAGEMENT

Livzon integrates AI with low-code development platforms (LCDP) to progressively optimize human resource management models. This approach continuously enhances the efficiency of foundational HR tasks, reduces manual workloads, and drives the digital transformation of core processes like recruitment. Consequently, it boosts organizational responsiveness, delivers more precise support for talent management, and further elevates the overall effectiveness of human resource management.



Driving HR's Shift to a Value Center with AI + LCDP

Building on LCDP, we built a "HR Dashboard" to synchronize data in real time, which reduces the time required for electronic signature certification processes to just 10 minutes. Using Aily Bot tools for 24/7 performance monitoring, we shortened talent inventory cycles from months to approximately one week.

Smarter Recruitment: AI-Powered Efficiency and Traceability

To address longstanding recruitment challenges including large accumulation of resumes, low efficiency in manual searches, and inconsistent accuracy in previous recruitment efforts, we utilize an AI-powered resume screening and evaluation tool within our talent database. By simply uploading job descriptions, it automatically searches and matches resumes, significantly enhancing talent pool reuse rates and recruitment efficiency. We also applied AI to interview process management by enabling real-time recording and content structuring to resolve the historical challenges of tracing and reviewing interviews and improve both the quality and efficiency of interview feedback documentation. Furthermore, we embedded AI-powered resume quick-search function into recruitment webpages, enabling instant identification of suitable candidates and one-click outreach initiation, thereby further shortening the hiring cycle.

2 INTELLIGENT COMPLIANCE AND SECURITY GOVERNANCE SYSTEM

We have established an AI-integrated compliance and security governance system that leverages AI technology to empower the entire process of compliance management and security inspections. This enhances the overall efficiency of risk and compliance operations while strengthening the effectiveness of security inspections.

The AI Compliance Brain: Smarter Governance, Stronger Control

In 2025, addressing the challenges faced by the Compliance Management Department including the high volume of contract reviews, stringent standards, and the difficulty of balancing efficiency and accuracy under traditional manual workflows, we piloted the "AI Compliance Brain" project. This initiative leverages AI technology to consolidate compliance policies, regulations, and precedent cases, transforming standardized compliance review processes into digital, intelligent workflows. To date, we have implemented features including a compliance consultation bot, pre-screening for vendor onboarding, and preliminary contract clause review, in order to effectively offload foundational compliance tasks, reduce human workload, enhance review accuracy and response speed, injecting new technology-enabled capabilities into compliance management.

Closing the Loop: How AI Workflow Audits Drive Efficiency

To address the pain points of manual processes involving dozens of daily inspection points for the safety and environmental departments at our Pharmaceutical Factories, we developed an end-to-end AI workflow inspection system that achieves a full-process upgrade encompassing "standardized data collection + automated workflow + intelligent analysis + visual management." The system establishes a unified hazard database through 18 standardized fields, supporting real-time photo archiving of inspection forms. AI is empowered to conduct preliminary assessment and key point extraction on image attachments, automatically generating report text aligned with regulatory requirements. This drives efficient closed-loop operation across the entire "discovery-analysis-assignment-verification" workflow.

3 PRODUCTION QUALITY AND DEVIATION MANAGEMENT OPERATIONS

In the production process, Livzon leverages AI as its "intelligent operations hub." By enabling real-time perception and standardized modeling of complex production scenarios, it integrates digital tools with intelligent analytical capabilities. This drives efficient and unified production coordination enhances the scientific rigor of deviation management and increases the proactivity of equipment maintenance. Consequently, it shortens management decision cycles while comprehensively strengthens production quality and operational efficiency.

AI-Powered Upgrades in Deviation Management

Deviation management in pharmaceutical production is critical for ensuring product quality and production compliance. To address pain points in traditional models such as opaque process tracking, delayed responses, and inefficient manual analysis prone to partial omissions, we have introduced multidimensional spreadsheets and AI tools and established standardized record ledgers covering core fields like deviation event descriptions, identification numbers, and discoverers. Along with the implemented investigation report forms enabling cross-departmental collaboration, the system has achieved real-time data synchronization and unified information management. Concurrently, AI could automatically generate preliminary root cause reports incorporating fishbone diagrams across five dimensions of personnel, equipment, material, method, and environment. Combined with manual revision and supplementation based on production experience, it forms a human-AI collaborative analysis model that resolves the problem of disorganized deviation information. This enables end-to-end visual tracking of the "detection-recording-analysis-correction-verification" process, significantly boosts response efficiency, shortens complex deviation analysis cycles. It also effectively reduces labor costs and omission risks, and elevates data standardization levels and quality control precision.

Digital Multidimensional Tables: Production Planning Collaboration Platform

We established a unified system encompassing modules such as the master planning table of data source, progress feedback form, calendar view, and dashboard. Automated rules were configured to create a complete tracking loop, significantly reducing planners' time spent on report preparation and greatly enhancing the agility of plan adjustments. It also enables management to gain real-time and full-scope visibility into the production site, effectively shortening management decision cycles and optimizing collaborative efficiency and decision-making quality in production planning management.



IMPACT, RISK, AND OPPORTUNITY MANAGEMENT

Livzon places high importance on the profound impact of AI applications on the company's operations and long-term development, incorporating it as an issue of double materiality within the scope of overall risk management and strategic planning. We are systematically identifying core risks associated with AI's role in R&D processes and organizational management empowerment, while actively exploring the key development opportunities that AI technology may bring by conducting preliminary assessments of their likelihood and potential impact. For identified critical elements, we will develop tailored response strategies and implementation pathways and explore feasible solutions to reshape R&D and management processes through digital tools.

Moving forward, we will steadfastly uphold the principle of balancing risk prevention with seizing opportunities. We will steadily advance the integration of AI technology with pharmaceutical R&D and organizational management practices, striving to fully unlock the value of technological empowerment while maintaining prudent risk control. This approach will fuel the company's sustained innovation and high-quality development.

Risk Categories	Risk Description	Risk Impact	Impact Period	Responsive Measures
Data Quality and Data Integrity Risks	In pharmaceutical R&D and clinical settings, AI-assisted data processing lacks standardized version control and audit trails, making data traceability difficult and results unverifiable, which poses risks to data quality and integrity.	Triggers regulatory scrutiny, leading to rework and schedule delays in R&D/clinical projects, with potential compliance penalties for violating data integrity principles.	Medium to Long Term	• Establish a comprehensive data lifecycle management and audit mechanism, implementing quality checks before and after AI data processing to ensure data traceability and result verifiability. • Implement dual safeguards: manual pre-review before data processing and post-processing result verification. Define clear standards for identifying and handling anomalous data to prevent invalid data from entering analysis. • Build an audit framework aligned with compliance requirements. Conduct regular self-inspections of data integrity and retain audit records for review. • Standardize management of data processing tools. Validate compliance of AI data cleansing and analysis tools, clearly define tool usage scope and permissions, and prohibit unverified tools from accessing core data systems.
Content Distortion Risks Generative AI	Generative AI is prone to "hallucinations" and erroneous citations during medical literature research and clinical document drafting, potentially triggering ethical issues such as algorithmic bias.	Misguides R&D and clinical decision-making, potentially facing regulatory inquiries, restricted technology applications, diminished consumer and client trust, and intellectual property disputes, which damages corporate reputation.	Medium to Long Term	• Establish a systematic AI ethics review mechanism to conduct fact-checking and citation verification on AI-generated content. • For critical external documents, implement manual review and signed confirmation following AI screening to ensure content compliance and rigor. • Conduct specialized AI ethics training to reduce overreliance on AI tools and enhance the ability to identify biases and AI hallucinations.

Risk Categories	Risk Description	Risk Impact	Impact Period	Responsive Measures
Privacy and Data Security Risks	When interacting with external large models, inadequate data de-identification and lax controls over clinically sensitive information can lead to security breaches, illegal use, and other security issues.	Infringes patient privacy, triggering lawsuits; core R&D data leaks erode competitive advantage; violates data security regulations, incurring heavy fines.	Medium to Short Term	• Integrate external models into risk management and establish operational logs to enable full-process traceability, thereby controlling risks associated with external models. • Deploy on-premises AI models • Conduct thorough data anonymization before interacting with external models. • Clearly define data usage boundaries through contracts and strengthen data transmission encryption measures.
Liability Boundaries and Overreliance Risks	Misusing AI outputs as final conclusions instead of professional judgment blurs accountability boundaries, weakens critical processes like pharmacology review, and increases the risk of bias incidents.	Causes medical errors and R&D failures, complicates liability determination, degrades personnel expertise, and incurs compliance penalties.	Medium to Long Term	• Establish the core principle of "dual review by humans and AI," clearly delineating the responsibilities of AI tools and human decision-making. • Conduct regular risk training sessions.
AI R&D Funding Investment Risks	Pharmaceutical R&D companies face financial risks including capital tie-ups and cash flow constraints due to excessive investment in AI technology development, model procurement, and data accumulation, coupled with prolonged R&D cycles and low conversion efficiency.	Depletes core pharmaceutical R&D funding, disrupts project financing chains, yields suboptimal investment returns, and intensifies operational pressures.	Medium to Long Term	• Establish a budget range for AI R&D investments to ensure resources are prioritized for critical development stages. Implement a comprehensive input-output evaluation mechanism to strictly control related financial risks.

Opportunity Category	Opportunity Description	Opportunity Impact	Impact Period	Responsive Measures
Shortening R&D cycles to boost success rates	AI technology applied to core R&D processes such as target discovery, compound screening, and clinical trial design enables rapid identification of data correlations and prediction of pharmacological activity, replacing inefficient manual operations.	Significantly shortens drug innovation cycles (especially preclinical stages), reduce failure rates and trial-and-error costs, accelerate market launch timelines, and enhance core competitiveness.	Medium to Long Term	• Deploy AI molecular design models and clinical trial subject matching systems, leveraging AI technology to deeply analyze massive R&D data to optimize development plans.
Ensuring R&D quality to mitigate compliance risks	AI applied to scenarios like end-to-end R&D data management, anomaly detection, and compliance validation enables real-time data quality monitoring and proactive compliance risk alerts.	Ensures data integrity and accuracy in R&D, minimizes regulatory inquiries and rework expenses, precisely mitigates data compliance risks, and improves R&D compliance management efficiency.	Medium to Long Term	• Establish an AI-powered R&D data audit platform and compliance risk early warning model to ensure full traceability throughout data processing workflows and early detection of compliance issues, thereby safeguarding the standardization and compliance of R&D data management.
Optimizing resource allocation to enhance operational efficiency	AI applied to organizational management scenarios such as R&D project control, human resource allocation, and cross-departmental collaboration enables dynamic resource matching and automated workflow processing.	Resolves fragmented R&D resources and inefficient cross-departmental collaboration, optimizes utilization of core resources like manpower and capital, and reduce organizational operating costs.	Medium to Short Term	• Implement an AI project management system and resource scheduling platform to enable real-time tracking of R&D progress and rapid cross-departmental response to demands, effectively enhancing management efficiency and collaboration levels for R&D projects.



INDICATORS AND TARGETS

Livzon has established objectives for AI applications in pharmaceutical R&D, providing clear direction and core guidance for the deployment and implementation of AI systems. We regularly monitor and evaluate progress against these objectives, promptly adjusting and optimizing advancement strategies to ensure orderly system deployment and fully leverage the enabling role of AI technology in pharmaceutical R&D management.

Objective	Objective Statement	Target Achievement Status
Advance the deep integration of AI technology in R&D to enhance research efficiency	By 2025, implement at least three AI and digital applications within the R&D system, deeply embedding them into specific scenarios such as microsphere manufacturing processes, biologics scale-up, and clinical operations.	• Targets achieved
Incidence rate of AI-related risk events	Throughout the year, no risk incidents shall occur due to algorithmic bias, data security issues, or similar problems in the application of AI in pharmaceutical R&D.	• This year, no risk incidents occurred due to algorithmic deviations, data security issues, or other related problems.



02 SUSTAINABLE DEVELOPMENT MANAGEMENT

2.1 SUSTAINABLE DEVELOPMENT STRATEGY

A sound ESG governance system is the internal cornerstone for enterprises to efficiently fulfill their environmental and social responsibilities and achieve sustainable development. In order to achieve the company's ESG strategic goals, Livzon continues to improve its ESG governance structure: we constantly strengthen ESG management, regularly review work progress and dynamically optimize governance strategies, deeply integrate ESG concepts into operational decisions, and actively promote the coordinated development of the upstream and downstream value chain.

In the process of preparing this year's sustainability report, we sorted out the core issues and strategic commitments of the Company in the areas of environment, society and governance, and tracked the implementation progress. By identifying key issues, setting corresponding goals and aligning with the United Nations Sustainable Development Goals (SDGs), we have established a complete management closed loop from planning to implementation, demonstrating Livzon's strategic planning and practical progress in the field of sustainable development this year.

2.1.1 Sustainability Strategy and Progress

Sustainable Development Topics	Goals and Commitments	2025 Annual Our Progress	United Nations Sustainable Development Goals (SDGs)
Corporate Governance	• Annually review governance principles, mechanisms, structure, and processes	• Upgraded governance structure by abolishing the Supervisory Board and optimizing the Audit Committee's authority; concurrently revised the Articles of Association, introduced the Internal Audit System, and strengthened relevant risk control provisions	
Business Ethics	• Full company-wide implementation of the Business Ethics Pledge, with 100% employee sign-off and comprehensive coverage • Zero litigation cases involving embezzlement, bribery, extortion, fraud, or money laundering • Zero incidents of unfair competition practices such as false advertising, monopolistic conduct, or trade secret infringement	• 100% employee sign-through rate for the Business Ethics Pledge; 100% sign-through rate for subsidiaries • 100% training coverage on business ethics standards • No litigation cases involving embezzlement, bribery, extortion, fraud, or money laundering • No instances of false advertising, monopolistic practices, trade secret infringement, or other unfair competition	
Information Security and AI Governance	• Strictly uphold information security standards, ensuring zero incidents of customer privacy breaches or data security incidents • Lead the deep integration and application of AI tools, build an AI knowledge-sharing ecosystem, and cultivate internal AI culture and innovation capabilities • Conduct information security audits and risk assessments	• Zero incidents of customer privacy breaches or data security incidents occurred • Organized AI innovation competitions to encourage business units to explore AI solutions, successfully selecting and implementing 45 application solutions across R&D, production, sales, finance, and human resources • Deeply integrated office systems with multi-model APIs like DeepSeek-R1 • Launched the "Livzon AI Insights" column to introduce, interpret, and share cutting-edge AI technologies and application cases • Conducted regular information security audits covering the entire group	
Research and Development	• Focus on unmet clinical needs to build a clear and robust product pipeline • Accelerate clinical translation of innovative drug projects and advance the commercialization of biotechnology platform outcomes • Integrate AI technology deeply into R&D to enhance efficiency	• Strengthen the R&D innovation system by fully implementing a dual-leadership model of Project Lead + Project Manager • Ensure precise delivery of late-stage pipeline products and advance development projects systematically to key clinical milestones (see Chapter 4 for details) • Established automated laboratory data management platform integrating diverse AI tools and solutions to achieve full lifecycle management of R&D data–from collection and cleansing to assetization	

2.1.1 Sustainability Strategy and Progress *(Continued)*

Sustainable Development Topics	Goals and Commitments	2025 Annual Our Progress	United Nations Sustainable Development Goals (SDGs)
Sustainable Supply Chain	• Implementing a procurement mechanism that combines market-based pricing with comprehensive evaluations, the supplier risk assessment system covers environmental, social, and governance dimensions to build a sustainable supply chain framework	• Under equal conditions, prioritizing suppliers certified under ISO management systems and EcoVadis • Dedicated teams monitor supplier conduct through audits and annual comprehensive evaluations • Conducted audits on 552 direct suppliers (including 48 key direct suppliers) and 5 key indirect suppliers	
Addressing Climate Change	• Implementing a five-year environmental management plan with carbon targets to advance carbon neutrality by 2055	• Launched the five-year environmental management plan in 2021, with the first five-year environmental management goal achieved this year • Established the 2026-2030 five-year environmental management goals	
Compliant Pollutant Discharge	• 100% Environmental Management System Certification Rate	• 14 enterprises obtained GB/T 24001-2016/ISO 14001:2015 Environmental Management System Certification	
Occupational Health and Safety	• 100% certification rate for occupational health and safety management systems • Improved safety working conditions, provided protective equipment and personal protective gear, enhanced training on safety awareness and protective knowledge	• 100% certification rate for GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System • Invited external experts in safety leadership to conduct specialized safety training for department heads and safety managers across the company	
Employee Development and Protection	• Eliminate all forms of discrimination or harassment to foster a diverse, equitable, and inclusive workplace environment • Proactively identify instances of discrimination and harassment through established reporting channels and corrective/disciplinary measures	• Build a comprehensive training system centered on Livzon Business School, integrating online and offline learning models • Conducted anti-discrimination and anti-harassment training, achieving 100% coverage for new hires • Organized career advancement training through synchronized online and offline formats, with 81 employees from five distinct business units completing the program • Strengthened internal complaint and feedback mechanisms, continuously identifying and reviewing potential labor rights risks across the value chain and business operations. No related human rights incidents occurred within the Group or its subsidiaries this year	

Sustainable Development Topics	Goals and Commitments	2025 Annual Our Progress	United Nations Sustainable Development Goals (SDGs)
Product Quality	• No major liability incidents related to product or service safety and quality • 100% complaint resolution rate	• No major liability incidents related to product or service safety and quality • 100% complaint resolution rate • Successfully passed all 62 inspections conducted by external regulatory bodies • Received 222 customer satisfaction survey responses, maintaining 100% satisfaction (100% satisfaction in product quality, efficacy, and packaging)	
Access to Health Care	• Take inclusive health and public health interests as an important mission of corporate operations • When setting product prices, fully consider the differences in economic development of various regions • Committed to providing more equitable and accessible products and services to patients worldwide	• Multiple Livzon products including Aripiprazole Microspheres for Injection, Triptorelin Acetate Microspheres for Injection, and Eplerenone Sodium for Injection, along with newly added indications, have been included in the updated National Medical Insurance Reimbursement Catalog • The "Universal Access to Chronic Disease Prevention" public welfare project series reached 11 counties and districts this year • Established the "Livzon Science" column to establish a regular science communication mechanism.	
Responsible Marketing	• In all sales and marketing activities, we adhere to a rigorous and prudent approach, complying with all applicable laws, regulations, and industry standards in our operating regions to help maintain a healthy and orderly market environment	• We continue to deepen the development of the "Expert Insights" health education platform to enhance public health literacy and implement responsible marketing principles • We conduct responsible marketing training, achieving 100% coverage for all new employees • Entered into detailed competition rules and compliance agreements with business partners • No legal proceedings arising from unfair competition practices; no complaints or lawsuits regarding misleading or deceptive promotional content	

2.1.2 Industry Exchange and Collaboration on Sustainable Development

In the realm of sustainable development, Livzon Group continues to play a leading role within the industry. In 2025, the Group responded to the CDP Climate Questionnaire and the S&P Global Corporate Sustainability Assessment (CSA), driving the deep integration of climate action with its sustainable development strategy. The Group also encouraged its subsidiaries to actively participate in international evaluation systems, with some subsidiaries having completed EcoVadis corporate social responsibility ratings and committing to the Science Based Targets initiative.

Case Study: Building a Sustainable Ecosystem, Leading the Future of Responsible Pharmaceuticals

In May 2025, Ms. Liu Ning, Board Secretary of Livzon Group, delivered an industry-specific presentation on ESG practices at the Shenzhen Stock Exchange Global Investor Conference. She outlined Livzon's approach to integrating ESG with corporate strategy through a "long-termism" perspective, actively exploring a synergistic development model combining "industry + technology + ESG."

Ms. Liu Ning introduced that Livzon has established a three-tier governance structure–"Board of Directors–ESG Committee–Cross-departmental Working Group"–translating material issues into quantifiable business metrics and incorporating them into management evaluations. In concrete actions, the company advances its five-year environmental management plan centered on the "dual carbon" goals and continuously enhances drug accessibility through public welfare projects for chronic disease prevention and treatment. Furthermore, Livzon actively incorporates technologies like artificial intelligence to strengthen ESG data management. Guided by the integration of "industry + technology + ESG," the company continues to develop innovative drugs with high clinical value and accessibility, driving the synergistic advancement of social responsibility and corporate growth.



2.2 SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

2.2.1 ESG Governance Structure

The Board of Directors serves as the highest decision-making body for ESG governance at Livzon Group, holding ultimate responsibility for the Group's ESG initiatives. The ESG Committee is designated to formulat the Group's ESG vision, objectives, and strategy; overseeing the operation of the ESG management framework; periodically evaluating the outcomes and performance of ESG-related work; and reporting to the Board of Directors.

The ESG Working Group operates under the ESG Committee as its executive body. It is primarily assigned for daily ESG management and the coordination of the full implementation of ESG management strategies across all functional departments, business units, and subsidiaries. The ESG Working Group also regularly reviews and consolidates the Group's ESG progress, and submits reports to the ESG Committee. Additionally, the Group has established a dedicated ESG position under the oversight of the Board Secretary at the senior management level, with the responsibility of executing the management plans formulated by the ESG Working Group, implementing specific tasks, and regularly reporting to the Board on the advancement and implementation of ESG-related matters.

ESG Governance Levels	Member	Responsibilities
ESG Committee	Chaired by the Chairman of the Board, with members comprising one executive director and three independent non-executive directors	Formulates and reviews ESG vision, objectives, strategies, and management policies; oversees the ESG management framework and operational performance; accountable to the Board of Directors.
Chair and Vice Chairs of the ESG Working Group	Chair: Company President Vice Chairs: All Vice Presidents, Chief Medical Officer, Board Secretary, Director of Research Institute, General Manager of Traditional Chinese Medicine Division, and all Executive Assistants	Responsible for managing daily ESG operations, conducting regular reviews of the Group's ESG progress and key ESG metrics, and reporting to the ESG Committee.
Members of the ESG Working Group	Heads of all functional departments, business units, and subsidiaries within the company	Implement specific ESG tasks under the direction of the ESG Working Group Chair and Vice Chair.

2.2.2 ESG Performance and Executive Compensation Linkage System

To ensure effective implementation of the Company's ESG strategy, a systematic ESG performance-to-compensation linkage mechanism has been established. ESG objectives are deeply integrated into the assessment systems for management and all business units, creating a top-down responsibility cascade and incentive loop.

The Company's ESG Working Group is responsible for formulating ESG objectives and related implementation plans. The ESG Committee regularly monitors progress toward these objectives, issues action requirements and recommendations for areas needing improvement, and reports to the Board of Directors. To effectively advance ESG management, the Company has explicitly linked the compensation of members of the ESG Working Group under the ESG Committee to ESG performance and established an ESG performance evaluation system covering multi-level management teams. Specific implementation details are as follows:

ESG Task Force Assessment Mechanism

- ESG-specific metrics, weighted at 10%, are incorporated into the individual performance evaluations of ESG Task Force members. Assessment criteria encompass core dimensions such as achievement of environmental targets and carbon reduction goals, as well as ESG governance effectiveness. Failure to meet ESG assessment metrics will result in proportional deductions from annual performance bonuses.



EHS Management and Subsidiary Assessment Mechanism

- ESG and EHS-related metrics are integrated into the performance evaluations of the company's EHS department head, EHS management at subsidiaries, and overall subsidiary operational performance. These metrics include environmental targets, carbon reduction goals, ESG governance effectiveness, and EHS performance. The ESG assessment carries a 10% weight for the company's EHS department head. Subsidiaries determine their EHS-specific bonus amounts based on assessment scores.

Special Incentive Mechanism for API Enterprises

- Given the high energy consumption and emission intensity of API enterprises, the Company has established a dedicated incentive bonus for these units. Enterprises achieving emission reduction targets receive rewards based on predetermined standards, incentivizing relevant units to actively pursue energy conservation, carbon reduction, and efficiency improvements.

Currently, the Company has integrated ESG indicators into its management performance evaluation system, with a 10% weighting. Failure to meet ESG assessment targets will directly impact the annual performance bonuses of relevant personnel. Furthermore, ESG metrics have been extended to subsidiary operational performance evaluations, ensuring effective implementation of the Group's requirements regarding environmental management, carbon neutrality objectives, and green low-carbon commitments.

2.2.3 ESG Risk Management

The company has integrated ESG-related risks into its Enterprise Risk Management (ERM) system. Through mechanisms for identification, assessment, monitoring, and response, it ensures ESG risks are controllable and manageable, transforming them into resilience for sustainable operations.

The Board of Directors maintains ongoing attention to global ESG trends and shifts in domestic and international macroeconomic conditions. It regularly integrates the Company's development strategy, operational realities, and stakeholder feedback to systematically identify ESG-related risks and opportunities. The Board provides timely guidance to optimize ESG management strategies and implementation pathways, ensuring the Company's ESG philosophy and practices remain contemporary.

The ESG Committee oversees the Group's climate change management efforts, providing at least one annual dedicated report to the Board. It supervises the identification, assessment, and response to climate-related risks and opportunities, leads the formulation and tracking of climate targets and action plans, and drives their deep integration into the company's long-term development strategy. As the executive body of the ESG Committee, the ESG Working Group collaborates with functional departments, business units, and subsidiaries to fully implement climate-related management initiatives. It regularly aggregates, analyzes, and reports on the Group's progress and outcomes in climate governance, reporting directly to the ESG Committee.

2.2.4 ESG Management Training

Board-Specific ESG Training

Livzon strictly adheres to regulatory requirements by conducting regular and ongoing director training covering corporate governance, ESG and sustainable development, risk management, and other areas. This year, the company organized specialized training on "Business Ethics, Risk Management, and ESG Governance," inviting external senior consultants to enhance the Board's capabilities in sustainable governance effectiveness and compliance awareness.

The ESG training addressed the increasing frequency of extreme natural disasters caused by global climate change and their economic impacts, while outlining domestic and international policy actions to combat the climate crisis. Guided by consultants, participants interpreted the "carbon peak by 2030 and carbon neutrality by 2060" strategy, analyzed its profound implications for national long-term development and industrial transformation, and clarified corporate responsibilities and development opportunities under these dual carbon goals.

The training also introduced the deepening requirements for climate-related information disclosure globally, particularly focusing on the regulations of regulatory bodies such as the Hong Kong Stock Exchange regarding "strategy" and "targets and metrics." This assists boards in better fulfilling their oversight responsibilities in climate governance and information disclosure. Additionally, the training covered fundamental knowledge and best practices of carbon pricing mechanisms, guiding boards in conducting financial impact analyses of climate-related risks and opportunities. This included methodologies for assessing the effects of physical and transition risks on assets and business operations, providing quantitative foundations for strategic planning and risk management.

Greenhouse Gas Emissions Training

To effectively advance and implement Scope 3 carbon emissions initiatives, this year, the company engaged external professional consultants to deliver specialized training on Scope 3 accounting and management skills based on the GHG Protocol and ISO 14064 series of international standards. This training targeted teams involved in core ESG execution, such as Livzon Group's EHS department and ESG working group, aiming to strengthen the technical foundation at the operational level and ensure the company possesses professional execution capabilities in managing carbon emissions across the value chain.

The training focused on key aspects including quantification methodologies for Scope 3 greenhouse gas emissions, establishing data collection systems and databases, applying emission factors, and preparing accounting reports. This helped Livzon's ESG implementation team develop data accounting capabilities compliant with international standards, ensuring the standardization, traceability, and sustainability of carbon emissions data management. This provides a solid foundation for setting reduction targets and external disclosure.

2.2.5 ESG Policy Statement

Livzon Group Privacy Policy
Livzon Group Tax Policy
Livzon Group Environmental, Occupational Health and Safety Management Policy
Livzon Group Responsible Marketing Policy
Livzon Group Reporting and Complaint Management Measures
Livzon Group Interim Regulations on Anti-Fraud
Livzon Group Anti-Corruption and Anti-Commercial Bribery System
Livzon Group Board Member Diversity Policy
Livzon Group Employee Diversity Policy
Livzon Group Appeal Channels
Livzon Group Labor Practices and Code of Conduct
Livzon Group Diversity, Equity, and Inclusion
Livzon Group Supplier Code of Conduct
Employee Grievance Management Policy



2.3 STAKEHOLDER COMMUNICATION

Stakeholders	Concerns and Demands	Response Methods for 2025
Government and Regulatory Bodies	• Policy Response and Regulatory Compliance • High-Quality Information Disclosure • Industry Leadership and Technological Innovation • Safe Production and Operations • Sustainable Development and Climate Resilience • Corporate Social Responsibility Implementation	• Regular Work Reports • On-site Inspections • Government-Enterprise Symposiums • Information Disclosure • Responding to National Strategic Planning • Implementing Inclusive Chronic Disease Public Welfare Initiatives
Shareholders and Investors	• Investment Returns and Value Creation • Technological Innovation and Long-Term Competitiveness • Robust Corporate Governance Framework • Risk Management and Compliance Oversight • High-Quality Information Disclosure • Sustainable Development and Climate Resilience	• Shareholders' Meetings • Periodic Reports and Announcements • Investor Briefings and Site Visits • Consultation Hotline and Email • Online Investor Q&A Platform
Board of Directors and Senior Management	• Product Development and Technological Innovation • Driving Long-Term Value Growth for the Company • Robust Corporate Governance Framework • Cultivating and Retaining Talent • Addressing Climate Change and Opportunities	• Board of Directors • Daily Management Meetings
Employees	• Clear career progression pathways • Competitive and equitable compensation and benefits • Respectful and inclusive organizational culture • Opportunities for continuous learning and skill development • Safe and healthy work environment	• Employee Representative Council • Labor Union • Employee satisfaction surveys • Feedback platforms • Employee grievance channels

Stakeholders	Concerns and Demands	Response Methods for 2025
Consumers and Customers	• Product safety and quality assurance • Reasonable pricing and transparent fee structure • Privacy protection and data security • Continuous product innovation and experience optimization • Convenient feedback channels and prompt responses • Brand's social responsibility performance	• Company official website • WeChat Official Account and Video Account platforms • Customer visits • Consumer satisfaction surveys • Consumer complaint and feedback resolution • Customer consultation platform
Partners and Suppliers	• Long-term stable cooperative relationships • Fair and reasonable commercial terms • Efficient communication mechanisms • Anticipating technical collaboration and innovation synergy • Shared commitment to sustainable development	• Regular communication and exchange • Supplier training and advocacy • Periodic supplier audits • Participation in industry standard development and seminars
Local Community	• Creating stable employment opportunities and training • Reducing environmental impact and preserving ecological quality • Supporting community public affairs development • Maintaining open and transparent communication channels • Demonstrating good corporate citizenship	• Implementing inclusive chronic disease public welfare initiatives • Leadership participation in industry conferences • WeChat Official Account, Video Account, and other media platforms • Regular regional assistance programs • Establishing university scholarships • Volunteer services

2.4 ESG MATERIALITY ASSESSMENT

Materiality Assessment Methodology

Based on the principle of double materiality, Livzon Group conducts a systematic annual assessment of ESG material issues. The scope and focus of the assessment undergoes appropriate annual adjustments in response to dynamic changes in the external environment and operational priorities. During the assessment, the Group considers internal impact on the business and external impact on society and the environment. To be more specific, on one hand, it identifies and evaluates the potential impact of ESG issues on the Group's short-, medium-, and long-term value creation and financial performance. On the other hand, it assesses the substantive impacts of the Group's business activities on economy, environment and society while integrating the Group's overall operational strategy and development plans into the materiality analysis.

The materiality assessment process comprehensively employs macro trend analysis, industry benchmarking, topic-specific research, and stakeholder engagement to identify key impacts, risks, and opportunities related to sustainable development. By continuously deepening the application of the principle of double materiality, Livzon Group effectively translates international ESG standards and regulatory requirements into concrete practices within internal management and decision-making, laying the foundation for formulating and implementing sustainable development strategies.

Materiality Assessment Process

In 2025, Livzon Group continued to conduct materiality analysis of material issues through standardized procedures, integrating annual materiality assessments into its Enterprise Risk Management (ERM) framework. The assessment methodology aligned with the requirements of International Financial Reporting Sustainability Disclosure Standard 1 (IFRS S1).

1. The Group identifies and establishes an initial ESG issue list through macro trend analysis, review of sustainability-related regulations and international standards, and benchmarking against industry peers.

2. Applying the principle of double materiality and considering the Group's operational realities, each issue is analyzed and scored across financial materiality and impact materiality. The assessment comprehensively evaluates potential impacts on the Group's value creation and sustainable development by considering different time horizons (short-term, medium-term, and long-term) and the issue's position within the value chain (upstream, corporate operations, and downstream).

3. Systematically assess and quantitatively rank each issue's financial impact and its economic, environmental, and social implications through internal and external interviews and key stakeholder engagement. Assessment outcomes are integrated with the Group's strategic priorities and risk management framework to calibrate issue materiality comprehensively.

4. After internal review and external assurance of the materiality assessment process, Senior Management signs off to confirm the finalization of the annual ESG materiality matrix as the foundational framework for ESG management and disclosure.

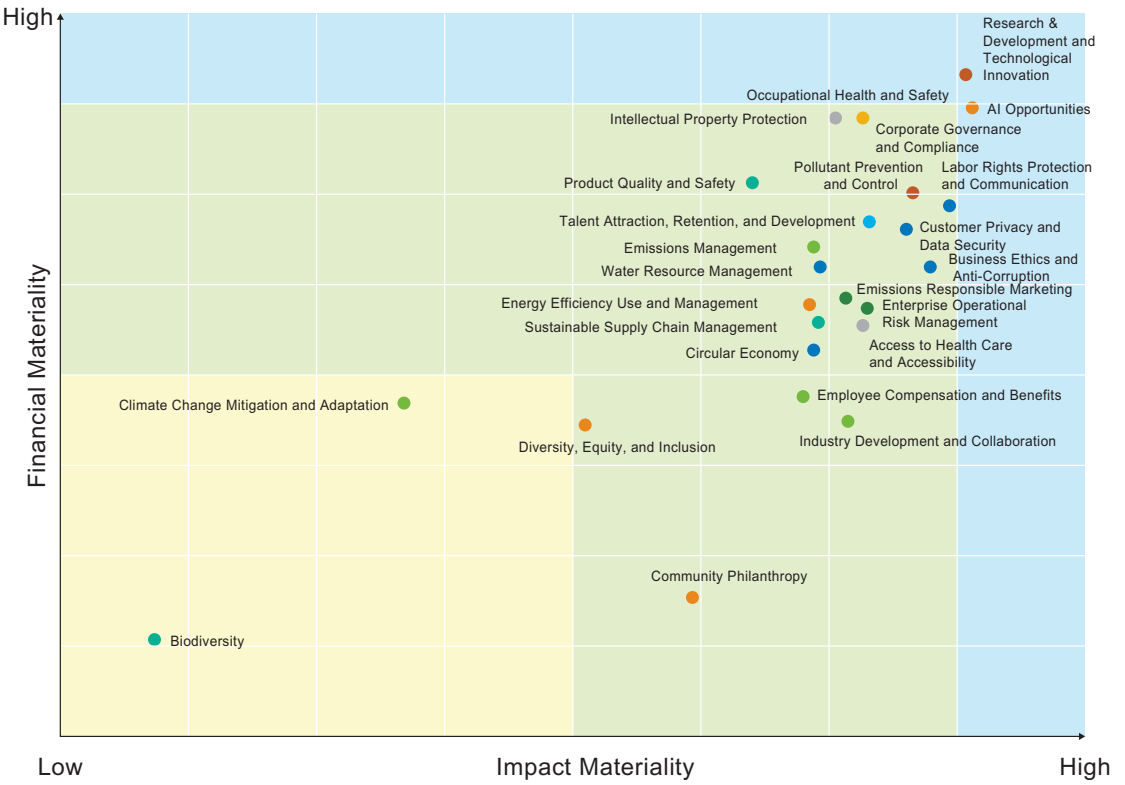


Double Materiality Assessment Results

For 2025, Livzon's double materiality assessment identified 2 core issues, 19 highly material issues, and 4 material issues across economic, environmental and social domains that have a significant impact on our business performance. The assessment results were submitted to the Board's ESG Committee for review, sign-off, approval, and oversight alongside with this ESG Report.

Among these, the issues of "R&D and Technological Innovation" and "AI Opportunities" were confirmed as priorities possessing both material impact and financial materiality. We have addressed these issues in this report according to the four disclosure dimensions: "Governance, Strategy, Impact/Risk/Opportunity Management, and Metrics and Targets." The specific distribution of issues is detailed in the materiality matrix below:

Core Issues	Research & Development and Technological Innovation
	AI Opportunities
Highly Important Issues	Intellectual Property Protection
	Corporate Governance and Compliance
	Product Quality and Safety
	Labor Rights Protection and Communication
	Enterprise Operational Risk Management
	Access to Health Care and Accessibility
	Business Ethics and Anti-Corruption
	Employee Compensation and Benefits
	Industry Development and Collaboration
	Responsible Marketing
	Customer Privacy and Data Security
	Access to Health Care and Accessibility
	Occupational Health and Safety
	Circular Economy
	Energy Efficiency Use and Management
	Water Resource Management
	Sustainable Supply Chain Management
	Emissions Management
	Talent Attraction, Retention, and Development
Important Issues	Diversity, Equity, and Inclusion
	Community Philanthropy
	Biodiversity
	Climate Change Mitigation and Adaptation



Impact, Risk, and Opportunity Analysis for Each Livzon ESG Issue

In the following analysis, the time horizon is defined as: short-term (within 2 years), medium-term (3–5 years), and long-term (5–10 years). We have assessed the impact, risks, and opportunities associated with each ESG issue below, considering the company's current capabilities, prior work achievements, and existing resources. This assessment was conducted within the scope of reasonably obtainable information, balancing the cost-effectiveness of information gathering. The results are as follows:

Issue Category	Issue	Impact Time frame	Value Chain Scope Assessment	Impact, Risk, and Opportunity Analysis
Corporate Governance	**Corporate Governance and Compliance**	Mid-term	Full Value Chain	Continuously optimizing governance structures and compliance mechanisms enhances decision-making transparency and operational efficiency, bolsters market credibility and financing capabilities, and provides a solid foundation for long-term stable development.
	Customer Privacy and Data Security	Short-term	Focusing on core operations while extending to upstream and downstream data points	Effectively safeguarding customer privacy and data security is key to earning trust. Leading data governance and security practices not only meet increasingly stringent regulatory requirements but also shape a reliable brand image, becoming a critical factor in customer selection and collaboration.
	Intellectual Property Protection	Mid-term	Full Value Chain	Establishing a comprehensive intellectual property strategy and management system not only defends against infringement risks but also maximizes the value of knowledge assets through licensing, collaboration, and other means.
	Business Ethics and Anti-Corruption	Short-term	Full Value Chain	Building a high-standard culture of ethics and compliance fosters a fair and transparent business environment, attracts high-quality commercial partners, and earns broader social respect and support.
	Enterprise Operational Risk Management	Short-term	Focusing on core operations while extending to upstream and downstream data points	A systematic risk management framework effectively identifies and addresses various operational risks, safeguarding business continuity while transforming uncertainty into organizational resilience to ensure stable corporate operations.
	Occupational Health and Safety	Short-term	Self-operated	Establishing a comprehensive occupational health and safety management system not only protects employees' lives and physical and mental well-being but also significantly enhances operational stability.

