

YANGTZE

2024

Environmental, Social and Governance Report

Yangtze River Pharmaceutical Group



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扬子江药业集团

Yangtze River Pharmaceutical Group

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Reporting Considerations

This report is the second annual Environmental, Social, and Governance (ESG) report released by Yangtze River Pharmaceutical Group. It provides a comprehensive and objective overview of the measures and achievements made by the Group in advancing sustainable development and fulfilling social responsibilities in the areas of environment, society, and corporate governance throughout the year 2024.

Preparation Basis

This report has been prepared in accordance with the United Nations Sustainable Development Goals (UN SDGs), with reference to the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, the Hong Kong Stock Exchange (HKEX) *Environmental, Social and Governance Reporting Guide*, and the Global Reporting Initiative (GRI) *Sustainability Reporting Standards*, among other frameworks.

Reporting Period

January 1, 2024, to December 31, 2024 (hereinafter referred to as the "Reporting Period" or "this year"). For the sake of completeness, certain content may extend beyond this period.

Reporting Scope

This report covers Yangtze River Pharmaceutical Group Co.,Ltd. and its subsidiaries. Environmental data includes the Group's headquarters, 15 manufacturing subsidiaries, 2 R&D enterprises, and 1 automotive repair facility.

Data Sources

Unless otherwise specified, all monetary values in this report are denominated in RMB. Other data and case studies are primarily derived from the Group's statistical reports and relevant documents.

Terminology

For clarity and convenience, "Yangtze River Pharmaceutical Group" is referred to as "the Group", "YRPG" or "we" throughout this report. Abbreviations for subsidiaries are defined as follows:

Company Name	Abbreviation
Yangtze River Pharmaceutical Group Co.,Ltd.	Co.,Ltd.
Yangtze River Pharmaceutical Group Jiangsu Zilong Pharmaceutical Co.,Ltd.	Jiangsu Zilong
Jiangsu Hai'an Pharmaceutical Co.,Ltd.	Jiangsu Hai'an
Yangtze River Pharmaceutical Group Shanghai Haini Pharmaceutical Co.,Ltd.	Shanghai Haini
Yangtze River Pharmaceutical Group Jiangsu Haici Biological Pharmaceutical Co.,Ltd.	Haici Biological
Jiangsu Haibo Biological Pharmaceutical Co.,Ltd.	Haibo Biological
Yangtze River Pharmaceutical Group Nanjing Hailing Pharmaceutical Co.,Ltd.	Nanjing Hailing
Yangtze River Pharmaceutical Group Guangzhou Hairui Pharmaceutical Co.,Ltd.	Guangzhou Hairui
Yangtze River Pharmaceutical Group Sichuan Hairong Pharmaceutical Co.,Ltd.	Sichuan Hairong
Yangtze River Pharmaceutical Group Jiangsu Longfengtang Traditional Chinese Medicine Co.,Ltd.	Longfengtang
Yangtze River Pharmaceutical Group Jiangsu Pharmaceutical Co.,Ltd.	Jiangsu Co.,Ltd.
Yangtze River Pharmaceutical Group Beijing Haiyan Pharmaceutical Co.,Ltd.	Beijing Haiyan
Yangtze River Pharmaceutical Group Jiangsu Hailang Pharmaceutical Co.,Ltd.	Jiangsu Hailang
Yangtze River Pharmaceutical Group Jiangsu Haiji Pharmaceutical Co.,Ltd.	Jiangsu Haiji
Sichuan Haihui Pharmaceutical Co.,Ltd.	Sichuan Haihui
Jiangsu Huyou Holistic Health Technology Co.,Ltd.	Huyou Holistic Health
Shanghai Haiyan Pharmaceutical Technology Co.,Ltd.	Shanghai Haiyan
Shanghai Hailu Biotechnology Co.,Ltd.	Shanghai Hailu
Jiangsu Kaixuan Automobile Transportation Service Co.,Ltd.	Jiangsu Kaixuan

Report Access

In consideration of environmental protection, we recommend reading the digital version of this report, which is available on the Yangtze River Pharmaceutical Group official website: <https://en.yangzijiang.com/>

We highly value feedback from our stakeholders and welcome your comments and suggestions via the following channels. Your input will help us further improve this report and enhance our ESG performance.

Address: No. 1 Yangtze River South Road, Gaogang District, Taizhou City, Jiangsu Province, China

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From Our Chairman

The year 2024 marks a critical period for achieving the goals of the "14th Five-Year Plan". Amid ongoing transformations, the pharmaceutical industry continues to advance with determination. We at Yangtze River Pharmaceutical Group remain aligned with national policies, always putting people's health at the core of our efforts. We established and implemented the dual-health strategy of "Healthy Marketing, Marketing Health". Guided by Party building, driven by innovation, and focused on transformation, we dedicated 2024 as our "First Year of Digital and Intelligent Transformation". These efforts have strengthened our foundation, accumulated momentum, and enhanced our competitive edge, leading to new achievements in high-quality and sustainable development.



Party Secretary, Chairman, and President

Xu Haoyu

Driving Innovation and Cultivating New Productivity

We continue to deepen our expertise in the healthcare sector, promoting the integration of industry, academia, research, and application to foster new forms of productive forces. In 2024, we established and advanced multiple innovation platforms. Together with Fudan University, we co-reorganized the National Key Laboratory for Advanced Formulation Technologies Overcoming Drug Delivery Barriers. More than 20 collaborative projects were initiated, and two talent development and production transformation bases were established. Over 20 of our new drugs are currently in clinical application stages or beyond. Notably, our innovative traditional Chinese medicine drug, Yiqi Tongqiao Pills, was approved for market. In the holistic health sector, we launched dozens of new products such as Astragalus Coffee, Lanqin Throat Lozenge, and Natto Red Yeast Capsule, meeting diverse consumer health needs.

Implementing ESG Strategy and Fulfilling Responsibilities

We are dedicated to ecological priorities and green development. Guided by the "Carbon Peaking and Carbon Neutrality" strategic goals, we actively built Jiangsu's first "Zero-Waste Group" in the pharmaceutical industry. In 2024, we released our inaugural ESG Report, with key highlights featured in a full-page report by *People's Daily*. Throughout the year, we reduced carbon emissions by 12,000 tons. All 11 of our operating factories passed clean production audits, with 8 recognized as National Green Factories, 3 as National Green Supply Chain Management Enterprises, and 8 as Jiangsu Green Development Leaders and Provincial Green Factories. We have also established 80 herbal medicine cultivation bases across China, contributing to rural revitalization. Over the past four years, we have donated more than RMB 300 million to public welfare initiatives and were awarded the "30th Anniversary Commemorative Medal" by the China Foundation for Poverty Alleviation.

Promoting Health Awareness and Building a Healthy Ecosystem

Deepening our "Healthy Marketing, Marketing Health" dual-health strategy, we have collaborated with partners across the industrial chain to promote the integrated development of pharmaceuticals, healthcare, wellness, food, and tourism. Together with authoritative media, we created health education IPs such as "Traditional Culture Meets Traditional Medicine" and "Xiao You Talks Health", making health knowledge more accessible to the public and raising overall health literacy. For the second consecutive year, we were the title sponsor of the Taizhou Marathon, which attracted 35,000 participants from home and abroad, further integrating public fitness with public health. We also organized free medical consultations and group Baduanjin exercises to encourage healthy lifestyles.

Benchmarking Globally and Pursuing Excellence

After twice being nominated for the China Quality Award and winning the five-star EFQM Global Award (formerly the European Quality Award) in 2021, we continue to strive for excellence and scale new heights in quality. In 2024, during our 51st "Quality Month", we initiated the application for the higher-level EFQM Global Award. Known as the "Nobel Prize" in business management, this award involves a comprehensive review and in-depth evaluation of corporate management practices. Using the EFQM model, enterprises can build more scientific, modern, and internationally aligned management systems, laying a solid foundation for sustainable high-quality development.

Moving forward, we will remain committed to our mission of "Dedicated to Exploring and Advancing, Committed to Caring for All " and our vision of "To Be a China-leading, World-class Pharmaceutical and Healthcare Group". We will more proactively align with and contribute to national development goals, embracing innovation, digital intelligence, and green transformation. We are dedicated to creating greater sustainable value for society and contributing more to global health causes.

About Us

Corporate Profile

We were founded in 1971 and have grown into a large-scale pharmaceutical and health industry group integrating cross-regional operations, industry-academia-research collaboration, and science-trade-production synergy. We are also among the first batch of innovative enterprises designated by the Ministry of Science and Technology. With over 17,000 employees, we have established a nationwide production, R&D, and sales network. Our key products cover traditional Chinese medicine, chemical drugs, biologics, and holistic health products, with some exported to 42 countries and regions worldwide.

Guided by our mission of "Dedicated to Exploring and Advancing, Committed to Caring for All ", we adhere to the core values of High Quality, Public Benefits, Continuous Innovation, and Pursuit of Excellence". We uphold a quality culture of "Making medicines by considering customers as our parents and loved ones", striving to deliver high-quality and efficient products and health services to society. Since 2005, we have ranked first in China's pharmaceutical industry for Quality Control (QC) Circle achievements for 20 consecutive years. Over the past decade, we have won 31 gold awards at the International Convention on Quality Control Circles (ICQCC). We have been honored with the five-star EFQM Global Award—one of the world's top three quality awards—received the China Quality Award nomination twice, and ranked first in both brand value and brand strength in the pharmaceutical and health sector of China's Brand Value Evaluation for three times.

As a leading enterprise in the pharmaceutical industry, we are dedicated to high-quality development driven by innovation. We implement a coordinated R&D strategy covering traditional Chinese medicine, chemical drugs, and biologics, while actively expanding into the holistic health sector. We have established a robust R&D system with four national-level innovation platforms, forming a pipeline output model of "having products on the market, under development, and in reserve". In recent years, we have won three National Science and Technology Progress Awards (Second Class), and five of our drafted quality standards for Chinese medicinal materials have been included in the *European Pharmacopoeia*.

The Yangtze River Water Nurtures the Chinese Nation, and YRPG Medicines Benefit the Chinese People. Looking ahead, guided by the Healthy China strategy, we are committed to revitalizing the national pharmaceutical industry. We continue to expand and strengthen our pharmaceutical operations while accelerating our presence in the holistic health sector and global markets. By promoting the integrated development of "pharmaceuticals, healthcare, wellness, food, and tourism", we aim to advance toward our vision of "To Be a China-leading, World-class Pharmaceutical and Healthcare Group".

Corporate Philosophy

Purpose	Dedicated to Exploring and Advancing, Committed to Caring for All
Vision	To Be a China-leading, World-class Pharmaceutical and Healthcare Group
Core Values	High Quality, Public Benefits, Continuous Innovation, and Pursuit of Excellence
Brand Philosophy	Healthy Marketing, Marketing Health

Main Business Areas and Products



Our chemical drugs cover more than ten therapeutic areas, including anesthesia and analgesia, cardiovascular, endocrine, respiratory, anti-infective, and digestive diseases. Key products include Galanol, Dyclonine Hydrochloride Mucilage, Levornidazole Disodium Phosphate for Injection, Nalbuphine Hydrochloride Injection, Sugammadex, Epalrestat Tablets, and Amlodipine Besylate and Benazepril Hydrochloride Tablets. In 2021, our first independently developed Class 1 innovative drug, Levornidazole Disodium Phosphate for Injection, was approved for market. Additionally, more than 170 generic drugs have passed or are considered to have passed the consistency evaluation of quality and efficacy.

We adhere to the principles of preserving the essence of TCM while innovating for the future. By promoting excellent traditional Chinese medicine culture and deeply exploring renowned TCM practitioners and medical formulas, we have collaborated with research institutions to develop and launch 69 proprietary Chinese medicines, including 40 exclusive varieties. These products, such as Weisu Granules, Biling Weitong Keli, Langqin Koufuye, Bailemian Jiaonang, Suhuangzhike Jiaonang and Yiqi Tongqiao Pills, cover areas including respiratory, digestive, cardiovascular, endocrine, and tonic health, contributing to human well-being.

In health products, grounded in the TCM theories of "preventive treatment" and "medicinal food homology", combined with modern nutritional research, we leverage our medical system, quality standards, and cultivation resources to develop specialized and professional holistic health products. We aim to drive the upgrade of the food consumption industry and have established 7 major product systems, with over 30+ approved health foods and 20+ wellness food products spanning areas such as throat relief, blood lipid management, and immunity enhancement. In health services, we integrate traditional Chinese wellness practices with modern Western medical technologies to provide professional health management services. Our core cycle system includes health assessment, personalized health plan development, implementation of health promotion, and review of health outcomes. This approach precisely meets consumers' urgent demands for high-quality healthy living, continuously advances our holistic health philosophy, and leads the way to new lifestyles.

1971 Founder Mr. Xu Jingren led the establishment of a pharmaceutical workshop, which was approved as the Kou'an Town Gongnong Pharmaceutical Factory.

1981-1988 Yangtze River Pharmaceutical Factory achieved a doubling of output value and profit for eight consecutive years, becoming the first pharmaceutical enterprise in Jiangsu to exceed RMB 100 million in output value.

1993 Based on the formula provided by academician Dong Jianhua, a master of TCM, the national-level new drug "Weisu Chongji" (later renamed "Weisu Granules") was successfully developed and launched.

1997 Approved by the Jiangsu Provincial People's Government, Jiangsu Yangtze River Pharmaceutical Group and Jiangsu Yangtze River Pharmaceutical Group Co.,Ltd. were established as the province's first key enterprise group in the pharmaceutical industry.

2000 The Group was recognized as a National Enterprise Technology Center by the National Economic and Trade Commission, the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs.

2004 Jiangsu Yangtze River Pharmaceutical Group was renamed Yangtze River Pharmaceutical Group, and Jiangsu Yangtze River Pharmaceutical Group Co.,Ltd. was renamed Yangtze River Pharmaceutical Group Co.,Ltd.

2005 The Group's production and sales both exceeded RMB 10 billion.

2006 The Boao Forum for Asia International Pharmaceutical Industry Conference was held at Yangtze River Pharmaceutical Group.

2007 Onward Three projects involving the Group's R&D efforts—"Clinical and Basic Research, New Drug Development, and Application of Premenstrual Syndrome Based on Disease-Syndrome Combination", "Innovation and Integration of Efficient Utilization Technology Systems for Industrial Raw Material Forest Species Such as Ginkgo" and "Establishment and Application of an Internationally Oriented Comprehensive Quality Standard System for Traditional Chinese Medicine"—were awarded the Second Prize of the National Science and Technology Progress Award by the State Council.

2008 The Group was jointly named one of the first batch of "Innovative Enterprises" in China by the Ministry of Science and Technology, the State-Owned Assets Supervision and Administration Commission, and the All-China Federation of Trade Unions. The training base of the National Institute for Food and Drug Control (now China National Institutes for Food and Drug Control) was established at Yangtze River Pharmaceutical Group.

2009-2010 The Group ranked first for two consecutive years on the list of China's Top 100 Pharmaceutical Companies released by the Ministry of Industry and Information Technology (MIIT).

2011 The "Key Laboratory of Traditional Chinese Medicine Quality Control" under the National Administration of Traditional Chinese Medicine was established at Yangtze River. The Group's Party Committee was listed as one of 20 large private enterprises in Jiangsu subject to dual management by the Organization Department of the Jiangsu Provincial Committee. The Group's Party Committee was awarded "National Civilized Unit" by the Central Guidance Commission for Building Spiritual Civilization.

2014-2019 The foundation was laid for the traditional Chinese medicine industrial park project of Yangtze River Pharmaceutical Group Jiangsu Longfengtang Traditional Chinese Medicine Co.,Ltd. The Group ranked first on the list of China's Top 100 Pharmaceutical Companies for six consecutive years.

2015-2024 The Group won a total of 28 gold awards at the International Convention on Quality Control Circles (ICQCC). Since 2005, we have topped the national pharmaceutical industry Quality Management achievements evaluation for 19 consecutive years.

2016 The "Yangtze River" trademark was recognized as a "China Well-Known Trademark" by the State Administration for Industry and Commerce. The Group won the nomination award for the Second "China Quality Award Nomination."

2018 The launch ceremony for the "National High-Tech Industrial Standardization Pilot for Intelligent Manufacturing in Traditional Chinese Medicine Processes" was held at the Group. The Group won the nomination award for the Third "China Quality Award Nomination."

2020 The Group's "Requirements for Quality Risk Management and Control System in Pharmaceutical Manufacturing Enterprises" (DB32/T 3770-2020) was approved as a Jiangsu provincial local standard and promoted across the province's pharmaceutical industry.

2021 The Group won the EFQM Global Award (Five Stars), one of the world's top three quality awards.

2022 The Group was awarded the 2022 China Best Employer Award.

2023 The Group was recognized as a "2023 Brand Value Leader" and an "Outstanding Contribution Brand Unit".

2024 The Group's "Yangtze River Longfengtang" traditional Chinese medicine brand was included in the third batch of "Jiangsu Time-Honored Brands". The Group released the first ESG report.

2024 ESG Highlights

Became Jiangsu's first "Zero-Waste Group" in the pharmaceutical industry, recycling or reducing **1,929** tons of solid waste.

Conducted **23** integrity and anti-corruption training sessions for key positions and Party member representatives.

Over **20,000** employees participated in information security awareness training.

Led or participated in drafting **5** industry standards, including **3** national standards, **1** local standard, and 1 group standard.

3 TCM bases received the "Three No's and One Full" certification, bringing the total to **7**.

Won bids for **11** product varieties in the 10th national centralized drug procurement round, accumulating **62** selected varieties as of the end of the reporting period

104 product varieties have been successfully exported to **42** countries or regions.

Production subsidiaries conducted **272** emergency safety drills in 2024.

Established **80** standardized planting bases in major genuine TCM producing regions across China, covering **130,000** mu (approx. 8,667 hectares), directly or indirectly creating jobs and increasing the average annual income of partnering farmers by RMB **20,000**.

2024 Honors and Awards

Brand Influence Honors

People's Daily "Brand Strengthening China Initiative"

2024 China Top 500 Private Enterprises

2024 China Best Managed Companies

People's Craftsmanship Brand

2024 Most Promising Pharmaceutical Enterprise in China

Jiangsu High-Reputation Trademarks including "Yangtze River", "Huyou" and "Longfengtang"

"Jiangsu Time-Honored Brand" List

ESG-Related Honors

ESG Exemplary Enterprise Award

Case Study "Valuing Natural Gifts, Building a Low-Carbon Future" Included in the 2024 Blue Book of Chinese Corporate ESG Cases

Won 3 Gold Awards at the 49th International Convention on Quality Control Circles (ICQCC)

China Best Employer

2024 Corporate Social Responsibility Industry Model Award

National Outstanding Unit for Drug Adverse Reaction Monitoring and Evaluation

Commemorative Medal for the 30th Anniversary of the Launch of the Guangcai Program

Traditional Chinese Medicine Industry Demonstration Unit for Rural Revitalization

Typical Case of "Digital Three Initiatives" Application Scenario

Promotion Award at the 9th Management Science Award by China Management Science Society

Modern Traditional Chinese Medicine Industry Demonstration Base

2023-2024 Excellent Genuine Chinese Medicinal Materials Planting (Cultivation) Demonstration Base

UN SDGs Commitment

We are dedicated to integrating the UN SDGs with material issues related to our business development, responding to the SDGs across multiple dimensions.

UN SDGs	Our Response
	We have established long-term industrial support mechanisms through our TCM planting bases to boost rural economies. With 80 standardized planting bases established nationwide, we contribute to rural revitalization and have been recognized as a Demonstration Unit in Promoting Rural Revitalization through the TCM Industry.
	We promote the coordinated development of TCM, Chemical Drugs, and Biologics. Our pharmaceutical products have reached more than ten countries and regions along the Belt and Road, contributing to global health. We are also expanding into the holistic health sector to drive the integrated development of "pharmaceuticals, healthcare, wellness, food, and tourism." For 24 consecutive years, we have exclusively funded the "Chinese Medical Science Award" and carried out public welfare initiatives such as the "Healthy China Tour", covering 314 hospitals to continuously promote public health education.
	We continue to promote and implement industry-education integration and university-enterprise cooperation projects to attract and cultivate talent for innovation and business development. We established the China Pharmaceutical University International Student Education Center for Industry-Academia Integration within our enterprise. We also founded the Shangdezhi Kindergarten and Yangtze River Academy, donated to set up the "Yangtze River Scholarship (Grant)" in dozens of universities across the country, and established the "Jingren Lixue" Education Foundation.
	We are dedicated to building a work environment that values equality, diversity, and inclusion. We safeguard female employees' rights to equal career development and welfare through multiple approaches.
	We improve water usage from two perspectives: enhancing efficiency and promoting recycling. Our factories have implemented a <i>Water Saving Management System</i> , introduced purified water recycling, and utilized reclaimed water systems for wastewater treatment.
	We actively promote renewable energy by installing distributed photovoltaic power generation facilities. Our solar power project has been connected to the grid, with a total installed capacity of 34.5 MWp, accounting for approximately 11.75% of the Group's annual electricity consumption. We have introduced intelligent monitoring systems and AI algorithm models, optimized production equipment and processes, and pioneered lean production models to enhance dynamic energy monitoring and management. Seven of our subsidiaries have obtained ISO 50001 Energy Management System certification, ensuring standardized and systematic energy governance.
	With over 17,000 employees, we recruit hundreds of university graduates each year, providing them with learning and development opportunities. We also create jobs for tens of thousands of herbal farmers in genuine producing regions of medicinal materials. By transforming "small herbs" into a "major industry", we stimulate rural prosperity and inject endogenous momentum into agricultural and rural development. In addition, we broaden employment channels for demobilized military personnel and offer strong support to facilitate their transition into civilian jobs.

UN SDGs	Our Response
	We implement a coordinated R&D strategy covering TCM, chemical drugs, and biologics, and accelerate the launch of innovative medicines. We have established 18 core technology platforms, held 728 valid patents, and co-established a National Key Laboratory with leading institutions such as Fudan University. We actively participate in industry development, collaboration, drug standard-setting, and the translation of research outcomes. Through comprehensive digital transformation and intelligent management, we apply AI, big data, and cloud computing to enable smart management throughout the entire process of herbal planting, production, and logistics. Our efforts have been recognized with the Exemplary Smart Factory designation.
	We build a multicultural employee team and respect and value every individual. We fully support national healthcare policies to meet the medication needs of medical institutions and patients at all levels.
	We help local growers increase income and share the benefits of industrial value growth through context-specific initiatives. In response to government and societal calls, we provide disaster relief through financial and drug donations, standing firmly with affected communities.
	We continuously improve quality awareness across our workforce, deepen the development of our quality management system, and actively pursue various quality certifications. We maintain open communication and feedback channels with customers to ensure comprehensive medication safety for patients.
	We conduct assessments of climate-related risks and opportunities and actively explore ways to integrate them into our strategic planning. We have formulated the <i>Yangtze River Pharmaceutical Group Carbon Peaking and Carbon Neutrality Implementation Plan</i> , which outlines a comprehensive framework including seven annual carbon reduction initiatives. We also carry out greenhouse gas emissions accounting.
	We are dedicated to protecting biodiversity through initiatives such as the strategic collection of <i>Phellodendron amurense</i> germplasm resources and the establishment of resource gardens for <i>Peucedanum praeruptorum</i> and <i>Perilla frutescens</i> . In cultivating traditional Chinese herbs, we adhere to eco-friendly principles to reduce dependence on wild resources.
	We benchmark against the latest policy requirements and industry best practices to establish an ESG structure that supports our development goals and fosters diversified governance. We improve management systems and regulations related to compliance operations and strengthen a culture of integrity.
	We are building an ethical, transparent, and sustainable supply chain. Through the "Hexi Forum", we promote ESG collaboration and engagement with our supply chain partners. In line with the "Healthy China 2030" initiative, we facilitate the adoption of globally advanced diagnostic and treatment technologies as well as the latest clinical research outcomes.

