昭衍
JOINN

北京昭衍新藥研究中心股份有限公司
JOINN LABORATORIES (CHINA) CO., LTD.

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

Stock Code: 6127

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Contents

About This Report

This report is the sixth "Sustainability and Social Responsibility and Environmental, Social and Governance Report" published by JOINN Laboratories (China) Co., Ltd. (hereinafter referred to as "Company", "the Company", "JOINN Laboratories", "We" or "us"). This report mainly introduces the Company's management policies and performance practices in environmental, social and governance aspects.

Reporting Period and Scope

This report discloses the Company's management methods, initiatives and performance in environmental, social and governance aspects from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "Year" or the "Reporting Period") (some contents may be traced back to previous years or extended to the date of disclosure of this report). Except for environmental information, the scope of disclosure in this report covers the Company's all branches and subsidiaries, which is consistent with that in the annual report.

Major Reference Standards of the Report

This report is prepared in accordance with the Guidelines for Self-discipline Supervision of Listed Companies No. 14 of the Shanghai Stock Exchange – Sustainability Report (Trial), and the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "ESG Reporting Guide") set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange").

Reporting Principles

Materiality: We identify major ESG issues through materiality assessment, and the relevant process and results have been disclosed in the ESG Report.

Quantification: Quantitative information on environmental and social aspects with historical data has been presented in the ESG Report with explanations on its purpose and impact, and comparative data will be provided in subsequent ESG reports.

Consistency: We use consistent disclosure and statistical methods. In this report, we have maintained the same disclosure and statistical methods for the information disclosed in the previous year's report. For the information disclosed for the first time, we will adopt consistent methods for ESG information disclosure in subsequent years to facilitate meaningful comparison year on year.

Publication

This report is available online in both Chinese and English. All stakeholders can access this report on the official website of the Company (https://www.joinnlabs.com/), the website of the Shanghai Stock Exchange (hereinafter referred to as the "SSE") (http://www.sse.com.cn/) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). In case of any discrepancy, the Chinese version shall prevail.

Contact Information

We highly value the opinions of our stakeholders and the public about this report. Should you have any enquiries or suggestions, please contact the Company through the following means.

Address: A5 Rongjing East Street, Beijing Economic and Technological Development Zone
Tel: 010-67869582
Email: jiafengsong@joinn-lab.com

Board Statement

JOINN Laboratories is well aware of the importance of good corporate governance and risk management processes, including the management of ESG issues that are crucial to the sustainable development of the Company. The Board of the Company is the highest responsible and decision-making body for ESG matters, and assumes full responsibility for the Company's ESG strategy and reporting. The Board conducts regular reviews of the completion status of the targets and reviews the strategies and action plans for achieving the annual targets.

Based on the external social and economic macro environment and the Company's development strategy, the management team of JOINN Laboratories dynamically evaluates the importance of ESG issues, discusses and determines the Company's risks and opportunities in environmental, social and corporate governance, and regards the management and improvement of key issues as the annual strategic work of sustainable development.

The Company identifies that product and service safety and quality and innovation drive and other issues are of higher materiality through the materiality assessment of ESG issues. The Company adheres to the principle of "serving drug innovation, focusing on safety evaluation and monitoring of the entire life cycle of drugs", and attaches great importance to quality management and R&D innovation of products and services. At the same time, the Company attaches great importance to leading supply chain management, employees, data security and customer privacy protection.

This report discloses in detail the progress and effectiveness of JOINN Laboratories' ESG work in 2025. The Board and all directors of JOINN Laboratories warrant that there are no false representations, misleading statements or material omissions in this report, and assume joint and several responsibilities for the truthfulness, accuracy and completeness of its contents.

About JOINN Laboratories

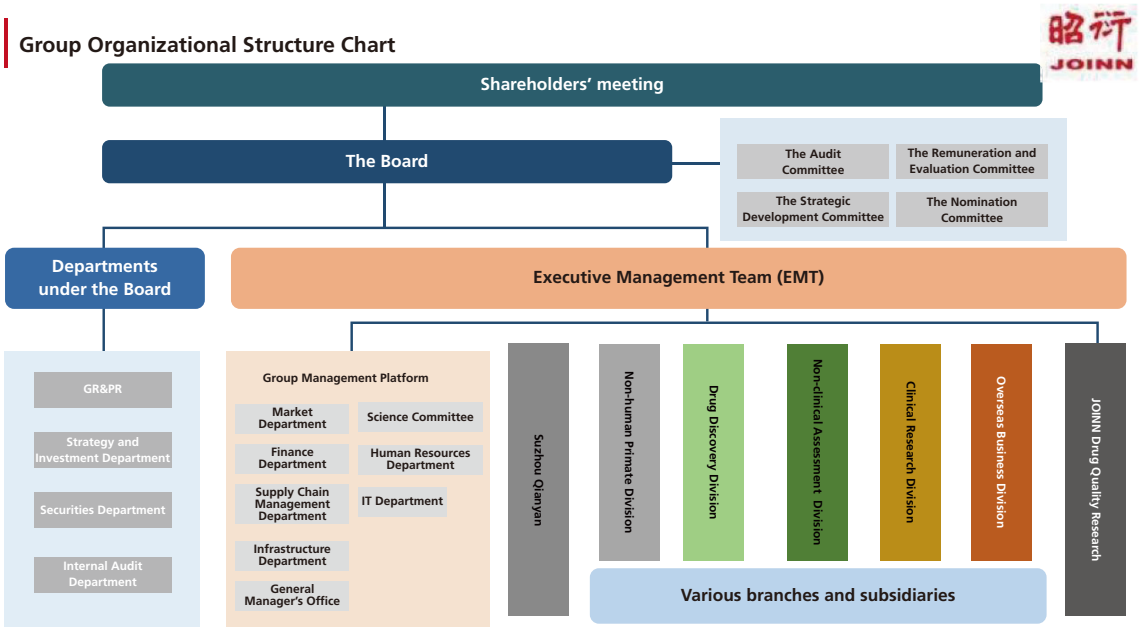
JOINN Laboratories (Stock Code: 603127.SH/6127.HK) is a privately-owned CRO that has the earliest engagement in non-clinical assessment of drugs in China. Since its establishment in 1995 to present, JOINN Laboratories has a professional technical team of more than 2,600 personnel and has subsidiaries in Beijing, Suzhou, Chongqing, Guangzhou, Shanghai, Wuxi, Wuzhou, Nanning, Yunnan as well as in California and Boston in the United States. JOINN Laboratories has established a quality management system (CNAS/ILAC-MRA Certification) in compliance with international standards. JOINN Laboratories has obtained GLP qualifications from the NMPA of China, the U.S. FDA, OECD, Korea's MFDS, Japan's PMDA, and international AAALAC (Animal Welfare) certifications. The evaluation information meets the requirements of global drug registration. We are capable of providing one-stop services such as non-clinical pharmacology and toxicology research and assessment, especially non-clinical safety assessment, clinical trials and pharmacovigilance, to customers. We could also provide services such as laboratory animals, disease model animals and the assessment of veterinary drugs and pesticide and medical devices to customers. JOINN adheres to the purpose of "serving drug innovation, focusing on safety evaluation and monitoring of the entire life cycle of drugs", ensuring the safety of patients' medication and safeguarding the health of human beings.

Corporate Governance

The Company strictly complies with relevant laws, regulations and normative documents, including the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Listing Rules of the Shanghai Stock Exchange", the "Code of Corporate Governance for Listed Companies" and Appendix C1 (Corporate Governance Code) to the Listing Rules of Hong Kong Stock Exchange. The Articles of Association serve as the core document for corporate governance, supported by supplementary policies such as the "Rules of Procedure for the Board of Directors", the "Related Party Transactions Management System", and the "Information Disclosure Management System", ensuring the effective operation of governance mechanisms. The Company continuously monitors updates to laws and regulations, periodically assesses the compliance and effectiveness of its governance structure, and enhances governance standards through training, audit and oversight mechanisms to safeguard the legitimate rights and interests of shareholders, employees, customers, and other stakeholders.

We have established a governance framework centered on the shareholders' general meeting, the Board and senior management, implementing scientific, efficient, stable and long-term decision-making, oversight and incentive mechanisms to continually improve corporate governance and protect shareholders' interests.

Group Organizational Structure Chart



ESG Responsibility Management

Board Diversity

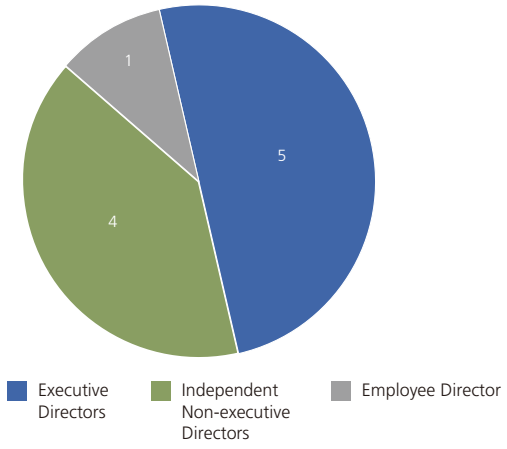
We advocate the diversity of Board members, and continue to build a diversified and professional Board in terms of gender, age, cultural and educational background, professional development, service term, industry experience and other aspects, so as to improve the decision-making capabilities of the Company from a comprehensive perspective and mindset and enhance the effectiveness of the Board. As of the end of the Reporting Period, the Board of the Company consists of 5 executive Directors, 4 independent non-executive Directors and one employee Director. Among the 10 directors of the Company, 4 are female directors, accounting for 40%. As an executive Director, Ms. Feng Yuxia, the Chairman of the Board of the Company has formed a diversified Board structure with other Directors. All Directors have brought extensive experience and professional knowledge to the Company and the Board, including knowledge and experience in business management, medical clinical research, scientific research, financial management and accounting.

Board Oversight and Performance Evaluation

To elevate corporate governance, we have strengthened oversight effectiveness and refined incentive mechanisms to fully unleash management's accountability and safeguard the Company's high-quality development. In terms of decision-making oversight, we have established a tiered and categorized assessment cycle mechanism to reinforce dynamic monitoring of performance conduct across all levels of management. Senior executives responsible for core performance indicators undergo annual assessments to ensure their strategic execution aligns with the Company's overall objectives. Heads of other business units and their team members are subject to quarterly assessments to promptly correct deviations and enhance execution efficiency. For personnel requiring flexible management due to role changes or special assignments, ad hoc assessments are conducted to ensure seamless accountability transitions.

Regarding incentive mechanisms, the Company scientifically designs multi-dimensional assessment metrics – covering target achievement, work quality, team collaboration and management effectiveness – based on role characteristics and annual strategic goals, ensuring comprehensive and objective evaluations. Assessment results are rigorously applied to key human resource decisions, including salary adjustments, rewards and penalties, promotions, training, and equity incentives, with compensation determined by value contribution. By linking long-term incentives (such as equity) to assessment outcomes, we effectively guide management to focus on sustainable value creation, advancing corporate governance from "compliance control" toward "value-driven" transformation.

Board Composition of JOINN Laboratories (as of the end of the Reporting Period)



Board Training

Through organizing professional training, we continuously enhance the compliance awareness and performance capabilities of our board members. In accordance with regulatory requirements and our own development needs, we actively encourage board members to participate in relevant training to ensure timely mastery of the latest regulatory policies and compliance requirements. During the Reporting Period, all members of the Company's Board actively participated in numerous training sessions organized by the Shanghai Stock Exchange, the Listed Companies Association of Beijing and other entities. In 2025, the average training hours per Director amounted to 17.35 hours.

Training content included:

- Interpreting key revisions and implementation requirements of core regulations, including the new Company Law, the Guidelines for Articles of Association of Listed Companies, and the Administrative Measures on Major Asset Reorganizations of Listed Companies; explaining rules and compliance essentials regarding changes in shareholdings of listed companies.

- Discussing directors' fiduciary duties, as well as the responsibilities and independence requirements for independent directors; emphasizing obligations for disclosure of material information, management of insiders privy to inside information, and relevant provisions prohibiting insider trading.

- Analyzing the strategic significance of mergers and acquisitions in driving industrial consolidation, optimizing resource allocation and fostering new quality productive forces.

- Presenting strategies for enhancing market value management and investor relations, aimed at strengthening investor protection.

- Examining typical regulatory enforcement cases to conduct warning education, reinforce risk prevention awareness and solidify the baseline for compliance.

ESG Responsibility Management

Internal Control and Risk Management

JOINN Laboratories strictly complies with the relevant requirements and internal control standards of the SSE and the Hong Kong Stock Exchange. The Company has established an effective risk management and internal control system. The Audit Committee under the Board of the Company monitors and manages the overall risks related to business operations. The relevant departments are responsible for the implementation of specific risk management policies and relevant practices, reporting the audit work to the Audit Committee on a quarterly basis, and sending quarterly audit reports to the Audit Committee. The Audit Committee convenes at least one meeting every quarter to consider the work plans and reports submitted by the internal audit department; report to the Board at least once every quarter on matters including but not limited to progress and quality of internal audit and major problems identified; issue a written assessment opinion on the effectiveness of the internal control of the listed companies and report the same to the Board at least once a year based on the internal audit report and relevant information submitted by the internal audit department.

We have established a series of internal control policies and procedures, including the "Internal Audit System", "Risk Management System", "Anti-fraud and Whistleblowing System", "Off-Office Audit Management Measures", "Working Rules of Internal Financial Audit", and "Implementation Regulations on System Policies Management". The Company's internal risk identification is divided into two types: regular audits are audits on a quarterly basis, and the Company focuses on the audit of businesses with significant financial data fluctuations based on financial analysis; irregular audits are routine audits, and risks are identified through routine special audits, walk-through assays and other audit methods.

The Company complies with the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Basic Standards for Enterprise Internal Control", their supporting guidelines and other relevant laws and regulations. The Company has formulated a relatively sound internal control system, clarified responsibilities and authorities of all departments and levels, thus creating a positive internal control environment with a focus on strengthening employees' awareness of internal control risks. The Company has established a regular risk assessment process, though which the internal audit department and the internal control department of the Company will conduct systematic analysis and evaluation on risk points across all business operations of the Company on a regularly basis; meanwhile, for different business processes such as procurement, sales and fund management, the Company has formulated relatively sound control measures to ensure business activities are carried out in a compliant and orderly way. The internal audit department of the Company commenced internal control supervision and assessment on a regular basis and continued to monitor the effectiveness of the operation of internal control through periodic inspections on business processes, so as to identify and solve any problems in a timely manner. At the same time, based on a risk-oriented approach, the internal audit department carries out targeted internal control evaluations on an irregular basis to conduct a comprehensive assessment on the effectiveness of the internal control of specific business areas and important projects, thereby identifying control deficiencies and providing improvement recommendations.

ESG Governance

The Company continues to optimise its ESG governance system. As the leader of the Company's ESG governance structure, the Audit Committee under the Board is responsible for reviewing, monitoring, evaluating, managing and approving major sustainable development matters. Its responsibilities and authorities include:

- Reviewing and assessing the adequacy and effectiveness of the structure associated to the sustainable development of the Company;
- Overseeing the development of the Company's sustainability visions, strategies and policies;
- Monitoring the implementation of sustainability visions, strategies and policies;
- Reviewing and approving the disclosures relating to the Company's sustainability framework, objectives and relevant performance as set out in the annual report documents.

The securities department of the Company is responsible for ESG supervision and coordination, implementing leaders' resolutions, communicating and coordinating ESG-related matters, and organising the preparation of ESG reports.

In addition, the Company's functional departments and subsidiaries are the body for the implementation of specific works to carry out the Company's ESG work, effectively record and report ESG-related data, and fully implement ESG-related management work.

ESG Responsibility Management

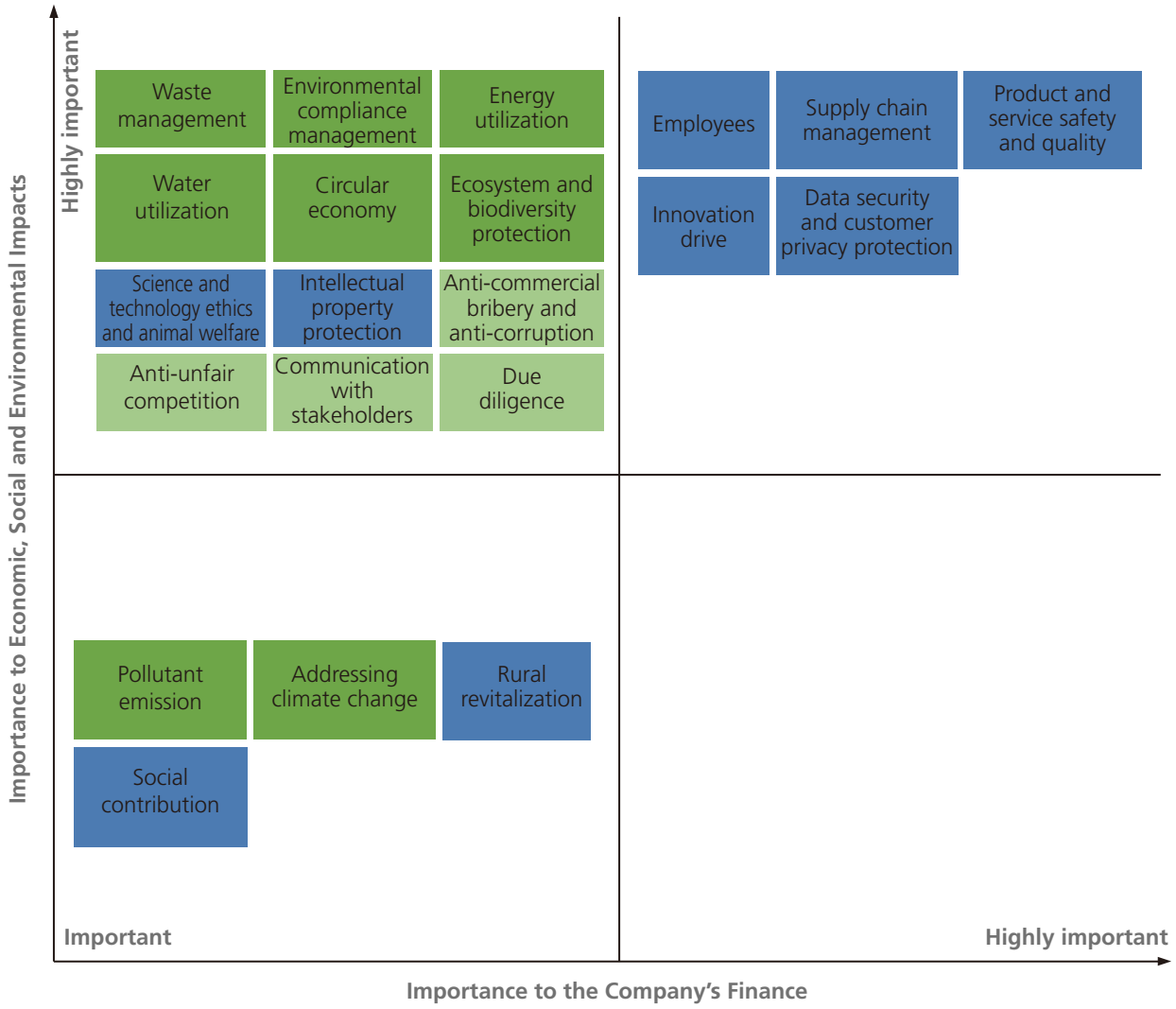
Communication with Stakeholders

JOINN Laboratories attaches great importance to communication with stakeholders, establishes efficient communications and feedback mechanisms for stakeholders, listens to the opinions and suggestions of stakeholders such as government departments, shareholders, customers, employees, suppliers and peers through different channels, identifies the feedback and expectations of stakeholders on the Company, improves the Company's ESG performance in a targeted manner, effectively responds to the needs of relevant parties, and works with stakeholders to promote social development and share development results.