Issue Category	Issue	Impact Time frame	Value Chain Scope Assessment	Impact, Risk, and Opportunity Analysis
Innovation-Driven Business	**AI Opportunities**	Long-term	Focused on in-house R&D and operations	Actively and responsibly exploring AI applications across drug R&D, manufacturing, and management processes holds promise to accelerate innovation, optimize service quality, and shape a future-oriented, innovation-driven corporate image. Improper implementation or inadequate governance may give rise to novel risks such as algorithmic bias, data security, and AI ethics.
	Research and Development and Technological Innovation	Mid-term	Focused on in-house R&D and operations	Sustained R&D and technological innovation are the lifeline of pharmaceutical enterprises. Focusing on cutting-edge technologies and unmet clinical needs, while increasing R&D investment and collaboration, will drive the development of innovative drug pipelines and the translation of research outcomes. This will advance therapeutic fields and create long-term growth momentum.
	Product Quality and Safety	Short-term	Full value chain	A quality culture pursuing "zero defects" and a quality management system exceeding standards are fundamental to gaining access to the Chinese market and global markets, ensuring enduring success.
	Responsible Marketing	Short-term	Operations and downstream distribution	Practicing responsible marketing centered on patients and grounded in scientific evidence fosters deep trust with healthcare professionals and patients, enabling sustainable brand development. Improper marketing misleads medical decisions, damages professional reputations, and invites heavy regulatory penalties.
Green Transition	**Climate Change Mitigation and Adaptation**	Long-term	Full value chain, with particular emphasis on Scope 3 emissions	Proactively developing and implementing carbon reduction and climate adaptation strategies not only manages risks and lowers costs but also seizes new market opportunities in the green transition, leading the industry toward sustainable development. Climate change brings extreme weather and transition policy risks that may impact supply chains, facility operations, and market demand; passive responses increase physical damage and compliance costs.
	Energy Efficiency Use and Management	Short-term	Primarily self-operated	Energy-saving retrofits and energy management help reduce carbon emissions and lay the foundation for a green, low-carbon transition.
	Water Resource Management	Short-term	Primarily self-operated	Implementing water-saving technologies and water recycling enhances water resource utilization efficiency and reduces operational dependence on water resources.
	Emissions Management	Short-term	Primarily self-operated	Establishing an advanced emissions monitoring and accounting system provides the foundation for achieving carbon reduction targets and addressing investor climate concerns.
	Biodiversity	Long-term	Primarily self-operated	Assessing and managing operational impacts on ecosystems demonstrates responsible corporate citizenship and fosters harmony between humanity and nature.

Issue Category	Issue	Impact Time frame	Value Chain Scope Assessment	Impact, Risk, and Opportunity Analysis
Value Co-creation	**Sustainable Supply Chain Management**	Mid-term	Primarily upstream supply chain	Integrating ESG standards throughout the entire supplier management process enhances resilience and transparency across the value chain, enabling collaborative responses to challenges, fostering a responsible industrial ecosystem, and boosting customer and investor confidence.
	Circular Economy	Long-term	Full value chain, with emphasis on design, production, and end-of-life stages	Incorporating circular economy principles into product design, production processes, and waste management can unlock resource value, create new business models, and align with the growing policy emphasis on circular economies. Neglecting circular economy concepts risks missing opportunities for resource efficiency gains and cost savings.
	Access to Health Care and Accessibility	Mid-term	Downstream segments, including pricing and service networks	Contributing to access to health care through affordable pricing, innovative access models, and health education expands product reach, creates shared value, and enhances brand reputation and resilience.
	Labor Rights Protection and Communication	Short-term	Self-operated	Safeguarding employee rights and establishing open communication channels fosters a respectful, equitable, and open work environment.
	Employee Compensation and Benefits	Short-term	Self-operated	A competitive compensation and benefits system is key to attracting and retaining top talent, transforming human capital into a driving force for corporate growth.
	Industry Development and Collaboration	Mid-term	Full value chain	Actively participating in healthy industry competition and collaboration while co-developing standards helps cultivate a pharmaceutical ecosystem, accelerate innovation commercialization, and collectively address public health challenges.
	Sustainable Supply Chain Management	Mid-term	Upstream	Integrating ESG standards into supplier management enhances supply chain resilience and transparency, strengthening long-term confidence among customers and investors.
	Talent Attraction, Retention, and Development	Mid-term	Self-operated	Talent development mechanisms ensure a continuous pipeline of talent for the organization, providing human capital support for strategic expansion.
	Diversity, Equity, and Inclusion	Mid-term	Self-operated	Building a diverse and inclusive workplace environment unleashes the innovative potential of employees from varied backgrounds, boosting organizational vitality and competitiveness.



03 BUILDING GOVERNANCE FOUNDATIONS

SAFEGUARDING SUSTAINABLE DEVELOPMENT THROUGH EXCELLENCE IN GOVERNANCE

3.1 CORPORATE GOVERNANCE

Livzon consistently upholds principles of compliance and integrity, strictly adhering to national laws and regulations including the Company Law of the People's Republic of China to establish a comprehensive corporate governance system. The Board of Directors has established the Strategy Committee, Nomination Committee, Compensation and Evaluation Committee, and Environmental, Social, and Governance Committee, which perform their duties in accordance with the Articles of Association and Board authorizations. The Livzon Board of Directors diligently fulfills the information disclosure obligations of a listed company, ensuring the truthfulness, accuracy, completeness, timeliness, and fairness of disclosed information to safeguard all shareholders' equal right to access information. For further details on corporate governance, please refer to Livzon's 2025 Annual Report. During the reporting period, the company did not violate any laws, regulations, or rules concerning information disclosure.

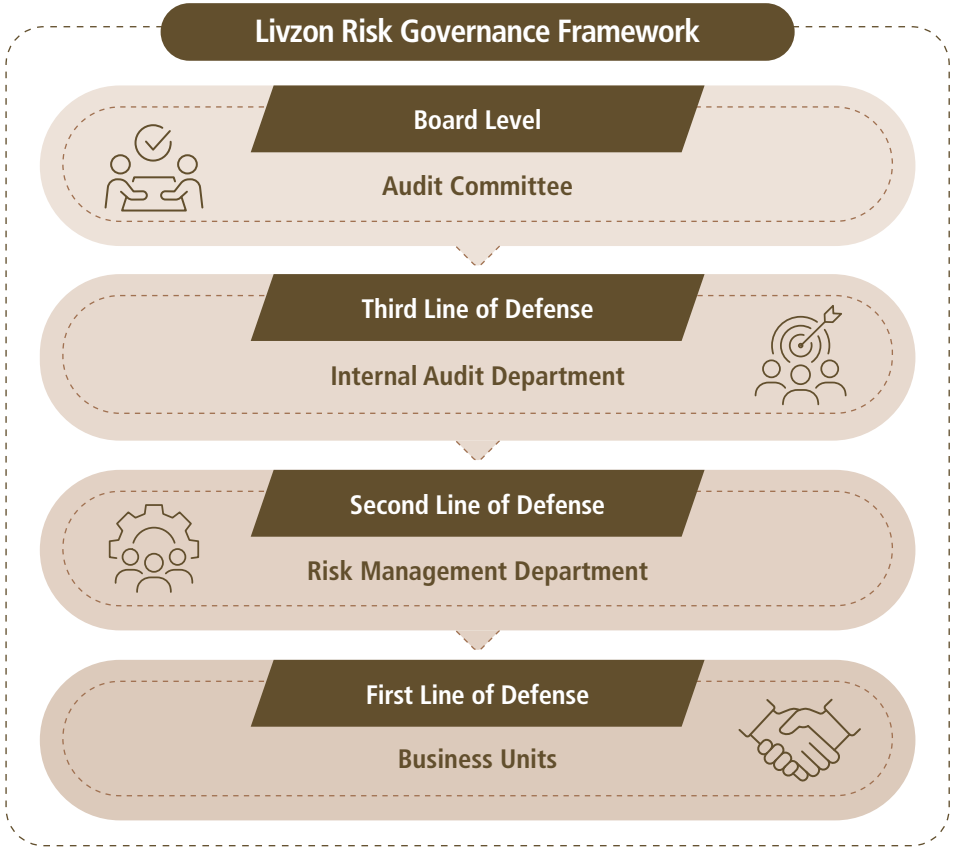
3.1.1 Board Diversity and Independence

To establish a more visionary and balanced decision-making center, the Company actively promotes board diversity in its composition. When selecting directors, the Company comprehensively considers multiple dimensions including gender, age, cultural and educational background, professional experience, skills and knowledge, race and ethnicity, region, nationality, and length of service, while also paying attention to other relevant factors identified by the Board based on the Company's development needs. The final selection of directors will be based on objective criteria including their overall value to the Company's business and development, their contribution to the Board as a whole, alignment with the Board's succession plan and strategic direction, and their potential to maintain the Board's diverse composition. This approach aims to continuously enhance the Board's independence, professionalism, and decision-making effectiveness.

In 2025, Livzon actively advanced diversity and specialization within its Board composition. On one hand, by electing an additional frontline employee representative to the Board, the company ensures that grassroots perspectives are directly integrated into corporate governance, balancing decision-making efficiency with governance quality. On the other hand, newly appointed external independent directors cover diverse professional fields including pharmaceuticals, finance, and law, providing multidimensional perspectives and specialized insights for the Board’s strategic decision-making.

3.1.2 Risk Management

The continuous refinement of the corporate governance risk management system is the cornerstone for ensuring long-term stable operations. The company has established a risk governance framework centered on "three lines of defense": The first line consists of business departments responsible for identifying and managing risks in their daily operations; the second line is the Risk Management Department, which develops risk frameworks and oversees overall risk exposure; the third line is the Internal Audit Department, which systematically audits and reviews the effectiveness of risk management and internal controls. The Audit Committee under the Board of Directors assumes the highest supervisory responsibility, ensuring the effective operation of the risk governance system.



The company has fully embedded the culture of risk management into its daily operational management processes. We established an incentive and constraint mechanism that offers financial incentives tied to meeting risk-related goals. By incorporating specific, quantifiable risk management indicators–such as the frequency of major risk incidents and the completion rate of rectifying critical internal control deficiencies–into the performance assessment systems of responsible units, the company drives the effective implementation of internal controls. For detailed information regarding the company's risk management and internal controls, please refer to the 2025 Annual Report.

In 2025, Livzon implemented significant governance structure upgrades: abolishing the Supervisory Board while optimizing the Audit Committee's authority, effectively streamlining oversight processes and enhancing decision-making efficiency. In accordance with laws and regulations including the Company Law and Audit Law, the Company synchronously revised its Articles of Association and introduced a new Internal Audit System. This requires the internal audit department to report quarterly audit progress and identified issues to the Audit Committee, while ensuring at least one comprehensive audit report is submitted annually. These measures enhanced internal audit quality, better protected investor rights, and provided robust risk control support for core decision-making.

We identified material risk areas based on industry characteristics and business structure. Subsequently, we assessed the potential impact of risks through scenario analysis and stress testing, evaluated their probability of occurrence using historical data, industry benchmarks, and trend analysis, while comprehensively considering multidimensional factors such as business relevance, geographic distribution, time span, and external environment of risk sources. For identified major risks, the company implements corresponding mitigating actions, including refining internal control systems, conducting specialized training, establishing emergency response plans with regular drills, and incorporating risk control effectiveness into the performance evaluation system. This mechanism undergoes at least one comprehensive annual assessment and is promptly reviewed during strategic adjustments, business transformations, or significant changes in the external environment to ensure the continuous adaptability and effectiveness of risk management.

3.1.2 Risk Management *(Continued)*

Single-Source Supply Chain Procurement Risk

Risk Description: Overreliance on a single supplier may compromise the company's flexibility in procurement costs, technology acquisition, and supply stability, exposing it to potential threats such as price volatility, supply disruptions, and production halts.
Likelihood of Materialization: Moderate
Potential Magnitude: Moderate
Mitigation Actions: Continuously implement supply chain diversification strategies, including establishing dual-source procurement plans, maintaining reasonable safety stock levels, and signing long-term supply agreements; conduct regular supply chain risk assessments and supplier relationship management.

Trade Secret Disclosure Risk

Risk Description: Disclosure of core technologies, intellectual property, business strategies, and other trade secrets to competitors may diminish market competitiveness and cause revenue loss.
Likelihood of Materialization: Moderate
Potential Magnitude: Moderate to High
Mitigation Actions: Enhance confidentiality management systems by implementing tiered trade secret classification, defining classified job responsibilities, executing non-disclosure agreements, and conducting routine confidentiality awareness and legal risk training.

Environmental Compliance Risk

Risk Description: In pursuing energy conservation, emissions reduction, and environmental objectives, the company may face risks such as increased operational costs due to regulatory pressures and potential penalties resulting from unmet targets.
Likelihood of Materialization: Moderate
Potential Magnitude: Moderate
Mitigation Actions: Establish a dynamic tracking and evaluation mechanism for environmental targets; connect energy conservation and emissions reduction targets to the annual performance evaluations of group executives and management with a clearly defined 10% weighting; create a closed-loop mechanism linking risk-related objectives to individual incentives.

3.1.3 Board Risk Management Education

The company provides regular risk management education for the Board of Directors and conducts focused training on risk management principles for all employees, aiming to continuously enhance risk awareness, identification capabilities, and response skills across all levels. This year, the specialized risk management curriculum for all board members covered industry regulatory updates, strategic risk identification frameworks, ESG risk management, and director responsibility workshops, strengthening the board's capabilities in risk oversight and strategic decision-making. All board members participated in this year's training. Concurrently, the Company conducted multiple rounds of training covering risk management principle for all employees through a combination of online and offline formats, promoting the integration of risk management requirements into daily operations.

3.1.4 Emerging Risks

Livzon continuously monitors and evaluates risks that are expected to have a long-term impact on the Company, with particular focus on significant, emerging or evolving risks and its impact on the business. We systematically identify and assess these risks annually and implement appropriate preventive and mitigating actions during operations. This year, we prioritized identifying and evaluating risks related to artificial intelligence data privacy and potential challenges in international expansion. While analyzing their potential business impacts, we also considered the opportunities they may present. The following sections detail the specific emerging risks identified, their potential impacts on their business, and the management and mitigation actions we plan to implement or have already implemented.

Risk Name	Risk Category	Description	Impact	Mitigation Actions
AI Ethics and Data Privacy Risks	Technological	Improper use of artificial intelligence technologies in pharmaceutical R&D and operational management may trigger ethical and compliance issues such as algorithmic bias and data privacy breaches.	Failure to manage these risks effectively may result in regulatory penalties, restricted technology applications, diminished consumer and client trust, and intellectual property disputes.	Implement data classification and tiered protection; enhance privacy computing technology applications; conduct specialized AI ethics training to improve technical teams' compliance awareness; regularly perform third-party algorithm security and fairness assessments.
Risks of Localization in International Expansion	Societal	During global business expansion, insufficient understanding of target market regulatory environments, cultural differences, and healthcare systems may lead to delayed market access and excessive compliance costs.	May result in extended overseas investment return cycles, damaged brand reputation, and reduced cross-cultural team management efficiency.	Mitigation actions: Establish a dynamic monitoring mechanism for target markets; collaborate with local compliance agencies and professional consultants; implement specialized training in cross-cultural management competencies.



3.1.5 Investor Communication

While focusing on innovation and R&D, the Company places high importance on building investor relations. This year, we actively and transparently maintained communication with the capital markets through various channels, including annual and quarterly earnings briefings, thematic roadshows, and conference calls. We promptly shared updates on R&D progress, operational performance, and long-term development strategies, striving to establish stable and mutually trusting investor relationships.

The Company also engages with small and medium-sized investors through multiple channels, including the Interactive Platform, official website, email, and telephone, to better listen to their concerns and enhance mutual understanding and trust. Additionally, a shareholder Q&A session is held at each shareholders' meeting, where core management directly addresses investor inquiries, providing a convenient and efficient channel for investors to understand Livzon and participate in corporate governance.

3.1.6 Party Building

As of the end of the reporting period, Livzon had a total of 655 Party members, including 423 at the Zhuhai headquarters and 232 at subsidiaries outside the city. There were 11 Party branches directly under the Zhuhai Municipal Party Committee and 7 Party organizations at subsidiaries outside the city.

Number of Party members at Livzon	Number of Party members at Zhuhai headquarters	Number of Party members at subsidiaries outside the city
655	423	232

Party branches directly under the Zhuhai Municipal Party Committee	Party organizations at subsidiaries outside the city
11	7

The Livzon Party Branch has diligently advanced Party building efforts, organizing a series of thematically distinct and substantively rich Party activities. This year, the branch arranged for Party members to visit the site of the First National Congress of the Communist Party of China at Nanhu Lake in Jiaxing. Through studying archival materials, participants deepened their understanding of the Party's struggle history, strengthened their Party history education, and reinforced their original aspirations and mission.



3.2 BUSINESS ETHICS

3.2.1 Code of Business Ethics

Livzon Group places high importance on business ethics management and continuously strengthens relevant institutional development. We have formulated and publicly released a series of business ethics management systems, including the Livzon Group Anti-Corruption and Anti-Commercial Bribery System, the Livzon Group Interim Anti-Fraud Regulations, and the Livzon Group Whistleblowing and Complaint Management Procedures. All relevant information is disclosed on the company's official website. As the highest endorsing decision-making body, the Audit Committee is fully responsible for overseeing the implementation, periodic review, and revision of the Livzon Anti-Corruption and Anti-Commercial Bribery System.

To ensure effective implementation of business ethics requirements across the entire business chain, the Group strictly requires all business partners–including suppliers, service providers, contractors, and clients–to comply with the Anti-Corruption and Anti-Commercial Bribery System and sign the Integrity Commitment Letter. Additionally, we have incorporated dedicated integrity commitment clauses into our standard commercial contracts, explicitly requiring counterparties to pledge integrity in their business practices and actively participate in integrity training organized by the company. The Group reserves the right to terminate contracts in the event of any breach of these integrity commitments. Moving forward, we will continue to refine our business ethics management system, scrutinizing and optimizing compliance execution processes across the entire group against higher standards to ensure the highest level of integrity and compliance is maintained in all business operations.

During the reporting period, neither the Company nor its controlled subsidiaries experienced accounts payable (including notes payable) and balances triggering statutory disclosure thresholds. Furthermore, no overdue payments to small and medium-sized enterprises were disclosed through the National Enterprise Credit Information Publicity System.

3.2.2 Whistleblower Protection

To deepen integrity development and compliance governance, the Group has formulated and implemented the Livzon Group Whistleblowing and Complaint Management Procedures in accordance with relevant provisions. This establishes a systematic and routine whistleblowing and complaint management mechanism, encouraging all employees, suppliers, customers, partners, and business counterparts to jointly participate in building an integrity culture and maintaining a fair and transparent business environment. For details on the fraud risk reporting mechanism and whistleblower protection procedures, please refer to Chapter 3, Section 2 of the Livzon Group Interim Anti-Fraud Regulations. For details on the anti-corruption and anti-commercial bribery reporting mechanism and whistleblower protection system, please refer to Article 7 of the Livzon Group Anti-Corruption and Anti-Commercial Bribery System. We accept both signed and anonymous reports, providing secure and confidential feedback channels to ensure all complaints are addressed promptly and effectively. The Group maintains a zero-tolerance policy for retaliation or any form of reprisal against whistleblowers. The receiving department strictly enforces confidentiality protocols, comprehensively protecting personal information and report content to prevent any disclosure. The Group commits to completing investigations and disclosing written reports within 30 business days, with follow-up disclosure on the process for investigating the reported breaches. Leakage of information or retaliatory actions will be subject to accountability measures commensurate with the severity of the offense.

The Audit and Integrity Department serves as the supervisory body for the Group's anti-corruption, anti-commercial bribery, and other business ethics-related matters. It is responsible for receiving and registering reports and complaints. Upon receiving a report, the Audit and Integrity Department will immediately initiate the investigation process, form an investigation team, define the scope and authority of the investigation, develop an investigation plan, and conduct evidence collection. Strict confidentiality protocols will be enforced throughout the investigation to prevent information leaks. Upon conclusion, findings and recommended actions will be presented: – Internal employees may face penalties, recovery of damages, or termination of employment under the Labor Management System, depending on severity. – Business partners may have their cooperation qualifications revoked. – Criminal suspicions will be referred to judicial authorities without exception. Upon case closure, verified whistleblowers will receive monetary rewards and priority consideration for salary increases per established procedures. All case materials will be archived, with periodic reviews to optimize investigation workflows. Significant cases and overall operational status will be reported to the Audit Committee.

3.2.3 Anti-Corruption Training and Awareness Campaign

To continuously strengthen our integrity defenses and fortify our foundation of integrity, we regularly organize specialized training for anti-bribery and anti-corruption. Through various formats such as policy interpretation and case studies, we enhance all employees' awareness of integrity and discipline. Additionally, the Company conducts at least one annual training for anti-corruption and risk management for directors. This initiative aims to enhance their awareness and capabilities in risk management, risk prevention, and combine commercial bribery and corruption, thereby enabling them to effectively fulfill their oversight and decision-making responsibilities.

Annual Business Ethics and Anti-Corruption Training

In May 2025, the Group conducted its annual training for business ethics and anti-corruption for all employees through both online and offline channels. Tailored to the pharmaceutical industry's unique characteristics, the training covered five key modules: the integrity landscape, risk scenarios, typical cases, bidding compliance, and relevant laws and regulations. It provided an in-depth interpretation of current regulatory requirements and industry standards. The training emphasized the Guidelines for Pharmaceutical Companies on Preventing Commercial Bribery Risks, using typical violation cases to analyze the legal consequences of commercial bribery. It also featured a specialized analysis of fraudulent practices in critical areas like bidding and their associated legal risks. Additionally, the training provided a detailed explanation of the company's whistleblowing mechanism and reporting channels, outlining the procedures for handling breaches from receiving reports, conducting investigations, to providing feedback on outcomes. This encouraged all employees to participate in building a culture of integrity.

This year, Livzon conducted multiple business ethics training sessions for all full-time employees, part-time employees, and contract personnel across the Group, achieving **100%** training coverage.

No litigation cases involving corruption, bribery, extortion, fraud, or money laundering were filed against the Group or its employees and subsequently concluded; no unfair competition practices such as false advertising, monopolistic conduct, or trade secret infringement occurred.
Percentage of employees who signed written/electronic business ethics commitments or declarations: 100%; Percentage of subsidiaries that signed written/electronic business ethics commitments or declarations: 100%
Audits conducted on 552 direct suppliers (including 48 key direct suppliers) and 5 key indirect suppliers

By the reporting period end, the Audit and Integrity Department completed 5 comprehensive internal control audits and 4 special audits across the Group's enterprises, while overseeing the formulation and implementation of corrective measures based on relevant recommendations.
By the reporting period end, 100% of suppliers conducting business with the Group had signed integrity commitment letters.

3.2.4 Supplier Anti-Monopoly and Fair Competition

Regarding supply chain compliance, the Group systematically advances supplier anti-monopoly management by formulating and implementing the Livzon Group Supplier Code of Conduct. This explicitly requires suppliers to engage in fair competition, refrain from obstructing or restricting fair competition, and comply with all applicable fair competition and anti-monopoly laws and regulations. Livzon incorporates adherence to this Code and ESG requirements as contractual terms, explicitly stating in agreements that suppliers will undergo annual comprehensive evaluations. This ensures sustainable development principles are integrated throughout the entire procurement management process.

Concurrently, the company has driven its subsidiaries to integrate anti-corruption requirements into supplier management processes. This has effectively enhanced suppliers' compliance awareness and risk prevention capabilities, strengthening their proactive resistance to improper conduct in business dealings. For daily management and awareness promotion, the company continuously reinforces practical requirements–such as antitrust risk identification and compliant negotiation–to its procurement teams through monthly procurement meetings. Through supplier visits and collaborative discussions, the company specifically communicates fair competition principles to key suppliers, clarifies compliance boundaries in partnerships, and guides suppliers to jointly resist monopolistic practices. This fosters an open and orderly supply chain competitive environment, laying a solid foundation for building a transparent, equitable, and sustainable supply chain ecosystem.

Sichuan Guangda Specialized Training on Supply Chain Compliance Management

To continuously strengthen supply chain compliance management and promote integrity across the entire value chain, Sichuan Guangda organized specialized training on anti-corruption, anti-commercial bribery, and anti-monopoly for over 60 key suppliers of Chinese herbal medicines, raw materials, excipients, packaging materials, and other critical resources this year. The training covered core personnel including sales managers, quality managers, and EHS/ESG managers from supplier organizations.

The training content centered on compliance requirements across all supply chain stages, emphasizing the dissemination of the Group's Supplier Code of Conduct and relevant anti-corruption and anti-commercial bribery systems. Using typical industry risk cases, it systematically interpreted key points for identifying and preventing illegal activities such as commercial bribery and monopolistic practices. Through case analysis and system explanations, the training further strengthened suppliers' understanding and commitment to compliant sales practices, clarifying behavioral boundaries and responsibilities in collaborative partnerships.

Xinbeijiang Pharma Supplier Anti-Corruption and Anti-Monopoly Training

To strengthen supply chain compliance management, Xinbeijiang Pharma organized a specialized anti-corruption and anti-monopoly training program for suppliers in December 2025. This training adopted a hybrid online-offline model, covering key personnel from procurement, sales, and other functions, as well as representatives from both new and existing suppliers. The program focused on two core areas–anti-corruption and anti-monopoly–systematically interpreting relevant regulations such as the Anti-Monopoly Law and the Anti-Unfair Competition Law. Through in-depth analysis of typical cases, it examined the legal definitions and consequences of commercial bribery, bid collusion, monopoly agreements, and other prohibited behaviors. By clarifying behavioral boundaries and enforcement mechanisms, the training guided suppliers to cultivate compliance awareness, establish robust internal risk prevention systems, and curb integrity and competition compliance risks at their source throughout collaborative processes.

Limin Factory Specialized Anti-Corruption Training for Key Suppliers

In October 2025, during the ESG supplier audit process, Limin Factory conducted specialized anti-corruption training for personnel in key supplier roles including EHS, quality, sales, production, and administrative management. The training systematically interpreted the definitions and legal liabilities of bribery, offering, and commercial bribery based on relevant laws and regulations. It clarified the legal consequences and penalties for violations, effectively strengthening suppliers' ethical convictions and compliance awareness. This initiative laid a solid foundation for building a long-term, stable, and integrity-based supply chain ecosystem.

3.3 INFORMATION SECURITY AND PRIVACY PROTECTION

3.3.1 Information Security Governance

The company has established multiple information security and data protection systems, including the Livzon Group Privacy Policy, Information System Management System, Information System Operation and Maintenance Management System, Emergency Response Management System, and Data Breach Emergency Response Plan, covering data security management across all business operations of the Group.

The ESG Committee under the Board of Directors is responsible for overseeing information security and privacy protection matters within the Group.

Based on annual assessments, the Information Headquarters regularly prepare information risk assessment reports for submission to the ESG Committee for review and approval. With clear responsibility for information security, the Board Secretary performs executive-level oversight of the Group's information security-related issues, ensuring that information security management requirements are aligned with corporate governance objectives.

During the reporting period, no information security incidents or data breaches occurred, and no legal proceedings related to information and data security involving the Group or its employees were initiated.

3.3.2 Information Security Policy

We fully recognize that information security risks are dynamic and may evolve into new forms as internal and external environments change. To this end, we commit to strictly adhering to applicable laws, regulations, and industry-recognized security standards, continuously implementing corresponding protective measures to safeguard personal data security, and continuously improving information security systems. This year, the Company issued the Internal IT Security and Compliance Process policy document, drafted API-related management regulations, and established a change request process.

We are committed to ensuring integrity and protection of data while preventing unauthorized access, tampering, or destruction. We implement security controls to monitor information security threats throughout the entire data lifecycle t from storage, transmission, and use. To prevent data breaches, we ensure that only authorized personnel can access or process sensitive information. We employ reasonable and feasible measures, utilizing industry-standard protective technologies and management mechanisms, to fully safeguard personal information against unlawful acquisition, disclosure, use, alteration, or loss.

We establish and operate continuous cybersecurity monitoring mechanisms to promptly identify and respond to cybersecurity risks and incidents promptly while actively implementing risk mitigation strategies. In the event of a data breach or information security threat, we adhere to transparent communication principles, promptly informing affected parties of the situation while clearly outlining implemented remedial actions and long-term improvement plans to prevent similar risks.

The Group has formulated and implemented effective information security policies, standards, and guidelines for the entire workforce to establish individual responsibilities required for daily work. We encourage employees to proactively identify and report incidents, vulnerabilities or suspicious activities. We conduct regular information security training for all employees, with content dynamically updated to address current information security risks.

The company also extends its information security requirements to third parties. In the Livzon Group Supplier Code of Conduct, we explicitly require all suppliers to strictly protect the security of data and information they process or access, including personal information and confidential information provided by the Group, and to use such information only for agreed purposes and in a reasonable manner. Simultaneously, suppliers must comply with all applicable data security and privacy protection laws and regulations in their respective countries or regions to ensure compliant data flow and proper protection.

For further details on the company's principles and management measures regarding personal privacy and data protection, please refer to the Livzon Group Privacy Policy on our official website.

3.3.3 Information Security Management Programs

The company continuously and proactively maintains and improves information security through business continuity plans with a combination of active and passive measures, striving to minimize information security incidents. To ensure the stable operation of information systems and the controllability of data security, we annually commission an independent third-party institution to conduct an audit of the Group's IT infrastructure and information security management systems. This process comprehensively identifies and assesses relevant risks. Based on the audit findings, we actively implement corrective actions and enhancements, continuously improving the Group's capabilities to prevent information and data security risks. In 2025, the Group coordinated departments and secondary enterprises to jointly conduct internal IT audits for listed companies.

This year, we organized specialized training focused on information security awareness for all employees, achieving a training coverage rate of 97%. This initiative continuously enhances employees' security awareness and compliance capabilities.

Proactive Actions

- **Security Policies and Procedures:** Develop and implement effective information security policies, standards, and operational guidelines to ensure all employees understand and adhere to relevant regulations.
- **Risk Assessment and Management:** Conduct regular proactive vulnerability analysis of business systems, immediately activating proactive defense strategies for high-risk incidents. Simultaneously engage third-party professional agencies for vulnerability detection and follow up on identified risks.
- **Technical Safeguards:** Uniformly deploy enterprise-grade antivirus software, endpoint security management, network access control, and WSUS patch servers, complemented by comprehensive security hardware.
- **Information Security Training:** Conduct specialized training for information security management teams on a regular basis, and integrate foundational information security content into the onboarding training system for new employees.

Passive Measures

- **Backend Monitoring:** Deploy a bastion host management system to centrally supervise backend administrators' operational permissions and code approval workflows.
- **Emergency Response Plan:** The company has established a data breach emergency response protocol. Upon suspected incidents, the emergency response team will immediately intervene to determine the nature, scope, and affected systems. It will simultaneously suspend relevant data access, report to senior leadership, and notify affected users in accordance with legal requirements.
- **Backup and Recovery:** Perform regular backups of critical data. Deploy encryption management systems at endpoints and implement storage snapshots and off-site disaster recovery for data centers. Conduct periodic recovery tests to ensure data reliability and recoverability.
- **Post-Incident Analysis and Improvement:** For identified data security risks, the emergency response team will assess affected systems, data, and equipment. Evidence will be preserved through log tracing, and users will be informed of resolution outcomes while systems are restored. Concurrently, identified vulnerabilities will be addressed through reinforcement and upgrades to prevent recurrence of similar risks.

To proactively address various risks that may arise during the application of AI technology, we have further strengthened our efforts this year to promote awareness among employees regarding AI usage risks and ethical principles. Based on the characteristics of the pharmaceutical industry, we have identified potential risks in areas such as model compliance, core intellectual property, and data privacy security in AI applications, and developed systematic response strategies. Through these initiatives, we are advancing AI-driven business innovation while fortifying our risk prevention and control system, upholding the principle of responsible technology use.

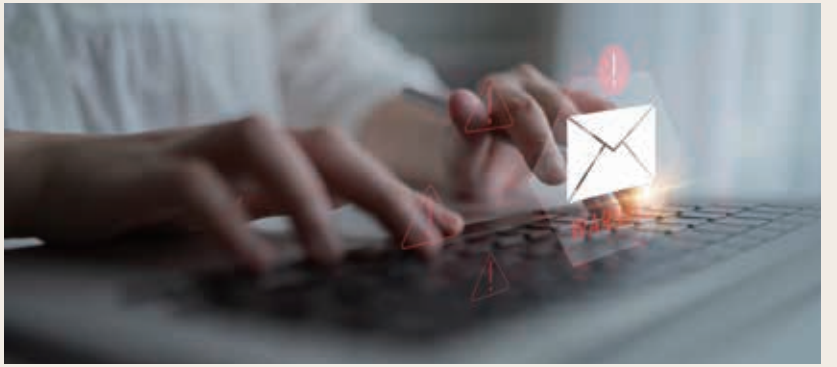


AI Technology Risk Mitigation Strategy

- **Institutional Controls:** Establish a unified model application and permission management platform to standardize API key distribution and management processes, ensuring compliance and security in AI resource usage.
- **Knowledge Dissemination:** Continuously communicate the latest AI technology developments, application standards, and associated risks to employees through methods such as producing cutting-edge model evaluation reports, regularly publishing AI-themed monthly journals, and daily news bulletins, thereby enhancing overall risk awareness.
- **Technical Defense:** Deploy dedicated AI large models locally to ensure interactions involving core enterprise data occur exclusively through internally controlled on-premises models, effectively mitigating data leakage risks at the architectural level.

Information Security Awareness Training and Case Studies

- This year, the Group conducted targeted information security awareness campaigns through internal communication channels, using real-world examples of prevalent cyber scams such as phishing websites. These campaigns provided detailed analyses of potential risks, identification methods, and preventive measures. Training content also covered security guidelines for AI usage, clarifying appropriate application scenarios and encouraging employees to prioritize company-deployed or certified AI tools.
- During the 2025 Cybersecurity Awareness Week, the Group organized internal information security campaigns emphasizing that while leveraging AI to boost efficiency, employees must adhere to proper usage principles: avoid misusing technology, refrain from creating or spreading false information, and respect others' legitimate rights. Protection of personal privacy and corporate data assets begins with careful data sharing in daily work.
- The company also conducted phishing email simulations to heighten security awareness. Simulation data revealed that among 100 randomly selected employees, only one fell victim to the phishing attempt, with the rest effectively identifying the risk. This enhanced the company's overall cybersecurity defenses, and targeted reinforcement training was provided for employees who did not pass the test.





04

INNOVATION-DRIVEN

EMPOWERING PUBLIC HEALTH WITH OUR COMMITMENT TO MEDICINE

4.1 R&D INNOVATION AND PRODUCT

4.1.1 Building an R&D Innovation System

In the field of R&D innovation, Livzon maintains a continuous focus on novel molecules and cutting-edge technologies in global new drug development. Guided by clinical value, the Group proactively develops innovative drugs with differentiated advantages and complex formulations with high barriers to entry, prioritizing therapeutic areas such as gastrointestinal, psychiatric and neurological, assisted reproductive technology, and anti-infective.

As the core of corporate governance, the Board of Directors comprehensively oversees the company ' s R&D strategy. By regularly reviewing relevant reports, tracking technological innovation progress, and monitoring key project outcomes, it ensures effective allocation of R&D resources and achievement of strategic objectives.

In terms of management systems, the Group has established a modular, flat organizational structure with centralized coordination of key R&D projects by the R&D headquarters. It has built an integrated management chain spanning pharmaceutical research, non-clinical studies, medical strategy, clinical operations, pharmacovigilance, and regulatory affairs, achieving full-process coverage from early-stage R&D to market registration. Concurrently, an information-based project management platform has enhanced the efficiency of R&D project initiation and process management. Through a robust R&D governance framework, clear division of responsibilities, and sustained investment in research, the company is steadily building a differentiated, high-barrier innovation pipeline, continuously solidifying its technological leadership in the industry.

We also place high importance on cultivating a talent pool for technological innovation. The company continuously explores incentive mechanisms for innovative talent, implementing medium-to-long-term incentives for core management personnel and key R&D staff to effectively stimulate the creativity and motivation of the core team.

As of the reporting period, Livzon employed 980 R&D personnel, accounting for 11.03% of the total workforce, with the overall R&D team size remaining stable. Total R&D expenditures for the year amounted to RMB 1,056.27 million, and R&D expenditures constituting 8.79% of the Group's total operating revenue.

4.1.1 Building an R&D Innovation System *(Continued)*

R&D Innovation Goals and Planning

We continuously monitor the progress of innovation and R&D projects through regular tracking and information disclosure mechanisms. We promptly disclose key information such as project milestones to internal and external stakeholders, including interim results, financial execution status, and subsequent plans, ensuring transparency and timeliness in information delivery.

This year, we focused on tracking the advancement of clinical registration milestones for key products, with each project achieving its objectives according to the scheduled timeline.

Long-Term Development Strategy	2025 Goals	2025 Progress
Driven by the cultivation of core talent and forward-looking technological planning, we have established an R&D team capable of rapid learning, continuous innovation, and efficient collaboration.	Build an agile R&D organizational structure centered around project leads, featuring a flat hierarchy and efficient decision-making, to continuously unleash the team's innovative potential	• By 2025, the company had further refined its R&D innovation system, fully implementing and optimizing the project leader system. By appointing key team members as project leaders, these leaders could directly report progress to senior management and participate in decision-making, significantly shortening the decision-making process and enhancing overall decision-making efficiency.
Accelerate the clinical translation of various innovative drug projects and advance the implementation of biotechnology platform achievements.	By 2025, ensure multiple key products achieve their planned objectives for precise delivery of late-stage pipeline submissions and market launches, while advancing development programs in an orderly manner to key clinical milestones	During the reporting period, phased achievements were made in the development plans for each pipeline, primarily including: • **Precision Delivery of Late-Stage Pipeline Products:** During the reporting period, Aripiprazole Microspheres for Injection and Progesterone Injection (II) formally obtained marketing approvals. Specifically, Aripiprazole Microspheres for Injection was included in the National Medical Insurance negotiations by the end of 2025. Concurrently, Triptorelin Acetate Microspheres for Injection for endometriosis were also added to the medical insurance coverage while maintaining their insurance-reimbursed prices, significantly enhancing the product's market accessibility and commercial potential. The application for the indication for Psoriasis of Lacutuzumab Monoclonal Antibody Injection has been submitted and was included in the CDE priority review program in January 2026. The Phase III clinical trial for the indication for ankylosing spondylitis has met its primary endpoint, and the clinical study has been successfully completed. • **Pipeline Projects Progressing to Key Clinical Milestones:** During the reporting period, JP-1366 tablets for reflux esophagitis submitted a marketing application in July, while the Hp eradication indication filed an IND application in January 2026. JP-1366 injection entered Phase II clinical trials in October. Semaglutide injection for weight loss advanced to late Phase III clinical trials. Fudanafide tablets completed Phase II enrollment and entered long-term follow-up; NS-041 tablets enrolled the first patient in Phase II trials for epilepsy in July, while its IND application for depression received CDE fast-track approval in December; SG1001 tablets enrolled the first patient in Phase II trials for invasive fungal disease in July.
Establish a multi-dimensional protection system around key products to build a patent barrier for innovation outcomes	By 2025, complete patent positioning for core projects such as Aripiprazole Nanocrystals; fulfill FTO analysis according to established objectives	The following objectives have been achieved: • As of the reporting period, the cumulative total of patent applications reached 1,484, with 991 patents granted, including 523 invention patents. • Formulation segment: Completed overseas multi-country patent risk assessment analysis for IL-17, Semaglutide, Aripiprazole Microcrystals, Aripiprazole Nanocrystals, Paliperidone, Recombinant Human Follicle-Stimulating Hormone, and Esomeprazole Tablets. • API segment: Completed patent risk assessment analysis for Fluorelina in Brazil and Afrolina in Europe and the Americas.