ESG Governance

ESG Governance Structure

We are dedicated to establishing and optimizing a strategic advancement mechanism for sustainable development, deepening strategic planning, and fully integrating sustainability concepts into daily operations to achieve harmonious coexistence among the enterprise, the environment, and society. During the reporting period, we benchmarked against the latest policy requirements and industry practices to build an ESG structure tailored to our development needs, creating a diverse and dynamic governance landscape. This structure follows a top-down approach and consists of the Executive Committee, the ESG Office, and various functional departments. It is designed to institutionalize ESG management and comprehensively enhance our ESG performance.



ESG Development Strategy

Mission

Through comprehensive review, assessment, and strategic planning in the fields of ESG, we promote sustainable corporate development and deliver responsible corporate behavior and impact-enhancing solutions.

Vision

To become a global leader in ESG practices, where every employee and partner jointly builds a green, harmonious, and sustainable working and living environment.

Values

Compliance Leadership, Shared Responsibility, Intelligent Innovation, and Pursuit of Excellence

ESG Strategy

Aligned with the Group's mission of "Committed to Caring for All", we established the "CARING" ESG strategy in 2024:

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Climate Action	Solidly advance carbon emission reduction strategies, formulate dual-carbon strategic plans, and fulfill emission reduction commitments.
Access to Medicine	Enhance medicine accessibility in low-income countries and regions through more competitive pricing strategies and innovative product development.
Research & Innovation	Explore an integrated "holistic health" innovation ecosystem covering pharmaceuticals, healthcare, wellness, food, and tourism, and improve R&D mechanisms for products and services.
Integrity & Ethics	Strengthen anti-corruption measures and ensure the effectiveness of the compliance management system.
Natural Resource Management	Promote the development of a circular economy model to meet stakeholders' high standards for natural resource management.
Governance & Transparency	Enhance shareholder engagement mechanisms, ensure full protection of shareholder rights, and enable greater involvement in ESG matters.



Stakeholder Engagement

We value and actively engage with all stakeholders—including government and regulatory agencies, employees, customers and consumers, suppliers and partners, and communities—on ESG-related issues. We respond promptly to their concerns and expectations.

Stakeholder	Expectations and Needs	Engagement Methods
Board and Management	<ul style="list-style-type: none">Improved operational performanceRisk management and controlIntellectual property protectionMulti-channel communication	<ul style="list-style-type: none">Timely and transparent information disclosureEarnings briefingsEnsuring reasonable investment returnsPatent applications and protection
Customers and Consumers	<ul style="list-style-type: none">Product safety and qualityProduct innovationInclusive healthcareHigh-quality service assurance	<ul style="list-style-type: none">Corporate websiteOn-site visitsPublic science activitiesCustomer satisfaction surveys
Employees	<ul style="list-style-type: none">Compensation and benefitsTraining and developmentSafe working environmentRich cultural activities	<ul style="list-style-type: none">Employee Representative AssemblyEmployee forumsTraining sessionsFeishu, WeCom, internal publicationsSurveysDaily communication
Government and Regulators	<ul style="list-style-type: none">Compliance operationsEnvironmental protectionProduct safety and qualityDiverse employmentIndustry development promotion	<ul style="list-style-type: none">Daily policy implementationForums, conferences, and seminarsSpecial work reportsInspections and expert visitsReporting and unannounced inspections
Partners and Suppliers	<ul style="list-style-type: none">Product safety and qualityAnti-corruption and anti-briberyFair competition practices	<ul style="list-style-type: none">Supplier conferencesExperience exchange sessionsOn-site supportIndustry collaboration
Society	<ul style="list-style-type: none">Volunteer servicesSupport for community developmentStable employmentInclusive medical care	<ul style="list-style-type: none">Rural revitalization initiativesVolunteer activitiesPoverty alleviation programsCommunity co-building activities

Identification of Material Topics

To fully and accurately communicate our progress in sustainable development to stakeholders, we have aligned with domestic and international sustainability standards and benchmarked against industry practices in sustainability disclosure. Based on our actual development context, we conducted a survey among internal and external stakeholders through an online questionnaire to gain in-depth insights into their expectations and suggestions. This process helped us identify material topics, prioritize them, and form a materiality matrix, laying a solid foundation for ESG management and information disclosure.

Material Topic Assessment Process:

01

Topic List Formation

Through standards research, peer benchmarking, and analysis of the Group's development context, we identified material ESG topics and compiled a list of 26 issues, including 8 related to corporate governance, 6 to environmental aspects, and 12 to social dimensions.

02

Stakeholder Survey

We invited stakeholders to rate the importance of each topic on a scale of 1 to 10 based on two dimensions, "Importance to stakeholders" and "Importance to the Group's sustainable development".

A total of 813 questionnaires were collected in this stakeholder survey. Feedback and suggestions were gathered from both internal and external stakeholders, including the Board of Directors, mid-to-senior managers, government and regulatory agencies, employees, customers and consumers, partners and suppliers, and community members.

Stakeholder Category	Number of Questionnaires Collected
Board Members of the Group	1
Mid-to-Senior Managers of the Group	85
Current Employees of the Group	545
Government and Industry Regulatory Agencies	4
Customers and Consumers	46
Partners and Suppliers	85
General Public (Community Residents, Charities, Media, NGOs)	47

03

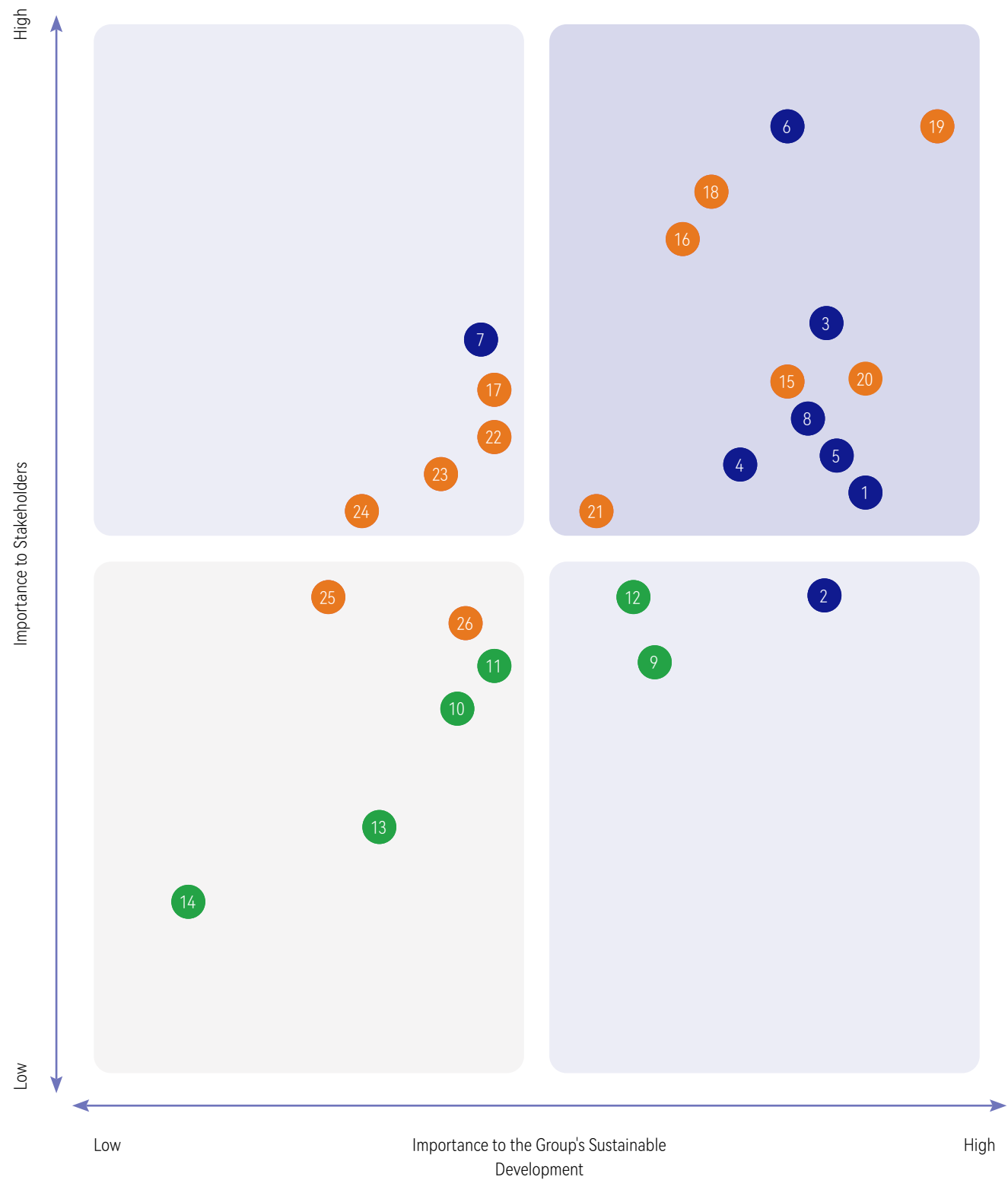
Topic Analysis and Prioritization

We conducted statistical analysis of the survey responses to prioritize the topics by importance, forming a materiality matrix based on two key dimensions: "Importance to Stakeholders" and "Importance to the Group's Sustainable Development".

04

Topic Response and Disclosure

Based on the materiality assessment results of the ESG topics, corresponding disclosures have been made in this report.



2024 Group Materiality Matrix

Based on the materiality scores obtained from the questionnaire survey, the topics are categorized into high, medium, and low materiality issues as follows:

	Corporate Governance Topics	Environmental Topics	Social Topics
High Materiality	1. Compliance Management 3. Anti-Corruption 4. Fair Competition 5. Risk Management 6. Information Security & Customer Privacy 8. Intellectual Property Protection		15. Labor Rights 16. Ethical Recruitment 18. Occupational Health & Safety 19. Product Quality & Safety 20. R&D & Technological Innovation 21. Supply Chain Management
Medium Materiality	2. Party Building Leadership 7. Responsible Marketing	9. Environmental Management System 12. Emissions Management	17. Career Development 22. Customer Service & Satisfaction 23. Industry Collaboration 24. Inclusive Healthcare
Low Materiality		10. Energy Management 11. Resource Management 13. Climate Change Response 14. Biodiversity	25. Rural Revitalization 26. Philanthropy & Charity

Annual Theme – The First Year of Digital & Intelligent Transformation

In 2024, under the theme "First Year of Digital & Intelligent Transformation", building on the momentum of 2023's "First Year of Compliance", we focused on implementing digital transformation in marketing. Centered on IT (Information Technology), DT (Digital Technology), and AI (Artificial Intelligence), we optimized business processes, drove technological innovation, and enabled greater business capabilities.

Subsidiary Recognized as One of China's First National Exemplary Smart Factories

On January 2, 2025, the Ministry of Industry and Information Technology announced the first list of National Exemplary Smart Factory projects. Our subsidiary's "End-to-End Pharmaceutical Quality Control Smart Factory" was included in this selection.



On-Site Award Ceremony of the Exemplary Smart Factory

In 2024, to accelerate industrial digital transformation and enhance production efficiency through digital and intelligent technologies, we fully integrated business needs across key stages such as R&D, production, quality, and marketing services. We comprehensively planned and implemented an end-to-end smart factory centered on pharmaceutical quality control, establishing five major platforms including the Yangtze River Industrial Internet Platform, the Digital R&D Management Platform, the Intelligent Pharmaceutical Manufacturing System, the Digital Marketing and Service Platform, and the Supply Chain Collaboration and Control Platform. These platforms cover 14 key aspects and 33 typical scenarios in smart manufacturing. Through the integration of these platforms and systems, our smart factory combines advanced technology with core business operations, achieving end-to-end digital-intelligent management focused on pharmaceutical quality.

Five digital platforms cover **14** key aspects and **33** typical scenarios in smart manufacturing

Digital Empowerment in Marketing Reform

In the second half of 2023, we began promoting reforms in our marketing operations. The previous model's functions such as budget and expense management could no longer support the needs of the new business, while operations including performance management and commercial discounts urgently required information system support. The marketing management platform project was planned in December 2023 and launched in May 2024. This platform provides comprehensive information support for the marketing reform, ensuring its smooth implementation, standardizing various business processes, and significantly improving overall work efficiency.



Marketing Management Platform Blueprint Planning

Digital Empowerment of Functions and Continuous Enhancement of Intelligent Management Capabilities

As a key project supporting our operational transformation, the Intelligent Expense Control System has established an end-to-end expense management system covering pre-budgeting, in-process execution monitoring, and post-analysis. Launched in November 2023, the system was fully deployed across all modules nationwide by July 2024. Within just nine months, we successfully implemented it in over 20 corporate entities, covering 7 major business modules and more than 100 business processes, achieving significant outcomes in operational transformation and process efficiency:

Supporting Marketing Transformation

We enabled precise control over marketing expenses, categorizing cost purposes in detail and optimizing resource allocation.

Improving Process Efficiency

We achieved fully paperless, one-click travel reimbursement, greatly enhancing the efficiency of business processes.

Ensuring Operational Compliance

By tightly integrating travel allowances with business trips, vehicle use, and meals, we ensured transparency and authenticity in operations. Integration with the tax system also allowed real-time invoice verification, preventing false or abnormal claims.

Enhancing Decision Support

We introduced real-time data analysis during the approval process to assist decision-making. Multi-dimensional expense analysis helps financial staff clearly understand the purpose, recipient, and usage of each expenditure.

Advancing Data Visualization to Support Transformation, Performance Management, and Core Operations

Through multi-dimensional digital capabilities, we have driven efficiency gains across the entire industrial chain. Our business data analysis system features 12 smart dashboards covering pure sales tracking, profit and loss evaluation, and special project monitoring, enabling dynamic data calculation and visualization. The Quality Smart Supervision Screen innovatively applies a maturity indicator model to create a three-tier supervision overview at the Group, factory, and workshop levels, achieving visual early warnings for quality risks. The end-to-end pharmaceutical management system has enhanced data traceability by adding a trend analysis module for inspection data, establishing bidirectional traceability from raw materials to finished products and supporting optimized production decisions. This has laid the foundation for a fully connected digital management ecosystem in pharmaceutical manufacturing.

The Chinese Medicinal Materials Quality Traceability Platform has been prioritized for promotion in regions such as Fuzhou, Jiangxi, and Fuding, Fujian, completing platform deployment and IoT equipment installation. It enables full-chain digital management from breeding and genuine planting to harvesting, processing, storage, and distribution.



Building a Secure and Compliant System to Strengthen Corporate Information Security

In 2024, we completed the core network transformation, achieving a dual-link structure upgrade that resolved issues related to aging equipment and single points of failure in the network architecture. We also executed projects including storage system upgrades and the self-built video surveillance platform, comprehensively building an intelligent operational ecosystem. These efforts ensured the stability of fundamental infrastructure, hardware support, and database operations, laying a solid foundation for the Group's digital and intelligent transformation and enhancing operational efficiency.

In preventing terminal data leakage, we addressed prominent risks such as insufficient oversight of sensitive data transmission and unintentional disclosure by employees. Through strict permission control mechanisms, we implemented rigorous internal validation of high-risk files, enabling timely identification and proper handling of potential security threats. Regular daily reports were provided to the decision-making level to feedback potential risks, offering timely and accurate support for corporate security decisions and effectively safeguarding the Group's data security. These measures have helped employees develop improved work habits and a stronger sense of standardized operations, significantly raising overall data security awareness across the organization.

01

A Healthy Foundation

The Ecological Revolution of Green Manufacturing

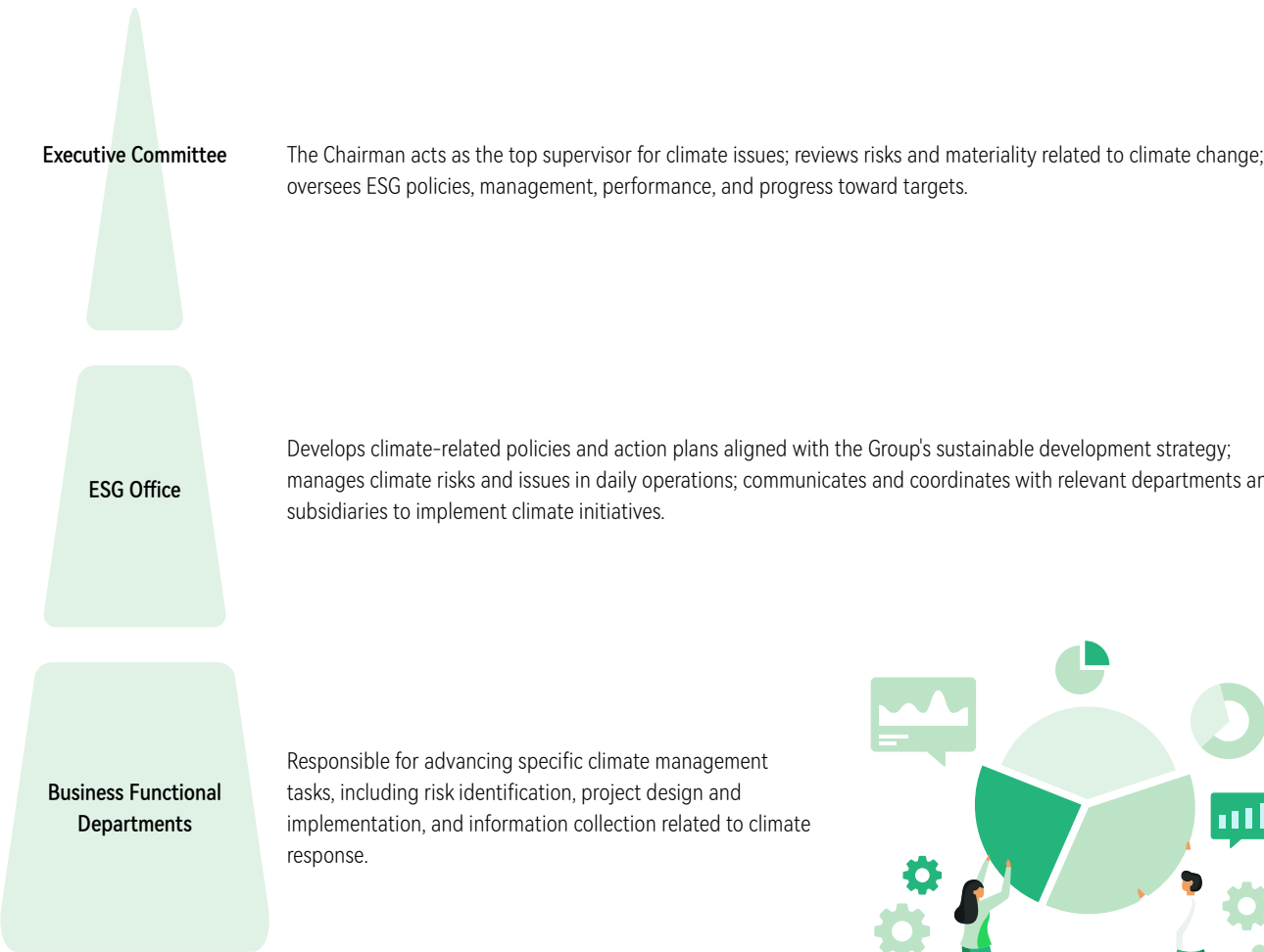


Climate Action

Climate change is a global challenge affecting all humanity, with implications for the ecological environment, human health, energy security, and more. As a responsible enterprise, we integrate sustainable development deeply into our production and operational strategies, striving to minimize our environmental impact. To mitigate the effects of climate change, we actively support the global carbon reduction goals of the *Paris Agreement* and China's "Carbon Peaking and Carbon Neutrality" strategy. We systematically carry out greenhouse gas emission reduction and pollutant management, establish a carbon emission management system, promote emission reduction measures across production subsidiaries, and comprehensively monitor and optimize greenhouse gas control to ensure an effective response to climate change.

Governance

We attach great importance to managing climate-related risks and opportunities. To better implement ESG principles and integrate climate risk management into daily operations, we have established a three-tier climate governance structure consisting of the Executive Committee, the ESG Office, and various business functional departments. The Chairman serves as the highest authority responsible for climate-related matters.



Strategy

Based on our operational characteristics and business plans, we have conducted comprehensive analysis and identification of climate-related risks. This process helps us recognize climate risks and opportunities relevant to Yangtze River Pharmaceutical Group and develop corresponding response measures.

Type of Risk		Potential Impact	Response Measures
Physical Risk	Acute	Floods, droughts, extreme precipitation, extreme heat, extreme cold, and other severe weather events may disrupt raw material supply, drug production, employee health, and increase equipment failure rates.	<ul style="list-style-type: none">Develop comprehensive emergency plans for environmental incidents; identify potential risks such as typhoons, floods, and climate change in operating areas and define corresponding response measures.
	Chronic	Rising temperatures, changing precipitation patterns, sea-level rise, etc., may affect the growing environment of medicinal herbs, thereby impacting their quality and supply.	<ul style="list-style-type: none">Increase investment in research on artificial cultivation techniques for medicinal materials, select and breed high-quality varieties with high environmental tolerance and high medicinal components, formulate mature technical guidelines, and choose suitable environments for cultivation.
Transition Risk	Policy & Regulation	Tighter global and Chinese carbon emission policies may lead to mandatory carbon trading, carbon taxes, etc., increasing compliance risks and operational costs.	<ul style="list-style-type: none">Regularly monitor relevant legal requirements; continuously improve the carbon management system and strengthen carbon emission management.Promote the low-carbon transformation and reform of the company, maintain good communication with government regulatory departments, familiarize with the carbon market trading mechanisms in the locations of business units, and carry out carbon trading at appropriate times.
	Market	Price increases of upstream raw and auxiliary materials due to climate change may raise production costs. Downstream customers may demand lower-carbon products, increasing costs for low-carbon transition.	<ul style="list-style-type: none">Analyze market trends, understand the changes in the needs of customers and patients, and adjust product development decisions and business layouts in a timely manner.Promote the lightweight transformation of auxiliary materials, and increase the proportion of reusable, recyclable and recoverable product packaging.
	Technology	Older equipment may not meet green process requirements as the Group transitions, leading to higher operational costs.	<ul style="list-style-type: none">Continuously implement energy-saving technological transformation, improve relevant incentive systems, promote green technologies and products, and support the development of green and low-carbon industries.
	Reputation	As stakeholders pay increasing attention to the Group's actions and progress in addressing climate change, slow progress may impact corporate reputation.	<ul style="list-style-type: none">Regularly disclose relevant performance and progress publicly, strengthen communication with stakeholders, and enhance the Group's green and low-carbon brand image.

Yangtze River Pharmaceutical Group's Climate Change Risks and Coping Strategies in 2024

Type of Opportunity	Description of Opportunity	Impact of Opportunity
Emerging Technology	Actively explore application scenarios of artificial intelligence and integrate artificial intelligence into all aspects of production to improve energy use efficiency.	<ul style="list-style-type: none">The rise of emerging technologies such as artificial intelligence will help improve the production efficiency of the Group, reduce energy consumption and operating costs.
Energy Sources	Optimize the energy structure and increase the proportion of renewable energy use through measures such as installing distributed photovoltaic power generation facilities, purchasing green electricity, and using biogas energy.	<ul style="list-style-type: none">Effectively reduce the Group's dependence on traditional energy, cut carbon emissions, and build a green and low-carbon brand image.New energy-saving processes improve energy utilization efficiency in production and operation, effectively reducing operating costs.
Market	As the concept of green and low-carbon is deeply rooted in people's hearts, customers are more inclined to choose green and low-carbon products. The achievements of the Group in green and low-carbon aspects will enhance the enterprise's competitiveness.	<ul style="list-style-type: none">The increased attention of the state and consumers to green products and the introduction of various incentive policies to address climate change can enhance the Group's market competitiveness or enable it to obtain additional subsidies.

Analysis on the Opportunities of Climate Change for Yangtze River Pharmaceutical Group in 2024

Goals and Indicators

Based on our identification of climate risks and opportunities and in line with our actual conditions, we have formulated actions to address climate change, supporting the Group's green and low-carbon transformation.

Greenhouse Gas Emissions Accounting

We comprehensively carried out greenhouse gas emissions accounting, systematically reviewing all emission sources. The Group's Production and Operations Department organized various manufacturing subsidiaries to develop annual energy-saving and emission reduction measures. During the reporting period, a total of 63 emission reduction projects were completed. Key projects included replacing lithium bromide units with electric chillers, implementing frequency conversion transformation for fans, and carrying out energy-saving renovations for natural gas boilers, which collectively reduced carbon emissions by 12,000 tCO₂e.