Stakeholders	Expectations of Stakeholders	Communication and Engagement	Company's Response
Investors	• Increase in market capitalization and profitability of the Company • Continuous improvement of the Company's environmental and social responsibility performance	Shareholders' meeting, information disclosure, company website	• Regularly publish reports, truthfully and fully disclose information, strive to improve performance and create profits • Improve corporate governance and risk management, convene shareholders' meetings, strengthen investor relations management, and strive to improve environmental and social responsibility management
Customers	• Outstanding product quality • Safeguard legal interests	Enter into contracts and agreements, customer satisfaction survey	• Provide high-quality products and services • Establish a sound customer service system and a customer feedback and complaint mechanism
Employees	• Safeguard employee remuneration and benefits • Care for employee safety and health • Provide fair promotion and development opportunities • Improve the communication mechanism and participating in company management	Labour contract, employee satisfaction survey	• Strictly abide by the terms of labour contracts and improve the remuneration and welfare system • Provide a safe and healthy working environment • Provide employee development channels and organise employee training • Provide equal communication channels
Government	• Operate in compliance with laws and regulations and implement national policies	Participate in government-related conferences	• Strictly abide by relevant laws and regulations, continue to strengthen corporate compliance management, and respond to relevant national policies
Suppliers	• Honest, fair and impartial cooperation, mutual benefit and a win-win situation to facilitate industry development	Enter into contracts and agreements, hold bidding and supplier meetings regularly	• Adhere to open and transparent business principles, actively perform contracts and agreements, implement an open and transparent procurement model, and develop a responsible supply chain
Peers	• Fair competition, honest cooperation, transparency and publicity of information • Comply with industry norms and facilitate industrial innovation	Share and communicate with industry-related research institutes, associations, mainstream media, etc.	• Strengthen communication and cooperation with peers to jointly create a healthy and orderly competition environment • Participate in industrial innovation research, achieve mutual benefit and win-win, make progress together, participate in industry evaluation, and provide suggestions for industry norms

Materiality Analysis

In accordance with the Guidelines for Self-discipline Supervision of Listed Companies No. 14 of the Shanghai Stock Exchange – Sustainability Report (Trial), the "Environmental, Social and Governance Reporting Code" as set out in Appendix C2 to the Listing Rules of the Hong Kong Stock Exchange, while taking into consideration the expectations and needs of stakeholders and expert opinion based on the characteristics of our business and the industry, the Company assesses ESG issues that are relevant to the Company's business operations from the dual perspectives of impact significance and financial significance. In 2025, the Company assessed and identified 21 material topics. Among these, employees, supply chain safety, product and service safety and quality, data security and customer privacy protection and innovation drive are topics of double materiality.



ESG Responsibility Management

Classification	No.	Issues	Financial Materiality	Impact Materiality
Environment	1	Addressing climate change		✔
	2	Environmental compliance management		✔
	3	Pollutant emission		✔
	4	Waste disposal		✔
	5	Energy utilization		✔
	6	Water utilization		✔
	7	Circular economy		✔
	8	Ecosystem and biodiversity protection		✔
Society	9	Product and service safety and quality	✔	✔
	10	Employees	✔	✔
	11	Social contribution		✔
	12	Supply chain management	✔	✔
	13	Data security and customer privacy protection	✔	✔
	14	Innovation drive	✔	✔
	15	Intellectual property protection		✔
	16	Rural revitalization		✔
	17	Science and technology ethics and animal welfare		✔
Governance	18	Anti-unfair competition		✔
	19	Anti-commercial bribery and anti-corruption		✔
	20	Communication with Stakeholders		✔
	21	Due diligence		✔

1. Empowering Customers

1.1 Innovative R&D

R&D Talent Management

The Company has established a comprehensive training and management system for R&D talent, focusing on enhancing professional technical capabilities while aligning with GLP standards and R&D business needs. It implements a "tiered and categorized, precision empowerment" training model. Training content primarily covers R&D technologies, standard experimental operating procedures, industry frontiers and trends and GLP compliance management. For newly hired R&D personnel, intensive pre-job training is conducted, covering the Company's R&D system, SOP operations, laboratory safety, and other essential topics to ensure rapid role adaptation. For incumbent R&D staff, regular technical enhancement training, industry expert lectures, and hands-on drills are organized; furthermore, company-wide GLP system training is conducted annually to strengthen professional competencies. For core R&D talent, opportunities are provided for external exchanges, advanced studies, and participation in industry-academic activities, enabling them to master cutting-edge technologies and build a specialized R&D talent pool.

The Company has established an R&D talent incentive system centered on professional competence and innovation achievements, comprehensively stimulating the innovation enthusiasm of R&D personnel. In terms of compensation incentives, new innovation rewards have been introduced, directly linked to R&D project progress and innovation outcomes. Regarding achievement-based incentives, R&D personnel who secure patents, achieve technical breakthroughs or accomplish technology transfer receive cash bonuses and honorary recognitions. For growth-oriented incentives, outstanding R&D talent are given priority for promotion opportunities, ensuring that their compensation and career development advance in tandem, thereby enhancing their sense of belonging.

The Company has established a clear dual career pathway for R&D talent comprising "professional technical + basic management", with particular emphasis on refining the professional technical growth path. Concurrently, a mentorship mechanism for R&D talent has been implemented, whereby technical experts and senior R&D personnel provide one-on-one guidance to accelerate the growth of R&D talent and stabilize the core R&D workforce.

As of the end of the Reporting Period, the Company's total workforce stood at 2,649 employees, with 1,974 core R&D personnel, representing 73.5% of the total. In terms of educational background, 60% of the R&D team members held a bachelor's degree or higher, covering relevant disciplines such as pharmacy, biology and medicine, aligning closely with R&D business requirements. Regarding role composition, the team included R&D engineers, key experimental technical staff, technical experts and project leaders, forming a well-structured R&D team with a clear division of responsibilities, capable of efficiently supporting the advancement of various R&D innovation projects. In 2025, the turnover rate for core R&D talent (technical experts and senior R&D backbone staff) remained below 1%, significantly lower than the industry average.

1. Empowering Customers

Scientific Research Collaboration

We are committed to providing innovative services to support our customers' most pioneering and complex new drug discovery projects in China and even globally. To achieve this goal, JOINN Laboratories has been continuously investing in improving its service capabilities and actively participating in major government-supported research projects. Such investments have allowed us to remain at the forefront of the latest technology trend in our industry, develop novel solutions for our customers and maintain our competitive position. We strive to further enhance our technical capabilities through internal R&D, cooperation with universities and research institutions, collaboration with customers and development and improvement of technologies obtained by us.

We actively participated in and organised industry conferences and forums, as well as participated in industry academic exchanges (online + in person). In addition, the Company participated in the drafting and revision of industry standards and guiding principles, translated and compiled industry-related professional books, published academic papers related to industry development, applied for industry-related technical patents, etc., and actively promoted the development and progress of the industry. During the Reporting Period, we deeply engaged in the market launch processes for innovative drugs in cutting-edge fields, leveraging high-quality data to accelerate drug accessibility. We led or participated in the development of multiple industry technical standards and guidelines, such as the guideline on nonclinical evaluation of human-derived stem cells and the industry standard for repeat-dose toxicity studies of oligonucleotide drugs, transforming scientific practice into shared industry assets and driving overall sector advancement.

We actively participate in industry organizations and strengthen communication and collaboration with industry partners to jointly promote the healthy development of the sector. As of the end of the Reporting Period, our affiliated industry associations included the Jiangsu Province Biotechnology Association, the Chinese Society of Toxicology, the Plasma Protein Branch of the China Biochemical Pharmaceutical Industry Association, and the Recombinant Drug Branch of the China Biochemical Pharmaceutical Industry Association.

In 2025, JOINN Laboratories participated in 25 industry conferences: 7 in Beijing, 8 in Shanghai, 3 in Suzhou, 3 in Guangzhou, and 1 each in Chongqing, Qingdao, Hainan and Taiwan. Conference themes covered frontier areas including innovative large- and small-molecule drugs, cell and gene therapies, AI-driven drug discovery, nucleic acid therapeutics, advanced and innovative formulations, GLP-1 and metabolism, clinical research, and medical devices, comprehensively facilitating exchange and collaboration.

17th International Congress of Toxicology

The 10th Conference on Cell and Derivative Research, Development and Industrialization

Research Projects

As at the end of the Reporting Period, the national and local research topics undertaken by the Company were as follows:

No.	Project Type	Project Name	Regulatory Authorities
New research projects applied for in 2025			
1	Municipal	Development of Ready-to-Use Mesenchymal Stem Cell Products for the Treatment of Skin Injuries	Chongqing Municipal Bureau of Science and Technology
Continued research projects from previous years in 2025			
1	National	2024 Public Service Platform for Industrial Technology Infrastructure – Public Service Platform for Screening, Testing and Evaluation of Innovative Drugs	Ministry of Industry and Information Technology (MIIT)
2	National	The "Industry-Academia-Research-Inspection Collaboration" Project on the Development of Key Technologies and Products for Viral Vector Gene Therapy	National Health Commission (NHC)
3	National	Research on a New DNA Vaccine Platform System	National Health Commission (NHC)
4	Municipal	Clinical Stem Cell Preparation Technology and Stem Cell Drug Development	Chongqing Municipal Bureau of Science and Technology
5	Municipal	Novel Antibody Drugs Targeting the Immunosuppressive Microenvironment of Brain Gliomas	Chongqing Municipal Bureau of Science and Technology

Research Honors

In 2025, the Company's qualifications and honors that were awarded or successfully revalidated are as follows:

No.	Declaring Unit	Qualification or Honor Name	Regulatory Authorities
1	JOINN Laboratories	National Enterprise Technology Center	National Development and Reform Commission
2	JOINN Laboratories	The 6th Batch of Industrial Technology Foundation Public Service Platforms	Ministry of Industry and Information Technology (MIIT)
3	JOINN Laboratories	Beijing Key Laboratory for Research and Development and Translational Application of Nuclear Medicine Molecular Targeted Drugs	Municipal Commission of Science and Technology
4	JOINN Laboratories	Top 100 Service Enterprises in Beijing, Top 100 High-Precision and Advanced Technology Enterprises in Beijing	Beijing Enterprise Confederation
5	JOINN Laboratories	China's Innovative Drug Decade Honors List (2015–2025): Industry-Leading CRO Companies	PharmaCube
6	JOINN Laboratories	Beijing Enterprise Technology Center	Municipal Development and Reform Commission
7	JOINN Laboratories	Zhongguancun High-Tech Enterprise	Municipal Commission of Science and Technology
8	JOINN Laboratories	2025 Capital Science and Technology Condition Platforms	Municipal Commission of Science and Technology

1. Empowering Customers

Intellectual Property Protection

R&D and innovation are the core driving forces for the Company to maintain its competitiveness and achieve sustainable development. In order to systematically manage its R&D and innovation initiatives, the Company encourages its departments and employees to carry out activities such as innovation, patent application and thesis publication. At the end of the Reporting Period, the Company staged a comprehensive evaluation of its innovation, patent and thesis projects during the Reporting Period, with commendations and awards granted to the outstanding projects.

In terms of intellectual property management, the Company has formulated the "Intangible Assets Management System", designated dedicated personnel to be responsible for the management of intellectual property rights and established files. The Company continued to improve the construction of patent and trademark management systems, established an effective talent incentive mechanism, and encouraged innovation. We continue to increase investment in technology development, enhance independent innovation capabilities, ensure independent research and development of process equipment and key generic technologies and introduce digestive absorption and re-innovation, and strive to form indigenous intellectual property rights and core technologies. The Company's existing intellectual property rights include invention patents, appearance design patents, utility model patents, software copyrights, trademarks and artwork. As of the end of 2025, JOINN Laboratories held 196 authorized intellectual property rights, comprising 30 invention patents, 45 utility model patents, 77 trademarks, 38 software copyrights, 4 design patents and 2 artworks.

During the Reporting Period, the Company adopted the following IP management measures:

- Enhancing intellectual property management and development: The Company entered into strategic cooperation agreements with a number of intellectual property organisations to accelerate the development and layout of its intellectual properties. During the year, the Company organised a number of IP exchange conferences for communication on and exchange of basic knowledge of patents, writing and replying to technical submissions, the use of patent searching tools, patent searching methods, patent exploitation methods and patent deployment methods.

- Establishing dedicated IP management posts: Assigning people responsible for IP management and maintenance of achieves.

- Improving the IP incentive mechanism: Improving the talent incentive mechanism, encouraging independent R&D and introduction, comprehension, absorption and re-innovation, and striving to create our own intellectual properties and core technologies.

During the Reporting Period, the Company adopted the following intellectual property protection measures:

- A designated department was responsible for intellectual property management, formulating the Company's intellectual property strategy, supervising the implementation of the system, and ensuring that the Company's intellectual property work was effectively carried out.

- Intellectual property training was strengthened for the Company's management and technical personnel to enhance their awareness of intellectual property protection.

- For intellectual property rights that may have a significant impact on the Company, professional agencies were engaged to handle the applications, maximizing the protection of the Company's interests. In the process of cooperating with other entities or individuals, detailed provisions were made regarding the ownership, scope of use, term, and distribution of subsequent R&D results of the intellectual property rights involved, and relevant legal documents were signed.

Looking forward, the Company will strive to form an intellectual property working system and an effective operation mechanism suitable for its own business development and technology research and development, and actively carry out independent research and development and introduce digestion, absorption and re-innovation. The Company has reached the advanced level of the industry in terms of investment, output, ownership and industrialization of intellectual property, and strives to build the Company into an innovative enterprise with strong intellectual property awareness, innovative vitality, remarkable transformation effects and effective protection measures.

1.2 Product Responsibility

Governance

The Company adheres to the purpose of "serving drug innovation, focusing on safety evaluation and monitoring of the whole life cycle of drugs", as well as the vision of "ensuring the safety of patients' medication and safeguarding the health of human beings". We have formulated the "Standard Operating Procedures for Ordering Laboratory Animals", the "Standard Operating Procedures for Quality Control of Laboratory Animals", the "Regulations on Project Management Process Management", among other systems, and established a high-added-value industry chain of unique non-clinical drug services, drug clinical and related services, breeding and sales of high-quality animal models, and customization services of gene editing animal models, which can provide customers with one-stop high-quality services. Some of our subsidiaries, such as JOINN Suzhou, have obtained ISO 9001 quality management system certification.

The Company's quality management system documents consist of four levels:

1. The Quality Manual, which is a programmatic document for the operation of the Company's quality management system and a thematic document for the management system. It mainly explains the Company's quality policy, objectives, requirements of various elements of the management system, division of responsibilities, implementation methods and the fundamental standards that all quality work must follow;

2. Procedural Documents, which are supporting documents of the Quality Manual, which stipulates the purpose, scope, responsibilities, requirements, systems and procedures of the activities and quality activities that can only be carried out by each department and position, and are the guiding documents that relevant personnel should strictly follow when carrying out quality activities;

3. Standard Operating Procedures/Policies, which are specific implementation rules in inspection activities;

4. The Form of Quality Records and Technical Records, which are the original evidence and carrier to verify the effective operation of the management system and ensure that all quality activities and technical activities can be fully repeated.

The Company has established a comprehensive quality management system with clearly defined quality management responsibilities at all levels. Top management, led by the institutional head, bears ultimate responsibility for the operation of the management system and regulatory compliance. Study directors in the toxicology department, bioanalysis department and pathology department bear sole responsibility for the projects under their charge. The quality assurance department is responsible for quality inspections of nonclinical safety evaluation studies. Other business departments assume regulatory responsibilities within their respective scopes of duty to ensure the overall compliance and effectiveness of operations.

1. Empowering Customers

Strategy

The Company places high priority on the identification and management of quality-related risks and opportunities. It systematically identifies potential risks and opportunities, develops mitigation measures, and continuously optimizes service quality to ensure a leading position in a highly competitive market.

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Data reliability risks: Untimely, inaccurate, or arbitrary modification of raw data records; failure to enable audit trails on instrumentation; or disordered user access control in computerized systems.	This can directly lead to regulatory authorities (such as the NMPA or FDA) questioning or rejecting the submission package, triggering the severe consequence of "data non-acceptance", which may result in the revocation of the institution's GLP accreditation	High project default penalties, regulatory fines, and revenue loss to zero due to license revocation.	Short term/ medium term	Enhance the SOP system: Develop SOPs covering all operations and mandate training. Computerized System Validation: Ensure systems include access control and audit trail capabilities; sharing accounts is strictly prohibited. Enforce real-time original recordkeeping: Require data to be recorded directly at the time of observation; backdating or transcribing entries after the fact is strictly prohibited.
Compliance deviation risks: Experimental operations deviate from the protocol or SOPs, such as incorrect animal dispensing, inaccurate dosing, or improper sample storage conditions.	Compromise the validity and reproducibility of studies, potentially leading to drug development failure for the client (pharmaceutical company) due to an inability to rationally explain toxicological responses, thereby exposing them to legal disputes.	Costs associated with repeating studies or remediating projects. Loss of market share resulting from reputational damage.	Short term/ medium term/ long term	Establish a deviation reporting system: Staff are required to immediately submit a written report to the study director upon discovering any deviation. Implement root cause analysis: The study director assesses the impact of the deviation on data and develops corrective actions. Quality assurance audits: The QAU conducts process audits and tracks remediation outcomes.
Biosafety risks: Involve test subjects or diseased animals with biological hazards, which may lead to personnel infection or environmental contamination.	Endanger employee health, resulting in operational suspension and rectification of the institution, and entails public health responsibilities.	Medical expenses and losses due to operational suspension and rectification. Environmental remediation costs and regulatory penalties.	Short term/ medium term	Personnel health management: Conduct regular health examinations and implement protective measures. Facility isolation: Establish dedicated housing and management facilities for volatile, radioactive, or biohazardous substances.

The Company's core business is non-clinical evaluation of pharmaceuticals. Key quality management focus areas include quality management for new drug safety evaluation and laboratory quality management. We strictly adhere to relevant laws and regulations in the domains of new drug safety evaluation and laboratory quality, and have implemented rigorous quality management measures.

1. Empowering Customers

In terms of quality management for new drug safety evaluation, the research basis of the Company's new drugs is from the legal norms, technical standards and technical guiding principles of domestic and international regulatory agencies and industry organisations, such as NMPA, US FDA, EMA, OECD, ICH, ISO, etc. We kept abreast of the changes and updates in GLP regulations at home and abroad, and organised training promptly to help our people comprehend new requirements and technologies in the industry, as well as updating our quality system documentation to ensure that our GLP quality management and non-clinical safety research and trials are in compliance with regulatory requirements at home and abroad in real time.

