



廣州白雲山醫葯集團股份有限公司  
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.



# 2024

## Sustainability Report

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited



# About This Report

This is the 17th Sustainability Report released by Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (GYBYS) (Renamed in 2024, formerly known as ESG/Social Responsibility Report or ESG Report). We adhere to the sustainable development concept that considers environmental, social, and governance benefits, and integrate the concept of sustainable development into our company's business decisions. This report reflects the sustainable development performance of our company, subsidiaries, and joint ventures.

### Reporting period

The time span for this report is from January 1, 2024 to December 31, 2024, with part of the content herein moderately extending to the year before or after.

### Reporting scope

"Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited", including its subsidiaries and joint ventures, is the reporting entity. The reporting scope is consistent with the Company's annual report unless otherwise stated. The Company reviews the reporting scope periodically to achieve the maximum influence inclusive of its entire business portfolio.

#### Main data scope

Management	"Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited", including its subsidiaries and joint ventures, is the reporting entity.
Finance	The financial data is extracted from the 2024 Annual Report of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited.
Employee	All staff employed by Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, including its subsidiaries, and some cases include the employees of joint ventures.
Environment (emission and energy consumption)	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited and its subsidiaries.

### Preparation basis

- GRI Sustainability Reporting Standards (GRI Standards) issued by Global Reporting Initiative
- Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited
- Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)
- Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Preparation of Sustainable Development Report
- Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities with High Standards in the New Era released by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)
- The Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central State-Owned Enterprises released by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)
- Guidelines for Sustainability Reporting of Listed Companies released by the China Association of Public Companies
- Guidelines on Sustainability Reporting for Chinese Enterprises (CASS-ESG 6.0) released by the China Enterprise Reform and Development Society and CSR Cloud Institute

### Data sources

All the data used in the Report comes from the official documents, statistical reports or relevant public information of the Company

### Reliability assurance

The Company guarantees that the Report is free from any false record, misleading statement or material omission.

### Appellations

For better expression and readability, in the Report, "stakeholders" are sometimes referred to as "you", and "Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited" is sometimes referred to as "GYBYS", "the Company" or "we (us/our)". The abbreviations used herein have the same meaning as those defined in the 2024 Annual Report.

### Access to the Report

The Report is available in printed and electronic form. You can download the electronic version from the Company's website (www.gy-bys.com.cn), HKEX website (www.hkex.com.hk) or SSE website (www.sse.com.cn).

This Report is prepared in both Chinese and English. For any discrepancy between the two versions, the Chinese version shall prevail.

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## A Letter from the Board

In 2024, the third plenary session of the 20th Central Committee of the Communist Party of China blazed a new path toward further deepening reform and opening up and promoting the Chinese path to modernization. In 2024, a crucial year for implementing China's the 14th Five-Year Plan, we always keep in mind that the people's health is the foundation of social civilization and progress and an important symbol of national prosperity, and we should put the people's health high on the development strategy put forward by General Secretary Xi Jinping. In response to industry transformations, we firmly implement the strategy of high-quality development and actively contribute to the building of a community of common health for mankind and the development of the Healthy China Action.

**We fully integrated the sustainability idea into our business operations and management, making ESG a key indicator for measuring the Company's healthy growth.**

To seize new opportunities in sustainable development and ensure our alignment with sustainability philosophy, we established and refined our ESG management system. We encouraged and guided our subsidiaries to enhance their ESG management and practices. By participating in mainstream ESG ratings, we continued to improve our disclosure of ESG information. In 2024, the Company's MSCI's ESG ratings upgraded to A. In the meantime, we integrated the idea of "preventive treatment" with corporate legal education, incorporating the essence of traditional Chinese medicine philosophy into our legal governance. We built a centralized, comprehensive, and highly authoritative audit and supervision system, resolutely enhancing integrity risk management and supervision, tightening compliance operation and management, and creating a transparent, fair, and trustworthy business environment.

**We cultivated a new growth engine driven by new quality productive forces, continuously promoting the development of innovative drugs and the traditional Chinese medicine industry.**

To extend the benefits of medical resources and services to the primary level there, we strengthened technological innovation, prioritized our innovation-driven development strategy, and advanced the research and development of rare disease drugs. We are committed to building a comprehensive product quality management system to provide consumers with high-quality, accessible and affordable medicines. In 2024, we achieved 1 National Science and Technology Progress Award and 3 provincial-level science and technology progress awards. We obtained 5 new national qualifications, and currently own nearly 90 national, provincial and municipal research platforms. We taking firm steps forward in the field of digital transformation, we have built China's largest and most advanced automated herbal tea production base, Wang Lao Ji Nansha Base. Additionally, Zhong Yi's "Internet-based, intelligent, integrated and innovative application of traditional Chinese medicine" is listed as one of industrial Internet pilots by the Ministry of Industry and Information Technology.

**We committed to promoting energy conservation and consumption reduction and green production in the industry, continuously enhancing the Company's environmental performance.**

To support the 30·60 decarbonization goal, we attached great importance to environmental protection and response to climate change. We continuously unlocked energy-saving and carbon reduction potential, establishing 6 national green factories and achieving national green manufacturing certification at multiple production bases. Our subsidiaries actively advanced technological innovations in treatment of waste gas and wastewater from traditional Chinese medicine, photovoltaic power generation, high-efficiency thermal storage with large temperature differentials, and intelligent energy management. Additionally, over 80 standardized Chinese herb cultivation bases have adopted strict management standards, driving the innovation and green development of the traditional Chinese medicine industry with its heritage preserved.

**We spared no effort to unite all stakeholders to build a better life, spreading care and love to our employees, partners and the public.**

In order to build a professional talent team that meets the needs of the new era, we optimized our internal training system, continuously improved the mechanisms for talent selection, cultivation and utilization, stimulate the innovation ability in our employees. We enhanced their sense of happiness and belonging, achieving mutual growth for both talents and the Company. We implemented multiple strategies to advance the "Hundred - Thousand - Ten Thousand Project", leveraging our strengths in community's healthy development, charitable assistance and ecological resource protection. We continued with the expired medicine recycling initiative, communicating the Company's universal love idea to farther places.

The greatest truths are the simplest; action is what truly matters. 2025 is the concluding year for the 14th Five-Year Plan and a crucial year for advancing comprehensive reform. In front of great volatilities at home and abroad and unprecedented development opportunities, we are inspired by a spirit of innovation, responsibility, and action. We strive to accelerate progress across all fronts, working alongside stakeholders to ensure that more people benefit from the Company's development. Together, we are moving toward a future of sustainable health and development.

# About Us

## Company Business

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited [A-Shares 600332, H-Shares 00874] is a company under Guangzhou Pharmaceutical Holdings Limited (GPHL). As one of the largest pharmaceutical conglomerates in China, we are mainly engaged in: the research and development, manufacturing and sales of Chinese patent medicine, Western medicine, chemical raw materials, natural medicine, biological medicine and chemical raw materials intermediates; the wholesale, retail and import and export business of Western medicine, Chinese medicine and medical equipment; the research and development, production and sales of healthcare products; and the health industry investment in medical care, health management, regimen and elderly care, etc.

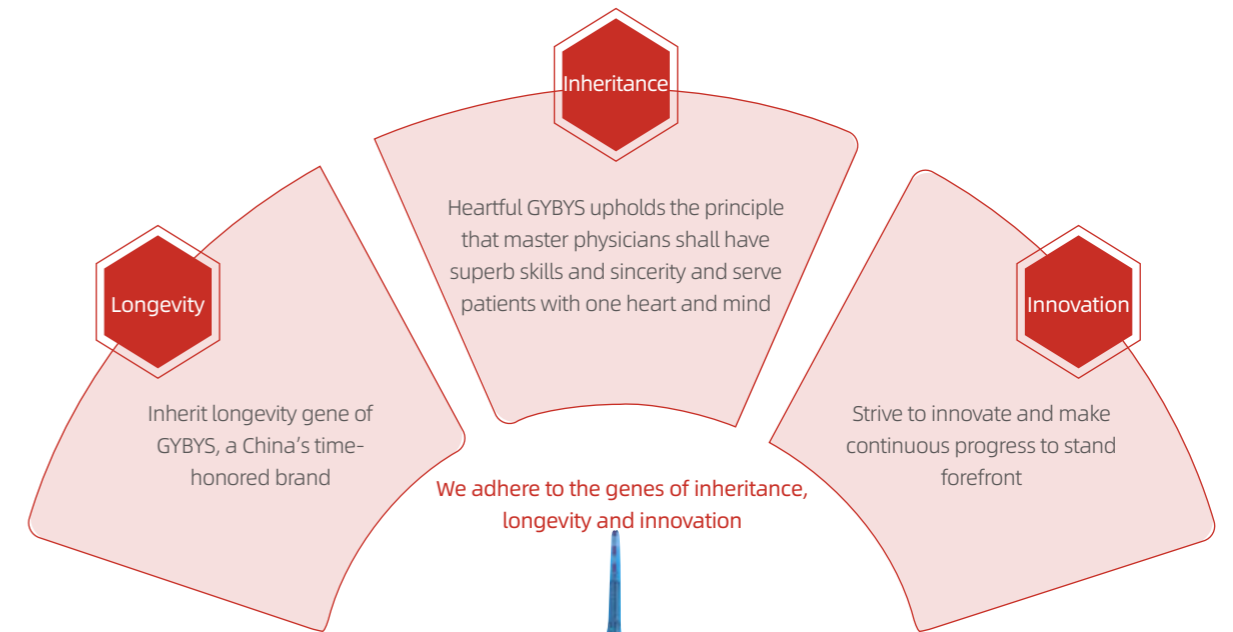
## Organizational Structure

The Company's headquarters has established functional departments according to the division of responsibilities which manage 42 branches and subsidiaries directly.



## Corporate Culture

- Corporate Vision** ▶ Building GYBYS into a world-class enterprise
- Core Values** ▶ Cooperation, Relief, Honesty, Dedication, Diligence, and Innovation
- Corporate Mission** ▶ Spreading love all over the world



## Brands of craftsmanship

GYBYS has achieved the overall industrial chain layout of biomedicine and health industry after years of high-quality development, with ever-increasing expansion of scale and benefits. Our 12 subsidiaries have obtained the certification of Chinese time-honored brands, among which 10 have a history of over a hundred years and are the pharmaceutical companies with the largest number of Chinese time-honored brands and century-old brands in China.

BYS Chen Li Ji was co-created by Chen Tiquan and Li Shengzuo, symbolizing "Chen and Li work together to serve the society". It is recognized by the Guinness World Records in the UK as the world's oldest pharmaceutical plant.

Established in 1600



Established in 1662

BYS Zhong Yi can be considered as the "living fossil" of the development of Lingnan TCM time-honored brands. It is the largest R&D and industrialization base of traditional Chinese patent medicines in China for diabetes.

The three characters "Jing Xiu Tang" symbolize "dedication to serving all patients". Jing Xiu Tang is famous worldwide for its "Jing Xiu Tang Dieda Wanhua Oil".

Established in 1790



Established in 1806

The three characters "Cai Zhi Lin" symbolize "picking Ganoderma lucidum in the mountains and forests", which means that the medicines sold by Cai Zhi Lin are as authentic and excellent as Ganoderma lucidum. Cai Zhi Lin enjoys a brand reputation of "Chinese medicine family" and "ginseng expert".



As an inheritor of a century-year-old classic secret prescription, Wang Lao Ji is the best brand of Chinese herbal tea with a value of up to RMB 108 billion.

Established in 1828



Established in 1868

BYS Xing Qun was established by merging numerous star pharmaceutical plants in the initial post-liberation period. Decades of development driven by a pioneering spirit and continuous self-improvement has made BYS Xing Qun famous among peers.



Qi Xing owns the national secret prescription drug "Huatuo Zaizao Pill". The international export volume of single variety traditional Chinese patent medicines ranges among the top in China, making it a key manufacturer of traditional Chinese patent medicines.

Established in 1875



Established in 1890

BYS Pan Gao Shou is a traditional Chinese patent medicines enterprise famous for cough treatment and phlegm reduction. It is the only company in China's pharmaceutical industry with two national intangible cultural heritages.



As a "China's time-honored brand" with over 120 years of history, BYS Ming Xing is the only company in China that has comprehensive production capabilities in producing most complete kinds of Qingkailing dosages, ranging from injections, freeze-dried powder injections, oral preparations and medical devices (dialysis agents), to active pharmaceutical ingredients.

Established in 1900



Established in 1912

Named in accordance with Sun Yat sen's last wish of "bringing prosperity to China", BYS Guang Hua is one of the earliest Western medicine plants in southern China.



Carrying forward the spirit of "Ji Gong" to benefit all human beings, BYS He Ji Gong is one of the first batch of "China's time-honored brands" recognized by the Ministry of Commerce and the largest pharmaceutical enterprise in the country that produces antipyretic and analgesic drugs and topical drugs. Established in 1938



Established in 1952

Jian Min Pharmacy aspires to become a well-known brand enterprise in the national pharmaceutical retail industry. It provides 24-hour drug sales service, known as the "eternal light in the long night".



# Sustainability management

## Board Statement

### Regulations from the Board on ESG

We have established an ESG management framework with a complete structure, clear hierarchy, and definite rights and responsibilities. As the top responsible body and decision-making body for ESG matters, the Board highlights the deep integration of ESG management concepts with the Company's development, and assumes overall overseeing, guidance, and review responsibilities for the supervision and governance of ESG work. This ensures consistency with the expectations and requirements of investors and regulatory agencies, safeguarding the healthy and sustainable development of GYBYS.

### ESG management policies and strategies of the Board

The Board closely tracks sustainable development trends, ESG development changes, and domestic and international economic changes, and continuously supervises the effective implementation of ESG-related management plans and strategies by the Company. The Board also evaluates and identifies ESG-related affairs, risks, and opportunities based on the Company's development strategies, business decisions and patterns, and stakeholder communication, to ensure that sustainable development concepts and ESG governance systems continuously create value within the Company.

### Management of ESG progress and risks by the Board

To achieve our goals, the Board oversees and reviews annual CSR plans, progress of CSR projects, annual CSR work summary and CSR plans for the upcoming year. With the accountability mechanism of ESG goal management, the performance compensation of executive management is pegged to ESG performance. The annual performance evaluation for the management consists of assessment indicators (primary business income, net profit and other economic indicators) and constraining indicators (integrity, confidentiality, quality, safety, environmental protection, legal compliance, information disclosure and other governance indicators). In the event of corresponding violations, the appropriate performance percentage is deducted according to the prescribed requirements and the severity of the incident.

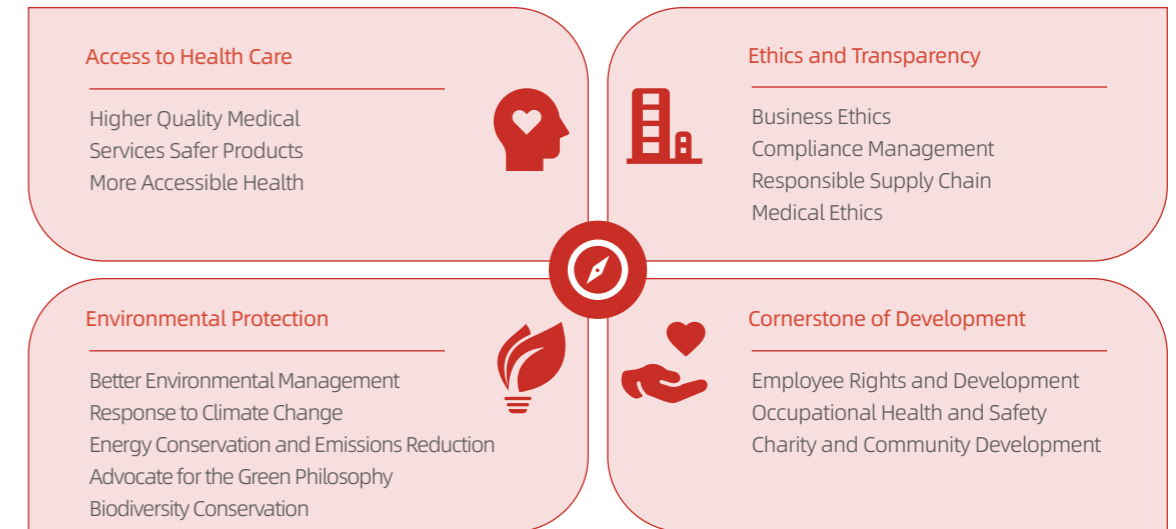
The Board reviews and approves relevant ESG topics and key ESG plans annually based on the actual needs of the Company. It evaluates identified important topics, clarifies the focus of ESG risk management, and regularly reviews, inspects, and takes follow-up actions on important ESG topics.



# ESG Management Strategies

## Sustainability Strategies

We committed to the CSR philosophy of "spreading love all over the world", we keep contributing our intelligence and strength to human health.

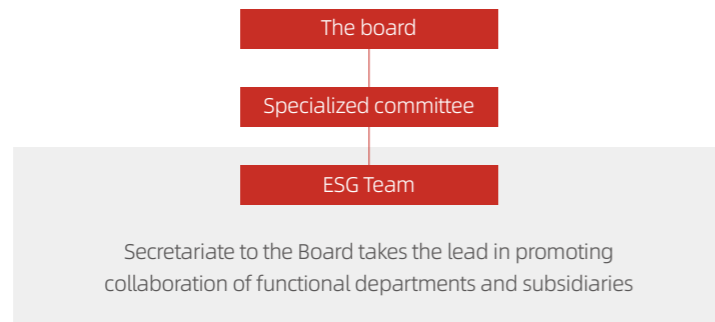


## Sustainability Actions and Commitments



### Organizational Structure

The Board is the top decision-making body for ESG governance at GYBYS, undertaking the ultimate responsibility for ESG issues. It leads and oversees the implementation of ESG-related businesses and affairs, and identifies ESG risks, formulates plans, management policies and performance assessment in partnership with other committees of the Company. Secretariat to the Board collaborates with functional departments, serving as a driving force, to coordinate the Company's internal and external efforts for sustainability. We are actively planning for the addition of ESG management-related functions under the specialized committees of the Board, and have drafted ESG work management measures.



### Sustainable development capacity building

To ensure that all functional departments and subsidiaries are well-informed about the latest developments in ESG, identify areas for improvement and develops practical and feasible improvement plans, we regularly invite third-party professional organizations to hold special training sessions. The training focuses on ESG development trends, the Company's ESG ratings, optimization and updates of the ESG indicator system, and requirements on ESG report preparation.