To further standardize the emissions accounting standards across subsidiaries, we developed and implemented the *Greenhouse Gas Accounting Management Procedures* during the reporting period. On one hand, we solidified the carbon accounting processes and requirements, conducting a comprehensive review of all emission sources to ensure the authenticity and effectiveness of the Group's carbon data. On the other hand, we clarified accounting requirements for both operational and value chain emissions, facilitating the gradual improvement of full value chain carbon accounting and providing data support for carbon emission management.

During the reporting period, we independently completed a carbon inventory. Our carbon emission intensity (Scope 1, Scope 2, Scope 3¹) was 31.83 tCO₂e/million RMB. Scope 1 emissions accounted for 21.35% of total emissions, Scope 2 for 65.36%, and Scope 3 for 13.29%. Scope 1 and Scope 2 emissions decreased by 16.89% year-on-year.

For 2025, we have set carbon emission targets, which are allocated to each manufacturing subsidiary based on their specific conditions:

(1) When Group output remains unchanged or decreases, the total carbon emissions shall decrease by no less than 2%.

(2) When the Group's output increases, the total carbon emissions shall be less than the 2024 carbon emission intensity per unit output multiplied by the 2025 output, or less than the 2024 carbon emission intensity per unit value added multiplied by the 2025 output.

¹ The accounting boundary for Scope 3 emissions includes employee commuting, business travel, waste generated from operations, and certain upstream purchased goods and services as well as selected downstream transportation and distribution.

Organization-Wide Carbon Reduction Action

While promoting the reduction of our Scope 1 and Scope 2 emissions, we are dedicated to enhancing all employees' awareness of green and low-carbon practices. Initiatives include promoting paperless offices and providing low-carbon training for staff. In 2025, we plan to launch a special "Organization-Wide Low-Carbon Action" program to create low-carbon scenarios such as green travel, green office practices, and green dining. This aims to translate green and low-carbon concepts into daily behaviors, achieving deep integration of corporate culture with the "Carbon Peaking and Carbon Neutrality" goals.

"(Near) Zero Carbon" Pilot Initiative

We will actively benchmark against the "(Near) Zero Carbon Factory" standards to explore innovative pathways for the Group's low-carbon transformation, ultimately supporting the achievement of near-zero or net-zero carbon emissions. During the reporting period, Sichuan Hairong was included in the *2024 Chengdu Near-Zero Carbon Emission Zone Scenario Construction List*, with construction expected to be completed in 2025.



Emission reduction projects

63

Collectively reduced carbon emissions by

12,000 tCO₂e



Environmental Management

We uphold the principle that "lucid waters and lush mountains are invaluable assets", deeply recognizing that protecting the ecological environment means protecting productivity. We never pursue economic growth at the expense of the environment and consciously fulfill our commitment to "low-carbon economy, green pharmaceutical manufacturing". We have put forward a safety and environmental philosophy of "respecting life, promoting green and low-carbon practices, and implementing responsibilities", diligently focusing on environmental protection and resource conservation, and striving to minimize the impact of our operations on the environment.

Environmental Management System

We adhere to the path of "ecological priority and green development", establishing an eco-environmental management system centered on the Clean Production Law and the Pollutant Discharge Permit Management System. We maintain a full-process environmental management model that integrates "source prevention, process control, and end-of-pipe treatment". We strictly comply with laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Air Pollution Prevention and Control Law of the People's Republic of China*. Additionally, we have formulated and issued internal regulations such as the *Wastewater System Management Procedures*, *Air Pollution Prevention and Control Procedures*, and *Solid Waste Pollution Prevention and Management Procedures* to guide and standardize pollution prevention and control across the entire Group. During the reporting period, we invested a total of RMB 86.9 million in environmental protection, primarily used for upgrading environmental protection facilities, operation and maintenance of these facilities, self-monitoring of pollutants, and waste treatment.

Internal Environmental Audits

We have formulated the *Yangtze River Pharmaceutical Group Ecological and Environmental Management System Evaluation Form* and conduct an annual rating evaluation of the ecological environment system based on this form to ensure the effective operation of the environmental management system. We continuously carry out internal environmental audits, which are categorized into daily audits, special audits, comprehensive audits, and unannounced inspections, to ensure the compliance of production subsidiaries' operations.

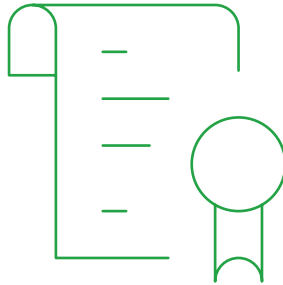
Audit Type	Frequency	2024 Audit Activities
Routine Audit	Monthly	Conducted 19 routine audits throughout the year and issued audit circulars.
Thematic Audit	As needed	Conducted 2 thematic audits at the Institute of Pharmaceutical Sciences focusing on wastewater discharge permit, exhaust gas, and hazardous waste management; carried out 1 special audit on the operational quality of wastewater stations among Taizhou-based production subsidiaries.
Comprehensive Audit	Semi-annual	Developed Safety, Health, and Environment (SHE) audit and support plans, and conducted 2 comprehensive on-site audits at 13 production subsidiaries under the Group.
Unannounced Inspection	Semi-annual	Carried out 2 surprise inspections on wastewater, rainwater, and exhaust gas emissions at 13 production subsidiaries under the Group.

2024 Internal Environmental Audit Overview

Invested a total of RMB **86.9** million in environmental protection

Environmental Management System Certification

We actively promote the alignment of environmental management with international standards. In 2024, Jiangsu Co.,Ltd., Jiangsu Hai'an, Shanghai Haini, and Longfengtang underwent recertification for ISO 14001. Currently, 10 manufacturing subsidiaries have obtained ISO 14001 certification.



By the end of the reporting period, 11 of the Group's manufacturing subsidiaries had been recognized as provincial-level "Green Factories", with 8 of them further awarded national-level "Green Factory" certification. Additionally, 5 subsidiaries have received the honor of "Jiangsu Green Development Leading Enterprise", and 1 subsidiary was recognized as a "Green Development Leading Enterprise in the Yangtze River Delta Ecological Green Integration Development Demonstration Zone".

Provincial-level "Green Factories"	National-level "Green Factory"	"Jiangsu Green Development Leading Enterprise"	"Green Development Leading Enterprise in the Yangtze River Delta Ecological Green Integration Development Demonstration Zone"
11 of the Group's manufacturing subsidiaries	8 of the Group's manufacturing subsidiaries	5 of the Group's manufacturing subsidiaries	1 of the Group's manufacturing subsidiaries

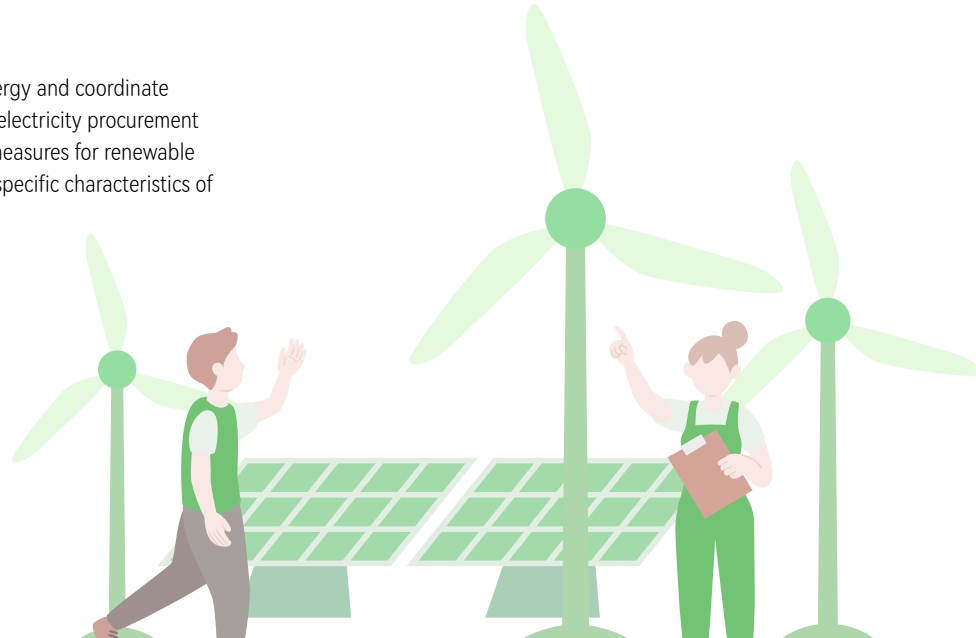
Energy and Resource Management

Energy Management

We continuously strengthen resource management by rationally planning resource usage to effectively reduce waste and pollution, achieving both environmental and economic benefits. To standardize energy management across manufacturing subsidiaries, we revised the *Yangtze River Pharmaceutical Group Production System Energy Management Regulations* in 2024. This initiative aims to optimize the energy structure, improve energy efficiency, reduce energy waste, lower costs, and conserve resources, thereby enhancing the Group's market competitiveness.

Renewable Energy Transition Initiative

We actively explore ways to utilize renewable energy and coordinate distributed photovoltaic construction and green electricity procurement across our manufacturing subsidiaries. Tailored measures for renewable energy adoption are implemented based on the specific characteristics of each subsidiary.



We launched the distributed photovoltaic power generation project in 2023, adopting the "self-generation for self-use, surplus electricity fed into the grid" model. By the end of the reporting period, distributed PV systems with a total capacity of **8 MWp** had been officially put into operation at Co.,Ltd., Jiangsu Hai'an, and Jiangsu Co.,Ltd., generating a cumulative total of **5,670 MWh** of electricity. The Group's distributed PV construction is expected to be completed in May 2025, reaching a total installed capacity of **34.5 MWp**. The annual electricity generated is projected to account for approximately **11.75%** of the Group's total electricity consumption.



Co.,Ltd. innovatively introduced a drainage power generation technology at its wastewater station, harnessing the potential and kinetic energy of the effluent to generate electricity, thereby reducing energy costs. During the reporting period, this system generated **6 MWh** of electricity.



We are also exploring the procurement of green electricity. Shanghai Haini, as the Group's first manufacturing subsidiary to purchase green power, procured a total of **4,321.394 MWh**, accounting for **29.42%** of the plant's total electricity consumption.



To efficiently utilize biogas resources from wastewater treatment stations, Longfengtang has constructed a biogas boiler system that converts biogas produced by the IC anaerobic tanks into clean energy. This system directly supplies steam to the plant, reducing the need for purchased steam and minimizing methane emissions from the wastewater station. It is expected to commence operation in April 2025, with an estimated annual steam production of approximately **39,600 tons**, accounting for about **13.50%** of the plant's total steam consumption.

Energy Efficiency Improvement Initiatives

We are deeply dedicated to exploring measures for enhancing energy efficiency, focusing on the upgrading and intelligent transformation of key energy-consuming equipment, with the aim of continuously improving energy utilization and reducing waste.



At Sichuan Hairong, a condenser ball cleaning system was added to the chiller units in the power center. This system enables automatic online cleaning of the condensers, ensuring that the inner walls remain clean and operate at maximum heat exchange efficiency, thereby saving energy and reducing electricity consumption. Installed and activated in September 2024, it saved a total of 15,301 MWh of electricity during the reporting period.



Jiangsu Zilong replaced the steam drying method for sterilized ampoules in the workshop with a spin-drying approach, reducing the steam required for drying. This resulted in savings of 508 tons of steam during the reporting period.



Nanjing Hailing modified the compressed air pipeline system in coordination with the workshop production schedule. The excess compressed air was repurposed for aeration in the wastewater treatment section, replacing the use of Roots blowers. This initiative saved 88.02 MWh of electricity during the reporting period.



At Shanghai Haini's Solid Preparation Workshop No. 1, the non-thermal regenerative dryers with a regenerative air consumption rate of over 18% were replaced with blower-type thermal regenerative dryers with only 3% regenerative air consumption. This reduced air consumption and improved energy efficiency, saving 157.95 MWh of electricity during the reporting period.



Longfengtang adopted a new control philosophy based on overall Coefficient of Performance (COP) optimization. Starting from the overall energy supply and demand balance of chilled water, it seeks coordinated control of host machines, water pumps, cooling towers, and related valves, scientifically enabling integrated group control and high-efficiency operation of the refrigeration system under variable loads. Completed and put into operation in October 2024, it saved 869 MWh of electricity during the reporting period.

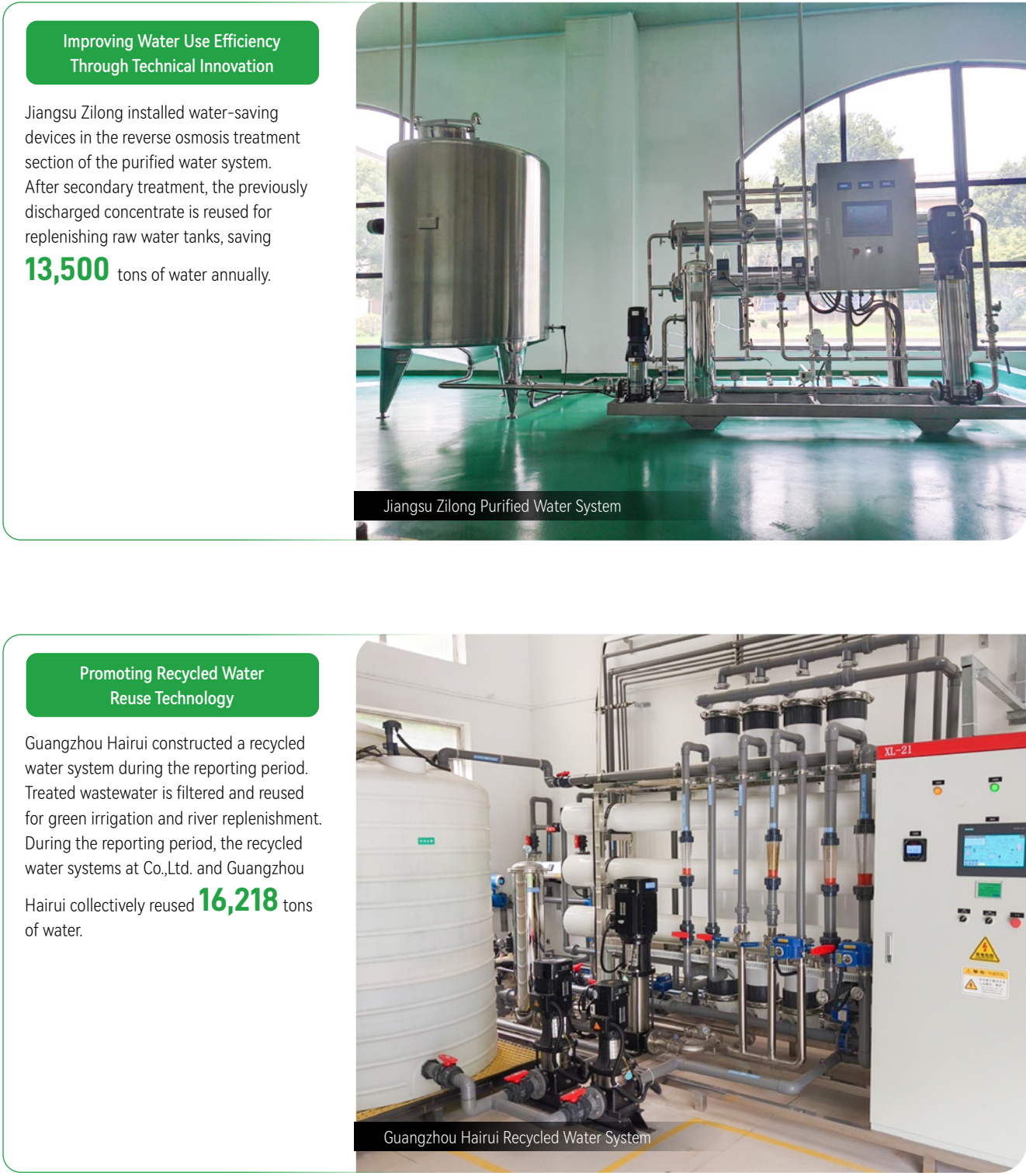
Packaging Material Management

To ensure that pharmaceutical packaging meets the *Good Manufacturing Practice of Medical Products* (GMP) requirements, industry regulations, and ESG-related standards, we have formulated the *Yangtze River Pharmaceutical Group Regulations on the Management of Pharmaceutical Packaging Materials*, specifying comprehensive control requirements for quality management and acceptance of packaging materials. We are also actively exploring ways to reduce and environmentally optimize packaging materials.



Water Resource Utilization

Water resources play a vital role in sustainable operations, human health, and ecosystem stability. We continuously enhance our water resource management by establishing the *Yangtze River Pharmaceutical Group Co.,Ltd. Water Conservation Management System*, which defines the management structure and methods to guide production units in preventing water-related risks and improving water efficiency.



Pollutant Discharge

We strictly comply with all environmental laws and regulations, focusing on the goal of "comprehensive collection of pollutants." We have proactively developed and implemented systematic internal control measures for pollutants such as wastewater, waste gas, and solid waste generated during production and operations. On the basis of achieving compliant discharge, we are progressively reducing pollutant emissions and minimizing the environmental impact of our production activities. Additionally, as a member of the Jiangsu Provincial Engineering Research Center for New Pollutant Treatment, we actively collaborate with institutions such as the Jiangsu Provincial Academy of Environmental Sciences to conduct pilot demonstrations for new pollutant treatment, contributing to research on treatment technologies and the development of related standards.

Waste Gas Management

Waste gas in the Group primarily originates from production equipment, laboratory testing, waste storage, wastewater treatment, and boilers. Key pollutants include non-methane total hydrocarbons, particulate matter, hydrogen sulfide, ammonia, odor, nitrogen oxides, and sulfur dioxide. We strictly adhere to the requirements of the *Air Pollution Prevention and Control Law of the People's Republic of China* and the *Emission Standards of Air Pollutants for the Pharmaceutical Industry*, among other regulations, proactively assuming primary responsibility for air pollution prevention and control. We have formulated the *Air Pollution Prevention and Control Procedures* to continuously standardize the waste gas management systems of our manufacturing subsidiaries.

We have established an end-to-end treatment model from source to discharge. During the source prevention stage, we prioritize green processes and low-toxicity raw materials to reduce waste gas generation. In process control, we use enclosed equipment, pipelines, and gas collection covers to ensure that waste gas is "comprehensively collected". For end-of-pipe treatment, we employ advanced technologies such as catalytic combustion and regenerative thermal oxidation to efficiently treat waste gas, achieving consistent and stable compliant emissions.

We integrate sustainable principles into product development and process design, aiming to reduce the use of raw and auxiliary materials from the source and minimize waste generation, thereby lowering the environmental impact of our products. In 2024, Nanjing Hailing switched the coating solvent for Tanglin Epalrestat Tablets from ethanol to purified water, reducing the appearance defect rate of film-coated tablets. During the reporting period, this change decreased ethanol consumption by 13.95 tons and eliminated process waste gas generation at the source.

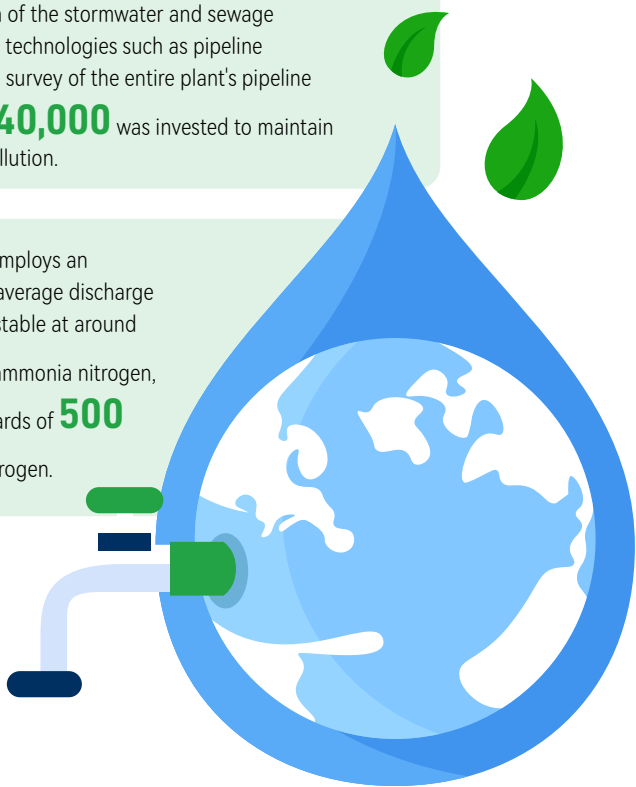
Wastewater Management

Wastewater in the Group primarily originates from production, cleaning, testing, and purified water preparation processes. Key pollutants include chemical oxygen demand (COD), ammonia nitrogen, total phosphorus, and total nitrogen. We strictly comply with legal and regulatory requirements such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Wastewater Discharge Standard*, and the *Water Quality Standard for Discharging Wastewater into Urban Sewage Networks*. We proactively assume primary responsibility for water pollution prevention and control and have established the *Wastewater System Management Procedures for Plant Areas* to continuously enhance the wastewater treatment capabilities of our manufacturing subsidiaries.

To strengthen the operational quality of wastewater treatment facilities, we have invested RMB 210 million to construct 17 wastewater treatment facilities with a combined daily treatment capacity of 32,500 tons. By the end of the reporting period, 11 of our subsidiaries had installed online monitoring equipment at wastewater discharge outlets to monitor emissions in real time and ensure compliant discharge.

To ensure the integrity and leak-free condition of the stormwater and sewage pipelines, Guangzhou Hairui utilized advanced technologies such as pipeline inspection robots to conduct a comprehensive survey of the entire plant's pipeline network. Based on the survey results, RMB **240,000** was invested to maintain key areas, eliminating potential risks of soil pollution.

The wastewater treatment station at Co.,Ltd. employs an advanced Hydrolysis-Oxic (H/O) process. The average discharge concentration of treated wastewater remains stable at around **30** mg/L for COD and **0.468** mg/L for ammonia nitrogen, significantly lower than the acceptance standards of **500** mg/L for COD and **30** mg/L for ammonia nitrogen.



Solid Waste Management

Solid waste generated by the Group includes waste packaging materials, discarded pharmaceuticals, laboratory waste liquids, waste organic solvents, spent activated carbon, and sludge from wastewater treatment. We consistently adhere to the principles of reduction, resource recovery, and harmless treatment, strictly complying with regulations such as the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*. Based on these requirements, we have formulated the *Solid Waste Pollution Prevention and Management Procedures* to implement strict control over the entire lifecycle of solid waste—from generation and storage to transportation and disposal—ensuring safe and compliant handling.

Optimized Management System

We have established classified management requirements for hazardous waste and specific guidelines for laboratory hazardous waste, implementing detailed management based on hazard characteristics and environmental impact to further reduce environmental risks.

Enhanced Recycling

Haici Biological and Longfengtang have optimized production processes and upgraded equipment to enable the recovery and reuse of chemical solvents. During the reporting period, **1,477** tons of chemical solvents were recycled and reused.

Changed Disposal Methods:

Jiangsu Haiji, Nanjing Hailing, Haici Biological, Shanghai Haini, and Longfengtang engaged qualified service providers to perform adsorption and desorption regeneration of spent activated carbon. During the reporting period, **53** tons of spent activated carbon were recycled.

CASE

Jiangsu's First "Zero-Waste Group" in the Pharmaceutical Industry

To continuously enhance the resource utilization of solid waste and minimize its environmental impact, we launched the "Zero-Waste Group" initiative in October 2023 in active response to the national "Zero-Waste City" campaign. In April 2024, we completed the formulation of the *Yangtze River Pharmaceutical Group Implementation Plan for Building a Zero-Waste Group (2024–2025)*, and obtained approval from the competent authority in October 2024. By the end of the reporting period, we had achieved a reduction and resource recovery of 1,929 tons of solid waste, generating economic benefits of approximately RMB 11.9 million. Nanjing Hailing, Shanghai Haini, and Guangzhou Hairui were awarded the municipal-level "Zero-Waste Factory" title.

achieved a reduction and resource recovery
1,929 tons of solid waste

generating economic benefits of approximately
RMB **11.9** million

New Pollutant Management

In response to government policies and decisions on new pollutant management, we jointly signed the Jiangsu Provincial Engineering Research Center Co-Construction Agreement for New Pollutant Treatment with six institutions, including the Jiangsu Provincial Academy of Environmental Sciences. As the only industrial enterprise among the partners, we actively participate in technological research, equipment development, and the application of results in new pollutant treatment.