The Company scientifically evaluates the safety and effectiveness of drugs in strict accordance with the Good Laboratory Practice for Non-Clinical Studies (CFDA Order No. 34, September 2017) promulgated by National Medical Products Administration (NMPA, formerly known as China Food and Drug Administration), U.S. Food and Drug Administration's Good Laboratory Practice Regulations (21 CFR Part 58), OECD GLP principles and other laws and regulations, reduces the risk of drug research and development of the principal, improves the efficiency of drug research and development of the entrusting party, and supports the scientific review of the regulatory department, so as to support the continuous innovation of the pharmaceutical industry.

- **Non-clinical drug research services:** Non-clinical drug evaluation services are technical services with strict regulations and management, which not only require good technical conditions but also comply with relevant quality management standards. In order to guarantee the quality and efficiency of services, combining with regulatory requirements and own characteristics, the Company has established relevant modes of service:

  1) **Acceptance of engagement:** The Company's professional marketing team is responsible for contacting customers, understanding customer needs, formulating research plans, quotation and signing contracts with technical departments.

  2) **Carry out tests and provide reports:** The Company's technical department is responsible for organising tests and numbering each test, formulating test plans, preparing test materials, conducting in vivo and/or in vitro tests, processing data as well as preparing and submitting summary reports in accordance with the regulations and SOP requirements.

  3) **Archive of data:** After the test, we archive all original records to ensure the integrity of the test data.

  4) **Registration support:** After completion of the test, the Company shall cooperate with the regulatory department to conduct an on-site inspection to verify the authenticity and completeness of the data. When necessary, the Company shall conduct technical discussions with the principal and the regulatory department in the process of new drug evaluation.

- **Clinical trial and related services:** The clinical business of JOINN Laboratories mainly provides early-stage clinical trial services (clinical trial stage I and BE trial), including regulatory/registration business, medical writing business, clinical monitoring/audit business, data management and statistics business, and clinical trial institution services. Combined with JOINN Laboratories' clinical biological sample analysis business, JOINN Laboratories provides customers with a one-stop service model from non-clinical evaluation to clinical trial. The Company has formulated strict processes of the procurement business and aspects from procurement application and approval to quotation request, selecting suppliers and payment are all effectively managed and controlled.

- **Breeding and sales of animal models:** The Company has established a scientific animal models procurement and supply system, especially, it applies strict control of the quality of animal models. In addition, the Company has also formulated strict processes of the procurement business, and aspects from procurement application and approval to quotation request, selecting suppliers and payment are all effectively managed and controlled.

1. Empowering Customers

In terms of laboratory quality management, the Company strictly adheres to GLP regulations. In 2025, we updated the "Standard Operating Procedure for Staff Training and Assessment". Based on the specific characteristics of different positions, personalized annual training plans are developed to cover all employees. The training system comprises annual training plans, ad hoc training, and training related to updates of quality documents. For key operational personnel, the Company regularly conducts specialized training and assessments on GLP regulations and animal welfare. Additionally, every employee must participate in at least one safety production training session annually. Following any update to quality documents, all employees are required to complete an online examination. All employees must successfully complete position-specific operational training and pass the corresponding assessment before being officially assigned to their roles.

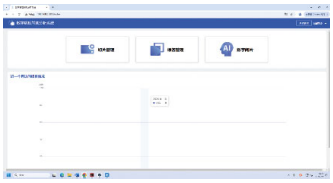
Amid the digital transformation wave, we have deeply integrated digital technologies into quality management by establishing platforms such as a Quality Management System, a Digital Pathology-Assisted Analysis System, and a Test Article Management System, thereby enhancing operational efficiency and quality control capabilities.

- The Quality Management System (QMS) is primarily used for managing quality activities, including planning, implementation records, process control, reporting and tracking feedback conducted by the quality assurance department.

- The Digital Pathology-Assisted Analysis System fulfills requirements for digital slide circulation, side-by-side on-screen comparison, multi-user viewing, and remote slide review, providing convenient digital slide-reading tools.

- The Test Article Management System enables electronic management of the entire lifecycle of test articles – from receipt through transfer or destruction, archiving and borrowing – offering advantages such as high data security, full data traceability, and convenient data sharing.

The Quality Management System (QMS)



The Digital Pathology-Assisted Analysis System

The Test Article Management System

Risk management

To ensure the effectiveness and compliance of the Company's quality management, we have established a comprehensive risk management system covering all stages from risk identification to monitoring. The following outlines our specific risk management process:

- Risk identification: Conducting through regulatory inspections, client audits, internal self-inspections, employee feedback, and other channels.
- Risk assessment: Each identified issue undergoes case-specific analysis, with every issue documented and analyzed in the form of an audit report.
- Risk control: For risk-related issues or deviations, control measures are formulated through deviation reports.
- Risk monitoring: All issue reports are collected and archived by the non-clinical safety evaluation project.

Metrics and targets

The reliability and quality of experimental data have always been our core principles. Our management objective is to achieve scaled, efficient, integrated and global synergistic development while ensuring quality, and to consolidate the Company's leadership position in the preclinical evaluation sector through continuous technological innovation.

During the Reporting Period, all new drug safety evaluation activities conducted by the Company were inspected by the quality assurance department and confirmed to be in full compliance with all GLP regulatory requirements. We underwent an OECD GLP inspection by Poland as well as routine supervisory inspections by the Beijing Municipal Medical Products Administration; no major issues were identified. We conducted multiple quality management training sessions to enhance quality awareness and compliance across all employees. Each department strengthened its quality control inspection requirements, appointed dedicated quality control personnel, intensified quality inspections, and further ensured the quality of new drug safety evaluation work.

During the Reporting Period, the Company experienced no product or service liability violations with material impact on the Company, and there were no instances requiring recall of sold products due to safety or health concerns.

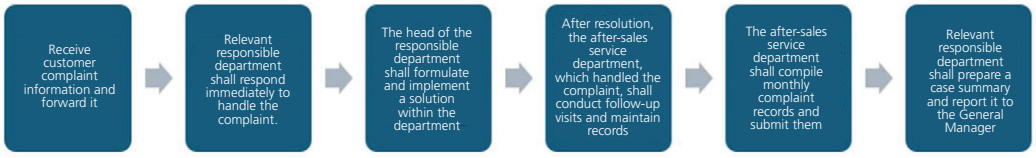
Going forward, the Company will develop corrective action strategies based on findings identified through internal quality assurance activities, sponsor audits and inspections by national or international regulatory authorities, to continuously improve work quality.

1. Empowering Customers

1.3 Customer Service

In terms of customer service management, we have established the "Customer Service Working Procedures". When customers clearly express dissatisfaction with the Company's work quality, relevant departments are responsible for registering customer complaint information into the "Customer Complaint Handling Record", and implementing it in accordance with the Customer Complaint Handling Process.

Customer complaint process:



Complaint channels:

- Phone: 01067869966
- Email: info@joinnlaboratories.com
- Feedback: https://zhaoyan1995.wjx.cn/vm/toPsPz3.aspx
- Customer Satisfaction Survey: https://www.wjx.cn/vm/hqja4IT.aspx

In terms of customer satisfaction survey, we collect customers' feelings, opinions, suggestions and other relevant information on the quality of testing work and service, and register them in the "Customer Satisfaction Survey Record" in a timely manner. Information collection methods include questionnaires, telephone surveys, symposiums, customer visit reception, etc. The content of the satisfaction survey includes whether the service methods and service items meet customer requirements, whether the summary reports are provided on time, whether the test results are accurate, whether the communication with customers is timely, smooth and whether the work is efficient, etc. We summarise customer feedback, include it in the "Customer Feedback Handling Record", and then analyse customer feedback, and determine the final handling opinions based on the needs of the management system operation improvement. The responsible department shall implement the handling opinions and notify customers of the handling situation. During the Reporting Period, the Company did not receive any customer complaints.

In terms of marketing and promotion, the Company adheres to policies and regulations including the "Advertising Law of the People's Republic of China", the "E-Commerce Law of the People's Republic of China", the "Measures for the Administration of Internet Advertising", the "Beijing Guidelines on Advertisement Release (Trial)", the "Measures for the Administration of Market Business Activities", the "News Release Management System", the "Marketing Materials Management System", and the "Email Business Etiquette Management System". Additionally, the Company has formulated internal policies such as the "Marketing Materials Management System", the "News Release Management System", and the "Company LOGO Usage and Management System", which stipulate requirements for the use of promotional materials and LOGOs/trademarks. The Company maintains rigorous approval and release procedures to ensure compliance in marketing activities.

The Company conducts training on responsible marketing upon employee on-boarding and whenever updates are made to marketing-related policies. These trainings primarily target personnel involved in external communications. In 2025, the Company held a total of 14 training sessions on responsible marketing, covering topics including cell and immunotherapy products, antibody drugs, medical devices, and radiopharmaceuticals, with a cumulative duration of 9 hours.

1.4 Information Security and Privacy Protection

Governance

The Company strictly complies with relevant laws, regulations and industry standards, including the "Cybersecurity Law of the People's Republic of China", the "Personal Information Protection Law of the People's Republic of China", the "Data Security Law of the People's Republic of China", the "Information Security Technology – Personal Information Security Specifications" and the "Regulations on Classified Protection of Cybersecurity", to ensure legal and regulatory compliance across all operational aspects of the Company. The Company has formulated the "Regulations on the Management of Sales Customers", which require that passwords must be set for confidential documents/data in computers, that confidential documents must not be taken to places unrelated to work, that confidential documents/data must not be discussed or handed over in public places, and that confidential documents/data must not be divulged in any way to any unrelated person inside or outside the Company. As of the end of the Reporting Period, the Company has completed the preliminary preparations for ISO27001 information security management system certification and plans to apply for certification in 2026.

With respect to the information security management organization, the Company has established a management structure wherein the Chairman serves as the ultimate responsible person, the cybersecurity and informatization department acts as the coordinating department, and the office of each subsidiary together with the information and data management department is responsible for specific implementation. Responsibilities are clearly delineated across all levels to ensure the smooth advancement of the Company's information security management work.

- The Chairman and the Executive Management Team (EMT) are responsible for approving the data security strategy, major policies, the annual budget and significant GLP-related data security matters;

- The cybersecurity and informatization department serves as the coordinating department for data security and privacy protection. It houses an information security team responsible for network security, system security operations and maintenance and GLP data security protection;

- The offices of each subsidiary are responsible for GLP data archiving and related management activities. The information and data management department has an IT compliance team, which is responsible for liaising with regulatory authorities, conducting compliance reviews, and supporting GLP data audit activities.

1. Empowering Customers

Strategy

As the new technological revolution and industrial transformation advance, cybersecurity has become a critical component of enterprise security. We are highly focused on the risks and opportunities associated with data security, assessing their impact on the Company's operations and financial performance, and implementing corresponding measures to ensure that no major information security or privacy breach incidents occur.

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Regulatory compliance risks	Global pharmaceutical R&D data regulation is becoming increasingly stringent. Non-compliant data may lead to project delivery delays, fines, and reputational damage due to regulatory violations.	Non-compliant data may result in regulatory penalties, increasing operational costs.	Medium-term/ long-term	Regularly review and update internal compliance policies to ensure alignment with the latest regulatory requirements. Strengthen communication with regulatory authorities to stay informed of the latest regulatory developments. Provide regular compliance training to enhance employee awareness of compliance obligations.
Technical security risks	Escalating hacker attacks targeting pharmaceutical R&D data could lead to data breaches, resulting in operational disruption; This may further erode customer trust and cause customer attrition.	Increased costs due to information security system remediation; Increased costs arising from litigation triggered by customer data breaches; Declining revenue due to customer attrition.	Short term/ medium term/ long term	Strengthen cybersecurity protection measures, such as firewalls and encryption technologies. Conduct regular security audits and vulnerability scans to promptly patch system vulnerabilities. Establish an incident response mechanism to enable rapid response in the event of a data breach.

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Security risks related to account and access control	Lack of account permission controls, unreasonable permission allocation, failure to promptly deactivate accounts of departed personnel, and inadequate controls over unauthorized access may lead to internal personnel improperly accessing or leaking core R&D data. This could undermine trust from partner pharmaceutical companies and clinical institutions regarding our data security management capabilities, damage industry reputation, and compromise compliance qualifications.	Potential consequences include breach-of-contract claims from partners and increased remediation costs.	Short-term	Establish a refined account permission hierarchy and control system, adhering to the principle of least privilege. Strictly allocate data access and operation permissions based on job roles, responsibilities, and project scopes to prevent over-authorization. Deploy a unified identity management platform to build an account lifecycle management process. Upon employee on-boarding, role changes, or departure, synchronously complete account provisioning, permission modifications, immediate deactivation, and permission revocation. Conduct regular comprehensive audits to identify dormant and anomalous accounts.

The Company upholds the principles of "security compliance, prevention first, and defense-in-depth", treating cybersecurity as a core component of compliant operations and risk control. It has been integrated as a key focus area within the corporate governance framework to comprehensively advance the construction of the cybersecurity system. Critical systems have successfully met the requirements for Level 3 Classified Protection of Cybersecurity construction and assessment, effectively mitigating various cybersecurity risks. We have established a three-dimensional protection framework encompassing "technology, processes, and personnel". During the Reporting Period, no major security incidents such as data breaches, loss or tampering occurred.

- Technical protection: Implement a data management system for GLP laboratories to achieve full-process logging of data operations, supporting traceability and auditing of experimental data. Deploy next-generation firewalls and Intrusion Detection Systems (IDS) to strengthen isolation and protection between laboratory and office networks, prohibiting unauthorized cross-network data transmission. Client information is set up according to the project management rights, and the project system is a double-blind setup. The Company's system is carried out in the internal network, the system is equipped with authority control, password policy settings, internal and external network firewall isolation and other functions, and related SOPs and verification, computer system for the level of security level 3 or level 2 rating. At the same time, the Company has also set up system authority control, regular vulnerability scanning and repair of vulnerabilities, web firewall to prevent script attacks, daily online backup and weekly offline tape drive backup measures to protect customer information.

1. Empowering Customers

- Process control: Strictly adhere to the "minimum necessary" principle, granting access to corresponding data only to GLP experiment-related personnel within the institution; regularly conduct special inspections on data security to identify hazards in storage, backup and access processes, achieving a 100% rectification rate.

- Personnel management: Provide information system usage training and specialized data security training for GLP laboratory staff and IT operations personnel.

Risk management

In the area of information security risk management, we strengthen the prevention and management of information security risks across the entire process of risk identification, risk assessment, and risk monitoring.

- Identification phase: Through regulatory policy analysis, industry case studies, and collection of customer feedback, we develop internal knowledge base documents that are dynamically updated and shared.

- Assessment phase: We employ a combination of qualitative and quantitative methods to assess information security risks and opportunities. Risks are categorized into three levels: low, medium, and high; opportunities are classified into three types: general, important, and core. Particular emphasis is placed on data compliance and data security risks.

- Monitoring and management phase: The quality department establishes monitoring procedures, organizes inspections by project phase and work content, issues reports, and requires all departments to implement corrective actions.

Metrics and targets

In the area of information security risk management, our established targets included achieving 100% coverage of automatic audit functionality for newly established laboratory-related information systems and maintaining a GLP data security incident rate of zero. During the Reporting Period, we have achieved all of the aforementioned targets.

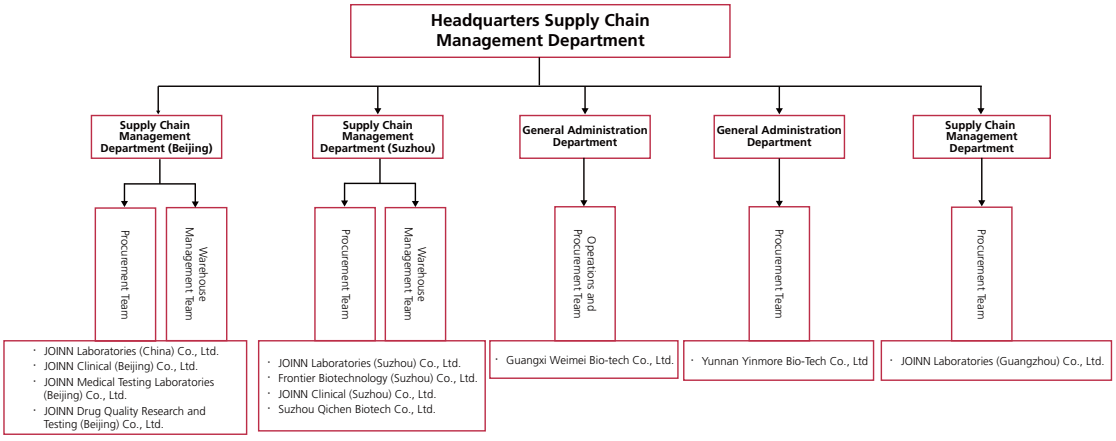
We carried out IT information security audits every year and conducted graded protection certification once a year. During the Reporting Period, we carried out graded protection certification for the Company's network security, during which we encrypted customers' private information for the entire life cycle to ensure data security when collecting, storing, transmitting, using and destructing data so as to reduce the probability of data leakage. We also conducted network security training and drills for our employees during the period, and accepted and passed the customer's information security audit once.

In the future, we will continue to optimize our protection framework based on MLPS Level 3 and ISO27001 standards, and continually enhance information security control measures within our corporate governance.

1.5 Supply Chain Management

Governance

Suppliers involved in the Company mainly include categories such as experimental animals, fixed assets (tangible), reagents and consumables, IT services, external services, spare parts, low-value expendables, and engineering services. We have formulated the Standard Operating Procedures for Supplier Qualification Review, the Basic Management System for Procurement Business, the Supplier Management Regulations and other systems to regulate supplier management and establish a supplier market access and evaluation system. The Company's supply chain management consists of the headquarters supply chain management department and the procurement departments of its branches and subsidiaries, with the highest management authority vested in the director of the headquarters supply chain management department.



1. Empowering Customers

Strategy

JOINN Laboratories considers supply chain management a critical component of responsible operations. We regularly assess risks and opportunities within our supply chain in the context of internal and external environments, striving to build an efficient, stable and sustainable supply chain system while collaborating with all stakeholders to create shared value.

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Risks of rising import raw materials and product prices or extended lead times	Rising prices for imported raw materials and products lead to increased testing costs; Extended lead times cause delays in test initiation or disrupt test continuity, thereby extending the overall project timeline and reducing total test volume.	Increased procurement costs result in reduced profits.	Short-term: Project delays, longer test cycles, and decreased total test output; Long-term: Decline in the Company's overall profitability.	Appropriately increase safety stock levels for imported raw materials and products, reduce procurement frequency, and shorten procurement lead times; Source and collaborate with local suppliers for domestic production of imported products to mitigate lead time variability caused by customs clearance processes; Replace with domestically produced benchmark products to reduce the proportion of imported raw materials and products; Continuously monitor international trade conditions and trends, and adapt procurement strategies accordingly based on evolving circumstances.
Risk of upstream supply shortages for raw materials and products	Upstream supply shortages for raw materials and products drive up procurement costs, leading to test cancellations or reduced sales orders.	Reduced sales orders result in declining market share, subsequently causing revenue decreases.	Short-term: Project delays and fewer new projects; Long-term: Declining market share and reduced the company's revenue.	Conduct comprehensive market sourcing to avoid reliance on single suppliers; Maintain communication channels with suppliers across all categories to stay informed about market changes and trends, enabling timely adjustments to procurement strategies; for key raw materials and products, strengthen supplier partnerships through targeted strategic collaborations.

