



Pharma
绿叶制药

Luye Pharma Group Ltd.

绿叶制药集团有限公司

(incorporated in Bermuda with limited liability)

Stock Code: 2186

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2025

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1. DEFINITIONS

Unless otherwise stated in the Report, the following terms are defined as follows:

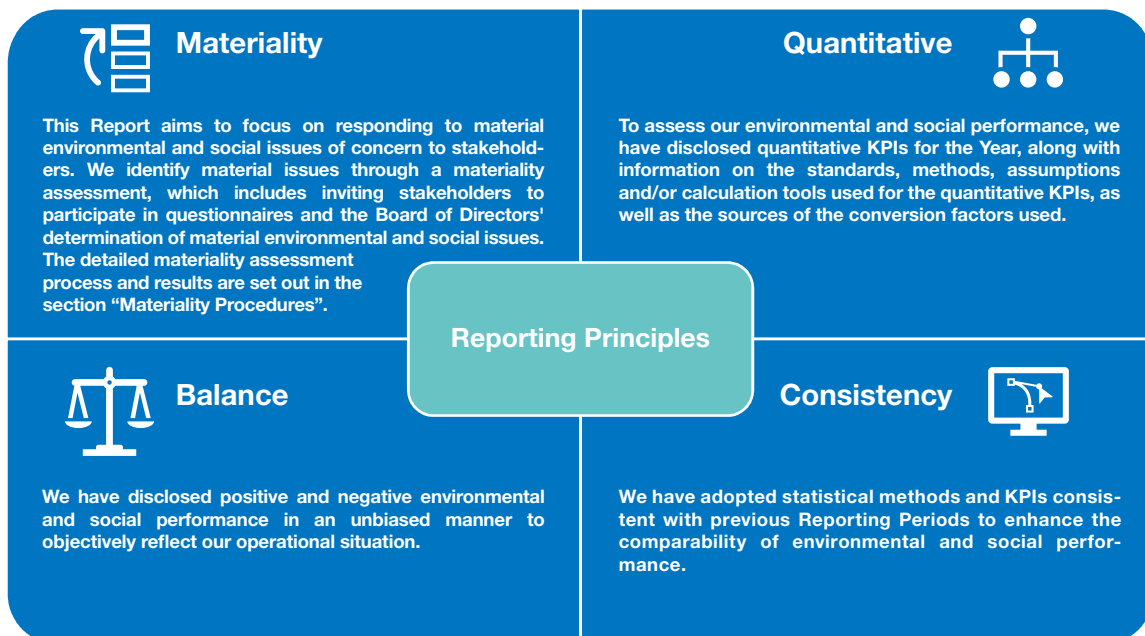
“Luye Pharma”, “the Group”, “we”, “us”	Luye Pharma Group Ltd. and its subsidiaries
the “Company”	Luye Pharma Group Ltd.
“Beijing WPU”	Beijing Peking University WBL Biotech Co., Ltd. (北京北大維信生物科技有限公司), jointly funded and operated by Shandong Luye Pharmaceutical Co., Ltd. and Beijing Peking University Asset Management Co., Ltd. (北大資產經營有限公司)
“Boan Biotech”	Shandong Boan Biotechnology Co., Ltd. (山東博安生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability and a subsidiary of Luye Pharma
“Board of Directors”	the board of directors of the Company
“CMO”	the contract manufacturing organizations commissioned by Luye Pharma
“ESG Report”, “Report”	the Environmental, Social and Governance Report
“ESG Code”	the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited by the Stock Exchange
“KPI”	Key Performance Index
“Year”, “Reporting Period”	the period from 1 January 2025 to 31 December 2025
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“EHS”	Environment, health and safety
“ESG”	Environmental, social and governance
“GMP”	Good Manufacturing Practices for Pharmaceutical Products
“QA”	Quality Assurance Department
“QC”	Quality Control Department
“PRC”	the People’s Republic of China
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“RMB”	RMB, the lawful currency of the PRC

2. ABOUT THIS REPORT

The Report is our tenth ESG Report addressed to the public and aims to present the ESG performance of Luye Pharma during the Year of 2025. We disclose our management approaches, strategies, goals and performance at the environmental and social levels in the respective sections of the Report.

2.1 Basis for Preparation

The Report has been prepared by the Company in accordance with the ESG Code issued by the Stock Exchange, and with reference to the GRI Standards issued by the Global Reporting Initiative. This Report has been prepared in compliance with the mandatory disclosure requirements and all “comply or explain” provisions set out in the ESG Code of the Stock Exchange, and is based on the four reporting principles of materiality, quantitative, balance, and consistency.



2. ABOUT THIS REPORT (CONTINUED)

2.2 Scope of the Report

The content of the Report primarily focuses on the core businesses of Luye Pharma in Mainland China, with an aim to report on Luye Pharma's policies of and performance in environmental and social aspects. The scope of the Report for the Year is consistent with those of the ESG Report for the year 2024. Unless otherwise stated, the Report covers the period from 1 January 2025 to 31 December 2025.

2.3 Review and Approval of the Report

The Report was reviewed and confirmed by the Board of Directors and approved on 30 March 2026.

2.4 Reader's Feedback

You are welcome to express your suggestions or opinions on our ESG Report or relevant work by contacting Luye Pharma through:

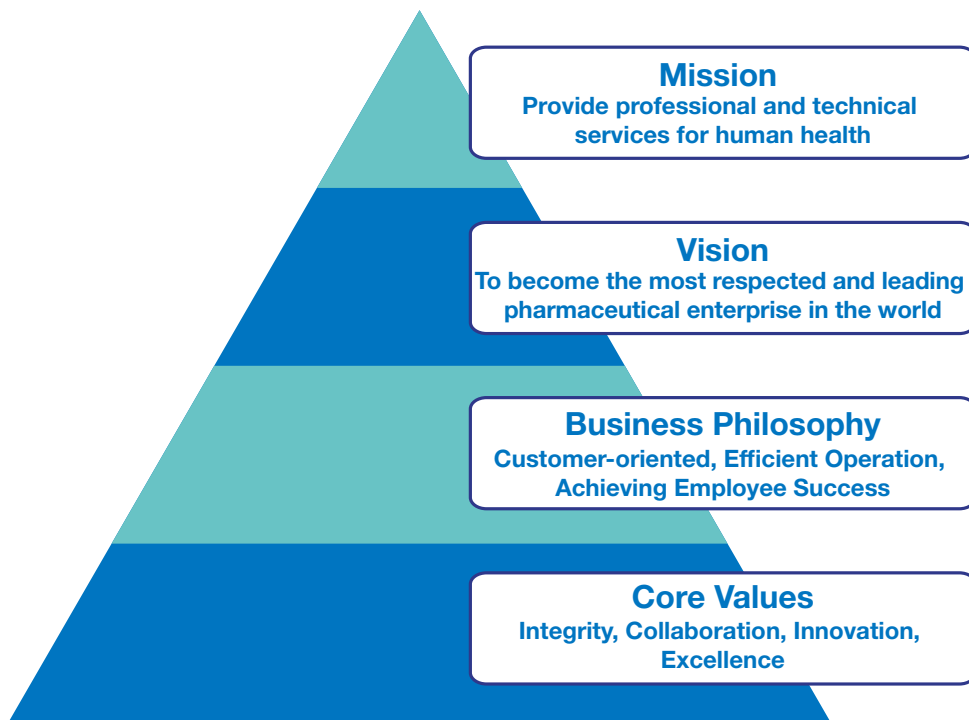
Address: Unit 3207, 32/F, Champion Tower, 3 Garden Road, Central, Hong Kong

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3. ABOUT LUYE PHARMA

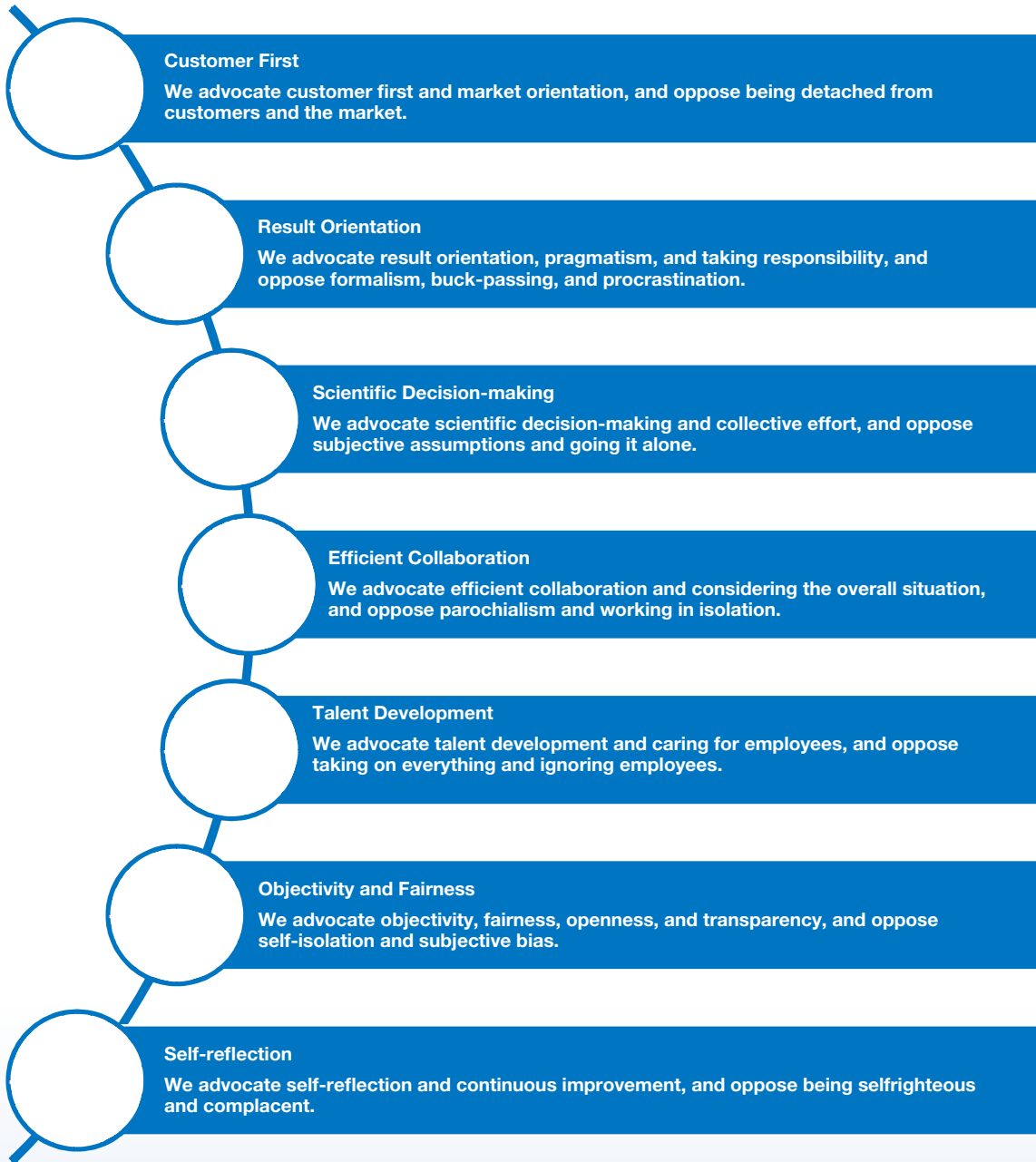
Luye Pharma, a member of Luye Life Sciences Group, was established in 1994 and listed on the Main Board of the Stock Exchange in 2014. It is an international pharmaceutical company dedicated to the research and development (“R&D”), manufacturing and sales of innovative medications with a focus on central nervous system, oncology, cardiovascular system, metabolism and other therapeutic areas. We are committed to providing high quality innovative medications for global patients with global R&D, global manufacturing, and the global market as our three main strategic priorities. Luye Pharma strives to become “the most respected and leading pharmaceutical enterprise in the world”. We have set up R&D centers in China, the United States and Europe, including 30+ R&D pipelines of drug candidates in China and 10+ R&D pipelines of drug candidates overseas. In addition, we have 7 production bases in China and 1 production base in Germany. There are over 30 products being sold in more than 80 countries and regions around the world.

3.1 Corporate Culture



3. ABOUT LUYE PHARMA (CONTINUED)

Management Principles of the Group



3. ABOUT LUYE PHARMA (CONTINUED)

3.2 Message from our Employees



Ou Silang
The Group's Executive President

Over the past 30 years, Luye Pharma has achieved breakthrough developments in multiple fields, creating innovative solutions that benefit a wide range of patients. Change is not a one-time or phased plan, but a spirit of pursuing excellence and continuous learning. Change requires both seizing opportunities and taking decisive action, as well as perseverance and sustained effort. As long as we remain steadfast and dare to try, we will surely achieve victory. In the future, we will continue to uphold our original aspiration of pursuing excellence and the spirit of innovation and enterprise, continuously enhance our core competitiveness, and keep moving forward without ceasing.



Wang Kaipu
The Group's Information Department

The key to breaking down professional barriers is to communicate technical value in plain language, rather than getting entangled in professional jargon. When encountering disagreements, do not dwell on “who is right or wrong”, but focus on “how to do better”. In cross-departmental collaboration, there are no “bystanders”. Only by acting as “allies” rather than “judges” towards each other with empathy and a sense of responsibility can we pool our efforts and solve difficult problems. This is also the valuable experience we have accumulated through countless collaborations.

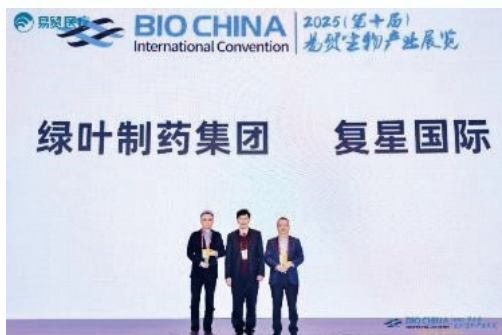


Yu Pengfei
The Group's R&D Department

True innovation stems from the dedication at every ordinary post, the courage at every critical decision, and the perseverance of a group of like-minded people who strive together for a common goal.

3. ABOUT LUYE PHARMA (CONTINUED)

3.3 Awards and Recognition



BIOCHINA Annual | Top 10 Most Influential Enterprises

On 13 March 2025 in Shanghai, the BIOCHINA Awards ranking was announced at the BIOCHINA2025 (10th) Yimao Biological Industry Exhibition. Leveraging its significant achievements in innovation and internationalization, Luye Pharma Group was honored as one of the “Top 10 Most Influential Enterprises”.

The BIOCHINA Conference has long focused on the transformation of innovation in the biotech industry, promoting the dissemination of cutting-edge progress and sharing of development experiences across the entire industrial chain, including scientific research results, clinical needs, industrial transformation, and business development, with a focus on the innovative drug track. The BIOCHINA Awards selection is based on expert review and comprehensive evaluation of multi-dimensional authentic data. Among them, the “Top 10 Most Influential Enterprises” ranking aims to recognize benchmark enterprises that have demonstrated remarkable success in exploring commercialization pathways and made impressive strides in international market expansion.

2025 China Pharmaceutical Industry TOP101 | 2025 China Innovative Drug Enterprises TOP101

On 1 August 2025 in Shanghai, the 7th China Pharmaceutical Industry Expo (referred to as “CMC Pharma Expo”) officially opened. The “2025 China Pharmaceutical Industry TOP101” and the top 10 core industrial chain lists were also released during the conference. By virtue of its breakthrough progress in innovation and internationalization, Luye Pharma was honored with two major awards: the “2025 China Pharmaceutical Industry TOP101” and the “2025 China Innovative Drug Enterprises TOP101”.

The “2025 China Pharmaceutical Industry TOP101” and “2025 China Innovative Drug Enterprises TOP101” lists were jointly initiated by the China Pharmaceutical Industry Expo and the Pharmaceutical Integration Circle. They focus on multiple dimensions such as corporate technological innovation, capital and transaction influence, industry influence, and market and commercialization potential, aiming to discover, recognize, and promote industry benchmarks to empower industrial innovation and development.



3. ABOUT LUYE PHARMA (CONTINUED)

2025 Ruoxinlin of Luye Pharma Honored on the “China Biopharmaceutical Industry Chain Innovation Hot List” | Best Commercial Return List

In December 2025, at the 7th China Biopharmaceutical Industry Chain Innovation and Transformation Forum, the “2025 China Biopharmaceutical Industry Chain Innovation Hot List” was unveiled simultaneously. By virtue of its favorable therapeutic value and broad clinical recognition, Ruoxinlin (Toludesvenlafaxine Hydrochloride Extended-Release Tablets), a Class 1 innovative drug independently developed by Luye Pharma, was honored on the “2025 China Biopharmaceutical Industry Chain Innovation Hot List – (3 Years on Market) Best Commercial Return List”.



4. OUR ESG APPROACH

With the vision of becoming “the most respected and leading pharmaceutical enterprise in the world”, the Group has deeply embedded ESG governance into its strategic decision-making system and continues to assume its corporate social responsibility while maintaining high standards of compliant operation – ESG practices have become a long-term development pillar driving our innovation and operational excellence. For ESG governance and risk management, we have established a comprehensive framework covering periodic performance evaluation, dynamic risk monitoring, and issue hierarchy management, enabling us to systematically identify, assess, and implement responses to ESG-related risks, thereby effectively enhancing operational resilience and sustainable competitiveness.

4.1 ESG Governance Framework

The Group’s ESG governance structure is established based on clear organizational division of work and responsibility, aiming to systematically identify, assess, and manage ESG-related risks and opportunities to support the Company’s long-term sustainable development goals. To enhance ESG governance effectiveness, the Board of Directors is responsible for approving the Group’s ESG strategic development plans and other material ESG matters, and actively applying sustainable development strategies to daily operations. The ESG governance framework of the Group is as follows:



4. OUR ESG APPROACH (CONTINUED)

The Board of Directors has established an “ESG Committee” under it, and granted clear responsibilities, necessary authority, and resource support to ensure the effective implementation of the ESG governance system. To fully grasp ESG-related information, the ESG Committee is entitled to request assistance from employees at all levels of the Company and external professional consultants, including but not limited to preparing specialized analysis reports, attending meetings to provide explanations, and responding to specific questions raised by the Committee. In addition, in accordance with the ESG Code of the Stock Exchange, the ESG Committee adopts diversified stakeholder engagement mechanisms. Through methods such as questionnaires and in-depth interviews, it extensively collects feedback from core groups such as investors, customers, suppliers, and community representatives, ensuring the report content meets requirements for comprehensiveness, accuracy, and objectivity.

The ESG Committee has implemented a systematic self-review mechanism, and regularly conducts annual assessments of its own work performance and terms of reference, and makes recommendations for improvement to the Board of Directors. In addition, the Committee conducts an annual review of the Company’s overall ESG performance, focusing on three core aspects: (i) whether the resource allocation, employee qualifications and experience, training programs, and budget related to the Group’s ESG performance and reporting are sufficient; (ii) changes in the nature and degree of significant ESG risks of the Group since the last annual review; and (iii) the scope and quality of management’s ongoing monitoring of ESG risks. All meeting minutes of the Committee, all resolutions and content for discussions are made available for review by the Board in time.

To maintain the momentum of ESG initiatives, the ESG Committee convenes at least one formal meeting annually, organized by the Company Secretary under the Chairman’s direction. The core agenda items of the meeting include reviewing the operational status of the ESG management system, formulating improvement plans for critical issues, and reporting ESG progress to the Board of Directors while providing strategic recommendations. This institutional arrangement not only enhances the rigor of ESG governance decision-making but also ensures the aligned advancement of ESG objectives with corporate strategy.

4. OUR ESG APPROACH (CONTINUED)

The main functions of the ESG Committee established by the Company are detailed as follows:

- (a) Coordinate, identify, evaluate, and manage ESG matters of the Group, and report to the Board of Directors on any significant issues;
- (b) Formulate and review the principles and strategies of ESG policies of the Group, and closely monitor the implementation and effectiveness of ESG policies and measures;
- (c) Set ESG-related goals according to the actual situation of the Group, and periodically review the Group's progress and performance based on those goals;
- (d) Assist the Board of Directors in reviewing the annual ESG Report and coordinate the preparation of the ESG Report;
- (e) Understand regulatory requirements and oversee the Group's compliance with relevant laws and regulations; and
- (f) Coordinate any other ESG-related work that the Board of Directors may assign.

The main functions of the ESG Working Group established by the Group are detailed as follows:

- (a) Be responsible for the specific implementation of all ESG work and management under the guidance of the ESG Committee;
- (b) Assist the ESG Committee in preparing the ESG Report, and prepare to collect relevant data and information; and
- (c) Regularly review and report to the Committee on the effectiveness of ESG measures implemented by the responsible department, and communicate with representatives of various departments within the ESG Working Group to promote effective implementation.

4. OUR ESG APPROACH (CONTINUED)

4.2 ESG Risk Management

As the highest decision-making body of Luye Pharma, the Board of Directors assumes the ultimate oversight responsibility for the Company's overall risk management and internal control systems, and regularly reviews its ongoing operational effectiveness. The Board of Directors is fully aware of the strategic impact of ESG factors on long-term corporate development and has systematically incorporated ESG-related risks into the Group's comprehensive risk management framework. The Company has established a clear risk management responsibility system, the specific framework of which is detailed in "ESG Governance Framework".

- The Board of Directors, serving as the apex decision-making and oversight body, is responsible for approving the risk management strategy, overall policies, and response plans for significant risks, and authorizes its subordinate special committees to implement risk control in a tiered manner.
- The Audit Committee leads the internal audit department to conduct independent supervision and evaluation of the effectiveness of the Company's risk management system; the ESG Committee leads the ESG Working Group, specialising in identifying, evaluating, and following up on ESG-related risks, integrating them into the Group's overall risk management mechanism.
- At the business execution level, all business units strictly adhere to the established policies and procedures, conducting comprehensive risk identification and assessment on a regular basis, performing specialized analysis for ESG risks that may have material operational impacts, and developing differentiated mitigation strategies and response plans based on risk severity levels.

Meanwhile, the Company has established a sound risk reporting mechanism: all business units report the risk assessment results to the corresponding special committees and working groups, and the Audit Committee and the ESG Committee then respectively report the overall risk status and ESG risk dynamics to the Board of Directors, so as to ensure that the Board of Directors can keep abreast of all types of material risk information, including ESG risks, and make wise decisions.

For details of the corporate governance structure of the Company, the operation mechanism of the Board of Directors and the functions and work of all special committees, please refer to the "Corporate Governance Report" in the 2025 annual report of Luye Pharma.

4. OUR ESG APPROACH (CONTINUED)

Operational Risk

- Risk Description: Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. The responsibility for managing operational risk lies essentially with the respective functional divisions and departments.
- Mitigation Measure: The main functions of Luye Pharma are guided by its standard operating procedures, authorities, and reporting framework. Management will regularly identify and assess major operational risks to take appropriate risk response measures.

Human Resource Supply and Talent Retention Risk

- Risk Description: Luye Pharma may face the risk of being unable to attract and retain key personnel and talents with the appropriate and necessary skills, experience, and abilities, who are essential factors for achieving the Group's business objectives.
- Mitigation Measure: We will provide attractive remuneration packages for suitable candidates.

EHS Risk

- Risk Description: EHS risk refers to the risk of loss that may result from deficiencies or accidents in environmental management and occupational health and safety management.
- Mitigation Measure: Luye Pharma has established an EHS management system for these areas. Management regularly identifies and assesses relevant risks and implements risk response measures throughout the product lifecycle.

4. OUR ESG APPROACH (CONTINUED)

4.3 Communication with Stakeholders

The Group consistently regards stakeholders' engagement as a core element of its sustainable development strategy. Adhering to principles of transparency and openness, we have established long-term, mutually trusting partnerships with various stakeholders through systematic communication mechanisms. This report serves as an important ESG information disclosure vehicle, designed to accurately and transparently present the Group's ESG strategic goals, implementation progress, and management effectiveness to stakeholders including investors, customers, employees, and the community, so as to facilitate comprehensive understanding of the Company's sustainable development performance.

To fully incorporate stakeholders' opinions, the Group has established a multi-dimensional, full-chain communication and response system. In identifying material ESG issues, we regularly invite stakeholders to participate in specialized questionnaire surveys to systematically collect their evaluations, suggestions, and core expectations regarding the Group's ESG work. Concurrently, we have established standardized, regular communication mechanisms and developed diverse engagement channels to achieve continuous, efficient, and in-depth interaction with various stakeholders. The following table sets out the core communication channels between the Group and various stakeholders, their major expectations and concerns regarding the Group, and the corresponding disclosure sections for these issues in this Report.