To fulfill our responsibility in preventing and controlling environmental risks from new chemical substances, we organized manufacturing subsidiaries to conduct comprehensive surveys of chemicals used in production and processing, in accordance with the *Jiangsu Provincial Chemical Substance Environmental Information Statistical Survey Plan*. During the reporting period, we completed the first-round screening of all substances produced, imported, or processed, and completed the registration of one new chemical substance.

Biodiversity Protection

We attach great importance to biodiversity protection and closely follow relevant government policies. None of our operating activities have caused significant impacts on biodiversity. Within the scope of our operations, we proactively carry out ecological restoration and other biodiversity conservation efforts.

Against the backdrop of promoting high-quality development of the TCM industry alongside ecological protection, we actively respond to policies such as the *Strategic Plan for Traditional Chinese Medicine Development (2016-2030)* and the *Several Policy Measures to Accelerate the Characteristic Development of Traditional Chinese Medicine*. Focusing on forest resource protection and sustainable development of medicinal materials, we prioritize species such as *Phellodendron amurense*, *Peucedanum praeruptorum*, *Perilla frutescens*, and *Coptis chinensis* to build an ecologically friendly and prosperous development model, injecting green momentum into the green transformation of the TCM industry.

Forest Resource Protection

Sustainable Utilization of *Phellodendron Amurense* to Strengthen Resource Foundations

We deeply recognize that germplasm resources are the "core" of the TCM industry and treat them as strategic reserves. Guided by the principle of "investigation, introduction, selection, and breeding", we are dedicated to preserving this genetic treasure. Focusing on the protection of *Phellodendron amurense* resources, we strictly implemented the requirement to "strengthen germplasm resource protection" as outlined in the *Traditional Chinese Medicinal Materials Protection and Development Plan (2015-2020)*, initiating a strategic collection project for *Phellodendron amurense* germplasm. In 2023, following the "investigation, introduction, selection, and breeding" approach, we conducted a nationwide survey of *Phellodendron amurense* resources, covering 8 provinces and 40 regions. We ventured into mountains, forests, and medicinal fields to identify high-quality genetic resources, collecting germplasm samples to establish a cross-regional, multi-strain genetic resource bank. This effort reduces the risk of endangerment caused by overharvesting of wild resources and helps safeguard forest ecological diversity.

With the principle that "seedlings precede industrial development", we are building an ecological chain of "breeding and promotion" for the industry. In 2024, in response to the policy of "promoting ecological planting models" from the *National Underforest Economy Development Plan (2021-2035)*, we established a *Phellodendron amurense* seedling base in Longshan, Hunan. Utilizing smart agricultural technologies, the base precisely controls temperature, humidity, and soil fertility to cultivate high-quality, robust seedlings capable of supporting over a thousand acres of demonstration planting, thereby creating an integrated "seedling breeding-promotion" industrial chain.

In Fengjie, Chongqing, we developed a *Phellodendron amurense* seedling propagation base, establishing a demonstration area spanning tens of acres. Through standardized planting, we are validating a technical system of "quality seeds + sound methods", providing a replicable model for large-scale promotion. This initiative not only reduces reliance on wild *Phellodendron amurense* resources but also ensures market supply through cultivated planting, achieving a win-win outcome for ecological protection and industrial development while supporting the sustainable use of forest resources.

Multi-Variety Germplasm Nursery Construction

Tackling the Challenge of Elite Varieties to Empower Industry Upgrading

Leveraging technology to overcome the bottleneck in *Phellodendron amurense* seed sources, we conducted genetic diversity analysis based on the collected germplasm resources, focusing on breeding objectives such as "thick bark, pest and disease resistance, and fast growth". In accordance with the *Technical Specifications for Elite Variety Breeding of Chinese Medicinal Materials*, we employed methods such as phenotypic identification to establish a scientific foundation for long-term elite variety selection. Through continuous efforts, we aim to address issues like variety degradation and inconsistent quality in *Phellodendron amurense*, striving to develop high-value elite varieties adapted to different ecological regions, thereby enhancing industrial competitiveness from the source.

In the high-altitude mountainous area of Chongqing at 1,800 meters above sea level, we established a germplasm nursery for *Peucedanum praeruptorum*. Utilizing the advantages of the cool high-altitude climate, we conducted germplasm acclimatization and selection. Preliminary screening has identified superior strains with enhanced stress resistance and active ingredient accumulation, providing high-quality seed sources for the industrialized cultivation of *Peucedanum praeruptorum*.

In the *Perilla frutescens* germplasm nursery in Henan, research focuses on improving stress tolerance (such as drought and waterlogging resistance) and enhancing medicinal components. The nursery simultaneously advances germplasm identification, genetic diversity analysis, and elite variety propagation, creating a closed-loop system of "collection-identification-breeding-promotion." This provides the "genetic key" for the standardized development of the *Peucedanum praeruptorum* and *Perilla frutescens* industries, helping to address issues like homogenization of seed sources and unstable quality in characteristic medicinal materials.

Guided by policy and driven by technology, we have built a full-chain development model of "germplasm protection-elite breeding-ecological planting" for varieties such as *Phellodendron amurense*, *Peucedanum praeruptorum*, *Perilla frutescens*, and *Coptis chinensis*. We seek industrial opportunities within forest resource conservation and feedback ecological construction through industrial development, offering the "Yangtze River Solution" for the sustainable development of the traditional Chinese medicine industry. In the future, we will continue to deepen innovations in ecological planting models and expand the promotion of elite varieties, enabling the traditional Chinese medicine industry to achieve high-quality development while protecting lucid waters and lush mountains, contributing to the Healthy China initiative and ecological civilization construction.

02

The Core of Health

A Global Governance Responsibility Framework

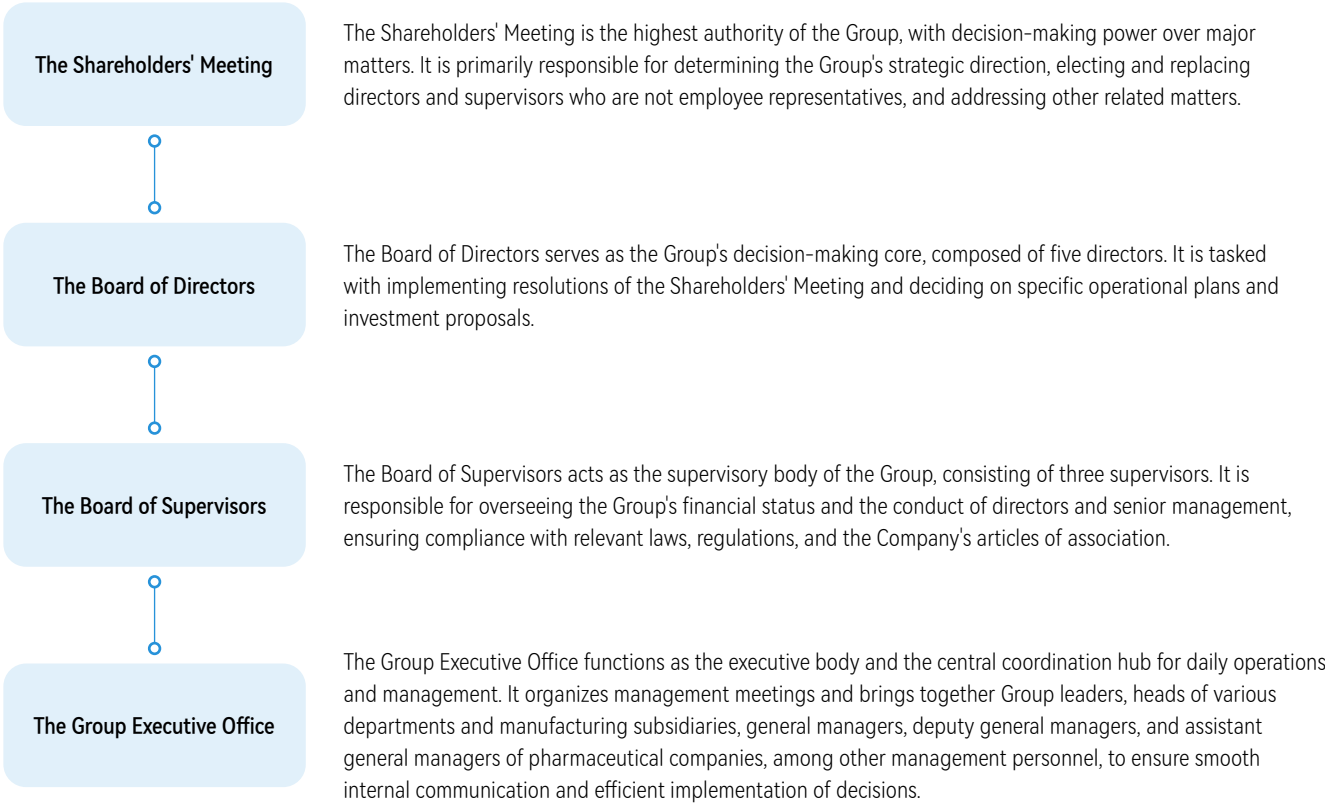
Corporate Governance
Information Security
Intellectual Property

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Corporate Governance

Governance Structure

In compliance with relevant laws and regulations and in line with our development needs, we have established a "Three-Tier Governance Structure" centered around the Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the Group Executive Office. Clear roles and responsibilities for each body are defined through rigorous institutional norms, comprehensively strengthening the oversight system and effectively ensuring the stable operation of the Group. Thanks to our outstanding governance performance, we have been honored with numerous awards, including the "Global Performance Excellence Award (World Level)", "Asia Quality Innovation Award", "National Quality Benchmark Enterprise", "National Civilized Unit", and "National Model Workers Home".



By establishing a scientific and standardized governance structure, we have not only safeguarded the healthy and stable development of the Group but also laid a solid foundation for achieving our long-term strategic goals.

Compliance as Our Core Principle

As a leading enterprise in the pharmaceutical industry, we have always regarded compliance and business ethics as the foundation for sustainable and stable development. We require all employees to deeply understand the importance of compliance and embrace the values of "establishing integrity through compliance and building reputation through quality". We strictly adhere to the "Four Red Lines": political integrity, quality standards, conduct discipline, and ethical behavior. In 2024, we reinforced our commitment to compliance by further strengthening our compliance system and fortifying our compliance defenses.

Guided by Compliance:

Building a Solid Defense for Marketing Transformation

We delved into business scenarios to develop marketing compliance strategies and guidelines, mapping out compliance risks for academic projects and activities. By establishing end-to-end control mechanisms based on key nodes, we created **over 14** SOP risk management manuals to ensure effective implementation. We conducted comprehensive compliance control and risk assessments for **more than 400** projects and **over 15,000** academic activities, covering pre-event, in-process, and post-event stages. Focusing on critical areas, we implemented a monthly compliance reporting mechanism, producing **over 60** national and regional compliance reports monthly.

Fostering Excellence

Building an Elite Regional Compliance Team

To further deepen compliance management, we deployed teams across **25** provinces, establishing a two-way collaboration mechanism between the Group and regional offices to ensure efficient regional empowerment. We implemented a cross-regional review and Group spot-check system to maintain work quality. Each month, we organized team-building activities integrating compliance culture and Party building, fostering a customer-centric team culture. We "stand tall" to firmly uphold risk defenses and "bend down" to serve internal business teams effectively.

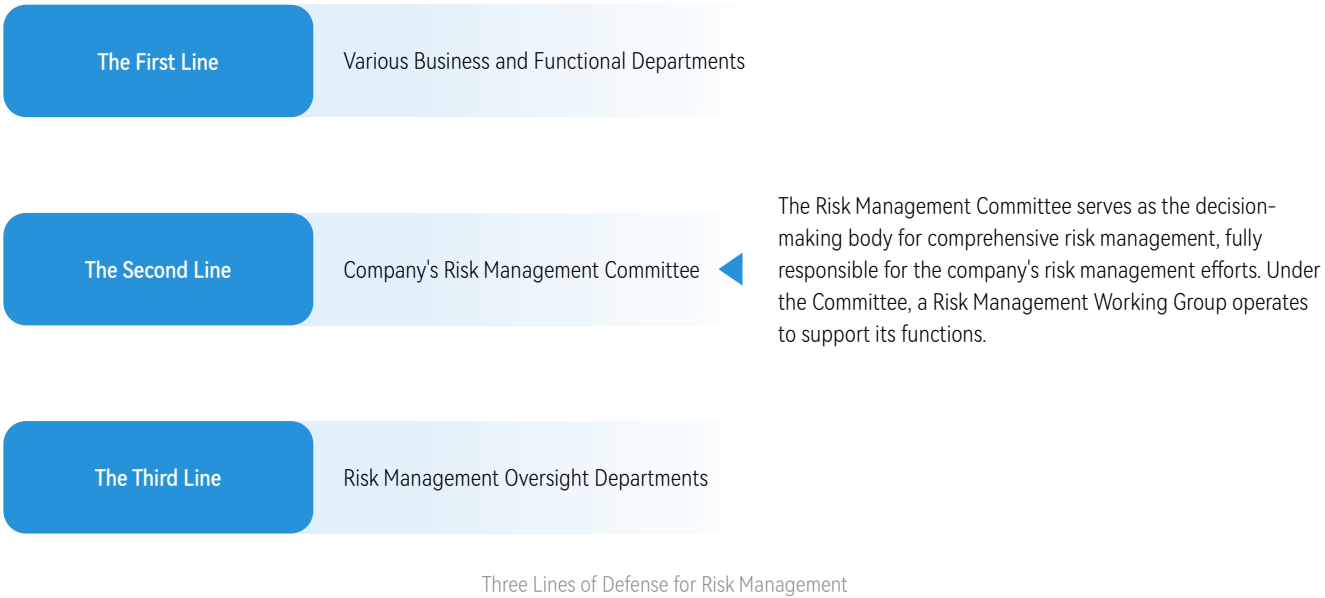
Strengthening the System

Continuously Enhancing Compliance Culture

In 2024, we refined and issued **16** compliance management regulations. We intensified compliance promotion by organizing **335** professional training sessions and conducting **104** specialized examinations. Additionally, through speech contests, essay campaigns, and promotional platforms, we set up cultural walls in various companies to highlight grassroots achievements and typical compliance stories. These efforts strengthened the dissemination of compliance culture, embedding it deeply into our corporate ethos.

Risk Management

To establish a standardized and effective comprehensive risk management system that prevents, controls, and mitigates potential risks in the course of operations and management, and to promote the healthy, sustainable, and stable development of the Group, we comply with laws and regulations such as the *Company Law of the People's Republic of China* and management standards including *ISO 31000:2018 Risk Management Guidelines*. We have formulated the *Yangtze River Pharmaceutical Group Comprehensive Risk Management Measures*, implementing fundamental risk management processes across all management levels and operational activities to foster a sound risk management culture and establish a robust risk management system.



Currently, the risks faced by the Group are categorized into seven major types: strategic risks, financial risks, market risks, operational risks, legal risks, compliance risks, and information security risks. These include historical data and future projections related to macroeconomic policies, laws and regulations, industry trends, governance structure, market conditions, financial status, human resource allocation, management processes, control measures, information system applications, communication, and reporting, as well as case studies of losses due to risk management failures within the Group or other enterprises. Through extensive and ongoing collection of internal and external risk information relevant to operations and management that may impact the achievement of the Group's objectives, all units consolidate risk information, establish a risk information database, conduct risk assessments, and carry out risk identification, analysis, and evaluation to develop a risk register. For each risk listed, a root cause analysis is performed considering external environment, internal management, systems, and processes. The Risk Management Working Group issues a Risk Assessment Report, proposing prioritized control sequences for various risks, with high-risk items receiving priority management.

Business Ethics

We have revised and issued the *Business Ethics Manual* with reference to the *Pharmaceutical Industry Compliance Management Standard* and the *RDPAC Digital Healthcare Compliance Guide*. The manual covers requirements for standard business conduct, including conflict of interest, fair competition, and combating bribery and corruption, helping employees understand the Group's business ethics expectations, fostering a healthy work environment, and upholding and enhancing our reputation for "integrity and trustworthiness".

Anti-Corruption

We have strengthened supervisory authority and rigorously enforced anti-corruption measures to ensure clean exercise of power and clean practices. By intensifying specialized and case investigations, deepening police-corporate cooperation, and enhancing collaboration with procuratorates and courts, we maintain a "zero-tolerance" stance toward illegal activities, sounding a constant alarm for ethical practice. Throughout the year, we followed up on two cases, promptly notifying relevant units of investigation outcomes, improving internal controls, and addressing vulnerabilities. We organized 23 integrity warning and education sessions for key positions and Party member representatives in departments such as the Tendering Center, Procurement Center, and Infrastructure Department, covering all management cadres and key personnel. Training included interpretations of common occupational crime laws, case studies, and reporting channels, using real cases as warnings to maintain vigilance.



Integrity Warning Training for Party Member Representatives on May 10, 2024



Integrity Warning Training for Infrastructure Department Staff on September 3, 2024

Anti-Unfair Competition

To maintain a fair competitive business environment, we have formulated the *Yangtze River Pharmaceutical Group Anti-Monopoly Regulations*, requiring every employee to strictly comply with the *Anti-Monopoly Law of the People's Republic of China* and refrain from any conduct that violates or may violate the law. The regulations explicitly prohibit any vertical monopoly agreements with upstream suppliers or downstream distributors (or other clients), horizontal monopoly agreements with competitors, and abuses of market dominance. The Group does not recognize the validity of any business conduct that may lead to unfair competition. We treat unfair competition as a red line in corporate management that must not be crossed. During the reporting period, we conducted one anti-commercial bribery training session with a total participation of 16,540 person-times, achieving a coverage rate of 98.44%.



Reporting Procedures and Whistleblower Protection

To ensure the standardized handling of reports and protect the legitimate rights and interests of whistleblowers in accordance with the law, we have formulated the *Yangtze River Pharmaceutical Group Compliance Reporting Management Regulations*. We encourage employees and interested third parties such as suppliers, customers, and business partners to report any practices, procedures, or situations in the Group's business activities that raise integrity concerns. The Group has established confidential procedures to receive, retain, and process complaints from internal or external whistleblowers, whether submitted with real name, anonymously, or pseudonymously. Reporting channels include telephone, email, mail, and in-person visits. Whistleblowers have the right to be informed about the handling of their reports, and their lawful rights are protected to prevent retaliation or unfair treatment. If a report is verified, the whistleblower will receive corresponding spiritual or material rewards.

Responsible Marketing

We consistently uphold the responsibility of a national pharmaceutical enterprise, actively practicing the philosophy of "Healthy Marketing, Marketing Health". Through standardized and transparent marketing practices, we continuously enhance the trust and recognition of consumers, partners, and the public. Simultaneously, we are dedicated to building a diversified and high-quality health service system while improving overall health literacy. In promotional and marketing activities, we strictly comply with relevant national laws and regulations, including but not limited to the *Pharmaceutical Administration Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, and the *Notice on Standardizing the Use of Drug Names in Drug Advertisements*. Additionally, we rigorously implement internal management systems—specifically the *Yangtze River Pharmaceutical Group Regulations on the Review of Promotional and Non-Promotional Materials*—ensuring that all product promotion information is clear, understandable, accurate, objective, fair, and highly complete. Information must not mislead through distortion, exaggeration, overemphasis, omission, or other means, thereby guaranteeing the professionalism and standardization of marketing activities and providing consumers with scientific and reliable medical and health information. During the reporting period, we did not receive any complaints or legal actions regarding misleading or deceptive promotional content, demonstrating our solid achievements in responsible marketing.

Furthermore, we place great emphasis on talent development and business enhancement, continuously strengthening internal compliance management. We organize quarterly responsible marketing training for frontline marketing and functional support staff, and each pharmaceutical company conducts monthly responsible marketing training for new employees in these roles. Programs such as the "Marketing Iron Army Training Camp", "Kunpeng Special Training Camp", and "Starlight—New Employee Training" series comprehensively enhance the professional competence and practical skills of the marketing team. Training content covers drug knowledge, marketing regulations, professional ethics, and other aspects. By establishing a systematic training system, we ensure all employees deeply understand compliance requirements and integrate responsible marketing concepts into their daily work, effectively maintaining market fairness and protecting consumers' legitimate rights and interests. We are committed to building an efficient and professional elite team to drive the company's steady progress and achieve long-term development goals.

Information Security

We strictly comply with laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. We have formulated the *Yangtze River Pharmaceutical Group Information Security Management Regulations* and related procedures, and established an information security assurance organization—the Yangtze River Pharmaceutical Group Information Security Committee—with the Information Technology Department at its core and heads of various centers deeply involved, ensuring comprehensive implementation and continuous improvement of information security efforts.

To safeguard the corporate network environment and effectively defend against external threats and internal unauthorized access, we have deployed a range of AI-powered advanced security systems, including next-generation firewalls, network access control systems, unified identity authentication systems, and industrial cybersecurity situational awareness systems. We regularly conduct third-party information security audits and certifications to ensure the standardization, professionalism, and effectiveness of our information security measures.

Additionally, we place great emphasis on information security emergency response capabilities. Following industry best practices, we have developed the *Data Center and IT Service Emergency Management Measures* and the *Emergency Information Security Incident Management Procedures*, establishing a robust information security emergency response system and team. These define responsibility allocation, risk handling, and processes and standards for emergency response, ensuring that the Group can act swiftly and effectively in the face of information security incidents. Furthermore, we have issued a *Personal Privacy Protection Statement* to ensure the lawful and reasonable collection and use of personal data through the Group's websites, mini-programs, applications, and other platforms. Ultimate authority over data processing is granted to the data subjects, enabling closed-loop management and controlled use of data throughout its entire lifecycle.

In 2024, the total participation in information security awareness training exceeded 20,000 person-times, achieving 100% employee coverage. No customer privacy leaks or information security incidents occurred.

Total participation in information Security awareness training exceeded

20,000 person-times

Employee coverage

100%



Intellectual Property

Patent Applications

Patent application and layout are the key tasks in research and development. We write and apply for patents to protect the research and development achievements of ongoing projects in a timely manner, and establish technical and legal barriers, aiming to provide protection and exclusive status for the launch of new varieties. By the end of the reporting period, our group had applied for a total of 72 patents in 2024. The Institute of Pharmaceutical Sciences applied for 56 patents and obtained 25 patent authorizations. Divided by fields, among them, there were a total of 48 patent applications for innovative drugs, mainly for small molecule patents, and 8 patent applications for generic drugs (including 1 from the NDDS team); 21 patent authorizations were obtained for innovative drugs, and 4 patent authorizations were obtained for generic drugs. Divided by regions, there were a total of 30 domestic patent applications, 7 PCT patent applications, and 19 patent applications overseas (including Hong Kong, Macao and Taiwan); 10 domestic patent authorizations were obtained, and 15 patent authorizations were obtained overseas (including Hong Kong, Macao and Taiwan). In the traditional Chinese medicine sector, a total of 13 patents were applied, including 8 invention patents and 5 utility model patents. In the Holistic Health unit, a total of 3 patents were applied.

Our group applied for a total of **72** patents

The Institute of Pharmaceutical Sciences applied for **56**

Total of **13** patent applications filed in the TCM segment

Total of **3** patent applications filed in the Holistic Health unit

Patent Investigations

We conduct patent investigations to support R&D projects, which involve patent searches focused on target companies, technologies, or research projects. Based on analysis of the search results, we obtain technical intelligence and identify potential patent risks to inform decision-making in project initiation, R&D, and drug registration. By the end of the reporting period, we had completed 373 patent investigations. Categorized by drug type, these included 305 related to generic drugs and 68 to innovative drugs. By investigation type, 83 were for project initiation searches and 263 for patent risk assessments. Additionally, we performed 27 intellectual property evaluations prior to article or information publication, covering nearly 100 specific products such as Edoxaban, Sitaflloxacin, and Resmetirom

A total of **373** patent investigations completed

Breakdown by drug type:

Generic drugs: **305** cases/times

Innovative drugs: **68** cases/times

Breakdown by investigation type:

Project initiation searches: **83** cases/times

Patent risk assessments: **263** cases/times

Intellectual Property (IP) assessments prior to article/information publication: **27** cases/times

Patent Risk Management and Control

Patent risk management is a critical and ongoing responsibility of the Intellectual Property Department, particularly in identifying and mitigating potential market entry risks for generic drug projects. In 2024, we initiated one patent invalidation challenge, handled four patent litigation cases, submitted 12 third-party public opinions, participated in four pharmaceutical-related administrative rulings, and provided support in four instances of intellectual property matters related to drug listing and centralized procurement.

