



健康元
Joincare

2020

社会责任报告

Corporate Social Responsibility Report



健康元 药业集团股份有限公司
Joincare Pharmaceutical Group Industry Co., Ltd.



For the health for the future



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The Report at A Glance

Overview

The report, covering the period from January 1, 2020 to December 31, 2020, is the fourth corporate social responsibility (CSR) report issued by Joincare Pharmaceutical Group Industry Co., Ltd. ("Joincare") (Stock Code: 600380).

Preparation Basis

This report is prepared mainly in accordance with the Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange and with reference to the Environmental, Social and Governance (ESG) Reporting Guide published by the Hong Kong Stock Exchange (i.e. SEHK). In light of the requirements of the aforementioned standards, to ensure the completeness, materiality, authenticity and balance of the content, the preparation of this report has gone through steps including benchmark selections, questionnaire survey, interviews with relevant stakeholders, due diligence and research of social responsibility, information collection, information review, report compilation and the management review.

Scope of the Report

The policy documents, statements, and data in this report cover Joincare and its wholly-owned subsidiaries and holding subsidiaries.

Definitions

For the sake of compendious expression, "Joincare", "Group" and "We" mentioned in this report all refer to Joincare Pharmaceutical Group Industry Co., Ltd. This report involves several subsidiaries of Joincare. Moreover, the full names and abbreviations of the subsidiaries used in the report are listed below:

Name of Subsidiary	Abbreviation
Livzon Pharmaceutical Group Inc (Stock Code: 000513)	Livzon
Shenzhen Haibin Pharmaceutical Co., Ltd.	Shenzhen Haibin
Xinxiang Haibin Pharmaceutical Co., Ltd.	Xinxiang Haibin
Shenzhen Taitai Pharmaceutical Industry Co., Ltd.	Taitai Pharmaceutical
Jiaozuo Joincare Bio Technological Co., Ltd.	Jiaozuo Joincare
Joincare Haibin Pharmaceutical Co., Ltd.	Joincare Haibin

Name of Subsidiary	Abbreviation
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd.	Shanghai Frontier
Sichuan Guangda Pharmacy Co., Ltd.	Sichuan Guangda
Shanghai Livzon Pharmaceutical Co., Ltd.	Shanghai Livzon
Livzon (Group) Pharmaceutical Factory	Livzon Pharmaceutical Factory
Livzon (Group) Limin Pharmaceutical Factory	Limin Pharmaceutical Factory
Zhuhai Livzon Diagnostics Inc.	Livzon Diagnostics
Zhuhai Livzon Biomedical Technology Co., Ltd.	Livzon Bio
Zhuhai Livzon Microsphere Technology Co., Ltd.	Livzon Microsphere
Livzon New North River Pharmaceutical Co., Ltd.	New North River Pharmaceutical
Gutian Fuxing Pharmaceutical Co., Ltd.	Gutian Fuxing
Jiaozuo Livzon Syntpharm Co., Ltd.	Jiaozuo Livzon Syntpharm
Livzon Group Ningxia Pharmaceutical Co., Ltd.	Ningxia Pharmaceutical
Livzon Syntpharm Co., Ltd. (Zhuhai FTZ)	Livzon Syntpharm (Zhuhai FTZ)
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.	Fuzhou Fuxing

Data Sources and Reliability Statement

The board and all directors of Joincare guarantee that this report does not contain any false statement, misleading statement or material omission and assume liability for the authenticity, accuracy and integrity of this report.

Access and Response to the Report

This report can be accessed or downloaded from the official website of Shanghai Stock Exchange (www.sse.com.cn) and our official webpage (<http://www.joincare.com>). Should you need to make further inquiries, comments or suggestions regarding this report, please contact us via fax (0755-86252165) or email (joincare@joincare.com).

Confirmation and Approval of this Report

The contents of this report have been confirmed by the management and been approved by our Board of directors on March 29, 2021.

This report is originally written in Chinese; this English version is for stakeholders' reference only. Should ambiguities arisen between the two versions, the Chinese version shall prevail.

Chairman's Statement

Dear Stakeholders of Joincare,

2020 was an extraordinary year for us, as COVID-19 hit us as a global health threat and has continued to affect us since the beginning of last year.

Fortunately, those who meet challenges head-on are the ones who will progress. Facing the sudden outbreak, Joincare responded to the Communist Party of China (CPC) and the governments' call to resume work and production in an orderly manner. All our employees put forth tremendous efforts and overcame difficulties in the most trying of times to ensure the normal pace of the Group's business and operations. By obtaining approvals, Joincare succeeded in bringing several inhalation products to domestic market throughout 2020. This demonstrates significant progress we have made in the localization of inhalation medicine products. It also demonstrates that our previous years of intensive efforts towards R&D on inhalation products had borne fruits ready to harvest. Among these, our exclusive product Levosalbutamol Hydrochloride Nebuliser Solution (i.e. 盐酸左沙丁胺醇雾化吸入溶液) was successfully included in the national medical insurance catalog in 2020 through negotiations as medical insurance medicines. This was a meaningful milestone for Joincare in our exploration of the domestic inhalation preparation market.

We are committed to "attentively developing high-quality medicines and innovative medicines", focusing on complex preparations with high technical barriers like inhalation administration, antibody, long-acting sustained-release microspheres and nano-lipid microemulsion. We are creating a complete network for corporate technology innovation involving collaborations with government enterprises, well-known universities and research institutions. During the reporting period, five products were approved to market and six products were granted approval for clinical trials.

We continue to improve our corporate governance in 2020 by establishing a social responsibility committee to manage the Group's strategy and planning for sustainable development. We adhered to the code of business ethics with high standards applied in internal control and risk management, fostering a healthier business environment.

We have continuously emphasized the development of talent and are committed to the "common development of employees and Joincare". We have established an innovative mechanism for long-term incentives that will grant shares of the company to senior management and core technical teams through via mid- to long-term business partner shareholding plans; we have also established a partnership system for sharing benefits and risks among business partners and to promote the steady, long-term development of the Group.

We place a high value on environmental protection and operate according to "green" concepts. We continuously promote standardized management of our subordinate manufacturers according to the ISO14001 Environmental Management System and we have carried out plans for pollutant discharge reduction and energy-saving renovations with reference to the practices of world-leading medicine companies. In all we do, our guidance is the government's official vision for "achieving carbon neutrality by 2060".

In response to the sudden outbreak of the COVID-19 pandemic, we were brave enough to shoulder our social responsibilities. Our holding subsidiary, Livzon responded quickly to the new development of COVID-19 test reagents, and to support the registration and completion of 17 million tests across 38 countries and regions. All the while, we have continued donating medicines worth over RMB 10 million to communities in need.

Moving forward, Joincare will stay true to our original aspiration, commitment to high quality, and the focus on research and development to build a leading high-end preparation brand in the healthcare industry. Most importantly, we will always "puts people's life and health in the first place". And collaborate with stakeholders from all disciplines and industries to make China a more environmental-friendly and healthier place. Furthermore, we will carry forth our missions to rejuvenate national medicine, to meet patients' practical needs, and to become an innovative pharmaceutical enterprise with industry influence.

Chairman:



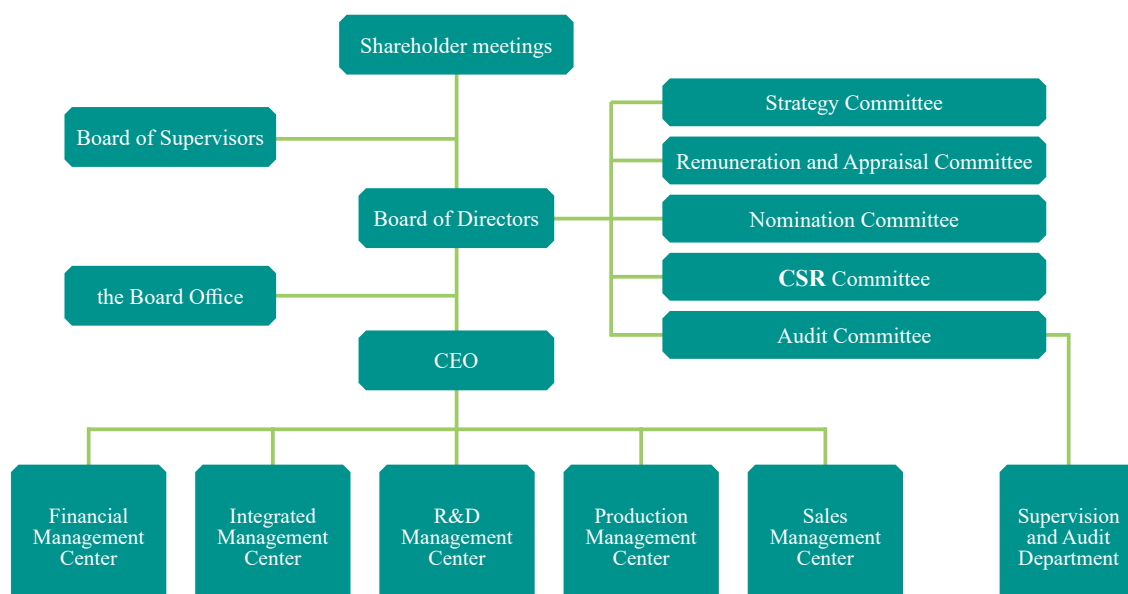
About Joincare

(I) Group Overview

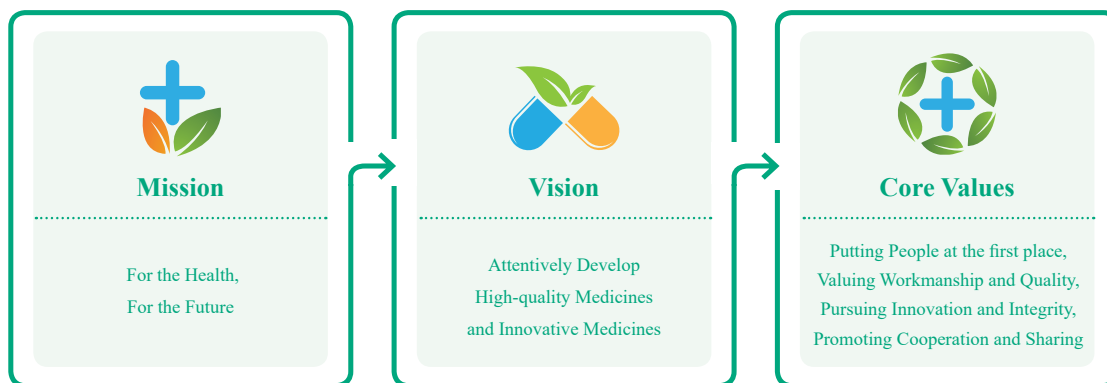
Joincare's business covers multiple areas, such as health care products, Finished Pharmaceutical products (i.e., FPPs), traditional Chinese medicines, chemical Active Pharmaceutical Ingredients (APIs) and intermediates, diagnostic reagents and devices. The diversified pipeline and portfolio of products has enabled the Group to have more market and growth opportunities. We have been committed to our healthcare business since founding and well-known brands, like "Taitai" (i.e. 太太), "Jingxin" (i.e. 静心) and "Eagle's" (i.e. 鹰牌), have strong market influences. Joincare's largest source of revenue comes from FPPs: prescription medicines like "Beineng" (i.e. 倍能), "Yili-an" (i.e. 壹丽安), "Beiyi" (i.e. 贝依) and "Lishenbao" (i.e. 丽申宝), and OTC (over-the-counter) medicines like "Livzon Dele" (i.e. 丽珠得乐), "Livzon Changle" (i.e. 丽珠肠乐) and "Yiketie" (i.e. 意可贴) have ranked among the top sales medicines in market. After "Shutanlin" (i.e. 舒坦琳), "Lishutong" (i.e. 丽舒同), "Wushu" (i.e. 雾舒) and other inhaled medicine products are successively got authority for market. Joincare's product pipelines of respiratory medicines strengthened, laying a solid foundation for the strategic goal of "becoming the domestic leading enterprise in respiratory inhalation market". The Group's chemical APIs and intermediates include cephalosporin series, statin series and carbapenem series. Our traditional Chinese medicine (TCM) medicines include the anti-tumor medicine "Shenqi Fuzheng Injection" (i.e. 参芪扶正注射液) and the anti-cold medicine "Antiviral Oral Granules" (i.e. 抗病毒口服颗粒). Diagnostic reagents cover COVID-19 test reagents, HIV antibody diagnostic reagents and Mycoplasma pneumoniae antibody diagnostic reagents.

The Group has a diversified and multi-level R&D institutions with strong R&D capabilities and global R&D concepts in the fields of chemical and TCM preparations, biologics, diagnostic reagents, healthcare products and food. Our R&D pipeline focuses on the fields of respiratory system, anti-infective, anti-tumor, gonadotropin, digestive and nervous system. In recent years, we have been focusing on the innovation and improvement of inhalation administration therapy, antibody and microsphere release, lipid microemulsion and other technology platform. Through the efforts mentioned above, we further improve our product portfolios and business and our core competitiveness.

(II) Organizational Structure



(III) Corporate Culture



For more than 20 years, Joincare has forged ahead despite the twists and turns, ever staying true to its original aspiration in its ongoing inheritance and innovation. Gradually, We have formed a strong sense of duty — "For the Health, For the Future". Along this journey, we always act in the interests of patients and focused on the safeguarding of human life and health. We continuously increase our investments in R&D and innovation, work with top domestic R&D teams to conduct in-depth research and strategic planning, and carefully conceive a new vision for "attentively developing high-quality and innovative medicines". In addition, We actively and continuously contribute to the building of a community with a shared future for the public. Even while focusing on the business development, We are committed to empower employees, providing them opportunities for sustainable career development. With "Putting People in the First place, Valuing Workmanship and Quality, Pursuing Innovation and Truth, Promoting Cooperation and Sharing" as core values, We consider the quality of products, the training of talents, and the strength of R&D the utmost importance, thereby aligning the values of the enterprise and those of our employees'.

(IV) Value Sharing

During the reporting period, Joincare achieved an operating income of RMB 13.52 billion, up by 12.87% compared with the same period of the previous year; generated RMB 1.12 billion of Net profit attributable to shareholders of the listed company, with a year-on-year increase of about 25.28%; and produced RMB 0.967 billion of net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss, with a year-on-year increase of about 16.63%.

At the same time, the Group was actively creating social value. It generated RMB 1.42 billion of tax revenue for the government, paid RMB 1.47 billion in salary to employees, distributed dividends and paid interest worth RMB 1.04 billion to banks and other creditors, donated funds and goods totaling RMB 22.16 million to the society and created a social contribution per share of approximately RMB 2.02 for the society in 2020.



(V) Our Awards



May 2020

Awarded By Shenzhen Project Care Organizing Committee Office

Prize-Awarding Items "Top Ten Caring Enterprises" of the 17th Shenzhen Project Care

May 2020

Awarded By Chinese Red Cross Foundation

Prize-Awarding Items Donation Certificate

September 2020

Awarded By China Association for Quality Inspection

Prize-Awarding Items National Top 100 Leading Enterprises in Integrity of Quality Inspection

September 2020

Awarded By JRJ.com

Prize-Awarding Items "ESG Responsible Enterprise" in Biomedicine Industry "Jinzhong Award"

September 2020

Awarded By www.yaozh.com, China Pharmaceutical R&D and Innovation Summit Organizing Committee, and China Pharmaceuticals

Prize-Awarding Items Top 50 Pharmaceutical Research and Development in China, 2020 Top 20 Research and Development of Chemical Medicines 2020

September 2020

Awarded By China Business Journal - China Business Future

Prize-Awarding Items Annual Social Responsibility Contribution Award of "CSR Competitiveness - China Corporate Social Responsibility" in 2020

September 2020

Awarded By District CPC Committee of Shenzhen High-tech Industrial Park and Nanshan District Enterprise Development Service Center

Prize-Awarding Items Public Welfare Enterprise

July 2020

Awarded By STCN and Egsea.com

Prize-Awarding Items "The 40 Most Respected Listed Companies" for the 40th Anniversary of Shenzhen Special Economic Zone

November 2020

Awarded By National Business Daily

Prize-Awarding Items "Listed Company of the Largest Growth Potential in the Healthcare Industry" Award

01

Governance

(I) CSR Strategy

Joincare is striving to be an explorer in the healthcare industry and insisting on creating a healthy life driven by technology. The Group pays great attention to its sustainable development, and actively focuses on the internal regulatory environment and external policy guidance. Considering We China's 14th Five-Year Plan and the local government's development plan, the Group has formulated a CSR strategy and goals adapting to its current business situation.

Focusing on "health", the Group's CSR strategy aims to provide the whole society with high-quality, safe, accessible and affordable medical products and services through the development of its main business, while improving the overall strength of the health industry. Meanwhile, the strategy is committed to empowering employees and communities, emphasizing environmental protection and promoting the overall health development in society.