Major stakeholders	Major expectations on us	Our response channels	Respective sections
Government and regulators	<ul style="list-style-type: none"> Compliance with laws and regulations Enhancement of R&D on technologies related to pharmaceutical products 	<ul style="list-style-type: none"> Optimising the legal system for risk prevention and control Significant investment in R&D on pharmaceutical products 	<ul style="list-style-type: none"> Respective sections in the Report
Investors	<ul style="list-style-type: none"> Sound corporate operation management to minimize operational risks Good investment returns Transparent information disclosure R&D ethics 	<ul style="list-style-type: none"> Holding regular results announcement presentations and general meetings Optimising the legal system for risk prevention and control Updating the Company's website on a regular basis to ensure investors have access to the latest information on the Company 	<ul style="list-style-type: none"> Respective sections in the Report

4. OUR ESG APPROACH (CONTINUED)

Major stakeholders	Major expectations on us	Our response channels	Respective sections
Customers	<ul style="list-style-type: none"> Provision of safe and quality pharmaceutical products Continuous R&D on new drugs Protection of interests of consumers 	<ul style="list-style-type: none"> Significant investment in R&D on pharmaceutical products Optimising the pharmaceutical manufacturing management system Conducting customer satisfaction survey 	<ul style="list-style-type: none"> “Professional-Led Innovation and Health Empowerment” “Compliant Operation and Safety Foundation”
Staff	<ul style="list-style-type: none"> A pleasant working environment Bright career prospects 	<ul style="list-style-type: none"> Offering good packages Holding a variety of training programs Organising various employee activities Providing a safe workplace 	<ul style="list-style-type: none"> “People-Oriented and Value Co-creation”
Business partners/ Suppliers	<ul style="list-style-type: none"> Mutual benefits and win-win 	<ul style="list-style-type: none"> Actively seeking quality suppliers and CMO/CDMO partners 	<ul style="list-style-type: none"> “Compliant Operation and Safety Foundation”
Peers/Industry associations	<ul style="list-style-type: none"> Advancement of industry development 	<ul style="list-style-type: none"> Actively holding and participating in industry-wide forums and exchange activities 	<ul style="list-style-type: none"> “Compliant Operation and Safety Foundation”
Non-governmental organizations	<ul style="list-style-type: none"> Continuous R&D on new drugs Continuously improving access to and affordability of drugs 	<ul style="list-style-type: none"> Significant investment in R&D on pharmaceutical products 	<ul style="list-style-type: none"> “Professional-Led Innovation and Health Empowerment”
Media	<ul style="list-style-type: none"> Transparent information disclosure 	<ul style="list-style-type: none"> Organising press conferences 	<ul style="list-style-type: none"> Respective sections in the Report
The public	<ul style="list-style-type: none"> Serving the community Public welfare and charity 	<ul style="list-style-type: none"> Taking an active part in community activities Taking an active part in charitable activities 	<ul style="list-style-type: none"> “People-Oriented and Value Co-creation”

4. OUR ESG APPROACH (CONTINUED)

Case: Luye Pharma Presented ERZOFRI at the American Psychiatric Association Annual Meeting

From 17 to 21 May 2025 at the Los Angeles Convention Center, Luye Pharma presented its new product ERZOFRI for the first time at the American Psychiatric Association Annual Meeting under the theme “Lifestyle for Positive Mental and Physical Health,” attracting over 7,000 professionals in the mental health field.



Case: The 9th Nanjing Jinling Oncology Annual Conference

On 15 November 2025, the “CSCO 9th Jinling Oncology Annual Conference” was successfully held in Nanjing with great fanfare. Themed “Ultimate Love for Life, Striving for Excellence Together”, the conference featured one main venue and four sub-venues focusing on lung cancer, breast cancer, gynecological oncology, and palliative care. It brought together over 400 top experts and scholars in the oncology field from across the country, focusing on the latest advances, cutting-edge technologies, and clinical practices in oncology, comprehensively decoding innovative breakthroughs and clinical practice upgrades in cancer diagnosis and treatment, and jointly writing a new chapter in the fight against cancer.



4. OUR ESG APPROACH (CONTINUED)

4.4 Materiality Assessment

In order to comprehensively grasp each stakeholder's expectation and focus about the Group's sustainable development, we have established a systematic materiality assessment mechanism. The Group conducts a materiality assessment review, taking into account industry development trends and the evolution of potential ESG issues, to determine the material issues for the Year. This assessment considers all internal and external stakeholders of the Group and consists of five major steps, which are detailed below:

1. Reviewing Stakeholder Survey

Based on the previous year's materiality assessment, Luye Pharma comprehensively considered the "influence of stakeholders on the enterprise" and the "influence of the enterprise on stakeholders". The following types of participants are selected from various stakeholders:

Internal Stakeholders

- Directors
- Senior management

External Stakeholders

- Investors
- Employees
- Business partners/Suppliers
- The public
- Media

2. Identifying Potential ESG Issues

The Group makes reference to the ESG Code and incorporates ESG trends in the pharmaceutical industry to determine an inventory of ESG issues relevant to the Group for the Year.

3. Assessing and Prioritising

Based on the materiality ranking of the ESG issue inventory by major stakeholders from the previous year, the Group prioritises the ESG issues.

4. Analysing Results

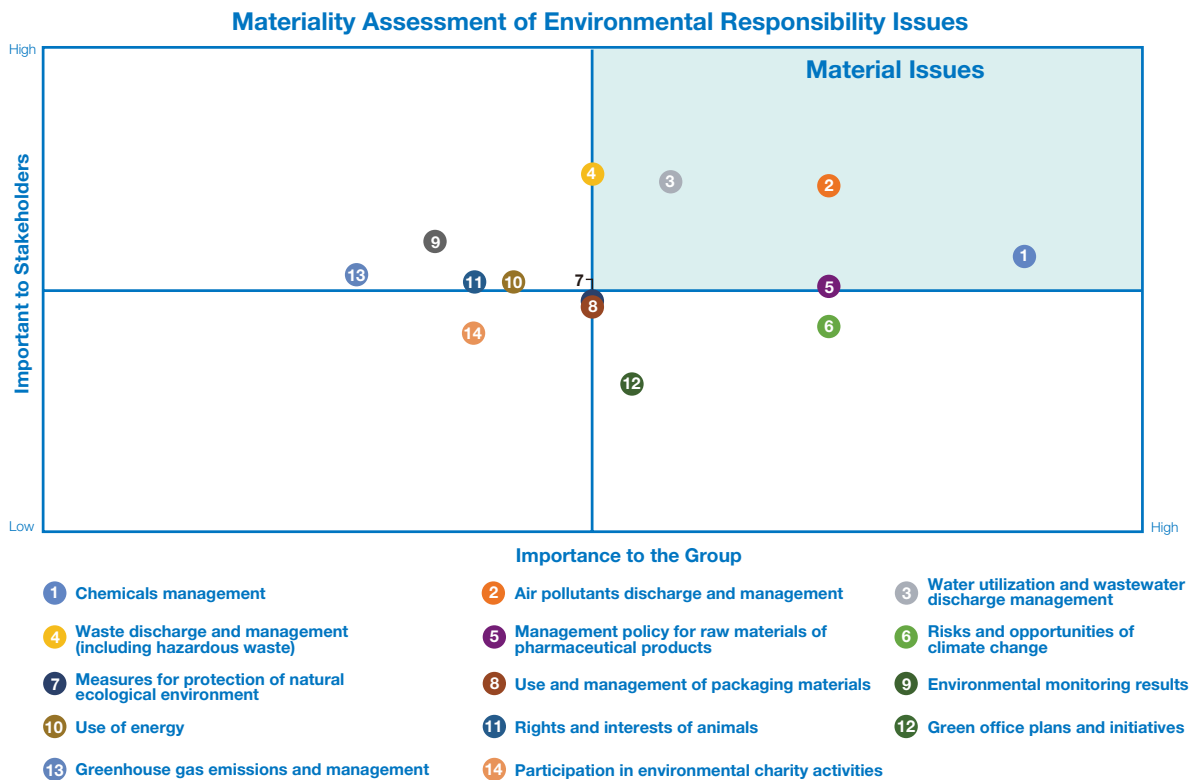
The Group constructs a materiality matrix based on the two dimensions of "importance to stakeholders" and "importance to the Group".

4. OUR ESG APPROACH (CONTINUED)

5. Verifying Material Issues

The Board of Directors reviews the survey results and verifies the material issues.

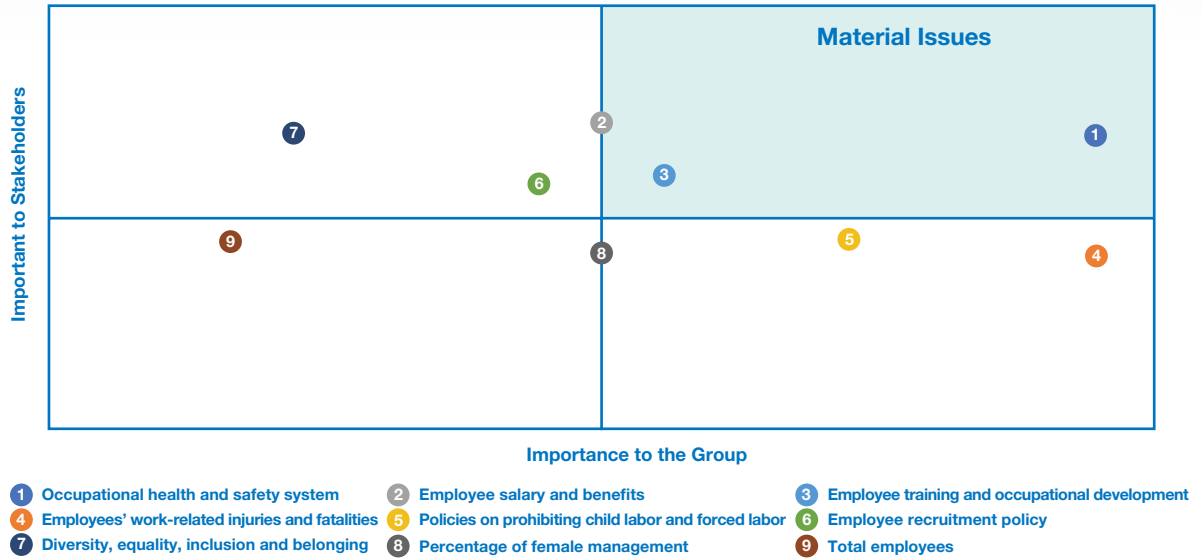
The following shows the material issues matrices in the areas of environmental responsibility, labor responsibility, and operational responsibility for Luye Pharma:



2025 Material Issue Matrix of Environmental Responsibility

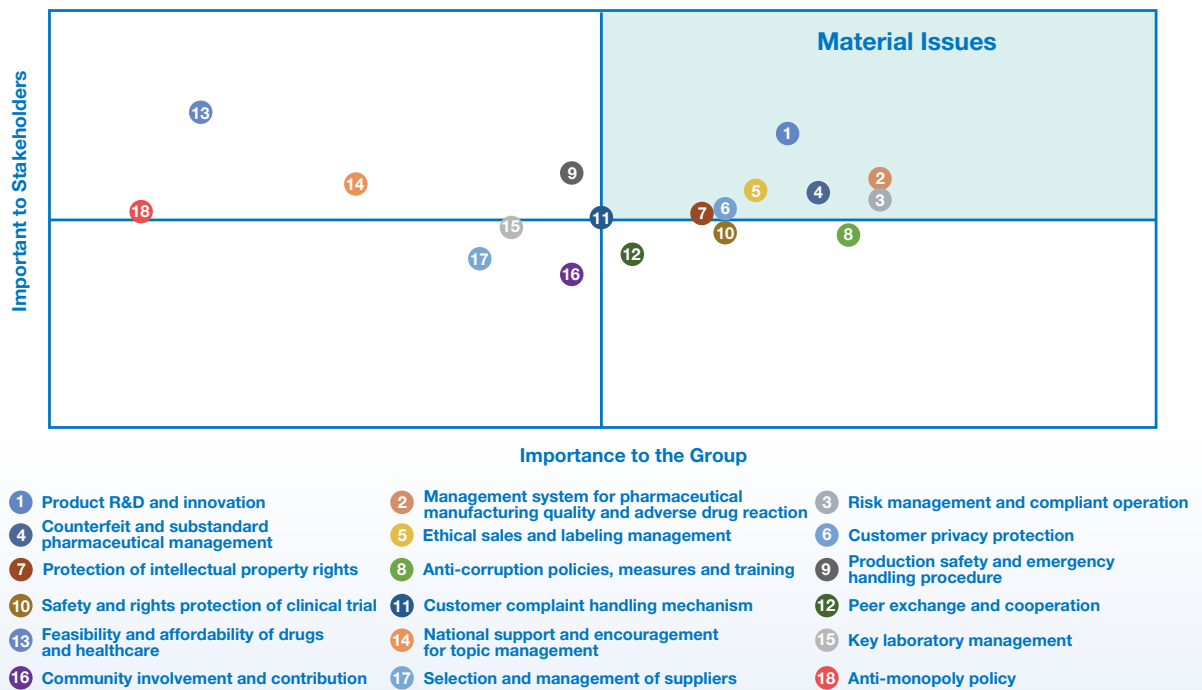
4. OUR ESG APPROACH (CONTINUED)

Materiality Assessment of Labor Responsibility Issues



2025 Material Issue Matrix of Labor Responsibility

Materiality Assessment of Operational Responsibility Issues



2025 Material Issue Matrix of Operation Responsibility

4. OUR ESG APPROACH (CONTINUED)

During this assessment, the Group have identified 5 environmental responsibilities, 3 labor responsibilities and 7 operational responsibilities as 2025 materiality issues:

List of Materiality Issues

Environmental Responsibility	Labor Responsibility	Operational Responsibility
Chemicals management	Occupational health and safety system training	Product R&D and innovation
Air pollutants discharge and management	Employee salary and benefits	Management system for pharmaceutical manufacturing quality and adverse drug reaction
Water utilization and wastewater discharge management	Employee training and career development	Risk management and compliant operation
Waste discharge and management		Counterfeit and substandard pharmaceutical management
Management policy for raw materials of pharmaceutical products		Ethical sales and labeling management
		Customer privacy protection
		Intellectual property protection

5. COMPLIANT OPERATION AND SAFETY FOUNDATION

Material issue(s) in this section

- Risk management and compliant operation
- Chemicals management
- Management policy for raw materials of pharmaceutical products
- Counterfeit and substandard pharmaceutical management
- Ethical sales and labeling management
- Customer privacy protection

Luye Pharma adheres to the concept of “safety first” and has established a strict occupational health and safety management system. Through standardized processes and regular risk assessments, it systematically identifies and controls potential hazards in the workplace. We continuously conduct safety training and emergency drills for all employees to enhance their safety awareness and response capabilities. Meanwhile, we actively cultivate a preventive safety culture to ensure comprehensive protection of the health and safety of every employee. These measures work together to form a complete safety management loop from risk prevention and control to capability building.

5.1 Integrity and Compliance in Operations

Guided by our core values of “Integrity in Operations, Compliance for Sustainability”, the Group has deeply engaged in compliance management within the pharmaceutical industry. Taking into account the industry’s specificities and the Company’s development needs, we continuously improve our compliance management system. We strictly abide by laws and regulations including the *Criminal Law of the People’s Republic of China*, the *Law Against Improper Competition of the People’s Republic of China*, the *Law of the People’s Republic of China on the Administration of Pharmaceuticals*, the *Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks*, as well as international anti-corruption compliance standards. We adhere to the professional ethics bottom line of the pharmaceutical industry, ensuring the Group’s business activities are lawful, compliant, honest, and transparent. In 2025, while continuing its existing compliance management policies (such as the *Code of Conduct for Employees*, the *(International) Third Party Due Diligence Process*, the Group updated two core compliance policies (the *Anti-Corruption Compliance Policy of Luye Pharma Group*, the *Code of Conduct for Pharmaceuticals Promotion of Luye Pharma Group*, further refining control requirements and strengthening implementation, thereby promoting the in-depth development of compliance management. During the Year, the Group strictly complied with all applicable laws and regulations relating to bribery, extortion, fraud and money laundering which have a material impact on it, and was not involved in any corruption or bribery related cases of non-compliance.

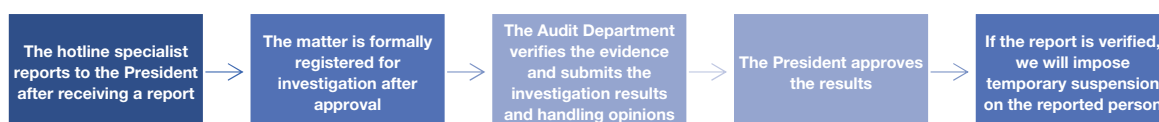
5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

Integrity and Compliance Policies

The Group has a profound understanding of the special characteristics of the pharmaceutical industry. In establishing integrity codes of conduct, professional ethics standards, and a compliance management system, we have conducted comprehensive considerations and systematic designs tailored to industry characteristics. We explicitly prohibit our personnel from providing or offering anything of value (including but not limited to gifts, entertainment, hospitality in any form) to anyone for the purpose of improperly obtaining or retaining business, commercial advantages, or other benefits. Similarly, our personnel are strictly prohibited from soliciting or accepting any such improper benefits, and all forms of corrupt practices are resolutely prohibited. At the same time, the policy explicitly requires all employees to strictly adhere to the specific ethical and integrity standards set forth in the *Code of Conduct for Employees* and the *Code of Conduct for Pharmaceuticals Promotion of Luye Pharma Group* in their daily work, ensuring their conduct fully complies with ethical requirements and the specific provisions of the Group's compliance policies (such as the *Anti-Corruption Compliance Policy of Luye Pharma Group*).

Internal Whistle-blowing Channels and Whistleblower Protection Mechanism

In order to further strengthen the internal supervision mechanism for integrity and compliance management, and consolidate compliance control responsibilities, Luye Pharma actively encourages all employees to participate collectively in internal oversight. Employees are urged to report any misconduct that violates the Company's rules or laws and regulations, as well as potential compliance system loopholes, to assist regulatory departments and the Company in promptly identifying issues, implementing corrective actions, and effectively mitigating compliance risks. Pursuant to the *Policy on Handling Hotline, E-mail Box and Staff Whistleblowing of Luye* formulated within the Group, employees may submit report information conveniently and securely through the dedicated Luye Hotline or a designated E-mail Box. To ensure that reported cases are properly, fairly, and efficiently addressed, the Group has established a comprehensive whistle-blowing handling mechanism with well-defined procedures and clear responsibilities. The specific process for handling is as follows:



In addition, we have taken different measures to prevent retaliation against whistleblowers in different ways. We strictly adhere to the confidentiality agreement in relation to whistleblower information according to the *Policy against Retaliation*, so as to ensure that the whistleblowers are protected. Once we find any retaliation against any whistleblower, we will handle it seriously according to the Company's disciplinary procedures, and impose disciplinary sanctions and take legal action if necessary to safeguard the safety and legitimate rights and interests of the whistleblower.

Anti-corruption Training

The Legal Department of the Group is responsible for coordinating and advancing the development of an internal integrity and honest culture. During the Reporting Period, the Legal Department provided Directors and employees with several compliance training courses covering anti-corruption information, delivered through a combination of online and offline methods. These training courses further enhanced the compliance awareness of Directors and employees, and effectively promoted the implementation and execution of the Group's relevant compliance policies.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

Case: Company-Wide Promotion and Implementation Meeting on the Code of Conduct for Employees

In November 2025, the Legal Department organized basic legal compliance training for employees, as well as a company-wide promotion and implementation meeting on the Code of Conduct for Employees. The program covered core compliance requirements including code of business conduct and intellectual property protection, helping new employees quickly establish compliance awareness.



Furthermore, the Group continuously reinforces awareness of integrity in business conduct by actively participating in anti-corruption and anti-bribery training sessions and exchange programs organized by external professional institutions. Through systematic coursework and case studies, we not only deepen employees' understanding of business ethics and compliance requirements but also further enhance the Group's overall risk prevention capabilities. The Group also maintains proactive communication with regulatory bodies and industry associations to stay abreast of the latest legal and regulatory developments, ensuring that operational practices comply with international anti-corruption standards and local legal requirements.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

5.2 Safety in Operations

In accordance with the requirements of the *Production Safety Law of the People's Republic of China* and other policies, Luye Pharma adheres to safety and quality as its core principles, with a key focus on strengthening chemicals management and pharmaceutical raw material management. We strictly comply with national regulations and internal control standards, enhancing risk prevention and control at the source to ensure product safety and sustainable business development.

5.2.1 Chemicals Management

Luye Pharma regards chemical safety management as a crucial aspect of its corporate operations, since chemicals play a key role in our production process, not only in pharmaceutical manufacturing and processing but also in experimental research and quality control. To ensure that our product quality meets the highest industry standards, we rigorously select high-quality chemical raw materials and fully obey relevant quality specifications and regulatory requirements. All chemicals used must pass rigorous purity tests and comprehensive safety assessments, including multiple indicators such as toxicity, stability and environmental impact, thus ensuring the excellent quality and high safety of the final products.

Based on the potential risk characteristics of chemicals, we have systematically formulated internal regulations such as the *Chemical Safety Management Procedure* and the *Environmental Emergency Response Plan* in strict accordance with laws and regulations including the *Regulations on the Safety Management of Hazardous Chemicals* and the *Environmental Protection Law*. These measures aim to systematically manage the risks associated with the use, storage, and disposal of chemicals throughout the entire process, safeguard employee health and environmental safety, and establish a comprehensive emergency response mechanism to ensure rapid and effective countermeasures in the event of accidents.

Preventive measures

To strengthen the management of hazardous chemicals and prevent major safety and environmental accidents, we have established a comprehensive risk prevention and control system. Key measures include:

- **Transport and Handling Specifications:** Before loading and unloading hazardous chemicals, the safety facilities of the transport vehicles and the goods must be inspected to ensure they are complete. The transport process must strictly comply with national standards such as the *General Technical Conditions for the Packaging of Dangerous Goods for Transport* and the *Packaging Marks of Dangerous Goods*. During handling, it is necessary to handle with care and strictly prevent vibration, impact, friction, heavy pressure and tipping. It is strictly prohibited to mix load items that are chemically incompatible and prone to combustion, explosion or other chemical reactions.
- **Personnel and Access Management:** Specialized safety education must be provided to all personnel involved in chemical loading and unloading, and the operations must be carried out by fixed, trained, and qualified personnel. When hazardous chemicals are stored in the warehouse, the safety labels on the packages or containers must be verified, and a "Safety Data Sheet" must be provided as well.
- **Usage and Waste Disposal:** Units using highly toxic substances must strictly follow the safe operation procedures. Related waste cannot be arbitrarily dumped and must be collected and stored in a dedicated hazardous waste storage area, ensuring control throughout the entire lifecycle.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

Emergency measures

While fully implementing preventive measures, we strictly adhere to the Environmental Emergency Response Plan to address potential environmental emergencies. The Group has formulated a comprehensive emergency plan and special disposal plans for specific scenarios such as chemical leaks, fires and explosions, standardising the rescue processes and specific measures for various emergencies.

To ensure effective emergency response capability, the Group has established a professional emergency command center to coordinate the maintenance of emergency equipment and the reserve of relief supplies, ensuring that resources are always ready for use. Meanwhile, we regularly organize emergency training and practical drills for all employees to continuously enhance their crisis response capabilities and safety awareness. Through this comprehensive management mechanism combining prevention and emergency response, we have effectively safeguarded personnel safety and the ecological environment, demonstrating Luye Pharma's rigorous attitude and professional standards in safety management.

Case: Special Training on Hazardous Chemicals at Beijing WPU

In 2025, Luye Pharma Group organized and implemented a quarterly special training program on hazardous chemicals, conducting a total of 4 systematic training sessions throughout the Year. This training program covered 119 employees in key positions such as research and development, production, and warehousing, focusing on enhancing professional knowledge and skills related to the "Safe Operation Specifications for Hazardous Chemicals" and special storage conditions and management requirements.

5.2.2 Pharmaceutical Raw Material Management

The quality of raw materials used in the pharmaceutical production process directly affects the efficacy and safety of the final products. To ensure that every raw material meets the Company's stringent standards, we have established a comprehensive management system for pharmaceutical raw materials that covers all key links such as selection, procurement, inspection, storage and distribution of raw materials. Through systematic control over raw material quality, we have not only effectively prevented drug quality risks and production interruptions that may arise from material issues, but have also further enhanced overall production efficiency and product quality stability.

Luye Pharma (Shandong Base) – *Enterprise Quality Management System*

- Raw and auxiliary materials, packaging materials, intermediate products, products awaiting packaging, and finished products all comply with the registered and approved requirements and quality standards
- Before product release, the review of batch records is completed, and quality standards, sampling methods, testing methods, and other quality management operating procedures are approved to manage pharmaceutical raw materials

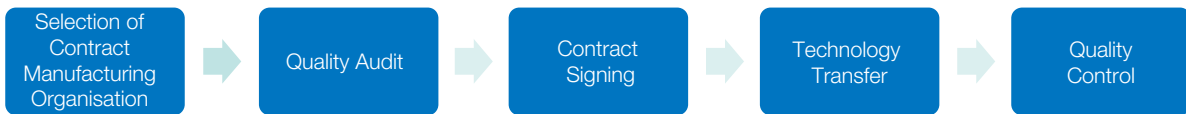
5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

5.3 Supply Chain Management

Luye Pharma regards sustainable supply chain management as a core component of its ESG strategy. Through a systematic management mechanism, it ensures that all links in the supply chain continuously meet high standards in environmental protection, social responsibility, and corporate governance. We have established a comprehensive supplier lifecycle management system and formulated a series of policy documents, including the *Management Regulations on Suppliers*, the *Procurement Management Rules*, the *Procurement Manual*, and *R&D Pharmaceutical Commissioned Production Management Procedures*. These documents not only define the standardized processes for the Group's supply chain management but also provide clear behavioral guidelines and performance evaluation frameworks for suppliers, contractors, and other partners, systematically covering key responsibility areas such as environmental management, occupational health and safety, and product quality, thereby achieving continuous supervision and dynamic management of partners' performance in fulfilling their responsibilities.