Patent invalidation challenges initiated **1** case

Patent litigation cases handled **4** cases

Third-party public opinions submitted **12** cases

Pharmaceutical chain-related administrative rulings **4** cases

Assistance in handling drug listing/ Centralized procurement IP matters **4** cases

03

The Pulse of Health

Innovative Practices in
Holistic Health

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The Holistic Health Ecosystem

As an active practitioner of the "Healthy China" strategy, we take "To Be a China-leading, World-class Pharmaceutical and Healthcare Group" as our vision and build a three-dimensional industrial pattern featuring "simultaneous development of chemical drugs, traditional Chinese medicine and biological drugs + holistic health + internationalization". Under the framework of the ESG governance system, we innovatively put forward the "Healthy Marketing, Marketing Health" dual-health strategy. Through establishing the Holistic Health unit to implement organizational changes, we have built a full-value-chain management system covering research and development, production, supply chain and marketing. Relying on the Group's integrated lean management system, we create an open and shared "Hexi" ecosystem, form an industrial matrix with the coordinated development of "Yangtze River" chemical drugs, "Longfengtang" traditional Chinese medicine and "Huyou" holistic health, and continuously improve the accessibility of health products and services.

Brand System Empowering Sustainable Development

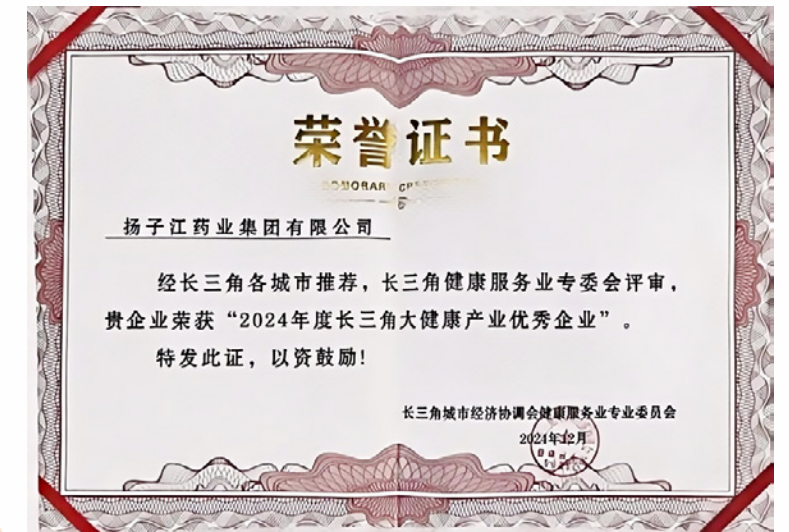
We have developed a diversified brand matrix led by the master brand "Huyou" (Mother and Child Hands in red and blue logo), supported by sub-brands such as "Lanqin," "Junzunyin," and "Ziwuliuzhu." Thirty-two products currently on the market are incorporated into a scientific management system. Through six business divisions—Lanqin, Huangqi, Junzunyin, Ziwuliuzhu, Huyou Select, and Health Services—we implement a full product lifecycle management strategy, forming a value chain from precise R&D to scenario-based marketing. The "Huyou" brand, symbolized by the mother and child hands imagery, conveys humanistic care and deeply aligns with the social responsibility dimensions of the ESG framework. The star product "Junzunyin" addresses modern health concerns with an innovative formula that won the "Hurun China Best Food Innovation Value Award," highlighting our leadership in innovation within the health consumption sector.



2024 Global Launch · Hurun China Food Industry Top 100 List
– Best Food Innovation Value Award

Market Practices and Responsibility

In 2024, we actively participated in industry events such as the China International Natural Health and Nutrition Expo (NHNE), the Shenzhen Sugar & Wine Fair, and the Jiangsu Industry-Academia-Research Conference, consistently delivering health solutions. Recognized for our outstanding practices in the holistic health sector, we received honors including the "2024 Nutrition Planet Award Finalist Brand" and "Outstanding Enterprise in the Yangtze River Delta Holistic Health Industry." By leveraging big data to gain precise insights into the needs of different consumer groups, we provided personalized health management solutions, serving over one million users and effectively transforming brand value into social value creation.



2024 Outstanding Enterprise in the
Yangtze River Delta Holistic Health Industry



2024 Nutrition Planet Award

Building a Sustainable Ecosystem

Guided by the "Hexi" ecosystem strategy, we have integrated the industry-academia-research-application innovation chain, promoting the modernization of traditional Chinese medicine and innovation in holistic health products. We optimized our organizational structure and established an ESG management and control system spanning from raw material procurement to end-user services. By introducing sustainable procurement standards into the supply chain, we ensure that product quality and social responsibility are simultaneously met.

Channel Expansion

Building a Diversified and Synergistic Market Landscape

The Holistic Health unit has adapted to market demands by upgrading its sales model—shifting from a focus on C-end private domain internal sales to a balanced emphasis on both B-end and C-end markets, and building a diversified system that combines self-operated terminals and channel partnerships. Starting from November 2024, holistic health products were launched in 650 Meihao Supermarket stores. We also deepened government-enterprise collaboration mechanisms, partnering with multiple chambers of commerce to continuously enhance market coverage and brand influence.

Additionally, throughout the year, the Holistic Health unit successfully organized five specialized "Bigu" (meditative fasting) activities, serving a total of 1,181 employees. To further practice "Marketing Health," we provided health testing and intervention services to over 30,000 individuals, forming a more comprehensive one-stop health management program that includes "health assessment execution, health planning formulation, health promotion implementation, and health outcome review."



September 2024 Health Cycle Free Clinic



November 2024 Supply Chain Conference



Product Innovation

Strengthening a Technology-Driven R&D Foundation

Adhering to the concept of developing new quality productive forces, our Holistic Health unit has made systematic efforts in brand positioning, raw material selection, and dosage form innovation, successfully launching multiple new products such as Lanqin Throat Lozenge (Emblica and Sterculia Flavor) and Huangqi Coffee. By establishing a centralized R&D project management platform and a sensory efficacy laboratory, we have optimized the R&D process, significantly improving the efficiency of new product development and the success rate of product launches, thereby injecting sustained momentum into product iteration and business growth.



Huangqi Coffee



Lanqin Throat Lozenge

Production Line Upgrades

Setting a New Benchmark for Quality and Efficiency

Our Holistic Health unit has focused on technological breakthroughs and intelligent production line upgrades, adopting flexible production models to meet diverse market demands. In 2024, the production capacity of the Huyou Holistic Health Products Workshop increased by 250% compared to 2023, while the production capacity of probiotic crystal balls at the Hengkang Biological Workshop grew by 102% year-on-year, and the output of probiotic fermented beverages rose by 128%.



Intelligent Probiotic Production Line

Product Portfolio

TCM Product Center

TCM Respiratory Portfolio

We focus on holistic management of respiratory diseases, building an integrated TCM product cluster to provide patients with safe, effective, and comfortable treatment options. Our core products, Suhuang Zhike Capsules and Lanqin Oral Liquid, were recognized in the *Top Clinical Research Ranking of TCM for Respiratory Diseases*. A multicenter study abstract on Suhuang Zhike Capsules for asthma treatment was published in the *European Respiratory Journal*, offering an innovative alternative beyond hormones and biologics. Both products have been included in multiple diagnosis and treatment guidelines and consensus documents, establishing them as preferred clinical solutions.

TCM Digestive Portfolio

We are deeply engaged in the research on common diseases and chronic diseases of the digestive system as well as disease types where TCM has advantages. We inherit the theory of the spleen and stomach in TCM and integrate modern innovative technologies to introduce integrated Chinese and Western medicine "synergistic effect with reduced side effects" treatment plans, which specifically address the three major clinical pain points of drug resistance, recurrence, and safety. The Biling Weitong Granules and Weisu Granules have been included in the *Expert Consensus on the Diagnosis and Treatment of Gastroesophageal Reflux Disease by Integrating Traditional Chinese and Western Medicine (2025)* and the *Expert Consensus on the Diagnosis and Treatment of Chronic Atrophic Gastritis by Integrating Traditional Chinese and Western Medicine (2025)*. The Biling Weitong Granules have clearly identified the targets - pathways - mechanisms for the treatment of chronic gastritis and functional dyspepsia through network pharmacology research. Meanwhile, through basic research and clinical research, they have demonstrated their excellent efficacy potential in the upgraded eradication plan for *Helicobacter pylori* (Hp).

Addressing the high recurrence rate of nasal diseases, especially allergic rhinitis, we focus on long-term health management with a product matrix that treats both symptoms and root causes. Sanfeng Tongqiao Dropping Pills rapidly relieve acute symptoms such as nasal congestion and runny nose, significantly improving quality of life. Yiqi Tongqiao Pills reduce recurrence rates by regulating constitution, achieving a strategic shift from short-term symptom control to long-term health management.

TCM Nasal Health Portfolio

TCM Tonic and Comprehensive Healthcare Portfolio

Centered on consumer needs and the growing demand for health-nourishing products, our Longfengtang division has pioneered the qi-tonifying category. Longfengtang Astragalus Extract selects genuine organic astragalus with high active ingredient content and safety, addressing issues such as low energy and fatigue, poor complexion due to qi and blood deficiency, and weak constitution prone to illness. Since its launch, it has gained widespread consumer recognition and repeat purchases.

TCM Oncology Portfolio

We focus on holistic symptom management for cancer patients, aiming to improve survival duration and quality of life by leveraging TCM's advantages in adjuvant cancer therapy. Zhengyuan Jiaonang, as the only drug dual-recommended in both the guideline and consensus for cancer-related fatigue in China, fill a gap in Western medical diagnosis and treatment. Shuanghua Baihe Tablets are dual-recommended in the nasopharyngeal cancer diagnosis and treatment guidelines of the Chinese Anti-Cancer Association and the Chinese Society of Clinical Oncology (CSCO). Their post-marketing clinical reevaluation research results were published in the official journal of the American Society for Radiation Oncology (ASTRO), demonstrating international recognition.

TCM Cardiovascular (Mental and Neurological) Portfolio

In response to the health challenges posed by the high incidence of cardiovascular diseases amid China's aging population, we have developed a "simultaneous heart and brain treatment" solution targeting the clinical characteristics of the high comorbidity rate of coronary heart disease and ischemic stroke. The article *Treating Both Heart and Brain, Dual Unblocking of Vessels—Theoretical Analysis of the TCM Formulation of Mailuotong Capsules/Granules*, led by Academician Chen Keji and published in the *Journal of Basic Chinese Medicine*, systematically elucidates the product's core theory of "unblocking as the method, boosting qi and activating blood, dual unblocking of vessels."

TCM Pediatric Portfolio

Centered on children's healthy growth, we address clinical needs by leveraging TCM's unique advantages in child health and disease prevention, establishing a dual-support system for digestive and respiratory health. Shenqu Xiaoshi Oral Liquid fills a clinical gap in treating functional dyspepsia (FD) in children with solid clinical value and evidence-based support, and is included in multiple guidelines issued by authoritative institutions such as the Chinese Medical Association. Jinpu Xiaoji Granules, developed based on formulations from renowned TCM masters, benefit children's health by strengthening the spleen and resolving dampness. Ertongke Keli shows promise as a new clinical option for treating cough variant asthma (CVA) in children.

Chemical Drug Product Center

Digestive Line

Guided by the "comprehensive digestive health" concept, we integrated resources to build a closed-loop system from "medication" to "full-cycle solutions." Our core product, Dajisu, has received multiple honors, including "National Key New Product."

Chronic Disease Line

In areas such as hypertension, diabetes, and complications, we advocate the concepts of "holistic chronic disease management" and "prevention first." Our core product, Baianxin, is the only low-dose compound formulation in China, while Tanglin has been included in relevant medication lists. Through deep collaboration with multiple academic societies, we have been rated as a "High-Quality Cooperative Enterprise."

Anti-Infective Line

Focusing on the treatment of anaerobic infections, we partnered with relevant centers and academic associations to launch an antimicrobial stewardship rational application capacity-building project, establishing a standardized training system. Our Class 1 innovative drug, Xinrui, has been included in the National Science and Technology Case Library, received multiple certifications and patents, and is recommended in various textbooks.

Anesthesia and Analgesia Line

With a core strategy of "focusing on clinical needs, strengthening product output, and accelerating value delivery," we innovatively proposed the concept of "brain network balance regulators" and developed a perioperative anesthesia management solution with Enhanced Recovery After Surgery (ERAS) advantages. Collaborating with 13 anesthesiology associations, we implemented multiple projects to accelerate talent development, introduced new products focused on the perioperative analgesia and sedation markets, and expanded into local anesthesia and non-surgical pain management. Our core product, Jialuoning, has been recognized as a "High-Tech Product" and an outstanding industry brand.

Allergy and Ophthalmology Line

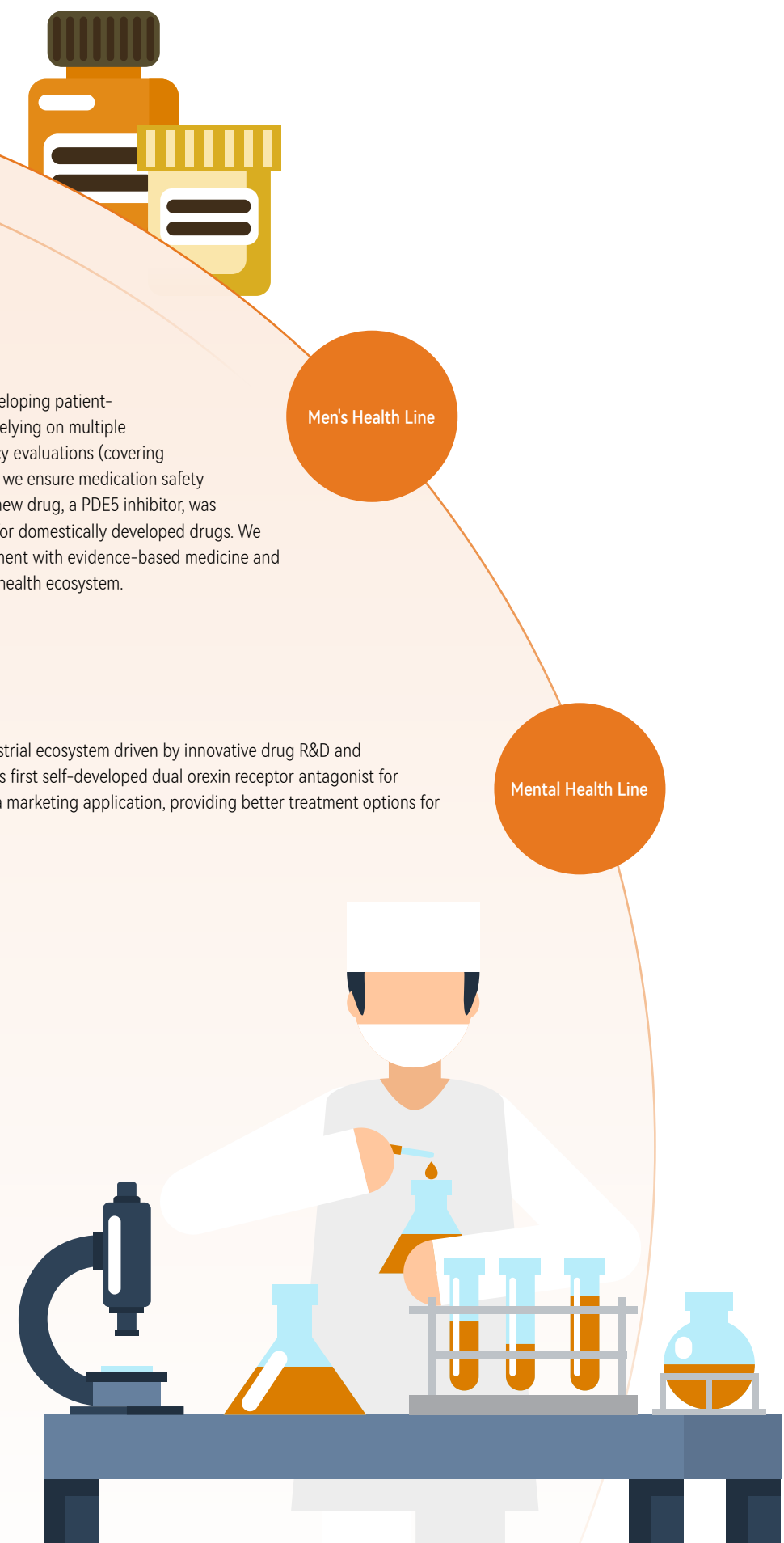
Addressing the high incidence of allergic diseases and eye health management needs, we built a drug matrix covering the entire disease course. In allergies, five products including Fumarate Lupatadine (dual anti-inflammatory mechanism) and Desloratadine Citrate Tablets (high efficacy with low drowsiness) form a differentiated portfolio. In ophthalmology, we explore full-course intervention pathways to improve eye disease prevention and treatment, safeguarding public health.

Five Major Therapeutic Areas

We work on male reproductive health, developing patient-centric full-cycle management solutions. Relying on multiple core products that have passed consistency evaluations (covering prostate diseases and sexual dysfunction), we ensure medication safety and accessibility. The Group's first Class 1 new drug, a PDE5 inhibitor, was approved on July 25, 2025, filling the gap for domestically developed drugs. We support standardized diagnosis and treatment with evidence-based medicine and academic building, creating a sustainable health ecosystem.

Focusing on sleep health, we built an industrial ecosystem driven by innovative drug R&D and supported by high-quality generics. China's first self-developed dual orexin receptor antagonist for insomnia, "Fazanleisheng," has submitted a marketing application, providing better treatment options for insomnia patients.

Two Emerging Areas



TCM R&D

We base our work on evolving human lifestyles and disease spectrum trends, focusing on clinical value and market demand. We concentrate on TCM-advantaged therapeutic areas, unmet clinical needs, and the Group's existing strong pipelines (such as respiratory, digestive, cardiovascular and cerebrovascular, pediatric, and tonic fields), continuously deepening the development of products with TCM characteristics and strengths. We prioritize the layout of Class 1.1 innovative drugs and have established a scientific and comprehensive project evaluation system to ensure the clinical value and market potential of R&D projects.

In 2024, key progress was made in TCM R&D—

Organizational Structure Optimization

We improved the R&D team system by establishing an independent clinical research team to strengthen specialized capabilities in clinical studies.

Innovation Project Advancement

We initiated 2 new clinical projects for innovative drugs and 7 pharmacological research projects for innovative drugs, accelerating the innovative drug R&D process.

R&D Structure Upgrade

We adjusted the project portfolio to focus on innovative drug development. Among the 19 ongoing projects, 12 are innovative drug projects, accounting for over 60%.

Achievement Translation and Implementation

In 2024, we submitted one application for clinical approval and successfully facilitated the market launch of 4 products, including 2 resumed production varieties (Lianyu Burn Ointment and Shenshehua Zhichuang Gao) and 2 new drug production technology transfer varieties (Yiqi Tongqiao Pills and Bajizhenyang Capsules), achieving efficient translation of R&D results into clinical value.



Chinese Medicinal Material Cultivation

"Three No's and One Full" Certification

In 2024, we achieved significant results in organic certification and brand building. Our Danshen (Salvia) base, Perilla base, and Isatis root base successfully obtained three "Three No's and One Full" certificates, bringing our total number of such certificates to seven—ranking among the top in the TCM industry. During the alliance's annual "Three No's and One Full" centralized evaluation, Longfengtang's application materials were showcased as an exemplary model. Both the Henan Perilla base and the Gansu Isatis root base performed exceptionally well in on-site inspections and centralized evaluations, each ranking first in their respective groups. The Perilla base achieved the highest overall score among 29 applicant bases.



"Three No's and One Full" Certificate

Additionally, our Jiangxi Rush base and Fujian Gardenia base were honored with the title of "Demonstration Base for Chinese Medicinal Material Industry" by the National Alliance for Standardization and Quality Innovation of Chinese Medicinal Materials. The Jiangxi Rush base and Qingdao Danshen base were recognized as "2023-2024 Excellent Genuine Chinese Medicinal Material Planting (Cultivation) Demonstration Bases" by the Medicine Chamber of the All-China Federation of Industry and Commerce. At the Ecological Forum on Traditional Chinese Medicine Industry, the Jiangxi Fuzhou Rush base and Gansu Jiuquan Isatis root base were awarded the "2024 Chinese Medicinal Material Brand Demonstration Base" title. These series of honors highlight our leading role in standardized planting and quality control of Chinese medicinal materials.



Standardized Rush Planting Base



Standardized Perilla Planting Base

Seed and Seedling Research

In the second half of 2023, leveraging Gansu's unique natural conditions and abundant medicinal material resources, we partnered with the Gansu Provincial Government and Longxi County People's Government to jointly launch the Gansu Longfengtang TCM Industrial Base project, opening a new chapter in collaborative development of the TCM industry. The project is designed as a comprehensive industrial base integrating planting, processing, production, sales, and planting technology R&D. It covers an area of 102.51 mu (approximately 6.83 hectares) with a total floor area of 58,879.6 square meters. By establishing a modern scientific research and support platform for seeds and seedlings, we will effectively enhance the quality and technological content of Chinese medicinal material seeds and seedlings, injecting new momentum into the sustainable development of the Group's medicinal planting industry.

04

The Breath of Health

Innovative and Accessible
Solutions

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R&D Innovation

We treat R&D as an absolute core priority. Addressing unmet needs in the treatment of diseases that seriously endanger human health, we fully apply cutting-edge global life sciences technologies, build future-oriented product and technology pipelines, and establish an R&D system aligned with the scientific principles of innovative drug research. We continuously promote the market launch of innovative drugs, creating a resilient and dynamic innovation development framework.



Key R&D Projects of the Group

Tunoradafil Hydrochloride Tablets (Brand Name: Taituotuo) is a Class 1 new drug developed by the Group, it is a phosphodiesterase-5 (PDE5) inhibitor erectile dysfunction (ED). By the end of 2024, the Phase III clinical trial and a six-month long-term safety data summary report have been completed.

Fazanleisheng is a Class 1 innovative drug developed by the Group, acting as a highly effective dual antagonist of orexin type 1 and 2 receptors (OX1R and OX2R). It is indicated for the treatment of insomnia in adults, particularly addressing difficulties with sleep onset and sleep maintenance. The drug has completed database lock for two Phase I clinical trials, finalized three Phase I Clinical Study Reports (CSRs), and concluded one Phase III Clinical Study Report.

YZJ-4729 Tartrate Injection is a Class 1 new drug developed by the Group, it is a novel G protein-biased μ -opioid receptor (MOR) agonist for the treatment of acute pain in adults requiring intravenous opioid analgesic therapy. Two clinical study reports (CSRs) have been finalized, and the End-of-Phase II (EOP2) meeting and submission for the Phase III trial (abdominal surgery) have been completed.

Product Quality and Safety

We have always regarded quality as the foundation of its existence and development. Guided by the core values of "High Quality, Public Benefits, Continuous Innovation, and Pursuit of Excellence," we put "High Quality" first, profoundly reflecting our dual commitment to product excellence and social responsibility. We steadfastly adhere to the principle of "Quality First" and uphold the simple yet profound quality culture of "Making medicines by considering customers as our parents and loved ones," deeply embedding quality awareness into the daily work of every employee. This has enabled us to build a comprehensive quality management ecosystem characterized by full participation, end-to-end control, and all-round coverage.

