科伦药业
KELUN PHARMACEUTICAL

2025

Environmental, Social, and Governance Report

Sichuan Kelun Pharmaceutical Co., Ltd.

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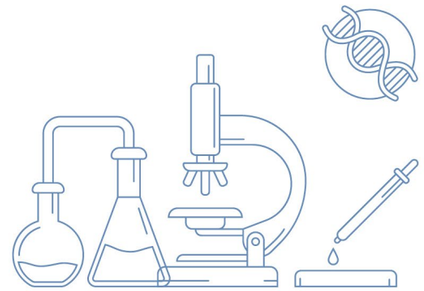


About this Report

Report Description

This report is the 14th publicly released Environmental, Social and Governance (ESG) Report of Sichuan Kelun Pharmaceutical Co., Ltd. (hereinafter referred to as "KELUN PHARMA", "the Company" or "we"). It systematically elaborates on the Company's management objectives, practices and performance in the fields of governance, environment and society in 2025, aiming to fully respond to the concerns of all stakeholders and present our commitments and actions in advancing sustainable development.

Report Scope

The report covers the period from January 1 to December 31, 2025, with certain contents retroactively reviewed or extended where appropriate. The report encompasses Sichuan Kelun Pharmaceutical Co., Ltd. and its subordinate subsidiaries and branches.

Data Source

All information and data disclosed in this report are derived from the Company's internal official documents, annual reports and other public reports, raw operational data, public data released by government authorities, annual financial data, and third-party evaluation interviews, among others. Financial data in this report is denominated in RMB. In case of any inconsistency with the financial reports, the financial reports shall prevail. The Company warrants that there are no false records, misleading statements or material omissions in the contents of this report.

Confirmation and Approval

This report has been confirmed by the management and approved by the Board of Directors on April 1, 2026.

Compilation Basis

- *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*
- *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange—Compilation of Sustainability Report.*
- *GRI Sustainability Reporting Standards* (GRI Standards) by Global Reporting Initiative (GRI)
- United Nations Sustainable Development Goals (UN SDGs)
- Morgan Stanley Capital International ESG ratings (MSCI ESG rating)

Appellation Note

Sichuan Kelun Pharmaceutical Co., Ltd. and its subordinate subsidiaries and branches are all referred to by their abbreviations in this report, as set out below:

Company Name	Abbreviation
Sichuan Kelun Pharmaceutical Co., Ltd.	KELUN PHARMA, the Company, we
Sichuan Kelun Pharmaceutical Co., Ltd. Renshou Branch	Renshou Branch
Sichuan Kelun Pharmaceutical Co.,Ltd. Guang'an Branch	Guang'an Branch
Sichuan Kelun Pharmaceutical Co., Ltd. Qionglai Branch	Qionglai Branch
Sichuan Kelun Pharmaceutical Co., Ltd. Anyue Branch	Anyue Branch
Sichuan Xinkaiyuan Pharmaceutical Co., Ltd.	Xinkaiyuan
Kunming Nanjiang Pharmaceutical Co.,Ltd.	Kunming Nanjiang
Hunan Kelun Pharmaceutical Co., Ltd.	Hunan Kelun
Hunan Kelun Pharmaceutical Co., Ltd. Yueyang Branch	Hunan Kelun Yueyang Branch
Hubei Kelun Pharmaceutical Co., Ltd.	Hubei Kelun
Jiangxi Kelun Pharmaceutical Co., Ltd.	Jiangxi Kelun
Guizhou Kelun Pharmaceutical Co., Ltd.	Guizhou Kelun
Shandong Kelun Pharmaceutical Co., Ltd.	Shandong Kelun
Henan Kelun Pharmaceutical Co., Ltd.	Henan Kelun
Guangxi Kelun Pharmaceutical Co., Ltd.	Guangxi Kelun
Sichuan Kelun Pharmaceutical Research Institute Company Limited	Kelun Pharmaceutical Research Institute
Sichuan Kelun-Biotech Biopharmaceutical Company Limited	Kelun-Biotech
Yili Chuanning Biotechnology Co., Ltd.	CHUANNING BIOTECH
Ili Jiangning Biotechnology Co., Ltd.	JIANGNING BIOTECH
Ili Yongning Biopharmaceutical Co., Ltd.	Yongning Biopharmaceutical
Khorgos Jinhe Biotechnology Co., Ltd.	JINHE BIOTECH
Horgos Jinhe Biotechnology Co., Ltd.	Jinhe Biotechnology Horgos Branch
Chengdu Qingshan Likang Pharmaceutical Co., Ltd.	Qingshan Likang
Chongzhou Junjian Plastic Co., Ltd.	Junjian Plastic
Sichuan Xindi Biopharmaceutical Co., Ltd.	XINDI BIOTECH
Kelun-Kazpharm Co., Ltd.	Kelun-Kazpharm
Celogen Lanka Co., Ltd.	Celogen Lanka

Report Access

The electronic version of this report is available for viewing and downloading on the Company's official website (Sichuan Kelun Pharmaceutical Co., Ltd.) and the CNINFO Website (https://www.cninfo.com.cn/). For any questions or suggestions regarding the contents of this report, please contact us via email at kelun@kelun.com or telephone at +86 28 8286 0609.

Opening

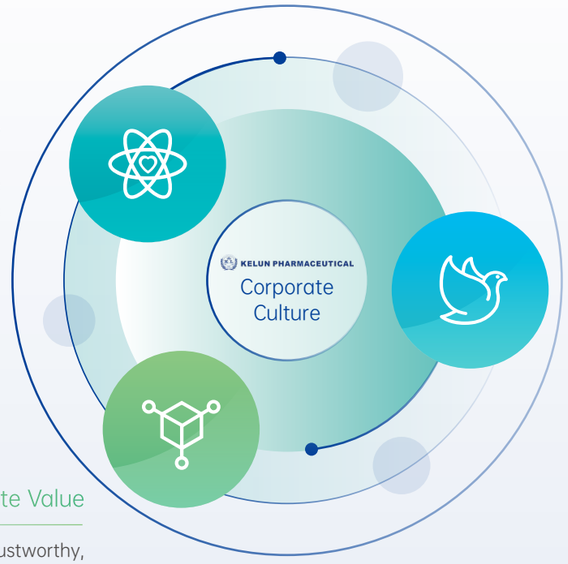
About KELUN PHARMA

Founded in 1996, Kelun has now formed a triangular framework operation platform consisting of KELUN PHARMA (002422.SZ), CHUANNING BIOTECH (301301.SZ) and KELUN-BIOTECH (06990.HK).

We actively promote the "Three Driving Engines and Innovative Growth" strategy. In the infusion field, we have established dual profitability in high-end manufacturing and new materials, seizing the strategic high ground of technological innovation and quality benchmarking. With mature fermentation technology and a strong industrialization platform, we have consolidated the foundation of our antibiotic main business, continuously optimized and upgraded the industrial structure, and fully entered the field of synthetic biology. In terms of R&D and innovation, we focus on the research and development of high-tech connotation drugs such as high-quality generic drugs, innovative small-molecule drugs and biotech drugs, and have successfully built a world-renowned ADC (Antibody-Drug Conjugate) R&D platform, ushering in a new journey of innovative R&D and globalization. Meanwhile, leveraging our full industrial chain advantages, we have entered the anti-aging track, with more than 10 types of health product raw materials already in mass production, ready for production or under R&D. In the future, we will form a full industrial chain product matrix from raw materials to end products.

Adhering to the corporate purpose of "Pursuing Truth in Science and Kindness in Ethics", we, while pursuing excellence, actively fulfill our responsibilities to the environment, society and stakeholders, and are committed to achieving sustainable and harmonious development between the enterprise and society.

Corporate Culture



Corporate Philosophy

Pursuing Truth in Science and Kindness in Ethics

Corporate Vision

To become an innovative-driven, internationally competitive pharmaceutical enterprise with global influence, and a modern pharmaceutical group with standardized management, social satisfaction, and civilized and prosperous employees

Corporate Value

Righteous and Trustworthy, Excellence-pursuing, Customer-oriented, Team-cooperation

"Three Driving Engines and Innovative Growth" Strategy

Engine No.1

KELUN PHARMA maintains its leading position in the area of IV Solutions through continuous industrial upgrading and restructuring product portfolio. 01

Engine No.2

KELUN PHARMA creates a competitive advantage in antibiotics from intermediate, APIs to FPPs by innovative exploitation of quality natural resources. 02

Engine No.3

KELUN PHARMA strives for longevity through the elaboration of R&D systems and diversified technology innovation. 03

Main Business

The Company operates in the pharmaceutical manufacturing industry. Adhering to its management philosophy of "Pursuing Truth in Science and Kindness in Ethics" and its development strategy of "Three Driving Engines and Innovative Growth", the Company has long been dedicated to building its R&D capabilities and systems for high-barrier pharmaceutical products (including high-end generics, improved innovative drugs, and original innovative drugs) spanning multiple technology categories and full-function platforms. To date, it has established several national-level innovation platforms, such as the National Engineering Research Center for Large Volume Parenterals and the National Engineering Research Center for Biotargeted Drugs. The Company is primarily engaged in the R&D, production, and sales of 26 dosage forms, including large volume parenterals (infusions), small volume parenterals (injections), sterile powders for injection (including powder filling and lyophilized powders), tablets, capsules, granules, oral liquids, and peritoneal dialysis solutions, as well as antibiotic intermediates, active pharmaceutical ingredients (APIs), and pharmaceutical packaging materials. Its main products cover a wide range of therapeutic areas, including oncology, anti-infectives, parenteral nutrition, fluid therapy, central nervous system disorders, cardiovascular and cerebrovascular diseases, anesthesia and analgesia, respiratory diseases, osteoporosis, andrology, diabetes, and rheumatoid arthritis.

Annual Key Performance

Economic Performance

Total operating revenue
RMB 18.51292 billion

Net profit attributable to shareholders of the listed company
RMB 1.70194 billion

Social Performance

R&D investment
RMB 2.205 billion

Year-on-year growth
1.57%

As a percentage of total operating revenue
11.91%

Total R&D Personnel
2,799 persons

As a percentage of total employees
13.91%

New patent applications
616 items

New patents granted
224 items

Total employees
20,127 persons

Female proportion of middle management
49.33%

Ethnic minority employee
2,019 persons

Labor contract signing rate
100%

Coverage rate of employee social security
100%

Overall employee engagement
93%

Overall employee satisfaction
91%

Total number of training sessions per year
96,300 times

Total hours of training received by employees
2,677,400 hours

Annual training expenditure
RMB 4.0076 million

Investment in occupational health and safety management
RMB 24.4989 million

Employee work injury insurance coverage rate
100%

Coverage rate of employee production liability insurance
100%

Occupational health check coverage rate
100%

Number of occupational disease cases
0 persons

Environmental Performance

Total investment in environmental protection
RMB 635.0152 million

Total annual environmental training hours
33,934 hours

Number of violations of environmental laws and regulations
0 cases

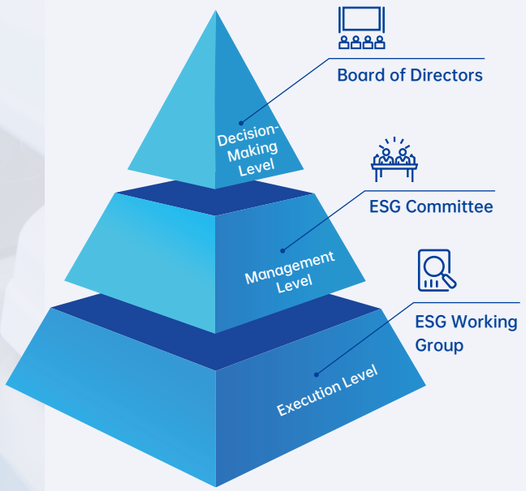
Sustainable Development Governance Mechanism

With the goal of achieving high-quality and sustainable development of the enterprise, we deeply integrated ESG concepts into our production and operation activities. By continuously improving the ESG management system, the we have incorporated sustainability-related impacts, risks and opportunities into our strategic implementation, major transaction decisions and risk management processes, while continuously improving our ESG governance performance.

ESG Management Structure

The Board of Directors is the highest decision-making body for the Company's ESG management and assumes ultimate responsibility for ESG management work. We have established a three-level governance structure from top to bottom: "Board of Directors — ESG Committee — ESG Working Group". During the reporting period, we revised the *Working Rules of the Environmental, Social, and Governance (ESG) Committee*, clarified the terms of reference of each level, and promoted the achievement of the Company's sustainable development strategies and goals.

KELUN PHARMA's Three-Level ESG Governance Structure



Double Materiality Topic Assessment

On the basis of previous work, according to changes in business operations and internal and external environments, with reference to the latest policies, regulatory requirements, industry standards and other relevant information, and listening to the suggestions of stakeholders, we have identified 26 ESG material topics. At the same time, we invited senior management and financial experts to conduct one-on-one interviews, and identified 3 material topics with financial impact on the Company, providing important reference for the Company's future sustainable development management work.

Steps for Materiality Topic Assessment

Step 1

Topic Library Updating

Based on the Company's business development and current ESG management status, with reference to the country's latest sustainable development policies, domestic and foreign sustainable development standards, and benchmarking against the disclosure practices of outstanding peers and the key concerns of mainstream ESG rating agencies in the capital market, we updated the ESG materiality topic library.

Step 2

Stakeholder Communication

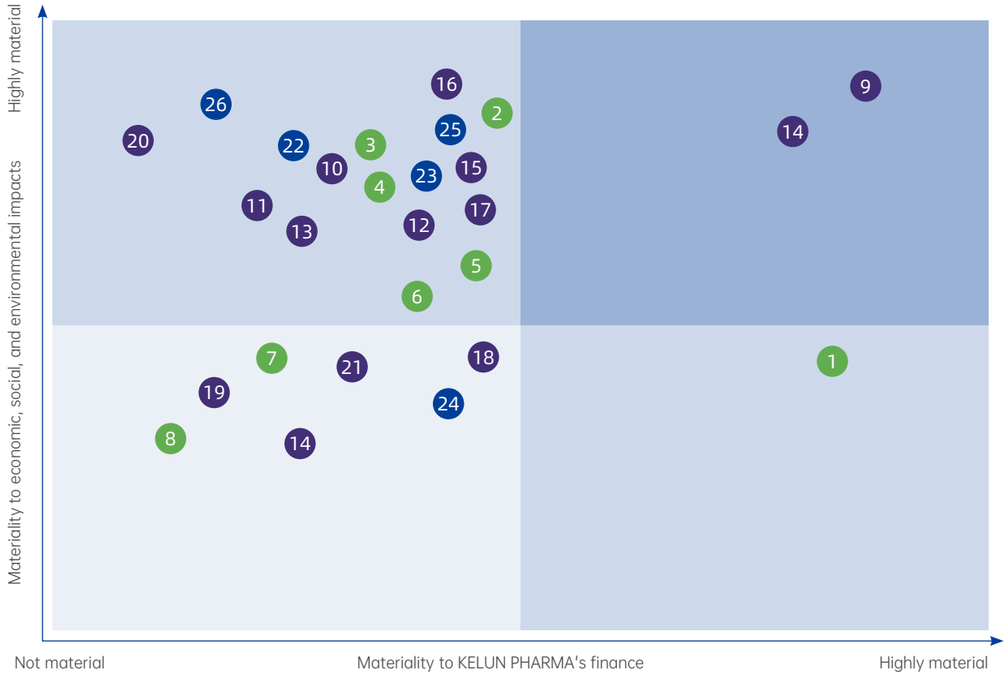
To ensure the accuracy and objectivity of the materiality topic assessment, we carried out relevant work with experts and conducted in-depth interviews with the Company's senior management, business and financial department heads.

Step 3

Topic Materiality Evaluation

We evaluated the materiality of each topic from two dimensions: "materiality to KELUN PHARMA's finances" and "materiality to economic, social and environmental impacts", formed KELUN PHARMA's double materiality topic matrix, and clarified the focus of sustainable development management.

2025 Double Materiality Topic Matrix of KELUN PHARMA



Environmental		Social				Governance	
No.	Material Topic	No.	Material Topic	No.	Material Topic	No.	Material Topic
1	Environmental compliance management*	9	Product safety and quality*	17	Intellectual property protection	22	Corporate governance and compliance operation
2	Addressing climate change	10	Occupational health and safety	18	Customer relation management	23	ESG management strategy
3	Pollutant discharge	11	Employee compensation and benefits	19	Data security and customer privacy protection	24	Comprehensive risk management
4	Waste treatment	12	Employee training and development	20	Rural revitalization and social contribution	25	Stakeholder communication
5	Energy utilization	13	Employee rights and benefits protection	21	Industry development and collaboration	26	Business ethics and anti-corruption
6	Water resources utilization	14	Product R&D and technological innovation*				
7	Circular economy	15	Supply chain security				
8	Ecosystem and biodiversity protection	16	Inclusive healthcare				

[1] ESG topics marked with "*" are those assessed by KELUN PHARMA as having financial materiality.

ESG Risk and Opportunity Management

Under the leadership of the ESG Committee of the Board of Directors, we systematically identify internal and external ESG risks and opportunities, scientifically assess their potential impacts on business operations, stakeholders and long-term value, and classify them by dimensions including impact level, likelihood of occurrence and impact cycle[2]. Based on the classification results, we formulate targeted management strategies, allocate resources rationally and take systematic management actions to continuously improve our sustainable development performance.

KELUN PHARMA's ESG Risk and Opportunity Management Process

Identification

Based on its own operations and industry characteristics, systematically scan the internal and external environment to comprehensively identify ESG-related risks and opportunities faced by the Company, forming a list.

Assessment

Evaluate the potential impact of identified ESG risks and opportunities on the Company's business operations, development strategy, financial condition, operating results, and stakeholder interests.

Prioritization

Classify risks and opportunities based on their impact timeframe and likelihood of occurrence, defining management priorities.

Management

Based on the prioritized assessment results, formulate targeted management strategies and action plans, allocate resources, implement focused management,and establish a mechanism for continuous monitoring and dynamic optimization.

[2] The impact period is defined as: Short-term: within 1 year (inclusive); Medium-term: 2–3 years; Long-term: over 3 years.

Stakeholder Identification and Communication

We fully recognize the pivotal role of all stakeholders in advancing the achievement of sustainable development goals, and actively conduct multi-dimensional communication to fully listen to the demands of all parties. In this way, we work with all stakeholders to realize sustainable development goals, share the fruits of corporate development and co-create social value.

Stakeholder Categories	Concerned Topics	Communication Channels
Government/ Regulatory Agencies	• Corporate governance and compliance operation • Safety and quality of products and services • Addressing climate change • Environmental compliance management	• Inspection by leaders and competent authorities • Daily communication • Daily policy implementation
Shareholders/ Investors	• Corporate governance and compliance operation • ESG management strategy • Comprehensive risk management • Innovation-driven development	• General Meeting of Shareholders • Periodic reports • Information disclosure on the official website • Investor hotline • Investo email
Suppliers/Distributors and Other Partners	• Supply chain security • Safety and quality of products and services • Business ethics and anti-corruption	• Supplier audit • Supplier training • Supplier engagement
Customers/Consumers	• Safety and quality of products and services • Inclusive healthcare • Data security and customer privacy protection	• Customer satisfaction survey • Daily communication via email and phone • Customer service and complaints • Customer visits
Employees	• Employee compensation and benefits • Occupational health and safety • Employee training and development • Employee rights protection	• Internal emails and announcements • Corporate culture platform • Employee suggestion platform • Company union
Communities/Public	• Rural revitalization and social contribution • Pollutant discharge • Waste treatment • Inclusive healthcare	• Health knowledge popularization activities • Public inquiries and complaints • Interviews and exchanges • External announcements and disclosures

External Honors and Recognitions

2025 ESG-related Honors

MSCI ESG Rating: AA

WIND ESG Rating: AA

CSI ESG Rating: AA

Sino-Securities ESG Rating: AA

2024 Investor Relations Gold Award - Outstanding ESG Value Communication Award

China Association for Public Companies - 2025 Outstanding Sustainability Practice Case of Public Companies

Golden Bull Award - 3rd Guoxin Cup · ESG Golden Bull Top 100

SSE Eagle · Gold Quality - 2025 ESG Award

Xinhua Daily - Most Socially Responsible Award

Sichuan Corporate Social Responsibility Excellence Case - Public Welfare Responsibility Case

Other Major Honors in 2025

February

Sichuan Province Consumer Goods Industry Product Innovation Benchmark

Sichuan Provincial Department of Economy and Information Technology

June

Vice-Chair of Chengdu Regional Clinical Research Alliance

Chengdu Regional Clinical Research Alliance

August

2025 China's Top 500 Private Manufacturing Enterprises (384th)

All-China Federation of Industry and Commerce

August

CCXI Corporate Credit Rating: AAA

CCXI

November

2025 Sichuan Top 100 Private Enterprises

Sichuan Federation of Industry and Commerce

November

2025 Sichuan Top 100 Private Manufacturing Enterprises

Sichuan Federation of Industry and Commerce

November

2025 Sichuan Top 100 Private Enterprises by R&D Investment

Sichuan Federation of Industry and Commerce

December

National Advanced Private Enterprise of Employment and Social Security

All-China Federation of Industry and Commerce, Ministry of Human Resources and Social Security of the People's Republic of China, All China Federation of Trade Union

2025

2024 China's Top 20 Most Competitive Listed Pharmaceutical Companies

China Pharmaceutical Enterprises Association/E-Pharmacy

2025

2025 China's Top 10 Pharmaceutical Companies by R&D Capabilities

PDI Pharmaceutical R&D & Innovation Conference

2025

2025 China's Top 100 in Pharmaceutical R&D

PDI Pharmaceutical R&D & Innovation Conference

2025

Annual Top 10 Drug Innovation Companies by Securities Times

Securities Times

Health Access

Innovation-Driven Development and Inclusive Healthcare

Upholding our corporate purpose of "Pursuing Truth in Science and Kindness in Ethics", we are committed to addressing unmet global medical needs through systematic R&D innovation and global market expansion. We have built a three-dimensional innovation system and inclusive healthcare network from generic drugs to innovative drugs, and from domestic to international markets. While continuously improving the accessibility and affordability of medicines, we actively fulfill our corporate social responsibility of serving people's health and promoting global health equity.

- → Product R&D and Technological Innovation
- → Improving Healthcare Accessibility
- → Improving Drug Affordability

Contribution to the United Nations Sustainable Development Goals (SDGs)

01

Product R&D and Technological Innovation

KELUN PHARMA regards R&D and innovation as the core engine driving sustainable development. We have established a systematic and professional governance structure and management processes to ensure the effective implementation of R&D strategies, rational allocation of resources, and scientific control of risks and opportunities. Through these measures, we ultimately achieve the sustainable development goal of improving the accessibility and affordability of medicines.

Governance

To efficiently promote the R&D process, ensure the legality and compliance of pharmaceutical R&D activities, and guarantee the authenticity and reliability of R&D data, we have established a top-down R&D management structure with clear powers and responsibilities. We have also formulated more than 400 management procedure documents covering 11 dimensions including project management, quality compliance management, document and record management, and instrument and equipment management. The decision-making and management teams related to R&D and innovation are composed of experts with both R&D expertise and management experience in innovative drugs and generic drugs. They are responsible for grasping cutting-edge technologies, identifying core risks and formulating response strategies, ensuring that the R&D direction is consistent with the Company's strategy and social needs from the top level.

KELUN PHARMA's R&D and Innovation Governance Structure

Decision-Making Level

- The Board of Directors is the highest responsible body for the Group's product R&D and technological innovation, holding overall responsibility for the Group's project R&D performance.

Management Level

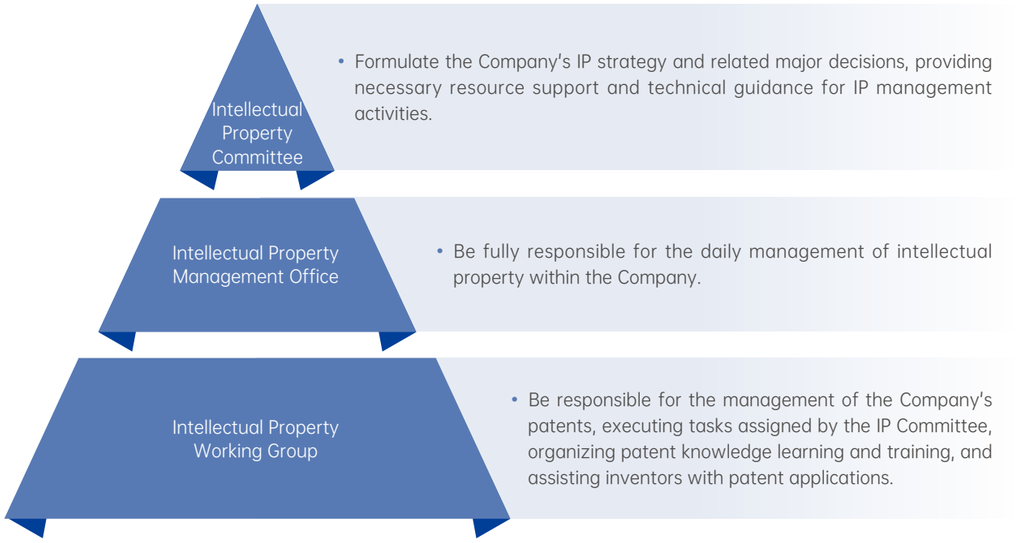
- The Project Approval Committee and Pipeline Committee of Kelun Pharmaceutical Research Institute regularly/ irregularly gather opinions from the institute's scientists, clinical experts, and market experts. They uniformly formulate strategic plans for project R&D matters for the Board's consideration, ensuring R&D direction aligns with the Company's long-term development goals.

Execution Level

- R&D management departments, project leaders, project managers, and members from various specialized modules form project teams responsible for daily operations, progress management, and budget management at the project R&D level. At key R&D milestones, management makes comprehensive judgments based on the project's scientific merit, druggability, competitive landscape, and commercial value to maximize R&D success rates and minimize risks.

Meanwhile, we have established a three-level intellectual property (IP) management structure with the General Manager as the top person in charge, including the "Intellectual Property Committee — Intellectual Property Management Office — Intellectual Property Working Group". We integrate IP management into the entire life cycle from R&D project initiation to product launch, building a solid technological barrier. The Intellectual Property Management Office reports to the Intellectual Property Committee on a quarterly basis, covering matters such as patent applications, acceptance and authorization status, and patent achievement rewards in the current quarter.

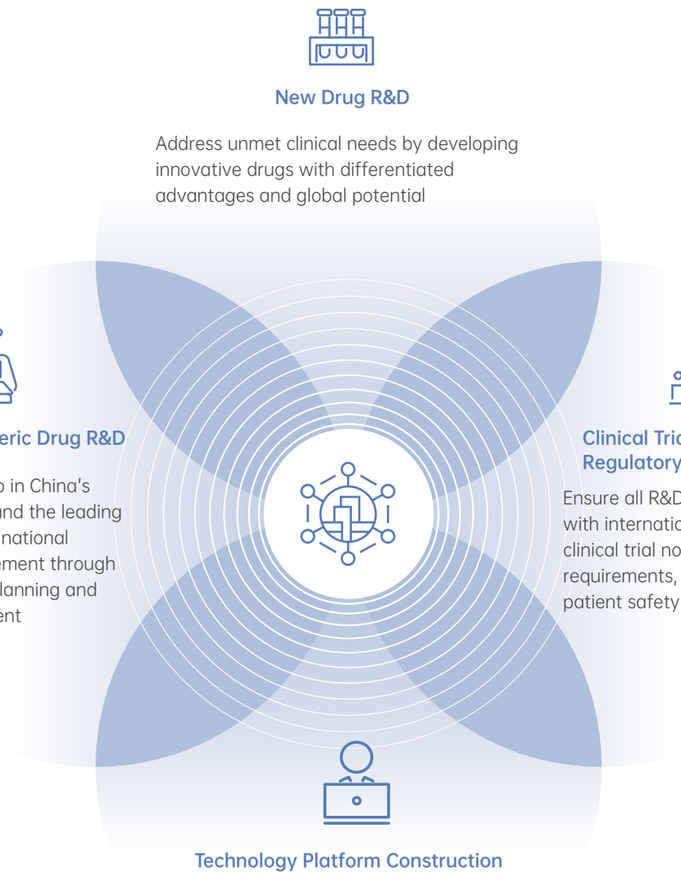
KELUN PHARMA's Intellectual Property Governance Structure



We have established a performance management and incentive mechanism closely linked to R&D goals to stimulate the innovation vitality of all employees. For personnel who have made important contributions to R&D and innovation work, we provide incentives in multiple aspects including position promotion, annual performance, equity incentives, and special rewards.

Strategy

Core Strategies for R&D and Innovation of KELUN PHARMA



New Drug R&D

Address unmet clinical needs by developing innovative drugs with differentiated advantages and global potential

High-Quality Generic Drug R&D

Maintain leadership in China's generic drug R&D and the leading supplier position in national centralized procurement through scientific product planning and process management

Clinical Trials and Regulatory Compliance

Ensure all R&D activities comply with international and regional clinical trial norms and regulatory requirements, and safeguard patient safety and data reliability

Technology Platform Construction

Further strengthen the construction and iterative upgrading of platforms such as ADC (Antibody-Drug Conjugate) and new DC, and maintain and expand the leading advantages in key technology fields such as ADC. Enhance the application of big data and artificial intelligence in the R&D process of innovative drugs to improve R&D efficiency and transformation success rate

By comprehensively examining technological development trends, market dynamics, and changes in policies and regulations, and combining with the Company's R&D strategy and internal R&D capabilities, we continuously identify potential risks and development opportunities in the process of product R&D and technological innovation, form a dynamic management list, and formulate and implement targeted management strategies to ensure the continuous and steady progress of R&D activities.

KELUN PHARMA's Product R&D and Technological Innovation Risk List

Risk Type	Risk Description	Likelihood of Occurrence	Potential Financial Impact	Impact Cycle
Risk of missing technology innovation and market timing	Missing strategic opportunities, failing to seize key technology platforms, targets, or time windows, leading to loss of market share	Medium	May lead to a decline in corporate operating income and an increase in R&D expenses	Medium-term, long-term
Risk of inefficient R&D operations and poor project management	Insufficient R&D efficiency and failure to meet expected R&D progress, leading to reduced product competitiveness	Medium, high		Short, medium, long-term
Risk of underperforming product commercial value	Failure to achieve the expected commercial value of products, which may affect corporate strategic adjustments and market layout	Medium, high		Medium-term, long-term
Risk of inadequate core IP portfolio and protection	Incomplete application or protection of basic patents for products and technological innovation projects, leading to core products being easily copied by competitors and weakened market advantages	Low	May lead to failure to recover R&D investment and increased litigation and rights protection costs	Short, medium, long-term
Risk of third-party IP infringement	Inability to freely operate activities for products and technological innovation projects due to existing patents, blocking product commercialization if licensing fails	Low		Short, medium, long-term

KELUN PHARMA's Product R&D and Technological Innovation Opportunity List

Opportunity Type	Opportunity Description	Likelihood of Occurrence	Potential Financial Impact	Impact Cycle
Opportunity of applying cutting-edge technologies	AI-driven drug discovery acceleration potentially speeding up R&D timelines	High	May lead to increased corporate operating income and reduced R&D costs	Medium-term, long-term
Opportunity of leveraging policy and regulatory changes	Policy and regulatory adjustments on raising industry entry barriers possibly reducing excessive market competition	High		Short, medium, long-term
Opportunity of upgrading technology and management	New technology platforms and management practices adoption improving R&D quality and efficiency	Medium		Medium-term, long-term
Opportunity of expanding globally and growing markets	Global patent filing strategy for corporate products and innovation projects to secure IP protection for international expansion	Medium	May increase licensing and transfer income	Short, medium, long-term

Impact, Risk, and Opportunity Management

To ensure the efficient and orderly conduct of scientific research activities, we have established a regular information reporting and decision-making mechanism, while assessing the potential impacts of relevant risks and opportunities on the enterprise. Through regular and irregular strategic meetings, the project teams report project progress, key data and achievements to the Project Approval Committee and Pipeline Committee of Kelun Pharmaceutical Research Institute. After being collected and analyzed, this information ultimately supports the Group's Board of Directors in making strategic decisions. The Board of Directors comprehensively evaluates factors such as the scientific value and commercial value of projects, and conducts in-depth research and judgment on risks and opportunities to achieve the optimal balance between R&D input and output. Meanwhile, we focus on the continuous optimization of R&D processes. Project teams track indicators in real time, feed back and adjust R&D strategies timely, so as to ensure that R&D efficiency and achievements are at the leading level in the industry.

KELUN PHARMA's R&D and Innovation Risk and Opportunity Management Process

Establishment of Risk and Opportunity List	• Comprehensively identify risks related to innovation and R&D by integrating scientific data, market data, regulatory data, patent data, etc., along with the Company's management status and industry practices. This process seeks high-potential opportunities (e.g., new targets, indications, or technology areas).
Risk and Opportunity Analysis and Determination	• Decision-making and management levels conduct internal evaluations to comprehensively assess project scientific merit, commercial value, and return on investment.
Risk and Opportunity Assessment and Management	• Assess the likelihood, timeframe, and impact of identified risks, and formulate risk control measures. For identified opportunities, plan development or collaboration paths to ensure effective resource allocation and precise risk control.

Actions to Address Risks and Opportunities

Management Dimension	Specific Measures	2025 Progress
Optimizing R&D Pipeline Portfolio	Strengthen top-level design and strategic layout, focus on core disease areas, form a pipeline portfolio of "innovation, improved innovation, and high-end generics", and allocate resources rationally.	• Progress in Generic Drug R&D: In 2025, we achieved 50 approvals for production, 9 approvals for clinical trials, and 60 applications for production for our generic drugs and improved new drugs. • Progress in Innovative Drug R&D: Kelun-Biotech had 4 innovative drugs approved for market launch, all of which have been successfully commercialized. Among them, three were newly included in the 2025 edition of the National Reimbursement Drug List. Sac-TMT (Sacituzumab Tirumotecan) (Trade Name: 佳泰莱®) included two new lung cancer indications; Tagrisimab (Trade Name: 科泰莱®) obtained approval for its second indication; Cetuximab N01 (Trade Name: 达泰莱®) provided a high-quality domestic option for the first-line treatment of patients with metastatic colorectal cancer; Trastuzumab Botidotin (Trade Name: 舒泰莱®) was successfully launched. A New Drug Application (NDA) for Kelun-Biotech's A400 project has been accepted by the Center for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) of China for the treatment of adult patients with RET fusion-positive locally advanced or metastatic non-small cell lung cancer (NSCLC). • Progress in Biofermentation Products and Synthetic Biology Products R&D: Ruikang Biotech completed the upgrading of the high-throughput strain breeding platform, the optimization of AI-enabled laboratory-scale fermentation processes, the improvement of molecular modification of actinomycetes and streptomycetes, and the strain development of related amino acid products.
Strengthening the Construction of R&D Talent Team	Continuously increase investment in and construction of core elements, introduce leading scientists, and build a research team with high scientific research level and international standards; and establish a sound internal training system to cultivate core R&D talents.	During the reporting period, the scale of the Company's R&D team continued to expand, with a total of 2,799 R&D personnel, accounting for 13.91% of the total employees.
Promoting Digital R&D Transformation	Deeply integrate Artificial Intelligence (AI) and big data technologies to accelerate innovative drug target discovery and compound screening, empowering fields such as fermentation technology and synthetic biology.	AI Application Progress at CHUANNING BIOTECH: Developed and launched the industry's first "AI Industrial Automatic Control System", gradually increasing the fermentation output of antibiotic intermediates.An AI control model for penicillin fermentation has been established, with tank tests commencing in December 2025. To date, 12 batches of AI-managed fermentation have been validated, with the AI primarily controlling feeding through intelligent control.
Implementing Full-Cycle Project Management	Optimize R&D processes and management, and a full life-cycle management process for project R&D has been established.	We made decisions on "accelerating" or "terminating" projects based on clear key success criteria to improve resource utilization efficiency.