(II) CSR Governance

Joincare has long valued the management of its social responsibilities. In July 2020, the Group formally established the Social Responsibility Committee of the Board of Directors. The main duties of this organization are ① studying and formulating the Group's social responsibility strategy and policies; ② reviewing and determining the plans and measures for social responsibility fulfillment; ③ supervising the implementation of such plans by the Group's social responsibility working group; ④ supervising, inspecting and evaluating the Group's fulfillment of social responsibilities and giving advice. The Social Responsibility Committee has the right to question the major matters occurring in the production and operation process with an influence on the Group's fulfillment of social responsibilities, and is responsible for inspecting and urging the handling of such matters.

The Social Responsibility Committee is composed of three directors. The term of the Committee shall be the same as that of the Board of Directors and there must be an independent director. In the Committee, there is a Social Responsibility Working Group of 26 members, with the Group's President serving as the group leader, and the heads of important functional departments in the fields of quality management, environment and safety management as members. The group is responsible for daily work liaison, reporting and meeting organization.

The 22nd meeting of the 7th session of the Board of Directors of the Group has reviewed and adopted the Social Responsibility Management policy of Joincare, which clarifies the duties and work scope of the Social Responsibility Working Group and standardizes the division of labor among functional departments. This marks that the institutionalized and systematic management of the Group's social responsibility work has been realized.

Case: Joincare Organized Training on Sustainable Development

In May 2020, We organized a thematic training session on the new trend and corporate management improvement of CSR, in which the Board of Directors, the Board of Supervisors and senior management of the Group all participated. We invited external consultants to help the Group figure out the trends of sustainable development management in the pharmaceutical industry and share the excellent practices from domestic and international counterparts. The training was effective, during which participating members actively discussed the challenges and opportunities facing the Group's social responsibility management work, and planned management priorities for the next year's social responsibility work.



(III) Communication on Responsibilities

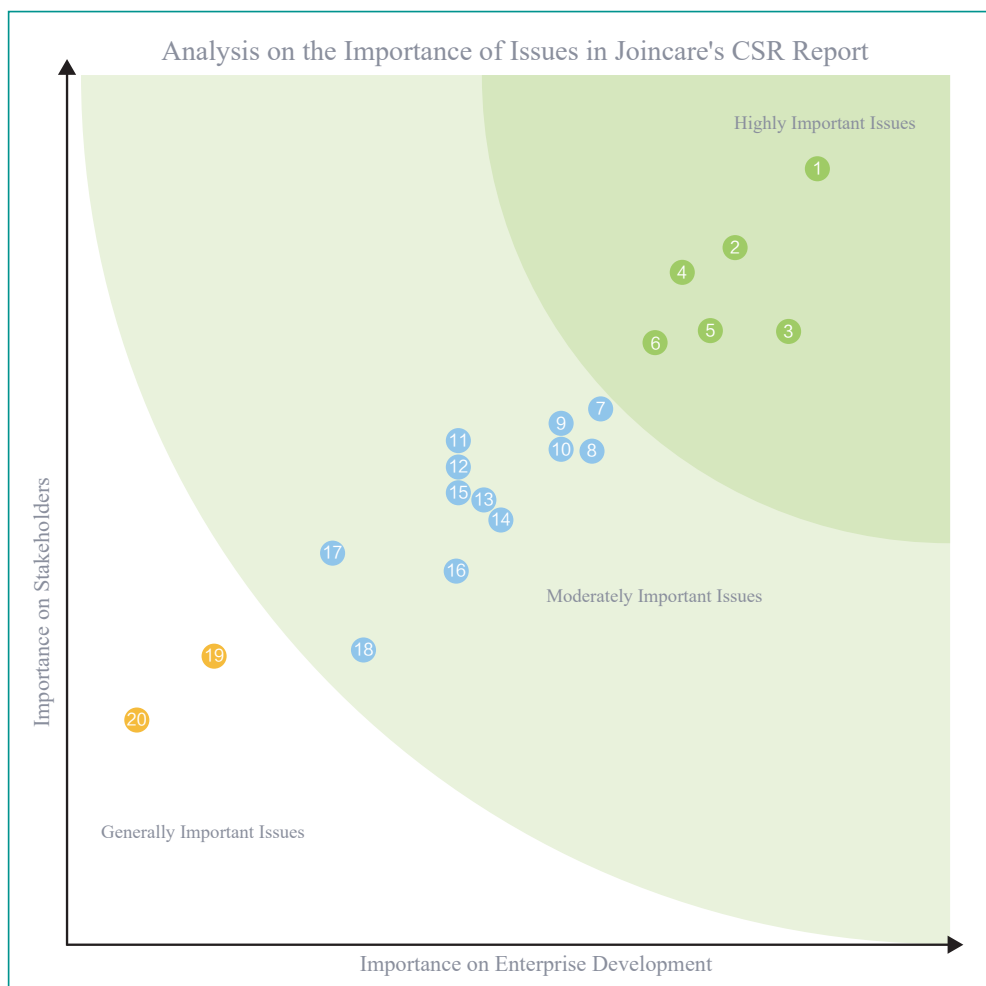
1. Communication with Stakeholders

Joincare has established a normal mechanism to communicate with stakeholders. We are looking forward to achieving effective interaction with stakeholders, actively responding to their requirements, creating more value for them, and promoting the implementation of sustainable development work.

Stakeholders	Communication Requirements	Communication Methods
Shareholders	Conducting standardized governance and strict risk control Ensuring sound operation and value creation Providing open and transparent information disclosure	Shareholders' Meeting Regular releases of business information and data By telephone, fax, email, and online voting at the shareholders' meeting Through the investor's survey, interactive communication platforms, and external roadshows
Government	Working in compliance with laws and ensuring medicine safety Cooperating with the government's regulation and operating in light of regulations Paying taxes in accordance with laws and creating jobs	Government-enterprise symposiums Supervision and inspection Work reports and surveys
Employees	Protecting employees' rights and interests Caring for employees and communicating to know their requirements Providing salaries and welfare benefits, as well as training for development	Workers' congresses and labour union Employees' satisfaction survey Occupational health and safety training Feedback platforms Daily communication and visits
Consumers	Guaranteeing product safety and consumers' rights and interests Protecting privacy and observing business ethics	Providing product labeling and information disclosure Regular visits Consumers' satisfaction survey Handling of Consumers' complaints and opinions
Partners and suppliers	Guaranteeing honest business operation and medicines' compliance with regulations Facilitating timely communication and win-win development	Regular communications Working meetings and exchanges via telephone and correspondence Company's website
Media	Promoting effective interaction and information disclosure	Interactive Communication Platforms Special Reports External Roadshows
Community/ The public	Charity Boosting community development and creating social value	Volunteering activities Money and medicine donation Medicine knowledge publicity

2. Decision of Critical Issues

Due to no significant changes in Joincare's business this year, during the preparation of this year's CSR report, the Group invited professional consultants to review and evaluate the Group's annual sustainability issues. In combination with the feedback from stakeholders on existing issues, by aligning with the major CSR issue lists of peer companies, and based on the previous year's analysis results of major CSR issues, the important sustainable development issues to Joincare this year were updated and summarized as the basis for the preparation of this report.



Highly Important Issues

- 1 Product Quality and Safety
- 2 Protection of Intellectual Property Rights
- 3 Employees' Health and Safety
- 4 Responsible Marketing
- 5 Corporate Governance
- 6 Pollutant Management

Moderately Important Issues

- 7 Talent Attraction and Retention
- 8 Popularization of Health Products and Services
- 9 Employees' Training and Development
- 10 Business Ethics Compliance
- 11 Supply Chain Management
- 12 Raw Material Use Management
- 13 Environmental Management System
- 14 Water Use Management
- 15 Internal Governance and Work Scheme on Social Responsibilities
- 16 Investor Relations Management
- 17 Energy Use Management
- 18 Investment in Charity

Generally Important Issues

- 19 Biodiversity Conservation
- 20 Climate Change-Related Risks and Countermeasures

(IV) Compliance Governance

In accordance with the requirements of the Company Law of the People's Republic of China (PRC), the Securities Law of the PRC, the Code of Corporate Governance for Listed Companies, the Shanghai Stock Exchange Listing Rules and other relevant laws and regulations, Joincare continuously improved its corporate governance structure, strengthened information disclosure management, investor relation management and made efforts to improve the Group's internal controls to standardize its operations.

1. Protection of Shareholders' Rights and Interests

We convene and hold shareholders' meetings in strict accordance with the Articles of Incorporation, the Rules of Procedure for Shareholders' Meeting and other relevant regulations to ensure that resolutions are made in a fair and open manner so that the rights and interests of shareholders are protected. At the same time, we make full use of modern information technologies, like online voting technology, to ensure that all shareholders, especially our minority shareholders, are able to participate in shareholders' meetings in the most efficient and effective way and to exercise their right to know and to participate in decision-making.

Joincare has independent business and an autonomous operation capacity. The Group and its controlling shareholders implement independent management and independent accounting in business, personnel, assets, institution and finance. The controlling shareholders of the Group exercise their rights and assume their obligations in strict accordance with laws and regulations, and they do not directly or indirectly interfere with the decision-making and business activities of the Group by bypassing the stockholders' meetings. We have formulated the Policy for Preventing the Controlling Shareholder or the Ultimate Controllers and Their Related Parties from Occupying Company Funds and established a long-term mechanism for preventing the controlling shareholder or the ultimate controller and their related parties from occupying funds of listed companies and infringing upon the interests of listed companies.

During the reporting period, there were no disputes arising from the appropriation of the Group's assets by the Group's controlling shareholders, or the ultimate controller and their related parties and the detriment of the interests of the Group and the minority shareholders.

2. Performance of Duties of Directors and Supervisors

At present, there are seven directors on Joincare's Board of Directors, including three independent directors. All of them are professionals in law, finance and other fields, providing useful opinions for the effective and standardized governance of the Group and major policy decision-making. At the same time, the Board of Directors has established the Audit Committee, the Remuneration and Appraisal Committee, the Strategy Committee, the Nomination Committee and the Social Responsibility Committee to assist in performing decision-making and monitoring functions of the board. It has given full play to the professional advantages of each committee to ensure the legality, scientificity and accuracy of its decision-making.

There are three supervisors on Joincare's Board of Supervisors, including one employee representative. During the reporting period, the Board of Supervisors performed its duties in accordance with the law, supervised the performance of duties of the Group's directors and senior executives, regularly inspected the Group's financial affairs, paid attention to the Group's major investment projects, and fully safeguarded the interests of the company and all shareholders.

3. Disclosure Transparency

We attach importance to communication and exchange with investors and formulated the Internal regulations for Information Disclosure Affairs and other relevant regulations. The Board of Directors designate a special department and relevant staff to take charge of information disclosure and investor relations management, to strengthen communication and contact with minority shareholders and to specifically respond to relevant issues raised by shareholders on the production and operation of the company.

Throughout 2020, we filled and disclosed 271 disclosure documents; and our published contents have 1.43million words in Chinese characters, which make us top 97 percentile among the domestic public companies in the industry in terms of quantity of information disclosure. Our Board office communicated with and responded timely to our investors via the official telephone and via sns.sseinfo.com (i.e. 上证e互动) 341 and 107 times respectively. Moreover, we dedicated to establish various communication channels and platforms for our investors to ensure their legitimate rights and interests to have equal access to information.

Case: Winning the Investor Relations Management Award

In November 2020, due to our outstanding performance in investor relations management, Joincare won the 2019 Golden Bull Award for Listed Companies: an award for investor relations management.



4. Carrying Forward the Party-Masses Spirit

Joincare actively practices the system of holding Party (i.e. The Chinese Communist Party) branch general meetings, meetings of Party branch committees, Party group meetings, and Party lectures. Focusing on learning and practicing the Scientific Outlook on Development, We adopt various forms such as centralized study, listening to reports and special seminars, to continuously improve the level of political thinking and the quality of policies and regulations. During the reporting period, the general Party branch of Joincare regularly held the meetings of Party branch committees and the general meetings of all Party members, and organized multi-form and multi-dimensional special Party lectures to improve the party spirit of Party members, enabling them to play an exemplary vanguard role and actively participate in the cause of social services.

Case: Party Members' Actions in COVID-19 Prevention and Control

During the pandemic, the Party members took active measures to participate in COVID-19 pandemic prevention and control and promote work and production resumption. They assisted in the distribution of anti-pandemic supplies, took employees' body temperatures, guided employees to dine in a way that one unoccupied seat was left between two persons, and disinfected public areas to fully protect the health of all employees.



Case: Showing the Party's Care for Staff during the Spring Festival

The hearts of the party and the masses were linked with each other to celebrate the Spring Festival together. On the New Year's Eve, the Party organization arranged a series of New Year's customs and cultural activities for all Taitai Pharmaceutical's employees staying in Shenzhen, including making dumplings, the management's distribution of red envelopes and watching the Spring Festival Gala together. Through those activities with a strong festive atmosphere, all the staff staying in Shenzhen spent a joyful and warm Spring Festival.



(V) Integrity and Business Ethics

We are committed to improving its governance level by complying with the Criminal Law of the PRC, the Law of the PRC Against Unfair Competition, the Interim Provisions on Prohibition of Commercial Bribery and other relevant laws and regulations, following domestic and international codes of business ethics, and advocating a business philosophy of integrity and self-discipline. The Group's Board of Directors authorizes the Audit Committee to supervise the issues related to business ethics; and the Supervision and Audit Department is responsible for the implementation, including improving integrity systems, carrying out audit and supervision, publicizing and advocating a culture of integrity and good governance, and protecting the rights and interests of the Group and its stakeholders. During the reporting period, We are not involved with any litigation cases of bribery, fraud, extortion, embezzlement or money laundry.

1. Establishing the Polices of Business Ethics

In order to effectively prevent violations including embezzlement, bribery and fraud, We formulate and implement management policies such as the Anti-Corruption and Anti-Commercial Bribery System and the Anti-Fraud Regulations and set additional requirements for particular business segments, including the Financial Management System, the Accounting Organization and Accounting Personnel Management System, the Outbound Investment Management System, the Investment Project Initiation Application Form as well as the Cost Control. The policies mentioned above are applicable to all the employees of Joincare and its subsidiaries to effectively regulate the use of funds and eliminate embezzlement, bribery, fraud, money laundry and other violations.

In order to implement the anti-corruption management responsibility, the Group requires its management, employees and partners comply with business ethics. The management shall sign the Oath of Integrity for Senior Executives of the Company to clarify that they shall abide by national laws and regulations, comply with the Group's rules and regulations, and adhere to the principle of integrity and self-discipline during the working period. All employees shall learn the Code of Conduct for Employees in the induction stage to understand the compliance requirements, and sign the Commitment Letter of Anti-commercial Bribery, promising to eliminate integrity violations during their employment. At the same time, Joincare also regulates the process to mitigate ethical risks in business cooperation. According to the systems related to procurement management, a bidding team, composed of members from multiple departments of the Group and its subsidiaries, rates potential suppliers in terms of technology and business and identifies the supplier of the highest score to avoid subjective judgment, corruption and fraud. All suppliers shall sign the Anti-Commercial Bribery Agreement with the Group, promising to implement the service contents and work in compliance with the commercial ethics standards and regulations in the cooperation process in strict accordance with the contract.

2. Internal Audit and Supervision

Joincare abides by the applicable regulations, such as the Provisions of the National Audit Office on Internal Audit and the Guiding Opinions of the General Office of the State Council on Reforming and Perfecting the Comprehensive Supervision System for the Medical and Health Industry, and complies with the Rules for Implementation of the Audit Committee, the Internal Control System, the Internal Audit Work System, the Internal Audit Project Type and Working Procedures, and the Collection of Internal Audit Work Norms. The audit committee formulates the annual work scheme and carries out audit work for the Group and its subsidiaries.

According to the approved annual audit work scheme, the audit and supervision department carries out special audits on the business process of the wholly-owned subsidiaries, holding subsidiaries, business divisions and functional departments of the Group every 18-24 months. During the reporting period, no major defects were found in the special audits of the whole business process of the Group's subsidiaries, and the general defects detected have been rectified in time.

3. Whistleblower Protection

Joincare formulates the Measures for the Management of Complaining and Reporting, which stipulates that all the employees, suppliers and customers of the Group have the right to report and complain about potential misconducts. Please refer to <https://www.joincare.com/intro/30.html> for details of complaining and reporting channels such as Group's postal address, email addresses and telephones. The Group's supervision and audit department is responsible for the complaint management, including the acceptance of reports and complaints, the recording, escalating, investigation, follow-up review and handling of the reported and complained violations of laws and disciplines as well as frauds, which shall be recorded by specially-assigned personnel, so as to ensure that an investigation must be conducted for every complaint or report, a conclusion must be reached for every investigation and a response must be made to every conclusion.

