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2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Technology Empowerment and Innovation Leadership

General Self-operation Business

The Self-operation Business is conducted through our self-operated online digital stores, which is committed to providing convenient, efficient and high-quality medical and health services to downstream users.

In 2024, we focused on comprehensive advancement in the four core dimensions of "more, quicker, better, and economical", and achieved a steady development of our Self-operation Business by continuously improving the all-category layout of our Self-operation Business, optimising our intelligent supply chain system, adhering to the bottom line of quality and creating value for users.

As of the end of the Reporting Period, our Self-operation Business provided an average monthly SKUs of 350,000 to downstream buyers, representing an increase of 9,000 as compared to the same period of last vear.

The number of suppliers of our Self-operation Business amounted to 11,600, representing an increase of over **1.100** suppliers as compared to the same period of last year.

During the Reporting Period, we achieved an average warehouse dispatch time of around 3 hours, with inter-provincial delivery of around 38 hours for cities and around 49 hours for towns.

The proportion of orders delivered within only half a day from placement of orders to delivery has increased from 58.6% for 2023 to 68.9% for 2024.

Targeted Product Launch Business

Leveraging years of deep experience and keen insight in both Online Marketplace and General Self-operation Business, we are able to accurately identify products with broad market demand prospects. On one hand, we have established in-depth cooperation with pharmaceutical companies by assisting them in customising products and expanding the market to turn potential opportunities into actual sales. On the other hand, leveraging our brand and channel advantages, we strategically expanded our own brand "Levaoshi" to launch diversified high-guality products to meet the needs of downstream users. Through this dual-drive approach, we have created value for our partners and provided users with high-guality offerings, thus continuously driving our business growth.

In 2024, we focused the strategic layout of our Targeted Product Launch Business on expanding the coverage of our exclusive strategic partnership brands and our own brands (including "Levaoshi" and the own brands of Yikuai Pharmaceutical) in downstream pharmacies and primary healthcare institutions, driving deep penetration of our brand influence.

As of the end of the Reporting Period, we collaborated with approximately 500 pharmaceutical companies to launch promotion campaigns, covering **11** products each with sales exceeding RMB10 million.

The number of SKUs for the products under our exclusive strategic partnership brands and own brands was more than 830, with a growth of over 720 in 2024.

The key single product of our own brand "Leyaoshi Huoxiang Zhengqi Kou Fu Ye (樂藥師藿香正氣口服液)" had covered 115,000 end users and achieved annual sales of more than RMB38 million.

Company Profile

About YSB

Since its establishment in 2015, YSB Inc. ("YSB") has become a leading digital integrated service platform in China's outside-ofhospital pharmaceutical industry. YSB focuses on empowering all participants in the outside-of-hospital pharmaceutical market through digital technology, and is committed to providing pharmaceutical and healthcare products and services to end users safely and efficiently, and building an efficient and transparent pharmaceutical distribution and service ecosystem.

With the mission of "to make quality medical care and good medicine accessible to all", YSB has accumulated strong data processing and analysing capabilities through deeply exploring the primary market and continuously optimising business models to meet the growing digital needs of the outside-of-hospital pharmaceutical market. With a safe and efficient service system, the Company ensures that end users can obtain high-quality and diversified pharmaceutical and healthcare products at fair and transparent prices. Through technological innovation and model upgrading, YSB continuously improves the overall efficiency of the healthcare ecosystem, assists in the digital transition of the industry, and contributes its core strength to making medicine accessible to all.

We have consistently enhanced user experience, strengthened user loyalty and driven business growth by accurately understanding user needs, building a comprehensive service ecosystem and continuously optimising through digital empowerment. As of 31 December 2024, our cumulative number of registered buyers was over 827,000, including 491,000 pharmacies and 330,000 primary healthcare institutions.

YSB will continue to give full play to the advantages of digital platforms, provide more high-guality and convenient services for participants in the outside-of-hospital pharmaceutical market, and promote the sustainable development of the pharmaceutical and healthcare industry.

Business introduction

Online Marketplace

As a leading digital service platform for the outside-of-hospital pharmaceutical industry in China, we continued to strengthen the construction of our digital capabilities, optimize user experience, and solidify the platform's service offerings, further improving user satisfaction and market competitiveness.

In 2024, we comprehensively improved the diversity of products on our platform to cover a wider range of customer needs and scenarios. Through big data analysis and user needs insight, our platform meticulously curated product selections, optimised and expanded categories to ensure that listed products are aligned with market demands. In response to the consumption upgrading trend of Traditional Chinese Medicine (TCM) decoction pieces, our platform has comprehensively improved the scale and quality of the TCM decoction pieces business by optimising suppliers, promoting Jinfang standards, and strengthening user education and coverage. We are always committed to building a more prosperous and diverse user ecosystem.

As of the end of the Reporting Period, we attracted over 15,000 upstream sellers and over 820,000 downstream buyers to transact on our platform.

During the Reporting Period, the average monthly SKUs on the platform continued to grow by approximately 400,000 to more than 3,900,000.



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Other Businesses

YSB is committed to promoting operational efficiency across the entire pharmaceutical supply chain through business innovation. By enhancing the market insight and professional knowledge of pharmacies and primary healthcare institutions, we can further improve their service level and medical quality and provide more efficient and high-quality medical services for communities and patients.

ClouMinihouse(光譜小屋)

In the context of the digital revolution transforming the healthcare industry, we have continued to strive to improve the diagnosis and treatment capability of primary care doctors, assist them in expanding their service offerings, and enhance their comprehensive service capabilities. During the Reporting Period, we launched comprehensive solutions for "ClouMinihouse" primary smart healthcare system, which integrated "FutureClou (未來光譜)" series products, the advanced point-of-care testing and monitoring devices, "Cloud Consultation SaaS (光譜雲診 SaaS)", a digital clinic management system, and "ClouWiseDoctor (光譜智醫)", a smart Al doctors-aid system. By focusing on equipment upgrades, management efficiency improvements, as well as diagnosis and treatment empowerment, we aim to comprehensively improve the operational standards of primary healthcare institutions and the professional skills of primary care doctors.

In addition, focusing on intelligence and convenience, "Cloud Consultation (光譜雲診)" SaaS service integrated features such as quick clinical reception, consultation and prescription, patient management, and pharmaceuticals management, and connected to the local medical insurance system, providing a comprehensive digital solution for primary healthcare institutions and enhancing the operational and management efficiency of primary healthcare institutions

As of the end of the Reporting Period, "FutureClou (未來光譜)" series point-of-care testing devices managed to reach more than **11.000** end users and had more than **14.000** units sold.

There were more than 660 paying users of "Cloud Consultation". During the Reporting Period, we had completed the integration with the medical insurance system in Guangdong, Shandong and Jilin provinces, and the integration with the healthcare inspection system in Guangzhou, Shenzhen and Foshan.





Technology

over **10,000** buyers during the Reporting Period.

YSB eLEARN

We continued to make efforts in improving the service capability of pharmacists to better meet the needs of end customers. Since 2015, we had innovatively introduced mobile pharmaceutical training classrooms, aiming to strengthen the professional knowledge and practical skills of pharmacists through systematic training. We offer comprehensive online training sessions covering pharmaceutical theory, clinical practice and regulatory knowledge to help prospective pharmacists prepare for the Pharmacist Licensure Examination efficiently. Meanwhile, we actively facilitated the communication among pharmaceutical companies and pharmacists, and regularly invited well-known pharmaceutical companies to hold online introductory sessions to help pharmacists gain an in-depth understanding of the latest pharmaceuticals information, clinical application and market dynamics, which in turn enhances their professional judgment and services in practice.

As of the end of the Reporting Period,

we provided online training to approximately 299,000 pharmacists and prospective pharmacists.

"CloudComm" helps upstream sellers digitally upgrade their inventory management, order processing, market analysis, etc. to improve operational efficiency and market

"ePalm" provides pharmacies and primary healthcare institutions with one-stop purchasing, inventory management, sales analysis and other tools to achieve efficient operations and accurate decision-making.



Profile

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> November 2024

Stockstar

https://www.

(格隆匯)

Daily

December 2024

21st Century New

Quality Productivity

Research Institute

研究院)

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Message from CEO

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Message

In 2024, YSB had achieved a new level of advancements towards its journey of sustainable development. While accelerating business innovation and transformation, we have always put user needs and social responsibility as our top priority and ceaselessly invested our efforts in driving the industry towards high-quality development. In the face of an ever-changing external environment, we actively fulfil our commitment of "User-Centred" at a steady pace in order to make pharmaceutical and healthcare services more efficient and affordable to all.

As a leading digital integrated service platform in China's outside-of-hospital pharmaceutical industry, we take the United Nations Sustainable Development Goals ("SDGs") as a guiding light for our progress that leads YSB towards sustainable development. The Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange provides us with a compass for practices that helps us forge ahead steadily on the journey of sustainable development. Under this framework, we endeavour to achieve a close integration of our sustainability goals with our business operating practices, bringing positive impacts on the environment, society, and governance.

In terms of environmental practices, we continue to focus on green development and energy efficiency improvements by actively exploring and applying renewable energy and optimising energy management at our facilities. Through these measures, we continue to reduce our carbon footprint and contribute to the country's "3060" dual-carbon targets. While developing our business, we also pay attention to the protection of natural resources and take concrete actions to fulfil our environmental responsibilities. YSB persistently makes efforts to raise environmental awareness among its employees and promote the construction of a green supply chain.

In terms of social practices, by upholding its mission, which is "to make quality medical care and good medicine accessible to all", YSB focuses on optimising supply chain services to support the development of primary healthcare institutions. Empowered by innovation, we help more pharmacies and primary healthcare institutions to access high-quality medical resources, promoting the balance between urban and rural healthcare services. In the meantime, we actively engage in social welfare programmes and rural revitalisation, fulfilling our corporate social responsibility.

In terms of governance practice, the Company promotes the continuous optimisation of Environmental, Social and Governance ("ESG") management with its focus on a transparent and efficient governance mechanism. We improve our multi-level risk control system and strengthen the construction of business ethics and a culture of integrity to ensure the compliance and stability of our operations. In addition, we incorporate digitalisation and innovation into our governance practices, enhancing management efficiency with intelligent tools to create more value for customers and partners.

In the future, YSB will continue to uphold its mission, embrace innovation and promote sustainable development. We believe that close cooperation with our stakeholders may enable us to achieve a better future together and contribute more to the improvement of society and the industry.



Company Honour

Appendix

Buzhen Zhang

Chairman and Chief Executive Officer

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Company Message Profile from CEO About the ESG Report Management Steady Governance and Efficient Operation Technology Empowerment and Innovation Leadership

Board Statement

The board of directors (the "Board") of YSB is responsible for coordinating, leading and supervising the management of the Company's sustainable development and ESG information disclosure. The Company incorporates ESG factors into strategic decision-making and daily operation management. The Board coordinates the identification of sustainable development trends in the industry, formulating sustainable development strategies, and determining ESG management priorities. The Board and the management hold regular meetings to supervise and review the relevant work results of ESG.

The Board holds regular meetings every year to listen to the environmental, social and corporate governance committee's (the "ESG Committee") progress report on ESG management, identifies ESG management risks after clarifying the Company's ESG management status, and monitors and reviews the achievement of ESG objectives. The Board is responsible for reviewing and approving the annual ESG report and ensuring the yearly ESG work priorities and the Company's sustainable development philosophy are fully disclosed.

The ESG Committee is authorised by the Board to oversee ESG issues and ensure the Company's compliance and sustainable development in these areas. The ESG Committee is responsible for identifying, evaluating, and managing significant ESG issues and reporting progress and results to the Board. The ESG Committee shall determine the materiality matrix of ESG key issues based on the feedback of stakeholders and the results of the materiality assessment. The matrix shall, after being reviewed and confirmed by the Company's Board, serve as the basis for preparing the ESG report.

During the Reporting Period, the Board proactively engaged in assessing and determining the materiality and prioritisation of ESG issues through discussions, questionnaire surveys, and other approaches, provided opinions and recommendations on ESG issues that may impact the Company's long-term sustainable development, and assessed the prioritisation of these issues. Furthermore, the Board reviewed the Company's progress towards ESG-related targets and indicators by receiving reports from the ESG Committee, and encouraged the integration of ESG considerations with the Company's overarching business strategy. In addition, the Board has progressively integrated climate-related risks and opportunities into its overall risk management and initially formulated the Company's strategic direction in addressing climate change to ensure that the Company is able to identify potential impacts and take appropriate countermeasures.

We are committed to promoting ESG practices at all levels of YSB to ensure the long-term sustainable development of the Company and the harmonious progress of society. We look forward to working with all stakeholders to contribute to the sustainable development of society and the environment.

The Report discloses in detail and truthfully the progress and effectiveness of the ESG work of YSB in 2024, which was approved by the Board on 17 March 2025.



About the Report

Report Summary

The objective of the Report is to provide an unbiased overview of the Environmental, Social, and Governance ("ESG") performance of YSB Inc. for the year 2024. Throughout the document, the terms "YSB", "the Company", or "we" are used interchangeably to refer to YSB Inc. Our aim in publishing this report is to enhance understanding among all stakeholders regarding YSB's sustainable development policies, strategies, and practices. By doing so, we aspire to foster collaboration and achieve mutually beneficial outcomes for all parties involved.

Scope of the Report

Business scope of the Report: The Report covers the Company's main business, including pharmaceutical and healthcare products and services. For details of the Company's business, please refer to the Company's 2024 Annual Report.

Time period of the Report: The time period covered by the Report is mainly from 1 January 2024 to 31 December 2024 (hereinafter referred to as the "Reporting Period" or the "Year"). To improve the comprehensiveness of the Report, some of the contents are beyond the above scope.

Report release cycle: The Report is an annual report, which is the second ESG report issued by YSB.

Reporting Standards

The Report has been prepared with reference to the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") of The Stock Exchange of Hong Kong Limited (the "HKEX" or the "Stock Exchange") and the United Nations Sustainable Development Goals (SDGs). A content index of the ESG Reporting Code is provided at the end of the Report for quick reference.

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"Dual Carbon" Goal Leads Green Development

Reporting Principles

"Materiality" principle: Key stakeholders were identified during the preparation of the Report, and the materiality of sustainable development issues was identified through stakeholder communication mechanisms. Targeted disclosures are made in the Report according to the relative materiality of the issues they are concerned with.

"Quantitative" principle: The Report uses quantitative data to present the key performance indicators of the environmental and social aspects. The measurement standards, methods, assumptions and/or calculation tools of the key performance indicators in the Report and the sources of the conversion factors used have been described in the corresponding places.

"Balance" principle: The Report seeks to present the Company's sustainable development performance in a balanced manner, avoiding choices, omissions, or presentation formats that may inappropriately influence the decisions or judgments of the Report's readers.

"Consistency" principle: We adopt a consistent statistical disclosure methodology to make meaningful comparisons of sustainable development data at different stages.

Description of Data and Information

Unless otherwise specified, the data and information in the Report are mainly derived from the Company's internal official documents, internal statistical data and relevant public information. The monetary amounts involved in the Report are measured in RMB.

Report Access

The Report is available in both Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. The Report is published electronically and can be viewed and downloaded from the following websites:

YSB's official website: https://www.ysbang.cn/investor/esg/

The Stock Exchange's HKEX news website: www. hkexnews.hk



Report

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ESG Management

YSB's Response to UN Sustainable Development Goals and Its Strategies

As a leading digital integrated service platform in China's outside-of-hospital pharmaceutical industry, YSB upholds the concept of responsible development and management and takes the United Nations Sustainable Development Goals (SDGs) as our guide to action. While promoting business development, we always regard the maintenance of ecological health as the cornerstone. We are committed to promoting comprehensive healthcare services and health culture to achieve our sustainable development goals. We firmly believe that through unremitting efforts and continuous innovation, we can create long-term value for stakeholders and jointly promote sustainable development of the environment, society, and the economy.



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Our Strategy:

Our Strategy:

- · Provide efficient and cost-effective pharmaceutical product services.
- Improve the allocation of primary health care resources and improve the level of primary diagnosis and treatment.
- Strictly supervise the price fluctuations of pharmaceutical products to ensure fair and reasonable pricing.
- Continuously engage in public charity, and actively respond to rural revitalization.



Our Strategy:

- · Commit to improving energy efficiency and reducing energy consumption.
- · Advocate paperless office and save paper.
- · Develop a complete water resources management system.
- · Strictly control energy use.



Our Strategy:

· Protect the legitimate rights and interests of employees.

· Promote a fair and equitable employment process with a

· Commit to eliminating all discriminatory acts and creating

a working atmosphere with diversity, equity and inclusion

commitment to equal pay for equal work.

- · Vigorously support the training of diversified primary talents.
- · Continuously improve the mechanism of personnel training and talent echelon construction.



Our Strategy:

- Promote intelligent delivery solutions to provide efficient and cost-effective pharmaceutical product services.
- Provide efficient and convenient digital solutions for the pharmaceutical industry chain.
- · Continue to explore new business models.
- Perfect privacy protection and data security management system.
- Attach great importance to protecting our and others' intellectual property rights.





Our Strategy:

- Commit to popularising medical knowledge.
- Actively participate in social welfare.

Our Strategy:

- Establish and continuously improve the safety and quality management architecture.
- · Implement a strict supplier management mechanism.
- · Carry out comprehensive product safety and quality reviews.
- Strengthen product safety and guality culture construction.
- · Ensure the legal compliance of marketing activities.

Our Strategy:

- Establish a governance structure that is clear in responsibility and scientifically efficient.
- · Implement a board diversity policy.
- Establish a sound risk identification and management mechanism in a number of key business areas.
- · Strictly abide by the laws and regulations related to business ethics.
- Publish and implement a number of internal integrity management rules and regulations.
- · Carry out trainings on business ethics and pay attention to the promotion of anti-corruption and integrity awareness.
- · Provide a variety of whistleblowing channels and promise to keep the whistleblowers' information strictly confidential.

Partnership Responsibility and Common Development Appendix



Our Strategy:

- · Establish a digital price monitoring system
- Strictly supervise the price fluctuations of pharmaceutical products to ensure fair and reasonable pricing.
- · Promote equal and inclusive access to healthcare for all.



Our Strategy:

- · Encourage employees to recycle and reuse packaging materials
- · Develop and implement policies for the management of non-hazardous/ hazardous waste



Our Strategy:

- · Emphasize the engagement of stakeholders and maintain regular communication.
- Actively respond to the expectations and demands of stakeholders



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Message

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Steady Governance and Efficient Operation

ESG Governance Structure

YSB is committed to achieving both economic and social benefits and continues to explore the best practices of integrating ESG concepts into the Company's business growth. The Board assumes overall responsibility for the Company's ESG work, evaluates ESG-related risks and opportunities, and formulates and reviews the Company's ESG objectives, strategies, and management guidelines, including the evaluation, prioritisation and management of ESG-related issues. The Board will regularly review the progress of the Company's ESG objectives, supervise the implementation of ESG work in various departments, and approve and issue annual ESG reports to demonstrate the Company's continuous progress and responsibility fulfilment in environmental, social and corporate governance.

The Board of YSB established a dedicated ESG Committee. The members of the ESG Committee are appointed by the Board, including at least one independent non-executive director, to ensure the Committee's independence and objectivity. The objectives of the committee are to review and monitor the Company's environmental, social responsibility and corporate governance policies and practices to ensure compliance with relevant laws, regulations and regulatory requirements. In addition, the Committee is responsible for monitoring and responding to emerging ESG challenges and overseeing climate-related risks and opportunities. The Committee makes recommendations to the Board, as appropriate, to enhance ESG performance and drive continuous improvement and accountability practices for YSB and its subsidiaries. For the specific responsibilities and duties of the "ESG Committee", users can review and download at the Company's official website (https://www.ysbang.cn/ investor/companyManager/).

Stakeholder Communication

YSB regards stakeholder participation as a key session in promoting sustainable development. We are committed to building a communication platform with stakeholders, communicating with them in depth through diversified channels so as to understand their expectations and needs and make timely and active response accordingly. We ensure that the Company's business decisions and business activities are made after taking into full account the interests of all parties, promoting the Company's sustainable progress in its ESG goals.

Stakeholders	Expectations and Needs	Means of Communication and Participation
Customers	 Product safety and quality Information security and privacy protection Waste management 	 Customer service hotline Continuous online and offline communication Daily multi-channel publicity User survey and satisfaction survey
Employees	 Occupational health and safety Employee rights and benefits Talent cultivation and career development Product safety and quality Enhancement of user experience 	 Telephone and face-to-face communication Internal business system Instant messaging systems and email Communication meeting Training activities Appeal mechanism Online and offline survey feedback



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ESG Materiality Matrix of YSB for 2024

Identification and Analysis of Material ESG Topics

Taking full consideration of national policy changes, industry development trends, ESG disclosure standards, capital market concerns, stakeholder demands, its own business development and other dimensions, YSB identified and screened the list of ESG material topics of YSB in 2024 through peer benchmarking, third-party expert evaluation, stakeholder guestionnaires and various other ways.

To ensure that the impact of each ESG topic on stakeholders is fully understood, the following steps were taken to assess and prioritise the materiality of the topic. For highly material topics, we have made targeted disclosures in the Report to better meet the concerns and expectations of stakeholders.

Material Topic Analysis Process



Identification of topics:

The list of material topics was selected based on the comprehensive assessment of national policy requirements, industry development trends, stakeholders' focus, domestic and foreign ESG-related standards, and the Company's own business situation and future strategic planning.

Topic survey:

A questionnaire survey was conducted for internal and external stakeholders, including consumers, employees, shareholders and investors, suppliers, government and regulatory agencies, communities, and the public.

Prioritisation of topics:

Based on the questionnaire survey results, the materiality of topics was prioritised from the two dimensions of "materiality to the business of YSB" and "materiality to stakeholders" to form a material topic matrix for YSB.

Review of topics:

The ESG Committee and external experts reviewed the results of the screening and materiality prioritisation of topics and finally determined the highly material topics, which are highlighted in the Report.



Materiality to the business of YSB

Type of Issue	Name o	f Issue	Change over Previous Year		
Environmental (4 items)	 Waste management Energy and resources management 	Carbon footprint of productsResponse to climate change	 "Greenhouse gas emissions management" was incorporated into "Response to climate change" so as to broaden the coverage of the issue. "Improvement of the efficiency of resource utilisation" was changed to "Energy and resources management" so as to adjust the expression of the issue. 		
Social (12 items)	 Occupational health and safety Talent cultivation and career development Employee rights and benefits Diversity, equity and inclusion Supply chain management Product safety and quality 	 Responsible marketing Enhancement of user experience Information security and privacy protection Corporate welfare Inclusive and accessible pharmaceutical services Innovation-driven development of the industry chain 	 "Social responsibility and public welfare" was simplified to "Corporate welfare" so as to clarify the expression of the issue. 		
Governance (4 items)	ESG managementBusiness ethics	Intellectual property protectionRisk management	 "Compliance Operations" was incorporated into "Risk Management", with ESG risk-related management content being supplemented in this year's "Risk Management" agenda. 		

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Partnership Responsibility and Common Development

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Steady Governance and Efficient Operation

YSB keeps improving its governance system, controls risks, and strengthens business ethics and integrity to guarantee its stable development.

Key issues: Risk management

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Business ethics

Key indicators of the HKEX ESG Reporting Guide: KPI B7, B7.2, B7.3





Steady Governance and Efficient Operation

Corporate Governance

Profile

Governance framework

YSB has established a scientific and efficient governance structure that is clear in responsibility. In strict compliance with relevant laws and regulations, we have established a governance structure consisting of the General Meeting of Shareholders. the Board, and various specialised committees to safeguard the interests of shareholders and other parties. The Board has the core responsibility of formulating the Company's overall development strategy, approving major financial and investment activities, and overseeing the Company's operations, risks and internal controls. To ensure transparency in the Company's operations, the Audit Committee, Remuneration Committee and Nomination Committee of the Board are authorised to oversee the Company's specific affairs.

The Company has also established the ESG Committee to develop sustainability strategies, monitor climate-related risks and opportunities, implement ESG management measures, and regularly review the Company's ESG performance. Information on the Company's governance structure, the terms of reference of the Board and its various committees, and the Board members are available on YSB's official website and the website of the HKEX.





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Board diversity

YSB is committed to promoting sustainable corporate governance practices and has adopted a board diversity policy to ensure that its composition reflects our commitment to inclusion and diversity. To this end, the Nomination Committee will consider several diversity factors in selecting candidates for Director, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry experience and geographic representation. In accordance with the board diversity policy, the Nomination Committee will periodically discuss and, if necessary, reach a consensus on measurable goals for diversity and present them to the Board for adoption.

As of 31 December 2024, YSB has six Board members, including two Executive Directors, one Non-executive Director, and three Independent Non-executive Directors, including one female Independent Non-executive Director, Board members have diverse backgrounds, such as business administration, communications engineering, finance, accounting, and pharmacy, and have extensive experience in business management. Among them, two Independent Non-executive Directors and two Executive Directors are experienced in the Internet industry, one Executive Director is experienced in IT management, and one Nonexecutive Director is experienced in the pharmaceutical industry.



place of business in Hong Kong of the Company.

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Risk management process

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Effective risk management and internal controls are of great significance for an enterprise's long-term sustainable development. YSB is dedicated to building and maintaining a set of risk control policies and procedures that meet business demands to ensure we can effectively identify, assess, monitor and respond to potential risks in our operations. We continually review and optimise these systems to adapt to rapidly changing market conditions and regulatory requirements.



Following YSB's long-term strategic planning and business objectives, the Company's management identifies and analyses potential risk events that could affect the achievement of the objectives from several key areas, including strategic risk, market risk, financial risk, operational risk, and legal risk. At the same time, questionnaires were adopted to collect the risk information from business departments.

Risk Assessments

The Company conducts a detailed assessment of the risks identified and draws a risk map. The assessment adopts a quantitative scoring system to provide a comprehensive measure of risk based on the likelihood of occurrence and the magnitude of its potential impact. Based on the scoring results, we divided the risks into three levels, namely, "high", "medium", and "low", so as to formulate corresponding risk management strategies.