Four Newly Launched Products of Kelun-Biotech

Sac-TMT (Sacituzumab Tirumotecan) (Trade Name: 佳泰莱 ®):

A TROP2-targeted ADC drug, in March and October 2025, additional indications were approved for EGFR mutation-positive non-squamous non-small cell lung cancer, both of which are covered by medical insurance.

Tagrisimab (Trade Name: 科泰莱 ®):

An innovative PD-L1 inhibitor, in January 2025, an additional indication was approved for first-line treatment of nasopharyngeal carcinoma in combination with chemotherapy, both of which are covered by medical insurance.

Cetuximab N01 (Trade Name: 达泰莱 ®):

An EGFR monoclonal antibody biosimilar, approved in February 2025 for indications including RAS wild-type metastatic colorectal cancer, with relevant indications covered by medical insurance.

Trastuzumab Botidotin (Trade Name: 舒泰莱 ®):

A HER2-targeted ADC drug, approved in October 2025 for unresectable/metastatic HER2-positive adult breast cancer previously treated with at least one anti-HER2 therapy, marking it as the first domestically produced HER2 ADC drug in China to broadly cover second-line and beyond indications for this condition.

The World's First TROP2 ADC Drug for Lung Cancer Indications Approved for Marketing

Sac-TMT (Sacituzumab Tirumotecan) (佳泰莱®) is a domestic ADC drug independently developed by Kelun-Biotech, which is the first domestic ADC drug in China to obtain full approval for marketing. In October 2025, its third new indication was approved for marketing, making it the world's first ADC that has shown significant overall survival (OS) benefit compared with platinum-containing doublet chemotherapy and has been approved for advanced NSCLC that has progressed after only TKI treatment (2L). By the end of the reporting period, we have launched 5 key clinical trials for lung cancer in China and 5 globally for sacituzumab tirumotecan, bringing new hope to a broader group of patients.

CHUANNING BIOTECH Co-Develops AI Industrial Automatic Control System

CHUANNING BIOTECH, together with the research team of Shanghai Jiao Tong University and the technical team of Shanghai Jincheng Technology Co., Ltd., jointly developed and launched the industry's first "AI Industrial Automatic Control System" (ManuDrive) focusing on industrial time-series control. This system accurately fills the long-standing technical gap of "process control" in the biopharmaceutical industry and is the first to be applied to a 500-ton industrial-scale erythromycin fermentation production line. On the premise of not increasing production costs, it gradually increases the fermentation output of antibiotic intermediates and reduces the fluctuation of tank output between normal batches by more than 30%.

In addition, the system has successfully developed an "AI Virtual Engineer", which realizes automatic optimization of process parameters based on real-time data and reduces reliance on the experience of senior fermentation engineers. The successful launch of the "AI Industrial Automatic Control System" has verified the feasibility of AI technology in full-process automatic control and optimization in ultra-large-scale and complex biological fermentation production, providing an innovative model for green and efficient production in the industry.

AI Industrial Automatic Control System Panel

Intellectual Property Management

We deeply recognize the strategic value of intellectual property protection in enhancing the core competitiveness of the enterprise and ensuring the industry's innovation ecosystem. We have set the strategic goal of "ensuring effective protection of R&D achievements' intellectual property to secure long-term competitive advantages for the enterprise", and continuously deepen the full-chain management of intellectual property rights. Through institutional construction, risk prevention and control, and capacity improvement, we realize the effective protection of independent innovation achievements, laying a solid legal guarantee for the enterprise's strategic upgrading and global development.

Key Measures for KELUN PHARMA's Intellectual Property Management

Improving Compliance Management System

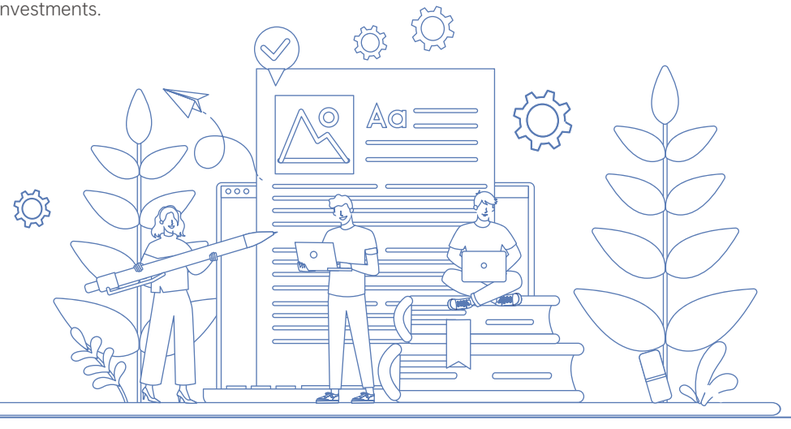
The Company strictly adheres to the Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, and requirements of standards like Enterprise Intellectual Property Compliance Management System—Requirements. It optimizes the Intellectual Property Management Measures, promotes deep integration of IP management with core business processes (R&D, production, sales), and builds an IP management system covering patents, trademarks, trade secrets, and other IP types.

Strengthening Full-Process Risk Prevention and Control

During the R&D project initiation phase, it conducts patent searches and Freedom-to-Operate (FTO) analyses to identify potential infringement risks. During international business expansion, it monitors IP laws in target markets and plans global patent and trademark strategies in advance to avoid IP risks in cross-border operations. Concurrently, a rapid response mechanism for infringement disputes is established to ensure early detection and handling of IP infringements.

Deepening Lifecycle Management

The Company integrates IP management throughout the entire lifecycle—from R&D initiation and technological breakthroughs to product launch and subsequent iterations. It builds a multi-layered and comprehensive patent protection system around core technologies. Furthermore, the Company strengthens trade secret protection through measures such as technological encryption, access control, and confidential information personnel management, thereby safeguarding the return on innovation investments.



Antimicrobial Resistance Research

To address the risk of antimicrobial resistance spread and promote the resource utilization of antibiotic bacterial residues, CHUANNING BIOTECH focuses on erythromycin, penicillin and cephalosporin antibiotics, further systematically improves the technical methods for drug-resistant gene detection, and carries out ecological risk assessment of bacterial residues for the entire antibiotic production process.

CHUANNING BIOTECH's R&D Progress on Antimicrobial Resistance

Analyzing Resistance Mechanisms

By systematically reviewing literature and standards, the resistance mechanisms were analyzed to identify key resistance genes that are easily induced to spread and have high detection rates in the environment for various antibiotics, providing targets for risk assessment.

Detection Technology Development

A qPCR absolute quantification detection method for 8 core resistance genes of erythromycin has been developed and validated. Simultaneously, efforts to optimize detection methods for core resistance genes of penicillin and cephalosporins are underway. The medium-term goal is to establish a multiplex detection technology system covering mainstream antibiotics by 2026 and promote the formulation of relevant operating guidelines and industry standards to standardize detection techniques.

Establishing an Evaluation System

Research is conducted on extraction, screening, and quantitative analysis methods for resistance genes in various environmental samples such as soil, water, and plants. By integrating production processes with pot and field trials using bacterial residue organic fertilizer, the Company systematically analyzes and evaluates antibiotic residues, resistance gene abundance, and microbial community changes in samples. This scientifically assesses the environmental risks throughout the antibiotic fermentation process, providing core data to support subsequent safe resource utilization.

Animal Welfare Protection

Upholding our corporate purpose of "Pursuing Truth in Science and Kindness in Ethics", we regard animal welfare ethics as a core element of responsible R&D. By continuously improving the governance system, strengthening ethical review and process supervision, optimizing experimental operations and animal care, and enhancing supplier management and personnel training, we systematically protect the welfare of laboratory animals and promote the conduct of scientific research activities in line with ethical standards.

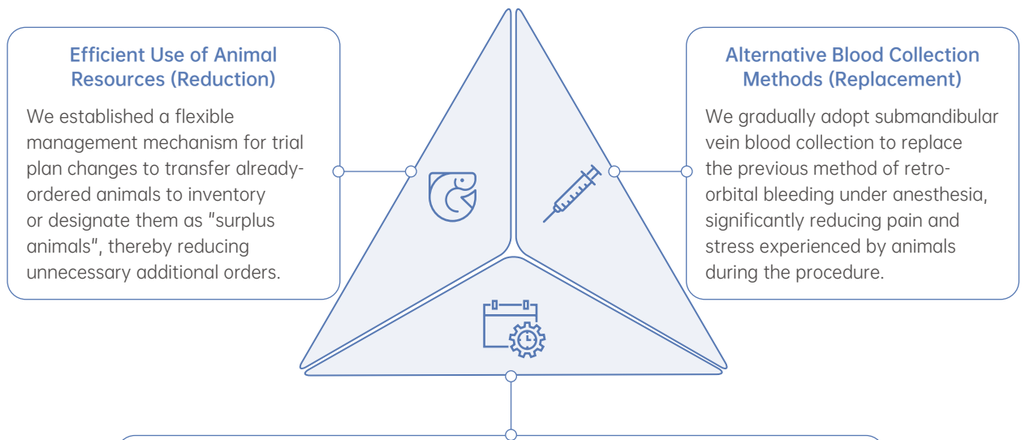
We dynamically update the institutional system every year based on national standards and practical feedback. During the reporting period, we added and revised procedure documents such as the *Operating Procedures for Laboratory Animal Inspection and Supervision* and the *Anesthesia and Analgesia Procedures for Animals* to ensure the scientificity and operability of the system. In addition, we conduct strict ethical review of animal experiments through the Institutional Animal Care and Use Committee (IACUC), and conduct regular supervision of breeding and experimental facilities to form a management closed loop.

Key Performance

The IACUC completed the review of **65** animal use plans, covering major animal experiment types such as pharmacodynamics, pharmacokinetics, and toxicology;

The IACUC conducted **2** internal animal facility reviews, covering the hardware, environment and feeding management of laboratory animal facilities, and no major defects were found.

In experimental operations, we actively implement the internationally recognized "Reduction, Replacement, Refinement" (3R) principle and take various measures to improve animal welfare.



In addition, we extend animal welfare and ethical requirements to the supply chain, and continuously improve the awareness and skills of all relevant personnel through training.

Kelun-Biotech Conducts Audits on Laboratory Animal-Related Suppliers

To safeguard animal welfare and the quality of breeding and R&D from the source, Kelun-Biotech conducted a total of 10 on-site or online audits on laboratory animal service suppliers during the reporting period, covering the suppliers' management systems, facility conditions, quality assurance, animal welfare, transportation specifications and other aspects in an all-round way. All problems and suggestions identified in the audits have been communicated with the suppliers and followed up, ensuring that the supply chain complies with the Company's quality and ethical standards.

Kelun-Biotech Conducts Animal Welfare Training

In 2025, Kelun-Biotech organized a total of 4 special training sessions on animal welfare. Through the training, the experimental staff deepened their understanding of the welfare principle of "avoiding animal suffering". They were able to promptly implement care measures during operations, enhance their capacity for monitoring animal welfare throughout experiments, and disseminate key points of animal ethics review. The staff's awareness of experimental animal ethics review and critical aspects of each experimental procedure was continuously strengthened.

Indices and Goals

During the reporting period, the indices and goals of the Company in terms of product R&D and technological innovation is as follows:

Key Performance

As of the end of the reporting period, **1,922** patents have been authorized

including **809** invention patents authorized

914 utility model patents authorized

199 design patents authorized

During the reporting period, **616** new patent applications were filed

224 new patents were authorized

Goals	2025 Achievement
Percentage of R&D Expenditure in Sales (%)	11.91%

Improving Healthcare Accessibility

To enhance the accessibility of the Company's healthcare services worldwide, KELUN PHARMA always adheres to the patient-centered development philosophy, actively responds to the national medical and health system reform, systematically improves the drug supply guarantee capacity, expands diversified market access channels, deepens the development of sinking markets, and firmly advances the internationalization strategy. KELUN PHARMA is committed to providing high-quality and affordable medical solutions for global patients.

Domestic Market

We actively respond to the national medical and health system reform, adhere to the patient-centered approach, and strive to continuously improve the accessibility of drugs in the Chinese market through systematically enhancing the drug supply guarantee capacity and expanding diversified market access channels and lower-tier market coverage. We aim to deliver high-quality medicines to patients in need more efficiently, promptly, and conveniently, putting the "Healthy China" strategy into practice through concrete actions.

KELUN PHARMA's Strategy for Improving Healthcare Accessibility

Ensuring Stable Drug Supply

The Company adheres to an "API-formulation integration" strategy during the R&D phase to enhance the supply capacity of essential drugs from the source. In 2025, the Company obtained approval for 7 new APIs and 42 drug formulations, and initiated R&D projects for an additional 12 APIs and 9 drug formulations, laying the foundation for subsequent continued stable supply of drugs.

Expanding Market Access Channels

The Company actively expands market coverage for drugs post-launch:

- In-Hospital Market: Ensure newly launched drugs are promptly listed on provincial procurement platforms for rapid inclusion in medical institution purchasing catalogs.
- Out-of-Hospital Market: For varieties suitable for retail and online channels, simultaneously establish presence in major pharmacy chains and compliant e-commerce platforms to cater to diverse patient purchasing scenarios.

Deepening Coverage in Centralized Procurement

The Company actively participates in national and local centralized volume-based procurement (VBP) schemes. In 2025, it participated in 14 batches of national and provincial VBPs, with 56 varieties successfully selected. Concurrently, the Company proactively supports provincial "Three Entries" programs (centralized procurement of drugs entering pharmacies, clinics, and private hospitals) to facilitate the distribution of VBP drugs to primary care facilities, further enhancing patient accessibility and affordability.

Integrating into the National Reimbursement System

The Company continues to participate in National Reimbursement Drug List (NRDL) negotiations, promoting the inclusion of more key varieties in the national medical insurance coverage. This significantly reduces patients' out-of-pocket expenses, effectively improves drug accessibility, and ensures innovative and high-quality generic drugs benefit a broader insured population.

During the reporting period, we obtained approval for a total of 69 evaluated pharmaceutical preparations, covering 31 provinces, municipalities and autonomous regions across the country, including anti-tumor drugs, anti-infection drugs, central nervous system drugs and other varieties.

Anyue Branch Successfully Passes Acceptance of Sichuan Provincial Key Sci-Tech Achievement Transformation and Demonstration Project

In October 2025, the provincial key sci-tech achievement transformation and demonstration project *Industrial Application of Citalopram Hydrobromide Tablets for Antidepressant* undertaken by Sichuan Kelun Pharmaceutical Co., Ltd. Anyue Branch successfully passed the acceptance inspection by the expert group organized by the Science & Technology Department of Sichuan Province. With the core objectives of "improving quality and efficiency, and expanding production capacity", the project has not only significantly increased the production batch of antidepressant drugs, but also upgraded the automation level and quality assurance capacity of the production line. It has laid a solid foundation for ensuring the stable supply of antidepressant drugs to meet public medication needs and improving their accessibility and affordability, which stands as a major practical achievement of the Company's commitment to serving the cause of people's livelihood and health.

Overseas Markets

We continue to advance our internationalization strategy and actively expand into emerging markets and markets in developing countries, and have achieved remarkable progress in enhancing healthcare accessibility.

In low and middle-income countries across Asia, the Americas, Africa and other regions, we provide local patients with highly accessible and reliable medical solutions covering multiple key therapeutic areas such as parenteral nutrition, anti-bacterial infection, cardiovascular diseases and anticoagulation, which reflects our commitment to global health equity. Our antibiotic intermediate products are mainly exported to India, Iran, Pakistan, Bangladesh and other countries, 70% of which are sold to India, mainly penicillin and cephalosporin series products. It ensures the stable supply of antibiotics in target countries.

Beyond the current operational scope, we have formulated clear goals and strategies to expand into emerging markets:

KELUN PHARMA's Expansion Goals for Emerging Markets

Preparation Products

- The Company continuously deepens presence in emerging markets. By precisely matching local medication needs, leveraging product technological advantages, and optimizing sales channels and models, the Company enhances the accessibility of a broader range of medicines. Focusing on Asia, Africa, and Latin America, the Company targets pain points such as shortages of primary healthcare resources and high prevalence of chronic and infectious diseases, accelerating registration and market access. During the reporting period, over 30 of the Company's products were approved in emerging countries.

API Products

- The Company focuses on emerging and potential markets in Europe, America, Japan, and BRICS countries. The Company has developed clear international filing, promotion, and marketing plans. It has also established close, direct, and long-term reciprocal collaborations with well-known professional agents and large local generic drug manufacturers in various countries and regions. This enables comprehensive coverage of the middle-end market from the high-end market.

Antibiotic Intermediate Products

- Over the next 3-5 years, the Company plans to further expand its overseas market presence, partnering with internationally renowned pharmaceutical companies on penicillin, cephalosporin, and other products.

As of the end of the reporting period, we have completed the registration of more than 30 pharmaceutical preparation products in total, continuously expanding our business coverage in emerging markets, enhancing our product innovation and market response capabilities, and laying a solid foundation for sustainable development.

Participating in Capacity Enhancing Programs for Developing Countries

We attach great importance to the advancement of medical and health undertakings in developing countries. Relying on the Group's international development strategy, we closely cooperate with local partners and actively participate in various programs for enhancing local medical and health service capabilities. We formulate and continuously track medium and long-term sustainable development goals, and jointly promote the improvement of medical service levels in developing countries.

Capacity Enhancing Program	Medium and Long-Term Sustainable Development Goal[2]	2025 Progress
Optimizing Pharmaceutical Supply Chains in Low and Middle-income Countries to Improve Drug Accessibility for Patients	Invest in building overseas factories to reduce medication costs and lead times in low and middle-income countries, and shorten overseas supply chains	In Kazakhstan: Kelun-Kazpharm has adopted an innovative cooperation model, established strategic cooperative relations in all local states, and realized the fast and accurate delivery of successful bid products to local hospitals by virtue of the local distribution agent network; In Sri Lanka: Kelun Lifesciences Pvt. Ltd. (Sri Lanka) directly distributed drugs to end-user institutions through local organizations, greatly cutting down intermediate links and ensuring that drugs can serve patients in a timely and effective manner.
	Assist overseas production lines in obtaining EU GMP certification to raise the level of medication in low and middle-income countries	Two newly added small-volume liquid production lines in the two factories invested and constructed by us in Sri Lanka have successfully obtained EU GMP certification, further enriching the product matrix with EU certification and effectively improving local drug accessibility and pharmaceutical manufacturing capacity.
	Assist overseas customers in optimizing their own warehouse storage capacity; plan to cover 60% of customers' warehouses in the next 3-5 years and improve the "last mile" drug supply	We have assisted overseas customers in optimizing their own warehouse storage capacity.
Supporting Low and Middle-income Countries in Carrying Out Pharmacovigilance Work	Provide pharmacovigilance-related training for all intermediaries, distributors and end customers for 100% of exported products, and supply pharmacovigilance training materials (e.g., videos, operation manuals, etc.)	We conducted irregular pharmacovigilance-related training for end users or distributors via emails or online meetings, and timely sent documents such as Drug Safety Reports and Periodic Safety Update Reports to distributors to ensure the safety and controllability of medication; We exported products to regions such as Southeast Asia, South America, Africa and Europe, and conducted post-marketing surveillance in developing countries based on the *Pharmacovigilance Monitoring and Reporting Management Procedure*.
Participating in Public-Private Partnerships to Enhance Local R&D Capabilities in Low and Middle-income Countries	Launch R&D projects continuously, provide technical guidance to R&D, quality and other personnel at overseas bases in the process, and continuously improve local personnel's R&D capabilities and the local level of pharmaceutical R&D through projects	In Kazakhstan and Sri Lanka: We have deployed R&D in overseas subsidiaries including Kelun-Kazpharm and Celogen Lanka, and launched R&D projects based on investigations into local drug regulatory authorities, hospitals and local market medication demands. Overseas subsidiaries recruited local personnel who were arranged to receive guidance from Kelun Pharmaceutical Research Institute to enhance the local R&D capabilities in low and middle-income countries. As of the end of the reporting period, we have launched and carried out more than 300 R&D projects overseas. Among them, in Sri Lanka, two products (Metformin Hydrochloride Tablets and Omeprazole Capsules) and two small-volume liquid production lines have obtained EU GMP certification.
Assisting Local Pharmaceutical Enterprises in Low and Middle-income Countries in Meeting International Pharmaceutical Production Quality Standards	Cooperate with local regulatory authorities such as drug administrations to provide consulting and guidance for enterprises, enabling more products to obtain EU GMP certification	In Sri Lanka: Celogen Lanka, invested by KELUN PHARMA in Sri Lanka, has become the first pharmaceutical enterprise in Sri Lanka to obtain EU GMP certification, which has greatly promoted the local pharmaceutical manufacturing level to meet international pharmaceutical production standards. In 2025, two newly added small-volume liquid production lines obtained EU GMP certification.
Providing Training for Local Health Workers in Low and Middle-income Countries	Conduct continuous annual training for local medical and nursing staff in low and middle-income countries; Provide training on the use of 100% of new products	In Vietnam and Kazakhstan: We conducted irregular annual training and promotion of new products for local medical and nursing staff to ensure proper usage and timely market availability upon launch.
Building the Capacity of Public Health Infrastructure, Information Systems or Health Projects in Low and Middle-income Countries	Establish a long-term communication mechanism with local governments and official institutions, and provide assistance within our capacity according to real-time needs	We have established long-term cooperative mechanisms through cooperation with local schools, and reserved professional talents with solid pharmaceutical knowledge for the local area.

Kelun-Kazpharm Organizes Training for Local Medical and Nursing Staff

Kelun-Kazpharm Provides Training for Local Medical Students

[2] Definition of Period: Medium-to-long term refers to the next 3 to 5 years.

Improving Drug Affordability

Based on the core concept of product affordability, we revised the *Fair Pricing Policy* during the reporting period to adapt to the diversities in global healthcare service demands, as well as the differences in drug payment mechanisms and fiscal system affordability across regions. On the premise of complying with the laws and regulations of target countries and regions, we take a comprehensive account of key factors including local GDP levels, economic and social development levels reflected by the UN Human Development Index, the status of local public medical systems and the prices of peer products when formulating tiered pricing strategies. We maintain relatively consistent drug pricing among countries at the same development level and in markets at the same level within a single country.

Domestic Market

We actively respond to the national medical and health system reform and strictly implement the national drug price supervision policies, ensuring that the pricing of all drugs abides by the requirements of relevant laws and regulations and safeguarding the fairness and transparency of drug prices. Meanwhile, we take an active part in the national volume-based drug procurement and national medical insurance negotiations, reducing product prices to the maximum extent and effectively lowering the medication threshold and economic burden for patients.

Business Segment	Equitable Pricing Strategy
Generic Drugs	• For the first generic drugs launched on the market, pricing shall not exceed that of the original research reference drug enterprises in line with relevant national policies; • For drugs with the same generic name already approved for marketing by other enterprises, pricing shall refer to the median price of such varieties of the listed enterprises.
Innovative Drugs	• Tiered pricing strategies for products shall be implemented with comprehensive consideration of factors including the economic development levels of different countries and regions, the UN Human Development Index, public medical investment, and the public's economic affordability; • Drug prices shall be ensured to be relatively consistent across countries and regions at the same development level and in markets at the same level within a country, so as to benefit more patients worldwide.

During the reporting period, we actively participated in the 11th round of the national centralized drug procurement program, and won the bids for 14 specifications under 12 varieties in total. The products cover the treatment fields of multiple chronic and major diseases including anti-infection, oncology, diabetes, hypertension, rheumatoid disorders, psychiatry, anesthetic analgesia, osteoporosis and nutrition. The average price reduction of the winning products reached 83%, higher than the national average level of centralized procurement, which significantly reduced the economic burden on patients.

In addition, as of the end of the reporting period, a total of 353 varieties of our products have been included in the *National Reimbursement Drug List (2025 Edition)*, including 338 chemical drugs and 15 proprietary Chinese medicines. Classified by Category A and Category B: 127 varieties are Category A and 226 are Category B. In the past four years, we have applied for the inclusion of 20 new varieties in the national medical insurance negotiation (bidding) catalog through national medical insurance negotiations; at present, a total of 9 varieties in the *National Reimbursement Drug List (2025 Edition)* have the status of negotiated drugs.

Product Name	Pricing Details
Powder-Liquid Dual-Chamber Bag	• Meropenem for injection/sodium chloride injection: It is indicated for infections caused by single or multiple meropenem-sensitive bacteria in adults and children. The medical insurance payment price was reduced from RMB 50.50 per vial before negotiation to RMB 28.66 per vial, a decrease of 43.24%. • Imipenem and cilastatin sodium for injection/sodium chloride injection: It is indicated for the treatment of severe infections, mixed infections caused by multiple pathogens and aerobic/anaerobic bacteria, as well as early treatment before pathogen identification. The medical insurance payment price was reduced from RMB 78.80 per vial before negotiation to RMB 53.08 per vial, a decrease of 32.64%.
Kangfuxin Liquid	• It participated in the follow-up project of national proprietary Chinese medicine centralized procurement, with a price reduction of 42.2% compared with the original winning price.

Overseas Markets

When promoting products in overseas countries or regions, we adhere to the principle of "demand orientation and value matching" and formulate reasonable pricing strategies based on local economic development levels and market conditions. Meanwhile, we actively participate in local government drug procurement and bidding activities, committed to alleviating the economic burden of medication for local patients.

Product Type	Equitable Pricing Strategy
Preparation Products	• In addition to aligning with local income levels, we also compare our products with other similar local products. Our products in Asia, Africa, the Americas and other regions are significantly lower than or equal to similar products in price, covering anti-tumor, anti-bacterial infection, parenteral nutrition, anesthetic analgesia and other therapeutic areas; • The selling prices of large-volume injection products exported to developing country markets such as Africa and Southeast Asia are more than 20% lower than those in developed countries.
Active Pharmaceutical Ingredients (APIs) & Antibiotic Intermediates	• A equitable pricing strategy aligned with local income levels shall be adopted in overseas sales; • For our strategic cooperation customers, in-depth cooperative relations shall be established with customers by signing framework agreements and other means, and certain preferential terms shall be given on the basis of market prices.

Quality as the Foundation

Quality Culture and Product Responsibility

Driven by Kelun's core values, we continue to practice the "Holistic Quality" philosophy and systematically construct and continuously improve a quality-centric operation and management system. By strictly implementing product safety and quality assurance mechanisms, we ensure the entire process from R&D to delivery is controllable and reliable; by providing high-quality customer services, we continuously enhance user experience and trust. Meanwhile, we actively advance the construction of a sustainable supply chain and collaborate with partners to jointly fulfill our responsibility commitments.

→ Product Safety and Quality

→ Customer Service

→ Building a Sustainable Supply Chain

Contribution to the United Nations Sustainable Development Goals (SDGs):

02

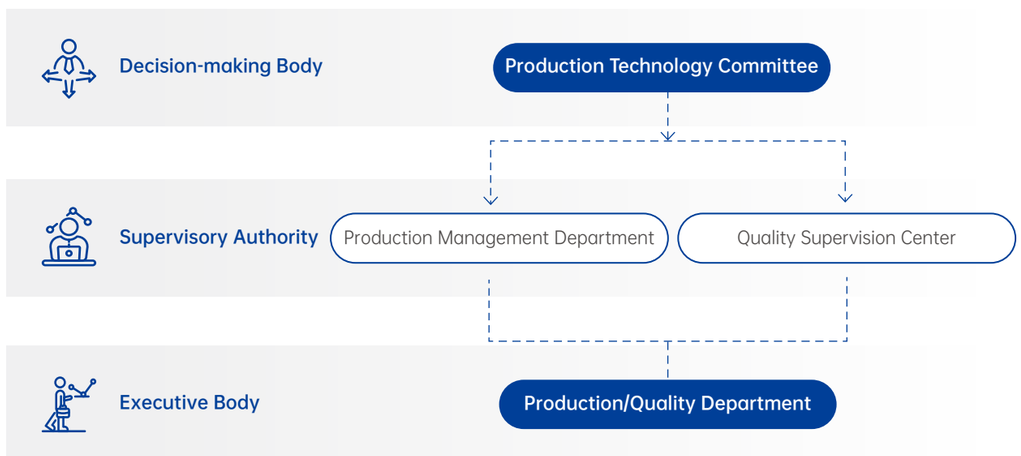
Product Safety and Quality

KELUN PHARMA has always adhered to a quality-centric corporate development philosophy and the principle of "quality first, safety foremost", and strictly complied with the national drug regulatory requirements to ensure the sustained stability and reliability of product quality.

Governance

In the product production link, we have established a three-level quality management organizational structure covering decision-making, supervision and management, and implementation. Among them, the Production Technology Committee, as the decision-making body, is directly led by the Company's senior management. During the reporting period, we revised the *Quality Manual* and continuously improved the quality management system and standard system to ensure that products consistently comply with registration regulations and pharmacopoeia requirements.

Organizational Structure of Product Quality Management (Production Link)



In terms of quality management system certification, we actively integrate international standards. As of the end of the reporting period, all our production bases have obtained GMP certification, among which 16 have been awarded ISO 9001 certification, accounting for 48.48% of all production-oriented enterprises.

Certification Entities of the Quality Management System

ISO 9001 Quality Management System Certification Certificate (Example)

In response to post-marketing product safety issues, we have established a joint management mechanism comprising a two-level Drug Safety Committee at both the group and factory levels. The group-level committee, led by the group general manager, is responsible for decision-making on major safety incidents and cross-system coordination. The factory-level committees, led by the general manager of each factory, are responsible for the daily safety management of their respective factories. The two-level committees operate in coordination to achieve closed-loop disposal of safety risks.

Key Honors

During the reporting period, our "Intelligent Factory for Large-Volume Injections with Integrated Production, Supply and Sales Collaboration" was certified as an Excellent Intelligent Factory by the Ministry of Industry and Information Technology (MIIT). Since the launch of this certification in 2024, both Xindu Base and Hunan Kelun have been successively selected, demonstrating our strong strength and leading position in the field of intelligent manufacturing.

Our "Application of Fully Automatic Light Inspection System for Infusion Products Based on Machine Vision Detection and Intelligent AI" was recognized as a 2024 Typical Case for Quality Improvement and Brand Building by MIIT; in accordance with the Evaluation Model for Intelligent Manufacturing Capability Maturity, we have achieved Level 3 maturity.

Certificate of Compliance with Intelligent Manufacturing Capability Maturity Standards

In addition, we have constructed a group-based intensive pharmacovigilance management system. A Drug Safety Risk Management Department has been established at the headquarters to centrally guide the pharmacovigilance management departments of all subsidiaries and branches in conducting adverse reaction collection, monitoring, reporting, risk assessment, post-marketing research and other related work. A 7-member expert team is stationed at the group level, responsible for the centralized coordination and promotion of pharmacovigilance and post-sales safety management across the entire group; each subsidiary and branch has set up a full-time pharmacovigilance department with a qualified pharmacovigilance officer in charge.

We strictly comply with the *Good Pharmacovigilance Practices* and relevant guiding principles, and have established a sound institutional system, including core documents such as the *Management Regulation on Post-Marketing Drug Safety Research*, *Management Regulation on Adverse Drug Reaction Reporting and Monitoring*, and *Management Regulation on Drug Safety Risk Management*. Furthermore, to ensure the effective operation of the pharmacovigilance system, we conduct regular, systematic and independent audits on the system, so as to fully safeguard the public's medication safety.

Internal and External Audit Responsibilities for Pharmacovigilance at the Headquarters and Subsidiaries/Branches

Drug Safety Risk Management Department of Headquarters

- Coordinate pharmacovigilance internal audits and external inspections for all subsidiaries (and branches) within the group. Coordinate preparations for extended inspections by regulatory authorities and facilitate related corrective actions.
- Regularly conduct internal audits of the pharmacovigilance system within the department.

Pharmacovigilance Management Departments of Subsidiaries (Branches)

- Organize and conduct internal pharmacovigilance audits within the company.
- Organize preparations for external inspections, promptly implement corrective actions based on inspection findings, and provide rectification reports when necessary.

Product Safety and Quality Management Assessment Mechanism

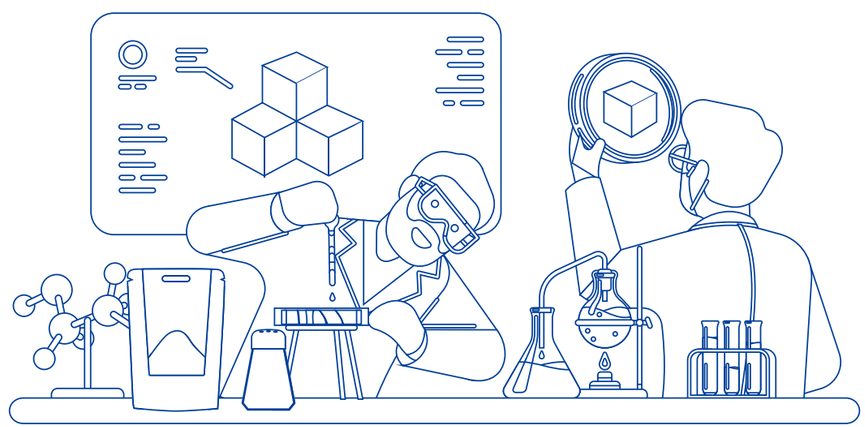
We have established a product safety and quality management assessment mechanism, strictly implemented the *Quality Objectives and Assessment Plan for Subsidiaries and Branches* and the *Measures for the Control of Major Quality Incidents*, and set the weight of year-end quality performance assessment at 20% to 30%, forming a positive cycle of "promoting performance through quality and ensuring quality through performance".

Strategy

We have built a risk management system covering the entire product life cycle, which systematically identifies product safety and quality risks in key dimensions such as raw and auxiliary materials, packaging materials, production processes, production equipment, and storage warehouses, assesses their potential impacts, and forms a dynamic management list to provide a basis for developing response measures.