Joincare effectively protects the personal information of the whistleblowers, strictly keeps confidentiality of the content of reports, and incorporates the materials and records of reports into confidential document management. Confidentiality goes the same for verifying the situation. Those who violate relevant regulations, leak information of the informers or retaliate against informants will be prosecuted for criminal responsibility once verified.

4. Promoting a Culture of Integrity

Joincare advocates the corporate culture of integrity and transparency, cultivating ethical culture with the principle of "honesty, law-abiding and honest operation". Meanwhile, Joincare integrates the concept of risk management into ethical training to promote compliance management. The supervision and audit department, through corporate culture publicity and training, guides employees to abide by disciplines and laws, and develop senses of integrity in their respective posts. Employees have been inspired and influenced by the concept of business ethics delivered in the training, which provides strong support for the enterprise to strengthen management and improve efficiency.

02

Inclusive Healthcare

(I) Focusing on R&D and Innovation

In pursuing innovation-driven growth, we focus our R&D efforts and investments on innovative medicines and complex preparations with high-barriers of R&D and mass-production; and we are dedicated to improve the accessibility and affordability of high-quality pharmaceutical products. The Group has developed R&D technology platforms such as like inhalation administration, antibody, long-acting sustained-release microspheres and nano-lipid microemulsion, has three national R&D technology centers and several provincial and municipal innovation carriers, has established a long-term cooperative relationship with many well-known scientific research institutions at home and abroad, forming a sound enterprise technology innovation network with coordinated efforts of enterprises, universities and research institutions.

Case: Strategic Cooperation with Shenzhen Bay Laboratory

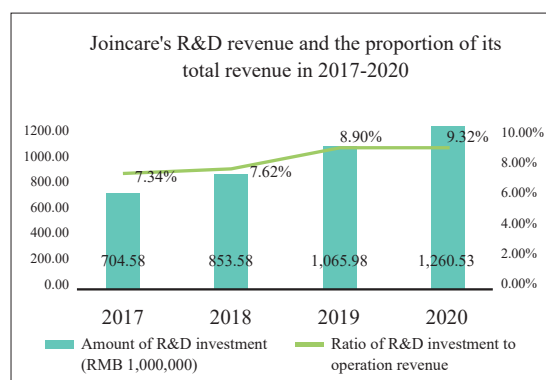
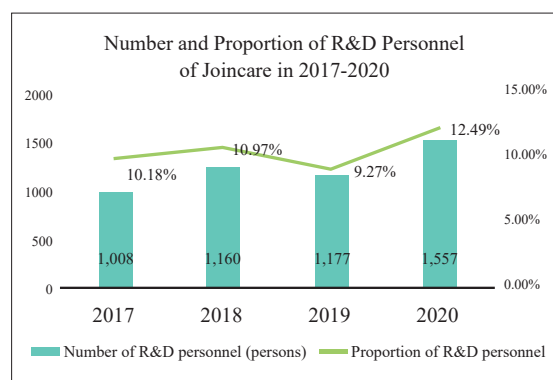
In order to improve the research capability of the basic application of biomedicine and provide strong support in scientific research and achievement transformation for the biomedicine industry in Guangdong-Hong Kong-Macao Greater Bay Area, Joincare and Shenzhen Bay Laboratory signed a strategic cooperation agreement in December 2020. Both parties will leverage their respective resources and advantages and cooperate in scientific research, intellectual property rights and achievement transformation in the field of biomedicine.

Shenzhen Bay Laboratory (Guangdong Provincial Laboratory of Life Information and Biomedicine) was initiated by the Communist Party of China Guangdong Provincial Committee and the provincial government in a bid to create a national laboratory and build a "back-up" for a national laboratory.



The Group's R&D team has been growing continuously, with 1,557 R&D personnel and ever-increasing investment in R&D. The R&D expenses in the reporting period amounted to RMB 1260.53million , up by 18.25% from the same period of the previous year, accounting for 9.32% of the total audited operating revenue of the company in the reporting period. During the reporting period, the Group obtained registration approval for five varieties, clinical trial approval for six varieties, and passed consistency evaluation for four varieties.

Date	Major R&D/Registration Progress
February 2020	Clinical Trial Notification obtained for Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection
April 2020	Quality Consistency Evaluation passed for Tinidazole Tablets
May 2020	Clinical Trial Notification obtained for Aripiprazole Microspheres for Injection
May 2020	Clinical Trial Notification obtained for Recombinant Tumor Enzyme Specific Interferon α -2b Fc Fusion for Injection
July 2020	Registration Certificate obtained for Budesonide Suspension for Inhalation (2 ml: 0.5 mg)
August 2020	Clinical Trial Notification obtained for Indacaterol Maleate Powder for Inhalation
August 2020	Approval of Supplementary Medicine Application obtained for Levosalbutamol Hydrochloride Nebuliser Solution
September 2020	Registration Certificate obtained for Ipratropium Bromide Solution for Inhalation
September 2020	Clinical Trial Notification obtained for Octreotide Acetate Microspheres for Injection
September 2020	Clinical Trial Notification obtained for Levosalbutamol Hydrochloride and Ipratropium Bromide Inhalation Solution
September 2020	Quality Consistency Evaluation passed for Amlodipine Besylate Capsules
October 2020	Quality Consistency Evaluation passed for Meropenem for Injection
October 2020	Registration Certificate obtained for Dantrolene Sodium for Injection
December 2020	Registration Certificate obtained for Budesonide Suspension for Inhalation (2 ml: 1 mg)
December 2020	Registration Certificate obtained for ω -3-Fish Oil Medium and Long Chain Fat Emulsion Injection
December 2020	Quality Consistency Evaluation passed for Irbesartan Tablets



1. Committed to Respiratory Healthcare Market Niche

The inhaled medicine products are the best and most effective therapy methods for respiratory diseases, such as asthma and chronic obstructive pulmonary disease (COPD) and the R&D investemtns in this market niche are highly recommended by the Chinese government. The domestic market in this field is rising rapidly and has broad prospects for development. Due to the high barriers to the R&D and production of inhalant medicines, the market shares have been dominated by foreign big-pharma companies for long time. In response to the national appeal, Joincare has actively made strategies to enter the respiratory disease medicine market. In 2013, the Group established Shanghai Frontier in cooperation with Dr. Jin Fang, the leader and pioneer in the R&D of inhalation medicines market in China, and our R&D team, to carry out an comprehensive and diversified pipeline in the field of respiratory medicines, and jointly created a platform for the research, evaluation and engineering development of respiratory disease medicines at the most advanced technical level in China. In 2015, Joincare and Guangzhou Institute of Respiratory Health, led by Academician Zhong Nanshan, jointly established Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd., to further enhance the clinical resources and strength of the Group in the respiratory medicines sector, focus on breaking through the high technical barriers to the R&D and production of respiratory medicines, and break the landscape of multinational pharmaceutical enterprises dominating the Chinese market. At present, the Group has successively launched several key products, and has made breakthroughs in the inhalation administration device.

Levosalmotamol Hydrochloride Nebuliser Solution - Exclusively Approved in China and Incorporated to the National Medical Insurance Catalog (2020)

In September 2019, Joincare's Levosalmotamol Hydrochloride Nebuliser Solution (Lishutong®) received the Medicine Registration Approval issued by the National Medical Products Administration. It is the first nebulizer solution approved for registration under the New Category 3 in China, and the cumulative R&D cost directly invested is about RMB 20.11 million. Compared with ordinary salbutamol, its dosage is smaller, and the side effect risk is lower, and the morbidity intervals and hospitalization time of patients can be significantly reduced.

In August 2020, the Levosalmotamol Hydrochloride Nebuliser Solution (3ml:0.31mg) obtained the approval of medicine supplementary application as the special dosage for children. It is mainly used to treat or prevent bronchospasm caused by reversible airway obstruction diseases in children aged 6-11 years, and is one of the preferred medicines for acute asthma attacks among children. In December 2020, Lishutong® was incorporated to the National Medical Insurance Catalog (2020), becoming the only domestically produced respiratory medicines included in the "negotiated medicine for renewal" of the new catalog.



Budesonide Suspension for Inhalation - The First Company to Obtain Approval for Both Small and Large Specifications in China

In 2020, Joincare successively obtained the Medicine Registration Certificate for the two specifications (2ml:0.5mg and 2ml:1mg) of Budesonide Suspension for Inhalation (Wushu®), becoming the first enterprise to obtain approval for both small and large specifications in China.

Budesonide Suspension for Inhalation can be used to treat such diseases as bronchial asthma, COPD, acute and chronic bronchitis. It is currently the respiratory medicines with the largest sales revenue in China and also the product with the largest consumption volume at department of respiratory in China.



Medicine Administration with AI technology - Improving the Efficiency of Respiratory Therapy

While focusing on the R&D of respiratory medicines, the Group pays attention to the development of household intelligent nebulizers, which is of great significance to further changing the current situation of low accessibility of nebulization and treatment in traditional hospitals. The device is easy to carry and operate, and can intelligently administer respiratory medicines according to patients' breath. With the same quality for hospitals, it meets the medical device standard. The interior design can reduce noise and the plate is replaceable. With the advantages of high efficiency and patient compliance, the device can be widely used.



The successive market approval of such products as Levosalbutamol Hydrochloride Nebuliser Solution and Budesonide Suspension for Inhalation has marked Joincare's important breakthroughs in the field of respiratory medicines. Adhering to the vision of "attentively develop high-quality medicines and innovative medicines", and starting from the original intention of "join us in respiratory care", the Group focuses on the R&D of respiratory medicines and has formed a clear and comprehensive R&D pipeline, providing more effective and safe medicine options for domestic patients with asthma and COPD.

The major R&D progress in our pipeline of inhaled medicine R&D					
Medicine Form	Product Name	Medicine Category	Research Stage		
			Pharmaceutical Study	Clinical Study	Application for Production
Inhalation solution	Tobramycin Inhalation Solution	Category 2.4 chemical medicine		»»»»»»	
	Levosalbutamol Hydrochloride and Ipratropium Bromide Inhalation Solution	Category 2.3 chemical medicine		»»»»»»	
	Formoterol Fumarate Inhalation Solution	Category 3 chemical medicine		»»»»»»	
	Ambroxol Hydrochloride Inhalation Solution	Category 3 chemical medicine		»»»»»»	
	Acetylcysteine Inhalation Solution	Category 4 chemical medicine			»»»»»»
	Terbutaline Sulfate Nebuliser Solution	Category 4 chemical medicine			»»»»»»
Powder for inhalation	Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation	Category 4 chemical medicine		»»»»»»	
	Indacaterol Maleate Powder for Inhalation	Category 4 chemical medicine		»»»»»»	
Inhalation aerosol	Budesonide Aerosol	Category 4 chemical medicine			»»»»»»
	Ipratropium Bromide Aerosol	Category 4 chemical medicine		»»»»»»	
Nasal spray	Mometasone Furoate Nasal Spray	Category 4 chemical medicine			»»»»»»

2. R&D Efforts in Bio-Pharma Market

Livzon Bio, a subsidiary of Joincare, keeps exploring biomedicine. It has built mature technology platforms for antibody medicines, fusion protein medicines, cell therapy medicines, etc., dedicating to the development and industrial production of cancer, reproduction and autoimmunity-related products.

Livzon Bio, focusing on cancer, reproduction and autoimmunity, has launched a number of R&D projects for monoclonal antibodies, recombinant proteins, ADC and CAR-T which are at different R&D stages from preclinical study, clinical study to the application for production. In addition, Joincare will speed up the approval of new products through independent R&D, external introduction, strategic cooperation and other channels. In order to further improve promedicine technology and enhance commercial production, Joincare is intended to diversify the innovative portfolio of individualized cancer immunotherapy and combined therapy, and expand bispecific/polyspecific antibody, ADC and other technology platforms.

Progress of Livzon Bio's Major Products under R&D							
Field	Drug Code (Full Name)	Preclinical	Application for Clinical Trial	Phase I	Phase II	Phase III	Marketing Approval
Vaccine	V-01 (Recombinant SAS-CoV-2 Fusion Protein Vaccine)			»»»»			
Tumor immunology	A-01 (Recombinant Tumor Enzyme Specific Interferon α -2b Fc Fusion for Injection)			»»»»			
	LZM009 (Recombinant Humanized Anti-PD-1 Monoclonal Antibody for Injection)				»»»»		
Reproduction	LZM003 (Recombinant Human Chorionic Gonadotropin Alfa for Injection)						»»»»
Immune diseases	LZM008 (Recombinant Humanized Anti-human IL-6R Monoclonal Antibody Solution for Injection)					»»»»	
	LZM012 (Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection)			»»»»			

3. Planning in Long-acting sustained-release microspheres

Livzon Microsphere, a subsidiary of Joincare, focuses on the R&D of anti-tumor, endocrine-regulating and antipsychotic microsphere formulations which are advantaged for their long-acting and sustained-release mechanism. By the end of the reporting period, Livzon Microsphere has 5 ongoing projects and multiple ongoing exploratory studies. In 2020, we have two new medicines in our pipeline finished their pre-clinical research and got official notifications for clinical trials and one medicine got authorization for clinical trial; among those R&D progresses mentioned, one medicine is at stage I of the clinical trial and one medicine's clinical BE trial has been initiated.

Progress of Joincare's Major Sustained-release Microsphere Products under Research								
Project Name	Indication	Preclinical	Application for Clinical Trial	Phase I	Phase II	Phase III	BE Trial	NDA
Triptorelin Acetate Microspheres for Injection	Prostate cancer; precocious puberty; endometriosis (stages I to IV); female infertility; preconditioning of uterine fibroids before surgery					»»»»»		
Aripiprazole Microspheres for Injection	Schizophrenia, bipolar disorder			»»»»»				
Octreotide Acetate Microspheres for Injection	Acromegaly; gastroenteropancreatic neuroendocrine tumors						»»»»»	
Triptorelin Pamoate Microspheres for Injection	Treatment of locally advanced or metastatic prostate cancer		»»»»»»					
Goserelin Acetate Sustained-Release Depot	Prostate cancer: It is indicated for prostate cancer for which hormone therapy is available. Breast cancer: It is indicated for breast cancer in premenopausal and perimenopausal women for whom hormone therapy is available. Endometriosis: It is indicated to alleviate pain and to relieve symptoms of endometrial lesions.	»»»»»»						

4. Setup of Nano-lipid Microemulsion R&D Platform

Although it is very difficult to put lipid microemulsion, such a high-end complex preparation, into massive production stage, this market niche enjoys a broad market prospect in parenteral nutrition and medicine-loading technology. Given this, Joincare has cooperated with domestic top-level teams in this regard to develop a number of varieties successively. During the reporting period, Joincare has made a breakthrough that a registration approval was obtained for the blockbuster, ω -3-Fish Oil Medium and Long Chain Fat Emulsion Injection, marking a successful scientific achievement transformation of nano-lipid microemulsion. At present, Joincare has a series of special fat emulsion varieties and medicine-loaded fat emulsion projects under research, aiming for a more diverse lipid microemulsion product line.

Case: ω -3-Fish Oil Medium and Long Chain Fat Emulsion Injection (Jiankeda®) Approved for Marketing

In December 2020, Joincare received the Registration Certificate for ω -3-Fish Oil Medium and Long Chain Fat Emulsion Injection from National Medical Products Administration. The cumulative expenses of about RMB 34.9356 million have been directly input to the R&D of this variety. ω -3-Fish Oil Medium and Long Chain Fat Emulsion Injection is jointly developed by Joincare and Shanghai Institute of Materia Medica, Chinese Academy of Sciences. Joincare is the first domestic manufacturer to receive the registration certificate of ω -3-Fish Oil Medium and Long Chain Fat Emulsion Injection, and to be approved for the manufacturing of fat emulsion injections with fish oil as the main raw material.

Compared with traditional medium and long chain fat emulsions, this product is added with ω -3-acid-triglycerides, which are rich in EPA and DHA to reduce the inflammatory response caused by the use of soybean oil, so as to shorten the length of hospital stay of patients. In addition, medium-chain triglycerides, soybean oil and ω -3-acid-triglycerides are prescribed in a proportion to optimize medicine hydrolysis, as a faster hydrolysis rate leads to fewer toxic and side effects.



5. Paying Attention to Rare Diseases

High treatment costs in rare diseases result from their extremely low incidence rate (0.65~1‰) and low market demand as well as lack of experience in clinical medication. Meanwhile, unknown causes pose a great challenge for research so that there is no medicine for a large number of rare diseases. Currently, there are nearly 7,000 globally recognized rare diseases. In China, there are more than 20 million patients with various rare diseases, while there are only 55 medicines with approved indications on the market. The treatment of rare diseases is facing unprecedented challenges.

Under the guidance of relevant policies such as the "Healthy China 2030" Planning Outline and the Guidelines for Diagnosis and Treatment of Rare Diseases, We, based on our own scientific research system and capabilities, continuously invest in research on rare diseases, work with peer enterprises to improve the current situation of diagnosis and treatment of rare diseases in China, and thus making contributions to enhancing the health of all the people and building a Healthy China.

