

2025

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) REPORT



Boai NKY Medical Holdings Ltd.

Contents

ABOUT THIS REPORT	01	ABOUT NKY	04	KEY PERFORMANCE	95
CHAIRMAN'S ADDRESS	03	ESG INFORMATION	11	REPORT INDEX	101
				READER FEEDBACK	103

1 Rule-based Good Governance

Safeguarding Stable Growth	
Corporate Governance	17
Investor Relations Management	19
Risk and Compliance Management	21
Anti-bribery and Anti-corruption	22
Anti-unfair Competition	25

2 Industrial Innovation

Strengthening Development Momentum	
Innovation-Driven Development	29
Product and Service Safety and Quality	37
Supply Chain Management	44
Data Security and Customer Privacy Protection	47
Industry Collaboration	48

3 Green Empowerment

Defining the Foundation of Growth	
Environmental Compliance Management	53
Energy Management and Resource Utilization	59
Response to Climate Change	63
Pollutant and Waste Management	66

4 Unity and Aspiration

Sharing Development Benefits	
Employment and Rights Protection	73
Employee Training and Development	78
Employee Care and Benefits	81
Occupational Health and Safety	83
Social Contribution and Rural Revitalization	93

About This Report

Time Range

This report covers the period from January 1, 2025 to December 31, 2025. To enhance comparability, certain content extends moderately into adjacent years.

Scope of the Report

This report focuses on Boai NKY Medical Holdings Ltd. as the main entity. Unless otherwise specified, the scope of this report aligns with that of the consolidated financial statements in the Company's 2025 annual report, covering the headquarters of the Group and its majority-owned subsidiaries.

Data Sources

All qualitative and quantitative information used in this report is sourced from the NKY's publicly disclosed documents, internal operational statistics, cross-departmental verified data, and results from third-party authoritative certifications.

Terms in the Report

Abbreviation	Full Name
NKY, the Company, we	Boai NKY Medical Holdings Ltd.
NKY Pharmaceuticals, Boai Plant	Boai NKY Pharmaceuticals Ltd., a wholly-owned subsidiary of the Company
Heer Medical	Wuhan Heer Medical Technology Development Co., Ltd., a wholly-owned subsidiary of the Company
Genergy Bio-Technology	Genergy Bio-Technology (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company
NKY (Jiaozuo) Polymer, Zhongzhan Plant	NKY (Jiaozuo) Polymer Materials Co., Ltd., a wholly-owned subsidiary of the Company
Eastwin	Eastwin Scientific Equipments Inc., a wholly-owned subsidiary of the Company
Tianjin NKY	Tianjin Boai NKY International Trading Ltd., a wholly-owned subsidiary of the Company
German NKY	Boai NKY Chemical GmbH (Germany), a wholly-owned subsidiary of the Company
NKY Biotechnology	Boai NKY Biotechnology Co., Ltd., a wholly-owned subsidiary of the Company
Sanji Bio-technology	Changsha Sanji Bio-technology Co., Ltd., a wholly-owned subsidiary of the Company
NKY(Shanghai)	Shanghai NKY Precision Medical (Shanghai) Co., Ltd., a subsidiary of the Company
NKY Precision	Shanghai NKY Precision Medical (Shanghai) Co., Ltd., a subsidiary of the Company

Preparation Basis

Shenzhen Stock Exchange – *Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 3 - Sustainable Development Report Preparation*

Shenzhen Stock Exchange – *Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 17 - Sustainable Development Report (Trial)*

United Nations – Sustainable Development Goals (SDGs)

Global Reporting Initiative *Sustainability Reporting Standards* (GRI Standards)

Sustainable Development Reporting Guidelines for Chinese Enterprises (CASS-ESG 6.0)

China National Institute of Standardization – *Guidelines for the Preparation of Social Responsibility Reports* (GB/T 36001-2015)

International Organization for Standardization – *ISO 26000: Guidance on Social Responsibility* (2010)

Reliability Assurance

The core data in this report have been cross-verified by multiple departments of the Group. Key environmental, social and governance (ESG) indicators are calculated in accordance with national and industry standards to ensure that the information is true, accurate, complete, and compliant.

Access

You can download this report from the official website of Shenzhen Stock Exchange (www.szse.cn) or of NKY (<https://www.boai-nky.cn>). For any questions or suggestions, please email sales@boai-nky.com or call 0391-8696320.



Chairman’s Address

Producing World-class Products, Driving a Green Future

To Our Global Partners, Investors and All Employees:

At this new starting point for high-quality development, we are deeply aware that greater influence comes with greater responsibility. As our production capacity and sales volume continue to grow in tandem, ESG (Environmental, Social and Governance) is no longer merely a “mandatory requirement” for us, but a “core engine” propelling NKY toward realizing our vision of “Produce World-class Products, Be Excellent for a Century”.

I. Energy-saving Transformation: A Low-Carbon Leap from “Manufacturing” to “Smart Manufacturing”

We proactively embrace the “Dual Carbon” goals and integrate green principles into every stage of production.

- Green Electricity and Closed-Loop Systems: Following the achievement of 100% green electricity coverage at our two core plants in Boai and Zhongzhan in 2025, we will fully advance investments in “closed-loop production system” in 2026. By replacing energy-intensive processes and promoting waste recycling, we aim to set new industry benchmarks for emission reduction.
- Product Footprint: Through in-depth R&D of specialty chemicals, we are systematically reducing the “chemical footprint” across our product portfolio, spanning pharmaceutical excipients, personal care and new energy sectors.

II. Technology for Good: Empowering Health and Life Through Precision Medicine

As our second growth engine, the precision medicine segment underscores not only technological breakthroughs but also ethical compliance and integrity.

- Innovation Leadership: Our layout of cutting-edge projects such as Huadao Biological and ViroT remains firmly “people-centered”. Through sustained investment in tumor immunotherapies including CAR-T and oncolytic viruses, we are committed to addressing unmet global medical needs.

III. Global Governance: Building a Transparent and Trustworthy Business Network

Transparency is the cornerstone of trust. We have integrated ESG principles deeply into daily operations and supply chain management.

- Alignment with International Standards: Our reporting standards are fully aligned with GRI and UNGC. Recognitions including the EcoVadis medal and Wind ESG AA rating have granted us “access” to the world’s high-end value chains.
- Value Chain Symbiosis: We have begun implementing stringent ESG audits for suppliers to ensure every link from raw material procurement to final delivery upholds commitments to human rights and environmental protection. The Board of Directors and the Strategy & ESG Committee have ensured that sustainability performance is closely linked to management performance evaluations. The energy-saving transformation in the chemical and healthcare industries is a marathon, requiring patience, robust R&D capabilities and a fundamental shift in mindset. Yet we firmly believe that those who lead in sustainability will emerge as market leaders of the future. Chemistry can be clean, and healthcare can be inclusive. Let us witness how NKY acts as a powerful catalyst in building a better world. We strive tirelessly to achieve our goal of building a centennial enterprise.

Zhang Junzheng
Chairman and General Manager of NKY

About NKY

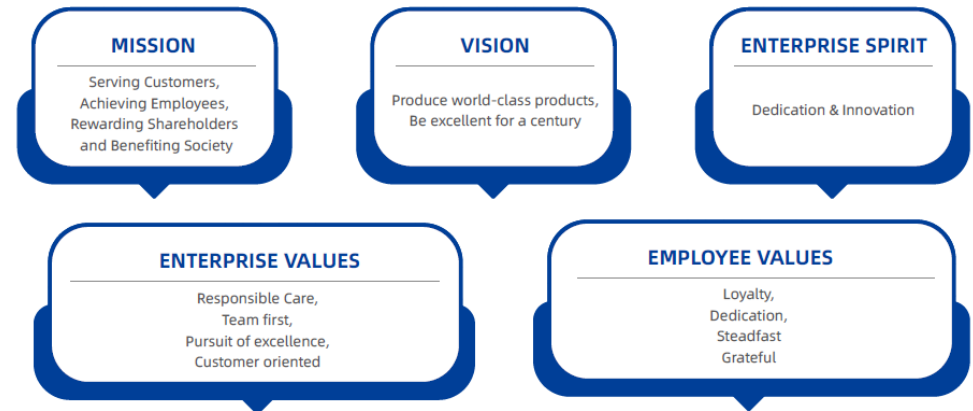
Company Profile

Established in 2003, Boai NKY Medical Holdings Ltd. is a listed company on the ChiNext Board of the Shenzhen Stock Exchange, with stock code 300109. The Company advances synergistic development across two core business segments: Fine Chemicals and Precision Medicine, establishing an industrial structure that integrates materials manufacturing with healthcare capabilities. Therein, Fine Chemicals segment primarily involves the R&D, production and sales of two product series, Polyvinylpyrrolidone (PVP) and Eudragit® (PVM/MA). The Precision Medicine segment mainly includes the production and sales of in vitro diagnostic products, as well as investments in innovative oncology drugs.

Enterprise Culture

NKY Enterprise Culture

Culture



Innovation, Dedication to Tasks, Broad Origins and Enduring Flow.

NKY, with the long accumulation of history, always maintains the dynamic spirit of innovation, adheres to the belief of dedication to tasks, and seeks a sustainable future

Historical Evolution

2003-2025



2003

The Kyoyuan Fine Chemicals Plant, a subsidiary of the Bo'ai County Fertilizer Factory, was among the first in China to produce pharmaceutical excipient polyvinylpyrrolidone (PVP) in the 1980s. In March 2003, under the guidance of the Party and the government, the founding team completed the privatization and restructuring of Kyoyuan Pharmaceuticals into a private enterprise, laying the foundation for NKY's continued growth and expansion.



2015

NKY became the first pharmaceutical excipient manufacturer in China to receive EXCiPACT GMP certification.

2006

NKY established its international marketing team and appointed Mr. Herbert Wilhelm Ulmer as Chief Scientist. Under his leadership, the R&D department has significantly advanced the Company's production processes and product quality, while continuously expanding its product portfolio.



2018

The Company completed the construction of a new R&D center in Jiaozuo, with a total investment of RMB 100 million and a floor area of 6,200 square meters. That year, NKY's manufacturing facility also passed its second third-party audit by the U.S. FDA.



2008

In March 2008, NKY launched the development of its Orris® product line. Over a decade of R&D and process refinement led to the creation of the world's only benzene-free PVM/MA series of products.



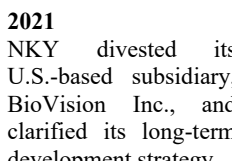
2020

NKY began construction of its new campus in Songjiang District, Shanghai, covering an area of 56 mu (approximately 9.2 acres).



2009

In April 2009, NKY was restructured into a joint-stock company and began preparations for its initial public offering (IPO).



2021

NKY divested its U.S.-based subsidiary, BioVision Inc., and clarified its long-term development strategy.



2010

On August 25, 2009, NKY was officially listed on the Shenzhen Stock Exchange (Stock Code: 300109), issuing 9 million shares and raising RMB 270 million to expand production capacity.



2022

Construction began on NKY's new manufacturing facility in Zhongzhan District, Jiaozuo.



2011

Construction of NKY's new manufacturing facility in Bo'ai commenced.



2023

NKY Zhongzhan Plant Phase I Project Completed and Put into Operation (Annual production capacity: 20,000 tons of NVP monomer and 5,000 tons of vinyl ether production line). NKY Group Celebrates 20th Anniversary.



2013

NKY relocated to its new manufacturing site and celebrated the 10th anniversary of its corporate restructuring.

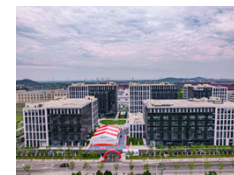


2024

NKY Group Joins UN Global Compact, Committing to Support the Ten Principles on Human Rights, Labor, Environment, and Anti-Corruption NVP Sales in Chemical Sector Exceed 20,000 Tons for the First Time

2014

NKY initiated its dual-core strategy focusing on fine chemicals and healthcare. It acquired three precision medicine companies—Changsha Sanji, Wuhan He'er, and Shanghai Jingneng—and received approval from the China Securities Regulatory Commission (CSRC) in 2015.



2025

NKY (Songjiang) Global R&D and Production Site officially launched, and was granted the EcoVadis Sustainability Medal and achieved an AA-level Wind ESG rating.

Industrial Layout

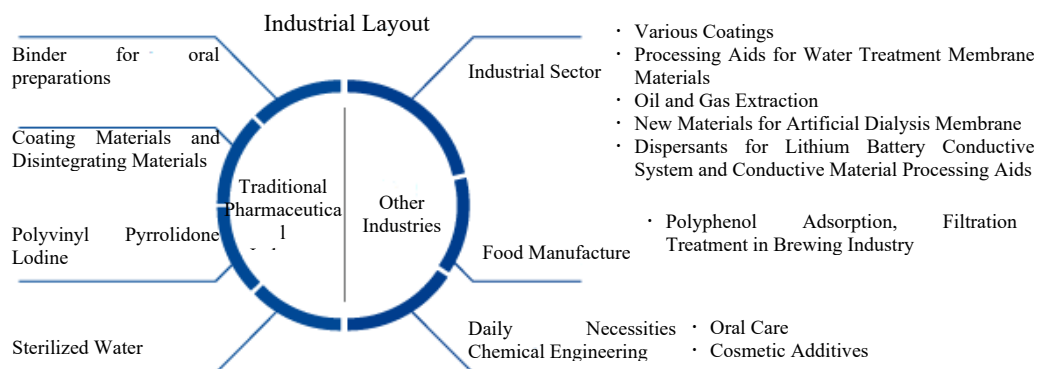
Fine Chemicals Field

In the field of fine chemicals, the Company is the first domestic high-tech enterprise specializing in the research and development, production, and sales of polyvinylpyrrolidone (PVP) series products, ethylene glycol methyl ether and maleic anhydride copolymer (PVME/MA) series products. It continues to forge deep into the field of functional polymer materials, fostering well-established industrialization capabilities and strong market competitive advantages. The Company's products are widely used in various sectors such as pharmaceuticals, food, daily chemicals, and industry.

Main Products in the Fine Chemicals Field

GBL	PVPP (Cross-linked Polyvinylpyrrolidone)
2-Pyrrolidone	PVP-I and related pharmaceutical intermediates
NVP Monomer	PVP K12 (Powder and Liquid)
PVPK Series (Polyvinylpyrrolidone)	PVP K90 and PVP K60 Powder
Copolyvinylpyrrolidone and other VP/VA Copolymer Series Products	PVP K120 Liquid

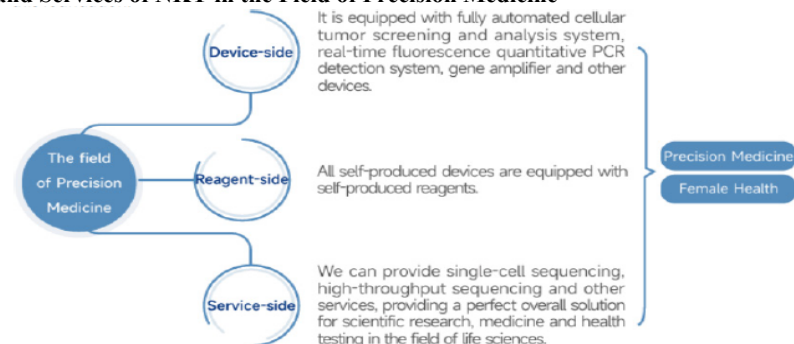
Industrial Layout in the Fine Chemicals Field



Field of Precision Medicine

In the field of precision medicine, the Company focuses on medical services such as early tumor screening, molecular diagnostics, and genetic testing, drives the synergistic development of “devices”, “reagents”, and “services”, and has established a medical service platform with two main features, “precision medicine” and “female health”, and continues to explore the development potential of precision medicine business on this foundation.

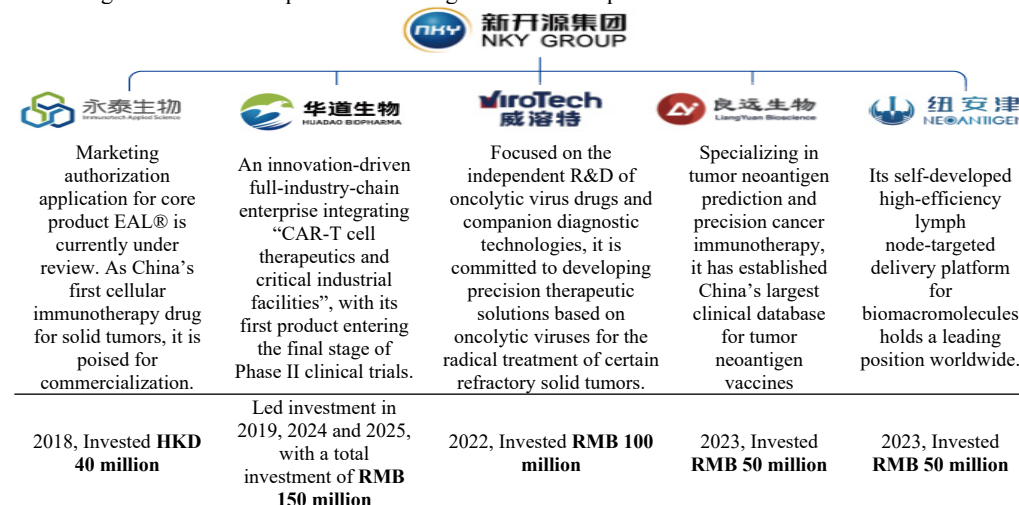
Products and Services of NKY in the Field of Precision Medicine



Since 2018, NKY Group has successively invested in five cell and gene therapy innovative drug projects, namely Immunotech Biopharm, Huadao Biopharma, ViroTech, Liangyuan Bioscience, and NeoAntigen, with a total investment of approximately RMB 380 million. Additionally, NKY Group has established a 56-mu (approximately 9.2 acres) precision medical base in Songjiang, Shanghai, aiming to create an industry innovation hub with a focus on cell therapy.

Industrial Layout of NKY in the Field of Precision Medicine

The Company has now grown into a holding industrial group with certain international influence and sustainable development capacity. It has built a functional polymer materials production base in Jiaozuo, Henan, with a total land area of over 500 mu (approximately 82.3 acres), and an R&D and production industrial park covering 56 mu (approximately 9.2 acres) in Songjiang, Shanghai, which provides solid underpinnings for business development and technological innovation. Backed by 38 years of expertise in PVP industrialization, an annual PVP production capacity of 35,000 tons, product layout covering 26 application fields, and a sales network spanning more than 50 countries and regions, the Company keeps enhancing its industrial competitiveness and global service capabilities.



ESG Key Performance Indicators

Economic Performance

Total operating revenue	Total assets amounted to	Net profit attributable to shareholders of the listed company
RMB 1,178,092,000	RMB 4,368,292,600	RMB 190,085,400

Governance Performance

2 Shareholders' Meetings held throughout the year, 19 proposals reviewed	6 board meetings held throughout the year, 61 proposals reviewed
Proportion of female directors: 22.22%	Proportion of independent directors: 33.33%

Independent directors account for 60% of the membership of the Audit Committee, Nomination Committee, and Compensation and Assessment Committee respectively

Information disclosure rating: **B**

No confirmed corruption incidents or anti-unfair competition violations occurred throughout the year

Environmental Performance

Bo'ai Plant and Zhongzhan Plant purchased 72,638 green certificates, achieving 100% green electricity use

Photovoltaic power generation reached 1,601,737 KWH

Proportion of renewable energy consumption stood at 23.25%

A total of RMB 2.99 million invested in special funds for energy conservation and consumption reduction

Energy consumption: 33.09 tons of standard coal per million revenue

Water intensity: 319.18 tons per million revenue

8 products obtained ISO 14067 product carbon footprint certification

Greenhouse gas emissions: 84.32 tons of CO₂ equivalent per million revenue

Compliance rate of hazardous waste disposal reached 100%

Social Performance

R&D investment: RMB 73,498,400, accounting for 6.24% of operating revenue

Total R&D personnel: 238, accounting for 20.07% of total employees

Customer complaint resolution rate: 100%

No major safety and quality liability accidents related to products and services occurred throughout the year

No confirmed cases of discrimination, forced labor or child labor occurred throughout the year

Employee training coverage rate: 100%, with per capita training hours reaching 81.6 hours

Number of work safety accidents: 0

Employee work-related injury rate: 0.26%

Injury rate per million working hours: 0

Number of working days lost due to work-related injuries: 0

Incidence rate of occupational diseases: 0

Social public welfare investment: RMB 474,500

Key Honors



Awarded an AA-level in Wind ESG Rating



Named among the 2025 Wind Top 100 ESG Best Practices of Chinese Listed Companies (Mid & Small Cap)



Awarded the EcoVadis Sustainable Development Badge

ESG Management

ESG Strategy

NKY officially joined the United Nations Global Compact (UNGC) in 2024, committing to uphold the UN's Ten Principles in the four areas of human rights, labor, environment, and anti-corruption, thereby further clarifying the Company's responsibility and commitment to advancing sustainable development. In terms of governance structure, the Company has integrated relevant management authorities into the Strategy and ESG Committee of the Board of Directors, ensuring that the ESG philosophy is implemented at all levels of the Company. Meanwhile, the Company communicates its commitments to employees and various stakeholders through channels including its official website and WeChat official account, continuously strengthening ESG awareness, and driving the full implementation of sustainable development requirements into the Company's operational management and responsible practices.

Case Winning Authoritative ESG Awards, Upholding the Concept of Sustainable Development

In 2025, relying on its continuous investment and systematic practices in the fields of environment, society and corporate governance, NKY was named among the "2025 Wind Top 100 ESG Best Practices of Chinese Listed Companies" and awarded an AA-level ESG rating. This represents high recognition from the capital market of the Company's governance capabilities, risk control level and sustainable development performance, and helps to further enhance brand credibility, investor confidence and long-term value creation capacity.



NKY was named among the "2025 Wind Top 100 ESG Best Practices of Chinese Listed Companies"

企业名称 (股票代码)	Wind ESG评级	行业
统一股份 (600506.SH)	AAA	能源
中油工程 (600339.SH)	AA	能源
中石化冠德 (0934.HK)	AA	能源
宏华集团 (0196.HK)	AA	能源
创新新材 (600361.SH)	AA	材料
容百科技 (688005.SH)	AA	材料
雅化集团 (002497.SZ)	AA	材料
华润材料 (301090.SZ)	AA	材料
红四方 (603395.SH)	AA	材料
新开源 (300109.SZ)	AA	材料
中国心连心化肥 (1866.HK)	AA	材料
尤夫股份 (002427.SZ)	AA	材料
雅本化学 (300261.SZ)	AA	材料
博汇纸业 (600966.SH)	AA	材料
天原股份 (002386.SZ)	AA	材料
冠豪高新 (600433.SH)	AA	材料
华光新材 (688379.SH)	AA	材料
四川美丰 (000731.SZ)	AA	材料
上海艾录 (301062.SZ)	AA	材料

Stakeholder Engagement

NKY has clearly identified governments and regulators, shareholders and investors, customers, employees, suppliers and partners, as well as communities and the public as its core stakeholders. It has continued to establish a multi-level and regular communication mechanism, and through diverse channels such as performance briefings, investor surveys, customer forums, employee interviews, and supplier conferences, systematically learns about and responds to the concerns and demands of all parties. This enables the expectations of stakeholders to be effectively integrated into operational management and ESG practices, and promotes collaborative development and mutual progress of both the Company and all relevant stakeholders.

Issues of Concern and Communication Channels of NKY Stakeholders

Stakeholders	Issues of Concern	Communication Channels
Government	Compliance operations Lawful tax payment Environmental protection Production safety	Compliance in duty performance Lawful tax payment Regulatory coordination Green production
Shareholders and investors	Enhancing corporate governance Timely disclosure of information Dividend returns	Regular disclosure Investor communication Internal control improvement Rights and interests protection
Customers	Privacy protection After-sales service Product quality and safety	Quality control & management Privacy protection Satisfaction survey After-sales service optimization
Suppliers and partners	Supply chain management Mutual benefit Common development	Responsible supply chain development Integrity-based cooperation Regular communication Collaborative development
Employees	Career development pathways Compensation and benefits Occupational health Employees' rights	Institutional guarantee Training and development Health protection Communication and feedback
Communities	Social welfare Community Sustainable Development	Public welfare donations Community co-construction Rural revitalization support

Analysis of Materiality Issues

In accordance with internationally accepted ESG standards and advanced industry practices, NKY has established a relatively robust mechanism for identifying and assessing materiality issues by integrating its own strategic positioning and business characteristics. Through extensive surveys conducted with internal and external stakeholders, as well as benchmarking against peer enterprises, the Company continuously updates and dynamically optimizes its ESG topic inventory on an annual basis, so as to steadily enhance the relevance, foresight and applicability of its topic framework. In 2025, the Company identified and finalized a total of 23 materiality issues covering the three pillars of Environment, Social and Governance. A dual materiality assessment approach was adopted for systematic evaluation, taking into account both the financial impacts of the topics on the Company's operation and development, and their implications for the sustainable development of the economy, environment and society.