KELUN PHARMA's Product Safety and Quality Risk List

Risk Type	Risk Description	Likelihood of Occurrence	Potential Financial Impact	Impact Cycle
Quality Risks of Raw, Auxiliary and Packaging Materials	Inadequate supplier quality systems fail to consistently supply materials meeting quality requirements, resulting in non-compliant preparation quality	Low	May lead to an increase in the Company's production costs	Short-term
Production Process Risks	Irrational parameter design, imprecise processes and inaccurate parameter control in production processes lead to non-compliant or unstable preparation quality	Low		Short-term
Cross-Contamination Risks	Inadequate cleaning procedures for shared equipment in the production process fail to reduce residual products from previous batches to an acceptable level, causing non-compliant preparation quality	Low	May result in product recall expenses, reduced sales revenue, and potential regulatory fines and legal litigation costs	Short-term
Storage and Transportation Risks	Inadequate packaging and sealing processes, lack of temperature and humidity monitoring in storage warehouses, failure to ensure long-term compliance with drug storage requirements, and packaging damage during drug storage and transportation cause drug contamination or deterioration	Low		Short-term



Impact, Risk, and Opportunity Management

We strictly abide by the processes and requirements of quality risk management in our work to ensure the scientificity and rationality of quality risk management. Based on risk management methods and tools, we make more effective risk-based decisions to eliminate, reduce or control potential risks and protect the interests of patients.

Product Quality and Safety Risk Management Process

Process Initiation

Define risk management objectives and scope, covering all stages from R&D and production to sales and market withdrawal.

Risk Identification

Systematically identify potential risks that may affect product quality and safety across dimensions such as APIs and excipients, packaging materials, production processes, production equipment, and warehousing inventory.

Risk Assessment

Analyze and grade identified risks using scientific tools to determine their severity and likelihood of occurrence.

Risk Control

Develop and implement corresponding control measures based on assessment results to eliminate, reduce, or manage identified risks.

Quality Emergency Management

We adhere to proactive prevention and risk prediction, and respond systematically to potential risks such as production disruption, product supply interruption and product safety hazards. In light of this, we have formulated the *Quality Risk Response Plan* covering material procurement, production and manufacturing, product transportation, post-marketing supervision and other links, which applies to all products under research and already on the market. Through the implementation of this plan, we identify and control various operational risks, and implement mitigation measures to ensure the quality and safety of products throughout their life cycle and business continuity, as well as the continuous delivery of safe and reliable products to customers.

During the reporting period, we revised institutional documents including the *Regulations on Disaster Recovery and Emergency Management of Group-Deployed Quality Information Systems* and the *Regulations on Business Continuity Management of Group-Deployed Quality Information Systems*, further enhancing the Company's ability to ensure business continuity in an information-based management environment.

Material Procurement Link

We comprehensively improve supply chain resilience and ensure the continuous and stable supply of key materials through forward-looking risk research and judgment, reasonable material standards, dynamic inventory adjustment, diversified supply layout and in-depth supplier collaboration.

Measures for Ensuring Production Continuity in the Material Procurement Link

Industry Information Analysis:

Communicate regularly with material suppliers to track industry dynamics and assess supply risks.

Setting Reasonable Standards

When establishing or changing product material standards, simultaneously assess material availability and cost implications to avoid situations where overly stringent standards lead to market supply shortages or necessitate high-cost procurement.

Implementing Multi-Sourcing

Mitigate single-source supply risks by sourcing from suppliers across multiple regions and countries.

Assessing Supplier Resilience

In supplier evaluations, comprehensively consider their scale, inherent risk resilience, and emphasis on preparedness, mitigation, and recovery plans.

Establishing Safety Stock

Establish a safety stock adjustment mechanism to proactively adjust inventory and procurement plans based on demand forecasts.

Developing Strategic Partnerships

Establish strategic partnerships and sign long-term agreements with key material suppliers to ensure long-term supply chain stability.

Production and Manufacturing Link

To ensure the continuity of product supply, we adopt a strategy combining multi-base collaborative production and equipment maintenance. By improving the multi-base layout, we promote the realization of certified production and nearby distribution of commonly used varieties across multiple bases. While improving operational efficiency, we have built a backup production capacity system that can be quickly switched, ensuring no supply interruption in the event of sudden incidents such as natural disasters and epidemics.

At the same time, we fully implement the preventive maintenance management of equipment, requiring all production enterprises to strictly implement the *Preventive Maintenance Management Regulations* to ensure the continuous and stable operation of production equipment, reduce the risk of unplanned downtime, and thus provide reliable support for continuous production and stable product quality.

Product Transportation Link

During the reporting period, we organized and carried out systematic special training for all carriers, focusing closely on the specific quality requirements in product logistics and transportation (e.g., temperature and humidity control, shock and pressure prevention, cleanliness assurance, etc.) as well as standardized handling and loading/unloading operating procedures. Through a combination of theoretical explanation and practical operation cases, we deepened carriers' understanding of quality risks that may be caused by improper operations, effectively raised their awareness of product quality protection, and extended the company's strict quality management standards to the "last mile" of product delivery, significantly reducing logistics-related quality risks.

The Company Conducts Training on Quality Requirements for Product Carriers

Post-Marketing Supervision

We have established a robust post-marketing drug quality and safety supervision mechanism. Based on standardized traceability and information systems, we achieve full traceability of drugs from production to end use. Meanwhile, relying on an institutionalized product recall system and regular drills, we continuously enhance our capacity to respond to and handle safety risks.

Drug Quality and Safety Traceability System

Standardized Traceability Implementation

Strictly implement standardized operations during production and packaging with complete records, and assign a unique electronic monitoring code to each sales packaging unit.

Information System Traceability Integration

Integrate information systems such as LIMS, QMS, and WMS to build a unified digital quality management platform. This enables data linkage and full-process traceability from raw material entry, through production and distribution, to clinical use.

Product Recall Mechanism

System Safeguards

Develop guiding documents such as the Drug Recall Management and Guidelines for Handling Sudden Drug Safety Incidentsto promote the establishment of product recall systems and procedures across all subsidiaries (and branches) in compliance with relevant laws, regulations, and company requirements. This ensures the ability to promptly and effectively recall batches of products with potential safety risks.

Drill Improvement

Continuously evaluate the responsiveness and effectiveness of the recall process and optimize the recall system through regular activities like mock product recalls.

Quality Inspection

The Company has built a high-level testing platform featuring comprehensive coverage and advanced technology. To date, the Company has set up more than 22 quality control laboratories equipped with over 500 high-precision testing instruments, capable of covering more than 1,100 testing items. This effectively ensures the accuracy of testing results and provides a solid foundation for product safety and efficacy. Laboratories of 7 core subsidiary companies have passed the authoritative assessment of the China National Accreditation Service for Conformity Assessment (CNAS) and obtained CNAS accreditation, demonstrating the professionalism and credibility of the Company's testing system.

During the reporting period, the Company actively introduced advanced testing technologies from across the industry and continuously optimized its processes. While improving testing efficiency and data reliability, the Company further strengthened quality control throughout the entire process and advanced the shift of quality risk management toward proactive prevention.

Introduction of Advanced Testing Technologies

PAT for Automated Intermediate Monitoring

Applied in the Company's intensive high-speed production lines to enable dynamic monitoring of critical process parameters, significantly improving the precision and timeliness of process control.

Automated Testing Technology

Applied in the Company's laboratories, integrating automated equipment with data systems to reduce human error, significantly improve testing efficiency, and ensure consistency and reliability of results.

Quality Culture Development

The Company attaches great importance to the development of a quality-oriented culture and actively promotes the "Kelun's Grand Quality Concept". A systematic quality training framework has been established, under which diverse product safety and quality-related training programs are conducted annually for all employees.

The Company's training system spans the entire employee career lifecycle, covering all stages from onboarding training, pre-job training, to post-job continuing education, ensuring that every employee receives training relevant to their position, including GMP knowledge, applicable laws and regulations, and standard operating procedures.

In addition, the Company has established specialized training programs for different functions and levels, such as the "Knowledge Lecture Hall" and the "Drug Vigilance Training Center" for quality management personnel. Training is delivered through a combination of on-site lectures, online learning, and practical assessments. Training effectiveness is tracked through multi-dimensional evaluation, forming a complete training loop, and providing strong support for pharmaceutical quality and production safety.

2025 Product Safety and Quality Training Matrix

Category	Training Category	Training Content	Frequency	Organization Form	Training Method	Effectiveness Tracking
New employee induction	Basic training for new employees	*5S Management, Fundamentals of Lean, Standardized Operations*, etc.	New employee onboarding training	Organized uniformly by the Quality Department	On-site lectures + learning via E-learning platform	All new employees must pass the online assessment as one of the conditions for onboarding.
	GMP training for new employees	*Clean Area Personnel Behavior Standards, Microbiology Fundamentals, Personal Hygiene Requirements, Pharmaceutical Fundamentals*, etc.	New employee onboarding training	Organized uniformly by the Quality Department	On-site lectures + learning via E-learning platform	All new employees must pass the online assessment as one of the conditions for onboarding.
	Drug production and quality laws and regulations	*Drug Administration Law of the People's Republic of China, Measures for the Supervision and Management of Drug Production, Good Manufacturing Practice* and appendices, etc.	New employee onboarding training	Organized uniformly by the Quality Department	On-site lectures + learning via E-learning platform	All new employees must pass the online assessment as one of the conditions for onboarding.
Pre-job training	Production staff	SOP GMP knowledge, drug production regulations, the Company's drug production management systems and position SOPs	*SOP for Light Inspection Position, SOP for Filling Position, SOP for Packaging Position*, etc.	Pre-job training; retraining when relevant regulations are revised	Organized by training administrators of the Production Department, supervised by department heads; tracked and managed by the Quality Department	On-site lectures + learning via E-learning platform + practical assessment	Theoretical assessment, on-site Q&A, practical assessment
	Quality staff	GMP knowledge, drug quality regulations, the Company's drug quality management systems and position SOPs	*Deviation Management Procedure, Change Management Procedure, Electronic Balance SOP, Product Release Management Procedure*, etc.	Pre-job training; retraining when relevant regulations are revised	Organized by departmental training administrators, supervised by department heads; tracked and managed by the Quality Department	On-site lectures + learning via E-learning platform + practical assessment	Theoretical assessment, on-site Q&A, practical assessment
	Equipment management staff	Professional knowledge training	*Equipment Maintenance Procedure, Equipment Lifecycle Management Procedure, Preventive Equipment Maintenance Procedure*, etc.	Pre-job training; retraining when relevant regulations are revised	Organized by departmental training administrators, supervised by department heads; tracked and managed by the Quality Department	On-site lectures + learning via E-learning platform + practical assessment	Theoretical assessment, on-site Q&A, practical assessment
	Warehouse staff	Professional knowledge training	*Raw Material Receipt/Dispatch/Storage Management Procedure, Finished Product Receipt/Dispatch/Storage Management Procedure, Finished Product Shipping Management Procedure*, etc.	Pre-job training; retraining when relevant regulations are revised	Organized by departmental training administrators, supervised by department heads; tracked and managed by the Quality Department	On-site lectures + learning via E-learning platform + practical assessment	Theoretical assessment, on-site Q&A
Continuing education	All Staff	Drug production and quality laws and regulations, revision of drug production and quality documents	Such as *Measures for the Administration of Drug Registration, Measures for the Administration of Vaccine Production*, etc.	Retraining when relevant regulations are revised; training when new regulations are issued	Combination of company-level, department-level and position-level training	Internal trainer PPTs, online learning through recorded videos	Theoretical assessment, on-site Q&A
	Core management personnel	Training on international laws, regulations, and guidelines	*EU GMP Annex 1: Manufacture of Sterile Medicinal Products, ICH Q10, Federal Food, Drug, and Cosmetic Act, EU GMP Guide Part 1 GMP for Medicinal Products*, etc.	Organized based on business needs	Company-level and department-level training	Internal trainer PPTs, online learning through recorded videos	Theoretical assessment, on-site Q&A

In terms of continuous improvement, the Company encourages all employees to identify issues and implement improvements within their respective roles by promoting rationalization proposals and Quality Control (QC) group activities. These initiatives cover multiple areas including production, processes, and management, fostering a culture in which everyone pays attention to quality and participates in improvement. Through these efforts, the Company has effectively addressed numerous operational bottlenecks and potential risks in daily operations, while further strengthening company-wide quality awareness and reinforcing the foundation of its quality management system.

Incentivizing Employee Quality Proposals to Drive Company-wide Continuous Improvement

In 2025, the Company continued to advance product quality improvement efforts by establishing a specialized incentive mechanism to encourage frontline employees to submit rationalization proposals for product quality enhancement. During the year, a total of 12,555 proposals were received from 18 subsidiaries/branches, covering areas such as cost control, process optimization, equipment upgrades, and safety management. A total of approximately RMB 390,000 in special rewards was granted for adopted proposals. This initiative not only delivered tangible improvements in quality and efficiency, but also facilitated the culture of company-wide participation and continuous improvement, bringing together grassroots insights and innovative vitality to support the Company's high-quality development.

Pharmacovigilance Mechanism

The Company has established a systematic pharmacovigilance mechanism with global coverage. Through the implementation of standardized processes and intelligent tools, the Company continuously enhances the monitoring and response quality and efficiency, comprehensively strengthening safety risk management throughout the entire lifecycle of pharmaceuticals and laying a solid foundation for safeguarding patient safety worldwide.

Corrective Measures for Deficiencies Identified in Pharmacovigilance Audits

Immediate Rectification

For deficiencies that can be corrected immediately, rectification is completed on the spot or as soon as possible after the audit concludes.

Inclusion in CAPA Management

For complex deficiencies that cannot be resolved within 20 working days, they are included in CAPA management.

Reporting and Approval

After all deficiencies are rectified, a Pharmacovigilance Deficiency Rectification Report must be systematically completed and submitted to the Head of the Drug Safety Risk Management Department for review and approval.

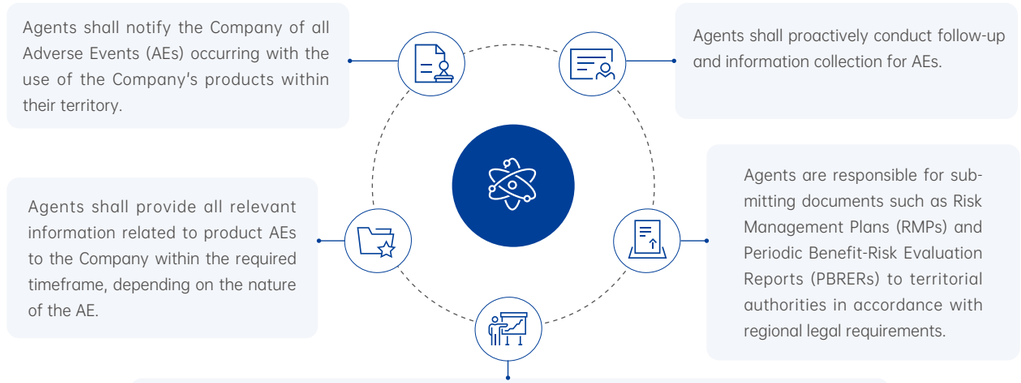
Record Archiving

Within 7 working days after the audit concludes, organize and archive all records related to the audit.

Pharmacovigilance in Developing Countries

In accordance with the *Pharmacovigilance Monitoring and Reporting Management Procedure*, the Company systematically conducts post-marketing safety monitoring for pharmaceuticals in developing countries. The Company has established an overseas adverse reaction monitoring and reporting mechanism and has signed agreements with overseas agents to clarify their responsibilities for the collection and transmission of post-marketing adverse reaction information, as well as follow-up and investigation related to exported products. Relevant departments of the Company strictly handle and report adverse reactions in compliance with regulatory requirements and continuously carry out risk identification and control activities, thereby systematically safeguarding medication safety for global consumers.

Collaboration Between the Company and Agents on Pharmacovigilance



When agents request in writing that the Company investigate a drug adverse event, the Company shall provide the agents with an estimated timeframe for feedback on the investigation results within the corresponding working days and provide feedback within that estimated timeframe.

Indices and Goals

During the reporting period, the Company's indices and goals for product safety and quality were as follows:

Annual Coal	Achievement Status
No incidents of being ordered by drug regulatory authorities to suspend production for rectification, or having drug approval documents or the drug manufacturing license revoked	Achieved
No failures in inspections conducted by drug regulatory authorities due to the Company's own reasons (including licensing inspections, GMP compliance inspections, on-site registration verification, supervisory inspections, and for-cause inspections)	Achieved
Production repeat deviation rate <5%	Achieved
Training completion rate >90%	Achieved
Timely closure rate of production deviation >90%	Achieved

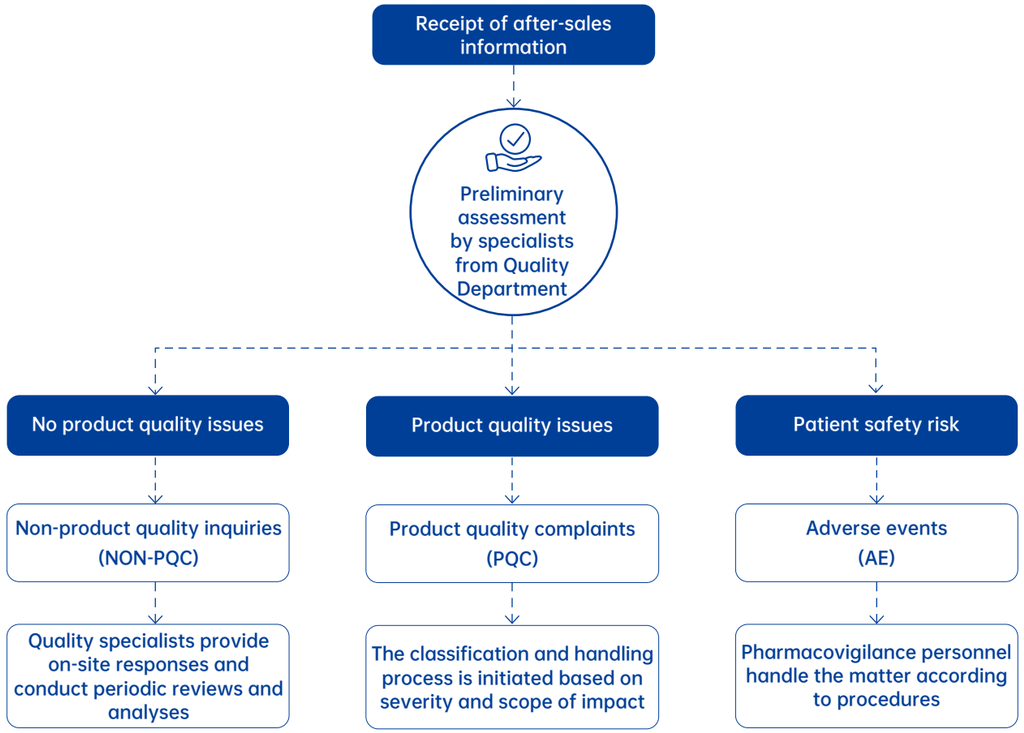
Customer Service

KELUN PHARMA has always adhered to a customer-centered service philosophy, established an after-sales service management system with clear hierarchy and well-defined responsibilities, formulated and implemented a series of policies such as the *Product After-sales Information Management*, clarified service standards throughout the entire process, and promoted all subsidiaries/branches to comprehensively establish and implement customer feedback management mechanisms, allowing for standardized closed-loop management covering information acceptance, classification, investigation, and handling. The Company ensures that every piece of customer feedback receives a timely and professional response, while continuously safeguarding consumer rights and medication safety and continuously driving the optimization and upgrading of products and services.

After-Sales Service Management

The Company attaches great importance to customer after-sales feedback information, regards it as an important basis for improving quality and services, and clearly requires all relevant departments to properly handle such information. The Company strictly follows the principle of "local handling", with the sales region or subsidiary/branch where the feedback information is received serving as the first responsible party, ensuring that no after-sales information is omitted or shifted. If a product may have obvious quality defects or pose risks to patients, the recall procedure shall be initiated immediately.

After-Sales Information Classification and Handling Process



Product Quality Complaint (PQC) Handling Process

Information Transmission

For different categories of Product Quality Complaints (PQC), the Company strictly adheres to established reporting scopes and timelines for information transmission.

Any after-sales feedback that could potentially trigger a major crisis or cause severe adverse impact must be immediately reported to the Quality Manager, Qualified Person, Enterprise Legal Representative, and Headquarters Quality Management Center. Concurrently, the relevant senior management must be notified, and personnel must be dispatched to the site for immediate handling.

Information Recording

For every PQC, key information involved must be systematically and completely recorded to ensure sufficient basis for subsequent analysis and traceability.

Investigation

Conduct internal and external investigations commensurate with the severity of each PQC category, and document the investigation process in detail.

Developing Corrective and Preventive Actions

The Quality Department, in coordination with relevant departments, formulates Corrective Actions and Preventive Actions (CAPA) as per Company requirements to prevent recurrence of similar complaints. These actions are communicated to the Qualified Person and relevant directly responsible personnel.

Response

Respond to the user regarding the investigation results in writing, by phone, or by dispatching personnel to the location.

Review and Analysis

Conduct monthly summaries and annual retrospective analyses of after-sales information. Use statistical tools to identify recurring and high-risk issues, reporting the findings to the Qualified Person and Quality Manager, and to the Enterprise Legal Representative when necessary.

Record Management

Assign a unique code to each PQC and archive it. Ensure complete records are maintained for each key stage from receipt to resolution for long-term preservation.

Customer satisfaction survey

The Company continuously optimizes and improves customer satisfaction by regularly conducting customer satisfaction surveys, continuously gaining insights into customer needs and driving service improvements. During the reporting period, the Company achieved timely responses and closed-loop handling for all customer feedback received, with a resolution rate of 100%.

Customer Privacy Protection

KELUN PHARMA strictly complies with laws and regulations such as the *Personal Information Protection Law of the People's Republic of China* and has established a customer privacy protection system covering the entire process of information collection, storage, transmission, and use. The Company processes necessary information only under circumstances permitted by law and with explicit customer authorization, and safeguards the security of sensitive information such as personal information, transaction records, and health data through reliable technical and management measures, preventing illegal access, leakage, or misuse.

In customer services, the Company fully respects and protects customers' rights to know and choose, as well as their rights to privacy. Any operation involving customer privacy is handled transparently, and an efficient response mechanism has been established to promptly address various customer requests regarding information. Through continuous internal training and improvement of institutional mechanisms, the Company continuously enhances employees' awareness and execution capability in privacy protection, while providing high-quality pharmaceutical services and creating a secure and trustworthy environment for customer information.

Responsible Marketing

KELUN PHARMA adheres to the principle of responsible marketing, deeply integrates social responsibility into its marketing practices, and strives to conduct pharmaceutical and medical promotion in an ethical, scientific, and objective manner, while resolutely eliminating any misleading information. By strictly implementing internal management systems such as the *Responsible Marketing Policy* and *Compliance System*, the Company has established and continuously improved its marketing compliance management system, ensuring that all marketing activities strictly comply with laws and regulations and safeguarding market order and company reputation.

Responsible Marketing System

Responsible Marketing Policy: A guiding document publicly available on the official website.

- Scope of Application: All employees of the Company and its subsidiaries, including full-time, part-time, outsourced, and temporary employees.
- Policy Content: The Company's Responsible Marketing Policy defines basic marketing principles and covers consumer privacy protection, training for employees and partners, responsible marketing audits, and mechanisms for handling violation reporting and supervision.

Compliance System Series: Specific operational standards for responsible marketing conduct.

- Promotional and Non-Promotional Materials Management System: It establishes a review mechanism before internal and external information release to ensure content is objective and compliant.
- Market Service Provider Management System: It strengthens full-process management of third-party service providers.

Responsible Marketing System

The Company strengthens the development of its marketing compliance management system by conducting high-frequency and irregular responsible marketing audits each year, and integrates compliance requirements into the daily operations of frontline marketing personnel and relevant business units, thereby enhancing employees' compliance execution capability and their recognition of the compliance culture.

The Company also conducts in-depth analysis of significant and common issues identified during inspections, providing important references for subsequent revisions of policies, process optimization, and improvement of the training system, thereby achieving routine supervision and closed-loop management and promoting the continuous iteration and upgrading of the overall marketing compliance management system.

Quarterly Compliance Spot-check Mechanism

The Company carries out regular quarterly spot-checks to identify potential risks in marketing operations through systematic and standardized procedures. For significant issues and risk points identified during spot-checks, the Company promptly conducts special meetings and written communications with the management of the marketing segment to jointly advance issue rectification and process optimization.

Unannounced Inspection Mechanism

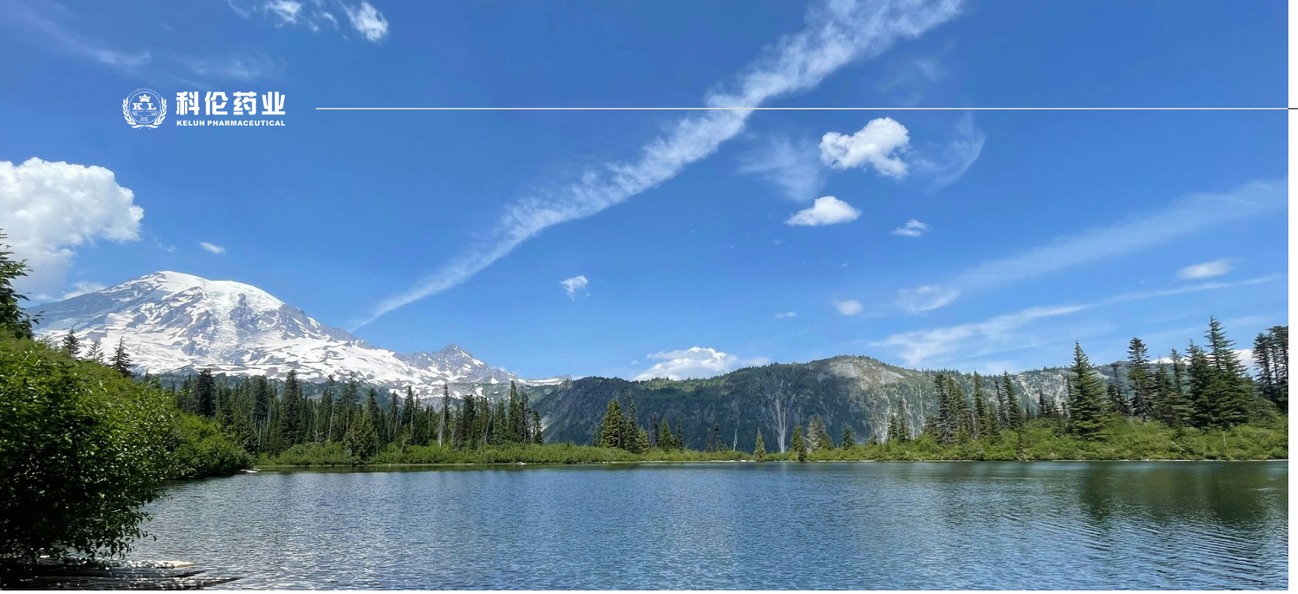
During the reporting period, the Company conducted over 250 unannounced inspections across business units within the marketing segment, focusing on verifying the compliance and effectiveness of marketing activities and establishing a normalized supervision model.

Responsible Marketing Training

The Company continuously improves its responsible marketing training system, and constantly enhances the professional competence and compliance awareness of its marketing teams to ensure that marketing activities comply with legal and regulatory requirements and business ethics standards.

Conducting Specialized Training to Enhance Employees' Awareness of Responsible Marketing

In 2025, the Company systematically conducted specialized compliance training on responsible marketing for all employees in the marketing segment. The training focused on the key contents of the compliance system documents, offering a series of video courses covering topics such as promotional material management, third-party due diligence, and service provider management, and employees were organized to participate in the training through an E-learning platform. The training adopted a combined learning and assessment model, linking employees' learning progress with departmental performance to ensure training effectiveness. The training comprehensively improved marketing personnel's compliance knowledge and risk prevention capabilities, providing strong support for implementing the concept of responsible marketing.



Conducting Training Based on Marketing Audit Results to Facilitate Issue Rectification and Risk Prevention

In 2025, in response to common and high-frequency issues identified in quarterly spot-checks and unannounced inspections, the Company conducted specialized compliance training for the marketing team. The training focused on topics including system operation standards, the institutional basis for unannounced inspections, analysis of typical cases, and risk early warning mechanisms. Throughout the year, a total of seven training sessions were conducted through both online and offline formats, supplemented by in-class tests and interactive Q&A to reinforce learning outcomes. The training effectively reduced the recurrence of issues and significantly strengthened the marketing team's ability to identify and prevent risks.

Key Performance

During the reporting period, the Company conducted **42** responsible marketing audits

covering **3,191** employees

A total of **13,063** employee participations were recorded in responsible marketing training

with total training hours reaching **127,100** hours

an average of **39.84** hours per person

Building a Sustainable Supply Chain

KELUN PHARMA has established an institutional system covering the entire lifecycle of suppliers to systematically promote the sustainable development of its supply chain. During the reporting period, the Company further improved core standards such as the *Material Supplier Management Measures* and the *Supplier Code of Conduct*, ensuring that supply chain management fully complies with national laws and regulations, pharmaceutical GMP requirements, and the Company's development needs, thereby guaranteeing the compliance, stability, and sustainability of the supply chain from the institutional level.

Example of KELUN PHARMA's Supplier Management System

- Material Supplier Management Measures
- Material Supplier Quality Management Procedure
- Procurement Personnel Code of Conduct
- Supplier Code of Conduct
- Online Procurement Management Measures
- *Material Supplier Audit Management Procedure*

As a group-based pharmaceutical company, KELUN PHARMA implements a centralized management model for material suppliers of its controlled enterprises to achieve resource integration and risk control.

Centralized Management of Material Sourcing

Centralized Procurement Execution

The Group's supply department is uniformly responsible for material procurement, leveraging economies of scale to ensure supply stability and cost optimization.

Standardization of Institutional Systems

Develop and promote unified management systems and documents to ensure all controlled subsidiaries adhere to consistent supplier management standards.

Unified Personnel Qualification Management

Implement unified qualification confirmation and recognition for supplier management leaders and quality auditors to ensure personnel capabilities meet Group management requirements.

Resource Coordination and Synergy

Comprehensively utilize Group resources, coordinate various management tasks, improve efficiency, conserve resources, and systematically control supply chain risks.

Supplier Admission Evaluation

In the supplier admission evaluation stage, the Company follows a strict and standardized multi-dimensional evaluation process, conducts comprehensive reviews of supplier qualifications and strictly enforces admission thresholds in terms of quality, compliance, and capability.

Dimensions of Supplier Admission Evaluation

Material Quality Assessment

- Including assessing the applicability of material quality standards.

Process Suitability Evaluation

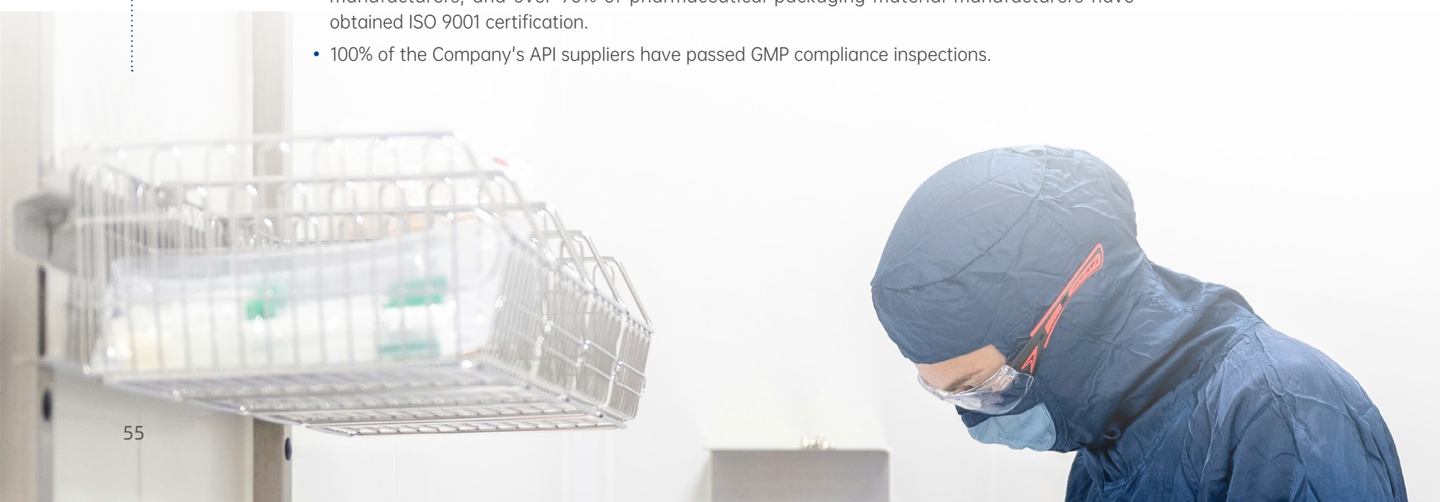
- Evaluating the compatibility of materials with production processes through trials and validation.

Product Quality Assessment

- Encompassing verification of finished product quality stability.

Supplier Comprehensive Qualifications and System Certification

- In supplier selection, the Company focuses on its quality management, EHS management system, social responsibility, and environmental performance. Priority is given to suppliers with certifications such as ISO, and the procurement ratio from high-quality suppliers is continuously increased.
- Over 95% of the Company's API manufacturers, over 90% of pharmaceutical excipient manufacturers, and over 90% of pharmaceutical packaging material manufacturers have obtained ISO 9001 certification.
- 100% of the Company's API suppliers have passed GMP compliance inspections.



Supplier audit

In accordance with the Material Supplier Audit Management Procedure, KELUN PHARMA formulates and implements supplier quality audit plans. The audit scope comprehensively covers the six major GMP systems, enabling the Company to control product quality and safety from the source. Audit results serve as a key basis for suppliers' annual comprehensive performance evaluations and directly affect their subsequent procurement share, thereby continuously promoting the improvement and optimization of supply chain quality. In 2025, the Company's quality audits covered all suppliers assessed as high-risk in terms of material availability and quality maturity.

Key Performance

During the reporting period, the Company completed audits of **441** suppliers, including **342** on-site audits

99 written audits

The number of suppliers that underwent social impact assessments was **463**

the number of suppliers that underwent environmental impact assessments was **463**

The number of suppliers identified as having actual or potential significant negative social impacts was **0**

the number of suppliers identified as having actual or potential significant negative environmental impacts was **0**

Supplier Capability Development

Through systematic supplier capability development initiatives, the Company continuously drives quality improvement across the supply chain. The Company adopts various measures such as seminars, training sessions, on-site diagnostics, and benchmarking learning to assist material suppliers in optimizing production quality management and product quality control, thereby ensuring their ability to provide compliant materials on a long-term and stable basis and establishing sustainable and mutually beneficial partnerships.

