



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

2025

Sustainability Report

Guangzhou Baiyunshan Pharmaceutical
Holdings Company Limited



About This Report

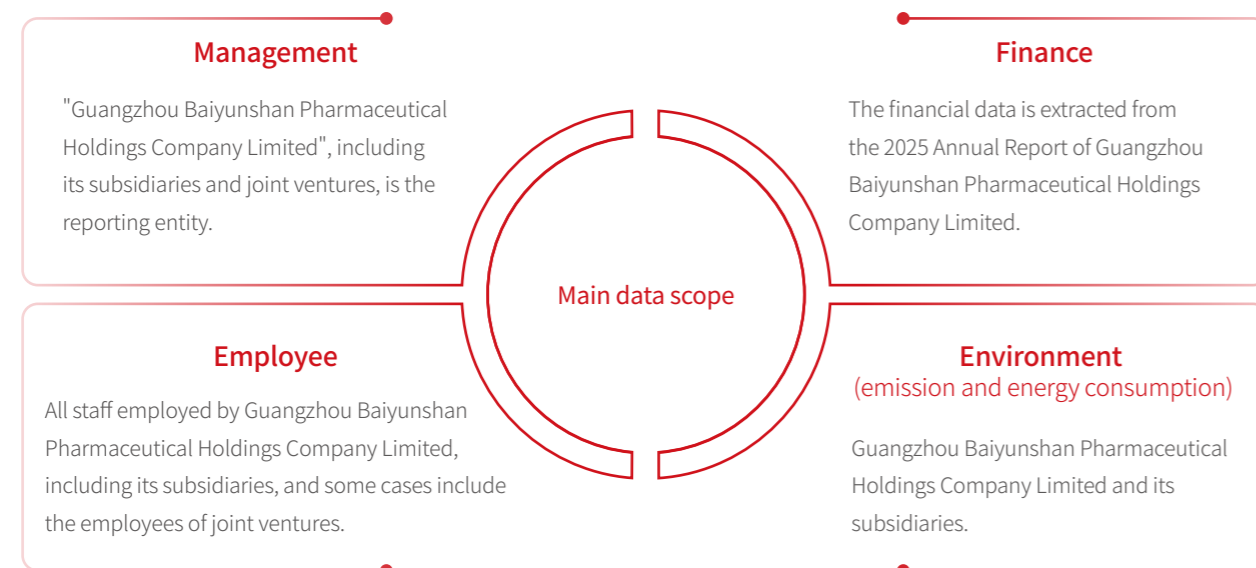
This is the 18th Sustainability Report released by Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (GYBYS) (Renamed in 2024, formerly known as Social Responsibility Report or ESG Report). We adhere to the sustainable development concept that considers environmental, social, and governance benefits, and integrate the concept of sustainable development into our company's business decisions. This report reflects the sustainable development performance of the company, subsidiaries, and joint ventures.

Reporting period

The time span for this report is from 1 January 2025 to 31 December 2025, with part of the content herein moderately extending to the year before or after.

Reporting scope

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



Preparation basis

- GRI Sustainability Reporting Standards (GRI Standards) issued by Global Reporting Initiative
- Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited
- Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)
- Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Preparation of Sustainable Report (January 2026 Revision)
- Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Social Responsibilities with High Standards in the New Era released by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)
- The Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central State-Owned Enterprises released by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)
- Guidelines for Sustainability Reporting of Listed Companies released by the China Association of Listed Companies
- Guidelines on Sustainability Reporting for Chinese Enterprises (CASS-ESG 6.0) released by the China Enterprise Reform and Development Society and CSR Cloud Institute

Data sources

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

Reliability assurance

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

Appellations

For better expression and readability, in the Report, "stakeholders" are sometimes referred to as "you", and "Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited" is sometimes referred to as "GYBYS", "the Company" or "we (us/our)". The abbreviations used herein have the same meaning as those defined in the 2025 Annual Report.