### ESG reporting principles

- Materiality**

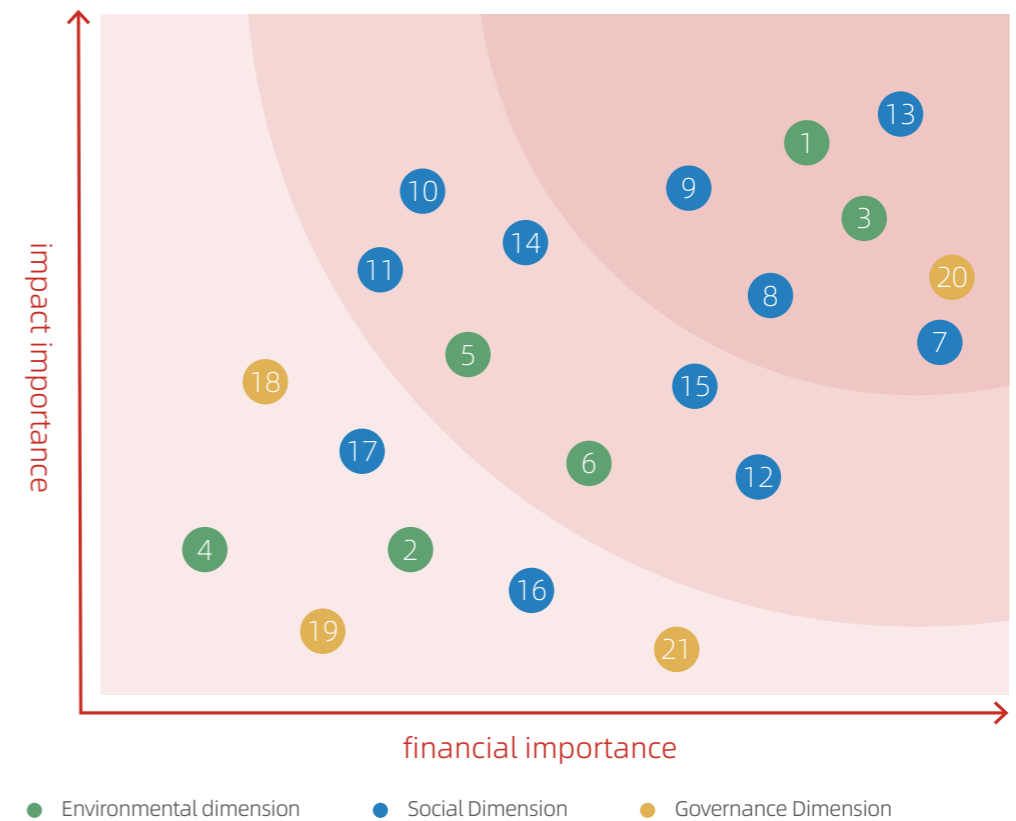
We invite internal and external stakeholders of the Company to participate in the identification of ESG topics and assess their materiality through employee interviews, questionnaires and other forms. According to the results, we fully understand the sustainability topics concerned by employees and stakeholders.
- Quantitative**

We have established and continuously optimized the collection tool of sustainability indicators covering the Company and its subsidiaries, regularly counted the key disclosure indicators in the ESG Reporting Guide, and made semi-annual and annual summary.
- Consistency**

According to the updated ESG Reporting Guide, we refine and add relevant indicators to standardize the scope of reporting disclosure.

### Identification of topics with double materiality

We identify annual material topics in accordance with the path of "identification - prioritization - review - reporting". Based on the disclosure guidelines of regulatory authorities as well as the sustainability topics concerned by capital markets, rating agencies, international report standard bodies and peer companies, we finally identify 21 topics. Through an online questionnaire, internal and external stakeholders are invited to score the identified topics, and 7 highly important material topics are selected. From the two dimensions of "impact importance" and "financial importance", 7 highly material topics are identified and prioritized. Then we make key disclosures in the report.



Double materiality	ESG topic	Double materiality	ESG topic	Double materiality	ESG topic
High	1 Tackle climate change	Medium	5 Environmental compliance management	General	2 Pollutant emissions
	3 Waste disposal		6 Energy utilization and circular economy		4 Ecosystems and biodiversity conservation
	7 Product safety and quality		10 Responsible marketing		16 Rural vitalization
	8 Research and development innovation and technology ethics		11 Industry development and equal cooperation		17 Social contributions
	9 Supply chain management		12 Data security and customer privacy protection		18 Due Diligence
	13 Employee rights and benefits		14 Employee occupational health and safety		19 Stakeholder communication
	20 Anti commercial bribery and anti corruption		15 Employee career development and training		21 Anti-unfair competition

## Sustainable development goals

We establish annual sustainable development goals that are consistent with important ESG topics based on our sustainable development actions and strategies as well as the progress made in 2024.

Significant fields	Goals in 2025
Climate change	Further analyze the "Emission of Category 3" and develop plans for upstream and downstream data collection and emission reduction Develop a plan for the "30 · 60 Decarbonization Goal" route of GYBYS
Waste treatment	Prevent the pollution of waste discharge to the environment and make the amount of emission reduction on par with that in 2024
Product quality and safety	Make GYBYS a leading high-quality enterprise in the industry
R&D innovation and technology ethics	Drive multiple drug studies into clinical trials
Supply chain management	Continuously improve the evaluation and management plans for third-party suppliers
Employee rights, interests and benefits	Continuously improve employee benefits and implement supplementary medical insurance plans
Anti-commercial bribery and anti-corruption	Increase business ethics training for directors, employees, and suppliers



## Stakeholder communication

We track the opinions, expectations and demands of stakeholders and strive to form a more harmonious tie to stakeholders through regular communication with various channels and response methods.

Major Stakeholders	Expectations and Appeals	Communication and Response
Government/Regulatory Authority	<ul style="list-style-type: none"> <li>Operating in accordance with the law</li> <li>Paying taxes according to laws</li> <li>Supporting local development</li> <li>Protecting local environment</li> </ul>	<ul style="list-style-type: none"> <li>Implement policies and pay taxes according to laws</li> <li>Undertake social responsibility actively</li> <li>Anti-corruption and anti-bribery</li> </ul>
Shareholder/Investor	<ul style="list-style-type: none"> <li>Transparent disclosure of financial information</li> <li>Intensified risk control</li> <li>Creation of economic value</li> </ul>	<ul style="list-style-type: none"> <li>Improve corporate governance and investor relation management</li> <li>Maintain an increase trend in business and profitability; improve industrial status constantly</li> <li>Improve operation transparency</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Providing quality medicines and services</li> <li>Protecting information security</li> </ul>	<ul style="list-style-type: none"> <li>Provide quality healthcare products</li> <li>Fair and reasonable pricing</li> <li>Protect customer information</li> </ul>
Partner/Supplier	<ul style="list-style-type: none"> <li>Transparent and honest cooperation</li> <li>Mutual support and win-win development</li> </ul>	<ul style="list-style-type: none"> <li>Improve supply chain management</li> <li>Build responsible supply chains</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Safeguarding basic rights</li> <li>Unblocking career development channel</li> <li>Balancing work and life</li> </ul>	<ul style="list-style-type: none"> <li>Provide competitive compensation and benefits, learning and growth opportunities</li> <li>Create favorable working environment</li> <li>Protect employee career health and safety</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Mitigate impacts on the environment</li> <li>Tackle climate change</li> <li>Biodiversity conservation</li> </ul>	<ul style="list-style-type: none"> <li>Reduce pollutant emissions and waste discharge</li> <li>Identify climate-related risks and opportunities, reduce carbon emissions</li> <li>Regulate the planting of Chinese medicinal materials</li> </ul>
Community/ Public	<ul style="list-style-type: none"> <li>Promoting regional development</li> <li>Supporting charity</li> </ul>	<ul style="list-style-type: none"> <li>Keep recycling expired medicine</li> <li>Encourage employees to participate in voluntary activities</li> <li>Promote the local development of project areas</li> </ul>
Media	<ul style="list-style-type: none"> <li>Responsible marketing</li> <li>Open and transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>Spread the concept of health</li> <li>Release report periodically</li> </ul>



# Corporate Governance

We completed the following key indicators in 2024

RMB **74.993** billion  
Revenue

RMB **2.835** billion  
Net profits attributable to shareholders of the Company

RMB **3.608** billion  
Total profit

RMB **2.356** billion  
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses

General Meetings of Shareholders convened in 2024

**5**

## General Meeting of Shareholders, Board of Directors and Supervisory Committee

In strict accordance with the *Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies (revised in 2018)*, and relevant regulations of China Securities Regulatory Commission (CSRC) and listing rules of Shanghai Stock Exchange (SSE) and The Stock Exchange of Hong Kong Limited (HKEX), we have set up a corporate governance structure with complete functions, mutual checks and balances.

### General Meeting of Shareholders

We strictly follow the *Company's Articles of Association and Rules of Procedure of General Meeting* to convene a shareholders' meeting, standardize the procedures of the shareholders' meeting, safeguard the decision-making, voting, and supervisory rights of shareholders, ensure that shareholders can exercise their rights equally in accordance with the law, and ensure scientific and fair corporate governance decisions.

### Board

The Company exercises its management rights in accordance with the *Articles of Association, Rules of Procedure of Board of Directors and Rules of Independent Directors*, etc. to promote the standardized and efficient operation of the Board. All directors of the Company strictly fulfill their duties in accordance with regulations, and attend the Board meeting and the General Meeting of shareholders.

The 4 specialized Board committees, namely Strategic Development and Investment Committee, Audit Committee, Nomination and Remuneration Committee and Budget Management Committee, have clear division of labor. They are all operating well based on collaboration and effective supervision. In addition, a special meeting mechanism for independent directors has been established under the Board of Directors to ensure that independent directors better play their roles in decision-making, supervising and balancing, and providing professional consultation within the Board.

## Board structure and recent changes

In 2024, the Board composition of GYBYS underwent adjustments. To ensure strong leadership in business operations and meet the needs of corporate development and stakeholders, Li Xiaojun was elected as an executive director of the ninth Board of Directors at the first extraordinary general meeting of 2025, held in January 2025. On the same day, during the 19th meeting of the ninth Board of Directors, Li Xiaojun was further elected as the chairman of the Board. Li brings extensive experience in corporate management, disciplinary supervision, financial and tax administration, resource integration, and reform innovation.

## Board Diversity

We advance the diversity of Board members and insist on policy diversity to ensure the scientific and effective decisions of the Board. When evaluating the composition of the Board, the Nomination and Remuneration Committee will consider different factors such as the age, gender, skills, professional knowledge, and industry experience of directors and nominees. The Board consists of 8 directors at present, including 4 independent directors and 2 female directors. Two Board members are expertise in finance and accounting, and 5 have professional background in pharmaceuticals industry. Among them, there independent directors are also members of the Nomination and Remuneration Committee, accounting for more than half. The Audit Committee consists of 4 independent non-executive directors, 1 of whom has professional qualification in accounting and 3 members are experienced in pharmaceuticals industry.

Relevant meetings convened by the Company in 2024

**11** Board meetings held  
**4** Special meetings for independent directors

**2** Meetings of Strategic Development and Investment Committee held

**3** Meetings of Nomination and Remuneration Committee held

**4** Meetings of Audit Committee held  
**1** Meeting of Budget Management Committee held

**75%** Attendance rate of directors at shareholder meetings

Information of members of Board of Directors

Type	Name	Genders	Time of office starts in	Profession of the committee			
				Audit Committee	Strategic Development and Investment Committee	Nomination and Remuneration Committee	Budget Management Committee
Executive Director	Li Xiaojun (Chairperson)	Male	2025-1				
	Yang Jun	Male	2020-1		Director	Member	
	Cheng Ning	Female	2019-6				Member
Independent non-executive Director	Li Hong	Male	2018-6		Member		
	Chen Yajin	Male	2020-6	Member	Member	Member	Director
	Huang Min	Male	2020-6	Member		Director	Member
	Wong Lung Tak Patrick	Male	2023-5	Director			Member
	Sun Baoqing	Female	2023-5	Member	Member	Member	

## Supervisory Committee

We strictly elect supervisors in accordance with relevant regulations, such as the *Company Law of the People's Republic of China*, the *Articles of Association*, and the *Rules of Procedure of Supervisory Committee*. The Company's supervisors fulfill their duties, and supervise the Company's financial situation and the legality and compliance of the Board and senior management in fulfilling their duties with integrity, diligence, and responsibility. They effectively safeguard the legitimate rights and interests of the Company and shareholders.

**5** Meetings of Supervisory Committee held in 2024



## Comprehensive Enterprise Risk Management

### Risk management architecture

GYBYS has established a company-wide risk management framework, integrating risk management into all operational processes to ensure stable business operations. The Company also encourages all employees to engage in the risk management process.



The risk management architecture is divided into two levels. The first level consists of the Company's comprehensive risk management organization at the headquarters, which includes the Board of Directors, the Audit Committee, and the Risk Control Office. The second level comprises the comprehensive risk management organizations of the subsidiaries, which include the Boards of Directors, the Risk Control Committees or Risk Management Teams, and the Risk Control Offices or Risk Management Departments.



The Audit Committee at the headquarters is responsible for the Company's comprehensive risk management and for reporting to the Board of Director. The Risk Control Office handles daily risk management tasks. Subsidiaries are assigned with risk control specialists who collaborate annually on comprehensive risk management efforts to ensure the establishment and effective operation of the risk management system.

### Risk Management System

GYBYS abides by the Guidelines for Comprehensive Risk Management of Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council. The Company has established a comprehensive risk management system for the sound implementation of risk assessments.



The risk management system consists of organizational structure, information collection, risk identification, risk assessment, matrix analysis, risk management strategies, risk monitoring and evaluation, and risk culture development, ensuring a smooth risk management workflow.



We continuously refine the risk management system by formulating and optimizing such documents as the Enterprise Daily Risk Management Standards, Comprehensive Risk Management Implementation Manual, and Comprehensive Risk Management Effectiveness Evaluation Standards, in a bid to enhance our risk prevention capability.

### Risk Management Processes

We leverage digital technology to establish a risk warning and prevention platform, enabling the identification and prevention of potential risks. We have formulated corresponding warning standards for different business areas and high-risk points, shifting risk supervision to an earlier stage.



Relying on the risk control supervision platform, we achieve comprehensive risk management across the board, break down information silos, enhance risk situational awareness, identify potential risk areas, and eliminate blind spots, improving the efficiency and accuracy of risk management.



We organize risk assessment activities for all departments and subsidiaries every six months, with each business department conducting such assessments for the business contracts they are involved in.



We organize semi-annual self-inspection of economic contract risks for subsidiaries, following up on major economic contracts with execution risks and implementing preventive measures to mitigate legal risks.



We organize risk control personnel from subsidiaries to conduct cross-checks on the risk management practices of other subsidiaries, further ensuring the quality of risk management work.

## Communication with Investors

Following the true, accurate, complete, fair and open principles, we disclose our operational information to shareholders and investors on a timely and accurately manner. In 2024, we adopted an outbound strategy. Through various platforms and channels, such as annual performance roadshows and one-on-one meetings, we established close ties with investment institutions, major shareholders, and potential investors. Additionally, we conducted performance briefings via video and text interactions to help small and medium investors gain a deeper understanding of the Company's operations and future development plans, thereby bridging the gap with investors. In 2024, we held and participated in over 80 exchange activities with investors, an increase of nearly 50% compared to 2023. These initiatives have effectively strengthened our ongoing communication and engagement with investors, and enhanced their understanding and recognition of the listed company.



The promotional and educational work produced by the GYBYS Securities and Futures Investor Education Base was awarded Third Prize for 2024 Outstanding Investment Education Work (Securities, Funds, and Futures Knowledge Popularization Category) conducted by the Guangdong Securities Regulatory Bureau in conjunction with the Securities and Futures Association of Guangdong, Guangdong Asset Management Association, and the Listed Companies Association of Guangdong (GDLA).

## Strengthening Party Leadership

We remain committed to studying and implementing the guiding spirits of the 20th CPC National Congress and the 2nd and 3rd plenary sessions of the 20th Central Committee of the Communist Party of China. We are making every effort to implement the important speeches and instructions delivered by General Secretary Xi Jinping during his visit of Guangdong. We acquire a deep understanding of the decisive significance of establishing Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We uphold Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and uphold the Central Committee's authority and its centralized, unified leadership. We will carry forward our revolutionary traditions and heritage. We will further fortify our Communist ideals and convictions and shoulder more responsibilities.

### Carrying out learning and education campaign

Party organizations at all levels have conducted over 1,500 sessions of the "Three Meetings and One Lecture" initiative, with grassroots Party organization secretaries delivering more than 200 Party lectures. The campaign has driven nearly 250 central group study sessions across different levels. Additionally, 73 reading classes have been organized, and the sixth batch of national official learning and training materials has been distributed. The "Four-Learning Mechanism" has been established, in which leading officials take the lead in learning, guiding, promoting and lecturing.

### Building an excellent Party building brand

Zhong Yi and Qi Xing have fully leveraged Party building to drive young people's growth, and innovatively integrated "youth" with "integrity" by creating the "Qinglian" brand. This initiative deeply integrates Party conduct and integrity governance with young people's work. He Ji Gong has transformed red spiritual resources into a Party building brand. The company has developed the "Xiuli" Party-building initiative. By inspiring, educating and motivating people with the red spirit of "Xiuli", the company aims to evolve the century-old brand He Ji Gong into a time-honored engine for Party building.

# CSR Spotlight

## Facilitating Comprehensive Digital Transformation

The report to the 20th CPC National Congress highlights the importance of "accelerating the development of the digital economy, and further integrating it with the real economy". In 2024, we launched the "Digital Economy Year" of GYBYS, embracing the blooming technology. We dedicated to developing new quality productive forces and advancing the in-depth integration of healthcare industry with the digital economy.

### Intelligent Management Refines Data Use and Scientific Research

- GYBYS has put online the R&D Project Management System (Phase II) based on the Phase I system. The Phase II system integrates such business functions as "R&D Project", "Scientific Achievement", "Researcher Info", "External Collaboration", and "Product Archive". It is foundational to the connectivity and management of R&D data. With enhanced automatic system data collection and analysis functions, the latest version also features more convenient user operations.
- The Phase I and Phase II systems have significantly improved the efficiency and quality of R&D management work, upgrading the work flow to online form. The R&D management is optimized with better data connectivity, integration and utilization.



### Smart decision-making enables exchanges and sharing of policy information

- Based on policy research and application and decision-making support, GYBYS has built the GYBYS Policy Research and Application Digital Platform. The platform features automated collection and intelligent processing of industry news, regional policies and benchmark enterprise information. It also combines the internal and external policy research expert teams to carry out high-quality coordination in policy research and utilization.



The "GYBYS Policy Research and Application Digital Platform" project was recognized as "2023 Outstanding Digital and Intelligent Business Analysis and Digital and Intelligent Operation Case" by CIO Association of Guangdong.



AGV unmanned handling robot

- The digital platform enhances the timeliness and quality of policy acquisition, allowing for the accumulation of high-quality policy application experience and knowledge. It helps foster a vertically integrated and horizontally collaborative mechanism for policy research and application, further strengthening the support of policy research for the Company's strategic decision-making.