Analysis Steps of NKY Materiality Issues

Step 1: Topic Benchmarking and Screening

Based on the Company's business development and current ESG management status, and with reference to the latest national sustainable development policies and mainstream sustainable development standards at home and abroad, as well as benchmarking against the disclosure practices of industry peers and the focus areas of mainstream ESG rating agencies in the capital market, the Company comprehensively identifies ESG topics relevant to its operational development and sustainable development management.

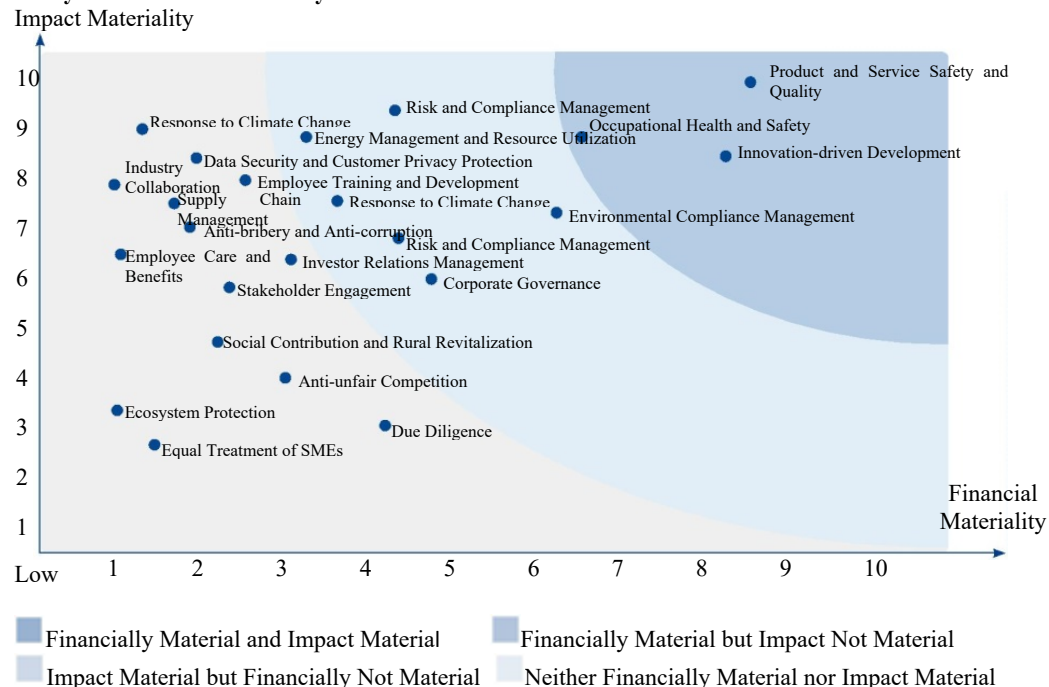
Step 2: Stakeholder Engagement

The Company consistently monitors social needs and evolving policy trends, including regulatory requirements, current status and trends of sustainable development, and developments in the capital market. It maintains ongoing communication and exchanges with stakeholders through diversified channels, establishes and preserves necessary positive relationships, and fully understands the key concerns and feedback of various stakeholder groups regarding sustainable development matters.

Step 3: Topic Materiality Assessment

Building on the preliminary identification and engagement efforts, the Company further conducts material topic analysis to screen and confirm materiality issues closely related to sustainable development. Taking into account stakeholder concerns, it systematically evaluates the relevance of each topic to the Company's development and its degree of impact on stakeholders, and ranks the topics by materiality accordingly. Finally, 23 dual materiality topics are identified and confirmed.

Analysis Matrix of Materiality Issues



Environmental Issues	Social issues	Governance Issues
Environmental Compliance Management	Social Contribution and Rural Revitalization	Corporate Governance
Energy Management and Resource Utilization	Innovation-driven Development	Risk and Compliance Management
Response to Climate Change Pollutant and Waste Management	Supply Chain Management	Investor Relations Management
Ecosystem Protection	Product and Service Safety and Quality	Anti-bribery and Anti-corruption
	Data Security and Customer Privacy Protection	Anti-unfair Competition
	Industry Collaboration	Due Diligence
	Employment and Rights Protection	Stakeholder Engagement
	Employee Training and Development	
	Employee Care and Benefits	
	Occupational Health and Safety	
	Equal Treatment of Small and Medium-sized Enterprises (SMEs)	



1 Rule-based Good Governance

Safeguarding Stable Growth

Core Philosophy

NKY always regards corporate governance as the fundamental guarantee for sound operation and the core support for high-quality development. Guided by the principles of standardization and transparency, scientific decision-making, clear rights and responsibilities, and coordination and efficiency, it continues to consolidate the foundation of modern corporate governance. The Company fully recognizes that governance bears on compliant operation, risk prevention and control, corporate value creation, resource allocation efficiency, as well as long-term trust relationships with all stakeholders. Looking ahead, NKY will continue to integrate governance requirements into the whole process of strategic management, business operation and responsibility fulfillment. With higher-level governance capacity, it will safeguard sustainable development and continuously enhance corporate resilience, market competitiveness and long-term value.

Core Actions

- Corporate Governance
- Investor Relations Management
- Risk and Compliance Management
- Anti-bribery and Anti-corruption
- Anti-unfair Competition

SDGs Alignment



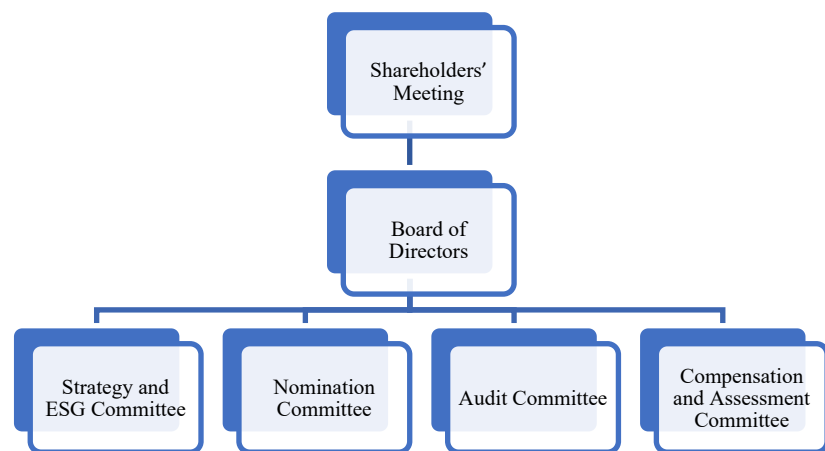
Corporate Governance

NKY strictly abides by 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 *Listed Company Governance Guideline*. It has established a sound corporate governance structure and a robust internal control and risk management system, integrating standardized operation requirements into key links of operation and management, thereby providing a solid governance guarantee for the steady operation and high-quality development of the Company.

Governance Structure

NKY has continuously improved its governance system centered on the shareholders' meeting, the board of directors and the management team, ensuring the effective implementation of decision-making on major matters, professional research and deliberation, as well as operational execution. Through an operational mechanism featuring specialized research by special committees, centralized decision-making by the board of directors, and organization and implementation by the management, the Company has further enhanced the systematicness and professionalism of its governance structure. This ensures the integration of strategic orientation, oversight and restraint, and operational efficiency, providing institutional safeguards for the high-quality development of the Company.

NKY Governance Structure



Diversity Development of the Board of Directors

NKY continuously focuses on the rational composition of board members in terms of professional competence, industry experience, gender structure and independence in performing duties, so as to align the composition of the board of directors with the Company's development strategy, business layout and standardized operation requirements. The Company's current board members cover such fields as corporate operation and management, financial accounting, tax administration, clinical medicine, medical laboratory science and biomedicine. By attaching great importance to board diversity development, the Company provides professional support for strategic decision-making, risk oversight and standardized governance.

Name	Gender	Director Category	Degree / Professional Title	Industry Expert	Financial Expert	Enterprise Management Expert
Zhang Junzheng	Male	Chairman of the Board	Bachelor			✓
Yang Hongbo	Male	Vice Chairman of the Board	Master of Business Administration			✓
Wang Donghu	Male	Director	In-service Postgraduate			✓
Zhao Wei	Male	Director	Junior College			✓
Qu Yunxia	Female	Director	Bachelor			✓
Yu Jiangtao	Male	Employee Director	Bachelor of Medicine; Licensed Physician	✓		✓
Zhou Tong	Male	Independent Director	Doctor of Medicine	✓		✓
Fang Yongjun	Male	Independent Director	Doctor; Chinese Certified Public Accountant; Professor		✓	
Zhao Rui	Female	Independent Director	Bachelor; Chief Laboratory Physician	✓		

Protection of Independent Directors' Performance

NKY strictly complies with the *Measures for the Administration of Independent Directors of Listed Companies* and other regulatory documents, and continuously strengthens the role of independent directors in standardized operation and professional supervision. Through institutionalized seat allocation, prior review mechanisms and performance restraint requirements, the Company continuously deepens the participation of independent directors in the decision-making and oversight of major matters. It integrates the protection of independent directors' performance into the operation system of the board of directors and its special committees, further enhancing the independence, professionalism and transparency of the governance structure, and safeguarding the legitimate rights and interests of the Company and all shareholders, especially minority shareholders.

Effectiveness Evaluation of the Board of Directors

The Company conducts ongoing effectiveness evaluation of the board of directors. It systematically reviews and continuously improves the operational quality and efficiency of the board of directors across the following dimensions: rules of procedure and decision-making processes, operation of the "two meetings and one management", performance of duties by individual directors, operation of special committees, information support and guarantee, as well as implementation effectiveness of resolutions. Through these efforts, the Company consistently enhances the board's capabilities in scientific decision-making, standardized operation, and strategic leadership, thereby providing solid support for elevating corporate governance efficiency and achieving high-quality development.

Key Performance

In 2025, the Company held:

2 Shareholders' Meetings, at which 19 proposals were deliberated and adopted; 6 board meetings, at which 61 proposals were deliberated and adopted; 3 meetings of the Audit Committee, 1 meeting of the Nomination Committee, and 1 meeting of the Compensation and Assessment Committee.

The Company has a total of 9 members on the Board of Directors, of which 2 are female directors, accounting for 22.22%; 3 are independent directors, accounting for 33.33%; independent directors account for 60% of the membership of the Audit Committee, Nomination Committee, and Compensation and Assessment Committee respectively.

Investor Relations Management

NKY has formulated and implemented a series of system documents, including the *Investor Relations Management System*, the *Information Disclosure Management Measures*, the *Detailed Rules for the Implementation of Online Voting of the Shareholders' Meeting*, the *Reception System for Visits by Specific Parties*, and the *Insider Registration and Management System for Inside Information*. It conducts investor relations management and information disclosure in a standardized manner, integrating standardized disclosure, communication and consultation, demand response, and rights protection throughout the entire process of capital market communications, so as to continuously enhance information transparency and the quality and efficiency of investor communication. The Company strictly implements its information disclosure management system, steadily improves the quality of information disclosure, and timely responds to investors' demands through multi-channel investor communication mechanisms, so as to safeguard investors' right to information and legitimate rights and interests.

Information Disclosure

NKY has established an information disclosure management mechanism under the unified leadership of the Board of Directors, with the Chairman as the primary responsible person and the Secretary of the Board of Directors as the direct responsible person, supported by the Securities Affairs Representative in assisting with specific affairs. The Company has defined an internal review procedure for information disclosure, which requires "verification by the department head, compliance review by the Secretary of the Board of Directors, and signing and issuance by the Chairman" prior to disclosure. It continuously strengthens the authenticity, accuracy, completeness, timeliness and fairness of information disclosure. No press release or press interview may be used to substitute statutory information disclosure.

Key Performance

In 2025, the Company achieved a disclosure level of **B**, releasing **4** periodical reports and **47** interim reports externally.

Investor Communication

NKY continues to improve its investor relations management system. The Company integrates investor relations management into the entire process of standardized governance and value communication. Through a transparent, standardized and prudent communication mechanism, the Company enhances the capital market's understanding of its strategic direction, operations and risk boundaries, boosts investor confidence and market recognition, so as to support the protection of the legitimate rights and interests of all shareholders, the stabilization of market expectations and the promotion of the Company's high-quality development.

Communication Channels	Specific Methods	Communication Content
Statutory Information Disclosure Channels	<i>Securities Times</i> <i>Shanghai Securities News</i> cninfo.com Official information disclosure channels of the Shenzhen Stock Exchange	Disclose periodic reports, interim announcements and other statutorily required information to ensure compliance, transparency and accessibility of information disclosure

Communication Channels	Specific Methods	Communication Content
Official Online Channels of the Company	Official website of the Company Investor Relations column on the official website	Release and update information related to investor relations management, facilitating investors to inquire about publicly disclosed materials and submit inquiries, complaints and suggestions
Online Interactive Channels	investor.org.cn irm.cninfo.com.cn of the Shenzhen Stock Exchange New media platforms	Conduct daily interactive communications, respond to investors' concerns, and enhance the coverage and timeliness of communication
Direct Contact Channels	Investor hotline Fax E-mail	Accept investor inquiries, collect opinions and suggestions, and provide channels for daily communication and problem feedback
Meeting Communication Channels	Shareholders' meeting Investor briefings Performance briefings Cash dividend briefings Major event briefings	Conduct intensive communication and explanations on business performance, financial results, profit distribution, major events and issues of concern to investors
Market Communication Channels	Roadshows Analyst meetings Symposia and exchanges	Hold targeted communications with investors, analysts and market participants to disseminate public corporate information and solicit opinions from market
On-site Reception Channels	Visitor reception On-site visits Research interviews	Provide face-to-face communication opportunities for investors, fund managers, analysts and other parties to deepen their understanding of the Company's operations and development
Shareholder Rights Exercise Channels	In-person attendance at shareholders' meetings Online voting system Internet voting system	Safeguard the legitimate exercise of shareholders' right to information, participation and voting in accordance with the law, especially for minority shareholders, and improve the convenience of participation in corporate governance

Case Conducting Investor Rights Protection Publicity to Consolidate the Defensive Line for Rational Investment Risk Management

In March 2025, on the occasion of the "3·15 International Day for Consumers' Rights and Interests, NKY launched a special investor protection and education campaign themed "Safeguard Financial Rights and Interests, Empower a Better Life". Centering on risk identification and alerts concerning illegal fund-raising, fraudulent trading platforms, unauthorized stock recommendation and other illegal practices, the Company guided investors to verify institutional qualifications through official channels, preserve rights protection evidence, and strengthen risk prevention awareness. This further consolidated the Company's image of integrity-based operation and fostered a secure, transparent and responsible investment environment.



NKY launched "3·15" campaign for investor rights protection

Key Performance

In 2025, the Company held **3** investor relations activities, receiving a total of **412** investor inquiries with a response rate of **96.36%**.

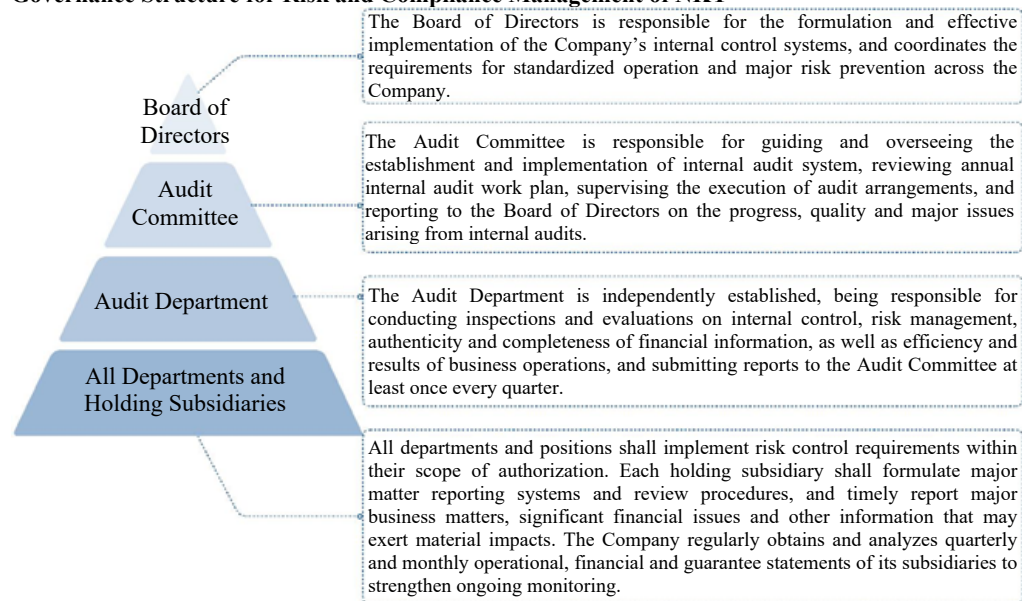
Risk and Compliance Management

NKY has formulated and implemented management systems such as *Internal Control System*, *Internal Audit Management System*, *Internal Reporting System for Major Information*, and *Emergency Response System for Unexpected Incidents*, and continuously improved the risk and compliance management mechanism covering key links in operation and management. Focusing on major matter decision-making, daily operational execution, risk early warning and reporting, internal audit supervision, as well as emergency response and review, the Company has integrated risk management requirements into the entire business operation process. It steadily enhances the capabilities to identify, respond to and mitigate strategic risks, financial risks, operational risks, compliance risks and reputational risks, providing solid support for the Company's sound operation and standardized governance.

Governance Structure

NKY advances risk control to the front end of operational decision-making and business execution, and continuously strengthens the dynamic identification, hierarchical assessment and categorized disposal of risk matters. Through the coordination of systems including internal control, major information reporting and emergency management for unexpected incidents, the Company has gradually formed a closed-loop management mechanism covering risk detection, information transmission, management assessment, emergency disposal and review & optimization, and consistently improves the capacity for proactive prevention and collaborative response to key risk events.

Governance Structure for Risk and Compliance Management of NKY



Case Carrying Out Constitutional Publicity and Education to Consolidate the Foundation of Law-based Corporate Governance

In December 2025, NKY organized and launched constitutional publicity and education activities in the National Constitution Publicity Week. The Company advocated the spirit of the Constitution, the concept of the rule of law and requirements for compliant performance of duties, and guided employees to raise awareness of respecting, studying, abiding by and applying the law, so as to integrate rule-of-law requirements into all aspects of daily work, operation and management. This helps improve employees' legal literacy and compliance awareness, promotes more standardized and orderly corporate governance, and lays a solid foundation for law-based corporate operation and sound development.



NKY's Poster for Constitution Publicity Week

Anti-bribery and Anti-corruption

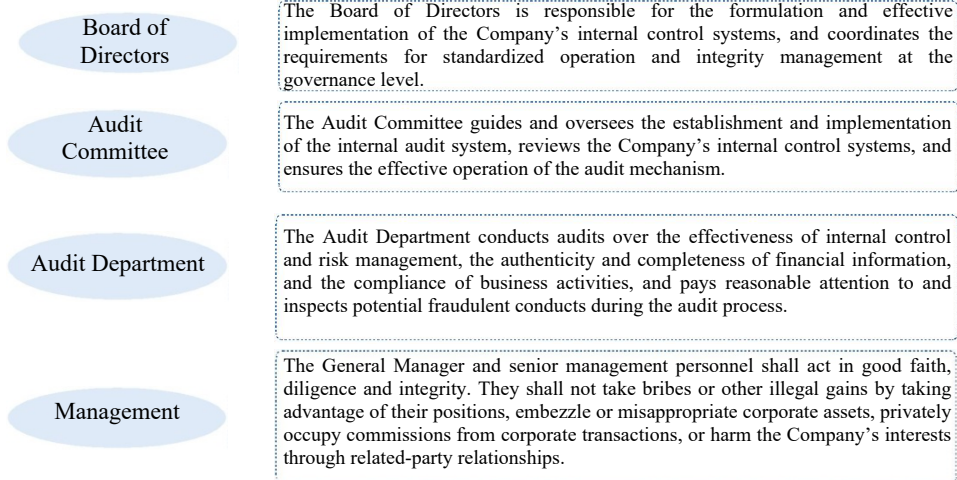
In accordance with the requirements of such systems and rules as *Internal Control System*, the *Internal Audit Management System*, the *Working Rules for General Manager*, the *Code of Business Conduct*, and the *Confidentiality System*, NKY continuously strengthens the management of integrity-based performance and ethical operation. The Company integrates integrity requirements into all links including governance supervision, operation and management, procurement and cooperation, complaint reporting acceptance, and code of conduct restraint. It extends integrity management from internal job requirements to the entire commercial cooperation chain, steadily consolidates the management foundation for transparent operation, standardized governance and accountable performance, and firmly builds a solid line of defense for clean and ethical business operations.



Governance Structure

NKY adheres to integrating integrity requirements into the entire process of corporate governance and operation and management. Through supervision by the governance body, audit inspections, and performance constraints on the management team, the Company continuously strengthens the prevention of fraud risks, interest transfer, and abuse of power. The Company focuses on implementing integrity standards for key positions, critical processes and core business links, and steadily improves its capability to identify and constrain integrity risks, so as to maintain a standardized and orderly business environment.

Governance Structure for Anti-bribery and Anti-corruption of NKY



Integrity Promotion and Partner Compliance

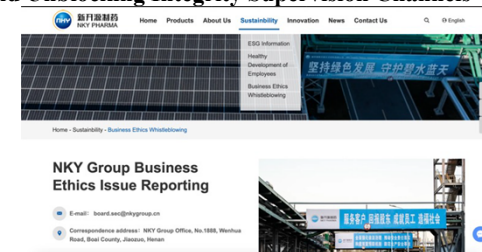
NKY attaches importance to strengthening the development of a clean and ethical corporate culture through institutional publicity and code dissemination, as well as behavioral constraints on cooperative partners. It continuously extends the philosophy of integrity-based operation to both employee codes of conduct and external cooperation requirements. The Company integrates integrity requirements into the entire process of commercial cooperation, raises compliance expectations for suppliers, agents and other business partners, and strives to foster an open, fair and impartial business environment.

Management Measures for Integrity Promotion and Partner Compliance of NKY

Code Dissemination	Cultural Communication	Partner Screening	Business Process Restriction
The Company conducts promotional lectures on the <i>Code of Business Conduct</i> and <i>Confidentiality System</i> , so as to continuously strengthen employees' understanding and implementation of requirements concerning professional integrity, business ethics and information confidentiality.	The Company delivers normative requirements to employees via on-site sessions, and online channels. Combined with management meetings and other scenarios, it enhances the awareness of integrity management among key positions and core management levels.	The Company attaches great importance to the compliance management of business partners, and strictly and prudently selects suppliers, agents and other collaborators with sound compliance systems and good credit records.	In procurement, the Company requires suppliers to sign integrity commitment letters, restrains and prevents integrity risks in key business processes through contract review, audit supervision and internal control requirements.

Case Issuing Code of Business Conduct and Unblocking Integrity Supervision Channels

In 2025, the Company launched its new official Chinese and English website. In the "Business Ethics Reporting" column, it simultaneously published the Chinese and English versions of the *Code of Business Conduct of NKY Group*, and disclosed dedicated reporting email addresses and contact addresses. This improves the awareness and accessibility of reporting channels for domestic and foreign stakeholders; helps strengthen integrity and compliance management, expand supervision channels, and foster an open, transparent, standardized and orderly business environment.



"Business Ethics Reporting" Column on the Official Website of NKY

Reporting and Whistleblower Protection

NKY regards reporting and supervision as a key measure to identify irregularities, strengthen integrity constraints and safeguard organizational credibility. Through multi-channel acceptance, standardized procedural handling and strict information protection, the Company improves the accessibility and effectiveness of the supervision mechanism. The Company encourages employees to report non-compliant acts in good faith based on truth and objectivity, and ensures the standardized operation of the reporting system by enforcing anti-retaliation requirements and implementing strict confidentiality arrangements.