Malignant hyperthermia, a rare fatal syndrome caused by anesthetics, has an extremely high mortality. Dantrolene Sodium for Injection is the only specific medicine for the treatment of the disease. Due to the high cost and short shelf life, the medicine is not available for the majority of medical institutions in China, leading to the death of patients because of ineffective rescue measures. Livzon Pharmaceutical Group, a subsidiary of Joincare, began to plan the R&D of the medicine in the early days. After over a decade of arduous exploration, it obtained the medicine registration certificate of Dantrolene Sodium for Injection issued by the National Medical Products Administration in October 2020. The first domestically produced Dantrolene Sodium for Injection has brought good news to the vast number of anesthetists in China and also marks major progress in the diagnosis and treatment of malignant hyperthermia in the country.

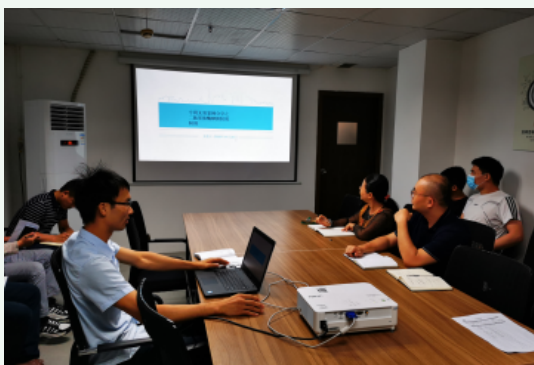
At the same time, Livzon Pharmaceutical Group is also continuously investing in the R&D of Octreotide Acetate Microspheres for Injection, a medicine for rare diseases such as acromegaly and gastroenteropancreatic neuroendocrine tumors (GEP-NET). It is conservatively estimated that there are 70,000 acromegaly patients in China. Due to the technical difficulty of mass production, the high R&D cost and long R&D cycle, the high dependence on import and the high price, there is urgent demand for a domestically produced medicine. Based on this situation, Livzon Pharmaceutical Group made active plans. In September 2020, the subsidiary obtained the approval for clinical trials of Octreotide Acetate Microspheres for Injection issued by the National Medical Products Administration, which allowed bioequivalence (BE) studies to be conducted on healthy people in contrast with the brand-name medicines; this has brought our product Octreotide Acetate Microspheres for Injection for domestic mass production.

6. Protecting Intellectual Property Rights

Joincare attaches great importance to the protection of intellectual property rights, strictly abides by the Patent Law of the PRC and the Trademark Law of the PRC, the intellectual property right department of the Group continuously improves the intellectual property right management system, organizes and carries out patent risk assessment before product project initiation approval, transformation of R&D achievements into patent, patent risk response of products before launching as well as article reviews before publication, and regularly carries out intellectual property protection publicity to improve the enterprise's capabilities of creating, utilizing, protecting and managing intellectual property rights. In 2020, Joincare actively reports key cases of intellectual property rights (IPR) through the website, posts, monthly, and Yuanxuetang (i.e. 元学堂), our internal platform for employee training. The themes have covered cases that illustrate the importance of intellectual property rights of patents, patent writing, patent search and analysis, invalid patent cases analysis, etc. We have also sent the managers to participate in education activities on IPR held by city, provincial, and national governments, to enhance their professional development, learning more about patent quality, patent portfolio arrangement and early warning, strategic management, judicial protection, foreign-related issues, investment and operation, the IPR policies in the Guangdong-Hong Kong-Macao Greater Bay Area, and other subjects.

Case: "Weekly Lectures on Invalid Cases" at Joincare

Joincare organizes lectures on invalid cases weekly for the R&D staff. With commentary and guidance from IPR experts, they can learn, lecture on, and share invalid pharmaceutical patents, so as to not only deepen their understanding and skills of patent application and writing but also comprehend intellectual property rights better. In this way, the horizons of the Group for handling IPR issues would be broadened.



By the end of the reporting period, Patent applications by Joincare and its subsidiaries totaled 826, with 543 Chinese patents and 558 granted. 320 inventions were patented domestically. International patent applications were 71, among which 48 were granted, and 18 are PCT applications. The efforts we've put in patent management and IPR protection have been highly approved. In 2020, Joincare has made itself prominent from all the model enterprises in passing the national annual assessment of IPR. One of our IPR managers was granted "Excellent IPR Manager Award" by the China Nation Intellectual Property Administration, and Taitai Pharmaceutical (Shenzhen Taitai Biotechnology Co., Ltd) was rated as "Model Company on Intellectual Property Rights of Guangdong 2020".



Joincare Was Rated as "National Model Enterprise on Intellectual Property Rights" and
"National Top Enterprise on Intellectual Property Rights"

In December, 11, 2020, the Guangdong IP Protection Association published the result on rating "Model Company on Intellectual Property Rights of Guangdong 2020". After being critically accessed by the expert panel, Taitai Pharmaceutical, bragging excellent innovative competence and a well-established IP management system, was rated as the IPR model company for 2020.



Taitai Pharmaceutical Was Rated "Model Company on Intellectual Property Rights of Guangdong 2020"

Moreover, Joincare values innovation and tends to reach foreign markets. In the future, we will promote our pharmaceutical products, especially pharmaceutic reagents, in overseas markets, and play a part as far as possible in the Doha Declaration on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health. If some third-party invites us to provide our products for the least developed and low-income countries, Joincare will license our product patents on a proper and conditional basis.

7. Promoting Industrial Development

Joincare aspires to be a trail breaker of the healthcare industry, and has explored in all fronts how to develop the section of inhalation medicine products, aiming to change the huge domestic market dominated by foreign monopolies with innovator medicines, and this will contribute to the development of domestic inhalation medicine production industry. At the meantime, in order to advance common development, Joincare focuses on forefront technologies of the pharmaceutical field, and has extended intra-industrial communication and cooperation in this aspect.

Case : Push Forward Standard Setting for Respiratory Medicines Industry

Doctor Jin Fang, Chief Scientist for Joincare, is one of the leaders who understand best about the key R&D and industrialization technologies of some intractable inhalation medicine products and who has built a global influence. He has played a significant part throughout the development of the inhalation medicine production industry from naught and the industry standard setting and took charge in drafting Pharmacopoeia of the People's Republic of China 2000, 2010, 2015 and 2020, and general rules and related determination methods for respiratory medicines.

During the reporting period, Joincare's subsidiary Shanghai Frontier has drafted Guidance for Extractable Study on Packaging System of Inhalation Aerosols as the inhalation medicine production standard (STANDARD NO.: T/CNPPA 3007-2020). The Guidance was officially published and put into practice on March 16, 2020, and has provided effective guidance for related extractable study of the industry.



Case: Holding 2020's Annual Academic Meeting with Pharmaceutical Engineering Professional Committee, CPA

In November, 2020, as one of the organizers, Shanghai Frontier held 2020's Annual Academic Meeting with Pharmaceutical Engineering Professional Committee, Chinese Pharmaceutical Association (CPA), in which the conferees have discussed the status quo and trend of the pharmaceutical industry against a new administrative backdrop, and tried to build a way linking academic research and pharmaceutical production. They have centered on and carried out full interpretation on the industrial policies, hotspots issues, cutting-edge technologies, industrialization research, and also current development of the high-end technologies. Many academicians in pharmaceutical engineering and experts from enterprises, of science and education were invited to the meeting for an in-depth idea exchange on the latest and most challenging issues in the pharmaceutical industry. It offered an opportunity for discussion and communication in the industry, thereby promoting the industrial evolution and technological progress.



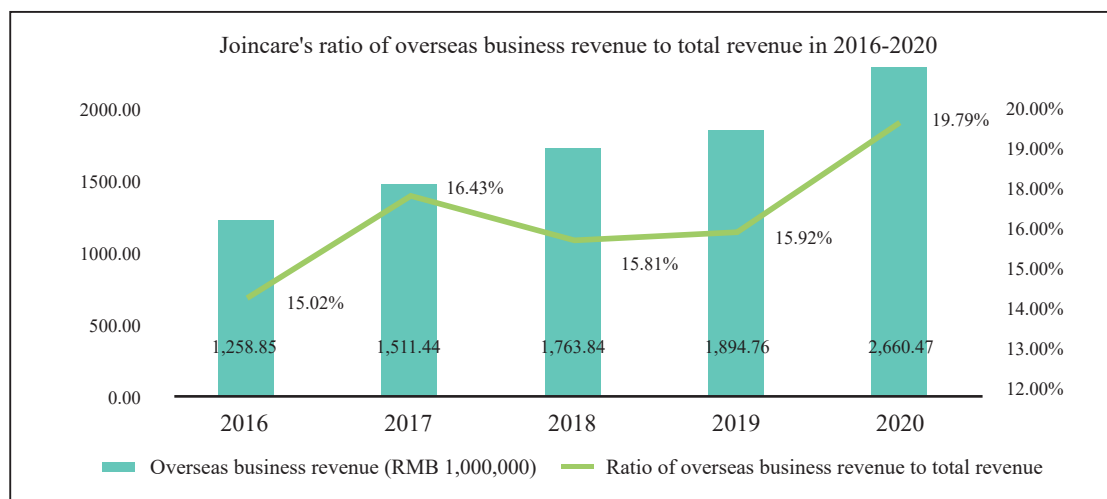
(II) Improving the Accessibility of Medicines

Joincare has prioritized Access to Health Care into the top issues of corporate social responsibility management. We endeavor to improve availability and affordability of medicines, and advocate for rational use of drugs. Since Joincare mainly operates within China, which is also a developing country, the economy, the healthcare level, and diversified features of foreign markets are taken into accounts when the inclusive medical strategy is formulated.

1. Improving Healthcare Accessibility

Joincare entered emerging markets mainly via direct operation, along with majority-owned distributors in some regions. So far, products of the Group and the holding companies have been approved after registration in more than 90 countries and areas within Asia, Europe, North America, and Africa.

To improve medical availability, Joincare expands products' production and marketing overseas, gaining consecutive growth in its main business revenue in foreign markets. In 2020, it reached 2,660.47 millions, with a year-on-year rise of 40.41% and a 5-year compound growth rate of 16.14%.



2. Improving Medical Affordability

In active response to admission to the medical insurance list, Joincare has made efforts to provide fairly-priced and high-quality medicines to patients. In the National Reimbursement Drugs List (NRDL) published by the National Healthcare Security Administration in 2020, Joincare has 196 products included, among which 97 are Class A and 99 are Class B. Levosalbutamol Hydrochloride Nebulizer Solution, a Joincare's original, was incorporated into the medical insurance negotiation list in 2020. It has less side effects compared with salbutamol, a commonly-used first aid for asthma and COPD, and can greatly improve patients' pulmonary function, thereby lowering the risks of them having to be hospitalized and re-hospitalized, or shortening hospital stays. Therefore, this medicine is a new, safe, and useful choice for patients.

When entering into overseas markets, Joincare comprehensively considers local economy, healthcare level, price benchmarking to offer a fair pricing and hence affordable medicines equitable pricing of promoting our products in developing areas overseas, it is after adequate assessment on local per capita income that differential pricing strategies were provided. Joincare also positively goes for bidding of local governments, so that affordable medicines would be offered locally. So far, Joincare and the subsidiaries have used differential pricing in selling of seven products in Southeastern Asia and Middle Asia, for matching the local income level.

3. Advocating for the Rational Use of Medicines

Popularizing Knowledge on Chronic Disease and Promoting Rational Medicine Use

Respiratory diseases rank among top five diseases of China and also in the world. Its primary diseases include asthma and chronic obstructive pulmonary disease (COPD) which is the third cause of death around the world. However, the diagnosis rate and the awareness rate of asthma and COPD are now far behind the goal made in Healthy China Initiative 2019-2030, and the number of patients are seriously under-estimated. With measures such as academic promotion and spread of knowledge about diseases, Joincare endeavors in many ways to teach public about asthma and COPD and appeals for regular pulmonary function tests, pushing forward the initiative for a healthier China. Inhalation medicine products, as the most preferred treatment for asthma and COPD, feature good compliance and high therapeutic effect. Moreover, in the R&D process, the formula, particles, and design of the inhalation apparatus have been taken into consideration to ensure that patients can administrate themselves outside the hospital. The products are designed to be even, steady, and precise, meanwhile they are more portable and operable. Besides, effective medicine use is promoted through holding academic meetings and product introduction at terminals, thereby educating patients about how to correctly use inhalation medicine products and ensure medication safety.

Addressing Antimicrobial Resistance (AMR)

Joincare has a very mature anti-infection product portfolio, such as meropenem for injection, voriconazole for injection, and cefodizime sodium for injection. Since the management policy for clinical use of antimicrobial medicines was issued in 2020, Joincare has greatly emphasized judicious use of antibiotics. We have strengthened management of prescription medicines during selling and cooperated with medical institutions to classify antibiotics and limit physicians' prescription rights. The classifying of antibiotics for clinical use has been strictly followed in Joincare, as we enforce non-limited use, limited use and special use, cooperate with hospitals to handle antibiotic abuse and help with the work on controlling medicine-resistance bacteria. Training lessons and lectures on optimizing medicine-resistance bacteria treatment scheme are given to improve clinical use of antibiotics and reduce misuse.

In 2020, Joincare has sponsored many nation-level academic meetings on AMR, for example, the 4th Academic Conference on Fungal Infection and Host Immunity held by Professional Committee of Mycology, Chinese Society for Microbiology. In the conference, Joincare has made in-depth communication with clinical experts in infection, respiration, hematology, ICU, organ transplantation, dermatology, obstetrics and gynecology, etc. and researchers on fundamental microbiology, striving to jointly advance the development of medical care.

03

Health Responsibility

(I) Product Quality Control Mechanism

1. Managing Quality System

According to the Drug Administration Law of the People's Republic of China, the Good Manufacturing Practice for Pharmaceutical Products (GMP), the Good Supply Practice for Pharmaceutical Products (GSP) and other related laws and regulations, Joincare has established its own quality management system, including regulations on managing lifecycle safety monitoring, quality assessment standard, quality review, quality data trend analysis and review, quality risk, etc., so that the whole system can effectively function.

During the reporting period, Joincare had nearly 60 varieties of APIs and preparations in production being registered in more than 120 countries (or regions) over the globe. Overall registration and certification of Joincare's APIs, preparations, and diagnostic reagents are shown as follows:

Project		2020 Work Review
GMP Certification		41 production lines of 8 preparation companies licensed GMP certificates 2 production lines of 1 reagent company licensed GMP certificates 37 varieties of 6 active pharmaceutical ingredient companies licensed GMP certificates, with 5 licensed GMP certificates for veterinary medicines manufacturers
International Quality Authentication	Active Pharmaceutical Ingredients	17 varieties passed on-site inspection of international certification 49 licensed international certificates with validity period (among which 4 varieties are on-site inspected by FDA and 13 varieties are with CEP certificates) 2 licensed system qualification certificates (ISO system certification)
	Preparations	1 variety passed international certification 2 licensed international certificates 2 licensed qualification certificates (ISO system certification)
	Diagnostic Reagents	8 varieties passed international certification 1 licensed international certificates 8 varieties passed on-site TUV inspection 1 licensed qualification certificates (ISO system certification)

The quality management department of Joincare has made an annual quality auditing plan according to the Group's auditing management regulations and the GMP self-inspection checklist. Six systems of quality control, production, documents, materials, labs, and equipment have been built based on the GMP standard, to conduct overall auditing in every production and operation unit for at least once a year. Apart from that, specific auditing is conducted from time to time based on management demands and external supervision changes. The auditing plan covers all the producers, operators, and R&D institutions, and can facilitate all the subsidiaries to cooperate with various external quality audits and improve quality management in combination with the advice of external experts. During the reporting period, Joincare passed all the official inspections and external audits.

Case: On-site Audit in Production Enterprise

In August, 2020, the quality management department of the Livzon Group conducted an on-site audit in the Limin Pharmaceutical Factory.



Case: Quality Culture Building for 2020 in Joincare Haibin

From July to September 2020, Joincare Haibin held a quality culture building activity in which all staff participated. With the needs to build the quality system and the goal of "high quality", there were banner making, post design, creating quality slogan, experiment skill contest, hygienic dress changing, lessons clock-in, inspection quiz, and other activities for all the staff to strengthen the idea and work discipline of "quality first".



Some quality slogans selected



"Let me try to inspect" Quiz

2. Quality Risk Management

According to the laws, a marketing authorization holder is responsible for its medical products' non-clinical study, clinical tests, marketing and operation, post-marketing management, adverse reaction monitoring and response. On the premise of complying with the Good Laboratory Practice for Pharmaceutical Products (GLP) and the Good Clinical Practice for Pharmaceutical Products (GCP), Joincare ensures its development quality by following ICH guidelines such as the pharmaceutical quality system ICH Q10, adopting the Quality Target Product Profile (QTPP), the Failure Mode and Effects Analysis (FMEA), the Hazard Analysis Critical Control Points (HACCP), and other risk management tools in the R&D phase to determine products' critical quality attributes (CQAs) and critical process parameters (CPPs).