Risk Monitoring

Risk monitoring aims to track and assess the implementation of risk management measures and to optimise the effectiveness of internal control systems. To this end, the Company has adopted a dual monitoring mechanism that includes continuous monitoring during routine work and regular independent assessment. The implementation of risk management policies is jointly monitored on an ongoing basis by the Audit Committee, Internal Audit Department, and senior management to ensure that the implementation of policies is effective and adequate.

Risk Reporting

The Internal Audit Department regularly communicates with the Company's management and discuss with them the existing problems in internal controls and solutions. The Internal Audit Department reports directly to the Audit Committee, which is responsible for reviewing reported matters and reporting to the Board as necessary to ensure that the Company can respond promptly and take appropriate actions.

Risk Response

Risk response strategies include risk avoidance, risk transfer, risk mitigation, and risk acceptance. Based on the results of risk identification and comprehensive risk assessments, the management will adopt appropriate strategies and implement corresponding measures to control risks and minimise the negative impact of risks on the Company.

Risk Management

Risk management mechanism

YSB has established a compliance management mechanism based on "three lines of defence" in response to the challenges of legal risks.



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Consists of all departments that strictly implement the Company's management policies and internal control procedures in daily operations to ensure compliant and stable business operations.

The second line of defence

Consists of financial, legal and quality management, and other teams that supervise the business operations of all departments on the first line of defence through professional technologies and means in a routine manner.

The third line of defence

Consists of the internal audit team that independently supervises and assesses the Company's risk management and internal controls through independent audits and investigations.



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ESG risk management

YSB attaches great importance to the potential impact of ESG-related risks and opportunities, and incorporates the identification, assessment and management of ESG risks into the risk management mechanism of the Company. We also improve the identification, assessment and management of risks and opportunities related to climate change, which are conducted in compliance with the Guidance on Climate Disclosures of the Hong Kong Stock Exchange with focuses on governance, strategy, risk management, indicators and targets, and disclose risks related to climate change and response measures.

We have established an ESG risk management mechanism with the Board as the highest responsible body. The ESG Committee monitors climate-related ESG risks and opportunities and reports to the Board on a regular basis.

Taking into consideration industry risks, corporate strategies and internal risk maps, we develop an ESG risk list, identify and assess each of the ESG risks, and determine the ESG risks of the year based on material topics in the end, with the 4 most critical risk topics being sorted out.

Issues			
Corresponding to Risks	Type of Risk	Description of Risk	Response to Risk
Product safety and quality	Operational risk	As a pharmaceutical distribution platform, the quality and safety of the pharmaceutical products on our platform is directly related to our users' health. Failure to properly manage and control may lead to fake and counterfeited pharmaceutical products entering the platform, causing health and safety risks, damaging corporate reputation and triggering legal risks.	 Establish a three-level quality management structure covering headquarters and subsidiaries, clarify the division of responsibilities of the head of quality management, quality management department and business departments, and delegate professional pharmaceutical technicians for quality management. Implement the policy of "review before listing" to strictly control product qualification, dynamically update the prohibited pharmaceutical products database, ensure the quality compliance of the goods on sale through the quality monitor system featuring "external + internal" and "intelligent + manual". Implement qualification review and regular assessment for suppliers, formulate regulations such as the <i>Supplier Admission Requirements</i>, the <i>Audit and Management Policy for First Commercial Enterprises</i> to ensure the timely elimination of unqualified suppliers, controlling product quality from the source. Establish a pharmaceutical products traceability system covering the whole process from procurement, acceptance, storage and transportation, improve product recall management and emergency response mechanism, formulate the disposal process of unqualified products, and ensure timely detection and rapid response to quality issues. Establish a sound quality and safety training mechanism, implement a "mandatory training before taking up a job" system, organise regular training s on quality control issues, guide standardised operations through practical manuals, and continuously improve the quality awareness and professional skills of all employees.

Issues Corresponding to Risks	Type of Risk	Description of Risk	
Occupational health and safety	Operational risk Legal risk	The Company's business involves the warehousing and logistics of pharmaceutical products, where employees may be exposed to operational safety hazards and occupational disease risks. In the event of any improper management, the health and safety of employees may be endangered and the normal operation of the Company may be affecting, posing operational and legal risks.	 Improvidepart in his/ followi a hiera Formu Wareh the 68 inspect hazard Mainta up pro- safegu Organ activiti safety warnin
W Business ethics	Legal risk	Business ethics risks such as bribery and corruption may penetrate into various aspects of operations. Inadequate controls over such risks may damage corporate reputation, harm market fairness, and lead to significant economic losses and legal risks, affecting a company's long-term development.	 Estab formul and th the Au busine Streng to sign the red Develo integri addres confid Condu trainin to stre of integri
Information security and privacy protection	Legal risk	The operation of online marketplace involves a large amount of transactional data. In the event of any security vulnerabilities or privacy breaches, not only user rights will be harmed but also reputation crises and compliance penalties may occur, affecting the continuous operation of the online marketplace.	 Set up Chief securit securit the gra Impler means and au Establ least r the so Policy Regula four se test or Develo fault o enhan respor

Response to Risk

rove the health and safety management structure where each artment head act as the primary person in charge of the safety is/her department and HRBP assumes the responsibilities for owing up on employee safety and health affairs, and implementing erarchical management and assessment mechanism.

mulate and implement rules and regulations such as the rehouse Safety Management Policy of Leyo Pharm Group, and 6S Office Management Measures, regularly conduct safety pections, and inspect and rectify all kinds of potential safety ards in a timely manner.

ntain employee health records, purchase medical and work injury irance for all employees, and regularly organise the health checkprocess for employees who handle pharmaceutical products to eguard their occupational health.

anise safety trainings and emergency drills, conduct themed vities such as "Safety Production Month", which raise employees' ety awareness through safety knowledge training and accident ning education.

ablish a comprehensive anti-corruption compliance system, nulate regulations such as the *Anti-Corruption Compliance Policy* the *Management Measures for Integrity Reporting*, and have Audit Committee under the Board independently oversee the iness ethics risks within the company.

engthen the internal control mechanism and require all employees ign the *Anti-Corruption Compliance Commitment Letter* to clarify red line of behaviour.

elop a multi-channel whistleblowing mechanism, including the grity whistleblowing platform, monitoring and reporting email ress and hotline, to keep the whistleblowers' information strictly fidential and deal with violations seriously.

duct regular integrity trainings and specialised anti-corruption nings for the Board, management and personnel in key positions trengthen their awareness of business ethics and create a culture ntegrity.

up a complete information security management architecture with of Technology Officer acting as the person in charge of network urity. In every department, there will be persons in charge of data urity and arrangements will be made for the filings in respect of grading of the protection levels of our business systems.

lement strict data permission management, implement technical ans such as two-factor verification and VPN access restriction, audit database access to prevent the risk of data leakage.

ablish a privacy protection mechanism, follow the principles of the necessity and desensitisation in processing user data, specify scope of data collection and principles of use in the *Privacy cy* and protect users' right to know.

ularly conduct security detection, and on a yearly basis, conduct security tests and privacy compliance tests and one penetration on the platform to continuously optimise system security.

relop an information security contingency plan, conduct regular t drills to strengthen data security trainings for employees, ance system resilience, and improve the team's emergency ponse capabilities.

Business Ethics

YSB upholds the core values of "be upright, stay compliant" and holds a "zero tolerance" attitude towards bribery and corruption of any kind. We strictly comply with relevant laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, and the *Interim Provisions on Prohibiting Commercial Bribery Behaviour*, and continuously improve our anticorruption, anti-monopoly, and anti-unfair competition review processes to prevent any acts of bribery, corruption, or fraud from occurring, and to protect the fair competitive environment of the market.

Management system

To ensure the integrity of business operations, YSB has issued and implemented internal rules and regulations on anti-corruption, anti-bribery, such as the *Anti-Corruption Compliance Policy*, the *Management Measures for Integrity Reporting* and the *Guidelines for Red Line Behaviour Operations of YSB*. During the Reporting Period, the Company newly issued the *Conflict of Interest Management System*, which elaborates on the contents and classification of conflict of interest as well as its reporting scenarios and methods.

The Board bears direct responsibility for business ethics behaviour. An audit committee under it was formed to independently oversee business ethics risks within the Company. Additionally, the Company has established a specialised audit department that reports independently to the Audit Committee, regularly assesses the potential risks of corruption and bribery events, monitors unusual business behaviours and conducts investigations when necessary.

To ensure the integrity of its employees, YSB has developed an internal regulatory system to prevent corruption, bribery, fraud and other behaviours, which includes the *Guidelines for Red Line Behaviour Operations of YSB*, the *Employee Handbook*, and other documents. We formulate clear and strict policies and guidelines to prohibit any forms of commercial bribery, authority abuse and position encroachment. All employees are required to endorse and sign the *Anti-Corruption Compliance Commitment Letter*, which sets out the policies and rules on integrity management. During the Reporting Period, the signing rate of the commitment letter for new employees reached 100%.

Highlights 🕑



During the Reporting Period,

the signing rate of the Anti-Corruption Compliance Commitment Letter for new employees reached

100%

In 2024, Levo Pharm Group organised crossfunctional workshop to form a "Seven Red Lines" system based on its business scenarios, which further strengthens the code of business ethics for all employees, and clearly delineates prohibited areas across all processes. Taking the core provisions such as prohibiting fraud, solicitation and acceptance of bribes and position encroachment as its basis, the system embeds compliance requirements in key processes such as procurement, sales and warehousing, and guides employees to abide by the bottom line of professional ethics. By closely linking the red line standards with its daily operational scenarios, the company has effectively built a full-chain risk control mechanism that integrates prevention beforehand, monitoring during the incidents and accountability afterwards, prompting its employees to uphold the principle of integrity when carrying out business cooperation and handling customer relationships. The combination of solid institutional policies with regular integrity trainings not only maintains a fair and transparent business environment. but also fosters within the organisation the principle of "defending the company's cultural values and maintaining the highest standards of professional conduct and ethics" to lay a strong moral foundation.



Company Message Profile from CEO

FSG About the Report Management



To Make Quality Medical Care and Good Medicine Accessible to All

Empowerment and Innovation Leadership

Culture of integrity

In 2024, YSB conducted trainings on business ethics. The trainings cover the Company's philosophy of compliance management, business ethics mechanism, and the policies and regulations on integrity. To further combat corruption and advocate integrity in key processes and positions, specialised training courses had been set up to raise employees' awareness and understanding of anti-bribery and anti-corruption policies.

During the Reporting Period, the Company conducted online trainings on conflict of interest for all employees and required them to report on any conflict of interest. In addition, a sound anti-fraud training mechanism for employees had been set up with relevant anti-fraud training videos being uploaded to our internal training platform for all employees to learn and view. During the Reporting Period, the Company conducted anti-fraud trainings for all Directors, Supervisors and senior management while a number of specialised anti-fraud trainings were also conducted.





Whistleblowing management

Technology

YSB is committed to eradicating unethical business practices such as corruption and actively encourages employees and all stakeholders who have direct or indirect business dealings with the Company to report such practices. To provide a transparent and safe reporting environment, we have set up a dedicated integrity whistleblowing platform on YSB's official website and made the e-mail and hotline for monitoring and reporting publicly accessible. Employees of the Company and people from all sectors can submit information about actual or suspected cases of fraud related to the Company and its employees anonymously or under their real names through various channels.

YSB is dedicated to maintaining strictly confidential the personal information of whistleblowers and all contents in their reports. We strictly prohibit any form of retaliation against whistleblowers. For such behaviour, we will impose severe penalties. For proven cases of corruption or fraud, we will take serious disciplinary measures, including but not limited to strict and severe disciplinary actions. If the related behaviour constitutes a crime, we will pursue criminal liability according to law. The Management Measures for Integrity Reporting clarify the scope of acceptance, handling process, confidentiality measures, and the definition of violations, as well as strengthen the protection mechanism for whistleblowers to ensure that the rights and interests of employees are not infringed.

YSB has established various integrity whistleblowing channels, including e-mail, telephone calls, whistleblowing platform and inperson reporting. The reporting case received will be under the direct supervision of the Audit Committee, which will delegate the investigation to our internal audit department. The internal department will perform independent and just investigation procedures, collect and analyse evidences and form their findings. Based on the findings, the departments responsible will work with the human resources department to implement disciplinary actions or penalties in strict compliance with the Company's systems in order to guarantee a clean, transparent operating environment for the Company.

Highlights ()



vhistleblowing tips from all integrity whistleblowing

channels, and all relevant issues had already been addressed.



Whistleblowing Channels

Tel: 020-32643156

Email: jubao@ysbang.cn

Whistleblowing platform website: https://www.ysbang.cn/jubao/

In-person whistleblowing: YSB Building, No. 6 Creation West Road, TIT Creative Industry Zone, No. 397 Xingang Middle Road, Guangzhou, Guangdong Province



02

To Make Quality Medical Care and Good Medicine Accessible to All

In today's society, people are more willing to pursue a healthy life. With the mission "to make quality medical care and good medicine accessible to all", YSB continuously improves product safety and quality, promotes universal access to pharmaceutical products and services, helps to improve the level of primary medical care, promotes the popularisation of medical knowledge, thus making its due contribution to build a Healthy China.

Key issues: Inclusive and accessible pharmaceutical services

Product safety and quality Enhancement of user experience Responsible marketing

Key indicators of the HKEX ESG Reporting Guide: KPI B6.4, B8.1, B8.2

Health Care Doctor Hospital Pharmacist Nurse Dentist First Aid Surgeon Emergency

> Health Care Doctor Hospital Pharmacist Nurse Dentist First Aid Surgeon Emergency



Report

Steady Governance and Efficient Operation Technology

Empowerment and

Innovation Leadership

Self-Operation Business

In terms of Self-operation Business, we have implemented more than 50 internal rules and regulations covering the whole chain of pharmaceutical product warehousing, storage, transportation and sales, such as the Management Policy of Listing and Warehousing, the Management Policy of Inspection on Incoming Pharmaceutical Products, the Management Policy of Receipt of Pharmaceutical Products, the Management Policy of Inspection on Returned Pharmaceutical Products, the Management Policy of Products Maintenance in Warehouse, the Management Policy of Warning for Pharmaceutical Products near Their Expiration Dates, and the Sales Management Policy. In addition, we have formulated the job manual, the Job Observation Checklist, for warehouse employees to further ensure the safety and quality of pharmaceutical products in the warehouse.

In the Self-operation Business, the Quality Management Department of Leyo Pharm Headquarters is responsible for the overall coordination and management of the quality management departments of all subsidiaries, to ensure the uniformity and effective implementation of quality standards. The subsidiaries of Levo Pharm Group shall report to the Quality Management Department of Leyo Pharm Headquarters periodically for communicating information in time and identifying and addressing any potential issues.



At the subsidiary level of Leyo Pharm Group, a Quality Management Department was set up consisting of the quality head, quality managers, quality controllers, acceptance personnel and maintenance personnel, who are responsible for compliant operations of quality systems. qualification reviews of products, suppliers and customers, acceptance and maintenance of products, and supervision and implementation of the company's quality management systems, forming an efficient and rigorous quality management architecture with clear responsibilities and mutual supervision to ensure the efficient and compliant operation of the internal quality system of the subsidiary.

Self-operation Business Quality Management Architecture



YSB always upholds the values and management philosophy of user-centred and compliant operation. We protect users' rights and interests, and ensure the safety and quality of our products.

Product safety and quality management system

Profile

We have established a top-down and full-process pharmaceutical product quality and safety management architecture equipped with pharmaceutical technicians to undertake pharmaceutical product quality and safety management and constantly improve the safety and quality management system.

Online Marketplace

We strictly abide by relevant laws and regulations such as the Drug Administration Law of the People's Republic of China, the Provisions for Supervision and Administration of Online Drug Sales, the Measures for the Supervision and Administration of Online Trading, and the E-Commerce Law, and have designed a comprehensive quality and safety management system. We have formulated and implemented 30 pharmaceutical product-related quality management policies, including the Supervision and Management Policy of Product Quality and Safety on the YSB Platform, the Review Standards for Product Listing on the YSB Platform, the Detection and Reporting Policy of Adverse Drug Reaction on the YSB Platform, the Suppression and Reporting Policy of Illegal Acts Relating to Product Safety on the YSB Platform, the Processing Rules for Selling Counterfeit Products on the YSB Platform, and other internal systems and operating rules, which cover all aspects of pharmaceutical products distribution, including platform merchant entry, product listing, advertisement compliance, product quality and safety supervision, unqualified product delisting, issue reporting, pharmaceutical product recall, treatment of adverse reactions, merchant withdrawal, and feedback on after-sale complaint, to ensure that all sections of pharmaceutical products distribution on the platform meet relevant standards and requirements.

In 2024, we issued the Regulations on Quality Random Inspection for TCM Decoction Pieces on the YSB Platform and the General Regulations on Quality Random Inspection for Products on the YSB Platform for our new business, which provide further confirmation and assurance on the compliance of the products for sale.

For the Online Marketplace, we have set up a comprehensive quality management architecture and formed a four-level quality management system involving the head of the Company, the head of quality management, the quality management department and the business department. The Technology Department is responsible for establishing and stably operating system programmes, setting the quality control function of the system programmes, maintaining data security, providing trainings on operations, and providing technology support for the quality management of the Online Marketplace.

Head of the Company

The General Manager of the Online Marketplace serves as the primary responsible person for the quality of pharmaceutical products on the platform, ensuring that the Quality Management Department and its personnel fulfil their responsibilities. This role guarantees that the Company achieves its quality objectives and operates and manages the platform's business in accordance with relevant regulations.

Head of Quality Management

The head of the Online Marketplace Quality Management Department serves as the responsible person for the quality management of pharmaceutical products on the platform, and is fully responsible for the quality management of pharmaceutical products. He/she independently performs his/her duties and has the authority to make decisions on pharmaceutical quality management within the company, and continuously reviews the company's comprehensive quality management system.

Quality Management Department

The Quality Management Department is responsible for organising the establishment and operation of the guality management system of the Online Marketplace, drafting quality management policies, exercising the function of quality management, supervising quality management, and ensuring the quality of pharmaceutical products and medical care services.

Business Department

Business Department is responsible for the promotion of the platform and the management of users' operation. It involves in related work of pharmaceutical quality management during the service process to ensure that the products and services meet the standards



"Dual Carbon" Goal Leads Green Development



Report

Steady Governance and Efficient Operation Technology

Empowerment and

>> Product on-sale management

The implementation of the regular review and guality monitor system featuring "external + internal" and "intelligent + manual" ensures the safety and quality stability of pharmaceutical products on the platform. Through the quality monitor system, the platform identifies and addresses potential quality problems in time to protect the rights and interests of the buyers on the platform.

External

Quality experts who had previous NMPA working experience closely monitor any updates on the latest industry policies and the legal compliance of our online marketplace operations.



Furthermore, we have set up a dedicated hotline to crack down on fake and inferior products, provided convenient complaint channels for platform merchants and buyers and allocated specialised personnel to handle the corresponding complaints to ensure a 100% compliant closure rate. The platform ensures the safety and quality of pharmaceutical products by taking maximum measures to prevent the presence of substandard products and delisting such products. This ensures the compliance and legitimacy of the products for sale.

According to the General Regulations on Quality Random Inspection for Products on the YSB Platform, we prioritise the random checks on the TCM varieties with high concentration on the feedback on after-sales issues. All samples will be sent to nationally recognised third-party inspection agencies for inspection. Based on the authoritative conclusions made by agencies and taking into consideration the extent of the influence on buyers and the platform caused by the varieties randomly inspected, subsequent disposal measures including delisting the unqualified products, imposing penalties on relevant pharmacies, and terminating the cooperation with those pharmacies will be taken.

Product safety and quality review

Profile

Online Marketplace

We have built a comprehensive product quality control system, which covers the whole process of product listing, sales and after-sale services. For product management, we strictly review the qualifications of products before their listing, conduct realtime monitoring of their on-sale status, and make rapid response to any after-sales guality complaints. For review on transaction parties, we strictly monitor the capacities of merchants in business operation and supply, and verify the purchasing qualifications of buyers, ensuring that the transactions conducted on the platform are safe and compliant.

>> Product listing management

We strictly follow the policy of "review before listing" and adopt a dual-review mechanism of "manual + systematic" to conduct thorough review on various products to ensure the standardisation of information release.

Ś Product listing review Prohibited products management

Management of pharmaceutical products near the expiration date

required to provide detailed product information as stipulated for the industry. such as the registration certificate or filing certificate of the product, and the instruction manual. All products are required to be confirmed by reviewers of the platform before listing. Meanwhile, the platform uses technical means to automatically examine whether the products are compliant according to the certified business scope of platform merchants to prevent any prohibited products from listing.

We strictly implement the Review Standards for Product Listing on the YSB Platform. For each pharmaceutical product proposed to be listed, merchants are

According to industry policies and quality announcements, we have improved the Management Standards for Products and Information Prohibited on the Platform in a timely manner, developed and improved the management mechanism for information of prohibited products, updated the prohibited pharmaceutical products database in real time, and maintained and revised the catalogue of prohibited pharmaceutical products.

The system automatically prevents prohibited products from being listed on the platform according to the catalogue of prohibited pharmaceutical products. Furthermore, we constantly pay close attention to the announcements of the National Medical Products Administration (the "NMPA") on pharmaceutical product quality accidents and deregistered pharmaceutical products, and update the database of prohibited pharmaceutical products in real time to prevent any prohibited products from listing.

The expiration date of pharmaceutical products near the expiration date is clearly marked, and the sale of products with an expiration date of less than 30 days is prohibited.

Profile

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Steady Governance and Efficient Operation

>> After-sales management of products

We always ensure that every section from the manufacturing of pharmaceutical products to the sale of pharmaceutical products to buyers is safe and legal. The online marketplace has specially set up a 400 customer service hotline and a quality complaint hotline, and arranged for various after-sales feedback channels such as after-sales application interface, platform intervention interface and online customer services on the buyers end. These measures allow users to contact us at any time and receive timely solutions when they encounter issues related to product quality or merchant qualifications during the purchasing process. If a product quality issue arises, it is immediately referred to the quality management department for handling. The quality management department will coordinate with relevant departments to resolve the issue, ensuring that customer rights and interests are fully protected. Furthermore, each buyer is assigned a dedicated sales representative to follow up any after-sales issues on-site.

>> Standardised management of merchants

YSB has established strict qualification requirements and review standards for merchant entry to the platform, such as the Review Policy for Merchant Entry to the YSB Platform, and the Management Policy for Merchant Entry to the YSB Platform. We have implemented a dual review mechanism that combines both online and offline methods.



>> Standardised management of buyers

Technology

Empowerment and

We have formulated a series of buyer management policies such as the Registration Review Policy for Buyers on the YSB Platform in strict accordance with relevant laws and regulations of the pharmaceutical industry. In order to ensure the authenticity of buyers' identities, we implement a strict real-name authentication system to verify the identities of all pharmacies, healthcare institutions and other buyers when they register and submit their personal identification information. After authentication, the buyers are required to submit the gualification certificates of their pharmacies, and the platform will carry out the preliminary and final review in turn, and then allocate the procurement scope for the buyers if they passed the reviews. During this process, we have strictly implemented the qualification requirements and review standards for the registration of buyers, and formulated the verification regulations for updating and upgrading the platform system and other statuses to fully implement the "Five Certificates + Three Elements + Two Reviews" review mechanism, so as to ensure the authenticity, consistency and validity of the onboarding downstream customers. Our platform reviews and marks the business scope of buyers based on their Certificate for Pharmaceutical Product and other documents to ensure that they will not purchase varieties beyond their business scope, thereby further regulating the procurement order of the platform.

"Five Certificates + Three Elements + Two Reviews" review mechanism

We have established gualification requirements, review standards and a management system for the registration of buyers, as well as the verification regulations for updating and upgrading the platform system and other statuses, to fully implement the "Five Certificates + Three Elements + Two Reviews" review mechanism.





Platform final review and allocation of procurement scope

User gains corresponding procurement permissions

2024 ENVIRONMENTAL, SOCIAL	
AND GOVERNANCE REPORT	

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Self-operation Business

Self-operation Business involves the receiving, warehousing, storage, transportation and other aspects of pharmaceutical products. Through a sound quality management system, we ensure the safety and quality of pharmaceutical products and their safe delivery to a wide range of downstream buyers.

In the pharmaceutical product variety review process, we implement the triple review policy of the Quality Management Department of the headquarters, the quality management personnel and the quality head of the subsidiaries.

Process of receiving pharmaceutical products

We examine the supplier's shipping document, strictly verify the document format and seal information of the supplier's delivery notes, and properly retain relevant evidence to ensure the authenticity and reliability of the supplier.

Process of accepting pharmaceutical products

We also check the inspection report on the arrival of each batch of pharmaceutical products. When signing quality agreements with suppliers, we clearly stipulate the guality standards in the terms of transportation and return. The Quality Management Department is responsible for conducting random checks on products. Its main works are to check whether there are any damages to packaging, and whether there is any precipitation and other guality problems. For any defective products ascertained, we will reject the products immediately and return them to the suppliers for appropriate disposal.

Process of storing pharmaceutical products

We have formulated the Management Policy of Products Maintenance in Warehouse, which sets out explicit requirements on facilities and equipment, warehousing conditions, storage and display for different categories of pharmaceutical products. We set up a full-time position of pharmaceutical product maintenance personnel to carry out graded maintenance in connection with warehouse conditions, external environment and pharmaceutical product quality characteristics, so as to ensure that the storage conditions for products meet the standards. The products with quality problems identified by the maintenance personnel will be immediately suspended for sale, reported to the Quality Management Department and returned to the suppliers for disposal. In the event of a pharmaceutical product that cannot be accurately determined, the maintenance personnel will immediately lock the inventory in the system to prevent its sale and notify the Quality Management Department for review. The maintenance personnel shall closely check the storage of pharmaceutical products in stock. If the pharmaceutical products are damaged or have quality problems, they shall be delisted immediately and reported to the Quality Management Department to prevent re-listing for sales.