1. Empowering Customers

In terms of supplier access management, we would first organise selection of a sufficient number of suppliers as potential partners for cooperation, conduct written investigations on newly developed suppliers, and require suppliers to fill in the "Supplier Information Registration Form" to understand the background, qualification, production capacity, quality service quality, integrity and compliance management of suppliers, and organize on-site inspections to confirm whether they have the ability to provide materials and services that meet our requirements on cost, delivery period, quality, as well as integrity and compliance operation. Subsequently, the Company will organize appraisals on preliminary-selected suppliers, the contents of which include the evaluation of suppliers' qualifications, quality level, delivery capability, technological capability, service capability and performance capability. The Company has established six procurement methods:

- Single-source procurement: designate suppliers to ensure that the price is reasonable and on the most preferred commercial terms;
- Price inquiry and comparison: select at least three suppliers and choose the one with the lowest price quotation;
- Competitive negotiation: technical score plus business score, the supplier with the highest comprehensive score will be selected;
- Invitation for tendering: inviting suppliers to participate in quotations based on business needs and nature, and the supplier with the highest comprehensive score will be selected;
- Annual framework agreement: to determine the supplier to be selected based on 1-3 procurement methods;
- Order purchase: implementation of the annual framework agreement.

In terms of supplier performance assessment and grading management, the Company's supplier management department organizes and establishes a supplier review team to conduct performance assessment on suppliers with large annual procurement amount. The supplier evaluation team shall review the suppliers based on their cooperation with us, focusing on scoring their material quality, price level, delivery, service, etc.

With regards to the audit of suppliers, the Company will audit the suppliers of animal models annually, and the Permit for Production of Animal Models, Quality Certificate of Research Models, Research Model Files and relevant quarantine inspection records of purchased animal models will be inspected. All animal model tests shall strictly follow the relevant welfare system. The operation in relation to the animal model is subject to the approval of the ethics committee and follows the 3R principle, namely the refinement, reduction and replacement of the use of the animal model on the premise of meeting the regulatory and scientific requirements. After the test, the animal model will be handled reasonably according to the purpose of the test, such as transferring to the reserve animal model for long-term feeding or organizing pathology inspection after euthanasia. In terms of GLP regulations, the Company has defined the types of suppliers within the scope of GLP regulations, and formulated a corresponding written supplier questionnaire (written audit letter).

1. Empowering Customers

In terms of supplier management, the Company has established rules for sourcing, pre-approval and access, and performance assessment, established SOP, and realized online data/approval through the OA platform, with information traceable and accessible. In addition to the supplier admission process, we continually monitor the environmental and social performance of our suppliers in other procedures such as the provision of products or services and performance appraisal, and will consider replacing suppliers if relevant risks are identified. We have provided ESG training to certain suppliers. The Company will consider the environmental performance of the products when selecting suppliers, ensure that the purchased products meet the requirements of the relevant environmental indicators, and give priority to the purchase of environmentally friendly products under the same conditions. We formulated a variety of strategies according to the purchased varieties, conducted a supply market survey on the purchased varieties, formulated quota strategies for bottleneck/important materials, adopted the one-use and one-standby strategy, or adopted the territorial cooperation strategy to ensure the stability of the supply chain.

Risk management

In terms of supply chain risk management, the Company faces risks including rising prices for imported products, extended lead times and upstream supply shortages driven by market changes in certain materials. To effectively mitigate these supply chain risks, the Company has established the following strategies:

- Substitute domestically manufactured benchmark products to reduce the proportion of imported goods;
- Maintain appropriate inventory buffers for imported materials to lower procurement frequency;
- Conduct comprehensive market sourcing to avoid reliance on single suppliers;
- Maintain communication channels with suppliers across all categories to stay informed of market changes and trends.

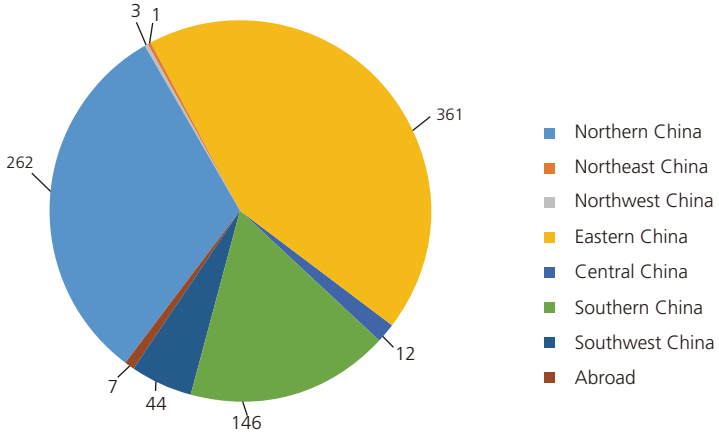
To ensure supply chain stability, the Company collaborates with multiple suppliers within the same category to secure consistent supply, conducts comprehensive price comparisons and negotiations with different suppliers to optimize procurement costs, and establishes group-level annual partnerships with key material suppliers to guarantee stable cooperation.

Metrics and targets

To ensure stable supply and timely deliveries from suppliers, we established a 95% on-time delivery rate target for suppliers, which was achieved in 2025.

As of the end of 2025, the Company had a total of 836 suppliers. The diagram below sets out the number of suppliers by geographical distribution:

The 2025 Regional Distribution of Suppliers of JOINN Laboratories



In the future, in terms of supplier management, the Company will continue to promote the implementation of supplier performance assessment and grading management, continue to improve supplier files, formulate and optimise supplier management systems, and further improve supplier management.

2. Responsible Operation

2.1 Clinical Research

JOINN Laboratories supports customers in drug development in an all-around manner, thereby providing innovative treatment methods for patients. The laws and regulations and ethical standards we follow in conducting clinical research include, but are not limited to:

- "Declaration of Helsinki"
- "International Ethical Guidelines on Biomedical Research Involving Human Subjects"
- "Drug Administration Law of the People's Republic of Chiba"
- "Vaccine Administration Law of the People's Republic of Chiba"
- "Good Clinical Practise for Drug Clinical Trials"
- "ICH GCP E6(R2)"
- "Guidelines for the Maintenance of Essential Documents for Drug Clinical Trials"
- "Administrative Measures for Drug Registration"
- "Procedures for Verification of Drug Registration (Trial)"
- "Key Points for Drug Registration Verification and Determination Principles (Drug Clinical Trials) (Trial)"
- "Regulations on the Administration of Drug Clinical Trials Institutions"
- "Guiding Principles for Ethical Review of Drug Clinical Trials"
- "Good Pharmacovigilance Practise"

The Company has established an independent quality assurance department to conduct quality control on clinical trials. The quality assurance department of the Company conducts systematic and independent inspection on the relevant activities and documents of the quality control party to assess whether the implementation of relevant activities, the recording, analysis and reporting of data are in compliance with the test plan, standard operating procedures and the requirements of relevant laws and regulations. The quality assurance department formulates annual quality control lists and clinical trial quality control plans, conducts quality control activities based on the quality control plans, and regularly reviews the test master files (TMF) of clinical trials. The quality assurance department issues quality control reports or feedback forms on rectification of problems based on the inspection results, and urges and follows up on the rectification of the quality control parties.

In terms of clinical trial quality supervision, for each intervention or non-intervention clinical trial project undertaken by the clinical operation department, the clinical research supervisor conducts monitoring activities in accordance with the monitoring plan established by the project manager, and the project manager or designated personnel and the supervisor conduct collaborative supervision and inspection. Generally, the collaborative supervision shall be regular or initiated by cause. The project manager and the quality control department review the test master files of clinical trials (TMF) on a quarterly basis, and issue follow-up review records in a timely manner based on the review results, and urge relevant personnel to rectify the issues found in a timely manner. The quality control department conducts quality control work at the trial preparation stage, implementation stage and completion stage according to the clinical trial quality control plan. In 2025, no authenticity problems were found in the quality audit of the Company, and the test was carried out in compliance with the standardised requirements of the test plan.

2.2 Non-clinical Studies

Building upon its existing integrated non-clinical evaluation platform, the Company continues to strengthen capabilities and advance technologies across multiple domains to maintain industry leadership and meet the constantly evolving demands for differentiated, innovative solutions.

The Company's facilities in Beijing successfully passed an on-site OECD GLP inspection, while its Suzhou facilities successfully underwent an OECD GLP re-inspection and obtained CMA accreditation, qualifying it for biocompatibility testing of medical devices as well as efficacy and safety evaluations. These achievements demonstrate the Company's GLP operational management capabilities in compliance with international standards.

In 2025, the Company further enhanced its business capabilities and achieved significant results in clinical research:

- In the niche fields of ophthalmic and otologic drug evaluation: Successfully establishing models for dry age-related macular degeneration (AMD) and thyroid-associated ophthalmopathy, and completing the development and validation of biological evaluation methods for ophthalmic medical devices.

- In the evaluation of new ophthalmic and otologic drugs: Establishing large-animal refractive error assessment and mouse semicircular canal injection as evaluation metrics and dosing techniques; filing three patent applications related to ophthalmic and otologic technologies, covering audiovisual-related evaluation methods and examination indicators.

- In the field of neurological drug evaluation: Successfully establishing Sprague-Dawley (SD) rat models of traumatic brain injury (TBI), intracerebral hemorrhage, and middle cerebral artery occlusion (MCAO); developing amphetamine-induced schizophrenia models in mice and rats; and implementing microdialysis for real-time monitoring of intracerebral DA/DOPAC/HVA levels. The Company also achieved a breakthrough in intrathecal catheterization techniques in non-human primates. Combined with precision brain injury modeling in mice and rats and surgical techniques such as rat endotracheal intubation, these advances provide a high-quality platform for mechanistic research and efficacy evaluation of neuroprotective agents, stroke therapies and antipsychotic drugs.

- In the field of immune cell therapy: Constructing a comprehensive in vitro and in vivo efficacy evaluation system for CAR-T therapies; adding a C57BL/6J mouse model of myasthenia gravis (MG), further enriching the toolkit for autoimmune disease research.

- Other disease models and detection technologies: Establishing non-human primate models of acute enteritis, iron deficiency and sepsis; optimizing the platelet-related evaluation platform by adding cardiovascular function assessment technologies, in vivo kidney biopsy, and mouse oocyte extraction techniques.

- Platform development for pharmacokinetics and pharmaceutical analysis: Leveraging a full-spectrum technical system and diverse testing platforms, the Company provides comprehensive technical support for analytical testing and pharmacokinetic studies of small molecules, large molecules, gene therapies, and cell therapies.

Looking ahead, the Company will focus on expanding into frontier and innovative therapeutic areas, including the evaluation of cell and gene therapy products, small nucleic acid drugs, and novel antibody-drug conjugates. The Company will build an integrated service capability, offering a one-stop closed-loop service spanning early-stage drug discovery and screening, drug manufacturing, and clinical research to enhance customer stickiness and increase value per customer. It will develop a global service platform to attract overseas clients and establish overseas R&D centers, thereby driving expansion into international markets. The Company will extensively adopt digital systems and emerging technologies, such as organoid technology, to improve labor productivity and data quality, laying a solid foundation for future alternative methods in drug research.

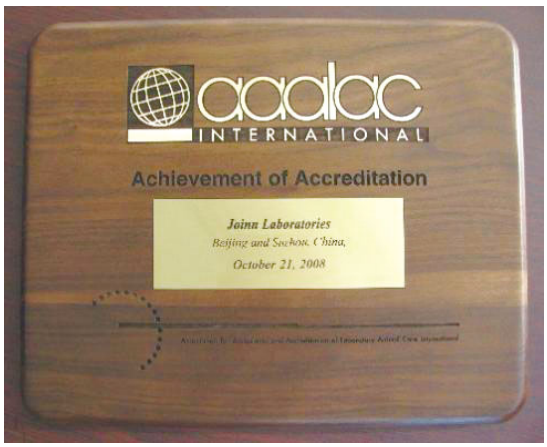
2. Responsible Operation

2.3 Science and Technology Ethics and Animal Welfare

The Company's business involves the reproduction and sale of animal models. The main species of the animal models are mice, rats and non-human primates. Many lifesaving advances in medicine and human health were drawn from scientific discoveries using animal models. We are committed to helping improve the quality of human life while ensuring the highest standards of benefits for animal models as far as possible.

The Company strictly complies with the "Law of the People's Republic of China on Animal Epidemic Prevention", the "Law of the People's Republic of China on the Protection of Wildlife", the *Animal Welfare Act*, the "Regulations of Beijing Municipality on Laboratory Animals" and other laws and regulations in the use of animal resources, and conducts operations according to the Company's standard operating procedures for procurement, reception and quarantine of animals. In order to ensure the safety of animals, we have prepared a virus detection plan, selected and screened animals according to the virus results before introduction, and carried out isolation quarantine and virus detection after introduction. For animals exhibiting symptoms during the quarantine period, appropriate measures such as return to the manufacturer, treatment, or euthanasia shall be implemented based on the specific circumstances. We conduct regular qualification audits of laboratory animal suppliers to ensure that the source of laboratory animals is legal and compliant. In addition, we will prepare a training plan for every animal practitioner every year, including basic training (such as updating of industry laws and regulations), SOP training (such as changes in the animal introduction process) and skill training (animal health checks and other related operations) to ensure that the introduction of animals is legal and compliant.

In terms of animal welfare, the Company refers to *The guide for the care and use of laboratory animals*, the Laboratory Animal-Requirements of Environment and Housing Facilities and other standards, and abides by the 3R principles of animal welfare (Reduce, Refine and Replace). We have set up an Institutional Animal Care and Use Committee (hereinafter referred to as "IACUC"), and has established IACUC management policies and animal welfare policies. The main responsibility of IACUC is to ensure that the institution follows ethical and regulatory standards when engaging in animal-related activities, manages and uses experimental animals in a humane and scientific manner, and protects animal welfare. As at the end of the Reporting Period, the Company has not received any objection or concern from animal protection organizations. The Company has obtained a certification from the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC International) and has passed such agency's review many times.



2. Responsible Operation

As one of the world's leading providers of non-clinical drug development services and other services toward human safety, we accept both the legal and the moral obligation to be a leader in assuring that animal models in our facilities are treated in accordance with all applicable rules and with high standards of respect and compassion. In addition to laws and ethics, this responsibility is also important from a scientific perspective as non-compliance with these rules and standards would affect scientific professional conduct. We also follow the principles below:

- We treat our animal models humanely and with respect. We follow our internal policy on animal model welfare, and respect the contribution of our animal models to lifesaving development.

- We strictly comply with all applicable laws and regulations for animal model welfare. We employ alternative scientific methods instead of using animal models where appropriate.

- We endeavour to minimise stress or discomfort to animal models and endeavour to follow the best practise of the industry whenever feasible.

- We comply with the standards and requirements of AAALAC. We train employees who handle animal models to utilize the best techniques and procedures, and apply consistent control measures to ensure compliance with our internal policies on animal model benefits.

During the Reporting Period, the animal welfare initiatives undertaken by the Company's IACUC included:

- Reviewing each experiment plan and major changes, and supervising the approved experiment plans to ensure that the animal welfare requirements are met during experiments.

- Checking and reviewing the housing facilities for animals and policies and systems every six months to ensure that the housing facilities and cages for animals meet the requirements of animal welfare.

- Ensuring the normal implementation of discussions and trainings on animal welfare within the organization.

- Ensuring the normal operation of the reporting and investigation mechanism for animal welfare.

Besides, the Company has conducted research on organoid-related projects. With the development of technology, it is expected to reduce the use of experimental animals in the future. We are developing liver organoids for drug hepatotoxicity testing, and brain and tumour organoids for disease model building and drug screening. We believe that this initiative will not only effectively reduce the reliance on and use of animals, but will also provide our customers with more reliable and accurate research data.

We believe that there is no contradiction between safeguarding animal welfare and advancing scientific progress. The Company will continue to work in this direction and contribute to the promotion of sustainable development in the field of pharmaceutical research and development.

2. Responsible Operation

2.4 Anti-corruption

JOINN Laboratories strictly abides by the "Criminal Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China" and other anti-corruption and anti-money laundering regulations, and attaches great importance to the establishment of anti-corruption and bribery systems. The Company focuses on honest management, puts an end to false propaganda and financial fraud, abides by the spirit of the contract, and at the same time advocates fair competition and opposes commercial bribery and intellectual property infringement. The Company has formulated the "Anti-fraud and Whistleblowing System" for all staff in the Company's headquarters and its branches and subsidiaries to stipulate fraudulent acts and antifraud measures, and clarify that heads of all of its branches, subsidiaries and departments are the chief persons responsible for anti-fraud matters therein. The internal audit department of the Company is responsible for the implementation of anti-fraud work of the Company and its branches and subsidiaries. Biomere, a subsidiary of the Company, complies with the U.S. Foreign Corrupt Practices Act (the "FCPA") and other local laws and has also formulated an anti-bribery and corruption policy that strictly prohibits all forms of bribery and corruption.

In 2025, the Company thoroughly implemented the "Anti-fraud and Whistleblowing System", signed integrity agreements with long-term cooperative customers and long-term cooperative suppliers, and conducted anti-fraud policy training for new hires so as to enhance the anti-fraud awareness of partners and employees. During the Reporting Period, the Company participated in training sessions organized by the China Association of Public Companies, including specialized courses on internal control, on illegal and non-compliant activities, as well as analyses of administrative penalty cases involving listed companies within the jurisdiction and interpretations of relevant policies. These initiatives strengthened the compliance awareness and performance capabilities of the Company's Directors, senior management and related personnel. On-boarding training for new employees also covers topics such as business ethics and anti-fraud and anti-corruption measures, aiming to continuously enhance employees' anti-corruption awareness and manage related risks.

The Company accepts both named and anonymous reports. Once the reported information is verified, the Company will provide discretionary rewards based on the amount of losses averted. Meanwhile, the Company has established multiple reporting channels, including a hotline, dedicated email address, mails and in-person interviews. The department responsible for receiving reports is required to maintain strict confidentiality and is prohibited from disclosing any information related to the whistleblower.

Reporting hotline: (010) 67869966 forwarded to the Internal Audit Department

Whistleblowing email: audit@joinn-lab.com

Audit Committee whistleblowing email: AuditCommittee@joinn-lab.com

After receiving the report, the internal audit department will record the complaint and report, complete the preliminary verification of the clues within 7 working days, report to the superior and reply to the whistleblower. The internal audit department conducts an investigation and evidence collection, investigates and clarifies the facts of fraud, and reports the investigation results to the senior management responsible for the person being reported and the chairman of the Company. If the person being reported is found to have committed fraudulent activities, the Company will conduct unified research and decision, and deal with the person being reported according to the relevant reward and punishment measures in the employee handbook. The Internal Audit Department adopts strict confidentiality measures for the identity information and reporting materials of whistleblowers to protect their legitimate rights and interests. During the Reporting Period, there were no corruption-related violations of relevant laws and regulations that had a significant impact on the Company.