Automatic pill strip packaging production line



Packing yard robots

### Intelligent Workshops Boosts Digital Transformation for TCM Manufacturing

- Zhong Yi applies digital technologies to its intelligent manufacturing-oriented manufacturing workshops. The workshops are equipped with intelligent storage systems, efficient water-based cooling and other advanced technologies. Its digital packaging line incorporates intelligent control system, advanced sensors, robotic components, and information processing system. With the continuous manufacturing process, the new workshops have enabled the automatic production of the packaging for such pill formulations as Xiao Ke Pill, Zishen Yutai Pill and Angong Niu Huang Pill.
- Compared to traditional pill packaging production lines, the productivity of the new intelligent packaging production line has increased by nearly 150%, significantly reducing labor costs and greatly improving per capita efficiency. The product quality compliance rate through the new line has reached 100%.



The "Integration and Innovative Application of Networked and Intelligent Traditional Chinese Medicine Based on Industrial Internet" project was selected by the Ministry of Industry and Information Technology in the "2023 Industrial Internet Pilot Demonstration" list.

Zhong Yi was selected in the 2023 Guangdong - Hong Kong - Macao Greater Bay Area Enterprise Digital Transformation List as an "Outstanding Enterprise for Process Digital Transformation".

### Intelligent Operations Lower Costs and Boosts Efficiency

- HWBYS has advanced the "Intelligent Manufacturing and Operation Management Digital Transformation Project". The company has digitalized such key links as intelligent TCM manufacturing and operation management, and applied digital tools to several business scenarios such as production and delivery, operation control and customer management. The digital transformation has helped reduced its operational costs and enhanced the operation and production efficiency.
- By implementing digital transformation, HWBYS has reduced operating costs by over 50%, while improving production efficiency, annual industrial output and overall labor productivity. In September 2024, the "Intelligent Manufacturing and Operations Management Digital Transformation" project passed the acceptance of the "2023 Guangzhou Baiyun District Manufacturing Enterprise Digital Transformation Benchmark Demonstration Project".



The "Intelligent Manufacturing and Operations Management Digital Transformation" project won the "Digital Operations Outstanding Case" Award at the 7th Digital Transformation and Innovation Awards in 2024.



# CSR Spotlight

## Building a Sustainable Public Welfare Ecology

Upholding the CSR philosophy of "spreading love all over the world", we put the well-being of the people before everything else. We are committed to fully leveraging our capabilities to support various patient groups. In collaboration with professional medical institutions, communities, pharmacies, and other sectors of society, we provide care and support to families in need by establishing funds and conducting health education campaigns, etc. We hope to educate people about healthcare and disease prevention approaches, thus contributing to better health of the nation.

### Stroke Prevention Brings Patients back to Life

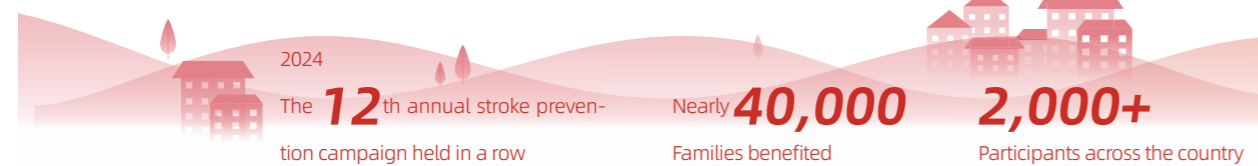
We are dedicated to promoting stroke prevention and treatment awareness, and enhancing such awareness across the society, safeguarding the health of the people with love and care.

#### Establishing support stations

In 2010, Qi Xing and the Red Cross Society of China Guangdong Branch jointly established Hua Tuo Fund, a public welfare fund targeting impoverished and low-income stroke patients. The fund has seven major support systems, covering drug assistance, financial aid, rehabilitation education, volunteer service, grassroots doctor training, patient survey, and home environment improvement (equipment assistance). 2016年,通过联合成立中风互联网救助工作站,让更多人了解基金的救助项目,让中风患者更便捷地得到帮助。

#### Conducting stroke education campaign

The May 25 of 2024 is the 19th World Stroke Day. Zhong Yi, Qi Xing and nearly 100 chain pharmacies across the country together launched the 2024 World Stroke Day and the 11th GYBYS Stroke Prevention Day in several provinces including Guangdong, Guangxi and Yunnan. The campaign aimed to communicate stroke prevention measures and healthy lifestyles to the public. The 2024 World Stroke Day activities were held simultaneously in Guangdong, Xi'an, Guangxi, Yunnan, Jiangxi, Hubei, Hebei, Shaanxi, Hunan, etc.



### Blue-ray Campaign Guards Against Diabetes

We are committed to raising the public awareness of diabetes prevention and standardizing relevant medication by means of carrying out publicity activities, providing medical and drug assistance to diabetic families, social education on diabetes prevention, etc. We have been and will do our utmost to bring support and hope to patients with diabetes.

#### Rolling out Blue-ray Action

With World Diabetes Day 2024 approaching, Zhong Yi gathered the strengths of communities, hospitals, enterprises and charitable organizations to carry out themed activities and the 15th Blue-ray Action. The activities covered diabetes publicity lectures, expert clinics, blood glucose testing, dietary guidelines, love donations, etc., aiming at arousing the attention of the whole society to diabetes prevention and treatment with concrete actions.



Sharing diabetes knowledge with citizens

#### Launching special charity fund

In 2010, Zhong Yi established Zhong Yi Xiaoke (Diabetes) Fund, the first charity fund for diabetes in China. Since its establishment 14 years ago, the fund has been carrying out all sorts of public welfare activities around the country, such as World Diabetes Day campaign, aiming for the safe and rational drug use and the publicity of diabetes prevention and treatment knowledge, which is of great importance to standardize drug use at the community and improve national health.



Citizens learn on-site

Zhong Yi and Qi Xing have carried out World Diabetes Day Blue-ray Action activities for **15** consecutive years.

**1.4** million  
Trainees in total

**50,000**  
Medical institutions covered

### Safe Medication Safeguards Children's Health

We are committed to the ideas of "safeguarding children's health wholeheartedly" and "love your children the right way", and dedicate to the publicity cause of safe medication to protect children's mental health.

"Sangongzai · Love Your Children the Right Way" has thrived for 16 years since its birth in 2009.

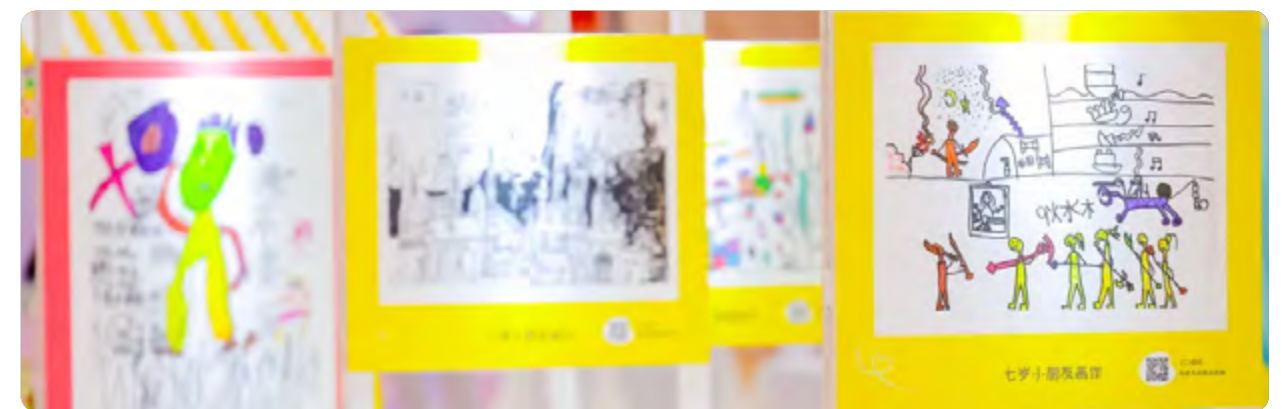
2013	2015	2018	2019	2024
the brand released the country's first White Paper on Children's Safe Medication.	the brand launched the "Classification of Safe Medications for Children" campaign.	the brand called on parents to "be their children's first doctors".	the brand conducted the "Safe Medication Class Breaks Guinness Record" campaign.	the brand established the "Sangongzai · Love Your Children the Right Way" Child Psychology Think Tank.

#### Establishing a special think tank

On March 12, 2024, Wang Lao Ji established the "Sangongzai · Love Your Children the Right Way" Child Psychology Think Tank. As China's first enterprise-initiated platform for child psychological education and assistance, the think tank has now gathered nearly 100 experts nationwide, including tutors of China National Cultivation Program, researchers of Teacher Development Research Center of China Academy of Management Science, and experts of CCTV-12 Psychological Interview program.

#### Launching special activities

We carried out a series of parent-child painting activities and initiated live streaming rooms, where think tank experts shared knowledge and answered parents unsolved questions. Meanwhile, we held a series of supporting activities including psychological lectures by think tank experts, parent-child painting contests, charity sales of children's paintings, summer research, etc.



"Parent-child Painting Carnival" public welfare activities

# Sharing the Right of Health

## Challenges and Opportunities

The pharmaceutical industry is an important component of China's national economy and a strategic emerging industry and it directly concerns China's stability and Chinese people's wellbeing, economic development, and national security. However, the industry faces more and more challenges in its development, as it is featured by weak cyclical, high investment, high risk, high technological barriers, and strict supervision. An increasingly aging population, growing health awareness and higher personalized medical demand, the industry also sees new development opportunities. The coordination of policy support, technological innovation and market demand will become a crucial driver for the industry, helping enterprises seize development opportunities and address future challenges on a global scale.

## Our Actions

We place the innovation-driven development strategy at a strategic position, We place the innovation-driven development strategy at a strategic position.

## Contribution to UN SDGs



## Our Performance

RMB **828** million  
Investment in scientific research

**542**  
Number of R&D staff

**1.9** %  
Proportion of researchers

Nearly **90**  
research platforms at various levels

**200+**  
Ongoing research projects

## Higher Quality Medical Services

To leverage the leading role of technological innovation, we continuously increase input into our research, and have developed a sound technological innovation management system. We integrate resources to advance drug R&D, and in the meantime strictly abide by the ethics of medical science and technology. While enhancing effort in technological innovation, we are also optimizing intellectual property management, thus producing more effective and safer medical products to the people for the sake of their health.

### Pursuing Innovation-driven development

We continue to improve our technological innovation management mechanism, and have established a series of innovation management systems. With the help of digital tools, we are further enhancing innovation management, expanding innovation platform and steadily improve our independent R&D capability. In 2024, we won one National Science Progress Award, three Provincial Science Progress Awards, four China Patent Excellence Awards, and 16 awards from other associations and societies.

**Setting technological innovation targets**

Benchmarking against world-class enterprises, we have reorganized our business in traditional Chinese medicine, chemical medicine, biological medicine, etc., and formed a R&D pyramid for new drug varieties, advancing our progress in new drug development.

**Improving management system**

We have formulated and released the *Scientific Research Project Management Measures and Scientific Research Project Outsourced Research Management Measures*, to further clarify the requirements concerning R&D project approval management, research project management, achievement management and rewarding mechanism.

**Establishing technological innovation platforms**

The Company and its joint venture companies have built a three-tiered scientific research platform architecture. The system features three levels of platforms, with seven national research platforms including National Engineering Research Center for Traditional Chinese Medicine Pharmaceutical Process Technology and New Drug Innovation on top, forty five provincial research platforms including Guangdong Traditional Chinese Medicine Innovation Center in the middle, and thirty seven municipal research platforms including GYBYS Enterprise Research Institute at the base. In 2024, we incorporated 3 provincial-level platforms, obtained 5 national-level qualifications and 10 provincial-level qualifications, and cumulatively established 89 innovation platforms.

### Key Honors

<p>Tian Xin was approved as Guangdong Engineering Research Center for Anti-infective Drug R&amp;D and Application.</p>	<p>Cai Zhi Lin's Gansu Company was approved as Gansu Traditional Chinese Medicine Fermentation Engineering Research Center and Dingxi Traditional Chinese Medicine Fermentation Technological Innovation Center.</p>	<p>Wang Lao Ji was approved as Guangdong Technology Platform Workstation.</p>	<p>Guangxi Ying Kang has been approved as the "Guangxi Engineering Technology Research Center for Quality Improvement and Industrialization of Zhuang Medicine"</p>
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**Awards and honors**

<p>The "Key Technological Breakthroughs and Industrial Innovation in Male Health Treatment Drugs" project, led by Baiyunshan General Factory, was awarded the Second Prize of Guangdong Science and Technology Progress Award.</p>	<p>The "Key Technologies in Discovery and Structural Optimization of Trace Active Ingredients in Traditional Chinese Medicine and Their Industrial Demonstration" project, participated in by Cai Zhi Lin's subsidiary, was awarded the Second Prize of Guangdong Science and Technology Progress Award.</p>
<p>The "Integrated Innovation of Traditional Chinese Medicine Quality Testing Technologies and Creation and Application of Support Systems" project, led by HWBYS, was awarded the Second Prize of 2023 National Science and Technology Progress Award.</p>	<p>The "Creation and Industrialization Demonstration of Key Technology System for the Protection and Utilization of Medicinal Plant Resources in Karst Areas in Guangxi" of Cai Zhi Lin wins the second prize of Guangxi Science and Technology Progress Award.</p>

**Qualifications**

<p>Han Chao Company was awarded China Accredited Seed Laboratory (CASL) Certificate.</p>	<p>Baiyunshan Han Fang were recognized as "National-level Small and Medium Enterprises that Use Specialized and Sophisticated Technologies to Produce Novel and Unique Products".</p>	
<p>6 subsidiaries were recognized as "Single Industry Champion Enterprises of Guangdong Manufacturing Industry".</p>	<p>4 subsidiaries were recognized as "Provincial-level Small and Medium Enterprises that Use Specialized and Sophisticated Technologies to Produce Novel and Unique Products".</p>	<p>3 subsidiaries were recognized as "High-tech Enterprises".</p>



## Tightening disease prevention and control

We are exploring cutting-edge technologies and development opportunities, both domestically and globally. By leveraging a collaborative approach that combines in-house R&D with external partnerships, we are advancing the development of innovative treatments for tumours, infections, reproduction. Our goal is to provide patients with more effective therapies, reduce the impact of illness, and support healthier and more fulfilling lives.

### Anticancer drugs

Trk inhibitor is the world's first pan-cancer "basket drug" in the field of small molecule chemical medicines, with no tumor type limitations. It is a second-generation Trk/ROS1 dual-target inhibitor with high selectivity and new structure. This project has completed dose escalation at Phase Ia and initiates Phase Ib clinical trials to further explore higher doses.

By applying TCM theory, modern medical research data, and modern technology, Baiyunshan Han Fang has independently developed the "LBZ-18 Oral Emulsion", the world's first Class 1.2 innovative TCM drug for the treatment of cancer-related fatigue in cancer patients. This TCM drug has been approved for clinical trials and is expected to provide innovative solutions for the treatment of cancer-related fatigue in cancer patients.

### Banlangen Granules

The Banlangen Granules developed by HWBYS is a classic product for clearing heat and detoxifying, commonly used in the prevention and treatment of colds. In 2024, a collaborative study on the mechanism of Banlangen Granules against the influenza and the pre-clinical pharmacological and pharmaceutical research on the improved formulation was launched with Guangzhou Institute of Respiratory Health and Macau University of Science and Technology. The efficacy comparison studies and investigations into the extraction, concentration, and drying processes of the improved formulation of Banlangen Granules have been completed.



## Key honors

The "Innovative Research and Application of Zi Shen Yutai Pill" project won the Gold Award of the Invention and Entrepreneurship Award at the 17th National Invention Exhibition in 2024.

The "Research and Industrialization of Key Technologies for International Innovation and Development of Hua Tuo Zaizao Pill" project won the First Prize of Science and Technology Award of Guangdong High-tech Enterprise Association.

"Cephalosporin Sterile Preparation" project won the First Prize of Guangdong Quality Development Science and Technology Award.

The "Key Technology Research and Application Demonstration for Cultivating Advantageous Varieties of Characteristic Zhuang Medicine Preparations" of Guangxi Ying Kang wins the first prize of the 2024 Science and Technology Award of the China Medical Association of Minorities.

The "Amino Thioacetamide Cephalosporins Substituted with C3 Methylene Nitrogen-containing Heterocycles, Its Preparation Approaches and Application" of Chemical Pharmaceutical Factory wins the 25th China Patent Excellence Award.

"A Macrocyclic Kinase Inhibitor" jointly developed by GYBYS and Baiyunshan General Factory wins the 25th China Patent Excellence Award.

The "Partially Dissolved Bu Pi Yi Chang Pills and Its Preparation Approaches" of Chen Li Ji wins the 25th China Patent Excellence Award.

The "Convenient Feeding, Cutting and Drying Integrated Equipment for Chinese medicinal materials" of Wang Lao Ji wins the 25th China Patent Excellence Award.

## Promoting compliance with ethics of science

We strictly abide by such Chinese laws and regulations as the *Civil Code*, *Measures for Ethical Review of Life Science and Medical Research Involving Human Being*, *Measures for Ethical Review of Biomedical Research Involving Human Being*, *Guidelines for Ethical Review Work of Drug Clinical Trials*, *Declaration of Helsinki*, *Regulation on the Administration of Human Genetic Resources*, *Drug Administration Law*, and *Good Clinical Practice*. We conduct ethical reviews of drug clinical trials to ensure that they meet scientific and ethical standards, and are also subject to supervision and inspection by drug regulatory authorities. There were no cases of violations of ethics of science in 2024.

### Preclinical research

We conduct standardized trials in compliance with the requirements of the Medicinal Product Administration Law of the People's Republic of China, the GLP, and guidelines related to experimental animal welfare and ethics, and conduct relevant reviews as required.

### Clinical research

Clinical research is conducted in strict accordance with the Drug Administration Law, Good Clinical Practice, and relevant guiding principles. Clinical trial information and progress are filed and disclosed as required.

#### Volunteer Recruitment

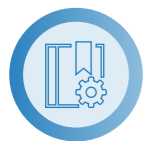
Clinical trial recruitment advertisements are published in a scientific and standardized manner for volunteer recruitment after ethical approval by the clinical research unit.

#### Progress disclosure

Upon achieving significant milestones in the research, clinical trial results are disclosed objectively and truthfully in accordance with relevant regulations for listed companies.

## Protecting intellectual property rights

We have established a comprehensive intellectual property rights(IPR) management system, and are advancing the construction of industry patent alliances, carrying out IPR awareness training and publicity activities, and strengthening such awareness among employees. We aim to ensure that everyone engage in IPR protection, thus creating a positive market environment for the innovation-driven development of both the Company and the industry.



### Strengthening patent management

To apply the latest *Enterprise Intellectual Property Management (GB/T 29490-2024)*, the Company files the patents of its subsidiaries, conducts intellectual property risk assessments and reviews for major projects, and handles dispute cases. Subsidiaries are responsible for the declaration, management, and application of patents and copyrights.