5.3.1 Supplier Evaluation and Monitoring

To ensure that production standards and product quality at all supply chain stages meet strict requirements, we have established a systematic supplier evaluation and management mechanism. The following is the main process of supplier management in the development of our *R&D Drug Commissioned Production Management Codes*:



Luye Pharma's sustainable supply chain system is primarily composed of two categories of partners: CMO/CDMO enterprises undertaking contract manufacturing, and suppliers providing professional equipment and raw materials. The CMO Management Department shall be responsible for supervising, communicating, and coordinating the investigation and screening of suppliers, and giving priority to suppliers that meet business requirements and performance standards, including:

- Collecting the information on CMO/CDMO and conducting preliminary assessment;
- Conducting due diligence on potential partners by on-site inspection and preparing a due diligence report;
- Inviting project quotations from potential cooperative suppliers and selecting cost-effective suppliers; and
- Establishing and updating CMO/CDMO catalogs.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

At the supplier selection stage, we implement a multi-level evaluation process, comprehensively considering key indicators such as production technology compatibility, completeness of compliance qualifications, and past cooperation performance. During the evaluation, we collect empirical data through daily business interactions (including order execution, logistics tracking, and document management), and require suppliers to provide complete key documents such as intellectual property certificates and quality system certification as objective evidence for review.

In terms of performance management, we have established a multi-dimensional evaluation system covering quantifiable indicators such as product quality stability, delivery accuracy rate, and ESG compliance performance, and conduct comprehensive assessments by integrating regular on-site audit results and sample testing data to ensure the evaluation process is rigorous and the analytical conclusions are reliable, thereby achieving continuous supervision and dynamic management of supply chain partners.

5.3.2 Sustainable Supply Chain

The selection of suppliers shall follow the principle of open and fair competition, and priority should be given to partners with outstanding performance in environmental and social responsibility. This aims to reduce sustainability-related risks such as environmental compliance and social reputation in the supply chain at the source, and to manage the resulting long-term procurement costs and risks. Some of the supplier selection practices include but not limited to:

Operating management levels	We mainly consider suppliers' market position, professional skills, technical and service support capabilities, compliance management, confidence, and intellectual property concepts, among other comprehensive operation and management levels.
Cost and product quality factors	Price, quality standards, supply position, company scale, credit risk, sales and after-sales services, etc..
EHS management performance	When assessing a supplier's qualification, we usually review its EHS performance, including whether its environmental and occupational health and safety management system has passed ISO14001 environmental management system certification, ISO45001 occupational health and safety certification, and whether it holds pollutant discharge permits.
Laws and regulations, industry and international standards	Suppliers shall have the licenses required by laws and regulations and meet international production standards.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

In addition, Luye Pharma actively promotes green procurement. The environmentally-friendly procurement practices we have developed and implemented include:

Office supplies and daily consumables

- Products with environmental protection certification documents or environmental protection labels will be preferred in the purchase of office supplies.
- When purchasing electrical products, focus on energy-saving performance, for example, energy-saving LED lamps shall be fully used, with newly purchased electrical devices to meet China Energy Efficiency Label Level 4 or above.
- Phosphorus-free environmentally friendly detergents shall be purchased and used to reduce water pollution.

Furniture and bulk materials

- In the bidding of office furniture, the environmental grade shall be considered as an important evaluation indicator, and panels meeting the new international testing standards for E0 grade will be preferred.

Vehicles and outdoor management

- Newly purchased vehicles must meet China V Emission Standard or above.
- No use of snow melting agent in winter to avoid chemical pollution to soil and water sources.

Chemicals Management

- The procurement and use of chemicals shall follow the principle of reduction and substitution, prioritising environmentally friendly alternatives.

During the Year, Luye Pharma had 14,011 domestic suppliers and 491 overseas suppliers, and the above supplier engagement practices apply to all suppliers to ensure the sustainability of our supply chain.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

5.4 Ethical Marketing

The Group is committed to maintaining compliance and ethical standards in drug promotion and has established a rigorous compliance management system in the field of drug promotion. We strictly adhere to relevant laws and regulations such as the *Law of the People's Republic of China on the Administration of Pharmaceuticals* and the *Code of Conduct for Employees in Medical Institutions* and have formulated the *Code of Conduct for Pharmaceuticals Promotion* on this basis. The Code clearly defines the behavioral boundaries and ethical requirements for various aspects including academic promotion, commercial sponsorships, and customer interactions, and clearly communicates to our employees the behavioral and ethical norms to be observed in promotional activities to avoid any improper conduct. To ensure the effective implementation of these standards, we also provide comprehensive employee training covering regulations and ethical standards to ensure that each staff understands and implements these key regulations.

Luye Pharma has established a strict marketing compliance management system, ensuring that all marketing and promotion activities comply with laws, regulations, and internal company standards through a systematic monitoring mechanism. We conduct comprehensive supervision of the promotional activities of marketing personnel and regularly carry out internal audits to verify their compliance. For any identified non-compliant behaviors, the Company will take corresponding corrective measures according to the severity of the circumstances, including but not limited to warnings, suspension of qualifications, or termination of labor relations.

While adhering to compliant operations, we always place great importance on the quality of customer service. The Company has established a professional customer support team and standardized service processes, dedicated to providing customers with timely and accurate product information and professional support. We regularly collect customer feedback and continuously optimize our service system, striving to create maximum value for customers while complying with regulatory requirements.

Code of pharmaceuticals promotion

Luye Pharma takes the *Code of Conduct for Pharmaceuticals Promotion* as the fundamental standard for all employees to carry out marketing and promotion activities. This code systematically expounds the compliance requirements and professional ethical standards in the process of drug promotion. The document details core elements such as the approval procedures and usage norms for promotion funds, the organizational principles for academic conferences, the content review standards for promotional materials, and the accuracy requirements for information disclosure, providing clear operational guidelines for all marketing activities. All employees of the Group shall know about and strictly comply with the provisions of the Code. We also require our employees to sign to confirm that they have correctly understood the detailed rules and regulations of the Code and promise to comply with the provisions of the Code in the Group's pharmaceuticals promotion activities, large-scale activities, distribution of promotion materials or other activities.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

Drug promotion information	The promotion of drug information shall be conducted according to the basic principles of consistency, accuracy and scientificity, and avoid any misleading content.
Management of Promotion Funds	When using promotion funds, employees must comply with the Group's financial management system and relevant laws and regulations, and shall not engage in any irregular behavior.
Academic exchanges of healthcare professionals	In the academic exchange activities, our employees shall focus on providing scientific or educational information and disseminating relevant drug information. When participating the activities with different natures, our employees shall follow relevant points for attention, including not to take the opportunity to promote drugs to health-care professionals, and not to influence the prescribing rights of health-care professionals by any means.
Guidelines for Promotional Activities at the Retail Level	When conducting promotional activities in retail settings, it is necessary to ensure information delivery complies with the requirements of pharmaceutical regulatory authorities and industry guidelines. Consumers must not be misled, and improper promotions or provision of illegal benefits are prohibited. Compliance training and supervision for retail partners should be strengthened to jointly maintain a fair and honest market environment.

The Group will continuously improve its internal compliance training and supervision mechanisms to ensure the implementation of the Code, and update relevant content in a timely manner according to regulatory and market changes, promoting the healthy and orderly conduct of promotional activities within a compliance framework.

Product label management

Luye Pharma strictly complies with relevant national pharmaceutical regulatory laws and regulations, placing product labeling and promotional compliance as an important link, and strictly implements relevant national pharmaceutical regulatory requirements to ensure information delivery is accurate, scientific, and legal.

In the design of product labels and package inserts, we fully adhere to the content specifications approved by the National Medical Products Administration of China, ensuring that all key information such as written descriptions, indications, usage and dosage, and contraindications are completely consistent with official approval documents.

In terms of product advertising, we strictly observe the provisions of the *Law of the People's Republic of China on the Administration of Pharmaceuticals*, the *Measures for the Examination of Drug Advertisements* and related regulatory requirements, fully implementing the advertising approval and filing system. All advertisements must obtain an approval number issued by the regulatory authorities before being published on designated platforms. We insist on being based on clinical evidence, ensuring all efficacy claims are scientific, truthful, and accurate, and resolutely eliminate any misleading or exaggerated promotional practices to safeguard patient rights and market order.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

Information security and privacy protection

Luye Pharma Group regards the protection of customer privacy and information security as an important part of its corporate social responsibility. We strictly comply with relevant national laws and regulations such as the *Personal Information Protection Law* and the *Data Security Law*, and have established a comprehensive *Personal Data Protection Policy* and supporting implementation rules to clearly regulate the entire process of customer information collection, storage, use, and destruction.

At the same time, we continuously optimize information security technologies and management measures. For example, we use encryption and access control for personal information stored electronically to prevent the information from being illegally accessed or tampered with during transmission and storage. For sensitive discarded documents containing personal information, dedicated personnel safely destroy them in a timely manner according to established procedures to avoid any leakage risk. In addition, all employees of the Group shall receive systematic privacy protection training to ensure they can properly manage and protect sensitive information and effectively prevent information leakage and damage.

Medicines affordability and accessibility

Luye Pharma Group adheres to the patient-oriented principle and is committed to enabling more patients to access high-quality and affordable drug treatments. In terms of drug pricing strategies, we have established a scientific and transparent price management system, comprehensively considering key factors such as R&D costs, production investments, and patients' payment capabilities to ensure the rationality and sustainability of pricing. Most of our products have been included in the "*National Basic Medical Insurance, Work Injury Insurance and Maternity Insurance Drug Catalog (2025)*", in which the average reimbursement rate of Category A drugs is 90-100% and that of category B drugs is 70-80%, effectively reducing the medication burden of patients. To further enhance drug accessibility, the Group has not only increased the number of medical insurance products but also built a diversified sales network system. We have also actively expanded our sales channels through national online listing platforms, such as offline hospital channels, pharmacies beside hospitals, internet hospitals, and online retail e-commerce platforms, to further expand the coverage of drugs.

5. COMPLIANT OPERATION AND SAFETY FOUNDATION (CONTINUED)

In 2025, some highlights of our efforts in promoting medicine accessibility and affordability are as follows:

Accessibility and sales strategy of Zepzelca (Lurbinectedin for Injection)

Zepzelca (Lurbinectedin for Injection) was selected as one of the first batch of innovative drugs included in the 2025 National “Commercial Health Insurance Innovative Drug Catalog”, marking a significant improvement in the accessibility of this new second-line treatment option. Patients can more conveniently obtain targeted treatment plans through commercial insurance, effectively prolonging survival and improving quality of life, while significantly reducing financial burden, injecting new hope for treatment.

This inclusion also lays the foundation for subsequent inclusion in city-customized commercial insurance projects such as “Huimin Insurance”, further broadening payment channels for high-value drugs and helping more patients benefit.

Boyounuo® Patient Assistance Program

To effectively reduce the financial burden on patients with malignant tumors and enhance access to standardized treatment, the Group optimized its drug donation policy in 2025: patients purchasing two treatment cycles will receive two additional cycles of medication free of charge. This significantly reduces drug expenses for cancer patients paying out-of-pocket, effectively alleviating financial pressure, and helps more patients gain continuous access to quality treatment, demonstrating the Company’s commitment to corporate social responsibility.

Management of counterfeit and substandard drugs

Luye Pharma always places consumer rights protection and medication safety at the core of its business operations. We strictly adhere to relevant laws and regulations such as the *Law of the People’s Republic of China on the Administration of Pharmaceuticals* and the *Measures for the Reporting and Monitoring of Adverse Drug Reactions*, and have established a quality and safety management system that spans the entire lifecycle of drugs.

To better control drug raw materials, at the supply chain management level we implement a strict supplier audit system to rigorously control raw material quality at the source, and achieve full-process monitoring of product circulation through a digital traceability system. In addition, we have formulated the *Adverse Reaction and Technical Complaint Monitoring Management Process of Luye Pharma* to standardize the adverse reaction monitoring mechanism, effectively ensuring public medication safety.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT

Material issue(s) in this section

- Product R&D and innovation
- Management system for pharmaceutical manufacturing quality and adverse drug reaction
- Intellectual property protection

Driven by innovation as its core, Luye Pharma deeply cultivates its drug R&D system and cutting-edge technology layout, adheres to R&D ethics and intellectual property protection, while establishing a comprehensive drug quality management system covering the entire process, complemented by high-quality customer service and complaint handling mechanisms, to empower the healthcare cause with high-standard innovative R&D and quality assurance.

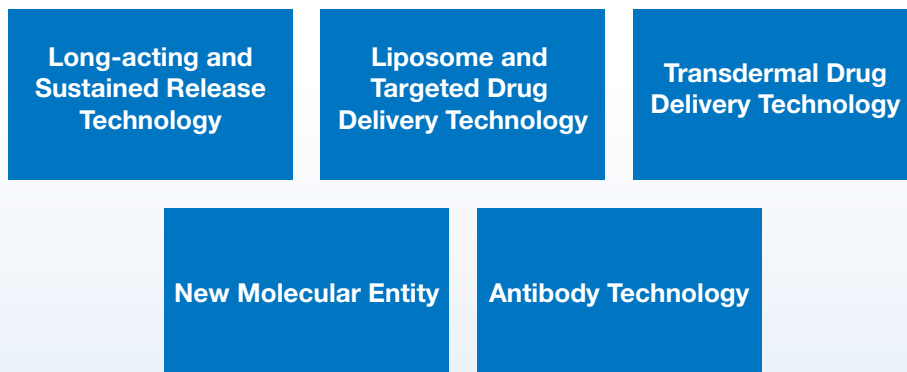
6.1 Promoting Innovation in R&D

As an enterprise focused on biopharmaceutical R&D and manufacturing, Luye Pharma consistently regards independent innovation as the core engine driving sustainable development. The Group continues to increase investment in cutting-edge technologies and drug R&D, continuously improves its R&D management system and intellectual property protection mechanism, and is committed to providing patients across multiple disease areas with treatment solutions of greater clinical value, while consistently consolidating its competitive advantages in the industry.

While pursuing scientific breakthroughs, Luye Pharma consistently adheres to R&D ethics and compliance boundaries, strictly following international and local relevant laws and regulations to fully protect the safety, dignity, and legitimate rights and interests of clinical trial participants. The Group also places high importance on laboratory animal welfare, pursuing innovative R&D with a responsible scientific attitude, maintaining a good balance between scientific progress and ethical norms, demonstrating respect for life sciences and the due social responsibility of the enterprise.

6.1.1 R&D System

Luye Pharma has reached the international advanced level in the field of advanced drug delivery technologies, including microspheres, liposomes and transdermal drugs, and continues to deepen its strategic layout and R&D investment in frontier fields of new molecular entities, biological antibodies, cell therapy and gene therapy. With innovation drive as the core, the Group has established a systematic R&D system mainly covering the following five directions:



6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Adhering to the global R&D strategy, Luye Pharma has established multiple professional research centers in China, the United States, and Europe. Leveraging the differentiated advantages of each region in terms of scientific research resources, talent structure, and medical needs, it focuses on in-depth research in specific therapeutic areas, gradually building an efficient and collaborative international innovation R&D network.

Relying on its comprehensive R&D system, the Group has established diverse and forward-looking core technology platforms, including long-acting and sustained-release technology platforms, liposome and targeted drug delivery technology platforms, new molecular entity (NME) technology platforms, transdermal drug delivery technology platforms, biological antibody technology platforms, and nucleic acid delivery platforms, providing comprehensive support for innovative drugs from molecular design to clinical translation.

Among them, the “National Key Laboratory for Long-acting and Targeted Drug Delivery Systems” established by the Group in China is not only the first national scientific research platform in this field in the country but also demonstrates Luye Pharma’s leading strength in high-end formulation technology. With the core goal of innovative drug formulation R&D, the laboratory conducts systematic research around three key directions: research on long-acting drug delivery systems and drug release technologies, research on targeted drug delivery systems and drug release technologies, and the development and preparation of high-end carrier materials for long-acting and targeted drug delivery, continuously empowering the Group’s innovative drug pipeline construction and international development.

Global R&D Centers

R&D Center in the PRC	R&D Center in the United States	R&D Center in Europe
 <p>Main R&D Directions: Long-acting and Sustained Release Technology Liposome and Targeted Drug Delivery Technology New Molecular Entity (NME) Technology Platform Biological Antibody Technology Innovative Medical Technology</p>	 <p>Main R&D Directions: International R&D Collaboration Exploratory Study for Frontier Innovative Drugs</p>	 <p>Main R&D Directions: Transdermal Drug Delivery Technology</p>

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

With scientific resource allocation as the core, Luye Pharma continuously optimizes its R&D strategy and systematically promotes the development of innovative projects such as new dosage form development, new molecular entity (NME) R&D, biosimilars, and novel antibody products. We have built and continue to build various technology platforms, including new formulation and new molecular entity (NME) technology platforms, biological antibodies, and innovative therapies, to deeply explore the innovative potential in these biological fields. To date, the Group has over 30 marketed products, with business covering over 80 countries and regions worldwide, focusing on therapeutic areas such as the central nervous system, oncology, and cardiovascular diseases.

Overseas Market	Chinese Market
<p>Our sales network covers over 80 countries and regions worldwide, including major pharmaceutical markets and fast-growing international emerging markets. It adopts both the B-to-C and the B-to-B business models. Its key products for overseas markets include Rykindo, Erzofri, Seroquel and Seroquel XR, Rivastigmine transdermal patches, Fentanyl transdermal patches, Buprenorphine transdermal patches, Xuezhikang capsules.</p>	<p>Collectivized operation and management are implemented, with products covering over 22,000 graded hospitals in 31 provinces, cities, and autonomous regions in China. Among these products, oncology products cover about 2,900 hospitals and central nervous system products cover about 3,900 hospitals.</p>

During the Year, Luye Pharma had a pipeline of 26 candidate products in the PRC under various stages of development, 12 international development projects in total, 1 approved product for marketing in total, and 75 clinical trials approved. As of the end of the Year, Luye Pharma's R&D team had 590 employees, including 53 holding a Ph.D. degree and 294 holding a Master's degree in medical, pharmaceutical and other related disciplines.

Case: LY03021

On 3 August 2025, the Phase I clinical study of Luye Pharma's innovative R&D project LY03021 in China completed the enrolment of the first subject, marking that this innovative drug has officially entered the clinical development stage.

LY03021 is an antidepressant candidate with a multi-modal innovative mechanism of action, simultaneously inhibiting the norepinephrine and dopamine transporters while acting as a positive allosteric modulator of the GABAA receptor, for the treatment of depression.

Case: LY03005 (Ruoxinlin):

On 18 August 2025, the Phase III clinical trial of Luye Pharma's Class 1 innovative drug Ruoxinlin® (Toludesvenlafaxine Hydrochloride Sustained-Release Tablets) for the treatment of Generalized Anxiety Disorder (GAD) has completed the enrolment of all patients, marking a key progress in the clinical development of this project.

This Phase III clinical trial is a multicentre, randomised, double-blind, placebo-controlled study designed to systematically evaluate the safety and efficacy of Ruoxinlin® in the treatment of patients with Generalized Anxiety Disorder (GAD).

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

6.1.2 R&D Ethics

Protection of the Rights and Interests of Clinical Trial Participants

Luye Pharma consistently places the protection of the rights, interests, and personal safety of clinical trial participants at the core of its R&D efforts, regarding it as a cornerstone for fulfilling scientific research ethics and social responsibility. The Company has established a participant protection system covering the entire process from system design to implementation, fully adhering to internationally accepted ethical guidelines and relevant laws and regulatory requirements.

During the trial initiation phase, all clinical research protocols must undergo rigorous review by independent ethics committees to ensure the trial design meets both scientific rigor and fully respects the dignity, safety, and well-being of participants. During trial implementation, the Company places high importance on the standardization and adequacy of the informed consent process, requiring researchers to clearly and understandably explain to participants the trial purpose, procedures, potential risks, potential benefits, and alternative treatment options. The informed consent form is only signed, and participation only commences, after the participant has been fully informed and voluntarily agrees.

To further strengthen the protection of participants' rights and interests, Luye Pharma has established a multi-tiered risk and compensation mechanism. On one hand, the Company procures professional liability insurance for all clinical trials; on the other hand, it has established a dedicated medical compensation mechanism to ensure that participants receive necessary medical care and reasonable compensation promptly if they require medical intervention due to trial-related reasons during or after the trial period.

In terms of personal information and privacy protection, the Company strictly implements data protection management requirements, using institutional and technical measures to ensure the confidentiality and security of participants' personal data, preventing any unauthorised use or disclosure.

Luye Pharma is committed to ensuring the legitimate rights and fundamental well-being of participants throughout the clinical trial process through the following series of concrete measures:

Right to know

- Participants are given full explanations of the important matters related to the research, such as the purpose of the study, the study background, methodologies and procedures of the experiment drugs, to ensure that they have a clear understanding of the clinical trial content and potential risks.
- Participants will be promptly notified and be allowed to decide whether to continue to participate in the study when the latest information about the drug safety is made available during the course of the study.
- If a participant is unclear about the study or wants to have more information, the participant shall have the liberty to ask questions any time, and study physician or staff will reply as much as possible.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

- Right to free choice**
- The study physician will explain the study in detail to the participants during their first interview, while the latter need to read and sign the informed consent agreement on their decision as to whether to participate or not.
 - Participants will be informed that joining the study is not the only option they have; study physician will explain to participants on alternative clinical studies or alternative treatment solutions that are still effective for their ailment, as well as related risks and benefits.
 - Participants may refuse to participate in or withdraw from the clinical trials at any time without providing any reasons, and the withdrawal will not have any impact on their medical rights.
- Right to privacy**
- All information collected from the clinical trials will be kept confidential in accordance with relevant laws and regulations. The personnel, government, national drug regulators and assessment institutions that are involved in Luye Pharma's clinical trials shall have the right to view the medical records of participants to give confirmation to the clinical trial procedures and data but would only do so on the condition that they will not violate the privacy of the participants.
 - The personal information and related information of the participants shall be strictly confidential. Study records will not be identified by the participants' full name or any detailed address. Instead, we shall use the participants' pinyin abbreviation, date of birth, gender and assigned number when the relevant study data is to be recorded.
- Other rights**
- Compensation will be made to the participants for the time and inconvenience incurred due to participation in the study, such as the provision of nutrition subsidies and transportation subsidies.
 - All trial-related medications and treatments will be provided to the participants for free during the time period when the trial is proceeding.
 - We will take necessary medical measures and active treatments, and take up the responsibility for relevant medical expenses and corresponding economic compensation if the participants suffer from any injuries related to the study.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Animal Experiment Management

Luye Pharma consistently adheres to the core philosophy of respecting life in drug development and research, treating laboratory animal welfare as a crucial component of R&D ethics. We have formulated a rigorous *Animal Laboratory Management and Animal Ethics Welfare System* to comprehensively regulate the use, breeding, and management procedures of laboratory animals. This ensures that every step – from animal procurement and transportation to experimental operations and daily care – complies with the highest bioethical standards.

In practice, we strictly adhere to the national standard – *Guideline for Ethical Review of Animal Welfare* (GB/T 35892-2018), implementing the “Three R Principles” (Replacement, Reduction and Refinement) and the “Five Freedoms” (freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury and disease, freedom to express normal behavior, and freedom from fear and distress) as fundamental guidelines. To ensure compliance in animal experiments and fulfill our commitment to life and responsibility, we have implemented the following concrete measures:

Relevant measures for laboratory animal management

Animal laboratory use management	Laboratory animal use management	Laboratory animal feeding management
<ul style="list-style-type: none"> All laboratories of Luye Pharma that are involved in animal experiments have obtained the “<i>Laboratory Animal Use License</i>” The personnel engaged in animal experiments are required to hold a certificate for animal testing practitioners Animal experimental activities can only be carried out after the application for laboratory use is submitted and approved 	<ul style="list-style-type: none"> We shall submit the IACUC application in advance and comply with the ethical review system In the process of experiments, we follow the principle of “gentle and stable, kind and comfort, and reduce the animals’ pain and stress response”, and without prejudice to the experimental operation, we endeavor to minimize behavioral restriction imposed on experimental animals. Meanwhile, we adopt measures to avoid or relieve the pain or injury caused to animals, which are not directly related to the purpose of the experiment At the end of the experiment, euthanasia shall be used to reduce the pain of animals 	<ul style="list-style-type: none"> We shall purchase laboratory animals from the entities in possession of the “<i>Laboratory Animal Production License</i>” to ensure that each batch of animals is accompanied by a quality certificate. Laboratory animals can be used in experiments after being received and having passed quarantine observation Animals’ feed shall be purchased from the suppliers who have obtained the “<i>Laboratory Animals’ Feed Production License</i>” and shall be stored in the feed warehouse by categories, so as to ensure that the feed meets the specifications and nutritional standards Every year, experts are entrusted with testing the key indicators (such as temperature and humidity) of the animal feeding environment to ensure compliance with the requirements of the laboratory animal environment and facilities

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Ethical Review Mechanism

Luye Pharma consistently places ethical compliance in clinical research at the forefront of its operations, regarding it as a key cornerstone for safeguarding participant rights and ensuring research quality. The Company has established a rigorous, standardized, and sustainable ethical review mechanism to ensure all clinical trial projects meet high ethical and compliance standards from initiation to completion.

The Company's Ethics Committee conducts systematic and full-process reviews of all drug clinical studies, with particular emphasis on evaluating the completeness, scientific rationality, and ethical compliance of core documents including clinical study protocols, informed consent forms, and investigator brochures. Throughout clinical trial implementation, any material amendments such as significant protocol modifications, updates to informed consent documents, or changes of principal investigators must be promptly submitted to the Ethics Committee for review, with implementation permitted only upon obtaining formal approval, ensuring research activities remain under effective oversight.

All clinical research projects approved by the Ethics Committee must be strictly implemented in accordance with the reviewed protocol. These protocols and operational procedures not only comply with regulatory requirements including the *Good Clinical Practice* standards issued by China's National Medical Products Administration (NMPA), but also rigorously adhere to internationally recognized ethical guidelines such as the *Declaration of Helsinki* and International Council for Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) guidelines.

In addition, the Ethics Committee implements continuous tracking and regular re-review mechanisms for ongoing clinical trials, dynamically monitoring research progress and risk management to ensure the research process consistently adheres to established ethical standards, and can promptly identify, assess, and address potential ethical risks, thereby effectively safeguarding participant safety and the credibility of clinical research.