Highlights ()

During the Reporting Period,

8



passed qualification reviews, and the results are legal and valid.



products received inspections on their documents.



products were verified as qualified.

To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

The Quality Management Department of the Levo Pharm Headquarters shall issue the daily safety and quality work plan to each subsidiary and require the quality managers and the quality head of the subsidiaries to conduct onsite inspections of the warehouse at least weekly and report the inspection to the headquarters. In addition, we have established an internal crosschecking mechanism to improve the efficiency and effectiveness of quality management through mutual supervision and checks among subsidiaries. Generally, the Quality Management Department of the Levo Pharm Headquarters organises the crosschecking of subsidiaries every six months to find potential quality problems in a timely manner and take prompt measures to rectify them.

Furthermore, we hold quarterly cross-departmental co-creation meetings to coordinate the communication between departments such as procurement, finance, operation and logistics, jointly solving the problems in the business processes. Through these measures, we are committed to ensuring that the quality management of our Self-operation Business is effectively implemented to provide our customers with quality and safe pharmaceutical products.

Highlights ()

During the Reporting Period, Leyo's achievements included:

It's subsidiaries performed Şi

crosschecks and found 107 potential risk exposures, all of which have been rectified.

It's subsidiaries received various rounds of inspections on the operation of their quality systems by national, provincial, municipal and district regulatory authorities and passed with a rate of 00%

Profile

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Steady Governance and Efficient Operation

To Make Quality Medical Care and Good Medicine Accessible to All

Product complaint handling

Technology

Empowerment and

Innovation Leadership

YSB attaches great importance to the handling of product complaints and has established an improved process of complaint handling. We have a dedicated hotline for quality issues so that buyers can contact us anytime and get timely solutions when they encounter after-sales problems such as those related to product quality and business qualification. To ensure the timeliness of complaint handling, we have set a 72-hour processing time limit for complaints against the merchants on the platform. In particular, we require the merchants to reduce the handling time to 48 hours for the complaints regarding urgent shipments. If they fail to handle the problems within the specified time, the platform will make coordination upon buyers' requests to require the merchants to handle the relevant problems within one to five days. If the product quality problem is involved, it will be transferred to the Quality Management Department for handling. The Quality Management Department will coordinate with relevant departments to solve the problems, and at the same time analyse the legal compliance of the products involved and take control measures accordingly to ensure that the buyer's rights and interests are well protected, so as to assure the quality and safety, as well as the compliance and legitimacy of the products for sale.

Highlights ()

During the Reporting Period, Leyo's



resolution rate of various customer complaints was



100%

Product traceability and recall

According to the Product Quality Law of the People's Republic of China, YSB has formulated and implemented the Recall Management Policy, the Contingency Plan for Public Health Emergencies or Other Emergencies that Seriously Threaten the Public Health and other internal rules and regulations, and conducted simulation drills from time to time to enhance the response capability for handling product safety emergencies. We established and kept complete purchase and sale records, established a comprehensive database to record the flow of pharmaceutical product sales, and assisted pharmaceutical manufacturers in product recall

Commencing procedures

Based on the recall letters received from manufacturers and commercial companies, we will perform self-inspections on our platform to verify and confirm specific information on the products recalled.

Releasing notification

The recall letters will be published on the website announcement column on the backend of the platform. In addition, with the product recall function on the backend of merchants, merchants can edit the information on the batches of products to be recalled, which will be sent by the system to corresponding buyers in an end-to-end way for ensuring the accurate reach-out of recall information.

Supervising implementation

The recall letters will be delivered to relevant merchants via telephone calls, email, and in-system messages, and dedicated personnel will be delegated to follow up and urge cooperation from manufacturers in product recall.

Internal coordination

Relevant notices will be circulated to all operating, customer services and other relevant departments of the Company to facilitate the product recall, promote the communication among merchants and buyers, and follow up the progress of the recall. An enquiry hotline has been set up to address enquiries and provide assistance to ensure that pharmaceutical products are returned to relevant manufacturers or their designated location in a safe and timely manner.

Follow-up actions

After completing the recall of pharmaceutical products, we will conduct a comprehensive review for collecting the data on the number of recalled pharmaceutical products, number of merchants and buyers involved, and the time taken for the recall, and analyse the problems and weaknesses, which will be all reflected in a final report. Based on the report, we will improve and enhance the recall management policy and procedures to strengthen our responsiveness. In addition, the recall information will be filed for possible inquiry and regulatory review.

Product recall procedures

YSB implements a full-process management on tracing the pharmaceutical products through an online system, covering the procurement, receipt, inspection and acceptance, storage, review, sales and return of pharmaceutical products, under which the distribution path of pharmaceutical products is recorded in detail and the information on the downstream pharmacies and primary healthcare institutions to which the pharmaceutical products are distributed is also included. Through this full link data traceability mechanism, critical information for each box of pharmaceutical products is documented throughout the distribution process, ensuring the traceability of pharmaceutical products.

Appendix



and its resolution rate of various complaint reports was also





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Product safety and quality culture construction

Profile

YSB keeps promoting product safety and quality culture, enhances employee awareness on product safety and quality red lines. From employee trainings for controls at source to standardised guidelines on practical operation processes and strengthened enhancement in specialised knowledge, YSB is committed to enhancing the awareness and professional competence of all employees and related partners on product safety and quality in an all-round way and from multiple dimensions in a bid to create a corporate culture that values product safety and quality within the Company.

Product safety and quality training	Training mode
Pre-job training	 A pre-job assessment system is in place, requiring employees to pass pre-job professional training and assessment before they carry out their work.
Improvement in job duty performance	• The <i>Employee SOC Handbook of Job Observation Checklist</i> is formulated to detail the operation process from procurement to receipt and guides employees to continuously accumulate and improve their professional literacy through practice.
Specialised training	 We organise product safety and quality training for subsidiaries and suppliers, including reviewing inspection reports and deepening the training effect through examinations to ensure that employees understand and master relevant knowledge in depth.

Specialised Training Progress in 2024

The platform has formulated an annual training plan and organise monthly training sessions for quality and safetyrelated personnel in accordance with the plan, with a cumulative 15 training hours and the number of employees involved was 455. All the training records and course materials were completely filed for easy access and review in the future.

Leyo conducted a training session on compliance and quality red lines for all subsidiaries, with the number of participants reached 2,077. In light of the weaknesses in trainings, it promptly adjusted the training content and increased tutoring time on special topics.

Highlights ()

During the Reporting Period,

product safety and quality training sessions were conducted.



and the training recorded



Empowering with precise-targeted training to enhance the safety and quality identification for TCM products

In order to strengthen the ability of the TCM division team to identify safety and quality issues of TCM, in 2024, we conducted 3 specialised trainings for different business segments including operation, commerce and procurement, and precisely designed and effectively conveyed the training contents according to the characteristics and needs of each segment.

To ensure the professionalism and authority of the training content, we have invited external authoritative TCM scholars and industry experts to hold special training sessions in a diversified manner such as professional lectures, case study and practical simulation exercises.

Operation segment	The key points on quality control of TCM such as the impact on product quality in different seasons, and the complianc e-commerce platforms.
Procurement segment	systematic trainings were provided focus TCM raw materials and in-depth analyses the quality.
Commerce segment	comprehensive and detailed lectures we review of TCM suppliers.

Upon completion of the training, we assessed the results of the training through examinations on theory and practice. Meanwhile, feedback from staff was widely collected via questionnaires. The suggestions raised by employees on the improvement primarily focused on further enhancing the depth and breadth of case analysis, as well as increasing the time allocated for hands-on practice sessions.



products during distribution sections were explained, due to the variation of storage conditions of TCM ce requirements on display for the sale of TCM on

using on the identification methods for authenticity of es of the relationship between the places of origin and

vere held focusing on the key points on qualification

Company Message Profile from CEO

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Steady Governance and Efficient Operation

To Make Quality Medical Care and Good Medicine Accessible to All

Affordable prices

Empowerment and Innovation Leadership

Affordable Prices and Steady Supply

YSB has always adhered to the corporate mission of "to make guality medical care and good medicine accessible to all". With the power of digital technology, YSB has collaborated with the upstream and downstream partners of the pharmaceutical industrial chain to accelerate the development of primary health care, and help achieve intelligent, equal and accessible medical services

Pharmaceutical products at reasonable and stable prices







Technology

Stable prices



At the early stage of cooperation with suppliers, a reasonable cost-profit ratio is agreed upon, and long-term strategic cooperation agreements are signed to lock the costs, ensuring long-term stability of price as well as guaranteeing a just in time delivery and a continuous and reliable supply.

The platform has established a digital price monitoring system, which sets a reasonable pharmaceutical product price ceiling for individual pharmaceutical products and tracks the trend of pharmaceutical product prices in real time. Given the abnormal pharmaceutical products whose prices fluctuate largely in a short period, the platform will carry out price controls in a timely manner. When the supply of pharmaceutical products falls short of the demand, we identify high-priced pharmaceutical products quickly through the price monitoring system and set up a special task group for price stabilization. In addition, the platform has built a refined price monitoring system through close collaboration with market regulators, which strictly controls the price fluctuation of pharmaceutical products to ensure fair and reasonable prices of pharmaceutical products and effectively safeguards market stability and promotes healthy development.

By streamlining the pharmaceutical products distribution chain, and broadening multiple supply channels, the YSB Platform strengthens its competition advantages in price, which allows it to return more profits by way of benefits to downstream consumers and enables downstream pharmacies to purchase pharmaceutical products at more favourable prices, thereby effectively reducing the procurement costs of pharmaceutical products and

The online marketplace consolidates a large buyer base to form a virtual alliance with greater bargaining power. With open and transparent pricing, buyers may enjoy a wider selection of approximately 3.9 million SKUs, covering prescription drugs, over-the-counter (OTC) drugs and medical and healthcare products, and order pharmaceuticals at the best price, while monitoring the status of their orders online, which fully guarantees buyers'

The Company regularly organises large-scale promotional and discount sale events and distributes cash vouchers, such as low-threshold and high-discount coupons as well as free delivery services for low-priced single-items. Through these initiatives, we have effectively lowered the prices of the pharmaceutical products, making it more affordable for low-income groups and people living in remote areas, which has significantly improved the accessibility of pharmaceutical products and brought tangible benefits to downstream customers. In addition, the online marketplace carries out regular group buying activities, at which the accessible prices and selling prices of pharmaceutical products are adjusted in a real-time manner based on big data and market trends. We strictly review the price system to limit the participation of some high-priced varieties in the group buying, to ensure that the prices of pharmaceutical products on the platform are reasonable and in Steady Governance and Efficient Operation

To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

Stable and continuous pharmaceutical products supply

YSB comprehensively ensures the stable and continuous supply of pharmaceutical products through diversified and efficient business models and management strategies, and is committed to delivering a high-quality pharmaceutical service experience to its customers.

General Self-operation Business: precise adaptation to market demand

The General Self-operation Business acts as a stabiliser of YSB to provide better services to more customers in a quick and economical manner. The General Self-operation Business can make procurement decisions according to the downstream demand, select SKUs with higher purchase frequency and demand, and maintain a strict control on product quality.

In the course of our operation, procurement decisions are closely aligned with downstream market demand, focusing on SKUs with higher purchase frequency and demand. Meanwhile, high-standard product quality control processes are strictly implemented to ensure the quality of pharmaceutical products from the source. During the Reporting Period, the Self-operation Business demonstrated stable market performance, providing an average of approximately 350,000 SKUs per month to downstream buyers, representing an increase of 9,000 from the same period of last year, and satisfied the diversified market demand for pharmaceutical products and provided customers with more choices.

Targeted Product Launch Business: fortifying cooperation to ensure stable supply

We continue to promote the Targeted Product Launch Business, provide refined and professional services for the partner pharmaceutical companies and fully assist the companies in delivering their quality pharmaceutical products to downstream customers. Through in-depth and direct cooperation established with manufacturers, we effectively reduce the number of intermediaries in the supply chain and improve the efficiency of supplying products which provides a solid guarantee for the stability of the supply of products. In the process of cooperation, we actively reach a consensus with the manufacturers, make full use of data analysis and market insights, closely combine with the manufacturers' own marketing resources, and continue to expand the scale of cooperation based on the product policy and project investment to achieve mutual benefit and win-win situation.

YSB adopts a sales-driven production approach to achieve a stable supply of pharmaceutical products. By establishing a close supply chain collaboration mechanism with pharmaceutical companies, we gain an in-depth understanding of their production processes and production order cycles, and conduct accurate analysis relied on the platform's huge database of sales record, so as to accurately determine the number of production orders, effectively avoiding the occurrence of inventory backlog and out-of-stock problems, greatly reducing the risk of running out-of-stock, thereby optimising the overall production model. In order to more strictly monitor the supply of pharmaceutical products, we have also established performance indicators such as the number of out-of-stock days and the out-of-stock rate, to ensure the stable supply of pharmaceutical products by quantitative means, and to provide customers with reliable pharmaceutical product supply assurance.

In the meantime, the headquarters of YSB also pays great attention to the sufficiency of core varieties under the Targeted Product Launch Business carried by more than 20 subsidiaries. Being an active overall coordination role, it centralises the procurement needs, and implements a nearby procurement strategy to ensure that pharmaceutical products can be quickly delivered based on the demand, which not only helps to improve the efficiency of logistics, but also reduces unnecessary waste of resources and effectively reduces operating costs.

In addition, we categorised our customers into different types according to different regional characteristics, and implement corresponding operational strategies to address different needs of each type of customer, so as to achieve price stability and full satisfaction to the varieties.

YSB helped monomer pharmacies distinguish themselves through its diversified supply bases

Currently, monomer retail pharmacies are facing challenges in terms of sourcing, pricing and supply stability of pharmaceutical products, as well as downward pressures on their turnover brought from the expansion of chain pharmacies and the rise of online pharmaceutical products purchases. Monomer retail pharmacies have fewer procurement channels and rely on a small number of local suppliers or provincial platforms, making them difficult to procure pharmaceutical products from other provinces or from niche brands, therefore being unable to meet the diverse needs of customers.

Competition in the retail pharmacy market is extremely keen. Chain pharmacies procure pharmaceutical products at low prices by bulk buying, while the monomer pharmacies bear higher costs owing to their small procurement volumes and weak bargaining power. The stability of pharmaceutical product supply of monomer pharmacies also raises concerns when public health emergencies and raw material shortages occur. Flu seasons and epidemics will also cause insufficient supply with surging demand. Moreover, the weak cooperation between monomer pharmacies and suppliers affects the operation of monomer pharmacies and customer satisfaction, since suppliers often give priority to guarantee the supply for chain pharmacies when shortage of supply occurs.

As a leading integrated digital service platform for the outside-of-hospital pharmaceutical industry, YSB effectively solves many problems for pharmacies:

Broadening pharmaceutical product channels

Qiaonan Pharmacy and Yinxingshu Pharmacy previously faced problems in sourcing pharmaceutical products from other provinces caused by the limitations of their procurement platforms. In March 2017, when YSB launched its operation in Chengdu, both pharmacies started procurement from YSB in the same month, helping them make a break-through in the geographical restriction and enrich their pharmaceutical offerings to meet customers' diversified needs.

Balancing pharmaceutical product prices

Facing the price competition from chain pharmacies, monomer pharmacies often struggle with weak bargaining power and higher costs. The owner of Yinxingshu Pharmacy noted that the price comparison was allowed in YSB platform for high-priced pharmaceutical products, which could reduce its procurement costs and improve its pricing competitiveness.

Ensuring stable supply

Chengdu is known as a hot and humid city with high incidence of skin diseases in summer. Qiaonan Pharmacy, Yinxingshu Pharmacy, Anhui Pharmacy at Shuangliu District may source the "Leyaoshi (樂藥師)" terbinafine hydrochloride spray and triamcinolone acetonide and econazole cream through the YSB Platform at affordable prices with stable supply, meeting the demand for popular pharmaceutical products in special periods, avoiding the risk of out-of-stock and improving customer satisfaction.

Leveraging its digital network and extensive supplier resources, YSB has made a break-through in geographical restriction to offer monomer pharmacies a wide selection of pharmaceutical products, which has solved the problem of distribution of pharmaceutical products in remote areas, and guarantees the stability of pharmaceutical procurement. Through centralised purchasing and price comparison mechanism, it strengthens the competitiveness and profitability of monomer pharmaceutical addresses monomer pharmacies' procurement demand for smaller, more frequent purchase orders for pharmaceutical products to alleviate their financial and inventory pressure, supporting their operations and improving customer satisfaction.



Rigorous Selection of Quality

- > With strict, high-standard controls and multiple rounds of selection through the whole process, we only choose highquality pharmaceutical products that have been verified by consumers for many years in the market.
- Data highlights: Before listing, all pharmaceutical products must undergo 5 rounds of inspection by our team from factories to warehouses.

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Popularisation and Promotion of Good Pharmaceutical Products

Strict selection of pharmaceutical products across all categories -Leyaoshi

YSB's own brand, "Levaoshi", provides consumers with a comprehensive, professional, and high-quality medication plan for common diseases, making it a trusted national pharmaceutical brand for consumers.

data mining and industry big data analysis of the YSB Platform. The online marketplace has accumulated a database of pharmaceutical product procurement for different regions, seasons and consumer groups, which provides intuitive feedback on market demand. At the same time, by analysing information such as industrial R&D trends of pharmaceutical companies,

dynamics. In addition, Leyaoshi has set up a pharmaceutical expert teams. Leveraging their profound professional knowledge and rich experience in the industry, the team conducts an in-person research at more than 2,000 pharmaceutical companies nationwide, and carries out detailed inspections of the production process. R&D technology, and guality of raw materials of the pharmaceutical products. During the selection process, the team provides consumers with pharmaceutical products with "good medicinal materials, sound process, and high quality" based on common diseases such as colds, coughs and fevers, as well as the different treatment needs of chronic diseases such as hypertension, diabetes and cardiovascular diseases, and taking into account the physiological characteristics and medication differences of people at different ages, such as the safety and taste of medicines for children, and the convenience of and reliance on medicines for the elderly.

By the end of 2024, Leyaoshi has achieved a 5-fold increase in the number of variety, covering 15 categories of medicines for common diseases, including cold and flu, orthopaedics, dermatology, gynaecology, paediatrics, ENT, tonic medicine, neurology, urinary system, digestive system, anti- infection, cardiovascular medicine, endocrine medicine, cough suppressant and asthma relief, and purging of body heat and detoxification. The vast range of pharmaceutical categories meets the diversified needs of all age groups from daily health maintenance to disease treatment, ensuring that a wider selection of high-quality pharmaceutical products are available for a wide array of common health conditions.

Rigorous Selection of Medicinal Materials

- > We strictly select high-quality medicinal materials and control the quality of pharmaceutical products at the source.
- Data highlights: Covering over 300 types of medicinal materials, taking guality as the core criterion for selection, with on average 1 supplier out of 123 suppliers being shortlisted.

Rigorous Selection of Processes

- > The professional team integrates high-quality industry resources and leverages supply chain advantages to rigorously select advanced manufacturing processes.
- Data highlights: More than 2,000 manufacturers nationwide are being shortlisted, covering source-trackable pharmaceutical products for 15 common diseases. A total of 13 national inventions or utility model patents have been applied to these strictly-selected varieties.

The product selection strategy of Leyaoshi is rooted in the massive transaction 你身边可信赖的国民医药品牌。 pharmaceutical iterations, and changes in disease incidence rates, Leyaoshi has the capability to accurately grasp market

Unique selling proposition 2: Safe formula and widely applicable

Unique selling proposition 3: Multiple effects in coping with colds

Technology Empowerment and Innovation Leadership

The launch of Huoxiang Zhengqi Kou Fu Ye (藿香正氣口服液), the first single product under our Targeted Product Launch Business: building a benchmark brand under the quidance of our key single product strategy

In the product matrix of Leyaoshi, Leyaoshi Huoxiang Zhengqi Kou Fu Ye (樂藥師藿香正氣口服液), our first single product under our Targeted Product Launch Business launched in 2024, stood out in a highly competitive market with its unique selling proposition and advantages under the guidance of our key single product strategy. It has been well received by pharmacies, primary healthcare institutions and consumers, and becomes a choice for health protection trusted by consumers, allowing us to successfully build a benchmark brand.

To Make Quality Medical

Care and Good Medicine

Accessible to All

The first single product under our Targeted Product Launch Business has been granted dual patents. A method for identifying Liquorice Root in Huoxiang Zhengqi Kou Fu Ye (藿香正氣口服液). / An effervescent agent for relieving exterior symptoms and dispelling dampness, along with its formulation method and use. The packages of Leyaoshi Huoxiang Zhengqi Kou Fu Ye are portable, small-sized green bags, which is a unique design in the market. This packaging is lightweight and portable, giving full consideration to the fast-paced lifestyle and travel needs 藿香正气口服液 of modern people. Consumers have just to tear the seal of Unique selling the package and drink it directly, saving the trouble of using proposition 1: any straw or other tools. Compared to traditional bottled oral Innovative liquids, this packaging is more environmentally friendly and Packaging effectively avoids possible spills, bringing great convenience to the consumers, making medicine-taking timely and more convenient, and enhancing the medication experience. We strictly control the ingredient selection of Leyaoshi Huoxiang Zhenggi Kou Fu Ye, and use food-grade excipients, without the addition of polyethylene glycol 400, to effectively reduce the risk of side effects on intestine. Meanwhile, this product is zero alcohol added and suitable for a wide range of people. Special groups such as children, drivers, and alcohol allergy sufferers can take it safely when dealing with uncomfortable symptoms such as colds. In terms of efficacy, Leyaoshi Huoxiang Zhengqi Kou Fu Ye can effectively deal with various types of colds such as common cold caused by wind cold, gastrointestinal cold, and summer dampness cold. When the human body is invaded by wind cold and experiences symptoms such as headache, fever, and chills, its ingredients such as Dahurian Angelica Root (白芷) and perilla leaves can disperse wind cold and dispel cold pathogens. For gastrointestinal sickness such as nausea, vomiting, abdominal pain and diarrhea caused by gastrointestinal colds, its ingredients such as Atractylodes Rhizome (蒼朮) and Officinal Magnolia Bark (厚樸) can aromatize dampness, regulate Qi, and relieve gastrointestinal burden. In the summer when dampness and colds are prevalent, for symptoms such as stuffiness, dizziness, and fatigue, its unique formula can relieve skin surface dampness and make the body feel refreshed. _____









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The launch of Huoxiang Zhengqi Kou Fu Ye (藿香正氣口服液), the first single product under our Targeted Product Launch Business: building a benchmark brand under the guidance of our key single product strategy

Unique selling proposition 4: Strict production processes and quality assurance (\mathbf{b})

 (\mathbf{b})

Leyaoshi strictly controls every stage of the production process. The packaging material utilises a pure aluminium four-laver sterilisation-type composite film for composite oral liquid medicine. It is lightweight, non-toxic, and blocks oxygen and light to provide a stable storage environment for the medicine, which can ensure product safety from the source with its high sterility level. Sterilisation is carried out in a water bath at a nearly constant temperature to ensure the uniformity of product quality. Medium-to-low temperature sterilisation effectively eliminates microorganisms while maximising the retention of the pharmaceutical product's active ingredients, allowing the product to achieve its full efficacy. From pouch forming to liquid filling, lot number printing, sealing, cutting and other production processes, all processes are fully automated except for manual replacement of packaging materials, which has improved production efficiency and reduced the impact of human factors on guality. The packaging production is also highly automated, seamlessly integrating processes such as pouch sorting and counting, packaging, automatic weighing and removing, lot number printing, and regulatory code scanning, ensuring stable and reliable product quality.

Unique selling proposition 5: Full traceability and safety Each box of Leyaoshi Huoxiang Zhengqi Kou Fu Ye is stuck with a "Ma Shang Fang Xin (碼 上 放 心)" traceability code, which serves as the "ID card" of the medicine. Through the whole traceability system, Leyaoshi provides consumers with solid guarantees for medication safety, allowing them to purchase and use with confidence.

Leyaoshi Huoxiang Zhengqi Kou Fu Ye has become a star product of the Leyaoshi brand with its innovative design, safe formula, excellent efficacy, strict production process, and an established quality traceability system, leading our key single product strategy and safeguarding consumers' healthy lives.



To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

Traditional Chinese Medicine ("TCM") accessible to all - TCM decoction pieces

TCM decoction pieces are the brilliant treasure of traditional medicine, and their quality and availability are of great significance to the public's health and the development of the Chinese medicine industry. YSB provides TCM services to over 400,000 end customers through its innovative platform model with the principle of "more, quicker, better, and economical", which enables conveniently access medications, enhances operational efficiency and customer satisfaction, continuously expands new product categories, and enriches the supply of pharmaceuticals, making it easier for consumers to obtain high-quality TCM products.

Strictly selected authentic medicinal materials and innovative sales models.

YSB always regards quality as the core of its TCM business, deeply focused on the places of origin, and has established a rigorous and complete procurement system. Through in-depth research in and cooperation with the places of origin, we purchase the right TCM decoction pieces and ensure the authenticity and excellent quality of the products from the source. On this basis, YSB has deeply explored authentic medicinal sources and effectively enhanced consumers' trust in the safety and quality of TCM through multi-channel promotion.

In 2024, YSB innovatively launched the model of direct supply from the places of origin, direct delivery, and live streaming sales to bridge the gap between the consumers and authentic medicinal materials. The live broadcast from the places of origin provided the buyers with a window to directly understand the growth environment, harvesting process, and quality assurance system of TCM, ensuring that each batch of medicinal material originates from the places of origin. At the same time, many factories in the places of origin opened factory direct-sale outlets on the platform, leveraging the price advantage of direct sourcing to provide customers with first-hand high-quality products.

In terms of quality standard construction, YSB has quantified key indicators including colour, size, and scrap rate and set 60 Jinfang standards of TCM (中藥金方標準) that are more suitable for online purchases and continued to promote the standard establishment for new products, which advances the process of universal access to TCM and provides strong support for the standardised development of the industry.

Simplification of the transaction process and improvement on procurement efficiency.