### Raising property rights awareness

We organize subsidiaries to engage in intellectual property training, as well as other IRP protection events and training sessions. The Company launches multiple training sessions on hot topics such as on the patent “linkage” system, extension of medical patent protection period, the Guangdong-Hong Kong-Macao Greater Bay Area High-Value Patent Cultivation Competition, and intellectual property compliance and protection in cross-border e-commerce. Our actions aim to enhance the Company’s ability to protect and utilize intellectual property rights.

In 2024

104

Applications for invention patents

34

Applications for utility model patents

78

Invention patents authorized

18

Utility model patents authorized



Zhong Yi has obtained certification for its enterprise intellectual property compliance management system.



Guang Hua has obtained certification for its intellectual property compliance management system under the new national standards.

## Safer Products

Product quality is the foundation of an enterprise. We continuously strengthen our full lifecycle quality management system covering drug R&D, manufacturing, sales, and use. We continue to optimize the pharmacovigilance system, engage in industry exchanges and collaborations, and achieve mutual benefits in terms of resources, contributing to joint development. Our efforts are focused on ensuring product quality and safety, creating high-quality and reliable products for patients, and dedicating to the development of the industry.

## Improving product quality management

We comply with such Chinese laws and regulations as the *Drug Administration Law, Provisions for Drug Registration, Good Manufacturing Practice for Drugs, and Provisions for the Supervision and Administration of Drug Manufacturing*. We have established a comprehensive quality management system, conduct regular quality audits, and implement effective quality risk management to ensure the quality and safety of pharmaceuticals.



We have drafted such management regulations as the *Measures for the Administration of Drug Inspection (Exposure Draft), Measures for the Reporting of Drug Quality Management Information, and Measures for the Approval of Outsourced Drug Processing and External Workshops*. These regulations aim to further standardize processes related to drug inspection, reporting of enterprise quality management information, and outsourced drug processing, consolidating product quality and safety.



We have issued the *Notice on Conducting Quality Mutual Inspections and the Notice on Conducting Self-Inspection and Self-Examination of the Food and Drug Quality Management System for Subsidiaries*. We aim to guide the Company and our subsidiaries in conducting internal quality mutual inspections, performing self-inspections and corrective actions based on their own quality management systems, and fulfilling the primary responsibility for pharmaceutical quality and safety. We also strive to grasp the dynamics of quality management and potential risks, and enhance the Company’s quality management capabilities.



In 2024, 26 subsidiaries underwent a total of 137 inspections by food and drug supervision departments at national, provincial, municipal, and district levels, as well as by the Company’s headquarters. The inspections included unannounced inspections, special inspections, follow-up inspections, and routine inspections, with a 100% pass rate. 595 batches involving 212 product varieties of 19 subsidiaries underwent sampling inspections, with a 100% pass rate.



We have developed the *Quality Risk Management Standards* and other risk control plans. We implement a comprehensive drug quality risk management system, and apply effective tools such as FMEA (Failure Mode and Effect Analysis) and Fault Tree Analysis to the risk assessments and control across the entire process of drug R&D, procurement, manufacturing, inspection, sales, and recycle. We conduct regular risk analysis to promptly identify and address potential quality issues. An early warning system has been established, which integrates risk thresholds and monitoring indicators to detect and alert potential quality risks in a timely manner.





Our subsidiaries have developed detailed emergency response plans, including provisions for drug storage and allocation, drug service support, emergency drug supply, and drug information management. These plans clearly define the processes and responsibilities for emergency response. Based on emergency categories and potential impacts, we have developed a drug reserve plan to ensure sufficient drug supply and reliable quality in case of an emergency. All subsidiaries have established emergency drug command centers responsible for unified leadership and coordination of emergency operations. The command centers have emergency teams responsible for formulating, revising, implementing and supervising the emergency response plans.



On continuing education platform—Guangzhou Pharmacy Continuing Education Base—we held 4 continuing education training sessions targeting quality management and technical personnel, including “Interpreting Pharmaceutical Manufacturing Quality Management, “QC Result Release”, “Lab Management System Analysis”, and “Pharmacovigilance Class”. We gathered 426 trainees, enhancing employees’ professional capabilities and quality awareness. 19 manufacturing subsidiaries engaged in the learning on laws and regulations as well as skill training, with a 90% employee participation rate.

## Building a sound pharmacovigilance system

Pharmacovigilance work is organized and carried out by the Company’s Pharmacovigilance Department. Other departments involved include Quality Management, R&D, Marketing, Manufacturing, Human Resources, and Warehousing, implementing their respective responsibilities. By monitoring the safety of marketed products and taking risk prevention and control measures based on risk assessments, we strive to minimize risks, ensure product quality, and reduce the incidence of adverse reactions.

### Responsibilities of full-time staff in medical warning department:

- Report and monitor adverse drug reactions.
- Establish and maintain the reporting and monitoring system of adverse drug reactions.
- Formulate corresponding working regulations and carry out such activities accordingly.
- Monitor drug safety; collect, verify, analyze, evaluate and report adverse drug reactions as required; analyze adverse reaction data, and identify, confirm and evaluate risks on a regular basis.
- Manage drug risks and implement risk control measures.

In 2024, the pharmacovigilance system I first implemented at Chen Li Ji and Ming Xing, which respectively represent oral formulations and injectable products manufacturers. With several rounds of improvements, the system was subsequently installed in the rest of our subsidiaries. Currently, 14 subsidiaries have launched the system, with over 8,100 individual safety reports processed and run through the system. The Phase II Pharmacovigilance System is on the agenda, for which we are widely collecting requirements from the pharmacovigilance and clinical departments of subsidiaries.

To ensure the safety of our patients, we are vigorously improving the instructions for traditional Chinese medicine products. We are supplementing the items listed as “unclear” in the “Contraindications”, “Adverse Reactions” and “Precautions” of the instructions. Our subsidiaries now have initiated research on 86 traditional Chinese medicine products to enhance their safety, effectiveness, and compliance, guaranteeing safe drug use and the rights of patients.

## Facilitating industry development

We actively engage in industry-academic-research collaborations and technical exchanges, participate in industry conferences and forums, and contribute to the formulation of industry standards, empowering the high-quality development of the industry.

### Strategic collaboration



Bai Di Biological and the Center of Molecular Immunology have signed a cooperation agreement on promoting the innovative R&D technologies and new drug products from Cuba in Guangzhou, boosting the development of the biopharmaceutical industry in Guangdong.

### Standard formulation



In 2024, our subsidiaries led or participated in the formulation of 111 quality standards at various levels, including 38 TCM standards, 6 Chinese medicinal material standards, 65 healthcare product standards, and 2 other standards, contributing to the improvement of industry standards.

### Case | Traditional Chinese Medicine Respiratory Health Development Community established with HWBYS among the first batch of member units

From October 11 to 13, 2024, the Inaugural China Respiratory Health Conference was held in Guangdong-Macao In-depth Cooperation Zone in Hengqin, Zhuhai, Guangdong. The conference, themed “Guarding Health, Creating Future Together”, saw the official establishment of the Traditional Chinese Medicine Respiratory Health Development Community. HWBYS, along with six other renowned leading Chinese medicine enterprises, became the first member units of the community. The founding of this community aims to promote the development of the traditional Chinese medicine respiratory health industry through the in-depth integration of industry, academia, research, and application, while fostering the coordinated development of technological innovation and industrial application.



### Case | Gathering strategic partners to promote high-quality development of pharmaceutical and health industry

On November 19, 2024, the 2024 Strategic Cooperation Seminar of GPLH and GYBYS was held in Wuhan. The seminar, themed “Working Together, Embracing the Future”, invited over 500 guests, including senior executives from pharmaceutical chains, hospital agencies, commercial logistics industry, health industry, e-commerce sectors, and multiple pharmaceutical companies from across the country, to reach a consensus on cooperation and joint development. The Company’s General Manager Li Hong delivered a keynote speech titled “Sincere Cooperation to Promote the High-Quality Development of the Pharmaceutical and Health Industry”.

During the seminar, an awarding ceremony was held, where 33 companies and organizations were given Diamond-Level Cooperation Partner Awards in such categories as logistics, hospitals, chains, e-commerce, and health. Additionally, 21 companies were honored with the High-Quality Cooperation Partner Award.

### “钻石级商业物流合作伙伴”奖



## More Accessible Health

We are committed to bringing high-quality medical resources and services to the primary level, promoting preferential healthcare, and communicating healthy living ideas and habits to the public, thus improving the overall quality of life and well-being.

### Facilitating healthcare at primary level

Through collaboration, we leverage our drug resources, platforms and technologies such as the internet and AI to deliver medical resources to areas with greater needs, delivering more accessible health services.

#### Case | Strong alliance to create a new fashion of healthy hotel

On July 10, 2024, GYBYS' "Great Medical Care" division signed a strategic cooperation agreement with White Swan Hotel. Both parties will fully leverage their resources and empower the collaboration with "Health + AI" to pilot the integration of rehabilitation with cultural tourism. GYBYS's AI-powered smart mattresses will be introduced in White Swan Hotel's rehabilitation rooms.

This collaboration has not only enhanced customer experience in the hotel but also communicated the healthy sleep philosophy. From now on, GYBYS will continue to provide consumers with higher-quality, healthier, and smarter rehabilitation experiences, driving endless innovation, transformation, and high-quality development in this sector.



#### Case | Overcoming the shortage of drug supply in villages

From May 23 to 24, 2024, the Liwan District Market Supervision Bureau of Guangzhou, in collaboration with the General Medicine Sales Company of Guangzhou Pharmaceuticals Co., Ltd., held the "Rural Vitalization" Drug Distribution Service Platform Promotion Conference at the central health centers of Pantian Town and Puzhai Town of Fengshun County and Bingcun Town of Mei County. The organizers not only donated essential medicines worth over RMB 120,000 to the health centers in the three towns but also provided refreshing beverages, such as Wang Lao Ji, Ci Ning Ji and Li Xiao Ji.



136 village doctors have registered on the "Health Bridge" B2B Drug Distribution Platform of this initiative, which offers them 48 hours of training courses covering such topics as laws and regulations and medication safety. The platform enables direct delivery of medicines to the villages, and has also attracted more village doctors from primary levels to register on the platform.

## Advocating health philosophy

We regularly carry out activities to promote traditional Chinese medicine (TCM) culture, uphold the preservation and publicity of TCM traditions. Through public outreach and educational initiatives on intangible cultural heritage, we aim to internalize and externalize traditional practices in the minds and actions of the public, allowing more people to "touch" and "experience" the essence of traditional Chinese medicine culture.

### Key honors

Zhong Yi and Shennong Caotang won the title of "2023 Guangzhou Excellent Base for Patriotic Education".

Cai Zhi Lin's Traditional Chinese Medicine Culture Museum was awarded "Guangdong Science Popularization and Education Base".

Wang Zongren, Former Chief Engineer of Guang Hua, was selected in the first batch of "Guangzhou Honorary Inheritors of Municipal Intangible Cultural Heritage".

#### Case | Chen Li Ji launches 2024 Chenpi Culture Experience Month

On the afternoon of November 1, 2024, the launch ceremony of the 2024 Chenpi Culture Experience Month was held at Chen Li Ji's Traditional Chinese Medicine Culture Park. During the month-long event, the Chen Li Ji Traditional Chinese Medicine Museum hosted several cultural exhibitions on such themes as "Chenpi Intangible Cultural Heritage", "Chenpi Vintage" and "Ancient Formulas and Great Health Products". The company also offered cultural experience courses including "Chenpi Processing Workshop", "Chenpi Culture Experience Class" and "Intangible Cultural Heritage in Schools". Additionally, a premium Chenpi sales event was held to introduce Chazhi Orange and Chenpi products to the public. The event also featured the "Chenpi Culture Communication Innovation Competition", inviting the public to submit innovative ideas for spreading Chenpi culture.

This event, in forms of cultural exhibitions, workshops, internal sales and innovation competitions, showcased the profound heritage and unique charm of the time-honored Chenpi culture. It aimed to preserve intangible cultural heritage, promote Chenpi knowledge, and convey the health and wellness philosophy embedded in Chenpi to the public.



The ribbon-cutting ceremony of 2024 Chenpi Culture Experience Month

Case | Jing Xiu Tang Intangible Cultural Heritage Experience Course debuts

On June 26, 2024, 24 students from Gubiao Primary School visited the Jing Xiu Tang Intangible Cultural Heritage Workshop to engage in the experience course, which was organized by Jing Xiu Tang and Huangqi Community.

Wang Chuanyi, Jing Xiu Tang's representative inheritor of traditional Chinese medicine culture, used plain language to introduce the traditional Chinese medicine culture to the students. He then led them to recognize and distinguish Chinese herbs by means of observation, touch and smell. The students were also guided to apply the herbs in making scented sachets. This event provided young people with the opportunity to feel the charm of traditional Chinese medicine up close, deepening their sense of identity with the culture and inspiring their enthusiasm to learn and inherit the culture of Chinese medicine.



## Reassured Customer Services

We have built a comprehensive customer service system to promptly respond to customer needs, and established a full-process customer complaint handling mechanism, improving customer satisfaction. While providing services, we focus on privacy protection, strengthen marketing compliance, and safeguard legal rights of our customers.

### Safeguarding privacy and security

We strictly abide by such laws and regulations as the *Personal Information Protection Law of PRC*, as well as industry standards effected in the operating locations. We fully respect the fundamental rights of consumers and only collect necessary information when acquiring their legal consent. We make every effort to protect consumers' rights regarding their personal information, including access, correction, deletion, sharing, transfer, and changes in authorization status.

Zhong Yi

Zhong Yi does not use general or default authorization or other methods that force or indirectly force consumers to agree to the collection or use of their personal information. The company only collects necessary personal information to achieve the intended purpose and prevent information abuse. For sensitive information, the company implements higher protection thresholds and stricter security measures. Its personal information processing rules are based on the "Notice - Consent" principle, ensuring transparency by clearly stating the purpose, method, and scope of processing. Consumers are fully informed and voluntarily give their explicit consent.

Bai Di

Bai Di Biological has established the *Management Measures on Customer Profile Management and Updates Management* to ensure timely updates of customer information, track changes, and maintain proper storage and protection of customer data to prevent leakage. Customer profiles are categorized into general and key clients, with dynamic management of customer status to effectively monitor and manage customer relationships.

He Ji Gong

He Ji Gong has established a consumer information protection mechanism, improved internal management systems and strengthened access control measures. Its improvements involve data encryption, regular backups, recovery processes, and compliance management. Through monitoring methods, the company can timely detect and resolve potential data security issues.

Jing Xiu Tang

Jing Xiu Tang regularly reassesses the effectiveness of its privacy protection measures. When collecting and using consumer information, the company provides them clear and concise information to explain the reasons and scope for the collection, use, and sharing of personal information.

## Upholding responsible marketing

We abide by such Chinese laws as the *Advertising Law*, *Regulations on Control of Advertisements*, *Regulations on Control of Advertisements*, *Regulations on the Administration of Medical Device Advertisement*, and *Standards for the Review of Medical Device Advertisement*. We are subject to the supervision and management from provincial price authorities, ensuring that no false, misleading, or illegal advertising behavior occurs, and provide consumers and patients with reasonably priced, high-quality pharmaceutical products.



Tightening market supervision

The Wang Lao Ji Rights Protection Team has been enforcing brand rights across the country, taking strong measures to combat the production and sales of counterfeit Wang Lao Ji bags. Efforts are also focused on cracking down on unauthorized use of the Wang Lao Ji trademark. The team is intensifying actions to combat counterfeit activities both online and offline, aiming to fully protect Wang Lao Ji's brand image.



Integrating advertising resources

The Company has formulated the *Notice on Clarifying the Advertising Resources Exchange Practices for Subsidiaries*, which defines the processes and methods for resources exchange. We aim to eliminate any form of hidden benefit chain and unfair competition, ensuring the compliance and sustainability of our advertising and marketing activities.



Enhancing marketing assessment

Zhong Yi has formulated the *Marketing Center Assessment Rules Compilation* to standardize employees' marketing behaviors and ensure that marketing activities are legal and compliant. Sales personnel of the Marketing Center (including full-time employees and dispatched labors) are required to sign the Sales Behavior Code Commitment annually. To strengthen the compliance awareness among sales personnel, the Marketing Center conducts quarterly training sessions on marketing business. After the training, an exam is held for the participants to assess their understanding.

# Ethics and Transparency

## Challenges and opportunities

The pharmaceutical industry is ushering in an era of strict regulation with corporate compliance supervision continuously strengthened. Relevant national departments will adopt stricter law enforcement measures to ensure fair market competition and provide clear guidance in compliant operations for enterprises. Stakeholders also pay more attention to the impact of corporate business ethics supervision on reputation and business. Therefore, enterprises need to further ensure effective business ethics policies and compliance systems, and create a professional, fair, and compliant business environment.

## Our Actions

We always manage business ethics with the highest standards. We strictly abide by business ethics, continuously improve the anti-corruption management system, and effectively integrate compliance concepts into our business operations. We strive to build a clean, transparent, and honest business ecosystem and create more sustainable business value with all parties.

### Contribution to UN SDGs



## Our Performance

**27,317.9**

Total anti-corruption training hours of employees

**4,569**

Total vendor audits

## Business Ethics

### Anti-corruption and anti-bribery



#### Optimizing corruption warning mechanism

Through the work methods for corruption analysis, we collect, sort and analyze the public complaints and reports, problems, clues and cases received and handled at all levels. Combining with the signs and trends in daily supervision, we release quarter reports on corruption analysis, further enhancing the corruption risks prevention and control during our production and operation in key areas and key links.



#### Strengthening the supervision and monitoring team

To better cultivate a learning, research and composite talent team, we improve the supervision team in all respects through supervising leaders training, enhancing theoretical research and building supervision talent pool to improve the competence of supervising leaders of the Company, ensuring the compliant and prudent operations of the Company and preventing risks effectively.



#### Implementing routine integrity education

We organize daily publicity and training on integrity and compliance, continuously create a clean workplace, and actively provide daily integrity education. We closely monitor events at important festivals and key minority individuals, and encourage all staff to attend warning education, continuously advancing thorough and comprehensive integrity education.

### Reporting and whistleblower protection

We adhere to a robust supervision and reporting system and handle public complaints in accordance with laws and regulations. Utilizing online platforms, we open more channels for public supervision and reporting to promptly identify and resolve issues. At the same time, we strictly keep whistleblower information confidential and protect their safety and protect their safety and rights.

We explicitly require that neither the reporting contents nor the whistleblower's information be disclosed or forwarded to the units and person being reported against or irrelevant units and individuals. We ensure that contact with the whistleblower is conducted in a manner that verifies the information without exposing their identity. Should a whistleblower who reports under their real name face any form of retaliation, our disciplinary inspection committee will promptly implement protective measures to safeguard their legal rights and personal and property safety, and will rigorously investigate and address any retaliatory actions.