Reporting Channels

Immediate supervisor	Department head	Email of Group Audit Department (jiao.bj@nkygroup.cn)
Email of Group Legal Department (lu.l@nkygroup.cn)		Tel and other internal reporting channels

NKY Closed-loop Mechanism for Reporting Acceptance, Investigation, Disposal and Feedback

Feedback and Disposal: Rectification and disciplinary measures will be imposed on verified problems. Malicious or false reports will be duly sanctioned to maintain the impartiality and solemnity of the reporting mechanism.
Clue Acceptance: The Company has established diversified reporting channels. Relevant departments receive, register and distribute reporting clues, enabling employees to report and reflect non-compliant conducts.
Investigation and Verification: The Company conducts verification on reported matters. Confirmed violations shall be handled in accordance with laws, regulations and internal rules, so as to ensure standardized procedures and sufficient legal basis.
Information Protection and Anti-retaliation: The Company implements strict protection of reporting information, explicitly prohibits all forms of retaliation, and safeguards the legitimate rights and interests of whistleblowers.

Key Performance

In 2025, **no** confirmed corruption incidents have occurred within the Company.

Anti-unfair Competition

In accordance with the requirements of such systems as the *Code of Business Conduct*, the *Contract Management System*, the *Management System for Suspension and Exemption of Information Disclosure*, the *Reception System for Visits by Specific Parties*, and the *Insider Registration and Management System for Inside Information*, NKY continuously integrates the principles of fair competition, trade secret protection and standardized transactions into the entire process of operation and management. The Company participates in market competition in a lawful and compliant manner, standardizes business communication, contract signing, information disclosure and external reception activities, so as to safeguard an open, transparent, fair and orderly market environment, and enhance its long-term competitiveness.

Code of Conduct for Fair Competition

NKY regards fair competition as an essential bottom line for market operations. By clarifying red lines for business interactions and boundaries of market competition, the Company standardizes behavioural requirements for employees in customer development, industry exchanges, business cooperation and engagement with competitors. It advocates winning market opportunities through superior products, high-quality services and sound corporate responsibility, firmly opposes the acquisition of competitive advantages by improper means, and maintains the order of commercial cooperation and industrial competition.

NKY Anti-Unfair Competition Management Measures

Prohibition of Sensitive Information Exchange

Disclosing sensitive information such as pricing, business partner dealings and operational arrangements to competitors is strictly prohibited.

Prohibition of Improper Acquisition of Commercial Information

Obtaining competitors' commercial information by illegitimate means is strictly prohibited.

Prohibition of Malicious Defamation

Malicious slander of competitors and dissemination of false information are strictly prohibited.

Prohibition of Monopolistic and Abusive Conduct

Participation in industrial monopoly agreements or abuse of dominant market position is forbidden to safeguard fair market competition.

Prohibition of Infringement upon Legitimate Rights and Interests of Others

No infringement shall be committed against others' product brands, trade secrets, potential customers and other legitimate rights and interests, so as to ensure compliant and orderly business activities.

Competition Compliance Review and Process Restriction

NKY focuses on providing system support for fair competition requirements through mechanisms including contract review, information confidentiality, external communication management and major matter reporting. The Company integrates the prevention of competition-related compliance risks into scenarios such as pre-contract due diligence, transaction clause examination, external information transmission and visitor reception management, ensuring all market transactions are rule-based, reviewable, auditable, controllable and traceable.

NKY Management Measures for Competition Compliance Review and Process Restriction

Counterparty Due Diligence

Prior to contract signing, the contract handling department shall conduct due diligence on the counterparty's qualifications, credit status, performance capacity, operating conditions, market demand, product and service quality, pricing and other background information.

Professional Review and Oversight

The Finance Department reviews matters concerning capital allocation, pricing, taxation and payment terms. The Legal Department examines contract compliance, clause rationality, performance risks and dispute prevention. For major contracts, the Legal Department or external legal counsel shall issue formal review opinions.

Trade Secret Protection

Matters involving trade secrets and confidential business information shall go through internal review procedures in accordance with the management system for suspension and exemption of information disclosure, so as to prevent unfair competition risks arising from improper disclosure. Prior to the public release of inside information, no department or individual may arbitrarily disclose, report or transmit relevant information.

External Reception Restrictions

Receptions for specific visitors shall adhere to the principles of fairness, impartiality and openness. Visitors are required to submit a question outline and sign a commitment letter in advance. The Company declines visits from specific parties as far as possible within 15 days prior to the release of periodic reports to avoid leakage of undisclosed material information.

Major Matter Reporting

Major matters such as major transactions, major contracts, significant litigation and arbitration, key risk events shall be promptly reported in accordance with the internal material information reporting system. The Company conducts deliberation and disclosure procedures in its capacity to ensure standardized and transparent handling of major competition-related matters.

Key Performance

In 2025, **no** confirmed anti-unfair competition violations have occurred within the Company.



2 Industrial Innovation

Strengthening Development Momentum

Core Philosophy

NKY takes innovation as the driver, quality as the foundation and collaboration as the support, continuously promotes the in-depth integration of technological R&D, product quality control, supply chain management, data security and industrial cooperation, and steadily elevates the specialization, refinement and sustainable development of its industrial system. The Company advances industrial development in a coordinated manner centered on serving market demands, strengthening core capabilities and building long-term competitive advantages. It fosters growth momentum through technological breakthroughs and product upgrading, and consolidates operational foundations with sound and reliable quality management, coordinated and efficient supply assurance, as well as prudent and standardized data governance. Meanwhile, it expands industrial boundaries and enhances resource integration capabilities through open cooperation, driving the sustained high-quality, high-efficiency and high-value-added development of its core business.

Core Actions

- Innovation-Driven Development
- Product and Service Safety and Quality
- Supply Chain Management
- Data Security and Customer Privacy Protection
- Industry Collaboration

SDGs Alignment



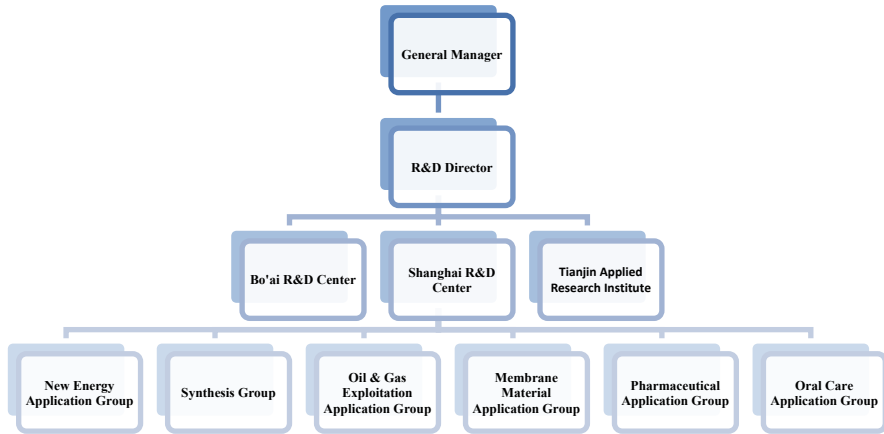
Innovation-Driven Development

NKY regards innovation-driven development as a vital pillar for enhancing core competitiveness, leading industrial upgrading and fostering long-term value. Focusing on the development orientation of its core business, the Company continuously promotes coordinated progress in R&D resource integration, technological capability improvement and achievement transformation, and steadily strengthens key technology research, high-value-added product development and market-oriented application capabilities. It deeply integrates the innovation philosophy into the entire process of operation, management and business expansion, strives to consolidate technological barriers, improve product competitiveness and strengthen development resilience, and accelerates the translation of innovative achievements into growth drivers, providing a solid guarantee for the Company to achieve high-quality development, enhance sustainable operation capacity, and better respond to customer and market demands.

Governance

NKY has formulated and implemented system documents including the *R&D Center Management System*, the *Technical Progress Reward Regulations* and the *Intellectual Property Management System*. Centering on innovation-driven development, the Company has established a governance system covering R&D decision-making, project implementation, achievement protection and incentive-driven transformation, and incorporated R&D management into an intensive management framework. The Company clarifies the division of responsibilities among all relevant entities, improves mechanisms such as innovation resource allocation, and provides solid organizational support for the accumulation of core technologies.

NKY R&D and Innovation Governance Structure



Key Innovation Honors of NKY

河南省工业和信息化厅 文件 河南省财政厅 文件

豫工信联创新〔2025〕5号

河南省工业和信息化厅 河南省财政厅 关于组建第四批河南省产业研究院的通知

研究院：由平顶山房成新材料有限公司牵头组建河南省碳化硅功能材料产业研究院，由博爱新开源制药有限公司牵头组建河南省功能性高分子新材料产业研究院，由许继电气股份有限公司牵头组建河南省新型电力装备产业研究院，由漯河微康生物科技有限

NKY leads the establishment of a provincial-level industrial research institute

河南省工业和信息化厅文件

豫工信企〔2025〕23号

河南省工业和信息化厅 关于公布河南省2024年度第二批专精特新 中小企业和通过复核的专精特新 中小企业名单的通知

451	新乡市	河南省东冠建材有限公司
452	焦作市	博爱新开源制药有限公司
453	焦作市	河南南天车业有限公司

NKY Pharmaceuticals has passed the re-evaluation for Specialized, Refined, Differential and Innovative Small and Medium-sized Enterprise



Eastwin has obtained High-tech Enterprise Certification



NKY Pharmaceuticals has obtained High-tech Enterprise Certification



NKY (Jiaozuo) Polymer Materials has obtained High-tech Enterprise Certification



Eastwin has been certified as a Specialized, Refined, Differential and Innovative Small and Medium-sized Enterprise

Case Launching R&D Site to Consolidate the Innovation-driven Development Platform for Dual Core Businesses

In June 2025, NKY (Songjiang) Global R&D and Production Site integrating global research and development, achievement transformation, industrial incubation and cultural exhibition, was officially opened, marking that the Company’s dual-platform development strategy of “fine chemicals + precision medicine” has entered a new stage. Centering on high-end fine chemicals, cell therapy, biomedicine incubation and other key fields, the Site will gather innovative resources, strengthen the capacity of R&D achievement transformation and industrial collaboration, and serve as a critical support for the Company to foster a second growth curve and enhance long-term competitiveness.



Opening Ceremony of NKY (Songjiang) Global R&D and Production Site

Strategy

NKY regards innovation-driven development as a key underpinning linking technological R&D, industrial upgrading and market expansion. Focusing on core product iteration, critical process optimization, high-end application development and intellectual property accumulation, the Company continuously strengthens its technological reserve and improves the efficiency of achievement transformation. By steadily advancing the development of the R&D system, reinforcing key technological breakthroughs and improving the protection mechanism for innovative achievements, the Company further enhances its core technical support capability and industrial chain extension capacity. This delivers sustained momentum for quality and efficiency improvement in core businesses, product structure upgrading and long-term stable development.

NKY Dual-wheel Driven Innovative Development Strategy “Specialty Chemicals + Precision Medicine”

Business Segment	Strategic Development Direction
Specialty Chemicals	Focus on the R&D of functional specialty chemicals and the expansion of high-end applications, continuously promote the iterative upgrading of core products, optimization of key processes and extension of downstream applications, so as to consolidate technological and market advantages in high-end pharmaceutical and emerging application fields.
Precision Medicine	Centering on the construction of precision diagnosis and medical service platforms, continuously improve the business layout of precision medicine, strengthen the support of technical platforms and the building of service capabilities, and expand the growth potential of the medical and health business.

The risks and opportunities identified by NKY in relation to the innovation-driven development are set forth below:

Risks/opportunities	Description	Time Horizon	Financial Impact	Mitigation Measures
Risks				
Risk of Technical Compliance and Market Access	Innovative achievements such as medical devices and pharmaceutical excipients shall comply with laws and regulations, industrial standards, filing requirements and registration specifications. Insufficient verification or inadequate compliance preparation may delay product launch progress.	Short to medium	Increased expenses for registration and rectification; higher opportunity costs	Incorporate regulatory requirements, industrial standards and filing specifications into design and development inputs. Conduct verification, trial production and customer use confirmation, and engage third-party testing when necessary.
R&D Resource Risk	R&D projects are highly dependent on specialized talents, experimental facilities, instruments and consumables. Inadequate resource allocation or delayed capacity building may impair R&D efficiency and achievement quality.	Medium	Rising costs for talent recruitment and training; increased expenditure on equipment	Strengthen the cultivation and training of R&D teams; optimize the management of laboratories, equipment, reagents and documents; reinforce project progress supervision via weekly reports and quarterly special reports.
Intellectual Property Confidentiality Risk	Insufficient patent retrieval, unclear ownership of research achievements, leakage of technical data or inadequate cooperation contract clauses may lead to infringement disputes, technology outflow and obstacles to patent layout.	Short to long	Increased costs on rights protection and litigation; loss of technical assets.	Conduct patent search and analysis prior to project initiation, improve intellectual property ledgers, contract review, ownership stipulations and risk early warning mechanisms. Implement classified confidentiality management and borrowing approval procedures for R&D documents.
Opportunities				
Opportunities for Expansion in High-end Pharmaceutical and Key Application Markets	The Company carries out technological benchmarking and process optimization targeting breakthroughs in pharmaceutical excipients and high-end pharmaceutical markets, as well as emerging applications including lithium batteries and oral care to enhance product competitiveness and market penetration.	Medium to long	Revenue growth; improved profitability	Continuously advance technological breakthroughs for core products; strengthen application-oriented R&D and joint development with customers.
Opportunities for Intellectual Property Achievement Transformation	Continuous improvement of the system covering patents, copyrights, technical secrets and achievement transformation helps build technological barriers, strengthen bargaining power and increase innovation benefits.	Medium to long	Increased intangible asset value; improved transformation returns	Enhance patent application, maintenance, authorization and file management, as well as intellectual property incentive mechanisms; promote in-depth integration of intellectual property with core businesses.
Opportunities for Cost Reduction and Efficiency Improvement	The system covers process optimization, equipment upgrading, management innovation, environmental technology renovation and government project applications, driving cost reduction, efficiency enhancement and access to external resources.	Short to medium	Cost savings; increased government subsidies and grants	Drive project implementation through incentive mechanisms such as technological progress awards, cost reduction and efficiency improvement awards, and innovation team awards; focus on achievements with industrialization potential and economic benefits.

Case Launching PLM Project to Advance Digital Transformation of R&D

In April 2025, NKY held a PLM project kick-off meeting in collaboration with Yiban Technology, to advance the construction of a digital R&D platform focusing on data management, process optimization, collaborative innovation and knowledge sharing. Centering on intensive R&D data management, process standardization, cross-department collaboration and hierarchical authority control, the project aims to boost R&D efficiency, optimize project management and strengthen data confidentiality, and will provide digital support for product innovation, achievement transformation and improvement of market competitiveness.



NKY PLM Project Kick-off Meeting

Case Jointly Building Postgraduate Training Base to Deepen Industry–University–Research Collaborative Innovation

In 2025, Eastwin, a subsidiary of NKY, continued its cooperation with the College of Control Science and Engineering, Zhejiang University, to jointly establish a joint postgraduate training base. The two parties cooperate through mechanisms including participation in R&D projects, practical post arrangement, tutor guidance by both university and enterprise, internship support and priority employment. This effectively connects academic research resources of universities with corporate R&D demands, and supports the Company in recruiting high-level talents, strengthening technological innovation capabilities and advancing in-depth integration of industry, university and research.



Cooperative Postgraduate Training Base jointly built by Eastwin and Zhejiang University

Impact, Risk and Opportunity Management

NKY integrates the management of innovation-driven impacts, risks and opportunities into the lifecycle management of R&D projects. Through documents and procedures such as project proposals, task orders, input checklists, review reports, verification reports and trial production reports, the Company identifies and evaluates technical routes, regulatory requirements, quality risks and resource allocation of each project. Meanwhile, the Company adopts a series of measures including intellectual property retrieval, account ledger management, risk early warning, contract review, classified confidentiality control, training and promotion, as well as internal reporting mechanisms to conduct continuous monitoring of key risks arising from innovative achievements, technical secrets and marketization processes, so as to provide dynamic monitoring and capability support for the management of innovation-related risks and opportunities.

Full-process Control of R&D Projects

Focusing on key links including R&D project planning, review, verification, confirmation, transformation and application, NKY has established lifecycle management and control requirements. The Company incorporates industry trend analysis, demand identification, risk assessment, regulatory review and traceability management into standardized implementation procedures, ensuring clear orientation at project initiation, enhanced collaboration during implementation, strict quality control in verification, and practical applicability confirmation in achievement transformation, thereby improving the standardized management and compliance control capabilities of R&D activities.

NKY Full-process Risk Management Measures for R&D Projects

Project Initiation & Orientation Evaluation	Carry out project planning based on contract development requirements, market research, customer feedback and research on industry development trends; Formulate documents such as project proposals and design & development task orders, and complete approval procedures to align R&D orientation with market demands, product planning and technical routes.
R&D Implementation & Transformation Management	Advance scheme formulation, process review, trial manufacturing verification, design confirmation and pilot production in accordance with design and development procedures; Organize cross-functional participation of R&D, production, quality, supply, sales and other departments to realize the orderly transformation of R&D achievements into practical production and application.
Risk Identification & Process Control	Conduct risk analysis throughout the R&D process, and incorporate intended use, safety characteristics, potential risks and control measures into design & development inputs and review scope; Implement process control over design and development modifications, trial manufacturing verification and confirmation links, and strengthen management of key nodes and risk prevention for R&D projects.
Scientific Ethics & Compliance Requirements	Attach importance to scientific ethics, privacy protection, sample anonymization, intensive data storage, ethical review and other requirements in precision medicine R&D; Incorporate regulatory compliance requirements into R&D activities and achievement application to reduce ethical and compliance risks in technology application.
Document Traceability & Process Supervision	Adopt documented management for key links including project proposal, task issuance, input review, verification reports, pilot production reports, confirmation records and design changes; Strengthen filing and node control throughout the R&D process to improve full-process traceability of projects.

Indicators and Objectives

Centering on innovation-driven development, NKY has established an indicator system integrating “R&D team building, patent achievement accumulation, intellectual property protection, project investment and achievement transformation”. The Company formulates specific, quantifiable annual R&D and innovation targets each year, and conducts regular progress tracking of R&D objectives.

Key Performance

R&D investment	Ratio of R&D investment to revenue	Number of R&D personnel	Ratio of R&D personnel to total employees
RMB 73.4984 million	6.24%	238	20.07%

Green Design

NKY actively promotes the application of green design principles in product development and operational practices, and continuously integrates resource conservation, circular utilization, and environmental impact reduction into the entire business process, so as to steadily enhance the environmental friendliness of products and resource utilization efficiency. The Company coordinates its subsidiaries to form a practical approach that combines green design with resource optimization, providing solid support for advancing circular economy, reducing environmental load and facilitating green and low-carbon development.

Case Advancing Green Design to Achieve Efficient Resource Utilization, Emission Reduction and Consumption Lowering

In 2025, aligned with green and low-carbon development goals, NKY comprehensively advanced clean energy replacement and green design practices. The Company enabled 100% green electricity consumption throughout the year at its Bo'ai and Zhongshan Plants and obtained corresponding green electricity certificates, steadily scaling up the application of clean energy.

Its subsidiaries under the medical segment further advanced green design in light of their business characteristics. Genergy Bio-Technology promoted solutions for easy disassembly, classification and recycling, increased the proportion of recycled materials adopted, and strengthened the recovery and internal recycling of packaging materials such as cartons and foam boxes. Eastwin optimized the gluing process to realize controllable adhesive consumption and promoted the reuse of after-sales packaging materials. These coordinated measures have effectively facilitated emission reduction, energy conservation and efficient resource utilization, laying a solid foundation for the Company's green transition.

R&D and Innovation Incentives

NKY continuously improves its R&D and innovation incentive mechanism. Oriented by innovation achievements, value contribution and team collaboration, the Company strengthens positive incentives focusing on key areas including technological breakthroughs, achievement transformation, cost reduction and efficiency improvement, as well as intellectual property creation. By establishing special awards, optimizing the review and implementation process, and incorporating R&D innovation into performance evaluation, the Company stimulates the innovation motivation of R&D personnel and team vitality, aligns R&D initiatives with business objectives to support technological progress, product upgrading and achievement transformation.

NKY Management Measures for R&D and Innovation Incentives

Award Setup

Set up incentive programs in accordance with the *Regulations on Technological Progress Awards*, including Technological Progress Award, Research Innovation Award, Innovation Team Award, Testing Innovation Award, Cost Reduction and Efficiency Improvement Award, and Intellectual Property Award, covering key areas such as technological R&D, team collaboration, testing optimization, cost control and intellectual property creation.

Incorporate R&D and innovation performance into the performance appraisal system, by linking innovation contributions with job performance assessment, strengthen R&D personnel's sense of responsibility and achievement-oriented awareness, and improve the effectiveness of innovation management.

Performance Evaluation Integration

Achievement Transformation Orientation

Implement incentives based on R&D project implementation, process optimization, quality improvement and operational benefit enhancement, and drive effective connection between R&D activities and product iteration, production application as well as operational quality and efficiency improvement.

Intellectual Property Management

NKY has formulated and implemented the *Confidentiality Management Rules for R&D Centers*, established R&D Centers as the governing body, and set up a dedicated intellectual property management department. The Board of Directors and senior management formulate the overall development plan, whereby the R&D Director develops the innovation strategy for R&D Centers, submits the same to the General Manager for approval, and implements it upon official review and approval. The Company has strengthened management requirements for the protection of R&D achievements, treats confidentiality management as the foundation of intellectual property protection, and enhances control over key links involving confidential information. By refining confidentiality scope and operational specifications, the Company enhances full-process protection of documents throughout all R&D stages to reduce the risk of technology and achievement leakage, and safeguard management of R&D activities and innovative outcomes.

Management Measures for Intellectual Property Protection

Confidentiality Scope Management

Implement intensive management for technical data, experimental data, project files, process information and relevant business information generated during R&D activities; clearly define the scope of confidentiality to strengthen the protection of core technical information.

Manage confidential information by classification and grading; formulate differentiated control requirements based on the degree of confidentiality importance, so as to enhance the protection of core technical data and key R&D information.

Classified and Graded Control

Circulation and Usage Management

Implement approval control for the copying, borrowing, transmission, external use and external provision of confidential documents, ensure that R&D information is used in a standardized manner within authorized scope and reduces risks of information dissemination and leakage.

Keep by category, file intensively and manage under control paper and electronic R&D materials; strengthen requirements for retention, backup and storage to guarantee the integrity and traceability of R&D information.

Filing and Information Security Management

Personnel Confidentiality Management

Integrate confidentiality requirements into R&D post management; through signing of confidentiality agreement, training and promotion, responsibility restriction and departure handover procedures, consolidate the confidentiality awareness and duty performance requirements of relevant personnel.

Implement examination and approval management for the destruction of confidential materials, and standardize the exit procedures for technical information.

Destruction and Risk Prevention & Control

Key Performance

Total number of valid invention patents	Number of new invention patents	Total number of utility model patents	Number of new utility model patents
53	5	156	18
Total number of design patents	Number of new design patents	Total number of software copyrights	Number of new software copyrights
13	0	135	12

Product and Service Safety and Quality

NKY has always adhered to the principle of putting quality first, strictly abided by laws and regulations such as the *Product Quality Law of the People's Republic of China*, and taken product and service safety and quality as an important foundation for safeguarding customers' rights and interests, maintaining brand reputation and supporting steady operation. The Company continues to promote the in-depth integration of quality management into business operations. Focusing on key links including product research and development, manufacturing, quality inspection, customer service and after-sales feedback, it has continuously strengthened its capabilities in full-process quality control, risk prevention and continuous improvement, and driven quality management to extend from meeting compliance requirements to enhancing customer value and boosting market competitiveness, laying a solid foundation for achieving high-quality development and long-term sustainable operation.

Governance

NKY has formulated and implemented system documents including *Quality Manual*. Centering on such links as quality objective formulation and risk assessment, the Company has established a governance system with the collaborative participation of the general manager, quality director and other relevant personnel, which integrates quality management into key stages of the entire product life cycle, driving the transformation of quality governance toward ex ante prevention, process control and closed-loop improvement so as to provide support for customer trust, market access and brand development.