Supplier Rectification Mechanism

Mechanism Activation Conditions

The Company initiates the supplier rectification mechanism when material supply or quality anomalies occur.

Multi-Dimensional Technical Guidance

Provide targeted technical guidance to suppliers focusing on process improvement, on-site management, quality inspection, and pollution control strategies.

On-Site Diagnosis and Action Plan Formulation

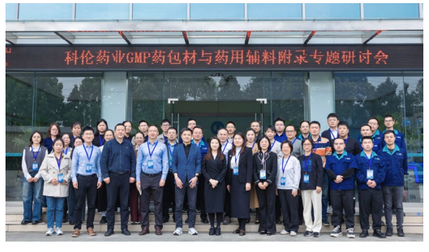
Organize multiple on-site audits and diagnoses, analyze root causes jointly with suppliers, and formulate specific improvement and corrective action plans.

Implementation of Rectification and Capability Enhancement

Track and promote the implementation of measures to ensure issue closure, and systematically assist suppliers in enhancing their quality management and production assurance capabilities.

Holding Specialized Seminars to Enhance Supplier Quality Management Capabilities

In 2025, the Company organized specialized seminars for pharmaceutical packaging material and pharmaceutical excipient suppliers, with a focus on training and discussion regarding GMP-related appendices. The seminars involved in-depth exchanges on product quality and safety, product improvement plans, and problem rectification measures, promoting consensus between both parties on key quality requirements and strengthening quality, safety, and compliance control of raw materials and packaging materials from the source. This initiative significantly enhanced suppliers' understanding and implementation of regulations and quality standards, providing clear guidance for systematic rectification and continuous improvement, thereby further solidifying the collaborative quality foundation of the supply chain.



The Company Holds a Specialized Seminar for Suppliers

Supplier Quality Training

To continuously enhance the quality management level of the supply chain, the Company organizes diversified quality training for suppliers each year through multiple approaches such as online video learning, offline thematic meetings, on-site specialized guidance, and information sharing. The training content covers key areas including quality management system development, application of lean production tools, contamination control strategies, strengthening process and quality control, and interpretation of newly issued regulations, aiming to assist suppliers in consolidating their quality foundations and strengthening compliance capabilities. At present, online video learning has covered all material suppliers of the Group.

For high-risk suppliers, the Company customizes training programs based on specific issues identified during assessments and audits to further enhance the relevance and effectiveness of training. At the same time, by organizing supplier exchange conferences and industry benchmarking activities, the Company further conveys its quality philosophy and management requirements, promoting coordinated development and continuous improvement across the supply chain.

In the future, the Company plans to further increase the proportion of training related to EHS and social responsibility in 2026, more clearly conveying the concept of sustainable development to its partners and jointly building a more responsible and resilient supply chain system.

The Company Conducts Supplier Quality Training

Key Performance

Supplier Quality Training During the Reporting Perioda

Training Method	Training Coverage	Training Frequency
Online video learning	All suppliers	Video learning content is updated annually (suppliers shall complete video learning on the official website before placing orders)
On-site/online customized training	Core/key/high-risk suppliers	Annually
Supplier exchange conference	Core/key/high-risk suppliers	Annually
Audits and quality training are conducted at supplier locations according to the audit plan	All suppliers subject to annual on-site audits	Annually

Supplier Integrity Development

The Company attaches great importance to integrity development within the supply chain and has formulated and implemented a series of institutional documents, such as the *Supplier Code of Conduct* and the *Third-party Due Diligence and Handling Management System* to create a fair and honest business cooperation environment together with suppliers.

The Company integrates supplier integrity management throughout the entire process of cooperation between the Company and its suppliers. The Internal Audit Department conducts irregular spot checks at various stages through methods such as questionnaire surveys and compliance interviews, and continuously supervises the implementation. At the same time, the Company systematically incorporates business ethics and anti-corruption requirements into its supplier training system and regularly organizes specialized training sessions for all suppliers to ensure that integrity principles are effectively communicated and fully implemented.

Through the combination of institutional constraints, process supervision, and training advocacy, the Company has established an integrity management system covering both existing and potential suppliers, effectively strengthening compliance awareness and risk prevention capabilities across the supply chain and laying a solid foundation for sustainable cooperation.

Supplier Integrity Supervision

Admission Phase

Conduct specialized anti-commercial bribery and anti-corruption due diligence on suppliers to ensure their compliance background meets cooperation requirements.

Establishing Cooperation

Sign a Sunshine Agreement with suppliers, clearly defining integrity requirements and breach of contract liabilities.

During Cooperation

Regularly conduct special anti-commercial bribery audits on suppliers to continuously monitor the compliance of their business practices.

Supplier Code of Conduct Training

During the reporting period, the Company uniformly launched training videos explaining the Supplier Code of Conduct and the *Sunshine Agreement* (Anti-Corruption Commitment Letter)on its official website procurement platform and on the supplier registration and login interface of the electronic procurement system. These videos are mandatory and cannot be skipped. Suppliers must watch them in full to complete registration or continue using the system.

Key Performance

During the reporting period,
100% of core suppliers conducting business with the Company signed the Sunshine Agreement.

Green Supply Chain Development

The Company actively promotes the development of a green supply chain and advocates and encourages suppliers to prioritize the use of environmentally friendly materials and sustainable products through multiple approaches. To systematically evaluate the environmental performance of the supply chain, the Company conducted a specialized questionnaire survey among packaging material suppliers, focusing on understanding whether they had passed FSC (Forest Stewardship Council) certification. The survey covered a total of 59 packaging material suppliers, and the results showed that 17 of them had passed FSC certification.

In the future, the Company will continue to improve its green procurement mechanism, and guide and support more partners in participating in green and low-carbon transformation and jointly building an environmentally responsible supply chain ecosystem.

Key Performance

During the reporting period,
17 suppliers cooperating with the Company had passed FSC certification.

Living in Harmony with Nature

Low-carbon Transition and Environmental Friendliness

KELUN PHARMA adheres to the business philosophy of "environmental protection first, sustainable development", and is committed to deeply integrating green ecological principles into the entire production process while continuously improving its environmental management system. The Company strictly complies with environmental protection regulations, reduces waste generation and improves disposal efficiency through the application of advanced pollution control technologies to ensure that all emissions meet regulatory standards; improves energy utilization efficiency and implements water-saving and electricity-saving measures to achieve efficient resource management; enhances climate risk resilience, scientifically measures and manages carbon emissions, and actively promotes low-carbon operations, thereby facilitating the harmonious coexistence of industrial development and the natural environment through concrete actions.

- → Addressing Climate Change
- → Environmental Compliance Management
- → Pollution Prevention and Ecosystem Protection
- → Resource Utilization and Circular Economy

Contribution to the United Nations Sustainable Development Goals (SDGs):

03

Addressing Climate Change

KELUN PHARMA fully recognizes the systemic risks and transition opportunities that climate change brings to its own operations and the entire industry chain, integrates green and low-carbon development into its long-term strategic planning, promotes the clean transition of its operational energy structure, and establishes a comprehensive and effective climate response mechanism through identification, assessment, and scientific management.

Climate Governance Strategy

The Company and its subsidiaries/branches follow the disclosure recommendations and framework of the Task Force on Climate-related Financial Disclosures (TCFD), identify and assess the climate risks and opportunities they face, and accordingly formulate and implement specific plans to address climate change and reduce greenhouse gas emissions.

Governance

At the climate governance level, the Company has established a management framework led by the Board of Directors. The ESG Committee under the Board of Directors serves as the highest representative body responsible for addressing climate change issues, and is responsible for assessing and managing climate-related risks, opportunities, and impacts, as well as formulating climate-related targets, with the Board of Directors responsible for supervising the execution of its work. The ESG Working Group, as the executive body of the ESG Committee, is responsible for coordinating the implementation of specific climate change management tasks across departments and subsidiaries/branches.

To ensure the effective implementation of management measures, all subsidiaries/branches have established dedicated greenhouse gas inventory teams. Each team is led by a designated person appointed by the EHS department, with designated personnel from each business department serving as team members, and a management representative is appointed, to promote and supervise all functional departments within the enterprise in jointly implementing climate-related work, ensuring smooth communication and efficient actions at the execution level.

Strategy

The Company has incorporated climate change and related risks and opportunities into the decision-making process of its sustainable development management. Based on assessments of their impact on the overall direction of the Company's business development, targeted response strategies have been formulated, and specific climate change management initiatives have been carried out to effectively reduce greenhouse gas emissions while enhancing the Group's overall adaptability to climate change.

Climate Risk Identification and Response Status of KELUN PHARMA

Risk Type		Risk Description and Impact	Response Strategy
Physical Risks	Acute Risks	Typhoons, heavy rain, and floods: ● Extreme weather events cause disruptions in logistics and transportation, impacting product production and timely delivery, leading to increased operating costs; ● Damage to production equipment and operational interruptions resulting from the destructive force of extreme weather events, leads to increased equipment repair costs; ● Potential threats are posed to employees' personal safety and occupational health, with work-related accidents leading to reduced production efficiency.	● Plan for various transportation methods, allocate logistics transportation time based on weather warnings to ensure material inventory reserves; ● Continuously improve emergency response mechanisms for natural disasters, stockpile emergency supplies, and strengthen safety inspections; ● Implement emergency plans for extreme weather events and conduct regular drills to prepare for such events;
	Chronic Risks	Sea level rise: ● Operational entities in coastal areas may need to relocate inland, resulting in damage or premature scrapping of fixed assets leading to increased production costs; Temperature rise: ● Employees may experience heat exhaustion, heat stroke, or other health issues due to extreme heat, resulting in increased operating costs. Production machinery may face overheating issues, leading to reduced lifespan and increased capital expenditures.	● Avoid locating new facilities in low-lying areas; ● Develop suppliers in multiple regions within the same category to ensure a continuous and sufficient supply of materials without dependence on a single source; ● Install refrigeration facilities to address temperature increases; ● Equip facilities with comprehensive fire safety systems; ● Conduct emergency drills and fire safety training to enhance employee awareness and capabilities in fire prevention and response.
Transformation Risks	Policy Risks	Tightening carbon emission management policies and regulations: ● The national deployment of "peak carbon dioxide emissions and carbon neutrality" initiatives, including the introduction of energy-saving and emission-reduction policies and standards, may increase compliance costs for carbon emissions; ● Potential production reductions caused by local government power restrictions, may lead to income losses.	● Closely monitor carbon emission policies and regulatory updates in its operational regions to respond appropriately; ● Properly arrange production plans, such as staggering production schedules; ● Optimize process flows to reduce electricity consumption; ● Regularly share domestic and international policy trends and distribute them to subsidiaries (branches) for learning and implementation.
	Technology Risks	Transition to low carbon emission technologies: ● Early retirement of high-energy-consuming equipment leads to increased operating costs; ● Research and development and application of clean energy or innovative low-carbon technologies result in increased R&D expenses.	● Select low-energy-consuming production equipment, optimize production processes, explore and implement energy-saving and emission reduction projects to reduce energy consumption; ● Strengthen carbon emission reduction across the entire process, including production operations and logistics transportation.
	Market Risks	Rising raw material costs: ● Chemical raw materials, auxiliary materials, packaging materials, and other raw materials have been affected by various factors such as macro economy, monetary policy, environmental protection management, and natural disasters. This may lead to supply constraints or significant price fluctuations, which will affect the Company's profitability to some extent.	● The Company will better monitor and analyze the market and arrange inventory and procurement cycles reasonably to reduce risks; ● The Company will actively organize product technology research to effectively reduce product costs.
	Reputation Risk	Company's performance in addressing climate change based on social concerns: ● As global awareness and concern for climate change and environmental protection increase, stakeholders expect companies to take on more emission reduction responsibilities. Failure to initiate early low-carbon transition plans may result in reputational damage.	● Proactively disclose climate-related risks, opportunities, and corresponding response measures; ● Establish energy-saving and emission reduction goals and regularly monitor the progress of goal attainment; ● Proactively respond to inquiries from stakeholders; ● Enhance overall awareness of energy-saving management within the Group and provide climate-related training for employees.

Greenhouse Gas Emission Management

The Company actively responds to the national "dual carbon" goals. Through systematic monitoring and analysis, it continuously implements carbon reduction measures and has set a greenhouse gas emission reduction target of "reducing total greenhouse gas emissions per ten thousand yuan of output value by 5% by 2030, using 2023 as the base year." The Company's direct greenhouse gas emissions (Scope 1) mainly originate from stationary combustion sources such as coal and other fuels, mobile emission sources such as company-owned vehicles, and the operation of other auxiliary production facilities. Indirect greenhouse gas emissions (Scope 2) are primarily associated with purchased electricity and steam consumed during operations.

Greenhouse Gas Emissions Reduction Target

reducing total greenhouse gas emissions per ten thousand yuan of output value by 5% by 2030, using 2023 as the base year.

Greenhouse Gas Emissions of KELUN PHARMA in 2024-2025[3]

Index	Unit	2024	2025
Total Greenhouse Gas Emissions	tCO_2e	2,845,549.25	2.781,243.50
Direct (Scope 1) Greenhouse Gas Emission	tCO_2e	2,361,763.17	2,244,508.50
Direct (Scope 2) Greenhouse Gas Emission[4]	tCO_2e	483,786.08	536,735.00
Greenhouse Gas Emission Intensity	tCO_2e/ RMB 10,000 revenue	1.30	1.50

Internal Carbon Inventory and Third-Party Carbon Verification

The Company conducts greenhouse gas inventories annually to analyze emission composition and provide a basis for emission reduction decisions. In accordance with the Group's *Greenhouse Gas Inventory Manual*, all subsidiaries/branches conduct annual inventories and reporting of emission sources and emission volumes within their organizational boundaries to identify emission reduction opportunities and improve management efficiency.

In addition, during the reporting period, subsidiaries/branches including the Guang'an Branch, Jiangxi Kelun, Junjian Plastic, Kunming Nanjiang, Henan Kelun, and Qingshan Likang engaged third-party institutions to verify emission data related to fossil fuel combustion, methane (CH_4) emissions from anaerobic treatment of industrial wastewater, and purchased electricity and heat in accordance with the *Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Sectors of Industry (Trial)*.

Product Carbon Footprint Certification and Verification

During the reporting period, the Guang'an Branch, Henan Kelun, Jiangxi Kelun, Junjian Plastic, Kunming Nanjiang, Qingshan Likang, and Xinkaiyuan commissioned third-party institutions to conduct carbon footprint assessments for products such as sodium citrate anticoagulant solution, co-extruded films, large-volume infusion products, large-volume injections, and small-volume injections, in accordance with the *Greenhouse Gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification* (ISO 14067:2018), *Specification for the Assessment of the Life Cycle Greenhouse Gas Emissions of Goods and Services* (BSI PAS 2050:2011), and *Greenhouse Gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification*(GB/T 24067-2024).

KELUN PHARMA's Product Carbon Footprint Certificate (Example)

[3] The data calculation scope covers the group's major production-oriented and research and development-oriented subsidiaries (branches).

[4] The carbon dioxide emission factor for electricity in 2025 was 0.5306 tCO_2/MWh, which was the 2023 national average grid carbon emission factor published by the Ministry of Ecology and Environment. The factor for 2024 was 0.5366 tCO_2/MWh, which was the 2022 national average grid carbon emission factor.

Use of Clean Energy

The Company actively increases the proportion of clean energy by participating in green electricity transaction and developing distributed photovoltaic projects, effectively reducing carbon emission intensity in production and promoting green transformation across the industrial chain.

New Green Electricity Transaction Projects in 2025

CHUANNING BIOTECH: A cumulative green electricity transaction volume of 72,000 MWh was completed, achieving green electricity consumption certification.

Hunan Kelun: A cumulative green electricity transaction volume of 430.79 MWh was completed.

Guangxi Kelun: Since August 2025, green electricity quotas have been adopted, green vouchers have been obtained, annual green electricity transaction volume reached 2,478 MWh, and green electricity transaction vouchers totaling 1,050 MWh have been obtained.

KELUN PHARMA's Green Electricity Transaction Vouchers in 2025 (partial)

New Photovoltaic Power Generation Projects in 2025

Xindu Base

A 6.34 MW distributed photovoltaic system was installed on the roofs of the material warehouse and production buildings. The system is expected to generate 4.5 million kWh of electricity annually, saving RMB 2.7 million in electricity costs per year and reducing carbon emissions by 2,387.70 tCO_2e.

XINDI BIOTECH

A distributed photovoltaic power station with a designed installed capacity of 1.93 MW was completed, generating 1.2519 million kWh of electricity during the year, saving RMB 152,700 in electricity costs and reducing carbon emissions by 713.98 tCO_2e.

Junjian Plastic

A distributed photovoltaic power station with a designed installed capacity of 7.07 MW was completed and connected to the grid in May 2025. During the year, it generated 3.3635 million kWh of electricity, saving RMB 729,900 in electricity costs and reducing carbon emissions by 1,918.19 tCO_2e.

Environmental Compliance Management

KELUN PHARMA strictly follows the environmental management policy of "source control, effective prevention, comprehensive governance, and sustainable development", establishes, improves, and dynamically updates its environmental management system, and continuously promotes environmental technology innovation, implements clean production models, develops a green circular economy, and actively participates in environmental protection public welfare initiatives, thereby fulfilling its corporate environmental responsibilities through concrete actions and contributing to ecological and environmental protection.

Governance

To ensure the effective operation of the Group's overall environmental management system and the achievement of its objectives, we have established a top-down environmental management structure, decomposed environmental management tasks step by step, and clarified principal responsibilities, providing organizational support for the continuous advancement of environmental protection work. The ESG Committee under the Board of Directors serves as the highest executive body responsible for core environmental issues such as environmental protection, carbon emission management, resource utilization, and climate change response. Its work is subject to oversight by the Board of Directors.

KELUN PHARMA's Environmental Management Structure

ESG Committee under the Board of Directors

It is the highest executive body responsible for environmental topic management. It is responsible for formulating environmental strategies, reviewing environmental management policies, and reporting on relevant matters to the Board of Directors.

Management Committee

It is chaired by senior leaders of the Group serving as director and deputy director, with department heads and general managers of the subsidiaries and branches as members. They jointly develop and supervise the implementation of development plans, policies, and measures related to environmental, occupational health, and safety.

EHS Supervision Department

It is responsible for reporting to the Board of Directors and ESG Committee through weekly reports, monthly reports, and monthly regulatory updates. The reports include information such as wastewater treatment conditions, safety incident notifications, government inspection updates, monthly updates on the latest EHS regulations, and safety incident notifications. Quarterly departmental work summaries are submitted to the EHS Management Committee. Additionally, the EHS Supervision Department is responsible for preparing the environmental section of the Company's annual report and ESG report. These reports are then submitted to the ESG Committee for approval.

The Company has incorporated environmental performance into the management compensation incentive system. By establishing key performance assessment indicators for the executive management of the Group's EHS Management Committee and supporting reward and penalty mechanisms, the Company effectively drives the management team to fulfill responsibilities related to environmental compliance and sustainable development, ensuring deep coordination between environmental strategy and daily operational management.

Environmental Management System

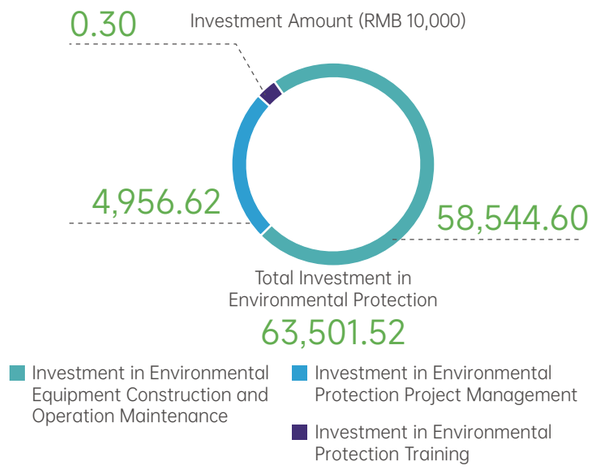
To establish a unified and standardized environmental management system across the Group, the Company's EHS Supervision Department, during the reporting period, formulated and revised a series of management procedure documents focusing on key environmental management areas. These documents cover the entire environmental management process in order to strengthen the Company's capacity for the treatment of wastewater, waste gas, and solid waste, and to standardize environmental management across the supply chain. In addition, the EHS Supervision Department guides each operating unit to update and formulate localized management documents in accordance with the latest regulatory standards, ensuring the consistency and timeliness of the Group's environmental management system.

List of Internal Policies of KELUN PHARMA (example)

Comprehensive Governance	*Environmental, Occupational Health, and Safety Management Policy*, *Whole-process Management Measures for Environmental Protection Indicators such as Wastewater, Waste Gas, and Noise (Trial)*
Wastewater Management	*Regulations for Wastewater Treatment System Management*, *Wastewater Management Manual (Template)*, *Wastewater Emission Reduction Plan (Trial)*
Waste Gas Emissions	*Regulations for Air Emission Control Systems*
Solid Waste Management	*Regulations for Solid Waste Management (2025)*
Noise Management	*Environmental Noise Management Measures, Noise Emission Control System*
Soil Protection	*Soil Hazard Investigation System, Interim Measures for Soil and Groundwater Pollution Prevention and Control*
Archive Management	*Environmental Protection Archive Management System (Trial)*

The Company regards environmental protection as the lifeline of the enterprise. Focusing on both the application of advanced technologies and the optimization of core processes, the Company continues to increase investment in environmental protection and continuously promotes innovation and efficiency improvement in the treatment of wastewater, waste gas, and solid waste. The Company firmly fulfills its environmental responsibilities, actively promotes environmental protection concepts and leads green transformation within the industry, while striving to achieve coordinated and mutually beneficial outcomes in environmental, economic, and social benefits.

KELUN PHARMA's Environmental Protection Investment in 2025



Environment Management System Certification

While steadily advancing the development of its environmental management system, the Company actively promotes ISO 14001 environmental management system certification for its subsidiaries/branches to comprehensively improve the Group's overall environmental management capability and level of standardization. As of the end of the reporting period, a total of 18 manufacturing enterprises of the Company successfully obtained ISO 14001 environmental management system certification. Manufacturing enterprises that have obtained certification or are in the process of certification account for 54.55% of all manufacturing enterprises of the Company.

Environmental Management System Certificates of Subsidiaries/Branches of KELUN PHARMA (example)

Strategy

The Company regularly reviews risks and opportunities that may affect environmental compliance management, and analyzes their potential impacts, providing a basis for formulating targeted response strategies.

KELUN PHARMA's Environmental Compliance Management Risk List

Risk Type	Risk Description	Likelihood of Occurrence	Potential Financial Impact	Impact Cycle
Operational Risk	Wastewater, waste gas, and solid waste ("three wastes") with complex components are generated during the production of antibiotic intermediates and other products. If not properly treated, they may lead to excessive emissions and odor disturbances to surrounding communities, resulting in environmental penalties, community complaints, and production interruptions.	Low	The Company may face fines from environmental authorities, or be ordered to restrict production or suspend operations for rectification, affecting normal production and operations as well as the Company's reputation. Additional end-of-pipe treatment costs and operational uncertainties may also increase.	Short-term, medium-term
	Production and operations require the consumption of large amounts of water, energy and raw materials, creating pressure to improve resource utilization efficiency and control costs.	Medium, high	Fluctuations in resource prices may affect production costs. Excessive consumption does not align with the green and low-carbon development trend and may attract regulatory and investor attention.	Medium-term, long-term
Legal and Regulatory Risks	National and local environmental regulations are continuously upgraded, and requirements for pollutant emission standards, environmental impact assessment acceptance and information disclosure are constantly increasing.	Medium, high	Existing facilities or processes may not meet new standards, resulting in project delays, investment losses, or significant increases in compliance costs.	Medium-term, long-term
	Regulatory authorities are imposing increasingly higher requirements on the breadth, depth and standardization of environmental and social responsibility information disclosure by listed companies.	Medium, high	Incomplete or untimely information disclosure, or a lack of quantitative data, may affect ESG ratings and damage the Company's image and credibility in the capital market.	Medium-term, long-term

KELUN PHARMA's Environmental Compliance Management Opportunity List

Opportunity Type	Opportunity Description	Likelihood of Occurrence	Potential Financial Impact	Impact Cycle
Reputation Enhancement and Market Recognition Opportunity	Successfully overcoming major environmental challenges and achieving high-standard emissions can significantly enhance the Company's green brand image and ESG performance	High	It helps gain the trust of governments, communities, and international clients, creating favorable conditions for obtaining new projects and expanding markets.	Medium-term, long-term

Impact, Risk, and Opportunity Management

The Company has formulated internal management documents such as the *Environmental Hazard Factor Identification and Control System* and the *Environmental Factor Identification Evaluation Form*. Through regular identification, assessment and review, identified risks are managed in a graded manner according to their level of impact, and a list of significant environmental factors is generated. Risk assessment classifies risks into three levels—high, medium and low—based on the severity of environmental impact, frequency of occurrence and controllability, and differentiated control measures are formulated accordingly.

In addition, the Company continuously tracks the effectiveness of risk control and opportunity implementation by setting environmental objectives and indicators, conducting internal and external audits (including third-party verification), and making public disclosures.

Process for Environmental Risk Factor Management of KELUN PHARMA

Identification of Environmental Factors

Water Discharge, Air Emissions, Solid Waste, Soil Pollution, Noise Pollution, Energy and Resource Consumption, Others

Assessment of Environmental Factors

True-false Judgment Method, Scoring Method

Update and Reassessment of Environmental Factors

Principles of Updating and Reassessment

Control of Environmental Factors

Control Methods for Important Environmental Factors

Control Methods for General Environmental Factors

Based on the above assessment, the Company has identified that the current major environmental risks are concentrated in stable and compliant discharge of pollutants and the standardized disposal of waste. For high-priority risks, the Company has formulated dedicated control plans, and conducts regular follow-up. Specific management practices include:

KELUN PHARMA's Environmental Risk Management Practices

System and Compliance Learning

Organize monthly study sessions on environmental laws, regulations, policy trends, and typical cases. Conduct regular compliance evaluations to prevent violation risks.

Specialized Risk Inspections

Conduct regular special inspections on key areas such as pollutant discharge permits, "three wastes" (wastewater, waste gas, solid waste) treatment, and pollutant monitoring to identify potential violations and exceedance risks.

Closed-Loop Process Control

Strictly implement the principles of "source reduction, process control, and end treatment". Implement closed-loop process management for pollutants from generation to disposal.

Capacity Building and Monitoring

Provide training and assessments for personnel in key environmental positions. Ensure traceability of data and early warning of anomalies through regular monitoring and online surveillance of discharge points and treatment facilities.

Emergency Response Capability Enhancement

Improve emergency response capabilities for sudden environmental incidents by refining emergency plans, allocating necessary materials, and conducting regular drills.

In addition, the Company actively identifies and seizes opportunities related to green transformation, including promoting the use of environmentally friendly materials, optimizing packaging design, and improving resource utilization efficiency to reduce environmental footprint. The concept of "green and high-quality development" has been incorporated into strategic planning to guide investment and innovation in areas such as energy conservation and emission reduction, circular economy and low-carbon technologies, thereby creating environmental and operational benefits.

Risk Assessment and Emergency Preparedness for Environmental Emergencies

KELUN PHARMA strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Emergency Management of Environmental Emergencies*, and the *Guidelines for Risk Assessment of Enterprise Sudden Environmental Incidents (Trial)*, and establishes and continuously improves the environmental risk prevention and emergency management system following the principle of "prevention first, combining prevention with emergency response".

Environmental Risk Prevention and Control

The Company conducts regular risk inspections covering the entire process from source materials, reaction processes, operation of treatment facilities to waste disposal, identifies potential risks such as leakage, fire and pollution diffusion, and establishes and dynamically updates an environmental risk list to enable early identification, dynamic assessment and graded warning of risks. At the same time, through strengthened routine inspections, preventive maintenance, and implementation of source-level measures such as process optimization and engineering controls, the probability of environmental emergencies is effectively reduced.

Emergency Management System

Based on their respective risk characteristics, subsidiaries/branches of KELUN PHARMA formulate an *Emergency Plan for Environmental Incidents*, establish environmental emergency management mechanisms, improve emergency response systems, conduct at least one practical emergency drill every year, and regularly check and inspect emergency materials. The drills cover key scenarios such as wastewater treatment station fault, exhaust pipeline leakage, hazardous waste leakage, and flood prevention and control, following the process of "plan activation, on-site handling, coordinated response and post-event evaluation". After each drill, timely reviews are conducted to evaluate response speed, effectiveness of measures, adequacy of emergency supplies and coordination procedures. Based on the evaluation results, on-site response plans, supply allocation and command mechanisms are optimized, forming a management closed loop of "drill–evaluation–improvement" and effectively enhancing the practicality and operability of emergency plans.

In addition, the Company maintains good communication with local governments and surrounding stakeholders, and establishes a coordination mechanism for early warning, alarm response, rescue and recovery, comprehensively improving its capability for emergency response and coordinated handling of various environmental incidents and major accidents.

Case 1: The Company Conducts Emergency Drill for Environmental Pollution Incident to Enhance Response Capability of Emergency Team

On October 28, 2025, the Company organized an environmental pollution emergency drill at the Xindu production base. The drill simulated a scenario of "preventing abnormal influent water quality in the wastewater treatment system after the workshop discharges high-concentration wastewater", aiming to mitigate potential sudden impacts on the newly built wastewater treatment system during actual operation. The simulation drill effectively enhanced the emergency team's response speed and practical capability in equipment operation and accident handling, strengthening the base's capacity for preventing and managing environmental emergencies.

Emergency Drill at Xindu Base

Case 2: Yueyang Branch Conducts Joint Drill to Test Multi-Departmental Coordination Capability

On July 29, 2025, the Yueyang Branch conducted a joint drill with the fire department, environmental protection authority and third-party testing institution. The simulated scenario involved a compound environmental emergency in which a crack in the inlet pipe of an exhaust gas treatment facility caused leakage leading to personnel fainting, while sealing failure of the desorption system steam pipe resulted in the diffusion of dense dichloromethane vapor. This practical drill comprehensively tested the Company's internal emergency response mechanism under complex risk scenarios as well as its efficient coordination with multiple external departments, effectively enhancing the overall response and risk control capability for leakage incidents involving specific high-risk pollutants.

Joint Drill at Yueyang Branch

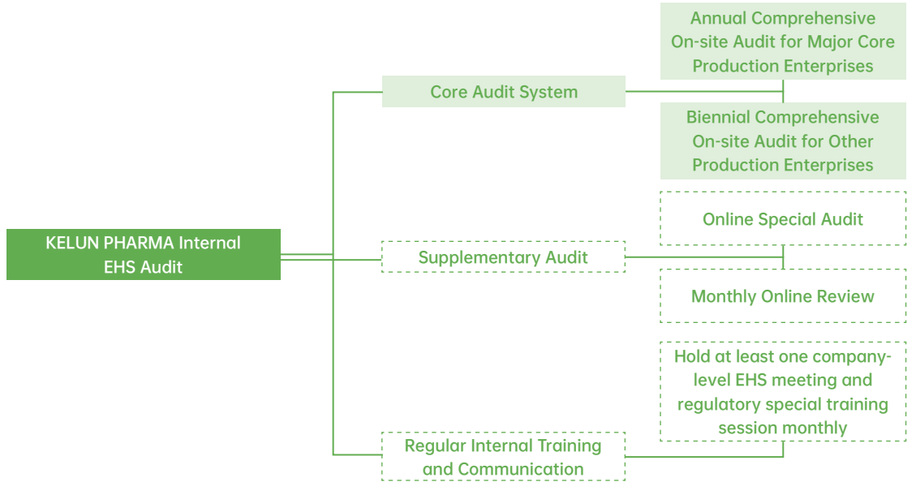
EHS Audit

To ensure the effective operation and continuous compliance of the environmental management system, the Company has established an internal EHS audit system and a relatively comprehensive environmental assessment system, and conducts regular supervision and audits of all production and operation sites under a graded management principle. The Company conducts at least one comprehensive on-site EHS audit each year for major core manufacturing enterprises and at least one comprehensive on-site EHS audit every two years for other manufacturing enterprises.

➤ Internal EHS Audit

Audit content: The audit primarily covers key matters including the implementation of the "three simultaneities" environmental protection requirements for construction projects, compliance management of pollutant discharge permits, compliant discharge of pollutants, full-process management of hazardous and non-hazardous waste, construction and operation of environmental protection facilities, emergency plans and drills, resource and energy utilization efficiency, and environmental complaint handling and compliant information disclosure.

Frequency and Methods of Internal EHS Audits at KELUN PHARMA



External Audit

To ensure continued compliance with ISO 14001 environmental management system certification requirements, all subsidiaries/branches that have obtained certification and remain within the validity period engage independent external third-party certification bodies each year to conduct supervisory audits of the environmental management system, and a re-certification audit is conducted every three years. The audit scope covers environmental management activities related to product design, R&D, production and related operational sites. Key audit focuses include:

- Establishment, compliance and suitability of documented information;
- Determination, monitoring and review of internal and external factors (including climate change) that affect the auditee's ability to achieve the intended outcomes of the management system;
- Determination, monitoring and review of the needs and expectations of relevant parties (including climate-related requirements);
- Adequacy and suitability of the identification and planning of processes and their interactions;
- Evaluation of leadership awareness and the role played in the establishment and operation of the management system;
- Policy and objective management (formulation, decomposition, applicability, measurement, achievement, communication and improvement of policies and objectives);
- Adequacy and suitability of risk and opportunity management, and adequacy and effectiveness of management system planning and operational control;
- Monitoring, measurement, evaluation and continued improvement of the management system.

Subsidiaries/branches and production bases involved in international business are also required to undergo external audits from partners on a regular basis. At the same time, the Company actively benchmarks against advanced international standards for internal self-assessment and continuous improvement to ensure that all business operations worldwide fully comply with relevant international standards and requirements.

In addition, to improve the EHS risk management system of the supply chain, the Company has formulated the *Supplier EHS Risk Assessment System*, formally incorporating EHS management into supplier audits. The results of these audits are included in the overall supplier evaluation, thereby effectively constraining and improving suppliers' EHS performance. For suppliers willing to establish long-term strategic cooperation, the Company clearly sets green and sustainable development requirements and includes suppliers' performance in green and low-carbon operations as one of the comprehensive evaluation factors in market-based procurement decisions.

Supplier EHS Audit Management and Execution Requirements

Basic Principles

EHS audits should be incorporated into the supplier audit plan.

Audit Scope and Frequency

Consistent with the requirements for supplier audits. Please refer to the relevant content in this report under "Building a Sustainable Supply Chain - Supplier Audits" for specific details.