R&D Innovation Goals and Planning *(Continued)*

Pipelines	Number of projects
Technological breakthrough	
Percentage of first-in-class products in clinical trial phase III or in regulatory approval process (excluding best-in-class, new indications, new formulations, and new forms of delivery)	**11.76%**
Total number of products in the company's R&D pipeline currently in "clinical trial phase III or in regulatory approval process"	**17**
Number of first-in-class products (excluding best-in-class, new indications, new formulations, and new forms of delivery) among products in the "clinical trial phase III or in regulatory approval process" stage (Category 1: Innovative drugs)	**2**
Therapeutic potential	
Number of medical products filings that have been guaranteed the FDA Priority Review/EMA Accelerated Assessment (or equivalent designation) during the last five years (January 1, 2021 to December 31, 2025)	**1**

External Collaboration

Livzon focuses on gastrointestinal, psychiatric and neurological, assisted reproductive, anti-tumor, and anti-infective fields, actively engaging in close collaboration with top domestic and international universities, research institutions, and medical centers. It also establishes strategic partnerships with cutting-edge biotechnology companies worldwide. Through in-depth academic seminars, technical exchanges, and joint R&D initiatives, the company continuously absorbs and integrates external innovation resources, accelerating the transformation and application of scientific achievements. This approach enriches its R&D pipeline, expands technological boundaries, and provides robust support and diverse possibilities for future commercialization strategies.

Technology Collaboration Enhances Peptide Drug Impurity Research Capabilities

In advancing the development and quality enhancement of Leuprorelin Acetate Microspheres—a high-end complex formulation—Shanghai Livzon established a technical licensing collaboration with the Shanghai Research Institute for Food and Drug Control. This partnership focuses on addressing the industry-wide challenge of analyzing process impurities generated during peptide drug production. According to the stringent requirements of the European Pharmacopoeia, precise structural identification of critical impurities serves as the scientific foundation for optimizing production processes and ensuring drug safety and efficacy. The partners developed an advanced analytical technique based on ultra-high-performance liquid chromatography coupled with high-resolution tandem mass spectrometry, enabling structural analysis of trace impurities.

By introducing this innovative technology, the Group not only efficiently completed in-depth research on the specific formulation of Leuprorelin Acetate Microspheres, meeting stringent regulatory submission requirements, but also internalized this technical capability. This has elevated the R&D team's scientific understanding and analytical proficiency in the field of peptide drugs. This initiative exemplifies Livzon's innovation strategy of leveraging external scientific resources to overcome critical technological bottlenecks. It provides robust technical support and quality assurance for the efficient, high-quality development of a pipeline of peptide drugs under investigation, thereby strengthening the Group's long-term R&D competitiveness in the high-end formulation sector.

Highlights of R&D Innovation

While continuously advancing the upgrade of our innovation R&D system and global footprint, Livzon Pharmaceutical remains steadfastly committed to a clinically driven approach. We not only focus on breakthroughs at the forefront of science but also dedicate ourselves to ensuring that innovative achievements deliver superior treatment options for patients. Through pioneering research, we conquer cutting-edge targets; through technological iteration, we broaden the scope of patient coverage; and through therapeutic innovation, we redefine treatment standards—ensuring that the fruits of innovation truly benefit the public.

Breaking Through Frontiers in Neurological Targets: Filling Clinical Treatment Gaps with Groundbreaking Innovation

KCNQ2/3 potassium channels represent a cutting-edge therapeutic target for treating central nervous system disorders such as epilepsy and depression. However, globally, there remains a gap in the development of next-generation targeted drugs. Addressing this significant unmet clinical need, NS-041—independently developed by Livzon—stands as China's sole KCNQ2/3-targeting innovative drug currently undergoing clinical trials for both epilepsy and depression indications. In preclinical studies, the drug demonstrated high target selectivity, low off-target risk, and no dependency tendency, while successfully avoiding potential ophthalmic toxicity issues common in similar compounds. It aims to provide safer, more precise treatment options at the source.

In October 2025, the company's Class 1 innovative drug NS-041 entered Phase II clinical trials for epilepsy, while its depression indication also received approval to commence Phase II trials. The advancement of this project not only signifies Livzon's strategic innovation in the field of neurological disorders but also represents a new possibility for millions of patients worldwide to access superior therapies and improve their quality of life by conquering cutting-edge targets. This underscores Livzon's long-term commitment to driving access to health care through research and development.

Advancing Innovative Vaccine Technologies to Enhance Influenza Protection for Immuno-Compromised Populations

Influenza, as a seasonal high-incidence disease, poses a serious health threat to the elderly population—globally, approximately 70%-85% of influenza-related deaths annually occur among the elderly, with this proportion exceeding 80% in China. Given the limited protective efficacy of traditional split-virus vaccines for immunocompromised individuals such as the elderly, developing more effective vaccine technologies has become a critical public health priority.



LZSN2401, a quadrivalent recombinant protein influenza vaccine independently developed by Livzon, is the world's first to include an adjuvant. By combining "recombinant protein technology with an innovative adjuvant," it overcomes the limitation of inadequate immune response in vulnerable populations seen with traditional vaccines. By October 2025, all participants in the Phase I clinical trial had completed vaccination. Preliminary follow-up observations indicate excellent safety profiles with no serious adverse reactions, laying a solid foundation for subsequent clinical development.

This project not only represents a significant breakthrough in the company's recombinant protein vaccine technology platform but also directly addresses the public health need for inadequate influenza protection among the elderly. It provides high-risk groups with an immunological option offering enhanced efficacy and superior safety, reflecting Livzon's commitment to research and development responsibilities and social accountability in advancing access to prevention for key diseases.

Highlights of R&D Innovation *(Continued)*

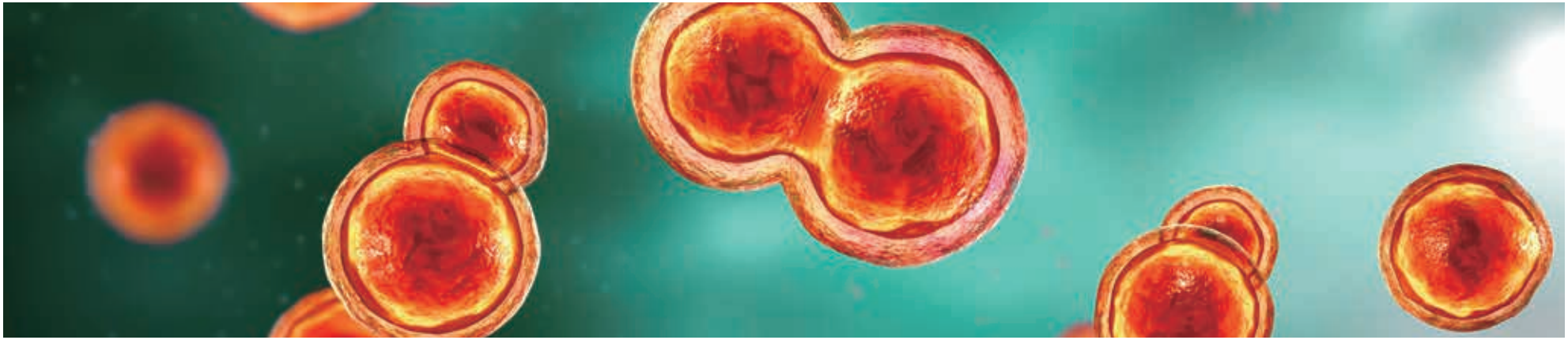
Redefining Treatment Standards for Moderate-to-Severe Psoriasis Through Dual-Target Innovation

Psoriasis is a global dermatological disease affecting approximately 7 million patients in China, imposing a significant disease burden. Traditional therapies show limited efficacy in about 40% of patients, while overall biologic utilization remains below 10%. Livzon's independently developed Lacutuzumab Monoclonal Antibody has become China's first domestically developed IL-17A/F dual-target inhibitor and the world's second-fastest progressing agent in this class.

Its pivotal Phase III study achieved two "firsts" in China's psoriasis treatment landscape: the first and only superiority trial using a positive comparator (secukinumab), and the sole study employing PASI100 (100% plaque clearance) as its primary efficacy endpoint. Data demonstrated significant advantages in onset speed, short- and long-term lesion clearance rates, and a more convenient dosing regimen that substantially improves patient compliance.

The Indication for Psoriasis has been submitted for marketing approval and received priority review from the CDE, with approval expected in Q4 2026. The ankylosing spondylitis indication has completed Phase III clinical trials. As the only domestically developed product targeting this pathway to receive accelerated review status, Lacutuzumab Monoclonal Antibody not only holds the potential to redefine treatment standards for moderate-to-severe psoriasis but will also accelerate access through local innovation. This offers a superior option for patients long deprived of ideal treatment solutions, demonstrating the company's innovative capabilities and commitment to addressing critical clinical needs in major diseases.

In the design and execution of clinical trials, we also prioritize diversity within the study population, particularly in terms of gender and age distribution. We strive to ensure our research more comprehensively reflects the characteristics of real-world patients, thereby enhancing the scientific rigor and clinical applicability of trial results. For instance, in a study of JP-1366 tablets, the male-to-female ratio among enrolled patients was approximately 4:1, with ages ranging from 20 to 70 years. In the clinical trial of NS041 for epilepsy treatment, female participants currently account for 35% of enrolled subjects, with ages spanning from 16 to 75 years, encompassing both minors and adults.



Intellectual Property Management

In intellectual property management, the company adopts a "core + peripheral" patent strategy, building a multidimensional protection system around key products. Taking the core product Aripiprazole Nanocrystals as an example, the company has not only secured core patents for the formulation and preparation methods but also covered peripheral patents such as related quality control methods, forming a systematic patent protection network.

Management mechanisms are standardized under the Patent Workflow and Trademark Management System, covering pre-product launch risk assessments, patenting of R&D outcomes, market launch risk responses, and pre-publication reviews. This framework clearly defines management requirements throughout the patent lifecycle (including application, maintenance, search, and litigation). Additionally, the Livzon Scientific Achievement Commercialization Incentive Program implements targeted rewards to accelerate the intellectual property conversion of innovative outcomes.

As of the reporting period, the company had accumulated 1,484 patent applications and obtained 991 patent authorizations, including 523 granted invention patents. This year, our core patent portfolio achieved several significant milestones: - Core patents for the Aripiprazole project were granted in Vietnam and Malaysia and passed examination by the European Patent Office. - Core patents for the HHT120 project were successfully granted in Hong Kong, Taiwan, and Macau, providing robust support for the market positioning of core products.

The company had accumulated 1,484 patent applications and obtained 991 patent authorizations, including 523 granted invention patents.



Patent Risk Management and Freedom to Operate (FTO)

The company continuously refines its patent risk management framework, deeply embedding freedom-to-operate (FTO) analysis into R&D and commercial decision-making processes: - At the front end of R&D, preliminary FTO analysis is conducted during project initiation and early screening phases to avoid high-risk infringement targets or molecular structures, ensuring a secure foundation for innovation; During development, the company conducts ongoing in-depth patent searches and monitoring for target markets. Final FTO searches are executed immediately prior to regulatory submissions. Post-approval, patent monitoring mechanisms remain active, with preemptive strategies developed to address potential third-party patent challenges or litigation.

This year, the company completed 6 significant FTO analyses, providing decision-making support for project introductions and early-stage project initiation while effectively identifying and mitigating potential patent risks.

4.1.2 Adhere to scientific ethics and standards

Throughout the clinical development process, Livzon strictly adheres to domestic and international laws, regulations, and ethical standards, including the Drug Administration Law of the People's Republic of China, Good Clinical Practice (GCP), Ethical Review Measures for Life Science and Medical Research Involving Human Subjects, the World Medical Association's Declaration of Helsinki, the Personal Information Protection Law of the People's Republic of China, and Good Pharmacovigilance Practice (GVP). This ensures comprehensive scientific compliance in all R&D activities. The company has established a comprehensive clinical research management system covering the entire process from trial protocol design, review, preparation, and execution to data management and statistical analysis. In recent years, aligning with industry transformations such as the implementation of the new GCP requirements and the advancement of regional ethics review collaboration mechanisms, we have systematically revised our Standard Operating Procedures (SOPs) and work manuals. Key optimizations include enhancing ethics review coordination, strengthening protections for vulnerable subjects, and refining dynamic risk assessment processes for trial protocols. Concurrently, we have improved efficient communication mechanisms with Institutional Review Boards (IRBs), ensuring our management system evolves in tandem with regulatory requirements and industry practices.

During the reporting period, the company strictly adhered to the aforementioned management system and procedural requirements. Following comprehensive self-audits and confirmation through IRB follow-up reviews, no violations of clinical ethics standards were identified, and no complaints from subjects regarding ethical issues were received. The entire clinical trial process remained compliant and under control.



Ethical Review and Protection of Subject Rights

We place high importance on the core safeguarding role of ethics review, strictly implementing full-cycle ethics oversight requirements and establishing a comprehensive ethics management mechanism encompassing "pre-review, process control, and dynamic tracking." Prior to initiating clinical trials, we strictly adhere to the 2025 edition of Good Clinical Practice (GCP) and regional ethics review operational guidelines. We submit a complete set of essential ethics materials to the Ethics Review Committee, including the clinical trial protocol, subject recruitment documents, informed consent forms, drug inspection reports, and clinical trial insurance documentation. We ensure all materials are comprehensive and logically rigorous, initiating trials only after committee approval. During trial implementation, we strictly enforce the principle of pre-approval for protocol amendments. Any revisions involving subject risk or trial design adjustments are implemented only after EC approval. We also rigorously adhere to the "no more than 12-month" follow-up review requirement, regularly submitting progress reports and safety data to the EC. These reports emphasize critical information such as serious adverse event management and corrective actions for protocol deviations. For multicenter trials, we actively participate in regional mutual recognition mechanisms for ethics review outcomes. This enhances review efficiency while ensuring consistent and controllable ethical protection standards. Furthermore, we have established a dedicated channel for addressing subject concerns, collaborating with the ethics committee to properly handle all subject inquiries and safeguard their right to voice and appeal.

4.1.2 Adhere to scientific ethics and standards *(Continued)*

Subject Information and Privacy Security

In response to the recent trend of strengthened data security regulation, we have established a triple-layered privacy protection system combining "technical safeguards, process controls, and personnel empowerment" to ensure the security and controllability of subject information throughout its entire lifecycle. During information collection, the company strictly adheres to the dual principles of "minimum necessity" and "informed consent": - Clearly defining the scope of information collection, strictly prohibiting the collection of data unrelated to the trial; - Implementing tiered and categorized management for essential personal information, using intelligent de-identification techniques to mask sensitive data; - Clearly stating the purpose, storage duration, and protective measures for all information requiring full collection within the informed consent form, with collection only permitted after written confirmation of consent from the subject.

For information storage and transfer, end-to-end encrypted transmission and internationally compliant encrypted databases are employed. All data operations generate tamper-proof logs detailing operators, timestamps, and purposes to ensure traceability. Leveraging a clinical trial electronic data capture (EDC) system validated under the 2025 GCP guidelines for comprehensive information management, the company strictly implements the principle of least privilege. Precise permission lists are established based on job roles, with permission requests requiring triple-tier approval from business, IT, and compliance departments. Permissions undergo regular audits. For third-party collaboration scenarios (e.g., CROs), we implement a pre-screening mechanism for security qualifications. Data access is isolated through secure collaboration platforms, with contracts explicitly defining security responsibilities and liability clauses for breaches. Regular third-party security reviews are conducted.



Animal Ethics

We adhere to the principle of "scientific compliance and welfare priority," rigorously advancing trials in accordance with the core ethical concept of the 3Rs (Reduction, Refinement, Replacement) and relevant domestic and international guidelines. This year, all animal testing conducted by the company was outsourced, primarily involving Phase III clinical trials, pharmacokinetic studies, and bioequivalence research.

During the trial design phase, we rigorously implemented guiding principles to precisely determine animal usage quantities, avoiding unnecessary consumption. By optimizing blood collection timepoints and consolidating multiple testing indicators, we significantly enhanced data utilization efficiency while ensuring data integrity and accuracy. Concurrently, we controlled blood collection volumes per animal to reduce their physiological burden.

The company strengthened full-process ethical management, requiring all trial protocols to undergo Animal Ethics Committee approval. Key review focuses included the rationality of trial objectives and animal welfare safeguards. During trials, the committee conducts ongoing supervision and periodic welfare assessments to ensure ethical standards are upheld.

Furthermore, by improving housing conditions (regulating temperature and humidity, adding enrichment facilities) and standardizing procedures (using gentle restraint and handling techniques), we effectively reduce animal stress responses. This approach enhances the stability and reliability of trial data while genuinely safeguarding animal welfare, achieving a balance between scientific value and ethical responsibility.

The company also advocates for legislation on pet-related issues within public discourse concerning pet health and animal welfare. By focusing on rational advocacy grounded in professional expertise, we guide societal attention toward animal welfare.

4.2 ACCESS TO HEALTH CARE AND PATIENT CARE

Livzon remains committed to addressing unmet needs in clinical treatment. While prioritizing R&D innovation as the core of sustainable development, we carefully consider the realities of both Chinese and international markets. We implement a differentiated global business strategy and equitable pricing policies to continuously enhance drug accessibility and affordability, striving to provide high-quality, affordable healthcare products and services to patients from diverse backgrounds.

As the highest governing body for access to health care initiatives, the company's Board of Directors oversees strategic planning, policy formulation, and implementation effectiveness through its ESG Committee. Through concrete actions, we elevate global health standards and safeguard lives.



4.2.1 Leading the Way in Fair Pricing

Delivering on Our Commitment to National Health

In the Chinese market, Livzon regards "fair pricing" as its most direct commitment to public health. We not only actively respond to national policies such as centralized drug procurement and medical insurance negotiations by proactively and voluntarily reducing drug prices, but also dedicate ourselves to developing high-quality domestic alternative drugs through source innovation. At the core of these actions is the goal of restoring drug prices to reasonable levels, ensuring that innovation truly benefits all patients, effectively reducing the medical burden on Chinese patients, and enhancing the accessibility and fairness of treatment.

In December 2025, the latest National Medical Insurance Drug Reimbursement List was released. A total of 194 products from our Group were included in the list, comprising 92 Category A and 102 Category B drugs. Among these, Aripiprazole Nanocrystals for Injection was newly added to the reimbursement list for the first time. Triptorelin Acetate Microspheres for Injection secured reimbursement coverage for a new indication and successfully renewed its listing. Additionally, Esomeprazole Sodium for Injection successfully secured its listing renewal.

Implement nationwide coordinated price adjustments in response to national healthcare reform policies

To actively align with the national policy direction for centralized drug procurement and effectively reduce patients' long-term medication costs, this year we proactively participated in the Beijing-Tianjin-Hebei "3+N" Alliance volume-based procurement and implemented competitive price adjustments for relevant products.

To ensure equitable and universal access to affordable medicines, we have extended these price reductions beyond the Beijing-Tianjin-Hebei region covered by the centralized procurement. Instead, we have implemented these discounted prices nationwide. This proactive, nationwide price linkage enables patients across all regions—regardless of whether they are within the centralized procurement area—to access necessary medications at the same, more affordable prices.

Based on historical usage data, this price adjustment is projected to benefit approximately 800,000 patients nationwide requiring long-term treatment. By directly and substantially reducing out-of-pocket expenses, we have effectively lowered the financial barriers to treatment. This initiative represents our company's deep commitment to implementing national healthcare reform policies, actively fulfilling social responsibilities, upholding fair pricing principles, and promoting equitable access to healthcare resources.

Delivering on Our Commitment to National Health *(Continued)*

Establishing a sustained-release microsphere technology platform to provide patients with alternatives to imported products

Establishing a sustained-release microsphere technology platform to provide patients with alternatives to imported products in critical disease areas such as oncology and reproductive health, long-acting sustained-release microsphere formulations have become the global mainstream treatment choice due to their significant advantages in improving patient compliance and efficacy. However, the technological barriers in this field are extremely high. The domestic market has long been dominated by imported original research products, with domestic substitutes primarily consisting of generic versions. This not only leads to persistently high prices but also poses potential risks to supply chain security and the autonomy of national pharmaceutical strategies.

To fundamentally enhance domestic pharmaceutical self-sufficiency, we have established complex sustained-release and controlled-release formulation technology as a core R&D focus. This initiative responds to the national healthcare strategy outlined in the "14th Five-Year Plan for Pharmaceutical Industry Development," which calls for advancing complex formulation technologies. It also represents concrete action to break import dependency and meet market demand for high-quality, domestically developed innovative drugs.

Through sustained investment, the company has established China's first national-level sustained-release microsphere technology platform. This initiative aims to provide domestically produced alternatives that match the efficacy of international originator drugs while offering greater supply assurance and cost optimization potential. By securing the technological foundation, it ensures patients with major diseases receive long-term, stable, and affordable high-quality treatment.

Promote the inclusion of improved new drugs in the national medical insurance program to alleviate patients' medication costs

(1) Aripiprazole Microspheres for Injection is China's independently developed and the world's first Aripiprazole Nanocrystals formulation, breaking the import monopoly and providing patients with a treatment option that offers proven efficacy, superior safety, and cost-effectiveness. Following successful negotiations, this product has been included in the national medical insurance coverage with a reimbursement standard of RMB 850.00 per vial. This significantly enhances medication accessibility for schizophrenia patients while reducing the burden on medical insurance funds.

(2) Triptorelin Microspheres for Injection has expanded its medical insurance coverage to include "Endometriosis (Stages I-IV)." Compared to similar drugs in the directory, this product offers superior efficacy and safety, enabling domestic substitution. It reduces overall costs and adverse reaction management expenses, thereby saving healthcare expenditures, benefiting fertility preservation, and lowering disease burden.

(3) Esomeprazole Sodium for Injection was first included in the medical insurance catalog in 2020. Compared to the original esomeprazole, it offers advantages of being "safer, more suitable, and more economical." This successful renewal with a price reduction to 52.60 yuan (10mg/vial) will further enhance patient access to the medication.

To advance innovative medicines serving patients and the national healthcare system, we proactively conducted pharmacoeconomic research. During the application process for the National Medical Insurance Directory, we conducted cost-utility analysis and budget impact analysis for Aripiprazole Microspheres for Injection. This scientific evidence demonstrated its significant value for patients, medical insurance, and society. This research not only provided crucial support for medical insurance decision-making but also reflects our commitment to translating the clinical value of drugs into real-world health benefits and economic efficiency. Ultimately, through medical insurance access, innovative therapies become more accessible and sustainably benefit patients and society.

Collaboration Empowers Global Health

To improve global access to medicines, Livzon extends its fair pricing philosophy overseas. Through flexible pricing strategies, global capacity for key raw materials, and support for healthy market competition, we are committed to breaking high-price monopolies, empowering local pharmaceutical industries in emerging markets, and reducing drug costs from the supply chain source. This enables patients in more developing countries to access high-quality treatments at affordable prices.

Simultaneously, Livzon actively explores global two-way licensing collaborations. By establishing close partnerships with internationally renowned enterprises, we not only introduce advanced foreign technologies and products but also propel our own competitive products and technologies into international markets, comprehensively expanding our global outreach pathways.

Dual-engine growth in finished dosage forms and APIs, expanding globally with equitable pricing strategies



In advancing the internationalization of finished dosage forms, the company aims to enhance global patient access to key biologics, with particular focus on affordability in low- and middle-income countries. To this end, we have implemented an equitable pricing strategy—ensuring drug quality and efficacy are non-inferior to originator products while proactively setting prices significantly below originator levels to alleviate burdens on local healthcare systems and patients. For instance, our key product Semaglutide formulation has secured over 50 countries across Latin America, the Middle East, Africa, the CIS, and Southeast Asia through more than a dozen cooperative agreements. Simultaneously, we actively built regional sales channel systems: Indonesia sales surged 104% year-on-year, with recombinant HCG products capturing approximately 30% of the local market share; in Pakistan, our urinary-derived assisted reproductive products maintained a stable second-place market position amid intense competition while achieving full sales terminal coverage; and in Uzbekistan, our valaciclovir tablets retained market leadership. Additionally, the company formally obtained Malaysia's PIC/S GMP certification and submitted a certification application to Brazil, which has been officially accepted. This establishes a solid compliance foundation for the global expansion of our formulation business.

In the API sector, while consolidating our presence in markets like Europe and the Americas, we continue to deepen our engagement in emerging markets across Asia, South America, and the Middle East. In 2025, facing global price competition, we achieved approximately 12% export growth by expanding registration coverage and strengthening supply assurance, committed to serving broader populations with high-quality, competitively priced medicines. The premium antibiotics segment implemented differentiated pricing strategies, such as reducing prices for Teicoplanin and Polymyxin B Sulfate by 23%-40% in non-regulated markets compared to regulated markets. Concurrently, Vancomycin successfully entered the Cuban market and achieved 66% sales growth in three Latin American countries, significantly enhancing access to high-end antibiotics in low- and middle-income areas. Ceftriaxone Sodium also underwent price adjustments in non-regulated markets, reducing costs by approximately 15%. This cost-effective approach tangibly lowers medication expenses, enabling Livzon to continue contributing to public health initiatives in underdeveloped regions.

Collaboration Empowers Global Health *(Continued)*

Open collaboration breaks monopolies, introducing competition to lower drug prices

As one of the world's core suppliers of high-end antibiotic APIs, Livzon actively promotes the widespread adoption of next-generation antibiotics. Take the novel glycopeptide antibiotic Dabavancin as an example: its original drug commands high prices due to patent protection, limiting patient access.

Leveraging continuous technological innovation and international quality management standards, the company successfully developed and supplied high-quality API for Dabavancin. In 2025, we successfully supported our partner in securing the first non-branded drug approval for Dabavancin in the U.S. market. The product's launch effectively introduced a healthy competitive market mechanism, driving a significant price reduction for the formulation. This broke the existing market monopoly, enabling more U.S. patients to access this critical anti-infective treatment option.

Developing critical production capacity to reduce medication costs in emerging markets

Livzon has observed that in many emerging markets and developing countries, the supply of high-end antibiotics has long depended on importing expensive European sterile active pharmaceutical ingredients (APIs), which directly drives up end-product prices and may compromise supply stability. To address this bottleneck, the company completed construction of a freeze-drying production line for sterile high-end antibiotic APIs in 2024, meeting international high standards. In 2025, the validation batch products from this line secured procurement orders from South American clients. By providing high-quality, cost-competitive APIs, we empower local partners to reduce production costs, thereby enhancing the affordability and accessibility of critical antibiotics in these regions.

4.2.2 Ensure Inclusive Delivery

Livzon deeply understands that drug accessibility extends beyond pricing alone; it must permeate the entire treatment journey. Only by ensuring innovative therapies can be used safely, appropriately, and conveniently can access to health care be truly fulfilled. Therefore, while advancing equitable pricing, we are committed to bridging the "last mile" of accessibility: by providing essential treatment tools, optimizing clear and understandable medication guidelines, and innovating more user-friendly formulations and delivery devices, we actively eliminate practical barriers at every stage—from hospital to home. This represents refinement in product design and a solemn commitment to the patient experience, ensuring every medication use becomes a reliable pillar of healthcare.

Prioritizing Supporting Equipment to Facilitate Accessibility of High-End Formulations

To better ensure the standardized clinical use of Triptorelin Acetate Injectable Microspheres, we identified an issue where some hospitals lacked sufficient supply of the required 9# needles. In response, the company proactively optimized the product solution by directly including dedicated syringes and needles within the packaging.

This enhancement integrates the medication with essential tools into a complete therapeutic unit, directly ensuring patients receive convenient and standardized treatment across all healthcare settings. It eliminates accessibility barriers caused by non-standard consumables while reducing supply and management burdens for hospitals. This optimization exemplifies our pragmatic approach of addressing real clinical needs through detailed improvements to tangibly enhance treatment accessibility and medical efficiency.

4.2.2 Ensure Inclusive Delivery *(Continued)*

Refining Medication Details and Providing Patient Assistance to Access Standardized Support

To enhance the safety and convenience of Leuprorelin Acetate Injectable Microspheres across diverse healthcare settings, we addressed two key pain points identified in clinical feedback: First, we replaced the vial label with transparent material, allowing the dissolution status of the medication to be clearly visible at a glance. This resolves uncertainties associated with traditional packaging operations. Second, we supplemented the package insert with detailed, illustrated step-by-step instructions, visually standardizing critical steps for reconstitution and injection. These targeted optimizations to packaging and administration guidance may seem minor, yet they effectively overcome medication barriers from hospitals to primary care settings and home use. Transparent packaging allows healthcare providers and family caregivers to visually verify the solution during preparation, reducing the risk of errors. The standardized illustrated guide serves as a portable manual, ensuring consistent execution across different settings. Together, these enhancements elevate medication safety and convenience, improve patient experience, and safeguard treatment efficacy at the operational level. This represents our concrete implementation of the "patient-centered" philosophy throughout the product lifecycle management.

Optimizing Formulations and Delivery Devices to Promote Medication Equity

Recombinant Human Follicle-Stimulating Hormone Injection is a biologic product with high clinical value in the field of assisted reproduction, designed to provide a high-quality, more accessible domestic option for infertility treatment. In a market landscape where domestically produced counterparts predominantly rely on complex freeze-dried formulations, this product is positioned as a pre-filled pen injection solution. This design significantly enhances administration convenience and dose adjustment accuracy, lowers the barrier for patient self-injection, improves medication adherence and treatment experience, and enables advanced, convenient treatment options to benefit a broader patient population.

Furthermore, addressing the long-standing dominance of high-priced imported originator products, this project has demonstrated high equivalence to the originator drug in efficacy, safety, immunogenicity, and pharmacokinetics through systematic pharmaceutical, non-clinical, and head-to-head clinical studies. Future expansion of market supply and patient choice will help reduce drug prices and overall treatment costs, making assisted reproductive medications more affordable for families and improving access to quality medical resources from an economic perspective.

4.2.3 Advance Medical Expertise and Standards

Livzon leverages its proprietary R&D system and global network to develop new medicines for rare diseases worldwide. By continuously facilitating drug registration and accessibility across multiple markets, we strive to ensure these medications benefit rare disease patients in China and globally.

Focus on Rare Diseases, Safeguard Global Emergency Drug Reserves

Dantrolene Sodium for Injection, a rare disease emergency medicine used for the prevention and treatment of malignant hyperthermia, has seen the company continue to advance its accessibility in Macau, Pakistan, Chile, and other countries and regions throughout the year. In Macau, China, the drug has been incorporated into the reserve system of the region's sole public hospital, achieving full coverage across Macau. In Pakistan, the product has entered one of the country's largest hospitals, providing critical support for local rare disease treatment. In Chile, the company is collaborating with local partners to submit a registration application to the pharmaceutical regulatory authority, aiming to facilitate the drug's future entry into key medical institutions and enhance the capacity to respond to malignant hyperthermia emergencies.

Livzon actively builds a multi-stakeholder professional exchange platform and implements systematic medical capacity-building initiatives to empower healthcare professionals worldwide. This drives continuous improvements in diagnostic and therapeutic standards, ensuring scientific advancements and standardized treatments benefit broader populations.

Connecting with Global Frontiers: NCCN Guidelines and HR+ Breast Cancer Diagnosis and Treatment Dialogue

To advance China's breast cancer diagnosis and treatment practices toward international standards, Livzon sponsored the "NCCN Global Dialogue" online high-level academic conference. The event featured direct exchanges between international authorities—including the NCCN Global Program Director—and leading experts from top domestic centers such as Guangdong Provincial People's Hospital and Fudan University Shanghai Cancer Center.

The conference garnered extensive global attention from the oncology community, with real-time viewership across platforms peaking at 1.35 million. Key topics included advances in stratified treatment for advanced breast cancer, adjuvant therapy for HR+ early-stage breast cancer, and fertility preservation, enhancing healthcare professionals' understanding of international standards and personalized strategies. This exchange achieved "mutual empowerment" between Chinese and international academic communities. It introduced cutting-edge global evidence while exploring pathways for integrating Chinese research into international standards. The event fostered nationwide consensus on the localized implementation of NCCN guidelines, advancing standardized clinical practice and the collaborative sharing of global oncology knowledge.



4.2.3 Advance Medical Expertise and Standards *(Continued)*

Focus on New Advances in Domestic Microspheres: Symposium on the Clinical Value of OFS Therapy

With the domestic GnRH agonist microsphere (Leuprorelin Acetate Injectable Microspheres) becoming the first product to pass consistency evaluation in China, clinical understanding of ovarian function suppression therapy and domestic generic drugs has entered a new phase.

To this end, at the 28th Annual Meeting of the Chinese Society of Clinical Oncology (CSCO), Livzon and MedLink jointly hosted a special symposium titled "Seeing the Big Picture in the Small: Tracing the Development Path of OFS Therapy." The symposium reviewed treatment pathways, emphasizing the scientific progress of domestically produced microspheres passing consistency evaluation to demonstrate their quality and efficacy. This initiative not only promotes the adoption of standardized treatment concepts and enhances clinical confidence in high-quality domestic generic drugs but also provides professional support for improving the accessibility of affordable treatment options and enhancing patient compliance.

Empowering local healthcare professionals to build public health capacity



Actively partnering with local Indonesian collaborators, we systematically advanced product awareness and standardized clinical application of Esomeprazole Sodium for Injection. By 2025, through integrated online and offline approaches, we conducted over 20 professional training sessions in major city hospitals across Jakarta, Bandung, Surabaya, and Semarang. These sessions covered the drug's clinical characteristics, therapeutic advantages, and standardized procedures, cumulatively reaching more than 1,000 local physicians and nurses. This series of professional education activities effectively enhanced local healthcare providers' understanding and application capabilities regarding this innovative treatment solution. It not only established a solid clinical foundation for the product's differentiated positioning and long-term development in Indonesia's high-end hospital market but also tangibly strengthened local diagnostic and treatment capabilities for gastrointestinal diseases from a healthcare capacity-building perspective. Consequently, more patients can now benefit from standardized, advanced treatment protocols.

4.2.4 Responsible Marketing

Livzon adheres to principles of compliance and integrity, conducting marketing activities grounded in academic and professional standards. We are committed to providing and reporting transparently scientific information to healthcare professionals, and disseminating accurate, balanced and not misleading health information to the public.

In overseas markets, we implement a responsible marketing model centered on academic exchange and localized collaboration; In digital marketing and public education, we have established comprehensive health science communication systems: the "Expert Insights" and "Livzon Science" series. By integrating professional academic promotion into overseas market expansion and innovating health communication through digital means, Livzon is committed to fulfilling its responsibilities to patients, healthcare practitioners, and society while achieving business growth. We strive to foster a doctor-patient communication environment grounded in trust and value.

Localized Compliance Marketing: Expanding Product Markets Through Academic Exchange Support

In the Pakistani market, we systematically enhanced local physicians' understanding of standardized application practices for reproductive health products by participating in national gynecology academic conferences and hosting over 20 regional training sessions, thereby supporting widespread market recognition for related products.

In Indonesia, we collaborated with partners to conduct multiple academic events and product training sessions. Participation in the 19th National Congress of Obstetrics and Gynecology (KOGI) introduced our products to approximately 3,000 reproductive specialists, solidifying our professional image in the local market. In Uzbekistan, we conducted over 17 academic promotion sessions for antiviral products, providing the region with next-generation treatment options.

This series of in-depth academic outreach and education significantly enhanced local physicians' awareness and clinical application of our products, cementing brand recognition and supporting the sustained market presence of our products.

Building the "Expert Insights" Health Science IP to Serve the Public with Professional Content

Centered around our "Expert Insights" series, we systematically construct a digital health science platform specializing in vertical disease areas. This health science platform precisely targets critical health domains such as mental health, gastroenterology, and urology, leveraging resources from over 1,400 industry experts to consistently produce high-quality content that balances professionalism with accessibility. To date, the platform has accumulated over 5 million users across all channels, with total exposure exceeding 1 billion impressions. Furthermore, we leverage AI technology to empower content production, deploying over 20 intelligent agents and workflows. This has reduced the average content production cycle by more than 60%, enhancing efficiency while establishing a sustainable system for producing high-quality content and reinforcing the brand's professional image. This year, the company launched the "Livzon Science" column on its official platform. Aligning with health awareness days such as World Diabetes Day, World Mental Health Day, World Psoriasis Day, and International Stomach Health Day, it consistently publishes content on disease knowledge, treatment solutions, and health management concepts. This initiative has established a regular science communication mechanism, enhancing public understanding of related diseases.

Internal Development of Responsible Marketing Capabilities

To continuously enhance the compliance awareness and professional capabilities of the marketing team, the Group has established a systematic training framework. This year, Livzon continued its responsible marketing training, achieving 100% coverage for new hires. The Marketing Headquarters conducted nearly 20 online training sessions on core and key product knowledge for all sales personnel across the Group, reaching over 10,000 employees. This deepened the professional academic knowledge of all staff. Additionally, seven offline "PVSC Cup" professional skills competitions were held, promoting academic contests across sales regions and facilitating professional exchanges. In May 2025, the Sales Center of the API Business Department organized responsible marketing training for all employees. Through multiple case studies, the session vividly illustrated compliance guidelines, ensuring the team consistently adheres to standards and practices responsibility in all marketing activities.

4.2.4 Responsible Marketing *(Continued)*

Safeguarding Customer Interests

Furthermore, to fully protect customer interests and enhance satisfaction, we regularly distribute questionnaires to clients across all regions. This multi-dimensional approach allows us to gain in-depth insights into their perspectives and suggestions regarding our Group's products and services, ensuring their expectations are fully met.

Simultaneously, to gain deeper insights into end-user needs, the Group conducts annual customer satisfaction surveys through multiple channels including service follow-up letters, satisfaction questionnaires, and telephone interviews. Customers provide comprehensive ratings across product quality, efficacy, packaging, transportation, delivery timeliness, and service. Additionally, the Group periodically commissions commercial clients to conduct telephone surveys with physicians and patients. Findings from these surveys inform assessments of product safety and efficacy, ensuring continuous improvement and optimization.

As Livzon's core business involves the production and distribution of pharmaceuticals, active pharmaceutical ingredients (APIs) and intermediates, diagnostic reagents and equipment, and veterinary drugs, direct contact with end customers and their private information is limited. For the limited privacy security management risks involved, Livzon fully complies with relevant legal provisions and strictly protects customer privacy. We collect necessary information from customers and other individuals within the bounds of legal compliance. For handling confidential information, we enter into non-disclosure agreements with relevant parties. Customers may revise their personal data through various channels such as phone or email. During the current fiscal year, Livzon has not experienced any incidents involving infringement of customer privacy rights or loss of customer data.