#### Reporting Channels

**E-mail:** [jjjcs@gpc.com.cn](mailto:jjjcs@gpc.com.cn)

**Telephone:** 020-66281222

**Visit and Letter:** Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, 45 North Shamian Street, Liwan District, Guangzhou City

**Recipient:** Discipline Inspection and Supervision Office; Postal Code: 510130)

**Online channel:** WeChat official account "Integrity GYBYS"

### Anti-unfair competition

We mandate that employees refrain from engaging in any form of unfair competition or conducts that harm the interests of customers, suppliers, partners, societal stakeholders, or other related parties. We strictly comply with the Anti-Unfair Competition Law of the People's Republic of China and the Interim Provisions on the Prohibition of Commercial Bribery, as well as other national policies, regulations, and guidelines. For instances where corruption or commercial bribery is substantiated through investigation, GYBYS will impose penalties in accordance with the Company's Labor Employment Management System based on the severity of the offense. In severe cases, labor contracts may be terminated; should the Company incur losses, we will seek legal compensation; and if criminal conduct is suspected, the matter will be referred to judicial authorities.

## Medical Ethics

### Clinical trial transparency

We comply with national laws and regulations on clinical trial of pharmaceutical products such as the Good Clinical Practice and the Guidelines for Ethical Review of Clinical Trials of Drugs, as well as ICH-GCP guidelines to conduct clinical research based on strict ethical standards. We have formulated the code of conduct for R&D personnel and set up a clinical trial ethics review group to regulate, monitor and audit R&D personnel's behavior and the implementation of relevant regulations. We always prioritize the rights and safety of experimental subjects while ensuring the quality of clinical trials and preventing relevant risks.

### Animal welfare protection

We are granted the production license and use license of laboratory animals by the Department of Science and Technology of Guangdong Province. By establishing Laboratory Animal Management Committee and Laboratory Animal Ethics Committee, we strictly practice several management policies and operational specifications, such as the Ethical Review Procedures for Laboratory Animal and the Principles of Ethical Review for Laboratory Animal, to safeguard animal welfare during the production and trading of laboratory animals and pre-clinical animal experiments.

Guangyao General Institute boasts the first international AAALAC-accredited National (Guangzhou) Key Laboratory of New Drug Safety Evaluation in South China, as well as a public platform for biomedical research and evaluation that meets international standards, the only National Canine Laboratory Animal Resource Center in China, the National Canine Laboratory Animal Seed Center and the leading Laboratory Beagle Breeding Base in China.

As the only institution in China with the qualifications for legal preservation and supply of experimental Beagle dog germplasm, a strategic technological resource, Guangyao General Institute is responsible for the preservation, R&D, utilization, and sharing of the germplasm resources. In 2024, the *Technical Specifications for the Preservation and Breeding of Experimental Beagle Dog Germplasm*, drafted solely by Guangyao General Institute, was officially approved and released, providing definite requirements for animal welfare and ethics during the preservation and breeding process of experimental Beagle dog germplasm.

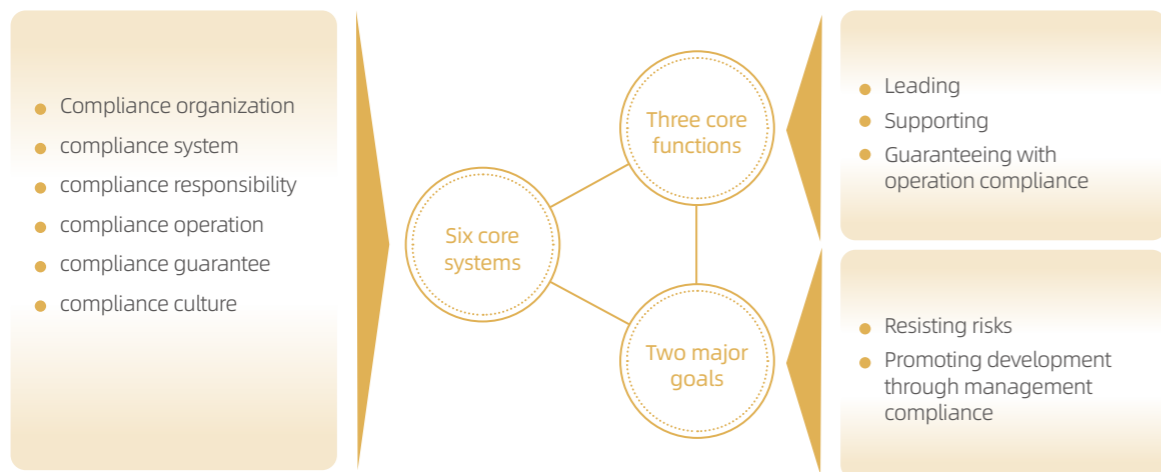


Guangyao General Institute" National Canine Laboratory Animal Resource Center" Research Site

# Compliance Management

## Operation compliance

We advance the six core systems on compliance management and have developed tailored work plans to progressively establish and improve our compliance management framework. Compliance review (legal review) for major decisions, regulations, and key contracts have been fully achieved. Through regular study, promotion, and training, we reinforce the awareness of law-abiding, honest and compliant operations among all employees.



### Case | Active learning of the new Company Law

In March 2024, GYBYS organized all key legal personnel to participate in a two-day "National Training Camp on the Interpretation of the 2024 Company Law" This intensive session allowed participants to thoroughly study the revised provisions of the Company Law and enhance their professional competency. Additionally, to elevate the legal and compliance awareness of middle and senior management, the Company hosted a series of special lectures on the Company Law, ensuring that both management and legal teams fully grasp the new legal requirements and can effectively guide the Company's compliant operations.



# Information security and management

By improving the information management system, strengthening network equipment configuration and facilitating digitalization projects, we improve our information security, we actively enhance cybersecurity defense, monitoring, early warning and emergency response.



### Case | Establishing a cybersecurity risk and vulnerability monitoring system

We introduces a cybersecurity risk and vulnerability monitoring system and professional security service companies to provide cybersecurity services. Identifying cybersecurity risks is incorporated into our routine work, and systematic management is implemented for identified risks and system vulnerabilities. The problems identified are reported to corresponding system operation and maintenance personnel for processing, and improvement is regularly fed back. A monthly tracking plan is developed to track risk resolution. These approaches not only gradually decrease system vulnerabilities but also enhance initiative of system operation and maintenance.

# Responsible Supply Chain

We have well-established supplier management system. With rigorous supplier assessment and performance audit and in-depth supplier communication and training, we are able to regulate suppliers in the whole process from access to withdrawal, further improving transparent, process-oriented and lean management of the supply chain.

## Supply management system

We have formulated the Measures for Supplier Management, and established the Procurement Management Committee and Supervision and Management Committee, supported. In addition, we have continuously improved the development of supply chain system as well as the supervision and management system.

## Quality assessment and assurance

We constantly improve the safety and quality of the suppliers' products by strictly controlling supplier access, signing quality agreements with suppliers, and conducting quality audit, etc.



Cai Zhi Lin Pharmaceutical Chinese Medicinal Materials Base

## Supplier performance evaluation and audit

Based on the assessment results, we formulate a grading management plan, dividing suppliers into excellent, qualified, auxiliary and unqualified ones. Furthermore, we intensify the supplier "blacklist" management. Our centralized auditing for all suppliers includes launching the special on-site audit and centralized audit, supervising the centralized procurement platform, and holding regular meetings on material quality. We assist suppliers to improve existing problems, rule out unqualified suppliers and optimize the supplier group to ensure the quality and safety of the industrial chain.

Grade	Score	Handling approach
Excellent suppliers (Grade A)	Above 90 points	Give procurement priority and maintain the strategic cooperation relationship.
Qualified suppliers (Grade B)	75-90 points	Maintain procurement volume and continue to improve their performance
Auxiliary suppliers (Grade C)	60-75 points	Take appropriate supporting measures to reduce the procurement volume and seek other suppliers
Unqualified suppliers (Grade D)	Below 60 points	Rule out suppliers with consistently negative performance

## Supplier cooperation and training

We cooperate with suppliers to jointly improve product quality and safety, strengthen supplier capacity building and promote the healthy development of supply chain organizations through project cooperation, technology sharing and policy publicity.

### Project cooperation

Leveraging the supply chain organizations' respective technology, management and channel strength in different fields in the industrial chain, we carry out project cooperation such as planting base construction and scientific R&D to give play to complementary advantages and technology sharing and promote continuous improvement of quality level.

### Technology sharing

We share the advanced quality management methods and professional production technology with suppliers to continuously improve their capability.



### Collaborative analysis of abnormal quality problems

In view of the problems arising from the supplied products or services, the two parties shall jointly organize technical backbone to collaboratively analyze, investigate the causes of the problems, screen the risks and hidden dangers, and correct and prevent them.

### Policy publicity

Regarding the latest industry policies and regulations, corporate requirements for supply service quality, and update on the acceptance standards of supplied products, we conduct training and exchange with upstream suppliers, downstream distributors and dealers.

# Supply Chain Risk Prevention

Ethics and Transparency

Ethics and Transparency

We have revised the procurement management policies and kept our transparent procurement system. By focusing on the disclosure of procurement information, we advance the integrated procurement management reforms for subsidiaries and implement risk control and supervision initiatives. Meanwhile, we sign integrity commitment letters with suppliers to prevent integrity risks.

## Quality risk control

In response to product quality issues caused by material quality problems of certain enterprises, we have implemented targeted measures to rectify quality hazards and ensure the integrity of the supply chain. The measures include sorting out the supply of raw and auxiliary materials and packaging materials, summoning risky enterprises for discussion, suggesting to stop the release of problematic products, conducting self-inspection of materials and supplier management, formulating centralized supplier audit and special inspection program for supplier management.



## Environmental and social risks identification of supply chain

During supplier access, we enhance the review for the environmental protection and work safety management system of suppliers, requiring them to comply with regulations in environmental protection, emission and production site. We also assess suppliers annually, keep information confidentiality policy in procurement and evaluate their environmental and safety risk degrees.



## Suppliers' risk awareness enhancement

Through quality training, we have established information exchange mechanisms with suppliers to timely follow up product quality, social and environmental risk considerations and other information. We clarify requirements for quality management and product standard to raise suppliers' awareness of quality, risks and regulations.



## Green procurement promotion

Our supplier evaluation form includes the demerit points for poor environmental performance. Eligible suppliers are encouraged to build sunshine drying rooms to reduce energy use and power consumption. Suppliers who implement carbon emission reduction measures are rewarded with bonus points.



## Stable supply

Focusing on the bulk medicinal materials of famous specialty, we select material planting bases nationwide according to local conditions to control the production and supply of raw materials through large-scale and standardized planting and variety operation. Furthermore, we continuously upgrade our traditional Chinese medicine cultivation data platform to enhance raw material traceability.



## Contingency plan development

We purchase more materials in harvest years as reserves to cope with the instability of the supply chain caused by the physical risks of climate change. We have developed an emergency protection drug catalog for the pandemic period, including key drugs such as, drug for prevention and control, commonly used drugs, for chronic diseases of the elderly. With the smooth flow of drug procurement, storage and transportation and sales, we guarantee the unimpeded running of all work links to guarantee drug supply.





# Environmental Protection

## Challenges and opportunities

The current global ecological environment is being affected by multiple factors such as climate change and resource consumption and over-exploitation, which continuously poses a threat to the health and stability of the natural environment. On the other hand, due to the chain reactions caused by environmental problems, addressing climate change, increasing efforts to protect endangered species, and promoting ecosystem restoration have put forward higher requirements for enterprises to continuously improve their environmental management and promote sustainable development. On the other hand, China's policy system on carbon peaking and carbon neutrality has improved steadily, providing opportunities for enterprises to achieve a win-win result in both environmental and economic benefits through their own technological innovation.

## Our Actions

Ecological protection is high on our agenda. We have formulated emission reduction strategies to mitigate the impact of climate and environmental change. In accordance with the disclosure suggestions from the International Sustainability Standards Board (ISSB), we improve governance structures, build strategic goals, and develop management strategies and action paths to address climate change. We also actively explore the improvement and upgrading of production processes, use renewable energy resources, and insist on compliant emissions, constantly tapping the potential for energy conservation and carbon reduction to jointly maintain ecological balance.

## Contribution to UN SDGs



## Our Performance

**0.28** t/RMB 10,000  
GHG emission intensity

**0.54** MWh/RMB 10,000  
Comprehensive energy consumption intensity

**2.39** t/RMB 10,000  
Water consumption intensity

**26.17** kg/RMB 10,000  
Non-hazardous waste emission density

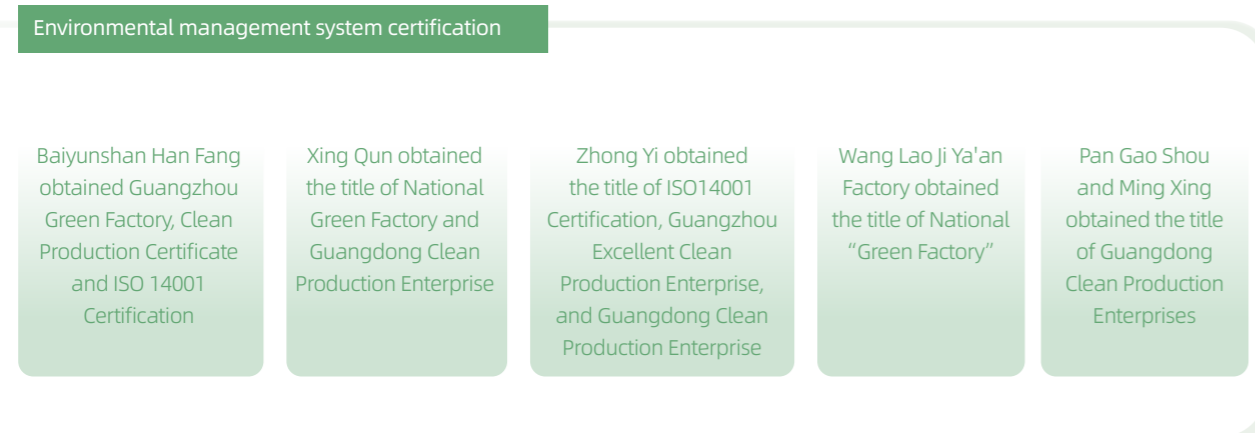
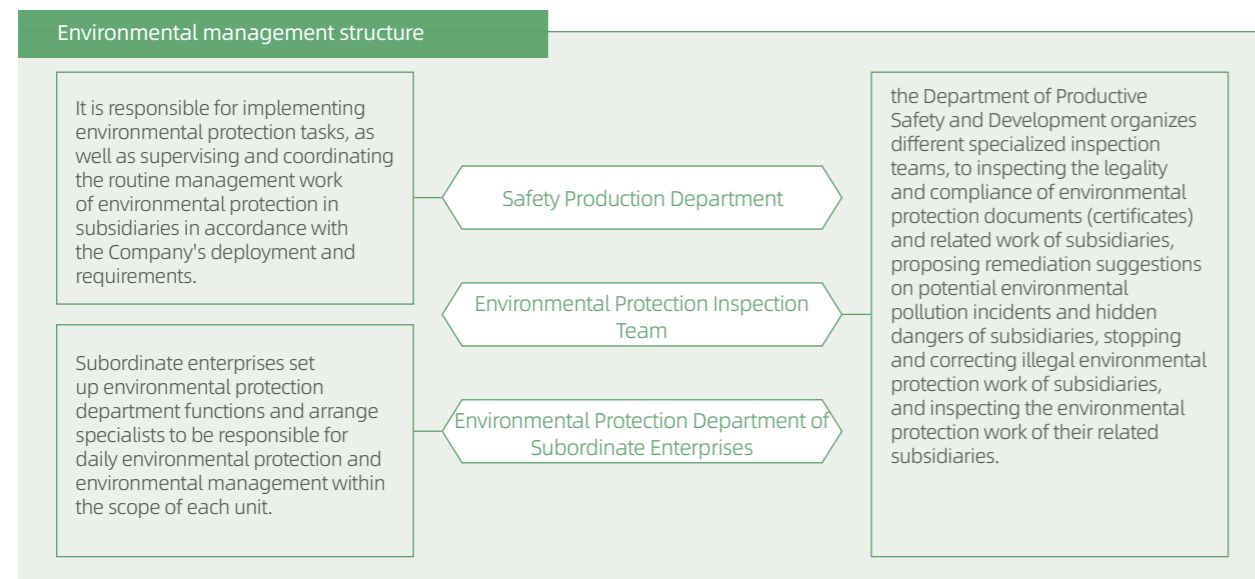
**0.58** kg/RMB 10,000  
Hazardous waste emission density

## Better Environmental Management

Actively response to China's strategy of carbon peaking and carbon neutrality, we uphold the concept of green development and embed environmental and resource conservation into every aspect of our business. In strict compliance with relevant Chinese laws and regulations, such as the Environmental Protection Law and Law on Environmental Impact Assessment, we keep improving our internal environmental control policies and systems.

### Environmental management systems

We have established a special environmental protection management system involving air pollution, water pollution, solid waste pollution, noise prevention and control, and soil pollution. To minimize the losses and social hazards caused by various emergent environmental incidents, we improve our environmental emergency management framework, our emergency warning and response mechanism as well as our capability in preventing environmental risks and responding to emergent environmental incidents. In 2024, the Company was not subject to any emergent major environmental incidents nor any major administrative penalties from ecological and environmental departments for the reason of environmental incidents.



### Environmental emergency management

In accordance with the *Management Measures for Filing Response Plans for Emergent Environmental Incidents in Enterprises and Public Institutions* and relevant environmental management measures, we take effective actions in response to various emergency environmental incidents that may occur, and prevent pollutants or other toxic and harmful substances from entering the atmosphere, water bodies, soil and other environmental media outside our factories to reduce or minimize their impact on the surrounding environment. In such way, the health and safety of stakeholders is ensured. We require all subsidiaries to develop their own emergency plans respectively and establish an environmental emergency plan preparation team, in order to timely activate environmental emergency plans in the event of emergent environmental incidents, and protect the ecological environment from adverse impacts. Meanwhile, environmental risk assessments and emergency resource investigations are conducted, environmental emergency plans are developed, and targeted training, publicity, and necessary emergency drills are regularly organized.

RMB **9.90** million  
Investment in environmental protection



## Response to Climate Change

Accelerating the comprehensive green transition, one of key measures to address climate change, can effectively support green, low-carbon, and high-quality development. In response to the climate change, we take active measures to continuously strengthen relevant management and practice. In accordance with the climate change framework recommendations from the Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange and ISSB, we analyze climate-related risks and opportunities from the perspectives of governance, strategy, risk and opportunity management, metrics and targets, to enhance our climate resilience.

### Governance

Highlighting climate-related risks and opportunities, we have established a specialized climate risk governance framework, and incorporate climate risk management into the Company's risk management scope. In the corporate governance structure, Board of Directors play an important supervisory and leading role. They are responsible for regulating climate change-related matters, mainly including actively promoting ESG initiatives, organizing sustainable development communication meetings, and exploring key issues such as the risks and potential opportunities brought by climate change. The ESG Task Force, the executive unit, is responsible for identifying climate change risks to ensure the orderly progress of various tasks, which helps the Company achieve sustainable development under the challenges of climate change.