Audit Content

The audit mainly includes the implementation of administrative licensing and environmental management systems, compliance with emission standards of pollutants (including harmful emissions such as exhaust gases, wastewater, and hazardous waste), compliance with the collection and disposal of solid waste, safety progress, emergency management and drills, education and training, and hidden danger inspection.

Audit Method and Process

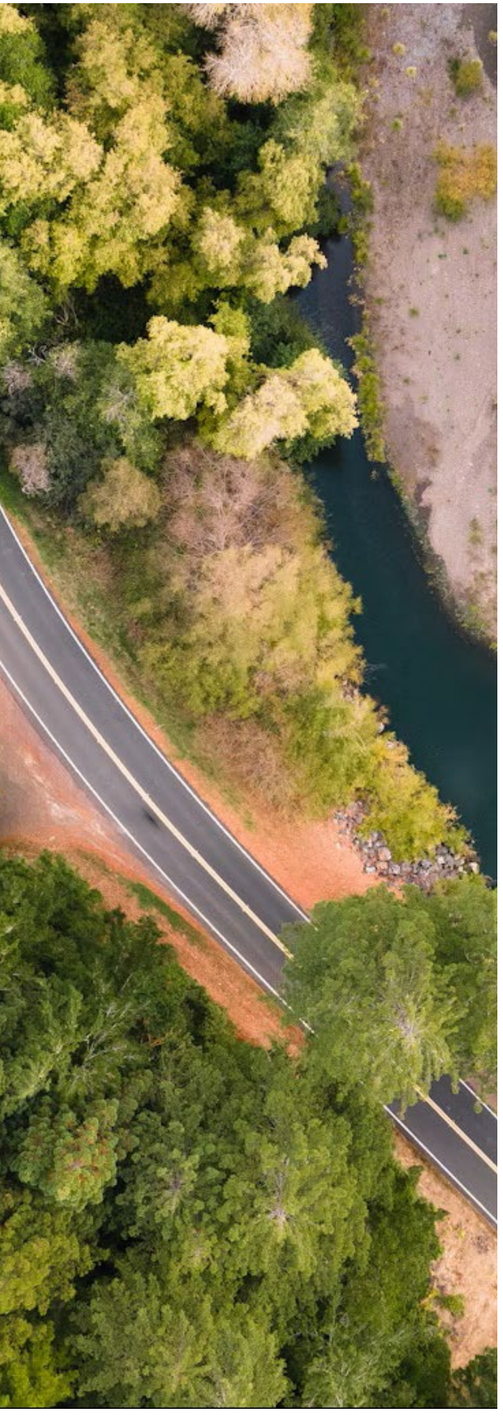
Remote or on-site audits are conducted. After the audit, a Supplier EHS Audit Report is prepared and submitted to the Group's Supply Department for unified review, resulting in the final audit report.

Audit Results

The audit results are divided into four levels based on EHS deficiencies: Danger, Vigilance, Attention, and Safety. For suppliers categorized as Danger, it indicates that there are extremely serious EHS risks. There is a high probability that the supply of their products cannot be continued or stably provided due to EHS issues. Heightened vigilance is required during the cooperation period, and consideration should be given to excluding them from future collaborations until the risk is reduced to "Vigilance" or below.

Green Supply Chain Program

Encourage suppliers to obtain ISO system certification and apply for green factory certification to enhance their EHS performance; prioritize environmentally friendly products and services when selecting suppliers; given equal conditions, give preference to suppliers with higher EHS audit scores.



Environmental Training and Education Activities

At the beginning of each year, the Company formulates an EHS training plan and organizes specialized training for environmental protection leaders, managers and technical personnel of its subsidiaries/branches. The training content focuses on key challenges in daily management and the latest regulatory trends, including core courses such as *Specialized Training on New Chemical Substances, New Pollutants and Toxic and Hazardous Pollutants*, *Specialized Training on Management Requirements for New Discharge Outlets (Waste Gas and Wastewater)*, *Pollutant Emission Accounting and Data Consistency Assurance*, and *Interpretation of the New Hazardous Waste Regulations and Response Strategies*, ensuring that the awareness and capabilities of professional teams remain up to date.

Subsidiaries/branches of KELUN PHARMA design internal training systems tailored to their own business characteristics, and conduct differentiated and comprehensive training according to hierarchy and job roles. Through diversified approaches combining "online + offline", "theoretical + practical", and "general + specialized" training, the Company continuously conducts training on environmental emergency response and hazardous waste management, facility operation and maintenance, policy promotion, and EHS management for special projects.

Environmental Protection Training at KELUN PHARMA's Guang'an Branch

Promotion of Environmental Protection Concepts and Cultural Development

Subsidiaries/branches of KELUN PHARMA actively practice environmental protection concepts, and continuously advocate the concepts of green production and living to employees by organizing activities themed around World Environment Day, playing environmental protection videos, and producing promotional posters and display boards. These efforts not only promote the disclosure of environmental information within the Company but also encourage the public to actively participate in ecological and environmental protection initiatives.

Henan Kelun's "Protecting Our Mother River" Volunteer Service Activity

Yueyang Branch's "June 5" Environment Day "Children Planting – Young Experience Officers" Activity

Environmental Awards and Honors of KELUN PHARMA's Subsidiaries and Branches (Examples)

During the reporting period, subsidiaries/branches of KELUN PHARMA received the following honors:

- 8 subsidiaries/branches voluntarily conducted clean production audits;
- 9 municipal-level environmentally credible enterprises and 5 provincial-level environmentally credible or green-label enterprises;
- 7 national-level green factories, 5 provincial-level green factories, and 1 provincial-level green supply chain enterprise;
- 1 water-saving enterprise and 3 zero-waste factories;
- 2 enterprises selected as "Outstanding EHS Management Cases for Pharmaceutical Enterprises in 2025".

Henan Kelun's Provincial-Level Green Factory Certificate

Certificate of "Outstanding EHS Management Cases for Pharmaceutical Enterprises in 2025" awarded to the Xindu Base

Indices and Goals

Based on the collection, calculation and statistical analysis of historical emission data, the Company scientifically formulates clear emission reduction and management targets, and promotes their implementation while regularly reviewing and supervising the progress and achievement of related work and targets.

Key Performance

During the reporting period, the Company's indices and goals for environmental compliance management were as follows:

- **0** environmental accidents; (Achieved)
- **100%** compliance rate for pollutant emissions; (Achieved)
- **100%** compliance rate for total pollutant discharge; (Achieved)

Toxic Emissions and Waste Reduction Management Goals

Category	Item	Index	2030 Final Goal	Achievements in 2025
Wastewater	Wastewater Discharged	Wastewater discharged per output of RMB 10,000	A decrease by 5% compared with 2024	Not Achieved (With three new subsidiaries (branches) commencing operations in 2025, total wastewater discharge increased significantly compared to 2024, resulting in the failure to meet the goal for reducing wastewater discharge per RMB 10,000 of output value. Subsequent measures, including optimizing water usage structure and promoting water reuse, will be implemented to strengthen control.)
Waste Gas	Nitrogen Oxide Emissions	Nitrogen oxide emissions per output of RMB 10,000	A decrease by 3% compared with 2024	Achieved (Through measures such as low-nitrogen combustion retrofitting and centralized steam supply in the industrial park, the Group's nitrogen oxide (NO_x) emissions per RMB 10,000 of output value decreased by 10.76% compared to 2024, exceeding the annual goal.)
Hazardous Waste	Hazardous Waste Resource Utilization	Hazardous waste resource utilization per output of RMB 10,000	An increase by 5% compared with 2024	Not Achieved (Due to product structure optimization and adjustments at certain production bases, hazardous waste such as organic waste liquid, which could be recycled and utilized in previous years, was no longer generated in 2025. Consequently, the utilization rate of hazardous waste per RMB 10,000 of output value decreased by 43.3% year-on-year. The Company will continue to optimize production process routes, strengthen process control, and steadily improve the reduction, resource utilization, and harmless disposal of hazardous waste to support green and low-carbon development.)

Pollution Prevention and Ecosystem Protection

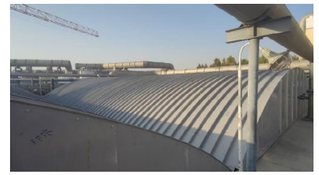
The Company is committed to reducing pollutant generation at the source through continuous technological innovation and process optimization, while strengthening end-of-pipe treatment to achieve coordinated effects in pollution and carbon reduction, minimizing the environmental impact of operational activities and promoting sustainable development.

Waste Gas Treatment

The Company strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*. For waste gas emissions generated during production processes, the Company has formulated the *Regulations for Air Emission Control Systems* and *Guidelines for Developing Volatile Organic Compound (VOCs) Management Ledgers* to comprehensively guide and standardize waste gas treatment activities in production operations.

To further reduce pollutant emissions during production and operations, the Company persists in promoting waste gas treatment projects across the Group, including but not limited to upgrading waste gas treatment processes, replacing with advanced treatment equipment, implementing fugitive emission collection and disposal, and optimizing production processes, thereby consistently reducing emissions of nitrogen oxides, VOCs, particulate matter, and other types of waste gases. The Company regularly tracks the operational performance and treatment effectiveness of these projects to ensure the effective implementation of emission reduction efforts.

Key Waste Gas Treatment Projects of KELUN PHARMA in 2025

Company Name	Project Type	Project Implementation Details and Effects
Henan Kelun	Treatment Process Upgrade and Transformation	Upgrading the photo-oxidation activated carbon equipment to a catalytic combustion device reduced VOC emissions by approximately 33%.  Henan Kelun's Catalytic Combustion Equipment
CHUANNING BIOTECH		Completed the main sealing works of the A/O tank cover plates of the aerobic system of the wastewater treatment facility, effectively reducing emissions of fugitive volatile organic compounds and odorous gases.  CHUANNING BIOTECH's A/O Tank Cover Sealing Project
		Completed the bacterial residue plate-and-frame drying project. Cephalosporin residues were treated through plate-and-frame filtration and disc drying, reducing the operation of the spray drying tower. After implementation, the project achieved a reduction of 34.19 tons of non-methane hydrocarbons emissions per year.

Company Name	Project Type	Project Implementation Details and Effects
Guang'an Branch	Waste Gas Collection Equipment	Installed pulse bag filters to capture and treat particulate matter generated during the material feeding process in production workshops. Compared with 2023, total particulate emissions of the plant decreased by approximately 55.37%.
Hubei Kelun	Production Process Optimization	By insulating steam pipelines, adopting low-nitrogen combustion technology, and reducing gas boiler operation time, the total emissions of waste gas pollutants were reduced by 43%, with nitrogen oxide emissions decreasing by 52%.

Guang'an Branch's Dust Treatment Facility - Pulse Bag Filter

Wastewater Treatment

The Company strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China*, and guides and standardizes wastewater management across the Group by formulating documents such as the *Regulations for Wastewater Treatment System Management* and the *Wastewater Management Manual*. All manufacturing subsidiaries are required to establish and improve their internal management systems in accordance with these documents and their specific operational conditions, ensuring the stable and compliant discharge of wastewater while continuously improving effluent quality and increasing the proportion of wastewater reuse.

KELUN PHARMAI's Key Wastewater Treatment Projects in 2025

Company Name	Project Type	Project Implementation Details and Effects
Hunan Kelun	Wastewater Treatment System Expansion	The newly expanded wastewater treatment system was officially put into operation, effectively improving system treatment efficiency and reducing ammonia nitrogen emissions by 20% compared with 2024.
Hubei Kelun	Technology and Process Improvement	Hubei Kelun implemented comprehensive process optimization measures, including phased treatment of scrapped products and further homogenization of influent concentration. The chemical oxygen demand (COD) emission concentration decreased by approximately 83% compared with 2023, and the total COD emissions decreased by approximately 80%.
Henan Kelun		Upgrading and transforming the aeration system and packing materials of the wastewater treatment station reduced ammonia nitrogen emission concentration by approximately 58%.

Hunan Kelun's Newly Expanded Wastewater Treatment System

Waste Management

The Company strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and has formulated internal policies such as the *Solid Waste Management Regulations* to standardize and guide the management of solid waste prevention facilities and the full lifecycle management of solid waste across all subsidiaries/branches. To promote the reduction, resource utilization and harmless treatment of waste generated during production and operations, the Company has implemented waste management improvement projects across the Group, and ensures the effective implementation of waste reduction initiatives through measures such as improving production processes, optimizing product structures and implementing clean production.

KELUN PHARMA's Key Waste Management Projects in 2025

Kunming Nanjiang

Technology and Process Improvement: Comprehensive implementation of carbon-free process technology upgrades significantly reduced the generation of hazardous waste, with the annual generation of waste activated carbon decreasing by 67.49% year-on-year.

Guizhou Kelun

Technology and Process Improvement: Adoption of carbon-free processes effectively reduced the use of activated carbon and the associated disposal costs. Through this measure, activated carbon usage decreased by 6.73 tons year-on-year.

Noise Treatment

The Company strictly complies with regulatory requirements such as the *Law of the People 's Republic of China on the Prevention and Control of Environmental Noise Pollution*, and has formulated the *Environmental Noise Management Measures* to guide production bases in implementing noise control during equipment selection, installation and production operations. All manufacturing enterprises strictly conduct regular monitoring of plant-boundary noise in accordance with national requirements to ensure that both daytime and nighttime noises continuously meet the limits specified in the *Environmental Noise Emission Standard for Industrial Enterprises at Factory Boundaries*.

Key Noise Treatment Projects of KELUN PHARMA in 2025

Company Name	Project Type	Project Implementation Details and Effects
Xindu Base	Noise Isolation Upgrade	Based on the distribution of high-noise equipment and surrounding environmental conditions, comprehensive noise reduction measures were implemented, including installing various silencers, acoustic barriers, structural modifications and supporting sound-absorbing walls to reduce noise impact.
Hunan Kelun	Noise Isolation Upgrade	Silencers were installed to address high exhaust noise generated during the operation of rooftop sterilization cabinets, achieving significant noise reduction.
Guizhou Kelun	Noise Isolation Upgrade	Noise isolation upgrades were implemented at the light inspection room of a production line, reducing workplace noise from 85-90 dB to approximately 80 dB and effectively improving the working environment for employees.

Hunan Kelun's Rooftop Silencer

Biodiversity Protection

KELUN PHARMA adheres to the principle of balancing development and protection. For all newly built, renovated and expanded projects, the Company implements comprehensive ecological and environmental management throughout the entire lifecycle, integrating biodiversity and ecosystem protection into project decision-making, planning, construction and operation.

Project Assessment

The site selection of all construction projects strictly follows the regulatory requirements of the "Three Lines and One List" framework (ecological protection red line, environmental quality bottom line, resource utilization limits, and the environmental access list), proactively avoiding ecological protection red lines and ensuring that predicted emissions from operations do not exceed environmental quality bottom line and that resource consumption does not surpass regional resource utilization limits. At the same time, project attributes and scale are fully aligned with the ecological and environmental access list of the respective region, ensuring compliance from the source. Moreover, the Company strictly complies with national and local ecological and environmental protection laws, regulations, policies and planning requirements, proactively avoiding ecologically sensitive areas such as nature reserves, drinking water source protection zones and habitats of protected species, thereby fundamentally preventing significant negative impacts on biodiversity.

Coordination Between Planning and Environment

For new projects, priority is given to locations within government-approved pharmaceutical industrial parks, ensuring their nature, scale, and layout are fully aligned with the regional master planning and industrial development plan. Project construction plans strictly comply with and follow the review conclusions and opinions of the *Environmental Impact Assessment Report for the Regional Master Planning*, ensuring that project development is aligned with regional environmental carrying capacity and long-term sustainable development goals.

Minimizing Ecological Impact

During project design and implementation, the Company prioritizes the adoption of advanced environmental protection technologies and clean production processes to ensure stable and compliant discharge of pollutants, and establishes a comprehensive environmental monitoring and risk management system as core safeguards. According to professional assessments and forecasts, after fully implementing these environmental protection measures, the overall impact of construction projects on surrounding residents, environmentally sensitive targets and regional ecosystems remains within an acceptable range, and the site selection and construction plans demonstrate sufficient feasibility in terms of environmental protection.

Biodiversity Assessment

The Company encourages and advocates that all manufacturing subsidiaries actively carry out biodiversity impact assessments based on the ecological characteristics of their respective regions and the nature of their business activities, in order to identify and gain an in-depth understanding of the potential impacts of daily operations on local and regional biodiversity. On this basis, targeted and implementable localized protection measures are studied and formulated. Through systematic management actions, the Company supports the protection of endangered species and their habitats, thereby making a positive contribution to maintaining and promoting the balance and long-term stability of regional ecosystems.

Resource Utilization and Circular Economy

KELUN PHARMA integrates efficient resource utilization and the concept of circular economy into its daily management and production practices, forming a circular economy model through clean energy substitution, resource recycling and the promotion of energy conservation and emission reduction, thereby advancing green production and green ecology.

Energy Management

The Company strictly complies with laws and regulations such as the *Law of the People's Republic of China on Conserving Energy* and the *Renewable Energy Law of the People's Republic of China*, and has formulated internal management policies such as the *Energy Management Measures* and the *Energy Conservation and Emission Reduction Management Trial Measures*, clarifying the responsibilities and requirements of relevant departments for energy management, establishing dedicated positions responsible for energy conservation and consumption reduction, and promoting the allocation, planning, tracking, implementation and statistical analysis of energy resources to ensure their scientific and efficient utilization. At the same time, the Company continuously implements energy efficiency improvement projects, actively develops photovoltaic power generation facilities, optimizes the energy structure and increases the proportion of renewable energy to improve energy utilization efficiency.

The Company has set a target to reduce electricity consumption per RMB 10,000 of output value by **5%** by 2030, compared to the 2025 baseline.

KELUN PHARMA's Energy Conservation and Consumption Reduction Projects in 2025

Company Name	Project Type	Project Implementation Details and Effects
Xindu Base	Equipment Upgrade	Replaced old equipment with "first-level energy efficiency" SCB18 series dry-type transformers, achieving an annual electricity saving of approximately 226,800 kWh and a corresponding reduction in indirect electricity-related emissions of 23.38 tons of CO_2 equivalent.
Hunan Kelun	Electricity Planning	Established a peak, shoulder, and off-peak electricity consumption monitoring platform along with a peak-shifting electricity usage adjustment mechanism to enhance energy utilization efficiency.
Henan Kelun	Pipeline Modification	Promoted the separation modification of steam pipelines for sterilizer use and for production operations; the electricity consumption indicator per ten thousand bottles for low-pressure products was optimized.
Kunming Nanjiang	Utility System Upgrade	Focused on energy conservation in the utility system (accounting for 52% of electricity consumption), implementing a sterilization cooling water system modification with AI technology. Post-modification, the system's energy consumption decreased by 31.37% compared to before the modification, the average cooling time of the production line sterilization process dropped by 18.65%, and product quality was improved.  Sterilization Data Information Integration and Collaborative Control System
Hunan Kelun Yueyang Branch	Equipment Modification	Installed a steam-water separator upstream of the flow meter on the biomass boiler steam pipeline to improve steam dryness and quality, enhance steam utilization efficiency, and reduce energy consumption.

Water Resource Management

The Company strictly complies with the requirements of the *Water Law of the People's Republic of China* and local regulations. Throughout all business processes, from drug R&D and production to waste disposal, it implements diverse measures such as water-saving management, process optimization, wastewater reuse, and water recycling. These efforts continuously reduce the water intensity per unit of output, and by improving the internal recycling efficiency of water sources, effectively decrease the volume of purchased water, striving to ensure that every drop of water is used to its fullest potential.

To effectively integrate the concept of water conservation into daily operations, each subsidiary and branch of KELUN PHARMA has formulated specific water conservation management methods based on its own production characteristics. Special task forces have been established, with designated heads of water resource management and specialists responsible for supervising the implementation of water-saving measures and conducting statistical analysis of water intake and usage, thereby continuously strengthening the refined management of water resources. Concurrently, at the Group level, efforts are actively made to promote water resource utilization efficiency across all production-oriented companies through multiple avenues, including enhanced management, innovation in production processes, upgrades to water-saving equipment, and the implementation of reclaimed water recycling and comprehensive utilization projects.

The Company has set a target to reduce water consumption per RMB 10,000 of output value by **5%** by 2030, compared to the 2025 baseline.

2025 Water Conservation Projects of KELUN PHARMA

Xindu Base

By conducting a water balance test, the Company performed a rational analysis and evaluation of its current water usage situation, calculated and analyzed key water usage technical indicators, and accurately identified weak links and potential areas for water conservation. Based on this, the *Water Balance Test Report* was compiled, and practical water-saving measures were formulated, effectively reducing overall water resource consumption.

Shandong Kelun

A new waste heat recovery tank with a capacity of 10 m^3 was added, reducing the usage of industrial steam in the process of producing water for injection. This extended the operating time of the waste heat recovery system of the thermocompression distiller by approximately 40 minutes, effectively saving steam consumption during the heating of feed water.

Circular Economy

The Company deeply integrates the concept of green development into the lifecycle management of its products, striving to reduce resource consumption and minimize its environmental footprint. During the product R&D phase, the Company prioritizes the use of non-toxic or low-toxicity, environmentally friendly solvents and reagents to reduce potential impacts on the environment and health at the source. By continuously optimizing production processes, technologies, and equipment, the Company minimizes the unit consumption of solvents and reagents to the greatest extent possible while ensuring product quality, effectively reducing resource consumption and pollution emissions during production. To ensure the quality, safety, compliance, and sustainability of raw materials, auxiliary materials, and packaging materials, the Company has established a stringent material management system.

Material Management System of KELUN PHARMA

Material Admission and Storage Management	The Logistics Department has established the Material Receipt, Storage and Issuance Management System covering the entire process of warehousing, storage and insurance. All materials must be inspected and qualified by the Quality Department according to established quality standards before being released for use.
Full-Chain Traceability and Information Control	An information system is used to label material statuses in real-time and manage them by zone to prevent mix-ups and misuse. Key materials are assigned unique codes ("one item, one code") to enable full-chain traceability from the source to end-use, strongly supporting quality deviation analysis and supply chain transparency management.

In the selection and management of packaging materials, the Company actively implements circular economy principles:

Circular Economy Principles of KELUN PHARMA

Prioritize Recyclable Materials

Require all subsidiaries (and branches) to prioritize the use of recyclable packaging materials such as paper drums, cartons, and plastics. This facilitates post-use recycling and regeneration, reduces landfill and incineration, and promotes resource circulation.

Establish a Standardized Recycling System

Collaborate with suppliers and professional recycling agencies to establish a safe and compliant standardized recycling process for reusable packaging materials, such as cores. This enables the closed-loop reuse of certain packaging materials, effectively reducing waste generation and resource consumption.

Promote Green Material Substitution

Actively increase the proportion of renewable materials (e.g., recycled pulp packaging) and biodegradable materials. Through close collaboration with packaging suppliers, jointly conduct R&D and performance validation of environmentally friendly materials to ensure their reliability in terms of safety, compliance, and functionality. This systematically drives the transformation of the packaging system towards greater sustainability.

All production bases actively practice the concepts of green procurement and the circular economy, carrying out a series of innovative practices in areas such as packaging design, material substitution, and resource recovery.

2025 Resource Utilization Projects of KELUN PHARMA

Company Name	Project Implementation Details and Effects
Xindu Base	Implemented lightweighting modifications for packaging, optimized its structure, and used inkjet printers to print label information directly on boxes and cartons, replacing traditional backing paper or separate labels, thereby reducing paper consumption.
Kunming Nanjiang	After sorting and collecting production waste and discarded packaging, the Company entrusts professional institutions for resource recovery, achieving an annual material (including materials used in production and packaging) recycling and recovery rate of over 54%. Additionally, in material selection, green materials are comprehensively applied, with 100% of plastic inner packaging materials using medical-grade polypropylene (PP).
Yongning biology	The use of higher-purity raw material n-hexane has improved the recovery efficiency of the n-hexane recovery unit, thereby reducing exhaust emissions and resource waste.

Medical Grade Polypropylene Packaging Materials

Cultivating Talent

Employee Growth and Health Security

KELUN PHARMA regards talent as the core driving force for the Company's sustainable development and places high importance on the protection of employee rights and their comprehensive development. We are committed to fostering a diverse, equitable, and inclusive workplace culture. Through systematic talent attraction, cultivation, and incentive mechanisms, we continuously enhance organizational vitality and employee value. Concurrently, the Company actively builds a healthy and safe working environment, earnestly safeguards the physical and mental well-being of its employees, and promotes the mutual development of both the Company and its staff.

- → Talent Acquisition and Retention
- → Employee Rights and Benefits Protection
- → Employee Training and Development
- → Employee Communication and Care
- → Occupational Health and Work Safety

Contribution to the United Nations Sustainable Development Goals (SDGs):

04

Talent Acquisition and Retention

KELUN PHARMA adheres to the employment principle of "utilizing strengths through education and training; facilitating promotion and demotion, as well as employee inflow and outflow; strictly selecting and upholding meritocracy; rewarding without regard to distance and penalizing without regard to kinship." The Company is committed to continuously strengthening its employer brand, attracting talents with diverse backgrounds and experiences to join, thereby laying a solid talent foundation for the Company's long-term development. The Company has formulated effective talent development strategies. Leveraging a digital human resources management platform and talent pool, it conducts forward-looking talent planning aligned with business needs, continuously expanding and solidifying its talent reserve.

Talent Strategy of KELUN PHARMA

Selection: Selection is more important than training. The focus is on candidates with both integrity and professional competence, possessing a strong inner drive to achieve outstanding results.

Development: Create a conducive learning environment and conditions. Through mentorship, military training and team-building exercises, and frontline internships, the Company cultivates a new generation of employees acquired with new knowledge and who can thrive in the face of fierce future competition.

Retention: Provide a favorable working environment, foster simple and amicable interpersonal relationships, and build a development platform for employees to achieve personal success.

Utilization: Offer opportunities for fair competition, irrespective of background or seniority, where performance speaks for itself.

Employee Recruitment

To meet the demand for talents at various levels driven by business development, the Company actively broadens its talent acquisition channels, encompassing campus recruitment, social recruitment, headhunter collaborations, government talent fairs, and internal referrals. During the reporting period, the total number of employees in the Group was 20,127.

2025 Innovative Talent Recruitment Initiatives of KELUN PHARMA

Recruitment Demand Forecasting

Establish a systematic mechanism for forecasting human resource needs. Each October, the Company formulates the annual headcount plan based on the forthcoming year's strategic business objectives and departmental business plans, enabling accurate forecasting of recruitment needs across the entire group.

Talent Pool Update and Development

The Company has fully digitalized and transitioned its recruitment process online. By building a systematic online talent pool, the Company proactively builds a pipeline of potential candidates, currently with a reserve of tens of thousands of individuals.

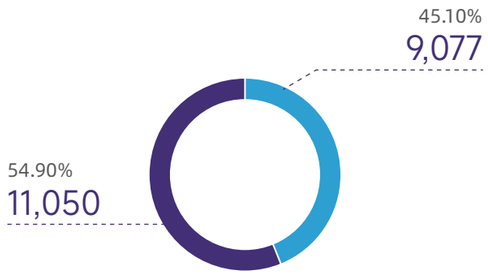
AI Interview Application

In 2025, the Company innovatively introduced an AI interview system for the initial screening of key positions, including Industrial Management Trainees and Marketing Management Trainees. This achieves an efficient and objective preliminary talent assessment and is deeply integrated with the Company's existing evaluation methods—such as structured interviews, situational simulations, and group discussions—to collectively build a more scientific and comprehensive talent selection system.

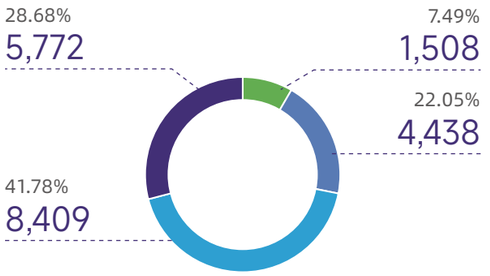
The Company has formulated and implemented the *Internal Referral Talent Management Regulations*, setting up referral awards for talents at different job levels and regularly publishing internal job openings. When positions become vacant, the Company encourages prioritizing internal competition and job rotation to fulfill talent needs, thereby promoting internal talent mobility and optimal allocation.

Regarding the cultivation of management trainees, in addition to conventional campus recruitment, the Company continuously deepens university-industry cooperation by establishing long-term connections with key institutions such as China Pharmaceutical University and West China School of Pharmacy, Sichuan University. This enables the early identification and attraction of outstanding young talents, laying the foundation for the construction of a talent pipeline.

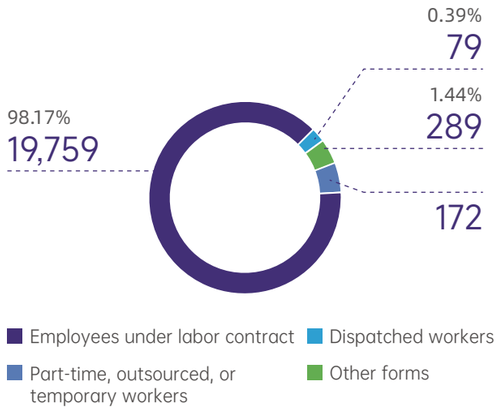
By Gender



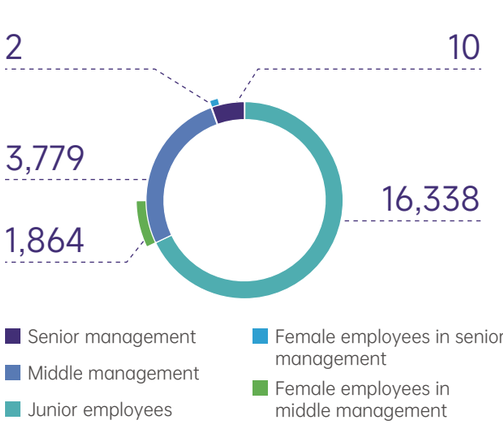
By Age



By Employment Type



By Job Level



Employer Honors

In 2025, the Xindu Base was honored with the national title of "National Advanced Private Enterprise in Employment and Social Security," which fully attests to the Company's continuous investment and remarkable achievements in areas such as employee rights protection, labor relations management, and corporate culture construction.

Compensation Management

The Company strictly complies with national and local laws and regulations concerning labor remuneration. It has established and continuously improves its compensation management system, adhering to the principles of "distribution according to work, fairness and justice, and consideration of efficiency." By integrating its production and operational characteristics, market supply and demand conditions, and employees' actual contributions, the Company has built a compensation system that ensures internal equity and external competitiveness. Concurrently, the Company strictly implements the minimum wage guarantee system, ensuring that the wages of employees who provide normal labor are not lower than the local minimum wage standard.

Besides, the Company upholds the principle of equal pay for equal work. Under conditions of equivalent job value and equal contribution, employees receive equal pay, thereby continuously promoting workplace fairness and diversified development.

Measures Related to KELUN PHARMA's Compensation Management

Compensation Structure

The Company has established a compensation structure covering all employees, comprisingfixed and variable pay, strictly adhering to the pay-for-performance principle. To promote value creation and equitable development across the Company,employees in non-management and non-sales roles are also eligible for variable pay.Their variable pay is closely linked to their individual professional contributions, team performance, and the Company's overall operational results, effectively motivating the enthusiasm and creativity of all employees and contributing to the Company's sustainable development.

Compensation Appeals

The Company has established a regular compensation monitoring mechanism to periodically review and assess the compensation status of all employees. A transparent and open compensation appeal channel has been set up, allowing employees to raise appeals regarding compensation, benefits, attendance, performance appraisals, and rewards/punishments. This ensures the fairness and reasonableness of compensation distribution is adequately maintained.

Equity Incentives

The Company regards equity incentives as a vital component of its long-term incentive system. By implementing multiple phases of equity incentive plans and employee stock ownership plans (ESOPs), it closely aligns the interests of core employees, technical core personnel, and the management team with those of the Company and its shareholders, enabling them to share in the fruits of development.

As of December 31, 2024, the 2021 Restricted Stock Incentive Plan has been fully implemented. All Company shares held under the 2021 Employee Stock Ownership Plan and the 2022 Employee Stock Ownership Plan have been completely sold, and their liquidation and distribution have been completed. These plans were terminated early on April 24, 2025. The existing equity incentive plans/employee stock ownership plans at Kelun-Biotech and CHUANNING BIOTECH cover a total of 445 employees.

- Kelun-Biotech employee stock ownership platform, covering 161 employees;
- CHUANNING BIOTECH 2023 Restricted Stock Incentive Plan, covering 33 employees;
- CHUANNING BIOTECH Employee Stock Ownership Platform, covering 263 employees.

[5] Note: The total coverage of 445 employees differs from the sum of the details below because 12 grantees were granted repeatedly across these plans.

Performance Management

In accordance with the *Employee Performance Management Measures* and various special assessment plans, the Company conducts performance appraisals for all employees, including those in non-managerial and non-sales positions, based on different assessment cycles, achieving an effective linkage between organizational performance and individual performance.

To accommodate the characteristics of different positions, the Company adopts a diversified approach to performance appraisal, including methods such as Key Performance Indicators (KPIs), Management by Objectives (MBO), and Behavioral Observation. This ensures a 100% coverage rate for performance evaluations. Annual appraisals are conducted through a combination of self-assessment and supervisor evaluation. The results are widely applied in bonus distribution, salary adjustments, promotion selection, and talent development, forming a performance culture with closed-loop management.

Performance Feedback Mechanism

The Company has established a comprehensive performance feedback and appeal mechanism, ensuring that all employees receive timely and clear evaluation feedback and communication opportunities after their performance appraisal. Following the appraisal, the appraiser must provide feedback on the performance results to the appraisee through methods such as face-to-face meetings or phone calls, clarifying strengths and areas for improvement, and jointly formulating a performance improvement plan. During this process, the appraisee may also raise difficulties encountered at work and seek support and guidance from their supervisor. After both parties reach an agreement, they must jointly sign the *Performance Feedback Interview Record Sheet* to ensure the communication process is traceable and the results can be implemented. If an employee has any objection to the appraisal results, they may file a complaint in writing with the Human Resources Department.

Talent Retention

Upholding a sustainable talent philosophy, the Company has systematically built a comprehensive talent retention system encompassing multiple dimensions such as compensation incentives, career development, promotion pathways, and humanistic care, aiming to continuously enhance employees' sense of belonging, value, and organizational stability. The Company conducts special statistics and analysis on employee turnover each year, and based on this, formulates and implements targeted retention and improvement measures. During the reporting period, the Company's overall employee turnover rate was 18.33%.

Key Performance

From 2023 to 2025, the Company and its subsidiaries/branches did **not** experience any major layoff events, or any major mergers or acquisitions that impacted employees.