The Company has established a comprehensive mechanism for external stakeholders including customers to submit complaints about defective products, and formulated relevant management regulations to centrally guide and oversee product quality complaint management across the Group. We commit to promptly and appropriately addressing complaints, requiring all subsidiaries to refine their quality complaint management systems in accordance with relevant regulations and our corporate policies to fully safeguard customer rights and product quality.

This year, Livzon received 27 medication inquiries and 143 product-related complaints; 27 written feedback responses were received from customers.
For all product inquiries and complaints received, the Group promptly followed up and addressed them in accordance with relevant procedures and systems, achieving a 100% resolution rate.

This year, the customer satisfaction survey received 222 responses, all of which maintained a 100% satisfaction rate (100% satisfaction with product quality, product efficacy, and packaging).
This year, no major safety or quality incidents related to products or services occurred.

4.3 QUALITY MANAGEMENT THROUGHOUT THE ENTIRE PRODUCT LIFECYCLE

Livzon consistently prioritizes the development of its quality management system as the cornerstone of corporate growth. Through scientific and rigorous management practices, we ensure the high quality and safety of our products. The Group strictly adheres to relevant laws and regulations, including the Pharmaceutical Administration Law of the People's Republic of China, continuously fulfilling our primary responsibility for product quality and safety.

The Group's quality management system adheres to industry standards (GLP, GCP, GMP, GSP, and GVP) and the latest regulatory requirements from authorities such as the National Medical Products Administration. It encompasses all stages from R&D and production to sales and use, establishing a comprehensive quality management system covering the entire product lifecycle. Advanced testing technologies and equipment are employed to conduct full-batch inspections of raw materials and finished products, ensuring compliance with established quality standards.

The Group has established a Quality Management Head Office responsible for internal audits of the quality control across all subsidiary companies. Through internal audits and quality initiatives, it promotes the implementation of unified quality management system requirements across all subsidiaries. The Group carries out independent external verification of the quality management system and has established a comprehensive quality anomaly response mechanism.

This year, the quality management system strengthened pharmaceutical quality control throughout the entire product lifecycle by optimizing multiple SOPs and workflows. In pharmaceutical R&D, a series of management system documents were revised and added, including the "Regulations for Pharmaceutical Change Management During Innovative Drug Clinical Trials." For clinical quality, 377 system documents across 12 modules were revised and implemented in accordance with regulations and Group requirements, establishing a comprehensive quality assurance system covering the entire clinical trial process. Regarding production quality, 25 SOPs were updated, optimizing procedures for contract manufacturing, deviation changes, and quality reviews to ensure production compliance and operational efficiency.

4.3.1 Quality Risk Management System

The company establishes a series of management plans and strategies centered on product quality. Based on external quality management standards and internal regulations such as the Quality Risk Management Procedures, it implements Quality Risk Management (QRM) throughout the entire product lifecycle—including product development, technology transfer, commercial production, product distribution, and discontinuation. Risk audits are conducted at least once annually to ensure product safety and compliance.



Incorporation of risk criteria in Livzon's Quality Risk Management (QRM) encompasses:

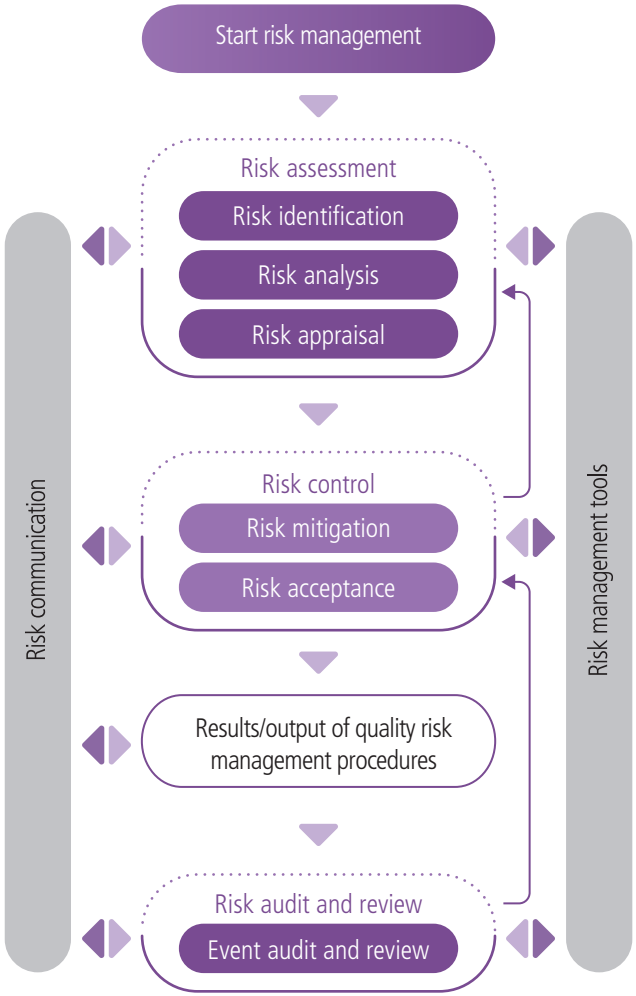
Product design and transfer, facility and equipment design and construction, material management, change control, complaint handling, remote control, qualification and validation, deviations and OOS/OOT.

We identify quality risks through multiple approaches, including technology transfer analysis, annual supplier quality assessments, deviation and change management, quality complaints, adverse reaction information, and stability studies. We evaluate identified risks by analyzing their potential impact and likelihood of occurrence, resulting in risk rating reports. Based on risk levels, we develop and implement corresponding control measures, initiating corrective and preventive actions (CAPA) when necessary. After implementing improvement measures, the risk management team reassesses residual risks and makes the final decision on whether to accept them.

4.3.1 Quality Risk Management System

(Continued)

Livzon Quality Risk Management Process



Pharmaceutical Development Quality Management

Each pharmaceutical R&D center under the Group strictly adheres to GXP, ICH guidelines, and relevant regulations to establish and operate a pharmaceutical development quality management system. The company's Quality management head office conducts simulated regulatory inspections (covering both pharmaceutical development and production sites) at critical milestones of development projects. This assists marketing authorization holders in systematically identifying potential pre-market risks and promptly implementing risk prevention measures.

Additionally, each R&D center conducts process reviews and compliance self-inspections at critical project milestones (such as process initiation, process research, pilot production, validation and registration batch production, IND/NDA submissions, etc.), continuously enhancing the scientific rigor and compliance standards of pharmaceutical development. The Quality management head office also performs specialized audits or critical phase audits based on project importance, further strengthening end-to-end quality oversight.

This year, the Quality management head office conducted special audits or critical phase audits on formulation development projects; API manufacturers conducted on-site self-inspections of development activities in accordance with requirements for API R&D management and technology transfer documentation.

The company also implements systematic quality control for the design and development of medical devices. We ensure product safety and quality stability through an established design control process, encompassing clear product initiation, design planning, design inputs, design outputs, design transition, design verification, and design validation, as well as a medical device risk management system based on ISO 14971 applied throughout the entire product development lifecycle.

Clinical Trial Quality Management

The Group applies the ICH Q10 pharmaceutical quality system to clinical research management. Referencing the "Quality Management System Requirements" (GB/T 19001:2016) and integrating clinical quality management practices, we have established a cQMS aligned with corporate management processes. This provides a comprehensive quality management system for clinical R&D, ensuring the clinical department's cQMS remains consistent with the company's strategic objectives. The system documentation is continuously refined based on the latest regulatory requirements.

Regarding clinical trial oversight, the Quality Management Department develops scientific audit plans based on trial type, complexity, and subject risk factors. Audits are conducted in phases to strengthen supervision throughout the trial lifecycle. This ensures regulatory compliance, early identification and prevention of potential issues, protection of subject rights and safety, and guarantees the authenticity, accuracy, completeness, and traceability of clinical data.

Furthermore, the Group conducts at least one quality audit for all clinical research projects undertaken by its R&D centers, ensuring the standardization and reliability of clinical research activities across the entire organization.

4.3.2 External Regulatory Oversight and Product Registration and Certification

For post-market product quality management, Livzon strictly adheres to China's GMP standards and international requirements, establishing and implementing a unified production quality management system across the Group. This system covers 100% of all production facilities within the Group, ensuring rigorous implementation at every stage and sustained compliance with quality control standards.

Furthermore, the Group's active pharmaceutical ingredient (API) manufacturing facilities comply with international regulations including ICH Q7, US cGMP, and EU GMP. They have established and operate corresponding quality management systems, enabling end-to-end quality control from API to finished dosage forms. This ensures the compliance and reliability of products supplied to global markets.



As of December 31, 2025, the Group's product registrations, national certifications, and GMP compliance status are as follows:

Product Registration, National Certification, and GMP Compliance Status

Project		2025 Formulation Work Status
International Registration		15 product specifications completed registration procedures
Domestic Registration		2 new varieties and 10 existing varieties completed domestic registration procedures
International Certification	Internationally Certified Varieties	1 variety obtained international certification
	International Certification Certificates	2 valid international certification certificates obtained
Production Line GMP Compliance		58 production lines compliant with GMP standards

Project		2025 API Work Status
International Registration		36 active pharmaceutical ingredients completed 242 registration projects across 92 countries/regions
Domestic Registration		58 active pharmaceutical ingredients completed domestic registration
International Certification	Internationally Certified Varieties	14 products passed international certification inspections
	International Certification Certificates	34 international certification certificates obtained (including: 6 FDA inspection certificates, 16 CEP certificates, 2 EU GMP certificates, 6 Japanese GMP certificates, 1 Mexican GMP certificate, 3 Brazilian GMP certificates)
Production Line GMP Compliance		76 production lines compliant with GMP standards
ISO Quality Management System Certification		2 companies obtained GB/T 19001-2016/ISO 9001:2015 Quality Management System Certification 1 company obtained ISO 22000:2018 Food Safety Management System Certification

Project	2025 Vitro Diagnostic Reagents Work Status
International Registration	1 product completed registration in 1 country/region
Domestic Registration	35 products underwent domestic registration (35 medical devices)
Production Line GMP Compliance	7 production lines compliant with GMP standards
ISO Quality Management System Certification	1 company certified under ISO 13485:2016 Medical Device Quality Management System

This year, the Group underwent a total of 62 inspections by external regulatory authorities. Details are as follows:

Enterprise Type	Regulatory Agency Inspections of the Group in 2025
Formulation manufacturers	The formulation manufacturer underwent a total of 29 inspections by drug regulatory authorities, all of which were successfully passed: • 7 licensing inspections • 10 routine inspections (primarily GMP compliance inspections of marketing authorization holders and drug manufacturers, routine supervision inspections, and routine supervision inspections conducted by drug regulatory authorities regarding centralized procurement products, unannounced inspections, and relevant standards) • 7 other special inspections • 5 unannounced inspections
API manufacturers	The API manufacturer underwent 26 inspections by drug regulatory authorities, all of which were successfully passed: • 4 licensing inspections • 11 routine inspections • 1 on-site verification for human drug registration • 2 EU export certification inspections • 4 veterinary drug on-site sampling and inspections • 1 veterinary drug rectification follow-up review • 2 German official GMP inspections • 1 US FDA GMP inspection
In Vitro diagnostic reagent manufacturers	In Vitro Diagnostic Reagents (Pharmaceuticals) underwent one inspection by the pharmaceutical regulatory authority, all of which were successfully passed: • 1 routine pharmaceutical inspection (0 major defects and 0 critical defects) In Vitro Diagnostic Reagents (Medical Devices) underwent a total of 6 inspections by medical device regulatory authorities, all successfully passed: • 1 annual audit of the ISO 13485:2016 medical device quality management system • 1 MDSAP (Medical Device Single Audit Program) certification audit • 1 unannounced inspection of medical devices • 2 on-site medical device registration verifications • 1 Russian certification audit



Production Process Quality Control

We develop detailed plans covering equipment validation and intermediate process control in accordance with national regulations and industry standards, implementing full-chain quality management for production equipment and processes. Key equipment is validated according to the following principles: Equipment with explicit regulatory requirements (e.g., sterilization cabinets, HVAC systems) undergoes periodic revalidation strictly as mandated; Equipment not explicitly required by regulations (e.g., labeling machines, packaging machines) undergoes annual assessment to determine revalidation necessity; Equipment modifications trigger validation arrangements based on risk assessment outcomes. All revalidations are managed under the annual master validation plan, with relevant documentation approved by the Quality Manager.

This year, 100% of the Group's critical production equipment passed internal standard validation.

Relevance Assessment:

- Upon identifying information potentially related to emerging quality/safety issues involving a specific product or material category, immediately convene relevant departments (quality, technical, production, etc.) to conduct a preliminary assessment of the product or material after verifying the information's authenticity. Determine the impact severity and scope.

Extended Investigation:

- Once the impact scope is confirmed, issue letters to affected suppliers to request relevant information. If suppliers have already conducted relevant studies and assessments, collect their documentation as basis for further evaluation.

Quality Studies:

- Based on the correlation assessment results, conduct commissioned testing of influencing factors, quality research trials, etc.

Quality Risk Assessment:

- Using information obtained from the supplier extended investigation and combined with data from the quality studies conducted, perform a quality risk assessment to determine whether the relevant modules may introduce risks and the acceptability level of those risks.

Corrective and Preventive Actions:

- If the quality risk assessment confirms that newly identified quality/safety issues may significantly impact products or materials and pose a high-risk level, implement corresponding corrective and preventive actions. These may include raising quality standards, process improvements, formulation optimization, etc. Initiate product recalls when necessary.

In response to emerging product quality and safety issues, our Group proactively conducts preventive testing. We organize quarterly quality analysis meetings to review products, preemptively identify potential risks to product quality and safety, and develop corresponding quality control plans.

Case Study: Regular Preventive Testing

Clean Area Differential Pressure Monitoring Upgrade Case

To mitigate risks in sterile drug production, Livzon Pharmaceutical Factory deployed an online differential pressure monitoring system in Workshop LZ002. Utilizing 11 high-precision pressure sensors, the system enables 24/7 continuous monitoring. Upon detecting abnormal pressure differentials, the system triggers real-time audible and visual alarms, empowering on-site personnel to promptly implement corrective actions. This significantly reduces contamination risks, ensuring stable sterile drug quality and patient medication safety.

Critical Consumables Quality Monitoring Case

To reduce quality fluctuations during testing, Fuzhou Fuxing Company systematically analyzed gas chromatography results and identified that domestically produced headspace vial caps repeatedly caused abnormally low peak areas, increasing out-of-specification (OOS) risks. Investigation confirmed this issue stemmed from inconsistent cap sealing integrity. The company immediately switched to more stable imported headspace vial caps and incorporated this case into the incoming material quality assessment and periodic testing system. This measure significantly reduced testing deviations caused by material quality issues, further enhancing the reliability and consistency of test results.

Systematic Instrument Validation Improvement Case

To continuously enhance laboratory compliance, Xinbeijiang Pharma implemented targeted improvements for instrument validation. After a particle size analyzer originally intended for R&D was reassigned to the QC department, it was discovered that the previously established User Requirements Specification (URS) did not fully cover the functionalities and data compliance requirements needed by QC, resulting in inadequate validation. The company subsequently reviewed all Class C instruments in QC (e.g., Karl Fischer moisture analyzers, HPLC systems), implementing re-validation or supplemental validation for devices with incomplete validation. This ensured all computerized systems comply with regulatory and data integrity requirements, strengthening the laboratory's quality foundation.

Quality Audit

The company has established detailed inspection protocols and defect assessment criteria based on the six GMP systems and internal quality management standards. Comprehensive quality audits are conducted at least once annually for all manufacturing facilities and marketing authorization holders within the group, achieving 100% coverage.

For issues and defects identified during quality audits, the Quality management head office requires marketing authorization holders to actively identify related product or system risks based on defect reviews. Guided by the Plan-Do-Check-Act (PDCA) cycle, the Company ensures effective corrective and preventive actions are implemented.



During the reporting period, the Company conducted quality audits of the Group's formulation enterprises (including animal drug formulation enterprises), in vitro diagnostic reagent enterprises, active pharmaceutical ingredient (API) enterprises, and distribution enterprises. Throughout the year, the Group's formulation enterprises, in vitro diagnostic reagent enterprises, and API enterprises underwent inspections by drug regulatory authorities and other external auditors. No serious defects were identified, and all audits were successfully passed.

4.3.3 Pharmacovigilance and Safety Assurance

Livzon continues to enhance its pharmacovigilance management requirements. Each marketing authorization holder within the Group has established an independent pharmacovigilance department and a Drug Safety Committee, equipped with pharmacovigilance systems and the MedDRA dictionary. This enables standardized collection and monitoring of adverse reaction information, as well as seamless data exchange with the CDE system. Through annual quality audits, the company conducts specialized assessments of the PV system, promoting knowledge exchange among subsidiaries to continuously improve risk monitoring capabilities and system operational quality, thereby effectively safeguarding patient medication safety.

Based on its pharmacovigilance system and related activities, the Group has established relevant regulations including the "Drug Safety Information Management Procedures," "Post-Marketing Individual Case Safety Report Operating Procedures," and "Drug Safety Incident Handling Operating Procedures." These enable multi-channel collection of product safety information (including adverse drug reactions/events) throughout the product lifecycle, followed by analysis, evaluation, and oversight.

The company has established standardized and efficient channels for independently collecting suspected adverse drug reactions/events. It provides patients and medical institutions with multiple feedback options, including an adverse event reporting platform, fax or email, and telephone, to achieve effective monitoring and control of product safety.

Product Identification Management and Product Traceability

Regarding product identification and distribution management, Livzon strictly adheres to regulations such as the Drug Administration Law and the Regulations on the Management of Drug Instructions and Labels. The company has established a comprehensive label and instruction management system covering the entire process from design, review, printing, acceptance, to usage. It continuously monitors regulatory updates to ensure content compliance. Simultaneously, the company has built an information-based traceability system covering pharmaceuticals, Class III medical devices, and veterinary drugs. Through platforms like "Code for Assurance," it enables traceability down to the smallest sales unit. All exported active pharmaceutical ingredients (APIs) implement QR code management, facilitating product information queries by regulatory authorities and consumers. This system ensures product quality safety and public medication safety.

Product Recall and Safety Emergency Management

The company has established management systems including the "Product Recall Operating Procedures," "Non-conforming Product Management System," "Returned Product Management System," and "Emergency Response Plan for Major Product Safety Incidents." These systems standardize the management of non-conforming products to prevent risks such as mix-ups or errors. The disposal of non-conforming materials, intermediate products, products awaiting packaging, and finished products must be approved by the MAH Quality Manager and documented accordingly. We maintain complete purchase and sales records to ensure product traceability and conduct regular simulated product recalls and emergency drills for product safety incidents.

Additionally, the Group has established a systematic product quality complaint process. Upon receiving adverse drug reaction information, relevant functional departments and subsidiaries will promptly implement response measures according to the Quality Complaint Management Procedure.

Regarding adverse events related to medical devices, the Group has appointed dedicated monitoring personnel in accordance with internal regulations to fulfill primary responsibilities, proactively collecting and reporting information. Through timely investigation, analysis, and evaluation, we enhance risk identification and control capabilities, continuously optimize the safe usage environment for medical devices, and are committed to providing the public with safer and more reliable medical device safeguards.



This year,
no recalls of sold or shipped products occurred due to safety or health concerns, nor were any related medical compensation expenses incurred for product quality issues. No Class I, II, or III recalls were reported throughout the year.
Regarding regulatory compliance, no Field Observations (Form 483 Observations) or Warning Letters were received from the U.S. Food and Drug Administration (FDA).
In terms of customer safety, no consumer injuries occurred due to product quality issues.

Quality Culture Promotion

To continuously enhance the quality awareness and management capabilities of all internal stakeholders including employees, Livzon actively provides training for roles related to the quality management system. This is achieved by establishing an annual quality training plan, conducting systematic quality and safety training for all staff, and leveraging various formats such as annual quality conferences, weekly meetings, Quality Month activities, and regulatory awareness campaigns to promote quality culture and ensure regulatory requirements are implemented.



Equipment Modification Plan Training Under New Sterility Annex Regulations

In December 2025, Livzon collaborated with regulatory authorities including the Guangdong Provincial Drug Administration and industry experts to conduct specialized training on "Equipment Modification Plans Under New Sterility Annex Regulations" for approximately 80 pharmaceutical manufacturers. The training interpreted the technical equipment requirements outlined in the "GMP Sterile Medicines Annex (Draft for Comment)," addressing challenges in implementing equipment retrofits. Sessions focused on: - Sterile risk analysis and validation essentials for freeze dryers - Application and validation of isolators in sterile production - Upgrade plans for critical equipment like tunnel ovens and filling machines This provided practical guidance for pharmaceutical companies to align with the new regulations and advance intelligent equipment upgrades. This training established a communication bridge among regulatory authorities, industry associations, enterprises, and equipment suppliers, playing a positive role in promoting the implementation of the GMP Sterile Drug Appendix and enhancing the overall quality standards of the pharmaceutical industry.



Specialized Training on the 2025 Edition of the Chinese Pharmacopoeia

With the official implementation of the 2025 Edition of the Chinese Pharmacopoeia, China's pharmaceutical standards system has undergone another significant upgrade. To systematically understand the revisions and ensure a smooth transition, Livzon Pharmaceutical Factory organized specialized training on September 29, 2025, for personnel from production, quality control, R&D, and related departments. Through systematic interpretation and case analysis, the training helped departments accurately grasp the technical requirements and implementation points of the new edition, reducing operational risks caused by misinterpretation and laying the foundation for quality enhancement and standard conversion.



05

EMPOWERING THROUGH PEOPLE

BUILDING LONG-TERM COMPETITIVENESS BY CULTIVATING TALENT

5.1 EMPLOYEE DEVELOPMENT AND RIGHTS PROTECTION

5.1.1 Compliance in Employment and Diversity & Inclusion

Livzon regards outstanding talent as the core driving force for corporate development. We continuously refine our employment systems to safeguard employees' legal rights and interests, standardize recruitment and hiring processes, resolutely eliminate discrimination and harassment, and strive to foster a diverse, equitable, and inclusive work environment.

5.1.1 Compliance in Employment and Diversity & Inclusion *(Continued)*

Policy and Systems

- The company has established and periodically updates the Livzon Group Labor Practices and Code of Conduct. These guidelines apply to Livzon Group and all its employees, as well as clients, suppliers, service providers, contractors, and other partners conducting business with the Group. Regarding labor rights protection, we strictly adhere to relevant national and international laws and regulations, including the United Nations Global Compact and core conventions of the International Labour Organization. We solemnly commit to eliminating all forms of forced labor, child labor, discrimination, and harassment, while respecting employees' freedom of association. For details on the handling procedures and corrective measures for incidents of discrimination and harassment, please refer to the Employee Complaint Management System. We have publicly disclosed information regarding the grievance reception center, grievance submission methods, grievance acceptance and investigation procedures, grievance resolution processes, and grievance protection systems.

Fair Employment

- We practice equal employment from the outset. During the job posting, description, and release stages, discriminatory language related to gender, ethnicity, or other factors is strictly prohibited. The Human Resources department reviews and refines job requirements to ensure recruitment is conducted fairly based on competency. Upon joining, employees sign labor contracts specifying compensation standards, payment schedules, and methods. We regularly verify that salary levels meet or exceed local minimum wage standards, fully contribute to the statutory social insurances and housing fund (the "five social insurances and one housing fund") as required by law, and provide clear pay stubs with each monthly salary disbursement. The Company upholds equal pay for equal work between male and female employees, with compensation determined by job value. In situations potentially involving large-scale workforce restructuring, we commit to setting minimum consultation and notice periods. We will engage in open communication with affected employees and their representatives in advance, explaining the reasons, listening to feedback, and exploring viable alternative solutions to minimize impact. Additionally, the company maintains daily grievance channels and platforms to ensure employees can effectively voice concerns and receive fair resolution when facing any injustice.

Work Hours, Leave, and Benefits Management System

- Through systems such as the Labor Employment Management System and Attendance Management System, the company clearly defines working hours and vacation arrangements. We implement pre-approval overtime management to avoid overtime and continuously optimize vacation management processes to ensure all records are traceable. We comply with national laws and regulations regarding overtime hours and ensure employees are paid for overtime work. Simultaneously, we provide comprehensive statutory holiday protections and offer multiple non-statutory, employee-friendly benefits. For instance, we implement flexible working hours arrangements, provide specialized health care for female employees, establish fully equipped maternity rooms to support post-childbirth return to work, and grant paternity leave to male employees–all to comprehensively support work-life balance.

For further details, please refer to the official policies: Livzon Group Labor Practices and Code of Conduct, Livzon Group Employee Diversity Policy, Livzon Group Diversity, Equity, and Inclusion Philosophy, and Employee Complaint Management System.

5.1.2 Employee Communication and Care

We listen to employee voices through the staff congress, actively working to secure benefits and resolve challenges for our workforce. We regularly engage with employee representatives to continuously improve working conditions and safeguard employee rights. This year, 100% employees joined the labor union and covered by collective bargaining agreements. The company has also established multiple feedback and oversight channels to promptly address employee concerns, actively fostering harmonious and stable labor relations.

2025 Annual Employee Representative Conference

This year, the trade union convened a staff representative conference to discuss the integration of the delayed retirement policy with corporate systems, deliberating and adopting the "Livzon Group Employee Retirement Age Management System." Concurrently, the conference lawfully elected a new term of employee directors, further enhancing the employee participation mechanism within corporate governance.



Human Rights Due Diligence Process

The Group places high priority on safeguarding employee rights. We systematically and periodically identify and review potential labor rights risks in our own operations and value chain related to our business through strengthened internal grievance and feedback mechanisms. This assessment covers human rights issues including forced labor and human trafficking, prohibition of child labor, freedom of association and collective bargaining rights, equal pay for equal work, and anti-discrimination. Special attention is given to safeguarding the rights of diverse groups such as female employees and girls, migrant workers, outsourced staff, and local communities. Risk management extends beyond our own operations to encompass the value chain and business partners. We ensure the timeliness and effectiveness of our procedures through regular assessments and dynamic updates to our human rights risk inventory. In 2025, no human rights incidents occurred within the Group or its subsidiaries, and consequently, no companies required remediation actions.

We have established formal grievance channels and implemented the Employee Complaint Management System. Employees may submit complaints regarding human rights and labor rights issues through multiple channels, including telephone, WeChat, email, in-person communication, and suggestion boxes. The company commits to strictly maintaining the confidentiality of complaint information and complainant identities. Any information leaks will be dealt with severely in accordance with regulations to mitigate potential human rights risks.

The Human Resources departments of the Group and its subsidiaries serve as centralized reception centers, responsible for recording, investigating, processing, and following up on complaints. The HR headquarters regularly analyzes complaint data and reports findings to the ESG Committee, creating a closed-loop management system for continuous monitoring and improvement. Through this mechanism, we collect individual feedback while continuously reviewing and identifying potential issues and risks. This provides employees with effective avenues for labor rights protection and ensures timely responses to concerns in daily operations.

We consistently prioritize the physical and mental well-being of our employees. Every year, we organize comprehensive health checkups for all staff members and continuously optimize the process to provide a more comfortable and reassuring environment for these examinations. For female employees aged 35 and above, we have added specialized screenings such as breast cancer and cervical cancer tests to better safeguard their health and demonstrate our care. We also regularly invite external experts in safety and health education to deliver mental health lectures and provide psychological support knowledge, ensuring employee well-being through multiple channels.

5.1.2 Employee Communication and Care *(Continued)*

Concurrently, the labor union consistently implements assistance programs for employees facing extreme hardship. Through targeted financial aid and daily care initiatives, we invest over RMB100,000 annually to tangibly alleviate pressure and help employees overcome difficulties. This ensures every employee feels the warmth and support of the organization, continuously strengthening team cohesion and a sense of belonging.

	When employees face significant hardships, the union responds promptly by activating its assistance mechanisms. In 2025, when a Livzon employee was hospitalized due to illness with treatment costs reaching hundreds of thousands of yuan, the union immediately initiated its critical illness relief program, disbursing a 50,000 yuan assistance grant to alleviate the financial burden on the employee's family.
	The company prioritizes employees' continuous growth and development, actively securing diverse learning resources. In 2025, over 50 employees received subsidies from the Municipal Trade Union's "Pursuing Dreams Through Education" program, enabling sustained progress in their professional and personal development paths.
	On March 7, 2025, Ningxia Pharma organized a floral arrangement activity for female employees themed "Celebrating Birthdays, Blooming Youth." All female staff gathered to learn floral pairing and design under professional florist guidance. Embracing a free-creation concept, employees took home their handcrafted floral pieces, conveying the company's care and blessings while fostering a positive and harmonious cultural atmosphere.
	Livzon Hecheng, a subsidiary, continues advancing its diversity, equity, and inclusion (DEI) culture. Through its "Cloud Academy" online platform, it organized a series of themed training sessions for all 80 managers (including 20 female managers), with each participant completing an average of 40 training hours. Course content covered modules such as inclusive leadership communication, cross-cultural collaboration, and empathy development, helping employees eliminate implicit biases in work settings and foster a more inclusive team atmosphere. Leadership courses specifically focused on cultivating inclusive management styles, enabling efficient collaboration among employees from diverse backgrounds under unified professional standards. Health and wellness courses addressed the unique needs of female employees, providing practical health management guidance for critical life stages such as post-maternity return to work and menopause, supporting their sustainable career development. Furthermore, the company prioritizes the physical and mental well-being of female employees alongside career support. It has established yoga and dance clubs, partnering with external professional organizations to host weekly activities with dedicated funding. These initiatives not only alleviate workplace stress, improve posture, and enhance sleep quality but also demonstrate the company's commitment to providing comprehensive, lifecycle-based care for its female workforce.

5.1.3 Employee Well-being

Regarding statutory benefits, the Company strictly adheres to national and local regulations, ensuring all employees (including part-time staff) receive comprehensive coverage for statutory holidays, rest days, paid annual leave, as well as various paid leave entitlements such as sick leave, work-related injury leave, marriage/bereavement leave, paid parental leave for the primary and non-primary caregivers (including prenatal check-up leave, maternity leave, paternity leave, and breastfeeding breaks). For example, female employees are entitled to 98 days of basic maternity leave plus 80 days of additional leave, while male employees receive 15 days of paternity leave (as stipulated in Guangdong Province regulations). As of the reporting period, the Group had no part-time employees.

Beyond statutory benefits, we offer a comprehensive non-salary benefits package for all employees. Additionally, tailored care programs address specific needs across different employee groups, including: flexible working hours, working-from-home arrangements, breast-feeding/ lactation facilities, specialized health screenings for women, and hardship assistance funds. We continuously enhance our employee welfare system to ensure comprehensive support. In 2025, we refined the Livzon Employee Funeral Allowance Management System, demonstrating the company's people-oriented management philosophy.

Non-statutory benefits enjoyed by all employees of the Group

- **Housing:** Company-provided housing, rental subsidies, talent residency programs
- **Convenient Living:** Convenient Living: Staff cafeteria, meal subsidies, shuttle buses, transportation allowance
- **Work Support:** Travel subsidies, communication allowance, shift differential pay, computer allowance, external paid training, afternoon tea, fresh fruit, late-night snacks for night shift staff
- **Well-being:** Summer heat relief, high-temperature allowance, gym, fitness classes, book corner, English corner, employee activity center, staff association events,, team-building activities, social gatherings
- **Health:** Occupational health checkups, employee wellness screenings
- **Support:** Children's school enrollment assistance, Employee Assistance Program (EAP), maternity/illness/work injury visits, employee critical illness assistance fund employee funeral expense subsidy
- **Holidays:** Traditional festival bonuses or gifts, employee birthday gifts, annual meeting raffles, Spring Festival red envelopes

Livzon has always prioritized the physical and mental well-being of its employees, as well as the development of cultural and recreational activities. By organizing various sports competitions, festive events, and club activities, Livzon uses these cultural and recreational initiatives as a unifying force to foster a dynamic and cohesive organizational atmosphere, supporting the holistic development of its employees.

- Badminton, one of the most popular sports among Livzon employees, has seen 22 consecutive editions of the group tournament. In 2025, we organized multiple events including the "R&D Cup" exchange tournament, functional headquarters team competitions, and individual challenge matches. These activities fostered internal exchanges while promoting a spirit of perseverance and progress.





- Livzon's basketball program also boasts a rich tradition. In 2025, we successfully hosted the 28th Group Employee Men's Basketball Tournament. Teams from various subsidiaries showcased youthful energy and teamwork on the court, with Livzon Microsphere ultimately defending its championship title. That same year, the Livzon basketball team claimed its first Golden Bay District "Golden Engineering Cup" championship, demonstrating its competitive prowess.





- The Livzon Football Tournament has been held for 13 consecutive years, with seven teams competing in the 2025 edition. This traditional sporting event has not only elevated employees' football skills but also led to outstanding achievements in district-level competitions, including securing the runner-up position in the "Golden Work Cup" Football Tournament that same year.





- In 2025, Livzon served as the exclusive title sponsor of the Zhuhai Marathon, with nearly 100 employees actively participating to collectively promote a healthy lifestyle.





5.1.4 Anti-Discrimination and Harassment

The Group maintains a zero-tolerance policy toward discrimination and harassment, prohibiting all forms of discrimination, bias, and workplace harassment. To effectively prevent and address such conduct, we strive to identify instances of discrimination and harassment, defined escalation process for reporting incidents specific to discrimination and harassment, and implement corrective or disciplinary actions. We encourage all employees to promptly report any observed incidents to their supervisor or the Human Resources department. This enables swift investigation and resolution, minimizing the impact of discriminatory or harassing behavior. Upon verification of discriminatory or harassing conduct, the Company will take corrective and disciplinary actions commensurate with the severity of the offense, including but not limited to warnings, disciplinary records, or termination of employment contracts. Where conduct constitutes criminal offenses, individuals involved will be referred to judicial authorities for legal proceedings.

We also provide annual anti-discrimination and anti-harassment training to all employees, continuously enhancing workplace equality awareness and behavioral standards.

Anti-Discrimination and Anti-Harassment Training

In 2025, Livzon implemented specialized anti-discrimination and anti-harassment training for all new hires. The training content closely integrates real-world case studies, explaining how to identify and prevent discrimination and harassment in the workplace. It clarifies the reporting and escalation procedures for related incidents and outlines the corrective actions and disciplinary measures the company will take upon verification. Through this training, we help employees enhance their awareness of equality, recognize and eliminate unconscious biases, and collectively maintain a respectful and safe work environment.

5.2 TALENT DEVELOPMENT

5.2.1 Talent Development Program

Livzon actively supports all employees (including full-time, part-time, and contractual employees) in pursuing job-related degree and qualification advancement during their off-duty hours, and assists them in applying for professional title and vocational qualification certifications. The company has established a comprehensive employee growth support system. Through initiatives such as professional title advancement, vocational certification programs, and specialized business training, we empower employees to enhance their overall capabilities. For instance, we have implemented a robust mentor-apprentice mechanism, pairing experienced mentors with talents across various roles. Through one-on-one guidance, on-the-job practice, and regular feedback, this system helps employees quickly integrate into teams, master core competencies, and achieve career advancement. Additionally, the company places high importance on providing care and transition programs throughout employees' entire careers. For retiring employees, we actively create platforms for knowledge sharing, inviting them to pass on their expertise to current staff through specialized lectures and discussion forums, ensuring the continuity of experience and know-how. For terminated employees and those facing job reassignment due to business restructuring or personal reasons, the company provides targeted skills training and career development counseling. This helps employees enhance their adaptability, smoothly transition into new roles or pursue alternative career paths, fully embodying the company's humanistic care and social responsibility.

Under the Employee Learning and Growth Management Regulations, employees may apply for relevant learning programs based on personal development needs. The Group provides resources for industry-academia collaboration and joint training programs, encouraging continuous improvement through self-study examinations, on-the-job training, distance learning, and graduate studies. Acquired degrees and qualifications are recognized in promotions and salary adjustments, effectively motivating employees to pursue learning. Simultaneously, the company actively aligns with local talent policies, assisting employees in applying for certifications such as local high-level talents, master craftsmen, outstanding young talents, industrial innovation talents, and innovation teams. This approach secures additional development resources and growth opportunities for employees.

We equally prioritize smooth transitions at critical career junctures. For employees nearing retirement, the company periodically invites them to share knowledge and provide mentorship, transforming their valuable experience into corporate assets. For those facing job reassignment or departure due to business adjustments, we actively offer internal transfer opportunities and targeted skill training, assisting them in planning their next career phase to achieve responsible talent transition.

Employee Career Advancement Program

In May 2025, Livzon organized career advancement training for all employees through a blended online and offline format. A total of 81 employees from five business units voluntarily participated. The training focused on career development pathways and core soft skills, systematically introducing the company's online learning platform, master's degree enrollment information for Hong Kong and Macau regions, pharmaceutical-related skill certifications, and human resources vocational skill level programs. This helped employees broaden their career horizons and access more comprehensive development resources and policy guidance.

For the year 2025, a total of 164 employees participated in the Group's vocational skill level certification program, with 140 obtaining nationally recognized skill certificates, achieving a certification rate of 85.36%. Additionally, the company provides all Group employees and their dependents with access to a platform supporting academic advancement at 18 institutions and exclusive policies for obtaining certificates in 8 skill programs. This year, 44 employees have pursued academic advancement, and 499 employees have obtained skill/professional title certificates.

Employee Academic Advancement Program

Livzon Pharmaceutical Factory actively collaborates with Zhuhai Modern Talent Training Center to address employee academic advancement needs. We identify and recommend suitable institutions and programs while securing relevant financial support. Through internal mobilization, three employees successfully enrolled in the associate-to-bachelor's degree program this year. This initiative not only fulfills individual development goals but also supports the company's talent structure optimization and fosters a learning-oriented culture.

5.2.1 Talent Development Program *(Continued)*

Continuing Education and Professional Title Application Program

Leveraging the Group's talent development platform, Livzon Pharmaceutical Factory systematically provides continuing education training and professional title application services for employees holding pharmaceutical or pharmaceutical manufacturing titles. This initiative effectively reduces learning and application costs while enhancing title evaluation efficiency. This year, 11 individuals achieved title advancement through this channel, further strengthening the professional capabilities of the workforce.

Master Craftsman Training Camp Program

From June to September 2025, Fuzhou Fuxing actively supported frontline managers and key employees to participate in the "Master Craftsman Training Camp" jointly organized by the Fuqing Municipal Government and Xiamen University Industry Technology Research Institute. The program offered paid leave and training subsidies. Training modules covered core technology industrialization, cutting-edge technology trends, innovation management and financial thinking, and practical research studies, enhancing participants' comprehensive competitiveness, innovation awareness, and leadership capabilities.

Safety Leadership Training Program

In March 2025, Fuzhou Fuxing organized a one-day safety leadership training session. Featuring external experts, the session targeted 35 department heads and safety managers. It focused on core themes including safety culture development, risk anticipation and decision-making, and safety communication and influence enhancement. Case-based discussions drove participants' transition from "safety management" to "safety leadership," emphasizing strategic thinking and team-leading capabilities in safety operations.