### Strategies

We are aware of the impact of climate change and the need to take corresponding measures, adhere to the concept of sustainable development, and actively improve our ability to respond to climate change. We collect and analyze climate-related information from the government, society, international organizations and internal parties, try to analyze the key activities of the company's operations in conjunction with the risks and opportunities related to climate change, incorporate energy conservation and emission reduction into our business operations, and refine the disclosure of relevant environmental performance indexes and targets, so as to provide a basis for the further development of relevant management mechanisms and strategies.

## Risk and opportunity management

With reference to the disclosure standard and suggestions of ISSB, we have analyzed climate change risks. By identifying and adapting to the physical and transition risks brought by climate change and proposing control measures, we hope to mitigate the possible impact of climate change on our business.

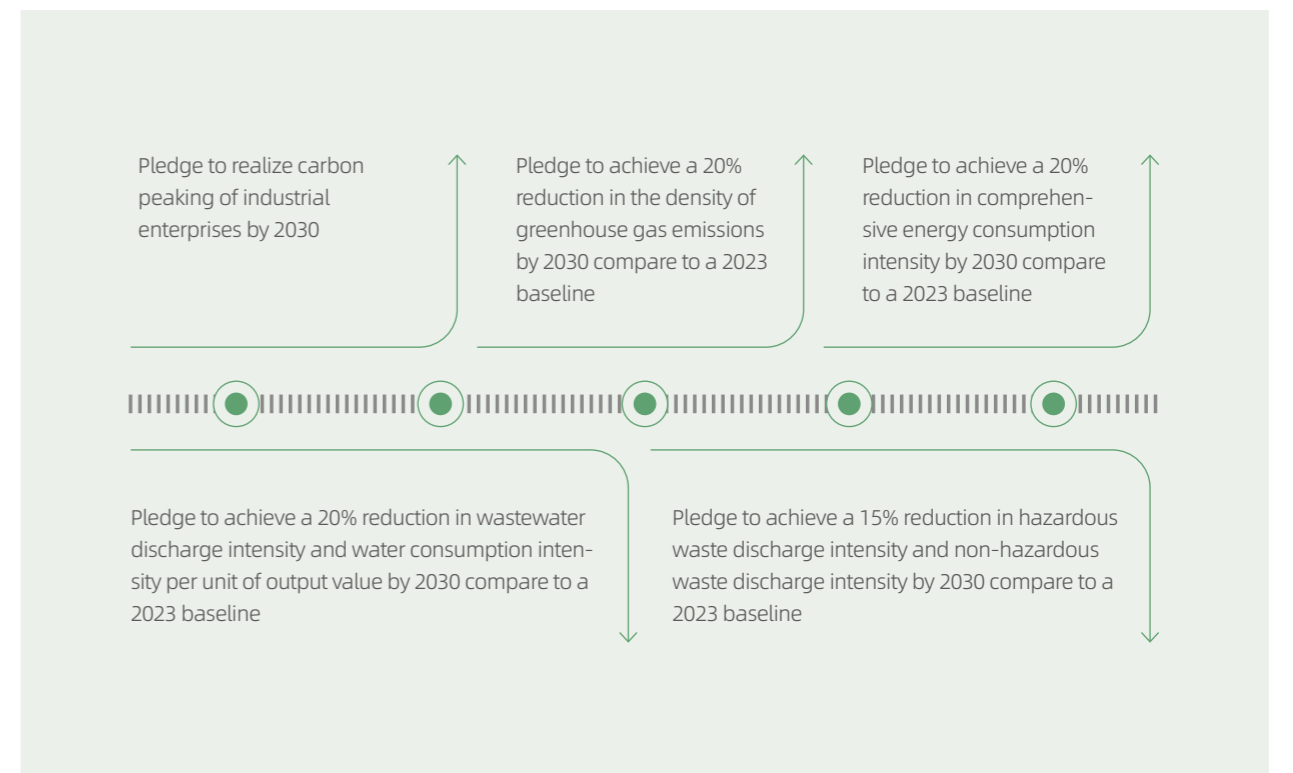
### Risk control

Risk category	Major risks and impact	Risk impact	Risk impact duration
 Physical risks	Acute risks	An increase in extreme weathers due to climate change may cause damage to business buildings, facilities and equipment, projects and others, resulting in higher maintenance costs. Furthermore, floods and typhoons are risks to employee safety, therefore employee premiums may also increase. Extreme weathers may also disrupt the supply chain, affecting the stability of raw material supply and product delivery.	Medium term (3-10 years)
	Chronic risks	Climate change results in rising temperatures. Yet pharmaceutical production and storage necessitate relatively low temperatures, which leads to more energy consumption and costs. The worsening climate change contributes to water scarcity, increasing our operational costs in water-scarce areas. Rising sea levels pose a threat to business buildings.	Long term (3-10 years)
 Transition risks	Policy and legal risks	1) Requirement and regulatory risks: For energy use, in the context of China's strategy of carbon peaking and carbon neutrality, several provinces and cities have released plans for carbon peaking, map out low-carbon actions and launch carbon-trading pilot programs, furthering the decarbonization requirements for the Company. This is expected to impact our energy use and expenditures, requiring a faster energy mix transition to go green and be low-carbon. In terms of medicinal herbs cultivation, the Company's expansion of cultivation scale may be limited due to government commitments to curbing deforestation and land degradation, affecting medicinal herb yields and supply. In terms of the supply chain, as China accelerates building a green and circular economy along with the issuance of increasingly stringent rules and policies, the Company may face stricter requirements for responsible and sustainable sourcing in its medicinal herb supply chain. 2) Litigation risks: When corporate emissions result in climate change and losses, or when investment decisions exclude the deliberation of climate risks and fail in information disclosure, which harms the benefits of investors, businesses will face the risk of litigation filed by investors or customers.	Medium term (3-10 years)  Short term (1-3 years)
	Technical risk	To tackle climate change, the Company has shored up research on low-carbon technologies. Soaring research expenses will lead to rising operating costs.	Medium term (3-10 years)
Market risk	Consumers now prefer greener and healthier products, placing higher demands on the quality of our health products and services. In addition, the focus on biodiversity conservation requires us to achieve a win-win result for both traditional Chinese medicine and wildlife protection. If we fail to adapt to market changes and meet customer needs, our business, financial situation and operating performance may face severe adverse effects.		Medium term (3-10 years)
Reputation risk	With growing stakeholder concern about climate issues, insufficient disclosure of the Company's carbon neutrality goals and data, or inadequate carbon management leading to increased emissions, could have adverse effects on the its reputation.		Medium term (3-10 years)

Opportunity category	Opportunity impact	Opportunity impact duration
Resource use efficiency	By developing new technologies such as intelligent energy management system, the Company can improve energy efficiency and reduce carbon emissions reduction costs.	Medium term (3-10 years)
Energy sources	To reduce carbon emissions, the Company will scale up clean energy use, reduce use of fossil fuels, develop new energy sources such as photovoltaic power generation, and optimize the energy structure.	Medium term (3-10 years)
Products and services	The Company will develop, produce and sell medicines that treat new diseases and meet consumer preferences. Innovation in and development of low-carbon products and services are helpful for the Company to build up competitive edge and enhance profitability.	Medium term (3-10 years)
Market	New diseases may break out because of climate change, leading to an increase in drug demand. Only by grasping the opportunities in climate change and meeting the changing market demand can businesses effect diversified operations and serve China's transition to a low-carbon economy.	Medium term (3-10 years)

## Metrics and targets

Green and sustainable development is a both challenge and choice faced by all humanity. With a focus on reducing the use of fossil fuels, phasing out high energy-consuming processes and scaling up the layout of renewable energy, we have a thorough discussion on emission reduction plans and explore systematic management strategies. Our goal is to minimize negative impacts on the environment and facilitate the achievement of carbon peaking by 2030.



## Emissions and Waste Management

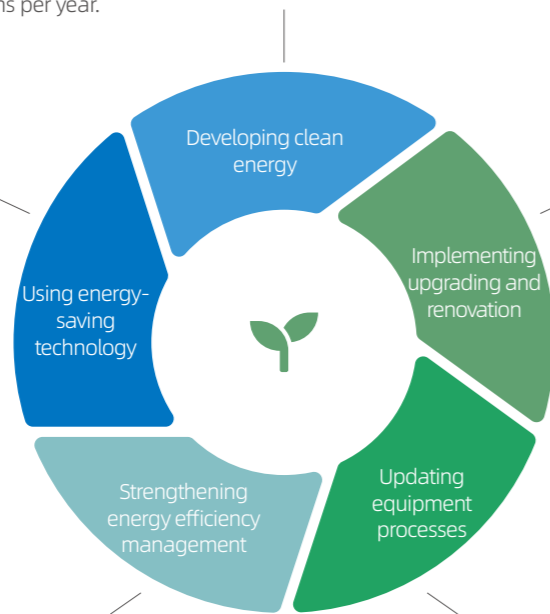
In line with relevant national laws and regulations on resource utilization and pollutant emissions, we continuously optimize energy structure, improve processes and technologies, and strengthen water resource management. Built on our better resource management capabilities, we further reduce emissions of sewage, exhaust gas, and waste, and work to build a circular economy, making our contribution to a clean and green ecological environment.

### Energy management

Based on our actual development, we study the energy consumption structure of the industry, improve energy utilization efficiency through technological upgrades and the use of clean energy, thus promoting energy conservation and consumption reduction in the Company.

In early 2024, the distributed photovoltaic power generation project of Wang Lao Ji was officially grid-connected and put into operation. During the production process, Wang Lao Ji employs distributed photovoltaic power generation to increase the utilization of clean energy. After the project is put into operation, the average annual power generation reaches about 330,000 kWh, saving about 108.24 tons of standard coal and reducing carbon dioxide emissions by about 264.25 tons per year.

Chemical Pharmaceutical Factory incorporates drug R&D and production into its green design plans. The Chemical Raw Material Pharmaceutical Factory in Zhuhai under construction applies advanced manufacturing and green technologies such as new synthesis processes and enzyme catalysis processes, and promotes the use of green and clean production technologies in the production process to recycle resources, driving green and low-carbon production of raw materials.



HWBYS has implemented the "Upgrade and Transformation Project on Multifunctional Distill Tanks", replacing six distill tanks in the distill workshop. The integrated thermal energy recovery system recovers and utilizes the steam or waste heat generated during the distill process for preheating raw materials or auxiliary heating, reducing energy consumption by about 20%. The air-conditioning chiller unit in the liquid workshop has also been replaced, reducing energy consumption by about 20%.

Baiyunshan Chemical Pharmaceutical Factory adopts CQi Smart Electricity Safety Management System to control three 255kW air-conditioning chillers, saving about 132,000 kWh of electricity each year, with about 14% of power saving rate. An eco-friendly 45kW roots blower is monitored by the variable frequency control system, saving about 97,200 kWh of electricity each year, with about 30% of power saving rate. The AHU-2-2 clean air-conditioning unit operates in duty mode at night, with the fan motor frequency reduced from 50 Hz to 35 Hz, effectively reducing energy consumption.

Tian Xin strengthens the energy efficiency management of its product equipment. Key energy-consuming equipment that does not meet the standards in the *Announcement (2024) Edition* is phased out, and the equipment that meets the energy efficiency standards is employed. Tian Xin conducts a comprehensive inspection on key energy-consuming equipment and an annual energy audit throughout the plant in accordance with the guidance of the *Announcement (2024) Edition on Energy Efficiency Specifications of Advanced Level, Energy-saving Level, and Access Level for Key Energy-consuming Products and Equipment*. Based on the inspection results, 4 # and 5 # transformers are replaced with energy-saving level equipment.

## Water resources management

Based on our sound water resource management system, We effectively utilize water resources and urge subsidiaries for water utilization. Water resource recycling is achieved through methods such as reclaimed water reuse, and regular monitor is conducted on the water condition in places where our Chinese herbal medicines are planted. We endeavor to improve the water source environment, reduce water consumption, and minimize wastewater discharge.



Baiyunshan Han Fang has established a water saving management system. Water ring vacuum pumps are replaced with screw vacuum pumps. A spray water circulation system, and a purified water and concentrated water circulation project are implemented in the storage tank area. A renovation project is conducted on purified water using sites in the formulation workshop, annually saving water about 60,000 m<sup>3</sup>.

Tian Xin regularly inspects the water supply source of cooling towers in the factory area, and implements water-saving renovations on the supply pipelines of cooling towers. Tap water supply is replaced by reclaimed water supply. A water supply control system is set to increase the amount of reused water, effectively saving water and energy consumption. It is expected to save about 20,000 tons of water throughout the year.

GP Corp. has comprehensively upgraded its existing wastewater treatment facilities, adopting advanced membrane concentration and biological treatment technologies to improve treatment efficiency. Treated wastewater is used for non-direct discharge purposes such as cooling and cleaning, promoting wastewater recycling. Optimizing production processes and improving equipment help reduce the generation of wastewater during the production process. In such way, the discharge of wastewater is controlled from the source.



## Waste gas management

We strictly abide by national waste gas emission standards and require subsidiaries to conduct waste gas management. We have introduced waste gas treatment devices and enhanced our treatment capability and comprehensively optimized our production and technical processes, in a bid to reduce the generation of waste gas from the source and guarantee limited waste gas emissions.



### Optimizing combustion technology

GP Corp. adopts advanced combustion technologies and equipment and also strengthens monitoring and control of the combustion process. Efficient waste gas treatment facilities are installed at the waste gas outlet, such as desulfurization and denitrification devices and dust collectors. By doing so, GP Corp. treats waste gas in a thorough way, reduces the content of harmful substances in the waste gas, and improves combustion efficiency. The measure guarantees limited waste gas emissions, and reduces exhaust gas emissions.

## Waste management

We strictly abide by the requirements of Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Wastes. Such actions as technological upgrading and waste recycling are taken to urge our subsidiaries to conduct general waste and hazardous waste control to help build a "zero-waste city".

Chen Li Ji stores its solid wastes generated from the pharmaceutical process, such as scrap and packaging wastes, in the temporary solid waste dump in the factory area. After manual waste sorting, the wastes are handed over to licensed waste treatment units with hazardous waste treatment qualification for proper treatment.



Third-party cooperative treatment



Hazardous waste management

Baiyunshan General Factory stores hazardous waste in different zones according to their types and characteristics in the factory area. Anti-corrosion and anti-seepage floors and hemlines are used, and interception, diversion, and collection facilities are set up to prevent leaked substances from spreading to the external environment. The storage yard is windproof, rainproof, and sun-proof, effectively reducing the impact of hazardous waste on the environment.



## Noise management

In strict compliance with relevant national regulations on noise pollution prevention and control, we organize subsidiaries to carry out noise control actions in an orderly manner, and ensure that noise emissions meet relevant standards and reduce noise pollution by introducing advanced monitoring and control technologies.

## Circular economy

Taking the efficient utilization and recycling of resources as the core, we achieve refined management and circular utilization of resources through the use of renewable resources and packaging material recycling. We tap into the potential of resources and build an ecological industrial chain, thus promoting economic development and environmental protection, and facilitating green development.

## Advocate for the Philosophy of Environmental Protection

We encourage our staff to carry out environmental education and training and publicize environmental protection knowledge to the public, promote environmental protection concepts to the public, vigorously promote the concept of low-carbon energy saving and green environmental protection, and promote the public's awareness of environmental protection in the community.

### Environmental protection education and publicity

Case | Chemical Pharmaceutical Factory carries out voluntary tree-planting activities

In March 2024, the Party Committee of Baiyunshan Chemical Pharmaceutical Factory participated in the voluntary tree-planting activity organized by Tonghe Street in Dongkengshan. They closely cooperated in every process of digging pits with shovels, supporting trees and seedlings, stepping on soil to compact seedlings, and watering tree roots. Passing on the baton of "cherishing and nurturing trees" through this activity, they "planted and protected trees" with practical actions and jointly practiced General Secretary Xi Jinping's development concept of "lucid waters and lush mountains are invaluable assets". More than 20 Party members participated in this activity, working together to contribute to building a Green and Beautiful Tonghe.



### Green office

GP Corp. upgrades existing lighting systems with high-efficiency LED lamps and installs intelligent control systems to adjust lighting brightness according to actual needs. Energy efficiency evaluation is conducted on office equipment, with old and inefficient equipment phased out, and energy-saving new products introduced. Besides, insulation renovation is implemented on the office space to improve building energy efficiency and reduce energy consumption caused by air conditioning and heating.



GP Corp. promotes electronic office to reduce paper usage by encouraging employees to use paperless office tools such as electronic documents and email. GP Corp. also advocates green transportation by encouraging employees to choose low-carbon transportation modes such as public transportation, cycling, or walking, instead of driving cars. A green, healthy and comfortable workplace is created by laying out green plants and optimizing indoor air quality.

# Biodiversity Conservation

We have always adhered to the principle of respecting, adapting to and conserving nature, and we have continued to reduce the potential impact on biodiversity, formulated and implemented a series of biodiversity protection systems, and maintained the stability and diversity of ecosystems. We also protect ecological balance through diversified measures, providing a sound natural ecological environment for local wildlife and plants.

## Soil remediation and vegetation restoration

We avoid protected areas during the construction of Chinese medicinal material planting bases in line with relevant regulations for vegetation restoration and maintenance, promoting vegetation restoration in planting bases. We launch soil hazard investigation and self-monitoring projects, and take soil remediation and improvement actions. The cloud platform system help achieve the online recording of daily agricultural operations, agricultural inputs, harvesting and processing, and warehousing and transportation of planting bases, and real-time monitoring and transmission of meteorological and soil information, thus ensuring standardized and compliant field agricultural operations.

## Actively participating in the protection of endangered geo-authentic materia medica in Lingnan area

With the rapid development of urbanization and industrialization, the living environment of Chinese herbs has seriously deteriorated. In the Guangdong region, traditional geo-authentic materia medica in Lingnan area such as Amomi fructus, Pogostemon cablin, and Morinda officinalis are currently endangered at varying degrees. To protect these endangered resources, we actively take the following measures:

Tightening the formulation and implementation of Chinese herb planting and harvesting standards, and promoting standardized planting and harvesting techniques to guarantee the best quality and effect of Chinese herbs; advancing the establishment of Chinese herb quality control system, and introducing modern technologies to comprehensively and accurately evaluate herb quality to ensure safety and effectiveness.

Strengthening cooperation with the Chinese herb industry chain, and promoting information exchanges and resource sharing across all links to collectively contribute to the development of Chinese herb industry.

Collaborating with herb gardens, universities and enterprises to build a unique Chinese herb germplasm reserve in Lingnan, including herbarium, seed bank, germplasm repository, seed and seedling breeding base, in order to preserve the geo-authentic materia medica in Lingnan.

Evaluating the germplasm of Lingnan's fine Chinese herbs, and researching on their properties such as chemical components, pharmacological effects and molecular mechanisms.

Investigating the reasons of endangered herbs, researching on the suitable planting range of endangered geo-authentic materia medica due to irreversible regional factors, such as Pogostemon cablin, and finding proof for the possible expansion of its cultivation range. Establishing projects to find alternatives for endangered geo-authentic materia medica due to changes in some key factors during planting, such as Amomum villosum, to conserve biodiversity.