In response to the cumbersome transaction process of TCM decoction pieces, YSB used digital means to comprehensively optimise the transaction process. By integrating the supply chain links, reducing redundant intermediate steps, optimising information circulation channels, YSB has achieved significant improvements in procurement efficiency, enabling customers to purchase the required TCM decoction pieces more conveniently and efficiently, and effectively improving the accessibility of Chinese herbal medicines. In the exclusive section of "TCM Showroom(中藥品質館)" on our platform, we strictly implement a 7-day no question-asked return policy for all varieties. Once a quality problem is found within 7 days of receipt, the products may be returned and exchanged unconditionally regardless of whether the package has been opened or not.

Adherence to the principle of fairness and assurance of price transparency.

We adhere to the principle of fair and transparent pricing to protect customers' interests and prevent unreasonable pricing which reduces the availability of pharmaceutical products. Given that TCM in the places of origin has significant efficacy advantages over non-authentic varieties, the platform focuses on enhancing price transparency across regions. For instance, for common varieties such as Yunnan Poria cocos and Hunan Poria cocos, YSB provides users with price comparison information under the same specifications to ensure that buyers can obtain fair and reasonable prices, so as to effectively safeguard the vital interests of customers.

Science popularisation activities for the inheritance of TCM culture.

The popularisation and inheritance of TCM knowledge is an important cornerstone for the development of the TCM industry. The TCM business segment of YSB regularly publishes the "i Jinfang (i 金方)" TCM popularisation column on its official WeChat account, which provides professional TCM identification methods, production processes, variety introductions and market trend analyses to its buyers including pharmacy and primary healthcare institutions. For the general public, YSB disseminates easy-to-understand TCM knowledge through engaging formats such as animations, videos, and comics. In addition, YSB has opened a video account of TCM to display the variety characteristics, harvesting and processing of TCM through live streaming from the source, spreading TCM knowledge and assisting in the inheritance of TCM culture.

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The "Sichuan Ophiopogon Super Product Day (川麥冬超級爆品日)" achieved a single-day sales breakthrough of 125,000 tonnes

At the end of March, we collaborated with merchants on our platform to co-create the "Popularisation and promotion of good pharmaceutical products - Ophiopogon Festival (道地好藥普惠可及——麥冬節)" in Santai County, Mianyang City, Sichuan Province, the genuine production area of Ophiopogon. Through the three-day live broadcast at the producing site, we led buyers on our platform into the Ophiopogon iaponicus producing area. From the Ophiopogon Museum, Fucheng Village (known as the first Ophiopogon village), Ophiopogon planting bases, to Ophiopogon processing factories, we provided a multifaceted in-depth understanding of the culture, growth, processing, and sales process of Ophiopogon. This allowed buyers to gain a deeper appreciation of the Ophiopogon products sold on the platform. The "Ophiopogon Festival" achieved remarkable results, with more than 7.000 customers making the purchase, and the sale volume exceeded 12.5 tonnes in a single day, helping buyers save about RMB420,000 in total. We will continue delve into the producing areas of authentic medicinal herbs, uncovering more high-quality genuine products. We look forward to delivering more authentic medicinal herbs directly to the buvers through our platform in the future.



Highlights ()



Available to remote rural areas

We have effectively addressed the delivery challenges for pharmacies in remote mountain areas, reducing delivery time of pharmaceutical products from two weeks to three or four days. The variety of available pharmaceutical products increased from thousands to hundreds of thousands of SKUs, meeting the broader demand for pharmaceutical products in mountainous areas.



To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

Primary medical consultation and treatment accessible to all

In the context of the digital revolution transforming the healthcare industry, leveraging our platform's vast user base and extensive market data, we have accurately identified potential demands within common and critical application scenarios in primary healthcare, such as disease prevention, acute disease treatment, chronic disease rehabilitation, severe disease screening, as well as epidemic monitoring and treatment.

Based on these precise insights, we launched three "FutureClou (未來光譜)" series point-of-care testing ("POCT") devices in August 2024, namely Clou Immuno Cube (光譜免疫小方盒), Clou Chronic Disease Analyzer (光譜慢病檢測儀), and Clou Micro Hematology Analyzer (光譜微型血球儀). These devices feature immediate testing, multi-parameter analysis, compact size, and ease of operation, significantly enhancing the efficiency of primary healthcare testing and guickly gaining market recognition. Within just four months from their launches, these three devices covered more than 11,000 end users with their powerful functions and excellent performance, playing a crucial role in various diagnostic and treatment scenarios, such as chronic disease monitoring, acute infection diagnosis, and respiratory pathogen diagnosis, effectively empowering primary healthcare services. By providing more comprehensive and accurate diagnostic information, these devices facilitated precise medication use by primary care doctors, thereby improving the guality and effectiveness of primary healthcare services and safeguarding the health of general grass-roots patients.

FutureClou POCT product helps improve primary diagnosis and treatment capability

Product advantages

In such compact sizes that are conveniently portable for use by clinics in remote areas and rural physicians, broadening the scope of healthcare services. With multi-function integration, only one of such devices can be capable of completing multiple tests. Being compatible with detection reagents from multiple manufacturers enhances diagnostic flexibility.

User experience

We provide medical support services, including intelligent interpretation of test results and assistance from a team of medical experts assisting in explaining the reports. We have introduced a critical value reminder function to prompt a warning for referral when abnormality occurs. We implement a warranty policy of only replacement without repair within one year, and extend the warranty period to three years to reduce the maintenance costs of the users.

In the future, We will continue to refine the overall smart medical solution of "ClouMinihouse (光譜小屋)" and use intelligent diagnosis, big data analysis and other technologies to inject new vitality into solving primary healthcare challenges, and promote the availability and improvement of primary diagnosis and treatment services

Appendix

Product availability

POCT products of FutureClou (未來光 譜) series, comprising Clou Immuno Cube (光譜免疫小方盒), Clou Chronic Disease Analyzer (光譜慢病檢測儀), and Clou Micro Hematology Analyzer (光譜微型血球儀). These products are portable, cost-efficient and feature comprehensive functions. As they are specially designed for primary care and for meeting the needs of common and ordinary diseases diagnosis and treatment. rural physicians can easily carry them along for follow-up visits.



Steady Governance and Efficient Operation

Highlights ()

Using the CertEx for

certification exchange

90% of

saves customers nearly

exchange costs, when

situations such as re-

documents lost during

the mailing process are

sending the omitted

information and

excluded

EC

Upgraded delivery efficiency

Technology

Empowerment and

To ensure quick and safe delivery of pharmaceutical products, we continuously deepen warehouse building, expand our self-operated warehouse matrix, and make use of distribution systems such as "9508", to achieve efficient operation of pharmaceutical products distribution. We focus on management innovation, developing logistics systems, and monitoring delivery processes in real time to ensure the timely and accurate delivery of pharmaceutical products. By continuously optimising delivery efficiency, we strive to make pharmaceutical products closer, better, and faster to meet the needs of our users. Our goal is to establish a benchmark in the field of pharmaceutical products distribution, contribute to the development of the industry, and enable more people to enjoy convenient and reliable pharmaceutical product delivery services.

Digital supply chain system

>> Self-developed warehousing system

Efficient and intelligent warehousing management system is the key element for an enterprise to enhance competitiveness. Since 2019, YSB has built central warehouses in core areas, achieving digitalisation of procurement, warehousing, and logistics through its self-developed warehousing system. Leveraging the innovative functions and advanced technology, it has differentiated itself from other competitors in the market, and helped the Company cut cost and enhance efficiency.

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Self-developed warehousing system

Optimising picking routes

In view of the tedious process of warehousing in the industry, we launched the "picking while sorting" mode. During the picking process, products are synchronously distributed to various orders, achieving efficient outbound and improving warehouse throughput.

Automatic frequency scheduling

We accumulate employee working data to optimise labour efficiency and reasonably arrange job tasks. In 2024, we optimised the calculation logic for restocking and payroll and linked piece rate with sales achievement and unit price to motivate employees and optimise labour costs



When an order is placed, its most suitable carton will be automatically matched to save usage, reduce packaging materials costs, improve packaging speed, and quickly calculate costs and expenses.

Comprehensive Service Support

YSB has always upheld its mission of meeting the needs of all parties, and continuously explores and innovates the service modes and paths, and strives for perfection from the initial stage of cooperation to various links of product delivery, the guarantee of after-sales services and the performance of industry responsibility. Through the integration of advanced technology and professional team resources, YSB has designed a comprehensive strategic layout and carefully planned service measures, covering various key fields such as improving cooperation efficiency, optimising distribution efficiency, speeding up after-sales response, helping primary medical services and practicing responsible marketing, aiming to build a solid, reliable, convenient and efficient service support system for partner pharmaceutical companies, merchants, and downstream customers, to jointly develop a new pattern of industry development.

Improving cooperation efficiency

YSB has set up the CertEx for certification exchange for business gualifications, successfully implementing online process of reviewing materials including electronic contracts and qualifications, and greatly facilitating the efficiency of upstream and downstream customers in verifying each other's qualifications in accordance with orders, and significantly accelerating the speed of order fulfilment. When the downstream pharmacies purchase pharmaceutical products after completing the initial registration on the platform, the platform will automatically provide gualification data to upstream merchants and immediately remind them that the buyers placed their first order, making it easier for merchants and downstream pharmacies to connect and greatly promoting the efficient collaboration between them. By continuously optimising the online processes, we are committed to creating a more convenient and efficient pharmaceutical products purchase environment for upstream and downstream customers.

In 2024, a series of internal optimisation was completed for the CertEx for certification exchange. In terms of the seal affixing process, the average waiting period for the seal affixation on the certificates of a single product was greatly reduced from 8.5 days to 0.9 day, significantly improving the efficiency of business handling. Meanwhile, the file preview process of the platform was upgraded, fully supporting the PDF and picture file preview function for all scenarios of seal affixation, so as to effectively reduce the aftersales communication cost of merchants and improve the service quality. Up to this date. the CertEx has reached a coverage rate of 64%, remarkably enhancing the efficiency of user's certification exchange and, providing more convenience for more users in the future as the platform improved continuously.



Traditional order picking relies on the storekeeper's own route planning, which is inefficient and easy to take a wrong route. By using the intelligent algorithms and other information such as warehouse layout, our system is able to plan the optimal picking route for employees to shorten the order processing time and to make rapid response during the peak period of orders.

Creating a new "picking while sorting" mode 02

A centralised scheduling capacity system was built to improve the timeliness and accuracy of order processing. The new automatic frequency scheduling function automatically sends orders to storekeepers, with automatic delivery accounted for 86%, increasing both efficiency and speed.

Work performance system



Transportation prices are reasonably calculated based on package weight, logistics providers and transportation methods to reduce transportation costs. In 2024, the timeliness coefficient iteration of the Warehouse Data Centre ("WDC") was stratified based on the timeliness requirements of customers for choosing the most optimal solution.

Carton selection

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Renovation program and achievements of modern logistics warehouse

Warehouse	Improvement initiatives	Improvement outcomes	Efficiency improvement and cost control performance
Main warehouse in Shenyang.	In the warehouse optimisation program, the total length of the conveyor line was shortened by 33.4%, the number of transplanters was reduced by 50%, and 80% of the storage area was optimised for storage capacity.	The total length of the conveyor line was shortened, the number of transplanters was reduced, the inventory amount increased by more than RMB2.7 million, and the number of varieties increased by more than 1,600.	The optimisation program has made the operation process more reasonable and improved efficiency both in storage and distribution. The cost has been reduced by more than RMB300,000, and the inventory increase brings potential income increase.

Highlights 🕟

During the Reporting Period, we achieved an average warehouse dispatch time of around 3 hours, with inter-provincial delivery of around 38 hours for cities and around 49 hours for towns. We had opened a total of over 146 logistics routes across 15 cities nationwide and achieved half-day delivery and same-day delivery for intra-city orders.

Provinces/cities with warehouses



To Make Quality Medical Technology Care and Good Medicine Empowerme Accessible to All Innovation L

\gg Intelligent delivery solution

YSB achieves efficient and economical logistics transportation through the intelligent delivery solution of "Optimal Logistics". In the intelligent delivery solution, ten factors, such as cost, damage rate, and timeliness, are considered comprehensively, and the optimal delivery plans are designed. Appropriate delivery strategies are tailored for each order through precise data analysis and algorithms.

In terms of logistics partners, Optimal Logistics integrates high-quality logistics resources such as SF Express, JD Logistics, and Cainiao (菜鳥). The most suitable logistics service providers and transportation methods are selected for each order based on factors such as order requirements, products characteristics, and transportation distance. Furthermore, Optimal Logistics can achieve real time monitoring of the delivery process and collaborate with the carriers' ERP system to ensure account verification and identification of abnormal orders. This comprehensive approach assists downstream buyers in reducing transportation costs, improving transportation efficiency, and providing safe and timely delivery of products.

In addition, the localisation of the procurement process has become a key focus of the business to save overall distribution resources, shorten transportation routes, improve transportation efficiency, reduce the turnover days of products, and accelerate capital flow, and achieving more efficient and economical business operations.



"Dual Carbon" Goal Leads Green Development Partnership Responsibility and Common Development

Highlights 🕑



During the Reporting Period,

the proportion of in-province purchases of Leyo Pharm Group reached



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About the Report

FSG Management Steady Governance and Efficient Operation To Make Quality Medical Care and Good Medicine Accessible to All

Empowerment and Innovation Leadership

Quick after-sales response

To comprehensively improve the quality and efficiency of after-sales services of platform merchants, we improve the building of our customer service system from multiple dimensions.

System guarantee

We have formulated comprehensive management systems and operating rules, covering the Products Delivery Rules for the YSB Platform, the Processing Rules for the After-sales Services of the YSB Platform, the Dispute Resolution Rules for the YSB Platform, which specify the operation specifications and time nodes of merchants in, among others, delivery, after-sales services and dispute resolution. These systems ensure that after-sales issues can be dealt with in a timely and orderly manner.

Under the Processing Rules for the After-sales Services of the YSB Platform, merchants are required to handle an after-sales request within 72 hours upon receipt. If the merchants fail to handle the problems within the specified time, the platform will make coordination upon buyers' request to require the merchants to handle the relevant problems within one to five days to ensure a quick after-sales response. Meanwhile, an electronic project for product certification is installed on the merchant side to improve the uploading rate of the merchants' product certification and facilitate the certification exchange of first commodities among transaction parties. Up to this date, the CertEx has reached a coverage rate of 64%, effectively reducing the after-sales disputes arising from certification.

Protection from professional after-sales personnel

We have set up a specialised after-sales team with members responsible for telephone customer service, online customer service, and quality compliance. Regular team trainings are held to ensure that the customer service team is familiar with the platform functions and industry characteristics, so as to strengthen their product knowledge and service skills, comprehensively improve the handling efficiency and quality of various after-sales services, increase users' stickiness, and improve users' shopping experience.

Incentives and motivation

We have set up a merchant-end after-sales competition and award medals and small gifts to merchants whose quarterly aftersales processing rate is steadily improving, so as to encourage them to actively optimise their after-sales process and improve the efficiency in handling after-sales issues. We have continued to promote the "9024" Project, under which outstanding merchants will be visually displayed with high ratings on the store homepage and included in the comprehensive service rating system for merchants to continuously supervise merchant service quality. Display of high rated merchants not only motivated the merchants to handle after-sales issues more quickly, but also provided buyers with a reference to high-quality merchants and improved buyers' shopping experience.

Auxiliary function

In 2024, our platform launched an online function of "expediting delivery", making it more convenient for both sides to communicate about the delivery time. Instead of several rounds of communication through phone calls and messages to confirm the delivery progress, buyers now can expedite delivery with one click through this function, while merchants will receive timely reminders to provide feedback on the delivery progress, effectively reducing the after-sales complaint rate resulting from unclear delivery time and ensuring the timeliness of after-sales response.

Furthermore, we install an "online customer service" function on the buyer side and added navigation settings of after-sales related problems on the page, so that buyers can directly give feedback on after-sales issues online, which allows more time to spare for handling the after-sales feedback and ensures closure of cases more efficiently.

Highlights ()

During the Reporting Period, the customer service team of Leyo Pharm Group continuously optimised after-sales services, with the following achievements:



Assisting in improving primary pharmaceutical services

Technology

Guided by the Healthy China 2030 Initiative, YSB helps primary pharmacists master health knowledge commensurate with their positions, and establish mechanisms for the dissemination and circulation of health science knowledge. It also aims to spread basic health knowledge among residents, enhance their health concepts and literacy, and contribute to the achievement of the goals set by the Healthy China 2030 Initiative.

Building a knowledge learning platform to improve the competencies of primary pharmacy employees

As a designated official platform for professional pharmacist exam services, the "YSB eLearn" platform plays a key role in enhancing the professional pharmaceutical skills and competencies of primary pharmacy employees, promoting talent development in primary pharmacies and improving primary pharmaceutical services. This platform allows pharmacists and prospective pharmacists in primary pharmacies to elevate their professional skills and obtain practising pharmacist qualifications by participating in online pharmacist exam courses.



In 2024, the "YSB eLearn" Platform continued to update the learning curriculums of "YSB Video Courses", providing YSB's sales teams and downstream customers with knowledge training for targeted pharmaceutical product launch. In 2024, "YSB Video Courses" has launched more than 1,000 learning videos of the Targeted Product Launch and produced more than 5,000 videos. Through online sharing, "YSB Video Courses" helps pharmacy operators to master professional pharmaceutical knowledge.

In addition, in order to accurately meet the demand for POCT in primary healthcare operation, the "YSB eLearn" Platform launched the "Medical Laboratory Technicians" training page to help doctors and laboratory technicians in primary healthcare institutions to obtain the medical laboratory technicians' qualification certificates, ensuring that on-the spot testing is carried out continuously and compliantly.

Healthcare professionals at the primary level can flexibly choose learning content based on their needs, and improve their diagnostic and medication skills anytime, anywhere while learning the latest medical information and medication guidelines. Moreover, YSB regularly conducts internal research on specific pharmaceutical products, delivering cutting-edge pharmaceutical knowledge to downstream pharmacies to empower primary pharmaciests to better serve consumers.

Exploring diversified communication channels and popularising knowledge on health science

YSB actively spreads health knowledge through various channels. We regularly publish readily comprehensible and informative articles through the official WeChat account to popularise Chinese medicine knowledge to the public and post short videos about case explanations and instrument operation guidance on our video account, delivering health knowledge in an intuitive way. In addition, we regularly collaborate with manufacturers in live streaming, where they introduce the core pharmacological efficacy, by which means downstream pharmacies can not only sell pharmaceutical products, but also disseminate health knowledge, further expanding the spread of health science knowledge.

Pre-exam training for licensed pharmacists

Systematic examination preparations on professional knowledge learning for pharmacists and prospective pharmacists in pharmacies

Professional knowledge training for primary care doctors

Encyclopaedia for pharmacists

Professional skills training courses on diagnosis, treatment, and pharmaceutical services

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To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

Responsible marketing

Truth and

transparency

Fair

competition

Customer

privacy

protection

During business expansion and marketing, YSB manages and regulates the marketing behaviours of all employees, including outsourcing employees, to ensure legal and compliant marketing in strict accordance with the relevant national laws and regulations, such as the Drug Administration Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Advertisement Law of the People's Republic of China, the Management Measures for Medical Advertising, the Interim Measures for the Administration of Internet Advertising, and the Notice on Standardising the Use of Drug Names in Drug Advertisements.

Responsible marketing commitment of YSB

We always practice the principle of responsible marketing. To ensure our sales and operation teams' adherence to the principles of responsible marketing in the daily work and maintain the Company's reputation and customer trust, we have developed the following principles of responsible marketing:

> When promoting YSB's products and services, we promise to provide full, true and accurate information. We will strictly abide by relevant laws and regulations, and shall not provide false and misleading statements regarding the Group's products, services and results, ensuring that customers are able to make informed decisions.

> In the process of promoting the products and services of YSB, we respect our competitors in the industry, and shall not use expressions that vilify our competitors in the industry.

> We recognise the importance of customer privacy, and will not disclose customer and consumer privacy data in any publicity scenarios.





Precise control of marketing content

To ensure the accuracy of marketing content, we require the marketing content used by any business development personnel must be displayed in strict compliance with relevant instructions and in line with the content on our platform, ensuring that customers receive accurate and reliable information on pharmaceutical products. For specific pharmaceutical products, we ensure that business development personnel understand accurately and completely pharmaceutical product information and promote responsible marketing practices through methods such as creating pharmaceutical product promotional brochures, training videos, and guizzes.

Promote the efficient flow of information

We actively explore diversified internal and external channels for information transmission. Externally, we leverage the strong advantages of online channels like the YSB APP to provide downstream customers with accurate pharmaceutical product information, allowing customers to have quick and easy access to the information they need. Internally, we use training pages such as "Golden House" and "YSB Video Courses" to provide systematic training to business development personnel across the country, continuously enhancing the team's overall knowledge and understanding level of pharmaceutical product information. We also provide an abundance of promotional materials and other support for business development personnel to comprehensively, truly and accurately convey our product information when communicating with downstream pharmacies and promoting our pharmaceutical products.

Strengthen the transparency of product information

We highly recognise the importance of information transparency and authenticity in product display. In traditional Chinese medicine category, the gram weight information is clearly shown on an easily noticeable space of the product page of each traditional Chinese medicine. Photos of the sample pharmaceutical products are displayed on the product detailed description page to allow the customers to see the actual look of the products, which may effectively avoid misleading information caused by excessive marketing. In the exclusive section of "TCM Showroom" on our platform, merchants are deliberately required to upload real-shooting videos of product unpacking, showing the details of the product from all angles to ensure that buyers can have a true, comprehensive understanding of the products they purchased. In addition, some varieties also provide small samples for customers' reference, and for all products offered in this section, seven-day no-question-asked return services are provided to fully protect the rights and interests of buyers and create an honest, reliable shopping environment for customers.

"Dual Carbon' Goal Leads Green Development

03

Technology Empowerment and Innovation Leadership

With the rapid development of technology, YSB is driven by innovation and actively embraces technology empowerment. We seek to promote the progress of the industry through technological innovation and contribute to the construction of a smarter and more efficient outside-of-hospital pharmaceutical products distribution system.

Key issues: Innovation-driven development of industrial chain Information security and privacy protection Intellectual property protection

Key indicators of the HKEX ESG Reporting Guide: KPI B6, B6.5



Response to SDGs in This Chapter



Steady Governance and Efficient Operation To Make Quality Medical Care and Good Medicine Accessible to All Technology

Empowerment and

Innovation Leadership

Innovation Empowering Pharmaceutical and Healthcare Ecosystem

Technological exploration and innovation

YSB believes technology will emerge as a vital catalyst for driving industry transformation in the era marked by burgeoning advancements in technological exploration and innovation. Upholding the concept of "Technology for Good", we proactively drive the innovation of the industry model, change the traditional way of pharmaceutical products distribution with digital technologies, and constantly explore intelligent ways to solve the problems faced by traditional pharmacies.

Digital solutions

YSB is committed to developing efficient and convenient digital solutions to rejuvenate the industry chain of pharmaceutical products distribution. For upstream suppliers and manufacturers, the YSB Platform strongly facilitates their high-efficiency operations by providing innovative online marketing strategies and all-around operation support and continuously developing digital tools. For downstream pharmacies and primary healthcare institutions, we actively aggregate the long-tail demands of the market. Through our self-developed SaaS system, we assist customers in achieving efficient operational management, thereby driving large-scale transactions in the outside-of-hospital pharmaceutical products distribution market, fostering a new trading model, and accurately matching and efficiently satisfying market demands. The YSB Platform allows all sections of the industry chain of pharmaceutical products distribution to enjoy the convenience and efficiency of digitalisation, thus jointly advancing the industry's sustainable development.

YSB has set up a SaaS ecosystem for the pharmaceutical industry, comprising three major modules, namely, SaaS for pharmaceutical companies, SaaS for merchants and SaaS for pharmacies, and provided a comprehensive digital solution through four major systems of marketing, trading, learning and finance.





Upstream oriented: CloudComm

We have launched the InstaPrint in CloudComm, providing all-in-one printing service for merchants, realising the all in-one printing generation and printing of express sheets, VAT invoices, purchase and sale contracts, pharmaceutical product test reports and accompanying documents and seals. Compared with the traditional way of document printing, InstaPrint enables upstream sellers to achieve all-in-one printing through the barcode scanner or manual operation, thereby greatly improving efficiency by sending immediately after scanning and accurately matching documents.

Easy-Scan Print Mode. After the packages have been checked and verified, scan the QR code of the package with a barcode scanner. The system will automatically identify it and directly print the required documents for the package. This enables immediate scanning and printing, ensuring error-free shipping.

Manual One-Click Print Mode. Select the document and click "One-Click Print", and the corresponding order document will be automatically printed (printing content can be configured according to actual needs).

Shipment Process of "InstaPrint"





order

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Downstream oriented: ePalm

YSB's SaaS solution, "ePalm", helps pharmacies with streamlined inventory management which greatly improves downstream pharmacies' ability to update and manage inventory. The solution enables automated pharmaceutical product warehousing, which only requires users to fill out and confirm relevant information, greatly improving work efficiency.

"ePalm" also features intelligent near-expiry and dynamic sales alert functions, monitoring inventory status in real-time and providing precise inventory management recommendations for pharmacies. In addition to simplifying inventory management, ePalm is also connected to the social security system. By the end of the Reporting Period, "ePalm" supported users across 231 cities in the connection with social security departments.

Highlights ()



By the end of the Reporting Period, "ePalm" supported users across

cities in the connection with social security departments.

During the year, we actively responded to the national new medical insurance policies on designated medical institutions and designated pharmacies, and promoted two major innovative initiatives.

Assisting pharmacies in efficiently implementing the new medical insurance payment policy by connecting local healthcare security administration through the "ePalm" Pro system. As of the end of the Reporting Period, more than 10,000 pharmacies have completed the connection with the medical insurance system, and this service has covered 24 provinces.

02

Realising the digital management of the whole chain of pharmaceutical products and devices by connecting the Ma Shang Fang Xin platform. As of the end of the Reporting Period, the total number of tracking codes under the management of the "ePalm" Pro system amounted to more than 35 million, effectively enhancing the transparency and traceability of all sections of the pharmaceutical products distribution.