Leadership Development Program

In September 2025, Livzon conducted a two-day specialized training program titled "Excellence in Management: Role Recognition and Skill Enhancement" for junior managers at its headquarters. Delivered through a blended online-offline format, the course covered modules including goal management and team coaching, effective communication and team collaboration, and managerial roles in VUCA environments. It aimed to broaden participants' strategic vision, strengthen management capabilities, and improve team performance. Overall satisfaction reached 94.8%. Participants demonstrated significant improvement in practical management techniques–such as goal decomposition and team motivation–alongside systematic thinking.

Digital Transition Program

This year, the Group integrated digital learning platform resources, introduced AI tools, and conducted scenario-based training to help employees transition from traditional operational mindsets to digital and AI-driven workflows. This effort gradually established a digital culture ecosystem characterized by full participation and continuous learning. Through the annual AI Innovation Competition, we successfully incubated 45 application solutions spanning R&D, production, sales, finance, and human resources. Examples include: siRNA intelligent design tools boosting R&D experimental efficiency; AI-powered microbead quality inspection optimizing production quality control; and ChatBI intelligent Q&A and AI-driven financial reimbursement review systems enhancing functional work efficiency. These transformation initiatives have yielded significant results. In operational efficiency, daily sentiment reports now generate 90% faster, while monthly financial reports achieve fully automated integration and distribution. For innovation support, locally deployed AIGC multimodal tools empower marketing teams with efficient content creation, driving innovative upgrades in work methodologies.

5.2.1 Talent Development Program *(Continued)*

"Blue and Green Class" AI Application Development Program

Livzon Pharmaceutical Factory promotes AI tool mastery and application through specialized training and internal practice sharing. This year, all 31 enrolled trainees applied AI technologies in projects and daily work, achieving sustained productivity gains.

Graduate Development Training Program

To help the Class of 2025 gain deep insights into the pharmaceutical industry, the company's business model, and cross-cultural collaboration principles, a six-month training series was conducted for 72 new employees. The program spans three phases: in-person intensive workshops, online thematic courses, and individual learning sharing sessions with mentor guidance. Each new employee was paired with an experienced business mentor who provided ongoing professional guidance and collaborative support through regular coaching, project feedback, and career development dialogues. Content spanned corporate cultural alignment, industry compliance awareness, and role-specific practice, empowering new hires to master professional knowledge while enhancing cultural inclusivity and teamwork capabilities.

Diversity-Focused Training Program

In December 2025, to further elevate employees' awareness of multiculturalism and inclusivity while fostering a diverse, integrated, and healthy internal work environment, Ningxia Pharma organized a diversity-focused training program for all staff. Delivered via video lectures, the training systematically covered the fundamental concepts of diversity, its practical significance, and its critical value to corporate management. It explored pathways for diversity management within enterprises and individual participation methods, while also outlining future trends in multicultural management. The training covered all 890 employees of Ningxia Pharma, achieving a 100% participation rate.

Through this learning experience, employees not only deepened their understanding of the importance of multiculturalism but also acquired concrete methods to implement diversity principles at both the individual and organizational levels. This has laid a solid cognitive foundation for building a more inclusive and collaborative work environment within the company.



5.2.2 Performance Evaluation

Livzon has established the Compensation Management System and Compensation Adjustment Management Measures in accordance with national laws and regulations. These policies form a compensation framework encompassing both fixed income and performance-based variable pay, applicable to all employees including non-management and non-sales positions. Variable compensation is directly linked to individual performance and overall company results, aiming to motivate employees, maximize personal value, and fully leverage the incentive role of compensation.

The Company conducts management by objectives including quarterly, semi-annual, and annual KPI performance evaluations based on the "Functional Headquarters Performance Management Measures." These assessments cover business performance and behavioral conduct, with results serving as objective criteria for performance bonuses, salary adjustments, promotions, commendations, and job reassignments. Evaluation dimensions include key performance indicator achievement, execution capability, teamwork, and personal growth. Key annual operational targets are broken down into departmental and individual performance objectives. For different team types, the company implements differentiated assessment methods. For example, R&D teams are evaluated based on metrics such as "obtaining clinical trial approvals" and "securing production licenses." Concurrently, risk management indicators are integrated into relevant position evaluations. For instance, metrics like mitigating production or environmental liability risks are incorporated into the General Manager's assessment scope to enhance corporate risk prevention capabilities.

We emphasize agile and two-way communication between employees and the company. Performance management is continuously refined through four phases: planning, implementation and coaching, evaluation and feedback, and appeals and review. During evaluations, we employ a multidimensional feedback mechanism, incorporating assessments from supervisors, peers, subordinates, and clients to conduct 360 degree feedback, ensuring comprehensive and objective outcomes. Throughout these stages, managers provide timely guidance to employees through various channels. The Human Resources department reviews and consolidates evaluation results, driving departments to implement improvements for identified issues. We conduct regular employee satisfaction surveys to systematically understand employee needs and assess organizational climate. These surveys are conducted biennially and are anonymous, encouraging employees to candidly express their perceptions and expectations regarding key areas such as career development, compensation and benefits, work environment, and management communication. For management shortcomings and concentrated employee feedback exposed in the survey, we conduct item-by-item analysis. Led by HR, we collaborate with relevant business units to develop specific improvement action plans, implementing them sequentially in the following year. In the next survey, we also conduct a retrospective assessment of the effectiveness of improvements made to the previous round of issues, ensuring substantive responses to employee concerns rather than superficial measures. Furthermore, to establish a robust long-term incentive mechanism for attracting and retaining core talent, the company has implemented equity incentive plans for key employees, mid-to-senior management, directors, and high-performing staff. Specific details are outlined in the relevant sections of the 2025 Annual Report.

We have disaggregated the average hours per full-time employee of training and development by age, gender, management level, geographic region, and type of training. Detailed breakdowns are provided in the appendix to this report.



5.3 OCCUPATIONAL HEALTH AND SAFETY

5.3.1 OHS Policy

The Group upholds the core EHS values of "Life First, Safety First, Compliance with Laws and Regulations, and Environmental Protection." We have established an EHS policy centered on the goal of "Zero Accidents, Zero Injuries," and remain committed to continuously improving the performance of our Occupational Health and Safety Management System. We strictly comply with relevant domestic and international laws, regulations, and ISO occupational health and safety management system standards. We have established an OHS system and the Environmental, Occupational Health, and Safety Management Policy covering all Group enterprises, employees, and contract workers. Prior to formal implementation, we refined these policies through public consultation drafts and by soliciting suggestions from employees and worker representatives. Additionally, we incorporate OHS requirements into procurement and contract terms to ensure third-party partners strictly adhere to our occupational health and safety standards. For further details, please refer to the Livzon Group Environmental, Occupational Health and Safety Management Policy and other policies on our official website.

The ESG Committee under the Board of Directors is responsible for formulating EHS-related policies and systems, including occupational health and safety, setting annual safety objectives, developing work plans, and overseeing and auditing the implementation of all measures. To ensure effective policy execution, the company and its subsidiaries have dedicated OHS management teams, providing robust safeguards to create a safe and healthy working environment for all employees.

As of the end of the reporting period, all production facilities within the Group have obtained GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System certification, achieving a 100% certification rate.

During the reporting period, Livzon invested approximately RMB32.57 million in occupational health and safety (OHS), with the expenditure categorized as follows:

Investment In Safety Production Technology Upgrades	RMB14.65 million
Investment In Safety Production Operation And Maintenance	RMB14.04 million
Investment In Occupational Health	RMB3.88 million

5.3.2 Workplace Safety Management

The company adheres to a "zero accidents, zero injuries" safety philosophy, conducting annual assessments of workplace safety target achievement. During the reporting period, the Group met its quantitative objectives of "zero major safety incidents and a low minor injury rate," with all annual safety and environmental protection plans effectively implemented.

In 2025, the Company primarily employed on-site comprehensive inspections, specialized inspections, Safety Checklist Analysis(SCL), and LEC Evaluation Method to conduct safety risk identification, assessment, and review.

- **Specialized Inspections:** Based on seasonal and time-specific safety management characteristics, specialized safety inspection checklists are developed every two months. Production facilities are organized to conduct targeted inspections of critical areas such as key equipment, production environments, and operational areas, enabling dynamic risk identification.
- **LEC Inspection:** Annually employ LEC to conduct comprehensive risk assessments covering personnel operations, facility/equipment performance, material management, production processes, and production environment controls. Strictly classify risks according to established standards, develop and implement differentiated control measures for each risk level, and effectively mitigate various safety hazards.

- **Conduct EHS on-site audits:** Risk identification and assessment are conducted simultaneously across all production enterprises using a combination of on-site comprehensive inspections and specialized safety inspections. Inspection frequency standards are clearly defined: at least twice annually for API manufacturers and at least once annually for formulation manufacturers. Assessments focus on critical aspects like hazard identification to identify what could cause harm in the workplace. By conducting a comprehensive inspection of the site environment, production processes, and facilities and equipment, and thoroughly reviewing the risk identification ledgers of each subsidiary, the reasonableness of the risk classification levels was verified. Additionally, they assess whether hazard assessment and management achieve closed-loop control–strictly overseeing every step from hazard discovery, reporting, and rectification to re-inspection. For identified issues, rectification notices are promptly issued, clearly specifying requirements, deadlines, and responsible parties to ensure timely and effective resolution.

- **External Expert Inspections:** The company engages seasoned safety experts from the industry to conduct on-site inspections at production facilities. Experts scrutinized all production stages and operational areas, providing targeted improvement recommendations to enhance the company's overall safety management capabilities.
- **Cross-subsidiary inspections:** Each subsidiary formed inspection teams comprising experienced, highly skilled personnel to conduct audits at other subsidiaries. This approach fosters experience sharing and mutual oversight among subsidiaries. It enables the adoption of best management practices and helps identify internal issues from diverse perspectives.

This year the company has formulated and refined integration of actions to prepare for and respond to emergency situations such as typhoons and electrostatic hazards. We established the Livzon Typhoon Preparedness Guidelines, which clarify emergency response procedures and detail action points for each phase–from early warning issuance and preliminary preparations to post-disaster recovery–ensuring standardized and proceduralized typhoon prevention efforts. Simultaneously, tailored to the environmental and production characteristics of each enterprise's location, we developed the "Livzon Group Anti-Static Accident Management Requirements." This enhances emergency management capabilities for static electricity incidents, effectively reducing safety risks such as fires and explosions caused by static electricity during various operations, thereby improving operational safety in special environments.

Occupational Health and Safety Highlights

- **AI Visual Surveillance System Implementation Project**
  This year, to enhance plant safety management, Livzon Hecheng introduced an AI visual surveillance system. Upon deployment, the system effectively identified and issued early warnings for unsafe behaviors among personnel within the plant.
- **Enclosed Operation Retrofit Project for Crystallization Tanks**
  To further optimize the working environment, safeguard employees' occupational health rights, and enhance production safety, Ningxia Pharma implemented an enclosed operation retrofit for crystallization tank operations. This project employs key technical measures–including enclosed sampling devices and safety protection facilities–to significantly reduce open-top operation frequency, minimize operator exposure to solvents, and elevate workplace safety.

5.3.3 Occupational Health Management

The company strictly adheres to and implements all occupational health laws and regulations, including the Occupational Disease Prevention and Control Law of the People's Republic of China and the Supervision and Administration Measures for the "Three Simultaneities" of Occupational Disease Prevention Facilities in Construction Projects. We continuously improve our occupational health and safety management mechanisms, optimize production facilities and occupational disease prevention measures, and are committed to providing a healthy and safe working environment for all employees.

- **Occupational Hazards Assessments:** Each production unit conducts regular hazard detection and assessment at workplaces by commissioning external professional agencies, based on the severity of occupational hazards. This is combined with annual occupational health examinations for employees to fulfill primary responsibility for prevention and control.
- **Occupational Hazards Notification:** For positions involving occupational health hazards, we clearly outline job risks and protective measures through labor contracts and pre-employment notifications. Prominent warning signs are placed in relevant areas to highlight hazards and protective requirements.
- **Personal Protective Equipment:** We provide standardized and effective PPE for employees exposed to occupational hazards, ensuring regular distribution and supervised usage. Protective facilities are optimized, including on-site emergency wash stations.
- **Occupational Health Examinations:** Employees exposed to occupational hazards undergo comprehensive health checks–pre-employment, during employment, and upon leaving–with individual health records maintained for continuous monitoring.
- **OHS Training:** We conduct onboarding training for new employees, certification training for special operations, specialized occupational health training during employment, and mental health seminars. For contractors and other relevant parties, the Group provides OHS training in accordance with regulations such as the "Contractor Safety Management System" to safeguard employee physical and mental well-being and workplace safety.

5.3.4 Occupational Health and Safety Awareness Campaign

We designate the 4th, 14th, and 24th of each month as Safety Reflection Days for our group and conduct safety reflection activities. We continuously conduct regular safety training to reinforce risk awareness and preventive measures among all employees.

The Company has established and refined the "Contractor Safety Management System," extending safety management requirements to contractors. We provide safety training for all external construction personnel, and introduced OHS criteria in procurement and contractual requirements, including implementing construction supervision, maintaining safety records, and conducting regular safety performance assessments, thereby strengthening the safety management standards of contractors.

Safety Education and Training

To enhance the safety literacy of all employees, Livzon Hecheng organized a series of training activities in June 2025 under the theme "Everyone Talks Safety, Everyone Knows Emergency Response." The training content was divided into four modules: regulations and systems, risk prevention and control, emergency practical operations, and equipment usage. It covered laws and regulations, hazard identification, accident case studies, first aid knowledge, and equipment operation. Employing a "theory + practice" approach, the training covered all employees, effectively raising awareness and reducing operational health & safety incidents.

Safety Contingency Plans and Drills

To enhance hazardous chemical accident response capabilities, Livzon Pharmaceutical Factory collaborated with the local fire and rescue station to conduct a hazardous chemical warehouse fire emergency drill. During the drill, the company swiftly activated its contingency plan, establishing an emergency command center to coordinate security, evacuation, firefighting, and rescue operations. Teams worked in orderly coordination, with the volunteer fire brigade demonstrating strong emergency response skills. Post-drill, the company reviewed the entire process to refine the emergency plan and enhance its practicality. Additionally, departments regularly conduct internal drills focusing on testing response speed and coordination capabilities, comprehensively improving emergency handling standards to ensure swift and effective responses during incidents.

During the reporting period, the Company recorded the following figures for work-related fatalities and the Lost Time Injury Frequency Rate (LTIFR):

Number of Employee Work-Related Fatalities in 2025 (persons)	0
Number of Contract Worker Work-Related Fatalities in 2025 (persons)	0
Employee LTIFR in 2025 (incidents per million hours worked)	0.39
Contract Worker LTIFR in 2025 (incidents per million hours worked)	0
Contractor LTIFR in 2025 (incidents per million hours worked)	0

Note: Contract Workers refers to personnel contracted through third-party agencies (e.g., labor dispatching) who perform job duties under the direct supervision and scheduling of the Company; Contractors refers to employees of external independent contractor companies who provide services at the Company's premises but are not under the Company's direct daily work scheduling.



06

VALUE CO-CREATION

CONNECTING STAKEHOLDERS THROUGH RESPONSIBLE ACTION

6.1 SUSTAINABLE SUPPLY CHAIN

6.1.1 Supplier Management System

The company has established policies such as the Livzon Group Supplier Code of Conduct, which clearly defines behavioral standards for suppliers across multiple areas including labor and human rights, environmental and climate protection, and business ethics. As the highest accountable decision-making body overseeing the implementation of this code and the supplier ESG programs, the Board of Directors has authorized its ESG Committee to handle daily execution, ongoing supervision, and periodic evaluations.

6.1.2 Supplier ESG Management

Our company places high importance on the sustainable development of our supply chain, continuously advancing supplier ESG initiatives by integrating environmental, social, and governance requirements into supplier management.

We continuously optimize internal procurement management, integrating ESG requirements with cost control, product quality standards, and delivery timelines throughout the selection and procurement of materials, products, and services. This ensures suppliers consistently adhere to our ESG-related expectations in daily operations. Through regular thematic workshops, we share advanced quality management concepts and practical experience with suppliers, solicit feedback, and collaboratively explore strategies to enhance product quality. Simultaneously, we conduct supplier quality training to communicate corporate quality standards, assist suppliers in optimizing their quality management systems, and actively support their pursuit of certifications such as ISO. Additionally, the company has established a supplier complaint mechanism, encouraging employees and other stakeholders to report supplier violations of the Livzon Group Supplier Code of Conduct.

The Company has built a comprehensive supplier audit system, clearly communicating all requirements to suppliers through standardized processes. To ensure effective implementation of the Livzon Group Supplier Code of Conduct, purchasing practices towards suppliers are reviewed to align them with the Code and avoid potential conflicts with ESG requirements. When evaluating suppliers' ESG management, we rigorously assess both new and existing suppliers' ESG practices and compliance with the Livzon Group Supplier Code of Conduct using the "Supplier ESG Audit Checklist." Simultaneously, we continuously monitor the Group's procurement processes to ensure selected suppliers strictly adhere to the Code in their business operations, thereby mitigating ESG-related risks in the supply chain. For suppliers failing to meet the Code requirements, the Company will require them to develop corrective action plans and implement improvements within specified timeframes. Suppliers are excluded from contracting if they cannot achieve ESG requirements of the code following the rectification period. Furthermore, Livzon incorporates adherence to this Code and ESG-related requirements as contractual terms, explicitly stipulating annual comprehensive evaluations of suppliers to ensure the integration of sustainability principles throughout the entire procurement management process.

While meeting business needs and compliance requirements, suppliers with better ESG performance are preferred in selection. Considering industry characteristics and supply chain management needs, the company has established a supplier risk assessment system encompassing multiple specific evaluation points across three dimensions: Environmental, Social, and Governance. The Environmental dimension focuses on indicators such as energy management and gas emissions; the Social dimension emphasizes employee safety, diversity, and equal opportunity; and the Governance dimension centers on business ethics framework development and anti-unethical conduct measures. For each assessment criterion, the company develops differentiated scoring standards based on business unit specifics. Quantitative scoring determines suppliers' ESG risk scores, which are used to classify risk levels and implement corresponding cooperation permissions and management requirements. Assessment frequency follows a tiered classification system: quarterly assessments for critical direct suppliers, semi-annual assessments for key direct suppliers, and annual assessments for critical indirect suppliers. Each business unit compiles an Annual Supplier Risk Assessment Report annually, reviewing and summarizing the year's ESG risk assessment activities.

Additionally, the company actively organizes ESG capacity building for internal stakeholders and suppliers. Through specialized training and joint initiatives, it continuously strengthens sustainability awareness and execution capabilities across the supply chain.

Livzon Diagnostics

- In September 2025, subsidiary Livzon Diagnostics conducted specialized training on "Supplier ESG Compliance Management" for supply chain personnel. The training content closely aligned with practical business operations, focusing on interpreting the application of ESG compliance requirements in actual procurement and supplier management. This effectively enhanced the ESG management capabilities of relevant personnel.

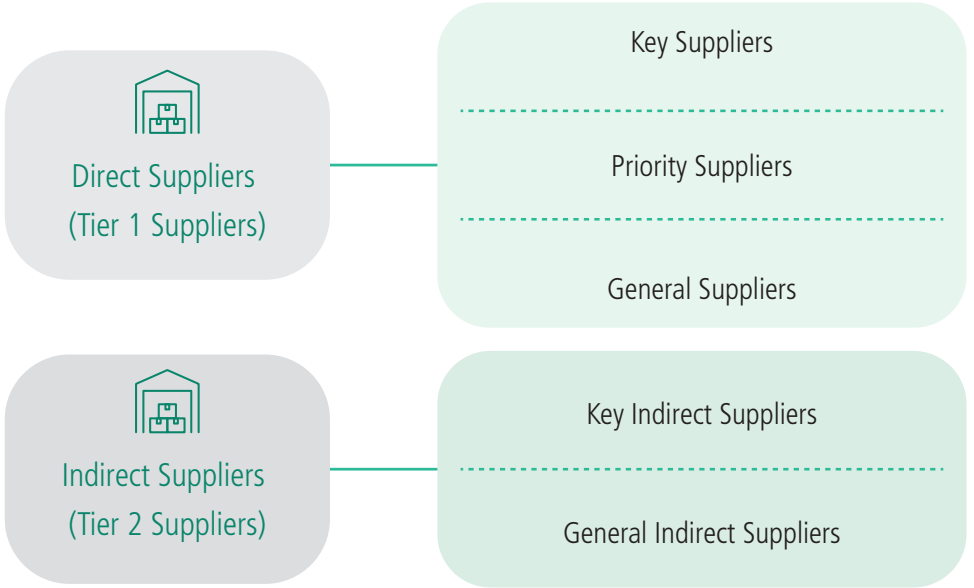
Livzon Pharmaceutical Factory

- In August 2025, Livzon Pharmaceutical Factory, a subsidiary, delivered a "Supply Chain ESG Risk Training" session for supplier representatives. Combining PowerPoint presentations with case studies, the training identified common environmental, social, and governance risks within the supply chain and shared strategies for risk identification and mitigation. This initiative strengthened suppliers' ESG compliance awareness and risk resilience.

6.1.3 Supplier Screening

Based on supplier type, we categorize suppliers into pharmaceutical raw material and excipient suppliers, suppliers of pharmaceutical packaging materials that come into direct contact with drugs, and suppliers of printed pharmaceutical packaging materials. Specific qualification requirements and certification materials are clearly defined for each category. The Group classifies suppliers into two tiers: direct suppliers (Tier 1) and indirect suppliers (Tier 2). These tiers are further subdivided based on factors such as procurement volume, material category, risk level, and irreplaceability. The annual supplier classification list is updated during the first quarter of each year.

Supplier Classification Diagram



In our supplier onboarding process, we establish specific requirements centered on qualification reviews, quality standards, and compliance records. Our key supplier selection methodology incorporates country-specific risks, industry-specific risks, and product-specific risks. Additionally, we conduct comprehensive assessments and controls of supply chain risks to effectively mitigate uncertainties. Based on supplier risk levels, we implement tiered management, establishing corresponding early warning mechanisms, preventive measures, and risk response plans. This ensures supply chain stability and security while enhancing overall resilience. We conduct annual supply chain risk assessments for direct suppliers and key indirect suppliers, covering multiple dimensions including environmental, social, governance, and business operations. These assessments specifically include but is not limited to the following 14 aspects：

- **Environmental Aspect:** Environmental, occupational health and safety (EHS) impacts, national environmental regulations and policy impacts, climate change impacts
- **Social Aspect:** Labor and human rights impacts, social event impacts, festival event impacts, major incident impacts
- **Governance Aspect:** Corporate qualifications, business ethics impacts, corporate financial stability
- **Business Operations (Country-specific and sector-specific risks are considered):** Product quality and service, business operating environment, international trade environment and impacts, international finance and exchange rate impacts

For suppliers across different industry categories, our evaluations incorporate ESG performance linked to sector-specific characteristics. For instance, in industries such as chemical raw materials and active pharmaceutical ingredient (API) manufacturers, we prioritize assessing energy consumption intensity during production, process emission levels, pollutant treatment capacity, compliance with hazardous waste disposal regulations, and occupational health and safety management systems to evaluate suppliers' environmental compliance and pollution control effectiveness.

We also place high importance on managing risks associated with the inherent characteristics of raw materials and their supply chains. Taking Chinese herbal medicine procurement as an example, for climate-sensitive varieties like Isatis root and Forsythia, we have established a dual-track approach: "stable supply from core production areas + supplementary supply from secondary production areas." Building upon securing premium sources from core production areas, we expand supply channels in suitable cultivation zones through on-site inspections, sampling quality testing, and production capacity verification. This creates a supply structure centered on core regions with supplementary support from secondary areas, effectively mitigating risks of production shortfalls or supply disruptions caused by extreme weather events like droughts, floods, or frosts in core zones. Structurally, this enhances the supply chain's resilience against natural and market uncertainties.

6.1.4 Supplier Evaluation and Development

Supplier Evaluation

Livzon has established and strictly implements a supplier audit management system. We conduct on-site and remote assessments of suppliers based on pharmaceutical standards issued by the Chinese Pharmacopoeia Commission, Good Manufacturing Practice (GMP) for pharmaceuticals, industry standards for pharmaceutical intermediates and chemical products, industry standards for inner packaging materials, and relevant ISO international standards. Our assessments cover supplier qualifications, personnel composition, equipment and facilities, material management, production management, quality control and quality assurance, business ethics, human rights and labor practices, and environmental protection. This establishes a robust defense for compliant procurement and product quality from the source. We also incorporate supplier EHS performance into the audit scope to ensure their ESG performance meets our Group's requirements. Audit frequency and methodology are determined based on supplier categories, as detailed in the table below:

Supplier Category		Assessment Frequency and Method
Direct Suppliers (Tier 1 Suppliers)	Key Suppliers	On-site assessment at least once every 2 years
	Priority Suppliers	On-site assessment at least once every 3 years
	General Suppliers	Desk assessment at least once every 3 years
Indirect Suppliers (Tier 2 Suppliers)	Key Indirect Suppliers	The company shall require direct suppliers to conduct on-site assessments of key indirect suppliers and confirm the completion of such audits.

This year, Livzon conducted desk or on-site assessments of 552 direct suppliers (including 48 key direct suppliers) and 5 key indirect suppliers. For issues identified during assessments, we promptly urge suppliers to initiate corrective actions and improvement plans, ensuring they pinpoint root causes, develop effective remediation plans, and implement improvement measures. Subsequently, the company tracks and verifies the rectification status, evaluates outcomes, and encourages suppliers to summarize relevant experiences. Through this closed-loop management mechanism, we continuously monitor suppliers' improvement effectiveness, supporting the ongoing enhancement of their management capabilities.

Annual Comprehensive Supplier Evaluation

To ensure supply chain stability and sustainability, the company has established a comprehensive annual supplier evaluation system. This system involves collaborative participation from supply chain, quality, EHS, and risk management departments. Suppliers undergo systematic assessments based on multi-dimensional information including on-site audits, performance data, and questionnaire surveys. Evaluation results are submitted to management for review.

This year, the company further strengthened audit requirements for suppliers in areas such as safety production, environmental protection, and occupational health to systematically reduce supply chain risks. Based on the annual evaluation results, suppliers are categorized into four tiers: Excellent, Good, Qualified, and Unqualified. For suppliers rated Excellent, the company will consider appropriately increasing their procurement share. For Unqualified suppliers, cooperation will be suspended, and they will be required to make corrections within a specified timeframe. Qualification may be reinstated upon successful rectification; those failing to meet standards will be removed from the qualified supplier list.

The annual comprehensive evaluation results serve as a key basis for formulating the following year's procurement strategy. Business units will dynamically optimize their procurement structures based on evaluation grades and their operational needs. This year, no suppliers were assessed as having significant actual or potential negative impacts.

6.1.4 Supplier Evaluation and Development *(Continued)*

Supplier Capability Development

To advance sustainable development in our supply chain, we comprehensively communicate ESG requirements and industry practices to suppliers through diverse channels, providing targeted support to enhance their capabilities and drive continuous improvement.

We deliver supplier ESG programs, processes and requirements through online platforms, specialized training, document sharing, and on-site exchanges. We prioritize promoting supplier practices in energy conservation, consumption reduction, and emissions management, while assisting them in refining management systems to obtain ISO and other certifications. For issues arising from regulatory updates, product quality, or audits, we support suppliers in implementing corrective and improvement actions through remote and on-site assistance. The Group develops annual supplier training plans and conducts training for high-risk suppliers to ensure overall supply chain compliance with quality and sustainability requirements.

We also provide in-depth technical support programs to build capacity and ESG performance in suppliers throughout the year. We establish multi-tiered cooperation mechanisms with suppliers, signing strategic and long-term agreements that clearly define quality requirements and responsibilities. We commit to long-term assistance in enhancing overall supplier performance, thereby strengthening mutual trust. In recent years, we have collaborated with suppliers to continuously improve performance in key areas such as energy conservation, chemical management, and occupational health. This year, we implemented corrective action plans for 17 direct suppliers and conducted capability-building projects for 36 direct suppliers (including 2 key direct suppliers).

Case Study: Supplier Capability Development

In 2025, Limin Factory, a subsidiary, collaborated with suppliers on joint technical research to address isolated black spot issues in rubber stopper products. Through investigative methods including microscopic analysis, material screening, reference sample preparation, and process route analysis, the team precisely identified and completed process optimizations. This drove steady improvements in product quality, strengthened comprehensive capabilities with suppliers in process control, technical analysis, and continuous quality enhancement, and effectively advanced suppliers' ESG performance.



6.2 SOCIAL CONTRIBUTION AND PUBLIC WELFARE INITIATIVES

6.2.1 Industrial Assistance and Rural Revitalization

Livzon remains steadfast in its commitment to public welfare, actively leveraging its resources and professional expertise to serve society and fulfill its responsibilities as a corporate citizen. We continuously invest in public welfare initiatives, supporting rural revitalization through industrial assistance. By steadfastly advancing public welfare projects such as "Accessible and Affordable Chronic Disease Management," we are committed to building a comprehensive health support system that spans the entire life cycle. This actively responds to the national strategies of "Healthy China" and "Rural Revitalization." Simultaneously, we proactively participate in disaster relief and mitigation efforts, while maintaining sustained investment in areas like educational support. This demonstrates our comprehensive social responsibility, contributing solid strength to advancing the Healthy China initiative and promoting common prosperity.

We focus on the Chinese herbal medicine industry, using standardized base construction as our key initiative. We deeply integrate corporate development with rural advancement, fulfilling our assistance responsibilities through sustainable industrial models while actively serving the national rural revitalization strategy.

Based on the "company + supplier + planting cooperative/large-scale grower" co-construction model, we continuously promote standardized cultivation of Chinese medicinal herbs. To date, we have established or jointly developed over 16,000 mu (approximately 1,066 hectares) of standardized planting bases, including a 217-acre forsythia and 30-acre rehmannia demonstration base jointly established in the authentic production area of Linfen City, Shanxi Province. Additionally, we have completed the construction of three Isatis root bases totaling 9,600 acres, three rehmannia bases covering 850 acres, three Acorus tatarinowii bases spanning 2,100 acres, and multiple other varieties such as patchouli, curcuma, anemarrhena, and saposhnikovia.



These bases effectively bridge industrial assistance with rural revitalization efforts. On one hand, through land transfers, labor employment, and contract purchasing, we directly guide and engage local farmers in cultivation, transforming traditional farmers into industrial workers. This establishes stable income channels, effectively boosting employment and income levels. On the other hand, we focus on enhancing the industrial capacity of rural areas themselves. For instance, in Hunan, Hubei, Sichuan, and other regions, we have jointly established standardized on-site washing and processing workshops. This helps unify processing standards across resource areas, builds an industrial chain from cultivation to processing, and strengthens the value capture capabilities and market risk resilience of rural industries. Simultaneously, through large-scale, standardized cultivation practices, we have effectively alleviated pressure on wild medicinal resources. This approach fosters a virtuous cycle between wildlife conservation and rural industrial development, establishing a sustainable green industrial foundation for local communities. Currently, the washing and processing workshop at the production site has provided employment for over a hundred local farmers. Currently, the washing and processing workshop at the production site has provided employment for over a hundred local farmers.

Throughout this process, the company prioritizes engaging local farmers by integrating technical training and market access into its cooperative framework. This approach ensures stable supply and quality control for key Chinese medicinal products while retaining industrial benefits in rural areas and empowering farmers with development momentum. It injects enduring, endogenous corporate strength into rural revitalization.

6.2.2 Accessible Chronic Disease Care and Community Support

Livzon has consistently integrated social responsibility into its corporate development, actively responding to national strategies and safeguarding public health with professional expertise. In 2025, the company's philanthropic initiatives will focus on two main pillars: routine support for chronic disease prevention and control, and emergency response to disasters, continuing to deliver warmth and strength to society.

Advancing Inclusive Chronic Disease Care

The company's "Accessible and Affordable Chronic Disease Management" public welfare project has been running for 8 consecutive years, consistently dedicated to delivering sustainable health support to grassroots and remote communities.

By the end of 2025, the "Accessible and Affordable Chronic Disease Management" initiative had expanded to 37 regions across 12 provinces and 4 autonomous regions nationwide, cumulatively benefiting over 48,000 patients for our services to address chronic diseases and establishing a robust grassroots health protection network.

In 2025, our initiative expanded to 11 counties and districts including Tongjiang County (Sichuan), Xianfeng County (Hubei), Hua County (Henan), Suzhou District (Gansu), Nyingchi (Tibet), Shandan County (Gansu), Neiqiu County (Hebei), Fangshan County (Shanxi), Shilou County (Shanxi), Rongjiang County (Guizhou), and Weiyuan County (Gansu). Through medication donations, we tangibly enhanced local residents' health management capabilities.

Addressing County-Level Needs in Western China



In November 2025, the project expanded into western counties, launching in Weiyuan County, Dingxi City, Gansu Province. Through deep collaboration with the China Rural Development Foundation, this initiative established a mechanism for matching needs with resource distribution. The project team conducted field research to understand the actual medication needs of low-income patients with chronic diseases, ensuring every donated box of medicine reached the families most in need. By leveraging the professional bridge provided by public welfare organizations, this initiative effectively linked corporate resources with grassroots healthcare, injecting sustainable health support into the local community.

Supporting Rural Revival



In October 2025, the project reached the revolutionary base area of Lüliang, Shanxi Province, launching the "Heartfelt Support for Base Areas, Care for Lüliang" public welfare donation campaign in Fangshan County and Shilou County. The company donated chronic disease medications worth a total of 2 million yuan to both locations, covering prevalent local conditions such as hypertension, hyperlipidemia, and cardiovascular and cerebrovascular diseases. To ensure the effectiveness of the assistance, the medications were distributed through the county-level health bureaus. Utilizing a meticulous management process of "dynamic monitoring and targeted distribution," the drugs were directed to township health centers, prioritizing economically disadvantaged families and patients with limited mobility. This approach effectively delivered "accessible and affordable" healthcare support to the people of the old revolutionary base areas.

Advancing Inclusive Chronic Disease Care *(Continued)*

Expanding Health Access to the Highlands

In September 2025, the "Accessible and Affordable Chronic Disease Management" initiative expanded to the Tibet Autonomous Region, with a donation ceremony successfully held at Nyingchi People's Hospital. Through the Shenzhen Women and Children Foundation, the company donated chronic disease medications valued at 1 million yuan to Nyingchi City. This initiative in Nyingchi signifies the project's nationwide network expansion into the Tibetan Plateau. It represents a crucial step by Livzon in actively promoting the distribution of high-quality medical resources to frontier regions, aligning with the national strategies of "Healthy China" and "Rural Revitalization."



Rapid Disaster Response

In the face of natural disasters and emergencies, Livzon has demonstrated swift responsiveness and profound compassion, immediately establishing a health barrier for affected compatriots.

48-Hour Emergency Relief for Rongjiang



In June 2025, the company's two close engagements with Rongjiang, Guizhou vividly demonstrated the integration of "long-term care" and "emergency response." Mid-June saw the "Accessible and Affordable Chronic Disease Management" project deliver chronic disease medications worth millions to the region, committed to sustained health improvement. Just over ten days later, when Rongjiang was suddenly struck by catastrophic flooding, the company swiftly activated its response based on its familiarity with and concern for the local situation. Within 48 hours, the disaster relief team efficiently coordinated the dispatch of 4,000 boxes of antiviral granules to the affected area. Recognizing the specific needs of the post-disaster environment and population, they also carefully prepared 2,000 boxes of sugar-free formulations. This shipment, embodying both speed and compassion, arrived safely on July 1st, seamlessly transitioning from chronic disease prevention to post-disaster epidemic control.

Support Hong Kong's Post-Disaster Reconstruction

In December 2025, a devastating fire struck Tai Po, Hong Kong, deeply affecting the community. Livzon swiftly decided to donate HK$10 million through the Zhuhai Red Cross Society to the Hong Kong Red Cross. This donation is specifically designated for emergency living assistance, temporary shelter, and post-disaster recovery and reconstruction for affected compatriots. Through concrete actions, Livzon supports Hong Kong residents in overcoming this crisis and extends its highest respect to all frontline rescue personnel.

6.2.3 Health Education and Support

Livzon is committed to public health, dedicated to enhancing national health literacy and supporting the development of professional talent. We conduct health science outreach activities and maintain ongoing investment in education, striving to create shared value for society through both knowledge dissemination and educational cultivation.

Building a Warm Platform for Accessible Health Knowledge

To break down barriers in health information access, Livzon launched the "Expert Insights" series of public health education initiatives in 2020. Focusing on critical disease areas including gastroenterology, mental health, urology, and reproductive health, the project integrates authoritative expert resources to build a professional, public-benefit, and sustainable science communication system.

By deepening our expertise in specialized health domains, we have developed vertical IP series such as "Mental Health Expert Insights," "Gastroenterology Expert Insights," and "Urology Expert Insights." By the end of the reporting period, the project had established partnerships with over 1,400 clinical experts. Utilizing popular formats like live streaming, science articles, and interactive Q&A sessions, it transformed complex medical knowledge into accessible content. The initiative has cumulatively served over 5 million users, achieved more than 1 billion total online impressions, and elevated public awareness in targeted disease areas.

This year, the company launched the "Livzon Science" column on its official platform. Aligning with health awareness days such as World Diabetes Day, World Mental Health Day, World Psoriasis Day, and International Stomach Health Day, it consistently publishes content on disease knowledge, treatment approaches, and health management concepts. This has established a regular science communication mechanism, enhancing public understanding of related diseases.

Innovating Public Engagement in Health Education

In 2025, as the title sponsor of the Zhuhai Marathon, Livzon transformed the racecourse into a vibrant celebration of health and vitality. Along the coastal route, the striking "Livzon Red" served not only as a brand emblem but also as a warm symbol of health guardianship. Livzon not only cheered on runners but also set up engaging interactive zones at the race expo—such as the "Digestive Maze" and "Personality Guide"—featuring educational mini-games. These allowed runners and citizens to discover the body's mysteries through playful activities while fostering proactive health management awareness. One participant reflected after the race: "This was more than just a competition; it was a vivid journey into wellness." This captures exactly what Livzon aspires to—making health a conscious choice woven into the fabric of daily life.

Investing in Education to Cultivate a Healthier Future

The future of health rests on today's youth. Livzon has long been committed to advancing medical education and actively supports national talent development. We have established robust scholarship and teaching support programs with renowned domestic institutions including China Pharmaceutical University, Shenyang Pharmaceutical University, and Sichuan University. Through initiatives such as scholarship endowments and research project funding, we motivate students to pursue rigorous academic excellence and empower young faculty to deepen their teaching expertise. Together, we lay the talent foundation for the sustainable development of China's pharmaceutical industry.

From online science outreach to offline engagement, from technological empowerment to educational dedication, Livzon Pharmaceutical Group has consistently prioritized "patient quality of life above all." We are committed to transforming professional medical expertise into shared societal health value. We go beyond providing treatment solutions, striving instead to give back to society through pharmaceutical knowledge and nurture the future through tangible care initiatives. We aspire to be a warm companion and proactive cultivator on the public's health journey.