# Cornerstone of Development

## Challenges and opportunities

The rapid development of the pharmaceutical industry has heightened the pressing need for high-caliber and multidisciplinary talent, making the attraction and cultivation of senior professionals increasingly critical. In the face of multiple challenges, such as rapidly evolving technologies, deepened interdisciplinary integration, and intensified global competition, national policies are released to actively guide and support the training of pharmaceutical talent. In response, GYBYS is placing greater emphasis on the development of a robust internal training system, striving to build a professional team that meets the demands of the new era and injecting fresh vitality into both the Company and the industry.

## Our Actions

Talent has always been regarded as a key driving force for the development of the Company. Committed to building a diverse workforce, we make continuous efforts to enhance our mechanisms for talent selection, development and utilization. By improving the talent management system, offering competitive compensation and benefits, and providing unblocked career development pathways, we fully unleash the potential of our employees, invigorate innovative capabilities, and achieve mutual growth between talent and the Company.

## Contribution to UN SDGs



## Our Performance

**42.76** %

Proportion of female employees

**100** %

Social security coverage of employees

**1,800** + tons

Recycled expired medicines in total

**17.2994** million

RMB

Fund donation and Article donation

## Employee Rights

We always regard talent as the core competitive strength of the Company's development and are committed to safeguarding employees' legal rights. By refining the employment management system, and eradicating any form of bias, discrimination, or harassment, we aim to foster a diverse, equal, and inclusive work environment.

### Legal employment

#### Compliant recruitment

We strictly abide by the laws and regulations, such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Provisions on Prohibition of Child Labor*, to ensure the equal employment rights of employees. We have formulated and improved multiple recruitment and onboarding policies, enhanced the verification and hiring processes, and standardized our recruitment procedures. In strict accordance of the fundamental recruitment principles, we will, as appropriate, verify the previous company and relevant work references of candidates either directly or through third-party agencies, making sure that the hiring process remains fair, just, and transparent, and is free from any external legal violations. In 2024, no child labor or forced labor was found in the Company.



**28,138**  
Total employees

**100%**  
Signing rate of labor contract

**100%**  
Social insurance coverage of employees

#### Diversity and equality for employees

When hiring new employees, we firmly uphold the principles of fairness and justice and observe the job requirements. We maintain a zero-tolerance policy toward any form of discrimination and treat each employee equally regardless of their educational background, religious beliefs, nationality, marital status, gender, health condition, and race. By fully respecting the diversity and differences among our employees, we are dedicated to creating and maintaining an inclusive and equal work environment where every employee is entitled to equal opportunities and expansive career development platforms. In 2024, no incidents of discrimination or harassment were reported in the Company.

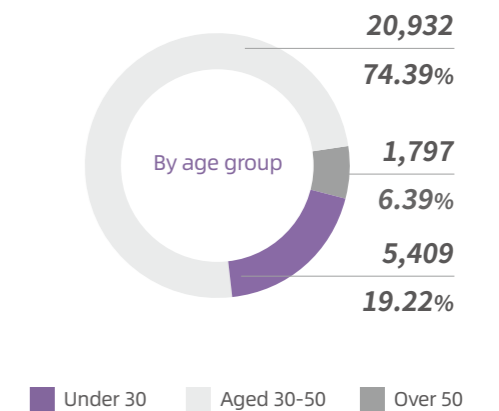
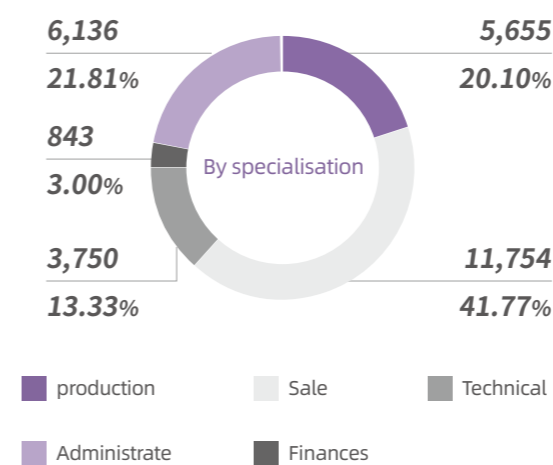
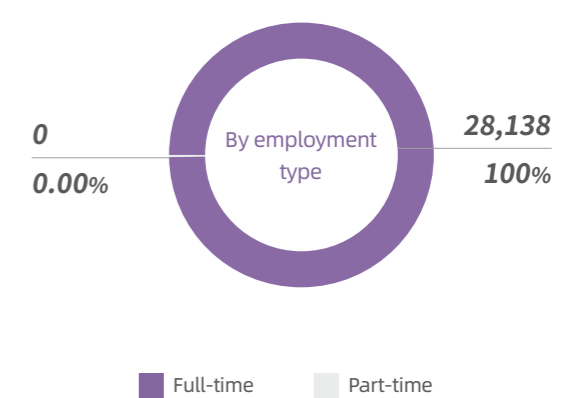
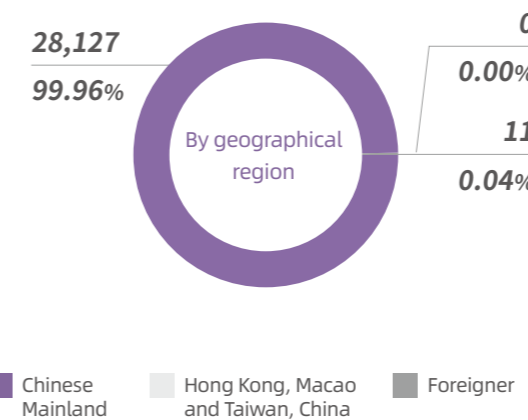
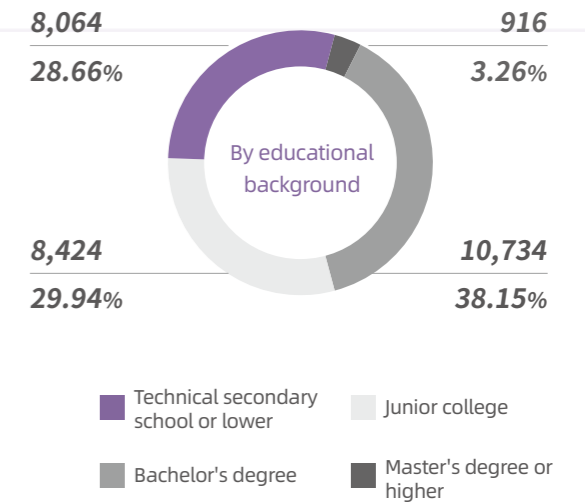
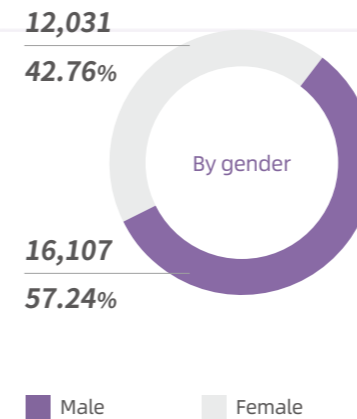
**1,098** **3.9%**  
Ethnic minority employees

**12,031**  
Female employees

**42.76%**  
Proportion of female employees

**800+**  
Female managers

**50+**  
Female senior management personnel





## Compensation and benefits

In line with the principles of fairness, justice, and transparency, we have established a clear performance assessment and feedback mechanism. With a compensation structure that comprises both fixed and variable income for all employees, we aim to maximize its motivating to talent. In 2024, the number of paid annual leave days per employee is 9.22.

### Compensation incentives and performance assessment

Compensation management	Performance assessment
<p>To standardize employees' compensation and performance assessment, we have developed the <i>Compensation Management System for the Headquarters and the Performance Management System for the Headquarters</i>. An employee's salary consists of seniority-based wages, fixed wages (including basic salary, position salary, overtime subsidy), performance wages, and allowances. Performance wages include monthly performance wages and year-end bonuses, while allowances include transportation subsidies, communication subsidies, etc.</p>	<p>Based on its operational needs and managerial practices, the Company employs multiple performance evaluation methods. For managerial staff, we implement an overall evaluation covering aspects such as ethics, competence, diligence, and results. With multidimensional feedback and scoring, we are able to comprehensively assess their performance and influence in various aspects. Functional and R&amp;D staff are mainly subject to qualitative key objective assessment that evaluates their work outcomes and goal attainment, while quantitative metrics, such as sales volume and inventory turnover, are used for sales staff to reflect their performance and efficiency.</p>

### Diverse benefits system

Basic benefits	Benefits for female employees
<p>We offer social security and housing provident fund, corporate annuities, paid leave, free meals at work, festive care, annual health check-ups, and critical illness and hospitalization insurance.</p>	<p>We provide female employees with women's health insurance, childcare facilities or donations, and lactation facilities for breastfeeding, as well as six months of paid parental leave for primary caregivers and 15 days for secondary caregivers.</p>

## Democratic management

We regularly convene the Workers Congress to maintain close communication with staff and engage them in the decision-making process on major corporate matters, thus ensuring their rights to information, expression, participation, and oversight. On December 17, 2024, the first member representative conference of the Third GYBYS Labor Union was successfully held. During the conference, members of the Third GYBYS Labor Union Committee, the Expense Audit Committee, and the Women's Committee were elected.



The first member representative conference of the Third GYBYS Labor Union

## Platform for Growth

We attach great importance to talent cultivation. By continuously offering more resources necessary for employee growth, and establishing a comprehensive and diversified training system, we provide holistic care to improve employees' wellbeing.

### Diversified training system

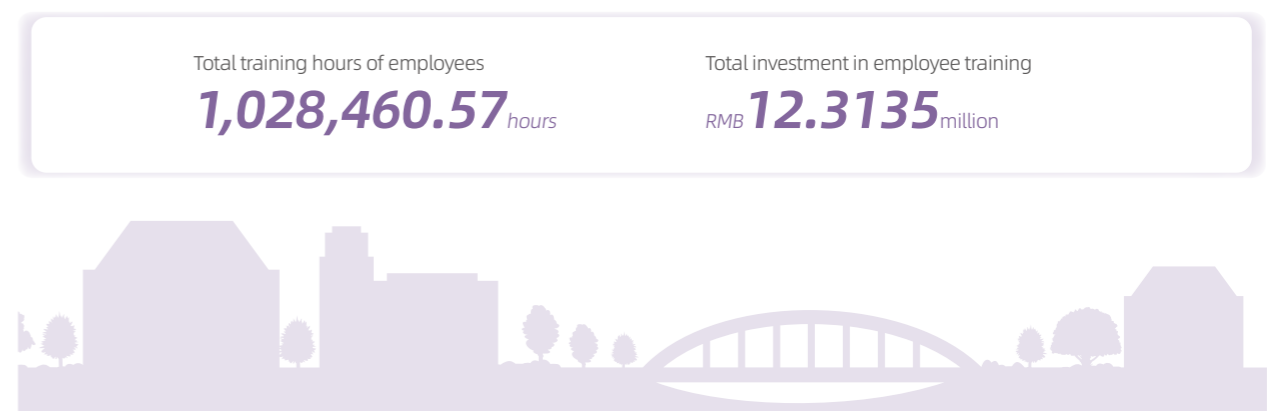
We tailor our training programs to meet the needs and developmental potential of employees at various levels and across different functions. With structured, categorized, and needs-based training sessions, employees are enabled to achieve the comprehensive personal growth and development.

In accordance with our education and training management policies, we strive to enhance the political and professional quality of employees, thereby establishing a sound image of the Company, improving work efficiency, and fostering an environment where talent can thrive.

In line with the Company's reality and departmental needs, we develop annual training plans to help employees upgrade their skills and knowledge. Through continuous study and self-improvement, employees are able to better adapt to the evolving development demands of the Company.

We have established reward mechanisms to recognize employees who obtain professional titles or skill certifications, thus boosting their motivation and enthusiasm.

We organize targeted skills training for different employee groups. For example, we host "New Employee Onboarding Camps" for newcomers to facilitate a smooth transition into their roles; we conduct "Training Courses for Young and Middle-aged Managers" as well as specialized training sessions for financial personnel, audit and risk control teams, and other professional groups.



## Smooth development path

We work to providing fair and equitable career opportunities for all employees. Our professional pathways across various roles enable every employee to fully demonstrate their unique talents in a suitable position, thereby achieving both career advancement and personal value enhancement.

### Improving talent development framework

We have established a continuous development pathway from new hires to senior management within the Group. Leveraging provincial-level industrial employment training bases and professional title review platforms, we strengthen the cultivation of technical and skilled talent, ensuring comprehensive support for their career development.



### Conducting professional title evaluation

We convened five independent assessment meetings for professional titles in engineering, health, and economics series. Through rigorous evaluations by committees at all levels, a total of 369 individuals passed the review and were certified, comprising 11 with senior professional titles, 29 deputy senior titles, 76 intermediate, and 253 junior ones.

### Establishing positions system

We have integrated development channels across R&D, technical, marketing, functional, and operational roles, encouraging employees to pursue holistic development based on both the Company's needs and their own strengths.

## Employee Care

While advancing employee development, we also emphasize humanistic care. With focus on the physical and mental health of staff, we regularly organize a variety of cultural and sports activities to enrich their lives. We also extend special care to employees in need, thereby creating a warm and harmonious workplace atmosphere.

### Employee assistance and care

We provide targeted assistance and care for model workers, frontline staff, employees with serious illnesses, and those in need of special support. For example, we organize high-temperature relief activities for frontline workers by distributing refreshing beverages. 159 seriously ill workers were given condolences before the Spring Festival in 2024.

### Caring for employee health

We engage all employees in the "Secondary Medical Insurance for Trade Unions" of Guangdong Province, the Guangzhou Women's Health Mutual Assistance Plan, the Guangzhou Employee Critical Illness Mutual Assistance Plan, and the Guangzhou Employee Hospitalization Mutual Assistance Plan, providing them comprehensive and robust health protection.

### Organizing cultural and sports activities

We host various events such as employee light volleyball tournaments, badminton mixed-team competitions, and card games. In total, approximately 1,200 employees from 27 subsidiaries have participated in the activities, enriching their life.

Care visits for stationed cadres and staff at the Puning Manufacturing Department of He Ji Gong

Baiyunshan Han Fang Employee Yoga Interest Class Completion Ceremony

Pan Gao Shou holds a series of activities caring for employees' psychological health

Guangyao "Xiao Chai Hu Cup" employee light volleyball tournament

## Health and Safety

Employees' health and safety is our top priority. Aiming at "Zero Accident, Zero Causality", we further enhance our safety management system to provide a sound and secure working environment for employees. In 2024, the Company did not violate any laws and regulations related to occupational health and safety, and no work safety incidents occurred.

### Work safety

In strict accordance with the Chinese laws and regulations, such as the Law on Work Safety, and Fire Control Law, we have developed supporting management systems and update them on a regular basis. Those documents ensure safety risk identification, as well as prevention and emergency response of safety incidents. We also advocate safety culture and launch publicity and education activities, regular large-scale work safety training, effectively safeguarding the occupational health and safety of our employees.

### Safety management structure

In accordance with the 2024 Work Safety Month activity programme, we have established a leadership group. Each subsidiary has developed its own specific activity plan and formed its own leadership group, with the main company leaders taking full responsibility. This top-down supervisory and regulatory system clearly defines accountabilities and ensures a structured management approach to safety activities.

### Clear work safety responsibility

We have signed the *Letter of Responsibility on Work Safety* with subsidiaries to clarify the main responsibility for work safety and peg the performance assessment of responsible individuals. In the event of safety accidents, the corresponding performance percentages will be deducted according to the provisions of the *Letter of Responsibility on Work Safety*.

### Safety hazard inspection

Each subsidiary, in line with the Group's requirements for emergency inspection during the holidays, independently organizes special inspections focusing areas such as work safety, fire safety, hazardous chemicals, facility integrity, lightning protection, electrical equipment security, and construction site safety. These initiatives are designed to thoroughly identify and mitigate major safety risks.

### Safety culture building

To raise the work safety awareness of all staff, we carry out safety culture and skill improvement activities such as "Themed Speech on Safety Development", "Work Safety Month Publicity", "Work Safety Exchange", "Work Safety Training for All Staff", "Safety Culture Week", "Work Safety Management and Skill Enhancement", "Emergency Plan Drilling Week", "Work Safety Knowledge Competition", and "Five Ones in Work Safety".

320

Safety drills

148,358.20

hours  
Safety training hours

## Occupational health

We strictly comply with the Chinese laws and regulations, such as the *Law on Prevention and Control of Occupational Diseases*, and *Regulations on the Supervision and Management of Occupational Health in the Workplace*. We spare no effort in identifying, monitoring, and controlling occupational health and safety hazards during our production and operations. In addition, our occupational health education and training, as well as employee health examinations, safeguard employees' health and safety.

### A sound management structure

We develop work plans for caring employee health, and set up an enterprise health committee with an employee health work office established in the Safety Production Department. Each subsidiary, as the main body for caring employee health, establishes corresponding working groups to realize standardized, institutionalized, and normalized internal health management among staff.

### Employee health file management

According to the regular physical examination of employees, a health management file is formulated in a timely manner in line with the principle of "one file for one employee". We interview and revisit employees with acute incidence and potential sudden diseases, and urge them for treatment and reexamination. We also inform employees' departments and regional heads of their physical conditions so that the heads make reasonable work arrangements for them.

### Standardized employment management

We sign labor contracts with employees, clarifying working conditions, labor protection, and occupational disease prevention measures. We also pay work-related injury insurance premiums, work safety liability insurance, etc. in full and on time.

### Building professional teams

After each department is equipped with AED, more than 10 employees working near the AED installation sites are organized to complete standardized training on cardiopulmonary resuscitation and AED use in a "1:10" ratio, and emergency response plans are developed for sudden cardiac arrest patients.

RMB **11.9389** million  
Investment in occupational injury insurance

**100**%  
Occupational injury insurance coverage rate

RMB **30.0482** million  
Investment in preventing occupational injuries

### Case | GYBYS conducts comprehensive emergency rescue drill for work safety in 2024

On the afternoon of July 16, 2024, the 2024 GYBYS Comprehensive Emergency Rescue Drill for Work Safety was successfully conducted at Xing Qun. The drill combined verbal guidance with live scenario transmission, utilizing pre-recorded materials and 5G live-streaming to achieve real-time interconnectivity. It was divided into four stages: incident occurrence and information reporting; activation of response and initial handling; escalation of risk and coordinated rescue; and response termination and follow-up actions. This drill has significantly enhanced the practical emergency response capabilities of our command staff and participating teams in handling fire incidents and situations involving injured or trapped personnel. The drill succeeded in boosting readiness and building defenses through hands-on training.