Primary healthcare institutions: Cloud Consultation

Cloud Consultation is a set of smart clinic management system for primary healthcare institutions, based on cloud computing technology, providing information-based solutions for small and medium-sized primary healthcare institutions and health rooms in villages. This system conforms to the requirements of national electronic information supervision. Relving on the tracking and analysis of a large number of medical data. Cloud Consultation offers features such as appointment, consultation and prescription, patient management and system management. It enables doctors to easily access both traditional Chinese and Western medicine prescriptions, record patients' medical histories, and streamline the pharmaceuticals procurement process with one-click inventory management. This meets the needs of doctors practicing independently and enhances the information management efficiency of primary healthcare institutions.



Smart supply chain management

We combine advanced technologies with supply chain optimisation techniques to integrate the front and back ends of the supply chain and optimise inventory management. Through our self-developed systems such as Galaxy+, Xentrum, and IntelNex, we have solved the problems in splitting, picking and packing for small and medium-sized orders, and realised on-demand stocking and timely delivery.



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Pharmaceutical e-commerce enlightenment

In the era of rapid Internet development, traditional offline pharmaceutical suppliers urgently need to transform to adapt to the fast-changing market environment. To this end, YSB has actively participated in a series of e-commerce enlightenment activities, aiming to support merchants in business expansion and competitiveness enhancement.

We facilitate a smooth transition for merchants from traditional offline operations to online Internet-based operations by providing diverse training sessions, abundant resources, and professional expertise. The training covers various aspects such as operation strategy, logistics and distribution, order optimisation, and warehousing management. By leveraging professional tools and resources, we provide free teaching services for business operators to master e-commerce business skills.

To further support merchants, we regularly meet with them to discuss new trends and strategies in the e-commerce field and share experiences from Self-operation Businesses or successful cases from third-party merchants. We provide merchants with directions for reference and improvement, assisting them in achieving cost reduction and efficiency enhancement in operational strategies, logistics improvement, order optimisation, warehousing management, and other aspects.

In addition, we also provide professional business consulting and guidance services for new partners, including market analysis and strategic planning, and follow-up on their needs and developments to ensure their business continues to grow steadily.

Gathering strength to spark new momentum for high-quality growth: Hebei-Shanxi Merchants Meeting successfully held

On 12 June, YSB's Hebei and Shanxi Merchants Meeting was held in Shijiazhuang, with more than 40 platform merchants and 85 participants attended. The agenda of the meeting included the announcement of new platform policies, backend operation trainings for merchants, and experience sharing from outstanding merchants. The meeting promoted exchanges between merchants, enabled merchants to understand the direction and rules of the platform more clearly, laid a solid foundation for the development of small and medium-sized businesses in Hebei and Shanxi, and supported the growth of small and medium-sized merchants.



High Quality Growth Information Sharing Meeting successfully held at Guangzhou headquarters

On 21 August, YSB's Guangdong and Guangxi Merchants Information Sharing Meeting was held at the headquarters of YSB. The person responsible for services to third party merchants of YSB platform made a detailed introduction about the platform data and traffic situation, and a member of the operation department shared the information on. among others, change points on group buying and chain stores, and efficient review, which helped merchants to grasp the market trend and adjust their business strategies in a timely manner. Furthermore, successful business models and cases shared at the information sharing meeting also helped merchant participants to effectively develop more targeted growth strategies based on their actual conditions. Through the establishment of the merchant growth system, YSB helped merchants clarify their path and goals for growth, enhance their enthusiasm and sense of belonging, strengthen their competitiveness and profitability, thus promoting the prosperity and development of the entire platform business ecology of YSB.



Digital empowerment to the industry

YSB, as an outstanding enterprise representative, was invited to share its experience on the "Digital Empowerment of Compliance Management" training

On 30 October, YSB, as an outstanding enterprise representative in the industry, was invited to attend the Cadre Training Meeting of the Drug Inspection Panel of Guangdong Province (廣東省藥品檢查組骨幹培訓會), at which the company representatives from YSB shared their experience in compliance management with digital methods on the basis of mastering key points during traditional good supply practice (GSP) inspection. At the meeting, YSB's innovative practices in the field of digitalisation and its successful cases in improving the transparency, efficiency and response speed of pharmaceutical supply chain empowered by digitalisation were broadly shared, demonstrating the key roles of digitalisation in, among others, risk control, quality assurance and traceability management and providing valuable ideas and experience for the digital transition and innovative development of pharmaceutical products inspection.

Partnership Responsibility and Common Development




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Compilation of industry standards

directly in terms of its value.

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As an online platform for outside-of-hospital pharmaceutical products distribution, YSB has always been committed to promoting the formulation and improvement of Internet retail pharmaceutical industry standards. This year, YSB deeply engaged in the drafting of the Standards for Electronic Data Interchange among First Commercial Enterprises (《首營電子資料交換數據標準》). A number of enterprises, such as YSB, China Resources Pharmaceutical, Sinopharm Group, and Ali Health, deeply engaged in the drafting of the standards as core drafters. The standardised circulation of first commercial information is an important cornerstone of the legal and compliant operation of pharmaceutical products trading activities.

YSB actively participated in the drafting of the standards, and refined the details of the provisions through market research, collection of opinion and rigorous discussions, so as to make contribution to the promotion of industry standardisation and digitalisation. In December, the group standard, the Standards for Electronic Data Interchange among First Commercial Enterprises, was officially released online.

Pazhou • YSB Pharmaceutical Products Distribution B2B Index (琶洲 · 藥師幫醫藥流通 B2B 指數) was jointly compiled by the government of Haizhu District, Guangzhou and YSB mainly based on the transaction data of YSB to reflect the levels of internet connectivity and digitalisation development of the pharmaceutical products distribution industry. This index, taking 2018 as the base year, used fixed-base index method to calculate the Pazhou • YSB Pharmaceutical Products Distribution B2B Index in which the blue line represents the YSB Pharmaceutical Products Distribution B2B Index, the orange line represents the TC sequence value of the YSB Pharmaceutical Products Distribution B2B Index to indicate the cycle and the development and changes of the trend of the index, and the other line represents the linear trend line of the YSB Pharmaceutical Products Distribution B2B Index. The index indicates that there is a trend of rapid

growth in the YSB Pharmaceutical Products Distribution B2B Index either in terms of its cycle and changes in trend, or

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YSB Pharmaceutical Products Distribution B2B Index successfully released at the

scientific research and innovation, industrial digitisation, enterprise digitisation and digital governance.

On 23 April, the Initiating Meeting of the Third Session of Pazhou Algorithm Competition was held in Beijing, at which

the Pazhou Digital Economy Index Research Report 2023 (《琶洲數字經濟指數研究報告 2023》) was released and explained. According to the report, Pazhou Digital Economy Index (PDEI) is one of the Pazhou Index (PI) series, which is mainly compiled with the data from six specific dimensions: economic foundation, digital infrastructure,

from CEO

Data Security and Privacy Protection

As a platform linking upstream pharmaceutical manufacturers, merchants and downstream customers, YSB adheres to the core principles of "fitness, compliance, and confidentiality" for information management and attaches great importance to information security and privacy protection. We have established a sound security management architecture and policy to constantly improve security technology to protect information security and user privacy. We conduct regular data security assessments, strengthen user privacy protection measures, develop an information security contingency plan, and build a safe and reliable data platform on all fronts.

Management system

YSB strictly abides by relevant laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Measures for the Administration of Internet Information Services, the Regulations on Technical Measures for Internet Security Protection, and the Regulations on the Administration of Mobile Internet Application Information Services. We have formulated policies applicable to the whole company, including but not limited to the Network and Data Security Management Policy, the Guidelines for Personal Information Protection Assessment, the Supplier Data Protection Management Guidelines, and the Information Security Operation Specifications, and defined the internal information security technology and measures.



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Safeguard measures

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Goal

YSB upholds the principle of "legality, legitimacy, and integrity" in user data processing and strictly protects users' right to know and decide. When using YSB APP, users will be reminded to carefully read and confirm the YSB Privacy Policy, which specifies the relevant rules of YSB App regarding the collection, use, external provision and protection of personal information and discloses in detail the scope, purpose, use and processing of personal information collected from third-party suppliers and partners. Users can exercise the right to inquire, delete and correct personal information by following the guidelines in the YSB Privacy Policy.

YSB adopts multiple data security and privacy protection measures, such as data desensitisation, approval flow management, and permission setting. We desensitise the daily user operation log data to prevent malicious attacks from obtaining user privacy. We desensitise or hide the commercial information of merchants and downstream pharmacies to protect the commercial information security of upstream merchants and restrict merchants from obtaining sensitive data of downstream pharmacies.

Meanwhile, we carry out approval flow management, sign user agreements with merchants to clarify the available data fields. extraction methods and effective time, and ensure that the principle of "legality and least necessity" is followed while cooperating with upstream merchants.

In addition, the Company implements minimum permission management for internal personnel. We improve data security through two-factor verification for operation and maintenance VPN to ensure that only authorised personnel can access sensitive data. In terms of office networks, we require employees to log in with personal accounts and ensure that the complexity of passwords meets the Company's requirements. Additionally, office computers must be installed with security software to prevent malicious intrusion. To control computer-use behaviours, we use professional control software to restrict employees to install only the software in the white list, ensuring the security of computer systems.

During the Reporting Period, Leyo Pharm Group conducted a total of 37 internal self-inspections regarding data security and privacy protection, of which 26 have been rectified. Material rectification matters were as follows: 1. Upgrading the production environment access control. IPSec long connection mode having been switched to VPN+ two-factor authentication mechanism. 2. Adopting multiple access verification for the internal tool system. Implementing the VPN or IP white list access, coupling with verification through enterprise WeChat scan code.

We constantly strive for excellence in data security and privacy protection, create a safe and stable data security environment, and fully protect user privacy security.

> Levo Pharm Group plans to overcome the technical challenges through technical restructuring in the coming one to two years to ensure the efficiency and availability of the system, thus continuously improving user experience and maintaining

material technical failures.

信息系统安全等级保护 信息系统安全等级保护 备案证明 备案证明 规定, 广州速道信息科技有限公司 #4 第二_级_首营电子资料交换平台_____ 第三_ 截 药师帮PC采购 正式编号·4401 正书编号-4 and the sea 中华人民共和国公安部监制 大学的教育 信息系统安全等级保护 信息系统安全等级保护 广州光谱健康科技有限公司 # 备案证明 备案证明 光谱云检 第三.保. 证书编号: Star CHI XO 各部分的相关化 中华人民共和国公安部监制 中华人民共和国公安部监制 2024 04 16

YSB has set up a comprehensive information security management architecture, within which the Chief Technology Officer acts as the person in charge of network security, and is responsible for organising the formulation of network and data security protection plans and for supervising the implementation, and formulating, issuing, implementing and regular updating of policies and relevant plans on data and network security protection. In addition, we also require the principal responsible person for data and network security in each department to promote the management of internal data and network security in accordance with the above policies.

We have completed the grading and filing of our main business information systems under China's network security classification protection system, including the CertEx for certification exchange, the YSB PC procurement system, ClouDiagnos and ePalm.



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Data management and control

We actively adopted risk management and control measures for data security and privacy protection, continuously maintained and improved data security in terms of operational restrictions, daily monitoring, third-party detection, and employee awareness enhancement, and deployed digital prevention and control tools such as database audit tools, striving to minimise the probability of information security incidents such as data leakage

To improve the security management and control of data assets, we implemented a centralised management policy for database access. During the year. Levo Pharm Group moved the existing database accesses to Yearning management platform to realise the log audit of database access, effectively reducing the risk of data leakage.

In the information system, when we display user information in a list format, we will desensitize the data. Only by clicking into the details can one view the complete information, which prevents the bulk leakage of user information. All operation records are traced, and investigations will be launched into any abnormal records.

We use the built-in open-source database audit tool to record the database activities on the network in real time, ensuring compliance management through fine-grained auditing of database operations. We provide alerts for risky behaviours experienced by the database and actively block attack behaviours. By recording, analysing and reporting the user's access to the database, the tool generates a compliance report to trace the source of the accident while strengthening the recording of internal and external database network behaviours to improve the security of data assets. Based on user behaviour analysis, we carry out anti-crawling detection to detect and block data leakage caused by network crawlers in time.

During the year, YSB promoted the research and testing of native distributed databases, evaluated the performance of big data storage and explored solutions with high feasibility, and also improved the drill plans, built an active-active backup and disaster recovery structure based on the system architecture cloud and local server rooms, carried out regular breakdown drills for core components such as databases, DNS nodes, and Redis clusters to continuously improve system resilience.

We invite third-party security service companies to conduct security detection and penetration testing. Every year, we conduct four security tests and privacy compliance tests, and one penetration testing on the YSB APP and optimise the APP according to the test results. Every time before releasing a new version of the YSB APP, we evaluate and check the functions related to privacy protection.

To prevent information leakage caused by employees, we enter into a Confidentiality Provision with our employees and have formulated the Confidentiality Grading Management Protocol and the YSB Employee Handbook to regulate employee's data operation behaviours. In the event of an information security breach caused by an employee, it will be handled by the Human Resources department.

We require all employees to regularly participate in data security and privacy protection trainings and regularly conduct specialised trainings on data security management for relevant personnel to continuously improve their management quality and capability.

Highlights ()

During the Reporting Period,



we held 4 training sessions on information security and privacy protection for our employees,

with a total of **2,340** employees participated.

YSB has established data security risk emergency mechanisms such as the Contingency Plan for Network and Personal Information Security Incidents and the Contingency Plan for Overall Disaster of Business System to assess key risks, formulate disaster response plans, and conduct regular emergency drills.





Intellectual Property Protection

Technology

Empowerment and

We attach great importance to protecting our and others' intellectual property rights, exploring innovative technologies and products, carrying out patent applications and maintenance, and preventing the risk of infringement. We strictly abide by the relevant laws and regulations, such as the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China. We have formulated the Intellectual Property Management Policy for YSB and developed an intellectual property management system.



We use a two-factor authentication mechanism for the code base to restrict access to core code, effectively protect the Company's intellectual property rights, and prevent disclosure and abuse. We have launched a specialised intellectual property management platform under the YSB Platform, which aims to defend our intellectual property rights against, among others, infringement and fake products to avoid risk of intellectual property right infringement in advance and prevent unnecessary losses. The platform carries out the investigation and verification on its own according to the infringement case reported by users, and if the alleged infringement case is proved to be true, necessary measures such as removal, blocking, disconnection, termination of transactions and services will be taken in a timely manner in accordance with the E-Commerce Law and other regulations. The completion rate of complaint handling for this year was 100%.

Highlights ()



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During the Reporting Period, there was U information security incidents or customer privacy leakage.

During the Reporting Period, the completion rate of handling intellectual property complaints was

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"Dual Carbon" Goal Leads Green Development

YSB consistently prioritises environmental protection within its corporate strategy of sustainable development. We hold firm to our belief that by implementing scientifically driven environmental protection measures and adopting systematic environmental management practices, we can significantly mitigate the impact of our operations on the environment. This approach not only enhances our resource utilisation efficiency but also fosters the green development of society as a whole.

Key issues: Waste management

Energy and resources management Carbon footprint of products Response to climate change

Key indicators of the HKEX ESG Reporting Guide:

KPI A1, A1.5, A1.5, A2, A2.3, A2.4, A2.5, A3, A3.1, A4, A4.1







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Strategy

We are fully aware of the complicated and systematic linkages between climate-related risks and opportunities. For instance, the policy changes due to climate change and extreme weather exert pressure on our production and operation, while bringing new opportunities for technological innovation and green transition for the Company. In this connection, we comprehensively assess the impact of climate factors on the Company's businesses and financial planning after taking into account the macroeconomic analysis, climate policy analysis, industry analysis and historical business results, and then based on the analysis results, we determine the strategic direction and response strategies for climate change, and make timely adjustments.

Preliminary Identification Results of Climate Change Risks of YSB

Type of risk	Climate- related risk	Impact on business model	Impact on the value chain
	Extreme high temperature	 Potential increase in difficulties of pharmaceutical products storage and possible adjustment for the warehousing layout and the investment in temperature control equipment result in higher operating costs. Prolonged extreme heat increases the health risks for outdoor workers. 	 Warehouse temperature affects the pharmaceutical products quality. Additional temperature control equipment in transportation and storage is required for ensuring the pharmaceutical products quality, which increases operating costs.
	Extreme low temperature	 Increased requirements for transportation and storage heating demand for upgrade of thermal insulation equipment and technology. Increased health risks for outdoor workers. 	
Physical risks	Flooding (including river flooding, coastal flooding)	 Damage to warehouses and logistics hubs may result in the suspension or relocation of operations. Disruption of logistics distribution results in replanning of distribution routes and schedule. Potential damage to traditional Chinese medicine planting bases affects the supply of raw materials. 	 Warehouses and logistics hubs are flooded, which results in supply chain disruption and reduced production capacity. Logistics distribution is disrupted, which affects the delivery of products among upstream and downstream enterprises. Warehouses and logistics facilities are damaged, which results in high repair or reconstruction costs and affects the operating costs.
	Hill fire	• Disruption to the production capacity of Chinese medicinal materials results in a shortage of supply on the platform.	• Short-term supply of raw materials is disrupted, which results in lower sales and output.
	Extreme precipitation	 Damage to pharmaceutical products in warehouses results in higher costs of goods storage and management. Logistics distribution impeded by ponding delays the delivery. 	 Pharmaceutical products shall be re-examined or declared unusable, which results in reduced output. Logistics distribution is affected, which results in supply chain disruption and reduced production capacity.
	Typhoon	 Damage to warehouse buildings and business suspension results in urgent transfer of materials. Disruption of logistics transportation due to road problems results in disorder of business processes. 	 Supply chain is disrupted and production capacity is reduced. Abnormal weather affects distribution, which results in lower service standard achievement rate and affects products delivery and customer satisfaction.

Response to Climate Change

Profile

We actively explore the economic opportunities and address the challenges that climate change may bring to enterprises, respond to China's commitment to carbon neutrality by 2060, integrate climate change measures into business and office scenarios, and seek a business model to cope with climate change risks. We actively identify and assess the possible impact of climate change-related risks on our business and develop appropriate strategies.

Governance

In terms of managing climate-related risks and opportunities, YSB has formed a three-tier governance structure with the Board as the core decision-making body, the Environmental, Social and Corporate Governance Committee (ESG Committee) as the key execution and supervisory body, and all departments under cooperation:



An an

Board

Management responsibilities

- As the highest decision-making body of the Company, the Board assumes the ultimate responsibilities for climate-related matters. It is responsible for formulating the overall strategic direction of the Company, including the positioning and integration of climate strategy in the Company's overall strategy, to ensure that the Company fully considers climate-related risks and opportunities in its operation and development.
 - The Board appoints the members of the ESG Committee, delegating the responsibility of monitoring and managing climate-related matters to them, and receives annual reporting from the ESG Committee to make decisions on material matters.
- The ESG Committee, led by the Board, is the central execution and supervisory body for the management of climate-related risks and opportunities. The members are appointed by the Board, comprising of at least one independent non-executive Director to ensure its independence and objectivity.
- It is responsible for the formulation, review, monitoring and implementation of climate-related policies.
- It shall continuously monitor climate-related risks and opportunities, assess the impact of energy consumption and extreme weather on the Company's operation, report to the Board in a timely manner, and provide response strategies and recommendations.
- It shall coordinate the climate-related affairs among the Company's departments to ensure the cooperation within the Company to facilitate the implementation of climate strategies.

Ğ, Business epartments

ESG

• Under the coordination of the ESG Committee, business departments including the logistics centre and the quality management department shall carry out the climate-related work in daily operations. Business departments are supervised and guided by the ESG Committee, working together to achieve the Company's climate goals.

The Board of YSB attaches great importance to climate-related risks and opportunities, and focuses on climate-related risks and opportunities through the annual board meetings to ensure the Company's compliance in its climate work. The ESG Committee, with members appointed by the Board and chaired by the independent non-executive Directors, is responsible for formulating and reviewing climate strategies, coordinating cooperation among departments and reporting the latest climate issues and climate risks and opportunities to the Board annually, so as to provide basis for decision-making. In order to supervise the performance of the ESG committee, the Company sets quantitative targets such as resources recycling for the management every year to assist the Board in evaluating the effectiveness of the strategies.

Appendix

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	Con Prof	npany île		Message from CEO		About the Report	
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he ESG Management Steady Governance and Efficient Operation To Make Quality Medical Care and Good Medicine Accessible to All Technology Empowerment and Innovation Leadership

Case Study

In June 2024, a rare disaster-level rainstorm struck Changsha. In the face of sudden extreme weather conditions, the Company's Human Resources Department responded quickly by setting up an extreme weather contingency plan team in the first place to coordinate the overall response work. For the office staff, through efficient internal communication channels, they were notified in advance to bring their computers home for work from home arrangement, so as to ensure normal business operations without interruption by such extreme weather. At the same time, we actively organised warehouse personnel to carry out a series of precautionary flood resistance measures, including conducting drainage system check, strengthening the warehouse doors and windows, padding the products, fully safeguarding the warehouse property.

During the season with changing climate, all subsidiaries always stay alert, pay close attention to meteorological information, and actively establish and improve inspection and alert systems. They conduct regular inspections to timely identify hidden dangers, and prepare various response plans in advance with the help of accurate alert information, so as to fully protect the life and property of employees and the Company, demonstrating the Company's emergency management capability and responsibility in the face of extreme weather.

Preliminary Identification Results of Climate Change Opportunities of YSB

Type of opportunity	Climate opportunity	Impact on business	Response strategy
	Climate- resilient products and services	 Changes in the incidence and prevalence areas of certain diseases caused by climate change (e.g. heatstroke due to high temperature) may increase the demand for pharmaceutical products with climate resilience accordingly. Climate change may lead to local supply shortage of pharmaceutical products and medical devices in some regions, and replenishment demand in some regions may increase accordingly. 	 Increase the investment in research and development to develop and optimise relevant pharmaceutical products for diseases caused by climate change. Use the big data of the platform to establish a sound market research mechanism, track the market demand dynamics in real time, and have flexible adjustment of the layout of product supply.
Opportunition	Digital services	 In the process of addressing climate change, there is growing demand for digital services such as telemedicine and online health consultation. Leveraging on its own platform advantages, YSB can expand digital services, break the geographical restrictions, provide convenient medical services for wider base of patients, as well as reducing the carbon emissions of patients' travel during their offline medical treatment. 	 Improve the coverage of the CertEx for certification exchange and electronic contracts, and continue to optimise the functions of digital tools such as SaaS. Continue to enhance the user feedback mechanism, and constantly optimise platform functions based on user needs.
Opportunities	Efficiency of resource utilisation	 In terms of storage, more pharmaceutical products can be stored with an optimised space layout. In terms of recycling, adopt reusable packaging materials and recycle the transfer boxes to reduce the use of disposable resources during the packaging process. 	 Introduce intelligent warehousing management system and have precise space planning of the warehouse to improve storage density. Use big data analysis for optimising logistics distribution plans to realise the full-loaded transportation of vehicles. Establish incentive mechanisms for packaging materials recycling, conduct periodic evaluation of the efficiency of resource utilisation, set targets for improvement and maintain constant optimisation of the processes.
	Development of green supply chain	 As consumers and partners are attaching more importance to green supply chain, the construction of a green supply chain covering the whole process of pharmaceutical raw material procurement, production and distribution, will help enhance the market competitiveness of enterprises and attract more quality customers and partners. 	 Use intelligent algorithms to optimise logistics distribution routes, give priority to green and environmentally friendly logistics suppliers for cooperation, and reduce the carbon emissions during transportation.

In the future, based on the *Guidance on Climate Disclosures* of the HKEX, we will enhance the scenario analysis of climate risks, identify the climate risks and potential opportunities faced by the Company under different scenarios, improve climate resilience and seize climate opportunities.

Type of risk	Climate- related risk	Impact on business model	Impact on the value chain
Transition risks	Policies and regulations	 As the world proactively responds to the Paris Agreement, China has built a dual-carbon "1+N" policy system. When facing the challenge of green and low-carbon transformation, enterprises may invest in upgrading equipment and technology to meet the compliance requirements of low-carbon management, which may change the existing production and operation models. 	 The suppliers shall adjust the production process, which may lead to a decrease in production capacity. Logistics companies shall upgrade transportation tools, which increases transportation costs.
	Technology	 The adoption of green packaging, construction of green warehouses, implementation of energy-saving transformation for better energy efficiency and application of renewable energy and other emission reduction technologies requires additional cost investments. 	• The supply chain may face challenges of balancing rising costs and efficiency in the short term due to the application of emission reduction technologies.
	Market	 With the advance in climate transition process, consumers have been increasing awareness of environmental protection and health and their choice of pharmaceutical products may change. 	 Changes in pharmaceutical products demand shall be captured in a timely and precise manner, which requires adjustments in procurement, launch and marketing strategies.
	Reputation	 As the developed countries and some regions in the world have tightened regulatory policies on climate-related information disclosure, increasing disclosure requirements are expected in the future. Failure to meet the disclosure requirements by enterprises may affect their reputation. 	 Additional resources may be required for improving disclosure and reputation, which results in the increase of operating costs.

Following the Carbon Mitigation Hierarchy strategy, we regularly carry out specific carbon reduction measures at five levels: Avoid, Reduce, Replace, Recycle and Offset. We periodically review and monitor our performance to reduce the negative impact of our production and operation on climate change in all dimensions, processes and life cycles.