6.3 INDUSTRY COLLABORATION AND STANDARDS PARTICIPATION

Livzon has always firmly believed that actively participating in industry collaboration and contributing professional expertise are essential pathways to driving progress and co-creating value. To this end, we proactively respond to regulatory calls by applying the experience and insights gained from our own production and operations to research on critical industry issues, thereby supporting the refinement and advancement of the entire pharmaceutical industry ecosystem.

Pioneering Smart Supervision for TCM Manufacturing

Amid the digital and intelligent transformation sweeping the traditional Chinese medicine (TCM) industry, in 2025, the Guangdong Provincial Drug Administration commissioned the Guangdong Association of Traditional Chinese Medicine to launch the "Smart Supervision Research Project for TCM Production." This initiative aims to fortify quality and safety defenses while unlocking new productive forces in TCM manufacturing. Leveraging its deep expertise in the field, our subsidiary Limin Factory emerged as a key contributor to the project, participating in drafting the Technical Specifications for Smart Supervision of TCM Production. We have now successfully completed the drafting, review, and refinement of these technical specifications, contributing a practical and actionable solution to the project. This achievement is expected to provide the Guangdong TCM industry with a unified, advanced reference standard for smart supervision. It will not only effectively enhance quality control throughout the entire production process but also offer robust technical support for the modernization of the TCM industry.

Advancing Innovation in the Quality Authorized Person System



At the core institutional level of pharmaceutical quality management, to deepen the implementation of the Quality Authorized Person system and strengthen product release risk control, the Guangdong Provincial Drug Administration spearheaded the launch of the "Research on Tiered Management of Pharmaceutical Quality Authorized Persons" project this year. As one of the industry representatives, we have been invited to participate in this constructive institutional exploration. The project is dedicated to researching and establishing a scientific tiered management system and dynamic management mechanism to optimize regulatory efficiency, enhance the professional capabilities and sense of responsibility among QAs, and comprehensively elevate pharmaceutical quality assurance standards. Currently, the research is progressing steadily. Leveraging our company's extensive experience in quality management system development and key personnel cultivation, we will actively contribute to discussions and offer recommendations. Our goal is to help explore more efficient and refined management models, thereby contributing to the standardization and healthy development of the QP industry within the province.



07 GREEN TRANSFORMATION

SAFEGUARDING OUR ECOLOGICAL HOMELAND THROUGH LOW-CARBON PRACTICES

7.1 CLIMATE ACTION

Faced with the severe challenges of global climate change, the associated health risks and operational pressures on businesses are becoming increasingly prominent. Livzon has taken concrete steps to advance greenhouse gas emissions reduction, contributing to the global climate response effort. Simultaneously, we actively monitor and mitigate health threats stemming from climate change, striving to lessen its dual impact on both environmental and societal health.

This year, we managed and disclosed climate-related impacts in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and completed the 2025 CDP Climate Change questionnaire.

7.1.1 Climate Governance System

Livzon places high importance on climate-related risks and opportunities, establishing a governance framework and operational mechanisms for climate-related matters, and integrating climate-related risks into the Group's overall risk management.

The ESG Committee leads climate change management efforts, reporting to the Board at least once annually. It oversees the identification, assessment, and management of climate-related risks and opportunities, develops and monitors the implementation of climate targets and response plans, and integrates these into the company's long-term development strategy. The ESG Working Group, serving as the executive body of the ESG Committee, coordinates with all departments, units, and subsidiaries to comprehensively implement climate change management. It regularly reviews and summarizes the Group's progress and outcomes in this area, reporting to the ESG Committee. The General Managers of the Production technology head office and subsidiaries are responsible for managing and overseeing the implementation of climate-related initiatives. Each subsidiary General Manager drives and ensures the execution of climate-related work across their respective functional departments, guaranteeing effective communication and action at the operational level.



Livzon Climate Governance Framework

- Board of Directors
- ESG Committee
- ESG Working Group
- Production technology head office of the Company
- General Managers of the Company's Subsidiaries
- Functional Departments: Production Department, Quality Department, Supply Chain Department, Finance Department, Market Development Department, EHS Department, and other relevant departments

7.1.1 Climate Governance System *(Continued)*

To address potential risks and opportunities arising from climate change, Livzon has established climate risk management processes and frameworks under the guidance and oversight of the Board of Directors and ESG Committee. Climate-related risks are integrated into the Group's overall risk management activities.

Annually, our company identifies potential climate-related risks and opportunities, engages external experts for assessment, and develops and implements corresponding response strategies. Progress and outcomes of these initiatives are documented in annual reports submitted to the ESG Committee for review.



Livzon Climate Risk Management Process

Step 1: Compile a list of potential climate risks

- Based on industry research reports, relevant policies issued by regulatory authorities, peer benchmarking, stakeholder surveys, interviews with business units, management interviews, and external information searches, we have preliminarily compiled a list of the Group's potential climate risks.
- Interviews were conducted with heads of relevant business units to gather their identified potential climate risks, ensuring a comprehensive and unbiased risk inventory.

Step 2: Conduct climate risk assessment

Climate-related scenario analysis and assessment were conducted for each climate risk and opportunity across the following two dimensions, with a composite scoring system applied to understand the potential impact of each risk and opportunity factor on the Group's operations:

- Time Dimension (Expected Timeframe of Risk Occurrence):
  Short-term (0-3 years), Medium-term (3-10 years), Long-term (10-30 years)
- Impact Dimension (Degree of Impact on Operating Performance):
  High, Medium-high, Medium, Medium-low, Low

Step 3: Develop response measures

Based on the climate risk assessment results, relevant business departments jointly develop response measures to form the Climate Risk Response Action Plan. After approval by the enterprise general manager, each relevant business department is responsible for implementation.

Step 4: Monitor and report

- Each relevant business department reports the implementation status of response measures to the enterprise general manager every six months and adjusts actions promptly based on actual conditions.
- The Group regularly compiles the Climate Risk Management Annual Report. After approval by the enterprise general managers and the ESG Working Group, it is submitted to the ESG Committee for review.

7.1.2 Climate Strategy and Scenario Analysis

Livzon is committed to fully integrating climate-related physical and transition risks into the Group's ESG risk management system while firmly seizing opportunities arising from climate change. We conduct detailed analysis of the financial impacts of these risks and opportunities, ensuring climate change considerations are embedded in the company's strategic decision-making.

Introduction to Climate Strategy and Scenario Analysis

- During the reporting period, the Group conducted a comprehensive assessment of the climate-related risks (including physical risks and transition risks) and opportunities facing its operations, fully incorporating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Through climate scenario analysis, the Group evaluated the adaptability of various aspects of its value chain to climate scenarios, the significance of climate-related risks, and the potential impact of transitioning to a low-carbon future on the Group.

Low-emission scenarios: SSP 1-2.6 and IEA NZE 2050

- In assessing physical risks, we selected the SSP 1-2.6 climate scenario. This scenario depicts a sustainable society dominated by clean energy, where nations recognize the severity of climate change, intensify climate action, and implement stricter climate policies to reduce carbon emissions, keeping global warming well below 2° C. Simultaneously, continuous technological advancements and heightened awareness drive a global transition toward low-carbon, low-energy consumption, as well as more climate-friendly production and consumption patterns. Global carbon dioxide emissions decrease significantly, though at a slower pace, achieving net-zero emissions after 2050. By 2055, the year we focus on, this scenario achieves a temperature rise of under 1.8° C. This timeframe aligns with our goal of achieving operational carbon neutrality by 2055.

- When assessing transition risks, we selected the IEA NZE 2050 scenario. This scenario reflects a global commitment to achieving net-zero emissions by 2050. Governments and industries undertake proactive climate action, driving widespread adoption of clean energy and enhanced energy efficiency through the formulation and implementation of new climate policies. Technological innovation and heightened public awareness accelerate the transition to a low-carbon economy, spurring businesses to take proactive steps in emissions reduction. Global CO2 emissions decrease significantly, and despite potential challenges in the reduction process, net-zero emissions are ultimately achieved by 2050.

High-emission scenarios: SSP 5-8.5 and IEA STEPS

- In assessing physical risks, we selected the SSP 5-8.5 scenario. This scenario follows a "business-as-usual" emissions pathway, focusing on the climate impacts of physical risk factors, with countries not implementing stringent climate policies. By 2055, this scenario projects a global temperature rise exceeding 2.5 degrees Celsius, potentially leading to sea level rise, changes in weather patterns, and more intense and frequent extreme weather events.

- For assessing transition risks, we selected the IEA STEPS scenario. This scenario reflects global energy and climate development pathways based on current policies. Under this scenario, governments advance energy structure optimization and clean energy technology development according to existing policy frameworks and plans. The STEPS scenario can be used to evaluate the potential and limitations of current policies in achieving the 2050 net-zero emissions target. It represents a slower pace of emissions reduction compared to the NZE 2050 scenario. While global CO2 emissions decrease under this scenario, achieving the same reduction effect as the NZE 2050 scenario requires more time and effort.



7.1.2 Climate Strategy and Scenario Analysis *(Continued)*

Material Uncertainty Factors

Low-emission scenarios

- **Policy Continuity Remains Uncertain:** While countries have implemented proactive emission reduction policies in the short term, political shifts may lead new administrations to adjust or abandon existing policies under pressure from economic interest groups. For instance, some nations have reduced renewable energy subsidies due to lobbying from traditional energy industries, hindering project progress.

- **Risk of Delayed Technological Breakthroughs:** Renewable energy R&D faces significant uncertainties. Critical technologies like high-efficiency solar cell materials and long-duration energy storage batteries may fail to meet timelines due to unresolved challenges, slowing the energy transition. Even when breakthroughs occur, funding shortages and market access barriers can impede commercial deployment.

- **Global Cooperation Challenges:** Addressing climate change demands close international collaboration. However, significant disagreements persist between developed and developing nations regarding the distribution of carbon reduction responsibilities, technology sharing, and financial assistance. These competing interests often impede cooperation, threatening the achievement of global emission reduction targets.



High-emission scenarios

- **Geopolitical Shocks:** Geopolitical conflicts can trigger volatility in global energy markets. Wars involving major oil-producing nations could disrupt oil supplies and drive up prices. Facing challenges in short-term energy transitions, countries may resort to increased extraction of fossil fuels like coal, exacerbating carbon emissions.

- **Unexpected Technological Breakthroughs:** Even amid overall slow technological progress, unexpected breakthroughs may emerge in critical sectors. For instance, the rapid, large-scale adoption of low-cost, efficient carbon capture and storage (CCS) technology could transform high-emission energy production models and reverse emission trends.

- **Public Awareness Shift:** As climate change impacts intensify, public environmental awareness may rapidly awaken, generating significant public pressure. This could prompt governments to increase environmental investments and strengthen carbon emission regulations, while businesses adjust strategies to reduce emissions in response to shifting consumer preferences.

Simultaneously, regarding assumptions about carbon pricing in various scenarios, although we are currently unaffected by carbon pricing, a significant increase in carbon prices under certain scenarios could impact our expenditures through value chain transmission. Therefore, we have incorporated carbon pricing considerations into our scenario analysis and integrated them into our climate strategy. While comprehensively improving energy efficiency, we will continue to increase the proportion of renewable energy use and reduce carbon emissions.

7.1.3 Climate Risk and Opportunity Analysis

In 2025, we assessed climate risks and opportunities across various scenarios based on two dimensions: likelihood of occurrence and impact severity. Using climate scores, we categorized the impact levels of climate risks and opportunities into five tiers: high, medium-high, medium, medium-low, and low. For risks and opportunities with significant implications for our Group, we developed and implemented specific action plans to address physical climate risks, transition climate risks, and climate opportunities.

1. Impact Analysis and Countermeasures for Physical Risks

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Timeframe for Risk Occurrence	Risk Description Core	Core Risk Impacts	Core Countermeasures
Acute Physical Risk	Typhoons, Floods, Heavy Rainfall	Low	Medium	Short-term (0-3 years)	Production bases are distributed across multiple regions including Northwest, Southwest, and South China. Under a global 1.5° C temperature rise, the frequency of once-in-20-years heavy rainfall increases by 10%, and once-in-100-years events by 20%; under a 2° C rise, corresponding frequencies increase by 22% and over 45%, respectively. Coastal bases are susceptible to typhoon landfalls from May to October.	May disrupt raw material and product transportation, hinder employee commutes; cause power, water, and steam outages; result in production halts and property damage, including damage to corporate buildings and equipment; impact production schedules and increase facility maintenance costs	1. Establish an emergency response system and develop the Extreme Weather Contingency Plan, clearly defining the responsibilities of the emergency office and all departments; 2. Proactively monitor weather warnings, conduct safety inspections and rectifications, deploy protective emergency equipment, and implement attendance and logistics arrangements; During events, reduce production, halt outdoor operations, suspend work as needed while maintaining on-site duty; 3. Post-event, assess losses, summarize lessons learned, and accelerate resumption of production; Regularly inspect and maintain equipment and facilities, insure assets in high-risk areas, and enhance protective measures; 4. Analyze supplier risks, develop key raw material stockpiling strategies, optimize transport routes, and strengthen partnership stability; 5. Activate purified water systems to ensure production water safety, and regularly test domestic and drinking water quality.

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Timeframe for Risk Occurrence	Risk Description Core	Core Risk Impacts	Core Countermeasures
Acute Physical Risk	Heat Waves/Cold Snaps	Low	Medium-Low	Short-term (0-3 years)	A heatwave is defined as daily maximum temperatures ≥35° C persisting for 3+ consecutive days, while a cold snap involves a 24-hour temperature drop ≥8° C with minimum temperatures ≤4° C. Cold snap occurrence rates are decreasing but intensity is increasing, while combined heatwave-heavy precipitation extreme events are becoming more frequent. Under global warming, both weather types show rising intensity trends.	Extreme heat increases cooling and ventilation demands in factories and offices, raising energy consumption and operational costs; peak electricity usage may trigger transmission interruptions, affecting production; Extreme cold necessitates enhanced heating, similarly driving up energy costs; road icing hinders material transport, causing raw material shortages and production stagnation; dry conditions increase fire and explosion risks, while low temperatures may cause equipment failures; both weather extremes may trigger employee health issues like heatstroke and cardiovascular diseases.	1. Develop peak-shifting electricity plans before high-demand periods, reserve backup energy sources, and refine emergency protocols; 2. Schedule summer hazardous material warehouse shipments outside high-temperature periods to reduce fire risks; 3. Assess supplier risks, develop key raw material stockpiling strategies, and strengthen partnerships to ensure supply; 4. Provide protective gear and install safety warning signs; conduct regular inspections of boilers and equipment, assess slip-prone areas, and insulate facilities to prevent equipment freeze damage during winter; 5. Develop emergency response plans for fires, explosions, leaks, etc., and conduct drills.
Chronic Physical Risk	Drought	Low	Low	Medium-term (3-10 years)	Global warming causes uneven regional precipitation distribution, with persistent rainfall decline in some arid areas and insufficient water replenishment. The frequency of extreme drought events shows a slow upward trend under high-emission scenarios, posing long-term threats to production activities dependent on stable water sources.	Insufficient production water supply forces reduced production scale or temporary shutdowns; securing production requires additional costs for alternative water sources or upgraded water-saving equipment. Drought-induced yield reductions in agricultural raw materials tighten upstream supply chains and drive up material costs; Disrupted production continuity reduces revenue stability.	1. Assess supply chain water dependency and prioritize partnerships with suppliers in regions with stable water resources; 2. Upgrade production processes, promote water-saving technologies, and increase water reuse rates; 3. Construct emergency water storage facilities to reserve critical production water volumes; 4. Dynamically monitor regional precipitation and water resource fluctuations, adjusting production schedules proactively; Participate in water conservation initiatives to ensure long-term water supply stability.

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Timeframe for Risk Occurrence	Risk Description Core	Core Risk Impacts	Core Countermeasures
Chronic Physical Risk	Rising Average Temperatures	Low	Medium-Low	Long-term (10-30 years)	Since 2015, the global warming trend has persisted, with "hottest year on record" records frequently being broken. Long-term average temperature increases have reduced the stability of the climate system, posing persistent challenges to temperature-sensitive production processes and product storage/transportation.	Temperature-sensitive pharmaceuticals and bioproducts face compromised synthesis processes, necessitating production parameter adjustments or new temperature control equipment, increasing production costs; Long-term refrigeration and ventilation demands in facilities rise, boosting overall energy consumption; Prolonged employee exposure to elevated temperatures increases heatstroke and heat-related illness risks, reducing productivity; Cultivation and storage conditions for certain raw materials (e.g., biological ingredients) are compromised, reducing supply chain quality stability.	1. Implement energy-efficient retrofits for air conditioning and ventilation systems in production facilities and offices to improve temperature control efficiency; 2. Provide adequate heatstroke prevention supplies to employees during summer, conduct regular health checkups with a focus on heat-related illnesses; 3. Integrate heat stress response knowledge into employee training and conduct regular heatstroke emergency response drills; 4. Adjust work schedules during extreme heat to avoid midday outdoor operations and ensure safe production; Proactively coordinate with power authorities to implement off-peak electricity plans, mitigating the impact of power restrictions.
Chronic Physical Risk	Air Pollution	Low	Medium-Low	Medium-term (3-10 years)	Global warming intensifies regional atmospheric circulation anomalies. Under high-emission scenarios, the dispersion of pollutants such as industrial emissions and dust is impeded, leading to increased frequency of smog and harmful gas pollution events. Some regions experience persistently elevated concentrations of pollutants like PM2.5 and VOCs.	Air quality in production facilities deteriorates, necessitating new or upgraded air purification equipment and increasing operational costs. Contaminants may corrode production equipment and precision instruments, shortening equipment lifespan and raising maintenance expenses. Prolonged employee exposure to polluted environments increases incidence of respiratory illnesses, allergies, and other health issues, leading to higher absenteeism rates. Product qualification rates decline in air-quality-sensitive production stages (e.g., precision manufacturing, biopharmaceuticals).	1. Upgrade workshop ventilation and air purification systems, conduct regular air quality testing to ensure compliance standards; 2. Provide employees with professional protective masks and other equipment, strengthen health monitoring, and establish health records; 3. Optimize production processes to reduce exhaust emissions and promote clean production; 4. Activate emergency plans during pollution events, adjust outdoor work schedules, and implement production cuts when necessary; 5. Conduct regular maintenance on production equipment, add anti-corrosion treatment steps, and extend equipment lifespan.

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Timeframe for Risk Occurrence	Risk Description Core	Core Risk Impacts	Core Countermeasures
Chronic Physical Risk	High Humidity	Low	Low	Medium-term (3-10 years)	Climate warming has increased precipitation and accelerated water vapor evaporation in some areas, maintaining persistently high relative humidity. This high-humidity environment is particularly pronounced during rainy seasons and in coastal regions, with extended duration.	High humidity accelerates rust and corrosion on production equipment and metal components, increasing electrical short-circuit risks. Raw materials (e.g., paper packaging, chemical ingredients) absorb moisture and deteriorate, leading to mold growth and dampness during storage that compromises product quality. Slippery workshop floors heighten safety hazards like employee falls. Efficiency declines in certain production processes (e.g., drying, packaging), necessitating additional dehumidification equipment and increased energy consumption.	1. Install industrial dehumidifiers in production workshops and warehouses to maintain relative humidity within acceptable ranges; 2. Optimize storage layouts, use moisture-proof packaging for raw materials and finished goods, and elevate storage to avoid ground contact; 3. Regularly perform moisture-proof maintenance on equipment and install moisture-proof protection devices on electrical equipment; 4. Enhance workshop floor anti-slip treatment, install warning signs, and regularly clear standing water; 5. Adjust production schedules to prioritize humidity-insensitive production processes during high-humidity periods.
Chronic Physical Risk	Water Shortages	Low	Low	Short-term (0-3 years)	Production processes require substantial water resources for raw material processing, product synthesis, equipment cleaning, and other stages. Global water scarcity is intensifying, with declining surface and groundwater reserves in some production base regions, impacting water supply stability.	Forced reductions in production scale or temporary shutdowns; increased production costs due to measures like water recycling and water-saving technologies implemented to maintain operations; disrupted supply of upstream raw materials dependent on specific regional water sources, leading to unstable supply; potential deterioration in domestic and industrial water quality, requiring additional water purification costs.	1. Continuously conduct water risk assessments for production facilities, set clear water conservation targets, and develop and implement improvement measures; 2. Monitor geographical climate and water level data; activate emergency protocols immediately when water levels reach critical thresholds; 3. Implement strict water usage controls to reduce fresh water consumption; upgrade wastewater treatment systems to increase reuse rates; 4. Establish robust water resource management systems and evaluation frameworks, incorporating water conservation metrics into departmental performance assessments; 5. Deploy buffer production water tanks and develop emergency water supply contingency plans to ensure critical production processes remain operational.

7.1.3 Climate Risk and Opportunity Analysis *(Continued)*

2. Impact Analysis and Countermeasures for Transformation Risks

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Risk Occurrence Timeframe	Core Risk Description	Core Impacts of Risks	Core Countermeasures
Legal Risk	Strengthened requirements and regulation of existing products and services	Low	Low	Medium Term (3-10 years)	China has introduced multiple policies for carbon peaking and pollution reduction, with potential future implementation of further coordinated emission reduction measures or restrictions on energy-intensive capacity expansion.	Asset write-offs, impairments, or accelerated depreciation; increased insurance premiums, R&D expenditures, capital costs, and compliance expenses	1. Optimize product portfolio by replacing high-consumption, high-pollution, low-value-added products; 2. Enhance transportation decarbonization through adoption of new energy transport vehicles; 3. Engage professional consultants to assess energy efficiency and implement targeted improvements.
Legal Risk	Litigation risk	Low	Low	Medium Term (3-10 years)	Amid increasingly stringent environmental policies, enterprises failing to meet emission reduction and compliance requirements may face litigation risks.	Potential litigation costs and fines, impacting corporate reputation and financial performance	1. Strictly comply with environmental laws and regulations to ensure compliant operations; 2. Establish a compliance risk early warning mechanism and conduct regular compliance self-inspections; 3. Improve the environmental management system and maintain documentation supporting compliance.
Legal Risk	Increased pricing of greenhouse gas emission rights	Low	Low	Medium Term (3-10 years)	Should the pharmaceutical industry be incorporated into the national carbon quota trading market, emission rights pricing may rise, requiring companies to adopt more aggressive reduction measures or achieve compliance through trading.	Rising carbon trading expenses, higher energy prices, and raw material shortages indirectly driving up operating costs	1. Strictly adhere to environmental laws and regulations to ensure compliant operations; 2. Establish compliance risk early warning mechanisms and conduct regular self-audits; 3. Refine environmental management systems and maintain compliance documentation.

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Risk Occurrence Timeframe	Core Risk Description	Core Impacts of Risks	Core Countermeasures
Technology Risk	Substitution of existing products and services with low-carbon alternatives	Low	Low	Medium Term (3-10 years)	To meet low-carbon transition requirements, existing products and services must be upgraded using low-carbon alternative materials or eco-friendly processes, presenting uncertainties regarding technological adaptation and market acceptance.	Potential increased transition costs; if alternative products fail to meet expectations, affecting production efficiency or product quality	1. Establish a greenhouse gas emissions management framework, define reduction targets, and form dedicated teams to advance mitigation efforts; 2. Upgrade technologies to enhance efficiency and reduce consumption, optimize operational energy controls, and replace or retrofit high-energy-consumption equipment; 3. Promote resource recycling, optimize energy structures, and increase the proportion of clean energy; Strengthen employee training on energy conservation awareness and promote green operational practices.
Technology Risk	Failed investments in new technologies	Low	Low	Medium Term (3-10 years)	Investments in new technologies like environmentally friendly raw materials and energy-saving equipment for emissions reduction and compliance may fail due to suboptimal results or cost overruns.	Rising product costs and diminished market competitiveness; existing asset write-offs and impacted production capacity; potential decline in product demand	1. Conduct advance market research and technical assessments for low-carbon products, selecting mature and suitable alternatives; 2. Implement phased replacement processes while optimizing production workflows to accommodate low-carbon products; intensify market promotion to guide customer adoption of low-carbon alternatives.
Technology Risk	Costs of low-carbon technology transition	Low	Low	Medium Term (3-10 years)	Low-carbon technology R&D, equipment procurement, and process modifications require substantial capital investment with extended transition cycles.	Short-term capital expenditure increases affecting cash flow; inefficient transition may prevent timely cost recovery	1. Increase R&D and market promotion of new technologies; optimize existing product processes; develop green, low-carbon production techniques. Operate new technologies alongside legacy processes to mitigate transition risks; thoroughly evaluate investment feasibility, select proven technologies, and conduct pilot testing; provide employee training on new technology operations to ensure smooth implementation.

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Risk Occurrence Timeframe	Core Risk Description	Core Impacts of Risks	Core Countermeasures
Market Risk	Changes in customer behavior	Low	Low	Short Term (0-3 years)	Heightened public environmental awareness drives customer preference toward products with minimal environmental impact and sustainable production.	Declining demand for existing high-carbon products and inventory write-offs; failure to meet customer ESG requirements may hinder partnership formation	1. Develop a phased transition plan, allocate funds rationally, and control investment pace; 2. Prioritize low-carbon technologies with high input-output ratios and rapid results; 3. Secure government subsidies and policy support for low-carbon transition to reduce cost pressures
Market Risk	Market information uncertainty	Low	Low	Long-term (10-30 years)	Climate change and dual-carbon policies amplify uncertainties in market demand, regulatory environments, and competitive landscapes.	Potential power/water rationing and electricity price hikes causing production declines and supply delays; rising raw material costs	1. Adjust product portfolio to focus on green, low-carbon product development; Increase environmental investments to enhance ESG performance, disclosing related initiatives in ESG reports; Proactively engage with customers to address their ESG-related demands
Market Risk	Rising raw material costs	Low	Low-to-Moderate	Short-term (0-3 years)	Extreme weather and energy transitions may cause supplier production cuts or shutdowns, increasing challenges in sourcing bio-based materials while driving up energy and raw material costs.	Rising production costs; potential raw material shortages disrupting production continuity	1. Closely monitor market dynamics and energy policies to obtain timely information; 2. Develop contingency plans, equip emergency generators and water reservoirs; establish communication mechanisms with power supply departments to implement peak-shifting electricity usage in response to policy changes

Risk Tier	Risk Name	Low-emission Scenario Climate Score	High Emission Scenario Climate Score	Expected Risk Occurrence Timeframe	Core Risk Description	Core Impacts of Risks	Core Countermeasures
Reputational Risk	Stakeholder concerns and negative feedback	Low	Low	Short-term (0-3 years)	Investors, consumers, and other stakeholders increasingly scrutinize corporate environmental performance, focusing on carbon emissions and resource utilization.	Lower ESG ratings and reputational damage reducing available capital; recruitment and retention challenges impacting revenue and costs	1. Pursue technological innovation to identify alternative raw materials and energy sources, explore domestic substitution solutions; 2. Collaborate with suppliers to establish cultivation bases, sign long-term contracts, and develop alternative suppliers; 3. Pre-stock high-volume, long-shelf-life materials; optimize packaging to reduce costs; 4. Improve production techniques to increase yield and boost renewable energy usage
Reputational Risk	Industry stigmatization	Low	Low	Medium-term (3-10 years)	Poor industry-wide environmental performance or individual corporate environmental issues may expose companies to industry-wide stigmatization risks.	Damaged brand image and diminished customer trust; hindered market expansion affecting long-term growth	1. Enhance ESG governance by setting and implementing carbon reduction and energy management targets; 2. Proactively address stakeholder inquiries and promptly disclose climate-related risks and mitigation measures; 3. Strengthen EHS compliance management, build green factories, and elevate brand value

7.1.3 Climate Risk and Opportunity Analysis *(Continued)*

3. Analysis of the Impact of Opportunities and Countermeasures

Opportunity Type	Low-emission scenario climate score	High Emission Scenario Climate Score	Opportunities Impact Core	Opportunity Description Core	Core Countermeasures
Resource Efficiency	Low	Low	1. Reduce operating costs, boost production capacity and revenue; 2. Increase fixed asset value; 3. Improve working environment, lower labor management costs	Address risks of rising raw material and labor costs alongside logistics disruptions by optimizing equipment, processes, and transportation to enhance resource utilization and meet environmental requirements	1. Refine production techniques to boost yield rates and optimize high-energy-consumption inspection methods; 2. Adjust product portfolio by replacing low-value-added, high-consumption products; 3. Upgrade supply chain management, introduce automated equipment, and shorten production cycles; 4. Increase transport loading rates and adopt new energy transport vehicles; 5. Replace high-energy-consumption equipment and consolidate production processes with facility resources; 6. Strengthen energy and water resource management, promote recycling and reuse; Construct green factories, prioritize leasing green buildings for offices
Energy Substitution	Low	Low	1. Reduce operating costs, mitigate fossil fuel price hike risks; 2. Cut carbon emissions, lessen sensitivity to carbon trading prices; Enhance brand reputation, increase product demand	Under fossil fuel price volatility risks, leverage energy transition policies to develop renewable energy and participate in carbon trading for long-term returns	1. Advance photovoltaic power generation projects across production facilities, explore other clean energy sources; 2. Integrate clean production initiatives such as photovoltaic construction and automation upgrades; 3. Conduct regular clean production audits to continuously optimize environmental strategies; 4. Establish clean production incentive mechanisms to enhance carbon trading profit potential

Opportunity Type	Low-emission scenario climate score	High Emission Scenario Climate Score	Opportunities Impact Core	Opportunity Description Core	Core Countermeasures
Products and Services	Low	Low	1. Open new revenue streams and enhance market competitiveness; Optimize brand image to attract consumers and investors	Align with consumer environmental demands by developing climate-related disease treatments and low-carbon products to meet shifting market preferences	1. Develop drugs for climate change-related diseases like tropical infectious diseases; 2. Focus on green, low-carbon product development and build a green manufacturing system.
Market	Low	Low	1. Enter emerging markets to diversify income and financial assets; 2. Leverage policy subsidies to strengthen product competitiveness	Changing disease patterns driven by climate change create new pharmaceutical demand; government and international incentives, coupled with green finance, unlock financing opportunities	1. Monitor emerging disease-related markets to expand new business opportunities; 2. Explore green financial products like green deposits to diversify financing channels; 3. Track environmental policies to apply for government subsidies and incentives through green factory construction and energy efficiency certifications.
Resilience	Low	Low	1. Elevate market valuation of infrastructure and assets; 2. Enhance operational flexibility and supply chain stability; Improve environmental sustainability and market competitiveness	Mitigate climate-related losses by strengthening infrastructure resilience, optimizing supply chains, and investing in environmental technologies amid frequent extreme weather events	1. Select eco-friendly materials and processes to build green factories and office buildings, enhancing asset valuation; 2. Vigorously promote photovoltaic power generation and explore diverse clean energy sources to secure energy supply; 3. Upgrade supplier management by assessing their climate risk response capabilities and implementing tiered planning; Research energy-saving projects like photovoltaic storage to improve production power supply reliability.

7.1.3 Climate Risk and Opportunity Analysis *(Continued)*

Financial Impact of Climate Risks and Opportunities

During the reporting period, we conducted financial impact assessments for four climate risks and opportunities–Physical Risk: Heavy Rainfall, Physical Risk: Rising Average Temperatures, Transition Risk: Raw Material Cost Changes, and Opportunity: Use of Energy-Efficient Technologies–ensuring information was reasonably accessible and cost-effective.

Physical Risk – Heavy Rain

- **Potential Financial Impact:** Approximately RMB25 million, including:
- **Asset Losses:** Continuous and frequent heavy rainfall may damage production facilities and equipment, resulting in asset impairment or repair costs.
- **Production Interruption:** Torrential rains may damage water and power supply infrastructure in the company's location, preventing employees from reporting to work normally. This forces production lines to halt, leading to reduced output value.
- **Risk Response Costs:** Approximately RMB4 million, including:
- **Asset Maintenance:** To mitigate operational disruption risks from heavy rains, the company must conduct preventive inspections and maintenance on production equipment and related infrastructure to enhance operational stability during extreme weather.
- **Emergency Supply Stockpiling:** Pre-purchasing and storing storm-preparedness materials such as sandbags, waterproof tarps, and drainage equipment. Related material costs are calculated based on procurement volume and unit prices.
- **Facility Repairs:** Comprehensive repairs and maintenance across all plant areas to ensure normal facility operation.

Physical Risk – Rising Average Temperatures

- **Potential Financial Impact:** Approximately RMB0.9 million, including:
- **Increased Production Costs:** Rising temperatures may lead to higher energy consumption, such as increased electricity demand for cooling, thereby driving up the company's energy-related expenditures.
- **Increased Employee Health-Related Expenditures:** Prolonged high temperatures may increase the risk of employees experiencing heatstroke or other heat-related health issues, potentially leading to higher medical costs, work-related injury expenses, and other associated costs.
- **Risk Mitigation Costs:** Approximately RMB1.5 million, including:
- **Facility Upgrades and Energy Efficiency Retrofits:** Rising average temperatures may necessitate upgrades or retrofits to factory ventilation, heat dissipation, and air conditioning systems to maintain suitable production and office environments, increasing capital expenditures and related maintenance costs.
- **Enhanced Employee Health Protection:** To safeguard employee health and safety, the company may need to increase investments in health screenings, heatstroke prevention measures, and related benefits, leading to higher associated expenses.

Transition Risk – Raw Material Cost Fluctuations

- **Potential Financial Impact:** Approximately RMB8.6 million, including:
- **Increased Direct Material Costs:** Rising prices of raw materials (such as Chinese medicinal herbs like Codonopsis pilosula and Astragalus membranaceus) lead to higher product costs, thereby impacting company profits.
- **Rising Energy Costs:** Increased production costs due to higher energy prices, consequently affecting company profits.
- **Risk Mitigation Costs:** Approximately RMB0.32 million, including:
- **Costs for alternative materials:** Additional R&D, testing, and procurement expenses may be incurred to identify and source substitute materials.
- **Costs for energy-saving retrofit projects:** Expenses include equipment procurement, installation and commissioning fees, and personnel training costs.
- **Supply chain management costs:** Strengthening collaboration with suppliers to ensure stable raw material supply may require additional supply chain management fees, such as information system upgrades and personnel training expenses.

Opportunity – Utilizing Energy-Saving Technologies

- **Potential Financial Impact:** Approximately RMB5.9 million, including:
- **Energy Cost Savings:** Implementing energy-saving retrofit projects is expected to yield significant reductions in energy expenses.
- **Government Subsidies and Tax Incentives:** Utilizing energy-efficient technologies may qualify for government subsidies and tax breaks, further boosting company profits.
- **Costs to Realize Opportunities:** Approximately RMB8.3 million, including:
- **Energy Retrofit Project Costs:** Covering equipment procurement, installation and commissioning, personnel training, etc.
- **Production delay costs:** Energy-saving retrofits may cause temporary production line shutdowns, resulting in corresponding production delay costs. These include employee wages during downtime and equipment depreciation expenses.
- **Technology introduction and R&D costs:** If the company needs to introduce or develop new energy-saving technologies, additional technology acquisition fees or R&D expenditures may be required.

7.2 ENVIRONMENTAL MANAGEMENT AND ECOLOGICAL PROTECTION

7.2.1 Environmental Management System

Livzon has consistently regarded environmental protection as a core responsibility, embracing green and low-carbon development principles while actively fulfilling corporate social responsibilities. We strictly adhere to laws and regulations including the Environmental Protection Law of the People's Republic of China. Guided by related standards, we have refined our Environmental, Occupational Health, and Safety Management Policy, continuously optimizing our environmental management system and enhancing management capabilities. By integrating low-carbon principles throughout the entire production and operational process, we contribute to the nation's dual carbon goals and advance sustainable development.

To comprehensively enhance environmental management practices, the company has established an EHS management system covering the entire group, clearly defining management responsibilities at all levels. We continuously strengthen environmental awareness among all employees through energy-saving and emission-reduction initiatives, environmental training, and other activities. At the operational level, the EHS department centrally manages wastewater, exhaust emissions, waste disposal, and noise control, continuously improving management efficiency through process optimization and regular monitoring. Simultaneously, we track environmental policy developments monthly, updating systems in line with operational realities to ensure management requirements are fully implemented and remain current.

For key areas including exhaust emissions, wastewater treatment, solid waste, noise control, and energy, the company has established a series of systems such as the Exhaust Emission Management Procedure, Sewage Management Procedure, Solid Waste Management Procedure, Noise Emission Management Procedure, and Energy Management Procedure, strictly requiring all production enterprises to comply. Furthermore, through signing environmental target responsibility agreements, each production facility clearly defines annual key objectives and implementation plans, subject to regular audits and evaluations to ensure all environmental initiatives are effectively implemented and yield tangible results. The company has also established a clear accountability mechanism for policy implementation, utilizing periodic reviews and assessments to guarantee the effective execution and achievement of all systems and objectives.

To ensure the efficient operation of the environmental management system and the continuous improvement of EHS management performance, we have constructed a clearly defined hierarchical management structure. This structure delineates EHS management responsibilities to ensure the fulfillment of primary responsibilities. Furthermore, the company regularly engages third-party institutions to verify and evaluate the development and implementation of its environmental policy provisions and related environmental and sustainability initiatives. By consulting external stakeholders, we maintain alignment between our systems and industry trends and policy requirements, driving the continuous optimization and advancement of environmental management.

Strategic Level	The Board of Directors establishes an ESG Committee responsible for formulating EHS policies and systems related to environmental management and resource utilization. The committee regularly reviews implementation progress and reports to the Board on its work.
Management Level	The company's Production technology head office oversees the planning and implementation of overall EHS initiatives, while supervising and guiding subsidiary companies in their EHS-related operations.
Operational Level	Each subsidiary establishes an EHS department specifically responsible for implementing energy conservation and emission reduction, managing waste discharge, climate risk management, carbon emission control, environmental technology upgrades and investment safeguards, as well as occupational health and safety.

7.2.1 Environmental Management System *(Continued)*

ESG Performance Linked to Compensation

We have established a mechanism linking ESG performance to compensation, incorporating ESG metrics into management performance evaluations with a 10% weighting. Failure to meet ESG assessment targets will directly impact management's annual performance bonuses. Additionally, we have extended ESG metrics to subsidiary performance evaluations, with specific implementation details as follows:

ESG Task Force Evaluation Mechanism	ESG metrics (weighted at 10%) will be incorporated into the individual performance evaluations of ESG task force members, covering the achievement of environmental targets and carbon reduction goals, as well as ESG governance effectiveness. Failure to meet ESG assessment metrics will result in proportional deductions from annual performance bonuses.
EHS Management and Subsidiary Evaluation Mechanism	ESG and EHS-related metrics shall be incorporated into the performance evaluations of the company's EHS department head, EHS management at subsidiaries, and subsidiary operational performance. These metrics include environmental targets, carbon reduction targets, ESG governance, and EHS performance. The ESG assessment accounts for 10% of the company EHS department head's evaluation, while subsidiary EHS bonuses are determined based on assessment scores.
Special Incentive Mechanism for API Manufacturers	Given the high energy consumption and emissions typical of active pharmaceutical ingredient (API) manufacturers, the company has established a dedicated bonus program for these facilities. Companies achieving emission reduction targets will receive rewards based on predetermined standards, incentivizing active pharmaceutical ingredient manufacturers to proactively pursue energy conservation and emission reduction initiatives.