In the production procedure, Joincare abides by the GMP and has built systematic risk management and data integrity assessment, etc. We use beforehand and backtracking manners to assess our analysis tools and spot risks lying in man's work, machines, materials, rules, links, and tests with FMEA, HACCP, brain storming, cause-and-effect diagrams, 5 Whys, and the like. Further, we take corresponding measures to mitigate or eliminate the risks. Other risks are further assessed, analyzed, and discussion and review are conducted, to ensure safety, effectiveness, and control quality of our products.

For post-marketing management, Joincare properly receives, surveys, confirms and reports quality complaints and adverse reaction information according to the customer complaint handling procedure, the adverse medicine reaction handling procedure, and the medicine safety accident handling procedure. Product recall simulation for preparations and active pharmaceutical ingredients are exercised every year at Joincare, to ensure that our recall system is effective. We also implement a product risk management scheme to ensure risk management of post-marketing products is in line with the GMP, the GSP, and related pharmacovigilance laws, and ensure that the products' qualities always serve their uses and satisfy the registration requirements.

3. Pharmacovigilance Management

To build a full-scale pharmacovigilance system, Joincare has set up a medicine safety committee, issued a guideline for managing the medicine safety assessment committee, and specified the working structures, duties and coordination mechanism of the pharmacovigilance works. The goal for pharmacovigilance has also been set, and the whole procedure of pharmacovigilance is systematically guided by the goal and corresponding requirements by carrying out the quality planning, compliance, control, assurance and improvement activities.

Joincare's prescription medicine department takes responsibility for analysis and relevance evaluation of major adverse reactions or issues. It detects major underlying safety incidents and assesses risks or gains based on the Guidelines for Reporting Spontaneous Adverse Medicine Reaction of Post-marketing Products. Relevant departments, according to regulations, collect adverse medicine reactions and cases thereto through various methods, and analyze them with monitoring materials after reporting. Then medicine safety assessment will be conducted, results and impacts of which will be the basis of formulating corresponding risk control measures. Apart from that, Joincare has built a e-review code medicine management system, including code application, printing, detection, collection, storage, delivery, and extra scenarios like returns, sample testing, etc., thereby ensuring the e-monitoring system is applied in the whole operating process. On-code services have also been open to all the subsidiaries. Tracker codes are used for downloading and printing in daily production. Packages with codes are scanned for storage and uploading, and deliveries also use codes for real-time uploading. In this way, every link of products' circulation will be traceable.

4. Legal Compliance of Business Operations

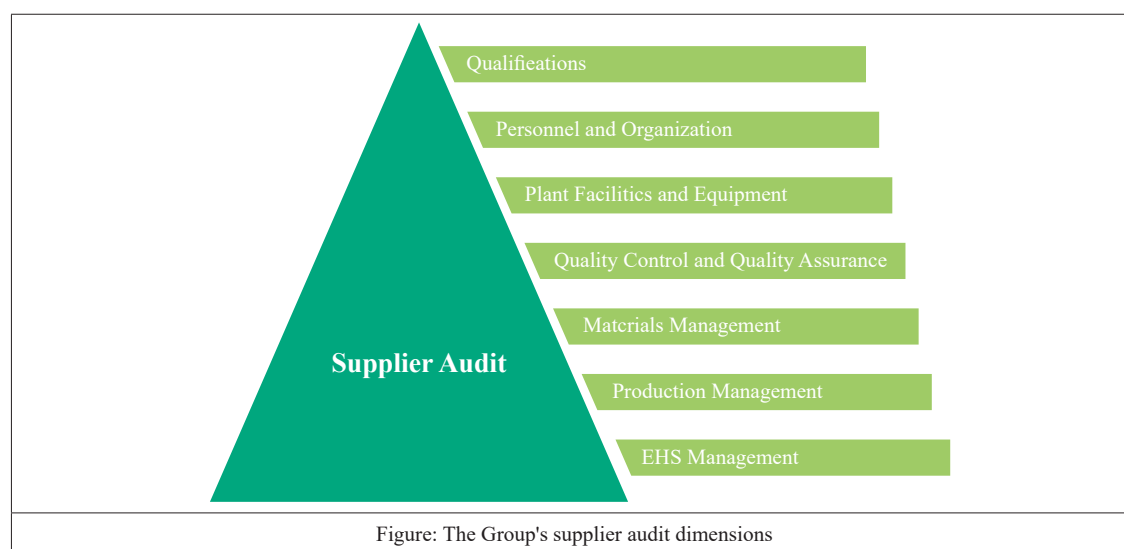
Pharmaceutical producers and operators are obliged to provide objective, accurate, and scientific product information to patients. Therefore, according to the legal requirements on medical products' package inserts, labels and inserts of Joincare's products all are examined by the National Medical Products Administration. In December 2020, the quality management department of Joincare started a training course on illustrating the Provisions for Medicine Insert Sheets and Labels. During the training, duties of every department were specified and required to be carried out strictly as regulated. In the process of promotion, the prescription medicine department of Joincare has carefully reviewed product specifications of the prescription medicines already on the market and publicity materials made by the marketing department as well, to make sure that key information is consistent with the specifications and therefore product information can be properly and effectively transferred to healthcare providers and patients.

5. Supply Chain Management

According to the Supplier Management System, the Group carries out standardized management on supplier on-boarding, maintenance and evaluation in order to address product safety and quality assurance related issues. In the on-boarding stage, based on the principle of fair bidding, dual sourcing procurement and quality first, the quality assurance department conducts a comprehensive evaluation on the suppliers of materials to be purchased. Their comprehensive performance in supply stability, quality control, environmental and safety management capabilities will be evaluated through on-site quality audits, regular written quality audits and questionnaire feedback. Partners included in the list of qualified suppliers shall sign the Procurement Contract and the Quality Assurance Agreement, which define their responsibilities of quality assurance in the process of material supply, so as to ensure that they can supply high-quality production materials in a stable manner.

Each production subsidiary of the Group implements hierarchical management on suppliers. According to the safety of raw materials and excipients supplied, whether the materials have a direct impact on the medication safety of patients, the risk degree of impact on product quality and other factors, suppliers are rated at three levels, namely H/M/L (or A/B/C). One or two potential suppliers of major materials are reserved as the contingency plan for supply risks.

In order to further guarantee the stability and quality of supply, the Group conducts scientific reviews on suppliers' qualifications, production sites, technologies, quality assurance systems, etc. according to such systems as the Supplier Quality Review Management and the External Review Management. The quality assurance department formulates an annual supplier audit plan, carries out at least one on-site audit on level H (or A) suppliers every two years, and communicates with all major suppliers and suppliers of excipients or packaging materials through written questionnaires or regular written quality audits, so as to ensure the department has a timely understanding of all suppliers' management.



During the reporting period, the quality management department of the Group carried out questionnaire audits and on-site audits according to the annual supplier audit plan, and completed nearly 260 on-site audits.

In addition to the quality of suppliers' products, Joincare also pays continuous attention to the management of suppliers in environment, health and safety (EHS), and is committed to improving the EHS management together with long-term suppliers. During the on-site audits, we shared the EHS regulations and the industry trends with suppliers, distributed the EHS questionnaires to them, encouraged them to actively obtain ISO14001:2015/ISO45001:2018 and other management system certifications, assisted them in improving EHS management and long-term stable cooperation, ensured the quality and safety of products in the entire cycle and reduced the EHS risks. As of the end of the reporting period, more than 60% of the suppliers have passed the EHS certification as required by the Group.

(II) Ensuring Production Safety

1. Occupational Safety Management

With the goal of "zero safety and environmental incident and zero occupational disease", Joincare strictly abides by the national laws and regulations such as the Law of the PRC on Work Safety, the Fire Control Law of the PRC, as well as the Law of the PRC on Prevention and Control of Occupational Diseases, complies with the requirements of the international occupational health and safety management system standards, and formulates management policies such as the Work Safety Management by Objectives, the Safety Management System Operation Control Management and the EHS Accident Management Methods to define the safety responsibilities of the Group's staff at all levels, promote the safety management level by level and ensure the work safety.

Joincare continuously improves the Production Safety management system. In 2020, Livzon Pharmaceutical Group, a holding subsidiary of Joincare, added the Regulations on Punishment concerning Production Safety, the Annual Performance Assessment Standards for the Secondary Enterprises of Livzon Pharmaceutical Group, the Production Safety Training Management System and the Production Safety Accountability Management System; Jiaozuo Joincare added the Double Prevention Operation Assessment System and the Safety Change Management System; Taitai Pharmaceutical added the Management of Precursor Chemicals and the Management of Emergency Materials; all subsidiaries revised the EHS Assessment Management Regulations, the Safety Production Responsibility Management System and the Occupational Health and Safety Protection and Control Procedures respectively to further implement the requirements of Production Safety management.

During the reporting period, no major safety accidents occurred in the Group.

As of the end of the reporting period, all production subsidiaries of the Group have passed the ISO45001/OHSAS18001 Occupational Health and Safety Management System certification, with a coverage rate of 100%. In accordance with the requirements of the system, the surveillance audit has been carried out once a year and the renewal audit has been carried out every three years. Jiaozuo Joincare and Xinxiang Haibin have passed the ISO45001:2018 Occupational Health and Safety Management System certification, and other production subsidiaries also plan to adopt new standards in the next renewal audit.

We adhere to the principle of advance prevention and integrate intrinsic safety management into the work safety system. By continuously updating production equipment and adding the work safety automation systems, starting from the production line, we identify risk points, control dangerous points, prevent work safety accidents caused by human-made mis-operation, and optimize intrinsic safety design.

Case: Jiaozuo Joincare added the DCS, the SIS and the nitrogen sealing system

In 2020, Jiaozuo Joincare added the Distributed Control System (DCS), the Safety Interlocking System (SIS) and the nitrogen sealing system. The automatic control of the DCS and the SIS as well as the operation of the emergency cut-off system help realize automatic operation, reduce the Workplace Safety accidents caused by human-made mis-operation, and realize the functions of emergency prevention and automatic cut-off before the occurrence of Production Safety accidents to control the accidents in the bud. The operation of the nitrogen sealing system helps realize the safety protection of the storage tanks and pipelines of hazardous chemicals by nitrogen, completely isolate them from air and realize the intrinsic safety design.

Case: Xinxiang Haibin investigated and responded to the Production Safety risks

- Carried out two lightning protection and anti-static tests, and found that all the test indicators on the production site were qualified;
- Carried out chemical reaction safety risk assessment;
- Added five emergency rescue material stations and nine mobile foam vehicles;
- Supplemented the equipment in the fire control room of the company and equipped seven full-time firefighters;
- Conducted the annual test of the gas alarm probes, the alarm system and the firefighting electric system, and replaced 69 sensors for the gas alarm probes.

2. Safety Culture Development

Joincare always regards the construction of safety culture as the foundation of the enterprise, embeds the safety idea deeply in the mind of employees, helps them change from "I'm required to be safe" to "I want to be safe", and forms a good safety culture atmosphere through safety training, safety drills, group safety day, special activities for Production Safety, etc.

Joincare formulates the comprehensive emergency plan and the special emergency plan for Production Safety, and sets up emergency rescue teams that can carry out emergency rescue, emergency evacuation, medical rescue, logistics support and communication. Each production subsidiary carries out regular drills according to the annual emergency drill plan, and improves the emergency plan and disposal plan according to the drill effect evaluation.

In 2020, the EHS management department of Joincare organized all subsidiaries to carry out regular drills according to the annual emergency drill plan, and improved the emergency plan and disposal plan according to the drill effect evaluation.

Case: Joincare Haibin carried out a series of "work safety month" activities

From May to June 2020, in order to ensure work safety, deeply implement the New Work Safety Law, adhere to the work safety principle of "safety first, emphasis on prevention and integrated governance" and follow the "people-oriented" safety concept, the EHS Department of Joincare Haibin Pharmaceutical actively responded to carry out a series of "work safety month" activities.

- Safety publicity: set up work safety month theme publicity boards and post safety culture publicity posters; carry out "work safety accident warning video" watching activities to strengthen safety awareness through accident education;
- Fire safety: organize training on basic fire-fighting knowledge and popularize fire safety knowledge; carry out the activity of "emergency rescue exercise for fire-fighting and leakage of hazardous chemicals" to explain how to use fire extinguishers and fire hoses and practically operate them;
- Work safety: carry out the activity of "emergency exercise for steam pressure pipeline leakage" to improve the emergency response capacity; carry out the activity of "emergency exercise for sulfuric acid leakage accident" to focus on the danger of the acid preparation work and the dos and don'ts during the use of sulfuric acid and hydrochloric acid;
- Safety inspection: carry out a comprehensive pre-festival safety inspection for workshops and the phase II construction sites. The workshop inspection focuses on electrical safety, the use of hazardous chemicals and fire-fighting facilities in workshops.



Safety Publicity and Safety Culture Publicity Posters



Emergency Rescue Exercise for Fire Fighting and Leakage of Hazardous Chemicals



Emergency Exercise for Steam Pressure Pipeline Leakage



Emergency Exercise For Sulfuric Acid Leakage Accident

Case: Methanol Leakage Comprehensive Emergency Exercise of Jiaozuo Joincare

On June 18, 2020, Jiaozuo Joincare organized the "Methanol Leakage Comprehensive Emergency Exercise" targeting the major hazard source of methanol leakage. The exercise involved six departments and workshops, and more than 50 participants. It practiced the synergy and coordination of emergency teams, tested their response capacity to emergencies and verified the feasibility of the comprehensive emergency plan.



Case: Emergency Exercise of Livzon Group Ningxia Pharmaceutical Co., Ltd.

In 2020, Livzon Group Ningxia Pharmaceutical Co., Ltd. carried out 97 comprehensive, special and on-site emergency exercises, involving a total of 1,906 participants and with a completion rate of 94.8%. It highlighted the initial emergency disposal at primary production posts to nip initial accidents in the bud and effectively control the expansion of accidents. It also timely improved and solved exposed problems in the exercise and improved disposal measures and procedures.



According to the requirements of the Safety Education and Training Regulations, Joincare formulated the annual safety training plan, improved all employees' safety supervision and management ability through the combination of internal and external training, and ensured long-standing insistence on Production Safety. It promoted the overall improvement of health and safety awareness of all employees by carrying out targeted safety education publicity for employees of different levels and categories. During the reporting period, the per capita training time for EHS training was about 58 hours.

Internal training: three-level (plant-level, workshop-level and team-level) safety education and training for new employees, safety management personnel training, daily education and training for employees, etc. The training includes national laws and regulations on work safety, work safety management system and basic knowledge, work safety technology, fire safety, analysis of typical accident cases, accident reports and investigation and handling methods, as well as occupational hazards and preventive measures.

External training: training for special operations (such as electric welders and chlorination process operations), qualification training for safety management personnel, etc. Employees can only take up posts after being trained and obtaining the corresponding certificates issued by the competent government departments.

Case: Xinxiang Haibin Workplace Safety Month Art Show

On June 30, 2020, in order to improve Production Safety awareness, Xinxiang Haibin organized a safety art show with the theme of "eliminating hidden dangers of accidents and building a stronger line of defense for safe." Each activity team carefully arranged shows and performed on the stage. This show consolidated and deepened employees' mastery of safety knowledge and mobilized everyone's enthusiasm for learning safety knowledge.



Case: Production Safety Assessment of Shenzhen Haibin

In May 2020, Shenzhen Haibin organized the personnel in middle management such as the heads of workshops and auxiliary departments to carry out a written examination on Production Safety knowledge in a centralized manner. Through the examination, it reminded the heads of all departments to improve their own Production Safety awareness and implement their main responsibility for Production Safety.



3. Occupational Health Protection

In accordance with the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Technical Specifications for Occupational Health Surveillance, Joincare formulated the Occupational Health Management System and Operating Procedures, and the Monitoring and Evaluation System for Occupational Hazard Factors in the Workplace to carry out the monitoring and risk assessment of occupational hazard factors in toxic and harmful posts and continuously improve the level of occupational disease prevention and control by publishing the monitoring results, setting up warning signs, equipping labor protection articles and first aid supplies and carrying out occupational health examinations so as to effectively ensure the occupational health of employees in the production process.

In 2020, Joincare continued to invest in occupational health protection for employees and built special funds for labor protection articles procurement, occupational health monitoring and physical examination; regularly maintained and overhauled protective facilities and improved their effective utilization rate. During the reporting period, it did not see new occupational contraindications or occupational cases.

Case: Shenzhen Haibin's Installation of Local Exhaust Devices

Shenzhen Haibin set up a laser coding room in the powder sub-packaging production line. During laser coding, the laser burning always produces a peculiar smell, causing employees to easily suffer discomfort due to long-term contact. Shenzhen Haibin adopted the local installation of exhaust devices to extract the peculiar smell and discharge it after the treatment by waste gas treatment device, which improves the working environment and reduces occupational health risks.