Level	Direction	Specific measures
Avoid	 Making business process available online Making office process available online 	 Realise complete online processes of business initiation and renewal through CertEx for certification exchange and electronic contracts. Develop online management of internal business processes and promote paperless office. For more measures, please refer to the sections headed "Green Operations" and "Green Value Chains".
Reduce	 Reduce energy consumption Reduce water waste Reduce the use of packaging materials 	 Optimise the energy consumption of lighting, air conditioning and other equipment in office and storage areas, such as replacing with LED lights, setting timed light off, cleaning and maintenance. Replace with water-saving faucets, inspect and maintain water pipes, post water-saving signs and check water use regularly. Optimise the self-designed cartons, match the packing box types and orders through the intelligent system. For more measures, please refer to the section headed "Green Operations".
Replace	 Energy saving and environmental protection equipment, product transformation and replacement Renewable energy alternatives 	 Prioritise procuring energy-saving and environmentally friendly products such as fluorine-free batteries and rechargeable batteries, and advocate leasing environmentally friendly laser printers. Carry out heating transformation with ventilating machine in eligible warehouses to reduce the heating dependence in the logistics park. For more measures, please refer to the section headed "Green Operations".
Recycle	 Packaging materials recycling Office waste recycling 	 Formulate relevant rules and policies to encourage the recycle of second-hand cartons and the recycle and procurement of cartons originally used for packaging. Reuse and recycle the non-hazardous office waste, including reselling and donating fixed assets, recycling waste paper, recycling used batteries and recycling and disposal of toner cartridges. For more measures, please refer to the section headed "Green Operations".
Offset	Afforestation	Arrange afforestation for ecological construction.

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Risk Management

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We have established a standardised process for identification, assessment and management of climate risks with reference to the IFRS S2 Climate-related Disclosures of the International Sustainability Standards Board (ISSB). The ESG Committee is responsible for periodical review of climate change risks, alignment of climate change risks based on changes in internal and external environments as well as updates on our own business plans, and on-going optimisation of our management processes and refinement of response strategies, so as to enhance our climate risk management capabilities.

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from CEO

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We conducted an in-depth analysis of climate-related risks and identified a total of ten risks, including six physical risks and four transition risks. By integrating key factors such as our business model and the geographical locations of our assets, we made a further assessment and prioritised the climate risks with the highest risk levels. In addition, a comprehensive evaluation of risk tolerance was conducted, and targeted risk response policies were formulated accordingly.



We have integrated such climate-related physical risks under the operational risk category within our comprehensive risk management framework. Internal safety management policies such as the *Warehouse Safety Management Policy of Leyo Pharm Group* as well as extreme weather emergency plans are in place to ensure the effective implementation of climate change adaptation or mitigation policies. At the same time, we conduct periodical risk assessments to see if our risk tolerance is in need of updating.

We have established a business continuity plan to ensure crisis response and execution capabilities in the occurrence of major incidents, including extreme weather events. To protect our business from exposure to physical climate risks, we closely monitor climate change and have deployed protective equipment and emergency devices for proactive response. Additionally, we conduct annual emergency drills to ensure the effectiveness of our emergency mechanisms. During the Reporting Period, the Company experienced no safety incidents nor negative operational impacts due to extreme weather.

Business Continuity Plan for Extreme Weather

Objectives of the plan: Ensure the continuous business operation of Company, safeguard the employees, minimise property damage, and maintain normal business order and customer service levels under extreme weather conditions such as typhoons, rainstorms and high temperatures.

dissemination and precise notifications. Manual monitoring and verification: We will a as a supplementary measure to the intellige

B

Early

warning

and

monitoring

Facility

protection and

maintenance

Emergency protective measures: Upon receiving an extreme weather warning, we will promptly organise personnel to inspect critical locations and potential risk points such as doors, windows, drainage systems and roofs, take preventive actions such as placing sandbags, reinforcing doors and windows and clearing drainage outlets, to prevent water backflow and facility damage.

Regular maintenance: We will establish a regular facility maintenance mechanism to conduct comprehensive inspections and upkeep of drainage systems and building structures (such as roofs, doors, windows and exterior walls). We will clear rainwater pipes, test drainage pumps, repair roof cracks and replace damaged doors and windows, ensuring facility safety and stability during extreme weather.

Early Warning for Warehouse Abnormal Delivery

The abnormal delivery early warning system can promptly identify cities and our warehouses under or to be under extreme weather impacts, enabling us to plan and develop logistics response strategies in advance to ensure business continuity.







Intelligent warning system: We will accelerate the testing and refinement of the abnormal delivery intelligent management system to ensure it can stably subscribe to extreme weather warning information from meteorological departments, receive real-time severe weather alerts, and automatically notify the personnel from key departments such as operations and warehousing, enabling rapid information

Manual monitoring and verification: We will assign dedicated personnel to monitor daily weather updates as a supplementary measure to the intelligent warning system. After a warning is issued, the warning information will be manually verified and promptly communicated to relevant departments and personnel, so as to ensure no such information is missed.

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Green Operations

Energy management

YSB always adheres to the concept of sustainable development, and strives to create a highly efficient and energy-saving working environment with economic and environmental benefits on the principle of improving energy efficiency and reduce energy consumption. The energy consumption of YSB mainly includes the purchased electricity generated in the process of office work and pharmaceutical product storage.

Energy and resources management structure of self-operation business



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waste and environmental pollution.

In order to further enhance the rational use of energy resources, we have established an appraisal mechanism that the energy and resources utilisation is linked to the subsidiary general manager's remuneration through performance management. Since 2024, the monthly controllable expense ratio in the subsidiary general manager's performance indicators has been adjusted to 50%. The controllable expense ratio includes utilities for offices, warehouses and other premises, as well as other operational costs. Such adjustment aims to further strengthen the management of energy-related costs and improve the precision of the Company's cost management.

Safety alerts and protection: We will issue safety reminders to our employees via internal communication systems, emails or other channels before the extreme weather hits, advising them to avoid going out and adopt necessary protective measures. For employees who must go out, safety gear such as raincoats, umbrellas and helmets will be provided, and outdoor safety precautions and emergency rescue procedures will be clearly outlined.

Employee safety and support

Flexible office arrangement: We will implement a flexible office policy to encourage employees to apply for home office when they encounter extreme weather. We will provide technical support and work guidance in advance to ensure employees can perform their duties remotely and reduce risks from going out in adverse weather conditions.



Emergency plan development and drills: We will develop detailed emergency plans for office areas and warehouses to cope with extreme weather, specifying the responsibilities and tasks of departments and personnel in emergencies. We will regularly organise emergency drills to simulate different extreme weather scenarios, so that employees are familiar with emergency procedures and evacuation routes, enhancing their response capabilities and coordination.

Business operations assurance Emergency supplies reserve and management: We will establish an emergency supplies reserve for extreme weather to stock items such as sandbags, water pumps, emergency lighting, first-aid medicine and drinking water. We will implement emergency supplies management system, conduct regular inspections, maintenance and updates on emergency supplies, such as charging tests, trial runs and expiration checks, while maintaining proper supplies inspection records to ensure supplies are always available



Business recovery: After extreme weather, we will promptly organise personnel to inspect and assess the facilities, equipment and business systems of the Company, repair damaged facilities and equipment in a timely manner to resume operations, and prioritise the restoration of critical functions before gradually recovering other operations.

Business recovery and evaluation

Lessons learned and improvement: We will summarise and evaluate the response process when facing the extreme weather, analyse issues and shortcomings, and propose improvements and recommendations. The business continuity plan and emergency plan will be continuously refined to enhance the Company's ability to handle extreme weather events.

Indicators and Goals

Climate change has become and will continue to be a critical issue for businesses and the world. In active response to the national strategic goals of achieving "carbon peak and carbon neutrality", YSB will make deployment in a scientific and orderly way and promote carbon reduction measures tailored to the Company's actual situations with reference to advanced international carbon reduction concepts and practical standards. We will steadfastly move toward the goals of achieving carbon neutrality in our operations.

Indicators	Unit	2023 Data	2024 Data
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	13,622.60	13,599.01
Direct greenhouse gas emissions (Scope 1)	tCO ₂ e	9.47	11.64
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	13,613.13	13,587.37
Greenhouse gas emission intensity (Scope 1 and Scope 2)	tCO₂e/business income (RMB10,000)	0.008	0.008

The general manager of Leyo Pharm Group serves as the top management of the Self-operation Business regarding the use of energy and resources, and is responsible for controlling the overall strategy and direction of the Company's utilisation of resources, establishing long-term goals and policies, and ensuring that resource utilisation aligns with the Company's business strategy and

It coordinates the allocation and utilisation of resources among various departments, and decides and approves significant resource utilisation projects.

The Logistics Center, as the main department in charge of warehouse resource utilisation and management, is responsible for:

· Optimising warehousing process to improve efficiency and resource utilisation, thereby reducing production costs and energy consumption.

 Organising production equipment and human resources in a rational manner to ensure the smooth operation of production activities.

Recycling and reusing waste generated during production to reduce resource

• Quality Management Department: It ensures that warehouse operations, such as temperature and humidity, are in line with GSP regulations.

• Human Resources Department: It is responsible for providing human resource support for resource utilisation projects, arranging employee training and development programs to improve employees' professional skills and awareness of resource utilisation, as well as establishing and improving the performance appraisal and incentive mechanisms to encourage employees' active engagement in resource utilisation activities.

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Management initiatives

We regularly assess operational energy consumption, establish equipment maintenance and management standards such as the SOC for air-conditioning maintenance, and implement lean management of lighting, air conditioning and other powerconsuming equipment in office and storage areas.



Energy-saving improvements: Replace all lights with LED energy-saving lights to reduce lighting energy consumption.

Smart control: Implement a timed light-off system that automatically turns off the lights when no one is at work at night. Introduce an inductive lighting system in warehouses to enhance energy utilisation efficiency.



Standards for use: Close office doors and windows to prevent outdoor air from entering and affecting the cooling effect when using air conditioners in summer, and avoid additional energy consumption due to continuous cooling of the air conditioners. Turn off air conditioners in time when the office is unoccupied based on the principle of "machine stop and power off when people leave".

O Equipment maintenance: Set the air conditioners to be turned off regularly in summer, and remind employees to turn off the air conditioner when they leave. Regularly clean and maintain air conditioners and air conditioning pipes to improve their operational efficiency and extend their service life.

Intelligent temperature control: Employ automatic temperature control systems in pharmaceutical product warehouses to achieve energy-saving goals while maintaining constant temperature conditions.

In the procurement process, we adhere to the concept of green procurement, prioritise energy-efficient and environmentally friendly products to minimise energy consumption and promote sustainable development from the source. In terms of inspection mechanism and energy management, we have set up specialised inspection roles, assigning professionals to conduct comprehensive inspection on an established schedule, with a focus on the lighting usage in unoccupied areas. We have also designated person in charge of the energy management of each building to conduct daily inspection after working hours. We have intensified daily office inspection to check whether the devices in unoccupied areas are turned off. We will remind employees to turn off the air conditioner at the end of each workday to strengthen their energy-saving awareness. Additionally, "Energy-saving Tips" and "Save Energy" signs are posted in public spaces to encourage employees to proactively turn off devices when leaving the working area, reduce lighting usage when fewer people are present, and ensure lights are turned off when leaving, thereby fostering a culture of energy conservation.





Technology

Empowerment and

Innovation Leadership

In the process of logistics transportation, we actively promote energy structure adjustment and green transition. In 2024, Levo Pharm Group increased the use of its self-operated Sudao Logistics and reduced its reliance on traditional fossil fuels as compared to its previous use of petrol and diesel vehicles rented from carriers in market, which effectively lowered carbon emissions and contributed to the realisation of green logistics goals.

Water resource management

Water resources used by YSB mainly include domestic water in the office and warehouse areas. Water is mainly supplied by the municipal water system, and there is no issue in sourcing water. We promote water conservation and regularly check our water consumption indicators, with the management objective of reducing the density of water consumption. In order to put water conservation concepts into practice, the Company has implemented a series of measures:



During winter, we conducted the reconstruction project of fan-based heating, replacing the previous park-based heating method. The reconstruction significantly reduced electricity consumption, effectively reducing energy consumption and operational costs.

Outdated lamp tubes were all replaced with lower-wattage lighting equipment, which significantly reduced the lighting energy consumption and improved energy efficiency while

We installed cotton curtains in the inbound and outbound areas and implemented effective insulation measures, which significantly reduced heat loss, lowered heating energy

A responsible-person system has been established for each building. The responsible person shall conduct daily inspection of water facilities, promptly report leaks for maintenance, and

Water facilities are regularly inspected and updated, with outdated taps being replaced by waterefficient ones. Specialised personnel are assigned to check the water pipelines and repair leaks

Employees are required to turn off the tap in time to prevent "long-time water consumption". Water-saving signs are posted near the tap. Employees' daily drinking water is appropriately planned, with priority given to barrelled water, and bottled water are used during special

Water-saving slogans are posted in public water-use areas to nurture a water-saving atmosphere, strengthen employees' water conservation awareness, thereby fostering a culture of water

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Packaging material management

The packaging materials used in YSB's operations mainly include plastic and paper used for express packages. We continue to improve the management of packaging materials and enhance their utilisation rate to reduce the impact of our operation on the environment. Based on the actual business situation, we have formulated internal packaging material management systems and standards, such as the Management Rules for Warehouse Consumables of Levo Pharm Group, the Reward Policy for Recycling Used Cartons of Levo Pharm Group and the Reward Guidelines for Recycling Used Cartons of Levo Pharm Group, to maximise the utilisation efficiency of consumables and effectively reduce resource wastage.

In the process of storage and transportation, the Logistics Center of Leyo Pharm Group is responsible for the overall resource management, and warehouse managers are responsible for specific work. For the packaging material management, we assign specialised personnel to monitor the use of packaging materials every week to ensure the effective implementation of the Management Rules for Warehouse Consumables of Leyo Pharm Group, thereby improving the recycling level of packaging materials and other consumables.

Lean Management of Warehouse Packaging Materials

Profile

Design optimisation	
Intelligent matching	
Encouragement for recycling	

The adoption of self-developed carton design allows better and more rational alignment of the packaging structure with product characteristics and transportation requirements.

The intelligent warehousing system accurately matches the most suitable packing box types based on order details and product sizes, enabling precise control over packaging material usage.

Various scientifically-based reward thresholds and incentive conditions are set according to the monthly actual utilisation rate of used cartons, which specify the recycling goals for the storage and transportation team, thereby fully stimulating employees' enthusiasm to participate in low-carbon and environmentally friendly behaviour.

In 2024, we updated the Reward Policy for Recycling Used Cartons of Levo Pharm Group and the Reward Guidelines for Recycling Used Cartons of Levo Pharm Group by incorporating the consumable rate as a consideration and increasing the incentive ratio from 8% to 12%, thereby continuously driving the improvement of the utilisation rate of used cartons. Meanwhile, we established and reviewed the standard operating procedures (SOCs), which strengthen the packaging operation standard, regulate the packaging action and help to reduce packaging material waste. The comprehensive promotion and implementation were completed.

Levo Headquarters is responsible for supervising the implementation of subsidiaries. In accordance with the Reward Policy for Recycling Used Cartons of Leyo Pharm Group, the specifications of the cartons are under strict inspection during the carton recycling process to ensure they meet the current standards for cartons used in the warehouses. The current incentive scheme has been in place for three years, and employees have gradually developed good habits of recycling.



We continue to encourage our upstream suppliers to innovate in their processes and actively cooperate with third-party logistics companies to explore better packaging design and improve the efficiency of logistics and packaging material utilisation.

Key Indicators of Packaging Materials

Indicators	Unit
Plastic packaging	Tonne
Paper packaging	Tonne
Packaging density	Tonne/business income (RMB10,000)

Waste management

YSB strictly abides by the principle of resource recovery by establishing a recycling reward mechanism to promote the efficient recycling and reuse of various recyclable materials. For example, it actively advances the classification and reuse of used cartons. Meanwhile, a detailed waste management guideline is in place to clarify the responsibilities and workflows of each department throughout the entire process of waste generation, classification, collection, storage, transportation, treatment and disposal, and is supplemented by incentive measures to ensure the orderly execution of waste management.

YSB's business operation does not involve waste gas. The main wastes include solid waste generated from office and operations, including hazardous waste (lamp tubes, toner cartridges and used pharmaceutical products) and non-hazardous waste (printed receipts, office paper and waste packaging materials).

In terms of management structure, the management of office waste is carried out by Human Resources Specialist in the administrative position, who is responsible for ensuring the sorting, collection and proper disposal of daily office waste. The disposal of medical waste is conducted under the strict supervision of the Quality Management Department to ensure safe and compliant waste treatment. Additionally, 6S office management has been incorporated into the monthly performance indicators for administrative positions, driving the effective implementation of waste management.

Pharmaceutical product waste management

Internally, YSB has established policies such as the Pharmaceutical Products Safety Management Policy, the Management Policy of Warning for Pharmaceutical Products near Their Expiration Dates and the Management Policy for Pharmaceutical Products in the Area for Non-qualified Goods to undertake comprehensive waste management for pharmaceutical products generated within our operations, including classification, collection, storage, transportation, and safe disposal. Waste pharmaceutical products are categorised based on their properties, centrally collected, and then transferred to accredited third-party companies for safe and environmentally friendly treatment.





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Office waste management

In the field of office waste management, YSB adheres to the 4R1D principle, namely Reduce, Reuse, Recycle, Replace, and Dispose, integrates the concepts of sustainable development and resource recycling into daily office operations, and actively promotes scientific and effective waste management strategies.

	s Management measures	
⋧	*	
	• Paperless office: Encourage the use of electronic documents and usage. Use card swiping-based printing among employees with do as the default to save paper and printer consumables. Resize invo from A4 to A5 paper to minimise paper usage.	ouble-sided printing set
Reduce	 Paperless logistics and storage: Except for the accompanying first business information and other materials required by the NM related data are all made available online to minimise paper usage. 	PA, the rest of product
	• Source control in procurement: Prioritise the procurement of f Purchase rechargeable batteries for public devices, such as conditioner remote controllers in conference rooms, with plans to the daily use of employees to reduce the consumption of disposable	microphones and air extend the practices to
chairs and computers Reuse of equipment obsolete equipment. devices with lower of	ts: For fixed assets that are no longer in use, such as office desks, s,extend their useful life through internal resale or donation to charity. and packaging materials: Establish standards for the retirement of Repair and redistribute faulty equipment for use, and reserve usable configurations as backup devices for meetings. Reuse packaging urement of computers, mobile phones and photography equipment er purposes.	Reuse

Management measures $\boldsymbol{\mathbf{x}}$

· Replacement with environmental material: Actively seek and use environmentally friendly materials to replace harmful or non-degradable materials during our procurement of office equipment and supplies. For instance, replace fluorine-containing batteries and disposable batteries with fluorine-free batteries and rechargeable batteries in battery procurement. Gradually promote the use of refillable cartridges and degradable document folders in our daily operations to reduce the negative impact of waste on the environment.

Dispose

environmental pollution.

2024, Leyo Pharm Group introduced the Yuque tool build a dedicated note and document knowledge se for corporate scenarios. The application of this tool is significantly reduced the printing and circulation of per documents, helping the Company to realise the ncept of green office.



Management Strategies $\boldsymbol{\mathbf{x}}$

Replace

• Hazardous waste disposal: Set up a "waste battery recycling bin" at the front desk of each office. Collect all disposable batteries used by employees at the end of each month and sent them to the collection point of hazardous waste of the property for centralised treatment by certified agencies to ensure proper disposal of hazardous waste and prevent



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Steady Governance and Efficient Operation

Charity Hiking for Mountain Clean-up of YSB Welfare Association

YSB established the "Sudao Technology Welfare Association" to carry out welfare activities with partners from various departments. In April 2024. the Association successfully hosted its first activity, calling on the employees to clean up mountain garbage while participating in outdoor hiking. With over 20 employees actively participating in the charity hiking for mountain clean-up, the activity not only contributed to the protection of beauty of nature, but also fostered a warm corporate culture.

YSB's commitment to environmental protection by practicing the concept of green ecology

On 18 March, in response to voluntary tree-planting activities of the Ecological Construction of Green and Beauty Guangdong (綠 美 廣 東 生態建設) launched by the Guangdong Provincial Government, YSB took positive action by donating 40 osmanthus fragrans saplings to Chigang Sub-district Office under the People's Government of Haizhu District, Guangzhou, demonstrating its real action of "green preservation with tree-planting" to support the "Billion Project (百千萬工程)", and making contribution to the Ecological Construction of Green and Beauty Guangdong.

Going forward, we will continue to actively engage in social welfare activities and align with the agenda of the Ecological Construction of Green and Beauty Guangdong. Internally, we will foster a green culture, further the building of green ecological culture, drive the corporate development with green philosophy, and lead employees to the path of green development. Meanwhile, we will also raise public awareness of ecological and environmental protection through concrete actions, and gather forces from all walks of life to safeguard our homeland.



Green Value Chains

Amidst the trend of green development, YSB actively adopts the green philosophy by promoting online operation of the pharmaceutical products distribution industry and encouraging staff to participate in environmental protection initiatives, thereby offering all-round support for the establishment of green value chains.

Green transition of the pharmaceutical products distribution industry

To actively respond to the national call for green environmental protection, YSB makes good use of technological innovation to realise online and paperless operations of key business processes, promoting the development of a green and low-carbon digital economy.

In the traditional pharmaceutical products distribution industry, first business gualifications are typically verified through paper documents and logistics. Leveraging CertEx for certification exchange, the entire business initiation and renewal processes are able to be conducted online, which significantly enhances efficiency. Meanwhile, the extensive use of electronic contracts has significantly reduced the consumption of paper, which effectively lowers the carbon emissions generated during printing and mailing processes, thereby making positive contribution to the green environmental protection.



Encouraging employee and community engagement

In the era of green development, everyone plays an important role in the green transition. The Company, therefore, actively fosters a green office and living environment, and encourages employees to start with small things around them and put green philosophy into practice in their daily life to jointly build a green home. We continuously strengthen employees' awareness of environmental protection, ensuring that every staff is able to become a green office practitioner.

YSB provides employees with various equipment, including refrigerators and microwaves, and encourages them to bring their lunches and dine in at our canteen to avoid takeout. Currently at Leyo Headquarters' office, nearly one-third of the colleagues bring their lunches, effectively curbing the generation of takeout packaging waste.

The Company takes the initiative to guide its employees in practising the concept of low-carbon travel. In 2024, the "Sudao Technology" Welfare Association was established. It organised various welfare activities, such as charity hiking for mountain clean-up, to clean up the garbage left in the mountains through outdoor hiking, which protect the natural environment and make contribution to preserving the beauty of nature, showing our social responsibility and environmental protection commitment.



A group photo of the participants of charity hiking for mountain clean-up



05

Partnership Responsibility and Common Development

We would like to establish a close partnership, share social responsibility and achieve joint development. By joining hands with our suppliers, we pay attention to the quality of pharmaceutical products, ensure the stability of the supply chain, and constantly explore development opportunities of the industry to achieve an open and win-win situation. We focus on the growth of employees, develop a simple corporate culture of mutual trust, and strive for mutual achievement with employees. We are committed to engaging in social welfare, taking on social responsibilities, and promoting the accessibility of healthcare at the societal level.

Key issues: Supply chain management

Occupational health and safety Talent cultivation and career development Employee rights and benefits Diversity, equity and inclusion Corporate public welfare

Key indicators of the HKEX ESG Reporting Guide: KPI B1, B2, B2.3, B3, B4, B4.1, B4.2, B5, B5.2, B5.3







Steady Governance and Efficient Operation Innovation Leadership

Supply Chain Management

Profile

YSB adheres to the management philosophy of "quality first, legal operation, standardised management and continuous improvement", and is committed to strengthening cooperation with suppliers, minimising intermediate processes and improving supply chain efficiency.

The Company strictly abides by relevant laws and regulations, such as the Company Law of the People's Republic of China. the Law of the People's Republic of China on Bid Invitation and Bidding, the Drug Administration Law, the Good Supply Practice for Pharmaceutical Products, and the Provisions for Supervision and Administration of Online Drug Sales. It has also formulated a range of internal policies for supplier management based on its business conditions, such as the Procurement Management Policy, the Supplier Admission Requirements, the Audit and Management Policy for First Commercial Enterprises and the Qualification Audit Management Policy for Salesmen from Suppliers, covering various aspects of the admission, review, cooperation and supervision of suppliers.

In 2024, YSB continued to deepen its construction of supplier management system and further clarified the procurement standards and disciplinary baselines through the revision of the Leyo Procurement Management Policy and the Procurement Red Line Management Policy, and formulated the Guidelines for Preventing Common Counterfeit and Re-Distributed Pharmaceutical Products in Procurement to ensure the quality and safety of pharmaceutical products at source. Moreover, in 2024, the Company updated and improved the requirements of rebate management based on the change of its business, and specified the compliant methods for rebate, making it more in line with the business condition and development needs. Meanwhile, we introduced a new reallocation system for pharmaceutical products used in offline operations, improved the processes and standards for reallocation of pharmaceutical products, and developed a risk control plan to meet the goals of standardised management.

We are committed to developing the Leyo Procurement Management System to provide strong support for new employees' training and operational guidance. Such arrangement enables them to readily understand the procurement requirements, standards and processes, and master key point matters requiring attention during collaboration with suppliers, allowing them to efficiently integrate into their positions and improve their professional skills.

Supplier management system

YSB has adopted a supplier management system that allows twoway management. Each subsidiary of Leyo Pharm Group has set up a Quality Management Department, which receives unified technical guidance from its counterpart at the headquarters. The Quality Management Department of the subsidiary is responsible for implementing the subsidiary's internal quality management system, including formulating and introducing relevant quality management policies, supervising supplier quality, controlling pharmaceutical product quality, and handling quality-related complaints. Furthermore, the Quality Management Department at Leyo Headquarters supervises the implementation of quality management in each subsidiary to ensure that each subsidiary operates strictly in accordance with the requirements of the quality management system.

To ensure pharmaceutical product quality and supply chain stability, the Company has formulated the Quality Review Management Policy for Pharmaceutical Products Procurement, which clarifies the responsibilities of each department. In the process of supplier management, all departments take part in formulating the elimination mechanism to ensure timely elimination of unqualified suppliers and pharmaceutical products.



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In addition, the Quality Management Department organises all departments to conduct comprehensive guality reviews on suppliers and their pharmaceutical product supply every year. During the review, all departments participate in the dynamic evaluation of suppliers at risk. The Quality Management Department should include suppliers and pharmaceutical products with a score of under six on the List of Excluded Products and the List of Excluded Suppliers, and organise all departments to conduct an in-person review. If there is any objection, suggestions should be proposed for discussion. The pharmaceutical products and suppliers to be eliminated are jointly determined and subsequently confirmed by signature.