The Company's Internal Audit Department conducts audits related to business ethics every quarter, including but not limited to audits of governance systems, and checks on the integrity and implementation of ethical standards and compliance systems; audits of business conduct, and checks on compliance of supply chain processes and market competition; and audits of information disclosure, and checks on the authenticity and completeness of financial reports, internal control reports and other announcements disclosed to the public. During the Reporting Period, no significant issues were identified in business ethics audits.

Going forward, we will further intensify our anti-corruption and integrity efforts, leverage intelligent oversight to enhance the timeliness and reliability of risk early-warning systems, strengthen compliance training to reinforce integrity awareness across all employees, streamline reporting channels and encourage employees' reporting.

In its daily operations, the Company strictly abides by relevant laws and regulations such as the "Anti-Monopoly Law of the People's Republic of China" and the "Anti-Unfair Competition Law of the People's Republic of China". The Company has established relevant systems such as the "Employee Code of Conduct" and the "Procurement Operation Code of Conduct and Supervision Regulations", which clearly require employees to abide by integrity, fair competition, and avoid unfair competition. During the Reporting Period, the Company had no illegal or irregular incidents related to unfair competition. During the Reporting Period, the Company did not experience any illegal or non-compliant incidents related to unfair competition.

The Company's measures to prevent unfair competition are as follows:

- Prior to conducting business activities, a professional team conducts searches and analyses of intellectual property rights, including patents and copyrights, in relevant fields to ensure that the Company's use of technologies or content does not infringe upon the legitimate rights and interests of others;

- In cases where the use of another party's intellectual property rights is required, the Company enters into lawful authorization or licensing agreements with the respective rights-holders and strictly adheres to the terms thereof;

- When establishing prices for products or services, the Company bases its decisions on market supply and demand dynamics, adhering to the principles of openness, fairness and impartiality, thereby avoiding the acquisition of unfair competitive advantages through unreasonable pricing practices;

- The Company emphasizes rational deployment across different market segments to avoid forming a monopolistic position in any single market due to excessive concentration;

- Furthermore, the Company maintains a healthy customer and supplier structure, avoiding reliance on any single channel or partner, to ensure fairness in market competition.

3. Employees and Community

Governance

The Company has established a four-tier employee issue management framework comprising "overall coordination by senior management, leadership by the human resources department, collaboration across all departments and oversight by the labor union". This structure clearly defines responsibilities at each level to ensure efficient and standardized management of employee issues, aligning with the Company's corporate governance system and international development requirements.

Senior management (Company's management)	As the highest decision-making body for employee issues, the senior management is responsible for approving human resources management strategies, core policies, major initiatives and annual objectives; reviewing matters such as employee compensation adjustments, equity incentive plans, and significant talent policies; and coordinating the alignment of employee issues with the Company's overall strategy to ensure that employee issue management supports the Company's business development and financial goals.
Human resources department	Adopting the HR Three-Pillars model, the human resources department has built an employee issue management system characterized by "professional support, business collaboration and efficient implementation". It clarifies the core responsibilities and collaboration mechanisms of each pillar to ensure that employee issue management operates in sync with business development, accurately responds to talent needs across various business segments and domestic and overseas sites, and provides specialized HR support for both employee development and corporate growth. ① Center of Excellence (COE): Responsible for policy formulation, system establishment and professional enablement. ② HR Business Partner (HRBP): Implement policies and standards delivered by the COE, embed within various business departments and domestic and overseas subsidiaries, and serve as a communication bridge between business units and the HR system. ③ Shared Services Center (SSC): Responsible for centralized processing of transactional tasks, process standardization and efficiency improvement; provide logistical support to the COE and HRBPs; and deliver convenient, efficient foundational HR services to all employees.
Business departments	As collaborative executing departments for employee issues, heads of each business department serve as the primary responsible persons for employee issues within their respective units. They are tasked with implementing the Company's HR policies, executing employee training programs, monitoring employee working conditions, feeding back employee needs, and coordinating the resolution of employee-related matters within their departments. This ensures deep integration of HR policies with operational workflows and addresses talent requirements across all business segments, including emerging fields and overseas operations.
Labor union	As the oversight body for employee rights and interests, the labor union is responsible for monitoring the implementation of the Company's HR policies and the safeguarding of employee rights and interests; participating in the review of major HR policies; overseeing the compliance of processes such as terminations and overtime work; protecting employees' legitimate rights and interests; and promoting the development of harmonious labor relations.

3. Employees and Community

Strategy

Talent is the core competitiveness of an enterprise. We attach great importance to the identification and management of risks and opportunities in the field of human resources. We regularly conduct human resources risk and opportunity identification to ensure that potential human resources risks and opportunities are identified and addressed in a timely manner, thus safeguarding the Company's stable operation.

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Risk of scarcity in core technical talent	A shortage of core technical talent will delay business deployment in emerging fields and cause lags in core technology R&D; It may also reduce R&D project delivery efficiency, constraining the pace of business expansion.	Rising recruitment costs for core talent; Delays in advancing emerging businesses and project deliveries, adversely affecting revenue and profitability.	Short term: Increased recruitment costs and slowed progress on some R&D projects; Medium to long term: Lagging deployment of emerging businesses and a rise in project delivery delays.	Strengthen industry-academia-research collaborations by jointly establishing talent development bases with domestic and international universities and research institutions to cultivate core talent in emerging fields through targeted programs; Optimize recruitment channels, intensify efforts to recruit high-end overseas professionals and seasoned industry experts, and enhance the compensation competitiveness for core talent hires; improve the core talent incentive system, expand the coverage of equity-based incentives, and increase core talent retention rates; Enhance the employee training system by launching specialized training programs on emerging technologies to develop internal core talent, thereby reducing reliance on external hires.
Cross-border employment management risks	Compliance disputes arising from cross-border employment can damage the Company's international reputation; Insufficient cross-regional collaboration may lead to disruptions in business continuity; Infringement of employee rights and interests may trigger employee resignations.	Compliance disputes may result in compensation payments, increased costs for compliance remediation and legal consultation, and rising overseas operating expenses.	Short-term: Emergence of compliance risks and increasing compliance costs; Medium-to-long term: Hindered expansion of overseas business, declining overseas market share, and difficulties in implementing global strategic layouts.	Establish a collaborative mechanism for domestic and international human resource management, optimize the HR management teams of overseas subsidiaries, equip them with professional compliance personnel, enhance cross-regional management coordination efficiency, and promptly identify and resolve related risks.

3. Employees and Community

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Risk of talent drain	Loss of core talent may lead to a loss of technical expertise, resulting in declining R&D and innovation capabilities; Turnover among frontline staff will cause insufficient manpower for project delivery, leading to reduced efficiency and quality, negatively impacting customer satisfaction; Frequent talent turnover will exacerbate team instability, creating a vicious cycle that undermines core competitiveness.	Loss of core talent results in sunk costs from prior training and increased expenses for recruitment and retraining; Turnover among frontline staff leads to wasted labor costs.	Short term: Occasional talent loss causes gaps in project continuity and rising recruitment and training costs; Medium to long term: Sustained increases in talent turnover rates lead to delays in core project delivery, rising customer complaints, and negative impacts on long-term business development.	Optimize the compensation and benefits structure to enhance the market competitiveness of pay, and improve incentive policies; Establish clear career development pathways for employees, refine the employee training system, and meet employees' career development needs; Strengthen employee care, improve feedback mechanisms, and foster a harmonious and cohesive work environment; Conduct regular talent reviews and employee satisfaction surveys to promptly identify talent drain risks and implement targeted optimization measures.

Risks	Business Effects	Financial Effects	Timeframe	Response Measures
Risks in HR digital transformation	Data breaches may lead to compliance risks, erode employee trust, and damage the Company's brand image; Disorganized processes or delayed digital transformation may result in low HR management efficiency, constraining talent management and business advancement; Insufficient employee operational capabilities may prevent the system from functioning effectively, failing to support the Company's needs for scaled management.	Inadequate system construction may cause rework and increased upgrade costs, reducing the return on investment for transformation initiatives; Data breaches may trigger compliance disputes, resulting in compensation payments and remediation costs; Failure to achieve expected management efficiency may prevent effective reduction of labor costs, leading to additional operational expenditures.	Short-term: System functional issues, management efficiency falling short of expectations, and poor employee adaptability; Mid-to-long-term: Potential data security hazards, disorganized processes affecting operations, and transformation bottlenecks constraining the Company's scaled development.	Select professional digital system vendors; advance system construction module by module in a steady manner; strengthen system testing and optimization to ensure system stability and security; Enhance employee training on digital operations to improve digital skills; Establish employee data security management policies; strengthen data encryption and access control to prevent data breach risks; regularly evaluate digital system performance and promptly optimize related processes.

3. Employees and Community

Opportunities	Business Effects	Financial Effects	Timeframe	Response Measures
Talent supply opportunities driven by industry development	An ample supply of entry-level talent can meet business expansion needs and ensure on-time project delivery; The addition of senior and core talent can strengthen R&D innovation capabilities and support strategic positioning in emerging fields; Optimizing the talent structure can enhance team professionalism, boost industry competitiveness, sustain business growth, and help the Company consolidate its industry leadership.	A sufficient supply of entry-level talent can reduce recruitment costs and lower manpower expenditures; Attracting senior and core talent can improve R&D and project delivery efficiency, accelerate business progress, and drive revenue growth; Optimizing the talent structure can enhance resource utilization efficiency, reduce talent development costs, indirectly improve profitability, and promote sustained long-term financial performance.	Short term: Recruitment costs decline, entry-level talent is replenished, and workforce gaps are alleviated; Medium term: The talent structure is gradually optimized, R&D and delivery efficiency improve, and the pace of business expansion accelerates; Long term: Talent quality continuously improves, core competitiveness strengthens, laying a solid talent foundation for the Company's long-term business development.	Expand campus recruitment scale and establish long-term collaborations with multiple universities to selectively hire outstanding fresh graduates; Optimize off-campus recruitment channels by strengthening partnerships with headhunting firms and industry associations to actively attract seasoned industry professionals and core talent; Enhance the training system for fresh graduates to improve retention rates and professional competencies of fresh graduates, building a high-quality entry-level talent pool.

Opportunities	Business Effects	Financial Effects	Timeframe	Response Measures
Management improvement opportunities driven by digital transformation	Achieve standardized, end-to-end management of human resources to ensure orderly progression of talent management initiatives; Precisely identify talent requirements and monitor talent dynamics to optimize talent allocation, supporting the efficient advancement of core business functions such as R&D and project delivery; Enhance talent management effectiveness and strengthen team stability, providing assurance for sustained business expansion.	Improve human resources management efficiency, reduce manual operational costs, and lower overall management expenditures; Precise talent allocation minimizes workforce wastage and increases return on human capital investment; Data-driven decision-making reduces costs associated with talent management errors, indirectly enhancing the Company's overall operational efficiency and driving continuous optimization of financial metrics.	Short-term: Gradual implementation of digital systems leads to initial improvements in management efficiency and beginning reductions in management costs; Mid-term: Establishment of end-to-end digital management processes, improved precision in talent allocation, and significant enhancements in business collaboration efficiency; Long-term: Maturation of the digital management model, continuous elevation of talent management capabilities, providing support for the Company's scaled and refined development.	Accelerate the construction of a digital human resources management system to achieve full-module deployment and operation; Strengthen the digital management team building to enhance digital management capabilities.

3. Employees and Community

Opportunities	Business Effects	Financial Effects	Timeframe	Response Measures
Opportunities for innovation vitality driven by diverse employment	Innovative ideas from a diverse talent pool boost R&D and business model innovation, enhancing adaptability to industry changes; Elevate the corporate brand image, strengthen talent attraction, and further optimize the talent workforce; Support international business expansion, promote synergistic development between domestic and overseas operations, and enhance the Company's global competitiveness.	Technological and business innovations can expand business domains and create new revenue growth points; An enhanced brand image can reduce costs associated with talent acquisition and market expansion; An diverse workforce can improve operational efficiency, optimize resource allocation, drive continuous improvement in financial performance, and support long-term profitability of international operations.	Short-term: As diverse talent gradually joins, innovation vitality begins to emerge, and the brand image sees initial improvement; Mid-term: Innovation outcomes are progressively implemented, business domains further expand, and international business advancement accelerates; Long-term: A mature diverse talent system is established, innovation capabilities continuously strengthen, global competitiveness steadily improves, supporting the Company's long-term sustainable development.	Refine diverse employment policies and intensify recruitment and support efforts for talent both domestically and internationally; Foster a diverse and inclusive corporate culture, strengthen employee cultural integration training, and respect differences among employees from varying cultures and backgrounds; Establish diverse innovation incentive mechanisms to encourage employees to unleash their innovative potential and enhance the Company's innovation vitality.

3. Employees and Community

Risk management

The Company has established a closed-loop risk management process comprising "Identify-Assess-Monitor-Manage-Review" to ensure timely identification of employment-related risks and opportunities, scientific assessment of their impact, continuous monitoring of evolving trends, and effective implementation of response measures, thereby minimizing risk losses and capturing opportunity value. The specific approach is as follows:

- Identify: Establish a multi-channel mechanism for identifying risks and opportunities, including routine inspections by the human resources department, feedback from business units, industry report analysis, reports from overseas subsidiaries, labour union's feedback and compliance audits. The scope of identification covers all employment-related areas, including recruitment, compensation, termination, working hours, leave, talent attrition, cross-regional management, digital transformation and diversified employment.

- Assess: Develop a scientific indicator system for assessing risks and opportunities, evaluating identified items based on their impact levels.

- Monitor: Continuously monitor assessed risks and opportunities to ensure their timely detection and resolution.

- Manage: Formulate differentiated management measures tailored to risks and opportunities of varying severity levels.

- Review: Conduct comprehensive periodic reviews of employee-issue risks and opportunities management, summarize management experience, analyze existing issues, and optimize the processes and methodologies for identifying, assessing, monitoring and managing risks and opportunities. In alignment with strategic adjustments, industry developments and dynamics in the talent market, the Company will update its risk and opportunity register, refine response measures, and continuously enhance its risk management capabilities.

Metrics and targets

The Company has identified metrics related to monitoring human resources risks, conducts regular statistical analysis and review, and discloses them annually, including:

- Employee recruitment: Total number of employees and breakdowns by gender, employment type, job level, education, age and region; employee turnover rate;

- Employee training: Training participation rates and average training hours per employee, broken down by gender and job level;

- Occupational health and safety: Number of work-related fatalities, lost workdays due to occupational injuries, Lost Time Injury Rate (LTIR), and employee health and safety investments

For specific details on these metrics, please refer to the sections titled "Employment and Labour Practises", "Employee Care", "Development and Training" and "Health and Safety".

3. Employees and Community

- The Company advances the implementation of various human resources initiatives with core objectives focused on safeguarding employee rights and interests, building talent teams, ensuring compliance management and driving digital transformation. Specific actions include talent acquisition: focusing on core technical domains and building a diverse talent workforce, we actively recruit outstanding professionals across all categories. We place particular emphasis on employment support for female employees and employees with disabilities, continuously optimizing our workforce structure to effectively meet talent demands across domestic and international business segments. This provides a solid talent foundation for our business expansion and technological innovation.

- Talent retention: Through multiple measures to stabilize our talent workforce – including optimizing incentive mechanisms, strengthening employee care, and refining career development pathways – we have effectively reduced employee turnover. Our core talent pool remains stable, while employee sense of belonging and loyalty continue to rise, retaining key forces essential for the Company's long-term development.

- Compensation and benefits: Adhering to principles of fairness and equity, we strictly safeguard employees' compensation and benefit rights, ensuring timely and full payment of wages. We continuously optimize our compensation and benefits system to enhance employee satisfaction, fully mobilizing staff initiative and proactivity.

- Employee development: Increasing investment in training, we have established a systematic employee training framework covering all job roles. Key training programs focus on emerging technologies, compliance management and digital skills, comprehensively enhancing employees' professional capabilities and overall competencies. This supports mutual growth for employees and the Company, aligning with the Company's technological transformation and business development needs.

- Compliance management: We strictly comply with all applicable domestic and international labor laws and regulations, standardize employment management practices, and rigorously control overtime procedures to effectively protect employees' legitimate rights and interests. During the Reporting Period, no complaints, disputes or penalties related to labor compliance occurred, demonstrating orderly implementation of labor compliance management.

- HR digital transformation: We initiated the construction of a digital management system, completing the launch and operation of core foundational modules. This has effectively optimized HR management processes, reduced time spent on administrative tasks, and improved HR management efficiency, laying a solid foundation for subsequent end-to-end digital management.

3. Employees and Community

3.1 Employment and Labour Practises

JOINN Laboratories strictly complies with the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Individual Income Tax Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Women's Rights and Interests", the "Regulations on Labor Protection of Female Employees", the "Measures for Public Holidays for National Annual Festivals and Memorial Days", the "Special Regulations on Labor Security Supervision" and other relevant laws and regulations. In order to attract more talents who meet the Company's employment standards, we have formulated the "Remuneration Management System", the "Performance Appraisal Management System", the "Commercial Insurance Welfare System" and the "Social Insurance and Housing Provident Fund Management System", etc., to continuously improve the talent employment mechanism, so that employee management can be standardized and based on rules and regulations, so as to fuel the Company's sustainable and rapid development.

In terms of employment, we adhere to the recruitment principles of fairness, openness and impartiality, respect the diversity of employees, and strictly prohibit discrimination based on gender, ethnicity, age, education level, religious belief, disability and marital status. We strive to protect employees' holidays, working hours, equal opportunities, diversity and anti-discrimination, adhere to equal pay for equal work, gender equality, and ensure equal employment opportunities and labour protection for employees of different nationalities, races, genders, religious beliefs and cultural backgrounds. During the Reporting Period, no discriminatory complaints were filed in the recruitment process, and the equity compliance rate for recruitment was 100%.

All recruitment and employment of JOINN Laboratories strictly abide by the "Labor Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Minors" and other relevant laws and regulations, and we strictly prohibit the employment of child labour and forced labour. During the recruitment process, we conduct strict verification and background checks on the identity certificates provided by interviewees. We treat employees of different nationalities, races, genders and ages equally, and prevent employment discrimination and the use of child labour and forced labour. In addition, we encourage employees to report violations. On the basis of protecting the information of whistleblowers, we will immediately investigate and handle them to prevent all violations. According to the national and local policies and regulations, the Company currently implements the standard working hour system and the comprehensive working hour system, and the working hours of each working hour system and all kinds of holidays are strictly implemented according to the regulations. We effectively protect the legitimate rights and interests of employees and make reasonable arrangements for their working hours in accordance with the Company's system. In 2025, JOINN Laboratories was not aware of any discrimination, employment of child labour and forced labour.

3. Employees and Community

Regarding employee compensation, we have established the "Remuneration Management System". The Company implements a compensation system based on the principles of "compensation based on positions, remuneration based on work performed, and rewards for superior performance". For employees in the same position and at the same level, compensation standards are uniform regardless of differences in gender, age or other factors. At the same time, differentiated adjustments are made based on employee performance, professional capabilities and job contributions to ensure fairness and reasonableness in compensation distribution. The Company's compensation structure consists of fixed pay, variable pay, allowances and equity. We disburse employee compensation in full and on time, and conduct annual compensation adjustments based on annual work objectives. During the Reporting Period, compensation for all employees was disbursed in full and on time, with no instances of arrears or unlawful deductions.