NKY Governance Structure for Product and Service Safety and Quality

Decision-Making Level	The General Manager oversees important matters related to product and service quality management, chairs management reviews, and approves review plans and reports; in the event of a product recall, serves as the responsible person for recall and coordinates the communication and coordination in the entire process.
Overall Supervision Level	The Quality Director is responsible for the supervision and audit of quality governance, and for approving QA job duties, and chairing quarterly quality analysis meetings; assisting in advancing recall-related matters and reporting to regulatory authorities when necessary.
Professional Management Level	QA is responsible for establishing, maintaining, and improving the quality assurance system, organizing and managing reviews, self-inspections, quality analysis, quality risk management, customer complaint handling, recall management, and CAPA follow-up; and for organization and implementation of inspections, review of inspection records and reports, deviation/OOS investigations, analytical method validation, and stability plan examination, providing technical support for product release and quality determination.
Collaborative Execution Level	Relevant functional departments such as Production, Sales, Warehouse participate in management reviews, quality analysis meetings, recall execution, and rectification implementation, cooperate in completing quality information feedback, product disposal, customer communication, and implementation of improvement measures based on their duties.

NKY External & International Quality Certifications



NKY EXCI Pact GMP certification for pharmaceutical excipients



NKY Halal certification



NKY Pharmaceuticals IATF 16949 certification for automotive industry quality management system



NKY ISO22000 Food Safety Management System Certification



NKY ISO9001 Quality Management System Certification



NKY Pharmaceuticals ISO9001 Quality Management System Certification



Heer Medical ISO 13485 Medical Device Quality Management System Certification



Heer Medical ISO 9001 Quality Management System Certification



Eastwin ISO 13485 Medical Device Quality Management System Certification



Eastwin ISO 9001 Quality Management System Certification



NKY Kosher Certificate



NKY Pharmaceuticals Kosher Certificate

Strategy

NKY sees product and service quality and safety as a core issue with both financial and material importance. Internally, this issue concerns first-pass yield, rework and repair, complaint handling, recall management, audit pass rate and operational stability. Externally, it relates to customer health and safety, market access, brand reputation and long-term cooperative relationships. Revolving around key links including audit compliance, process control, customer service, supply assurance and capability building, the Company continuously identifies and addresses quality-related risks, and transforms system certification, quality improvement and service optimization into opportunities for market expansion and value enhancement.

The risks and opportunities identified by NKY in relation to the issues of “product and service safety and quality” are as follows:

Risks/opportunities	Description	Time Horizon	Financial Impact	Mitigation Measures
Risks				
Compliance Risks	Inadequate external GMP audits, customer audits, regulatory updates or system implementation may lead to an increase in deficiencies and stricter rectification requirements, which in severe cases could affect continuous supply and market access.	Short to medium-to-long	Increased investment in rectification and losses from delivery disruptions	Strengthen self-inspections and preparation for external audits, implement VMP, management reviews and quarterly quality analysis meetings, track regulatory updates and improve the institutional system.
Operational Risks	Out-of-control conditions in any link such as raw and auxiliary materials, packaging materials, production, inspection, packaging, storage and transportation may result in reduced first-pass yield of finished products, batch non-conformity, rework or scrapping.	Short	Increased raw material loss, rework and repair costs, as well as inspection and investigation costs	Carry out lifecycle quality risk assessments, implement release management, on-site inspections, verification and validation, calibration plans, and isolation and disposal of non-conforming products.
Customer & Product Safety Risks	Issues including customer complaints, potential counterfeit products, label non-conformity, contamination and abnormal stability may erode customer trust and, in serious cases, trigger product recalls.	Short to medium-to-long	Increased recall and logistics costs, customer compensation and brand remediation costs	Establish a hierarchical complaint investigation and recall mechanism, clarify requirements for acceptance, investigation, response, CAPA follow-up, simulated recalls and traceability.
Opportunities				
Opportunities from System Certification and Customer Access	Sustaining the effective operation of quality systems, food safety systems and industry certifications is helpful to enhance customer trust and global market access capabilities.	Medium to long	Increased order acquisition and improved success rate in developing high-standard customers	Maintain existing system certifications, improve customer service documents including product information packages, quality agreements and EXCiPACT reports, and enhance response efficiency.
Opportunities from Quality Improvement, Cost Reduction and Efficiency Enhancement	Improving first-pass yield, CAPA implementation rate, VMP completion rate and calibration plan completion rate can reduce rework and scrapping, and enhance operational efficiency.	Short to medium-to-long	Reduced quality loss costs and expanded gross margin	Drive process improvement led by quality objectives, and conduct trend analysis and targeted improvement focusing on deviations, OOS, complaints and audit deficiencies.
Opportunities from Service Improvement and Brand Value Appreciation	Efficient complaint response, improved customer satisfaction and standardized information services can strengthen customer loyalty and facilitate long-term cooperation.	Medium to long	Reduced customer churn costs and enhanced repeat purchases and in-depth cooperation	Strengthen closed-loop management of customer complaints, annual reviews, product information packages and quality agreement management, and promote the translation of service feedback into process optimization.

Impact, Risk and Opportunity Management

NKY has formulated procedures including the *Quality Risk Management Procedure* and views product and service safety and quality as an important foundation for safeguarding customers’ rights and interests, consolidating brand reputation and supporting steady operations. Against the backdrop of a complex market environment, increasingly stringent regulatory requirements and accelerated green transformation, the Company strengthens the systematic identification and integrated management of relevant impacts, risks and opportunities. Adhering to a more forward-looking risk prevention and control mindset, a more rigorous quality assurance philosophy and a more open orientation for innovation and optimization, the Company promotes the coordinated improvement of safety, quality, service and green development, so as to enhance product credibility, service satisfaction and operational resilience.

Product Lifecycle Management

NKY integrates quality risk management into key processes such as product research and development, technology transfer and material management. By focusing on proactive identification, process control and continuous review, the Company has expanded risk prevention and control from isolated responses to full-process management, improved product quality stability, traceability and safety assurance capabilities, and supported market access, customer trust and steady operation.

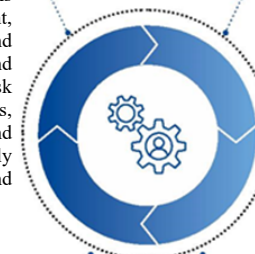
NKY Product Quality Lifecycle Management Process

Risk Identification and Assessment

Conduct quality risk identification and assessment focusing on key links including R&D, procurement, production, inspection, storage and transportation, as well as return and recall; dynamically update risk judgments in light of complaints, deviations, changes, validation and regulatory updates, and apply standardized tools to grade and manage risks.

Process Control and Continuous Monitoring

Integrate quality risk control requirements into key processes such as material release, production control, testing and inspection, change management, deviation investigation and stability evaluation; continuously strengthen the monitoring of key processes, critical parameters and critical quality attributes to ensure stable and controlled product quality.



Product Recall and Emergency Response

Establish product recall and emergency response mechanism; implement hierarchical management, rapid disposal and full-process traceability with respect to products with potential safety hazards; make coordinated efforts to complete notification, recovery, isolation, evaluation and verification, and continuously enhance emergency management capabilities through simulated recalls and effectiveness evaluations.

Risk Communication and Review

Establish a mechanism for internal transmission of risk information and communication with relevant parties to ensure the timely implementation of risk assessment results, control requirements and improvement measures; through regular reviews and annual reviews, continuously evaluate the effectiveness of management measures to drive the continuous optimization of quality management.

Indicators and Objectives

NKY has established an indicator management mechanism with clear objectives, measurable processes and verifiable outcomes centered on product and service safety and quality. The Company decomposes quality objectives to relevant responsible departments, and promotes the effective implementation of quality management requirements through regular tracking, analytical evaluation and continuous improvement.

Objective	2025 Achievement Status
No major product recall incidents throughout the year	Achieved
Zero major safety and quality liability accidents related to products or services throughout the year	Achieved
100% customer complaint resolution rate	Achieved

Key Performance

Customer satisfaction	Number of quality improvement training sessions	Duration of quality improvement training	Number of employees covered by quality training
98.68%	14	6,076	670

Product Quality Assurance and Improvement

NKY places paramount importance on product quality assurance and continuous improvement. Focusing on core dimensions including quality objective decomposition, process quality control, inspection and release, verification and calibration, non-conformity rectification, and capability development, the Company has been steadily enhancing its quality assurance system. It has expanded quality improvement from isolated point-based control to full-process collaborative governance, further solidifying the foundations for stable product delivery, sustained quality optimization, and enhanced market competitiveness.

NKY Management Measures for Product Quality Assurance and Improvement

Quality Objectives and Process Control	The Company has established an annual quality objective management mechanism, which decomposes key indicators such as external GMP audit performance, first-pass yield, quality of raw, auxiliary and packaging materials, and customer satisfaction to relevant departments, forming a quality improvement mechanism featuring objective-driven implementation, responsibility clarification and process tracking. Meanwhile, whole-process quality control is implemented covering raw material procurement, manufacturing, key processes and critical procedures, advancing risk prevention and quality requirements to the early stage of operation.
Inspection, Release, Verification and Calibration	Relying on the collaborative management mechanism of QA and QC, the Company strictly implements inspection of raw materials, intermediate products and finished products, as well as product release and review requirements. It standardly carries out analytical method verification, stability studies, implementation of the Validation Master Plan (VMP) and calibration plan management, continuously improving the standardization, accuracy and reliability of quality determination.
Quality Analysis and Closed-Loop Improvement	Deviations, OOS/OOT events, non-conforming materials and products, product returns, customer complaints and other matters are integrated into a unified quality management process, with joint investigation and analysis, root cause tracing, CAPA implementation and effectiveness verification. Through quality analysis meetings, annual management reviews and other mechanisms, trend analysis and retrospective improvement are conducted on audit deficiencies, validation implementation, quality objective achievement and other aspects, promoting systematic governance and continuous optimization of quality issues.

Training Empowerment and System Enhancement	The Company formulates an annual training plan and delivers systematic training on topics including quality objectives, process validation, document and record management, GMP/EXCiPACT knowledge, quality risk control, data integrity and food safety regulations. Such efforts continuously enhance employees' quality awareness, professional competence and system execution capability, consolidating the long-term foundation for quality management.
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Case Conducting Quality Risk Management Training to Strengthen Whole-Process Risk Prevention and Control Capabilities

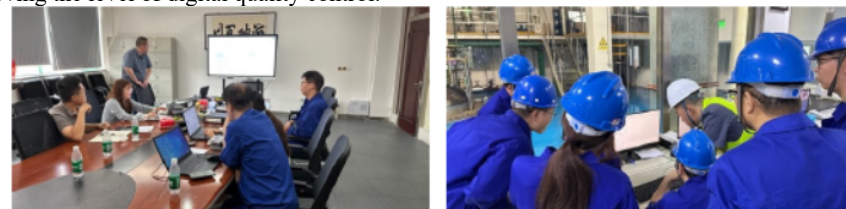
In August 2025, in accordance with the annual training plan, NKY organized quality risk control training for departments involved in GMP. The training covered systematic learning on risk identification, risk assessment, process control, preventive measures and improvement, with a view to strengthening risk awareness and control requirements in key links of quality management. This training facilitated the integration of quality risk management requirements into the entire process of production, testing and quality supervision, improved the capability of preventing quality problems and the robustness of system operation, and provided a solid guarantee for product quality and safety.



NKY Quality Risk Management Training

Case Carrying out Themed Quality Training to Enhance Digital Quality Management Capabilities

In October 2025, in accordance with the annual training plan, NKY organized relevant departments to participate in themed training delivered by a third-party consulting institution. The training focused on systematic learning regarding data integrity management, as well as computerized system management and validation, with key coverage of standardized data recording, whole-process traceability requirements, system validation procedures, risk control and key points of compliant application. This training further enhanced the understanding and implementation capabilities of relevant positions with respect to the requirements for quality data management and compliant system operation, providing support for consolidating the foundation of the quality management system and improving the level of digital quality control.



NKY Thematic Training on Data Integrity and Computerized System Management

Customer Service and Complaint Management

In accordance with internal policies including the *Management Procedure for Customer Complaint Handling*, *Management Procedure for Customer Information Service*, *Management Procedure for Product Recall*, and *Management Procedure for Handling Non-Conforming Materials and Products*, NKY adheres to a customer-oriented approach. The Company integrates complaint handling with risk assessment, corrective and preventive actions, information updates and service responses, shifting customer feedback management from passive response to equal emphasis on root-cause investigation and continuous improvement. Such efforts continuously enhance customer communication efficiency, information transparency and the standardization of services.

NKY Customer Complaint Handling Management Process

Complaint Registration	<ul style="list-style-type: none"> Upon receiving a customer complaint, the compliant receptionist shall complete relevant information, assign a complaint number, and register the complaint in the complaint list.
Preliminary Grading Review	<ul style="list-style-type: none"> Conduct preliminary grading of the complaint and verify the preliminary grading result.
Classified Investigation	<ul style="list-style-type: none"> For complaints involving adverse reactions: handle in accordance with adverse reaction reporting procedures. Level 1 complaints: notify the Quality Director and promptly launch an investigation to complete a graded investigation report. Level 2/3 complaints: conduct investigation and assessment to complete a graded investigation report.
Corrective and Preventive Actions	<ul style="list-style-type: none"> Implement corrective and preventive actions addressing the issues raised in the complaint.
Customer Feedback	Provide the customer with feedback on handling information. If the customer is unsatisfied, carry out further investigation and rectification until the customer accepts the resolution. If the customer accepts the resolution, close the process and register relevant information.
Effectiveness Follow-Up	<ul style="list-style-type: none"> Track the completion status of corrective and preventive actions and evaluate their implementation effectiveness.

NKY Customer Complaint Grading and Response Mechanism

Grading Category	Judgment Criteria	Response Requirements	Key Points for Handling
Level 1 Complaint	Involving major quality defects or relatively high safety risks	Initiate investigation within 24 hours; complete investigation within 15 working days in principle	Carry out priority cross-departmental investigation under the leadership of QA; report to management and initiate recall assessment if necessary
Level 2 Complaint	Involving major defects or potential quality risks	Initiate investigation within 3 working days; complete investigation within 20 working days in principle	Conduct special investigation and root cause analysis, implement corrective and preventive actions, and provide feedback to customers timely
Level 3 Complaint	Involving general defects or appearance issues without posing major safety risks	Initiate investigation within 5 working days; complete investigation within 30 working days in principle	Verify and handle in a timely manner, include in complaint statistical analysis and continuous improvement management

Supply Chain Management

NKY has formulated and implemented management documents including the *Supplier Management System*, *Supplier Code of Conduct* and *Supplier Risk Assessment Form*. The Company continuously improves its supply chain governance structure and institutional system, and promotes the coordinated implementation of quality management, compliance management, safety management and sustainable development requirements across all links of the supply chain. By continuously enhancing the standardization, transparency and traceability of supply chain management, and strengthening supply guarantee capability, risk resilience and responsibility transmission capability, the Company provides strong support for its steady operation, product quality and safety, as well as green and sustainable development.

Supply Chain Risk Identification and Control

NKY has continuously improved its mechanisms for supply chain risk identification, assessment, classification and emergency response, shifting risk management from post-incident handling to front-end prevention. The Company integrates supply continuity, quality stability, information security and compliant performance into a unified management framework, further enhancing supply chain resilience and operational security capabilities to support the stable operation of production and business activities.

Supply Chain Risk Assessment and Response at NKY

Risk Identification and Assessment	Identify risks by type, including equipment, raw materials / components, software / services / outsourcing. Focusing on qualification compliance, quality stability, delivery assurance, information security, environmental safety compliance, and business continuity; conduct comprehensive assessment based on performance records, supply capacity and external risk factors.
Risk Control by Classification and Grading	Implement management by grading based on assessment results; adopt differentiated measures for suppliers of different risk levels, such as preferential cooperation, tightened inspection, rectification within a specified time limit, restricted procurement and alternative supplier introduction.
Process Safety and Information Protection	Strengthen whole-process control over procurement, delivery, acceptance and information security through measures including whitelist management, incoming inspection, sampling testing, document verification, contractual constraints, traceability management, access control and confidentiality management.
Continuity Assurance and Emergency Response	Establish an alternative supplier and early warning mechanism to monitor risks such as supply disruption, public opinion incidents, system vulnerabilities and sanctions. For scenarios including supply interruption, data leakage and abnormal quality, fully implement requirements for rapid response, root cause investigation, accountability tracing and rectification review.

Supplier Audit and Admission

In accordance with the *Management Procedure for Supplier Qualification and Audit*, NKY has established a supplier admission mechanism covering document review, sample evaluation, on-site audit, admission approval and roster management. The Company has shifted supplier management from single procurement control to an integrated approach emphasizing quality, compliance, environmental protection and social responsibility, continuously improving the reliability of procurement sources and the quality of the supply base.

NKY Supplier Audit and Admission Process

Candidate Screening and Qualification Review	Conduct market research based on procurement needs to screen qualified, legally compliant candidates with reliable supply capacity, and review basic documents such as business licenses, production permits and system certifications; where necessary, collect additional documents including quality standards, testing methods and process flowcharts.
Questionnaire Review and Sample Verification	Issue audit questionnaires to candidate suppliers to verify their quality management, production conditions and compliance foundation, and organize sample testing, laboratory-scale trials or pilot production evaluations to validate product quality, process compatibility and application feasibility.
On-Site Audit and ESG Review	Conduct on-site audits for key material suppliers in principle, and adopt remote or third-party audits when necessary; include labor rights, occupational health and safety, environmental protection, "waste gas, wastewater and industrial residue" management, and business ethics in audit.
Admission Approval and Requirement Communication	Perform a comprehensive review by relevant departments; upon approval by the Quality Director, include suppliers in the <i>List of Approved Suppliers</i> ; sign quality agreements with qualified suppliers, and communicate customer-specific requirements to upstream partners in writing.

Supplier Performance Evaluation and Disqualification

NKY implements the *Dynamic Supplier Performance Evaluation and Disqualification Mechanism*, continuously advances supplier performance appraisal and dynamic optimization management, and integrates requirements related to quality, delivery, service, compliance and safety into a unified evaluation framework. Through classified evaluation, result application and dynamic disqualification, the Company keeps optimizing its supplier structure, improving the operational efficiency and cooperation quality of its supply chain.

Dynamic Evaluation Mechanism Establish a dynamic evaluation system that combines daily performance monitoring, monthly/quarterly assessments, and annual reviews, with a focus on quality performance, delivery timeliness, service cooperation, cost reasonableness, compliance performance, and safety management.	Result Grading and Application Implement tiered management based on evaluation results, and take it as an important basis for preferential cooperation, continued procurement, rectification and improvement, restricted cooperation, or disqualification; prioritize cooperation with high-performing suppliers, while conducting interviews, requiring rectification, downgrading, or reducing order shares for underperforming ones.
Rectification and Improvement Mechanism Issue rectification notices for non-conforming items, requiring suppliers to submit root-cause analyses and corrective and preventive actions within a specified timeframe, closely monitor rectification and drive continuous improvement.	Disqualification and Roster Optimization Initiate a disqualification process for suppliers involved in major quality incidents, severe delivery delays, falsified qualifications, information leakage, breach of trust, or refusal to rectify, remove such suppliers promptly from the <i>List of Approved Suppliers</i> , and continuously optimize the supply structure through the introduction of alternative suppliers.

Sustainable Supply Chain and Green Procurement

Based on its *Supplier Code of Conduct*, *Supplier Management System* and green procurement practices, NKY continues to extend environmental and social responsibility requirements upstream across the supply chain. The Company incorporates green development principles into procurement decision-making, supplier management and collaborative cooperation, continuously improving the environmental friendliness, responsibility consistency and regional coordination of its supply chain, so as to driving the industrial chain toward green and low-carbon development.

NKY Sustainable Supply Chain Management Measures

Green Procurement Orientation	Integrate requirements on energy conservation, environmental protection and resource utilization into procurement management, promoting the coordinated implementation of green procurement and environmentally friendly production.
Inclusion of Environmental Requirements	Require suppliers to abide by environmental protection regulations, fulfill energy conservation and emission reduction, pollution prevention and standardized disposal obligations, and review their environmental performance during audits.
Control of High-Energy-Consuming Products	Strictly restrict the use of high-energy-consuming products in equipment and spare parts procurement, and prohibit the purchase of high-energy-consuming pumps and motors banned by the State.
Social Responsibility Transmission	In accordance with the <i>Supplier Code of Conduct</i> , communicate requirements on labor standards, health and safety, environmental protection, business ethics and management systems to suppliers.
Local Procurement Collaboration	Attach importance to cooperation with local suppliers and localized procurement to improve supply response efficiency and support the coordinated development of regional economies and supply chains.

Supplier Communication

NKY regards supplier communication and capability improvement as a key priority in building a responsible supply chain, and maintains regular communication with suppliers through on-site audits, issuance of audit reports, feedback on non-conformities, and communication of written requirements, ensuring the effective transmission of quality, compliance and customer-specific demands. These efforts help suppliers enhance their capabilities in quality control, compliance management and ESG performance. By fostering collaboration through communication and driving improvement through rectification, the Company continuously strengthens the foundation for long-term and stable partnerships.



Data Security and Customer Privacy Protection

NKY has established a systematic governance framework for information security management, and formulated a series of system documents including the *Information Security Management System* and *Information Security Emergency Response Plan* to define the whole-process management requirements and standards. In the planning and development of information security, the Company adheres to the “three synchronous” principle and follows established guidelines. It has adopted a protection strategy of “partitioning, grading and zoning” and built a robust defense system through “dual-computer dual-network” architecture, integrating security requirements into the entire business process to enhance risk prevention and management capabilities. Meanwhile, the Company has improved its management mechanism to unify the administration of technical protection, emergency response and capability development, with strengthened control over key links. By upgrading facilities, optimizing emergency plans and establishing a training mechanism, NKY comprehensively enhances the security of information systems, data protection and business continuity assurance, providing solid data security support for customer information protection and the Company’s operations.

NKY Management Measures for Data Security and Customer Privacy Protection

Network Border Protection	Firewall systems are deployed and high-risk ports are blocked to defend against external cyberattacks and strengthen network border security.
Access Control and Endpoint Management	A behavior auditing mechanism is established to restrict access to illegal websites and reduce the risk of malicious attacks. Meanwhile, network access control is implemented to prevent unauthorized devices from connecting to the internal corporate network.
Hierarchical Network Management	Networks are managed hierarchically based on security requirements, classified into open, internal, critical and core networks. Access management is conducted by the infrastructure team to enhance network security isolation across diverse business scenarios.
Protection of Customer Information and Business Data	Customer information and order data are protected through the SAP customer master data management system. Combined with data encryption, vulnerability scanning and a Security Operations Center (SOC), the security management of core business data and information assets is further enhanced.
Emergency Response Management	Information security emergency response plans are formulated for scenarios including cyberattacks, virus infections, data breaches and system failures, specifying incident response and handling requirements to ensure business continuity and stable system operation.
Training and Capability Building	Continuous information security training and practical drills are conducted to improve employees’ knowledge of information security and their ability to respond to emergencies, while strengthening the sense of information security responsibility across the organization.

Key Performance

In 2025, the Company received **no** customer privacy infringement complaints, and **no** customer privacy breaches or data security incidents occurred.

Industry Collaboration

NKY actively participates in domestic and international industrial coordination and industry exchanges, continuously enhancing its technical service capabilities, brand influence and market responsiveness. With an open and cooperative mindset, the Company keeps abreast of industry development trends, and promotes the coordinated upgrading of product standards, compliance capabilities and application scenarios. This has further strengthened its industry recognition and international competitiveness in such fields as pharmaceutical excipients, fine chemicals, and new energy materials, providing support for expanding market space, deepening industrial collaboration and fostering new drivers of high-quality development.

Case Attending Industry Seminars to Deepen Technical Collaboration on Pharmaceutical Excipients

In September 2025, NKY attended the 7th Symposium on Pharmaceutical Preparations and Particle Design & Industry-University-Research Forum on Industrial Pharmaceutics, and supported the conference as a sponsor. The Company delivered a thematic presentation on the application of PVP product series in industrial preparations, systematically showcasing its technological achievements and practical experience in pharmaceutical excipients. It also strengthened exchanges and cooperation with universities, research institutes and industrial chain partners, further enhancing its professional influence and technical collaboration capabilities in the field of pharmaceutical excipients.