6.1.3 Intellectual property protection

Luye Pharma remains committed to driving high-quality development through independent innovation, regarding intellectual property protection as a key strategic pillar of the Group's innovation system and sustainable development. Guided by an "Intellectual Property Strategy" and based on "independent technological innovation", the Company's intellectual property department deeply integrates intellectual property management throughout the entire process of technology R&D, product manufacturing, and market promotion, systematically constructing an intellectual property management system covering the full innovation lifecycle. It strives to maintain technological leadership, form differentiated competitive advantages in the market, and obtain adequate and effective legal protection, continuously advancing Luye Pharma towards becoming an international pharmaceutical enterprise with independent intellectual property rights.

The Company strictly abides by the laws and regulations that are closely related to its business development, such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and continuously improves its intellectual property management system based on its R&D and operational realities. It has established and continues to implement several management systems and operational guidelines, including the *Technical Secret Management Standards (Trial)*, the *Patent Management System of Luye Pharma Group Ltd.*, the *Inventor's Recognition System of Luye Life Sciences Group*, and the *Innovation and Intellectual Property Management Capability Manual*, further enhancing the institutionalization, standardization, and professionalization of intellectual property management.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Among which, the *Patent Management System of Luye Pharma Group Ltd.* specifies in detail the organizational structure and personnel responsibilities for patent management, property rights management, information utilization and implementation transformation of patent work, providing clear and enforceable institutional guarantees for patent application, maintenance, and value transformation. The *Technical Secret Management Standards* focuses on strengthening technical confidentiality in the process of research and development and production, effectively preventing the risk of technology leakage and safeguarding the legitimate rights of the Company and inventors through measures such as hierarchical management, authority control and file protection.

Building upon the existing systems and management framework, Luye Pharma continued to benchmark and upgrade its intellectual property management system in 2025. In October 2025, leveraging its established and effectively operating innovation and intellectual property management system, the Company successfully passed its first annual confirmation under the ISO 56005 Innovation and Intellectual Property Management guide. This marks the continued validation and enhancement of the Group's systemic capabilities in innovation management and intellectual property governance, laying a more solid foundation for the effective protection and value transformation of future innovation outcomes.

As of the end of the Year, the number of patents and trademarks granted and currently under application of Luye Pharma in the PRC and overseas is as follows:

Patent Registration

	Valid authorized patents	Valid patents under application
PRC	251	74
Overseas	577	145

Trademark Registration

	Valid authorized trademarks	Valid trademarks under application
PRC	622	18
Overseas	760	29

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

6.1.4 Management of National-Supported Projects

Adhering to its core development concept of technological innovation, the Group actively responds to the national innovation-driven development strategy while continuously deepening its participation in national-level key scientific research projects and major research initiatives. At the implementation level, the Group has established specialized management teams comprising cross-disciplinary experts to systematically execute full-process management of research projects, including project planning, resource allocation, and quality control, using standardized operational processes and dynamic risk assessment mechanisms to ensure all research complies with internationally recognized scientific norms and technical standards.

To strengthen our innovation foundation, the Group continues to deepen industry-university-research collaborative innovation, establishing long-term strategic partnerships with leading global academic institutions, national laboratories, and industry authorities. Through co-establishing joint laboratories, building technology exchange and achievement transformation platforms, and implementing multi-level talent development programs, it is gradually building an open and diverse innovation ecosystem, achieving efficient integration of cross-regional, cross-disciplinary R&D resources and cutting-edge technological achievements.

Case: Leading a National Special Project for High-Quality Development of the Manufacturing Industry

In June 2025, the Group-led “Project for the Coordinated Development and Production Line Construction of 50 Million Complex Injections, Key Equipment, and Excipients” was selected as a 2024 special project for high-quality development of the manufacturing industry by the Ministry of Industry and Information Technology (MIIT). The project also successfully completed the on-site coordination work organized by the MIIT’s Industrial Development Promotion Center.

消费品工业项目调度工作安排-山东

调度时间: 2025年6月29日 9:00-11:30

项目单位: 山东绿叶制药有限公司

项目名称: 年产5000万支复杂注射剂生产线建设及关键设备材料协同攻关

时 间	事 项
9:00-9:10	主持人介绍参会领导和专家
9:10-9:20	产发中心介绍调度工作目的和要求
9:20-9:50	项目单位汇报
9:50-10:30	查看项目现场
10:30-11:00	专家质询
11:00-11:30	形成专家指导意见

In industrial application, the Group emphasizes two-way alignment between clinical needs and technological R&D, establishing a complete innovation value chain spanning from fundamental research and technology development to clinical translation and commercial application. Through comprehensive patent portfolios and a robust intellectual property management system, multiple core technologies have been successfully transformed into market-competitive innovative products, continuously improving the industrialization efficiency and commercial value of scientific research achievements.

Looking ahead, Luye Pharma will continue to intensify investment in R&D, closely align with national strategic development priorities in healthcare, focus on addressing unmet clinical needs and breakthrough frontier technologies, and drive the continuous realization of high-quality innovation outcomes, thereby making greater contributions to the advancement of the pharmaceutical industry and the development of global healthcare.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

6.1.5 Key Laboratory Management

The Group has established specialized research institutions including drug development laboratories, formulation development laboratories, production process laboratories, and testing and analysis laboratories, covering the entire R&D chain from drug discovery to industrial application. To ensure operational efficiency and technological leadership, we continuously enhance infrastructure development and management system optimization to systematically improve R&D productivity and innovation capabilities. The Group has formed a professional management team responsible for comprehensive laboratory planning, design, decoration construction, equipment procurement, and daily operations management, ensuring all experimental environments comply with international standards and industry regulations. At the same time, we actively introduce globally advanced research equipment and technology platforms to promote the standardization, digitalization and informatization of laboratory operations, thereby enhancing research data accuracy and experimental efficiency.

Case: Beijing WPU Passed the Laboratory Accreditation Re-review by the China National Accreditation Service for Conformity Assessment (CNAS)

In 2025, Beijing WPU has maintained the excellent operation of its CNAS-accredited laboratory. The laboratory successfully passed the rigorous assessment by China National Accreditation Service for Conformity Assessment (CNAS) in March 2023, with its accreditation valid until 19 March 2029.

Following CNAS accreditation and subsequent re-reviews, the laboratory has continuously improved its personnel competence, management system, information technology level, and hardware conditions, comprehensively enhancing its testing technical capabilities and operational standardization to ensure the stable provision of high-quality testing services in accordance with internationally recognized standards. Currently the laboratory has been officially listed in the national accreditation registry and continues to receive regular supervision and review, further enhancing its quality management level and industry credibility.



Case: National Key Laboratory of Advanced Drug Delivery Systems – Concurrent Annual Construction Reporting and Academic Exchange

In November 2025, the Group's National Key Laboratory of Advanced Drug Delivery Systems convened meetings of its Construction Management Committee and Academic Committee, systematically reporting annual construction progress and work plans for the following year, receiving expert guidance to optimize resource integration, assessment preparation, and research focus refinement. Concurrently, it held its annual academic conference, collaborating with domestic universities, research institutions, and pharmaceutical enterprises to conduct frontier exchanges in intelligent medicine, continuously promoting high-quality laboratory construction and industry-university-research collaborative innovation.



6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

6.2 Superior Quality Assurance

Luye Pharma, with innovative medical solutions at its core, continues to provide high-quality drugs and professional customer service to global patients, actively creating long-term value for the global health initiatives. To ensure our products meet the highest standards of safety, efficacy, and stability, the Group has implemented a rigorous quality supervision system and refined production management mechanisms covering the entire process of R&D, manufacturing, and supply. From raw material procurement and formulation development to process design and optimization, and finally to finished product testing and release, every critical step strictly adheres to international GMP standards and relevant national drug regulatory requirements.

At the same time, the Group guarantees that all healthcare-related products and equipment undergo comprehensive and rigorous quality inspections and compliance assessments prior to market delivery. Relying on a robust quality management system, Luye Pharma has obtained multiple internationally recognized certifications and established an operational mechanism centered on risk management and continuous improvement. Through regular internal audits, process optimization, and quality reviews, it continuously enhances management maturity to proactively respond to the increasingly stringent global regulatory environment.

Luye Pharma consistently adopts a customer needs and satisfaction-oriented approach, integrating its service philosophy throughout the entire lifecycle of product R&D, manufacturing, launch, and after-sales support, continuously optimising customer experience and service value. In the future, the Group will continue to make positive contributions to the global healthcare industry with more rigorous quality standards, more advanced technological capabilities, and a more comprehensive service system, enabling more patients to benefit from the health and well-being brought by innovative medicine.

6.2.1 Drug Quality Management

Luye Pharma consistently prioritizes drug quality and patient safety in its operational and R&D activities, strictly adhering to the *Law of the People's Republic of China on the Administration of Pharmaceuticals* and its implementation regulations, and fully implementing all standards of the Good Manufacturing Practices for Pharmaceutical Products (GMP). The Company has established a quality management system covering the entire drug lifecycle, which, while fully complying with national drug regulatory requirements, is systematically designed based on its own production and operational characteristics, ensuring every process from raw material intake, manufacturing, quality inspection, to finished product release and dispatch remains under stringent control.

In terms of quality management system construction, Luye Pharma has clearly defined its quality objectives, policies, and management targets, and has integrated the requirements in relation to the safety, efficacy and quality control of pharmaceutical products into the whole process of material management, production process control, quality inspection, product release, storage, and transportation. By continuously optimising quality control mechanisms and risk management measures, the Company continuously improves its quality management standards, striving to meet or even exceed GMP standards on key indicators, ensuring the provision of safe, reliable, and high-quality drugs to the market and patients.

Quality objectives	to pursue higher quality in order to meet customers' needs
Quality approaches	to put quality as primary, integrity as basis, innovation as priority, aiming at serving for human health, pursuing higher quality and satisfying customers' needs
Quality goals	to ensure product quality and supply to meet market demand with 100% passing rate for market sampling of product and zero quality accident throughout the Year. Other factors are determined on an annual basis.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Each production base of Luye Pharma consistently upholds rigorous quality management principles. Under the guidance of the Group's unified quality strategy, each base systematically establishes and continuously enhances efficient quality control systems. Each base, combining its own operational characteristics, formulates annual quality objectives and quantitative evaluation indicators, and through regular quality analysis meetings, conducts reviews and assessments of target achievement, promptly driving targeted improvement measures.

These improvement measures span multiple dimensions including production process optimization, equipment upgrades, professional staff training, and quality management innovation, continuously strengthening quality control capabilities. Additionally, each production base actively introduces advanced technologies and management methods to address new challenges and opportunities arising from industry development. The quality assessment results during the Year demonstrate that all production bases have successfully achieved the established quality objectives, fully verifying the effectiveness and stability of the current quality management system.

Luye Pharma's GMP Pharmaceutical Quality Management System

Management aspects	Management systems
<ul style="list-style-type: none"> • Quality management • Deviation management • Plant and facility management • Equipment management • Materials and product management • File management • Manufacturing management • Quality control and quality assurance • Product transportation and shipment, and recall management • Self-inspection management 	<ul style="list-style-type: none"> • Management standards • Operation standards • Process documentation • Risk assessment report • Validation records • Accounts record • Warehouse cleaning • Process specifications • Batch production, and batch packaging records • Technical standards

Luye Pharma's Quality Assurance (QA) and Quality Control (QC) departments serve as the core functional units of the drug quality management system. The QA department is responsible for establishing and continuously improving the quality management system, supervising the compliance of production and management activities to ensure all work meets relevant laws, regulations, and GMP requirements. The QC department is responsible for drug quality testing and control, formulating and implementing testing standards and methods to ensure product quality meets established standards.

Supported by the expertise of QA and QC, all relevant functional departments participate collaboratively in drug quality management, jointly ensuring the safety, efficacy, and quality stability of pharmaceutical products.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

The management overview of each section under Luye Pharma's GMP quality management system is as follows:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Drug production process management | <ul style="list-style-type: none">• Production management procedures and operation procedures are established under the requirements of GMP to bring the whole process of drug production into the management of the GMP system;• Production is strictly based on the approved prescription process to ensure that the drugs produced meet the intended use and registration requirements. |
| Quality control procedures for drug products | <ul style="list-style-type: none">• Establishing quality control system related management documents and standard operation procedures (SOP), including corporate internal control quality standards for materials, intermediate products, and finished goods, various inspection operation procedures, and management procedures for various inspection instruments, equipment and reagents, etc., to realize quality control of the whole process of receiving materials, producing products and inspecting finished products. |
| Product launch, storage and shipment procedures | <ul style="list-style-type: none">• Formulating relevant documents to manage the whole process of product release, storage and shipment to ensure that the whole process of product release, storage, and transportation and shipment can meet the requirements of GMP. |
| Quality risk management | <ul style="list-style-type: none">• Establishing the quality risk management system, which assesses and controls the identified quality risks, minimizes risks, thereby ensuring the safety and effectiveness of drugs and the quality of drugs conforms to legal standards and is suitable for intended use. |
| Quality assurance procedure | <ul style="list-style-type: none">• Formulating and implementing quality management such as the Self-inspection Management Procedures, Quality Review Management Procedures and Corrective and Preventive Actions (CAPA) Management Regulations to standardize verification management, alteration management, deviation management, CAPA, etc., and to control quality risks by corrective actions and preventive measures for ensuring product quality. |
| Annual product quality review analysis | <ul style="list-style-type: none">• Conducting annual quality review on all registered products, assessing whether product quality is under continuous control and whether improvement or preventive actions are needed.• Including the product stability experimental results and any bad trend and all matters in relation to the returns, complaints and recalls resulting from product quality in the key contents of the annual product quality review report. |

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Quality Inspection and Certification that Luye Pharma's Production Lines have passed
 During the Year, a number of products and production lines of Luye Pharma passed the GMP compliance test in China. All of the production bases in Boan Biotech, Beijing WPU, Shandong and Nanjing have obtained ISO9001 quality management system certification.

<p>China Production Base</p> <ul style="list-style-type: none"> Passed US FDA cGMP inspection Passed EU GMP inspection Passed Australia TGA GMP inspection Passed China 2010 GMP inspection ISO9001:2015 Quality Management System certification CNAS laboratory accreditation Passed EU QP audit 		<p>Europe Production Base</p> <ul style="list-style-type: none"> One of the largest independent transdermal drug delivery system manufacturers in Europe today, which has a highly sophisticated process and high barrier technologies Passed US FDA cGMP inspection Passed EU GMP inspection Passed Japan GMP inspection Passed Brazil ANVISA inspection Passed Colombia INVIMA inspection 	
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ISO9001 Quality Management System Certification



Nanjing Production Base ISO9001:2015



Shandong Production Base ISO9001:2015



Boan Biotech ISO9001:2015

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

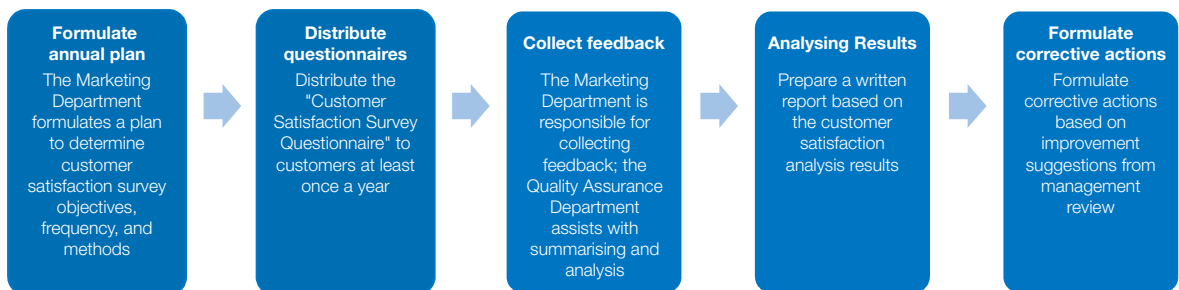
6.2.2 Quality Customer Services

Customer satisfaction surveys

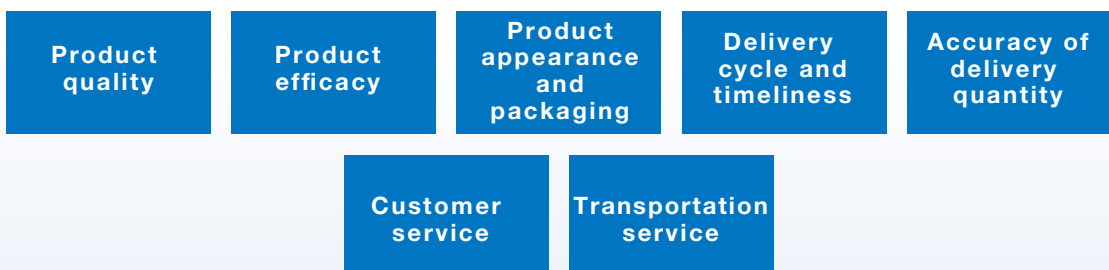
Luye Pharma recognizes that customers' suggestions and needs are a crucial driver for continuous improvement and innovation, and is committed to establishing and continuously improving a systematic customer satisfaction management system to collect, analyze, and respond to customer feedback throughout the entire process. Through regular multi-dimensional customer satisfaction surveys, the Group comprehensively understands customers' actual experiences and evaluations regarding product efficacy, safety, ease of use, and after-sales service, providing a strong basis for optimising service processes, improving product quality, and driving innovative R&D.

At the specific implementation level, each business unit has established standardized customer feedback management mechanisms. Boan Biotech strictly adheres to the *Customers-Related Requirements Review and Control Procedures*, which clearly defines the management process for customer needs identification, evaluation, and implementation of improvements, ensuring timely and effective handling of customer feedback. Meanwhile, the Shandong and Nanjing production bases follow the *Customer Satisfaction Measurement and Control Management Protocol*. They employ a combination of quantitative and qualitative methods to periodically collect feedback from diverse client groups such as medical institutions and distributors. These insights are then translated into specific, actionable improvement measures through dedicated analysis and improvement meetings, continuously enhancing customer satisfaction and service quality.

Customer satisfaction monitoring procedures



Customer satisfaction evaluation indicators



6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

Customer complaint handling

Luye Pharma attaches great importance to customer feedback and complaint handling, having established a comprehensive and standardized customer complaint management system. The Company has formulated and strictly implemented the *Complaint Management Regulations* and *Complaint Handling Operation Procedures*, which clearly define the processes for complaint receipt, investigation and analysis, responsibility determination, and rectification implementation, ensuring that customer complaints are handled promptly, objectively, and effectively, continuously improving service quality and customer trust.

Division of labour amongst its functional groups in handling complaint management

Quality Assurance Department Fully responsible for handling quality complaints	Production, Supply Chain and Engineering Departments Cooperate with complaint investigations, implement corrective and preventive actions	Quality Manager/Person in Charge of Quality Responsible for emergency handling of quality complaints and approval of preventive actions	Business Personnel in the Medical Department Communicate directly with customers to understand the specific content of complaints
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A systematic and standardized complaint handling process is adopted to ensure all customer feedback receives timely, complete, and traceable handling. Upon receiving customer feedback, relevant functional departments immediately initiate a unified complaint management mechanism, categorising, recording, and continuously tracking the feedback content, ensuring each complaint has clear responsibility assignment and handling progress.

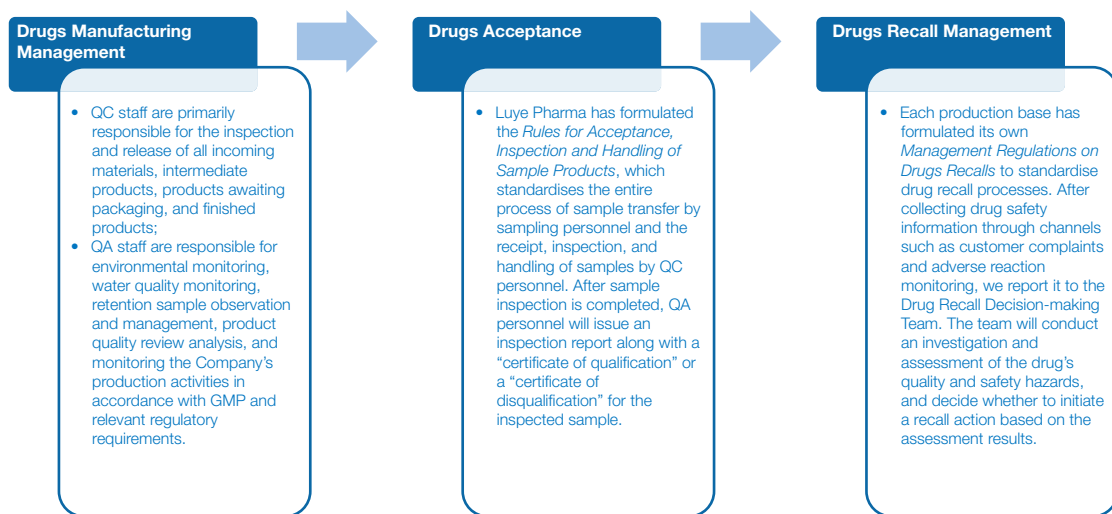
For complaints involving product quality, the Company strictly carries out a comprehensive investigation in accordance with the *Guidelines on Handling Product Problems*, completes root cause analysis within the committed time frame, and uses advanced risk assessment tools for systematic evaluation. Based on the identified issues, specific corrective measures are formulated and implemented with continuous monitoring according to the *Implementation Specification on Corrective Measures*. Through regular audits and effectiveness evaluations, the effectiveness of these measures is ensured, thereby achieving continuous improvement in product safety and quality.

Furthermore, the Company attaches great importance to customers' suggestions and opinions, and through comprehensive analysis of feedback results, continuously promotes product and service quality improvement, process optimization, and enhanced communication mechanisms. Through this closed-loop management model, Luye Pharma continuously improves its customer service quality and management maturity, further enhancing customer satisfaction and trust.

6. PROFESSIONAL-LED INNOVATION AND HEALTH EMPOWERMENT (CONTINUED)

During the Year, Luye Pharma had received a total of 52 complaints in relation to drugs quality and others, none of which involved product recall. We promptly handled all complaints in accordance with the aforementioned complaint handling process, actively responding to customers' requests.

Luye Pharma has formulated a product recall process in accordance with the *Management Regulations on Drug Recall* and other systems to ensure that effective actions can be taken in time when quality or safety problems are identified, so as to protect the interests of consumers and our brand reputation. The specific product recall process is as follows:



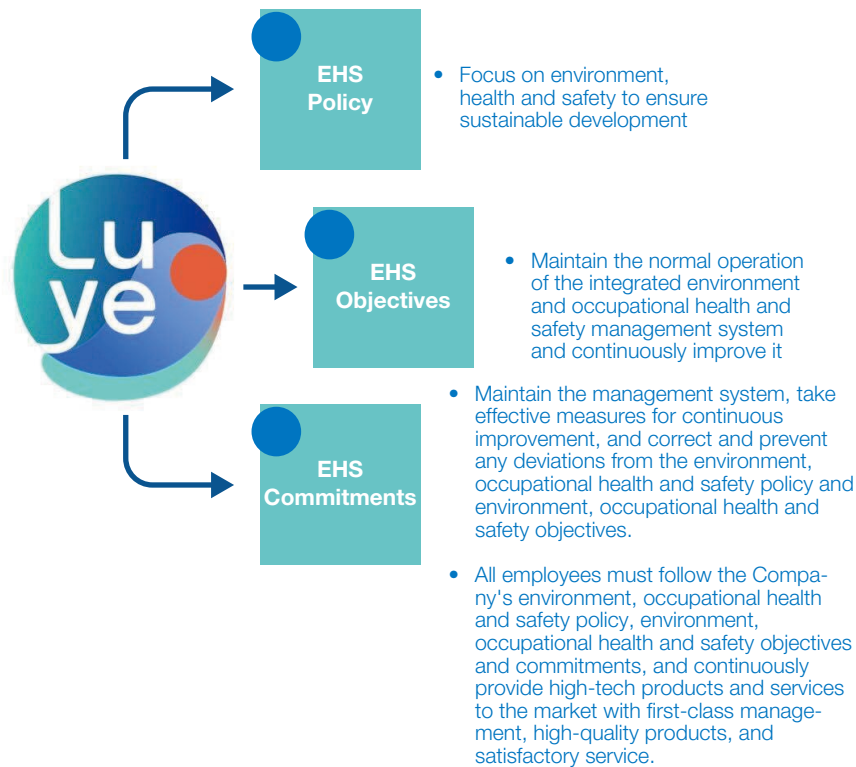
During the Year, Luye Pharma had made no recalls of sold or shipped products for safety and health reasons.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY

Material issue(s) in this section

- Air pollutants discharge and management
- Water utilization and wastewater discharge management
- Waste discharge and management

Environmental protection and production safety are the cornerstones of the Group’s responsible operations and sustainable development. Luye Pharma continuously takes proactive measures to promote environmental sustainability, striving to reduce the environmental impact of its production and operational activities, and faithfully fulfilling its responsibilities as a corporate citizen. Adhering to its production and business philosophy of “environmental protection, production safety and professional services for human health”, the Group has formulated and continues to implement its general Environment, Health and Safety (EHS) policy, management objectives, and related commitments, which are as follows:



7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

7.1 Environmental Protection System

Luye Pharma regards environmental protection as a core component of its corporate sustainable development strategy, committed to establishing a systematic and standardized environmental management mechanism. Based on international standards such as ISO 14001:2015, the Group has built and continuously improves a scientific and effective Environmental Management System (EMS) to systematically identify, manage, and reduce the environmental impact of its operational activities.