Internal Audit and External Audit

All production facilities within the Group adhere to the requirements of the ISO 14001 Environmental Management System, continuously operating and maintaining the system's effectiveness through the "Plan-Do-Check-Act" (PDCA) cycle. Concurrently, the Group has established a comprehensive oversight mechanism. By conducting regular internal audits and external reviews, it comprehensively evaluates the operational status and effectiveness of each subsidiary's EHS management system. Based on these assessments, targeted improvement measures are formulated to drive the continuous enhancement of the Group's overall EHS management capabilities.

Regarding internal audits, the Group has implemented a systematic EHS internal audit system that regularly covers all production facilities. Audit content encompasses key areas such as EHS compliance, implementation of the "three simultaneous" requirements, and operation of pollution control facilities. Specifically: – Internal EHS audit is conducted annually by the Group's Production Technology Head Office and rectification progress is tracked. – The API Business Department organizes 3-4 specialized cross-checks per year. – Each production facility holds at least one company-level EHS meeting and inspection monthly, implementing corrective actions. – Facilities certified under ISO systems undergo one comprehensive internal audit and management review annually, where management assesses system effectiveness and identifies improvement directions. This year, the Production technology head office conducted 22 audits of Group production facilities, organized cross-checks between API and formulation enterprises, and enhanced corporate EHS management standards.

Regarding external audits, all ISO 14001-certified production facilities have established standardized audit mechanisms. They receive annual third-party verification and triennial recertification audits to ensure continuous compliance and the standardized operation of environmental management systems.

During the reporting period, Livzon experienced no major sudden environmental pollution incidents. The Company has not paid significant fines to environmental or ecological issues. All exhaust gases and wastewater were treated to meet discharge standards before release or reuse. No environmental monitoring parameters exceeded limits, and all waste was disposed of or recycled in compliance with regulations.

7.2.1 Environmental Management System *(Continued)*

Internal Audit and External Audit *(Continued)*

This year, Livzon's expenditures on environmental protection amounted to a total of RMB72.09 million, as follows:

Environmental Protection Operation and Maintenance Investment	RMB65.14 million
Environmental Protection Equipment Upgrade Investment	RMB6.95 million

The Company actively promotes ISO environmental management system certification for its subsidiaries, implements clean production practices, and conducts green factory assessments to strengthen environmental management through standardized and systematic approaches, thereby enhancing overall corporate environmental management standards. All production facilities within the Group have established internal environmental management systems.

As of the reporting period, 14 production facilities within the Group have obtained GB/T 24001-2016/ISO 14001:2015 environmental management system certification.

During the current fiscal year, three of the Group's manufacturing facilities obtained "National-Level Green Factory" certification, one facility received "Provincial-Level Green Factory" certification, and six factories conducted HAZOP analyses on production lines with higher risk levels.

No major unexpected environmental incidents occurred during the current fiscal year. The Group did not incur any significant administrative penalties from ecological and environmental authorities or face criminal liability due to environmental incidents.

7.2.2 Environmental Management Objectives

In accordance with the Hong Kong Stock Exchange's ESG Reporting Environmental Key Performance Indicators Guidelines, the Group has established the "Livzon Group 2021-2025 Environmental Management Targets." The Production technology head office continuously monitors progress toward these targets across the Group and its subsidiaries. The ESG Committee regularly reviews environmental management strategies and performance, proposes improvement recommendations, and reports to the Board of Directors. Based on established objectives, the Group consistently advances daily monitoring and periodic inspections of pollutant emissions and resource utilization to ensure effective implementation.

Livzon established carbon dioxide reduction targets and carbon neutrality goals (Scope 1 and Scope 2) in 2021. By 2025, the company will continue advancing carbon inventory efforts. Building upon the completion of Scope 1 and Scope 2 verifications, it will conduct a Scope 3 carbon inventory covering the entire value chain for the second consecutive year, comprehensively mapping its carbon footprint.

This year, the Group assessed the achievement of its 2021-2025 environmental targets. Integrating industry trends, business development, and expert opinions from external stakeholders, it comprehensively evaluated the situation from multiple dimensions. The environmental performance evaluation system was updated, and the "Livzon Environmental Management Targets for 2026-2030" were formulated, charting a clear path for the next phase of sustainable development planning.

Livzon 2024-2025 Environmental Management Targets and 2025 Outcomes

Project	Indicator	2025 Targets	Change from Base Year in 2025
Sulfur Dioxide (SO_2)	Emissions per 10,000 yuan of output value	Decrease of 2.2% compared to the previous year	Decrease of 54.31% compared to 2020
Chemical Oxygen Demand (CODcr)	Emissions per 10,000 yuan of output value	Decrease of 2.2% compared to the previous year	Decrease of 18.73% compared to 2020
Hazardous Waste	Disposal volume per 10,000 yuan of output value	Decrease of 0.5% compared to the previous year	Increase of 310.87% compared to 2020
Non-Hazardous Waste	Disposal volume per 10,000 yuan of output value	Decrease of 0.5% compared to the previous year	Decrease of 28.12% compared to 2021
Water	Consumption volume per 10,000 yuan of output value	Decrease of 3% compared to the previous year	Decrease of 8.44% compared to 2020
Electricity	Consumption volume per 10,000 yuan of output value	Decrease of 3% compared to the previous year	Decrease of 4.31% compared to 2020
Ammonia Nitrogen	Emissions per 10,000 yuan of output value	Decrease of 2.0% compared to the previous year	Decrease of 7.01% compared to 2021
VOCs	Emissions per 10,000 yuan of output value	Decrease of 2.0% compared to the previous year	Decrease of 9.59% compared to 2021
Nitrogen Oxides (NOx)	Emissions per 10,000 yuan of output value	Decrease of 2.0% compared to the previous year	Decrease of 7.28% compared to 2021
Particulate Matter	Emissions per 10,000 yuan of output value	Decrease of 2.0% compared to the previous year	Decrease of 52.63% compared to 2021

Note: The base year for water, electricity, chemical oxygen demand, sulfur dioxide, and hazardous waste is 2020. The base year for the remaining five environmental management targets is 2021.

Livzon 2024-2025 Environmental Management Targets and 2025 Outcomes *(Continued)*

The Company's carbon dioxide reduction targets, this year's achievement status, and carbon neutrality goals are detailed in the table below：

Indicators	Objectives and Completion Status
Carbon Dioxide Emissions (Scope 1 and Scope 2)	✓ Carbon Emission Targets: Based on the previous year's carbon emissions, the total increase shall not exceed 2.78%, and carbon emissions per 10,000 yuan of output value shall decrease by 6.67%. ✓ 2025 Achievement Status: Total carbon emissions decreased by 8% compared to 2024 and by 19.84% compared to 2020; carbon emissions per 10,000 yuan of output value decreased by 6.78% compared to 2024 and by 23.11% compared to 2020. ✓ Achieve carbon neutrality by 2055

To manage the environmental impact of our operations and drive green growth, we have established Environmental Management Targets for 2026-2030. These targets are based on the Group's overall business projections for 2026-2030 and the emission reduction potential of each production facility.

Environmental Management Targets for 2026-2030:

Number	Indicator	2030 Target
1	Carbon dioxide emissions per RMB10,000 of output value (Scope 1 and 2)	Not exceeding 2025
2	Comprehensive Energy Consumption per RMB10,000 of Output Value	Not exceeding 2025
3	Water Consumption per RMB10,000 of Output Value	5% reduction from 2025
4	Air Pollutant Emissions per RMB10,000 of Output Value	10% reduction from 2025
5	Non-Hazardous Waste Disposal Volume per RMB10,000 of Output Value	5% reduction from 2025
6	Hazardous Waste Disposal Volume per RMB10,000 of Output Value	Increase not exceeding 15% of 2025 levels

The baseline year: 2025;

**Air pollutants include sulfur dioxide, nitrogen oxides, particulate matter, and VOCs.*

For the second consecutive year, the Group conducted a comprehensive inventory of Scope 3 greenhouse gas emissions. In 2025, Livzon Group's location-based Scope 3 greenhouse gas emissions are as follows. By mapping Scope 3 emission sources, we have identified reduction potentials across all segments of the upstream and downstream value chain. We will continue to translate these reduction potentials into concrete actions through initiatives such as empowering suppliers and optimizing resource consumption, collaborating with ecosystem partners to build a sustainable future.

Scope 3 Emissions Categorized According to GHG Protocol Methodology	Emissions (metric tons of CO2 equivalent/year)	Percentage
1: Purchased Goods and Services	208,723.41	35.39%
2: Capital Goods	4,489.38	0.76%
3: Fuel and Energy-Related Activities (Not Included in Scope 1 or Scope 2)	109,693.90	18.60%
4: Upstream Transportation and Distribution	4,506.27	0.76%
5: Operational Waste Generation	19,173.55	3.25%
6: Business Travel	2,517.87	0.43%
7: Employee commuting	50,624.44	8.58%
8: Upstream leased assets	497.26	0.08%
9: Downstream transportation and distribution	173.31	0.03%
10: Processing of sold products	67,324.15	11.42%
11: Use of sold goods	4,619.17	0.78%
12: End-of-life disposal of sold goods	24,897.35	4.22%
13: Downstream leased assets	318.13	0.05%
14: Franchises	0.00	0.00%
15: Investments	92,141.61	15.63%
Total	589,699.79	100.00%

Against the backdrop of climate change mitigation, Fuzhou Fuxing has formally submitted and established near-term science-based carbon targets approved by the Science Based Targets initiative (SBTi). The company commits to achieving a 63.0% absolute reduction in direct and indirect greenhouse gas emissions (Scope 1 and Scope 2) from its operations by 2035, using 2023 as the baseline year. Simultaneously, the company has integrated critical upstream segments of its value chain into emissions reduction management, pledging to cut absolute emissions from procured goods, services, and associated energy activities (Scope 3) by 37.5% within the same timeframe. This operational emissions target, validated by SBTi, aligns its reduction pathway with the global goal of limiting global warming to 1.5° C. This marks a solid and crucial step forward in the company's journey toward low-carbon transformation.

Furthermore, Fuzhou Fuxing has participated in the EcoVadis sustainability rating since 2020. Through continuous improvement of its management systems, the company has steadily elevated its score, achieving its first Bronze certification (56 points) in the 2023-2024 assessment period. In the 2024-2025 period, the score further increased to 60 points, maintaining Bronze level for two consecutive years.

Environmental Risk Management

To enhance systematic environmental risk management capabilities, the company regularly conducts environmental risk identification and assessment in accordance with regulations such as the "Requirements for Environmental Factor Identification and Evaluation" and "EHS Change Management Guidance," integrated with ISO 14001 system requirements. Control measures are continuously refined through environmental facility upgrades, strengthened emergency response capabilities, and optimized management practices, thereby elevating risk prevention and control standards.

Environmental Risk Identification and Assessment

To effectively prevent and address environmental risks, our company has comprehensively implemented environmental risk assessment initiatives. We systematically analyze various environmental factors potentially involved in production and operational activities. By applying scoring methodologies to evaluate risk levels, we compile a list of significant environmental factors and formulate corresponding management strategies and control measures. This approach minimizes environmental risks and prevents environmental incidents.

The company identifies environmental risks from two dimensions: internal production and external environment:

- **Internal Risks:** Focuses on storage, usage, and transportation of hazardous chemicals (e.g., acetone, methanol), as well as potential leaks, fires, and excessive emissions during wastewater, exhaust gas, and waste residue treatment processes.
- **External Risks:** These encompass potential facility damage from natural disasters and the impact of accidents at neighboring enterprises on our environmental quality.

In environmental risk assessments, we have prioritized identifying key areas such as chemical management and waste discharge, establishing systematic prevention and control mechanisms. For instance, regarding hazardous chemicals used in production, the company effectively manages potential risks through standardized storage, anti-static design, and automated monitoring measures. Additionally, emergency response plans for accident wastewater and exhaust gas have been formulated. Concurrently, the company continuously refines wastewater treatment processes and enhances the operational management of air pollution control facilities. Through real-time monitoring and regular maintenance, we ensure emissions meet regulatory standards, committed to preserving the quality of the surrounding environment and fostering community harmony.

Risk Management Measures

- **Environmental Monitoring Mechanism:** All production facilities conduct regular environmental monitoring in accordance with regulations to promptly track pollutant discharge conditions. Results are publicly disclosed to facilitate voluntary oversight.
- **Emergency Resource Assurance:** Companies maintain adequate emergency supplies, including spill containment materials and protective gear, with regular maintenance and updates to ensure material support during emergencies.
- **Emergency Plans and Drills:** All production enterprises develop "Emergency Response Plans for Environmental Incidents," covering emergency organization, response procedures, mitigation measures, and resource allocation. These plans undergo expert review and filing. Regular emergency drills and training are conducted to continuously enhance emergency response capabilities.

As of the end of the reporting period, all production facilities within the Group have developed emergency response plans for environmental incidents, established dedicated emergency response organizations, implemented emergency response procedures, equipped themselves with comprehensive emergency response materials, and established protective measures. The Company's emergency response plans for environmental incidents have undergone expert review and have been filed with the relevant authorities. The Company's environmental monitoring programs have also been reviewed and approved by experts before being filed with regulatory agencies, and no material deficiencies exist.

7.2.3 Environmental Emissions and Resource Management

The Group strictly adheres to environmental regulations, comprehensively managing pollutant emissions through rigorous oversight of exhaust gases, wastewater, and solid waste. During periods of severe air pollution, we implement measures such as production reduction and output restrictions. Furthermore, for new, modified, or expanded projects, we strictly enforce the environmental "three simultaneous" system. We regularly engage third-party agencies for environmental monitoring and proactively accept public oversight to ensure compliant treatment and compliant discharge of pollutants. The Group also regularly organizes clean production audits and specialized training to enhance environmental awareness among all employees, integrating pollution prevention throughout the entire production process.

All company projects strictly adhere to relevant laws, regulations, and technical guidelines–including China's Environmental Impact Assessment Law–during the planning and construction phases. Environmental impact assessments are conducted in accordance with the law for all new, modified, and expanded projects. The evaluation process systematically covers project-related raw materials, production equipment, process flows, and pollution generation/discharge stages, comprehensively analyzing potential direct and indirect impacts on the production environment, employee health, surrounding communities, and regional ecosystems throughout the entire operational lifecycle. Based on scientific assessment results, the company implements the principle of "source control and process prevention" during the project design phase, formulating and executing targeted environmental protection measures and risk management plans. Simultaneously, by establishing monitoring mechanisms and open communication channels, the company continuously monitors environmental performance to ensure effective treatment and control of all emissions, thereby safeguarding personnel health, community harmony, and ecological security.

In compliance with environmental information disclosure requirements, the Group has publicly disclosed pollutant emission performance indicators in the appendix of this report. Strict adherence to the requirements of the "China List of Controlled Ozone-Depleting Substances" ensures no direct emissions of substances controlled under relevant international conventions.

Wastewater Management

Livzon strictly adheres to domestic laws and regulations concerning water pollution prevention and control. Guided by the Group's Waste Management System for Solid, Liquid, and Gaseous Waste and Noise, we comprehensively coordinate wastewater management efforts. Each production facility develops specialized management systems tailored to its operational context, continuously strengthening end-to-end wastewater control. While ensuring stable compliance with discharge standards, we persistently increase the proportion of wastewater reused.

Each production facility has established a dedicated wastewater management department responsible for analyzing critical information such as pollutant types, concentrations, and limits in wastewater. These departments lead the development and implementation of effective management measures aligned with corporate policies. We strictly operate wastewater treatment systems according to procedures, conducting routine inspections at every stage. Key polluting enterprises have installed online monitoring equipment connected to regulatory authorities, enabling real-time sharing of discharge data for dynamic oversight. Concurrently, all enterprises actively cooperate with ecological and environmental authorities in discharge permit verification, conduct regular monitoring at permit-mandated frequencies, and commission qualified third-party institutions for validation testing to ensure compliant and effective wastewater management. Leveraging comprehensive facilities and professional teams, the company has achieved systematic wastewater treatment throughout production processes. By integrating source control with process optimization, we continuously enhance treatment efficiency and reduce total wastewater discharge.

This year, all production facilities within the Group ensured long-term stable operation of wastewater treatment systems by upgrading treatment facilities, optimizing process parameters, and strengthening routine monitoring and maintenance, thereby achieving effective pollutant reduction. The treatment process employs a combined approach of "pretreatment + biological treatment + advanced treatment" to effectively remove water pollutants. The biological stage centers on anaerobic + CASS processes, while the advanced treatment stage integrates coagulation sedimentation with advanced oxidation technologies to ensure consistently compliant effluent quality. All facilities were constructed in compliance with regulations, with complete operational records and strict adherence to daily maintenance and inspection protocols, ensuring the systems remain in optimal working condition. Through these measures, the Group achieved stable compliance with wastewater discharge standards this year, further reduced total pollutant emissions, and effectively fulfilled its primary environmental protection responsibilities.



Fuzhou Fuxing: High-Concentration Wastewater Control and Renovation Project

This year, to enhance wastewater treatment efficiency and further reduce discharge concentrations, Fuzhou Fuxing Company invested 480,000 yuan to carry out optimization and upgrades to its high-concentration wastewater treatment system. Addressing the intermittent discharge characteristics of high-concentration wastewater from production workshops, the company added dedicated storage tanks for separate collection of such wastewater. After homogenization and equalization, the treated wastewater is conveyed to subsequent treatment systems. This measure significantly improved the operational stability and efficiency of the wastewater treatment system while further reducing total water pollutant emissions.

Livzon Hecheng: Membrane Bioreactor (MBR) Treatment System Expansion Project

This year, Livzon Hecheng expanded its Membrane Bioreactor (MBR) system to enhance overall wastewater treatment efficiency. By expanding the membrane module scale and optimizing hydraulic loading, the upgrade substantially reduced the operating vacuum pressure of the MBR system. This decrease minimized sludge loading and fouling rates on membrane surfaces. The improvement effectively lowered the frequency of chemical cleaning, extending membrane module lifespan while enhancing long-term operational stability and treatment efficiency. As an efficient solid-liquid separation process, the optimized MBR system further strengthened biological treatment effectiveness, ensured stable compliance of effluent quality, and tangibly enhanced overall wastewater treatment efficiency. Following project completion, total pollutant emissions decreased by 8.7 metric tons.

Jiaozuo Hecheng: High COD Wastewater Solvent Recovery Project

In 2025, Jiaozuo Hecheng completed the high COD wastewater solvent recovery project. This initiative utilizes the existing acetone tower in the workshop to distill high-COD wastewater from crude mother liquor, recovering a portion of the solvents. It achieves energy savings, emission reductions, and improved solvent recovery rates. Prior to trial operation, operators underwent systematic training. During the initial trial phase, multiple experiments were conducted to optimize the temperature of the rectification tower, ensuring the quality of recovered solvents meets the requirements for secondary rectification in the recovery distillation system without affecting the solvents in the original system. The project recovers valuable resources, significantly reduces solvent consumption, and alleviates end-of-pipe wastewater treatment pressure. As scheduled, the technical modification trial concluded on October 30. Post-commissioning, actual operational testing demonstrates approximately 15% solvent residue recovery and reduces wastewater COD levels by roughly 40,000 units.

Water Resource Management

Water Risk Assessment: We have established and implemented rigorous management systems to continuously enhance water resource risk awareness across the entire workforce. Systematically advancing water resource management improvement initiatives throughout the Group, we have effectively reduced water consumption and steadily strengthened our comprehensive capabilities to address water resource risks.

To identify potential risks in water resource access across our operational sites, we utilize the World Resources Institute's Aqueduct tool. This comprehensive analysis evaluates 17 dimensions including water consumption, water stress, drought risk, coastal flood risk, and groundwater depletion. Based on these findings, we identify potential risks and develop corresponding management plans. Following the assessment, we set specific water conservation targets and implement oversight measures to ensure water efficiency improvements. Both the assessment results and the implementation of improvement measures are regularly reported to the ESG Committee, thereby safeguarding the security and sustainability of water resource management.

Based on the scores from the World Resources Institute's water stress analysis tool, we categorize the overall water risk at each operational site into five levels: low, low-medium, medium-high, high, and very high. For the 2025 fiscal year, the water risk assessment results for the operational sites of the Group's manufacturing facilities are as follows:

Water Risk Status	Low	Low-Medium	Medium-High	High	Very High
Number of Operating Sites	0	3	6	2	4

To further manage water resources, Livzon has established a water resource management system centered on five key dimensions: water supply assurance, water quality control, emergency management, internal and external oversight, and training and awareness campaigns. Regarding water supply assurance, the company actively optimizes production processes and promotes upgrades to water-saving equipment to comprehensively enhance water recycling efficiency. For water quality control, a robust water quality monitoring system has been established, with regular testing conducted to effectively ensure water safety. To address potential emergencies triggered by extreme weather events and natural disasters such as floods, droughts, and heatwaves, the company has developed detailed contingency plans to ensure rapid response and effective resolution. Concurrently, it continuously strengthens the standardization and transparency of water resource management through a combination of internal oversight and external audits.

We regularly provide employees with awareness training on water efficiency management programs, covering not only national environmental protection and water conservation regulations but also specific water-saving techniques, recycling technologies, and leak prevention protocols across all production stages. This aims to translate water conservation awareness into employees' daily operational capabilities. Furthermore, through multiple channels including internal publications, thematic lectures, bulletin boards, and digital platforms, we consistently promote the company's water conservation goals and showcase exemplary practices. This actively fosters a green water culture centered on "cherishing every drop" and cultivates an atmosphere of full participation among all employees.

Limin Factory: Purified Water Machine Concentrate Recycling Project

This year, Limin Factory replaced tap water with purified water machine concentrate for cooling water-ring vacuum pumps, achieving the recycling of purified water machine concentrate and further reducing fresh water consumption. Upon completion of the project, annual fresh water consumption will be reduced by 5,538 tons, resulting in annual water cost savings of 24,000 yuan.

Fuzhou Fuxing: Water Resource Recycling and Conservation Practices

Fuzhou Fuxing continues implementing water recycling measures by recovering heavy water generated during water production for use in chemical preparation at the wastewater treatment station. This initiative recovers approximately 100 tons of heavy water daily, reducing fresh water consumption while enhancing resource utilization efficiency. Additionally, Fuzhou Fuxing continuously optimizes processes by utilizing ammonia wash water from chromatography regeneration for acid washing in decalcification and adsorption columns. This recycling scheme saves approximately 80 tons of water daily on average, demonstrating the company's consistent commitment to water conservation throughout production operations.

Waste Gas Management

Livzon strictly adheres to domestic laws and regulations concerning exhaust gas emissions, having formulated and implemented the Waste Management System for Solid, Liquid, and Gaseous Waste and Noise. Each production facility develops specialized management guidelines based on its operational characteristics, continuously advancing exhaust gas reduction efforts while ensuring stable compliance with emission standards.

For exhaust gas treatment, the company employs a combination of technologies including regenerative thermal oxidation (RTO) incineration, multi-stage sodium hypochlorite and alkali solution scrubbing, biological degradation, biphasic superoxygenated water scrubbing, and micro-nano bubble scrubbing to achieve multi-level synergistic purification. All exhaust gas treatment facilities are regularly inspected and maintained by specialized teams. We engage qualified third-party testing agencies to conduct monthly sampling and analysis at all exhaust emission points. Professional testing confirms that all pollutant indicators in the Group's exhaust emissions meet or exceed national and local emission standard limits.

To control fugitive emissions, the company conducts Leak Detection and Repair (LDAR) on all relevant equipment quarterly to semi-annually, preventing leakage risks at the source. The Group also regularly organizes systematic training covering environmental regulations, exhaust gas treatment technologies, and equipment operation protocols. This continuously enhances environmental awareness and professional capabilities across all personnel, providing robust support for exhaust gas management.

This year, all production facilities continued to optimize waste gas treatment systems, ensuring their efficient and stable operation. Differentiated treatment technologies are applied based on the specific characteristics of each waste gas component. For instance, waste gases containing halogenated organic compounds like dichloromethane undergo liquid nitrogen cryogenic condensation recovery first, followed by advanced treatment combining adsorption and spray scrubbing processes. This ensures emission concentrations remain well below national standard limits.

Fuzhou Fuxing: Regenerative Thermal Oxidation (RTO) Waste Gas Treatment System Upgrade Project

To comprehensively enhance waste gas treatment efficiency and stability, Fuzhou Fuxing completed and commissioned an advanced regenerative thermal oxidation (RTO) treatment system this year. Utilizing high-efficiency heat recovery and high-temperature oxidation technology, the system achieves complete decomposition of organic waste gases. Following project implementation, the comprehensive removal rate of VOCs (volatile organic compounds) has increased, while pollutant emission concentrations and total volumes have been further reduced.

Livzon Hecheng: Purchased Steam Project

This year, Livzon Hecheng fully implemented a steam supply system overhaul. By shutting down its on-site coal-fired steam boiler and transitioning to purchased centralized heating steam, the company achieved a clean energy transition. This project can reduce emissions of particulate matter by 11.4 kg, nitrogen oxides by 591 kg, and sulfur oxides by 80 kg annually at the source. Simultaneously, the stable supply of externally purchased steam ensures production continuity while eliminating environmental and safety risks associated with the operation and maintenance of self-owned boilers.

Ningxia Pharma: Furfural Refining Tail Gas Treatment Project

To enhance exhaust emission control and further improve resource recycling efficiency, Ningxia Pharma upgraded its refining process exhaust treatment facilities this year. By adding a combined condensation and activated carbon adsorption recovery system, solvent recovery rates were effectively increased while reducing waste gas emissions. Upon project completion, annual butyl acetate usage decreased by 364.5 tons, resulting in cost savings of 355,000 yuan.

Waste Management

The Group strictly adheres to domestic laws and regulations governing waste management, having established and implemented the Solid Waste Management Procedures and the "Three Wastes" and Noise Management System as the unified framework for waste management across the Group. Each production facility further develops specialized management systems tailored to its operational characteristics and establishes dedicated departments responsible for overseeing the entire process of waste generation, transfer, and disposal to ensure compliant handling.

Regarding classified storage and compliant disposal, the Group strictly implements waste classification management. Standardized temporary storage facilities are constructed, with waste segregated by nature into designated zones. All waste is entrusted to qualified third-party processors. Hazardous waste is strictly managed in accordance with national regulations, stored in specialized containers within compliant warehouses equipped with online weighing and data transmission systems to ensure full traceability of transfer manifests. General industrial solid waste undergoes standardized temporary storage and regular removal to prevent secondary pollution. Production wastewater receives comprehensive treatment through physical, chemical, and biological processes to ensure compliant discharge. Special waste liquids, such as laboratory effluents, are collected in dedicated containers and undergo specialized disposal.

To continuously enhance waste management performance, the Group has established a systematic environmental target management and evaluation mechanism. Annual quantified waste reduction targets are reviewed against regulatory requirements and the company's sustainability strategy. Regular waste audits and comprehensive inventories are conducted to track relevant metrics and identify opportunities for improving waste management performance. Audit findings directly inform next-phase sustainability objectives, creating a closed-loop management cycle of "Goal-Execution-Monitoring-Improvement" that drives continuous waste management enhancement.

Concurrently, the Group actively takes action plans to reduce waste generation at source and resource recovery. Through process optimization and management enhancements, it continuously minimizes waste generation. For existing waste streams, the Group collaborates with specialized institutions to explore resource recovery pathways, such as conducting research and pilot projects on the reuse of coal ash and pharmaceutical residues. This drives the Circular Economy, aiming to achieve simultaneous environmental and economic benefits. To ensure the effective operation of the management system, the Group regularly organizes clean production audits and specialized training to enhance environmental awareness among all employees, integrating pollution prevention throughout the entire production process. The company conducts regular training on solid waste storage yard management for workshop management personnel to strengthen on-site control capabilities. For employees in relevant departments, standardized hazardous waste reduction management training covers all aspects including identification, classification, storage, and emergency response, enhancing their compliance and risk management capabilities.

This year, the Group continued to deepen integrated waste management and actively practice green production. By optimizing production processes, it reduced raw material consumption and byproduct generation, thereby minimizing waste generation at the source.

Livzon Pharmaceutical Factory: Hazardous Waste Electronic Information Platform Construction Project

To enhance the standardization of hazardous waste management, Livzon Pharmaceutical Factory established an electronic information management platform for hazardous waste this year. This platform enables closed-loop monitoring of the entire hazardous waste lifecycle–from warehousing and temporary storage to transportation and final disposal. The platform significantly enhances real-time tracking and traceability of waste management. It not only provides robust technical support for environmental risk prevention but also advances source control of waste generation. Through precise data analysis, the factory can optimize production processes and material usage, thereby minimizing hazardous waste and improving both environmental performance and operational efficiency.

Fuzhou Fuxing: Project for Reusing Waste Alumina to Produce Aluminum Sulfate Flocculant

To further reduce the generation of hazardous waste and enhance resource recycling rates, Fuzhou Fuxing Company launched a spent alumina reuse project this year, which is currently underway. Upon completion, the project will reduce monthly spent alumina generation by 60 tons, directly cutting the company's hazardous waste disposal costs.

Reducing Environmental Impact

The company has established the Noise Emission Management Procedure and the "Three Wastes" and Noise Management System as unified standards for noise management across the group. Each production facility refines these systems based on actual conditions and strictly enforces them to ensure effective noise management.

All production facilities within the group conduct regular boundary noise monitoring and continuously advance noise control measures. This approach consistently reduces noise pollution generated during production operations and improves the quality of the surrounding environment. During heavy pollution weather alerts, Livzon proactively responds to government directives by voluntarily reducing production capacity. This minimizes emissions of pollutants including VOCs, nitrogen oxides, particulate matter, and sulfur dioxide, tangibly lowering operational environmental impact and demonstrating active fulfillment of environmental responsibilities.

Noise Control Renovation Project for Glass Bottle Conveying System

To improve the working environment and safeguard employee occupational health, Limin Factory implemented specialized noise control optimization for its glass bottle conveying system this year. By restructuring operational procedures, the manual transfer method was upgraded to an automated bottle loading system. This enhancement improved the stability of bottle conveyance, significantly reducing collisions and friction between glass bottles, thereby effectively lowering operational noise levels. Simultaneously, the automation upgrade substantially reduced manual handling steps, boosting production efficiency while further safeguarding employee physical and mental health alongside workplace safety.

The following are enterprises included in the list of entities required to disclose environmental information in accordance with the law, along with the query index for their legally required environmental information disclosure reports:

Serial Number	Company Name	Index for Querying Environmental Information Disclosure Reports in Accordance with the Law
1	Livzon Group Livzon Pharmaceutical Factory*（麗珠集團麗珠製藥廠）	Guangdong Provincial Department of Ecology and Environment Public Website
2	Livzon Group Limin Pharmaceutical Manufacturing Factory*（麗珠集團利民製藥廠）	Guangdong Provincial Department of Ecology and Environment Public Website
3	Livzon MABPharm Inc.*（珠海市麗珠單抗生物技術有限公司）	Guangdong Provincial Department of Ecology and Environment Public Website
4	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.*（珠海保稅區麗珠合成製藥有限公司）	Guangdong Provincial Department of Ecology and Environment Public Website

Serial Number	Company Name	Index for Querying Environmental Information Disclosure Reports in Accordance with the Law
5	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.*(麗珠集團新北江製藥股份有限公司)	Guangdong Provincial Department of Ecology and Environment Public Website
6	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.*(焦作麗珠合成製藥有限公司)	Corporate Environmental Information Disclosure System (Henan)
7	Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.*(上海麗珠製藥有限公司)	Corporate Environmental Information Disclosure System (Shanghai)
8	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.*(麗珠集團(寧夏)製藥有限公司)	Corporate Environmental Information Disclosure System (Ningxia)
9	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.*(麗珠集團福州福興醫藥有限公司)	Enterprise Environmental Information Disclosure System (Fujian Beta Version)
10	Gutian Fuxing Pharmaceutical Co., Ltd.*(古田福興醫藥有限公司)	Enterprise Environmental Information Disclosure System (Fujian Beta Version)

7.3 RESOURCE UTILIZATION AND BIODIVERSITY

7.3.1 Energy Management

In energy utilization and circular efficiency enhancement, Livzon has established a comprehensive energy management system. By strictly implementing the Energy Management Procedure and Resource Management Procedure, the company systematically advances energy structure optimization and energy efficiency improvement. This year, the company actively promoted the transition to clean energy, partnering with wind power suppliers to integrate green electricity into its production and operational systems. This effectively reduced carbon emissions and supported the enterprise's green transformation.

To achieve efficient energy utilization, the company implemented multiple resource recycling measures: – Recovered waste heat from air compressor operations via high-efficiency heat exchangers to preheat production water and heat office areas; – Recycled heavy water from water treatment systems to formulate sewage treatment chemicals, reducing fresh water consumption; – Installed pressure differential power generation devices on steam pipelines to recover and utilize energy from steam pressure differentials. Simultaneously, for high-energy-consumption production processes, the company conducts comprehensive energy audits. Based on China's Catalogue of High-Energy-Consuming and Outdated Mechanical and Electrical Equipment, it replaces inefficient equipment with high-efficiency energy-saving machinery and LED lighting systems, continuously lowering baseline energy consumption.

The company also actively explores renewable energy applications, advancing distributed energy projects like on-site photovoltaic systems to further increase the proportion of clean energy usage.

By the end of the reporting period, subsidiary Fuzhou Fuxing had obtained ISO 50001:2018/RB/T 114-2014 Energy Management System certification, while Livzon Hecheng had achieved GB/T 23331-2020/RB/T 114-2014 Energy Management System certification.

Distributed PV Construction and Clean Energy Application

This year, the company continued advancing its clean energy application system. Manufacturing entities including Livzon Hecheng and Livzon Diagnostics constructed multiple distributed photovoltaic power generation facilities by strategically utilizing idle resources such as factory rooftops and carport areas. The commissioning of these facilities effectively increased the proportion of green energy used in corporate production and operations, reduced carbon emissions intensity during manufacturing processes, and provided a practical implementation pathway for the green transformation of the enterprise's energy structure.

- Livzon Hecheng commenced its photovoltaic power generation project in 2025 with a total investment of RMB1.55 million. Projected to operate for 25 years, it is expected to generate 500,000 kWh annually. This equates to an annual reduction of approximately 499 metric tons of carbon dioxide emissions. All electricity produced is consumed internally by the company, qualifying for electricity fee reductions. The estimated investment payback period is 3.5 years.
- Livzon Diagnostics commenced its photovoltaic power generation project in 2025 with a total investment of 1.24 million yuan. The project has an estimated operational lifespan of 15 years, generating approximately 460,000 kWh annually. This equates to an annual reduction of approximately 459 metric tons of carbon dioxide emissions. Adopting a "self-generation for self-consumption, surplus fed into the grid" model, the self-consumed portion enjoys approximately 50% electricity price discounts, with an estimated investment payback period of 5 year.

Digital Clinical Trials and Remote Low-Carbon Operations

Digital transformation enables low-carbon clinical trial operations. The Clinical Operations Headquarters fully implements remote monitoring and virtual site visits, replacing traditional on-site inspections with video communication and remote data verification in eligible projects, thereby reducing cross-regional travel-related carbon emissions. Simultaneously, the company achieved full-process application of electronic data capture systems, completing the full-chain digitization of trial data from collection and entry to archiving. This replaces traditional paper case report forms, reducing paper consumption at the source and comprehensively minimizing resource consumption and environmental impact across printing, transportation, storage, and disposal stages.

7.3.1 Energy Management *(Continued)*

Xinbeijiang Pharma: MVR Feed System Technical Upgrade Project

Subsidiary Xinbeijiang Pharma implemented technical upgrades to its MVR feed system, optimizing heat exchange processes to raise the temperature of feed dilute sugar syrup to 70° C. This reduces the system's demand for fresh steam during operation, lowering natural gas consumption. With an investment of 30,000 yuan, the project saves 33,000 cubic meters of natural gas annually, achieving a payback period of 0.3 years (approximately 3.6 months) and an expected operational lifespan of 10 years. Calculated at approximately 1.96 kilograms of CO_2 equivalent per cubic meter of natural gas burned, the project reduces annual carbon emissions by about 64.7 tons, with cumulative savings of approximately 647 tons over its 10-year lifecycle.

Xinbeijiang Pharma: Air Compressor Energy Efficiency Retrofit Project

Xinbeijiang Pharma Company's air compressor energy efficiency retrofit project is scheduled for completion in 2026, with a total investment of 2.58 million yuan, fully funded by the company. The project primarily involves upgrading the existing air compressor system for enhanced energy efficiency, utilizing high-efficiency compressor units and intelligent control systems to optimize operational modes. Upon operation, the project is projected to save 2.1 million kWh of electricity annually. Based on China's current average coal consumption rate for thermal power generation (where each kWh saved equates to 0.1229 kg of standard coal), this translates to a reduction of approximately 258 tons of standard coal consumption. The project is projected to recoup its investment within 2.5 years. The upgraded equipment system is expected to operate stably for 30 years, accumulating total electricity savings of 63 million kWh over its lifecycle–equivalent to reducing standard coal consumption by approximately 7,743 tons. This is equivalent to reducing carbon dioxide emissions by approximately 21,000 metric tons.

Ningxia Pharma: Phenylalanine Production Concentration Process Optimization Project

The company implemented a major technological upgrade to the secondary concentration process for L-phenylalanine products, introducing high-efficiency mechanical vapor recompression (MVR) equipment. This upgraded the original triple-effect evaporation system to a combined "triple-effect evaporation + MVR" process. Following implementation, the project achieved daily steam savings of 100 tons, which equates to an annual savings of approximately 4,694 metric tons of standard coal, equivalent to a reduction of approximately 13,000 metric tons of carbon dioxide emissions. This project reduced unit product costs by 0.3 yuan/kg, and realized annual energy savings benefits of approximately 2.88 million yuan, further lowering energy consumption intensity in production processes.

The Company actively practices energy conservation and carbon reduction principles, embedding this mindset into daily operations and corporate culture. Through energy efficiency training provided to employees, we effectively communicate energy-saving and emission-reduction concepts to every employee, raising awareness of energy consumption reduction. For instance, at the Group headquarters, we enforce routine energy-saving practices such as "turn off lights when leaving and shut down air conditioners when exiting rooms." We also display slogans like "Save Every Kilowatt-Hour" in public areas and office floors to foster a company-wide culture of energy conservation. The Group continues advancing its digital and paperless office transformation, vigorously promoting electronic workflows and cloud document systems. This comprehensively optimizes operational efficiency while reducing consumption of paper, printing supplies, and related resources. These initiatives not only effectively lower daily office energy consumption but also gradually cultivate green office habits among employees, laying a solid behavioral foundation for the Group's systematic advancement of energy conservation and emission reduction.

7.3.2 Circular Economy

This year, the company deepened its Circular Economy practices, advancing resource conservation and recycling throughout the entire material lifecycle. We progressively established a closed-loop management system spanning green design, efficient utilization, and resource regeneration, continuously enhancing resource efficiency and environmental performance.

In implementing green material management, the company adopted a strategy spanning procurement, design, and production. At the procurement stage, green purchasing policies prioritized renewable, biodegradable, or recyclable materials. During design, packaging and product structures were optimized to reduce material consumption. Throughout production, process improvements and meticulous controls continuously enhanced raw material utilization, minimizing resource consumption and waste generation at the source.