NKY attended the 7th Symposium on Pharmaceutical Preparations and Particle Design



Case Showcasing at International Battery Exhibition to Expand Application Cooperation in New Energy Materials

In May 2025, NKY participated in the 17th China International Battery Fair, where it displayed new series of dispersants specially designed for lithium batteries. The Company highlighted key product performance advantages including high oxidation resistance and precise low-moisture control, and communicated with industrial chain customers on material application demands and technology upgrading directions. This exhibition helped enhance the Company's market influence in the field of new energy materials, expand application scenarios and cooperation opportunities for lithium battery materials, and inject impetus into the innovative development of its fine chemicals business.



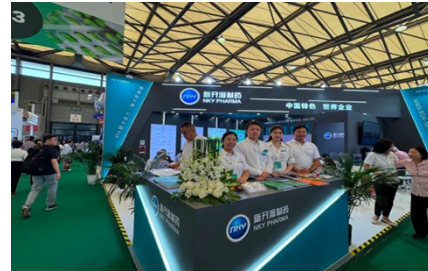
NKY showcased at China International Battery Fair

Case Presenting at Global Pharmaceutical Exhibitions to Deepen Industry Collaboration and Layout

In 2025, NKY actively participated in professional pharmaceutical exhibitions at home and abroad, including API China, CPHI China, ETIF Argentina and CPHI Chemical Pharmaceutical Ingredient Exhibition, showcasing its pharmaceutical-grade PVP product series, high-end pharmaceutical excipient solutions and capabilities of customizing pharmaceutical intermediates. During these events, the Company held in-depth exchanges with domestic and overseas pharmaceutical enterprises, industry experts and partners on key topics including product application, compliance certification and market expansion, so as to jointly explore domestic and international markets. These efforts deepened industry resource integration and collaborative cooperation, enhanced the Company's brand influence, helped improve the global layout of the pharmaceutical excipient industry, and promoted high-quality coordinated development of the industry.



In May 2025, NKY Pharmaceuticals exhibited at API China



In June 2025, NKY Pharmaceuticals exhibited at CPHI China.



In September 2025, NKY made its debut at the ETIF exhibition in Argentina.



In October 2025, NKY participated in CPHI Frankfurt 2025.





SDGs Alignment



3 Green Empowerment

Defining the Foundation of Growth Core Philosophy

NKY consistently regards ecological and environmental protection as an inherent requirement of high-quality development and a long-term responsibility. The Company integrates green principles throughout its strategic planning, operations management, technological innovation, and value creation processes, driving a transition toward a more efficient, low-carbon, and sustainable development model. The Company recognizes that sound environmental management is not only fundamental to ensuring regulatory compliance and mitigating risks, but also a key driver for improving resource allocation efficiency, enhancing industrial competitiveness, and strengthening long-term resilience. Looking ahead, NKY will continue to advance green manufacturing as a core focus and pursue coordinated progress in pollution reduction and carbon mitigation to enhance overall efficiency. By deeply integrating environmental responsibility with business development, the Company aims to generate sustained momentum for its own sustainable growth and contribute to the broader green transformation of the economy and society.

Core Actions

- Environmental Compliance Management
- Energy Management and Resource Utilization
- Climate Change Response
- Pollutant and Waste Management

Environmental Compliance Management

NKY continues to strengthen the foundation of its environmental compliance management. The Company focuses on accountability implementation, facility operation, pollution prevention and control, risk early warning, emergency response, information disclosure, and continuous improvement, embedding environmental management requirements throughout the entire production and operational process. Through these efforts, the Company continuously enhances the stable operation of pollution control facilities, strengthens environmental risk prevention and control capabilities, and improves the standardization of environmental management, thereby supporting its green operations, compliant development, and long-term value creation.

Governance

NKY establishes environmental compliance management as a fundamental component of stable operations and green development, in accordance with a series of institutional frameworks, including the *Environmental Protection Accountability System*, *Environmental Protection Facility Operation Management System*, and *Environmental Protection Training Management System*. The Company strictly implements environmental responsibility requirements and embeds environmental protection standards across all stages of production. By strengthening accountability, enhancing supervision, and improving management mechanisms, the Company continues to advance its environmental risk prevention and compliance capabilities, providing strong support for safeguarding ecological boundaries, ensuring stable operations, and promoting green manufacturing.



NKY has obtained ISO 14001 Environmental Management System certification.

NKY Environmental Compliance Management Governance Structure

General Manager | Primary Person Responsible for Environmental Protection

Implementation of Environmental Protection Work	Coordination and Supervision
Vice President in Charge of EHS Executive Leader for Environmental Protection	Vice President of Production Provide coordination and support for environmental protection work
Environmental Protection Department Lead Department for Environmental Protection	Production Management Department Monitor environmental protection practices across all production projects
Workshop Director Primary person responsible for environmental protection within the workshop	Environmental Protection Officer Inspection and supervision
Team Leader Primary person responsible for environmental protection within the team	Part-time EHS Officer (Sub-plant Level) Responsible for conveying environmental policies and requirements from the Environmental Protection Department to sub-plants

Strategy

NKY continuously identifies and assesses the impacts of environmental issues, particularly in areas such as environmental compliance and pollution prevention and control, on its operations, costs, assets, and brand reputation. At present, the Company's environmental management priorities include the operation of pollution control facilities, environmental risk identification and inspection, hazardous waste management, information disclosure, and the advancement of cleaner production. These efforts are aimed at mitigating environmental liability risks while creating opportunities to enhance green manufacturing capabilities, improve operational efficiency, and strengthen external credibility.

The risks and opportunities identified by NKY in relation to the topic of “environmental compliance management” are as follows:

Risks/opportunities	Description	Time Horizon	Financial Impact	Mitigation Measures
Risks				
Environmental Compliance Management Risk	Regulatory requirements related to environmental protection, pollutant discharge permits, hazardous waste management, and environmental information disclosure continue to evolve and become more stringent. Inadequate implementation may lead to rectification actions, penalties, or production restrictions.	Medium-/Long-term	Increased compliance and rectification costs; potential losses from production suspension or restriction	Regularly update regulatory requirements; maintain pollutant discharge permits, emergency plan filings, and relevant records; strengthen system implementation and reporting management
Pollution Control Facility Operation Risk	Abnormal operation of waste gas, wastewater treatment, or online monitoring facilities may affect compliance with emission standards and disrupt production continuity.	Short-/Medium-term	Increased equipment maintenance costs; higher costs for handling non-compliant emissions	Strictly implement operation, maintenance, and labeling management systems; ensure synchronized start-stop requirements; strengthen inspections and third-party monitoring
Environmental Safety and Emergency Incident Risk	The Company's operations involve hazardous substances, distillation residues, and related equipment. Incidents such as leaks, fires, or abnormal discharge of accident wastewater may result in environmental pollution and secondary losses.	Short-/Medium-term	Increased emergency response expenditures; property losses; higher environmental remediation costs	Conduct periodical environmental risk assessments; improve emergency response plans and specialized procedures; maintain emergency supplies and conduct drills
Opportunities				
Cleaner Production and Green Operations Opportunity	Advancing cleaner production audits, improving pollution reduction efficiency, ensuring stable operation of environmental protection facilities, and continuously optimizing environmental management systems can enhance green manufacturing capabilities.	Medium-/Long-term	Reduced losses from environmental incidents; improved resource utilization efficiency	Continue promoting cleaner production and optimization of environmental protection facilities; strengthen coordination, training, and post-implementation reviews
Environmental Information Disclosure and Brand Opportunity	Lawful disclosure of environmental information and improved management of environmental records and documentation enhance transparency and credibility with regulators, industrial parks, and the public.	Medium-/Long-term	Enhanced brand reputation; stronger partnership stability; support for potential market expansion	Standardize environmental information disclosure in compliance with regulations; strengthen documentation, record-keeping, and information management systems

Impact, Risk and Opportunity Management

NKY integrates the management of environmental impacts, risks, and opportunities into its existing environmental management system and internal control framework, advancing coordinated and systematic governance. The Company implements full-process control through a management cycle of “identification – assessment – inspection – monitoring – emergency response – rectification – disclosure”. Focusing on key areas such as production units, tank farms, wastewater treatment facilities, waste gas treatment systems, hazardous waste temporary storage facilities, and environmentally sensitive processes, the Company continuously strengthens front-end prevention, in-process control, and outcome verification. Through these efforts, NKY enhances the efficiency of environmental risk identification, improves responsiveness to abnormal situations, and advances continuous improvement in environmental management.

NKY Environmental Risk Management Measures

Risk Scenario Identification

NKY conducts comprehensive environmental risk identification across key areas, including production units, tank farms, wastewater treatment facilities, waste gas treatment systems, solid waste management, and emergency response processes. Leveraging its environmental risk assessment system, the Company systematically identifies risk substances, key risk sources, surrounding environmental receptors, and potential incident scenarios, and pays particular attention to high-risk situations such as leaks, fires and explosions, accidental discharge of wastewater, and abnormal emissions of waste gas.

Risk Classification and Assessment

NKY implements a graded management approach based on the severity of potential impacts and the difficulty of remediation. Environmental hazards are categorized into general hazards and major hazards. For major hazards, the Company establishes clear governance requirements, including defined remediation objectives, timelines, responsible parties, safeguard measures, risk control requirements, and emergency arrangements. Upon completion of corrective actions, formal verification and closure procedures are conducted to ensure effective resolution.

Hazard Inspection and Monitoring

NKY has established a hazard inspection mechanism featuring “quarterly inspections by the Environmental Protection Department and weekly self-inspections by workshops.” In combination with online monitoring, third-party testing, operational records, and environmental management logs, the Company conducts dynamic monitoring of waste gas, wastewater, solid waste, and the operation of key environmental protection facilities. These measures ensure that potential issues are identified in a timely manner and promptly addressed through effective corrective actions.

Reporting and Early Warning Mechanism

NKY has established a reporting mechanism for environmental hazards and a notification system for environmental emergencies. Upon identifying potential hazards, issues are reported in a graded manner according to defined responsibilities, enabling rapid response. In the event of an environmental incident, the EHS Department conducts a preliminary assessment and submits initial, follow-up, and final reports in accordance with regulatory requirements, ensuring timely information flow and well-coordinated response actions.

Indicators and Targets

NKY has established management indicators centered on environmental compliance. Through measures such as environmental risk assessments, environmental protection training, emergency resource preparedness, information disclosure, and structured meeting management, the Company achieves phased management outcomes and continuously enhances its environmental governance effectiveness.

Indicator	2025 Performance
Daily environmental hazard inspections across all sub-plant workshops	Achieved
Quarterly environmental hazard inspections conducted by the Environmental Protection Department	Achieved
Annual comprehensive/special environmental emergency drills	Achieved

Key Performance

Number of emergency drills for environmental risk incidents conducted: 13	Number of participants in emergency drills for environmental risk incidents: 400	Employee coverage rate of emergency drills for environmental risk incidents: 100%
Environmental compliance training coverage rate: 100%	Environmental protection investment: RMB 1,633,300	Ratio of environmental protection investment to operating revenue: 0.14%

Environmental Culture Promotion

NKY adheres to a green operations approach, using environmental management to ensure stable production, reduce environmental risks, and enhance green competitiveness. The Company continues to promote the standardized operation of pollution control facilities, strengthen environmental risk prevention, and build environmental management capabilities. Under the theme of “green operations for protecting clear waters and green mountains,” NKY advances the development of its environmental management system, conducts risk assessments, and enhances the management of environmental protection facilities. The Environmental Protection Department has incorporated cleaner production audits and maintenance into its core responsibilities, carrying out routine management of waste gas, wastewater, and solid waste treatment, and driving pollution reduction and efficiency improvement across production and operations.



Posting Environmental Awareness Posters on Environmental Protection Day

Case Conducting a Series of Specialized Environmental Training Programs to Strengthen the Foundation of Green Production and Compliance Management

In March–April 2025, NKY conducted a series of environmental knowledge and compliance training programs in accordance with its annual plan, covering key production units. The training provided systematic communication and instruction on topics including fundamental environmental knowledge, pollution hazard prevention and control, corporate environmental management practices, and employees’ daily environmental behavior standards. It also addressed environmental laws and regulations, pollutant discharge permit management, full-process hazardous waste control, operation and maintenance of environmental protection facilities, hazard identification, and emergency response. These initiatives further standardized the Company’s environmental management system and strengthened its environmental risk prevention and control capabilities, laying a solid foundation for advancing green production, fulfilling ecological and environmental responsibilities, and achieving high-quality sustainable development.



NKY Conducts Specialized Training on Environmental Compliance and Environmental Protection

Environmental Emergency Risk Management

NKY has established institutional frameworks such as the *Environmental Emergency Management System* and the *Emergency Response Plan for Environmental Incidents*, and continues to refine its environmental emergency management system. The Company has defined graded response procedures for environmental emergencies, implementing tiered command and on-site response based on severity levels (e.g., major, significant, and general incidents). These measures are supported by comprehensive emergency response plans, assessments of emergency resources, coordination mechanisms for external support, and annual emergency drill arrangements, ensuring a well-structured and effective emergency management system.

NKY Environmental Incident Graded Emergency Response Mechanism

Environmental Incident Classification		
Major Level I Emergency Response	Significant Level II Emergency Response	General Level III Emergency Response
Emergency Rescue Command Center Coordinated with higher-level emergency plans	Emergency Rescue Command Center On-site command led by the team leader	Workshop where the incident occurs On-site command led by the responsible person of the workshop

Case Conducting Hazardous Waste Leak Emergency Drill to Strengthen Environmental Safety Defense

In June 2025, NKY (Jiaozuo) Polymer organized an emergency drill for the leakage of distillation residue during transportation. The drill simulated the full emergency response process, including incident detection, step-by-step reporting, on-site cordoning and control, containment through bunding, adsorption and cleanup of leaked residues, and decontamination with post-drill review. This exercise effectively validated the operability of the hazardous waste leakage emergency response plan, enhanced employees’ environmental safety awareness and coordinated response capabilities, and strengthened the Company’s ability to prevent sudden environmental incidents. It also provided solid support for ensuring safe production operations and ecological and environmental security.



NKY Conducts Hazardous Waste Leakage Emergency Drill

Chemical Safety Management

NKY continuously improves its chemical safety management system for chemical-related materials involved in fine chemical production, such as distillation residues. The Company has established a coordinated management mechanism led by senior management, spearheaded by the environmental protection function, and implemented by production workshops. The General Manager serves as the primary responsible person. Key processes, including standardized storage, transfer and transportation, risk inspection, and emergency response, are embedded throughout critical operational stages. By integrating chemical safety management with environmental risk prevention and control, NKY continuously enhances operational stability and environmental safety assurance capabilities.

NKY Chemical Safety Management Measures

Temporary Storage and Record Management	The Company implements centralized supervision and management of hazardous waste in accordance with the principles of “centralized collection, classified treatment, and centralized incineration.” Dedicated hazardous waste storage areas are established with zoned and classified storage. Strict requirements are enforced for windproofing, sun protection, rainproofing, leakage prevention, and corrosion prevention. Standardized labeling is applied, and inbound/outbound records as well as exhaust collection system operation logs are maintained to strengthen full-process traceability management.
Transfer and Transportation Control	Standardized transfer procedures are implemented for hazardous waste such as distillation residues, ensuring compliant and controlled transportation management.
Risk Identification and Routine Control	The Company continuously conducts environmental risk assessments, routine inspections, and hazard identification activities, strengthening the detection and rectification of abnormal conditions in chemical-related equipment, storage and transportation facilities, and associated pipelines.
Emergency Response and Drills	An established emergency response mechanism is in place, supported by practical emergency drills conducted under chemical-related scenarios to enhance response capability and preparedness.

Energy Management and Resource Utilization

NKY strictly complies with applicable laws and regulations, including the *Energy Conservation Law of the People's Republic of China* and the *Measures for the Administration of Energy Conservation in Key Energy-Consuming Entities*, and continuously strengthens its foundational energy and resource management system. The Company integrates energy management, resource utilization, and green operations in a coordinated manner, continuously enhancing its management capabilities in cost reduction and efficiency improvement, green transformation, compliant operations, and operational resilience. These efforts support improved resource allocation efficiency, a reduced environmental footprint, and stronger momentum for sustainable development.

Energy Utilization

NKY has established an energy management system and formulated internal policies such as the *Energy Management System*, *Energy-Saving Technical Transformation Project Management Regulations*, and *Energy Consumption Quota Management System*. Energy management is centralized under the Equipment Department, and a leadership working group has been established to coordinate energy-saving initiatives, forming a three-tier governance structure. Energy conservation management is incorporated into the performance evaluation of each business unit. Combined with energy-saving assessment mechanisms, incentive schemes, and accountability requirements, the Company promotes the extension of management responsibilities to subsidiaries and production units, ensuring effective implementation of energy efficiency initiatives across all levels.

Energy Consumption Statistics, Monitoring and Performance Evaluation Mechanism

- Strengthen the foundation of energy management by improving energy metering, quota control, and statistical management systems. Standardize data collection, consolidation, and analysis through energy consumption ledgers in strict accordance with relevant statistical standards, thereby enhancing the consistency and scientific rigor of energy data management.
- Enhance energy consumption monitoring in production processes and optimize data management workflows through digital and information-based tools. Enable dynamic updates of energy consumption statistics and continuously improve the accuracy, granularity, and timeliness of energy management.
- Strengthen energy data quality control through internal audits, third-party verification, and performance evaluation. Refine energy efficiency assessment requirements and enforce accountability at the operational level to ensure effective achievement of energy-saving targets.

Key Performance

Total energy consumption	Total energy consumption per RMB million revenue	Direct energy consumption
38,978.70 TCE	33.09 TCE/RMB million	22,845.88 TCE
Indirect energy consumption	Purchased electricity	Purchased gasoline
16,132.82 TCE	74,965,135.00 KWH	21,380.90 L
Purchased steam	Purchased natural gas	Purchased diesel
6,924.48 TCE	17,180,607 M ³	16,117.34 L

Total renewable energy consumption	Proportion of renewable energy consumption	Solar power generation
9,119.15 TCE	23.25%	1,601,737 KWH
Including: Purchased green electricity		
72,637,280 KWH		

Energy-Saving Retrofit

NKY positions green retrofit initiatives as a key lever for energy conservation, consumption reduction, cost efficiency improvement, and green transformation. Focusing on operational systems such as energy supply and power systems, the Company advances technological upgrades and management optimization. NKY enhances energy efficiency through retrofit-driven approaches and promotes the coordinated application of clean energy solutions. These efforts contribute to reducing resource and environmental burdens, improving green manufacturing capabilities, and strengthening the foundation for high-quality development.

Case Implementation of Suspension Blower Retrofit to Improve Energy Efficiency in Wastewater Treatment

In December 2025, NKY Pharmaceuticals implemented an energy-saving retrofit for the aeration blowers at its reclaimed water station and small wastewater treatment station. Magnetic levitation blowers and air suspension blowers were adopted to replace the original Roots blowers, effectively reducing energy consumption and noise while meeting operational requirements. As a result, energy savings reached 22.22% at the reclaimed water station and 30% at the small wastewater treatment station. The project is expected to save approximately 179,600 KWH of electricity annually and reduce electricity costs by about RMB 139,300. This initiative further enhances the stable operation and green performance of the wastewater treatment system.

Case Advancing Intelligent Cooling Tower Retrofit to Improve Safety and Energy Efficiency

In 2025, NKY Pharmaceuticals implemented an intelligent retrofit of 20 cooling towers across the plant site. By installing PLC control systems and temperature transmitters, the Company enabled automatic start-stop control of fans based on water temperature groupings, reducing full-load operation and minimizing risks of manual operational errors. After the retrofit, circulating water temperature during summer decreased from 28°C to 23°C, and the reaction time of reactors in Workshop 103 was reduced by two hours. The project is expected to save approximately 177,400 KWH of electricity annually and reduce electricity costs by about RMB 138,400, delivering combined benefits in safety, operational efficiency, and energy conservation.



Intelligent Automation Interface of Cooling Towers at NKY Pharmaceuticals

Case Optimization of Chiller System Configuration to Enhance Energy Efficiency and Supply Assurance Capability

In 2025, NKY Pharmaceuticals carried out a retrofit of the chiller system supporting the belt dryers in Workshop 102. The project included the installation of a 60 m³ water tank, optimization of pipeline layout, and adjustment of two chillers into a “one in operation, one on standby” configuration. This enables a single chiller unit to stably support the operation of two dryers. The project achieved comprehensive energy savings of approximately 15%, with an estimated annual cost reduction of RMB 246,300. It also effectively reduced the impact on the power grid load, further improving system operational stability and continuous supply assurance capability.



Implementation of Energy-saving Upgrade for the Chiller System in Workshop 102 by NKY Pharmaceuticals

Key Performance

In 2025, the Company invested RMB 2.99 million in dedicated funds for energy conservation and consumption reduction initiatives.



Water Resource Utilization

NKY has continuously advanced the institutionalization and refinement of water resource management. In its chemical business segment, the Company has formulated the *Urban Water Conservation Management Regulations* and the *Water Conservation Reward and Penalty System*. NKY Pharmaceuticals, a subsidiary of NKY, adopts a combined water supply approach integrating groundwater and municipal water to enhance water supply stability. At the same time, the Company strengthens refined management across key areas such as total water consumption control, process optimization, and wastewater recycling, continuously reducing water consumption per unit of product. The Company also actively collaborates with local government authorities on water resource management, jointly promoting optimized allocation of water resources and enhancing its capability to respond to water resource constraints.

Key Performance

In 2025, the Company conducted a comprehensive review and statistical analysis of water usage across all wholly owned and controlled subsidiaries in China. Among them, the total water consumption at the Bo'ai Plant and Zhongzhan Plant amounted to **376,029** tons, representing an increase of **75,292** tons compared with 2024. The increase was primarily attributable to the rise in PVP production volume. The Company will continue to monitor water resource management performance and enhance its green operational efficiency.

Total water consumption: **397,570** Ton Water intensity (Total water consumption per RMB million revenue): **319.18** Ton/RMB million

Circular Economy

NKY continuously promotes circular economy practices by integrating resource conservation, waste reduction, and cleaner production into its daily operational management. At the same time, its subsidiaries promote the use of energy-efficient equipment in line with their respective business characteristics, and consistently advance cleaner production and waste segregation management. Through these efforts, the Company continues to improve resource recycling efficiency and enhance overall green operational performance.

Case Implementing Circular Economy Initiatives to Achieve Closed-loop Resource Utilization and Efficiency Improvement

In 2025, NKY focused on advancing circular economy development and promoted its subsidiaries to implement diversified recycling and reuse initiatives based on their respective business characteristics, thereby reducing resource waste and environmental impact. Heer Medical established a component recycling and remanufacturing mechanism. After dismantling and evaluating returned equipment components, more than 50% of parts were reused. The Company also developed an internal reagent recycling system, utilizing residual reagents for testing and validation purposes. Genergy Bio-Technology cooperated with professional waste treatment organizations to recycle certain waste streams and convert them into production raw materials, thereby building a closed-loop resource system. Eastwin strengthened quality control to reduce material scrap rates and optimized procurement arrangements for production auxiliary materials to further reduce resource consumption. In addition, Heer Medical optimized inventory management, improved consumables utilization efficiency, and gradually increased the use of recyclable materials in packaging and turnover tools. These comprehensive measures fully embody the principles of circular economy, significantly enhance resource efficiency, and support the Company's green and sustainable development.

Climate Change Response

NKY, leveraging its dual-core business layout in fine chemicals and precision medicine, continuously monitors the impacts of climate change on production operations, supply chain stability, and shifts in market demand. The Company adopts climate scenario analysis tools and advances related initiatives across multiple dimensions, including energy structure optimization, green supply chain development, eco-friendly product R&D, and low-carbon transformation of production facilities. NKY integrates climate change response with quality improvement, efficiency enhancement, technological upgrading, and green development, driving the transformation of its development model toward greater efficiency and lower carbon intensity.