In terms of system operation, the Group follows the “Plan-Do-Check-Act” (PDCA) management cycle as its core, conducting regular internal audits and external assessments of the EMS, comprehensively reviewing environmental management systems and implementation, promptly identifying deficiencies, and implementing improvement measures to ensure the continuous effective operation and ongoing optimization of the management system. Currently, multiple production bases of the Group have successfully passed the ISO 14001:2015 certification, signifying international recognition of their environmental management standards, and further motivating the Group to continuously enhance environmental performance and promote green and sustainable development.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

ISO14001 Environmental Management System Certification



Beijing WPU
ISO14001:2015



Luye Pharma (Shandong Base)
ISO14001:2015



Luye Pharma (Nanjing Base)
ISO14001:2015

During the Year, we have strictly complied with the laws and regulations that have a significant impact on us relating to air and greenhouse gas emissions, waste discharge into water and soil, and generation of hazardous and non-hazardous waste.

Laws and Regulations relating to environmental protection that Luye Pharma is subject to and significantly affected (including but not limited to)

- The Environmental Protection Law of the People's Republic of China
- The Environmental Protection Tax Law of the People's Republic of China
- The Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste
- The Law of the People's Republic of China on Prevention and Control of Water Pollution
- The Law of the People's Republic of China on Appraisal of Environment Impacts
- The Law of the People's Republic of China on Energy Conservation
- The Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise
- The Law of the People's Republic of China on Soil Pollution Prevention and Control
- The Law of the People's Republic of China on Cleaner Production Promotion
- The Law of the People's Republic of China on Renewable Energy

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

For each major environmental factor, we have formulated a number of environmental policies with reference to applicable laws and regulations, part of which are set out below:

Major environmental factors	Internal policies of Luye Pharma (including but not limited to)
Hazardous and non-hazardous waste	<ul style="list-style-type: none"> <i>The Management Procedures for Prevention and Control of Pollution by Solid Waste</i> <i>The Management Procedures for Hazardous Waste</i>
Air pollutant emissions	<ul style="list-style-type: none"> <i>The Management Procedures for Prevention and Control of Air Pollution and Hazards</i> <i>The Management System of Prevention and Control of Pollution Sources</i>
Water resources management	<ul style="list-style-type: none"> <i>The Management Procedures for Prevention and Control of Water Pollution</i>
Use of energy/Greenhouse gas emissions	<ul style="list-style-type: none"> <i>The Management Procedures for Energy and Resources</i>
Chemicals disposal	<ul style="list-style-type: none"> <i>The Management Procedures for Dangerous Goods</i> <i>Ethanol Leak Emergency Plan</i>
Environmental accidents	<ul style="list-style-type: none"> <i>The Environmental Accidents Emergency Plan</i> <i>Special Equipment Accident Emergency Plan</i> <i>Confined Space Work Accident Emergency Plan</i>
Other environmental impacts	<ul style="list-style-type: none"> <i>The Procedures for Identification, Appraisal and Update of Environmental Factors</i> <i>The Management Procedures for Environmental Operation Control</i> <i>The Management Procedures for Noise and Vibration</i>

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

7.2 Green Manufacturing System for the Full Lifecycle

Upholding the core philosophy of “green design, green production” and guided by *Made in China 2025* and the *Green Manufacturing and Engineering Implementation Guide*, Luye Pharma has established a green management system that spans the full lifecycle of pharmaceutical products. Adhering to the dual-drive strategy of “innovation + internationalization,” we comprehensively promote the construction of a green manufacturing system and implement the following green manufacturing principles:

- Green Design** Implement low-carbon management throughout the drug lifecycle. From project initiation and screening, conduct energy-saving and environmental protection analyses for the project itself. In process design, strive to shorten production steps, minimize the use of auxiliary materials, and reduce the use of environmentally harmful chemicals. When selecting cooperative suppliers, prioritize manufacturers with environmental certifications to avoid secondary pollution.
- Green Procurement** Actively promote green and low-carbon concepts, formulate and implement environmental procurement principles, conduct regular supplier risk assessments, and gradually increase the proportion of low-risk suppliers.
- Green Production** Emphasize the concept of the drug lifecycle, prioritize the use of green raw materials, processes, technologies, and equipment to meet comprehensive standard requirements, and pursue continuous improvement.
- Green Disposal** From classification and identification, compliant temporary storage, to transfer and final disposal, adopt management methods that control environmental risks, ensuring waste is disposed of legally, compliantly, and safely, preventing adverse environmental impacts, and continuously improving green manufacturing and environmental protection standards.
- Green Marketing** Adhere to green management concepts, fully consider social and consumer needs to establish green marketing concepts, set green prices, develop green sales channels, and build high-quality green after-sales services.
- Green Recycling** Establish product recall procedures to ensure timely and effective measures can be taken to protect consumer interests and brand reputation when quality or safety issues are identified.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Luye Pharma's business operations cover research and development centers, manufacturing plants, and office facilities. Its major environmental impact factors involve waste management, energy and resource consumption, greenhouse gas emissions, air pollutant emissions, and the safe use and disposal of chemicals. The Group continuously identifies and manages these environmental factors. For more specific information on our environmental performance, please refer to the Environmental Performance Table in the appendices.

While ensuring drug efficacy, quality, and cost-effectiveness, Luye Pharma systematically integrates environmental protection and resource efficiency across the entire manufacturing lifecycle to minimize the consumption of natural resources and potential environmental impact. For the management of medical waste and waste pharmaceuticals, the Group has formulated and implemented several management policies and control measures, including:

- A *Management Regulation for Waste from Raw and Auxiliary Materials Workshop* is formulated to standardize the classification, collection, and disposal processes of pharmaceutical raw materials and related waste, preventing environmental pollution and cross-contamination risks;
- During production and packaging, reasonably control the usage amount of auxiliary materials such as plastic bags, locking cords, and labels to reduce waste;
- The defective products produced in the production process, packaging cartons, tail waste and other waste shall be managed in accordance with the requirements of the *Control Regulation for Defective Products* to ensure proper disposal;
- Designated personnel will centrally collect and label the defective products. Upon confirmation by QA, such products will be collectively and temporarily stored and recorded in the warehouse inventory ledger. Ultimately, they will be entrusted to a qualified professional entity for compliant disposal.

Through these institutionalized and refined management measures, Luye Pharma effectively reduces its impact on the environment and natural resources while ensuring high-quality drug production, continuously improving resource utilization efficiency, and laying a solid foundation for promoting green manufacturing and sustainable development.

7.3 Environmental Goals and Management

To effectively promote the implementation of its sustainable development strategy, Luye Pharma has formulated annual directional and quantitative environmental goals related to ESG, and breaks down these goals to relevant functional departments, clarifying responsibilities and deadlines. The Group regularly reviews and reflects on the implementation of these goals, continuously tracking progress and effectiveness to ensure all environmental management work progresses as planned.

The Group has formulated the *Environmental and Occupational Health and Safety Manual* as the guiding document for EHS management across the entire Group, systematically specifying environmental protection objectives and targets, management responsibilities, operational requirements, and emergency management arrangements. The Manual requires all employees to strictly implement environmental protection measures in various business processes such as R&D, production, and logistics, in order to prevent, reduce, or eliminate potential environmental pollution caused by our operations. Additionally, the Group ensures that every employee accurately understands and implements the manual's requirements through regular education and training, continuously strengthening environmental responsibility awareness and management effectiveness. The specific targets and action initiatives are as follows:

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Goal Indicators	Action Plan	Actions during 2025	Progress
1. Hazardous waste discharge target			
Legal disposal of hazardous waste with disposal rate of 100%	1. Hazardous waste shall be collected according to regulations, stored in compliant locations, and registered in records;	<ul style="list-style-type: none"> A training plan was formulated and emergency drills for hazardous waste leakage were conducted; 	Completed
Shandong Base: Reduce hazardous waste disposal amount by 0.3 tons	2. A management plan should be formulated at the beginning of the Year; 3. Hazardous waste should be entrusted to qualified third parties for disposal.	<ul style="list-style-type: none"> Dedicated hazardous waste temporary storage areas were set up, waste liquids and solid waste were stored separately, and the waste generation, collection, temporary storage environment, and disposal status were regularly inspected; Transport records were processed and waste was legally disposed of by transferring to qualified companies; At the Shandong Base workshop, the sodium hydroxide specification was changed from 500g/bottle to 25kg/bag, resulting in the disposal of approximately 0.5 tons of waste chemical containers. 	

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Goal Indicators	Action Plan	Actions during 2025	Progress
2. Non-hazardous waste discharge target			
Reduction of general solid waste (recyclable, household garbage, food waste)	<ol style="list-style-type: none"> General solid waste generated by each department is collected and classified by employees. Recyclable items (such as paper cartons, metal) are uniformly sent to the warehouse for sales; Kitchen waste generated by the restaurant should be collected in dedicated bins and disposed of by qualified units; Non-recyclable waste generated by production and daily life is collected and transferred to the specified waste area for disposal by the sanitation department. 	<ul style="list-style-type: none"> During the Year, we continued to publicize the reduction of wastes at source and the 4R principles, and educated our employees and raised their awareness by putting up slogans, posters and using other materials; We set annual waste reduction objectives and implemented management plans. 	In progress
3. Greenhouse gas emissions target			
Reduction of greenhouse gas emissions	<ol style="list-style-type: none"> Use energy-saving and environmentally friendly refrigerants, such as R404A, R407C, and phase out outdated refrigerants such as Freon; Adjust office and production site temperature and humidity in a timely manner according to demand; Encourage the use of video conferencing for meetings to reduce carbon emissions from business trips and achieve a reduction in greenhouse gas emissions. 	<ul style="list-style-type: none"> Beijing WPU and Nanjing Base have switched to energy-saving and environmentally friendly refrigerants such as R-404A, R-410A and R-407C; For air-conditioning use, air-conditioning operators can make daily adjustments according to the weather conditions shown on the weather billboards. 	In progress

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Goal Indicators	Action Plan	Actions during 2025	Progress
4. Atmospheric pollutant target			
100% compliance with emission standards for production and domestic waste gas	<ol style="list-style-type: none"> 1. Commission a qualified third-party monitoring agency to regularly monitor the emissions of pollutants from waste gas; 2. Regularly maintain waste gas treatment facilities and adjust their operation mode and parameters to improve energy efficiency indicators. 	<ul style="list-style-type: none"> • All production units engaged a third party to conduct regular environmental monitoring and assessment; • Annual waste discharge targets and management plans were formulated. 	Completed
5. Water usage target			
Water conservation	<ol style="list-style-type: none"> 1. Use engineering and technical measures to reduce water consumption; 2. Increase the use of recycled water. 	<ul style="list-style-type: none"> • Beijing WPU made upgrades to reclaimed water and waste water reuse systems; In 2025, water consumption per 10,000 capsules was saved by 9,968.6 tons. • The Engineering Department of the Shandong Base Industrial Park used reclaimed water from the microsphere Workshop 5's reclaimed water tank to replace tap water as a source for toilet flushing and cooling tower make-up water, saving a total of 3,200 metric tons of tap water. 	In progress

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Goal Indicators	Action Plan	Actions during 2025	Progress
6. Energy efficiency related target			
Reduction of energy use Beijing WPU: Achieve the target for the end of the 14th Five-Year Plan (a 12% reduction based on 2020 energy consumption intensity)	By utilising solar energy and improving the air conditioning system, engineering and technical measures can be taken to reduce energy consumption.	<ul style="list-style-type: none"> The Shandong Base added cross-wall air intake pipes and dual-damper control valves, introducing hot air from the water treatment station as fresh air supplement from November to April of the following year for dynamic adjustment; Monthly statistical analysis of water, electricity, and steam usage in each workshop is conducted, and the "Energy Consumption Report" is filled out; Quarterly analysis of unit energy consumption data is conducted, and production is reasonably scheduled to formulate energy-saving measures. Concurrently, continuous improvement of equipment energy-saving technology and procurement of energy-saving equipment are carried out. 	Completed

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

7.4 Emissions Management

Luye Pharma fully implements pollution prevention and resource recycling measures, committed to reducing the environmental impact of its operational activities. In accordance with national and local environmental regulations, we have established a comprehensive emissions management system covering waste and air pollutants, ensuring all types of emissions comply with legal standards and continuously optimising environmental performance.

7.4.1 Waste Management

The Group is fully aware of the importance of waste management to the environment and undertakes to minimize the impact of its operations on the natural environment through rigorous and systematic management measures. During daily operations, the waste generated by the Group is categorized into hazardous and non-hazardous types based on its nature.

Among these, hazardous waste includes medical and pharmaceutical waste, organic waste liquid, waste activated carbon, discarded reagent bottles and containers, laboratory waste, and waste ink cartridges generated from office processes. Non-hazardous waste is further categorized into recyclable and non-recyclable types, including medicine dregs, discarded packaging materials, paper, and sludge.

According to the requirements of relevant national environmental protection laws and regulations, the Group has formulated and implemented comprehensive waste management and disposal procedures, clarifying the division of responsibilities for relevant positions, standardising the processes of waste classification, collection, temporary storage, and disposal, and establishing corresponding supervision and reward/punishment mechanisms. At the same time, the procedures set clear requirements for entrusting qualified third-party waste disposal service providers, ensuring the entire waste disposal process is legal, compliant, controllable, and traceable.

Luye Pharma (Nanjing Base) — The Management Procedures for Hazardous Waste

- Collection of hazardous waste
 - Hazardous waste shall be collected by category based on their characteristics, placed at specific hazardous waste collection points and marked.
 - Collection containers must be intact and well-sealed to prevent the risk of waste leakage.
- Storage of hazardous waste
 - The storage areas of hazardous waste shall meet the *Pollution Control Standards for Hazardous Waste Storage*, so as to “prevent scattering, loss and leakage”, and the warning signs of storage areas, the Hazardous Waste Management System, the Preventive Measures and Contingency Plans for Hazardous Chemicals and Hazardous Waste Accidents shall be posted.
- Transfer of hazardous waste
 - It is prohibited to provide hazardous waste for units without business licenses for collection, storage, transportation and disposal or entrust the collection, storage, transportation and disposal of hazardous waste to any such unit.
 - Hazardous waste transfer forms shall be filled in according to national regulations and the hazardous waste shall not be transferred without the approval from safety and environmental protection authorities.
- Entrust qualified waste disposal suppliers
 - The safety and environmental protection authorities track and assess suppliers on a regular basis. The assessment involves the effectiveness of qualifications, whether the disposal process meets the requirements of laws and regulations, etc.
 - Irregular behaviors shall be rectified in time according to the Management Procedure for the Rectification, Prevention and Control of Irregular Behaviors.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Luye Pharma (Sichuan Base) — the Management Regulations on Solid Waste Pollution Prevention and Control

- Disposal of general solid waste
 - Recyclable waste shall be stored in a waste recycling room in a centralized and unified way, and the Administration Department shall be responsible for selling and disposing of such waste to minimize resource waste.
 - Coal cinders in general industrial waste shall be recycled and disposed of by an agreement entered into between the Administration Department and external organizations.
 - Recyclable waste shall be stored in a waste recycling room in a centralized and unified way, and the Administration Department shall be responsible for selling and disposing of such waste to minimize resource waste.

Case: Production Waste Reduction



Luye Pharma (Nanjing Base) – Solid Waste Reduction Innovation

The Nanjing Base, addressing the large amount of solid waste generated by the purified water system during pharmaceutical production, optimized the use management of multi-media filter media, adopted pasteurization and regular forward and reverse washing processes to inhibit biofilm formation, significantly extending the filter media's service life. This technical improvement extended the filter media replacement cycle from once every 3 years to once every 6 years, reducing tens of tons of solid waste generation per cycle, achieving source reduction and efficient resource utilization. This measure not only reduces the environmental burden but also demonstrates the Nanjing Base's practical actions in implementing green manufacturing and the circular economy.

To foster environmental awareness among all employees, we have launched a variety of publicity and educational initiatives. All production units actively adopt the 4R principle of "Prevention, Reduction, Recycling and Reusing" to implement waste reduction programs, including but not limited to: establishing classified recycling stations in office areas with clear instructional signage; promoting the "Clean Plate Campaign" in staff canteens to encourage food waste reduction. Through data monitoring and effectiveness evaluation, we continuously refine waste reduction strategies to enhance overall waste treatment efficiency.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

7.4.2 Air Emissions Management

The Group's operations mainly involve drug R&D and manufacturing. Air pollutant emissions primarily come from boiler combustion, production workshops, and exhaust gas generated during laboratory operations. The Group attaches great importance to air pollution prevention and control, strictly adhering to relevant laws and regulations including the *Comprehensive Emission Standards for Air Pollutants (GB16297-96)*, and continuously strengthening compliance management of exhaust gas emissions.

In terms of policy development, the Group has formulated and implemented the *Measures for the Prevention and Control of Air Pollution* and the *System for the Monitoring and Management of Emission Sources*, carrying out classified management and full-process monitoring of emission sources to ensure the effective operation of exhaust gas treatment facilities. At the same time, the Group has set clear quantitative emission reduction targets, continuously tracks and monitors emission data for major pollutants, and regularly evaluates management effectiveness.

In addition, the Group commissions qualified third-party professional agencies to conduct quarterly emission testing and environmental impact analysis, independently verifying emission results to ensure all emission indicators consistently meet relevant legal limit requirements, continuously reducing the impact of operational activities on ambient air quality.

In accordance with relevant national laws and regulations and international environmental protection standards, each of our subsidiaries has established emission management and control procedures to reduce exhaust gas emissions and ensure compliance with environmental protection requirements. The following table shows the details of certain management procedures:

Luye Pharma (Shandong Base) – the Management Procedures on Prevention and Control of Air Pollution and Hazards

- In terms of process, we promote four new technologies (new products, new processes, new materials and new technologies) and give priority to non-toxic, low-toxic and low-waste clean production processes.
- Exhaust-related operators shall be provided training so that they understand the hazards that may be caused to the atmosphere and the operating environment by an illegal operation.
- Personnel exposed to hazardous emissions shall wear articles for labour protection to operate in strict accordance with the requirements of the operating procedures, so as to protect themselves from harm and minimize damage to the environment caused by abnormal emissions due to improper operation.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Luye Pharma (Sichuan Base) – the Management Regulations on Prevention and Control of Air Pollution and Hazards

- The exhaust gas generated from the combustion of boiler fuel shall be emitted from the chimney after dust and sulfur removal and other disposals. The final exhaust gas emissions shall be monitored once a year by the environmental monitor station in Luzhou City, and the monitoring results shall meet the requirements of the *Boiler Air Pollutant Emission Standard (GB13271-2014)*.
- If incidents or other emergencies, emissions and leakages that cause or may cause air pollution incidents and do harm to human health occur, we must take emergency measures immediately to prevent and control the hazards of air pollution, stop pollutant emissions, notify the units and residents who may be affected by the air pollution, and report to the local environmental protection authority for investigation and treatment.

In order to further reduce the impact on the environment, we have also adopted various measures to reduce the emissions of various air pollutants during the Reporting Period:

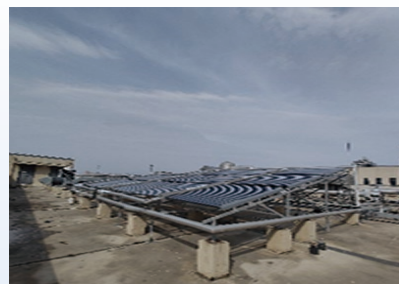
Beijing WPU

- Replaced old, high-energy-consuming equipment and procured low-energy-consumption chiller units to reduce exhaust emissions.
- The slag discharged and exhaust gas condensed is purified by water washing and microorganism filtration and adsorption.
- The organic exhaust gas that came out of the extraction process is purified by spray washing, condensation and cooling, and activated carbon adsorption.



Luye Pharma (Shandong Base)

- The exhaust gas that came out of the sewage treatment station is sealed, transported to exhaust gas treatment facilities through negative pressure, and then emitted to the atmosphere to reduce the emissions of waste gas pollutants such as hydrogen sulfide, ammonia gas, odor concentration and VOCs.
- The exhaust gas spray tower at the sewage treatment station significantly improved purification efficiency and reduced exhaust emissions by shortening the chemical replacement cycle.
- To replace the original natural gas heating system, solar thermal collectors have been installed to supply heated water to staff shower facilities.



7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

7.5 Energy and Climate Change

In response to the national “dual carbon” goals and green and sustainable development policies, Luye Pharma continuously optimizes its energy efficiency and actively addresses the challenges of climate change. By improving its energy management system and climate governance mechanisms, the Group promotes energy conservation, emission reduction, and low-carbon transformation, striving to achieve synergistic development between the environment and its business.

7.5.1 Energy Management

In addition to meeting the requirements of relevant laws and regulations, we have formulated internal regulatory documents including the *Energy Management Regulations* and the *Energy Resource Management Procedures* to clearly define the organizational structure, departmental responsibilities and operational standards for energy management. These regulations provide the Group with a comprehensive policy framework and implementation basis for its energy conservation and emission reduction initiatives. Furthermore, in accordance with the Group’s policies and their specific operational characteristics, all production facilities have actively implemented energy management improvement measures, including establishing dedicated energy management teams and implementing energy consumption monitoring mechanisms; conducting carbon footprint assessments for core products to evaluate environmental impacts throughout their life cycles; and performing regular energy usage reviews to continuously optimize equipment efficiency. These measures not only ensure compliance with environmental regulations but also progressively establish a robust energy management system.

Case: Energy Management Team and Energy System Audit of Beijing WPU

Beijing WPU established an Energy Management System Team with the objectives of reducing corporate energy consumption and enhancing energy utilization efficiency. It has formulated its energy management policy of “Compliance with Regulations, Cleaner Production, Energy Conservation & Emissions Reduction, and Sustainable Development” to systematically advance energy management work. The company has strictly implemented its energy management system in accordance with the national standard GB/T 23331-2020 Energy Management Systems Requirements and Usage Guidelines. The company has successfully passed third-party certification, which conducted comprehensive evaluations of energy management practices across relevant departments and operational sites, providing a basis for subsequent continuous improvement.



7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Case: Nanjing Base Energy Management Innovation: Constructing Distributed Energy Storage Power Station to Promote Production Electrification

Guided by the national “dual carbon” goals, the Nanjing Base actively promotes energy structure optimization and production electrification by constructing a 1.6MW/3.44MWh distributed lithium iron phosphate energy storage power station. Adopting a self-storage and self-use model, it improves the electricity self-sufficiency rate and energy efficiency. This project effectively supports the clean energy substitution in the plant’s production processes, reduces dependence on traditional energy sources, and promotes the base’s green and low-carbon transformation.



Furthermore, we have actively promoted the adoption of high-efficiency equipment to enhance energy utilization efficiency. During the Year, all of our production bases have implemented specific measures to improve equipment energy efficiency, thereby reducing air pollutants and greenhouse gas emissions.

Promoting energy conservation and consumption reduction practices

Management of electricity consumption

The Group strengthens electricity management and improves energy efficiency through a combination of institutional measures and behavioral guidance. “Save Electricity” labels are posted in offices and energy-saving promotional videos are produced and played to continuously enhance employees’ awareness of energy conservation and environmental protection.

- In terms of production operations, various production equipment are handled and controlled by designated personnel to strictly avoid idling operation and unnecessary waste of energy. Through reasonable scheduling and start/stop management of high-power-consuming equipment, idle time of the equipment is reduced, thereby effectively reducing unit power consumption.
- For lighting management, natural lighting should be used as far as possible, and it is prohibited to turn on lights under unnecessary circumstances. When working overtime at night, lighting usage is strictly controlled to avoid turning on redundant lights and prevent prolonged unnecessary illumination. For the use of air-conditioners, their operation time and intensity are reasonably adjusted according to actual weather conditions. Equipment inspection and maintenance are strengthened, and any aging or damage found is promptly reported for repair to reduce energy loss.
- For office electric appliances, they should be turned on only when needed and turned off when not in use for a long time to reduce standby power consumption, promoting energy-saving electricity use as a daily work norm.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Promoting energy conservation and consumption reduction practices

Management of steam consumption

- In terms of steam usage management, the production department and the engineering assurance department apply to the utility companies for steam usage reasonably based on actual production needs, and promptly revise steam demand when seasons change or production plans are adjusted to avoid energy waste.
- In addition, the mechanical maintenance team of the engineering assurance department conducts regular inspections and maintenance for steam-using equipment and pipelines, promptly rectifying issues such as deflation, emissions, droppings and leakage to ensure stable operation of the steam system and energy efficiency, continuously reducing steam loss.

7.5.2 Addressing Climate Change

Luye Pharma deeply recognizes the global challenges posed by climate change and will continue to explore and implement innovative environmental protection measures, thoroughly integrating energy conservation and carbon reduction concepts into our corporate strategy. We will continuously improve our environmental management system, actively introduce advanced energy-saving and emission-reduction technologies, and through transparent environmental information disclosure, collaborate with stakeholders to promote green transformation of the industry, contributing to the achievement of global sustainable development goals.

Governance:

The Group is fully aware of the long-term impacts of climate change on the pharmaceutical industry, as well as the increasing expectations from regulators and the market regarding the management of climate-related risks. In response, the Group has established a comprehensive governance mechanism to identify, monitor, and manage climate-related risks and potential opportunities.

The governance of climate-related matters strictly follows the Group's overall Environmental, Social, and Governance ("ESG") governance framework. Under this framework, the Board of Directors assumes ultimate responsibility and oversight, ensuring that all climate-related strategies and actions align with the Group's long-term development goals. For further details on the Group's climate governance framework, please refer to the "ESG Governance Framework" section of this Report.