Regarding employee departures, we strictly comply with applicable laws, regulations and the Company's policies, clearly defining statutory grounds, procedures and severance standards for termination. Unlawful or arbitrary dismissals are strictly prohibited. When dismissing an employee, we provide advance written notice to the employee and the labor union, fully solicit opinions from both the employee and the labor union, and pay economic compensation in accordance with the law to safeguard the legitimate rights and interests of employees. For employees dismissed due to failure to meet performance assessment standards, we conduct specialized training and job reassignments in advance, providing ample opportunities for professional growth. Prior to an employee's departure, we conduct an exit interview to understand the reasons for departure, gather feedback and suggestions regarding their role, and collect input on the Company's management. We regularly consolidate and analyze the reasons for employee turnover and implement targeted improvements. We pay wages for the actual number of working days in the month of departure in accordance with regulations, and assist in handling the transfer of personnel files and social insurance relations.

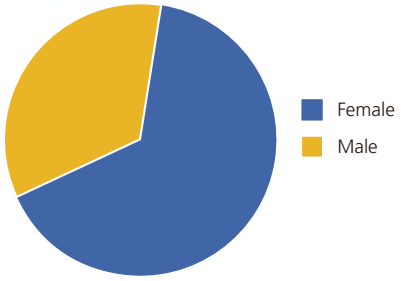
Regarding employee leave, the Company safeguards employees' rights to rest and time off. In light of the operational characteristics of the CRO industry, we have formulated differentiated working hours and leave policies. We primarily implement a standard working hour system, supplemented by a comprehensive calculated working hour system, to ensure alignment with industry-specific work requirements. Overtime is strictly controlled, and forced overtime is prohibited. Employees who work overtime may choose compensatory time off or receive overtime pay. During the Reporting Period, overtime hours for all employees were maintained within statutory limits; the fulfillment rate for compensatory time off was 100%, and overtime wages were paid in full at a rate of 100%. No complaints related to forced overtime were recorded. We strictly comply with national statutory holiday regulations. Employees are entitled to a total of 13 days of statutory holidays, including the Spring Festival, Labor Day and National Day. In addition, we have enhanced employee leave benefits, offering paid annual leave, marriage leave, maternity leave, paternity leave, sick leave and bereavement leave. Maternity leave is implemented strictly in accordance with national and local regulations, and sick leave wages are paid based on local and company policies. During the Reporting Period, the fulfillment rate for special leaves such as marriage leave, maternity leave and paternity leave reached 100%. No complaints or disputes arose from unfulfilled leave entitlements. Employees' rights to rest and time off were fully protected, further enhancing their sense of belonging.

For employee promotion, we have formulated the "Performance Appraisal Management System" to promote consensus between the management and employees on the goals and how to achieve them, and to encourage employees to strive for excellent performance. The performance management process is made up of stages including performance goals, coaching, evaluation, feedback and application of performance results. The levels of appraisal results are divided into excellent, good, medium and unqualified. Based on the performance appraisal results, we incentivize employees in the form of bonuses, promotions, salary adjustments, rewards and punishments, commendations, etc.

3. Employees and Community

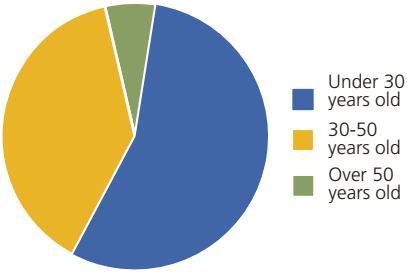
As of 31 December 2025, the Company had a total of 2,649 employees, including 13 part-time employees. 156 employees of the Company are ethnic minorities, and there are 5 female employees in the senior management. During the Reporting Period, the Company employed 540 new employees, including 345 female employees, accounting for 63.9%. Relevant indicators of the Company's employees in 2025 are as follows:

Distribution of employees by gender



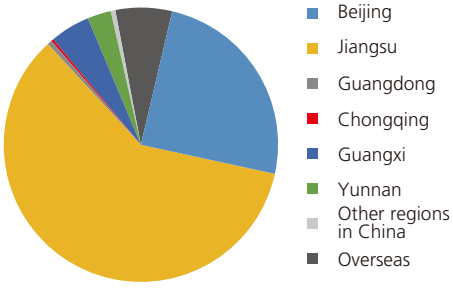
Gender	2025 Number	2025 Percentage	2024 Percentage
Female	**1,742**	**65.8%**	65.9%
Male	**907**	**34.2%**	34.1%

Distribution of employees by age



Age	2025 Number	2025 Percentage	2024 Percentage
Under 30 years old	**1,464**	**55.3%**	59.6%
30-50 years old	**1,025**	**38.8%**	34.5%
Over 50 years old	**160**	**5.9%**	5.9%

Distribution of employees by region



Region	2025 Number	2025 Percentage	2024 Percentage
Beijing	**659**	**24.88%**	25.1%
Jiangsu	**1,580**	**59.65%**	58.1%
Guangdong	**20**	**0.75%**	–
Guangxi	**131**	**4.95%**	5.1%
Yunnan	**74**	**2.79%**	2.6%
Other regions in China	**10**	**0.38%**	0.7%
Overseas	**175**	**6.60%**	8.3%

3. Employees and Community

Employee Turnover		
Name of Indicators	**Employee turnover rate in 2025(%)**	Employee turnover rate in 2024 (%)
By gender		
Male	**23%**	27.0%
Female	**20%**	24.2%
By age		
Aged 30 and below	**27%**	30.9%
30-50 years old	**12%**	15.4%
Over 50 years old	**26%**	24.4%
By region		
Beijing	**15%**	22.6%
Jiangsu	**22%**	27.8%
Guangdong	**25%**	37.9%
Guangxi	**34%**	17.6%
Yunnan	**8%**	10.1%
Other regions in China	**11%**	25.0%
Overseas	**29%**	24.0%

In 2025, the Company did not have any violations in relation to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

3.2 Employee Care

JOINN Laboratories believes that the happiness and passion of employees are the driving forces to support us to become a great company. JOINN Laboratories upholds its tenet of "serve drug innovation, and focus on safety assessment and monitoring of drug full-lifecycle" and its concept of "people-oriented", creating a united and sincere working atmosphere. We provide care and assistance to employees through the establishment of a diversified welfare system, and continuously improve the sense of happiness of the people of JOINN Laboratories.

In terms of statutory benefits, we have formulated the "Social Insurance and Housing Provident Fund Management System". According to relevant national laws and regulations, the Company is required to pay social insurance and housing provident funds for employees. Social insurance includes pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

In terms of corporate benefits, we have formulated the "Commercial Insurance Benefit System". Commercial insurance is divided into three categories, namely supplementary commercial insurance, commercial insurance for interns and safe production liability insurance, mainly covering medical insurance, accident insurance, liability insurance and so on. With these commercial insurances, employees are offered additional compensation for medical purposes and upon the occurrence of accidents.

In addition, the Company's benefits also include meal allowance, annual physical examination, holiday benefits, etc., and employee dinner, travel, sports activities, wedding/birthday celebrations, condolences for the decease of an immediate family member, and condolences to employees in difficulties organised by various departments. Employee holidays provided by the Company include sick leave, work-related injury leave, personal leave, marriage leave, funeral leave, maternity leave, childcare leave, single child care leave, annual leave, incentive leave, etc. The Company strictly prohibits forced overtime and safeguards employees' rights to rest and leave.

In terms of employee care, we have established a comprehensive, multi-tiered employee care system focused on core areas such as job security, daily life needs, and physical and mental well-being. We have introduced numerous practical care initiatives to effectively address employees' concerns and enhance their sense of happiness and belonging.

- **Labor union's welfare benefits:** During traditional festivals, the labor union centrally procures and distributes holiday benefits for occasions such as the Spring Festival, Labor Day and Mid-Autumn Festival, covering daily necessities, food items and more, to extend holiday greetings to employees. In response to employees' living needs, the labor union regularly organizes the distribution of quarterly labor protection supplies to ensure that daily work requirements are met. Additionally, the labor union purchases supplementary commercial insurance and annual health checkup packages for employees, effectively safeguarding their physical and mental well-being. We extend birthday wishes to our employees celebrating their birthdays and carefully prepare birthday gifts for them.

- **Improved work environment:** We are continuously increasing investment in the renovation of office and laboratory spaces to enhance comfort and safety. For R&D office areas, we have added lounge and break zones as well as pantry facilities, equipped with comfortable seating and potted plants to help alleviate employees' stress. For laboratory work areas, we have upgraded ventilation and protective systems, standardized storage and layout of laboratory equipment, and improved the experimental environment to ensure the safety and health of personnel. In office areas, we have established book corners stocked with industry-leading professional titles and general-interest books in the arts and humanities, providing employees with convenient access to self-directed learning and skill enhancement. We have further optimized essential utilities – including water, electricity and air conditioning – in office spaces and conduct regular disinfection and sanitation of all workplaces to create a safe, comfortable and user-friendly environment. We provide employees with delicious and abundant meal services, clean and well-maintained dormitories, quiet and vibrant reading rooms and cozy nursing rooms for mothers.

- **Special care:** For new hires, on-boarding care activities are implemented, including orientation training and mentor-mentee pairing, to help new employees quickly adapt to the work environment, become familiar with their job responsibilities and integrate into the team.

- **Employee activities:** The Company organizes online and offline annual meetings, bringing together branches and subsidiaries from across the country to celebrate the Spring Festival. Branches, subsidiaries or departments organize outdoor activities for employees, such as spring outings, trips and team-building exercises. Branches, subsidiaries or departments arrange employee gatherings and other events based on their respective work schedules.

3. Employees and Community

Case study: Hosting the 30th Anniversary Celebration themed "Upholding Original Aspirations, Shaping the Future"

In August 2025, the Company organized a series of events to celebrate its 30th anniversary under the theme of "Upholding Original Aspirations, Shaping the Future", including an anniversary celebration and an exhibition showcasing the Company's development achievements. At the celebration, the Company reviewed its 30-year journey and remarkable accomplishments, honored veteran employees, outstanding teams and individuals who have made significant contributions to its growth, as well as indispensable partners along the way. Meanwhile, the development achievements exhibition used photos, graphics, videos and other formats to highlight the Company's practical accomplishments in R&D innovation, talent development and corporate social responsibility, strengthening employees' pride in and identification with the enterprise. The 30th-anniversary celebrations not only enriched employees' spiritual and cultural life but also strengthened cohesion across the workforce, injecting new momentum into the Company's sustained future development.

Case study: "Warm Blessings from JOINN Laboratories· Joyful Welcome to Spring" – 2025 Spring Festival Cultural and Entertainment Series

To enrich employees' spiritual and cultural life during the 2025 Spring Festival, convey corporate warmth and create a festive and harmonious atmosphere, the Company, in coordination with its domestic and international subsidiaries and various departments, organized a series of Spring Festival cultural and entertainment activities. These events balanced fun, engagement and cultural significance, enabling employees to experience holiday joy and corporate care in a joyful environment. This Spring Festival cultural and entertainment series not only enriched employees' holiday experiences and helped preserve traditional Chinese culture but also further strengthened employees' sense of belonging and team cohesion.

Case study: "30 and Strong, Leaping into a New Journey" Fun Run Event

In May 2025, the Company organized a "30 and Strong, Leaping into a New Journey" themed fun run event for all employees. The event was held along scenic walking trails near each of our sites, featuring a 5-kilometer recreational run. Customized sports equipment, drinking water, energy supplements and other supplies were provided to participants. Employees who completed the challenge received commemorative medals and certificates of accomplishment. The event fostered a positive atmosphere of "healthy exercise, happy work", achieved a participation rate exceeding 90%, effectively alleviated employees' stress, and ignited enthusiasm for physical activity.

Regarding employee communication, to promptly understand employees' needs and listen to their voices, the Company has established diverse and comprehensive communication channels to ensure that employee concerns are addressed quickly and resolved appropriately, as follows:

- Off-line communication channels: One-on-one talks have been established off-line. Department heads and HRBPs regularly hold such conversations with employees to understand their work status, career aspirations and personal difficulties, providing timely guidance and support.

- On-line communication channels: Employees can submit requests, suggestions and feedback at any time via emails, DingTalk, OA, or other online methods. Responsible personnel will respond promptly, provide resolution outcomes and follow up. Employee communication groups have also been created to facilitate daily exchanges and issue reporting, while ensuring the timely dissemination of the Company's policies and notices to enhance communication efficiency.

3. Employees and Community

3.3 Development and Training

JOINN Laboratories strengthens talent training and team building, formulates a comprehensive talent training plan, provides broad development space and promotion opportunities, and improves employees' skills through internal training and external learning.

In 2025, the Company revised and enhanced the "Employee Training Management Measures" to optimize end-to-end training management, establishing a closed-loop process of "needs assessment – course design – training implementation – effectiveness evaluation". Focusing on technical and professional domains, we streamlined training needs identification, eliminated redundant steps, improved training efficiency, and ensured alignment with actual job requirements. Adhering to the principle of "tiered and categorized, professionally focused", the Company implemented tiered training centered on technical and professional development, as follows:

- Training for new hires: Focusing on delivering job-specific foundational training and the Company's policy training to help new hires quickly master essential professional skills, become familiar with business processes, integrate smoothly into their teams and become fully competent in their roles. This program covered 100% of all new hires throughout the year, with post-training probation pass rates and job-fit metrics meeting established targets.

- Training for frontline employees: Centering on professional skills and hands-on job operations, emphasizing core content such as laboratory procedures and application of specialized technologies to address professional pain points in frontline work. This initiative enhanced professional capabilities and work efficiency across 100% of frontline staff, effectively strengthening job competency and reducing error rates.

- Training for core technical staff: Delivering specialized training on cutting-edge and core technologies, tracking industry technological trends to bolster R&D innovation and technical problem-solving capabilities among core technical talent. Covering 100% of employees in core technical roles, this program significantly elevated the professional caliber of the core technical team, supporting the orderly advancement of the Company's R&D and innovation efforts.

The Company's subsidiary, Biomere, has developed a training plan designed to meet employees' workplace learning and development needs. Employees demonstrate their acquired practical skills and knowledge by participating in training activities and successfully completing relevant standardized assessments. Training requirements are detailed in standardized training documents and/or Biomere's controlled documents (such as Standard Operating Procedures, policies, and work instructions), which serve as the basis for assessment criteria.

3. Employees and Community

In 2025, the total hours of trainings conducted by the Company were 19,460, including 1,980 trainings on occupational health and safety, 1,023 trainings on bioanalysis methods, one training on ICHS6 for non-clinical safety assessment of biotechnological drugs, 506 trainings on introduction to non-clinical assessment of new drugs and case analysis, and 6 trainings on quality control of biological analysis and testing. The training percentage and hours of the employees of the Company by gender and level are shown in the following table:

	Overview of Employee Training			
	Percentage of employees trained (%)		**Average training hours (hours)**	
Name of Indicators	**2025**	2024	**2025**	2024
Male employees	**61.52%**	69.7%	**12.85**	68.21
Female employees	**76.29%**	79.1%	**9.25**	57.15
Entry-level employees	**73.81%**	78.3%	**10.23**	56.74
Middle management	**37.42%**	37.8%	**16.91**	215.27
Senior management	**25.00%**	85.7%	**11.67**	41.92

Looking ahead, the Company's training initiatives will continue to focus on technical and professional development, further refining the corresponding training frameworks, expanding course offerings, optimizing the online training platform, and enhancing both the quality and efficiency of training to consistently strengthen employees' professional competencies and technical expertise. At the same time, a limited number of foundational management training programs will be retained to meet basic managerial needs, fostering mutual growth between employees and the Company while providing talent support for the Company's R&D-driven innovation and development.

We have established a performance-centered promotion system that motivates employees through mechanisms such as quarterly and annual excellence awards and assessments of project contributions. We offer multi-channel career progression paths, enabling both technical and managerial staff to advance to senior roles via a large "H-shaped" framework comprising distinct management and professional tracks. In 2025, aligning with business requirements and talent development objectives, the Company optimized and updated its promotion and incentive mechanisms, strengthening incentives for specialized technical talent. This includes introducing special performance bonuses and achievement rewards for core technical roles, refining performance evaluation criteria and tilting the incentive system toward professional and technical positions. Promotions will follow a "departmental recommendation + comprehensive assessment" model, with technical and professional roles evaluated primarily on hands-on capabilities and technical achievements. During the Reporting Period, promotions in technical and professional roles accounted for 95.4% of all promotions, with a 100% compliance rate in procedural adherence.

Going forward, we will enhance the alignment between performance management and promotion processes, improve post-promotion incentives, and refine performance evaluation metrics. We will clearly define standards and procedures for exceptional promotions, establish dedicated pathways to ensure fairness and impartiality, broaden assessment dimensions by incorporating evaluations of innovation and collaboration capabilities, and dynamically optimize evaluation criteria. Additionally, we will strengthen post-promotion tracking and development by formulating personalized plans to support employees in successfully adapting to higher-level roles.

3. Employees and Community

3.4 Health and Safety

JOINN Laboratories strictly abides by the "Production Safety Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" and other laws and regulations to ensure the occupational health and safety of employees. In order to ensure the safety of employees' behaviour, the Company has formulated safety policies and regulations covering all operational processes, and conducted regular training. Our safety policies include OHS Policy 1: OHS Member Composition and Basic Duties; "OHS Policy 2: Personnel Occupational Protection Programme"; "OHS Policy 3: Occupational Health and Safety Regulations and other related policies". Certain subsidiaries of the Company, such as JOINN Suzhou, have obtained ISO 45001 Occupational Health and Safety Management System certification.

Biomere, a subsidiary of the Company, has developed an occupational health program for all employees and IACUC members involved in animal care and use, which is based on the requirements and recommendations of the Centers for Disease Control and Prevention ("CDC"), the U.S. Department of Agriculture ("USDA"), the Occupational Safety and Health Administration ("OSHA"), and the Public Health Service ("PHS") of the U.S.. These requirements apply to those who work in laboratories and/or handle hazardous chemicals, animals, and/or animal by-products for research. Contractors must meet with the facilities department, operations department or designated personnel for initial training. Training covers the location of any hazardous areas, appropriate personal protective equipment (PPE) to be worn, fire alarms and evacuation procedures. All contractors, visitors and visiting employees entering the NHP animal rooms of the test facilities must provide documentation of a negative tuberculosis test within the past 12 months and proof of measles vaccination or antibody titers.

Occupational health hazards for our employees include: direct bites and scratches from animal contact; transmission of zoonotic diseases; allergic diseases caused by animal-derived materials; physical injuries from instruments such as needles and scalpels during animal experiments; potential hazards from exposure to and inhalation of laboratory chemicals and test articles during handling and use; physical injuries resulting from the movement and restraint of large animals; and accidental injuries associated with facility-related engineering materials or the use of machinery.