Employee Rights and Benefits Protection

KELUN PHARMA strictly complies with national labor laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Special Regulations on the Labor Protection of Female Employees*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of Using Child Labor*. It also refers to international standards including the Ten Principles of the UN Global Compact and the core conventions of the International Labor Organization. The Company systematically establishes a compliant employment management system, comprehensively protects the legitimate rights and interests of employees, and is committed to creating and maintaining a diverse, equitable, inclusive, and respectful workplace environment.

Compliant Employment

The Company has established relevant employment management policies such as the *Recruitment Management System* and the *Employee Diversity and Labor Employment System*. These policies explicitly prohibit the use of child labor and all forms of forced labor, are committed to maintaining employee diversity, firmly oppose discrimination and harassment, and ensure that employees' legitimate rights and interests in areas such as fair compensation, occupational health and safety, development pathways, and democratic participation are fully protected.

Key Performance

During the reporting period, both the labor contract signing rate and the employee social insurance coverage rate were **100%**

Anti-Child Labor and Anti-Forced Labor

The Company prohibits the employment of child labor and resolutely eliminates all forms of forced labor. Through standardized management mechanisms and process safeguards, it effectively protects employees' rights to free career choice and their personal dignity. During the recruitment process, the Company strictly implements an age review system, verifying employee identities through document checks, interview confirmations, and background investigations to ensure that the age of new hires meets the national statutory minimum employment age. In daily management, the Company conducts regular compliance audits across all processes, including recruitment, employment, payroll distribution, and labor relations, ensuring that all working relationships are established on a voluntary, equal, and fair basis.

The Company continuously conducts employee rights advocacy and training to enhance employees' self-protection awareness and capabilities. Should any suspected case of child labor or forced labor be discovered, the Company will immediately initiate an investigation procedure. Upon verification, it will terminate the violation, properly relocate the affected personnel, strictly hold those responsible accountable, and improve relevant processes. The related results will be made public, subject to supervision from all parties.

Key Performance

During the reporting period, the Company had **no incidents** of using child labor or forced labor, and all employees met the statutory minimum working age requirement.

Anti-Discrimination and Anti-Harassment

We are committed to building and maintaining a fair, inclusive, and respectful work environment, and resolutely oppose all forms of discrimination and harassment. Company policies explicitly protect employees from discrimination or disparate treatment based on diverse identities such as race, color, gender, age, religion, nationality, or disability status. In daily management, the Company attracts a wide range of talent through fair and transparent diversified recruitment processes, and strictly prohibits the use of child labor and all forms of discrimination, ensuring that all applicants and employees enjoy equal opportunities and fair treatment.

We actively advocate for diversity in team composition and respect the individual differences of each employee. The Company upholds a "zero-tolerance" principle towards any form of harassment, intimidation, and bullying in the workplace, and strictly cracks down on misconduct, including sexual harassment, to effectively protect employee rights.

Key Performance

During the reporting period, the Company had **no incidents** of employees experiencing discrimination or harassment.

Diversity, Equality, and Inclusion

KELUN PHARMA is committed to integrating diversity, equity, and inclusion into all aspects of its corporate operations. In 2024, the Company officially promulgated and implemented the Employee Diversity and Labor Employment System, which covers all employees of the headquarters and each subsidiary/branch, including various forms of employment such as full-time, part-time, outsourced, and temporary workers. This system explicitly protects employees' rights related to diverse identities such as race, gender, age, religion, nationality, and disability status. As of the end of the reporting period, the Company employed 2,019 employees from ethnic minorities.

The ESG Committee under the Company's Board of Directors is responsible for supervising the formulation, revision, and implementation of this system, and has incorporated diversity goals into the Company's ESG management performance system. The Company has established a quantitative target regarding employee diversity, which is linked to the compensation of senior management.

The Company's Employee Diversity Target

Achieve a proportion of female employees in the entire company of no less than **46%** by 2030

Comprehensive Diversity Training for All Employees, Building an Inclusive Culture, and Promoting Long-term Development

During the reporting period, KELUN PHARMA systematically conducted special training on the *Employee Diversity and Labor Employment System* for employees at the headquarters and all subsidiaries and branches. The training content covered core topics such as awareness of diversity culture, fair practices in recruitment and development, labor compliance management, and feedback mechanisms, reinforced by case study analyses to enhance understanding. The Company implemented online training for all employees via the ELN e-learning platform, ensuring learning flexibility and broad coverage. A unified assessment was organized after the training, achieving a 99% pass rate, an increase of 11 percentage points compared to the previous year. The results indicate that employees' awareness of key provisions such as "diverse employment, anti-discrimination, and anti-harassment" has significantly improved, and the implementation of the system has been effectively strengthened, further consolidating the Company's inclusive and compliant employment environment.

Promoting Diversity and Inclusion

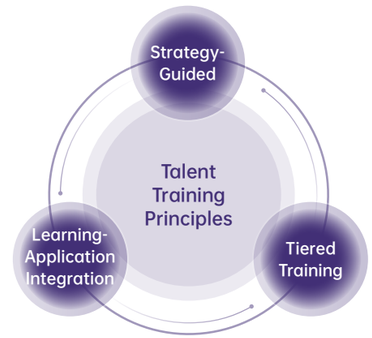
KELUN PHARMA integrates diversity goals into its incentive system, using material benefits to drive diverse and inclusive practices. The Company has established a special recruitment reward to recognize teams that successfully introduce talents with diverse backgrounds and achieve a high retention rate, thereby strengthening the effectiveness of diverse talent acquisition. Simultaneously, for teams that implement measures such as effective cross-cultural communication or develop support plans for employees with disabilities, the Company provides a special activity fund to support their continued organization of diversity-themed practices.

Furthermore, the Company has established a normalized management mechanism. At the beginning of each year, the Human Resources Department reviews the implementation of the previous year's diversity work and conducts data analysis. It then reports on goal progress to the ESG Committee under the Board of Directors, ensuring that diversity-related initiatives are effectively aligned with the Company's strategy.

Employee Training and Development

To build a grand hall, one must first secure the pillars. Kelun is deeply aware that talent is the primary element of the Company's development. We have established a talent development strategy, providing a platform for young talents to practice and grow through multi-level cultivation mechanisms such as graduate traineeships, internships, and apprenticeship programs. We are committed to fostering an organizational environment of continuous learning and development, stimulating employee potential, and building a talent pipeline that supports the Company's long-term competitiveness.

KELUN PHARMA's Talent Development Principles



Training System

The Company has established a tiered and categorized employee training system that covers all employees (including full-time, part-time, outsourced, and temporary workers) to support the comprehensive growth of employees and the enhancement of organizational capabilities. This system encompasses three main modules: New Employee Training, General Competency Training, and Professional Skills Training. New employees undergo systematic integration through orientation training, base internships, experiential expansion activities, and on-the-job learning. The Company broadens employees' horizons through internal courses, external study programs, invited external training, and industry benchmarking, while continuously strengthening corporate culture heritage. In the professional domain, the Company designs targeted development pathways for systems such as R&D, production, and marketing, conducting training on product knowledge, financial knowledge, and professional skills to ensure that the competency and development needs of employees in all job families are effectively met.

Based on the career development stages and competency improvement needs of employees at various job levels, the Company implements differentiated management and leadership development training. It has built a full-link cultivation mechanism ranging from campus-hired management trainees to senior management. Training content and delivery methods are designed hierarchically to precisely meet the capacity-building requirements of management talents at each level, comprehensively enhancing organizational management effectiveness.

Management and Leadership Development Training

Based on the Company's talent development principles and the compounding interest mindset, the Company implements management and leadership development training that covers employees at all job levels, including junior employees, first-line management, middle management, and senior management. This ensures that every employee can access management and leadership enhancement opportunities that match their career development stage.

Training for Campus-hired Management Trainees

For campus-hired management trainees, the focus is on cultivating their execution, team cohesion, and thinking skills. Regular "Elite Plan" intensive training camps are conducted, aiming to reserve new strength for Kelun's fourth decade.

Training for First-line Management

For first-line managers in the production and marketing systems, the Company implements special training for team leaders and projects to enhance product knowledge and management skills, continuously strengthening the professional capabilities and leadership of the front-line management team.

Training for Middle and Senior Management

For middle and senior managers in quality and marketing, the Company implements a dual-competency cultivation system for quality module leaders and a university-industry cooperation project named "Return to Study After a Hundred Battles," systematically conducting targeted training on professional skills, management capabilities, and industry policies.

Training for Senior Management

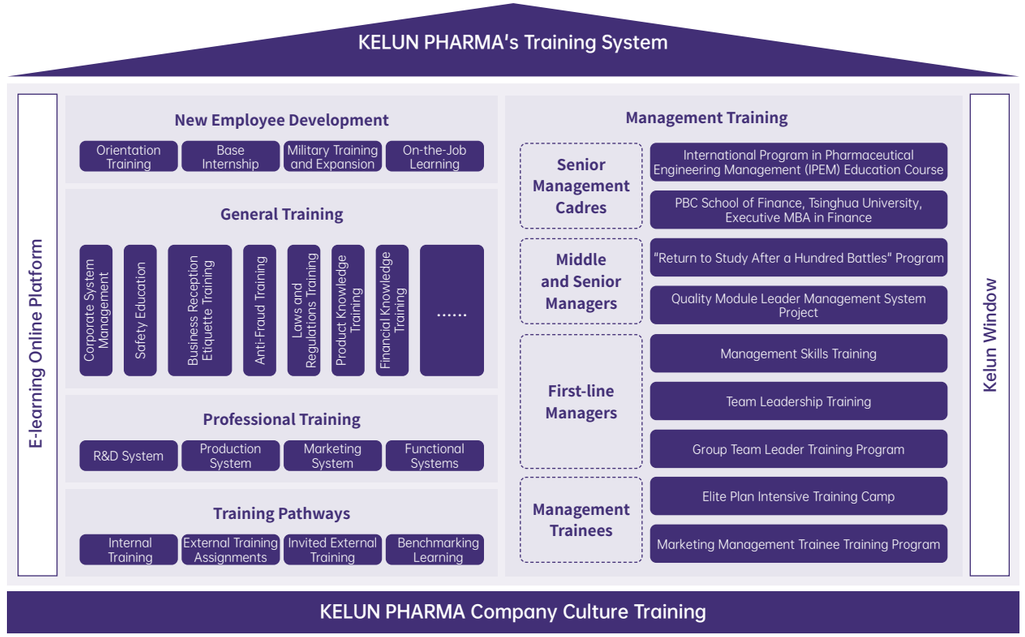
Differentiated development is implemented for management cadres at various levels. Senior management cadres focus on enhancing decision-making capabilities through high-end courses such as IPEM and Executive MBA in Finance. Group management cadres primarily engage in systematic operational management learning through training integrated with meetings.

Case: Xindu Base Conducts Team Leader Training to Strengthen the Foundation of Front-line Production Management

During the reporting period, to strengthen the professional capabilities of the front-line production management team, the Xindu Base, under the collaborative leadership of the Human Resources Department and the Production Department, systematically implemented a special training project for team leaders. This project targeted current and reserve team leaders, adopting a comprehensive training model that combines "theoretical instruction, case study discussions, and practical drills." The course content covered core skills such as on-site management, team communication, and problem-solving. The training achieved precise empowerment through a tiered design and introduced mechanisms for performance linkage and review guidance to ensure the integration of learning with application and training with practice. This initiative effectively enhanced the comprehensive performance capabilities of front-line managers, laying a solid foundation for ensuring production quality and optimizing on-site operations.

Scene from the Team Leader Training Project

KELUN PHARMA's Training System



E-learning Online Platform

The Company has built a blended training system that integrates online and offline methods, as well as combining external assignments with internal training. The Company deeply applies the E-learning online learning system, achieving digital integrated management of processes such as training implementation, check-in, evaluation, assessment, and knowledge sharing. This model not only enhances the flexibility and coverage of training but also strengthens the cultivation of talents in key areas such as quality management.

In 2025, the Company meticulously planned and executed 15,729 online training programs, accumulating rich educational resources during this period. The total number of internal online courses has reached 45,708, covering areas such as: pre-job training, management, regulations, safety and environmental protection, corporate culture, reference learning, professional technical knowledge, job skill operations, employee psychological counseling, new employee orientation, and product knowledge. During the reporting period, the activity level of the ELN platform reached a new high, with platform logins totaling 1,964,300 and a cumulative total online duration of approximately 4.5 million hours. This data fully demonstrates the employees' strong desire for self-improvement and their high recognition of the platform's resources.

Company meticulously planned and executed **15,729** online training programs

With platform logins totaling **1.96** million person-times

A cumulative total online duration of approximately **4.5** million hours

New Employee Training

The Company places high importance on the integration and development of new employees. To ensure they quickly adapt to their positions and deeply understand the corporate culture, the Company requires a 100% participation rate in new employee training. This training systematically helps new employees quickly integrate into the Company from four dimensions: ELN online training, orientation communication, base internship, and experiential expansion, laying a solid foundation for their subsequent career development.

Headquarters New Employee Induction Training Management Process
(Responsible: Human Resources Department)

Experiential Expansion	Training Notification	Collection of information related to new employees' physical condition, etc.	One-week full-time experiential expansion	Pass/Fail determined comprehensively based on performance in experiential expansion activities
Base Internship	Training Group coordinates with the base	Department training administrator submits the Headquarters New Employee Induction Internship Application Form	Internship, food, and accommodation for new employees uniformly arranged by the base	Comprehensive evaluation of grades (Excellent, Good, Average, Poor) based on internship exams and internship reports
Base Internship	Induction Precautions (Personnel Group)	Department training administrator notifies every two weeks (depending on specific onboarding circumstances)	Training duration: 3.5 hours	Assessment results are presented in ELN online exams
ELN Online Training	Activate ELN platform accounts	Notify departmental training administrators every Friday	New employees must complete learning and exam within 2 months of joining	Full score: 100 points, 1 retake opportunity >=80 points: Pass

For recent graduates, we have launched the "Elite Plan," aiming to cultivate a "New Kelun Force" possessing both ideals and a striving spirit, thereby reserving core talents for the Company's medium-to-long-term development. This plan innovatively adopts the "536" cultivation principle (5 stages + 3 mentors + 6 months). Through a structured growth path and a multi-dimensional mentoring mechanism, it helps campus recruits smoothly complete the role transition from campus to workplace, quickly integrate into the corporate culture, and unlock their professional potential.

"Elite Plan" Cultivation Program (536 Cultivation Principle)

5

Orientation Training	Front-line Workshop Practice	Centralized Intensive Training	On-the-Job Learning	Tenure Review Presentation
1.On-site teaching 2. E-Learning online learning and exams	Uniform food and accommodation in production workshops, centralized learning and training	1. 3-day military training 2. 2-day expansion activities	1. Rotation learning 2. Fixed-post learning	After the first 4 stages are completed, centralized tenure review presentation is arranged

3

Department Mentor	On-the-job Mentor	HR Department Mentor

6

6-month incubation period

Case: Systematic Implementation of the "Elite Plan" Injects Core New Strength into Xindu Base

In July 2025, the Xindu Base held a special offline orientation meeting for the 8 newly recruited "Elite Plan" trainees of that year. These recent graduates, from core departments such as R&D, Quality, and Production, had already been introduced to the company culture and training requirements through online pre-orientation. At the meeting, base leaders, business heads, and mentors engaged in in-depth communication with the trainees, helping them deepen their understanding of job responsibilities and the Company's fourth entrepreneurial strategy. This event marked the comprehensive launch of this year's "Elite Plan" at the Xindu Base. The Company aims to accelerate the trainees' mindset transformation and capability enhancement from campus to workplace, laying a solid foundation for their long-term development on the Kelun platform, and continuously reserving core young talents for business development.

Xindu Base "Elite Plan" Orientation Meeting

Job Development Training

The Company places high importance on building job competency, firmly believing that targeted skills training is a key measure to enhance employee professional effectiveness, support the Company in responding to market changes, and maintain core competitiveness. Based on the responsibility requirements of each position and future capability development needs, the Company systematically designs and implements a series of professional and precise training courses. In the area of comprehensive employee quality, the Company conducts special training on image management and safety emergency response, continuously enhancing employees' professional competence and risk response capabilities.

In quality management, the Company has built a quality knowledge base and a "Knowledge Lecture Hall" platform combining online and offline methods, which conducts training on 22 professional topics including statistical application and data governance, significantly strengthening the quality theory and practical skills of various bases. The production management sector launched a special training camp for high-potential international talents, focusing on cultivating manufacturing management talents with a global perspective to support the modernization of the production system and its alignment with international standards. The marketing sector comprehensively enhances the capabilities of managers at all levels in strategic thinking, compliant operations, and team collaboration through systematic leadership and business training.

At the same time, the Company continuously promotes corporate culture construction, integrating core values and social responsibility concepts into employees' daily behaviors through a series of training activities, striving to build excellent teams that value both professional competence and professional character.

Case: International High-Potential Talent Training, Continuously Empowering Global Business Expansion

To support the Company's international development strategy, KELUN PHARMA has continuously carried out the special "International High-Potential Talent Training Camp" cultivation project since 2023. This project aims to systematically select and cultivate composite talents possessing both professional skills and cross-cultural communication abilities, in order to meet the higher demands placed on the talent pipeline by global business expansion. As of the end of the reporting period, the project has been implemented for three consecutive years, cultivating over 20 high-potential talents, effectively enriching the Company's international talent reserve and strengthening the backup force for key positions.

International High-Potential Talent Training Project

Academic Qualification and Professional Certification Support

The Company actively advocates and supports the continuous learning and development of employees, providing systematic support to all employees (including full-time, part-time, outsourced, and temporary workers). This support covers multiple development pathways, including academic qualification advancement, application for professional titles and vocational qualifications, and application for government talent rewards. Through supporting policies and resource backing, the Company comprehensively empowers employees' personal growth and builds a learning organization.

Academic Qualification Advancement

KELUN PHARMA encourages and supports all employees (including full-time, part-time, outsourced, and temporary workers) to pursue on-the-job academic education in their spare time, aiming to systematically enhance the professional quality and comprehensive capabilities of its workforce. Through this measure, the Company continuously strengthens its talent competitiveness to better adapt to and support the needs of rapid business development.

Key Performance

During the reporting period, the Company supported **111** employees in their academic qualification advancement

The Company has distributed **1.92** million RMB in academic subsidies to 827 employees.

Provided certain subsidies to eligible general employees according to standards, with a maximum subsidy of **300** RMB/month

Vocational Title or Professional Qualification Support

The Company actively builds a learning organization and supports all employees (including full-time, part-time, outsourced, and temporary workers) in using their spare time to apply for professional technical titles or vocational qualifications related to their positions. To this end, we have formulated special management regulations to systematically encourage employees in key professional positions to enhance their professional competence and optimize the talent structure. During the annual title evaluation period, the Company systematically compiles and publishes evaluation information from various regions, proactively assists eligible and willing employees in completing their applications, and provides institutionalized support for their career development.

Key Performance

During the reporting period, the Company supported **392** employees in applying for vocational titles/professional qualifications

In 2025, the Company granted a total of RMB **1.29** million in subsidies for title certifications or professional qualifications to 480 employees

Employees who obtained corresponding titles or qualifications after joining the Company, and who met the criteria, were provided with subsidies, with the maximum subsidy reaching RMB **1,000**/month

Supporting to Apply for Government Talent Awards

Under the guidance of provincial and municipal governments' strategies for prioritizing talent development, KELUN PHARMA headquarters and subsidiaries (branches) actively implement government talent incentive policies at all levels. We proactively assist eligible technical and managerial talents in applying for relevant rewards. While providing material incentives and spiritual recognition for outstanding talents, the Company continues to optimize the organizational environment that attracts, values, respects, and utilizes talents. This approach supports talents in focusing on professional development, providing stable talent support to build the Company's long-term competitive advantage.

Key Performance

During the reporting period, the Company applied for talent awards for **673** eligible employees

successfully obtained talent award funding amounting to RMB **23.49** million

Employee Communication and Care

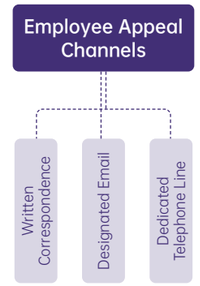
KELUN PHARMA places great importance on ensuring smooth communication channels with employees, establishing a diversified communication and feedback system. This system includes regular employee satisfaction surveys, periodic employee forums, democratic life meetings, and workers' congresses. It also integrates communication channels such as the general manager's onsite office, regular work meetings, and team leader meetings with management personnel, as well as instant interactive platforms like the employee wish wall and WeChat groups. These initiatives systematically collect employee feedback and suggestions, ensuring that issues are resolved in a timely and effective manner.

During the reporting period, the Company implemented the *Chairman's Hotline Reporting System*, which allows employees to report significant issues directly to the chairman, bypassing hierarchical levels. Additionally, a "General Manager's Mailbox" was set up to stay in touch with employees' concerns and encourage them to actively offer suggestions and ideas for the Company's development.

Employee Grievance Mechanism

KELUN PHARMA has established a smooth and confidential employee grievance channel designed to respond promptly and properly address a wide range of workplace issues, including but not limited to matters related to discrimination, harassment, unfair treatment, and violations of legal rights.

In accordance with the *Employee Grievance System*, the Company has set up two levels of grievance handling committees: one at the headquarters and one at the subsidiary (branch) level. These committees are responsible for investigating, providing feedback on, and responding to employee grievances. Separate grievance handling procedures have been formulated for the headquarters and subsidiaries (branches). The Company is committed to thoroughly investigating each grievance, handling it seriously, and promptly informing the complainant of the progress.



Employee Grievance and Handling Procedure

The Company has established a hierarchical, standardized, and time-sensitive employee grievance handling procedure to ensure effective protection of employee rights. Employees are generally required to submit a written, real-name grievance within 10 working days after the grievance matter occurs via the internal OA system (headquarters) or directly to the subsidiary (branch) grievance handling committee. Upon receipt of the grievance, the committee should first determine whether the case falls within its scope of acceptance.

For grievances at the subsidiary (branch) level, the grievance handling committee shall complete the investigation, collect evidence, discuss, and form a resolution within 5 working days. If the complainant does not accept the resolution, they have the right to appeal to the headquarters grievance handling committee. The headquarters committee may review cases that were mishandled at the subsidiary (branch) level and issue a final ruling within 5 working days.

All grievance handling processes need to be documented. After resolution, the complainant shall sign a confirmation of the outcome, and the records shall be archived. This procedure combines grievance evaluation with hierarchical review, providing employees with a clear and efficient internal mechanism to safeguard their rights.

Complainant Protection

KELUN PHARMA continually improves the *Employee Grievance System*, and during the reporting period, further enhanced the protection measures for complainants. The Company strictly safeguards the personal information and legal rights of complainants. Regardless of whether the grievance is filed under real-name or anonymous conditions, the Company commits to taking necessary measures to protect the complainant's personal safety, property, work, democratic rights, reputation, and other legitimate interests.

The system strictly prohibits any form of retaliation, harassment, or persecution. It also defines clear disciplinary actions for leaking complainant identities, concealing information, delaying processing, or obstructing investigations, which may include warnings, demerits, major demerits, termination of the labor contract, or even criminal prosecution. The Company ensures that no employee will face unfair dismissal, persecution, or unauthorized disciplinary actions due to their legitimate grievance filing. If the complainant suffers personal injury, economic loss, or damage to reputation due to retaliation, they are entitled to seek compensation in accordance with the law and may file a lawsuit in court.

Trade Union Management

In accordance with the *Constitution of the All-China Federation of Trade Unions* and the *Trade Union Law of the People's Republic of China*, the Company has established a trade union organization. Regular workers' congresses are held, with representatives covering a wide range of groups including frontline employees, technical staff, management personnel, and female employees, ensuring the inclusivity and representativeness of democratic participation. The workers' congress plays a crucial role in coordinating labor relations, overseeing labor protection, and safeguarding the legal rights and interests of employees.

Case: Workers' Congress Approves Key Systems to Deepen Democratic Management and Rights Protection

In December 2025, KELUN PHARMA held a workers' congress, where revisions to the *Employee Attendance, Leave, and Health Check System* and the *Management Performance Management System* were reviewed and unanimously approved. The congress involved extensive consultation and discussion among the Company, the trade union, and employee representatives, with all parties committing to adhere to and supervise the implementation of these systems, ensuring the protection of both the Company and employees' legal rights. This review process represents an important practice in the Company's implementation of democratic management and standardized internal governance, continuously driving the Company towards more democratic, regulated, and human-centered management practices.

Employee Engagement and Satisfaction Survey

To systematically evaluate organizational atmosphere, accurately understand employee needs, and continuously optimize management practices, the Company has established a regular employee engagement and satisfaction survey mechanism. Every year, an online questionnaire survey is conducted for all employees. The engagement survey assesses three dimensions: emotional commitment, cognitive investment, and behavioral contribution, while the satisfaction survey focuses on five key areas: work content, work environment, management style, compensation and benefits, and career development. The goal is to collect comprehensive feedback to provide data support for enhancing employee experience and organizational effectiveness.

Survey Results and Improvement Measures

The overall employee satisfaction decreased by 2% compared to 2024. The areas with declining scores were work-life balance, career development opportunities, and compensation and benefits. In response, the Human Resources Department at the headquarters organized all subsidiaries (branches) to review employee feedback, combined with the survey results and data, conduct targeted analysis, and develop specific improvement measures for the areas with declining scores:

Key Performance

During the reporting period, the Company conducted an engagement and satisfaction survey covering all employees, with an effective response rate of **93.6%**

Employee overall engagement was rated at **93%**

employee overall satisfaction was **91%**

Work-life Balance

- Pilot flexible working hours, allowing employees to choose their working hours within set periods
- Regularly organize diverse recreational and wellness activities, such as basketball, yoga, book clubs, and mental health seminars, catering to different interest groups

Career Development Opportunities

- Provide a variety of career training programs, including new employee training, general skills training, professional skills training, and management/leadership development training
- Regularly conduct internal recruitment, release job opportunities transparently, and broaden employee career development paths
- Pilot multi-channel career development management, clarifying the qualifications and promotion paths for each channel

Compensation and Benefits

- Establish and improve a salary system based on job value, employee capability, and performance
- Offer a variety of flexible benefits, such as supplemental million medical insurance, equivalent consumption points/shopping cards, paid vacation, etc.

Benefits and Welfare System

KELUN PHARMA regards its employees as the most valuable asset and, in strict compliance with national regulations, ensures full and timely payment of social insurance and housing provident fund contributions for all employees. The Company continuously supplements and improves various non-wage benefits and special care programs. Through comprehensive welfare protection and employee activities, we aim to enhance employees' sense of belonging, fulfillment, and well-being, facilitating mutual growth for both employees and the Company.

The Company is committed to creating an inclusive and supportive benefits system that covers all employees, with a focus on addressing the differentiated needs of various employee groups by providing targeted, diversified benefits support. We fully guarantee female employees' legal rights to paid marriage leave, maternity leave, and breastfeeding leave, and additionally offer a late arrival leave for pregnancy to help female employees smoothly return to work and continue their career development. We also respect the cultural backgrounds of foreign and minority ethnic employees, ensuring they enjoy their corresponding national cultural holidays in addition to regular public holidays.

For overseas employees, the Company has developed and implemented the *Regulations on the Overseas Base Visits (Anti Visits) Management* to alleviate the emotional strain of homesickness and family separation. The Company provides customized commercial insurance for overseas employees and their families, organizes regular free health checkups, and implements holiday-specific care measures. These actions aim to strengthen the sense of belonging among employees working in different regions, supporting the deepening of the Company's diverse culture and collaborative development.

KELUN PHARMA Benefits List

Statutory Benefits for All Employees	Non-statutory Benefits for All Employees		Non-statutory Benefits for Eligible Employees	
• Five social insurances & one housing fund	• Personal pension	• Work injury allowance	• Employer liability insurance	• Seniority allowance
• Statutory holidays	• Love fund	• Bereavement allowance	• Group commercial insurance	• Breastfeeding room
• Ethnic holidays	• Million medical insurance	• Exclusive benefits for internal car purchases	• Free dormitory	• Overseas employee insurance
• Paid annual leave	• Annual health check-up		• Free lunch	• Overseas employee subsidy
• Marriage leave, maternity leave, nursing leave, breastfeeding leave	• Business trip allowance		• Education subsidy	• Insurance for families of overseas employees
• Bereavement leave	• Overseas assignment allowance		• Professional title subsidy	• Medical examinations for overseas employees
• High-temperature allowance	• Holiday bonuses (gifts)		• Communication subsidy	• Medical examinations for families of overseas employees
	• Wedding gifts		• Equity incentive plan	
	• Birthday gifts		• Women's Day bonus (gifts)/ holiday	
	• Factory anniversary gifts		• Children's Day gifts	
	• Maternity allowance		• Family visit leave	
	• Retirement allowance		• Late arrival leave for pregnancy	
	• Sick allowance			

In the process of building a diverse and inclusive employee care system, the Company has established the following key non-wage welfare programs to provide employees with comprehensive protection and support:

Key Non-Pay Benefits

Million Medical Insurance	The Company continuously improves its employee protection system ("basic social insurance + commercial supplement + internal assistance"). By deepening cooperation on million medical insurance plans, it provides employees and their families with affordable premiums, suitable coverage, and efficient claims services.
Personal Pension	The Company actively organizes special promotional activities for the "Personal Pension" policy. Through online and offline formats, it explains key points such as eligibility criteria, tax benefits, and application procedures to employees. This aims to help employees deeply understand the national pension policy, reasonably plan their personal pension savings, and effectively benefit from the policy.
Kelun Love Fund	The Company has established the "Kelun Love Fund" to support employees facing family difficulties due to serious illness, sudden disasters, or major accidents.
Free Annual Health Check-ups	The Company provides free professional health check-ups for all employees annually. Through systematic early screening and health assessment, it helps employees understand their health status promptly, effectively preventing and reducing the risk of major diseases.

Work-life Balance

KELUN PHARMA strives to create a harmonious, healthy, and positive work environment that promotes work-life balance for employees. The Company has set up various facilities, such as an employee activity center, gym, library, and breastfeeding room, and regularly organizes sports events like badminton and basketball tournaments. It also conducts holiday-themed activities, fun sports meets, and interest-based clubs, continually enriching employees' leisure activities and enhancing team cohesion. At the same time, the Company respects cultural diversity and fully supports foreign and minority ethnic employees in celebrating their traditional holidays, fostering an inclusive and supportive corporate culture.

Case: Rapid Response to Overseas Disaster Relief, Practicing Humanistic Care

In November 2025, Sri Lanka was hit by tropical cyclone "Ditwa", causing severe floods and geological disasters. More than ten employee families at KELUN PHARMA's life science base in Sri Lanka suffered varying degrees of damage to their homes. In response, the Company immediately activated its cross-border emergency response mechanism, with the General Manager personally overseeing the situation. The Company swiftly conducted an assessment of the damage and urgently provided essential supplies to affected families. At the same time, a special disaster relief initiative was launched within the group. Employees worldwide actively participated, raising funds in just one week, which were distributed in full to support colleagues in need. This action not only alleviated the immediate hardships of affected employees but also demonstrated KELUN PHARMA's global commitment to people-oriented responsibility. It significantly strengthened the cohesion and sense of belonging of the cross-cultural team.

The Company Provides Supplies to Affected Employees

Case: Xinkaiyuan Organizes "Two Cancers" Screening for Female Employees, Enhancing Health Care and Gender Equality

In October 2025, the Xinkaiyuan Trade Union, in collaboration with Jianyang Women and Children Health Hospital, organized a free "two cancers" screening event (cervical cancer and breast cancer) for all female employees. The event not only covered core screening items but also included additional examinations such as abdominal ultrasound checks, and professional medical staff provided health consultations and knowledge dissemination on-site. A total of 20 female employees participated in the HPV screening, and 26 employees underwent breast examinations. By delivering professional and convenient health services at the workplace, the Company effectively raised awareness among female employees about health protection and early prevention, demonstrating a substantial investment in gender equality and employee well-being.

Case: Mental Health Awareness for Employees—Guizhou Kelun Hosts Special Lecture

In November 2025, Guizhou Kelun invited a senior psychological expert to host a mental health lecture titled "Embracing a Positive Mindset" for employees. The lecture focused on workplace and life stress and emotional challenges. The speaker shared practical techniques for managing stress and regulating emotions, using theoretical explanations, case studies, and interactive discussions to help employees establish positive mindsets and coping mechanisms. This initiative effectively raised employees' mental health awareness and self-adjustment capabilities, contributing to a more supportive and inclusive organizational atmosphere.

Guizhou Kelun Employee Mental Health Lecture

Case: Jiangxi Kelun Women's Day Activities—Caring for Female Employees and Promoting an Inclusive Work Environment

In March 2025, during International Women's Day, Jiangxi Kelun Trade Union organized a series of special events aimed at caring for female employees and showcasing their contributions. Activities included a roundtable discussion hosted by the General Manager, offering recognition and holiday blessings to female employees, as well as fun team-building activities like balloon games and team cooperation games. These activities provided female employees with an opportunity to relax and engage in communication. By integrating corporate culture into employee care practices, the Company successfully alleviated work-related stress, enhanced team cohesion and employee belonging, and reinforced the Company's commitment to social responsibility and fostering harmonious labor relations.

Jiangxi Kelun Women's Day Fun Activities

Case: Time Flies, Beauty Endures

In July 2025, Kelun employees participated in a promotional video shoot for Kelun Yongnian anti-aging health products, showcasing the slogan "Time Flies, Beauty Endures". The confidence and grace portrayed were rooted in their inner fulfillment and order. With professionalism, they conveyed the health message, balancing multiple roles in both their careers and families. As they navigated the challenges of career ambition and family support, they remained gentle yet resilient, with clear eyes and an unwavering spirit. This is the essence of Kelun women: elegant but powerful, poised but radiant.

Kelun Employees Participate in Kelun Yongnian Anti-Aging Health Products Promotional Video Shoot

Employee Support

KELUN PHARMA has established the "Kelun Love Fund" and supplementary million medical insurance to create a multi-layered health and life protection system for employees. These initiatives aim to alleviate the financial burden on employees and their families when facing critical illness or accidents, continuously improving their sense of belonging, security, and well-being.

Key Performance

During the reporting period, The million medical insurance project reimbursed substantial medical expenses for **10** employees or their family members who faced severe illnesses

By the end of the reporting period, the Company provided love assistance funds totaling RMB **1.2326** million to 88 employees and their family members who were affected by major illnesses or accidents

During the reporting period, the Kelun Love Fund received a total of RMB **1.1562** million in donations

Occupational Health and Work Safety

KELUN PHARMA places occupational health and safety at the core of its operational management, adhering to the philosophy that "all accidents are preventable through proactive measures". The Company has established a robust occupational health and safety management system based on ISO 45001. Key policies include the *Universal Work Safety Responsibility System*, *Safety Hazard Identification and Control System*, *Emergency Plan Management System*, and *Occupational Health Monitoring Management System*. Effective operation and closed-loop management are ensured through processes such as monthly management reports, internal audits, and accident investigations.