Case: Evaluation of Occupational Hazard Control Effect of Jiaozuo Joincare

In order to prevent, control and eliminate the occupational hazards that may be caused in the construction project, and strengthen and standardize the supervision and management of the construction of occupational disease prevention facilities in the construction project, Jiaozuo Joincare carried out pre-evaluation of occupational hazards, special review of occupational disease prevention facilities design and evaluation of occupational hazard control effect for the two new projects in 2020, and obtained corresponding reports in August and December 2020 respectively after passing the expert review.

(III) Promoting Social Health

1. Caring for Patients with Chronic Disease

By virtue of the advantages of its main business, Joincare has been working with its holding subsidiary Livzon Pharmaceutical Group since 2018 to continuously practice the chronic disease poverty alleviation public welfare project, in order to provide assistance for middle-aged and elderly poor people with chronic diseases such as hypertension, hyperlipidemia and cardio-cerebrovascular diseases in targeted poverty-stricken areas and contribute to healthy China. During the reporting period, we successively carried out chronic disease poverty alleviation projects in five areas including Jiange County and Pingwu County, Sichuan Province, Jilin Xianghai National Nature Reserve, Chayu County, Tibet Autonomous Region and Macun District, Jiaozuo City, Henan Province, and donated drugs with a total value of RMB 5 million. At present, the chronic disease poverty alleviation project has covered 12 counties and districts in China, including four new poverty-stricken counties and districts and more than 4,000 registered poverty-stricken households.

In the second quarter of 2020, the Group reached agreements with Jiange County Health Bureau and Pingwu County Health Bureau of Sichuan Province to address local needs of the impoverished of curing chronic diseases, and donated drugs worth RMB 1 million. So far, Joincare has successfully launched a series of poverty alleviation projects targeting access to healthcare in Sichuan, cooperating with Chaotian District in Guangyuan City and Songpan County in the Ngawa Tibetan and Qiang Autonomous Prefecture, and Jiange County Health Bureau and Pingwu County Health Bureau. This series of projects has attracted extensive attention.

In September 2020, with the support of the Shenzhen Project Care Organizing Committee Office, Joincare and Livzon Pharmaceutical Group signed the Medicine Donation Project Cooperation Agreement with the health bureau and people's hospital of Zayu County in Tibet, with which Shenzhen is paired up in poverty alleviation. According to the agreement, Joincare and Livzon Pharmaceutical Group will donate medicines addressing hypertension, hyperlipidemia and other chronic diseases to Zayu County. These medicines, with a total value of RMB 1 million, will be granted in three years, and the first batch worth RMB 0.4 million has arrived in the county. The agreement with Zayu County in Tibet marks another milestone of Joincare and Livzon Pharmaceutical Group in practicing the national policy of targeted poverty alleviation and pairing-up assistance as an efficient aid to Tibet that embodies General Secretary Xi Jinping's important strategic idea: "To govern the country well we must first govern the frontiers well, and to govern the frontiers well we must first ensure stability in Tibet."



Launching Ceremony of Joincare & Livzon Pharmaceutical Group Chronic Disease Poverty Alleviation Project in Jiange County



Joincare signed Chronic Disease Poverty Alleviation Agreement with Pingwu County Health Bureau, Sichuan



Donation Ceremony of Joincare and Livzon Pharmaceutical Group Chronic Disease Poverty Alleviation Project in Zayu County, Tibet



Joincare's efforts in chronic disease poverty alleviation have been recognized by society, winning the "Contribution Award of 2020 National Poverty Alleviation Award" at the 2020 China Economic Summit and the "Excellent Case Award for Poverty Reoccurrence Prevention" at the 3rd China Excellent Poverty Alleviation Case Report Meeting. In addition, we filmed the documentary series Poverty Alleviation for Chronic Diseases to reveal the real conditions of the poor areas as well as the progress of our projects. Among them, the film Support for the Old People was awarded "Excellent Micro Video of Shenzhen Enterprise Culture".



Poverty Alleviation for Chronic Diseases—Support for the Elder People



The 3rd China Excellent Poverty Alleviation Case Report Meeting "Excellent Case Award for Poverty Reoccurrence Prevention"

2. Caring about Poverty Alleviation by Developing Education

Joincare has long been concerned about the development of education in poor areas and contributed to China's cause of education. With the support of the National Medical Products Administration, the Group pledged to donate a total of RMB 900,000 in three years from 2019 to assist poor freshmen enrolled in pharmaceutical-related majors in colleges and universities, who are from Linquan County, Fuyang, Anhui. Each eligible undergraduate can receive a subsidy of RMB 5,000, and each junior college student RMB 3,000. During the reporting period, Joincare completed the donation of RMB 300,000 for the second year, which improved the learning and living conditions of 70 poor college students and facilitated their studies, so as to cultivate more professionals for the pharmaceutical industry.

3. Contributing to Epidemic Prevention and Control

Since the COVID-19 outbreak, Joincare has been at the forefront of the fight against the epidemic. In January 2020, Joincare and Livzon Pharmaceutical Group made a donation of over RMB 22 million (including RMB 10 million in cash and RMB 12 million of medical supplies) to facilitate the construction of the Zhongnanshan Medical Foundation, Huoshenshan Hospital, Leishenshan Hospital, and other epidemic prevention and treatment bases; in February, Joincare donated medical supplies worth RMB 1 million to facilitate the anti-pandemic fight of the Third People's Hospital of Shenzhen, the only designated hospital for COVID-19 treatment in Shenzhen; and in March 2020, Joincare was recognized by Chibi, Hubei as the "Unit with Outstanding Contributions to Chibi's Fight Against COVID-19". In addition, during the post-pandemic period, Joincare and Livzon Pharmaceutical Group provided novel coronavirus antibody detection reagents worth RMB 600,000 to Macun District, Jiaozuo, Henan, solving the immediate worries over medical supplies in poor areas. In November 2020, the award ceremony of "Best Listed Companies in Greater China · 2020", organized by Gelonghui, was held in Chengdu, China. After rounds of selection, Joincare stood out from many competitors and won the "Outstanding Contribution Award for Fighting COVID-19".



Joincare is awarded the Unit with Outstanding Contributions to Chibi's Fight Against COVID-19.



Outstanding Contribution Award for Fighting Against COVID-19

4. Pushing Forward Poverty Alleviation by Developing competitive Industries

Joincare and its subsidiary Livzon Pharmaceutical Group have been promoting poverty alleviation by developing competitive industries. We set up the concept of "targeted poverty alleviation + Radix astragali industry", and carry out "three combinations" (combining with poverty alleviation policies, industrial development projects, and vocational training). Under the poverty alleviation model of "company + bases + poor households", we encourage low-income families to plant and process Radix astragali, develop the Radix astragali business into a long-term pillar industry to shake off poverty and achieve well-being, and promote the construction of the "ecological base of traditional Chinese medicine".

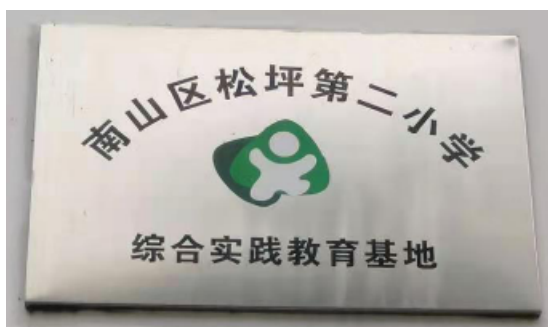
Case: Results of Poverty Alleviation by Developing competitive Industries

Livzon Pharmaceutical Group has built its own Radix astragali planting base of about 15,000 mu in Hunyuan County, Shanxi, a jointly-developed base of 10,000 mu in Tianzhen County, Shanxi, and a jointly-developed base of 15,000 mu in Zizhou County, Shaanxi, and established an Radix astragali industrial park in Tianzhen County. In 2020, the three planting bases employed about 110 workers, including 20 in poverty (including base operators and workshop processors), and the qualified Radix astragali produced by poor households would be purchased with priority. The bases conducted training for 50 employees in standardized Radix astragali planting and processing techniques. During the reporting period, Livzon Pharmaceutical Group acquired 21,239 kg of Radix astragali from Tianzhen and 15,210 kg from Zizhou with a total amount of approximately RMB 990,000.



5. Commitment in Community Activities

While pursuing innovation-driven development, Joincare is actively involved in community activities. Adhering to righteousness and innovation, the Group passes on the cultural essence of traditional Chinese medicine (TCM). On the strength of nearly three decades of experience in TCM health-care products, Taitai Pharmaceutical, a subsidiary of Joincare, has cooperated with schools in the community to impart the TCM culture, from the cultivation of Chinese herbs to their identification, extraction and preparation, to the new generation of students. During the reporting period, Taitai Pharmaceutical provided lectures as well as practical lessons to Songping No. 2 Primary School, involving 225 students in total.



Comprehensive Practice Education Base of Songping No. 2 Primary School in Nanshan District—Taitai Pharmaceutical



Students Washing Their Hands Before Practical Operation

04

Health Empowerment

(I) Protection of Rights and Interests of Employees

1. Compliance of the labor Law

Complying with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, Joincare has formulated and improved the Human Resources Management Regulations, the Training Management System and the Attendance Management System. We sign contracts with employees under the principle of free will, and specify the rights and obligations of employees.

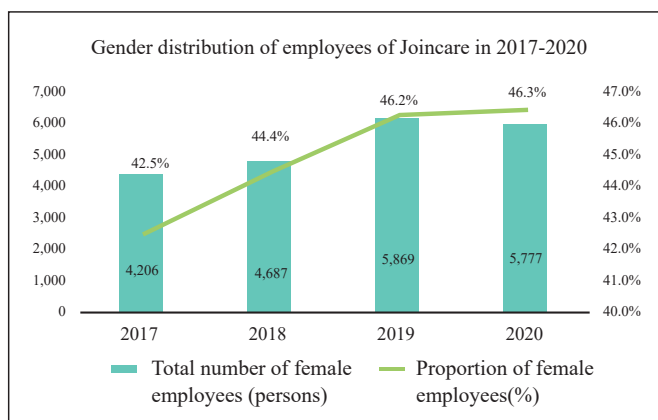
According to the Employment Relation Management System of the Group, we fully protect employees' right to know in the hiring process, truthfully informing the workers of the content, conditions, sites, hazards, work safety and payment of the jobs, and other information that they request to be informed. In terms of employment, we fully respect and uphold the international human rights convention and labor standards to which China is a signatory, strictly abide by the Provisions on the Prohibition of Child Labor, and resolutely resist such behaviors as forced labor and workplace harassment and abuse.

2. Workforce Diversity and Inclusiveness

Joincare advocates a diverse and inclusive work environment, encouraging employees of diverse backgrounds, genders, ethnicities and nationalities to give full play to their talents in a fair and transparent talent management system. The Group has specified the management rules of "anti-discrimination" and "diversity" in the Compilation of Human Resources Management System, prohibiting any form of discrimination in all aspects of human resources management, including hiring, promotion, remuneration and training, and ensuring the thorough implementation of diversification through compliance audits of human resources management.

Joincare safeguards the reproductive rights and interests of employees. We encourage female employees who give birth to a child to return to work, provide marriage leave, pregnancy medical check-up leave, maternity leave, breastfeeding leave and other paid leaves, and visit female employees who give birth with generous gifts. We care for working mothers with practical actions, including providing baby-care rooms and dedicated refrigerators and offering fitness classes, dance classes, yoga classes and other body-shaping courses for female employees free of charge. During the reporting period, there were 5,777 female employees (46.3% of total employees) in the Group, showing a benign trend of diversified development represented by the narrowing gender gap.

The Group assists foreign employees in their working and living in China. We help foreign employees obtain work permits and residence permits as required by the Chinese government free of charge, assign assistants to those weak in Chinese, provide foreign employees with the opportunities to learn Chinese, and help them adapt to the work environment through team building activities, thus promoting cultural diversity and inclusiveness in the workplace.



3. Openness to Communication

Joincare has established smooth communication channels to value the views and suggestions of employees, listen to their voice, and solve difficulties in their work and life. We hold canteen talks and dormitory talks every month, set up dormitory WeChat groups to listen to employees' reasonable suggestions, keep informed of the actual situation of grassroots employees in accommodation and other aspects, and put forward targeted measures for improvement and innovation.

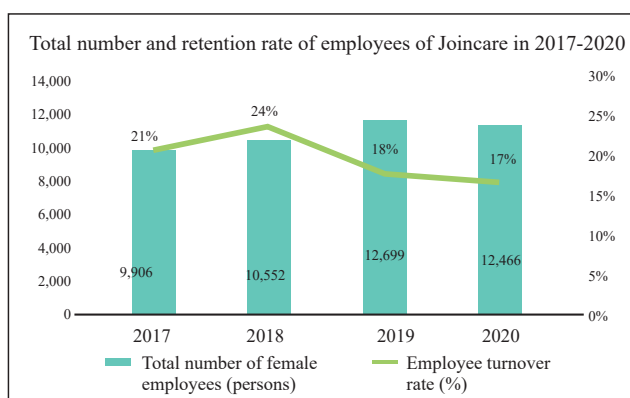
In August 2020, the headquarter of Joincare set up a labor union committee and a female employees' committee to communicate with employees closely in a multi-dimensional way, so as to better protect their rights and interests. We have heart-warming benefits for employees on holidays and festivals, hold farewell ceremonies for retired employees, and care for the employees whose relatives are seriously ill. As of the end of the reporting period, there were nearly 300 union members at the headquarter of Joincare, with a communication coverage rate of over 90%.

(II) Human Resources Management

1. Talent Recruiting and Retention

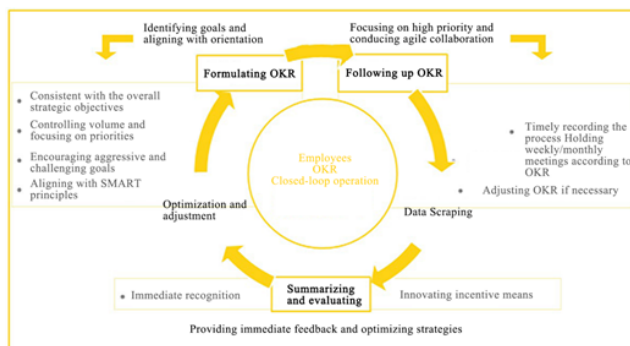
Joincare has been stepping up efforts in talent employment. While carrying out experienced hires and campus recruitment, we seek diversified recruitment channels such as online recruitment, internal recommendation and government cooperation, and standardize the recruitment process to build up strong teams. We have minimum requirements for the education background and competence of employees in specific positions, so as to improve the quality and performance of personnel and build more dynamic teams. In the reporting period, Joincare recruited 1,896 employees of various background.

Joincare continuously optimizes its human resources management model and strives to build professional, efficient and innovative teams which is considered the one of the core competitiveness of the Group. As of the end of the reporting period, Joincare had 12,466 employees, seeing continuous benign growth in the staff members and significant improvement in employee retention rate with a staff turnover rate of 17%, laying a solid foundation for the sound and stable development of the Group.



2. Compensation System

According to our internal policies such as the Salary Management System and the Performance Management System, Joincare provides employees with competitive salaries and benefits, make sure our employees have their Statutory holidays and contributes to employees' pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance; Moreover we also offer them with housing provident fund and supplementary medical insurance.



Upholding the management philosophy of "ensuring the consistency between responsibility and benefit, the consistency between ability and value, and the consistency between performance and earnings", we have established a variable compensation mechanism that divide salary into fixed and variable parts, and the latter is subject to both the Group's performance and the employees' personal performance. We believe this mechanism could make employees highly motivated. In 2020, the Group established a scientific and effective performance evaluation system and implemented the parallel management system of OKR (Objectives and Key Results) and KPI (Key Performance Indicator). In this parallel system, we set up a performance evaluation team, focusing on employees' value to the Group as the core criteria of evaluation. Following the principles of strategic guidance, value leading, development promotion and objectivity and fairness, the evaluation is conducted at departmental and individual levels. The departmental evaluation mainly involves key performance, innovation and optimization, team building, and communication and cooperation, while the individual evaluation considers personal performance, improvement and optimization, and other aspects.

By establishing the Social Responsibility Committee of the Board of Directors, social responsibility management indicators, including environment, safety and occupational health, have also been incorporated into the performance evaluation system of employees in their job positions. Our Human Resources Management Department take the management indicators that highly relevant to the Group's sustainable development in the establishment of the performance evaluation system.