During the Reporting Period, the Group conducted internal employee ESG training sessions through third-party professional consulting firms to enhance climate-related capabilities. Furthermore, through the annual ESG report review and the Group's ESG governance structure, the Board of Directors is kept informed of climate-related risks and opportunities. In the future, the Group will gradually improve its climate-related governance structure and the climate-related skills and capabilities of the Board of Directors and management.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Strategy:

Climate change has emerged as a critical global challenge. As an international pharmaceutical enterprise, Luye Pharma recognizes the profound impact and potential opportunities that climate change presents to the industry. We have systematically integrated climate-related considerations into our corporate strategic planning and are proactively addressing associated risks and challenges. In terms of physical risks, extreme weather events may disrupt the supply stability of traditional Chinese medicinal materials, agricultural and sideline products, thereby affecting drug production and supply chain operations. At the same time, climate change could also lead to weather pollution conditions. These factors may have a direct impact on our business operations.

Identification, Assessment and Management of Climate Risks and Opportunities

To effectively address these challenges, we have formulated documents such as the *Corporate External Environmental Analysis Report* to identify and assess climate-related risks and opportunities across different production processes. Furthermore, we continue to enhance our adaptive capabilities and are committed to strengthening the resilience and sustainability of our overall supply chain. The table below outlines selected climate adaptation measures implemented at certain production facilities of the Group:

	The potential impact of climate change	Tackling methods
Luye Pharma (Shandong Base)	Climate change may lead to an increase in the frequency of extreme weather, causing damage to the planting of Chinese medicinal materials, agricultural and sideline products and the guarding of cities.	It has increased the inventories of Chinese medicinal materials and the supply channels of down-stream products to reduce supply risks.
	Under the general trend of climate change, China may tighten its control over the extraction or synthesis of raw materials, which emit many pollutants.	These materials have been replaced by materials that emit fewer pollutants, so as to reduce environmental impact and climate risks.
Luye Pharma (Sichuan Base)	Climate change may increase haze pollution and influence the operation of the production chain.	A contingency plan for heavily polluted weather has been formulated, and the relevant measures, steps, an emergency supervision mechanism and the responsibilities of related personnel have been clearly defined.

In the future, the Group will gradually enhance the systematic assessment of climate-related risks and opportunities, strengthen climate resilience response measures, and integrate them into the Group's strategic development to adapt to climate change and promote low-carbon transformation.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Climate Scenario Analysis and Financial Impact Analysis

Given the characteristics of the industry in which the Group currently operates, its scale of operations, as well as the climate-related data foundation, analytical methods, and internal resource allocation available at this stage that still require further improvement, no systematic assessment of climate scenario analysis or related financial impact analysis has been conducted during the Year. In the future, as relevant regulatory requirements become clearer and the Group's internal data foundation and analytical capabilities gradually improve, the Group will assess the feasibility of conducting climate scenario analysis and financial impact assessment when appropriate, and will gradually integrate climate-related risks and opportunities into its overall risk management and strategic planning.

Risk Management:

Given the current maturity of the Group's climate-related management work and its internal management arrangements, at this stage, the Group primarily relies on internal management methods, such as preparing the *Corporate External Environmental Analysis Report*, to conduct preliminary identification and assessment of potential risks and opportunities that climate change may bring to different production processes, serving as a reference for operational decision-making.

In the future, as climate-related regulatory requirements and market attention increase, the Group will, based on its existing internal management, further evaluate the feasibility of introducing more systematic and structured management processes for climate risks and opportunities, gradually improve the relevant identification, assessment, and response mechanisms, and strengthen related disclosures when appropriate to more comprehensively address the relevant requirements of the Stock Exchange.

Metrics and Targets:

The greenhouse gases emitted by Luye Pharma during its operation are mainly those from boilers, refrigeration equipment, production facilities, automobiles and power consumption in offices. We fully recognize our corporate responsibility in environmental protection and are committed to implementing various measures to reduce energy consumption, enhance energy efficiency, and lower corresponding greenhouse gas emissions.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Greenhouse Gas Emission Metrics

To further strengthen the management of greenhouse gas emission data, the Group is systematically advancing the calculation of greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. During the Reporting Period, the Group's greenhouse gas emissions are as follows:

	Unit	2025	2024	2023
Total Greenhouse Gas Emissions (Scope 1, 2) ¹	Tons of CO ₂ equivalent	74,412.14 ²	67,668.95	76,201.35
Total Greenhouse Gas Emission Intensity	Tons of CO ₂ equivalent/ Income of RMB10,000	0.12	0.11	0.12

For detailed performance indicators, please refer to the "Environmental and Social Performance Indicators Table" in the Appendices.

The Group currently does not disclose the specific amounts or proportions of assets affected by climate transition risks, physical risks, and opportunities, primarily because the relevant data is still being collected and assessed, and reasonable information relief apply³. At the same time, the Group has not yet formulated specific capital expenditure or investment plans for climate-related risks and opportunities, and internal carbon pricing and climate performance incentive mechanisms are still under study. In the future, the Group will continuously enhance its climate data management and analysis capabilities, improve resource tracking and decision-making mechanisms, and gradually incorporate climate factors into capital utilization and compensation policies to support the Group's sustainable development goals.

Climate Targets

During the Reporting Period, the Group has set climate targets (qualitative) to drive the reduction of the Group's greenhouse gas emissions. The target setting method is based on the ESG governance framework, with work carried out by the ESG Working Group and submitted to the Board of Directors for review together with the annual ESG Report. For climate-related (qualitative) targets, please refer to the section "Environmental Goals and Management". The Group has set a climate-related target to reduce greenhouse gas emissions, with the long-term direction of implementing the national "3060 Dual Carbon" policy, and a target timeline extending to 2060. This target applies to the Group's overall operations, including energy use in office and production premises, refrigerant management, and business travel. The Group continues to promote measures such as replacing refrigerants with energy-saving and environmentally friendly alternatives, optimising air conditioning and site temperature/humidity management, and encouraging video conferencing to reduce business travel carbon emissions, while continuously reviewing the effectiveness of these emission reduction efforts.

- 1 The calculation method for emission data from boilers and cooking natural gas (Scope 1) and industrial steam usage (Scope 2) references the "Guidelines for Corporate Greenhouse Gas Emissions Accounting and Reporting for Other Industrial Sectors (Trial)" issued by the National Development and Reform Commission of the People's Republic of China. The calculation of greenhouse gas emissions from automobiles (Scope 1) references the "Guidelines for Corporate Greenhouse Gas Emissions Accounting and Reporting for Land Transportation Enterprises (Trial)". Data for refrigerants (Scope 1) is calculated with reference to the IPCC AR6 report. Scope 2 emissions are calculated using the location-based method. The calculation method for greenhouse gas emissions from electricity consumption in 2025 and the relevant emission factors refer to the national average grid emission factor specified in the "Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors" jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics: 0.5306 t CO₂/kWh.
- 2 The increase in greenhouse gas emissions in 2025 is mainly attributable to the increase in purchased steam from operations, leading to higher Scope 2 emissions.
- 3 Pursuant to the HKEX ESG Code and relevant implementation guidance, an issuer may make disclosures using reasonable and supportable information that is available at the reporting date without undue cost or effort.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

During the Reporting Period, the Group has not yet established specific quantitative climate-related targets, primarily because the relevant data foundation, measurement methods, and internal management mechanisms are still being gradually improved. Currently, the Group is advancing climate-related management work in a qualitative manner. As qualitative targets do not involve quantitative metrics, such targets themselves are not subject to independent assurance.

In the future, the Group will continuously improve the collection and management of greenhouse gas emissions data, gradually establish comparable and traceable baseline data, and based on this, assess and formulate specific and measurable quantitative climate-related targets. This will enable more effective monitoring and management of carbon emissions from its own operations and value chain, continuously promoting carbon reduction efforts.

7.6 Water Resources Management

Luye Pharma places great emphasis on the sustainable use of water resources and has established a comprehensive water usage monitoring and management system. Our operational water usage is primarily categorized into two types: industrial water directly used in pharmaceutical production processes and facility operations, and domestic water utilized for daily cleaning and staff catering purposes. All water we utilized came from the local municipal water supply system, and during the Reporting Period, we did not encounter any material restrictions or risks when obtaining water sources.

Water Saving Measures

At the institutional level, the Group strictly implements the *Energy and Resource Efficiency Management Policy*, establishing water resource monitoring mechanisms at all production bases to continuously track and analyze water usage, thereby improving overall water efficiency. At the implementation level, each production unit formulates specific water conservation targets and quantifiable metrics based on annual operational plans, accompanied by corresponding water usage budgets and implementation plans, ensuring the effective implementation of water conservation measures.

In terms of specific water-saving measures, the Group continues to promote refined water management in its production and support facilities. While complying with drug quality and GMP requirements, it has optimized the cleaning water processes for some production equipment, using segmented cleaning and reasonable control of cleaning frequency to reduce water consumption per unit of product. Water usage in utility systems is strengthened, for example, by optimising the operating parameters of cooling water and recirculating water systems to improve water reuse efficiency while ensuring stable equipment operation.

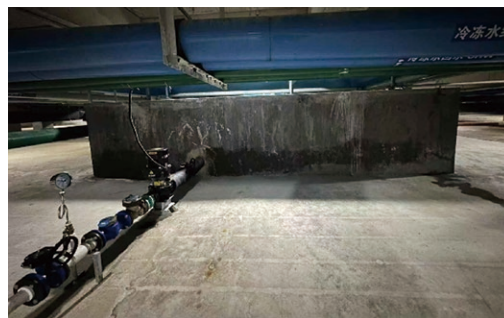
In terms of daily inspection and maintenance, the Group strengthens the inspection and maintenance of water facilities, promptly identifying and addressing leaks and other issues to reduce unnecessary water loss. In office and living areas, water-saving fixtures are gradually promoted, and employee awareness of water conservation is enhanced through advocacy and training, integrating water-saving measures into daily operations management.

On this basis, we have established assessment and incentive mechanisms to ensure all departments effectively implement water usage policies and actively execute water conservation measures.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

Case: Reclaimed Water Utilization at Luye Pharma (Shandong Base)

At the Shandong Production Base, the Industrial Park's Engineering Department used reclaimed water from the microsphere Workshop 5's reclaimed water tank to replace tap water as a source for toilet flushing and cooling tower make-up water, saving a total of 3,200 tons of tap water.



Sewage Management

The Group attaches great importance to the proper management of industrial wastewater generated during the pharmaceutical production process and strictly abides by relevant laws and regulations. To this end, the Group has formulated and implemented internal management documents such as the *Strategies for Prevention and Control of Water Pollution* and the *Wastewater Discharge Management System*, which clearly stipulate the standard procedures and regulatory requirements for wastewater treatment.

These systems cover the whole process management from wastewater generation, classified collection, treatment, to final discharge, ensuring that every link is effectively controlled. During the Reporting Period, the Group's wastewater discharge has met the relevant legal standards, and no discharge exceeding the limits has occurred.

Sewage Treatment Process

The Group implements full-process control over the sewage treatment process through institutionalized and standardized management. The relevant systems explicitly stipulate that all wastewater generated from production and operations must be treated by the Company's wastewater treatment facilities and can only be discharged after the treatment effect meets the relevant national and local discharge standards. Any form of illegal discharge is strictly prohibited. The wastewater discharge standards are implemented mainly in accordance with the Water Quality Standard for Sewage Discharged into Town Sewers (GB/T 31962-2015) and the Comprehensive Sewage Discharge Standard (GB 8978-1996).

In terms of monitoring and compliance, the Group has engaged qualified third-party environmental monitoring institutions to regularly sample and analyze the wastewater at the discharge outlets to ensure that the discharged water quality consistently meets regulatory requirements.

To further ensure the safety and stability of the sewage treatment system, the Group coordinates with all production bases to formulate comprehensive sewage treatment emergency plans based on actual operational conditions, ensuring prompt activation of response mechanisms in case of emergencies and effective control of potential environmental risks. Taking Beijing WPU as an example, it strictly implements the *Emergency Plan for Treatment of Sewage Accidents*, which clearly specifies the emergency response at the initial stage of the accident, hierarchical notification procedures, and subsequent system repair and environmental monitoring requirements.

7. GREEN MANUFACTURING AND ENVIRONMENTAL SYNERGY (CONTINUED)

In terms of daily management, Beijing WPU periodically entrusts a third-party testing institution with professional qualifications to conduct comprehensive testing and evaluation of its sewage treatment facilities every six months, while implementing continuous monitoring of the discharged water quality to ensure that all indicators consistently meet the requirements of relevant environmental regulations over the long term.

7.7 Engagement in Environmental Activities

Luye Pharma aims to become a benchmark enterprise in terms of environmental protection by deeply embedding the concept of environmental protection into every aspect of its corporate culture and daily operations. The Group is well aware that employee engagement is key to implementing environmental policies effectively, so it continues to ensure that all employees fully understand and faithfully execute various environmental measures through ongoing training and advocacy.

During the Reporting Period, the Group organized a variety of environmental protection themed activities, further enhancing employees' environmental awareness and promoting the development of green behaviors and good habits. In the meantime, the Group actively collaborated with external institutions such as government departments, partner universities, industry associations, and environmental organizations to jointly promote green environmental practices and foster sustainable development.

Case: Luye Pharma (Shandong Base) 2025 Employee Low-Carbon Commuting

In 2025, the Shandong Production Base organized a walking activity for its employees, taking practical actions to practice the concept of health, embracing a low-carbon lifestyle, and measuring autumn with their footsteps.



8. PEOPLE-ORIENTED AND VALUE CO-CREATION

Material issue(s) in this section

- Occupational health and safety system training
- Employee salary and benefits
- Employee training and career development

The Group adheres to the philosophy of “People-Oriented and Value Co-creation”, regarding talents as its core asset and upholding the original intention of “achieving employee success”. Through a systematic talent cultivation mechanism, a competitive remuneration and welfare system, comprehensive occupational health and safety protection, flexible work arrangements, and smooth two-way communication mechanisms, it supports employee growth and work-life balance while cultivating an excellent corporate culture. At the same time, it actively fulfills its social responsibilities, contributes to and gives back to society, achieving synergistic development among the enterprise, employees, and society, thereby solidifying the talent and social foundation for the Group’s long-term development.

8.1 Employment Management

The Group has established a scientific and robust employee management system. While strictly adhering to labor laws and regulations relevant to the Company’s operations and development, it continuously attracts and cultivates outstanding professional talents from both domestic and international markets through a systematic talent management mechanism, aiming to build a high-performance team with high execution and cohesion. The Group is committed to creating an open, inclusive, and innovative collaborative work environment, encouraging employees to fully leverage their strengths and potential, stimulating team creativity, and promoting mutual growth between employees and the enterprise. The Group’s employee management system mainly focuses on the following core elements:

Recruitment, dismissal and promotion

Recruitment

The Group strictly abides by employment-related laws and regulations that have a significant impact on its operations, including the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China*, the *Employment Promotion Law of the People’s Republic of China*, and the *Contract Law of the People’s Republic of China*, etc. It has also formulated the *Management Regulations on Internal Recruitment and Selection of Luye Pharma Group* to standardize the recruitment process, ensuring fairness, justice, and order in recruitment activities.

Equal opportunity, diversity and anti-discrimination

In all aspects including recruitment, career development, promotion, training and rewards, the Group adheres to the principles of equal opportunity and diversity and inclusion. It does not discriminate against any employee or job applicant based on skin color, nationality, race, age, gender, religious belief or physical condition. The Group is committed to providing a harmonious, diverse and friendly work environment, encouraging employees to leverage their strengths and achieve common development for both individuals and teams.

Dismissal

The Group manages labor relations in accordance with the law. Should an employee fail to pass the probationary period, or commit serious violations of discipline or dereliction of duty that results in significant losses or major accidents to the Company, the Group will terminate the labor contract according to the law and follow the relevant notification and compensation procedures pursuant to applicable laws and regulations, safeguarding the legitimate rights and interests of both the employer and the employee.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

Labor standards

Regulations on strictly prohibiting child and forced labor

When formulating and implementing its recruitment policies, Luye Pharma strictly adheres to relevant laws and regulations such as the *Regulations on the Prohibition of Child Labor*. During the recruitment and hiring process, it legally verifies the identity documents of applicants to confirm their age and personal information, eliminating the possibility of employing child labor at the system and process levels.

In addition, the Group firmly opposes any form of forced labor, ensuring that employees provide labor services on a voluntary basis. Overtime arrangements follow the principles of voluntariness and compliance. If employees have a need for overtime work, they must submit an application to their direct supervisor and obtain approval in advance. During the Reporting Period, the Group did not encounter any instances involving child or forced labor.

In case of any violation of relevant regulations, the Group will take serious action in accordance with internal management systems and applicable laws and regulations, and conduct investigations and rectifications in the relevant departments to protect the legitimate rights and interests of employees.

Remuneration and promotion management

Remuneration management

Luye Pharma is committed to providing a market-competitive remuneration and benefits system. The Group regularly participates in the annual salary survey of the domestic pharmaceutical industry conducted by a globally renowned remuneration research firm to gain a comprehensive understanding of industry remuneration levels, structures, and development trends. Based on the Group's development strategy and business needs, we formulate an overall remuneration strategy annually to attract, motivate, and retain outstanding talents.

In terms of remuneration structure design, the Group has established a performance-oriented assessment and evaluation system that helps determine employees' remuneration levels reasonably by taking into account factors such as market remuneration levels, job responsibilities, and employee performance, ensuring the fairness and incentive nature of remuneration distribution.

Promotion management

The Group provides transparent and standardized promotion opportunities for employees based on established human resources policies and promotion mechanisms, combined with employee performance appraisal results and business operation needs. The Group prioritizes internal selection of outstanding employees with development potential, assigning them to more important and suitable positions to stimulate their work motivation, support their career development, and promote the continuous growth of the organization.

Working hours and leaves

Working hours

Our standard workweek consists of 40 hours, with Saturdays and Sundays as rest days. If employees need to work overtime due to special reasons, they must fill out an Overtime Application Form and obtain approval from their department manager before working overtime, thereby eliminating the possibility of forced labor.

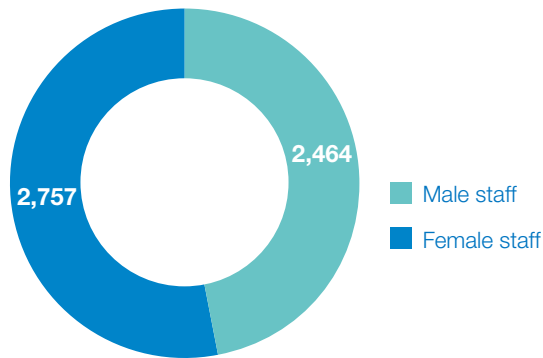
Leave

Employees of Luye Pharma are entitled to various public holidays and leaves, such as paid annual leave, marriage leave, maternity leave and sick leave, ensuring their right to adequate rest.

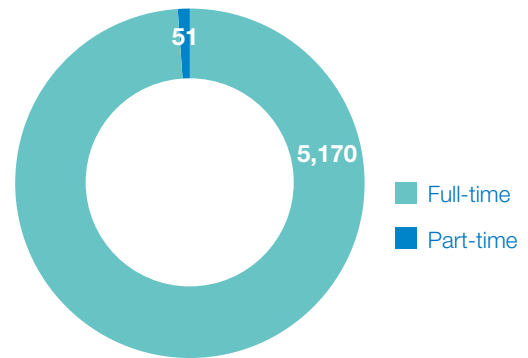
8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

During the Year, Luye Pharma has complied with applicable laws and regulations regarding remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that have a significant impact on the Group. During the Year, Luye Pharma had a total of 5,221 employees. The number of employees by gender, employment type, age group and region is as follows:

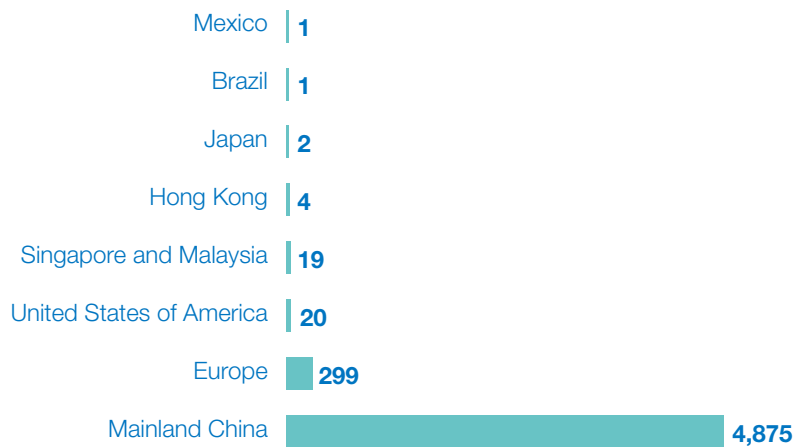
Number of employees (by gender)



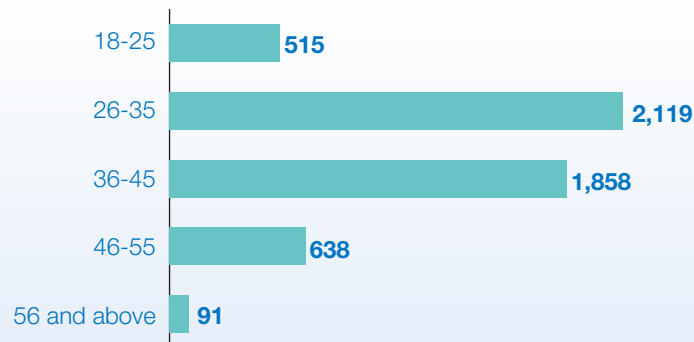
Number of employees (by employment type)



Number of employees (by region)

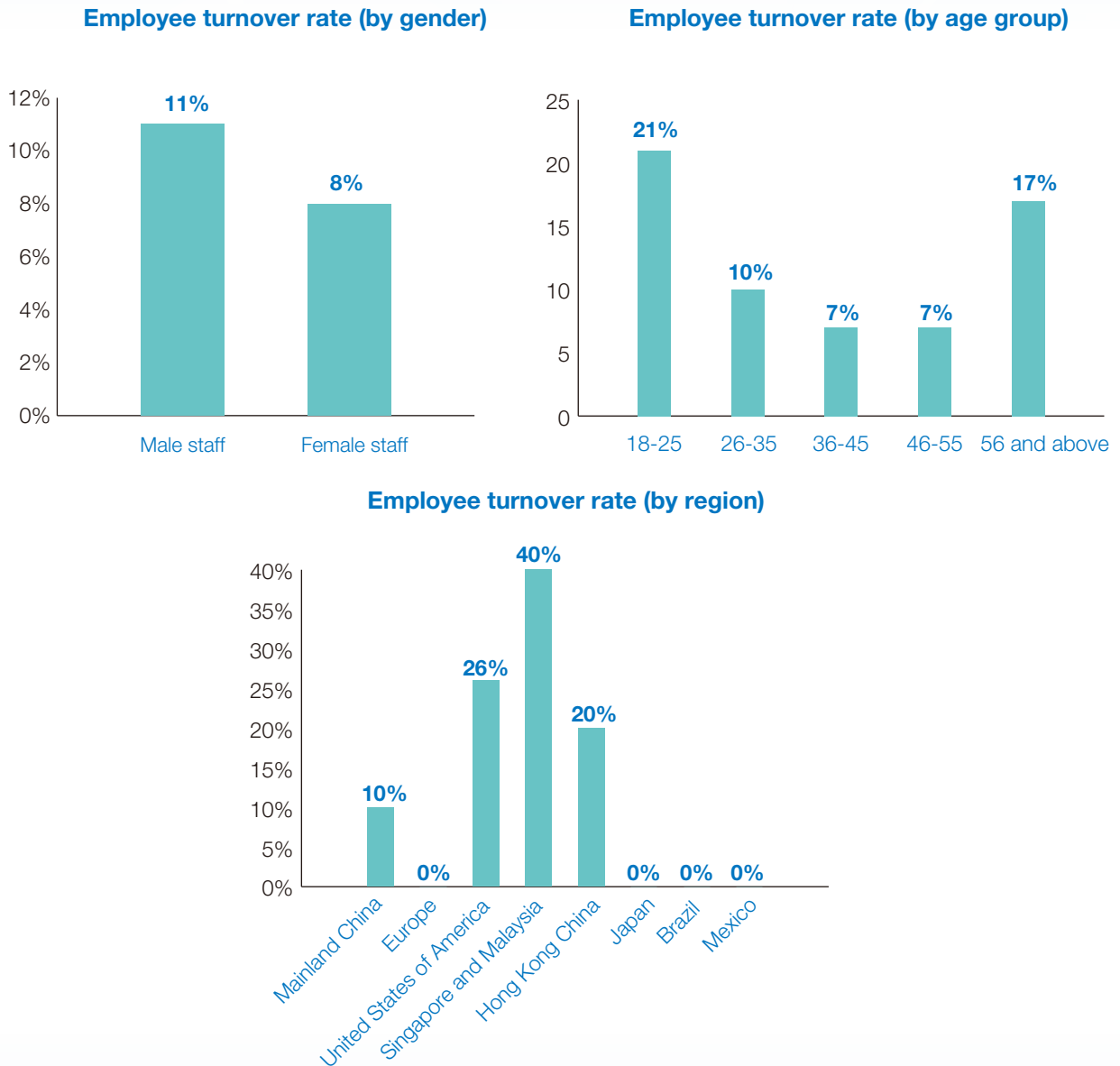


Number of employees (by age group)



8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

The employee turnover rate of Luye Pharma by gender, age group and region during the Year⁴ is as follows:



⁴ The employee turnover rate is calculated as: Number of employee departures in that category/Total number of employees in that category x 100%.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

8.2 Occupational Health and Safety

Luye Pharma places high importance on employee well-being, continuously reviewing and improving its Environment, Health and Safety (EHS) management system, and constantly enhancing the level of employee health protection and safe production conditions. During the Reporting Period, the Group strictly adhered to applicable occupational health and safety laws and regulations, fully implemented internal management systems and risk prevention and control measures, ensuring that safety production standards were effectively implemented across all operational links.