We strictly comply with the *Pharmaceutical Administration Law of the People's Republic of China* and the *Good Manufacturing Practice (GMP)* requirements, and have formulated a series of quality management regulations, including the *Yangtze River Pharmaceutical Group Lean Quality Management Measures*, the *Yangtze River Pharmaceutical Group Internal Quality Audit Management Measures*, and the *Yangtze River Pharmaceutical Group Quality Responsible Person Evaluation Management Measures for Factories*.

In 2024, we further deepened the implementation of our quality strategy, extending strategic initiatives into dimensions including "Group-led" guidance, "Standardization-driven" unification, "Internationalization-focused" quality enhancement, "Lean-oriented" efficiency improvement and "Digital-enabled" empowerment. We released the sixth edition of the *Corporate Quality Culture Handbook*, providing systematic guidance and standards for all employees. This promotes the penetration of quality awareness from production links into the entire business process, including strategic planning, marketing, and after-sales service, achieving deep integration of quality culture and corporate development.



Sixth Edition of the
Corporate Quality Culture Handbook

Quality Strategy

Building on the development blueprint of the "14th Five-Year Plan," we formulated a quality strategy in 2021—the inaugural year of the plan—centered on "advancing internationalization, digitalized management, and promoting intelligentization." This strategy aims to comprehensively deepen quality management efforts around four core objectives, driving continuous improvement in the enterprise's quality management level:



Quality Culture Development

To strengthen quality culture development and enhance quality awareness across the organization, we carried out a series of distinctive and highly effective quality activities.

Biannual "Quality Month" Activities

Our quality management philosophy has evolved from a focus on product quality to a comprehensive "macro-quality management" approach. This has continuously strengthened organization-wide quality awareness and elevated the standard of quality management.



The 51st "Quality Month" Mobilization Conference and EFQM Global Award (Six-Diamond Level) Application Project Kick-off Meeting

Cultivation of Craftsmanship Spirit

We closely integrate the cultivation of craftsmanship spirit with the development of outstanding employees, inspiring a craftsman's dedication through multiple channels and approaches. For example, we have established model innovation studios for exemplary labor models and skilled talents, providing employees with platforms for technological innovation and experience exchange. We actively respond to government initiatives for recognizing and selecting craftsmen, encouraging and nominating outstanding employees to participate in such evaluations. Through internal publications, official websites, external media, and other channels, we extensively promote the stories of Yangtze River craftsmen, fostering a culture that values the spirit of craftsmanship.

Lean Management Practices:

Centered on the principle of lean management, we focus on three key directions—process optimization, resource integration, and cost control—and actively promote the application of lean concepts in quality management.

Chief Quality Officer (CQO) System

We have positioned the Chief Quality Officer as the head of quality management and the Qualified Person for quality in manufacturing subsidiaries. This system is not only fully implemented in corporate quality management but is also closely integrated with the adoption of excellence performance management models, the enforcement of the *Pharmaceutical Administration Law of the People's Republic of China*, and the *Good Manufacturing Practice (GMP)* requirements. Through this, we effectively assume the primary responsibility for drug quality and safety as a pharmaceutical enterprise.

QC Group Activities

We continuously and deeply carry out Quality Control (QC) group activities, treating them as an essential form of employee participation in quality management improvement and a significant symbol of the enterprise's implementation of total quality management. In 2024, more than 140 QC groups were active across various departments, including R&D, production, and quality. At the 45th National Pharmaceutical Industry QC Group Achievements Exchange Conference in 2024, all 106 projects submitted by the Group were awarded first prizes, marking the 20th consecutive year that the Group has ranked first in the total number of national pharmaceutical industry QC group achievement awards. At the 49th International Convention on Quality Control Circles (ICQCC) in November 2024, the Group won three additional gold awards, representing the ninth time it has received ICQCC international gold awards. By the end of the reporting period, the Group had accumulated a total of 31 gold awards, fully demonstrating its exceptional strength in quality management innovation.



The 45th National Pharmaceutical Industry QC Group Achievements Exchange Conference



ICQCC International Gold Award

CASE

Yangtze River Pharmaceutical Group was awarded the 7-star Certification in the EFQM RbE On-site Assessment

The EFQM Global Award (formerly the European Quality Award), alongside the U.S. Malcolm Baldrige National Quality Award and the Japanese Deming Prize, is recognized as one of the world's three major quality awards, representing the highest honor in the field of international quality management. With a global vision for quality excellence, we initiated the application process for the EFQM Global Award in 2020. In March 2021, we were awarded the 5-star EFQM Global Award. In April 2025, we passed the on-site assessment for RbE (Recognised by EFQM, EFQM Star Level Maturity Evaluation) and achieved a "7-star Certification", laying a solid foundation for pursuing the seven-diamond EFQM Global Award.

Pursuing higher levels of the EFQM Global Award is not only a key initiative for us to continuously improve quality management but also a window for the world to understand Chinese pharmaceutical companies. By benchmarking against EFQM model standards, we have further expanded our management perspective, placing greater emphasis on positioning the enterprise within the industrial ecosystem, enhancing overall management levels, and achieving sustainable development.

Full Lifecycle Quality Management

We strictly adhere to a series of legal and regulatory requirements, including the *Pharmaceutical Administration Law of the People's Republic of China*, the *Measures for the Supervision and Administration of Pharmaceutical Production*, the *Good Manufacturing Practice (GMP)*, and the *Good Supply Practice (GSP)*, treating quality as the foundation of the enterprise's survival and development. By establishing a three-tier quality management system—comprising group-level top-level design, segment-based supervision and management, and entity-level compliance operations—we have established the fundamental principle of "Marketing Authorization Holder (MAH) Comprehensive Responsibility." This effectively reduces internal management complexity while significantly mitigating drug quality and safety risks, as well as production and operational costs.

The Group Quality Management Department, as the core department for quality management, is responsible for the overall coordination of quality management departments under each Marketing Authorization Holder. The department facilitate collaboration between the quality management departments of each MAH and the Group's R&D, sales, and other units, we promote efficient communication and coordination in quality and safety management throughout the entire drug lifecycle.

Building on China's Pharmaceutical GMP standards, we have established a rigorous quality management system covering the entire drug lifecycle by fully integrating the high standards of the European Union Good Manufacturing Practice (EU GMP) and the U.S. Food and Drug Administration's Current Good Manufacturing Practice (FDA cGMP), along with other advanced quality management system requirements. This system strictly controls key stages including new product R&D, raw material procurement, production processes, product release, storage and transportation, and after-sales service to ensure that products are safe, effective, and consistently high-quality. During the reporting period, we conducted competitive product research on 9 varieties to explore differences in efficacy and safety, identify areas for improvement, and further enhance product quality. Additionally, at least one ongoing stability study was carried out annually for each product to continuously monitor quality stability. By the end of the reporting period, all our manufacturing subsidiaries had successfully passed China's Pharmaceutical GMP compliance inspections, 10 manufacturing subsidiaries obtained ISO 9001 Quality Management System certification, and 10 subsidiary laboratories were certified under the ISO 17025 Laboratory Management System.

Obtained ISO 9001 Quality Management System certification

10 manufacturing subsidiaries

Obtained ISO 17025 Laboratory Management System certification

10 subsidiary laboratories

In terms of international certifications, we remain committed to aligning with global production quality management standards. As of the reporting period, 7 workshops, 6 preparations, and 1 extract have received EU GMP certification; 2 workshops, 1 active pharmaceutical ingredient (API), and 1 preparation have been certified under Australia's TGA GMP; 1 workshop and 1 preparation have obtained FDA GMP certification; and 1 workshop and 1 preparation have been certified under PIC/S GMP.



EU GMP Certification

As an essential measure to ensure product quality and the effectiveness of the quality management system, each of our manufacturing subsidiaries undergoes both internal and official audits annually. In 2024, a total of 12 subsidiaries received 63 inspections from drug regulatory authorities, covering types such as registration reviews, licensing inspections, routine inspections, and for-cause inspections. No major deficiencies were identified, fully demonstrating the robustness of our quality management capabilities.

A total of 12 subsidiaries received 63 inspections from drug regulatory authorities

Product Recall and Traceability

We strictly comply with the *Pharmaceutical Administration Law of the People's Republic of China* and the *Measures for the Administration of Drug Recall*, having established the Group's drug recall procedures. We promptly collect information on potential drug safety risks from routine quality management activities such as product retention sample observation, stability studies, deviation handling, user complaints, and adverse drug reaction monitoring. For marketed drugs that may pose safety risks, we conduct investigations and evaluations. The Qualified Person serves as the responsible person for drug recalls. The drug recall investigation report and recall plan are submitted to the authorized drug recall personnel for review and approval before implementation. The Quality Management Department is responsible for responding to and explaining matters to drug regulatory and health administrative authorities, and for submitting recall progress reports within specified time limits. After the completion of a drug recall, we evaluate its effectiveness. The Group regularly assesses the effectiveness of the product recall procedure. If no product recall incident occurs within two years, a mock recall drill is conducted. During the reporting period, we did not experience any incidents requiring the recall of sold or shipped products due to safety or health reasons.

At the same time, we have established a drug traceability management procedure covering the entire drug lifecycle, including drug development, technology transfer, commercial production, post-marketing management, and processes such as procurement, storage, production, testing, and sales during drug manufacturing. The procedure also specifies management requirements and retention periods for documents and records such as process protocols, standard operating procedures, and validation documents to facilitate traceability. All marketed products are assigned electronic drug traceability codes. Both upstream units during sales and downstream units during procurement are required to scan and upload these codes, enabling the tracking of drug origins and destinations.



Medicine Accessibility

Guided by the "Healthy China" strategy, we actively support national medical insurance policies aimed at benefiting the people. Since the promotion of generic drug consistency evaluation by the state in 2015, we have taken the lead in responding to policy calls and accelerated technological breakthroughs and quality upgrades. Following the release of the 2024 *National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance*, we continued to increase investment in hospitals, pharmacies, primary healthcare markets, and internet-based medical terminals. By the end of the reporting period, a total of 175 generic drugs had passed or were deemed to have passed consistency evaluations, with 37 varieties being the first in China to do so, maintaining our leading position in the number of approved evaluations nationwide.

In the latest 10th round of national centralized drug procurement bidding, we won bids for 11 drug varieties, bringing the cumulative number of winning varieties to 62. By the end of the reporting period, 190 of our drugs were included in the National Reimbursement Drug List, and 56 varieties were listed in the Essential Medicines List. By providing high-quality domestically produced drugs as alternatives to imported ones, we have effectively helped reduce the financial burden on medical insurance funds and lower medication costs for patients.

Generic drugs have passed or are deemed to have passed the consistency evaluation	Drug varieties selected in the 10th round of national centralized procurement bidding	Drugs included in the National Reimbursement Drug List	Drugs included in the Essential Medicines List
175	11	190	56

CASE Group Public Support for the "Healthy China Journey, Digestive Endoscopy Collaboration" Medical & Science Popularization Project

Publicly supported by Yangtze River Pharmaceutical Group and organized by the China Medicine Education Association, the "Healthy China Journey, Digestive Endoscopy Collaboration" medical and science popularization project is dedicated to the prevention of early gastrointestinal cancers and the training of endoscopy physicians. Since its launch in October 2024, the project has covered 314 hospitals and 688 physicians nationwide, releasing a total of 1,670 popular science articles and 165 educational videos. It systematically disseminates knowledge on the prevention and treatment of digestive tract diseases and key points of endoscopic examination, significantly raising public awareness of early screening and contributing to the early detection and treatment of digestive tract cancers, thereby optimizing the efficiency of medical resource utilization.



CASE Supporting the Targeted Assistance Work of the Taiwan Democratic Self-Government League (TSL)

In November 2024, at the symposium marking the 10th anniversary of the TSL Central Committee's "Dream Building" assistance program and its targeted support for Hezhang County, we donated Xinrui® (Levornidazole Disodium Phosphate for Injection) worth RMB 1 million to Bijie City, Guizhou Province. With its strong clinical efficacy, this product has effectively enhanced the medical treatment capacity of Hezhang County, optimized patient treatment plans, and practically contributed to improving healthcare standards in old revolutionary base areas.



CASE Chronic Disease Prevention and Control, Jointly Building a Health Defense Line

In active response to the *Healthy China Initiative (2019-2030)*, we partnered with *Health Times*, a subsidiary of *People's Daily*, to launch the "Healthy China · Chronic Disease Prevention and Control in Action" series of public welfare activities. In 2024, the campaign was carried out in Yucheng, Henan, and Dongxing, Guangxi, benefiting over a thousand medical professionals, patients, and members of the public through free medical consultations, ward round guidance, inter-hospital exchanges, and public science initiatives. Simultaneously, we conducted 9 online interviews with renowned physicians and released 16 articles and video reports via the People's Daily Health App, generating over 10 million public welfare exposures. These efforts effectively enhanced public awareness and self-management capabilities for chronic disease prevention and control.



Pharmacovigilance

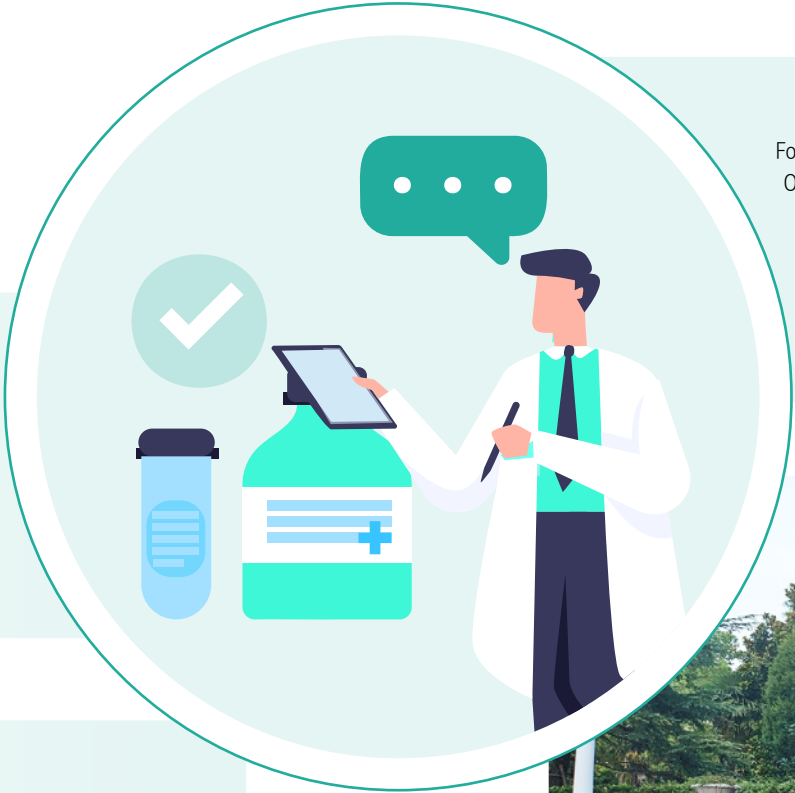
We prioritize drug safety responsibility and have established a pharmacovigilance system covering the entire Group. Through a closed-loop management model of "multi-channel collection, multi-dimensional analysis, and multi-measure prevention and control," we accurately identify potential drug safety risks to ensure patient medication safety.

Standardized
Management

In strict compliance with relevant laws and regulations, we have formulated the *Measures for the Management of the Drug Safety System at Yangtze River Pharmaceutical Group* to clarify the standards and responsibilities of pharmacovigilance activities both before and after drug approval. Pre-approval activities are led by respective sponsors and coordinated by Beijing Haisha Consulting Co.,Ltd., while post-approval activities are managed centrally by the Pharmacovigilance Department of the Pharmaceutical Business Headquarters, with division of labor and collaboration among Marketing Authorization Holders and pharmaceutical companies.

Diversified
Monitoring

We have established an adverse reaction monitoring system combining "active collection + passive feedback." Direct feedback channels, such as a 24-hour hotline, have been set up. Clinical information is actively gathered through academic teams, and the system interfaces with the National Center for ADR Monitoring database. Currently, independently collected adverse reaction information accounts for approximately 14%, ranking among the industry leaders.



We have institutionalized the dissemination of pharmacovigilance knowledge and built a tiered and categorized training system for targeted education. Basic knowledge training is provided to new employees, and awareness is enhanced across the board through related activities. Specialized training for management personnel and promotion teams is organized at least once a month to strengthen frontline staff's ability to respond to risks.

Education and
Empowerment

For four consecutive years (2021–2024), we have been awarded the title of "National Outstanding Enterprise in Drug, Device, and Cosmetic Adverse Reaction Monitoring." Through brand initiatives such as the "Group Pharmacovigilance Day," we invite experts for guidance, deepen government–enterprise collaboration and academic exchanges, and promote the professional and refined upgrading of our work.

Brand Building



Pharmacovigilance Knowledge Promotion and Education

05

The Network of Health

A Responsibility-Sharing Ecosystem

Partner Collaboration	81
Customer Service	90
Employee Development	91
Community Support	99



Partner Collaboration

Industry Cooperation and Development

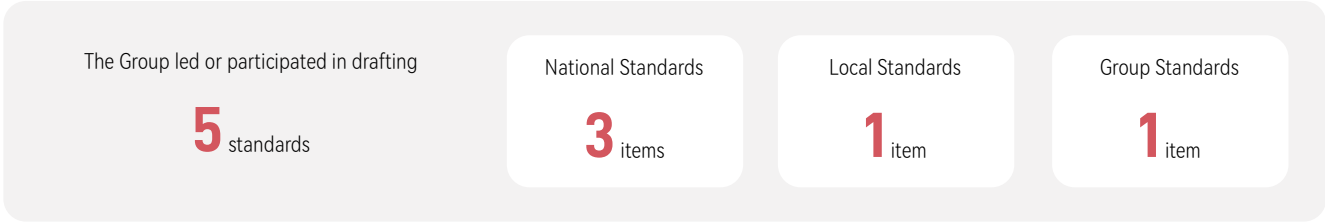
We actively explore new possibilities for industry development by leveraging the resources and strengths of partners across the sector, establishing platforms for mutual learning and communication, and leading the high-quality growth of the traditional Chinese medicine industry.

Promoting the Implementation of Industry Standards

To advance the high-quality development of traditional Chinese medicine in Jiangsu Province, we actively engaged with the Jiangsu Provincial Medical Products Administration in 2024, advocating for the establishment of provincial-level standards for the management of Chinese medicinal materials to further ensure their quality and medication safety. We assisted in shaping the policy framework and facilitated the joint issuance of implementation opinions on the *Good Agricultural and Collection Practice for Chinese Medicinal Materials* by five departments, including forestry, agriculture, and healthcare. Based on local industry characteristics, this initiative has had a profound impact on accelerating the high-quality development of traditional Chinese medicine, ensuring medication safety, and promoting economic transformation.

As a representative enterprise in Jiangsu, we actively participated in the compilation of the Guidance Manual for Marketing Authorization Holders on Fulfilling Quality and Safety Responsibilities, organized by the Jiangsu Provincial Medical Products Administration. With our extensive quality management experience, we contributed to the drafting and revision of the manual for both chemical and traditional Chinese medicine sectors. This effort promotes Yangtze River Pharmaceutical Group's quality management ideas and methods across the province, enhancing our brand influence and industry standing while also boosting the competitiveness of Jiangsu's pharmaceutical industry and driving high-quality development.

In 2024, we led or participated in the drafting of 5 standards, including 3 national standards, 1 local standard, and 1 group standard.



Industry-Academia-Research Collaboration Projects

We actively explore new mechanisms for joint talent cultivation and continue to strengthen cooperation with universities and research institutions. By the end of the reporting period, we had collaborated with industry-education integration a total of 85 institutions, signed agreements with 31 universities, and conducted 182 exchange activities. In 2024 alone, we established 12 practical training bases in partnership with universities.



Practical Teaching Base at Guangdong Pharmaceutical University



Second Phase of the Industry-Education Integration Program for International Students at China Pharmaceutical University



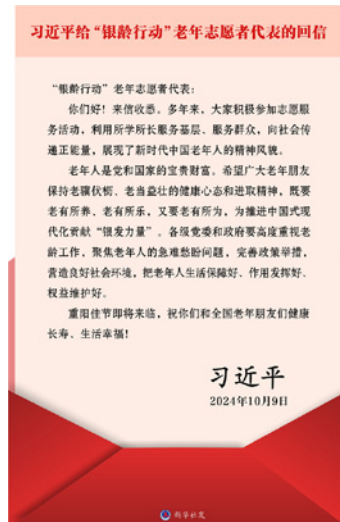
The Group's Public Welfare Support for the "Relaxed and Fearless, No More Allergy - Huyou Allergy Action Series Project" Initiated by *Physician Daily*



The Group's Exclusive Public Support for the "Hospital Management Training Program under the Pediatric Specialty Capacity Building Project" Organized by the Futang Children's Medical Development Research Center

CASE Group Participation in the National "Silver Age Action" Project

In October 2024, the China Aging Development Foundation launched the "Silver Age Doctors Volunteer Service Group" project, aimed at better disseminating medical science knowledge, enhancing public awareness and emphasis on health, and promoting the overall health level of society. Together with the Aging Committee and the China Volunteers Association, Yangtze River Pharmaceutical participated in the national "Silver Age Action" project. On October 9, the main project received a reply letter from the General Secretary.



CASE Group Innovatively Carries Out the "Linkage, Integration, Gathering Strength, and Strengthening the Foundation" Initiative for Chronic Disease Management in Psychiatric Specialties

In active response to national policies on strengthening the mental health service system and enhancing chronic disease management capabilities, we innovatively launched the "Linkage, Integration, Gathering Strength, and Strengthening the Foundation" initiative to bolster chronic disease management in psychiatric specialties. Focusing on the soon-to-be-launched Class 1 new drug Fazanleisheng and the clinically needed medication Lurasidone, the initiative carried out a series of academic trainings in key regions such as Beijing, Shandong, and Henan. It has trained over 60 key talents in the mental health field, not only promoting collaborative development between psychiatric specialties and neurology but also driving the deep integration of innovative drug clinical applications and grassroots medical capacity building. This has contributed actively to improving China's mental health service system and elevating the standard of diagnosis and treatment for psychiatric diseases.

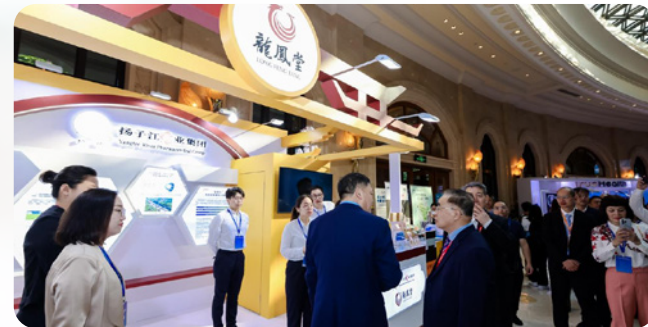


CASE Group Leading the Construction of a Surgical Rescue Network Project

In collaboration with Professor Ren Jian'an from the Eastern Theater Command General Hospital, we supported the development of a surgical rescue network. Centered around anti-anaerobic infection treatment drugs, the initiative established an instant online rescue platform for general and emergency surgeons nationwide. It provides more professional support to grassroots medical institutions in dealing with complex acute and severe cases, while also enhancing surgeons' rescue capabilities through academic exchanges and training courses. Together, we promote the advancement of acute and severe surgery and improve the success rate of surgical rescue efforts.



Participation in Industry Exchange and Cooperation



On October 12, 2024, we participated in the inaugural China Respiratory Health Conference. Academicians of the Chinese Academy of Engineering, including Zhang Boli, Li Lanjuan, Liu Liang, and Yang Baofeng, visited and provided guidance at Yangtze River Pharmaceutical Group's specially designed exhibition booth. During the conference, the "Traditional Chinese Medicine Respiratory Health Development Community" was established. As one of the first member units, Longfengtang jointly shouldered the responsibility of promoting the development of respiratory health in traditional Chinese medicine. The conference organizing committee jointly released the "2024 Evidence-Based Ranking of Chinese Patent Medicines for Respiratory Diseases," with Longfengtang's key products, such as Suhuang Zhike Capsules and Lanqin Oral Liquid, being honorably included.



Leveraging the Futang Children's Medical Development Research Center, our pediatric product Shenqu Xiaoshi Oral Liquid carried out diverse academic activities focused on functional gastrointestinal disorders in children across 20 provinces. These activities reached 108 hospitals and over 1,200 medical professionals, enhancing physicians' understanding and clinical diagnosis and treatment capabilities for functional gastrointestinal diseases in children.