Therefore, the Company takes the following protective measures for employees who may be exposed to hazardous substances:

- **Carry out regular inspection of environmental occupational hazards every year:** Through a qualified third-party occupational hazard inspection unit, the Company makes objective and true inspection, evaluation and reasonableness of occupational hazards in the process of production and operation of the Company, and provides feasible suggestions and guidance for the Company's occupational health management;

- **Regularly distribute occupational health protective supplies to employees involved in occupational hazards:** Distribute suitable occupational protective equipment according to the needs of employees' occupational hazard protection to eliminate or reduce injuries;

- Strengthen the regular training on occupational health and safety of employees to enhance their awareness of protection.

The occupational health program developed by Biomere, a subsidiary of the Company, includes risk assessment and hazard identification, training, personal hygiene and personal protective equipment, facilities, procedures, monitoring, medical evaluation and preventive medicine. It also includes laboratory safety, control of bloodborne pathogens, hazards associated with the use of animals (i.e., allergens, zoonoses, animal bites and/or scratches), and the management of hazardous waste.

During the Reporting Period, we strictly followed the Company's occupational health scheme to provide employees with sufficient health protection supplies, regularly conducted occupational hazard protection training, and inspected and supervised occupational health protection measures and facilities. In 2025, the Company maintained a low incident rate for work-related injuries, safeguarding the occupational health of its employees.

In the future, we will continue to strictly implement the existing occupational health program, develop a detailed list of commonly encountered potentially hazardous chemicals along with corresponding protection requirements. We will integrate an occupational health management and supervision mechanism into the review of experimental protocols and the execution of experiments, strengthen management and oversight, conduct risk assessments in advance, and provide plans for protective measures.

From 2023 to 2025, JOINN Laboratories had zero work-related fatalities. In 2025, the working days lost due to work-related injuries were 558 days[1], and there were no incidents of fines or prosecutions due to noncompliance with health and safety-related laws and regulations.

3.5 Social Welfare and Rural Revitalization

Since our establishment, JOINN Laboratories has always been committed to social responsibility. The Company participates in social welfare in the optimal form in line with the actual needs of society, pays close attention to social dynamics, and actively participates in social welfare according to the needs of society, increasing the momentum of harmony and a win-win situation for society.

In order to enable the majority of pharmaceutical research and development workers to communicate in depth with the Company, share our experience, and make JOINN Laboratories shine with a different brilliance. We launched online live-streaming events in 2025 to share our experience with the majority of pharmaceutical research and development workers.

[1] Calculated based on 8 working hours per day

3. Employees and Community

Case study: Hosting an Online Live Event

On 19 February 2025, Chunming Rao, the Chief Scientist at JOINN Drug Quality Research and Testing (Beijing) Co., Ltd., and former head of the Recombinant Drug Division at the National Institutes for Food and Drug Control's Biological Products Testing Institute, shared insights on the topic "Quality Testing and Research of Biotechnology Drugs" during a live stream. He provided in-depth analysis of cutting-edge technologies in the field of biotechnology drug quality testing, examined current pressing challenges and presented practical, actionable solutions.

In terms of rural revitalization, JOINN Laboratories focuses on the rural layout of the experimental animal supply chain through industrial investment and resource integration to promote the coordinated development of the regional economy.

- **Experimental animal resource development:** Utilizing land resources in rural areas to develop experimental animal breeding, increase local agricultural added value, and form characteristic industries.
- **Supply chain localization:** By building bases in rural areas, the cost of transporting experimental animals across regions can be reduced and ecological pressure can be lowered, which is in line with the rural revitalization direction of green development.
- **Technological radiation effects:** Our subsidiaries' business involves experimental animal science, which can provide support for local agricultural scientific research and biomedical talent cultivation.

4. Green and Low-Carbon Development

Attaching great importance to environmental protection, the Company stresses the importance of environmental protection to corporate social responsibility and sustainable development and actively promotes the establishment, continuation and implementation of an environmental protection system. The environmental protection guidelines adopted by the Company are "insistence on environmental protection and social sustainability, prevention of pollution, active promotion of energy conservation and emission reduction, protection of ecological diversity and establishment of eco-friendly communities". Environmental protection is one of the important social responsibilities of corporate citizens. On the basis of emphasizing the bottom line of legal and compliant operation, the Company takes all necessary measures to protect the environment and prevent pollution. Clean production, energy conservation and emission reduction are vigorously promoted. During project construction, the Company must consider the potential environmental impacts and make persistent efforts in environmental improvement to ensure that environmental compliance and standardized discharge of pollutants are achieved for its business activities. Certain subsidiaries of the Company, such as JOINN Suzhou, have passed the ISO 14001 environmental management system certification.

4.1 Emissions Management

The Company strictly complies with the environmental protection policies, laws and regulations of national and local governments, strictly complies with the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", and actively takes measures to manage emissions and fulfill environmental responsibilities. JOINN Laboratories will continue to promote the concept of energy conservation, consumption reduction, green and environmental protection, and reduce emissions from the source. We will always take the promotion of emission management and environmental protection process as our long-term goal, and ultimately realize the circular economy concept and follow the path of sustainable development.

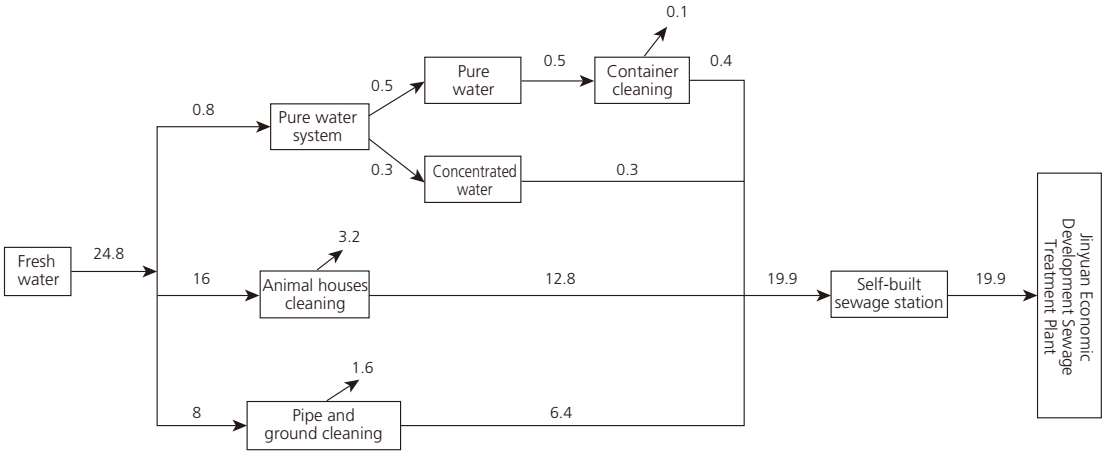
In terms of environmental emergency response, the Company has established several emergency response plans, including the "JOINN Laboratories (China) Co., Ltd. Emergency Response Plan for Sudden Environmental Incidents", the "Emergency Response Plan for Hazardous Waste", and the "Emergency Response Plan for Toxic Substance Leaks". The Company's subsidiary, Guangxi Weimei Bio-Tech Co., Ltd, has also formulated a dedicated emergency response plan for sudden environmental incidents, enhancing its emergency response capability for sudden environmental incidents.

During the Reporting Period, the environmental management personnel of the Company carried out a full-coverage inspection on the environmental management of the Company, and we also engaged a third-party testing company to carry out regular tests on wastewater, sewage, noise, and exhaust gas within the Company's factory area. There was no violation of environmental laws and regulations that had a significant impact on the Company during the Year.

4. Green and Low-Carbon Development

Wastewater Management

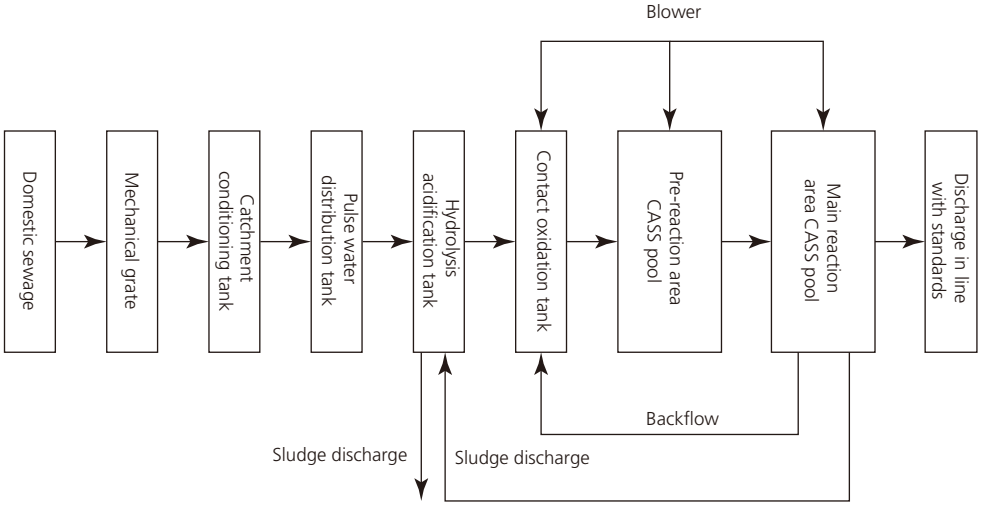
The Company's drainage mainly includes domestic sewage and production wastewater, of which the production wastewater is mainly the wastewater from cleaning of animal houses and laboratories, water consumed for washing of pipelines and ground. We have developed the corresponding Standard Operating Procedure (SOP), "Sewage Treatment System Operating Procedures". The Company's subsidiary in Beijing discharges 19.9 m^3 of production wastewater per day (concentrated water is produced during the pure water preparation process, and the water production rate is 60%). In 2025, the Company discharged a total of 171,120 tonnes of wastewater.



Source of sewage

4. Green and Low-Carbon Development

In the process of sewage discharge, the Company complies with the relevant standards in the "Wastewater Quality Standards for Discharge to Municipal Sewers" (GB/T31962-2015), the "Integrated Wastewater Discharge Standard" (GB8978-1996), the "Water Pollution Discharge Standard for Medical Institutions" (GB18466-2005) and "Discharge limits for water pollutants discharged into the public sewage treatment system" in the Integrated Discharge Standard of Water Pollutants (DB11/307-2013), we have constructed our own wastewater treatment facilities (scale: 200 m^3/d, Phase I design treatment scale: 120 m^3/d), adopted advanced wastewater treatment process (septic tank pretreatment – wastewater conditioning tank – hydrolysis acidification – oxidation – secondary sedimentation tank – sterilization tank – activated carbon adsorption – discharge), and used 10% sodium sulfite plus 4% glycerin mixed solution as deodorant. The activated carbon filter tower in the treatment equipment is replaced once every 1-2 years based on the quantity of active chlorine. The Company conducts monthly sewage sampling and testing to ensure that the discharge standards are met.



Sewage Treatment Process

In the future, the Company will continue to strengthen the management of wastewater treatment and discharge, pay attention to the use of disposal facilities, timely replace and update aged equipment, and increase the number of pollutant deepening treatment facilities, such as air flotation pond for sewage treatment and sewage deodorization tower, to improve the efficiency of wastewater treatment.

4. Green and Low-Carbon Development

Exhaust Gas Management

The Company strictly controls the exhaust gas emissions in the Company's operation and production in accordance with the "Emission Standards for Odorous Pollutants" (GB14554-93), the "Integrated Emission Standard of Air Pollutants" (GB16297-1996), the "Beijing Integrated Emission Standard for Air Pollutants" (DB11/501-2007), the "Emission Standard of Air Pollutants for Boiler" (GB13271-2014) and the "Pollution Control Standard for Hazardous Waste Incineration" (GB18484-2020).

The main sources of exhaust gases of the Company are odour (hydrogen sulphide, ammonia gas) and VOC generated by the animal room and exhaust gas (xylene) generated by the laboratory. In accordance with the internal management system, the Company sets up activated carbon adsorption devices to purify and treat exhaust gas, and regularly replaces the activated carbon. The exhaust gas is emitted after adsorption and purification by activated carbon, and the emission height is maintained at 15 meters, which is in line with the pollutant emission concentration, speed and height in the second period of the general air pollutant emission in the "Integrated Emission Standard of Air Pollutants" (DB11/501-2017) of Beijing municipality. According to the internal management regulations of the Company, the activated carbon replacement in the Company's Taicang laboratory is replaced on a quarterly basis. In order to quantify the exhaust gas emission indicators, the Company regularly engages qualified third-party enterprises to inspect the Company's exhaust gas every year, and accepts random inspection by the Environmental Protection Department of the Development Zone from time to time, with test results meeting the emissions standards. Within the Company, the Company has established an environmental protection management team to clarify the responsibilities of environmental protection personnel, implement the environmental monitoring system and the pollutant discharge permit system.

For exhaust gas treatment, we implement a three-tier control system comprising source reduction, process control and end-of-pipe treatment. At the emission source, we substitute raw and auxiliary materials with low-volatility, low-pollution alternatives, prioritizing low-VOC reagents, aqueous disinfectants and benzene-free cleaning agents. We optimize laboratory workflows to minimize both the open time and consumption of reagents. All experiments and operations are conducted in enclosed systems; any handling of volatile reagents must be performed within fume hoods. Waste liquids and solid wastes are stored in sealed, covered containers to reduce fugitive emissions. High-pollution zones utilize dedicated exhaust systems, while low-pollution zones employ combined exhaust systems. During non-operational hours, airflow rates are automatically reduced or exhaust systems operate on a timed schedule to minimize exhaust gas generation and release at the process level. For end-of-pipe treatment, laboratories and animal facilities utilize a treatment train consisting of pre-filtration, medium-efficiency filtration and activated carbon adsorption to enhance exhaust gas purification.

4. Green and Low-Carbon Development

Waste Management

The types of waste discharged by the Company include hazardous waste and non-hazardous waste. Hazardous waste mainly comes from medical waste, animal carcasses, laboratory organic waste liquid, waste activated carbon, sewage station sludge, etc. Non-hazardous waste mainly comes from domestic waste, packaging materials and waste paper.

With reference to the "Technical Specifications for the Prevention and Control of Hazardous Waste Pollution in Laboratory", we have formulated "SOP: ADM-B021-3 Standard Operating Procedures for Waste Liquid and Medical Waste Treatment Generated in Experiment" to dispose of hazardous waste. The hazardous waste is collected by designated personnel and stored in a closed place. Safety signs such as hazardous waste signboards, labels, and the prohibition of fireworks are posted, and qualified third-party companies are engaged for regular removal and disposal.

In addition, the Company has actively formulated the internal SOP for the management of hazardous waste, namely the "Standard Operating Procedures for Waste Liquid and Medical Waste Treatment Generated in Experiment" and "Operating Procedures for Animal Carcasses", so that the Company's hazardous waste discharge in the production and operation process is legal and valid, and actively accepts the supervision of the regulatory authorities. In 2023, we entered the Company's information in the Government's "Integrated Solid Waste Management System", completed the filing of the enterprise management plan, and the annual hazardous waste statement has also been reviewed by the regulatory authorities.

In terms of non-hazardous waste, we adhere to the principles of "reduction, recycling and harmless", prioritising waste minimisation through internal recycling and reuse. We have strengthened the level of waste classification and collection, and avoided mixed collection to reduce the difficulty of waste recycling and harmless treatment. We improved the environmental awareness of the departments or employee that generate waste through promoting the importance of waste classification and collection to reduce waste.

4. Green and Low-Carbon Development

Waste generation of the Company

Type of Waste	Unit	2025	2024	2023
Total hazardous waste	tonne	**351.95**	393.18	395.84
Medical waste	tonne	**178.20**	185.53	200.43
Sewage station sludge	tonne	**20.68**	59.90	28.31
Laboratory organic waste liquid	tonne	**130.52**	125.55	153.85
Waste activated carbon	tonne	**5.29**	7.96	13.25
Waste bin	tonne	**10.75**	7.94	N/A
Hazardous waste generation intensity	kg/operating income of RMB0'000	**2.12**	1.95	1.67
Total non-hazardous waste	tonne	**485.23**	422.18	386.00
Non-hazardous waste generation intensity	kg/operating income of RMB0'000	**2.93**	2.09	1.62

Noises

Noise-reduction equipment has been installed on the outdoor units to ensure that noise levels comply with Class 3 standards specified in the "Emission Standard for Industrial Enterprise Noise at Boundary" (GB12348-2008).

4. Green and Low-Carbon Development

Circular Economy

As a leading contract research organisation (CRO) in China, JOINN Laboratories' recent efforts in promoting the circular economy have primarily focused on the management of laboratory animal resources and the recycling of waste materials.

1. Efficient circular use of laboratory animal resources

- Localisation of animal breeding sources: Through self-establishment or acquisition of breeding bases for laboratory animals (e.g., Guangxi Weimei Bio-Tech, Yunnan Yinmore Bio-Tech), we reduce carbon emissions during the transportation of laboratory animals and safeguard their welfare.

- Localised production of animal feed: We grow feed materials (e.g., pasture, fruits and vegetables) in the vicinity of our breeding bases to reduce the need for external transportation and to establish a closed-loop system of "planting – breeding – laboratory".

2. Recycling of waste

- Conversion of animal faeces and organic waste: We convert faeces, bedding materials, and other waste produced by laboratory animals into organic fertiliser through composting technology, for use in surrounding farmland or greening around the base.

- Upgrade of wastewater treatment system: We have invested in the construction of high-standard sewage treatment facilities to purify laboratory wastewater for use in landscaping irrigation or industrial water recycling.

4. Green and Low-Carbon Development

Ecosystem and Biodiversity Conservation

JOINN Laboratories' efforts in ecosystem and biodiversity conservation focus primarily on optimising the management of laboratory animals, implementing green production practices, and promoting regional ecological synergy:

1. Localisation and Breeding of Laboratory Animal Species

- Construction of primate breeding bases: Primate breeding bases are being established in Wuzhou, Guangxi and Xishuangbanna, Yunnan to reduce reliance on wild populations through localised breeding, thereby helping to prevent ecological damage caused by the illegal wildlife trade.

- Small animal breeding collaboration: We collaborate with domestic institutions to develop inbred strains and genetically modified models of laboratory mice, rats, and other species, thereby reducing resource consumption caused by redundant breeding.

2. Green Production and Eco-Synergy

- Animal faeces and organic waste treatment: We use composting technology to convert laboratory animal faeces into organic fertiliser, which is used in the farmland around the base or for greening, to reduce pollution of soil and water caused by the use of chemical fertilisers.

3. Biodiversity-Friendly Base Construction

- Xishuangbanna Base in Yunnan: Yunnan Yinmore Bio-Tech focuses on the protection of local ecosystems in its operations at the edge of the tropical rainforest, such as preserving native vegetation and establishing ecological buffer zones to avoid damage to the habitats of rare animal and plant species.

4.2 Use of Energy and Resources

Energy Utilization

The Company attaches great importance to the conservation of natural resources, strictly complies with the "Environmental Protection Law of the People's Republic of China", the "Water Law of the People's Republic of China", the "Energy Conservation Law of the People's Republic of China" and other laws and regulations, and strives to achieve the coordinated and sustainable development of people, resources and the environment.