Additionally, we have established a top-down EHS management organizational structure. An EHS management committee, led by senior management and supported by cross-departmental collaboration, has been set up. Management compensation is linked to the Group's EHS performance, and key performance indicators and corresponding reward and penalty mechanisms have been implemented to create a management feedback loop. This continuous approach drives improvements in EHS compliance and performance.

Key Performance

During the reporting period, the Company invested RMB **24.4989** million in occupational health and safety management

The number of subsidiaries (branches) certified under the ISO 45001 Occupational Health and Safety Management System reached 20, with a certification rate of **60.61%**

Annual Occupational Health and Safety Target Achievement

- **0** occupational disease cases
- **100%** signing rate for occupational disease hazard notification forms for new employees
- **100%** handling rate for abnormal results in occupational health examinations
- **100%** written notification rate for occupational health examination results
- Completion of annual declaration for occupational disease hazards
- **100%** rectification rate for safety hazards

During the reporting period, subsidiaries (branches) received the following honors

2 enterprises were awarded the provincial and autonomous region "Health Enterprise" title;

2 enterprises were selected as "Outstanding EHS Management Cases for Pharmaceutical Enterprises in 2025";

2 enterprises achieved "Level 2 Work Safety Standardization" certification;

3 enterprises achieved "Level 3 Work Safety Standardization" certification.

ISO 45001 Occupational Health and Safety Management System Certification (Partial Display)

Occupational Health and Safety-Related Honors (Partial Display)

Occupational Health and Safety Audit

To systematically identify and manage environmental, health, and safety risks in production operations and ensure the effective operation and ongoing compliance of the EHS management system, the Company has established an EHS audit mechanism covering the entire process. The Company has developed and implemented the *EHS Internal Audit System (Trial)*, which specifies audit procedures and standards. Periodic internal audits are conducted to drive the standardization and continuous improvement of EHS management.

Internal audit

Focusing on comprehensive reviews of regulatory and accident risks, the internal audit assesses the construction and improvement of the EHS management system. It also thoroughly inspects on-site management practices and the implementation of procedural documents. By concentrating on critical areas and conducting multi-dimensional checks for potential hazards, the Company ensures the rigor and effective ongoing operation of EHS management.

External audit

In compliance with relevant standards from the International Organization for Standardization (ISO), the Company actively engages independent third-party system certification audits to continuously demonstrate the high standards and norms of its EHS management system. This significantly enhances the Company's credibility in occupational health and safety management and provides a solid foundation for aligning with international best practices.

Occupational Health Management

KELUN PHARMA's subsidiaries (branches) systematically conduct occupational disease hazard risk identification based on workplace hazard factor detection and employee health check-up results. This ensures that all detection points and relevant personnel are covered, and that no risks are overlooked. Based on the concentration (intensity) of hazardous factors and their potential impact on health, the Company implements a graded control system for identified risks, classifying them into high-, medium-, and low-risk levels.

For the risks that have been identified, the Company adopts multi-layered, integrated mitigation measures, including engineering controls to reduce hazards at the source, strengthening management controls by standardizing operational processes and setting up warnings, strict enforcement of personal protective equipment provision and usage supervision, regular monitoring and occupational health surveillance with the establishment and improvement of employee health records, as well as periodic assessments of control measures' effectiveness, with continuous improvements to ensure that occupational disease risks remain under control at all times.

Occupational Health Examination

KELUN PHARMA strictly adheres to national regulations and systematically conducts pre-employment, in-service, and post-employment health examinations and monitoring for employees, aiming to prevent and reduce occupational disease risks. The Company has established and continually improves its occupational health records management system, ensuring that the results of hazard factor detection and health monitoring are communicated to employees in writing, safeguarding their right to know and their ability to protect themselves. Besides, the Company optimized the process for reporting abnormal examination results, thus improving the efficiency of the management feedback loop.

The Company's Occupational Health Examination Process

Pre-Employment Health Check

Conduct targeted pre-employment health checks for new employees based on occupational disease hazard risk assessments for their positions. Establish standardized investigation procedures for work-related health incidents to ensure closed-loop management. The Company also introduced a "near-miss" reporting mechanism to encourage proactive reporting of incidents that did not cause harm but had the potential to, thereby preventing potential major risks.

Periodic Occupational Health Checks

Collaborate with qualified occupational health check providers. Determine examination items based on hazard factors employees are exposed to and the National Classification and Catalogue of Occupational Diseases. Strictly implement regular occupational health checks. The Company establishes and maintains "one person, one file" health records for each employee. While strictly protecting privacy, it provides full-process health management services, including report interpretation, health consultation, and follow-up on abnormal indicators.

Resignation Health Check

Ensure employees receive an exit occupational health examination covering all hazard factors they were exposed to during their tenure, and archive the results according to regulations. For suspected occupational diseases or occupational contraindications identified during the examination, the Company handles subsequent procedures and provides notifications in accordance with laws and regulations, fulfilling its responsibilities as an employer.

Key Performance

During the reporting period, a total of **9,462** employees participated in occupational health examinations

Achieving a **100%** coverage rate

The incidence rate of occupational diseases was **0**

Case: Customized Health Services to Enhance Employee Health Awareness and Well-being

In September 2025, Xinkaiyuan invited a team of professional doctors from Jianyang People's Hospital to conduct a "Health Lecture and Health Examination Report Interpretation" activity for employees. The lecture focused on common workplace health issues, explained chronic disease prevention knowledge with clinical cases, and provided scientific lifestyle guidance. The subsequent one-on-one report interpretation session offered personalized improvement advice based on individual health status and work characteristics. This activity helped raise employees' health awareness and self-management abilities, serving as a practical implementation of the Company's commitment to employee care and the creation of a healthy workplace environment.

Xinkaiyuan Health Lecture and Health Examination Report Interpretation

Case: Xindu Base Hosts Sleep Health Seminar, Focusing on Employee Mental Health

In July 2025, the Xindu Base Trade Union, in collaboration with the Xindu District Federation of Trade Unions, successfully hosted a psychological health seminar themed "Happiness Begins with a Good Night's Sleep". A certified secondary-level psychological counselor was invited to analyze the causes of sleep disorders from physiological, psychological, and environmental perspectives, while providing practical techniques for stress reduction and sleep improvement, including desk stretches and adjustments to work schedules. Employee feedback indicated significant benefits, with participants gaining knowledge about scientific sleep methods and stress management skills. This event demonstrated the Company's comprehensive care for employee physical and mental health, extending the concept of a healthy workplace from physical environment considerations to psychological support.

Xindu Base Employee Mental Health Service Activity

Safety Culture Development

Safety Training

In 2025, KELUN PHARMA continued to deepen comprehensive safety training and emergency response capability enhancement. A safety training and emergency drill system was established. Through blended online and offline training, three-level safety education, and regular continuing education, the Company comprehensively improves employees' safety awareness and emergency skills. Meanwhile, leveraging key events such as work safety month and occupational disease prevention law publicity week, the Company conducts thematic campaigns and regularly organizes multi-scenario emergency drills to continuously enhance risk prevention and emergency response capabilities, solidifying the foundation for safe corporate development.

Key Performance

A total of 536,500 hours of safety education training were completed across all subsidiaries (branches), with 124,200 employees participating in training. A total of 769 emergency drills (including fire and toxic gas leak drills) were organized;

The investment in employee work-related injury insurance amounted to RMB 8.70 million. The investment in employee work safety liability insurance amounted to RMB 490,700

The coverage rate of employee work-related injury insurance was 100%, and the coverage rate of employee work safety liability insurance was also 100%

There were zero work-related fatalities

Case: Conducting Winter Fire Safety Training and Drill to Enhance Employee Emergency Response Capabilities and Safety Awareness

In October 2025, Hubei Kelun organized a winter fire safety training and drill campaign themed "Prevention First, Life Above All". The event followed a combined approach of "theory explanation + practical drills", covering key skills such as fire extinguisher use, connecting fire hoses, and simulated evacuation. Employees were able to comprehensively master emergency self-rescue and initial fire-fighting skills through hands-on practice. The immersive training effectively improved the overall fire safety literacy and practical skills of all employees, laying the foundation for ensuring safe operations and mitigating fire risks during the winter season. This event demonstrated the Company's strong focus on the life safety and health of its employees.

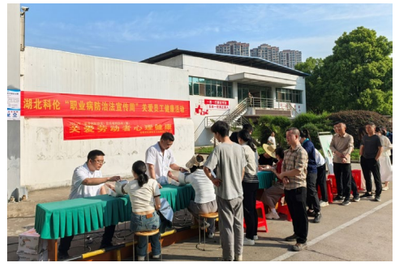
Hubei Kelun Conducting Fire Safety Training and Practical Drill

Occupational Health Promotion and Education

KELUN PHARMA actively responds to the national *Occupational Disease Prevention and Control Law publicity* week and, under the theme "Prioritizing Prevention to Safeguard Occupational Health", systematically carries out occupational disease prevention and education activities across the entire group. These efforts include organizing specialized training sessions, posting informational materials, and broadcasting educational videos, among other methods, to continuously raise awareness about occupational disease prevention and protective skills among employees. This ongoing initiative aims to effectively enhance overall awareness of occupational health and the ability for self-protection.

Case: Health and Care Activity During Occupational Disease Publicity Week Held by Hubei Kelun

In April 2025, Hubei Kelun, in collaboration with the Duhu Community Hospital, launched the theme event "Prevent and Treat Occupational Diseases, Protect Health at Kelun". The event provided specialized health services to over 200 frontline employees in production, sales, and other roles. Occupational disease specialists conducted lectures on common risks such as the effects of prolonged sitting, dust exposure, and noise protection. Practical sessions included blood pressure and blood sugar tests, lung function screenings, and first aid drills. Health assessments were completed for 26 senior employees, identifying five potential cases of hypertension, with follow-up records established. By integrating social healthcare resources, the Company is committed to establishing a long-term protection mechanism for its employees, ensuring "Safe Work, Healthy Life".



Health and Care Activity During Occupational Disease Publicity Week at Hubei Kelun

Supplier Safety Management

We place high emphasis on contractor safety and have developed a comprehensive safety management system that includes contractor selection, contractor evaluation, contract safety clause review, contractor induction training, work safety management, and post-contract evaluation.

Key Supplier Safety Management Efforts During the Reporting Period

System Improvement
Formulate and release the Supplier Safety Management System to clarify management standards and responsibilities.

Source Control
Incorporate OHS standards into procurement and contract requirements, strictly enforcing admission criteria.

Process Supervision
Strictly implement pre-entry training and on-site work safety supervision.

Performance Evaluation
Improve the performance evaluation system and implement quantitative off-site assessments.

Striving for Excellence

Governance Foundation and Business Ethics

Governance is the cornerstone of sustainable development for enterprises, while business ethics serve as the guiding values for enduring success. KELUN PHARMA continually improves its governance structure and compliance mechanisms to solidify the institutional foundation of decision-making and operations. By implementing a systematic anti-corruption framework and fostering a culture of ethics, the Company standardizes business practices and upholds fairness and integrity. Furthermore, through the establishment of a comprehensive information security defense system, the Company ensures the safety of data assets and customer privacy. These efforts work in synergy, propelling the Company toward a steady and sustainable trajectory characterized by compliance, transparency, and trustworthiness.

- → Corporate Governance and Compliance Operation
- → Business Ethics and Anti-Corruption
- → Anti-Monopoly and Anti-Unfair Competition
- → Information Security Protection

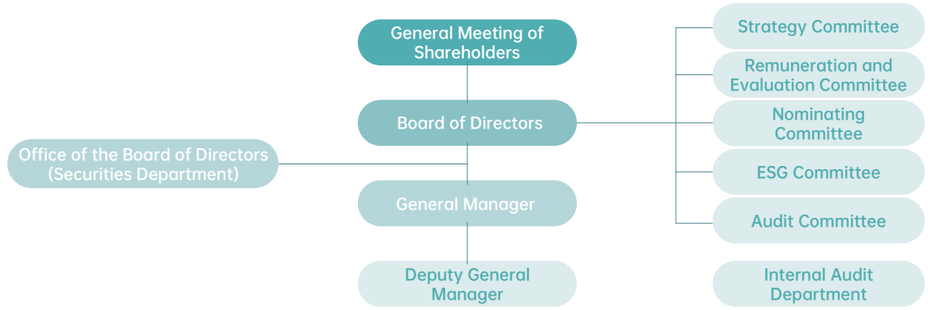
Contribution to the United Nations Sustainable Development Goals (SDGs):

05

Corporate Governance and Compliance Operation

KELUN PHARMA adheres to laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Main Board*. The Company continuously improves its governance structure, effectively leveraging the collaborative governance functions of the General Meeting of Shareholders, the Board of Directors, and the Management, enhancing the overall level of corporate governance and establishing a solid foundation for compliance-based operations.

Corporate Governance Structure



Special Committees of the Board of Directors

The Board of Directors of the Company has set up five specialized committees: the Strategy Committee, Remuneration and Evaluation Committee, Audit Committee, Nominating Committee, and ESG Committee. Each committee is accountable to the Board and operates based on the Company's articles of association and the Board's authorizations. These committees drive the implementation of various specialized tasks, contributing to enhancing corporate governance and supporting sustainable development.

Special Committees of the Board of Directors

Strategy Committee	Members: Liu Gexin (Chairman), Liu Sichuan, Ge Junyou, Wang Fuqing
Remuneration and Evaluation Committee	Members: Gao Jinbo (Chairman), Liu Sichuan, Ren Shichi
Audit Committee	Members: Ren Shichi (Chairman), Gao Jinbo, Wang Fuqing
Nominating Committee	Members: Wang Fuqing (Chairman), Liu Sichuan, Gao Jinbo
ESG Committee	Members: Liu Sichuan (Chairman), He Guosheng, Ren Shichi

Key Performance

During the reporting period, the Company held **2** Strategy Committee meetings

3 Remuneration and Evaluation Committee meetings

6 Audit Committee meetings

2 ESG Committee meetings

Diversity of the Board of Directors

The Company recognizes the importance of a diverse board background for making scientific decisions. When selecting board members, multiple factors such as industry experience, educational background, gender, and age are carefully considered.

Name	Position	Gender	Age	Education Background	Professional Background
Liu Gexin	Non-independent director	Male	75	Master's degree	Pharmaceutical industry background
Liu Sichuan	Non-independent director	Male	42	Master's degree	Pharmaceutical industry background
Ge Junyou	Non-independent director	Male	54	Doctoral degree	Pharmaceutical industry background
He Guosheng	Non-independent director	Male	58	Doctoral degree	Economic, financial, and risk management background
Zhou Xianxiang	Non-independent director	Male	52	Bachelor's degree	\
Zheng Changyan	Employee representative director	Female	52	Bachelor's degree	\
Ren Shichi	Independent director	Male	56	Doctoral degree	Accounting background
Gao Jinbo	Independent director	Male	66	Master's degree	Risk management background[6]
Wang Fuqing	Independent director	Male	63	Master's degree	Pharmaceutical industry background

[6] Mr. Gao Jinbo, Independent Director of KELUN PHARMA, is currently the Managing Partner of Beijing Hanlong Law Firm and possesses extensive experience in legal risk management and practice.

Board Effectiveness Management

To ensure the effective operation of the Board of Directors, strengthen the mechanisms for supervising and constraining internal directors and the management, protect the interests of minority shareholders and creditors, and promote the Company's standardized operations, the Company revised its *Independent Director Work System* during the reporting period. Independent directors make up no less than one-third of the Board of Directors, with at least one being a professional in accounting to ensure the Board structure complies with regulatory requirements and has a financial expertise foundation.

Independent directors maintain their independence at all times, with a primary focus on supervising potential significant conflicts of interest between the Company, its controlling shareholders, actual controllers, directors, and senior management. To safeguard their independence, we organize an annual self-assessment of independence for independent directors. The Board also evaluates the independence of the incumbent independent directors and issues a special opinion, which is disclosed along with the annual report.

At the level of special committees, the role of independent directors has been further strengthened. Independent directors constitute the majority of the members of the Audit Committee, Nominating Committee, and Remuneration and Evaluation Committee, ensuring their significant role in key governance areas such as audit supervision, senior management nominations, and performance-based remuneration. This structure ensures effective oversight and checks and balances.

Through clear composition requirements, strict mechanisms to ensure independence, and substantive roles in special committees, we have comprehensively enhanced the Board's ability to make independent judgments and scientific decisions at the structural, responsibility, and operational levels.

Remuneration Management for Directors and Senior Management

To further improve the corporate governance structure and strengthen a balanced management system of both incentives and constraints, we have continuously optimized the remuneration and performance management system for directors and senior management.

On December 23, 2025, we held the 10th meeting of the 8th Board of Directors, during which the *Proposal for the Establishment of the "Remuneration Management System for Directors and Senior Management"* was approved. This system clearly outlines the Company's approach to remuneration adjustments for directors and senior management, as well as the mechanisms for suspension and clawback, aiming to align responsibilities with rights and interests while enhancing the standardization and effectiveness of remuneration management. Additionally, the system includes provisions for the remuneration of independent directors, specifying that, based on individual negotiations with the Company, the Remuneration and Evaluation Committee of the Board of Directors may establish relevant director allowance standards, which will be submitted to the Board of Directors and the General Meeting of Shareholders for approval before implementation.

Director and Senior Management Remuneration Suspension and Clawback Mechanism

If Directors or senior executives cause losses to the Company by violating laws, regulations, or the Company's Articles of Association, or are culpable for illegal activities such as financial fraud, fund misappropriation, or illegal guarantees, the Company may, based on the severity of the circumstances, reduce or stop the payment of unpaid performance-based compensation and medium-to-long-term incentive income. Furthermore, the Company may seek full or partial recovery of performance-based compensation and medium-to-long-term incentive income already paid during the period when such violations occurred.

When the Company restates its financial reports due to misstatements such as financial fraud, it shall promptly reassess the performance-based compensation and medium-to-long-term incentive income of the involved Directors and senior executives and correspondingly recover any excess amounts paid.

If a Director or senior executive engages in major illegal activities or other acts prohibited by laws and regulations during their tenure, the Company's Board of Directors has the authority to deduct from their compensation based on the severity of the situation.

In 2025, Mr. Liu Sichuan, the Company's Executive Director and General Manager, received a total remuneration of RMB 3.9330 million. The breakdown of remuneration is as follows:

Executive Director	Fixed Remuneration (RMB 10,000)		Variable Remuneration (RMB 10,000)	Total[7] (RMB 10,000)
	Salary	Benefits	Annual Bonus	
Liu Sichuan	354	9.30	30	393.30

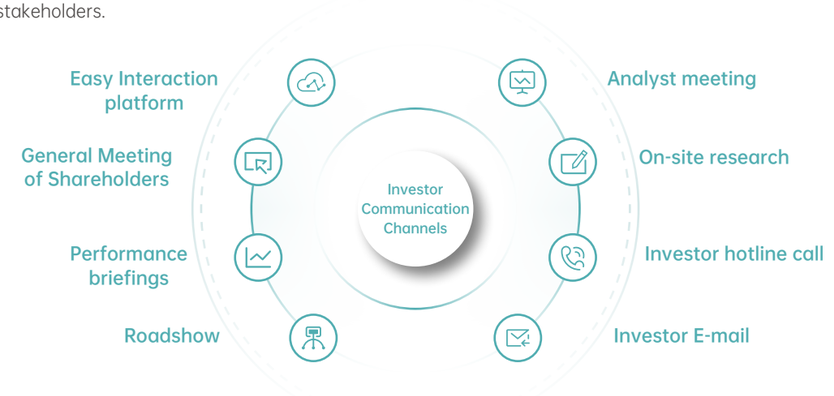
Key Performance

During the reporting period, the Board of Directors consisted of 9 directors, including 3 independent directors and 1 female director; A total of 5 full Board meetings were held; The average attendance rate of the Board was 100%; A total of 3 shareholders' meetings were convened.

Investor Relations Management

KELUN PHARMA strictly complies with the *Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Main Board*, the *Management Measures for Information Disclosure of Listed Companies*, the *Investor Relations Management Guidelines for Listed Companies*, and other related regulations. The Company conducts information disclosure in a lawful and compliant manner and strengthens communication with external parties.

During the reporting period, the Company revised the *Investor Relations Management System*, the *Information Disclosure Management System*, and the *Temporary Suspension and Exemption Management System for Information Disclosure*, further improving its investor relations management and information disclosure mechanisms. These revisions aim to enhance corporate governance and effectively safeguard the legitimate rights and interests of the Company, investors, and other stakeholders.



[7] Note: The difference of RMB 93,000 between the total compensation figure and the "Total Pre-tax Remuneration Received from the Company" item in the 2025 Annual Report represents welfare benefits (specifically, the portion of social security and housing fund borne by the Company).

The Company Holds Performance Briefing to Strengthen Capital Market Confidence

In May 2025, KELUN PHARMA held an online performance briefing for the 2024 fiscal year. The event provided detailed responses to questions raised by investors and facilitated extensive discussions on market concerns and feedback. This initiative significantly enhanced investors' understanding of and confidence in the Company's future development, further strengthening the positive relationship between the Company and its investors.

KELUN PHARMA Holds Online Performance Briefing

Key Performance

During the reporting period, the Company disclosed a total of **88** announcements

1 performance briefing session was held

2 online research sessions were conducted for specific investor groups

The Company responded to **62** questions on the Easy Interaction platform

answered **1,194** investor hotline calls

Key Honors

2025 Outstanding Practices Award for Listed Company Boards

18th China Listed Company Outstanding Board Secretary Award

Investor Relations Gold Award - Outstanding IR Team

Investor Relations Gold Award - Outstanding Board Secretary

Investor Relations Gold Award - Outstanding Institutional Attention Award

Investor Relations Gold Award - Outstanding Market Value Management Award

Investor Relations Gold Award - Outstanding Small and Medium Investor Care

Public Securities News - Excellent Example of Investor Relations

Internal Control, Compliance, and Risk Management

KELUN PHARMA strictly adheres to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Stock Listing Rules of the Shenzhen Stock Exchange*, the *Basic Norms for Enterprise Internal Control*, and other relevant laws, regulations, and regulatory requirements. Based on the Company's operational and management needs, we have systematically established and continuously improved our internal control system. We have set up internal control and compliance teams at all subsidiaries (branches) and directly managed departments to implement internal control systems at the business unit level, ensuring comprehensive coverage and ongoing supervision across organizational levels.

We have formulated a series of internal control documents, including the Internal Control Management Implementation Plan and the Compliance System, and have established a mechanism for regular revisions to ensure the effectiveness of the internal control system design and its adaptability to execution. During the reporting period, we further optimized our internal control evaluation mechanism, and revised the *Internal Control Manual* to clarify control standards and operational norms for various business processes, providing clear guidelines for business execution across the Company.

By integrating system improvements, mechanism optimization, and organizational implementation, KELUN PHARMA has continuously deepened the systematic construction of internal control, compliance, and risk management, laying a solid foundation for the Company's standardized operations and steady development.

Internal Control Self-Assessment

Each year, the Company organizes internal control self-assessments for its subsidiaries (branches) and directly managed departments, comprehensively identifying potential internal control deficiencies and promptly implementing corrective actions to ensure the continuous and effective operation of the internal control system. The self-assessment focuses on evaluating the design and operational effectiveness of internal controls. Multiple methods, including surveys, on-site inspections, and process testing, are used to gather evidence, ensuring the evaluation process is rigorous and the conclusions are objective and accurate.

The assessment results are compiled into a special report, which is reviewed by the Board of Directors and the Audit Committee, serving as an important basis for continuously optimizing the internal control system, so as to drive the ongoing improvement of the internal control management mechanism. During the reporting period, the Company conducted an annual internal control self-assessment covering the entire group.

Holding a Paper Cutting and Painting Activity with an Internal Control and Compliance Theme to Promote Compliance Culture

On September 10, 2025, Shandong Kelun organized a paper cutting and painting event themed "Drawing the Elegance of Internal Control, Cutting the Beauty of Compliance". This activity integrated internal control and compliance concepts into artistic creation, guiding employees to express their understanding and recognition of compliance operations, risk prevention and control, and integrity in the workplace through paper cutting and painting. An exhibition was also held to promote communication and resonance. This event, using cultural creativity as a medium, facilitated a shift in internal control advocacy from "passive learning" to "active communication". It represented an innovative practice for promoting compliance culture and laid a solid foundation for continuously enriching internal control awareness and strengthening the Company's internal control defenses.

Shandong Kelun Organizing Paper Cutting Activity with an Internal Control and Compliance Theme

Internal and External Audits

The Company's internal control auditing work is conducted through a combination of internal audits and external audits, ensuring the effectiveness and continuous improvement of the internal control system.

According to the *Internal Audit System*, we independently audit the establishment and implementation of the internal control system each year, covering all business segments such as production, marketing, procurement, finance, and human resources, as well as subsidiaries. To enhance the accuracy and effectiveness of the audit, the Company determines differentiated audit focuses each year based on the enterprise type, business characteristics, and risk conditions. The audit plan is dynamically adjusted based on the Company's annual strategy and key tasks. For high-risk areas and new business segments, the audit frequency and depth are increased to ensure key risks are controlled.

At the same time, the Company hires a qualified accounting firm every year to conduct an independent audit and evaluation of the design and operational effectiveness of internal controls over financial reporting, in accordance with the *Basic Norms for Enterprise Internal Control* and relevant guidelines, and a special report is issued. The external audit results and internal self-assessment conclusions are cross-verified, providing reliable evidence for the improvement of the internal control system.

Key Performance

During the reporting period, the Company held 3 Group-level internal control and compliance work meetings.

No significant risks were identified during internal control audits, reflecting the overall effective operation of the internal control system.

Equal Treatment for Small and Medium-Sized Enterprises

KELUN PHARMA has always adhered to the principle of "fair competition, joint development", and actively practices corporate social responsibility. It treats small and medium-sized enterprises equally and strives to create a fair and transparent business environment, contributing to the construction of a harmonious, win-win industrial ecosystem. The Company has consistently applied the same payment terms to all small and medium-sized enterprises, without discrimination based on the size of the enterprise, ensuring timely payment within contract terms.

Business Ethics and Anti-Corruption

KELUN PHARMA has always adhered to responsible business conduct, strictly complying with laws, regulations, and business ethics, integrating integrity into the foundation of its corporate development. Since joining the China Enterprise Anti-Fraud Alliance in 2015, the Company has actively participated in the alliance's activities and contributed to building a clean and transparent business environment.

In terms of internal governance, the Company explicitly prohibits any form of commercial bribery and requires all employees to adhere to the highest standards of professional ethics and conduct. New employees are required to sign the *Kelun Group Compliance/Integrity Commitment Letter* upon onboarding, and existing employees shall reaffirm and re-sign it annually during the compliance season. During the reporting period, all employees required to sign the *Kelun Group Compliance/Integrity Commitment Letter* have done so, further solidifying the responsibility framework for compliance and performance.

Organizational Structure

The Audit Committee of the Company's Board of Directors serves as the highest supervisory body for business ethics, anti-corruption, anti-commercial bribery, and anti-fraud management. The Company has established a joint working group comprising the Internal Audit Department, Internal Control and Compliance Department, Legal Affairs Department, and Human Resources Department to collectively conduct systematic governance, supervision, and audit of the business ethics conduct of all employees and partners. Employee Representative Director At the subsidiary (branch) and directly managed department levels, internal control and compliance working groups and compliance officers are designated to ensure the implementation, daily management, and monitoring of business ethics standards. These groups regularly report their execution status to higher management, thereby forming a multi-layered oversight and execution system covering all major business processes of the Company.

System Framework

To establish a systematic business ethics and anti-corruption management framework, we have developed and implemented a series of policies, including the *Code of Business Ethics*, *Anti-Commercial Bribery System*, *Anti-Fraud System*, *Employee Handbook*, and *Relatives' Relationship Disclosure and Conflict of Interest Reporting System*. These policies address various dimensions such as employee conduct, fraud risk prevention and control, and identification and avoidance of conflicts of interest. Together, they form a comprehensive, clearly-structured, and well-coordinated business ethics and anti-corruption management system, providing a solid institutional foundation and safeguard for our management practices and effective prevention of integrity and ethical risks.

Internal Audit of Business Ethics and Anti-Corruption

Under the guidance of the Audit Committee, the Company's Internal Audit Department carries out audits on the implementation of business ethics and anti-corruption policies, based on the *Working Rules for the Audit Committee* and the *Internal Audit System*. The audit scope covers all directly managed departments and subsidiaries (branches). By the end of the reporting period, the Company's Internal Audit Department had completed at least one audit covering the full business processes of each major subsidiary (branch) within the Group. Among these, the review of business ethics and the implementation of related systems was a key focus of the comprehensive internal control audits.

Business Ethics and Anti-Corruption Internal Audit Process and Content

Before the Audit	Systematically conduct commercial bribery and corruption risk assessments covering all business areas. Identify positions and links prone to risks in key processes such as procurement, sales, and expense reimbursement, and designate them as key focus areas for audit.
During the Audit	Take the implementation of anti-commercial bribery and anti-corruption systems as a core inspection item. Ensure the effectiveness of the Company's relevant management measures by reviewing and supervising the establishment and implementation of internal control systems, the authenticity of financial information, and the integrity compliance of personnel in key positions. All subsidiaries (and branches) conduct comprehensive annual internal control self-tests covering all major business processes. These efforts, combined with regularly held "Compliance Season" activities, jointly promote the implementation of anti-commercial bribery and anti-corruption systems.
After the Audit	Based on the audit results, the Company continuously optimizes its anti-corruption management mechanisms and related policies. To strengthen accountability, compliance and business ethics-related indicators have been incorporated into the performance appraisal system of all subsidiaries (and branches) and directly affiliated departments. This ensures the formation of an effective management closed loop and continuously improves the Company's integrity governance level.

Internal Training and Publicity on Business Ethics and Anti-Corruption

The Company actively fosters and practices a corporate culture of honesty and integrity. Through systematic compliance training, the signing of integrity commitments, and continuous educational initiatives, it strengthens all employees' understanding and recognition of business ethics norms and anti-corruption policies. This drives the internalization of integrity values and their external manifestation, effectively enhancing employees' compliance awareness and self-discipline.

Annually, the Company holds regular business ethics and anti-fraud training sessions for all employees, making it a key activity of the "Compliance Season". Additionally, targeted, specialized training is organized irregularly based on the characteristics of different business sectors and key roles to ensure a close integration of risk prevention and job responsibilities. All new employees are required to complete anti-fraud and integrity training as part of their onboarding process, reinforcing compliance awareness from the very beginning.

"Compliance Season" Anti-Fraud Training

Furthermore, the Company creates an integrity-focused atmosphere through diverse promotional activities. An integrity column is set up on internal communication platforms, and the "Integrity Kelun" official WeChat account regularly publishes policy interpretations, typical case studies, and other relevant content, establishing a continuous channel for integrity education. Subsidiaries (branches) also carry out various integrity-themed activities, such as creating short videos on integrity and hosting integrity-themed auctions, to communicate integrity concepts in a lively and engaging way, guiding employees to establish correct professional and ethical perspectives.

Supervision of Business Ethics and Anti-Corruption Among Partners

KELUN PHARMA has established a business ethics and anti-corruption supervision mechanism for its partners, combining institutional norms, contractual agreements, and ongoing monitoring to continuously enhance the overall compliance management level of the supply chain and the cooperation ecosystem. The Company has developed policies such as the *Supplier Code of Conduct*, *Third-Party Due Diligence and Handling Management System*, *Distributor Compliance Management System*, and *Market Service Provider Management System*. These documents impose clear control requirements on partners in areas such as business ethics, quality management, information confidentiality, and compliance duties, collectively fostering a fair and honest business environment.

In business partnerships, the Company mandates that the *Sunshine Agreement* be signed alongside external procurement contracts. The *Sunshine Agreement* explicitly prohibits both parties from soliciting or accepting any form of improper benefits, requires the avoidance of intentional barriers to cooperation, and sets up dedicated reporting channels. Additionally, the anti-commercial bribery clauses in contracts with clients explicitly define the anti-bribery obligations and responsibilities of agents.

The Company's Internal Control and Compliance Department, in collaboration with the Supply Department,Business Department, and Project Management Team, conducts anti-commercial bribery supervision. Training on *Anti-commercial Bribery, Anti-monopoly, and Anti-fraud Compliance* is provided to distributors and service providers. The Business Department is responsible for daily supervision of compliance obligations during the contract performance period. If false transactions or commercial bribery are discovered, measures such as the deduction of security deposits, supply restrictions, suspension of supply, or contract termination will be implemented in accordance with the established policies.

Whistleblowing Channels and Whistleblower Protection

To build an honest and healthy business ecosystem, the Company has established a *Whistleblower Protection and Reward System*, which is publicly disclosed on the official website. This initiative encourages suppliers, partners, and all employees to actively participate in supervision and report illegal or non-compliant behavior, such as corruption or embezzlement.

Throughout the whistleblowing process, the Company strictly follows laws, regulations, and internal policies, ensuring complete confidentiality of the whistleblower's identity and the content of the report. From the acceptance of tips, investigation and verification, to processing feedback and archiving, strict protection mechanisms and operational standards are in place to ensure the safety and control of whistleblowing information, and to effectively safeguard the legitimate rights and interests of whistleblowers.

Company Whistleblowing Channels

Whistleblowing hotline

Internal Audit Department
028-82860620

Department of Legal Affairs
028-82860470

Human Resources Department
028-82860586

WeChat/ Email

WeChat 13710096516

E-mail jubao@kelun.com

Integrity Kelun WeChat Official Account / Integrity Kelun Enterprise WeChat Platform

Mailing address

Internal Audit Department / Legal Affairs Department / Human Resources Department, Sichuan Kelun Pharmaceutical Co., Ltd., 36 Baihua West Road, Qingyang District, Chengdu, P.R. China

Anti-Monopoly and Anti-Unfair Competition

KELUN PHARMA has established a systematic management framework for anti-monopoly and anti-unfair competition, covering key areas such as promotional content review, prohibition of monopoly agreements and abuse of market dominance, and the protection of trade secrets. The Company has developed and implemented specialized policies, including the *Promotional and Non-Promotional Materials Management System*, *Anti-Monopoly Compliance Management System*, and *Trade Secret Protection and Non-Competition System*. These policies are interconnected, forming a preventive, supervisory, and accountability loop that spans the entire business process. Regular training and inspections are conducted to ensure the implementation of these policies, thereby providing institutional support for fair competition and compliant business operations.

Key Anti-Monopoly and Anti-Unfair Competition Measures in the Reporting Period

Contract Clause Reinforcement

The Company has comprehensively incorporated "three-anti compliance clauses" (anti-monopoly, anti-unfair competition, anti-commercial bribery) into its standard sales contracts, clearly defining the compliance obligations of both parties contractually.