During the Year, the Group did not experience any major safety accidents or work-related fatalities. The total number of lost days due to work injury was 293.5. Additionally, the Group did not receive any regulatory sanctions or legal proceedings related to violations of occupational health and safety regulations, maintaining stable and good overall occupational health and safety performance.

Occupational health and safety related laws and regulations abided by Luye Pharma which have a significant impact on it (including but not limited to)

- **Production Safety Law of the People's Republic of China**
- **Fire Protection Law of the People's Republic of China**
- **Law of the People's Republic of China on the Prevention and Control of Occupational Diseases**
- **Regulations on the Safety Management of Hazardous Chemicals**
- **Emergency Regulations on Production Safety Accidents**

Internal policies of Luye Pharma (including but not limited to)

- **Production Safety Inspection System**
- **Administration Procedure of Personal Labor Protection Articles**
- **Occupational Health and Monitoring Management System**
- **Mechanical Protection Safety Procedure**
- **Fire Management System**
- **Emergency Plan for Production Safety Accidents**
- **Special Equipment Operation Personnel Management System**
- **Accidents and Hazards Screening and Governance System**
- **Management and Control System of Safety Risk Classification**
- **Occupational Disease Hazard Alert and Report System**

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

The Group has established an occupational safety management system that complies with international standards, and several of its production bases have successfully obtained the ISO45001:2018 certification for occupational health and safety management system, fully demonstrating our professional commitment and excellent practices in the field of workplace safety and health protection.

ISO45001 Occupational Health and Safety Management System Certification



Beijing WPU
ISO45001:2018



Luye Pharma (Shandong Base)
ISO45001:2018



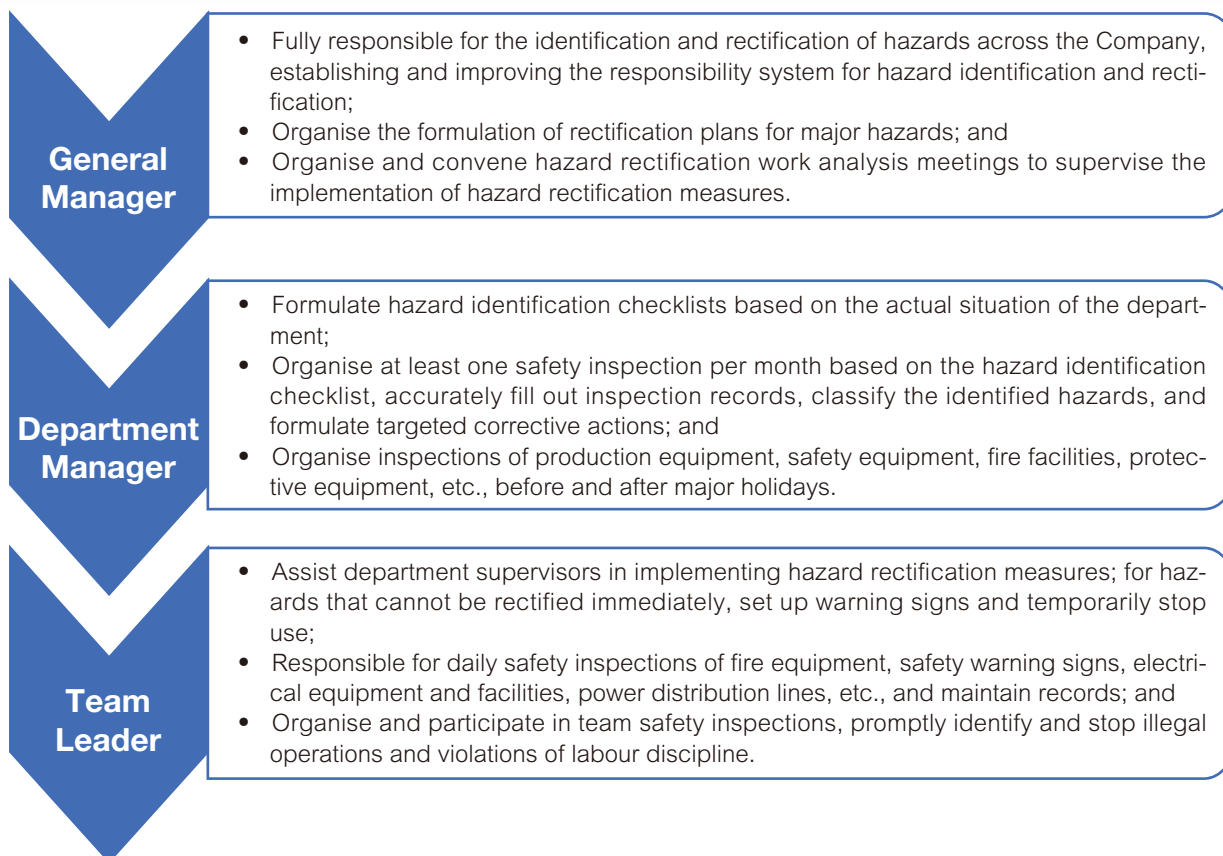
Luye Pharma (Nanjing Base)
ISO14001:2018

Hazard identification and rectification system

In addition, each production base has gradually established and improved safety hazard identification and rectification systems with reference to the relevant certification requirements of the occupational health and safety management system, while clarifying the safety responsibilities and corresponding authorities of each position. During the system development and implementation process, the Group strictly references relevant national laws and regulations and the headquarters' safety management rules to ensure each system has good compliance, rationality, and enforceability. Meanwhile, the Group has established a systematic mechanism for the identification and rectification of potential safety hazards, clearly defining the cycle, scope, content, and responsible entities for hazard identification, ensuring that potential safety risks can be promptly identified, rectified, and followed up, continuously improving the safety management level of production and operation activities.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

Taking Luye Pharma (Shandong Base) as an example, the Company made clear the following functions in respect of safety hazard screening and governance:



Emergency management system

We have also created a safe and healthy working environment for employees through a comprehensive emergency management system and an occupational health and safety system. The Group strictly complies with laws and regulations such as the *Emergency Response Law of the People's Republic of China*, the *Emergency Regulations on Production Safety Accidents*, and the *Measures for the Administration of Emergency Plans for Production Safety Accidents in Production and Business Units*, and has formulated and implemented a comprehensive *Emergency Plan for Production Safety Accidents*, providing institutional safeguards for responding to various emergencies.

Besides establishing a robust emergency plan system, the Group also regularly organizes emergency drills and related training, continuously enhancing employees' capabilities to respond to emergencies, and through drill summaries and optimization, continuously improves the relevance, practicality, and operability of the emergency plans.

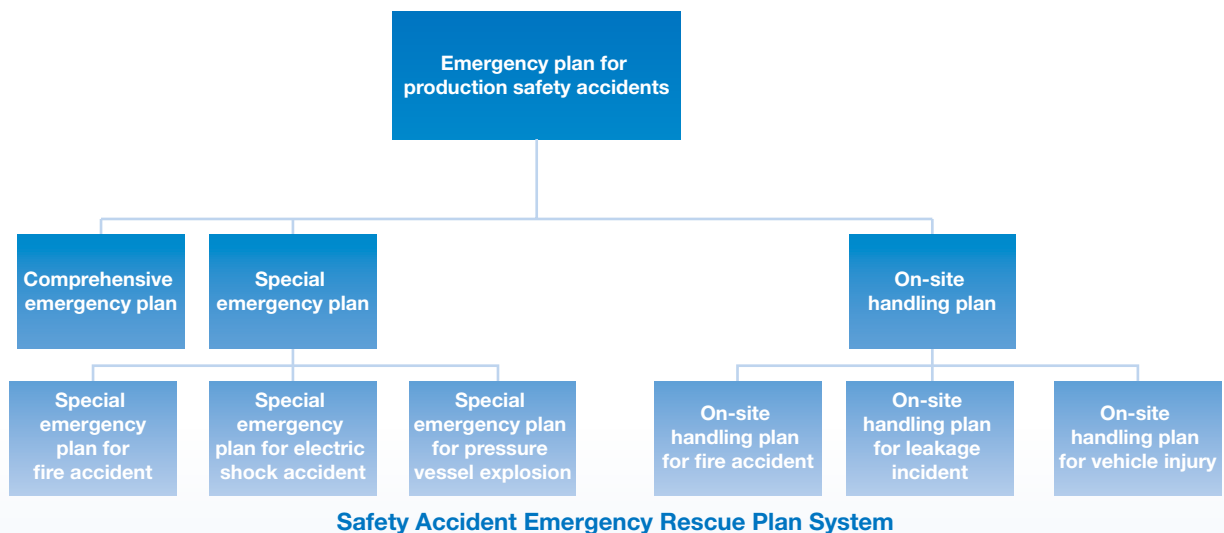
8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

Case: Emergency Drill for Hazardous Chemical and Confined Space Accidents at Luye Pharma (Shandong Base)

On 20 June 2025, the Shandong Production Base organized its annual comprehensive emergency plan drill for hazardous chemicals and confined spaces. The drill simulated the handling of hazardous chemical leakage and combustion, as well as confined space incidents, testing emergency response and rescue capabilities throughout the entire process. During the drill, all rescue teams demonstrated orderly coordination and rapid response, effectively verifying the practicality and operability of the emergency plan. This practice further enhanced the Company's emergency management level for accidents and provided strong support for safe production.



To ensure the effectiveness and standardization of emergency response, the Company has established a three-level emergency plan system consisting of a comprehensive emergency plan, special emergency plans, and on-site disposal plans. Among them, the comprehensive emergency plan serves as the overall guideline, providing unified guidance for emergency management work; special emergency plans target specific types of emergencies, clarifying detailed emergency response procedures and measures; on-site disposal plans are formulated by each department based on their actual business characteristics to ensure rapid and orderly on-site emergency response in the event of an accident.



Occupational safety management system

The Group has formulated and implemented the *Emergency Rescue and Management System for Occupational Disease Hazards* and the *Handling and Reporting System for Occupational Disease Hazard Accidents*, clarifying the emergency response procedures and hierarchical reporting mechanisms for occupational disease hazard accidents. In the event of an employee injury or related emergency, the Group will immediately activate the corresponding emergency plan, provide timely and necessary medical treatment to the injured, minimize the impact of the accident, and provide corresponding care and support to the affected employees.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

Case: Offline Occupational Health and Safety Training at Beijing WPU

From 11 to 24 September 2025, Beijing WPU organized a 13-day special training activity on occupational health and safety. This training covered all employees of the Group, aiming to comprehensively enhance their awareness of occupational health and safety and their safety operation skills.



8.3 Talent Training

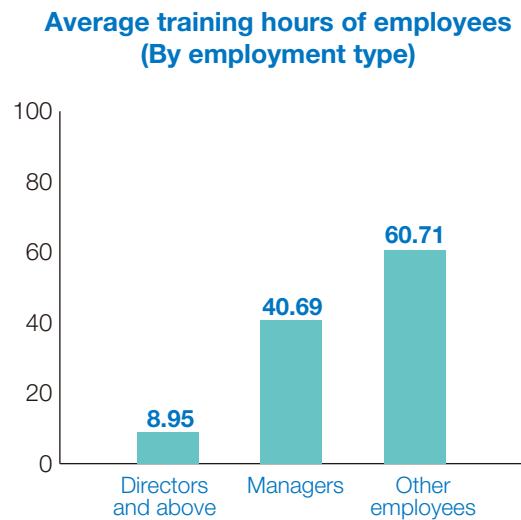
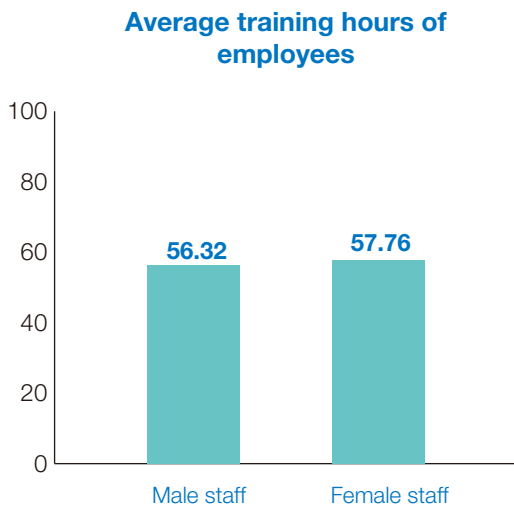
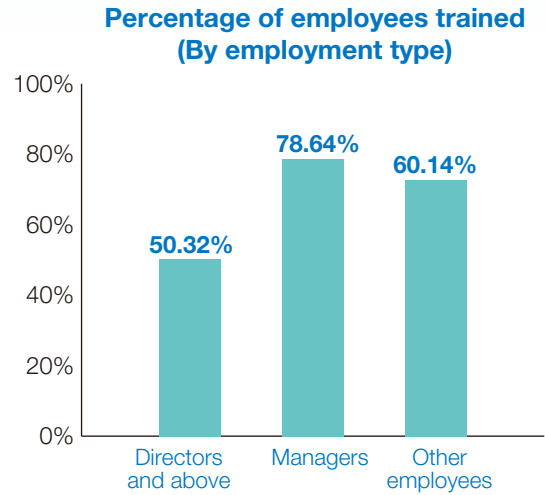
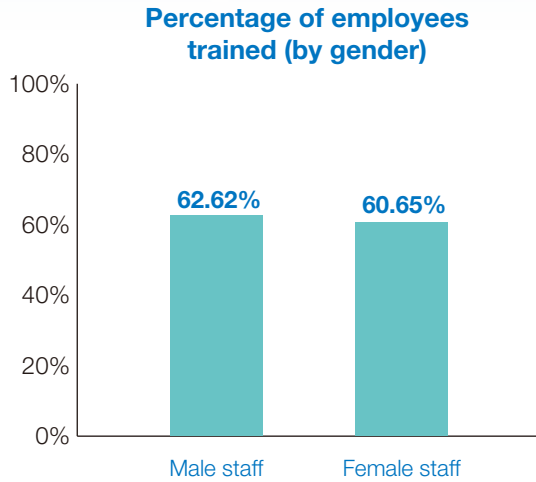
The Group firmly believes that talents are the core driving force for corporate innovation and long-term development, and is committed to providing employees with diversified growth platforms and clear career development paths to achieve mutual growth for both the enterprise and its employees. The Group continuously improves its talent development system and supports employees' continuous enhancement of professional skills and overall competence through diversified training mechanisms.

In terms of training system construction, the Group takes "Evergreen Academy" as its core platform, integrating high-quality internal and external resources, and designs layered and categorized training courses based on different ranks and job requirements, covering topics such as management capabilities, team communication, and project management. To ensure training effectiveness, the Group has established standardized training planning and management processes, with the Human Resources Department and QA conducting regular training reviews and summaries to ensure the effective implementation of the annual training plan.

At the same time, the Group actively supports employees' participation in external professional development and has formulated the *Regulations on the Management of External Training Programs of Luye Pharma Group*, which clearly specifies the selection criteria, financial support, and approval process for external training. Through a training model that combines internal and external resources, the Group continuously broadens employees' professional horizons and injects sustained innovative momentum into the organization.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

During the Year, the employee training data of Luye Pharma⁵ is as follows:



⁵ The percentage of employees trained by relevant category is calculated as: Number of trained employees in that category / Total number of trained employees. The average training hours completed per employee by relevant category is calculated as: Total training hours of employees in that category / Total number of employees in that category.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

At the subsidiary level, different production units have also formulated systems such as the *Mentor Management System of Luye Life Sciences Group* and the *Company-Level Training Plan* based on the Group's talent development strategy and the needs of specific business areas, clearly guiding the work related to employee training:

Mentor Management System of Luye Life Sciences Group

- Arrange the management and senior employees to provide guidance to new employees, including career planning and job skill development;
- Aim to help new employees form correct work values and attitudes, while also addressing workplace challenges and clarifying career development paths through experience sharing by mentors.

Company-Level Training Plan

- Have the Human Resources Department conduct research based on the needs of each department and formulate the Company's annual training plan, including training time, training contents, training targets, instructors, class hours, etc;
- Have the Human Resources Department be responsible for establishing corporate training records and individual employee training archives, as well as summarising and managing various training records;
- List the forms of training assessments, scoring standards and detailed schedules, arrange assessment sessions for trainees as needed to enhance their understanding of the training contents, and evaluate whether the training courses effectively achieve the training objectives.

During the Year, we organized a variety of employee training activities, including:

Training courses uniformly organized by the Group

Internal Open Courses

- Provided open onboarding training for new employees (including corporate culture presentations, performance management, etc.), with a total of 240 participants.
- Provided centralized onboarding training and open courses for comprehensive skill enhancement for fresh graduates, with a total of 30 participants.
- Provided open courses on logic and expression training, high-performance habit cultivation, etc., for front-line employees and junior managers, with a total of 170 participants.
- Provided training activities such as high-performance management personnel training camps, management empowerment platform courses, and themed workshops on the Code of Conduct of Luye Life Sciences Group for newly promoted supervisors and managers at all levels, with a total of 240 participants.

Business-customized Training Programs

- Invited internal and external instructors to conduct business-customized training, covering themes such as work reviews, cross-departmental communication, project management, and grassroots organizational capacity building, to meet the career development needs of personnel in different business departments, with a total of 106 participants.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

Training activities on drug quality management, safety production and other themes as arranged independently by various business departments

GMP Quality Management System Training

- Provided systematic professional skills training, as well as GMP and pharmaceutical-related laws and regulations training for all employees according to the Skills, Training and Awareness Enhancement Procedures, ensuring employees possess the professional knowledge and compliance awareness necessary for their duties.
- Assigned each production base to independently plan and implement diversified quality management training activities based on actual operational needs, continuously improving drug quality management standards and production compliance capabilities.

EHS Training

- New employees were required to undergo three-level EHS training to systematically learn about national and local government laws, regulations and standards related to safety production, internal corporate rules and regulations, workplace hazard factors, as well as safety production requirements and responsibilities for different positions.
- For the introduction of new processes, technologies, materials, and equipment, the Group arranges corresponding EHS risk training to ensure employees can fully identify and control potential safety risks.
- Emergency drills were conducted regularly according to the Emergency Preparedness and Response Procedures to enhance employees' emergency response capabilities and practical operation skills.



8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

8.4 Caring about the Employees

The Group has always regarded the well-being of its employees as an important cornerstone of corporate sustainable development. On the basis of fully implementing various national labor security systems, the Group has established and continuously improves its employee care system, striving to create a healthy, harmonious, and supportive working environment.

In terms of welfare protection, the Group strictly pays social insurance and housing provident fund for employees in accordance with the law, and provides supplementary welfare arrangements with market competitiveness based on its own operating conditions, further enhancing employees' quality of life and workplace protection. These measures fully demonstrate the Group's emphasis on employees' physical and mental health and job stability, and also provide strong support for employees to work with peace of mind.

Besides the basic benefits stipulated by the State, Luye Pharma also enhances the overall well-being of its employees through diversified welfare and benefit arrangements, including but not limited to:

Holiday benefits	During some traditional holidays, we distribute employees with certain holiday benefits, including for the Spring Festival, Women's Day, Mid-Autumn Festival, Children's Day, etc.;
Commercial insurance	This includes hospitalization and outpatient medical insurance, 24-hour personal accident insurance, and critical illness insurance to strengthen health protection for employees;
Annual health check-up	We organize an annual health check-up for employees and establish health records for them accordingly;
Employee mutual aid program	We establish an employee mutual aid fund. In the event of various accidents and major family difficulties, employees will not only receive assistance from statutory welfare and commercial insurance, but also receive certain assistance from the mutual aid fund to help them and their families overcome difficulties;
Wedding cash gift	We prepare wedding cash gift for employees getting married for the first time;
Excellence recognition	We hold annual recognition ceremonies at the group and subsidiary levels every year to reward outstanding employees and teams. Under the ICV program incentive system, there are year-end reward funds and real-time reward funds to encourage employees to actively participate in innovative practice programs;

The Group pays close attention to the physical and mental health of its employees, regularly organising team sports, health lectures and other activities to help employees strengthen their physique and relieve stress. At the same time, through activities such as Family Day, it promotes interaction between employees and their families, creating a warm and harmonious work atmosphere. In the future, Luye Pharma will continue to improve its employee care system to support employees in achieving their personal value and career development goals.

8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

Case: Themed Event on Celebrating the 31st Anniversary

In June 2025, the Group organized a variety of colorful and rich employee activities across various regions to jointly celebrate the 31st anniversary of the Group, conveying a love for a better life, and cheering for Luye's 31st birthday together.



Case: 2025 Shandong Luye Fun Sports Day



On 8 May 2025, the Shandong Luye Pharmaceutical "Run around Factory" was enthusiastically launched at the industrial park plant area. Everyone wrote a wonderful chapter belonging to Luye people with sweat and laughter, simultaneously presenting a gift for the upcoming 31st anniversary of Luye Life Sciences Group.

Case: Family Open Day Activity

In July 2025, the R&D Center under the Group held the "National Key Laboratory of Advanced Drug Delivery Systems Open Day" activity, inviting little Luye successors to enter the Drug Research and Development Laboratory to explore the journey and mysteries of drug creation together.



8. PEOPLE-ORIENTED AND VALUE CO-CREATION (CONTINUED)

8.5 Contribution to the Society

While pursuing operational excellence, Luye Pharma has consistently upheld the philosophy of “From Society, For Society,” deeply embedding social responsibility fulfillment into its corporate development strategy. During the Reporting Period, the Group translated its commitment as a corporate citizen into concrete actions through a series of meaningful philanthropic initiatives with social value and long-term significance, focused on four key pillars: “Supporting scientific innovation, Promoting primary healthcare access, Assisting vulnerable communities and Environmental conservation”:

- Supporting the “Evidence-Based Scientific Research Fund for Natural Lipid-Regulating Drugs”
- Entered into Strategic Collaboration Agreement with Shanghai Mental Health Center
- 3.12 Arbor Day Initiatives

Moving forward, we will continue to deepen our social engagement and contribute Luye’s strength to building a healthier, more sustainable society through innovative philanthropic models.

Case: 15th Anniversary of Luye Pharma’s “Peking University Luye Biomedical Innovation Fund”

In 2010, Luye Pharma Group invested RMB10 million to establish the “Peking University Luye Biomedical Innovation Fund” at Peking University. The fund includes sub-programs such as the “Peking University Luye Outstanding Young Scholar Award Fund” and the “Peking University Health Science Center Luye Scholarship”, aiming to support and encourage young faculty and students who have made outstanding achievements in education, teaching, scientific research innovation, and social practice in the biomedical field. This initiative has now lasted for fifteen years.



In December 2025, Vice President Yang Liang presented scholarships to Peking University Health Science Center.

9. APPENDICES

9.1 Environmental and Social Performance Indicators Table⁶

	Data for 2025	Data for 2024	Data for 2023	Measurement unit
Resource consumption^{7, 8}				
Direct energy consumption in total	35,897.36	40,779.78	42,118.90	'000 kWh
Direct energy consumption intensity	0.06	0.07	0.069	'000 kWh/income of RMB10,000
Indirect energy consumption in total	143,377.81	118,564.68	129,279.88	'000 kWh
Indirect energy consumption intensity	0.23	0.20	0.21	'000 kWh/income of RMB10,000
Total electricity consumption	74,632,092.95	75,438,301.32	81,765,161.14	kWh
Intensity of electricity consumption	118.31	124.46	133.10	kWh/income of RMB10,000
Total natural gas consumption (stationary sources)	3,298,670.00	3,683,299.00	3,831,270.00	Cubic meters
Intensity of natural gas consumption (stationary sources)	5.23	6.08	6.24	Cubic meters/income of RMB10,000
Total natural gas consumption (cooking)	573.39	66,660.17	41,520.4	Cubic meters
Intensity of natural gas consumption (cooking)	0.0010	0.110	0.067	Cubic meters/income of RMB10,000
Total industrial steam consumption	247,484.37	155,254.83	171,052.86	MKJ
Intensity of industrial steam consumption	0.39	0.26	0.28	MKJ/income of RMB10,000
Total gasoline consumption (by automobiles)	19,536.00	20,768.00	21,693.00	Liters
Intensity of gasoline consumption (by automobiles)	3,256.00	2,966.86	2,410.33	Liters/per gasoline powered automobile
Total diesel consumption (by automobiles)	3,764.00	3,813.00	4,048.00	Liters
Intensity of diesel consumption (by automobiles)	3,764.00	3,813.00	4,048.00	Liters/per diesel powered automobile
Total water consumption	1,357,115.00	1,392,264.00	1,210,415.00	Cubic meters
Intensity of total water consumption	2.15	2.30	1,210.41	Cubic meters/income of RMB10,000
Total packaging materials consumption	1,858.61	1,616.35	1,578.31	Tons
Intensity of packaging materials consumption	0.0029	0.0027	0.0026	Tons/income of RMB10,000
Emission of air pollutants by boilers				
NO _x emission	4,471.87	5,339.82	5,627.41	Kilograms
SO _x emission	44.16	29.57	29.15	Kilograms

⁶ The statistical scope for 2025 is consistent with that for 2024. The statistical scope for 2024 included Luye Pharma's headquarters, 4 production bases (including Nanjing Base, Beijing WPU, Sichuan Base, Shandong Base), and Boan Biotech.

⁷ Total energy consumption includes electricity, natural gas (stationary sources and cooking), industrial steam, gasoline, and diesel consumption. The conversion method references the "Guidelines for Corporate Greenhouse Gas Emissions Accounting and Reporting for Other Industrial Sectors (Trial)" issued by the National Development and Reform Commission of the People's Republic of China. Energy consumption in 2025 includes electricity, natural gas (stationary sources and domestic sources), industrial steam, gasoline, and diesel consumption.