### Case | Participating in the 2024 work injury prevention training

From October to November 2024, GYBYS participated in a series of occupational injury prevention training programs organized by GPHL, including the fourth-phase closed "GPHL Occupational Injury Prevention and Work Safety Training for Party and Government Cadres, Management Personnel, and Personnel in Key Positions", as well as 22 on-site teaching sessions. The training primarily targeted Party and government leadership cadres, as well as grassroots managers and team leaders from GPHL, GYBYS, and their subsidiaries.

The 22 on-site teaching sessions reached over 3,000 employees, delivering work injury prevention knowledge directly to the production frontlines. Tailored training programs were developed to address the specific needs of different enterprises. The curriculum covered regulations on work safety, analysis of work injury cases, prevention and management of occupational diseases, and emergency drills. By combining theoretical instruction with hands-on exercises, the training ensured close integration with actual production conditions, thereby enhancing its practicality, relevance, and effectiveness. This initiative has significantly improved the safety awareness and self-protection capabilities of GPHL employees, laying a solid foundation for establishing a safe and healthy working environment.

## Strength of Public Welfare

Embracing the corporate philosophy of “spreading love all over the world”, we leverage our industry and resource advantages, and channel our goodwill into rural vitalization, community health development, and charitable relief. In doing so, we contribute our corporate strength to continuously empower sustainable social development.

### Rural vitalization

We actively implement the important plans and work requirements of Guangdong Province’s Hundreds-Thousands-Tens of Thousands Initiative ( “High-quality Development Program for Rural Vitalization” ), with a focus on targeted assistance and enhancing the effectiveness of rural vitalization. Through initiatives such as industrial development, livelihood support, and infrastructure enhancement, we provide targeted assistance to Taiping Town in Conghua District of Guangzhou City, Nanxing Town in Leizhou of Zhanjiang City, as well as 8 villages across three towns in Sandu County, Qiannan Prefecture, Guizhou Province. We also extend industrial support to areas including Meizhou, Shaoguan, Maoming, Yunfu, Shantou, Longyan, Guizhou, Xinjiang, and Xizang, facilitating a transformation in rural development from a “support-receiving” model to a “self-sustaining” model.

#### Educational support

- We donate RMB 90,000 via the Guangdong Provincial Education Foundation for updating books and teaching equipment at Nanxing Middle School, thereby creating a better learning environment for students.

#### Livelihood services

- We support the reconstruction of the pond and drainage channel projects in Qiufeng Village and Yinlin Village in Taiping Town, Conghua District, Guangzhou. With a donation of RMB 740,000, this initiative is expected to generate multiple social, ecological, and economic benefits, effectively curbing the non-grain use and frequent abandonment of arable land, and laying a solid foundation for adjusting the agricultural industrial structure and increasing farmers’ incomes.
- We donate RMB 500,000 to the Taiping Town People’s Government of Conghua District, Guangzhou, for the rural housing aesthetic enhancement project in this town, creating a safer, more comfortable, and aesthetically pleasing living environment, and driving ongoing improvements in urban and rural appearances.
- A donation of RMB 30,000 is allocated to the Green Initiative in Nanxing Town, injecting new vitality into the town’s ecological development.
- We donate RMB 250,000 to support the fitness park project in Nanxing Town, which, once completed, will enrich the spiritual and cultural life of villagers and significantly enhance their sense of happiness and satisfaction.

#### Industrial support

- The production base of Guangyao WLJ (Yongding) has been put into operation, which is the first major project jointly launched by GYBYS and Longyan City to shore up weak spots, and boost industries, and advance development. The project, in which leading enterprises will drive the development of the industrial chain, will help improve the quality and efficiency of the health industry in old revolutionary base areas.
- Wang Lao Ji and the State Development and Investment Corp (Yongding) hold a cooperation signing ceremony. With a focus on product services and production technology innovation, Wang Lao Ji will facilitate the development and prosperity of "Cai Shan Tang", a China’s time-honored brand in Yongding, Longyan, through brand, technology and talent cooperation, to drive coordinated development of regional economy.
- We donate RMB 400,000 to support the expansion project of cultivating 100-mu microcos in Gaotian Village, Nanxing Town, further scaling up the industry and enhancing the local capacity for self-sustenance.



#### Case | Zhong Yi and Qi Xing explore a multidimensional paired-up assistance model

Guided by the original mission of “improving people’s livelihoods”, since 2021, Zhong Yi and Qi Xing have provided targeted assistance to 3 towns and 8 villages in Sandu County, Qiannan Prefecture, Guizhou Province. Senior leaders of the Company, Zhong Yi and Qi Xing, have made multiple field visits, organizing 13 Party branches to form paired partnerships with the local Party organizations. This close collaboration has enabled them to gradually explore a multidimensional paired-up assistance model of combining infrastructure, consumption, industry, educational support, charting a Party-led rural vitalization path to extend Party leadership to every corner of rural vitalization effort.

To date, Zhong Yi and Qi Xing have donated over RMB 4 million of assistance funds to Sandu County for launching 44 infrastructure projects. These projects include the construction of approximately 1,500 meters of paved village roads and the installation of nearly 500 streetlights. These initiatives have significantly improved local production and living conditions, benefiting over 50,000 residents.

In recognition of their efforts, Zhong Yi has received the 2023 Bronze Cup of “Guangdong Poverty Alleviation and Assistance Red Cotton Cup”, and both companies have been awarded the Bronze “Golden Ear Cup” at Guangzhou’s 2023 “6·30” Rural Revitalization Assistance Activity.



Paved village roads project



Honorary cups

### Expired medicines recycling

On March 13, 2024, the “Promoting the Digital Economy, Supporting the Environmental Protection System - 2024 GYBYS 3.13 Household Expired Medicine Recycling Campaign” was launched in Beijing. This campaign has been carried out for 21 consecutive years. From March to April, the Company also organized household expired medicine recycling activities at over 6,000 designated “Never Expire Pharmacy” across more than 200 cities nationwide.

In 2004, GYBYS pioneered the “Expired Household Medicine Recycling Mechanism” globally. By recycling medicines in authorized pharmacies, it provides long-term free replacement services for of expired household medicines. In 2014, the mechanism set a Guinness World Record as the “Largest Expired Household Medicine Recycling Initiative in the World.” Over the years, GYBYS, together with its partners, has built a public welfare ecosystem to address the societal challenge of expired medicine recycling. This initiative has raised awareness across society, contributed corporate solutions for policy improvement and public awareness enhancement.

RMB **200** + million  
Investment funds

**1800** tons  
Household expired medicines recycled

**700** +million  
Person benefited from household expired medicines recycling

### Volunteer service

To fulfill our social responsibilities, we carry out diverse community care activities by leveraging our product and service strengths, utilizing corporate resources to deliver acts of kindness to more communities, and spreading goodwill far and wide.

#### Case | Volunteer service campaign themed "Happy Spring Festival Travel Together"

On January 26, 2024, Guangzhou Public Transport, in collaboration with Zhong Yi and Qi Xing, officially launched the 2024 volunteer service campaign themed "Happy Spring Festival Travel Together" at Guangzhou Baiyun Railway Station. Party and Youth League volunteers from Zhong Yi and Qi Xing, provided warm, attentive service to travelers during the Spring Festival rush. This initiative created a safe, welcoming, and healthy travel environment, ensuring a stress-free, secure, comfortable, and heartwarming journey for all passengers.



#### Case | "Drink for Health" - Delivering refreshment to outdoor workers

In April 2024, the Fourth Guangyao Xing Qun Xia Sang Ju Herbal Tea Festival, themed with "Drink for Health", was officially open in celebrating the 40th launching anniversary of Xing Qun Xia Sang Ju Granules.

Xing Qun prepared a series of heat-relief supplies and cooling beverages, including Xia Sang Ju herbal tea, and donated to outdoor workers. This initiative promoted the herbal tea culture and the spirit of care, raised awareness about health and encouraged greater respect for the hard work of outdoor laborers.



### Charitable donations

While advancing our own development, we remain attentive to societal needs. We promptly provide support in the form of resources and funding to regions and groups in need, ensuring timely and effective assistance to areas and people in need, contribute to the construction of social resilience with sustainable resource input.



In June 2024, when parts of Changsha experienced severe flooding, HWBYS urgently reallocated medicines and supplies, and together with Hunan Jointown Pharmaceutical Co., they donated 3,000 boxes of Baiyunshan Ganmaoling Granules to Yuhua Street in Yuhua District, an area severely affected by the floods.

Amid continuous heavy rainfall in Meizhou that damaged infrastructure, Cai Zhi Lin Meizhou Company and the Medicinal Medicines Company urgently coordinated and raised a total of 1,600 boxes of relief supplies, including bottled water, instant noodles, and emergency medicines.

#### Case | WJ Great Health donates earthquake early warning systems to schools in Yaan

In November 2024, WJ Great Health, in partnership with the Sichuan Red Cross Foundation, donated 18 sets of earthquake early warning system equipment to 18 primary schools and kindergartens. Specifically, WJ Great Health contributed 15 devices valued at RMB 300,000. In addition, the company donated RMB 200,000 worth of WJ products to 28 primary and secondary schools in Tianquan County. This charitable effort aims to promote earthquake early warning technology for the benefit of the public, minimize potential casualties from earthquakes, and create a safer, healthier educational environment for local students and teachers.



# Outlook

GYBYS will remain steadfast in its commitment to sustainable development, fulfilling its mission of “spreading love all over the world”. We will further deepen and expand our sustainable development, striving to become a model of sustainable development within the industry.

In terms of environmental protection, we will continue to promote green production and energy conservation, increase the use of clean energy, and reduce our carbon footprint. By introducing advanced environmental protection technologies and equipment and optimizing production processes, we will further improve resource utilization efficiency, achieving zero emission. Meanwhile, we will actively participate in and support environmental protection public welfare projects, facilitating the cause of ecological conservation.

In terms of social responsibility, we will place greater emphasis on the occupational health and safety of our employees, provide more training and development opportunities, and foster a positive and progressive corporate culture. We will continue to strengthen our collaboration with communities, support public welfare initiatives in education, healthcare, and other sectors, and assist disadvantaged groups in improving their living conditions. Especially in the pharmaceutical field, we will increase our investment in research and development, creating more high-quality and affordable medicines to contribute to greater global public health.

In terms of governance, we will continuously improve our internal governance system, strengthen risk management mechanisms, and ensure that decision-making processes are transparent and fair. By establishing a comprehensive sustainable development disclosure system, we aim to regularly release detailed Sustainable development report to enhance information transparency and invite supervision from all sectors of society. In the meantime, we will vigorously promote board diversity by increasing the proportion of women and the younger generation in management, contributing to science-based and democratic decision-making.

# Table for Key ESG Performance Indicators

Key Performance	ESG Indicator	Unit	2022	2023	2024
<b>A Environment</b>					
<b>A1:Emissions</b>					
A1.1	Industrial wastewater	ton	2,551,382.96	3,100,526.92	2,989,095.53
	Density of industrial wastewater	ton /output value of RMB 10,000	1.15	1.02	1.41
	Chemical Oxygen Demand CODCr	ton	181.65	289.85	251.38
	Ammonia nitrogen	ton	3.57	4.34	6.12
	NO <sub>x</sub>	ton	28.74	14.38	19.77
	SO <sub>2</sub>	ton	0.39	0.54	0.85
A1.2	Total GHG emission	t CO <sub>2</sub>	165,023.79	311,838.40	601,685.83
	Emission of Category 1	t CO <sub>2</sub>	48,290.80	171,468.81	34,042.94
	Emission of Category 2	t CO <sub>2</sub>	116,732.99	123,327.38	137,330.89
	Emission of Category 3 <sup>1</sup>	t CO <sub>2</sub>	--	17,042.21	430,312.00
	Greenhouse gas emission density	ton /output value of RMB 10,000	0.07	0.12	0.28
A1.3	Pharmaceutical waste (HW02) and waste drugs (HW03)	ton	460.33	566.96	483.13
	Other hazardous waste <sup>2</sup>	ton	422.59	521.07	736.66
	Total quantity of hazardous wastes	ton	882.92	1,088.03	1,219.79
A1.4	General industrial wastes	ton	36,559.71	49,563.28	51,278.11
	Density of general wastes	kg/output value of RMB 10,000	16.51	19.19	24.25
<b>A2: Use of Resources</b>					
A2.1	Gasoline	L	1,125,768.79	821,616.58	597,094.43
	Diesel <sup>3</sup>	L	0.00	0.00	0.00
	Coal	ton	1,868.90	7,762.64	1,456.10
	Natural gas <sup>4</sup>	10,000 m <sup>3</sup>	54,495.20	1,698,526.18	1,079,457.60
	Purchased steam	ton	158,051,123.70	159,363,983.80	182,316,792.30
	Purchased steam	kWh	410,990.31	1,080,636.25	1,140,402.64
	Comprehensive energy consumption	MWh	410,990.31	386,462.00	209,941.67
A2.2	Water consumption	ton	4,525,233.21	5,197,246.97	5,052,306.41
	Water consumption density	ton /output value of RMB 10,000	2.04	2.01	2.39
A2.3	Packaging material by weight	ton	40.2	72,820.11	52,747.13
	Outsourced carton usage <sup>5</sup>	ton	945	1,905,663.56	329,274.15

<sup>1</sup> Scope 3 of 2024 only counts the carbon emission data of the headquarter of Guangzhou Pharmaceutical Baiyunshan and the travelling of employees of some of its subsidiaries, and does not include the carbon emission inventory data of its subsidiaries and other production chains.

<sup>2</sup> Due to changes in production and increased trial production.

<sup>3</sup> Completion of boiler renovation at some subsidiaries, with reduced consumption.

<sup>4</sup> Reduction of large-scale analog production and consumption by some subsidiaries due to changes in production and statistical calibers.

<sup>5</sup> Changing the caliber of statistics.

Key Performance	ESG Indicator	Unit	2022	2023	2024
<b>B Social</b>					
<b>Employment and Labour Practices</b>					
B1.1	Total number of employees	headcount	24,249	28,048	28,138
Gender	Number of male employees	headcount	14,807	16,077	16,107
	Number of female employees	headcount	9,442	11,971	12,031
Age	Number of employees below 30	headcount	4,955	5,766	5,409
	Number of employees aged 30-50	headcount	17,767	20,577	20,932
	Number of employees aged 50 or above	headcount	1,527	1,705	1,797
	Postgraduate and above	headcount	678	799	916
Educational background	Undergraduate	headcount	8,194	10,057	10,734
	Junior college	headcount	7,176	8,416	8,424
	High school and below	headcount	8,201	8,776	8,064
Category	Number of full-time employees	headcount	24,249	28,034	28,138
	Number of part-time employees	headcount	0	14	0
B1.2	Number of employee turnover	headcount	--	--	2,990
	Employee turnover rate	%	12.55%	12.48%	10.63%
	Turnover rate of male employees	%	17.27%	14.99%	11.91%
	Turnover rate of female employees	%	8.95%	9.11%	8.90%
	Turnover rate of employees below 30	%	24.76%	18.68%	15.92%
	Turnover rate of employees aged 30-50	%	12.13%	10.22%	8.26%
	Turnover rate of employees aged 50 or above	%	1.31%	18.77%	22.26%
	Turnover rate of employees in Hong Kong, Macao and Taiwan	%	--	--	10.63%
	Turnover rate of employees in	%	--	--	9.09%
	<b>B2: Health and Safety</b>				
B2.1	Work-related fatalities	headcount	0	0	1
B2.2	Total days lost due to work injuries <sup>6</sup>	day	711	2,648	4,046
<b>B3: Development and Training</b>					
B3.1	Male employees trained	headcount	11,082	10,128	17,158
	Female employees trained	headcount	12,402	9,673	11,594
	Senior management trained	headcount	194	174	167
	Middle management trained	headcount	1,473	1,290	1,147
	Total training hours of all staff	hour	637,699.16	739,652.71	1,028,460.57
	Training hours per employee	headcount/hour	32.28	26.37	35.77
	Training hours of male employee	hour	176,565.41	331,701.74	353,481.15
	Average training hours for male employees	headcount/hour	15.93	20.63	20.60
	Training hours of female employees	hour	167,143.45	314,823.96	674,979.42
	Average training hours for female employees	headcount/hour	13.48	26.30	58.22
B3.2	Training hours of senior management	hour	8,557.40	8,484.06	8,279.07
	The average training hours of senior management	headcount/hour	44.11	48.76	49.58
	Training hours of middle management	hour	51,498.79	52,976.73	54,753.39
	Average training hours of middle management	headcount/hour	34.96	41.07	47.74
	Safety-related training sessions	session	771	908	1,176
	Participants of safety-related training	Person-time	127,387	150,072	83,629
	Total hours of safety-related training	hour	122,011.50	116,616.08	148,358.20
	Safety drills	session	193	276	320

<sup>6</sup> A year-over-year increase in traffic accidents in subsidiaries led to an increase in the total number of days lost due to work-related injuries.

Key Performance	ESG Indicator	Unit	2022	2023	2024
<b>B Social</b>					
<b>B5: Supply Chain Management</b>					
B5.1	Number of suppliers	/	6,285	6,653	7,744
	South China	%	47.06%	40.64%	40.51%
	East China	%	25.82%	25.72%	26.07%
	North China	%	7.05%	6.22%	6.19%
	Central China	%	0.21%	6.39%	6.56%
	Northeast China	%	3.75%	5.71%	5.84%
	Northwest China	%	5.31%	5.02%	4.69%
	Southwest China	%	10.18%	9.69%	9.50%
	Hong Kong, Macao and Taiwan, China	%	--	0.39%	0.39%
	Foreign	%	--	0.21%	0.26%
B5.2	Number of annual supplier audits	/	2,997	4,677	4,569
<b>B6 Product Responsibility</b>					
B6.1	Percentage of products sold or shipped subject to recalls for safety and health reasons	%	0	0.002	0
	Total customer calls	time	33,329	29,602	22,552
B6.2	Complaint (involving "product quality" and "service quality")	time	2,307	2,928	2,616
	Percentage of customer complaint response	%	100%	100%	100%
	Consumer privacy protection training	session	5	29	33
<b>B7: Anticorruption</b>					
B7.1	Legal cases regarding corrupt practices	case	0	0	0
	Fines imposed on issuers or employees	RMB	0	0	0
B7.3	Directors trained in anti-corruption training	headcount	20	35	36
	Total hours of anti-corruption training for directors	hour	24.5	117	54
	Total trainees of anti-corruption training for employees	headcount	10,006	3,455	17,283
	Total hours of anti-corruption training for employees	hour	40,705	9,378.60	27,317.90
<b>B8: Community Investment</b>					
B8.2	Fund donation and Article donation	RMB 10,000	2,611.56	2,817.04	1,729.94
	Number of volunteers	headcount	11,185	2,983	2,952
	Volunteering hours	hour	157,071.32	13,185.87	10,414.40

Note

1. Both data calculation method and correlation coefficient refer to HKEX How to Prepare Environment, Society and Management Report, unless otherwise noted;

2. Greenhouse gas emission of natural gas was calculated according to Industry other Industries Corporate Greenhouse Gas Emission Calculation Method and Guidance of Report released by National Development and Reform Commission.

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