Strategic Directions for NKY's Climate Change Response

Energy Structure Optimization	Improve energy efficiency in production processes and explore the use of renewable energy sources to reduce Scope 2 carbon emissions.
Green Supply Chain Development	Encourage suppliers to adopt low-carbon production practices and optimize logistics and transportation processes to reduce Scope 3 carbon footprint.
Eco-friendly Product R&D	Promote green innovation by developing environmentally friendly chemical materials and low-carbon medical technologies in response to evolving market demand.
Low-carbon Transformation of Production Facilities	Invest in energy-saving and consumption-reduction technologies, enhance equipment energy efficiency, and reduce carbon emissions in production operations.

Identification and Assessment of Climate Change Risks and Opportunities

NKY maintains ongoing vigilance over both the physical and transitional risks associated with climate change. The Company undertakes forward-looking assessments that integrate its current business portfolio, the geographic distribution of production facilities, and prevailing industry trends, with a particular focus on the potential impacts of extreme weather events, regulatory tightening, technological advancements, and shifts in market preferences on its operations. Concurrently, NKY actively seeks opportunities arising from energy efficiency initiatives, the adoption of renewable energy, the development of sustainable products, and the optimization of green supply chains. The Company is committed to progressively establishing a comprehensive carbon management system to enable the systematic measurement, monitoring, and management of greenhouse gas emissions.



Identification and Response to Climate-related Risks and Opportunities at NKY

Category	Key Scenarios	Potential Impacts	Response Strategies
Physical Risks	Extreme weather events such as heavy rainstorms, floods, typhoons, extreme heat, extreme cold, and heavy snowfall	Disruptions to plant operations, equipment and facility integrity, logistics transportation, raw material supply, and delivery stability; increased costs for maintenance, production downtime, transportation, and insurance	Improve drainage, windproofing, flood control, and heat protection infrastructure; strengthen resilience of critical production facilities; optimize inventory management and logistics scheduling; establish tiered emergency response plans
Transition Risks	Stricter environmental regulations, higher emission reduction requirements, low-carbon technology upgrades, growing demand for green consumption, and increasing ESG expectations	Higher compliance costs, increased investment in equipment upgrades and technological transformation; greater requirements on product structure, market competitiveness, and brand reputation	Promote low-carbon process optimization; strengthen R&D in green products and technologies; improve environmental data management; enhance green manufacturing capabilities
Development Opportunities	Energy efficiency improvement, renewable energy adoption, green product development, and green supply chain construction	Help reduce energy costs, improve operational efficiency, and enhance market competitiveness and brand value	Continuously advance energy-saving retrofits; optimize energy structure; expand green product portfolio; strengthen supply chain collaboration and management capabilities

Climate Adaptation and Carbon Emission Reduction

NKY continues to advance emission control and energy efficiency improvement initiatives, implements carbon reduction projects, and reduces carbon emissions from its operations. The Company also promotes the R&D and application of low-carbon technologies, continuously strengthening its carbon reduction capability and laying a solid foundation for greenhouse gas quantitative management.

In 2025, the Bo'ai Plant completed ISO 14067 certification for eight products. The Bo'ai Plant and Zhongzhan Plant jointly purchased 72,638 green certificates, achieving 100% green electricity usage across both facilities.



Bo'ai Plant Greenhouse Gas Verification Statement



Zhongzhan Plant Green Electricity Certificates (Partial)

NKY (Jiaozuo) Polymer Emergency Emission Reduction Mechanism

Alert Level	Response Level	Specific Measures
Red Alert	Level I Emergency Response	Full suspension of production lines for NVP, 2-PY, and GBL. Prohibit the use of National IV and below heavy-duty trucks (including gas-powered vehicles) and National V and below heavy-duty gas trucks for transportation. Suspend the use of National III and below non-road mobile machinery.
Orange Alert	Level II Emergency Response	Reduce NVP production from 60 tons/day to 30 tons/day; reduce 2-PY production from 60 tons/day to 30 tons/day; reduce GBL production from 64 tons/day to 32 tons/day. Simultaneously implement restrictions on transportation vehicles and non-road mobile machinery.
Yellow Alert	Level III Emergency Response	Reduce NVP production from 60 tons/day to 42 tons/day; reduce 2-PY production from 60 tons/day to 42 tons/day; reduce GBL production from 64 tons/day to 44.8 tons/day. Simultaneously implement restrictions on transportation vehicles and non-road mobile machinery.

Case Product Carbon Footprint Accounting to Strengthen Green Global Competitiveness

In November 2025, multiple PVP products and the Eudragit® series products of NKY received ISO 14067 product carbon footprint certification issued by Bureau Veritas. The verification covered the entire life cycle, including raw material procurement, production, transportation, use, and end-of-life recycling. By adopting international standards for product carbon emission quantification, the Company further enhances its green manufacturing and supply chain traceability capabilities. This initiative lays a solid foundation for addressing international low-carbon regulatory requirements, improving global market access and customer recognition, and promoting the green transformation of the pharmaceutical industry chain.



NKY Product Carbon Footprint Verification and Certification Ceremony

Key Performance

Total greenhouse gas emissions (Scope 1 and Scope 2)	Greenhouse gas emissions per RMB million revenue
99,337.67 tCO ₂ e	84.32 tCO ₂ e/RMB million
Scope 1 greenhouse gas emissions	Scope 2 greenhouse gas emissions
37,237.79 tCO ₂ e	62,099.88 tCO ₂ e

Pollutant and Waste Management

NKY strictly complies with relevant environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law*, the *Water Pollution Prevention and Control Law*, and the *Law on the Prevention and Control of Environmental Pollution by Solid Waste*. The Company has established and implemented a series of internal management systems, such as the "Three Wastes" Management System, Fugitive VOCs Emissions Management System for Plant Areas, Solid Waste Treatment Technologies and Methods, and the Hazardous Waste Management System. In addition, in accordance with the *Self-monitoring Plan*, NKY integrates pollution prevention and waste management into the entire production process. The Company continuously improves emission control and waste disposal capabilities, providing strong support for ensuring stable operations, reducing environmental risks, and strengthening the foundation of green operations.



Pollutant Discharge Permits of NKY Pharmaceuticals and NKY (Jiaozuo) Polymer

Waste Classification Management and Control

NKY regards waste classification management as an important lever for improving resource utilization efficiency, strengthening environmental risk prevention and control, and consolidating the foundation of green operations. The Company continuously promotes the evolution of waste management from end-of-pipe disposal to full-process refined control. Focusing on standardized classification, source reduction, process controllability, and compliant disposal, NKY steadily strengthens classification awareness and on-site implementation requirements. The Company also promotes the integration of waste management with production operations, environmental protection, and compliance management, providing strong support for improving environmental management performance and advancing sustainable development.

NKY Waste Classification Management and Control Measures
General Waste

- NKY implements classified collection and standardized disposal management for general waste.
- At NKY (Jiaozuo) Polymer, general industrial solid waste mainly includes calcium carbide residue and other materials. The calcium carbide residue is filtered by pressure and temporarily stored in a dedicated storage shed, then regularly sold to external parties, with a transportation ledger established for tracking.
- The Company continuously promotes standardized disposal and comprehensive utilization of general industrial solid waste to improve resource recovery efficiency.

Hazardous Waste

- NKY implements full-process standardized management of hazardous waste. Dedicated hazardous waste storage facilities are established with classified and zoned storage; different categories of hazardous waste are strictly prohibited from being mixed.
- Storage facilities are equipped with windproof, sunproof, rainproof, leakproof, and anticorrosion measures, and are marked with standardized signage and labels.
- Full lifecycle tracking systems are established for hazardous waste, including inbound/outbound records, transfer documentation, and disposal records, with all relevant information reported in accordance with regulatory requirements. Final disposal is carried out by qualified licensed third-party entities.
- During operations, appropriate personal protective equipment is provided, and emergency response procedures are promptly activated and reported in case of abnormalities.

Domestic Waste

- Domestic waste generated within NKY facilities is collected in classified containers and transferred to sanitation authorities for regular collection and disposal. This helps maintain a clean and orderly plant environment and reduces the impact of improperly managed domestic waste on site conditions and daily operations.

Case Conducting Specialized Training on Hazardous Waste Management to Enhance Standardized Practices

In September 2025, NKY's Environmental Protection Department organized a specialized training session on hazardous waste storage and identification signage. The training focused on key regulatory requirements, including the *Standard for Pollution Control on Hazardous Waste Storage* and the *Technical Specifications for Hazardous Waste Identification Signage*. The session further strengthened the environmental management team's understanding of hazardous waste storage requirements and labeling standards, improving the standardization, normalization, and refinement of hazardous waste management practices. This initiative also provides strong support for further enhancing the full-process management of hazardous waste in subsequent stages.



NKY Conducts Hazardous Waste Management Training

Key Performance

Total non-hazardous waste generated	Total hazardous waste generated	Compliance rate of hazardous waste disposal
15,714 tons	1,961.69 tons	100%

Note: This data covers only NKY Pharmaceuticals and NKY (Jiaozuo) Polymer.

Wastewater Management

NKY regards wastewater management as an important aspect of coordinated environmental protection and production operations. The Company continuously strengthens full-process management across wastewater collection, treatment operations, monitoring and early warning, and compliant discharge. NKY has established a tiered wastewater management responsibility system led by senior management, coordinated by the Environmental Protection Department, and implemented by production management departments and workshop teams. Relevant requirements are embedded throughout facility operations, on-site inspections, monitoring records, and abnormal incident handling processes. Through these measures, the Company continuously improves the stability and refinement of wastewater treatment, providing strong support for environmental compliance management and the stable operation of production activities.

NKY Wastewater Control Measures

Collection and Diversion Management	NKY (Jiaozuo) Polymer implements rainwater and sewage diversion. Production wastewater and domestic sewage are collected through factory pipelines and directed to the wastewater treatment plant. Discharge of wastewater into rainwater pipelines is strictly prohibited.
Wastewater Treatment Operation	Operators of the wastewater treatment plant carry out daily operations in accordance with operating procedures, strictly control chemical dosing, and record dosing activities and plant operating conditions on a daily basis. Records are submitted to the Environmental Protection Department for retention on a monthly basis. The wastewater treatment process includes units such as aeration equalization, hydrolysis acidification, anaerobic, anoxic, and aerobic treatment.
Emission Monitoring Management	NKY entrusts third-party testing organizations to conduct regular manual monitoring of the wastewater outlet in accordance with the self-monitoring plan. At NKY Pharmaceuticals, key parameters such as total phosphorus and suspended solids are monitored monthly at the main discharge outlet, while five-day biochemical oxygen demand (BODs), total organic carbon (TOC), and adsorbable organic halogen compounds (AOX) are monitored quarterly.
Online Monitoring and Station Management	Some wastewater discharge outlets are equipped with automatic online monitoring systems for real-time data collection and transmission. Access to wastewater online monitoring stations is strictly controlled; only Environmental Protection Department personnel and authorized third-party maintenance staff are permitted entry.
Emission Assessment and Exception Management	The Environmental Protection Department prepares monthly production emission assessment reports based on data submitted by workshops and implements performance evaluations for any exceedances or abnormal conditions. Relevant workshop leaders are required to implement corrective actions and may communicate feedback with the Environmental Protection Department on the day of assessment issuance.

Key Performance

Total wastewater discharge	NH ₃ -N emissions	COD emissions
540,625.25 tons	2.29 tons	51.71 tons

Note: This data covers only NKY Pharmaceuticals and NKY (Jiaozuo) Polymer.

Due to the installation location of wastewater discharge metering valves at NKY (Jiaozuo) Polymer, part of the wastewater measured is subsequently reused as reclaimed water (recycled water). As a result, the recorded wastewater discharge data is higher than the actual discharged volume.

Waste Gas Management

NKY regards waste gas control as a key priority in pollution prevention and control. The Company continuously promotes coordinated implementation of source control, process management, and end-of-pipe treatment, with strengthened full-process supervision over key emission sources, treatment facilities, and monitoring data. NKY has established a clear responsibility chain for waste gas management, led by senior management, supervised and promoted by the Environmental Protection Department, and implemented by production systems and workshop-level operators. This system covers key processes including emission collection, facility operation and maintenance, outlet monitoring, online management, and corrective actions for abnormalities. Through continuous improvement of accountability mechanisms and operational control systems, NKY steadily enhances the standardization and stable compliance of waste gas treatment, laying a solid foundation for green production and air environmental risk prevention.

NKY Waste Gas Control Measures

Source Control	NKY implements sealed storage management for volatile raw materials and products. Relevant storage tanks are equipped with breathing valves, pressure regulation devices, or internal floating roof designs as required to reduce fugitive emissions.
Collection and Treatment Facility Operation	NKY requires that waste gas must be treated by effective pollution control measures prior to discharge. Direct emission without treatment is strictly prohibited. Waste gas collection pipelines and treatment facilities are regularly maintained and inspected to ensure system integrity, with operation logs properly recorded. Treatment technologies include thermal oxidation (incineration), activated carbon adsorption, bag filtration, and low-temperature plasma processes.
Key Emission Outlet Management	NKY (Jiaozuo) Polymer has established multiple monitoring points, including wastewater treatment plant exhaust stacks, incinerator emission outlets, No.1/No.2/No.3 boiler stacks, and acetylene crushing workshop outlets. These key emission sources are subject to categorized management and monitoring.
Periodical Monitoring	NKY Pharmaceuticals conducts monitoring in accordance with its self-monitoring plan. Key indicators at incinerator stacks are monitored monthly, including particulate matter (PM), sulfur dioxide (SO ₂), nitrogen oxides (NO _x), and non-methane total hydrocarbons (NMHC); dioxins are monitored semi-annually. Spray drying exhaust is monitored semi-annually for particulate matter. Boiler stacks are monitored monthly, quarterly, or annually for NO _x , particulate matter, SO ₂ , and Ringelmann blackness. Fugitive emissions at plant boundaries are monitored quarterly for odor concentration, ammonia (NH ₃), hydrogen sulfide (H ₂ S), particulate matter, and NMHC.
Online Monitoring and Data Transmission	Some waste gas emission outlets are equipped with automatic online monitoring systems, with real-time data transmitted to environmental regulatory platforms. Online monitoring stations are subject to access control management to ensure proper operation of equipment and controlled data management.

Case Upgrading Boiler Environmental Protection Facilities to Strengthen Waste Gas Control

In 2025, NKY focused on strengthening air pollution control in production processes at NKY (Jiaozuo) Polymer, and actively advanced the configuration and upgrading of boiler environmental protection facilities. The Company operates a 20-ton hydrogen natural gas boiler, a 6,000 kW thermal oil boiler, and a 12,000 kW thermal oil boiler in its production activities. All boilers are equipped with low-NO_x combustion systems, reducing air pollutant generation at the source. In addition, flue gas online automatic monitoring systems were installed for the 20-ton boiler and the 12,000 kW thermal oil boiler, enabling real-time data transmission and connectivity with regulatory authorities. This ensures that emission data is traceable in real time and remains under compliant control. Through the upgrading of environmental protection equipment and the establishment of an online monitoring and supervision system, the Company strictly implements emission control requirements, significantly enhances air pollution management performance, and strengthens environmental compliance in production operations. These efforts reflect NKY's commitment to refined environmental management and sustainable development.

Key Performance

Total waste gas emissions	NO _x emissions	SO _x emissions
827,623,700 cubic meters	5.026 tons	0.449 tons
PM emissions	VOCs emissions	
0.257 tons	1.102 tons	

Note: This data covers only NKY Pharmaceuticals and NKY (Jiaozuo) Polymer.

Noise Management

NKY coordinates its subsidiaries to formulate and implement the *Noise Management System*, establishing a comprehensive responsibility framework for noise control. This system is led by the General Manager as the primary responsible person, coordinated by the Safety and Environmental Protection Department, and implemented by equipment user departments for daily management, maintenance departments for repair and upkeep, and employees at operational positions for standardized practices. The noise management system integrates key elements, including noise source identification, monitoring and assessment, engineering-based noise reduction measures, personal protective equipment management, and equipment maintenance, into a unified management framework. Guided by the objectives of safeguarding occupational health, minimizing noise impact on surrounding environments, and reducing environmental complaint risks, NKY continuously enhances on-site management standardization and environmental compliance performance.

NKY Noise Control Measures

Source Control	Periodically conduct inspections of corporate noise sources, establish a noise source inventory, and dynamically track noise conditions of key equipment and key operational areas.
Source Control	Carry out quarterly noise monitoring. For new equipment commissioning, major upgrades, or process changes, special assessments are conducted in a timely manner.
Source Control	Prioritize the use of low-noise equipment and implement measures such as sound insulation, vibration damping, isolation, rational layout, and sound absorption to control noise propagation.
Source Control	Strengthen routine inspection, maintenance, and documentation of noise-generating equipment and noise reduction facilities to ensure stable operation of noise control systems.
Personal Protection	Provide employees in noise-exposed positions with protective equipment such as earplugs and earmuffs, and conduct training on proper use and wearing practices.
Abnormality Handling	Promptly report and rectify equipment abnormalities, abnormal noise, or exceedance situations, and promote closed-loop management of identified issues.



4 Unity and Aspiration

Sharing Development Benefits

Core Philosophy

NKY has always adhered to its core development philosophy of “putting people first, empowering employees, and giving back to society”. The Company deeply integrates social responsibility into the entire chain of its business operations, focusing on safeguarding employee rights, ensuring work safety, and fulfilling social commitments. NKY pursues a talent-driven strategy by establishing a full-cycle employee growth and protection system covering recruitment, rights protection, training and development, employee care and benefits, and occupational health and safety. This system effectively protects employees’ legitimate rights and helps them grow in tandem with the company. At the same time, leveraging its industrial strengths, NKY actively engages in social welfare and rural revitalization initiatives. Through industry empowerment, technology sharing, and multi-party collaboration, the Company fulfills its corporate social responsibility, contributes to improving people’s livelihoods and promoting coordinated regional development, and achieves the synergistic enhancement of both corporate and social value.

Core Actions

- Employment and Rights Protection
- Employee Training and Development
- Employee Care and Benefits
- Occupational Health and Safety
- Social Contribution and Rural Revitalization

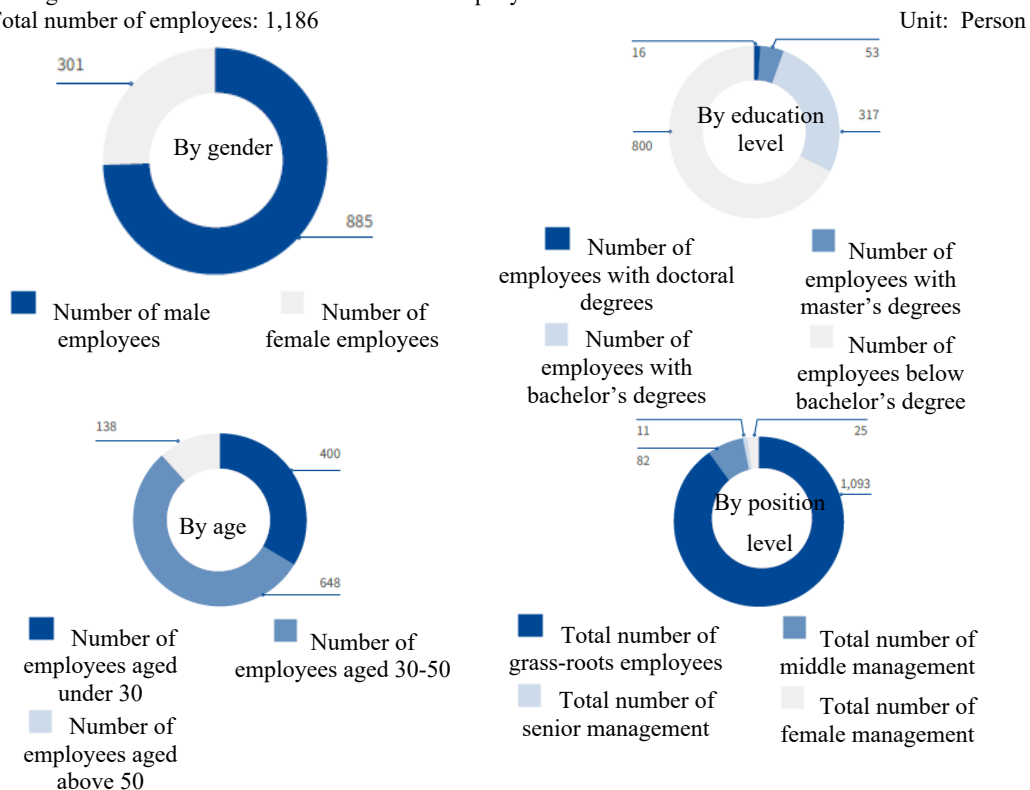
SDGs Alignment



Employment and Rights Protection

The Company consistently upholds a “people-oriented” core development philosophy and strictly complies with relevant laws and regulations, including the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China*, and the *Trade Union Law of the People’s Republic of China*. It has established internal policies such as the *Employee Handbook* and the *Recruitment Management Guidelines*, integrating the protection of employee rights and interests throughout the entire human resources management process. The Company is committed to fostering a fair, equitable, compliant, and inclusive employment environment, safeguarding the legitimate rights and interests of employees, and promoting mutual growth and shared success between the Company and its workforce.

Total number of employees: 1,186



Compliant Employment

The Company strictly complies with relevant laws and regulations, including the *Provisions on Prohibition of Child Labor*, and has established and implemented internal policies such as the *Regulations on the Prohibition of Child Labor and Forced Labor*. It maintains a zero-tolerance stance toward illegal employment practices, including child labor and forced labor, and firmly upholds the bottom line of lawful and compliant labor practices.

Requirements for Compliant Employment Management

Prohibition of Child Labor

- During recruitment, the Company conducts strict identity verification by reviewing valid identification documents of candidates and strictly prohibits the employment of individuals under the age of 16.

- If any department discovers false age information or suspects the presence of child labor after onboarding, it must promptly notify the HR Department. Upon verification that the individual is a minor, the Company will immediately terminate employment, inform the individual’s parents or legal guardians to take them home, and complete the necessary reporting and record-filing procedures.

- The Company respects employees’ personal freedom and labor rights, strictly prohibits forced labor, and does not require employees to work overtime without proper procedures for sick leave or personal leave, nor does it restrict employees’ legitimate rights to rest and leave.

Prohibition of Forced Labor

- The Company has established reporting channels, and employees who identify instances of forced labor may report such concerns via dedicated telephone lines or email. Upon receiving a report, the Company will promptly conduct an investigation and verification. If the allegation is substantiated, the Company will immediately stop the misconduct, impose strict disciplinary actions on the responsible parties, and, in serious cases, refer the matter to judicial authorities.

Diverse and Equal Employment

The Company is committed to fostering a diverse, equal, and inclusive workplace. It has established dedicated policies such as the *Anti-discrimination, Anti-harassment, and Anti-abuse Management Policy*, and firmly opposes and prohibits any form of discrimination, harassment, or abuse. The Company safeguards employees’ dignity and lawful rights and interests.

Equal Employment Management Mechanism

Comprehensive Anti-discrimination Management

- The Company strictly prohibits discrimination across all aspects of human resources management, including recruitment and compensation, and ensures equal opportunities for employees’ career development. It does not discriminate against or dismiss pregnant employees and provides reasonable job adjustments where necessary. The Company also respects employees’ freedom of religious belief and safeguards their lawful religious practices.

Zero-tolerance Approach to Harassment and Abuse

- The Company strictly prohibits any form of harassment or abuse, including sexually suggestive harassment, insinuations, or inappropriate language.
- It also strictly forbids managers from verbally or physically abusing employees, using offensive language, or displaying improper conduct, and is committed to preventing any infringement of employees’ human rights.

Diverse Workplace Development

- The Company values workforce diversity and recognizes differences among employees from various backgrounds, leveraging diverse team building to enhance organizational capability and efficiency.
- It ensures equal employment opportunities for minority groups, women, and persons with disabilities, and promotes a diverse employment system that provides fair development opportunities for employees from all backgrounds.

Key Performance

In 2025, the Company recorded **no** confirmed incidents of discrimination, forced labor, or child labor. The Company employed **20** veterans and **3** employees from ethnic minority groups.

Protection of Female Employees' Rights and Interests

The Company attaches great importance to the protection of female employees' rights and interests. It strictly complies with applicable laws and regulations, including the *Special Provisions on Labor Protection of Female Employees*, and has entered into a *Special Collective Contract on the Protection of Female Employees' Rights and Interests*. The Company has established a comprehensive protection framework, providing female employees with full-lifecycle, tailored rights protection and care.