⁸ The total income of Luye Pharma for the Year was RMB 630,837.40 x 10,000.

9. APPENDICES (CONTINUED)

	Data for 2025	Data for 2024	Data for 2023	Measurement unit
Emission of air pollutants from cooking				
NO _x emission	0.69	79.99	49.82	Kilograms
SO _x emission	0.00031	0.04	0.02	Kilograms
Particulate matter	0.06	7.33	4.57	Kilograms
Emission of air pollutants by automobiles⁹				
CO emission	190.66	195.76	212.31	Kilograms
NO _x emission	115.29	117.60	130.25	Kilograms
SO _x emission	0.35	0.37	0.39	Kilograms
PM2.5 emission	4.22	4.31	4.75	Kilograms
PM10 emission	4.64	4.74	5.23	Kilograms
Emission of greenhouse gas (Scope 1 and Scope 2)¹⁰				
Emission by use of boilers (Scope 1)	7,138.83	7,963.99	8,283.93	Tons
Emission by use of cooking (Scope 1)	1.24	144.13	89.77	Tons
Emission by automobiles (Scope 1)	54.83	57.764	60.523	Tons
Emission by refrigerants (Scope 1)	394.17	1,944.84	2,321.05	Tons
Emission by use of industrial steam (Scope 2)	27,223.28	17,078.03	18,815.81	Tons
Emission by electricity consumption (Scope 2)	39,599.79	40480.19	46,630.27	Tons
Greenhouse gas emission in total	74,412.14 ¹¹	67,668.95	76,201.35	Tons
Intensity of greenhouse gas emission in total	0.12	0.11	0.12	Tons/income of RMB10,000
Production waste water discharge				
Production waste water discharge	1,022,290.33	890,554.05	851,966.23	Tons
Intensity of production waste water discharge	1.62	1.47	1.39	Tons/income of RMB10,000

⁹ The calculation method for air pollutant emission data from automobiles owned and controlled by Luye Pharma references the "Technical Guide for Compiling Air Pollutant Emission Lists for On-road Motor Vehicles (Trial)" issued by the Ministry of Ecology and Environment of the People's Republic of China.

¹⁰ The calculation method for emission data from boilers and cooking natural gas (Scope 1) and industrial steam usage (Scope 2) references the "Guidelines for Corporate Greenhouse Gas Emissions Accounting and Reporting for Other Industrial Sectors (Trial)" issued by the National Development and Reform Commission of the People's Republic of China. The calculation of greenhouse gas emissions from automobiles (Scope 1) references the "Guidelines for Corporate Greenhouse Gas Emissions Accounting and Reporting for Land Transportation Enterprises (Trial)". Data for refrigerants (Scope 1) is calculated with reference to the IPCC AR6 report. Scope 2 emissions are calculated using the location-based method. The calculation method for greenhouse gas emissions from electricity consumption in 2025 and the relevant emission factors refer to the national average grid emission factor specified in the "Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors" jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics: 0.5306t CO₂/kWh.

¹¹ The increase in greenhouse gas emissions in 2025 is mainly attributable to the increase in purchased steam from operations, leading to higher Scope 2 emissions.

9. APPENDICES (CONTINUED)

	Data for 2025	Data for 2024	Data for 2023	Measurement unit
Non-hazardous waste produced¹²				
Medicine dregs produced	180.348	528.76	392.64	Tons
Medicine dregs recycled	17.0883	65.46	13.12	Tons
Packaging materials waste produced	3.66	3.6	12.30	Tons
Packaging materials waste recycled	56.50117	62.08	42.50	Tons
Total non-hazardous waste produced ¹³	187.67	535.81	404.94	Tons
Total non-hazardous waste recycled	158.09006	222.52	144.29	Tons
Total intensity of non-hazardous waste produced	0.00030	0.00088	0.00067	Tons/income of RMB10,000
Hazardous waste produced (at production bases)¹⁴				
Medical waste produced	9.3596	7.65	6.30	Tons
Organic waste liquid produced	1,144.638	1,021.94	1,261.64	Tons
Organic resin waste produced	0	0	0	Tons
Waste activated carbon produced	404.005	59.96	47.08	Tons
Reagent bottles, packaging materials waste produced	237.819	45.76	69.51	Tons
Pharmaceutical waste produced	38.42	34.31	40.20	Tons
Waste mineral oil and lubricant oil produced	38.4208	0.80	0.71	Tons
Waste containers produced	0.622	29.39	15.40	Tons
Laboratory wastes produced	25.967	10.64	14.10	Tons
Sludge produced	11.9295	778.56	110.13	Tons
Total hazardous waste produced (at production bases)	0	1,989.02	1,566.06	Tons
Total intensity of hazardous waste produced (at production bases)	0.0030	0.0033	0.0025	Tons/income of RMB10,000
Hazardous waste produced (at offices)¹⁵				
Waste toner cartridge produced	472	536	553	Units
Waste fluorescent tube produced	0	0	0	Units

¹² Non-hazardous waste production is measured as the volume of non-hazardous waste disposed of.

¹³ Categories of non-hazardous waste include: discarded packaging materials, medicine dregs, paper, strapping bands, glass, plastics, metal utensils, and general solid waste. The density for the Year is calculated as: Total non-hazardous waste produced / Total income of Luye Pharma for the Year.

¹⁴ Hazardous waste produced at production bases is measured as the volume of hazardous waste disposed of. Hazardous waste in 2025 includes: medical waste, organic waste liquid, waste organic resin, waste activated carbon, waste reagent bottles and packaging materials, pharmaceutical waste, waste mineral oil and lubricating oil, waste containers, laboratory waste, and sludge.

¹⁵ Hazardous waste produced at offices is measured as the volume of hazardous waste disposed of. Hazardous waste in 2025 includes: waste toner cartridges and waste fluorescent tubes.

9. APPENDICES (CONTINUED)

Employee Data

		Number of people	Turnover rate (%) ¹⁶
Total number of employees		5,221	
<i>By gender</i>	Male staff	2,464	11%
	Female staff	2,757	8%
<i>By employment type</i>	Full-time	5,170	/
	Part-time	51	/
<i>By type of employees</i>	Directors and above	155	/
	Managers	487	/
	Other employees	4,579	/
<i>By age</i>	18-25	515	21%
	26-35	2,119	10%
	36-45	1,858	7%
	46-55	638	7%
	56 and above	91	17%
<i>By region</i>	Mainland China	4,875	10%
	Europe	299	0%
	United States of America	20	26%
	Singapore and Malaysia	19	40%
	Hong Kong	4	20%
	Japan	2	0%
	Brazil	1	0%
	Mexico	1	0%

¹⁶ The employee turnover rate is calculated as: Number of employee departures in that category / Total number of employees in that category x 100%.

9. APPENDICES (CONTINUED)

Employee Training Data

		Percentage of employees trained ¹⁷	Average training hours completed per employee (hour/person) ¹⁸
<i>By gender</i>	Male staff	62.62%	56.32
	Female staff	60.65%	57.76
<i>By type of employees</i>	Directors and above	50.32%	8.95
	Managers	78.64%	40.69
	Other employees	60.14%	60.71

Work Injury Data

<i>Lost days due to work injury</i>		0	Days
<i>Death toll in 2025</i>	Staff	0	Number of people
	Contractor	0	Number of people
<i>Death toll in 2024</i>	Staff	0	Number of people
	Contractor	0	Number of people
<i>Death toll in 2023</i>	Staff	0	Number of people

Supplier Data

<i>Number of suppliers</i>	PRC	14,011	Units
	Foreign	491	Units

¹⁷ The percentage of employees trained by relevant category is calculated as: Number of trained employees in that category/Total number of trained employees.

¹⁸ The average training hours completed per employee by relevant category is calculated as: Total training hours of employees in that category/Total number of employees in that category.

9. APPENDICES (CONTINUED)

Product Recall Data

<i>Percentage of total products sold or shipped subject to recalls for safety and health reason</i>	0	Percentage
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Complaint Data

<i>Number of products and service related complaints received¹⁹</i>	52	Cases
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Anti-corruption Data

<i>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period</i>	0	Cases
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Community Service Data

<i>Utilised resources to the focus area</i>	334.9	RMB10,000
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¹⁹ All complaints received during the Year have been promptly responded to customers in accordance with the relevant complaint handling procedures.

9. APPENDICES (CONTINUED)

9.2 ESG Report Code Content Index

ESG Reporting Code		Reference to GRI Standard	Related sections in the Report
A. Environment			
Item	Descriptions		
Aspect 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 exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.		“Environmental Protection System” “Emissions Management”
Key Performance Index	A1.1	GRI 305: Emissions; GRI 306: Effluents and Wastes; GRI 307: Environmental Compliance	“Environmental Performance Table”
	A1.2		
	A1.3		“Environmental Performance Table”
	A1.4		“Environmental Performance Table”
	A1.5		“Environmental Goals and Management”
	A1.6		“Environmental Goals and Management”

9. APPENDICES (CONTINUED)

Aspect A2: Use of Resources			
General Disclosure		Policies on effective use of resources.	“Energy and Climate Change” “Water Resources Management”
Key Performance Index	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	“Environmental Performance Table”
	A2.2	Water consumption in total and intensity.	“Environmental Performance Table”
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	“Environmental Goals and Management”
	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.	“Environmental Goals and Management”
	A2.5	Total packaging material used for finished products and, with reference to per unit produced.	“Environmental Performance Table”
Aspect A3: Environment and Natural Resources			
General Disclosure		Policies on minimising the issuer’s material impact on the environment and natural resources.	“Green Manufacturing System for the Full Lifecycle”
Key Performance Index	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	“Green Manufacturing System for the Full Lifecycle”

9. APPENDICES (CONTINUED)

B. Social		Reference to GRI Standard	Related sections in the Report
Item	Descriptions		
Aspect 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 remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	GRI 401: Employment; GRI 405: Diversity and Equal Opportunity	“Employment Management” and “Caring about the Employees”
Key Performance Index	B1.1 Total workforce by gender, employment type, age group and geographical region.		“Employment Management” and “Social Performance Table”
	B1.2 Employee turnover rate by gender, age group and geographical region.		“Employment Management” and “Social Performance Table”
Aspect 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.	GRI 403: Occupational Health and Safety	“Occupational Health and Safety” and “Chemicals Management”
Key Performance Index	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		“Social Performance Table”
	B2.2 Lost days due to work injury.		“Social Performance Table”
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.		“Occupational Health and Safety” and “Chemicals Management”

9. APPENDICES (CONTINUED)

Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Talent Training"
Key Performance Index	B3.1	Percentage of employees trained by gender and employee type.	GRI 404: Training and Education
	B3.2	Average training hours completed per employee by gender and employee type.	
Aspect B4: Labor 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 labour or forced labour.	"Employment Management"
Key Performance Index	B4.1	Description of measures to review employment practices to avoid child and forced labor.	/
	B4.2	Description of steps taken to eliminate such practices when discovered.	

9. APPENDICES (CONTINUED)

Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain.	"Supply Chain Management"
Key Performance Index	B5.1	Number of suppliers by geographical region.	"Supply Chain Management" and "Social Performance Table"
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	"Supply Chain Management"
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	"Sustainable Supply Chain"
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	"Sustainable Supply Chain"
		GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment	

9. APPENDICES (CONTINUED)

Aspect 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 the health and safety of products and services provided, advertising, labelling, privacy matters, and methods of remedy.		“Promoting Innovation in R&D”, “Superior Quality Assurance” and “Ethical Marketing”
Key Performance Index	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reason.	GRI 416: Customer Health and Safety; GRI 417: Marketing and Labeling; GRI 418: Customer Privacy	“Superior Quality Assurance” and “Social Performance Table”
	B6.2	Number of products and service related complaints received, and how they are dealt with.		“Superior Quality Assurance” and “Social Performance Table”
	B6.3	Description of practices relating to observing and protecting intellectual property rights.		“Promoting Innovation in R&D”
	B6.4	Description of quality assurance process and recall procedures.		“Superior Quality Assurance”
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.		“Superior Quality Assurance”

9. APPENDICES (CONTINUED)

Aspect 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 the prevention of bribery, extortion, fraud and money laundering.	"Integrity and Compliance in Operations"
Key Performance Index	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	GRI 205: Anti-corruption "Social Performance Table"
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	"Integrity and Compliance in Operations"
	B7.3	Description of anti-corruption training provided to directors and staff.	"Integrity and Compliance in Operations"
Aspect 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.	GRI 201: Economic Performance "Contribution to the Society"
Key Performance Index	B8.1	Focus areas of contribution.	"Contribution to the Society"
	B8.2	Utilised resources to the focus area.	"Contribution to the Society" and "Social Performance Table"

9. APPENDICES (CONTINUED)

Part D: “Comply or Explain” Principles	
Climate-related Disclosures	
(I). Governance	
19 (a) Information on the governance body(ies) (which can include a board, committee or other equivalent governance body) or individual(s) responsible for overseeing climate-related risks and opportunities:	“Addressing Climate Change”
i) How the body or individual determines whether appropriate skills and competencies are available or will be available to oversee strategies that respond to climate-related risks and opportunities;	
ii) How and how often the body or individual is informed about climate-related risks and opportunities;	
iii) How the body or individual considers climate-related risks and opportunities when overseeing the issuer’s strategy, major transaction decisions, and risk management procedures and related policies, including whether the body or individual has considered trade-offs associated with such climate-related risks and opportunities;	
iv) How the body or individual oversees the setting of targets related to climate-related risks and opportunities and monitors progress towards those targets (see paragraphs 37 to 40), including whether and how related performance metrics are incorporated into the compensation policy (see paragraph 35);	
19 (b) Management’s role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities:	“Addressing Climate Change”
i) Whether that role is delegated to a specific management-level person or management-level committee and how that person or committee is overseen; and	
ii) Whether management uses controls and procedures to assist in overseeing climate-related risks and opportunities; if so, how those controls and procedures are integrated with other internal functions.	

9. APPENDICES (CONTINUED)

(II). Strategy			
Climate-related Risks and Opportunities			
20	(a)	Describe the climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, access to finance or cost of capital over the short, medium or long term;	"Addressing Climate Change"
20	(b)	For each climate-related risk the issuer has identified, explain whether the issuer considers the risk to be a climate-related physical risk or a climate-related transition risk;	
20	(c)	For each climate-related risk and opportunity the issuer has identified, specify the time horizon over which it could reasonably be expected to affect the issuer (short, medium or long term);	
20	(d)	Explain how the issuer defines short, medium and long term, and how these definitions are linked to its strategic planning horizon.	
Business Model and Value Chain			
21	(a)	Describe the current and expected impacts of climate-related risks and opportunities on the issuer's business model and value chain;	"Addressing Climate Change"
21	(b)	Describe where in the issuer's business model and value chain climate-related risks and opportunities are concentrated.	

9. APPENDICES (CONTINUED)

Strategy and Decision-making	
22 (a)	Information about how the issuer has and plans to address climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set, and any targets it is required to meet by law or regulation:
i)	Changes to the issuer's business model (including resource allocation) as a result of climate-related risks and opportunities, both currently and expected in the future;
ii)	Any adaptation or mitigation efforts (direct or indirect) that are underway or expected to be undertaken;
iii)	Any climate-related transition plan of the issuer (including information on key assumptions used in developing the transition plan, and the factors on which the plan depends), or an appropriate negative statement if the issuer does not have such a plan;
iv)	How the issuer plans to achieve any climate-related targets described in the "Climate-related Targets" paragraph (including any greenhouse gas emissions targets, if any); and
22 (b)	Information about how the issuer currently and plans to resource the actions disclosed in accordance with paragraph 22(a).
23	The issuer shall disclose the progress of the plans disclosed in accordance with paragraph 22(a) in previous Reporting Periods.
Financial Position, Financial Performance and Cash Flows	
Current Financial Impacts	
24 (a)	How climate-related risks and opportunities have affected the issuer's financial position, financial performance and cash flows during the Reporting Period;
24 (b)	When there is a significant risk that could result in a material adjustment to the carrying amounts of assets and liabilities in the related financial statements for the next Reporting Year, information about the climate-related risks and opportunities identified in paragraph 24(a).

"Addressing Climate Change"

We have not yet formulated a climate-related transition plan in previous Reporting Periods. The progress disclosure for this year's plan is "Not Applicable". In the future, the Group will continue to focus on the impact and management of climate on our strategy and decision-making.

"Addressing Climate Change"

9. APPENDICES (CONTINUED)

Expected Financial Impacts		
25	(a) How the issuer expects its financial position to change over the short, medium and long term, taking into account its strategy for managing climate-related risks and opportunities, and considering:	"Addressing Climate Change"
	i) Its investment and disposal plans;	
	ii) Its planned sources of funding to implement the strategy;	
25	(b) Based on the issuer's strategy for managing climate-related risks and opportunities, how it expects its financial performance and cash flows to change over the short, medium and long term.	
Climate Resilience		
26	(a) The issuer's assessment of its climate resilience as of the reporting date, which helps to understand:	"Addressing Climate Change"
	i) The impact of the issuer's analysis results on its strategy and business model (if any), including how the issuer needs to respond to the impacts identified in climate-related scenario analysis;	
	ii) The scope of significant uncertainties considered in the issuer's assessment of climate resilience;	
	iii) The issuer's ability to adjust its short, medium and long-term strategies and business model in response to climate developments;	
26	(b) How and when climate-related scenario analysis was performed, including:	
	i) The inputs used, including:	
	(1) The climate-related scenarios used in the issuer's analysis and their sources;	
	(2) Whether the analysis covers multiple different climate-related scenarios;	
	(3) Whether the climate-related scenarios used in the analysis relate to climate-related transition risks or climate-related physical risks;	
	(4) Whether the issuer has used scenarios in its analysis that are consistent with the latest international agreements on climate change;	

9. APPENDICES (CONTINUED)

	(5) Why the issuer considers the selected climate-related scenarios relevant to assessing its resilience to climate-related changes, developments or uncertainties;	
	(6) The time horizon used by the issuer in the analysis; and	
	(7) The operational scope covered by the issuer's analysis (e.g., the operational locations and business units covered by the analysis);	
	ii) The key assumptions made by the issuer in the analysis;	
	iii) The Reporting Period in which the climate-related scenario analysis was performed.	
(III). Risk Management		
27	(a) The processes and related policies used by the issuer to identify, assess, prioritise and monitor climate-related risks, including information on:	"Addressing Climate Change" "ESG Risk Management"
	i) The inputs and parameters used by the issuer (e.g., the sources of data and the scope of operations covered by the process);	"Addressing Climate Change"
	ii) Whether and how the issuer uses climate-related scenario analysis to identify climate-related risks;	
	iii) How the issuer assesses the nature, likelihood and magnitude of the impacts of such risks (e.g., whether the issuer considers qualitative factors, quantitative thresholds or other criteria used);	
	iv) Whether and how the issuer prioritises climate-related risks relative to other types of risks;	
	v) How the issuer monitors its climate-related risks;	"Addressing Climate Change"
	vi) Whether and how the issuer has changed the processes it uses compared to the previous Reporting Period;	No change
27	(b) The processes used by the issuer to identify, assess, prioritise and monitor climate-related opportunities (including information on whether and how the issuer uses climate-related scenario analysis to identify climate-related opportunities);	"Addressing Climate Change"
27	(c) How and to what extent the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management process.	"Addressing Climate Change"

9. APPENDICES (CONTINUED)

(IV). Metrics and Targets	
Greenhouse Gas Emissions	
28	The issuer shall disclose its absolute total greenhouse gas emissions for the Reporting Period (expressed in metric tons of CO ₂ equivalent), disaggregated into:
(a)	Scope 1 greenhouse gas emissions;
(b)	Scope 2 greenhouse gas emissions;
(c)	Scope 3 greenhouse gas emissions.
	<p>“Addressing Climate Change” Environmental Performance Table During the Year, the Group has not yet carried out systematic identification, data collection, or quantification of Scope 3 greenhouse gas emissions, and therefore no related data has been disclosed.</p> <p>Given that the data foundation for supply chain, upstream and downstream activities has not yet been established, and the relevant calculation methods and internal management mechanisms are still being improved, the Group has not yet been able to reasonably confirm the most relevant Scope 3 categories. Based on the preliminary assessment of the current nature of the business, the potentially more relevant categories include purchased goods and services, capital goods, upstream transportation and distribution, business travel, and employee commuting; however, further verification will be required in the future once data conditions mature.</p> <p>In the future, after the Group’s internal data foundation, analytical capabilities, and regulatory requirements are gradually improved, it will assess, in phases, the identification of Scope 3 categories and data disclosure arrangements, and will formulate corresponding work plans in due course.</p>

9. APPENDICES (CONTINUED)

29	(a)	Unless otherwise required by the relevant jurisdiction or another exchange on which the issuer is listed, the issuer shall measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004);	
29	(b)	Disclose the methodology used to measure its greenhouse gas emissions, including:	
	i)	The measurement methodology, inputs and assumptions used by the issuer to measure its greenhouse gas emissions;	
	ii)	Why the issuer chose that measurement methodology, inputs and assumptions to measure greenhouse gas emissions;	Environmental Performance Table
	iii)	Any changes made by the issuer to the measurement methodology, inputs and assumptions during the Reporting Period and the reasons for those changes;	
29	(c)	Disclose its location-based Scope 2 greenhouse gas emissions and provide information on any required contractual instruments that help understand such emissions;	
29	(d)	Disclose the categories included in the issuer's measurement of Scope 3 greenhouse gas emissions in accordance with the categories of Scope 3 described in the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	
Climate-related Transition Risks			
30		The issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	"Addressing Climate Change"

9. APPENDICES (CONTINUED)

Climate-related Physical Risks		
31	The issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	“Addressing Climate Change”
Climate-related Opportunities		
32	The issuer shall disclose the amount and percentage of assets or business activities associated with climate-related opportunities.	“Addressing Climate Change”
Capital Deployment		
33	The issuer shall disclose the amount of capital expenditure, financing or investment directed towards climate-related risks and opportunities.	“Addressing Climate Change”
Internal Carbon Pricing		
34	(a) Explain whether and how the issuer applies carbon pricing in its decision-making (e.g., investment decisions, transfer pricing and scenario analysis);	The Company currently does not adopt an internal carbon pricing mechanism. It will assess its applicability in due course based on business needs and the maturity of relevant management tools.
34	(b) The price per metric ton of greenhouse gas emissions used by the issuer to assess the cost of its greenhouse gas emissions.	
Compensation		
35	The issuer shall disclose whether and how climate-related considerations are incorporated into its compensation policy, or provide an appropriate negative statement. This may form part of the disclosure made under paragraph 19(a)(iv).	Climate-related performance is not taken into account in the compensation system.
Industry Metrics		
36	Disclosure of industry metrics relevant to one or more specific business models and activities, or to common features of participation in the relevant industry, is encouraged.	Not Applicable

9. APPENDICES (CONTINUED)

Climate-related Targets		
37	The issuer shall disclose (a) its qualitative and quantitative climate-related targets set to monitor progress towards achieving its strategic objectives; and (b) any targets that the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	<p>“Addressing Climate Change”</p> <p>No quantitative baseline period has been set at this stage, and interim targets are not applicable to the Group’s qualitative climate targets. In the future, the Group will progressively refine its quantitative target setting and disclosure arrangements based on progress in data foundation, management capabilities, and regulatory requirements.</p>
(a)	The metric used to set the target;	
(b)	The objective of the target (e.g., mitigation, adaptation, or science-based initiative);	
(c)	The scope of the target (e.g., whether the target applies to the entire group of the issuer or a part thereof (e.g., only to a specific business unit or geographic region));	
(d)	The period over which the target applies;	
(e)	The base period against which progress is measured;	
(f)	Any interim or medium-term targets (if any);	
(g)	If a quantitative target, whether it is an absolute target or an intensity target;	
(h)	How the latest international agreements on climate change (including the jurisdictional commitments arising from such agreements) have helped the issuer set the target.	
38	The issuer shall disclose its methodology for setting and reviewing each target, and how it monitors progress towards achieving the target, including:	
(a)	Whether the target itself and the methodology for setting the target have been verified by a third party;	No
(b)	The issuer’s process for reviewing the target;	<p>“ESG Risk Management”</p> <p>“Addressing Climate Change”</p>
(c)	The metrics used to monitor progress towards achieving the target;	“Addressing Climate Change”
(d)	Any revisions to the target and the reasons for such revisions.	None at present

9. APPENDICES (CONTINUED)

39	The issuer shall disclose information on the performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	"Addressing Climate Change"
40	For each greenhouse gas emissions target disclosed under paragraphs 37 to 39, the issuer shall disclose:	"Addressing Climate Change"
(a)	Which greenhouse gases the target covers;	"Addressing Climate Change"
(b)	Whether the target covers Scope 1, Scope 2 or Scope 3 greenhouse gas emissions;	"Addressing Climate Change"
(c)	Whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If it is a net greenhouse gas emissions target, the issuer shall additionally disclose the related gross greenhouse gas emissions target;	We will set quantitative climate targets in the future.
(d)	Whether the target was derived using an industry decarbonisation method;	No
(e)	The issuer's plan to use carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. Regarding the plan to use carbon credits, the issuer shall disclose:	We do not use carbon credits
(i)	The extent and manner of reliance on using carbon credits to achieve any net greenhouse gas emissions target;	
(ii)	Which third-party programmes will verify or certify the carbon credits;	
(iii)	The type of carbon credits, including whether the related offsets are nature-based or technology-based carbon removals, and whether the related offsets are achieved through emissions reductions or carbon removals; and	
(iv)	Any other material factors necessary to understand the credibility and integrity of the carbon credits the issuer plans to use (e.g., assumptions about the effectiveness of carbon offsets).	
Applicability of Cross-industry and Industry Metrics		
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics and industry-based metrics.	Not Applicable



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