Specialized Training Deepening

Conduct special anti-monopoly compliance training for sales leaders. Through systematic review and case analysis of the four dimensions—"personnel, finance, assets, and operations", complete risk identification and rectification a closed loop for key business processes.

ProvideTrade Secret Protectiontraining for newly hired employees under the Elite Talent program to strengthen company-wide confidentiality awareness and prevent information leakage risks.

Compliance Commitment Signing

Organize the Company's senior management and key personnel to sign a writtenAnti-Monopoly Compliance Commitment Letterto further clarify and reinforce individual compliance responsibilities.

Integration into Performance Mechanisms

Incorporate anti-monopoly and anti-unfair competition compliance management into the annual performance appraisal system. This promotes the deep integration of compliance requirements with business execution, ensuring systems are effectively implemented.

Key Performance

During the reporting period, conducted **13** sessions of business ethics and anti-corruption training for internal employees

covering **20,127** employees

with a total training duration of **13,418** hours

Business ethics and anti-corruption training was conducted for partners, covering **4,485** distributors

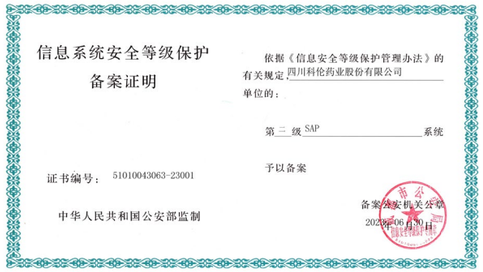
934 service providers

No commercial bribery or corruption-related litigation occurred; **No** administrative penalties or legal disputes related to monopoly or unfair competition behavior were reported.

Information Security Protection

KELUN PHARMA places a high priority on the protection of customer business secrets, data, and personal privacy, strictly adhering to relevant laws, regulations, and industry standards. The Company has established a comprehensive information security management system through policies such as the *Information System Operation and Maintenance Security Management Measures* and the *Data Backup and Recovery Management Measures*.

In terms of organizational support, the Company has equipped a professional security management team that covers network, host, application, database, and industrial control systems. The team continuously carries out standard improvements, vulnerability repairs, security monitoring, cybersecurity training, system audits, and emergency response actions, providing systematic support for safeguarding company data security and customer privacy.


信息系统安全等级保护
备案证明

依据《信息安全等级保护管理办法》的有关规定，四川科伦药业股份有限公司单位的：

第三级 SAP 系统

予以备案

证书编号：51010043063-23001

中华人民共和国公安部监制

备案公安机关公章

2025年06月30日

The Company Holding Second-Level SAP System Protection Certificate

Key Honors

Company Recognized as Outstanding Unit in Annual Operations by Sichuan Province Digital Transformation Promotion Center

Key Information Security Initiatives During the Reporting Period

- The VPN was transitioned to a Zero Trust architecture, enhancing the security of endpoint access at the network perimeter.
- Firewalls at the exits of various bases were replaced to centrally manage exit mappings and avoid unnecessary boundary data exchange.
- A situational awareness system was deployed to proactively identify hidden security threats.
- An emergency response agreement was signed with a third-party cybersecurity firm to establish a collaborative defense and response mechanism.
- A database operation and maintenance audit system was deployed to achieve full-process control of operational activities.
- Internet behavior management systems were uniformly deployed across all bases, implementing usage approval and security responsibility assignment mechanisms.
- Server endpoint protection was strengthened to effectively defend against malicious attacks like ransomware.

Conducting Anti-Fraud and Cybersecurity Awareness Training to Enhance Company-wide Risk Prevention Awareness

In June 2025, the Company jointly organized the "Xindu Public Security Entering Kelun" cybersecurity awareness campaign with the Xindu District Public Security Bureau. This police-enterprise collaboration, targeting the Company's headquarters and various subsidiaries and branches, used case studies, on-site Q&A, and other methods to thoroughly educate employees on cybersecurity laws, regulations, and protection skills. It effectively enhanced company-wide cybersecurity awareness and protection capabilities, solidifying the network security defense line.

Key Performance

The Company conducted **3** information security-related training sessions, totaling **4.58** hours of training;

Quarterly inspections and vulnerability scans were completed **4** times; the Company also conducted **1** risk assessment of the information system and **1** backup recovery drill;

No incidents of customer privacy infringement or data loss occurred.

Social Inclusion

Rural Revitalization and Social Contribution

KELUN PHARMA deeply recognizes that the sustainable development of a business is closely linked to the common welfare of society. Our public welfare initiatives span multiple areas, including education, culture, healthcare, technological innovation, rural revitalization, and emergency rescue. Through continuous philanthropic efforts, we have effectively improved the living conditions of the beneficiary groups and actively promoted social inclusion and overall progress. In doing so, we contribute to achieving broader social value and sustainable development.

- → Pooling Strength for Rural Revitalization
- → Practicing Public Welfare and Charity
- → Industry Collaborative Development

Contribution to the United Nations Sustainable Development Goals (SDGs):

06

Pooling Strength for Rural Revitalization

KELUN PHARMA actively responds to the national rural revitalization strategy, focusing on consolidating the achievements of poverty alleviation and fulfilling its social responsibilities. The Company is committed to promoting the socio-economic development of rural areas through actions such as supporting rural education, revitalizing talent, and upgrading infrastructure. During the reporting period, the Company invested over RMB 1.5 million in rural revitalization efforts.

In response to strategic calls, the Company invested resources in several regional projects during the reporting period:

- In Guang'an City, Sichuan Province, the Company supported the construction of an irrigation station in Shilongqiao Village, Goujiao Town, Yuechi County to strengthen the foundation of agricultural development, stimulate industrial potential, and provide stable support for local rural revitalization. Additionally, the Company contributed to the repair of infrastructure such as roads in Hanpoling Village, Qiaojia Town, further advancing the construction of livable rural communities.
- In Ganzi County, Sichuan Province, the Company donated over RMB 400,000 through the Sichuan Red Cross Foundation to support the purchase of modern large-scale harvesters and greenhouse vegetable planting projects in Luola Village, Renguo Township, and Rongchawu Village in Ganzi Town.
- In Maigaiti County, Xinjiang, a series of infrastructure improvement projects benefiting local villagers was implemented: Conducted electrical safety renovations for 22 households, completely eliminating hazards such as wire aging and illegal connections. Completed a 4.5-kilometer main road lighting project, achieving full coverage of lighting facilities and effectively ensuring villagers' travel safety at night. Constructed a new 5-ton capacity steel-structured bridge for villagers, connecting the main road, optimizing traffic conditions, and effectively facilitating villagers' daily production and living activities.
- In Guizhou Province, the Company, through the Guiyang Red Cross, donated funds to the Qingzhen City CPPCC Office to support the "Volunteer Service" initiative and the "Children's Day" charity educational assistance program. This effort contributed to the development of local rural education and the growth of children in the area.

Practicing Public Welfare and Charity

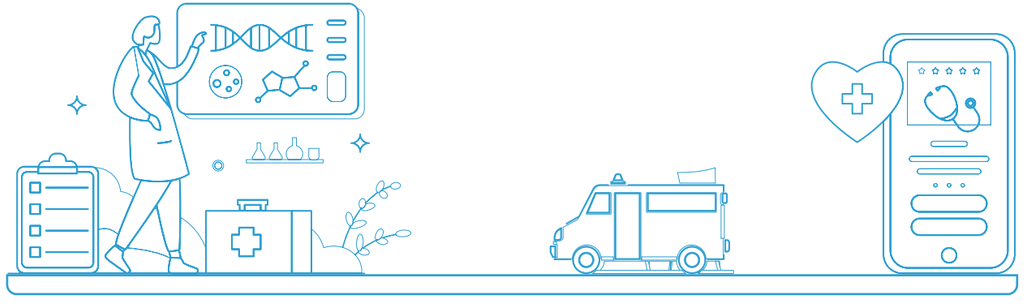
KELUN PHARMA regards fulfilling its corporate social responsibility and giving back to society as an essential part of its sustainable development. In compliance with the *Public Welfare Donation Law of the People's Republic of China* and other relevant laws and regulations, the Company has established internal management systems, including the *External Donation Management System* and the *Environmental, Social and Corporate Governance Management System*, to ensure stable, standardized, and transparent implementation of public welfare activities.

For years, the Company has leveraged its professional medical resources and industry advantages to precisely focus on and actively respond to the real needs of vulnerable groups in society. The Company provides diversified and effective humanitarian aid, fully demonstrating its wealth philosophy of "taking from society and giving back to society", along with a deep sense of social responsibility.

Collaborating with Social Forces to Support Education in Border Regions

In 2025, Jiangning Biotechnology, in collaboration with social forces, donated a total of RMB 1.2 million in education funding to Gongliu County, Ili Prefecture, Xinjiang, with Jiangning Biotechnology contributing RMB 1 million. The funds were specifically allocated to assist economically disadvantaged students in the region, focusing on improving the learning conditions of students in remote border areas and alleviating the financial burden on their families. This donation injected warmth and strength into the development of education in Gongliu County.

Donations for Education in Gongliu County



Earthquake Relief

We leverage our strengths to efficiently mobilize internal and external resources, actively engaging in frontline disaster relief efforts. Through cash and drug donations, as well as emergency supplies, we help affected regions and communities restore normalcy, mitigating disaster impacts and promoting social stability.

When Natural Disasters Strike, Kelun Shows Its Care

On January 7, 2025, a 6.8-magnitude earthquake hit Dingri County, Shigatse City, Xizang, causing significant casualties and widespread destruction of homes. KELUN PHARMA immediately activated its disaster emergency response plan, maintaining close contact with local health authorities and medical institutions. The Company donated RMB 500,000 in cash to the local area, helping medical staff and injured individuals through the difficult period.

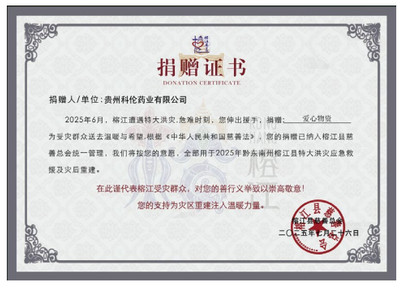

捐赠证书
CERTIFICATE OF DONATION
证书编号：
Thank you for your great support to the charity cause. Your donation will be used for this charity cause in accordance with your wishes.
The certificate of donation is hereby issued as a memorial.
SRCF
Sichuan Red Cross Foundation

Donation Certificate for Xizang Earthquake Relief

Responding to Floods and Fulfilling Social Responsibility

In 2025, Rongjiang County in Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province, suffered severe flooding due to prolonged heavy rainfall, resulting in significant infrastructure damage and severely affecting the lives and livelihoods of local residents. To fulfill its corporate social responsibility and assist in disaster relief and reconstruction, the Company's subsidiaries, Guizhou Kelun and Guizhou Kelun Medical Trade, donated cash and urgently needed medicines to the affected areas.

This donation aimed to ensure the basic livelihood and health of the affected population, support post-disaster epidemic prevention and recovery efforts, and highlighted KELUN PHARMA's quick response and mission-driven approach to helping others during times of disaster.


捐赠证书
DONATION CERTIFICATE
捐赠人/单位：贵州科伦药业有限公司
2025年6月，榕江遭遇特大洪灾，急难时刻，您伸出援手，捐赠：爱心物资
为受灾群众送去温暖与希望，根据《中华人民共和国慈善法》，您的捐赠已纳入榕江县慈善总会统一管理，我们将按您的意愿，全部用于2025年黔东南州榕江县特大洪灾应急救援及灾后重建。
在此谨代表榕江受灾群众，对您的善行义举致以崇高敬意！
您的支持为灾区重建注入温暖力量。
二〇二五年七月二十六日

Donation Certificate for Rongjiang County Flood Relief

Industry Collaborative Development

As an active leader in the healthcare industry, KELUN PHARMA deeply understands that promoting collaborative industrial development is key to enhancing the overall industry level, meeting unmet clinical needs, and safeguarding public health. We are committed to constructing an open, inclusive, and mutually beneficial industrial innovation ecosystem through in-depth collaboration with global academia, clinical institutions, and supply chain partners. This approach aims to jointly drive medical progress and improve drug accessibility.

Kelun-Biotech's Collaboration with Affiliated Hospital of Southwest Medical University to Develop RDC Drugs

In March 2025, Kelun-Biotech and the Affiliated Hospital of Southwest Medical University made a significant breakthrough in the integration of production, academia, and research. The radionuclide-drug conjugate (RDC) SKB107, jointly developed by both parties, received clinical trial approval from the National Medical Products Administration. This drug is intended for the treatment of advanced solid tumors with bone metastasis.

This cooperative model not only accelerates the R&D process of specific candidate drugs but also deepens Kelun-Biotech's understanding and strategic positioning in the RDC technology field. It transforms research insights from top external academic institutions into a product pipeline with potential clinical value, jointly addressing unmet medical needs.

Kelun-Biotech's Research Achievements Published in Top International Journals and Academic Conferences

In 2025, Kelun-Biotech's core research breakthroughs made significant strides on the international academic stage. The TROP2 ADC drug, Sacituzumab tirumotecan (sac-TMT), developed by the company, had several key studies published in top-tier journals, including the *New England Journal of Medicine*, *Nature Medicine*, the *British Medical Journal*, and *Annals of Oncology*. Additionally, at major global oncology conferences such as the ASCO Annual Meeting and the ESMO Congress, Kelun-Biotech showcased 15 research findings, signaling the international academic community's high recognition of the research quality and impact of Chinese innovative drugs in the field of cancer treatment.

In various medical fields such as nutrition, anesthesia, anti-infection, infusion, and emergency medical rescue, KELUN PHARMA actively supports and participates in high-end academic conferences to promote standardized clinical diagnosis and treatment and the development of disciplines, thus fulfilling its corporate social responsibility and values.

Academic Deepening in Anesthesia, Supporting High-Quality Development of the Discipline

In 2025, KELUN PHARMA participated in academic activities such as the annual conferences of the Anesthesiology Branch, Chinese Medical Doctor Association and Chinese Medical Association. The Company shared the clinical application value of the long-acting local anesthetic, Bupivacaine Liposome. During this period, KELUN PHARMA also collaborated with experts to promote the publication of the *Clinical Practice Guidelines for Perioperative Fluid Therapy in Chinese Adult Patients (2025 Edition)*. This initiative not only accelerated the application of multimodal analgesia schemes in perioperative care, but also promoted high-quality development within the anesthesia discipline, further advancing the implementation of the Enhanced Recovery After Surgery (ERAS) concept for the benefit of patients.

Release Ceremony of *Clinical Practice Guidelines for Perioperative Fluid Therapy in Chinese Adult Patients (2025 Edition)*

Multi-Dimensional Academic Collaboration to Promote Standardization of Nutritional Therapy

The "Standardized Nutritional Therapy Demonstration Wards" Project sponsored by China Anti-Cancer Association and co-organized by KELUN PHARMA was launched in 2021. By 2025, a "Co-Constructed Ward" system had been established and nearly 500 hospitals had completed training and successfully established "Demonstration Wards". In 2025, the Company hosted an experience-sharing session, academic discussions, and interactive booths at the China Anti-Cancer Association's conference on the summary and launch of the surgical nutrition therapy standardization promotion project, promoting the development of standardized surgical nutrition practices at the grassroots level.

Conference on the Summary and Launch of the Surgical Nutrition Therapy Standardization Promotion Project

By 2025, over 300 medical staff completed surgical nutrition skills training assessments, over 700 medical staff underwent surgical nutrition therapy training, and over 400 surgical nurses received specialized nursing skills training. Additionally, 162 institutions nationwide successfully defended their applications for the program, facilitating the implementation of standardized surgical nutrition treatment processes.

Anti-Aging Technology Leads Industry Innovation, Driving the Development of the Comprehensive Health Industry

As the core brand of Kelun Group's comprehensive health sector, Kelun Yongnian participated in several major industry conferences in 2025. From its global debut at the China International Import Expo (CIIE), focusing on product technology and brand strategy, it garnered top-level attention and collaboration opportunities. At the Guangzhou Health Expo, Kelun Yongnian further integrated into the industry, leading discussions through academic forums, empowering the entire industry chain, and forming a consensus on the importance of clinical evidence at the core of anti-aging science. This not only enhanced KELUN PHARMA's brand building and business expansion but also strongly propelled the comprehensive health industry toward higher quality and more sustainable development.

Kelun Yongnian at the 2025 CIIE Booth

Appendix

Key Performance Indicator Table

Economic Performance

Index	Unit	2023	2024	2025
Total operating revenue	RMB 10,000	2,145,393	2,181,241	1,851,292
Net profit attributable to shareholders of the listed company	RMB 10,000	245,611	293,589	170,194

Governance Performance

Corporate Governance

Index	Unit	2023	2024	2025
Total members of Board directors	Person(s)	8	9	9
Including: Number of executive directors	Person(s)	1	1	1
Including: independent directors	Person(s)	3	3	3
Proportion of independent directors	%	38	33	33
Number of board meetings convened	Time(s)	11	9	5
Attendance rate of board members	%	100	100	100
Number of general meetings of shareholders held	Time(s)	4	3	3

Business Ethics

Index	Unit	2023	2024	2025
Number of anti-commercial bribery and anti-corruption training sessions	Time(s)	12	11	13
Percentage of employees covered by anti-commercial bribery and anti-corruption training	%	100	100	100
Percentage of major subsidiaries (branches) covered by business ethics audits	%	100	100	100
Percentage of core suppliers engaging in business with the Company that have signed Sunshine Agreement	%	100	100	100

Investor Communication

Index	Unit	2023	2024	2025
Number of disclosure announcements	Copies	142	144	88
Number of earnings briefings held	Time(s)	1	1	1
Number of online targeted research sessions	Time(s)	5	3	2
Number of responses to questions on the Interactive Easy Platform	Time(s)	56	73	62
Number of investor hotline calls answered	Time(s)	/	718	1,194

Information Security Protection

Index	Unit	2023	2024	2025
Number of information security incidents or breaches of client privacy	Time(s)	0	0	0
Specific amount involved in data security incidents	RMB 10,000	0	0	0
Confirmed customer privacy breach incident	Time(s)	0	0	0
Specific amount involved in breaches of client privacy	RMB 10,000	0	0	0
Number of cybersecurity training sessions conducted	Time(s)	1	3	3
Number of cybersecurity awareness campaigns conducted	Time(s)	/	4	4
Number of cybersecurity emergency drills conducted	Time(s)	1	1	1

Environmental Performance

Environmental Management

Index	Unit	2023	2024	2025
Total investment in environmental protection	RMB 10,000	60,535.51	66,139.57	63,501.52
Total hours of environmental protection training	Hour(s)	39,949	46,786	33,934
Number of violations of environmental laws and regulations	Case(s)	0	0	0
Number of incidents punished for violating environmental protection laws and regulations	Time(s)	0	0	0

Energy Usage

Index	Unit	2023	2024	2025
Total energy consumption	Ton(s) of standard coal	/	978,600.17	1,244,592.51
Direct energy consumption	Ton(s) of standard coal	/	844,877.61	1,110,794.24
Including: Coal	Ton(s)	1,349,678.37	1,376,176.22	1,260,290.74
Including: Gasoline	Liter	232,401.13	219,057.97	259,094.18
Including: Diesel oil	Liter	224,719.02	230,079.95	514,972.11
Including: Natural gas	m3	44,933,325.00	43,741,984.60	41,907,248.16
Including: Liquefied petroleum gas (LPG)	m3	301.00	240.00	725.76
Indirect energy consumption	Ton(s) of standard coal	/	133,722.56	133,798.27
Including: electricity	MWh	671,943.05	728,069.32	805,368.16
Including: steam	Ton(s)	492,423.04	609,171.11	408,642.89
Renewable energy usage (Photovoltaic power generation)	MWh	68,851.36	69,671.14	22,371.79

Greenhouse Gas Emission

Index	Unit	2023	2024	2025
Total greenhouse gas emissions	tCO_2e	2,659,459.92	2,845,549.25	2,781,243.50
GHG emissions (Scope 1)	tCO_2e	2,190,590.17	2,361,763.17	2,244,508.50
GHG emissions (Scope 2)	tCO_2e	468,869.75	483,786.08	536,735.00
Greenhouse gas emission intensity	tCO_2e/ RMB 10,000 revenue	1.24	1.30	1.50

Waste Gas Emissions

Index	Unit	2023	2024	2025
Total exhaust emission	Ton(s)	2,637,085.72	2,947,721.69	3,070,053.97
Particulate matter (PM) emissions	Ton(s)	23.79	57.54	69.67
Nitrogen oxides (NO_x) emissions	Ton(s)	368.50	466.01	436.41
Sulfur oxides (SO_x) emissions	Ton(s)	82.84	126.77	131.99
Volatile organic compounds (VOCs) emissions	Ton(s)	183.43	270.36	256.46

Wastewater Discharge

Index	Unit	2023	2024	2025
Total wastewater discharged	Ton(s)	4,775,858.88	5,108,191.20	5,396,405.40
Chemical oxygen demand (COD)	Ton(s)	304.51	348.57	285.99
Biochemical oxygen demand in 5 days (BOD5)	Ton(s)	81.34	94.35	98.71
Suspended solids	Ton(s)	65.91	54.28	59.07
Ammonia nitrogen	Ton(s)	14.64	20.31	15.47

Waste Discharge

Index	Unit	2023	2024	2025
Hazardous waste (generated)	Ton(s)	217,767.81	251,112.33	252,201.12
Hazardous waste (recycled)	Ton(s)	197.96	1,115.63	663.74
Hazardous waste (disposed)	Ton(s)	217,748.41	250,601.02	269,179.78
Non-hazardous waste (generated)	Ton(s)	219,500.53	236,909.06	234,551.08
Non-hazardous waste (recycled)	Ton(s)	7,341.10	7,298.64	13,378.10
Non-hazardous waste (disposed)	Ton(s)	212,243.11	229,599.68	221,165.18
Municipal solid waste (generated)	Ton(s)	16,809.81	17,657.54	15,918.57
Municipal solid waste (recycled)	Ton(s)	15.10	39.60	156.75
Municipal solid waste (disposed)	Ton(s)	16,791.71	17,617.94	15,775.66

Water Resource Utilization

Index	Unit	2023	2024	2025
Total water consumption	Ton(s)	28,559,448.92	31,388,028.53	29,160,553.54
Including: Fresh water consumption (=A+B+C)	Ton(s)	16,109,743.48	16,397,458.45	15,505,834.91
Urban (or other water supply agencies) water supply consumption (A)	Ton(s)	5,948,036.15	6,187,481.25	5,661,607.27
Surface water consumption (B)	Ton(s)	9,832,299.63	9,744,798.00	9,472,020.00
Groundwater consumption (C)	Ton(s)	329,407.70	465,179.20	465,471.64
Total volume discharged back to surface water and groundwater (D)	Ton(s)	/	/	93,264
Reclaimed water reuse	Ton(s)	12,586,330.43	15,049,294.08	13,654,718.63

Product Performance

Product Responsibility and Service

Index	Unit	2023	2024	2025
Percentage of production enterprises with ISO9001 certification	%	/	40.63	48.48
Number of internal quality training sessions	Time(s)	27,457	28,898	43,227
Coverage of internal quality training	%	99.28	99.32	100
Total number of participants in internal quality training	Person-times	498,777	587,962	1,042,360
Internal quality training hours	Hour(s)	821,934	725,186	810,799
Number of product quality tests conducted	10,000 times	75	60	86.25
Number of pilot tests conducted for products	10,000 times	13.00	15.00	14.04
Number of existing product quality/safety tests conducted	10,000 times	60	50	69
Coverage of pharmacovigilance training	%	/	100	100
Number of pharmacovigilance training sessions	Time(s)	/	273	255
Total number of participants in pharmacovigilance training	Person(s)	/	10,672	10,503
Total pharmacovigilance training hours	Hour(s)	/	825	405

Supplier Management

Index	Unit	2023	2024	2025
Number of supplier training sessions	Number	300	320	330
Coverage rate of high-risk supplier training	%	100	100	100
Supplier training hours	Hour(s)	400	400	400
Number of suppliers participating in supplier training	Person(s)	2,000	2,000	2,100
Number of supplier audits	Number	383	420	441
Coverage rate of high-risk supplier audits	%	100	100	100

Research and Development (R&D) and Intellectual Property Management

Index	Unit	2023	2024	2025
R&D investment	RMB 100 Million	19.53	21.71	22.05
Cumulative number of authorized patents held	Case(s)	2,153	1,997	1,922
Including: Invention patents	Case(s)	707	735	809
Including: Utility model patents	Case(s)	1,237	1,069	914
Including: Design patents	Case(s)	209	193	199
Number of newly applied patents	Case(s)	409	438	616
Number of newly granted patents	Case(s)	184	231	224

Employee Performance

Employee Employment

Index		Unit	2023	2024	2025
Total employees		Person(s)	19,798	21,864	20,127
Employee count by gender	Male	Person(s)	10,723	12,086	11,050
	Female	Person(s)	9,075	9,778	9,077
Number of employees by type of employment	Labor contract system	Person(s)	/	21,410	19,759
	Labor dispatch system	Person(s)	/	158	79
	Others	Person(s)	/	296	289
Employee count by age	Employees aged 30 and below	Person(s)	/	7,326	5,772
	Employees aged 31 to 40	Person(s)	/	8,733	8,409
	Employees aged 41 to 50	Person(s)	/	4,399	4,438
	Employees aged 51 and above	Person(s)	/	1,406	1,508

Index		Unit	2023	2024	2025
Number of employees by rank	Senior Management	Person(s)	14	12	10
	Female employees in the senior management	Person(s)	3	3	2
	Middle Management	Person(s)	3,283	3,671	3,779
	Female employees in the middle management	Person(s)	1,612	1,792	1,864
	Frontline employees	Person(s)	/	18,181	16,338
Number of employees by region	Chinese Mainland, Hong Kong, Macau, and Taiwan	Person(s)	19,445	21,470	19,730
	Overseas countries or regions	Person(s)	353	394	397
Employee tenure	Average tenure of female employees in the Company	Year(s)	6.1	6.0	6.8
	Average tenure of male employees in the Company	Year(s)	7.1	6.8	7.8
Number of new employees	Number of newly hired employees	Person(s)	3,598	3,598	2,173
	Number of newly hired full-time employees	Person(s)	/	3,304	2,025
	Number of newly hired female employees	Person(s)	1,606	1,371	944
Number of employees from ethnic minorities		Person(s)	1,883	2,197	2,019
Number of part-time, outsourced, or temporary employees		Person(s)	/	158	172
Number of executive management personnel		Person(s)	/	3,671	3,779
Number of female executive management employees		Person(s)	/	1,792	1,864
Coverage rate of employee social security		%	100	100	100

Employee Turnover Rate

Index	Unit	2023	2024	2025
Overall employee turnover rate	%	16.08	15.73	18.33

Index		Unit	2023	2024	2025
Employee turnover rate by gender	Male	%	17.36	18.12	19.90
	Female	%	14.52	13.20	16.32
Employee turnover rate by age group	Employees aged 30 and below	%	24.23	24.65	29.53
	Employees aged 31 to 40	%	/	12.95	15.14
	Employees aged 41 to 50	%	/	7.47	9.22
	Employees aged 51 and above	%	/	7.38	8.37

Employee Training and Development

Index		Unit	2023	2024	2025
Employee training hours	Total training hours	10,000 hours	170.95	176.18	267.74
	Average training hours per employee	Hour(s)	86.35	80.58	133.02
	Total training hours for female employees	10,000 hours	76.07	76.63	128.42
	Per capita training time for female employees	Hour(s)	83.82	78.37	141.48
	Total training hours for male employees	10,000 hours	99.55	94.87	139.31
	Per capita training time for male employees	Hour(s)	88.47	82.18	126.08
	Total training hours for senior management	Hour(s)	1,032.16	977.67	820.36
	Average training hours per senior management	Hour(s)	73.73	81.47	82.04
Employee training assessment	Total number of training sessions per year	10,000 times	6.32	6.16	9.63
	Annual training expenditure	RMB 10,000	428.05	487.80	400.76
	Number of employees trained	Person(s)	19,798	21,864	20,127
	Employee training coverage rate	%	100	100	100

Occupational Health and Safety

Index		Unit	2023	2024	2025
Health and safety training and drills	Times of safety drills conducted (fire, toxic gas leaks, etc.)	Time(s)	772	851	769
Investment in work safety	Investment in occupational health and safety management	RMB 10,000	2,977.79	2,886.24	2,449.89
	Investment in employee work injury insurance	RMB 10,000	644.30	830.61	870.43
	Investment in employee work safety liability insurance	RMB 10,000	24.73	30.92	49.07
	Employee work injury insurance coverage rate	%	100	100	100
	Coverage rate of employee production liability insurance	%	100	100	100
Occupational health check coverage rate		%	100	100	100
Work-related injuries	Lost days due to work injury	Day(s)	904.5	1,582.5	1,167
	Incidence of occupational diseases	%	0	0	0

Social Contribution

Index	Unit	2023	2024	2025
Social contribution	RMB 10,000	4,994.37	5,759.96	11,645,20

Report Index Table

KELUN PHARMA referenced the Shenzhen Stock Exchange's Sustainability Reporting Guidelines and GRI standards to report the referenced information in the content index for the period from January 1 to December 31, 2025.

Sustainability Reporting Guidelines		GRI Content Index	Report Locations and Descriptions
Environmental information disclosure			
Section I Addressing Climate Change			
Addressing Climate Change	Articles 20, 21, 22, 23, 24, 25, 26, 27 and 28	GRI 201: Economic Performance 2016; GRI 302: Energy 2016; GRI 305: Emissions 2016	Addressing Climate Change, Appendix I: Key Performance Indicator Table
Section II Pollution Prevention and Ecosystem Protection			
Pollutant Discharge	Articles 29 and 30	GRI 2: General Disclosures 2021; GRI 303: Water and Effluents 2018	Pollution Prevention and Ecosystem Protection, Appendix I: Key Performance Indicator Table
Waste Treatment	Articles 29 and 31	GRI 306: Waste 2020	Pollution Prevention and Ecosystem Protection, Appendix I: Key Performance Indicator Table
Ecosystem and Biodiversity Protection	Article 32	GRI 304: Biodiversity 2016	Pollution Prevention and Ecosystem Protection
Environmental Compliance Management	Articles 29/33	GRI 302: Energy 2016; GRI 303: Water and Effluents 2018; GRI 306: Waste 2020	Environmental Compliance Management
Section III Resource Utilization and Circular Economy			
Energy Utilization	Articles 34 and 35	GRI 302: Energy 2016	Resource Utilization and Circular Economy, Appendix I: Key Performance Indicator Table
Water Resource Utilization	Articles 34 and 36	GRI 303: Water and Effluents 2018	Resource Utilization and Circular Economy, Wastewater Treatment, Appendix I: Key Performance Indicator Table
Circular Economy	Articles 34 and 37	GRI 306: Sewage and Waste 2016	Resource Utilization and Circular Economy, Appendix I: Key Performance Indicator Table

Sustainability Reporting Guidelines		GRI Content Index	Report Locations and Descriptions
Social Information Disclosure			
Section I Rural Revitalization and Social Contributions			
Rural Revitalization	Articles 38 and 39	GRI 203: Indirect Economic Impacts 2016	Pooling Strength for Rural Revitalization
Social Contribution	Articles 38 and 40	GRI 203: Indirect Economic Impacts 2016	Practicing Public Welfare and Charity
Section II Innovation-driven Development and Technology Ethics			
Innovation-Driven Development	Articles 41 and 42	/	Product R&D & Technological Innovation, Appendix I: Key Performance Indicator Table
Technology Ethics	Not applicable. The core business of the Company does not involve scientific research and technology development in sensitive fields such as life science and artificial intelligence ethics.		
Section III Suppliers and Customers			
Supply Chain Security	Articles 44 and 45	GRI 308: Supplier Environmental Assessment 2016, GRI 414: Supplier Social Assessment 2016	Building a Sustainable Supply Chain
Equal Treatment for Small and Medium-Sized Enterprises	Article 46	/	Corporate Governance and Compliance Operation
Safety and Quality of Products and Services	Articles 44 and 47	GRI 416: Customer Health and Safety 2016, GRI 417: Marketing and Labeling 2016	Customer Service, Product Safety and Quality, Appendix I: Key Performance Indicator Table
Data Security and Customer Privacy Protection	Articles 44 and 48	GRI 418: Customer Privacy 2016	Information Security Protection
Section IV Employees			
Employees	Articles 49 and 50	GRI 401: Employment 2016, GRI 403: Occupational Health and Safety 2018, GRI 404: Training and Education 2016, GRI 405: Diversity and Equal Opportunity 2016, GRI 406: Non-discrimination 2016, GRI 409: Forced or Compulsory Labor 2016	Talent Acquisition and Retention, Employee Rights Protection, Employee Training and Development, Employee Communication and Care, Occupational Health and Work Safety, Appendix I: Key Performance Indicator Table

Sustainability Reporting Guidelines		GRI Content Index	Report Locations and Descriptions
Sustainable Development Governance Information Disclosure			
Section I Sustainable Development Governance Mechanisms			
Due Diligence	Article 52	/	Corporate Governance & Compliant Operations, Business Ethics & Anti-Corruption
Stakeholder Communication	Article 53	GRI 2: General Disclosures 2021, GRI 3: Material Topics 2021	Sustainable Development Governance
Section II Business Conduct			
Anti-Commercial Bribery and Anti-Corruption	Articles 54 and 55	GRI 205: Anti-corruption 2016	Business Ethics and Anti-Corruption, Appendix I: Key Performance Indicator Table
Anti-Unfair Competition	Article 54	GRI 206: Anti-competitive Behaviors 2016	Anti-Monopoly and Anti-Unfair Competition

Reader Feedback Form

Dear Readers,

Hello!

We sincerely appreciate your time in reading our *2025 Environmental, Social, and Governance (ESG) Report*. To provide you and other stakeholders with more comprehensive, professional, and valuable ESG information, and to continuously improve our ESG efforts and enhance our ESG management capabilities, we sincerely invite you to assist in completing the relevant questions in the feedback form. Please do not hesitate to give us your comments.

1. Are you satisfied with this report in general?

Yes ☐ Fair ☐ No ☐

2. Do you think this report reflects the significant impact of KELUN PHARMA on ESG?

Yes ☐ Fair ☐ No ☐

3. Do you think the analysis of the stakeholders identified in this report and their relationship with KELUN PHARMA is accurate and comprehensive?

Yes ☐ Fair ☐ No ☐

4. Do you think the information provided in this report is comprehensive?

Yes ☐ Fair ☐ No ☐

5. Do you think the information provided in this report is readable?

Yes ☐ Fair ☐ No ☐

6. Is the overall design of this report satisfactory?

Yes ☐ Fair ☐ No ☐

7. Your other comments and recommendations on the *2025 Environmental, Social and Governance Report of KELUN PHARMA* are welcome.

科伦药业
KELUN PHARMACEUTICAL

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