From April to November 2024, in collaboration with the Digestive Diseases Branch of the Chinese Association of Integrative Medicine and the Spleen and Stomach Diseases Branch of the China Association of Chinese Medicine, we launched the first "Longfengtang Cup" Elite Program for Young TCM Spleen and Stomach Physicians through media platforms such as Physician Daily. This initiative aimed to boost young physicians' enthusiasm for scientific innovation, classical heritage, clinical case writing, and grassroots contributions, thereby promoting the development of young talent in TCM spleen and stomach medicine and providing a platform for outstanding young professionals to showcase their abilities.



From March to October 2024, in partnership with the China International Exchange and Promotive Association for Medical and Health Care, we conducted the "Protecting the Stomach's Future" national roadshow on chronic gastritis and functional dyspepsia (FD) guidelines and consensus across 11 provinces and cities, including Beijing, Shanghai, and Guangxi. Over 40 provincial and municipal experts in the digestive field participated in this series of lectures, which reached more than 1,000 gastroenterologists and improved clinicians' understanding of standardized diagnosis and treatment for chronic gastritis and FD.



We organized a roadshow project to enhance skills in sleep medicine diagnosis and treatment, inviting over 30 national experts in sleep disorders to explain pathological mechanisms of common clinical sleep issues and provide specialized training. Multidisciplinary participation—including psychiatry, neurology, TCM, internal medicine, gynecology, pediatrics, and ENT—was emphasized. The project covered 8 provinces such as Liaoning, Tianjin, Sichuan, and Jiangsu, benefiting more than 500 clinical physicians and helping to improve multidisciplinary diagnostic and treatment capabilities in sleep medicine.

Supply Chain Management

We have established an institutional system centered on the *Yangtze River Pharmaceutical Group Supplier Management Regulations* and supported by full lifecycle management SOPs. Addressing the dual challenges of end-to-end lifecycle control and digital transformation, we built a collaborative governance model characterized by "standardization as the foundation + intelligence as the enabler." On one hand, we pioneered a "five-dimensional integrated control" system, focusing on rigid institutional constraints (*Supplier Management Regulations*), process standardization (end-to-end SOPs), dynamic qualification screening (routine monthly reviews of an average of 60 suppliers), proactive risk assessment (in-depth application of FMEA tools) and closed-loop execution tracking (dashboard for monitoring control measures). This system forms a full-chain governance closed loop covering access evaluation, cooperation performance, and performance review, enabling precise control from problem tracing and risk early warning to corrective actions and issue resolution. On the other hand, we practice a "digital twin" management philosophy by deploying an intelligent supplier management module on the Feishu platform. This enables real-time monitoring of mutual qualification recognition progress, price fluctuation trends, and risk warning indicators. Simultaneously, we promote online process reengineering and annual perception survey data mining. Through "data-penetrative management + intelligent decision support," we are driving the transformation of traditional control models into digitalized and visualizable ones, building a new ecosystem for collaborative supply chain development.

Supplier Access

We have defined strict supplier access requirements (e.g., restricting companies established for less than two years) and refined the classification and review rules for qualification materials: GMP materials require specific questionnaires and statutory qualifications, non-GMP materials are categorized based on requirements for manufacturers and agents, food-related materials must include business licenses and health certificates, and special industries must submit corresponding permission qualifications. A three-tier progressive process has been established: The applicant initiates and submits supplier materials in stages. → Specialists conduct a preliminary formal compliance review focusing on document validity, accuracy, signature legitimacy, and completeness. → Managers perform a substantive value reassessment covering operational risks, records of severe violations, authenticity of supply channels, pricing advantages, and payment terms.

Additionally, through cross-departmental collaboration, we optimize processes by incorporating feedback, provide guidance to users for information improvement, and enforce a dual-dimensional verification of "formal compliance (4 aspects by specialists) + substantive value (5 dimensions by managers)." This strengthens the compliance bottom line of the supply chain and aligns with the goals of "cost reduction, efficiency improvement, and selective access" to promote supply chain ecological optimization.

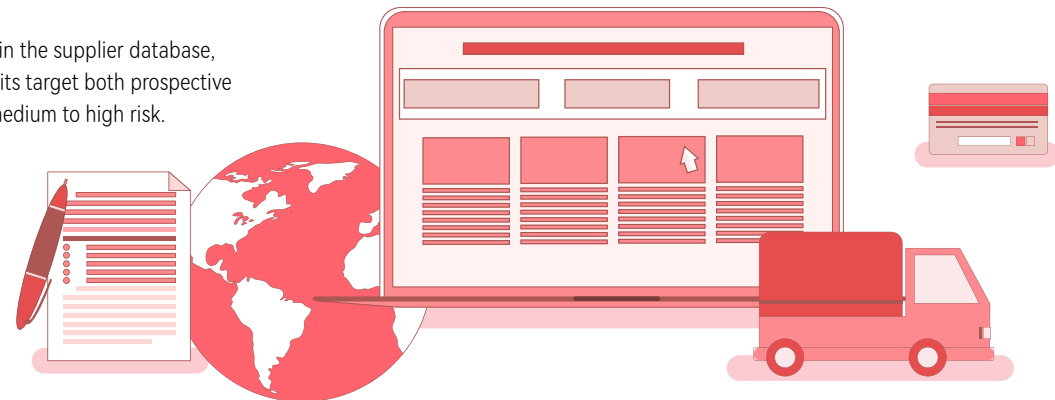
Supplier Evaluation

We conduct an annual comprehensive performance evaluation of suppliers based on key dimensions such as financial health, corporate credit rating, product quality stability, service responsiveness, cost control capability, delivery fulfillment rate, and industry honored certification. Suppliers with outstanding evaluation results are honored with awards at the annual supplier conference, and their collaboration experience is promoted to set benchmarks for sustainable supply chain development. For underperforming suppliers, we initiate a specialized rectification and supervision process. This includes creating issue logs, developing improvement plans, and tracking effectiveness through full-cycle management to drive overall supply chain quality enhancement.

At the same time, we carry out semi-annual and annual satisfaction surveys among suppliers and partners, which serve as critical inputs for optimizing supply chain ESG performance. These surveys systematically identify potential areas for improvement in the collaboration process. For key issues raised in the feedback, we assign clear responsibilities to relevant departments, require them to develop quantifiable rectification plans with publicly disclosed deadlines, and ensure every improvement measure is effectively implemented.

Supplier Audits

Based on supplier access outcomes and risk alerts within the supplier database, we develop on-site audit plans for suppliers. These audits target both prospective suppliers and those within the database identified as medium to high risk. verify supplier qualifications, financial status, supply robustness, and operational compliance, and issue corresponding audit reports based on the findings. process determines whether a supplier qualifies for cooperation as an approved partner.



CASE

Group Hosts Hexi Forum to Empower the Supply Chain

On November 11, 2024, we hosted the Hexi Forum · Second Biopharmaceutical Supply Chain Conference under the theme "Empowering a High-Quality and Compliant Chain, Building a Healthy New Future." The event brought together over 500 industry experts, more than 100 supply chain enterprises, and 800 professional attendees, establishing itself as a benchmark for promoting sustainable development in the biopharmaceutical industry. The conference integrated ESG principles, enhancing supply chain resilience, transparency, and social value through innovative measures, and setting an example of high-quality collaboration for the sector.



Environmental – Green, Low-Carbon, and Digital-Intelligent Empowerment:

At the main forum, we released our first ESG report, comprehensively showcasing our practices in green and low-carbon initiatives. Digital-intelligent elements were deeply integrated into the agenda, with the digital assistant "Xiao Xi" providing real-time consultation, reducing paper material usage, and improving resource efficiency. The health sub-forum explored digital-intelligent health management platforms, emphasizing the connection between employee health and environmental well-being. Initiatives such as the promotion of Huyou Holistic Health products and the holistic health experience zone advocated for green lifestyles. Additionally, the launch of the BSC mini-program integrated supply chain demand and resource matching functions, using digital tools to reduce supply chain redundancy and support long-term carbon footprint management.

Social – Health Co-Creation and Partner Collaboration:

The conference focused on social responsibility, strengthening the social value of the supply chain ecosystem. The health sub-forum centered on "Digital-Intelligent Health Management," discussing new models for employee health and health service experiences to promote humanistic care in the pharmaceutical industry. For example, the Huyou Holistic Health booth featured a "Qi Replenishment Station" design to enhance participants' well-being awareness. An awards ceremony recognized 36 outstanding supplier partners, highlighting a win-win culture in responsible supply chains. A roundtable forum brought together executives from companies such as Xiuzheng Pharmaceutical and Kuihua Pharmaceutical to discuss "Driving Customer Value Through Product Quality," fostering knowledge sharing and industry collaboration.

Governance – Compliance Leadership and Transparent Ecosystem:

The conference released the *Integrity Supply Chain Initiative* and the *Supplier Management Procedures*, providing a top-level design for a transparent supply chain ecosystem. On-site, 516 commitment letters were signed, covering all partner enterprises. The BSC mini-program integrated supplier access, demand release, and customer service functions, enabling end-to-end digital monitoring of the supply chain and enhancing decision-making transparency. The main forum roundtable focused on "Supply Chain Resilience and Growth," addressing compliant sales and risk management.

International Expansion

We are comprehensively deepening our global strategy, focusing on multiple dimensions such as product initiation, marketing upgrades, and pipeline development to integrate the entire value chain and expand into global markets.

Strengthened international marketing and promotional support

To better align with international business needs, we updated English promotional brochures and product lists, and produced an English corporate promotional video, creating a cohesive international visual identity.

Enhancing international market access capabilities

By developing global registration strategies, pursuing international drug certifications, and advancing the registration of Western medicines and TCM health products to empower our expansion into international markets. In 2024, we obtained 14 international product registrations, including 8 new registrations across 5 countries, 1 supplemental application approval for a formulation change, and 5 re-registration approvals.

In 2024, Parecoxib Sodium for Injection was exported for the first time to Malaysia and Uzbekistan, Anastrozole Tablets entered the Nicaraguan market for the first time, and Astragalus Slice was sold for the first time to Australia. By the end of the reporting period, we had successfully exported 104 product varieties to 42 countries or regions, with 101 of these varieties covering 33 Belt and Road Initiative partner countries, including Russia, Malaysia, the Philippines, and Singapore. These achievements have not only delivered tangible health benefits to local populations but have also helped establish increasingly strong collaborative ties between Chinese enterprises and more countries, providing solid support for the "Health Silk Road" initiative.

Products exported to **42** countries or regions

A cumulative total of **104** product varieties. Among these, **101** varieties have reached **33** Belt and Road Initiative partner countries, including Russia, Malaysia, the Philippines, and Singapore

14 international product registration approvals obtained

8 new registration approvals across **5** countries

1 supplemental application approval for a formulation change

5 re-registration approvals



Customer Service

We are dedicated to delivering an exceptional user experience and have established a series of detailed and comprehensive policies in customer service, communication, satisfaction, and product recall, such as the *Yangtze River Pharmaceutical Group Customer Relationship Management Measures*, the *After-Sales Service Management System*, and the *Quality Complaint Handling Procedures*, to ensure patient safety, enhance service quality, and protect brand reputation. We have set up a service hotline staffed with customer service representatives to promptly address inquiries, handle complaints, adverse reactions, and other incidents, safeguarding customer rights through professional support.

We have implemented a multi-departmental complaint handling mechanism involving marketing, quality, production, and other functions to ensure rapid response, timely processing, and follow-up feedback throughout the entire management process. Multiple after-sales service platform, such as business hotlines and feedback email addresses, are available. Each month, we conduct customer satisfaction follow-ups on complaint resolutions and implement corrective and preventive actions. Annually, we commission third-party organizations to conduct systematic customer satisfaction surveys targeting four key groups—distributors, retail pharmacies, healthcare institutions, and consumers—generating reports for analysis and continuous improvement to enhance customer satisfaction.

In 2024, we conducted a customer satisfaction survey through phone interviews with 1,598 individuals, online surveys with 2,380 individuals, and onsite investigation with 570 individuals, collecting a total of 2,508 valid samples. The results showed a channel customer satisfaction score of 93.96, loyalty score of 92.07, perceived quality score of 93.67, expected quality score of 93.09, brand image score of 92.48, and perceived value score of 91.85. The Net Promoter Score (NPS) reached 84.99% for the hospital channel, 100% for the distributor channel, 86.92% for the pharmacy channel, and 32.15% for consumers, demonstrating outstanding performance in customer satisfaction, loyalty, and brand perception.

Satisfaction Survey		Scores		NPS (Net Promoter Score)	
Phone interviews	1,598	Channel customer satisfaction	93.96	Hospital channel	84.99%
On-site investigation	570	Loyalty	92.07	Distributor channel	100%
Online surveys	2,380	Perceived quality	93.67	Pharmacy channel	86.92%
Total valid samples collected	2,508	Expected quality	93.09	Consumers	32.15%
		Brand image	92.48		
		Perceived value	91.85		



Employee Development

Protection of Employee Rights

We have implemented a series of measures to create an environment characterized by diversity, equity, inclusivity, and a sense of belonging, aiming to provide a supportive, open, and growth-oriented workplace. Specific initiatives include:

Diversified Recruitment

We emphasize diversity in gender, age, cultural background, and expertise during the recruitment process. The Group employs various types of workers, including full-time employees, interns, and contract staff. Our workforce comprises 332 veterans, 19 persons with disabilities, and 21 external consultants. Additionally, 154 employees belong to 27 different ethnic minorities.

International Talent Recruitment

We currently have 13 foreign experts and employees from 8 countries, including Australia, Pakistan, Malaysia, the United States, and Indonesia, who provide strong support for the Group's international expansion.

Balancing Campus and Social Recruitment

We attract young talent through campus recruitment while bringing in experienced professionals via social recruitment. Each year, we conduct campus recruitment activities using a tripartite model of "career fairs + cloud livestreaming + corporate open days" to engage young talent. Simultaneously, we continuously source professional talent through various recruitment websites and events, and recruit high-level talent through headhunting agencies.

Regular Diversity and Cultural Activities

We periodically organize "Family Day" events, inviting employees' families to participate. Additionally, we have established the Yangtze River Academy, a kindergarten, and various facilities—including gym, laundry room, employee supermarket, and barbershop—to meet employees' needs in training, daily life, childcare, and health. We also host cultural activities such as sports meets and music festivals, and have formed 14 cultural and sports associations covering photography, cycling, hiking, dance, and more. These associations organize monthly events to enrich employees' leisure time and build a distinctive cultural brand.

Focus on Employee Well-Being

We sign labor contracts with employees in accordance with the law, timely contribute to social insurance, and implement various welfare policies, including benefits for traditional festivals, birthdays, retired employees, support for those in need, and exclusive benefits for female employees. These efforts demonstrate comprehensive care for employees' lives and foster a warm and harmonious working environment.

Support for Frontline Employees

We distribute essentials such as medicines and heat/cold protection gear to frontline staff, and carry out activities such as visits to high-temperature work sites, overtime care, and recuperation programs for model workers, ensuring the protection of employees' labor rights.



Employee Sports Meet



Summer Program for Employees' Children



Retired Employee Benefits



Table Tennis Association



Family Education Psychology Lecture



Distribution of Supplies

Human Resource Management

In the face of rapidly changing policies, industries, and markets, strategic transformation is an essential path for our high-quality and sustainable development. This requires not only a forward-looking strategic blueprint but also in-depth adjustments to internal structures and resource allocation. As reforms continue to deepen, human resource management, serving as the bridge between the Group and its talent, has become increasingly strategically significant.

In 2022, we formulated an eight-year strategic development plan for human resources. By the end of the 14th Five-Year Plan period, we aim to establish a platform-based human resource management system. During the 15th Five-Year Plan period, with globalization as the goal and customer needs as the guide, we will connect internal talent with external resources to support business development, build a global human resource strategic ecosystem, and create an integrated, efficient, and cross-industry sustainable talent supply chain benchmark.

Since 2022, our Human Resources Department has focused on fully creating value, accurately evaluating value, and reasonably distributing value. We strive to effectively motivate through both spiritual and material drivers, and manage three key categories: the organization, managerial staff, and talent. We have successively launched three major projects: talent cultivation and development, compensation system construction, and performance system construction. By the end of 2024, we had achieved a series of standardized management outcomes.

"Talent Development and Organizational Development" Project

Focusing on value creation, we have established a talent standard system and a full-lifecycle management mechanism for cadres that are system-specific, profession-specific, level-specific, and echelon-specific. Aligning with our strategy and business realities, we formulated the *Yangtze River Pharmaceutical Group Cadre Standard Manual*, which systematically defines the cadre standards with Yangtze River characteristics for the new era from dimensions such as baseline requirements, general competencies, and professional competencies. Centering on the entire lifecycle of cadres—including selection, appointment, evaluation, assessment, incentives, development, job rotation, supervision, and exit—we developed the *Yangtze River Pharmaceutical Group Cadre Management Manual*. We also released the *Yangtze River Pharmaceutical Group Reserve Talent Management Manual*, establishing a reserve talent management mechanism (succession plan) covering reserve talent pool entry (Water Storage Plan), cultivation (Water Purification Plan), evaluation (Water Activation Plan), and deployment (Water Utilization Plan). Guided by the principles of high quality, professional proficiency, and excellent performance, we defined 4A employee standards for 22 different business areas and issued the *Yangtze River Pharmaceutical Group 4A Employee Standard Manual*. All four aforementioned outcomes have successfully obtained national copyright registration protection.

Yangtze River Pharmaceutical Group Cadre Standard Manual

Yangtze River Pharmaceutical Group Cadre Management Manual

Yangtze River Pharmaceutical Group Reserve Talent Management Manual

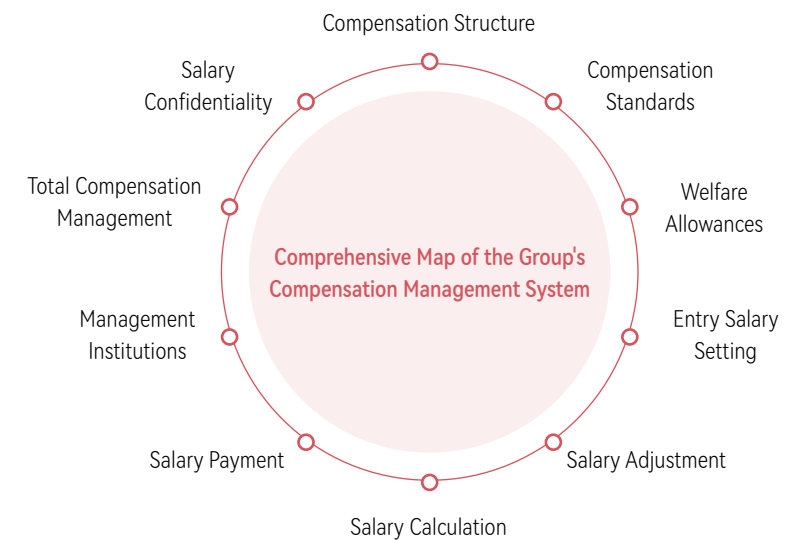
Yangtze River Pharmaceutical Group 4A Employee Standard Manual

To date, we have established a talent standard system and a full-lifecycle cadre management mechanism that covers cadres, reserve talents, and high-potential employees, with the characteristics of being system-specific, profession-specific, level-specific, and echelon-specific, setting a benchmark in the field of human resource management within China's pharmaceutical industry.



"Performance System Construction" Project

In 2023, we launched the performance system construction project, conducting extensive research interviews, training, and capacity building, while gradually introducing the Balanced Scorecard (BSC) management tool. In 2024, we focused on value evaluation, standardized processes including goal-setting, process management, performance assessment, and result application, formed a closed-loop strategic performance management system, and released the *Yangtze River Pharmaceutical Group Organizational Performance Management Plan*. We also standardized indicator structure, assessment methods, interview coaching, and result application by system and level, and issued the *Yangtze River Pharmaceutical Group Individual Performance Management Plan*. At the institutional level, we have built a strategic performance management system that uses the BSC as a tool, featuring vertical penetration and horizontal collaboration.



"Compensation System Construction" Project

Focusing on value distribution, we have established a compensation incentive system that leans toward strivers and value contributors. In 2023, we initiated the compensation system construction project, with the underlying logic of "pay for position, pay for performance, and pay for competence". We designed differentiated compensation structures and standards by system, level, and career path. In 2024, we completed the formulation of compensation management plans for the Group's functional departments and production-oriented subsidiaries, and constructed a comprehensive map of the Group's compensation management system. We refined regulations for ten key links: compensation structure, compensation standards, welfare allowances, entry salary setting, salary adjustment, salary calculation, salary payment, management institutions, total compensation management, and salary confidentiality. This ensures that the compensation system is aligned with the Group's strategy, corporate culture, and operational model.

In 2024, we initially constructed a platform-based human resources system through three major projects, which can support the strategy with a high level, empower the business with strength, offer professional services with depth, and provide employees with a warm experience, achieving a breakthrough from scratch.

CASE Yangtze River Academy - An Outstanding Talent Growth Platform

The Yangtze River Academy inherits the core values of our group, empowers employees, managers, and the organization, and is committed to building the most influential outstanding talent growth platform in the industry. In 2024, the Yangtze River Academy launched a total of 10 major training camps, covering 20,202 person-times in cumulative terms, with a total teaching duration of 940 hours.

Provide hierarchical management skills training

Throughout the year, we carried out the "Senior Management - Fame Building Training Camp", the "Middle Management - Flag Raising Training Camp", and the "Junior Staff - Sail Hoisting Training Camp". A total of 18 training sessions were held, with 7 courses for senior management, 20 courses for middle management, and 18 courses for junior staff. In total, 5,349 people participated in the training, with a combined duration of 232 hours.

Set up a comprehensive new employee training plan

We organized the 2024 "My Heart Soars" Fresh Graduate Training Camp. Through multi-dimensional cultivation such as military training, cultural courses, on-the-job practice, and public welfare practice, we helped college graduates quickly complete the transition from campus to the workplace. There were 622 participants in this camp. The 2024 "My Heart Turns to Yangtze River" Social Recruitment New Employee Training Camp was held for 4 sessions, with 204 participants. We also implemented the teaching and mentoring operation management mechanism. In 2024, the "Mentor Training Camp" equipped 55 outstanding management cadres to participate in the concentrated teaching and mentoring work, aiming to create "four-have" mentors who have goals, standards, methods, and achievements.

Set up an internal training skills improvement mechanism

We built the Group's lecturer team. During the reporting period, internal trainers gave a total of 354 lectures, with a total of 664 class hours.

Deepen cooperation with high-quality external education institutions

During the reporting period, 170 external-hired internal trainings were carried out, covering 14,313 employees who participated in the training.



Senior Management Cadre Training



2024 "My Heart Soars" Fresh Graduate Training Camp

Work Safety and Occupational Health

Work Safety Management

Guided by the work safety policy of "Adhering to work safety and preventing accidents", we strictly abide by laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Special Equipment Safety Law of the People's Republic of China*. Mainly relying on the work safety standardization system and integrating the ISO 45001 system, we continuously improve systems including the *Management Regulations on Identification, Evaluation, Hierarchical Control and Reporting of Safety Risks*, the *SHE Visual Management Regulations*, and the *Management Regulations on Behavioral Safety Observation and Communication*, etc. We strengthen the ability to prevent and control safety risks, standardize the behaviors of personnel at all levels, and implement work safety responsibilities level by level to ensure the safety and stability of the whole process of our production and operation.

By the end of the reporting period, a total of 10 production-oriented subsidiaries of our group had met the standards of work safety standardized enterprises, among which 7 had reached the secondary level of work safety standardization enterprises, and 3 had reached the tertiary level of work safety standardization enterprises. During the reporting period, Jiangsu Zilong and Beijing Haiyan were newly added as secondary-level work safety standardized enterprises.



Firefighting Skills Competition Organized by Each Production-oriented Subsidiary in November 2024

Occupational Health Management

We strictly comply with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, comprehensively prevent occupational hazards, actively carry out occupational health training, ensure a healthy working environment and provide effective personal protective equipment, do a good job in preventing occupational diseases, conducting health check-ups and other work to safeguard the occupational health of employees. We organized occupational health examinations for 4,698 employees in positions involving occupational disease risks, achieving 100% coverage. We also conducted 50 specialized occupational health knowledge training sessions to enhance personnel awareness of protection measures.