For discontinued pharmaceutical products and suppliers, the Quality Management Department will freeze or stop procuring from them, and procurement personnel are not allowed to make further procurement from them. Suppliers and pharmaceutical products seeking to resume cooperation must undergo qualification review and the necessary safety assessment. If a supplier is eliminated in the original evaluation due to quality issues, the supplier shall provide evidence of rectification. If the problem persists, the quality management personnel will reject the suppliers to ensure the security and stability of the supply chain.



Jointly formulating the elimination mechanism for suppliers and pharmaceutical products to ensure timely identification and removal of ungualified suppliers.

Establishing an internal risk monitoring and elimination mechanism for the accuracy and timeliness of supplier invoices and advance payment matters to

Formulating an internal elimination mechanism for the delivery and services of

Formulating a pharmaceutical product guality elimination mechanism to strictly



Message from CEO

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About the ESG Report Management Steady Governance and Efficient Operation To Make Quality Medical Care and Good Medicine Accessible to All Technology Empowerment and Innovation Leadership

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In 2024, during the implementation of our key single product strategy centred on the brand of "Leyaoshi", YSB deeply optimised the supply chain management of the Leyaoshi Huoxiang key single product, and conducted a more comprehensive and detailed review on its manufacturers. In terms of supplier qualifications, we focused on the manufacturers' systems and management standards in multiple dimensions, including quality management, quality assurance and quality control. In terms of quality management, we strictly reviewed the manufacturers' quality control processes and standards for raw materials, production processes and finished products. In terms of quality assurance, we delved into the establishment and operation of their quality assurance systems to ensure the stable and continuous supply of products that meet our quality requirements. In terms of quality control, we focused on their monitoring and regulation mechanisms for every production process to ensure the stability of product quality.

Additionally, in terms of production management, we assessed the rationality of their production processes, the advanced level and maintenance status of the production equipment, as well as the standardisation of personnel operations. In the process of product delivery and transportation, we evaluated the timeliness and accuracy of their logistics and distribution, as well as measures to ensure the quality of products during transit. In terms of recall management, we reviewed whether they have a comprehensive recall system and emergency plan in place to enable swift response when problems occur and minimise negative impacts.

Through strict screening and in-depth inspection, YSB has further solidified the upstream management of Leyaoshi Huoxiang, which ensures the continuous supply of compliant, safe and quality medicines to consumers, and greatly contributes to the steady progress of our key single product strategy.

Sup	ply Chain Management Objectives
Ø	Signing a quality agreement is a requisite for any procu
\bigcirc	All products and suppliers must be 100% any procurements.
\bigcirc	All products received must be checked against their rec 100% qualified based on their inspection in
\bigcirc	100% of products entering inventory must

Supply Chain ESG Risk Management

For the supply chain management, YSB attaches great importance to the ESG impact. During the supplier selection stage, we conduct strict review on their ESG performance, and give priority to suppliers with outstanding performance in environmental and social responsibility and corporate governance. Existing suppliers are classified and managed based on business cooperation scenarios such as transaction volume and fulfilment of contracts, as well as ESG-related standards, including health and safety management and business ethics, with regular assessment on their performance. Once any ESG-related negative impact is detected, we will promptly initiate response measures and assist suppliers in developing rectification plans to prevent, mitigate and eliminate such negative impact.

We continuously improve our precise identification of supply chain sustainability risks arising from human rights and labour issues, environmental protection, and etc. We have established a tiered supplier management and control mechanism to closely monitor and guide high-risk areas and suppliers, thereby continuously improving our supply chain ESG management.



curements.

qualified, and legit based on their audit results before

eceipts, and all products entering inventory must be

n results.

st be accompanied with inspection reports.

Profile

Steady Governance and Efficient Operation

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Local procurement

YSB always regards the optimisation of its procurement strategy as an important measure to enhance corporate competitiveness and service level, with particular focus on promoting the development of the local supply chain. By actively building a local procurement model, we strive to realise the dual improvement of supply chain efficiency and effectiveness.

The local procurement model has significant advantages for effectively shortening the transport routes and improving transport efficiency, thus reducing the turnover time of products and accelerating capital recovery. This not only helps to reduce logistics costs and improve the overall efficiency of the supply chain, but also more accurately meets the demands of the local market and provides better and more efficient services to downstream customers, enhancing customer satisfaction and loyalty.

In terms of cooperation with local suppliers, YSB actively explores innovative cooperation models. YSB has signed rebate agreements based on the supplier level with key local suppliers, breaking through the limitation of traditional rebate based on the pharmaceutical product level only. In the process of cooperation, we continue to strengthen the communication with suppliers, dive into their needs and expectations, provide them with professional and high-guality services as well as prompt and effective feedback, so as to enhance our mutual trust and tacit cooperation and consolidate our long-term and stable relationship.



the Company had a total of



The proportion of local purchase has been included in the performance assessment indicators, and the proportion of inprovince purchases of Leyo Pharm Group reached



Integrity development of the supply chain

YSB attaches great importance to integrity development and is committed to fostering a clean and upright business environment. The Company has formulated internal management policies such as the Anti-Corruption Compliance Policy, the Management Measures for Integrity Reporting and the Guidelines for Red Line Behaviour Operations of YSB. Additionally, an integrity whistleblowing platform, email address and hotline for reporting have been established, opening up the supervision channels and encouraging all parties to actively participate in the integrity supervision.

To comprehensively strengthen the management of anti-corruption and anti-bribery among suppliers, we require all parties engaged in business with the Company to strictly adhere to the requirement of anti-corruption compliance. Meanwhile, we require suppliers and other partners to sign the integrity clause at the time of contract signing and to file it for future reference. The Company actively communicates and emphasises anti-corruption and anti-bribery requirements to our business partners, and expects our suppliers to fully understand and agree with the Company's internal policies and standards to ensure that the entire cooperation is in line with the Company's integrity expectations.

We encourage suppliers and other partners to actively participate in the integrity training sessions organised by the Company to ensure strict compliance with anti-corruption policies and honest business practices. Should a supplier violate business ethics, we will revoke their supplier qualifications, terminate the contract, or pursue criminal responsibility according to the law.

Supplier empowerment

YSB has established a transparent and open communication channel for suppliers to share with them the latest update on industry standards and provide them with necessary support in their daily operation. We also organise regular strategic, technical and business meetings with suppliers to assist in improving their delivery efficiency and quality.

Supplier Collaboration: Innovative Model for Targeted Product Launch Business to **Facilitate Market Expansion of Pharmaceutical Companies**

YSB emphasises on supplier empowerment and provides refined and specialised one-stop marketing and channel integration services for the partner pharmaceutical companies of the Targeted Product Launch Business. With years of accumulated experience in operating Online Marketplace and Self-operation Business, we can accurately identify products with sales potential, such as pharmaceutical products with high demand but limited brand visibility, selling well in hospitals but underpromoted in outside-of-hospital pharmacies, and well-known in certain regions but yet to be expanded in other regions. The Company collaborates with pharmaceutical companies to customise product promotion plans based on downstream demand, converting potential market opportunities into actual sales results.

Through a range of digital marketing solutions, the Targeted Product Launch Business helps pharmaceutical companies increase sales, while closely monitoring the life cycle of relevant products and continuously providing market feedback to partner pharmaceutical companies for optimisation of product sales and customisation of marketing and promotion strategies. In 2024, we cooperated with about 500 pharmaceutical companies to promote their products, covering 11 products each with sales exceeding RMB10 million.

Pharmaceutical manufacturers are directly connected through the Targeted Product Launch Business system instead of the traditional multi-level agency mechanism. This reduces costs and improves efficiency. The system provides an intuitive online selection and settlement function, significantly enhancing cooperation efficiency. Additionally, leveraging its nationwide distribution network and marketing platform, YSB provides robust support for pharmaceutical product promotion and distribution. With our extensive big data reserves, YSB accurately makes use of the information relating to market sensitivity regarding prices, tastes and brands, which serves as an important basis for formulating market strategies. Benefitting from the traffic of its online marketplace, YSB assists pharmaceutical companies in reaching target customers accurately. With channels of industrial platform and network in the external market and business development teams spanning various provinces and cities, we provide pharmaceutical companies with three-dimensional and personalised sales services, supporting them to efficiently promote their products, expand their market coverage and meet the diversified needs of upstream merchants, thereby winning the upper hand in market competition.





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Steady Governance and Efficient Operation Technology

Supplier Training: Enhanced Training Support to Ensure Product Quality and Safety

Product quality training

We prioritise product safety and quality training for our suppliers, which covers the application and interpretation of the Good Supply Practice (GSP) and other relevant regulations, and assist suppliers in understanding and following the stringent quality standards based on the rules for selling pharmaceuticals on Internet platforms, so as to effectively prevent quality risks.



Marketing and promotion training

Based on YSB's abundant experience in the pharmaceutical industry and in-depth market insight, we conduct marketing and promotion training for suppliers. The content includes: Market trend analysis, which helps suppliers understand the pharmaceutical market dynamics and changes in consumer demand. Digital marketing skills, such as utilising big data analysis to accurately locate the target customer groups and carry out online promotional activities. Brand building and maintenance, which guides suppliers to enhance brand awareness and reputation, and formulate brand promotion strategies tailored for their own products. Through these trainings, we help suppliers improve the market competitiveness of their products and expand their sales channels and market share.



Supply chain management training

In order to optimise the efficiency of supply chain collaboration, YSB provides suppliers with supply chain management trainings. The training content involves supply chain optimisation strategies, including ways on shortening the procurement cycle, reducing inventory costs and improving the efficiency of logistics and distribution. The RealSettle system training and supplier system operation training enable suppliers to familiarise themselves with the new settlement mode and system functions for tracking their products in real time and conducting the settlement operation in an easier way, thus improving the efficiency of capital turnover and the overall operation of the supply chain.

Successfully Holding the Signing Ceremony of Strategic Cooperation between Leyo Pharm Group and CR Sanjiu

Both parties had joined hands since 2023 and further upgraded their strategic cooperation objectives and strategies in 2024. In March 2024, they reached an in-depth cooperation on products such as Sanjiu's Ganmaoling granule and Compound Banlangen Granule under CR Sanjiu, and established the "999 Star Products (999 星 品)" New Store Brand Day under the YSB Platform, which gained great recognition from downstream users and achieved considerable sales results.

On 22 May, both parties held a signing ceremony for strategic cooperation, at which they were committed to jointly building the value chain of brand products, applying innovative thinking of digitalisation, regionalisation and categorisation and jointly customising refined and forward-looking cooperation plan, so as to make quality medical care and good medicine accessible to all and to set a new benchmark for the industrial cooperation.



Supplier System: Smart Supply Chain System to Improve Operational Efficiency

YSB pioneered in realising the comprehensive implementation and efficient operation of the supply chain system with RealSettle system in the industry. Compared to traditional prepayment and cash-on-delivery models, the RealSettle system can realise automated, instant and smart management of suppliers' payment collection, which fundamentally alleviates the suppliers' financial pressure, optimises the structure of their capital flow and significantly improves the operational efficiency. Through the self-developed supplier system, suppliers can accurately track their products in real time and monitor the logistic status of products during the whole process with the help of IoT technology. Once customers receive the products, suppliers can receive payment promptly after an easy step for settling the transaction in the system. Relying on the smart contract technology to ensure the safety and efficiency of fund settlement, it significantly shortens the upstream capital turnover cycle and leads a revolutionary improvement of supply chain operation efficiency in the pharmaceutical industry.





FSG About the Management

Report

Steady Governance and Efficient Operation

Empower Each Other for Mutual Growth

Protecting the legitimate rights and interests of employees

Compliant employment

YSB always adheres to relevant laws and regulations, such as the Company Law of the People's Republic of China and the Labour Law of the People's Republic of China, and has continuously improved internal policies, such as the Human Resources Management Policy to safeguard the legal rights and interests of employees and applicants in aspects such as recruitment, salary, promotion opportunities and working hours, etc.

We follow international guidelines such as the United Nations Universal Declaration of Human Rights and core conventions of the International Labour Organization, firmly opposing all kinds of employment discrimination. In recruitment, onboarding, training, promotion, and rewards, we treat employees fairly and justly regardless of gender, age, ethnicity, region, religious belief, and cultural background. During recruitment, we adhere to the principle of fairness. Candidates undergo multiple rounds of interviews with their direct superiors, department heads, and HR before joining the Company. They also undergo regular comprehensive assessments after joining the Company to ensure the fairness and professionalism of the recruiting process. Furthermore, we have established various talent recruitment channels, including cooperation with recruitment platforms, campus recruitment, and employee referrals, to attract outstanding talent.

We strictly prohibit the employment of child labour, forced labour, and labour enslavement and resist any form of violence, intimidation, bullying, and harassment. After candidates pass the interview, with their consent and in compliance with personal privacy and information security, we conduct background checks on candidates to verify the authenticity of their qualifications. To ensure that all aspects of the employment process are in compliance with the law, we encourage relevant staff to report any non-compliance to their designated HRBPs (Human Resources Business Partners) in the departments or supervisors in a timely manner for investigation and action. In the event of any violations, we immediately conduct investigations and take corrective actions as necessary. In 2024, the Company did not experience any incidents related to forced labour, employment of child labour, or employee complaints related to human rights. Furthermore, we strictly comply with laws and regulations regarding working hours, compensation and benefits, and holiday protection, safeguarding employees' basic rights and interests.

The Company has always attached great importance to and effectively safeguarded the privacy and security of employees during the course of work. Through the establishment of sound and comprehensive privacy protection system, strict data encryption storage and transmission measures, enhanced trainings and management on privacy protection for internal personnel and other multi-dimensional initiatives, we constructed all-round privacy protection for employees, ensuring that the privacy of employees in the workplace is properly guarded.

At the talent recruitment level, YSB had taken the following updated measures this year:

Building an exclusive recruitment system for Leyo Pharm Group and a bidirectional marketing system for jobs and corporate brands.

Optimising recruiting tools, updating the competency model of the ground marketing team, designing structured interview solutions, improving job descriptions, and enhancing recruitment accuracy.

Strengthening recruitment synergy management, establishing a cross-departmental vacancy information sharing mechanism, monitoring team's full-staffed rate in real time, and setting up a special recruitment team to help the headquarters efficiently manage the recruitment progress of each region.

We practice the concept of democratic management, safeguard the rights and interests of employees' freedom of association and continue to improve the employee participation mechanism. We support employees to participate in and form trade unions and other associations in accordance with the law, select employee representatives to participate in the collective consultation meetings held regularly by the Group and actively promote the optimisation of labour standards and the protection of rights and interests.

To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

Remuneration and performance

YSB always adheres to the principles of fairness, impartiality, Department employees are offered opportunities for quarterly and transparency in compensation, strictly implements salary adjustments and promotions to provide them with timely relevant national laws, regulations, and management incentives and competitive compensation and benefits. norms, formulates and implements relevant compensation Furthermore, according to the 2024 share incentive plan, policies, and follows the principle of equal pay for equal work employees who meet the tenure requirements and demonstrate regardless of gender. We promise that employee remuneration outstanding performance have the opportunity to be granted will not differ due to factors unrelated to work experience and share incentives. We hope to inspire employees' enthusiasm performance, such as gender, age, or ethnicity. about long-term dedication, thereby truly achieving "Empower Each Other for Mutual Growth".

Under the premise of employees providing normal labour, we provide corresponding compensation based on the Labour We have established a standardised, clear and transparent per-Contract and Compensation Confirmation Form signed by formance management process, and conducted communication both parties and provide benefits such as meal subsidies, and coaching based on employees' performance semi-annually high-temperature subsidies, communication subsidies, to promote the team's overall excellent efficiency. transportation subsidies, and housing subsidies to alleviate employees' life pressures as much as possible. Additionally, we have offered marriage and childbirth bonuses to send Highlights () blessings and care to employees at their important moments in life.

We have also established a sound compensation adjustment mechanism, conducted regular assessments of the market and industry environments, employee performance, and the personal growth of employees, and set targeted adjustment strategies for employees based on the characteristics of their different positions. For example, considering the characteristics of sales positions, the Market Sales

Performance Management System of YSB



objectives.

We will comprehensively track and monitor employees' progress in achieving their performance goals through diverse approaches such as specialised supervision, professional training courses and practical tool guidance, to promptly identify issues and provide support to ensure the smooth advancement of performance objectives.

We will integrate multi-dimensional feedback channels, including supervisor evaluations, subordinate feedback surveys and peer reviews, to conduct a comprehensive and objective assessment of employee performance for every half a year. The results cover various aspects such as work achievements, work competence and team collaboration, accurately measuring employees' overall work performance.

We will promptly provide employees with feedback on their results and conduct one-on-one targeted interviews and professional guidance to help employees identify their strengths and weaknesses, develop personalised performance improvement plans and support their continuous enhancement of performance after the performance evaluation.

Partnership Responsibility and Common Development

During the Reporting Period,

of employees underwent

regular performance evaluations

We will tailor performance evaluation metrics for employees at different levels based on their career development paths and past work performance, to ensure that the assessment goals align with both the individual growth needs and the Company's overall strategic

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In 2024, we continued to optimise the performance management system, including:



Employee communication

YSB promotes flat management and actively listens to the voices of employees. The Company has established multiple feedback channels to ensure that employees' opinions and suggestions can be addressed in a timely and effective manner. Each department has HRBP, and employees can report problems to BP for help. In the interview with supervisors in the quarterly and annual performance appraisal process, employees can summarise their work periodically and receive recognition of their work from their supervisors during the interview to help team development and self-improvement.

In addition, the Company clearly states in the YSB Employee Handbook that employees have both the right and the obligation to report behaviours that violate the Company's code of conduct and regulations. Publicly available whistleblowing channels, such as hotline, email, and website, are provided to receive employee feedback, whether anonymous or identified. We will protect the whistleblowers' information and handle the reported content seriously, ensuring a 100% closure rate for all reports.

Occupational health and safety

According to the relevant national laws and regulations such as the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the occupational safety management system issued by the International Organisation for Standardisation (ISO), YSB has formulated the Warehouse Safety Management Policy of Leyo Pharm Group, and the 6S Office Management Measures of Leyo Pharm Group, achieving comprehensive coverage of all warehouse of the Company.

At the management structure level, the heads of each department serve as the primary persons responsible for occupational health and safety within their respective departments. They are tasked with implementing the Company's safety requirements. organising training activities and conducting hazard identification and rectification, so as to ensuring that the work environment and operational processes comply with occupational health and safety standards.

We have formulated the Warehouse Safety Management Policy of Leyo Pharm Group to strictly regulate the safety management of warehouses. There is a safety management project team in each warehouse, which is responsible for implementing and supervising the safety management of the warehouse. Warehouse safety management is structured in a three-tier framework. The subsidiary company's general manager, warehouse manager and logistics manager are responsible for managing warehouse safety at different levels. The health and safety performance within the scope of their responsibilities is linked to their performance, with safety red lines incorporated as key performance indicators. Violations of regulations and systems that lead to safety accidents due to negligence will result in their performance scores being reset to zero, along with additional penalties. In addition, all departments and provincial/regions have designated HRBP, so as to closely monitor employees' safety and health. Once work-related injuries and sick leave occur, HRBP will pay attention and follow up in time to ensure that employees' legitimate rights and interests are protected.

In the business operations of YSB, the Company places great emphasis on workplace safety management and has established a comprehensive and scientific mechanism for workplace hazard identification, risk assessments and accident investigation.



YSB effectively ensures the safe and stable operation of its business, creating a secure and reliable working environment for employees through a comprehensive workplace hazard identification, risk assessments and accident investigation mechanism.



During the Reporting Period, to strengthen safety management, all warehouses have fully implemented electronic dashboards, displaying key safety information in real time to encourage employees to enhance safety awareness and adhere to standardised operations.



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Steady Governance and Efficient Operation

We implement mitigation measures to manage the health and safety risks, and adopt appropriate control order to eliminate hazards in workplace. In accordance with the requirements of national GSP management, we set up health records for employees who handle pharmaceutical products and conduct annual physical tests. Fire drills are conducted regularly in the warehouse to enhance employees' emergency evacuation skills. In order to further reduce the incidence of work-related injuries, the Company will continue to pay attention to and improve the occupational health and safety management system and strive to achieve the goal of zero industrial injuries.

We care about our employees' physical and mental health and provide a series of security measures for them, including procurement medical and industrial injury insurance for every full-time employee. In special circumstances, such as team building and intensive development, we will temporarily purchase accident insurance to achieve comprehensive safety protection.

Highlights ()



During the Reporting Period, Leyo compiled training materials covering safety knowledge dissemination, accident warnings and emergency evacuation. Each subsidiary conducted internal

training and assessments based on these materials, with a total of **1,043** employees

participating in the assessment. The first-time pass rate reached 98% and the second-time

pass rate improved to 99%

Leyo Launched Its Second Work Safety Month in 2024

In June 2024, Leyo Pharm Group launched its second Safety Month event, during which five main themed activities, "Creating a Safety Atmosphere", "Advocacy for Safety Production", "Safety Knowledge Training and Quizzes", "Safety Magnifiers" and "Safety Style Competition", were conducted. Management personnel from Leyo Pharm Group and its subsidiaries took the lead in participating in the Safety Month event, advocating for safe production in warehouses. This effectively deepened employees' awareness of safe production and enhanced overall participation.

We strengthened on-site safety management through the "Safety Magnifiers" themed initiative. The Group developed the "Warehouse 6S Inspection Feedback Form", and each subsidiaries assigned personnel to regularly conduct indepth inspections of operational areas, so as to identify hazards and assess risks. Multiple hazards were addressed during the period, including worn conveyor rollers, damaged electrical equipment and warehouse roof leaks.



To Make Quality Medical Care and Good Medicine Accessible to All

Technology Empowerment and Innovation Leadership

The ClouDiagnos Launched Internal Health Check-up Welfare Activities with a Third-party Laboratory

In September 2024, ClouDiagnos launched a preferential health check-up activity for employees with a third-party laboratory to facilitate basic health examination for employees in need, with a total of 11 packages included and a total of 75 examination items. Employees and their families can voluntarily sign up as needed. Over the two-day event, 229 participants took part and conducted a total of 9,067 examination items.

Employee care and development

Talent training and career development

YSB attaches great importance to the development of talent and is committed to building a high-quality and efficient talent team. We continue to improve the mechanism of talent training and echelon construction, as well as reserve and cultivate talents purposefully and systematically. During the year, we formulated the "YSB Digital Talent Audit System (Trial) (《藥師幫數字化人 才盤點制度(試行)》)" for the management and conducted inventory every six months. Through such systematic talent audit, we can identify and develop core personnel, ensuring our talent pool stays ahead of business development.

Key Case Study: Digital Construction Planning

Leyo has established an HR digital construction framework, optimising human resources management processes through systems and digital tools to enhance HR efficiency and employee experience. The core modules include an online recruitment platform, employee information management, performance management, training and learning platform, salary and benefits management, etc.

>>> Career Development

YSB is committed to providing employees with broad career development opportunities so that every employee can realise his or her personal value in the right position. We have formulated the Management Measures of the Post and Rank Policy, clarify the competence standards of employees, and provide a clear development direction for employees. We have also tailored career growth paths for employees, set clear phased targets and promotion criteria and stimulated employees' potential through the dual-track development model of management and professional paths based on individual characteristics and the Company's development needs.

In order to stimulate the internal vitality of the enterprise and maintain our competitiveness, we have implemented a timely job rotation system to provide opportunities for employees to hone their skills and improve their abilities in different positions, thus fostering a healthy talent competition internally. We comprehensively assess the performance of employees in a fair and impartial manner. According to the past performance, abilities and willingness of employees, combined with various assessment methods such as employee self-assessment and 360 all-around assessments, the dual talent assessment and promotion are conducted by the HR administrative department and the head of the department where the employee works. This ensures that employees' career development receives adequate attention.

YSB has established an employee recognition system. During the year, we innovatively held a cloud-based awards ceremony to practice low-carbon and eco-friendly principles, motivate talent development and demonstrate corporate values.

Partnership Responsibility and Common Developmen

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To Make Quality Medical Care and Good Medicine Accessible to All

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Key Training Programmes

>>>>>>>>>>>>>>>>>>>>> Employee Training

YSB has established a multi-level and tiered training mechanism to provide corresponding training resources based on employees' career development and job requirements, which include induction training for new employees, leadership training for management candidates as well as job-specific skills training and general skills training.



Horizontal system development

Clearly defines the promotion stage of employees from meeting standards to being proficient then to being excellent, so as to form a job-specific learning map to ensure talent development aligns with job requirements.

Vertical talent development

Establishes a training and upgrading channel, support employees in progressing step-by-step and achieving growth from their current roles to higher levels.

In terms of online training, we have developed the YSB training platform "Cloud Academy", which covers various training courses such as project management, sales management, industry knowledge and workplace efficiency. In terms of offline training, we have conducted external expert lectures, practical operations and other methods to enhance training effectiveness. In addition, we regularly evaluate the effectiveness of the training and adjust the content according to feedback to ensure the effectiveness and pertinence of training investment.

Building a learning organization: value alignment, integration of Gaoqi Culture, business strategic planning, leadership enhancement, professional skills development and system promotion







Group Photo of Navigator's Practical Training Camp

For the core business team holding middle and senior managerial positions, external lecturers were hired to offer courses such as "Navigation for Excellent Managers (卓越經理人領航)" and "Sailing for Excellent Managers (卓越經理人啟航)" to enhance leadership through systematic trainings. During this learning and discussion, management personnel have developed the unique management methodology of YSB, including potential assessment, precise talent selection, performance management, etc. The practical results have shown that after applying the new methodology, regional sales leaders have effectively broken through business bottlenecks and significantly improved team

Professional and comprehensive trainings, including "User Insight and Demand Management (用 戶洞察與需求管理)" and "DISC Workshop (DISC 工作坊)", were organised for core members of product R&D operation to help them master methodologies such as user insight, user segmentation and demand analysis, and to strengthen their business communication skills through DISC.