3. Equity Incentive Compensation

Based on the long-term development and governance for the future, Joincare has innovated long-term incentive mechanisms of shareholding for senior management and the core technical team to achieve shared responsibility and value. The Group has implemented long-term incentive mechanisms such as the Management Measures for Assessing the Implementation of Stock Option Incentive Plan 2018 and the Medium- and Long-term Business Partner Shareholding Plan (Draft). In 2020, Joincare and its subsidiary Livzon Pharmaceutical Group further implemented the Medium- and Long-term Business Partner Shareholding Plan. The proposed holders include core managers serving in the Group (including its subsidiaries), who play an important role in the Group's overall performance and medium and long-term development.

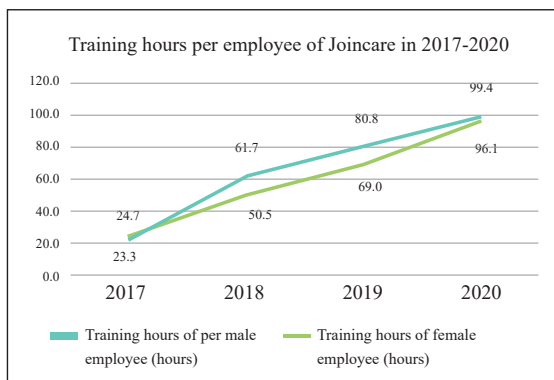
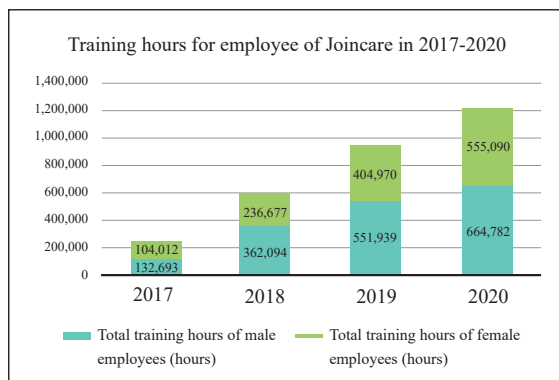
Case: Equity Incentive of Joincare

The vesting period of the initial options granted under Joincare's Management Measures for Assessing the Implementation of Stock Option Incentive Plan 2018 expired in December 2020, and the second vesting period has commenced. The first vesting period of the reserved options commenced in September 2020. According to the Stock Option Incentive Plan, 44,950,000 stock options are granted, accounting for 2.32% of Joincare's total share capital. It effectively integrates the interests of shareholders, the Group and employees, and makes all stakeholders focus on the long-term development of Joincare.

4. Training and Development

Joincare actively expands training resources and provides supporting professional training courses for employees in different positions. We highly encourage the R&D team to gain competence in project management, testing and information retrieval, the personnel on production lines to receive knowledge training on production Safety, machine operation, and environmental protection and optimization, the sales team to attend practical knowledge about the products and marketing skills. Training for the functional personnel at the headquarter focuses on improving their general knowledge and professional skills.

We cultivate internal instructors and develop special courses independently, developing a well-functioning training system. Meanwhile, we make full use of the online learning platform to expand the scope of training. We record the training courses so that employees can learn and improve themselves anytime and anywhere. We encourage employees to obtain various professional qualifications, and provide subsidiaries and incentives for specific qualifications (such as Certified Safety Engineer). The Quality Management Department, Safety Management Department and other departments take advantage of their own resources and engage external experts through the Human Resources Department to provide training and mentoring resources for employees to obtain professional qualifications.



In terms of training feedback and efficiency assurance, we adopt the "531" learning principle. We share 5 self-achievements, 3 work applications, and 1 action plan in each training session, and assign supervisors to ensure the results. During the reporting period, we provided 1,219,872 hours of training to employees, with 97.9 hours of training per employee.

Case : Joincare launched the "Dream & Future" training program for management trainees

In 2020, Joincare launched the "Dream & Future" training camp for new employees of recruited from graduates. The six-day training program covered the camp orientation, corporate culture, workplace skills and outward bound. The intensive training helped new employees integrate into the corporate culture, gain an overall insight into the business, enhance their job competence, and improve their professionalism, facilitating their shift from campus to the workplace.



Case : Quality Month—Experimental Skills Competition

In addition to supporting training resources, the Group also provides employees with opportunities to learn from each other, aiming to further strengthen the construction of a professional and skilled talent team and create a favorable atmosphere for employees. In September 2020, Shanghai Frontier, a subsidiary of Joincare, held the Quality Month Experimental Skills Competition, which was of great significance for experiment technicians to foster pioneering and innovative spirits and establish a rigorous, pragmatic and meticulous attitude toward work, thus forming a sound working atmosphere where colleagues compete with, learn from, catch up with and in turn surpass each other.



5. Training and Promotion Plans

Joincare respects employees' personal career planning, conceives vertical and horizontal development channels for them, and allows them greater possibility for promotion and development. The Group adopts the combined approach of "progressive promotion" and "exceptional promotion", where employees are promoted hierarchically and those with outstanding performance or special expertise can enjoy leapfrog promotion. The Group recognizes the diversity of talent backgrounds, and promotes employees of different cultural backgrounds and nationalities in different fields and dimensions.

The Group regularly analyzes its human resources and related positions, classifies professions according to strategic objectives, supports the path and process of human resources development, and provides opportunities, resources and support for employees' development. During the reporting period, 138 staff members in professional positions and 89 in management positions got promoted, and the turnover rate decreased by 9% from last year.

Case: Joincare's Excellent Employee Selection Activity

In 2020, we conducted semi-annual and annual merit evaluation, presenting seven awards to 129 employees, rewarding excellent individuals and teams with money and honorary titles. Through merit evaluation, we discover talented personnel, set up advanced models, stimulate employees' intrinsic motivation, enhance collectivism, and create a cultural atmosphere of innovation, truth-seeking, cooperation, and sharing.



6. Encourage Work-Life Balance

Joincare is dedicated to building a corporate atmosphere of balance between work and life by regularly organizing team building, sports, fitness and holiday-themed activities to improve employees' sense of happiness, providing them with a vibrant working atmosphere while enriching their spiritual life.



"You Lighten the Dream of Health" Activity on International Women's Day



"Elegant Life & Ancient Tea Art" Tea Culture Courses

In 2020, we offered over 200 courses on yoga, dancing and Tai Chi. We also set up a gym and engaged professional coaches to teach employees how to use the fitness equipment properly. We invited professionals to give trainings and lectures in group companies. The seven sessions enriched employees' life and won wide praise.



Birthday Party for Employees



Fitness Course for Employees

05

Green Development

(I) Green Management

1. Management Targets

Joincare follow relevant laws and regulations regarding to environmental protection, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production. In accordance with the ISO14001 standard, We have developed and implemented a series of our own management measures, including General Requirements for EHS Management System, Requirements for Identification and Assessment of Environmental Factors, and EHS Internal Audit Management Procedures.

Joincare has set the annual environmental objectives in line with the concept of green, healthy and sustainable development. We strengthen the monitoring of energy consumption, pollutant emission and other environmental information during production and operation, continuously improve environmental management performance according to the monitoring results, and keep upgrading the environmental management ability. In 2020, Joincare reported no major environmental pollution accidents or environmental administrative penalties in any of production subsidiaries. The initial rainwater collecting rate, the acceptance rates of production wastewater and domestic sewage treatment, waste gas treatment and noise detection, and the solid waste decontamination rate all reached 100%.

The Group has set annual targets for saving energy and reducing emission and waste with 2020 as the base year, and all production companies will formulate and implement corresponding action plans in 2025. During the reporting period, the Group reported no environmental accidents or penalties.

Table: Joincare's Environmental Objectives and Their Completion in 2020

Environmental Objective	Annual Target	Completion Status
Rate of waste water and gas up to the discharge standards	100%	✓
Major environmental pollution accidents	0	✓
Environmental penalties	0	✓

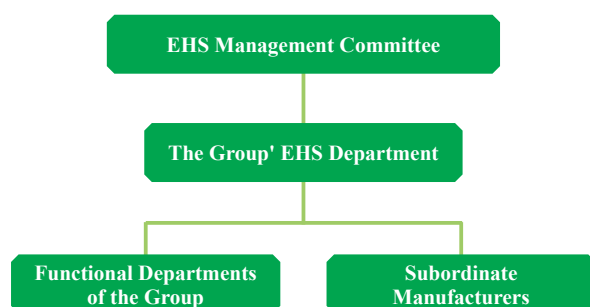
Table: Joincare's Middle to Long-term Objectives for Energy Saving and Emission Reduction

Indicator	Unit (production value= ¥10,000)	Targets of Emission Reduction (From the period of 2021-2025, the benchmark year is 2020)
Water	water consumption per unit production	At least 5% lower
Electricity	Electricity consumption per unit production	At least 5% lower
Chemical oxygen demand	Emission per unit production	At least 5% lower
Sulfur dioxide	Emission per unit production	At least 10% lower
Hazardous wastes	disposal volume per unit production	At least 2% lower

2. Management Structure

Joincare has established a sound EHS management structure, breaking down the EHS responsibilities and implementing them thoroughly according to the Quality, Environment and Occupational Health and Safety Management Manual, forming a management organization responsible for prevention and timely disposal of accidents, responsibility investigation, and implementation of management measures. Based on the actual situation, subsidiaries engaging in production are equipped with full-time or part-time EHS managers to conduct on-site EHS management. Meantime, EHS training at all levels is often organized among subsidiaries engaging in production to ensure the normal functioning and continuous improvement of the EHS management system. The Group conducts overall supervision on the safety and environmental protection of its subsidiaries. In order to verify the EHS management of its production subsidiaries and prevent accidents, the Group also conducts EHS audits on these subsidiaries on an annual basis.

Joincare's EHS Management Structure



In a subsidiary engaging in production, the principal person in charge of EHS is the general manager, who takes overall responsibility for the EHS work in the company; the direct person-in-charge is the EHS head or department manager, who is responsible for the specific management and implementation of the EHS work in the company. All subsidiaries should respond actively and report to the EHS Department of the Group for audits and filing.

3. Management System

All of Joincare's 15 production subsidiaries have obtained the ISO14001 Environmental Management System (i.e. EMS) certification, and are subject to the surveillance and auditing annually and renewal audit triennially according to the requirements of the EMS system. The subsidiaries engaging in production have achieved 100% coverage of environmental impact assessment and the "three simultaneous" system (the facilities for pollution prevention and control should be designed, constructed and put into use simultaneously with the main work of the project). In addition, the subsidiaries engaged in production have developed all-around self-monitoring programs and engaged qualified independent third-party testing organizations to conduct quarterly and annual testing for wastewater and exhaust gas outlets, so as to fully guarantee the compliance of discharge and emission of all production companies.

Table: Joincare's EMS Certification

Company Name	EMS Certification	
Taitai Pharmaceutical	ISO14001	Cleaner Production
Jiaozuo Joincare	ISO14001	GB/T24001-2016
Shenzhen Haibin	ISO14001	Cleaner Production
Xinxiang Haibin	ISO14001	GB/T24001-2016
Sichuan Guangda	ISO14001	Cleaner Production
Shanghai Livzon	ISO14001	Cleaner Production
Livzon Pharmaceutical Factory	ISO14001	Cleaner Production
Limin Pharmaceutical Factory	ISO14001	Cleaner Production

Company Name	EMS Certification	
Livzon Bio	ISO14001	Cleaner Production
New North River Pharmaceutical	ISO14001	Cleaner Production
Gutian Fuxing	ISO14001	Cleaner Production
Jiaozuo Livzon Syntpharm	ISO14001	Cleaner Production
Ningxia Pharmaceutical	ISO14001	Cleaner Production
Livzon Syntpharm (Zhuhai FTZ)	ISO14001	Cleaner Production
Fuzhou Fuxing	ISO14001	Cleaner Production

4. Regular EHS Audit

Joincare's subsidiaries have developed internal audit procedures for the EHS management system according to Joincare Group's Management Procedures for Internal EHS Audits. The EHS Department of the Group has organized audit teams and formulated internal audit plans to conduct EHS audits on all subsidiaries twice a year. A comprehensive internal audit report is required after each auditing, and a EHS audit report of the Group is submitted to the management every six months for review and approval. Once a defect is found in the audit, remedies must be carried out and tracked as per the uniform form in the Management Regulations for Corrective and Preventive Measures.

Throughout the reporting period, we completed 38 times of EHS audit and on-site supervisions for our subsidiary companies; and the relevant EHS potential issues have been recognized and corrected.

(II) Green Production

Joincare Group encourages its subsidiaries engaging in production to continuously increase investment in O&M of environmental protection and equipment renovation to further improve the environmental protection facilities in production areas. The production subsidiaries have continuously upgraded their environmental protection equipment and optimized their production processes to achieve green development. During the reporting period, Shenzhen Haibin was certified as a national green factory and Xinxiang Haibin was rated as a Class-B pharmaceutical enterprise for heavy pollution weather in 2020-2021.

Table: Joincare's Investment in Environmental Protection in 2018-2020

Indicator	Unit	2018	2019	2020
Investment in O&M of environmental protection	RMB 10,000	12,347.53	13,301.45	13,290.80
Investment in renovation of environmental protection equipment	RMB 10,000	7,083.44	6,663.35	4880.49

1. Energy Efficiency Improvement

Complying with the Energy Conservation Law of the People's Republic of China and the Law of the People's Republic of China on Promoting Clean Production, Joincare has implemented a complete set of internal environmental management standards and established an energy efficiency management system that covers the optimization of management activities and focuses on the process and rigorous implementation. In 2020, Joincare continued to improve its energy efficiency. It conducted a comprehensive survey against the Catalogue of Obsolete Mechanical and Electrical Equipments Eliminated due to High Energy Consumption and replaced obsolete devices with energy-saving ones, thus gradually reducing the energy loss of factories, and building production-oriented enterprises with low energy consumption.

Joincare formulates annual energy conservation plans and regularly reviews the progress. The subsidiary, Livzon Pharmaceutical Group, set the energy management target for 2020 as bringing down the total electricity consumption from 2019 and reducing the electricity consumption per revenue of RMB 10,000 by 5% from 2019. It conducted energy audits for subsidiaries with high electricity consumption, measuring and assessing their electricity consumption, thus basically meeting the target. Xinxiang Haibin planned to introduce supergravity facilities and replace high vacuum pumps with screw vacuum ones during the reporting period. So far, the supergravity facilities have been put into use, and one-third of the high vacuum pumps have been replaced. The company also planned to replace the old cooling tower with a new high-efficiency one, which has been built up and put into use. The air suspension blower of the Cyclic Activated Sludge Technology (CASS) tank of Jiaozuo Joincare has been put into use since October 2020, and the annual target has been achieved.

Table: Key Energy Conservation Projects of Joincare in 2020

Company Name	Project	Investment	Energy Conservation
Jiaozuo Joincare	Upgrading and replacing the aeration blower in the industrial wastewater treatment workshop and replacing the multi-stage centrifugal blower with an efficient and energy-saving air suspension blower.	RMB 1 million	Saving 30% of electricity consumption
Xinxiang Haibin	Replacing the high vacuum pump with a screw vacuum pump and introducing a three-in-one centrifuge.	RMB 0.7million	A single unit saves 7.5 kWh of electricity per hour and reduces solvent volatilization
Shenzhen Haibin	Replacing the original cooling tower with a new one that adopts the frequency converting control system.	RMB 0.36 million	The energy consumption is reduced by 20%, saving 18,000 kWh of electricity per year
Fuzhou Fuxing	Replacing four 110kW Roots blowers with two 84kW air suspension blowers and two 90kW screw blowers.	RMB 1.18 million	Saving 30% of electricity, i.e. 50,000 kWh per month
Livzon Pharmaceutical Factory	Building the solar photovoltaic power generation project for power supply of production equipment and lighting of Livzon Pharmaceutical Factory.	RMB 14 million	Providing 230,000 kWh of photovoltaic power generation for the factory this year
Livzon Syntpharm (Zhuhai FTZ)	Finely managing central air conditioners through the central air conditioner cloud monitoring system and evaluating the energy-saving effect in real time.	RMB 0.2 million	Saving 5% of electricity consumption

Table: Energy Use of Joincare in 2020

Indicator	Unit	Active Pharmaceutical Ingredients	Preparations	Total
Gasoline	Liter	148,410.6	230,468.6	378,879.1
Diesel	Liter	27,0941.6	11,0921.0	38,1862.6
Coal	Ton	4,336.5	0	4,336.5
Natural Gas	10,000 cubic meters	659.9	490.8	1,150.7
Purchased Steam	Ton	1,023,160.3	72,129.6	1,095,289.9
Purchased Industrial Electricity	10,000 kWh	70,499.1	10,099.9	80,599.0

Joincare focuses on the impact of business operations on climate change. Its greenhouse gas emissions mainly come from fuel combustion in the production process, the electricity consumption consumed by power equipment and lighting, and steam used by heating equipment.