Electricity, natural gas and steam are the main energy consumed in the Company's production and in the daily life thereof. In addition, the Company's business vehicles consume a certain amount of gasoline. Electricity consumption is mainly related to the overall operation of the Company (including chiller units, air-conditioning fan units and other auxiliary equipment, experimental equipment, etc.). Natural gas is mainly consumed for boiler combustion to produce water steam (use of high-pressure items of vacuum sterilizer in animal laboratory cleaning, use of air conditioning in animal room for humidifying, as well as heating in winter) and incinerator to burn animal carcasses. Steam is used for high-pressure items of vacuum sterilizers in animal laboratory cleaning, air conditioning in animal rooms for humidifying, as well as heating in winter.

We have adopted a number of energy conservation measures to reduce energy consumption:

- Purifying air-conditioners are the main energy-consuming electrical appliance. We use the automatic variable frequency speed control technology to regulate the airflow speed which is controlled at the standard lower limit. Control the temperature range by setting the temperature of the research model room to a standard floor in winter and a standard ceiling in summer. We use a mini-split independent air conditioning system. The SPF animal model room is divided into several zones, each of which is installed with several mini-split independent air conditioning systems. The rooms and their respective air conditioning systems are selectively occupied based on the increase or decrease in the species and number of animal models kept, with an aim to avoid squandering.

- We choose energy-efficient machines and pumps. Phased-out machine and pump products already announced by the state are strictly forbidden. Under normal load, the operating conditions of machines and pumps should be in the high-efficiency zone of the performance curve and a reasonable adjustment method should be adopted. Driving machines should match the load of machines and pumps. Motors are reasonably selected to increase their load rate. Frequency conversion speed adjustment devices are adopted for machines and pumps with large load changes.

- The shape coefficient of building structures is well under control to minimize heat consumption as long as the technical requirements are met.

4. Green and Low-Carbon Development

- The natural lighting design is strengthened for buildings. Daylighting bands are installed on the roofs and double-level high and low windows are installed on maintenance walls to save electricity.
- Three-dimensional heat tubes are installed in the air-conditioning compartment to reduce energy consumption.
- We use green lighting products. Light sources, lamps and ballasts with high light efficiency, long service life and good color rendering are used. We choose reasonable illuminance for the interior lighting of buildings and increase the proportion of high-efficiency and energy-saving fluorescent lamps.
- The humidity of animal rooms is constantly controlled at around 50% annually to save steam.
- Phase II of the project will implement specialized building energy efficiency design.

In the future, the Company will continue to carry out relevant measures to continuously reduce the level of energy consumption.

Use of Water Resources

The use of water resources of the Company mainly involves wastewater from cleaning of animal houses and laboratories, flushing water of pipes and ground, water production of pure water equipment, replenish cooling water of refrigeration machines in summer and daily use. As the Company is not listed as a key unit of water conservation management, the Company only needs to regularly report monthly water utilisation targets on the water management platform of Beijing Water Authority in accordance with the municipal requirements. The Company's goal in energy and water resources management is to improve the effective utilization of energy and water resources, and to maximize the environmental and economic benefits of energy and water resources on the premise of meeting operational activities. The water resources consumed by the Company in production, manufacturing and office operations are all from the municipal pipe network, and do not involve water sourcing issues.

In terms of effective water conservation, the Company has adopted the following measures:

- We enhance water measurement management. Production water measurement devices inside the workshop and wastewater measurement devices at workshop discharge outlets are installed; maintenance of water supply, water facilities, equipment and apparatus is strengthened to strictly prevent water dripping and leakage. Water use efficiency is improved to save water resources;
- The cooling water of the chiller is replenished by the river's water for cooling in summer, and the condensate water of the HIVC system is collected in summer to replenish the cooling water in the cooling tower;
- For domestic water use, we vigorously adopt water-saving technologies and water-saving water apparatus without using phased-out water apparatus explicitly specified by the state, and install water-saving facilities or apparatus. Some of the treated wastewater can be used for greening and road sprinkling, thus water consumption is largely reduced.

Energy and Resources Consumption and Intensity of the Company

Type of energy resources	Unit	2025	2024	2023
Petrol	Litre	**31,860**	29,651	26,475
Electricity	kWh	**44,893,025**	41,313,763	32,417,990
Steam	million KJ	**115,125**	116,777	122,465.41
Natural gas	m^3	**331,910**	333,744	119,308
Comprehensive energy consumption[2]	'000 kWh	**80,724.81**	77,604.60	67,939.85
Comprehensive energy consumption intensity	kWh/operating income of RMB0'000	**486.99**	384.50	285.88
Water consumption	m^3	**483,248**	374,285	210,020
Water consumption intensity	m^3/operating income of RMB0'000	**2.92**	1.85	0.88

Due to the nature of our business, there are no packaging materials in the operation of the Company.

4.3 Addressing Climate Change

Global warming and other abnormal climatic phenomena continue to be concerned by the whole society. With the continuous promulgation of relevant domestic policies, stakeholders have put forward higher requirements for tackling climate change and promoting low-carbon development. The Company sets out our efforts and future direction in addressing climate change based on our governance, strategy, risk management and metrics and targets.

Governance

With regard to climate-related governance, according to the ESG governance framework established by the Company, the Audit Committee under the Board determines the Company's overall ESG management objectives and strategies, is responsible for assessing and identifying the Company's ESG-related risks, and ensures that the Company establishes an appropriate and effective ESG risk management and internal control system. The Board's ESG-related responsibilities include addressing climate change issues. At the same time, the Company's ESG governance structure comprises a decision-making body, a coordination body and an executive body, with clearly defined responsibilities for the implementation of climate change management and objectives, which are reported to the Board on a regular basis.

[2] Calculation method: the Company's gasoline, natural gas, electricity and steam consumption is aggregated by multiplying each by the corresponding conversion coefficient, with reference to the "General Principles for Calculation of the Comprehensive Energy Consumption" (GB/T 2589-2020).

4. Green and Low-Carbon Development

The Board is responsible for overseeing our risk management framework and sustainability risks, including climate-related risks, and holds an annual Board meeting to receive a briefing from the Securities Department and to discuss progress on ESG work. Each year, we also conduct regular risk identification, analysis and review of management procedures through our Audit Committee, and climate change is taken into consideration in our risk assessment process.

The Company's Securities Department acts as a coordinating body within the governance structure, and the Securities Department regularly reports to the Board on relevant sustainability matters, including those relating to climate.

The Board and the Securities Department are familiar with climate-related issues and understand the impact of such issues on the Company's business and operations. The Company also arranges training on climate-related issues to ensure that all personnel are kept abreast of the latest developments.

Our relevant functional departments, as the executive body within the framework, carry out climate change-related work in accordance with the progress of climate change initiatives, engage in communication with relevant stakeholders on climate change issues, and provide feedback to the co-ordination body regarding the progress of climate change work and the outcomes of stakeholder engagement. The designated personnel within the relevant functional departments have attained a certain level of understanding of climate change and are able to facilitate the integration of climate-related issues into daily operations.

Strategy

Climate-related risks include risks related to the transition to a low-carbon economy ("Transformation Risks") and risks related to the physical impact of climate change ("Physical Risks"), among which Transformation Risks can be divided into policy and legal risks, technical risks, market risks and reputational risks, while Physical Risks include acute risks (such as extreme weather such as typhoons and floods) and chronic risks (such as sustained high temperature changes in climate patterns).

Type	Climate-related risks	Our response
Physical Risks Acute	• The sudden occurrence of extreme weather events, such as rainstorms and cold snaps, may trigger a series of risks, including production suspension or reduction on the Company's part, and production disruptions within the supply chain, leading to reduced business stability, increased costs, and lower output; • Major extreme weather and disaster events also pose a high risk of damage to production equipment and employee safety incidents, further contributing to adverse factors.	• Business Continuity Plan (BCP): Establish an emergency response workflow encompassing "risk detection, alert dissemination, alert actions and emergency response planning". Develop emergency response plans for rainstorms, typhoons and other extreme weather events to ensure the continuous operation of critical business functions during such conditions, minimizing the impact of production halts and reductions; • Supply chain diversification: Cooperate with multiple suppliers to diversify risks and avoid the impact of a single supply chain disruption on the business; • Infrastructure reinforcement: Strengthen the flood resistance and cold resilience of plants, warehouses, and other facilities to minimise production disruptions caused by extreme weather. Conduct regular inspections and maintenance of production equipment to ensure stable operation under adverse weather conditions; • Provide employees with relevant labour protection materials and equipment, and formulate contingency plans related to extreme weather. In addition, strengthen employee safety training for responding to extreme weather, and improve their emergency handling capabilities.

4. Green and Low-Carbon Development

Type	Climate-related risks	Our response
		• Winter freeze protection: Prior to the onset of winter, insulate the supply and return piping, increase the supply water temperature and pressure, enhance the frequency of patrol inspections, and implement freeze-protection measures in advance. • Lightning protection during the rainy season: Before the annual rainy season (by the end of May), the Company engages qualified third-party enterprises to conduct lightning protection testing on all buildings within the facilities and to implement lightning protection measures, including the installation of rooftop lightning rods and lightning belts.
Chronic	• A relatively long-term shift in climate patterns (such as sustained high temperatures) may lead to increased operating costs and equipment maintenance and repair expenses due to higher demand for summer cooling, as well as additional costs resulting from subsequent adjustments to the energy consumption structure.	• Through technological renovation and equipment upgrading, reduce cooling demand, lower operating costs, increase the use of renewable energy, reduce reliance on traditional energy sources, and decrease long-term energy costs.

Type		Climate-related risks	Our response
Transformation Risks	Policies and laws	• With the improvement and introduction of relevant policies, regulatory authorities will inevitably adopt increasingly stringent greenhouse gas emission limitation measures and strengthen the requirements for greenhouse gas emissions disclosure.	• Stay abreast of industry developments and policy changes, and adjust business operations in a timely manner in accordance with policy requirements.
	Technology	• The iterative innovation of production technologies to meet environmental requirements, along with R&D advancements, may lead to increased upfront costs associated with investing in new technologies or adopting and deploying new operations and processes.	• Continuously advance low-carbon technology transformation, optimise operational strategies to reduce resource waste and emissions, and stay up to date with the iterative advancement of relevant technologies.
	Market	• Driven by policy and market forces, along with increasing customer awareness of low-carbon and environmental sustainability, changes in raw material prices (e.g., energy, water) and stricter emissions requirements (e.g., waste) have resulted in higher production costs.	• Explore and adopt more energy-efficient and resource-saving green operational practices to mitigate the adverse impact of rising energy consumption and tightening emission requirements on the Company. • Advocate low-carbon travel, engage in afforestation, and purchase new energy vehicles.
	Reputation	• As stakeholders place increasing emphasis on climate-related issues, failure to meet their expectations or any climate-related non-compliance may result in reputational damage to the Company.	• Strengthen communication with stakeholders, regularly review the Company's emissions reduction performance, and dynamically adjust future action plans based on progress.

4. Green and Low-Carbon Development

Risk management

The Company integrates climate-change risks into its overall risk management process, establishing a closed-loop management framework encompassing risk identification, risk assessment and risk monitoring. The engineering department systematically analyzes and assesses the Company's climate-related risk points on a regular basis, while internal control supervision and evaluation are conducted to oversee risk management performance. For details on specific risk management processes and measures, please refer to the section titled "Internal Control and Risk Management" of this report.

Metrics and targets

The Company has identified indicators related to the monitoring of environmental, social and climate-related risks, and conducted statistics and disclosure of relevant data annually, including but not limited to:

- Energy consumption (gasoline, electricity, etc.);
- Greenhouse gas emissions (including Scope 1 and Scope 2);

The Company's greenhouse gas emissions primarily originate from direct emissions resulting from the combustion of petrol and natural gas (Scope 1), as well as indirect emissions arising from the consumption of purchased electricity and heat (Scope 2). The Company's greenhouse gas emissions during the Reporting Period are as set out below.

Greenhouse gas emissions of the Company

Type	Unit	**2025**	2024	2023
Direct greenhouse gas[3] emissions (Scope 1)	tCO_2e	**796.91**	796.08	319.40
Indirect greenhouse gas emissions (Scope 2)	tCO_2e	**36,484.02**	36,406.66	33,249.41
Total greenhouse gas emissions	tCO_2e	**37,280.93**	37,202.74	33,568.81
Greenhouse gas emission intensity	tCO_2e/operating income of RMB0'000	**0.22**	0.18	0.14

We will continue to pay attention to the impact of climate change on the Company's business, fully respond to policy requirements, work together with all sectors to address climate change, and further improve strategy formulation, risk management, indicator and target identification and management.

[3] Calculation method of greenhouse gas emissions:
Direct greenhouse gas emissions: the energy consumption of the Company multiplied by the corresponding emission factors. The emission factors are referenced from ① "China Energy Statistical Yearbook" ② "IPCC2006";
Indirect greenhouse gas emissions: the Company's purchased electricity and heat consumption is multiplied by the corresponding emission factors, and the emission factors are referenced to the "Notice on the Reporting and Verification of GHG Emissions for Selected Key Industry Enterprises from 2023 to 2025" issued by the Ministry of Ecology and Environment;
Total greenhouse gas emissions: the sum of direct greenhouse gas emissions and indirect greenhouse gas emissions.

Guidelines for Self-discipline Supervision of Listed Companies No. 14 of the Shanghai Stock Exchange – Sustainability Report (Trial) Content Index

No.	Sustainability Topics	Corresponding Chapters in the Report
1	Addressing Climate Change	4.3 Addressing Climate Change
2	Pollutant Emissions	4.1 Emissions Management
3	Waste Disposal	4.1 Emissions Management
4	Ecosystem and Biodiversity Conservation	4.1 Emissions Management
5	Environmental Compliance Management	4.1 Emissions Management
6	Energy Utilization	4.2 Use of Energy and Resources
7	Water Resources Utilization	4.2 Use of Energy and Resources
8	Circular Economy	4.1 Emissions Management
9	Rural Revitalization	3.5 Social Welfare and Rural Revitalization
10	Social Contribution	3.5 Social Welfare and Rural Revitalization
11	Driven by Innovation	1.1 Innovative R&D
12	Science and Technology Ethics and Animal Welfare	2.2 Science and Technology Ethics and Animal Welfare
13	Supply Chain Safety	1.4 Supply Chain Management
14	Equal Treatment of SMEs	Not applicable[i]
15	Product and Service Safety and Quality	1.2 Product Responsibility
16	Data Security and Customer Privacy Protection	1.3 Customer Service
17	Employees	3.2 Employee Care
18	Due Diligence	Internal Control and Risk Management
19	Communication with Stakeholders	Communication with Stakeholders
20	Anti-commercial Bribery and Anti-corruption	2.4 Anti-corruption
21	Anti-unfair Competition	2.4 Anti-corruption
22	Protection of Intellectual Property Rights	1.1 Innovative R&D

Note:

i The balance of the Company's accounts payable (including notes payable) at the end of the period did not exceed RMB30 billion or accounted for more than 50% of total assets.

Appendix

HKEX ESG Reporting Code Content Index

Aspects	Content	Corresponding Chapters
Part B: Mandatory Disclosure Requirements		
	Board Statement	Board Statement
	Reporting Principles	About This Report
	Reporting Scope	About This Report
Part C: "Disclose or Explain" Provisions		
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.1 Emissions Management
A1.1	The types of emissions and respective emissions data.	4.1 Emissions Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	4.1 Emissions Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	4.1 Emissions Management
A1.5	Description of emissions target (s) set and steps taken to achieve them.	4.1 Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of the reduction target (s) set and steps taken to achieve them.	4.1 Emissions Management

Appendix

Aspects	Content	Corresponding Chapters
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Use of Energy and Resources
A2.1	Direct or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in'000s) and intensity (e.g., per unit of production volume, per facility).	4.2 Use of Energy and Resources
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	4.2 Use of Energy and Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Use of Energy and Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.2 Use of Energy and Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
A3 The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	4. Green and Low-carbon Development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Green and Low-carbon Development
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment and Labour Practises
B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	3.1 Employment and Labour Practises
B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment and Labour Practises

Appendix

Aspects	Content	Corresponding Chapters
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.4 Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Health and Safety
B2.2	Lost days due to work injury.	3.4 Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training and may include internal and external courses paid for by the employer.	3.3 Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	3.3 Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	3.3 Development and Training
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1 Employment and Labour Practises
B4.1	Description of measures to review employment practises to avoid child and forced labour.	3.1 Employment and Labour Practises
B4.2	Description of steps taken to eliminate such practises when discovered.	3.1 Employment and Labour Practises

Appendix

Aspects	Content	Corresponding Chapters
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	1.5 Supply Chain Management
B5.1	Number of suppliers by geographical region.	1.5 Supply Chain Management
B5.2	Description of practises relating to engaging suppliers, the number of suppliers where the practises are being implemented, and how they are implemented and monitored.	1.5 Supply Chain Management
B5.3	Description of practises used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	1.5 Supply Chain Management
B5.4	Description of practises used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	1.5 Supply Chain Management
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	1.2 Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
B6.2	Number of products and service-related complaints received and how they are dealt with.	1.3 Customer Service
B6.3	Description of practises relating to observing and protecting intellectual property rights.	1.1 Innovative R&D
B6.4	Description of quality assurance process and recall procedures.	1.2 Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.4 Information Security and Privacy Protection

Appendix

Aspects	Content	Corresponding Chapters
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.4 Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.4 Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.4 Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	2.4 Anti-corruption
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	3.5 Social Welfare and Rural Revitalization
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	3.5 Social Welfare and Rural Revitalization
B8.2	Resources contributed (e.g., money or time) to the focus area.	3.5 Social Welfare and Rural Revitalization
Part D: Climate-related Disclosures		
D-I Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities	4.3 Addressing Climate Change
	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	4.3 Addressing Climate Change
D-II Strategy	Climate-related risks and opportunities	4.3 Addressing Climate Change
	Business model and value chain	4.3 Addressing Climate Change
	Strategy and decision-making	Note 1
	Financial position, financial performance and cash flows	Note 2
	Climate resilience	Note 2

Aspects	Content	Corresponding Chapters
D-III Risk Management	Processes and related policies that are used to identify, assess, prioritise and monitor climate-related risks	4.3 Addressing Climate Change
	Processes and related policies that are used to identify, assess, prioritise and monitor climate-related opportunities	4.3 Addressing Climate Change
	Extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	4.3 Addressing Climate Change
D-IV Metrics and Targets	Greenhouse gas emissions	4.3 Addressing Climate Change
	Climate-related transition risks	Note 2
	Climate-related physical risks	Note 2
	Climate-related opportunities	Note 2
	Capital deployment	Note 3
	Internal carbon prices	Note 3
	Remuneration	Note 3
	Climate-related targets	Note 3

Note 1: The Company has preliminarily identified the potential impacts of climate-related risks and opportunities and has implemented corresponding mitigation measures. However, it has not yet established a transition plan or greenhouse gas emission reduction targets. These will be developed and disclosed at an appropriate time once conditions are ripe.

Note 2: The Company has preliminarily identified and assessed the qualitative financial effects of climate change. Quantitative financial effects assessments and scenario analyses related to climate change responses have not yet been conducted. These will be developed and disclosed at an appropriate time once conditions are ripe.

Note 3: The Company has not yet implemented capital allocation related to climate risks and opportunities, internal carbon pricing, the inclusion of climate-related factors in compensation policies, or the establishment of climate-related targets. These initiatives will be undertaken when conditions are ripe and will be disclosed in the report.