Lingyun Program was launched for sales management personnel nationwide, including job promotion

The Sunflower Program was launched for high-potential talents holding sales management positions nationwide, including courses such as "From Strategy to Execution with Customer Perspective (以客 戶觀為原點的從戰略到執行)", "Multiplying Leaders (乘法領導者)", and "Four Principles of Efficient Execution (高效執行四原則)", so as to reserve talents for future manangers in provincial regions and

Training for new managers was provided for newly appointed management personnel and their potential successors nationwide, including courses such as "Management Role and Team Awareness (管理角色及團隊認知)", "The 7 Habits of Highly Effective People (高效能人士的七個習慣)", and

HRBP training camp was organised for HRBP personnel nationwide, providing in-house trainings on specialised courses such as "From Strategy to Execution (從戰略到執行)" and "Performance



Group Photo of Sunflower High-potential Talents Development Program Phase 02

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Various

Types of Subsidies

Events	Employee Benefits	
Anniversaries	 Company anniversary celebration 	• Programmer's Day
-		
Exclusive Benefits for Important Moments	Onboarding celebrationEmployee birthday party	Wedding/birthday gifts, blessing postersParents' meeting leave
Holiday Celebrations	 Celebration activities for major festivals Festival, Mid-Autumn Festival, Thanksgi 	such as International Women's Day, Dragon Boat iving Day and Winter Solstice

· Data traffic subsidy, travel subsidy, relocation subsidy, high-temperature subsidy

· meal subsidy, team building allowance



Employee Deposite



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sub-health.

Evente

YSB advocates the concept of "healthy life, happy work". The Company strictly abides by the Labour Law of the People's Republic of China and provides attendance benefits such as sick leave, personal leave, funeral leave, paid annual leave, marriage leave and maternity leave on the basis of statutory holidays to balance the work and life of employees. This year, YSB further improved the holiday policy by adding parental leave and nursing leave to meet the needs of employees at different stages and in varied life scenarios.

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Employee care

YSB values the physical and mental health of employees by offering a diverse range of recreational activities, including yoga,

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Technology Empowerment and Innovation Leadership

We provide a variety of caring activities for employees, pay attention to their life and growth, and enhance their sense of happiness, belonging and team cohesion.

Leyo's Healthy (健康樂藥) Series Activities

In order to prevent sub-health in the workplace and promote communication and cooperation among employees through collective participation in health-related activities, the Levo Headquarters has launched a series of activities of "Healthy Leyao". Such activity was held on a monthly basis with different types of health-based activities, which include yoga, aerobic health exercises, badminton, basketball and Chinese medicine health consultation.





Leyo's Healthy Series Activities

>>> Employee Engagement Survey

We attach great importance to the satisfaction and demands of employees and formulate targeted management strategies and improvement plans. For the Self-operation Business segment, employee engagement surveys on various dimensions such as working environment, remuneration and benefits, career development, and collection of employee opinions and suggestions are regularly carried out every year. According to the engagement analysis results, we put forward specific rectification requirements and implementation plans for key departments.

Leyo Pharm Group 2024 Engagement Survey

The 2024 Employee Engagement Survey covered all office employees, with 2,339 questionnaires collected and 1,995 valid samples. The survey results indicate an overall score of 3.95. The overall organisation type is characterised as neutral. We will continue to implement systematic talent development programmes and diversified employee care programmes to continuously improve the level of employee engagement and create a more cohesive organisational atmosphere.

Leyo Pharm Group has won the Best Employer of the Year for 2024

In the selection of the Best Employer of 2024 initiated by Zhilian Zhaopin (智聯招聘), Leyo Pharm Group has won the "Best Employer of the Year (年度最佳 僱 主)" for three consecutive years in recognition of its continuous in-depth efforts in human resources strategy and organisational construction.

Partnership Responsibility and Common Developmen



Create a workplace with diversity, equity and inclusion

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YSB actively promotes flat management, advocates gender equality, respects individual differences, and strives to cultivate a diversified talent pool to create a workplace culture with diversity, equity, and inclusion.

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We uphold the principle of equity and ensure fairness in hiring, compensation incentives, and promotions without discrimination based on race, colour, ancestry, age, gender, sexual orientation, religion, disability, ethnicity, national origin, military service status, marital status, pregnancy, etc. In the recruitment process, we require interviewers to follow the principles of fairness and impartiality and avoid asking questions involving personal sensitive information. We are committed to eliminating all forms of discrimination, and continuously enhancing the inclusiveness of the work environment.

If employees find any workplace bullying, discrimination, harassment or other improper workplace behaviour, they can directly report it to the department's HRBP or provide feedback anonymously or with their real names through the reporting email. We strictly maintain confidentiality regarding the whistleblowers and the reported content and assign dedicated personnel to investigate and follow up.

>> Diversified Talent Structure

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>> Equal workplace culture

To Make Quality Medical

Care and Good Medicine

Accessible to All

Technology

Empowerment and

Innovation Leadership

At YSB, we always adhere to an equal and open workplace culture, which is centred on respecting the individual value of each employee and eliminating any form of identity barriers. As the helmsman of the Company, our CEO, Mr. Buzhen Zhang, leads by example and advocates for addressing each other by name rather than using hierarchical titles like "boss" or "manager". This move not only breaks the traditional concept of hierarchy but also intangibly shortens the distance between employees and leaders, making communication smoother and closer.

>>> Women's development support

We focus on the needs of women in the workplace and are committed to providing equal opportunities and support at every stage of women's career development. We prioritise workplace empowerment as a key direction to support women's development by creating more jobs for women and helping housewives return to the workplace to increase women's sense of achievement.

In terms of cultural atmosphere, we give female employees a half-day off on Women's Day every year and organise Women's Day activities on March 8th to acknowledge and encourage the contributions of female employees. In addition, before and after female employees take maternity leave, our Company will prepare gifts for them and hold small celebration parties.

"To You Who Shine (致閃閃發光的你)" International Women's Day

During this Women's Day, YSB organised a series of highly creative celebration activities with the theme of "To You Who Shine". The activities featured a variety of interactive games such as "Tabletop Ball Toss (桌面投球)", "Word Combination (組合文字)", and "DIY cloth bag (DIY 布袋)", and carefully prepared holiday gifts such as hand cream gift boxes, conveying sincere blessings to female employees with warm care.

The venue was decorated with the "FLOWERS·BLOOM - You Make the World Blossom" themed display board, creating a warm and joyful festive atmosphere, allowing every female employee to deeply feel our care and appreciation. This activity not only showcased the Company's heartfelt concern for female employees but also highlighted our determination and efforts to foster a diverse and inclusive workplace culture.



Introduction to the "Women's Day" Activity Game



Themed Display Board of "FLOWERS-BLOOM - You Make the World Blossom (FLOWERS BLOOM 世界因你而芬芳)"

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Commitment to Social Welfare

Community public welfare activities

YSB actively practices social responsibility and carries out various public welfare activities in primary communities. From ecological construction, community health to rural revitalisation, we have fully combined our professional advantages in the field of medicine and health to give back to the society and serve the people's livelihood with practical actions. During the Reporting Period, the investment in the field of public welfare and charity of YSB reached RMB1,438,500.

Caring Activity on the Theme of "Cool Summer Care" by YSB

In August 2024, YSB actively carried out the public welfare activity on the theme of "Cool Summer Care", providing care to frontline workers dedicated to serving the community. During the event, we delivered Leyaoshi Huoxiang Zhengqi Kou Fu Ye and refreshing drinks to the workers in Chigang Subdistrict, Chigang Market Supervision and Administration Office and Chigang Police Station. The workers in Chigang Subdistrict were busy with various community affairs under the high temperature. Upon receiving this cooling gift, they felt deeply comforted and expressed their gratitude.



YSB's party branch delivered refreshing gifts and heartfelt appreciation to community workers.

Public Welfare Activity on the Theme of "'Huo' Freshness & Coolness Delivery ('藿'然清新, 清涼送行)" by the Public Welfare Association of our Company in Collaboration with the Leyaoshi Huoxiang Team

In July, Sudao Technology Public Welfare Association, in collaboration with the Leyaoshi Huoxiang team initiated the public welfare activity on the theme of "'Huo' Freshness & Coolness Delivery" to provide health protection for outdoor workers enduring high temperatures. During the activity, volunteers from public welfare association distributed Leyaoshi Huoxiang anti-heat care packages, including Huoxiang Zhengqi Kou Fu Ye (藿 香 正 氣 口 服 液), sweat-absorbent towels, customised environmental protection fans, and other heatstroke prevention materials to workers at

social work service station, sanitation station, fire station, and labour union care station. They also offered detailed explanations on heat prevention, cooling techniques, and the proper use of Huoxiang Zhengqi Kou Fu Ye. Every piece of heat-prevention material served not only as the summer health care, but also as an expression of our deep respect for the city's heroes. Leyaoshi Huoxiang Zhengqi Kou Fu Ye built a protective barrier against the heat for outdoor workers.



Public Welfare Live Streaming Event with Renowned Physicians by TCM Stores on YSB's Platform

On 31 July, our TCM segment, in collaboration with Zhenhe Chinese Medicine (診 禾 中 藥), organised the public welfare livestream event on the theme of "Treatment of Chronic Gastritis with TCM (中醫巧治慢性胃炎)" on our platform. At the live event, Professor Han, a renowned physician, provided platform users with real-time information on Chinese medicine treatments for chronic gastritis, allowing them to have a more intuitive understanding of the unique charm and efficacy of Chinese medicine. Our TCM segment will also promote and share TCM knowledge, Chinese medicine diagnosis and treatment experience and successful cases through a series of public welfare livestream activities, promoting the exchange of experience and academic inheritance among renowned physicians and the penetration of quality TCM resources into the outside-of-hospital primary healthcare, thus facilitating the sustained and rapid development of our platform's TCM business.

Rural revitalisation

In response to the national rural revitalisation strategy, YSB has actively fulfilled social responsibilities by contributing to rural development through various means such as aid donations, industry support, and scholarships. In recent years, we have participated in various donations for rural revitalisation, focusing on assisting impoverished households and donating pharmaceutical and healthcare supplies.

Meanwhile, we focus on revitalising rural industries by exploring local pharmaceutical-related industrial projects, establishing connections with upstream and downstream partners to improve the surrounding economic environment.

Moreover, YSB contributed to the promotion of education charity, enhanced the education environment for teachers and students in rural areas, with RMB900,000 being invested in charity on rural education for the year.

Highlights 🕑



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in charity on rural education.

Response to "6·30" Rural Revitalisation Public Welfare Action by YSB

In 2024, YSB actively responded to the call of "6·30" rural revitalisation activity in Guangdong Province and took participation in the rural revitalisation project led by Chigang Subdistrict, helping Puzhai Town in Fengshun County, Meizhou City, Sizhai Village, Dexin Town in Guiding County, Guizhou Province and Guanyang Town in Wushan County, Chongqing to develop people-enriching and village-revitalising industries and improve public infrastructure levels. We have donated RMB15,000 to this project, which is mainly used to improve teaching conditions in rural schools, upgrade infrastructure construction and support the development of specialty industries, such as improving facilities and transportation and promoting the upgrade of agricultural product processing industry.

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ESG KPI Disclosure

Data List

ESG Indicators
Environmental Indicators
Greenhouse gas emissions and intensity ¹
Total Greenhouse gas emissions (Scope 1 and Scope 2)
Greenhouse gas emissions (Scope 1) ²
Greenhouse gas emissions (Scope 2) ³
Greenhouse gas emission intensity (Scope 1 and Scope 2)
Hazardous waste
Fluorescent tube
Printer cartridge
Medical waste including waste pharmaceutical products
Medical wastewater
Total hazardous waste
Hazardous waste density
Non-hazardous waste
Office paper
Packaging materials - Plastic
Packaging materials - Paper
Waste printed receipt
Total non-hazardous waste
Non-hazardous waste density
Total energy consumption and density
Petrol

Subscription to Peach Trees by YSB: Adding Colour to Rural Revitalisation

In 2024, under the guidance of the Deputy Secretary of the Party Working Committee of Chigang Subdistrict, YSB actively participated in the yellow peach tree subscription activity with the theme of "I have an orchard in Guizhou" in Dexin Town, Guizhou Province and subscribed to a batch of yellow peaches. This initiative not only provided a healthy and delicious treat for our employees and consumers, but also offered a refreshing relief to the villagers in Dexin Town during the hot summer. The subscription has effectively expanded the sales channels for yellow peaches in Dexin Town, injecting strong momentum for increasing villagers' incomes.

Public Welfare Promotion Activity for Farmers

In December, Hunan Guozhuo Traditional Chinese Medicine Co., Ltd. (湖南國卓中藥有限公司), in collaboration with YSB, launched a meaningful public welfare activity to support farmers and promote rural revitalisation through practical measures. Leveraging on the rich resources and broad influence of our platform, both parties jointly and meticulously planned a series of promotional programmes covering selected quality medical materials such as Tangshen (黨參), Chinese Angelica (當歸), Milkvetch Root (黃芪), and Dwarf Lilyturf Tuber (麥冬), with the aim of bringing both affordability and health benefits to downstream customers. The close collaboration of both parties not only effectively integrated distribution channels, traffic and supply chain resources to enable farmers to achieve better economic returns, but also allowed the downstream customers of our platform to enjoy exclusive platform discounts while accessing fresh and authentic agricultural products, leading to the positive results of benefits for all.



Unit	2023	2024
tCO ₂ e	13,622.60 ⁴	13,599.01
tCO ₂ e	9.47 ⁴	11.64
tCO ₂ e	13,613.13 ⁴	13,587.37
tCO₂e/business income (RMB10,000)	0.008 ⁴	0.008
Tonne	0.04	0.29
Tonne	0.32	1.03
Tonne	40.80	22.00
Tonne	7.20	-
Tonne	48.36	23.32
Kg/business income (RMB10,000)	0.028	0.013
Tonne	7.56	6.96
Tonne	295.11	381.00
Tonne	3,171.17	4,196.09
Tonne	27.32	32.00
Tonne	3,501.17	4,616.05
Tonne/business income (RMB10,000)	0.002	0.003
Litre	4,166.64	5,122.62

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ESG Indicators	Unit	2023	2024
Purchased electricity	kWh	17,746,884.70	20,038,213.10
Purchased heat	GJ	25,663.88 ⁴	25,771.51
Total energy consumption	MWh	17,784.15 ⁴	20,084.03
Total energy consumption density	MWh/business income (RMB10,000)	0.010 ⁴	0.011
Total water consumption and density			
Office and domestic water consumption	Tonne	48,664.77	39,145.78
Water consumption density	Tonne/business income (RMB10,000)	0.029	0.022
Social Indicators			
Total number of employees			
Total number of employees	Person	6,306	6,763
By form of employment			
Number of full-time employees	Person	6,225	6,706
Number of part-time employees	Person	81	57
By gender			
Total number of male employees	Person	3,752	3,912
Total number of female employees	Person	2,554	2,851
By age			
Total number of employees aged 29 and below	Person	2,651	2,483
Total number of employees aged between 30 and 49	Person	3,628	4,233
Total number of employees aged 50 and above	Person	27	47
By rank⁵			
Total number of senior management employees	Person	4	4
Total number of middle management employees	Person	783	944
Total number of primary employees	Person	5,519	5,815
By region			
Number of employees from Chinese Mainland	Person	6,300	6,758
Number of employees from Hong Kong, Macau and Taiwan	Person	5	5
Number of overseas employees	Person	1	0

To Make Quality Medical Technology Care and Good Medicine Empowerment and Accessible to All Innovation Leadership ESG Indicators Employee turnover rate⁶ Employee turnover rate By gender Turnover rate of male employees Turnover rate of female employees By age Turnover rate of employees aged 29 and below Turnover rate of employees aged between 30 and 49 Turnover rate of employees aged 50 and above By category Turnover rate of management employees Turnover rate of primary employees By region Turnover rate of employees from Chinese Mainland Turnover rate of employees from Hong Kong, Macau and Taiwan Turnover rate of overseas employees Work-related fatality and death Number of work-related fatalities⁷ Number of work-related injuries Total number of lost days due to work-related injury Employee training Total number of trained employees Trained employees as a percentage of total employees Total training hours of employees Average training hours of employees By gender Percentage of trained male employees

Percentage of trained female employees

Unit	2023	2024
%	28.96	26.50
%	29.13	31.13
%	28.70	20.13
%	33.31	31.45
%	25.91	23.84
%	25.93	4.26
%	18.55	18.57
%	30.44	27.79
%	28.92	26.52
%	80.00	0
%	0	100
	*	
Person	0	0
Number	10	17
Day	914	434
Person	6,040	6,724
%	95.78	99.42
Hour	46,285	92,372
Hour	7.34	13.66

%	60.00	58.74
%	40.00	41.26

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ESG Indicators	Unit	2023	2024
Average training hours of male employees	Hour	7.57	12.32
Average training hours of female employees	Hour	9.23	15.49
By rank		**	
Percentage of trained management employees	%	6.72	22.59
Percentage of trained primary employees	%	93.21	77.41
Average training hours of management employees	Hour	3.93	21.83
Average training hours of primary employees	Hour	4.15	12.33
Number of suppliers		**	
Total number of suppliers	Number	12,712 ⁸	14,836
By region			
Number of suppliers from Chinese Mainland	Number	12,675 ⁸	14,792
Number of suppliers from Hong Kong, Macao and Taiwan and overseas	Number	37 ⁸	44
Product liability	·	·	
Product and service complaints	Number	19,376	4,388
Resolution rate of product and service complaints	%	100	100
Internal product quality review	Number	142	165
External product quality review	Number	65	64
Number of product safety and quality trainings for employees	Number	73	21
Number of participants in product safety and quality trainings for employees	Person	2,884	2,593
Number of products recovered for safety and health reasons	Batch	483	692
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0.1	0.1
Number of responsible marketing trainings for sales personnel	Number	18	18
Number of information security and privacy protection trainings for employees	Number	8	4
Number of participants in information security and privacy protection trainings for employees	Person	2,751	2,340
		:	

Number

Number

0

0

0

0

ESG Indicators	Unit	2023	2024
Product research and development			
Cumulative number of patents granted	Number	40 ⁹	108
Cumulative number of copyrights	Number	100 ⁹	469
Cumulative number of domains	Number	8	41
Community investment	*		
Public charity investment	RMB10,000	48.50	143.85
Volunteer service hours of employees ¹⁰	Hour	/	848
Governance Indicators			
Anti-corruption			
Number of anti-corruption trainings for the board of directors and employees	Number	1	6
Number of corruption cases initiated or concluded	Number	0	0
Total anti-corruption training hours of directors ¹⁰	Hour	/	3
Total anti-corruption training hours of employees ¹⁰	Hour	/	842.9
Number of directors participated in anti-corruption trainings ¹⁰	Person	/	6
Number of employees participated in anti-corruption trainings ¹⁰	Person	/	2,907

>> Notes

1. The primary emissions of YSB are greenhouse gas emissions, which are generated from vehicle fuels and the purchase of electric power produced from fossil fuels.

- 2. Direct carbon dioxide emissions from petrol are calculated with reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Public Building Operation Units (Enterprises) (Trial) issued by the General Office of the National Development and Reform Commission.
- 3. Indirect carbon dioxide emissions from purchased electricity and heat are calculated with reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Public Building Operation Units (Enterprises) (Trial) issued by the General Office of the National Development and Reform Commission. The power emission factors refers to the standard of the Notice on the Release of 2022 Electricity Carbon Dioxide Emission Factors (關於發佈 2022 年電力二氧化碳排放因子的公告).
- 4. Relevant indicator data of purchased heat, greenhouse gas emissions and total energy consumption for 2023 have been adjusted to reflect actual situation.
- 5. Middle-level management includes department heads, project managers, regional and subsidiary heads, and some junior management roles, such as managers and team leaders.
- 6. Employee turnover ratio = The number of full-time regular employees who left voluntarily/the number of full-time regular employees at the end of the year. The statistics on the number of departures include employees who voluntarily left and terminated their employment relationship, and do not include employees who left during the probationary period.
- 7. The number of work-related deaths in the past three years (including the reporting year) is 0.
- 8. Total number of suppliers and the detailed data for 2023 have been adjusted to reflect actual situation.
- 9. The cumulative numbers of patents granted and copyrights for 2023 have been adjusted to reflect actual situation.
- 10. Indicators about volunteer service hours of employees and anti-corruption trainings for directors and employees have been included in the statistics since 2024.

Information security incident

Privacy breach incident

Partnership Responsibility and Common Development

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To Make Quality Medical Care and Good Medicine Accessible to All

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ESG Reporting Code Content Index

Level	Key Performance Indicators	Corresponding Sections of the Report
A1	Emissions	
General disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	"Dual Carbon" Goal Leads Green Development
A1.1	The types of emissions and respective emissions data.	ESG KPI Disclosure
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A1.5	Description of emission target(s) set and steps taken to achieve them.	"Dual Carbon" Goal Leads Green Development
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	"Dual Carbon" Goal Leads Green Development
A2	Use of Resources	
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	"Dual Carbon" Goal Leads Green Development
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	"Dual Carbon" Goal Leads Green Development
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	"Dual Carbon" Goal Leads Green Development
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, per unit produced.	"Dual Carbon" Goal Leads Green Development
A3	The Environment and Natural Resources	
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	"Dual Carbon" Goal Leads Green Development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	"Dual Carbon" Goal Leads Green Development
A4	Climate Change	
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	"Dual Carbon" Goal Leads Green Development

Level	Key Performance Indicators
A4.1	Description of the significant climate-related issues whi which may impact, the issuer, and the actions taken to
B1	Employment
	Information on: (a) the policies, and
General disclosure	(b) compliance with relevant laws and regulations that the issuer
	relating to compensation and dismissal, recruitment an rest periods, equal opportunity, diversity, anti-discrimina welfare.
B1.1	Total workforce by gender, employment type (for exam group and geographical region.
B1.2	Employee turnover rate by gender, age group and geo
B2	Health and Safety
	Information on:
Cananal	(a) the policies, and
General disclosure	(b) compliance with relevant laws and regulations that the issuer
	relating to providing a safe working environment and p occupational hazards.
B2.1	Number and rate of work-related fatalities occurred in e including the reporting year.
B2.2	Lost days due to work injury.
B2.3	Description of occupational health and safety measure implemented and monitored.
B3	Development and Training
General disclosure	Policies on improving employees' knowledge and skills work. Description of training activities.
B3.1	The percentage of employees trained by gender and e management, middle management).
B3.2	The average training hours completed per employee by category.
B4	Labour Standards
	Information on:
General	(a) the policies, and
disclosure	(b) compliance with relevant laws and regulations that the issuer
	relating to preventing child and forced labour.
B4.1	Description of measures to review employment practic labour.
B4.2	Description of steps taken to eliminate such practices v
B5	Supply Chain Management
General disclosure	Policies on managing environmental and social risks of
B5.1	Number of suppliers by geographical region.
	1

	Corresponding Sections
	of the Report
hich have impacted, and those o manage them.	"Dual Carbon" Goal Leads Green Development
t have a significant impact on	Partnership Responsibility and Common Development
nd promotion, working hours, nation, and other benefits and	
nple, full-time or part-time), age	ESG KPI Disclosure
ographical region.	ESG KPI Disclosure
t have a significant impact on	Partnership Responsibility and Common Development
protecting employees from	
each of the past three years	ESG KPI Disclosure
	ESG KPI Disclosure
es adopted, and how they are	Partnership Responsibility and Common Development
ls for discharging duties at	Partnership Responsibility and Common Development
employee category (e.g. senior	ESG KPI Disclosure
by gender and employee	ESG KPI Disclosure
t have a significant impact on	Partnership Responsibility and Common Development
ces to avoid child and forced	Partnership Responsibility and Common Development
when discovered.	Partnership Responsibility and Common Development
of the supply chain.	Partnership Responsibility and Common Development
	ESG KPI Disclosure

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Feedback Form



Thank you for reading this Report. We sincerely hope that you can comment on this Report and make valuable comments to help us continue to improve.

If you have any comments or suggestions on the ESG of YSB, please fill in the form below and email esg@ysbang.cn to submit your valuable opinions or you can directly scan the QR code on the left for online feedback.

Feedback Form for the 2024 ESG Report of YSB Inc.

Name Company Position Contact Number Email Address

Your comments on this Report: (Please tick the corresponding boxes)

Do you think this Report highlights important information about the environmental, social and governance aspects of YSB?

Do you think the information and indicators disclosed in this Repor are clear, accurate and complete?

Do you find the organisation and style of this Report helpful fo your reading?

Which part of the content are you most interested in?

What else do you think you need to know but is not reflected in this

Do you have any suggestions for our future ESG reports?

Level	Key Performance Indicators	Corresponding Sections of the Report
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Partnership Responsibility and Common Development
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Partnership Responsibility and Common Development
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	"Dual Carbon" Goal Leads Green Development Partnership Responsibility and Common Development
B6	Product Responsibility	
General disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	To Make Quality Medical Care and Good Medicine Accessible to All Technology Empowerment and Innovation Leadership
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG KPI Disclosure
B6.2	Number of products and service related complaints received and how they are dealt with.	ESG KPI Disclosure
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Technology Empowerment and Innovation Leadership
B6.4	Description of quality assurance process and recall procedures.	To Make Quality Medical Care and Good Medicine Accessible to All
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Technology Empowerment and Innovation Leadership
B7	Anti-corruption	
General disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Steady Governance and Efficient Operation
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ESG KPI Disclosure
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Steady Governance and Efficient Operation
B7.3	Description of anti-corruption training provided to directors and staff.	Steady Governance and Efficient Operation
B8	Community Investment	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	To Make Quality Medical Care and Good Medicine Accessible to All
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	To Make Quality Medical Care and Good Medicine Accessible to All
B8.2	Resources contributed (e.g. money or time) to the focus area.	To Make Quality Medical Care and Good Medicine Accessible to All Partnership Responsibility and Common Development ESG KPI Disclosure

	Very good	Fairly good	Just okay	Not very good	Very poor	
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