The "Improve Literacy and Promote Health - Keep Exercising for Health Preservation, Public Welfare Science Popularization Benefits Thousands of Households" health open day event, which was open to the broad masses of employees, their families and the general public, set up game check-in areas such as a fun sports area, a health preservation handicraft area and a health care area. Through public welfare science popularization, the concept of holistic health was spread to the public, advocating active exercise and the practice of a civilized and healthy lifestyle.



We continuously organized the "Everyone Gets Moving, Health towards the Future" activity. Through activities such as the eight-section brocade exercise, sports competitions and morning runs, we mobilized the enthusiasm of all employees to participate in sports.



The "Nourishing in Accordance with the Seasons, Treating Winter Diseases in Summer" public welfare lecture on summer health preservation by TCM experts popularized common knowledge on health preservation during the dog days of summer, knowledge on gynecological care and other related knowledge among employees, and provided treatment experiences such as pulse diagnosis and acupuncture.

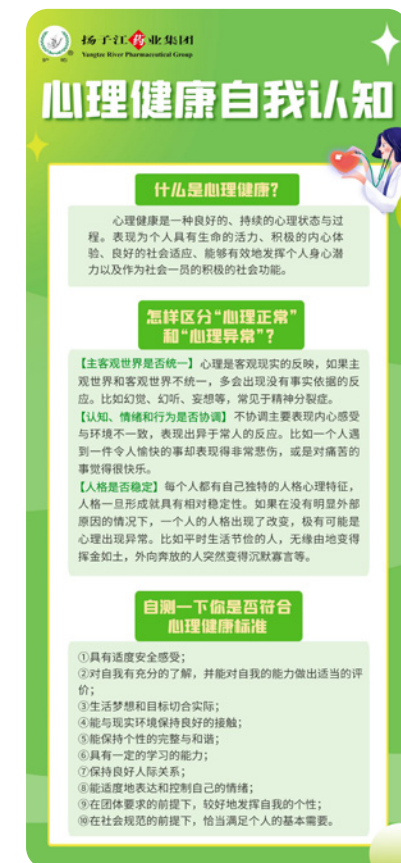
We attach great importance to strengthening the cultivation and inheritance of health culture. By setting up a "mental health" column, holding health knowledge lectures and mental health lectures, organizing healthy morning runs and launching the "BMI Defense Battle", we created a strong atmosphere for health learning and health actions, guided employees to establish correct health concepts and cultivated healthy life interests. In 2024, our group held a total of 10 health lectures and 4 psychological interviews.



Mental Health Lecture



"Health Marketing, Marketing Health" Speech Contest



Mental Health Tips Publicity

Community Support

We, in combination with our own pharmaceutical resources, give play to our industrial advantages and focus on aspects such as universal medical benefits and rural revitalization through industries to carry out public welfare activities. We actively fulfill our social responsibilities, improve the quality of life of community residents, promote the healthy development of society and demonstrate the benevolent nature of a pharmaceutical enterprise.

Rural Revitalization

Establishing large-scale and standardized genuine medicinal material planting bases is not only a core measure to ensure the stable quality of Chinese medicinal materials and relieve market price fluctuations but also an important practice for enterprises to fulfill their social responsibilities and contribute to rural revitalization. Through the layout of the upstream of the industrial chain, it can drive the development of local characteristic industries and promote common prosperity. By 2024, relying on our industrial advantages, we had cumulatively built 80 standardized planting bases in major genuine medicinal material producing areas across the country, with a planting scale reaching 130,000 mu. Through the construction of these bases, we directly or indirectly promoted the employment of personnel in related industries. The average annual income increase of cooperative farmers was 20,000 RMB, achieving multiple benefits such as "controllable quality of medicinal materials, increased income and prosperity for farmers, and sustainable development of the industry".



Standardized planting bases have been established

80

Planting scale

130,000 mu

Cooperative farmers have achieved an average annual income increase of

RMB 20,000

The organic astragalus planting, as a key measure for us to practice the concept of green development, strictly follows the standards of organic agriculture throughout the whole process, abandons the use of chemically synthesized pesticides and fertilizers, maximizes the maintenance of the ecological balance of the soil and ensures the sustainable production capacity of the soil, ensuring the safety and stability of product quality from the source. In 2024, through innovatively implementing the cooperation model of "contract planting and prepayment of deposit", we deeply bound the interests of farmers. We jointly held the "Longfengtang 717 Organic Astragalus Festival" with the local government to enhance brand influence and local participation. We organized special technical training, invited industry experts to provide on-site guidance in the fields and carried out on-site supervision at key farming nodes such as sowing, weeding and harvesting, building a planting support system integrating "regulations - training - practical operation". Meanwhile, adhering to the principle of "higher quality, higher price", we stabilized the income expectations of planters, fully activated their planting enthusiasm and successfully built 20,000 mu of organic astragalus planting bases in Inner Mongolia and Gansu, providing a solid raw material guarantee for astragalus series products.



Organic astragalus planting bases covering **20,000** mu have been established in Inner Mongolia and Gansu

Public Welfare and Charity

We actively respond to social needs and enthusiastically organize employees to participate in various social public welfare activities. In 2024, we carried out more than 180 public welfare activities in total. The number of personnel participating in public welfare activities exceeded 3,000, with a service duration of 780 hours, benefiting more than 100,000 people. This has formed a powerful positive influence and injected new vitality into social public welfare undertakings.

Public Welfare for School Assistance



In the campus public welfare activity of "Passing on Love, Setting Sail for Dreams", we collected nearly 1,000 love-sharing books for Yangtze River Primary School.



In the public welfare activity with the theme of "Warming the Mountainous Areas, Caring for the Future", we carefully prepared supplies such as scarves, hats, clothes, shoes, socks and flashlights for children in mountainous areas.

Knowledge Popularization



In the public welfare activity of "Green Health, Making the Best Use of Medicines" for the replacement and recycling of expired medicines, we recycled expired medicines, popularized the knowledge of safe medication, and enhanced residents' awareness of safe medication and environmental protection.



On the 29th National School Safety Education Day for Primary and Secondary School Students, we jointly carried out a safety knowledge publicity activity with the Gaogang District Fire Rescue Brigade to popularize the harmfulness of fires and the skills of escape and self-rescue among teachers and students in schools.

Condolence Visits to Veterans



On the Commemoration Day of the War to Resist U.S. and Aid Korea, we visited veterans of the War to Resist U.S. and Aid Korea and expressed our high respect and deep concern to them.



In the public welfare activity of "Caring for Veterans, Walking Together with Warmth", we helped veterans in difficulties have a happy and peaceful Spring Festival.

Filial Piety and Respect for the Elderly



In the "Filial Piety Culture Public Welfare Activity", we make mugwort hammers with the elderly in the nursing home and sent them health packages.



On the Double Ninth Festival, we sent festival blessings and warm care to the elderly in the Ningkangyuan Community.

Special Assistance



When Kangding City, Ganzi Prefecture, Sichuan Province was hit by a sudden flash flood and debris flow disaster, we donated essential medicines worth more than 850,000 RMB, sending health and comfort to the affected people.



In the public welfare activities of "Welcoming the Spring Festival, Sending Warmth" and "Sunshine School Assistance to Realize Dreams", we donated supplies to special groups in Luming Township, Yunnan Province and simultaneously paired up to assist and subsidize 11 students in difficulties.

CASE

The Group has Established Three Major Charitable Foundations, Devoting Itself to Public Welfare and Charity, and Demonstrating the Responsibility of a National Enterprise

In 2019, the Taizhou Longfengtang · Happy Children Sharing Foundation was established. With disadvantaged children as the key target group, the foundation has organized and implemented a series of care activity projects. More than 15,000 disadvantaged children have benefited from it, generating a wide social impact. It has been rated as an advanced social organization in Jiangsu Province and the best volunteer service organization among the "Five Batches" in Taizhou.

To inherit the founder's feelings for the nation and the people, the "Jingren Zhibing" Care Foundation and the "Jingren Lixue" Education Foundation were successively established at Taizhou in 2022. The "Jingren Zhibing" Care Foundation aims to care for retired military personnel, providing a full range of services such as health management, living subsidies, assistance for children's schooling, and employment support. It is also dedicated to theoretical research on the cause of supporting the military, giving preferential treatment to military personnel and resettling them, as well as relevant public welfare activities. The "Jingren Lixue" Education Foundation is mainly used for rewarding teachers, helping the needy, and donating for school construction. It aims to lead and promote the whole society to care about and support education, carry out activities such as rewarding teachers and outstanding individuals, helping the poor, and thus promote regional education reform and development.

As of July 2025, the assistance funds of the three foundations have reached more than 40 million yuan, and a cumulative total of 1,100 people have benefited. Yangtze River Pharmaceutical Group is the only enterprise in the industry that integrates these three major foundations. In October 2024, we were awarded the "Commemorative Medal for the 30th Anniversary of the Launch and Implementation of the Glorious Cause" by the China Promotion Council for the Glorious Cause.

Three major foundations have provided in support funds

over RMB 40 million

Individuals have benefited from the three major foundations

1,100



Future Outlook

Under the triple challenges faced by the pharmaceutical and health industry, including increasingly stringent global regulations, the intensifying impact of climate change, and the growing urgency for health equity, sustainable development has become a crucial dimension of an enterprise's core competitiveness. We have a profound insight into this trend and will unswervingly be guided by the "CARING" strategy, deeply integrating the ESG concept into our corporate strategic decision-making. We recognize that future success lies not only in business achievements but also in the ability to create shared value for all stakeholders, build health resilience and safeguard the earth's ecology. Relying on the guidance of the core "CARING" strategy, we will firmly implement the ESG development concept in the future and is dedicated to becoming a responsible leader in the Holistic Health industry:

C

Climate Action

We will accelerate the implementation of the "Carbon Peaking and Carbon Neutrality" strategic plan, set scientific carbon reduction targets, continuously optimize the energy structure, and deepen green production and supply chain management. We will address the challenges of climate change through systematic actions.

A

Access to Medicines

Focusing on universal health, we will improve the accessibility of medicines in resource-poor areas by innovating affordable pricing mechanisms, optimizing product portfolios and strengthening the global supply network, so that high-quality medical resources can benefit a wider range of people.

R

Innovation and Research & Development

We will deeply cultivate the holistic health ecosystem integrating "pharmaceuticals, medicine, health preservation, food, and tourism", increase investment in research and development, explore frontier treatment fields and health service models, and empower product iteration and the upgrading of health solutions with technology.

I

Integrity and Compliance

We will continuously strengthen the compliance culture based on integrity, improve the internal anti-corruption control system, ensure that global operations comply with the highest ethical standards, and build a transparent and credible business environment.

N

Natural Resource Management

We will comprehensively promote the practice of circular economy, improve the efficiency of water resource utilization, reduce waste generation and promote resource recycling. We will respond to stakeholders' expectations for sustainable resource utilization through the full life cycle management.

G

Governance and Transparency

We will optimize the governance structure, strengthen the ESG supervision function of the board of directors, and enhance the depth and breadth of ESG information disclosure. We will ensure long-term value creation through excellent governance.

We will continuously deepen the connotation of the "CARING" strategy, integrate sustainable development into the corporate gene, join hands with all partners to jointly promote the high-quality and inclusive growth of the health industry, and contribute solid strength to human health and well-being and the sustainable development of the earth.

Appendix 1: Key Performance Table

Environmental Performance Table

Indicator	Unit	2024
Greenhouse Gas Emissions ²		
Greenhouse Gas Emission Density (Scope 1 + Scope 2 + Scope 3)	tCO ₂ e/ Million RMB	31.83
Waste Emissions		
Sulfur Oxide (SOx) Emission Intensity	kg / Million RMB	0.03
Nitrogen Oxide (NOx) Emission Intensity	kg / Million RMB	0.29
Volatile Organic Compounds (VOCs) Emission Intensity	kg / Million RMB	0.63
Particulate Matter (PM) Emission Intensity	kg / Million RMB	0.16
Wastewater Emission Intensity	ton / Million RMB	285.64
Chemical Oxygen Demand (COD) Emission Intensity	ton / Million RMB	0.01
Ammonia Nitrogen (NH ₃ -N) Emission Intensity	ton / Million RMB	0.001
Waste		
Hazardous Waste Disposal Density	ton / Million RMB	0.16
Non-hazardous Waste Disposal Density	ton / Million RMB	4.38
Resource Consumption ³		
Water Consumption Intensity	ton / Million RMB	449.51
Comprehensive Energy Consumption Intensity	tce/Million RMB	6.31
Clean Energy Consumption Intensity	tce/Million RMB	0.08
Packaging Material Usage Density	ton / Million RMB	2.70
Environmental Management		
Safety and Environmental Protection Investment	10,000 RMB	8,690
Major Environmental Pollution Incidents Occurred during the Reporting Period	Piece(s)	0
Number of Environmental Emergency Drills	Time(s)	38

² The main sources of greenhouse gas emissions of our group include the use of purchased electricity, purchased heat, consumption of natural gas, the use of diesel, coal and gasoline, as well as emissions from the transportation of raw materials, products and waste. The calculation method for Scope 1 greenhouse gas emission data refers to the *Guidelines for the Accounting Methods and Reporting of Greenhouse Gas Emissions by Enterprises in Other Industrial Sectors (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. The Scope 2 greenhouse gas emission data is calculated based on the power emission factor in the *Announcement of the Ministry of Ecology and Environment and the National Bureau of Statistics on the Release of the Power Carbon Dioxide Emission Factor in 2022* (Announcement No. 33 of 2024) issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics, as well as the heat emission factor in the industry guidelines. The greenhouse gas emission data for the transportation of raw materials, products and waste in Scope 3 are calculated with reference to the *Database of Greenhouse Gas Emission Coefficients for the Whole Life Cycle of Chinese Products*.

³ The energy consumption accounting for the operation sites in China is carried out in accordance with the *General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020) issued by the State Administration for Market Regulation and the Standardization Administration of the People's Republic of China.

Social Performance Table

Indicator	Unit	2024
Supply Chain Management		
Total Number of Suppliers	Supplier(s)	6,554
Number of Suppliers by Region		
Mainland China	Supplier(s)	6,541
Northeast Region	Supplier(s)	111
North China Region	Supplier(s)	750
Northwest Region	Supplier(s)	116
Southwest Region	Supplier(s)	624
East China Region	Supplier(s)	4,196
South China Region	Supplier(s)	744
Hong Kong, Macao and Taiwan of China	Supplier(s)	9
Overseas Regions	Supplier(s)	4
Number of Key Suppliers by Supplier Level		
Key Suppliers	Supplier(s)	52
Share of Total Procurement Expenditure	%	62.74
Other Supply Chain Indicators		
Number of Local Suppliers	Supplier(s)	4,764
Proportion of Local Suppliers	%	72.69
Employee Employment		
Total Number of Employees	Person(s)	17,962
Number of Employees by Function		
Operations	Person(s)	3,489
Marketing	Person(s)	8,155
Technology	Person(s)	2,398
R&D	Person(s)	825
Management	Person(s)	1,731
Major	Person(s)	1,364

Indicator	Unit	2024
Number of Employees by Region		
Number of Employees in Mainland China	Person(s)	17,951
Number of Employees in Hong Kong, Macao and Taiwan of China	Person(s)	1
Number of Employees Overseas	Person(s)	10
Number of Employees by Gender		
Male Employees	Person(s)	10,010
Female Employees	Person(s)	7,952
Number of Employees by Age		
<30	Person(s)	7,110
30-50	Person(s)	10,091
>50	Person(s)	761
Number of Employees by Position Level		
Senior Management	Person(s)	27
Middle Management	Person(s)	324
Junior Management	Person(s)	852
General Employees	Person(s)	16,759
Other Categories		
Number of Disabled Employees	Person(s)	0
Number of Employees by Ethnic Group		
Total Number of Minority Employees	Person(s)	162
Zhuang Ethnic Group	Person(s)	12
Manchu Ethnic Group	Person(s)	21
Hui Ethnic Group	Person(s)	20
Miao Ethnic Group	Person(s)	11
Uyghur Ethnic Group	Person(s)	1
Other Ethnic Groups	Person(s)	97

Indicator	Unit	2024
Proportion of Female Employees in All Management Levels (Including Junior, Middle and Senior)	%	35.49
Proportion of Female Employees in Junior Management	%	37.21
Proportion of Female Employees in Middle Management	%	33.33
Proportion of Female Employees in Senior Management	%	7.41
Proportion of Female Managers in Revenue-generating Functional Departments	%	32.28
Proportion of Female Employees in STEM-related Positions	%	57.95
Percentage of Vacant Positions Filled by Internal Candidates	%	77.52
Trade Union Employee Coverage Rate	%	99.06
Incidents Related to Child Labor or Forced Labor	Case(s)	0
Total Number of New Employees	Person(s)	5,126
Number of New Employees by Gender		
Number of New Male Employees	Person(s)	2,924
Number of New Female Employees	Person(s)	2,202
Number of New Employees by Age		
< 30	Person(s)	3,490
30-50	Person(s)	1,616
> 50	Person(s)	20
Employee Turnover Rate		
Total Turnover Rate	%	19.41
By Gender		
Male Employee Turnover Rate	%	20.33
Female Employee Turnover Rate	%	18.21
By Age		
<30 Employee Turnover Rate	%	20.26
30-50 Employee Turnover Rate	%	17.95
>50 Employee Turnover Rate	%	26.77

⁴ The statistics here refer to the percentage of internal candidates filling middle and senior positions, excluding junior positions.

Indicator	Unit	2024
By Function		
Operations	%	19.34
Marketing	%	23.42
Technology	%	14.69
R&D	%	14.30
Management	%	7.98
Major	%	16.94
By Region		
Mainland China	%	19.39
Hong Kong, Macao and Taiwan of China	%	0
Overseas Regions	%	28.57
Average Years of Employment for Female Employees	Year(s)	5.8
Average Years of Employment for Male Employees	Year(s)	6.6
Health and Safety		
Number of Deaths Due to Work-related Accidents	Person(s)	0
Ratio of Deaths Due to Work-related Accidents	%	0
Number of Working Days Lost Due to Work-related Injuries	Day(s)	312
Lost Time Injury Incident Rate (LTIR)	Piece(s) / 1,000,000 Working Hours	0.21
Training and Development		
Total Number of Full-time Employee Training Person-times	Person-time(s)	1,480,648
Average Investment in Training and Development for Full-time Employees	RMB/Person	546.64
Percentage of Employees Trained	%	100
Percentage of Employees Trained by Gender		
Male Employees	%	100
Female Employees	%	100

Indicator	Unit	2024
Percentage of Employees Trained by Position Level		
Senior Management	%	100
Middle Management	%	100
General Management	%	100
General Employees	%	100
Average Number of Training Hours per Employee	Hour(s)	78
Average Number of Training Hours by Gender		
Male Employees	Hour(s)	75.56
Female Employees	Hour(s)	80.44
Average Number of Training Hours by Position Level		
Senior Management	Hour(s)	49
Middle Management	Hour(s)	115
General Management	Hour(s)	87
General Employees	Hour(s)	29
Product Quality and Service		
Number of Quality Training Sessions	Time(s)	36
Length of Quality Training	Hour(s)	23,040
Number of Quality Training Person-times	Person-time(s)	1,230
Quality Audit Coverage	%	100
Number of Product Recall Batches	Time(s)	0
Percentage of Product Recalls	%	0
Number of Customer Complaints	Case(s)	360
Complaint Handling Rate	%	100
Community Support		
Amount of Public Welfare Donations	10,000 RMB	3,500

Corporate Governance Performance Table

Indicator	Unit	2024
Anti-corruption		
Total Duration of Anti-corruption Training for Employees	Hour(s)	Approximately 32,000
Number of Person-times of Employees Participating in Anti-corruption Training	Person-time(s)	Approximately 16,000
Number of Violation Incidents Related to Corruption or Bribery	Case(s)	2
Information Security		
Total Number of Person-times of Employees Participating in Information Security Training	Person-time(s)	Approximately 20,000
Employee Coverage Rate of Participating in Information Security Training	%	100
Number of Confirmed Accident Incidents Related to Customer Privacy Leakage and Information Security	Case(s)	0
Responsible Marketing		
Number of Hours of Responsible Marketing Training	Hour(s)	11,429
Average Number of Hours per Person for Responsible Marketing Training	Hour(s) /Person	1.5
Total Number of Person-times of Employees Trained in Responsible Marketing	Person-time(s)	164,489
Proportion of Employees Trained in Responsible Marketing	%	100
Intellectual Property Rights		
Number of Patent Applications	Piece(s)	72
Number of Patents Granted	Piece(s)	79
Number of Valid Patents Owned	Piece(s)	728

Appendix 2: Indicator Index

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Number	Topic	Corresponding Articles	Corresponding Chapters
Environmental Information Disclosure			
1	Climate change tackling	Articles 21 - 28	Climate Action
2	Pollutant discharge	Article 30	Environmental Management
3	Waste disposal	Article 31	Environmental Management
4	Ecosystem and biodiversity protection	Article 32	Environmental Management
5	Environmental compliance management	Article 33	Environmental Management
6	Energy usage	Article 35	Environmental Management
7	Usage of water resources	Article 36	Environmental Management
8	Circular economy	Article 37	Environmental Management
Social Information Disclosure			
9	Rural revitalization	Article 39	Community Support
10	Contributions to the society	Article 40	Community Support
11	Innovation-driven	Article 42	R&D Innovation
12	Ethics of science and technology	Article 43	Not Involved
13	Supply chain security	Article 45	Partner Collaboration
14	Equal treatment to small and medium-sized enterprises	Article 46	Not Involved
15	Safety and quality of products and services	Article 47	Product Quality and Safety, Customer Service
16	Data security and customer privacy protection	Article 48	Information Security
17	Employees	Article 50	Employee Development
Corporate Governance Information Disclosure			
18	Due diligence	Article 52	Not Involved
19	Communications with stakeholders	Article 53	ESG Governance
20	Anti-commercial bribery and anti-corruption	Article 55	Corporate Governance
21	Anti- unfair competition	Article 56	Corporate Governance

Appendix 3: Feedback

Dear Readers:

Hello! Thank you for reading this report. To continuously improve our sustainable development management work, we hope to receive your feedback, which will serve as an important basis for us to enhance our work level. We sincerely appreciate you're taking the time out of your busy schedule to offer valuable suggestions on this report! Thank you wholeheartedly for your attention and support!

Your Information:

Name: _____

Organization: _____

Phone: _____

Email: _____

Your Opinions:

1. Do you think this report comprehensively and accurately reflects the company's significant impacts on the economy, society, and the environment?
- ☐ Extremely comprehensive and accurate

☐ Relatively comprehensive and accurate

☐ Basically comprehensive and accurate

☐ Not comprehensive or accurate enough

☐ Far from being comprehensive and accurate
2. Do you think the information, indicators, and data disclosed in this report are clear, accurate, and complete?
- ☐ Extremely clear, accurate, and complete

☐ Relatively clear, accurate, and complete

☐ Basically clear, accurate, and complete

☐ Not clear, accurate, or complete enough

☐ Far from being clear, accurate, and complete
3. Do you think the stakeholders listed in this report and their mutual analytical relationships with the company are accurate and reasonable?
- ☐ Extremely accurate and reasonable

☐ Relatively accurate and reasonable

☐ Basically accurate and reasonable

☐ Not accurate or reasonable enough

☐ Far from being accurate and reasonable
4. Do you think the overall framework, content design, and format arrangement of this report are convenient for reading?
- ☐ Extremely convenient

☐ Relatively convenient

☐ Basically convenient

☐ Not convenient enough

☐ Extremely inconvenient
5. Considering all aspects, what's your overall impression of this report?
- ☐ Excellent

☐ Good

☐ Average

☐ Poor

☐ Very poor
6. What suggestions do you have for our future release of ESG reports?

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The background is a solid blue color with several large, overlapping, organic shapes in a darker shade of blue. These shapes are positioned in the upper left, middle right, and bottom left areas, creating a layered, abstract effect.

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