Table: Greenhouse Gas Emissions of Joincare in 2020

Indicator	Unit	API Business	Preparation Business	Total
Category I Greenhouse Gas Emissions	Ton of CO ₂ equivalents	24,295.9	11,462.6	35,758.6
Category II Greenhouse Gas Emissions	Ton of CO ₂ equivalents	938,384.3	106,072.4	1,044,456.8
Total Greenhouse Gas Emissions	Ton of CO ₂ equivalents	962,680.3	117,535.0	1,080,215.3

2. Saving Resources

Joincare continuously improves resource management, advances clean production, adopts advanced technology and strictly manages the consumption of water resources. We actively promote water-saving processes such as the reuse of reclaimed water and condensate water and production cleaning process in the industrial production process, and popularize the application of induction faucets to minimize the use of fresh water; We also strengthen the maintenance of equipment and facilities to prevent leakage and venting.

Table: Key Water-saving Projects of Joincare in 2020

Company Name	Project Name	Investment	Water-saved
Xinxiang Haibin	A large amount of concentrated water that is generated in the process of producing and preparing pure water was directly discharged to the sewage station before but now is discharged to the recycling pool for reuse by renovating and adding pipelines.	RMB 0.2 million	Saved 60 tons of water per day
Xinxiang Haibin	Replacing the belt filter press for sludge dewatering featuring a large water consumption with a stacked screw type sludge dehydrator.	RMB 0.4 million	Saved 180 tons of water per day
Xinxiang Haibin	Replacing the manual toilet faucets with induction faucets.	RMB 3,000	Saved 50% of water consumption than before
Shenzhen Haibin	The newly-built sewage station adopts the air flotation + coagulation-flocculation and sedimentation + hydrolytic acidification + anoxic/aerobic + MBR + UF + secondary RO + evaporation and concentration technology to realize the full recycling of production wastewater.	RMB 8.29 million	Saved 12,000 tons of water per year
Shenzhen Haibin	The tail water in the water collection and production station is filtered through two-stage high-efficiency filter devices (10μm and 1μm) and then is used as recycled water for water supply.		Saved 18,000 tons of water per year
Fuzhou Fuxing	The heavy water caused during the water production in the refining workshop was directly discharged into the sewage treatment system before, while now, all the heavy water is recycled for reuse as fire fighting water, water spray for removal of waste gas, toilet flushing water and flower irrigation water.	RMB 0.2 million	Saved 100 tons of water per day
Livzon Group Ningxia Pharmaceutical Co., Ltd.	Building one 1,500m ³ /h cooling tower and two 500m ³ /h high-temperature water cooling towers to solve the water discharge problem, reduce the consumption of fresh water, and reduce the consumption of chilled water and the running time of the refrigerator.	RMB 2.52 million	After the renovation, the annual water consumption is saved by 400,000 m ³ , and the ice water steam cost is saved by RMB 1.1 million, reducing the electricity cost for circulating water by RMB 480,000
New North River Pharmaceutical	Adjusting the PH of acidic and alkaline water used for resin washing, and using it as circulating cleaning water after treatment.	RMB 0.1million	Saved 9,000 tons of water per month

Table: Water Resources Use of Joincare in 2020

Indicator	Unit	APIs	FPPs	Total
Total Water Consumption	10,000 tons	1,012.5	152.6	1,165.1

Joincare attaches great importance to the recycling of resources and promotes the recycling of industrial materials through technical transformation to continuously improve the utilization rate of production resources. It continuously optimizes the product packaging design, reduces the use of packaging materials while meeting the market and production needs, and actively carries out the recycling of green and environmental packaging boxes to reduce the consumption of resources.

Table: Key Material Saving Projects of Joincare in 2020

Company Name	Project	Investment	Impact
Xinxiang Haibin	The vacuum system in the production workshop produced high-concentration waste gas such as dichloromethane and tetrahydrofuran. Now, Xinxiang Haibin adds the rectifying tower, ultra-gravity device and solvent membrane recovery system and adopts a combination of technologies including jet screw compression, condensation and membrane separation to control tail gas so as to realize the recycling of solvent while reducing pollutant emission.	RMB 6.7 million	Recycled 80% of solvent annually
Jiaozuo Joincare	Improving products' outer packaging materials and replacing the paper barrel outer packaging materials featuring large space and inconvenient transportation with cartons.	/	Reduced the packaging cost by 52% per kg of product
Livzon Pharmaceutical Factory	Adding the 56-piece packaging specification for Bismuth Potassium Citrate Tablets/Tinidazole Tablets/Clarithromycin Tablets, Combined Package.	RMB 20,000	Saved RMB 363,000 of packaging material procurement cost per year
Livzon Pharmaceutical Factory	Canceling the flocking inner supporting package for the Mouse Nerve Growth Factor For Injection.	RMB 10,000	Saving RMB 130,000 of packaging material procurement cost per year
Livzon Pharmaceutical Factory	Optimizing the packaging of Rabeprazole Sodium Enteric Tablets.	RMB 30,000	Saving RMB 777,000 of procurement cost per year

	
Xinxiang Haibin Solvent Film Recovery Device	Xinxiang Haibin Rectifying Tower Solvent Recovery Device

3. Pollutant Reduction

In the process of production and operation, Joincare attaches great importance to the control of pollutant emission, strictly implements various laws, regulations, standards and local norms in environmental protection, actively promotes new emission reduction technologies, improves drying processes and upgrades dust removal equipment to ensure that the emission of all kinds of pollutants meets the required standard so as to reduce the emission of pollutants from the source.

Joincare formulates emission reduction plans and regularly reviews the progress. Livzon Pharmaceutical Group Inc., a holding subsidiary of the Group, has set the emission target of sulfur dioxide in 2020 to be lower than that in 2019, and the emission for achieving the operating revenue of RMB 10,000 to be 5% lower than that in 2019. Livzon has successfully reconstructed the waste gas treatment facilities, promoted the replacement of gas boilers, and properly maintained and operated the existing boilers and desulfurization devices. The goal of Jiaozuo Joincare is to increase production but not increase pollution. In 2020, Jiaozuo Joincare launched the Enzymatic Method Quality 4-AA Project. It implemented the project of "Comprehensive Recovery and Technology Upgrading of Waste Liquid" while keeping the output growth. It has completed its goal. Xinxiang Haibin plans to transform the high-concentration waste gas treatment facility process and launch the dichloromethane and tetrahydrofuran membrane recovery system to improve solvent recovery and reduce pollutant emission. At present, the construction has been completed and the equipment is under commissioning. Shenzhen Haibin plans to change ordinary boilers to low nitrogen boilers. The goal has been completed.

• Emission Management

All production subsidiaries of Joincare shall strictly abide by the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Integrated Emission Standard of Air Pollutants to formulate the VOCs (Volatile Organic Compounds) Collection and Treatment Management System and the waste gas management system such as boiler waste gas emission management to ensure the effective operation of the waste gas collection and treatment system and treatment facilities. They should also regularly carry out third-party gas monitoring to reduce the impact of waste gas emission on the surrounding environment.

Table: Key Waste Gas Management Projects of Joincare in 2020

Company Name	Project Name	Investment	Key Results
Taitai Pharmaceutical	Collecting and handling the emission of waste gas caused by the three-in-one aerosol injection molding equipment in the oral liquid injection molding and automatic packaging line.	RMB 80,000	The emission is up to standard after detection
Xinxiang Haibin	Conducting the process transformation of the high-concentration waste gas activated carbon adsorption device, adding the tail gas drying self-circulation process, replacing the activated carbon fiber and activated carbon particles and building the high-concentration waste gas water spray tower.	RMB 0.4 million	Improved the treatment effect of high-concentration waste gas
Xinxiang Haibin	Carrying out waste gas leakage detection and repair projects, and finding and repairing 15 leakage points.	RMB 70,000	Effectively reduced waste gas leakage
Shenzhen Haibin	Installing a set of online VOC monitoring system at the waste gas outlet to detect the concentration of discharged VOCs in real time.	RMB 0.36 million	Provides strong data support for the operation of the processing system
Livzon Syntpharm (Zhuhai FTZ)	Controlling the emission of VOCs, increasing condensation pre-processing, and replacing the wastewater pool cover plate.	RMB 2.57 million	Improves the efficiency of collecting and processing VOCs
Ningxia Pharmaceutical	Upgrading and reconstructing the waste gas treatment facilities in 103-1 and 102 fermentation workshops, and replacing two sets of "sodium hypochlorite spray absorption + water spray absorption + biphasic super oxygen water + micro-nano bubble" treatment facilities	RMB 5.6 million	Further improve the treatment effect of fermentation waste gas, and significantly reducing the odor around the workshop
Ningxia Pharmaceutical	Upgrading and reconstructing the waste gas treatment facilities of the 101 fermentation workshop, and adding two waste gas treatment spray towers to expand the waste gas treatment capacity	RMB 400,000	

Table: Air Pollutant Emissions of Joincare in 2020

Indicator	Unit	Active Pharmaceutical Ingredients	Preparations	Total
Nitrogen oxide	Ton	74.3	13.4	87.6
Sulfur dioxide	Ton	47.1	0.7	47.8
Particulate Matters (PM)	Ton	15.6	0.8	16.4

• Wastewater Management

In accordance with the requirements of the Water Pollution Prevention and Control Law of the People's Republic of China, the Integrated Wastewater Discharge Standard and the Discharge Standard of Water Pollutants in the Pharmaceutical Industry, Joincare defines the management measures for internal water pollution prevention and control in the Environmental Protection Management System. All production subsidiaries shall reasonably arrange the production and gradually adjust and technologically transform the process and equipment generating wastewater to reduce the discharge of wastewater. At the same time, they shall strictly implement the Management Regulations for Sewage Discharge to ensure the stable operation and continuous up-to-standard discharge of wastewater treatment facilities through daily management. The wastewater treatment process of production subsidiaries is mainly the biochemical treatment + physical treatment, and the qualified wastewater is discharged into the municipal sewage pipe network.

Table: Key Wastewater Management Projects of Joincare in 2020

Company Name	Project	Investment	Key Results
Jiaozuo Joincare	In order to improve the treatment efficiency of high-concentration wastewater, the anaerobic 1 # and 2 # reactors in the industrial wastewater treatment workshop are upgraded to anaerobic reaction tanks.	Over RMB 4 million	under late stage of installation
Xinxiang Haibin	In order to improve the high-concentration wastewater treatment capacity generated by the workshop process, a set of high-efficiency and energy-saving mechanical vapor recompression (MVR) device is added.	RMB 4 million	expanded the wastewater treatment capacity to 100m ³ /day
Shenzhen Haibin	In order to improve the wastewater treatment efficiency, the microporous aeration tubes used for providing dissolved oxygen in the CASS tank are replaced with independent aeration valves.	RMB 130,000	Increased the wastewater treatment efficiency by 20%
Fuzhou Fuxing	Replacing old rainwater and sewage pipe networks	RMB 1.4 million	Realized rain and sewage diversion and reduced environmental protection risks
Livzon Syntpharm (Zhuhai FTZ)	Conducting technical transformation of the wastewater ozone deep treatment system to solve the bottleneck of ozone odor and treatment capacity	RMB 10,000	Obviously reduced the chromaticity of wastewater and the COD discharge

Table: Wastewater Discharge and Pollutant Emissions of Joincare in 2020

Indicator	Unit	Active Pharmaceutical Ingredients	Preparations	Total
Wastewater Discharge	Ton	8,136,750.4	709,168.6	8,845,919
Chemical oxygen demand	Ton	763.7	33.3	797.0
Ammonia nitrogen	Ton	71.2	0.9	72.1

• Solid Waste Management

Joincare abides by the principle of "reduction, recycling and harmless disposal of waste" in the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, and strictly implements the Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill and the Standard for Pollution Control on Hazardous Waste Storage to dispose of solid wastes in a standardized manner.

For general industrial wastes such as waste packaging materials, we will actively recycle them according to the economic and technical conditions, and take measures to store the unusable parts in a centralized manner according to the Management Regulations for Solid Waste Storage Yards to regularly hand them over to a professional third party for disposal; for hazardous wastes, we will collect and store hazardous wastes in a classified manner in a special warehouse for hazardous wastes according to the hazardous waste management regulations, and assign special personnel to manage them. All hazardous wastes will be entrusted to a qualified disposal organization for transfer and disposal.

Table: Waste Disposal of Joincare in 2020

Indicator	Unit	Active Pharmaceutical Ingredients	Preparations	Total ¹
Non-hazardous Industrial Wastes	Ton	60,588.4	15,303.5	75,891.9
Hazardous Wastes	Ton	3,826.7	444.2	4,273.7
Pharmaceutical Wastes and Medicine Wastes	Ton	2,116.0	135.4	2,251.4
Other Hazardous Wastes	Ton	1,713.5	308.8	2,022.3

¹The scope of environmental data disclosure is the energy used by the production enterprises under Joincare

Appendix - Key Performance Table

CSR Indicator	Unit	2018	2019	2020
1. Environmental Protection ¹				
1.1 Emissions				
Types of Emissions and Relevant Data				
Wastewater Discharge	Ton	9,905,353.5	9,923,594.1	8,845,919.0
Chemical Oxygen Demand CODCr	Ton	1,023.5	896.1	797.0
Ammonia nitrogen	Ton	88.5	92.9	72.1
NO _x	Ton	136.9	143.9	87.6
SO ₂	Ton	91.3	76.8	47.8
Particulate Matters (PM)	Ton	37.8	29.2	16.4
Non-hazardous Industrial Waste ²	Ton	175,529.6	124,217.2	75,891.9
Hazardous Waste ³	Ton	2,896.3	3,428.9	4,273.7
Pharmaceutical Wastes and Medicine Wastes	Ton	1,965.9	2,242.5	2,251.4
Other Hazardous Wastes	Ton	930.4	1,186.4	2,022.3
Total Greenhouse Gas Emissions				
Total Greenhouse Gas Emissions	Ton of CO2 equivalents	1,155,964.5	1,177,203.3	1,080,215.3
Category I Greenhouse Gas Emissions	Ton of CO2 equivalents	166,818.0	186,668.2	35,758.6
Category II Greenhouse Gas Emissions	Ton of CO2 equivalents	989,146.5	990,535.1	1,044,456.8
1.2 Resource Utilization				
Total Energy Consumption				
Gasoline	Liter	415,613.7	492,135.4	378,879.1
Diesel	Liter	585,156.8	407,035.3	381,862.6
Coal	Ton	63,140.0	72,714.2	4,336.5
Natural Gas	10,000 cubic meters	1,140.7	1,217.1	1,150.7
Purchased Steam	Ton	708,477.1	772,026.2	1,095,289.9
Purchased Electricity	10,000 kWh	87,094.5	85,085.0	80,599.0
Water Consumption				
Total Water Consumption	10,000 Ton	1,292.7	1,282.0	1,165.1
2. Social Responsibility				
2.1 Employment				
Number of Employees: By Gender, Type of Employment, Age Group and Region				
Number of Employees	Person	10,552	12,699	12,466
Male	Person	5,865	6,830	6,689
Female	Person	4,687	5,869	5,777
29 Years Old and Below	Person	4,357	4,864	4,494
30-49 Years Old	Person	5,627	7,194	7,300

CSR Indicator	Unit	2018	2019	2020
50 Years Old and Above	Person	568	641	672
Mainland China	Person	10,532	12,687	12,448
Hong Kong, Macao and Taiwan, China	Person	4	4	6
Foreign Countries	Person	16	8	12
Employee Turnover Rate				
Overall Employee Turnover Rate ⁴	Percentage	24	18	17
2.2 Health and Safety				
Number of Deaths due to Work	Person	0	0	0
Frequency of Work-related Injuries	Case	14	12	4
Days Lost due to Work-related Injuries	Day	652	593	197
2.3 Training and Development				
Trained Employees				
Staff Training Hours	Hour	598,751	956,908	1,219,872
Training Hours for Male Staff	Person	362,094	551,939	664,782
Training Hours for Female Staff	Person	236,677	404,970	555,090
Training Hours per Employee				
Average Staff Training Hours	Hour	56.8	75.4	97.9
Average Training Hours for Male Staff	Hour	61.7	80.8	99.4
Average Training Hours for Female Staff	Hour	50.5	69.0	96.1
Charity				
Resource Utilization for Special Purpose				
Financial Donation	RMB million	735.5	833.4	1,505.47
Value of Donated Goods	RMB million	57.1	221.9	710.82

- 1 The scope of environmental data disclosure is the energy used by the production enterprises under Joincare
- 2 Some general industrial wastes are sent to boilers for incineration treatment according to the requirements of the environmental impact assessment report; thus, they are not included in the general industrial waste statistics. The statistical scope and data of general industrial wastes in 2018 and 2019 are adjusted retrospectively.
- 3 Some medical wastes and waste drugs are sent to boilers for incineration treatment in accordance with the requirements of the environmental impact assessment report. They are not included in the statistics of medical waste; thusThe statistical scope and data of medical waste in 2018 and 2019 are adjusted retrospectively.
- 4 The calculation method of employee turnover rate: number of resigned employees / (total number of employees at the end of the periods)



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