For recycling management, the company has established and refined a comprehensive waste sorting and collection system covering the entire facility. It strictly separates recyclable and non-recyclable materials, designating dedicated collection channels and storage areas. Key initiatives include advancing the recovery, purification, and reuse of solvents in production processes, significantly reducing the procurement of fresh solvents. Simultaneously, a standardized reusable packaging system has been implemented, featuring centralized management and targeted circulation of reusable containers to extend their lifespan and minimize packaging waste.

Regarding waste resource utilization, the company actively explores diversified pathways to transform waste into usable resources. For instance, sludge from wastewater treatment is used to produce eco-friendly bricks, while pharmaceutical residues and microbial residues from manufacturing processes are processed into organic fertilizers, achieving high-value utilization of waste. Through technological upgrades and model innovations, the company continuously increases the resource recovery rate of various by-products, reducing the volume requiring final disposal.

Through these initiatives, the company has embedded circular principles at every node of material flow, gradually forming a closed-loop management model encompassing "green procurement–efficient utilization–segregated recycling–resource regeneration." This approach continuously reduces resource dependency and environmental footprint in operations, effectively advancing the company's transition toward the Circular Economy model.

Limin Factory: Pharmaceutical Waste Resource Utilization Project

This year, subsidiary Limin Factory will convert pharmaceutical waste generated during production into organic fertilizer through standardized processing, subsequently using it for crop fertilization. This project can process up to 989.4 tons of medicinal residue annually, saving 495,000 yuan in disposal costs. This practice achieves resource utilization of organic waste, forming a sustainable closed-loop system of "production-waste-resource."

Ningxia Pharma: Ethanol Distillation Tower Upgrade Project

This year, Ningxia Pharma conducted a technical upgrade of its ethanol distillation system by utilizing existing auxiliary equipment and evaluating the current tower. By replacing the tower body and altering its operational mode, the project enhanced operational safety, achieved automated control, and effectively improved material utilization efficiency and resource circulation levels. Following project completion, ethanol recovery rates increased by 46% compared to pre-retrofit levels, resulting in a monthly savings of 4 tons of ethanol usage.

Ningxia Pharma: Air Compressor Waste Heat Recovery Project

This year, Ningxia Pharma recovered waste heat generated during air compressor operation. By installing a new heat recovery system, heat previously dissipated into the environment was converted into useful thermal energy to heat boiler feedwater from 30° C to 80-85° C. This initiative saves approximately ¥100,000 monthly in steam coal costs and reduces external procurement expenses by ¥60,000 through increased self-generated steam. Combined annual energy cost savings reach roughly ¥1.92 million, enhancing the plant's overall energy utilization efficiency. By partially recovering low-grade thermal energy from non-traditional waste heat sources like air compressors and utilizing it in the boiler system, this project replaces heat energy that would otherwise require coal combustion or purchased steam. This transformation of waste into valuable resources exemplifies a vivid practice of resource recycling.

7.3.3 Biodiversity Conservation

Livzon places high importance on biodiversity conservation and is committed to protecting biodiversity. We strictly adhere to biodiversity-related laws and regulations such as the Forest Law of the People's Republic of China and its Implementing Regulations, as well as international conventions including the United Nations Convention on Biological Diversity.

Throughout the development of our medicinal material bases and supplier collaborations, Livzon consistently prioritizes biodiversity conservation as a core principle, systematically advancing eco-friendly practices. We strictly comply with relevant domestic and international laws and regulations, and have incorporated biodiversity conservation requirements into our Environmental, Occupational Health, and Safety Management Policy and supplier management system. We explicitly commit to achieving no deforestation in our operations and supply chain.

In recent years, we have actively promoted an "ecology-first" model for medicinal herb cultivation. Through methods such as wild-simulated cultivation and understory planting, we minimize disruption to local ecosystems and contribute to biodiversity restoration.



Sustainable Development of Medicinal Herb Bases

In recent years, Livzon has adhered to an eco-first principle in establishing medicinal herb bases. Adopting a collaborative model that integrates cultivation bases with "company + supplier + cooperative/large-scale growers," the company actively promotes eco-friendly practices such as understory cultivation and wild-simulated cultivation. Emphasis is placed on coexisting with local native vegetation to effectively preserve biodiversity within cultivation areas.

In practical implementation, subsidiaries under the Group have actively pursued ecological cultivation with notable achievements:

- Datong Livzon's wild-simulated Astragalus membranaceus cultivation base operates entirely without chemical fertilizers or pesticides, effectively protecting soil and water resources. By 2025, the base had completed development of 26,358 mu (approximately 1,758 acres), securing certifications including Organic Product Certification, Authentic High-Quality Medicinal Herb Cultivation Base (Astragalus), and 5A-Grade Astragalus Cultivation Base (artificial seeding with natural growth).

- Longxi Livzon's organic Codonopsis pilosula cultivation project similarly adheres to ecological standards. By 2025, it had completed 2,233 mu (148.87 hectares) of base construction, obtaining organic conversion certification and recognition as a high-quality authentic medicinal herb demonstration base (Codonopsis pilosula).

Both bases are strategically located within authentic medicinal herb production regions, employing wild-simulated or organic cultivation methods. While ensuring herb quality and stable supply, they prioritize preserving native vegetation and maintaining ecological balance, achieving systematic protection of local biodiversity. Through continuous promotion of ecological cultivation and joint base development, Livzon not only strengthens sustainable management of its medicinal herb supply chain but also demonstrates its corporate commitment to biodiversity conservation through concrete local-specific actions.

7.3.3 Biodiversity Conservation *(Continued)*

Sustainable Development of Medicinal Herb Bases *(Continued)*

Linfen Forsythia Understory Simulated Wild Cultivation Base

Through its holding subsidiary, Linfen Livzon Qiaoyuan Herbal Medicine Co., Ltd., the company has established a 217-acre authentic forsythia cultivation base in Linfen City, Shanxi Province. Located on forested slopes, the base employs a 2×3-meter planting grid while preserving native shrubs and grassland vegetation between plants. Utilizing a semi-wild management model, the entire process avoids pesticides and chemical fertilizers, relying solely on moderate water supplementation. This minimizes human intervention, effectively maintaining the integrity of the local ecosystem and its biodiversity.

Dujiangyan Acorus Calamus Understory Simulated Wild Cultivation Base

To address the decline in wild Acorus calamus resources and promote standardized simulated wild cultivation, the company has continuously advanced the development of the simulated wild cultivation base for Acorus calamus in Qingcheng Mountain, Dujiangyan, Sichuan since 2024. By 2025, 1,800 acres of under-forest semi-wild cultivation had been completed, forming a multi-tiered intercropping model with local medicinal herbs such as Eucommia ulmoides, Magnolia officinalis, and Phellodendron amurense. The base strictly implements semi-wild management practices, preserving the intact forest structure and understory vegetation without weeding, fertilization, or pesticide spraying. This approach ensures stable raw material supply while effectively safeguarding the stability of the regional ecosystem and its biodiversity.

Sustainable Management Practices for Land, Water, and Species Resources

Livzon consistently prioritizes ecological conservation in its Chinese herbal medicine supply chain management, systematically establishing a comprehensive sustainable management framework covering land, water sources, and species resources. We are committed to ensuring the authentic quality of medicinal materials while achieving harmonious coexistence between agricultural production and natural ecosystems.

Protection of Land and Water Resources

- We place high importance on the potential environmental impacts of agricultural activities. Through innovative cultivation models and supply chain management, we minimize disturbance to land and water resources.

✓ Promoting Mimicry of Wild Green Cultivation: At our self-built bases in Datong and Hongtong, Shanxi, we fully adopt the "human cultivation, nature nurturing" wild-simulating model. Throughout the entire process, we refrain from artificial irrigation, chemical fertilizers, and pesticides. This approach prevents soil structure degradation and water pollution at the source, achieving seamless integration of cultivation activities with the local soil and water environment.

✓ Extending green supply chain practices: For co-built bases, the company provides scientific guidance to partner farmers through an "order + technical support" model. This drives the implementation of standardized, environmentally friendly cultivation standards across the supply chain, systematically reducing overall land and water footprints.

Species and Ecosystem Conservation

- We implement comprehensive ecological conservation measures from planning to field management, actively safeguarding biodiversity in cultivation areas. Scientific Site Selection and Ecological Planning: During base planning, we comprehensively assess environmental suitability and ecological sensitivity, prioritizing authentic production areas while avoiding ecologically fragile zones. This spatial layout minimizes impacts on native habitats.

Strengthened Seed Source Control and R&D: Through industry-academia-research collaborations, we establish seedling experimental bases, strictly enforce seed source quality standards, protect genetic resources of authentic medicinal herbs, and prevent risks from invasive species and germplasm degradation.

Implement Habitat-Friendly Management: Taking the Datong Astragalus base as an example, located within mountainous wildlife habitats, daily management adheres to manual weeding (following the "remove large, retain small" principle) and prohibits all pesticide and fertilizer use. This preserves safe living spaces for regional flora and fauna, achieving a positive interaction between medicinal production and natural ecology.



08 APPENDIX PERFORMANCE TABLE

APPENDIX PERFORMANCE TABLE

ESG Indicator	Unit	2023	2024	2025
A Environmental[1]				
A1 Emissions[2]				
A1.1 Types of emissions and respective emission data				
Industrial wastewater	Tonne	4,921,781.5	4,853,012.5	4,923,667.3
Chemical oxygen demand	Tonne	246.3	247.2	294.8
Ammonia nitrogen	Tonne	10.6	8.7	13.7
Volatile organic compounds	Tonne	35.5	44.2	41.5
Nitrogen oxides	Tonne	81.6	142.7	123.6
Sulfur dioxide	Tonne	34.1	84.3	81.7
Particulate matter	Tonne	12.4	12.8	10.9

1 The scope of environmental data disclosure covers all manufacturing enterprises under Livzon.

2 Disclose the types of major pollutants/emissions and related emission data based on the company's production characteristics.

ESG Indicator	Unit	2023	2024	2025
A Environmental[1]				
A1 Emissions[2]				
A1.2 Direct (Scope 1) and Energy-Related Indirect (Scope 2) Greenhouse Gas Emissions and Emissions Intensity				
Direct greenhouse gas emissions (Scope 1)[3]	CO_2 equivalent (in tonnes)	155,807.3	194,440.6	175,562.4
Indirect greenhouse gas emissions (Scope 2)[4]	CO_2 equivalent (in tonnes)	358,525.7	326,718.8	313,050.2
Total greenhouse gas emissions	CO_2 equivalent (in tonnes)	514,332.0	521,159.4	488,612.6
Greenhouse gas emissions intensity[5]	CO_2 equivalent (in tonnes)/ RMB10,000	0.365	0.422	0.433
A1.3 Total volume and density of hazardous waste generated				
Total volume of hazardous waste[6]	Tonne	2,708.2	2,791.0	12,902.9[7]
Density of Hazardous Waste[5]	Kg/RMB10,000	1.9	2.3	11.4
Of which: Medical waste (HW02) and expired pharmaceuticals (HW03)	Tonne	1,676.1	1,728.8	11,158.8

3 Scope 1 greenhouse gas emissions primarily stem from direct emissions generated by the consumption of fossil fuels (such as gasoline, diesel, natural gas, etc.) during company operations/production processes. Emission factors and calculation methods follow the "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors." Carbon dioxide emissions from fossil fuels = Fuel consumption × Lower heating value × Carbon content per unit heat value × Fuel carbon oxidation rate × 44/12.

4 Scope 2 greenhouse gas emissions primarily stem from indirect emissions generated by purchased electricity and steam consumed during company operations/production processes. The calculation method follows the Hong Kong Stock Exchange document Appendix II: Environmental Key Performance Indicator Reporting Guidelines. Of which the 2022 electricity emission factor adopts the grid emission factor of 0.5810 tCO_2/MWh specified in the "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Power Generation Facilities" (Huanban Climate [2021] No. 9). The 2023 electricity emission factor adopted the grid emission factor of 0.5703 tCO_2/MWh from the "Notice on Strengthening Greenhouse Gas Reporting and Verification for Key Industries from 2023 to 2025." The 2024 electricity emission factor utilized the grid emission factor of 0.5366 tCO_2/MWh from the Ministry of Ecology and Environment's "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors." The 2025 electricity emission factor shall adopt the grid emission factor of 0.5306 tCO_2/MWh as specified in the Ministry of Ecology and Environment's "Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factor."

5 2022–2025 density is calculated in terms of output value per 10,000 yuan.

6 Total hazardous waste = Total hazardous waste recycled/reused + Total hazardous waste disposed of.

7 This year, some hazardous waste that was originally intended for fuel utilization has been reclassified for outsourced disposal, resulting in data changes.

ESG Indicator	Unit	2023	2024	2025
A Environmental[1]				
A1 Emissions[2]				
A1.3 Total volume and density of hazardous waste generated				
Other Hazardous Waste[8]	Tonne	1,032.0	1,062.2	1,744.1
Disposal Method:				
Total Volume of Hazardous Waste Recycled/Reused	Tonne	423.0	546.2	1,104.9
Total volume of hazardous waste disposed	Tonne	2,285.2	2,244.8[9]	11,798.0
A1.4 Total volume and density of non-hazardous waste generated				
Total volume of non-hazardous waste[10]	tonne	103,491.3	100,364.7	81,737.9
Density of Non-Hazardous Waste[5]	kg/RMB10,000	73.4	81.2	72.4
Disposal Method:				
Total amount of non-hazardous waste recycled/reused	tonne	47,261.9	33,138.4[11]	29,915.2
Total volume of harmless waste disposal	Tonne	56,229.3	67,226.3[12]	51,822.7

8 Other hazardous wastes include high-level radioactive waste. This year, the volume of high-level radioactive waste was zero tons.

9 Revised based on the latest statistical methodology; the disclosed value for the previous year was 2,791.0.

10 Total volume of non-hazardous waste = Total volume of non-hazardous waste recycled/reused + Total volume of non-hazardous waste disposed of.

11 Revised based on the latest statistical methodology; the disclosed value for the previous year was 24,140.0.

12 Revised based on the latest statistical methodology; the disclosed value for the previous year was 99,544.2.

ESG Indicator	Unit	2023	2024	2025
A2 Resource Usage				
A2.1 Total Direct and Indirect Energy Consumption and Density by Type				
I. Non-renewable Energy				
Direct Energy				
Gasoline	Liter	266,040.5	217,607.7	198,721.0
Diesel	Liter	206,607.4	209,661.6	222,588.0
Coal	Tonne	66,894.5	83,607.5	74,079.6
Natural gas	10,000 cubic meters	689.8	737.4	548.6
Liquefied petroleum gas	Tonne	3.7	0.6	0.4
Indirect energy				
Purchased electricity	KWh	416,608,822.9	413,542,489.2	380,028,431.7
Of which: Intensity of purchased electricity[5]	kWh/RMB10,000	295.5	334.4	377.4
Purchased steam	Tonne	411,261.6	357,611.3	361,297.9
Total non-renewable energy consumption	MWh	1,199,298.3	1,256,136.2	1,143,869.5

ESG Indicator	Unit	2023	2024	2025
A2 Resource Usage				
A2.1 Total Direct and Indirect Energy Consumption and Density by Type				
II. Renewable Energy				
Direct Energy				
Alcohol-Based Liquid Fuel	Tonne	0.0	0.0	0.0
Biomass Fuel	Tonne	1,004.0	3,668.3	3,965.0
Solar Power Generation (Self-Consumption)	kWh	431,250.0	25,388.0	159,100.0
Indirect Energy				
Solar Power Generation (Purchased)	kWh	1,192,325.8	1,496,252.0	9,957,906.9
Wind Power Generation (Purchased)	kWh	/	/	36,000,000
Total consumption of renewable energy	MWh	5,708.2	16,445.4	78,378.9
III. Total Energy Consumption[13]				
1. Direct energy consumption [14]	MWh	472,417.4	584,692.2	526,318.7
2. Indirect energy consumption[15]	MWh	732,589.0	687,889.4	695,929.8
Total Energy Consumption[9]	Tons of Standard Coal	148,095.2	156,400.3	150,214.3
Total Energy Consumption Density[5]	Tons of Standard Coal/ RMB10,000	0.1	0.1	0.1

13 Total energy consumption = Total consumption of non-renewable energy + Total consumption of renewable energy

14 Direct energy consumption (unit: megawatt-hours) is calculated based on the consumption of related direct energy sources such as gasoline, diesel, coal, and natural gas.

15 Indirect energy consumption (unit: megawatt-hours) is calculated based on purchased electricity, purchased steam, and solar power generation (purchased), following the methodology outlined in the General Rules for Comprehensive Energy Consumption Calculation (GB2589-2020).

ESG Indicator	Unit	2023	2024	2025
A2 Resource Usage				
A2.2 Total Water Consumption and Density				
Municipal (or other water supply agency) water consumption (A)	Tonne	4,452,079.5	4,119,908.2	4,196,122.1
Surface water consumption (B)	Tonne	179,227.0	207,101.0	243,839.0
Groundwater consumption (C)	Tonne	1,573,530.0	1,597,948.9	1,745,996.0
Freshwater consumption = A + B + C	Tonne	6,204,836.5	5,924,957.3	6,185,957.1
Substitute water consumption[16]	Tonne	0.0	0.0	0.0
Total water consumption[17]	Tonne	6,204,836.5	5,924,957.3	6,185,957.1
Water Consumption Density (Fresh Water)[5]	Tonne/RMB10,000	4.4	4.8	5.5
Reclaimed Water Usage	Tonne	91,952.0	66,257.0	93,000.0
Water Resource Recycling Rate	%	3.2	3.7	3.7
A2.5 Total packaging materials used for finished products and per unit of production				
Paper packaging materials	Tonne	6,128.8	5,050.8	4,842.9
Other packaging materials	Tonne	7,988.4	7,704.1	7,825.9
Total packaging materials used	Tonne	14,117.2	12,754.9	12,668.8
Density of packaging materials used[5]	Kg/RMB10,000	10.0	10.3	11.2

[16] Alternative water sources include seawater, brackish water, rainwater, and graywater.

[17] Total water consumption = Fresh water consumption + Substitute water consumption

ESG Indicator		Unit	2023	2024	2025
B Society					
B1 Employment					
B1.1 Total number of employees by gender, employment type, age group, and region					
Total Number of Employees		person	8,933	9,067	8,878
Gender	Male	person	4,703	4,764	4,652
	Female	person	4,230	4,303	4,226
Employee Category	General Manager and above	person	81	94	94
	Director level	person	183	184	189
	Manager level	person	897	904	975
	Other employees	person	7,772	7,885	7,620
Age	30 years old and below	person	3,226	3,183	2,955
	31-49 years old	person	5,156	5,306	5,336
	50 years old and above	person	551	578	587
Region	Mainland China	person	8,921	9,060	8,857
	Hong Kong, Macau, and Taiwan	person	2	0	2
	Foreign nationals	person	10	7	19

ESG Indicator	Unit	2023	2024	2025
Diversity				
Number of Ethnic Minority Employees[18]	person	547	559	529
Percentage of Ethnic Minority Employees	%	6.1	6.1	6.0
Proportion of ethnic minorities in management[19]	%	3.1	3.0	2.5
Number of women in management[20]	person	415	438	482
Percentage of women in management[20]	%	35.8	37.0	38.3
Number of executives[20]	person	7	8	7
Number of Female Executives	person	2	2	2
Percentage of Female Executives	%	28.6	25.0	28.6
Average Percentage of Female Executives Over the Past Three Years	%	26.2	26.2	27.2
Percentage of women at the general manager level and above	%	32.1	29.8	26.6
Percentage of women at the director level	%	29.5	33.7	33.9
Percentage of women at the manager level	%	37.4	38.4	40.3

[18] The top three ethnic groups among the Group's minority employees are Hui (2.60%), Zhuang (1.05%), and Tujia (0.46%). The proportions of Hui, Zhuang, and Tujia ethnic groups in the Group's management are 0.32%, 0.64%, and 0.24%, respectively.

[19] Management refers to all employees at the manager level and above within the Group.

[20] Senior executives refer to the company's president and vice presidents.

ESG Indicator		Unit	2023	2024	2025
Diversity					
Percentage of women in management roles within revenue-generating functions		%	25.9	28.7	33.6
Percentage of women in STEM-related positions		%	58.0	58.1	60.3
Hire					
Total number of newly hired employees		person	2,238	2,021	1,377
Gender	Male	person	1,210	1,101	798
	Female	person	1,028	920	579
Employee Category	General Manager and above	person	3	4	8
	Director level	person	8	19	12
	Manager level	person	167	181	183
	Other employees	person	2,060	1,817	1,174
Age	30 years old and below	person	1,457	1,285	874
	31-49 years old	person	765	730	500
	50 years old and above	person	16	6	3
Region	Mainland China	person	2,236	2,019	1,362
	Hong Kong, Macau, and Taiwan	person	1	1	1
	Foreign nationals	person	1	1	14

ESG Indicator		Unit	2023	2024	2025
Internal Recruitment					
Internal recruitment ratio[21]		%	27.0	31.7	38.1
Gender	Male	%	53.9	56.7	62.1
	Female	%	46.1	43.3	37.9
Employee Category	General Manager level and above	%	1.8	2.9	1.8
	Director level	%	5.0	3.6	3.8
	Manager level	%	24.6	22.2	30.2
	Other employees	%	68.7	71.3	64.3
Age	30 years old and below	%	34.7	38.3	35.0
	31-49 years old	%	61.8	56.5	61.6
	50 years old and above	%	3.5	5.2	3.4
Region	Mainland China	%	100	99.8	100.0
	Hong Kong, Macau, and Taiwan regions	%	0	0	0
	Foreign nationals	%	0	0.2	0

[21] The internal recruitment ratio is calculated as follows: Total number of vacancies filled by the Group's own employees during the current year/Total number of vacancies within the Group during the current year.

ESG Indicator		Unit	2023	2024	2025
B Society					
B1 Employment					
B1.2 Employee Turnover Rates by Gender, Age Group, and Region[22]					
Total Employee Turnover Rate		%	13.5	10.4	9.1
Gender	Male	%	12.3	10.0	9.2
	Female	%	14.8	10.8	9.0
Age	30 years old and under	%	17.7	14.3	14.0
	31-49 years old	%	10.8	7.9	6.9
	50 years old and above	%	4.0	4.7	1.4
Region	Mainland China	%	13.4	10.3	10.7
	Hong Kong, Macau, and Taiwan	%	25.0	33.3	0
	Foreign	%	8.3	9.1	0
Employee Category	General Manager level and above	%	2.4	10.6	5.9
	Director level	%	2.3	6.4	3.0
	Manager level	%	13.5	14.8	9.8
	Other employees	%	13.7	10.0	9.4

22 The employee turnover rate is calculated as: Number of departures (for that category)/(Initial headcount (for that category) + New hires (for that category)).

ESG Indicator	Unit	2023	2024	2025
B Society				
B2 Health and Safety				
B2.1 Number and Rate of Work-Related Fatalities Over the Past Three Years (2022–2024)				
Work-related fatalities	person	0	0	0
Work-related fatality rate	%	0	0	0
B2.2 Workdays Lost Due to Work-Related Injury				
Workdays Lost Due to Work-Related Injuries	Day	21	498	198
Millions of Work Hours Lost Due to Injuries (LTIFR) – Contractors	%	Not disclosed	Not disclosed	0
Workers' Compensation Insurance and Safety Liability Insurance Expenditures				
Amount invested in employee work-related injury insurance	RMB10,000	Not disclosed	520.7	572.3
Amount invested in workplace safety liability insurance	RMB10,000	Not disclosed	24.6	44.4
Coverage rate of employees under work-related injury insurance	%	Not disclosed	99.9	100.0

ESG Indicator		Unit	2023	2024	2025
B Society					
B3 Development and Training[23]					
B3.1 Percentage of employees trained by gender and employee category					
Percentage of trained employees out of total employees		%	100.0	98.4	100.0
Gender	Male	%	52.6	52.5	52.4
	Female	%	47.4	47.5	47.6
Employee Category	General Manager and above	%	0.9	1.0	1.1
	Director level	%	2.1	2.1	2.1
	Manager level	%	10.0	10.1	11.0
	Other employees	%	87.0	86.8	85.8

[23] The calculation method for B3 training-related data follows the Hong Kong Stock Exchange document "Appendix III: Guidelines for Reporting Social Key Performance Indicators."

ESG Indicator		Unit	2023	2024	2025
B3.2 Average hours of training completed per employee, by gender and employee category					
Average training hours per employee		hour/person	74.3	102.3	92.2
Gender	Male	hour/person	69.2	100.2	88.4
	Female	hour/person	80.1	104.6	96.4
Employee Category	General Manager and above	hour/person	12.0	17.0	9.7
	Director level	hour/person	28.8	45.6	39.3
	Manager level	hour/person	31.8	43.6	29.7
	Other employees	hour/person	81.0	111.5	102.5
Average hours of training completed per employee, broken down by age, region, and training type					
Age	30 years old and under	hour/person	106.6	145.4	140.3
	31-49 years old	hour/person	55.1	77.1	66.3
	50 years old and over	hour/person	65.4	92.8	85.7
Region	Mainland China	hour/person	74.4	102.4	92.4
	Hong Kong, Macau, and Taiwan	hour/person	30.7	94.0	0.0
	Foreign nationals	hour/person	26.4	11.4	1.6
Average training duration for employees participating in management training		hour/person	21.3	20.3	16.49
Average training duration for employees participating in leadership training		hour/person	36.7	47.3	15.4

ESG Indicator	Unit	2023	2024	2025
Employee Training Expenditures				
Per capita expenditure on employee training and development	RMB/person	598.9	501.8	864.0
Employee Engagement Survey Data				
The proportion of employees who expressed "very satisfied" or 'satisfied' in the employee engagement survey relative to the total workforce	%	75	80	80
The annual target established for the proportion of employees who expressed "very satisfied" or "satisfied" in the employee engagement survey relative to the total workforce	%	76	75	75

ESG Indicator		Unit	2023	2024	2025
B5 Supply Chain Management					
B5.1 Number of Suppliers by Region					
Total number of suppliers		Nos	2,086	2,059	2,108
Region	South China Figures	Nos	709	744	718
	East China Figures	Nos	797	779	810
	North China Figures	Nos	194	193	201
	Central China Figures	Nos	187	159	165
	Northeast China Figures	Nos	30	23	28
	Northwest China Figures	Nos	111	110	135
	Southwest China Figures	Nos	47	44	42
	Overseas Figures	Nos	11	7	9

ESG Indicator	Unit	2023	2024	2025
B6 Product Liability				
B6.1 Percentage of total products sold or shipped that were recalled for safety and health reasons				
The percentage of this product category relative to the total number of units sold and/or shipped	%	0	0	0
B6.2 Number of complaints received regarding products and services				
Product Complaints	Nos	80	87	143
Medication Consultation	Nos	17	21	27
Major liability incidents related to product and service safety and quality				
Major liability incidents related to product and service safety and quality	Case	Not disclosed	0	0
Amount of administrative penalties incurred due to major liability incidents related to product and service safety and quality	RMB	Not disclosed	0	0
Amount of damages incurred due to major liability incidents related to product and service safety and quality	RMB	Not disclosed	0	0
B7 Anti-Corruption				
B7.1 Number and outcome of corruption lawsuits filed against the Company or its employees during the reporting period that have been concluded				
The number of embezzlement cases filed and concluded	Case	0	0	0

ESG Indicator	Unit	2023	2024	2025
B7 Anti-Corruption				
B7.3 Anti-Corruption Training Provided to Directors and Employees				
Number of directors who participated in anti-corruption training	Person	11	9	11
Percentage of directors who participated in anti-corruption training	%	100.0	100.0	100.0
Total duration of anti-corruption training provided to directors	Hour	22.0	22.5	22.0
Number of employees who participated in anti-corruption training	person	8,933	8,922	8,878
Total duration of anti-corruption training provided to employees	Hour	17,020.7	18,190.0	12,577.0
B8 Community Investment				
B8.2 Resources Utilized in Focus Areas				
Financial Donations	RMB10,000	1,349.8	1,089.7	2,714.0
Value of In-Kind Donations	RMB10,000	348.3	208.0	381.8
Total Charitable Donations	RMB10,000	1,698.1	1,297.7	3,095.8
Of which: Health Initiatives	RMB10,000	261.2	457.8	1,152.7
Education Initiatives	RMB10,000	560.2	561.0	548.0
Disaster Relief Initiatives	RMB10,000	625.1	47.2	912.9
Rural Revitalization and Industrial Assistance Initiatives	RMB10,000	196.1	222.3	301.7
Other Initiatives	RMB10,000	55.5	9.4	180.5



09

CONTENT INDEX

9.1 HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDELINES CONTENT INDEX

Primary Categories, Levels, General Disclosures, and Key Performance Indicators ("KPIs")		Corresponding Section(s)
A. Environment		
A1: Emissions	General disclosure	7.2,8
	KPI A1.1	8
	KPI A1.2	8
	KPI A1.3	8
	KPI A1.4	8
	KPI A1.5	7.2,8
	KPI A1.6	7.2,8
A2: Resource Use	General disclosure	7.3,8
	KPI A2.1	8
	KPI A2.2	8
	KPI A2.3	7.3,8
	KPI A2.4	7.2,8
	KPI A2.5	8
A3: Environment and Natural Resources	General disclosure	7.2,7.3
	KPI A3.1	7.2,7.3

Primary Categories, Levels, General Disclosures, and Key Performance Indicators ("KPIs")		Corresponding Section(s)
B. Social		
Employment and Labor Practices		
B1: Employment	General disclosure	5.1,5.2,8
	KPI B1.1	8
	KPI B1.2	8
B2: Health and Safety	General disclosure	5.3
	KPI B2.1	5.3,8
	KPI B2.2	5.3,8
	KPI B2.3	5.3
B3: Development and Training 發展及培訓	General disclosure	5.2
	KPI B3.1	8
	KPI B3.2	8

Note: References include the table of contents of the Hong Kong Stock Exchange Environmental, Social, and Governance Reporting Guidelines and the table of contents for C2, Part D: Climate-related Disclosures

9.1 HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDELINES CONTENT INDEX *(Continued)*

Primary Categories, Levels, General Disclosures, and Key Performance Indicators ("KPIs")		Corresponding Section(s)
B. Social		
Employment and Labor Practices		
B4: Labor Standards	General disclosure	5.1
	KPI B4.1	5.1
	KPI B4.2	5.1
Operating Practices		
B5: Supply Chain Management	General disclosure	6.1
	KPI B5.1	8
	KPI B5.2	6.1
	KPI B5.3	6.1
	KPI B5.4	6.1
B6: Product Liability	General disclosure	4.3
	KPI B6.1	4.3,8
	KPI B6.2	4.3,8
	KPI B6.3	4.3
	KPI B6.4	4.3
	KPI B6.5	4.1,4.2

Primary Categories, Levels, General Disclosures, and Key Performance Indicators ("KPIs")		Corresponding Section(s)
B. Social		
Operating Practices		
B7: Anti-Corruption	General disclosure	3.3
	KPI B7.1	3.3,8
	KPI B7.2	3.3
	KPI B7.3	3.3,8
Community		
B8: Community Investment	General disclosure	5.1
	KPI B8.1	5.1
	KPI B8.2	8

9.2 CONTENT INDEX OF SELF-REGULATORY GUIDELINES NO. 17 FOR COMPANIES LISTED ON SHENZHEN STOCK EXCHANGE – SUSTAINABILITY REPORTING

No.	Topic	Corresponding Article(s)	Corresponding Section(s)
Environment			
1	Addressing Climate Change	Articles 21 to 28	7.1,8
2	Pollutant Emissions	Article 30	7.2,8
3	Waste Management	Article 31	7.2,8
4	Ecosystem and Biodiversity Conservation	Article 32	7.3
5	Environmental Compliance Management	Article 33	7.2,7.3
6	Energy Utilization	Article 35	7.3,8
7	Water Resource Utilization	Article 36	7.2,8
8	Circular Economy	Article 37	7.3,8
Social			
9	Rural Revitalization	Article 39	6.2,8
10	Social Contribution	Article 40	4.2,6.2,8
11	Innovation-Driven	Article 42	4.1
12	Technology Ethics	Article 43	4.1
13	Supply Chain Security	Article 45	6.1
14	Equal Treatment of SMEs	Article 46	3.2

No.	Topic	Corresponding Article(s)	Corresponding Section(s)
Social			
15	Product and Service Safety and Quality	Article 47	4.2,4.3
16	Data Security and Customer Privacy Protection	Article 48	3.3
17	Employees	Article 50	5,8
Governance Related to Sustainable Development			
18	Due Diligence	Article 52	3.2,6.1
19	Stakeholder Engagement	Article 53	2.3
20	Anti-Commercial Bribery and Anti-Corruption	Article 55	6.1,8
21	Anti-Unfair Competition	Article 56	6.1

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA 841408

Livzon Pharmaceutical Group Inc. Environmental, Social and Governance Report 2025

The British Standards Institution is independent of Livzon Pharmaceutical Group Inc. and its subsidiaries (hereafter referred to as "Livzon Pharmaceutical" collectively in this statement) and has no financial interest in the operation of Livzon Pharmaceutical other than for the assessment and assurance of Livzon Pharmaceutical Group Inc. Environmental, Social and Governance Report 2025 (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of Environmental, Social and Governance Report 2025 presented by Livzon Pharmaceutical Group Inc. The review does not extend beyond such information and is solely based.

Scope & Criterial

The scope and criterial of engagement agreed upon with Livzon Pharmaceutical includes the following:

1. The assurance scope is consistent with the description of Livzon Pharmaceutical Group Inc. Environmental, Social and Governance Report 2025. The report is prepared in accordance with the requirements of Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, "Code on Environmental, Social and Governance Reporting," the Shenzhen Stock Exchange's "Shenzhen Stock Exchange Self-Regulatory Guidance No. 17 for Listed Companies–Sustainability Reporting (Trial)," and the Shenzhen Stock Exchange Guideline No. 3 on Self-Regulatory Supervision for Listed Companies–Preparation of Sustainability Reports. It also references the International Sustainability Standards Board (ISSB) International Financial Reporting Standard (IFRS) S1–General Requirements for Disclosure of Sustainability-Related Financial Information and IFRS S2–Climate-Related Disclosures, the United Nations 2030 Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards with guidelines No. 14 of SSE for self-regulation of listed companies—sustainability report (Trial) (hereinafter referred to as Guidelines No.14) and refers to the GRI standards 2021.
2. In accordance with Type 2 Moderate Level of Assurance as defined in the AA1000 Assurance Standard V3 ("AA1000AS V3"), BSI evaluates the nature and extent of Livzon Pharmaceutical's adherence to four reporting principles of Inclusivity, Materiality, Responsiveness and Impact in preparing the Report. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has not been evaluated.

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Issue Date: 2026-03-20 Effective Date: 2026-03-20

Opinion Statement

We conclude that the Report provides a fair view of Livzon Pharmaceutical's sustainability plan and performance in the reporting year. We believe that the environmental, social and governance general disclosures and key performance are fairly represented in the Report, in which Livzon Pharmaceutical's efforts to pursue sustainable development are recognized by its stakeholders.

Nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality Responsiveness and Impact based on AA1000 criteria are not correctly addressed.
Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS V3, We planned and performed this part of our work to obtain the necessary information and explanations，We considered Livzon Pharmaceutical has provided sufficient evidence that Livzon Pharmaceutical's self-declaration of compliance with Guidelines No. 14 of SSE was fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion，We undertook the following activities:

• A top level review of issues raised by external parties that could be relevant to Livzon Pharmaceutical's policies to provide a check on the appropriateness of statements made in the Report;
• Discussion with senior executives on Livzon Pharmaceutical's approach to stakeholder engagement. We had no direct contact with external stakeholders;
• Interview with staff involved in sustainability management, report preparation and provision of report information;
• Review of key organizational developments;
• Review of supporting evidence for claims made in the Report;
• An assessment of the Livzon Pharmaceutical reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS V3 principles of Inclusivity, Materiality, Responsiveness and Impact and the requirements of Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, "Code on Environmental, Social and Governance Reporting," the Shenzhen Stock Exchange's "Shenzhen Stock Exchange Self-Regulatory Guidance No. 17 for Listed Companies–Sustainability Reporting (Trial)," and the Shenzhen Stock Exchange Guideline No. 3 on Self-Regulatory Supervision for Listed Companies–Preparation of Sustainability Reports. is set out below:

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's Sustainability Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality Responsiveness and Impact based on AA1000 criteria are not correctly addressed.

In our professional opinion, this report covers sustainable development affairs of Livzon Pharmaceutical in accordance to the requirements of Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, "Code on Environmental, Social and Governance Reporting," the Shenzhen Stock Exchange's "Shenzhen Stock Exchange Self-Regulatory Guidance No. 17 for Listed Companies–Sustainability Reporting (Trial)," and the Shenzhen Stock Exchange Guideline No. 3 on Self-Regulatory Supervision for Listed Companies–Preparation of Sustainability Reports. The improvement suggestions we provided for the report have been adopted by Livzon Pharmaceutical prior to the issuance of this statement of opinion.

Assurance Level

The Type 2 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of Livzon Pharmaceutical's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA 1000 AS V3, Guidelines No. 14 of SSE, ISO 14064, ISO 14001, ISO 50001, ISO 45001, ISO 9001 etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

Annex：Livzon Pharmaceutical Group Inc. ESG Performance Data of Y2025

ESG Index	Amount	Unit	Verification criteria
Energy Consumption			the requirements of Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, "Code on Environmental, Social and Governance Reporting," the Shenzhen Stock Exchange's "Shenzhen Stock Exchange Self-Regulatory Guidance No. 17 for Listed Companies–Sustainability Reporting (Trial)," and the Shenzhen Stock Exchange Guideline No. 3 on Self-Regulatory Supervision for Listed Companies–Preparation of Sustainability Reports. It also references the International Sustainability Standards Board (ISSB) International Financial Reporting Standard (IFRS) S1–General Requirements for Disclosure of Sustainability-Related Financial Information and IFRS S2–Climate-Related Disclosures, the United Nations 2030 Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards with guidelines No. 14 of SSE for self-regulation of listed companies—sustainability report (Trial) (hereinafter referred to as Guidelines No.14) and refers to the GRI standards 2021.
Total Energy Consumption	**150,214.3**	Tons of Standard Coal	
Non-renewable Energy Consumption	**1,143,869.5**	MWh	
Renewable Energy Consumption	**78,378.9**	MWh	
Total GHG emissions （Scope1&2）	**488,612.6**	Metric Tons CO2e	
Direct GHG emissions （Scope 1）	**175,562.4**	Metric Tons CO2e	
Indirect GHG emissions of imported energy（Scope 2）	**313,050.2**	Metric Tons CO2e	
Total volume of waste disposed	**63620.7**	Metric Tons	
Total volume of hazardous waste disposed	**11,798.0**	Metric Tons	
Total Water Consumption	**6,185,957.1**	Metric Tons	
OHS Performance			
Work-related fatalities	**0**	Person	
LTIFR – Staff	**0.39**	Incidents Per Million Hours Worked	
LTIFR – Contractors	**0**	Incidents Per Million Hours Worked	

For and on behalf of BSI:

Michael Lam, Senior Vice President, APAC Assurance

Verifier of the Report:

Team Leader: Angus Huo

AA1000
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