Female Employees' Rights Protection Mechanism

Equal Employment and Career Development

- The Company ensures equal pay for equal work between male and female employees. It does not reduce wages or benefits, restrict promotion, or terminate employment on the grounds of marriage or pregnancy. Employment contracts that expire during pregnancy are automatically extended;
- The Company ensures that female employees have equal opportunities with male employees in promotion, training, and other areas. It maintains an appropriate proportion of female representatives in the employee representative congress and safeguards their rights to democratic participation and management.

Special Protection Throughout the "Five Stages" Lifecycle

The Company provides comprehensive, lifecycle-based protection for female employees during menstruation, pregnancy, maternity, lactation, and menopause.

Health Protection and Workplace Safety

- The Company provides annual gynecological health examinations for female employees.
- On International Women's Day, female employees are entitled to a half-day holiday; where leave cannot be granted, compensatory time off is provided. The Company also organizes related activities and offers benefits.
- The Company has established policies to prevent and address workplace sexual harassment, along with a complaint handling mechanism. It protects the privacy of female employees and fosters a safe working environment.

Democratic Management and Communication

The Company has established, in accordance with the law, a trade union and a female employees' committee, among other bodies. It has entered into a *Collective Enterprise Contract* and issued a *Collective Bargaining Proposal* with employees to safeguard their rights to participate in democratic management and supervision. The Company has also established multi-channel, end-to-end grievance and feedback mechanisms to ensure that employee concerns are addressed in a timely and fair manner, thereby effectively protecting employees' legitimate rights and interests.

Equal Employment Management Mechanism

Trade Union and Collective Contract Management

- The Company has entered into collective contracts with the trade union, including a special collective contract on the protection of female employees' rights and interests, clearly defining key matters such as remuneration and safeguarding employees' rights and interests.
- The employee representative congress serves as the primary mechanism for democratic management. Major matters involving employees' vital interests are subject to review and approval by the congress. The proportion of female representatives is aligned with the proportion of female employees.

End-to-End Grievance and Feedback Mechanism

- The Company has established multi-channel grievance mechanisms. Employees who encounter unfair treatment or related issues may submit complaints through a dedicated hotline, email (xkybgs@126.com), or suggestion boxes.

Regular Collection of Employee Feedback

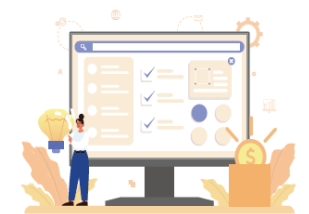
- The Company periodically conducts employee satisfaction surveys. Based on the survey results and employee suggestions, it promptly consolidates and analyzes feedback, formulates and implements improvement measures, optimizes the working environment and management mechanisms, and enhances employees' sense of belonging and well-being.

Key Performance

In 2025, the Company's employee satisfaction score was **95.22**, and the employee turnover rate was **6.70%**.

Compensation and Performance Management

The Company strictly adheres to the principles of distribution according to work and equal pay for equal work. It has established a compensation and benefits system aligned with business development and linked to employees' performance and contributions. Through collective consultation mechanisms, the Company fully safeguards employees' rights to remuneration, while balancing internal equity and external market competitiveness in pay distribution. At the same time, with the *Performance Management Guidelines* as the institutional foundation, the Company has developed a closed-loop, end-to-end performance management system centered on the Management by Objectives (MBO) approach. Through a continuous cycle of performance planning, coaching and communication, evaluation, and application of results, the system effectively translates corporate strategic objectives into actionable targets. It also provides a scientific basis for employees' career development and capability enhancement, ultimately achieving a dual improvement in business performance and employee value.



Compensation and Performance Management System

Structured Compensation Framework

• Compensation is aligned with a five-track job grading system covering management, technical, production operations, functional, and sales roles. Each grade comprises 13 levels, with compensation consisting of fixed position-based pay, variable performance-based pay, and skill-based pay, enabling a strong linkage between pay and performance.

End-to-End Communication and Coaching

• The Company has established a full-cycle mechanism of “objective setting – coaching – feedback – improvement”. Process management is conducted through weekly and monthly review meetings as well as ad hoc coaching sessions. Following performance evaluations, appraisal interviews are conducted and documented in a *Performance Evaluation Interview Form* for record-keeping.

Performance Appraisal Grievance Procedure

Submission of Grievance

Employees may submit a grievance form within five working days upon being informed of the performance appraisal results.

Grievance Review

• The HR Department shall review and verify the grievance within five days and submit it to the General Manager for approval. If necessary, a review meeting may be convened.



Tiered and Categorized Performance Evaluation System

- Annual evaluations for senior and middle management consist of monthly assessments, annual key objectives, and comprehensive evaluations;
- For frontline and operational employees, evaluations are primarily based on monthly assessments, supplemented by supervisors’ overall evaluations;
- Performance results are categorized into five levels (A–E). Monthly assessments are linked to departmental performance, with a mandatory normal distribution applied.

Diversified Closed-loop Application

- Performance evaluation results are closely linked to compensation, promotion, job transfer, contract termination, and training;
- Employees with unsatisfactory performance may be subject to pay reduction, demotion, or contract termination. Targeted training programs are also developed to address identified competency gaps.

Employee Training and Development

NKY regards talent as its primary resource for development and places great emphasis on employee training and career development. It has established a training system covering the entire employee lifecycle, along with multi-channel career development pathways, providing diversified learning resources and growth opportunities. The Company continuously enhances employees’ professional capabilities and overall competencies, achieving aligned development between employee growth and high-quality corporate development.

Employee Training

The Company closely aligns its training initiatives with actual production and operational needs as well as employees’ full career lifecycle development requirements. Guided by the *Training Management Procedures*, it has established a systematic, standardized, and end-to-end training management system with clearly defined requirements across all dimensions of training, ensuring efficient and compliant implementation. The Company develops a tiered and segmented training framework tailored to the competency needs of employees at different levels and positions, providing full lifecycle coverage from pre-job training for new employees to continuing education for existing staff. For positions related to production quality, the Company strictly implements a “training-before-posting” principle. In addition, a diversified training approach combining online and offline learning as well as theory and practical training is adopted to ensure precise content alignment and effective implementation, continuously enhancing employees’ professional capabilities and overall competencies.

Four Core Training Modules

Professional Knowledge Training

Cover foundational theories, professional knowledge, laws and regulations required for respective positions.

Professional Skills Training

Focus on the improvement of practical, job-related operational capabilities.



Awareness and Competency Training

Cover corporate culture, professional ethics, occupational safety, responsibility care, and integrity and self-discipline, enhancing employees’ overall competencies and professional awareness.

Corporate Culture and Policy Training

Include company rules and regulations, organizational structure, development history, and corporate culture, helping employees quickly integrate into the Company and align with its values.

Tiered and Segmented Training Implementation

Three-Level Pre-Job Training for New Employees

- The Company has established a three-level pre-job training system for new employees, consisting of Company-level, Department-level, and Position-level training, to help them quickly adapt to their roles.
- Company-level general training is delivered by the HR, EHS, and Quality departments, covering topics such as company overview and requiring no less than two training hours. Employees must pass a closed-book assessment before proceeding to department-level training. Department-level professional training is conducted by the respective departments and covers content such as departmental structure and responsibilities. Position-level practical training is provided through one-on-one mentoring by onboarding coaches, covering job functions and responsibilities. Training is completed in full accordance with the training checklist.

Targeted Specialized Training for In-service Employees

- The Company provides targeted, role-based specialized training for in-service employees according to job categories to enhance job competencies.
- Employees in production, quality, and utility system roles receive no less than 12 training hours per year of GMP and quality management training, covering regulatory updates and related topics. Regular safety training is also conducted on an ongoing basis. Specialized training programs, such as leadership training, are provided for management personnel at all levels. Employees in special operation roles are strictly required to hold valid certifications. Pre-job training and periodical re-certification training are organized accordingly.

Job Transfer and External Training Management

- For internal job transfers and reassigned employees, the Company implements a “training-before-posting” principle. Employees are required to complete training and assessment in accordance with the training checklist for the new position and fill in the *Employee Job Placement/Transfer Qualification Confirmation Form*. Only those who pass the review are approved to take up the new role.
- The Company supports employees in participating in external professional training. Applications must be submitted in advance and approved by the General Manager. Within one week after completion, relevant materials shall be submitted for archiving, and internal knowledge sharing or re-training shall be completed within one month.

Indicator		Unit	2025 Data
Total number of training sessions		Session	105
Annual training expenditure		RMB ten thousand	31.11
Employee training coverage rate		%	100
Total number of employees trained		Person	761
Total training hours		Hour	62,097.6
Average training hours per employee		Hour	81.6
By position level	Total training hours of grass-roots employees	Hour	56,686.2
	Average training hours per grass-roots employee	Hour	82.27
	Total training hours of middle management	Hour	4,553.4
	Average training hours per middle management	Hour	75.89
	Total training hours of senior management	Hour	858
	Average training hours per senior management	Hour	71.50

Employee Promotion

The Company has established a fair, impartial, and transparent end-to-end promotion management mechanism. Guided by the *Employee Skills Level Assessment Management Measures* and *Employee Promotion Management System*, it clearly defines promotion criteria, approval authorities, and assessment standards to ensure a transparent and standardized promotion process. The Company adheres to an internal-first talent selection principle, evaluating employees based on integrity, capability, diligence, and performance, and providing high-performing employees with vertical career advancement pathways. At the same time, the Company supports employees in broadening their competencies through lateral job rotation and cross-track development, thereby building a dual career development system encompassing both management and professional tracks. This approach aims to ensure that employees are placed in roles that best match their abilities, enabling “the right people in the right positions,” and supporting continuous career growth and value enhancement for all employees.

Five Job Grade Tracks System

Management Track

Designed for talents with team management and comprehensive business management capabilities, covering the full management hierarchy from supervisors and managers to directors and general managers.

Technical Track

Designed for technical professionals with strong theoretical knowledge and R&D capabilities, covering the full technical hierarchy from technicians to chief scientists.

Production Operations Track

Designed for frontline production and skilled operation personnel, covering the full skill-based hierarchy from general workers to skilled experts.

Functional Track

Provides a complete career development pathway for employees in functional support roles.

Sales Track

Provides a complete career development pathway for employees in sales and marketing roles.



Employee Care and Benefits

The Company consistently upholds its corporate mission of “empowering employees” and adheres to a people-oriented philosophy. In strict compliance with statutory benefits, it continuously enhances a diversified welfare system and employee care initiatives. The Company places strong emphasis on employees’ physical and mental well-being, work–life balance, and family needs, providing comprehensive and multi-dimensional care and support. By fostering a harmonious, supportive, and inclusive workplace environment, the Company aims to strengthen employees’ sense of belonging, and continuously enhance employee well-being and organizational cohesion.

Employee Care and Benefits Assurance Mechanism

Statutory Benefits Assurance

- Social insurance and commercial insurance coverage
- Implementation of statutory allowances and paid leave



Special Employee Care

- Daily general welfare: provision of labor protection supplies, heatstroke prevention and cooling items, holiday gifts, year-end bonuses, and hygiene allowances for female employees
- Living support services: employee canteen, dormitories, work uniforms, and free parking facilities
- Corporate culture and team activities: periodical organization of sports events, birthday celebrations, team-building tours, themed activities, competitions, and skills contests
- Employee hardship assistance: establishment of an emergency relief mechanism to provide support for employees in difficulty, and offering holiday condolences and care to retirees, employees with serious illnesses, and families of employees who died in service

Case The 11th Employee Sports Games – Strengthening Team Cohesion and Inspiring Corporate Spirit

In May 2025, in response to the national fitness initiative and closely aligned with its core development priorities, NKY successfully held its 11th Employee Sports Games. The Company believes that a healthy body is the foundation of efficient work, team cohesion is key to overcoming challenges, and the pursuit of excellence is the core driving force for development.



Employee Sports Games

Case Women’s Day Cultural Tour – Strengthening Female Employee Cohesion and Enhancing Sense of Belonging

In March 2025, on the occasion of the 115th International Women’s Day, NKY put its employee care philosophy into practice by organizing an exclusive cultural tour for all female employees to Gaoping, Shanxi Province, led by the Administration Office. During the activity, participants visited cultural landmarks such as Xizhen Suzhuang and the Tiefu Temple, where they experienced traditional Ming and Qing wedding customs and appreciated the aesthetics of Eastern heritage culture. They also enjoyed a night tour of the illuminated scenic area and watched the folk-themed live performance *The Marriage of Xiao'erhei*. Through immersive cultural experiences and group interaction, employees gained a deeper appreciation of cultural heritage while strengthening team cohesion and a sense of warmth within the organization.



Women’s Day Team-building Activity

Case Launch of In-house Gym – Safeguarding Employee Health and Enhancing Organizational Vitality

In December 2025, NKY’s in-house gym was officially put into operation. Focusing on employees’ health needs, the Company has created a dedicated fitness space for after-work exercise and stress relief, providing convenient conditions for physical training. Adhering to the philosophy that “good health is the foundation of productivity,” the Company encourages employees to proactively manage their health, make proper use of fitness equipment, and engage in regular exercise. Through physical training, employees can strengthen their fitness, relieve work-related stress, and devote themselves to work and life with greater energy and a more positive mindset.



Launch of In-house Gym

Key Performance

In 2025, the Company’s employee benefits coverage rate reached 100%.

Occupational Health and Safety

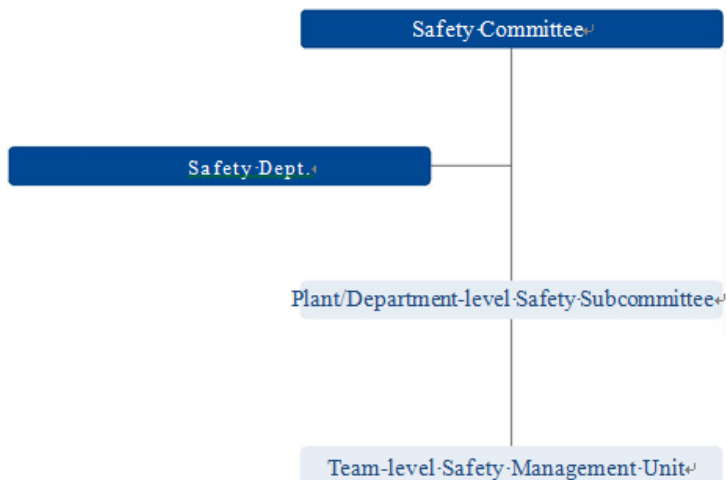
NKY consistently upholds the occupational health and safety policy of “safety first, prevention-oriented, and comprehensive management.” It regards occupational health and safety as the lifeline of sustainable development and is committed to the core objectives of “zero accidents, zero injuries, zero occupational diseases, and zero major safety hazards”. The Company has established an end-to-end, multi-level occupational health and safety management system with full employee participation. Safety management requirements are integrated throughout the entire production and operation process, effectively safeguarding the life safety and physical health of all employees, contractors, and relevant stakeholders. By ensuring safety compliance, the Company lays a solid foundation for high-quality development.

Governance

Management Structure

The Company has established a Company-level Safety Committee as the highest decision-making body for occupational health and safety management. The General Manager serves as the Chair, and members include the core management team, heads of all departments, and production plant managers. The Committee is responsible for overall coordination of key safety matters, including the formulation of safety management policies, decision-making on major issues, and approval of annual safety objectives. Centered on the Safety Committee, the Company has built a three-tier vertical management system of “Company coordination – Plant implementation – Team execution”. Dedicated task forces have been established to address major hazard sources and specific safety initiatives, ensuring full coverage of safety management. In addition, the Safety Committee implements a quarterly meeting and quarterly safety inspection system, forming a full-process management mechanism of “meeting planning – inspection implementation – corrective action closure – review and optimization,” thereby ensuring effective execution of safety management requirements.

Occupational Health and Safety Management Structure



Management System

The Company strictly complies with applicable laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. In alignment with the characteristics of its dual business segments - chemical manufacturing and precision medicine, the Company has established a comprehensive occupational health and safety management system covering all business processes and management dimensions. The system includes more than 50 specialized policies, such as the work safety responsibility system, fully addressing safety management requirements across all aspects of production and operations. The Company conducts regular reviews and revisions of these policies to ensure alignment with evolving laws, regulations, and operational practices. In addition, the Company has obtained ISO 45001 certification, established dedicated occupational health management bodies, and assigned both full-time and part-time personnel. These measures provide a robust institutional and system-based foundation for occupational health and safety management.

Smart Safety and Emergency Management Platform Work Safety Responsibility System

- The Company has established and effectively implemented a work safety responsibility system covering all employees. Safety responsibilities are decomposed and assigned at all levels, from the Company’s senior management to frontline employees, with annual safety target responsibility agreements signed step by step. This clarifies safety duties, management requirements, and performance assessment criteria for each position, ensuring “one responsibility per position, clear alignment of duties and responsibilities, and full employee coverage”.
- For five major hazard sources, including liquid ammonia storage units, calcium carbide storage units, and production workshops, the Company has formulated the *Major Hazard Source Safety Responsibility Assignment System*, designating principal responsible persons, technical responsible persons, and operational responsible persons for each hazard source. Full-process accountability management is implemented, supported by regular compliance inspections and online system reporting to ensure that safety control responsibilities are effectively assigned and implemented at the individual level.

Supervision and Performance Assessment Mechanism

- The Company has established an internal professional safety inspection team led by the General Manager, and implemented a four-tier inspection system consisting of “daily inspections, weekly team inspections, monthly workshop inspections, and quarterly Company-level inspections.” Leveraging digital tools such as the Smart Safety and Emergency Management Platform and the “Emergency Assistant” (Yingjibao) APP, the Company has achieved an end-to-end online closed-loop management process covering hazard identification, reporting, rectification, and verification;

• The Company has incorporated the effectiveness of occupational health and safety management into the annual performance appraisal of all departments and positions, and established a special reward and punishment mechanism. It commends and rewards units and individuals with outstanding safety management performance, and holds accountable those responsible for illegal operations and ineffective rectification of potential hazards. Meanwhile, the Company has issued the *Internal Reporting and Reward System for Potential Accidents and Hazards* to encourage full participation in potential hazard investigation, and provides cash rewards to employees who report valid potential hazards.



The Company has obtained ISO 45001 Occupational Health and Safety Management System certification



Smart Safety and Emergency Management Platform

Strategy

The Company places safety production as a top priority of its corporate development and integrates occupational health and safety management into its overall development strategy. In light of the risk characteristics of its dual business segments—chemical manufacturing and precision medicine, the Company has formulated a medium- to long-term safety development plan focusing on “intrinsic safety improvement.” The Company strictly implements the principle of “simultaneous planning, implementation, and development,” and continuously improves its long-term safety management mechanism. It proactively prevents and mitigates major safety risks at source. Guided by strategic direction, the Company enhances its safety governance capabilities to ensure safe, stable, and high-quality development.

The Company has identified the following risks and opportunities related to “occupational health and safety”:

Risks/opportunities	Description	Time Horizon	Financial Impact	Mitigation Measures
Risks				
Physical risk	Fire and explosion risks caused by leakage of flammable chemicals; poisoning and asphyxiation risks caused by toxic and hazardous chemicals.	Short-/Medium-term	Equipment damage, compensation for personnel injury, regulatory penalties, and production and revenue losses due to shutdowns	Control of major hazard sources; equipment sealing management; static electricity prevention; leakage emergency response; ventilation and purification of workplaces; provision of personal protective equipment; occupational hazard monitoring; emergency rescue preparedness.
	Explosion and leakage risks caused by overpressure or corrosion of special equipment, pressure vessels, and pressure pipelines.	Medium-/Long-term	Equipment repair and replacement costs, production capacity losses due to shutdowns, and compliance rectification costs	Periodical inspection of special equipment; routine maintenance; safety accessory calibration.
	Risks of electric shock, mechanical injury, falls from height, and object strike during electrical, mechanical, working-at-height, and confined space operations.	Short-term	Work-related injury compensation, lost working time, rectification costs, and increased labor costs	Permit-to-work system for special operations; on-site supervision; personnel training; safety protection equipment provision.
Transition risk	Compliance risks arising from updates to occupational health and safety laws and regulations.	Medium-/Long-term	Investment in technical upgrades and training, production shutdown losses due to rectification, regulatory penalties, and revenue loss	Continuous monitoring of regulatory updates; system revision; company-wide compliance training.
	New safety risks arising from production process and technological upgrades.	Medium-term	Upfront investment in safety assessment; potential accident losses	Safety assessment for new processes; specialized risk evaluation; revision of operating procedures; job-specific training.
Opportunities				
Intrinsic safety improvement opportunity	Through safety technology upgrades, digital smart safety platform development, and production process optimization, the Company can reduce safety risks at source, minimize hidden costs such as unplanned downtime and accident handling, and improve operational continuity and efficiency.	Short-/Long-term	Reduced downtime losses, lower operating costs, improved gross margin	Continuous implementation of safety technical transformation projects; enhancement of the Smart Safety and Emergency Management Platform; strengthening of dual prevention mechanisms; and advancement of intrinsic safety in production processes.

End-to-End Work Safety Control Measures

Source-based Intrinsic Safety Control

The Company strictly implements the “Three Simultaneous” management system for safety facilities in construction projects, ensuring that safety facilities for new construction, reconstruction, and expansion projects are designed, constructed, and put into operation simultaneously with the main works. The Company carries out safety justification, assessment, review, and acceptance throughout the entire process to ensure intrinsic safety at the project source. At the same time, the Company promotes process safety management and has established a *Process Safety Management System*. It controls deviations in process parameters, conducts periodical risk analyses, and optimizes production processes and safety protection facilities, thereby continuously improving the intrinsic safety level of production systems.

On-Site Operational Process Control

The Company has established a *Special Work Safety Management System* to implement end-to-end closed-loop management for special operations such as hot work and confined space entry. Strict requirements are enforced for work permit approval and other procedural controls to eliminate unsafe practices. For production equipment and facilities, the Company has established an *Equipment Safety Management System* and implemented measures such as routine equipment maintenance to ensure safe and stable operation.

In 2025, both the completion rate of equipment safety inspections and the completion rate of safety risk assessments reached 100%.

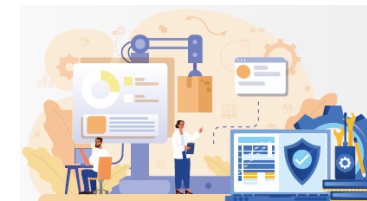
Safety Management of Relevant Stakeholders

The Company has established a *Contractor Management System* and a *Supplier Management System*, integrating safety management requirements into the entire lifecycle of contractors and suppliers. Prior to entry, contractors are required to complete qualification reviews, safety training, and sign safety agreements. During operations, localized on-site supervision is implemented. Upon project completion, safety performance evaluations are conducted, and only those meeting requirements are included in the qualified contractor list.

In 2025, the Company achieved a 100% safety agreement signing rate for contractors, with zero contractor-related safety incidents throughout the year.

Special Control of Major Hazard Sources

NKY implements strict control measures for its five major hazard sources in accordance with the *Major Hazard Source Safety Accountability System*. The Company establishes dedicated files for each hazard, enhances safety monitoring and surveillance systems, and deploys automatic alarm devices to achieve 24-hour real-time monitoring. Routine patrols and targeted inspections are conducted, coupled with periodical safety assessments to identify and promptly mitigate potential risks, ensuring that all major hazard sources remain under effective control.



Occupational Health Protection Measures

Comprehensive Emergency Organization and Safeguards

- Establish dual archives for occupational health and employee health monitoring, and standardize the implementation of occupational disease hazard declaration, monitoring, and training.
- Conduct quarterly monitoring of occupational hazard factors in workplaces. In 2025, the compliance rate reached 100%, and results are publicly disclosed on site.
- Set up warning signs and hazard notification boards in hazardous positions to ensure employees' right to know and right to protection.

Full-Cycle Health Surveillance Management

- Strictly implement the occupational health examination system by providing employees exposed to occupational hazards with pre-employment, in-employment, and pre-departure occupational health examinations, alongside annual health check-ups for all employees.
- Timely reassign employees diagnosed with occupational contraindications, and conduct follow-up examinations and medical monitoring for employees with abnormal health conditions. Establish a "one-person-one-file" health management system.

Management of Impacts, Risks and Opportunities

The Company, guided by the *Risk Assessment Management System*, has established a full-cycle risk management mechanism covering risk identification, assessment, classification, control, and review. A combination of scientific tools, including safety checklists and job hazard analysis, is applied to conduct both static and dynamic risk assessments across all production and operational scenarios, enabling quantitative risk classification and tiered control. The Company conducts comprehensive risk identification and assessment on an annual basis, and dynamically updates risk identification in response to regulatory changes, process modifications, and other relevant factors. Risk control registers and occupational hazard risk lists are updated in real time. In addition, the Company has established and continuously improved a dual prevention mechanism of risk classification control and hidden hazard investigation and governance, ensuring full closed-loop management from risk identification to hazard rectification, thereby preventing and mitigating production safety risks at source and strengthening the safety production defense line.

Optimize Workplace Environment at Source

- Adopt a combined approach of source control and process protection to address occupational hazards such as dust, toxic and hazardous gases, noise, and high temperature. Implement supporting protective measures including sealing, ventilation, noise reduction, and cooling systems, which operate in parallel with production equipment and are subject to regular inspection and maintenance, thereby reducing occupational health risks at source.

Standardize Personal Protective Equipment (PPE) Management

- Establish dedicated management policies and provide differentiated personal protective equipment free of charge based on job risk levels in compliance with national standards, with full lifecycle control from procurement to disposal.
- Conduct regular training on PPE usage to ensure proper wearing and compliance. Deploy emergency protective equipment in high-risk areas, managed by dedicated personnel and subject to regular inspection and calibration to ensure readiness for emergency use.

Indicators and Targets

The Company sets "zero accidents, zero injuries, zero occupational diseases, and zero major safety hazards" as its overarching objective. Each year, it formulates an *Annual Work Plan for Work Safety*, which is translated into measurable and assessable targets. These targets are cascaded to all departments, plants, and positions, with clear accountability and timelines. The Company tracks progress on a monthly and quarterly basis and conducts a comprehensive year-end evaluation. In 2025, the Company set the following key management objectives and their completion status is as follows:

Target	2025 Performance
Number of serious or above work safety accidents and general fire accidents: 0	Achieved
Number of occupational disease cases: 0	Achieved
Employee safety training coverage rate: 100%	Achieved
Certification rate for special operation personnel: 100%	Achieved
Hazard rectification compliance rate: 100%	Achieved

Key Performance

Dimension	Indicator	Unit	2025 Data
Work safety	Safety inspection coverage rate	%	100
	Number of workplace accidents	Times	0
	Employee injury rate	%	0.26
	Lost-time injury frequency rate (per million hours)	%	0
	Lost workdays due to work-related injuries	Day	0
	Number of work-related fatalities	Person	0
	Rectification rate of identified safety hazards	%	100
Stakeholder management	Contractor safety agreement signing rate	%	100
Resource investment	Work-related injury insurance investment	RMB ten thousand	46.52
	Work-related injury insurance coverage rate	%	100
	Work safety liability insurance investment	RMB ten thousand	5.54
	Work safety liability insurance coverage rate	%	100
Occupational health	Occupational disease incidence rate	%	0
	Employee health check-up coverage rate	%	100
	Occupational health check-up coverage rate	%	100

Safety Emergency Management

The Company adheres to the principle of “prevention first and integration of peacetime and emergency preparedness” in emergency management for work safety. It has established a full closed-loop emergency management system covering “planning – preparedness – drills – response”, and developed a three-tier emergency plan framework that covers various high-risk emergency scenarios. The Company has set up a dedicated emergency response leadership team and improved supporting management systems. Emergency materials and equipment are deployed across all production and operational sites. In addition, regular emergency drills are conducted, with post-drill reviews used to continuously optimize emergency plans and procedures, thereby enhancing emergency response capabilities and employees’ preparedness.

Closed-loop Work Safety Emergency Management System

Comprehensive Emergency Organization and Support

- Establish an emergency response leadership team, set up multiple dedicated task forces, and clearly define roles and responsibilities;
- Implement a 24-hour emergency duty and authorized decision-making system to ensure rapid response to emergencies;
- Standardize the management of emergency supplies, with designated personnel responsible for monthly inspection and maintenance to ensure adequacy and readiness for use.

Three-Tier Emergency Response Plan System

- Develop a three-tier framework comprising comprehensive emergency response plans, specialized emergency response plans, and on-site response procedures, covering a full range of emergency scenarios such as fires, explosions, and hazardous chemical leaks, with clearly defined core emergency management requirements.
- Regularly review and update emergency plans based on operational conditions, regulatory updates, and drill outcomes to ensure they remain scientific and practical.

Regular and Practical Emergency Drills

- Develop an annual emergency drill plan and conduct regular, multi-level drills covering all high-risk scenarios.
- Evaluate the effectiveness of each drill and use the findings to optimize emergency plans, improve measures, and provide targeted training, thereby promoting continuous improvement and enhancing emergency response capabilities.

Standardized End-to-End Accident Management

- Establish an accident management system and strictly implement end-to-end management covering accident reporting, investigation, and handling.
- Adhere to the “Four No-Let-Go” principle in accident handling, ensuring thorough investigation of causes, strict accountability, effective implementation of corrective actions, and organization-wide awareness training, thereby forming a closed-loop management process.

Case Institutionalizing Multi-scenario Emergency Drills to Enhance Response Capabilities Through Practice

In 2025, NKY adhered to a “realistic, practice-oriented, and results-driven” approach by institutionalizing its emergency preparedness program. The Company systematically conducted comprehensive emergency drills, scenario-specific exercises, and on-site response simulations, achieving full coverage of high-risk operational scenarios and major hazard sources. Throughout the reporting period, emergency drills for safe production addressed a range of critical risk scenarios, including integrated emergency response at the acetylene station, vinyl methyl ether fire incidents, confined space operations, hazardous chemical leaks, electric shock incidents, and falls from height. Following each drill, NKY carried out structured effectiveness evaluations. Identified gaps were promptly addressed through the optimization of emergency response plans and the enhancement of response measures, complemented by targeted training programs. By establishing a closed-loop management mechanism of “drill – evaluation – optimization – training,” NKY effectively translated practice into improvement and capability building. This approach has significantly strengthened employees’ emergency response competencies and enhanced the Company’s overall emergency preparedness and safety assurance capacity.



Safety Emergency Drills

Key Performance

In 2025, the Company conducted **9** emergency drills for work safety, with a total of **185** participants.

Safety Culture Development

The Company consistently regards safety training and safety culture development as foundational and ongoing priorities of its safety management. It has established a tiered, full-coverage safety training system to continuously enhance employees’ safety awareness and professional competencies, fostering a strong culture in which “everyone values safety and is capable of emergency response”. Through the implementation of the *Internal Hazard Reporting Reward Policy*, the Company has created open and efficient channels for reporting potential safety hazards. Cash incentives are provided to actively encourage employee participation in safety management. In addition, the Company periodically conducts team-level safety activities and safety-themed awareness campaigns, encouraging employees to contribute suggestions and insights on safety management. By promoting a culture in which “everyone is a safety officer,” the Company embeds safety development principles throughout the entire production and operational process, ensuring that safety is integrated into every stage and aspect of its business activities.

Tiered Safety Training System
New Employee Training

• The Company strictly implements a three-level safety training system - company-level, workshop-level, and team-level. New employees are not permitted to commence work until they have successfully completed training and passed the required assessments, ensuring they fully understand the Company’s safety regulations, job-specific risks, operating procedures, and emergency response skills.

Ongoing Job-specific Training

• For frontline operational employees, the Company periodically conducts targeted training on safety operating procedures, process safety, equipment operation, occupational hazard prevention, and emergency response. This ensures employees are proficient in the safety skills required for their respective roles.

Training for Management and Special Operations Personnel

• The Company organizes periodical capacity-building programs for safety management personnel to enhance their professional competencies and ensure they are properly certified before assuming their roles. It also strictly enforces the certification requirement for special operations personnel, with periodical re-certification training and skills enhancement programs. In 2025, the certification rate for special operation personnel reached 100%.

Case Carrying Out a Series of Publicity and Education Campaigns to Fortify the Ideological Line for Work Safety

In 2025, NKY leveraged national initiatives such as “Safety Production Month” and “Fire Safety Month” as key platforms, aligning closely with the annual safety theme to organize a series of targeted activities. These included safety warning education sessions, hazard identification competitions, emergency skills contests, and safety knowledge seminars. The Company promoted safety awareness through diverse channels, including banners, bulletin boards, short videos, and on-site drills, fostering a strong safety culture. At the same time, it periodically conducted safety incident case-based education by organizing employees to watch warning videos and study lessons learned from industry accidents. These efforts helped reinforce employees’ understanding of the critical importance of workplace safety and continuously strengthened their sense of responsibility. Through these initiatives, NKY has built a solid safety mindset across the workforce, laying a strong foundation for the safe and stable operation of its production and business activities.



Work Safety Training



Work Safety Publicity

Case Promoting Employee Physical and Mental Well-being Through Multiple Measures to Foster a Healthy and Harmonious Workplace

In 2025, NKY placed strong emphasis on the management of employees’ physical and mental well-being, adopting a range of measures to strengthen health protection. The Company prioritized training on occupational hazard prevention knowledge and skills, enabling employees to effectively master key protective practices and safeguard their occupational health and safety. For female employees, NKY strictly implemented occupational health protection policies, prohibiting the assignment of pregnant and nursing employees to hazardous operations. In addition, during International Women’s Day, the Company organized dedicated seminars on women’s mental health, providing targeted care and support for female employees’ psychological well-being. At the same time, NKY continued to improve its work-rest management system by arranging working hours in a scientific and reasonable manner and strictly preventing excessive overtime, thereby reducing work-related stress. Through these efforts, the Company is committed to creating a healthy, harmonious, and people-oriented workplace, enhancing employees’ sense of well-being and belonging, and strengthening the talent foundation for sustainable development.



Women’s Day Seminar on Women’s Mental Health and Well-being

Key Performance

Number of employee safety training sessions:	Safety training participation (attendance):
12	1,300
Occupational health and safety training coverage rate:	
100%	
Average safety training hours per employee:	
49	



Social Contribution and Rural Revitalization

NKY upholds the philosophy of “people-oriented development, giving back to society, professional empowerment, and harmonious co-existence”, integrating corporate growth with local economic development and community well-being. Centered on “co-creation and shared value”, the Company has developed an innovative tripartite collaboration model - linking villages and enterprises, enterprises with enterprises, and government with enterprises, to foster diversified partnerships. This “three-party co-development” approach has enabled the Company to transition from “traditional assistance” to a sustainable, “co-creation-driven” rural revitalization pathway. By strengthening regional collaboration and promoting resource-sharing mechanisms, the Company continues to extend advanced technological and industrial achievements to grassroots communities. Through industrial empowerment, the Company drives local economic growth, while inclusive technology applications enhance public service quality. In doing so, the Company actively fulfills its corporate social responsibility and contributes to rural revitalization and coordinated regional development. In 2025, the Company invested RMB 474,500 in social welfare initiatives.

Key Measures for Social Contribution and Rural Revitalization in 2025

Village–Enterprise Collaboration to Support Project Implementation

- The Company established a mutual support partnership with Guitun Village, leveraging the village Party branch to efficiently complete the demolition and clearance of over 5,700 square meters of factory buildings. This facilitated the smooth implementation of a major RMB 1 billion project, demonstrating strong synergy between the Company and the local community.

Employment Empowerment to Improve Livelihoods

- Following the commissioning of the 25,000-ton-per-year lithium battery dispersant project, the Company created over 200 job opportunities, enabling nearby residents to secure employment locally. At the same time, the Company attracted highly skilled professionals and university graduates, balancing local employment needs with technological innovation.

Government–Enterprise Synergy to Enhance Development Efficiency

- The Company established a close collaboration mechanism with the Party committee and government of Baishan Town, earning strong recognition from local authorities. The Company has also been featured in mainstream media reports, strengthening its image as a responsible enterprise and creating favorable conditions for future investment and project expansion - achieving alignment between corporate growth and regional revitalization.

Public Welfare Initiatives to Support Local Development

- The Company carried out the “Golden Autumn Scholarship” program, donating RMB 200,000 to support 15 students in completing their education. The Company also donated RMB 200,000 for ecological and environmental protection initiatives and RMB 74,500 to support impoverished villages in Bo’ai County. In addition, the Company extended support to local fire brigades, actively fulfilling its social responsibilities.

Case Targeted Donation to the “Golden Autumn Scholarship” Program to Support Education and Fulfill Social Responsibility

In 2025, on the occasion of the 10th “China Charity Day,” the Company actively participated in a commemorative event organized by the Bo’ai County Charity Association and made a targeted donation of RMB 200,000 to support the “Golden Autumn Scholarship” program. The funds were used to provide financial assistance to underprivileged students, helping them successfully pursue and complete their education. This donation represents a concrete practice of the Company’s commitment to sustainable development and the fulfillment of its corporate social responsibility. It not only alleviates the financial burden on disadvantaged families but also contributes to promoting educational equity and talent development in the region. At the same time, it highlights the Company’s dedication to giving back to society and acting with compassion, delivering positive social impact and continuously strengthening its role in creating shared value.



Targeted Donation to the “Golden Autumn Scholarship” Program



Commemorative Event for “China Charity Day”

Key Performance
Governance Performance

Indicator	Unit	2025 Data	2024 Data
Corporate Governance			
Number of shareholders' meetings held	Times	2	/
Number of board meetings held	Times	6	7
Number of audit committee meetings held	Times	3	4
Number of nomination committee meetings held	Times	1	0
Number of remuneration and appraisal committee meetings Held	Times	1	2
Number of board members	Person	9	9
Number of female directors	Person	2	2
Proportion of female directors	%	22.22	22.22
Number of independent directors	Person	3	3
Proportion of independent directors	%	33.33	33.33
Investor Relations Management			
Information disclosure rating	Grade	B	B
Number of periodical reports disclosed	Copy	4	4
Number of interim reports disclosed	Copy	47	119
Number of investor inquiries received	Case	412	195
Anti-bribery and Anti-corruption			
Number of confirmed corruption incidents	Case	0	/
Anti-unfair Competition			
Number of confirmed anti-unfair competition violations	Case	0	/

Environmental Performance

Indicator	Unit	2025 Data	2024 Data
Environmental Compliance Management			
Number of emergency drills for environmental risk incidents conducted	Sessions	13	20
Number of participants in emergency drills for environmental risk incidents	Person-times	400	/
Employee coverage rate of emergency drills for environmental risk incidents	%	100	/
Environmental compliance training coverage rate	%	100	/
Environmental protection investment	RMB 10,000	163.33	/
Ratio of environmental protection investment to operating revenue	%	0.14	/
Energy Management and Resource Utilization			
Total energy consumption	TCE	38,978.70	/
Total energy consumption per RMB million revenue	TCE/RMB million	33.09	/
Direct energy consumption	TCE	22,845.88	/
- Purchased gasoline	L	21,380.90	/
- Purchased diesel	L	16,117.34	/
Indirect energy consumption	TCE	16,132.82	/
Purchased electricity	KWH	74,965,135	68,923,507
Purchased steam	TCE	6,924.48	/
Purchased natural gas	M ³	17,180,607	/
Total renewable energy consumption	TCE	9,119.15	/
Including: Purchased green electricity	KWH	72,637,280	/
Solar power generation	KWH	1,601,737	/
Proportion of renewable energy consumption	%	23.25	/
Investment in energy conservation and emission reduction projects	RMB 10,000	299	/

Indicator	Unit	2025 Data	2024 Data
Total water consumption	Ton	397,570	/
Water intensity (Total water consumption per RMB million revenue)	Ton/RMB million	319.18	/
Climate Change Response			
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	99,337.67	/
Greenhouse gas emissions per RMB million revenue	tCO ₂ e/RMB million	84.32	/
Scope 1 greenhouse gas emissions	tCO ₂ e	37,237.79	/
Scope 2 greenhouse gas emissions	tCO ₂ e	62,099.88	/
Pollutant and Waste Management			
Total non-hazardous waste generated	Ton	15,714	2,592.58
Total hazardous waste generated	Ton	1,961.69	62.07
Compliance rate of hazardous waste disposal	%	100	/
Total wastewater discharge	Ton	540,625.25	96,823.52
NH ₃ -N emissions	Ton	2.29	0.04
COD emissions	Ton	51.71	9.31
Total waste gas emissions	10,000 cubic meters	82,762.37	/
NO _x emissions	Ton	5.026	3.67
Sox emissions	Ton	0.449	0.43
PM emissions	Ton	0.257	4.55
VOCs emissions	Ton	1.102	0.77

Social Performance

Indicator	Unit	2025 Data	2024 Data
Innovation-driven Development			
R&D investment	RMB ten thousand	7,349.84	/
Ratio of R&D investment to revenue	%	6.24	/
Number of R&D personnel	Person	104	/
Ratio of R&D personnel to total employees	%	13.67	/
Total number of valid invention patents	Item	53	48
Number of new invention patents	Item	5	3
Total number of utility model patents	Item	156	138
Number of new utility model patents	Item	18	26
Total number of design patents	Item	13	13
Number of new design patents	Item	0	0
Total number of software copyrights	Item	135	/
Number of new software copyrights	Item	12	/
Product and Service Safety and Quality			
Customer satisfaction	%	98.68	/
Number of quality improvement training sessions	Session	14	/
Duration of quality improvement training	Hour	6,076	/
Number of employees covered by quality training	Person	670	/
Data Security and Customer Privacy Protection			
Number of customer privacy infringement complaints	Times	0	0
Number of customer privacy breaches and data security incidents	Cases	0	0

Indicator		Unit	2025 Data	2024 Data
Employment and Rights Protection				
Total number of employees		Person	1,186	1,163
By gender	Number of male employees	Person	885	878
	Number of female employees	Person	301	285
By education level	Number of employees with doctoral degrees	Person	16	/
	Number of employees with master's degrees	Person	53	/
	Number of employees with bachelor's degrees	Person	317	287
	Number of employees below bachelor's degree	Person	800	791
By age	Number of employees aged under 30	Person	400	391
	Number of employees aged 30-50	Person	648	643
	Number of employees aged above 50	Person	138	129
By position level	Total number of grass-roots employees	Person	1,093	/
	Total number of middle management	Person	82	/
	Total number of senior management	Person	11	/
	Total number of female management	Person	25	/
Confirmed cases of discrimination		Case	0	/
Confirmed cases of child labor		Case	0	/
Confirmed cases of forced labor		Case	0	/
Number of veterans employed		Person	20	56
Number of ethnic minority employees		Person	3	6
Employee satisfaction score		Score	95.22	/
Employee turnover rate		%	6.70	16.08
Employee Training and Development				
Total number of training sessions		Session	105	496
Total annual training expenditure		RMB ten thousand	31.11	28.00
Employee training coverage rate		%	100	80
Total number of trainees		Person	761	964
Total training hours		Hour	62,097.6	800.16
Average training hours per employee		Hour	81.6	42.32

Indicator		Unit	2025 Data	2024 Data
By position level	Total training hours for grass-roots employees	Hour	56,686.2	/
	Average training hours per grass-roots employee	Hour	82.27	/
	Total training hours for middle management	Hour	4,553.4	/
	Average training hours per middle management employee	Hour	75.89	/
	Total training hours for senior management	Hour	858	/
	Average training hours per senior management employee	Hour	71.50	98.75
Employee Care and Benefits				
Employee benefits coverage rate		%	100	/
Occupational Health and Safety				
Work safety	Safety inspection coverage rate	%	100	/
	Number of workplace accidents	Times	0	/
	Employee injury rate	%	0.26	0
	Lost-time injury frequency rate (per million hours)	%	0	0
	Lost workdays due to work-related injuries	Day	0	0
	Number of work-related fatalities	Person	0	0
	Rectification rate of identified safety hazards	%	100	/
Stakeholder management	Contractor safety agreement signing rate	%	100	/
Resource investment	Work-related injury insurance investment	RMB ten thousand	46.52	80.64
	Work-related injury insurance coverage rate	%	100	100
	Work safety liability insurance investment	RMB ten thousand	5.54	11.07
	Work safety liability insurance coverage rate	%	100	/
Occupational health	Occupational disease incidence rate	%	0	/
	Employee health check-up coverage rate	%	100	/
	Occupational health check-up coverage rate	%	100	/
Number of emergency drills conducted		Times	9	20
Number of participants in work safety emergency drills		Person	185	/
Number of employee safety training sessions		Times	12	46
Safety training participation (attendance)		Person-times	1,300	662
Average safety training hours per employee		Hour	49	/
Occupational health and safety training coverage rate		%	100	/

Report Index

Section	<i>Shenzhen Stock Exchange – Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 17 - Sustainable Development Report (Trial)</i>	Sustainability Reporting Standards (GRI Standards)
About This Report	Articles 4 and 6	2-2, 2-3
Chairman’s Address	Article 2	2-22
About NKY	Articles 5 and 14	2-1, 2-6
ESG Information	Articles 5 and 53	2-9, 2-29, 3-1, 3-2, 3-3
Corporate Governance	Article 12	2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18, 2-19, 2-20, 405-1
Investor Relations Management	Article 9	2-16, 2-29
Risk and Compliance Management	Article 15	2-23, 2-24, 2-25, 2-26, 2-27, 3-3
Anti-bribery and Anti-corruption	Article 55	205-1, 205-2, 205-3
Anti-unfair Competition	Article 56	206-1
Innovation-driven Development	Article 42	3-3, 203-1, 203-2
Product and Service Safety and Quality	Article 47	416-1, 416-2, 417-1, 417-2, 417-3
Supply Chain Management	Article 45	308-1, 308-2, 414-1, 414-2
Data Security and Customer Privacy Protection	Article 48	418-1, 2-27, 3-3

Section	<i>Shenzhen Stock Exchange – Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 17 - Sustainable Development Report (Trial)</i>	Sustainability Reporting Standards (GRI Standards)
Industry Collaboration	Article 46	/
Environmental Compliance Management	Article 33	2-27
Energy Management and Resource Utilization	Articles 35 and 36	302-1, 302-2, 302-3, 302-4, 302-5
Climate Change Response	Articles 21 and 28	201-2, 302-4, 302-5, 305-5
Pollutant and Waste Management	Articles 30 and 31	306-1, 306-2, 306-3, 306-4, 306-5
Employment and Rights Protection	Article 50	2-7, 401-1, 405-1
Employee Training and Development	Article 50	404-1, 404-2, 404-3
Employee Care and Benefits	Article 50	2-7, 401-2, 401-3
Occupational Health and Safety	Article 50	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Social Contribution and Rural Revitalization	Articles 38, 39 and 40	203-1, 203-2, 413-1, 413-2
Key Performance	Article 19	201-1
Report Index	Article 57	/
Reader Feedback	Article 53	/

Reader Feedback

Dear Reader,

Thank you for reading the *2025 Environmental, Social, and Governance (ESG) Report of Boai NKY Medical Technology Group Co., Ltd.*

To provide more valuable information to you and other stakeholders, and to further enhance our ability and performance in fulfilling our corporate social responsibilities, we highly value your opinions and suggestions.

1. What is your overall evaluation of the company's ESG report?
 Excellent Good Fair Below Average Poor
2. How do you evaluate the report's response to and disclosure of stakeholder concerns?
 Excellent Good Fair Below Average Poor
3. How do you evaluate NKY's performance in fulfilling its economic responsibilities?
 Excellent Good Fair Below Average Poor
4. How do you evaluate NKY's performance in fulfilling its environmental responsibilities?
 Excellent Good Fair Below Average Poor
5. How do you evaluate NKY's performance in fulfilling its safety management?
 Excellent Good Fair Below Average Poor
6. How do you evaluate NKY's performance in fulfilling its employee responsibilities?
 Excellent Good Fair Below Average Poor
7. How do you evaluate NKY's performance in fulfilling its community responsibilities?
 Excellent Good Fair Below Average Poor
8. Is the information, indicators, and data disclosed in this report clear, accurate, and complete?
 Excellent Good Fair Below Average Poor
9. Do you find the content structure and layout of this report easy to read?
 Yes No

Open-ended Question:
Do you have any comments or suggestions regarding NKY's fulfillment of social responsibilities or this report?

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