Access to the Report

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

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

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A Letter from the Board

The year 2025 marks the conclusion of China's 14th Five-Year Plan (2021-2025) and a pivotal juncture for laying the groundwork for the 15th Five-Year Plan. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, GYBYS has thoroughly implemented the guiding principles of the 20th CPC National Congress and the successive plenary sessions of the 20th CPC Central Committee. We stay firmly focused on the high-quality development, striving to write a new chapter of high-quality development of the traditional Chinese medicine industry on the new journey toward Chinese modernization.

Strong Foundations & Excellent Governance : Steering Steady and Sustained Progress

We continue to refine our corporate governance structure, enhancing Board independence and diversity while ensuring full compliance and operational effectiveness. Meanwhile, we have optimized the organizational structure of the headquarters, further streamlining management processes and functional divisions. By continuously strengthening our compliance management system, we have established a clear chain of accountability across all levels. We also consistently improve management standards for anticommercial bribery and anticorruption, mitigating integrity risks and laying a solid foundation for sustainable development.

Craftsmanship & Innovation : Driving Industrial Excellence

We continue to advance the R&D of innovative drugs in such areas as rare diseases, promoting the internationalization of research, products and our brand. We focus on expanding into overseas markets, including Southeast Asia, Middle East and South America. Additionally, we have achieved the rapid registration of the first batch of nine traditional Chinese medicine products in Vietnam. In 2025, we received a total of four Provincial Science and Technology Progress Awards, six National Association and Society Awards, and one Gold Medal of the International Exhibition of Inventions Geneva. The number of our research platforms at national, provincial and municipal levels approaches 90. Additionally, Baiyunshan Han Fang received the clinical trial approval for Class 1.2 innovative TCM drugs for the treatment of cancer-related fatigue in tumor patients. BYS10 Tablets, a Class 1.1 anti-tumor innovative drug developed by Baiyunshan General Factory, have entered pivotal clinical trials.

Green Transition: Powering a LowCarbon Future

Committed to green development, we are steadily advancing the green transformation of our manufacturing system. Energysaving and emissionreduction measures are fully integrated across our production and operation, with a strong focus on promoting clean energy solutions such as photovoltaic power generation and waterbased cooling systems. By adopting advanced production technologies and implementing energysaving upgrades, we reduce energy consumption and strictly control pollutant emissions. These efforts enhance the lowcarbon performance of our operations while ensuring the sustainable and environmentally responsible development of the traditional medicine industry—preserving its heritage for the future.

Shared Commitment & Shared Future: Co-Creating a Caring World

We continuously refine our talent development system that places employee well-being and sense of belonging at the core. Through multiple care initiatives and clear growth pathways, we foster the shared growth of both employees and the Company. At the same time, we advance the "Hundreds-Thousands-Tens of Thousands Initiative ("High-quality Development Program for Rural Vitalization"), making sustained efforts to promote rural health and support healthcare at the primary level. We continuously expand our public service for expired medicine collection and actively provide community health services, fully demonstrating our expertise and social responsibility as an enterprise.

Looking ahead, GYBYS will continue to align with the Healthy China initiative and the sustainable development goals, driving progress through reform and innovation. Together with all stakeholders, we will uphold our commitment to "spreading love all over the world", contributing to building a global community of health and well-being for all.

About Us

Company Business



BYS Zhong Yi originated from Huang Zhonghuang Pharmacy and later merged with more than 40 time-honored brands such as Baozitang. As a China Well-Known Trademark, it is regarded as a "living fossil" of the development of traditional Chinese medicine in Lingnan.

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

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited [A-Shares 600332, H-Shares 00874] is a company under Guangzhou Pharmaceutical Holdings Limited (GPHL). Currently, the company is deeply engaged in the entire pharmaceutical and healthcare industry chain, focusing on its core responsibilities and main business. It has established a diversified business structure characterized by upstream-downstream synergy, with operations spanning modern traditional Chinese medicine, chemical pharmaceutical technology, natural beverages, pharmaceutical distribution, biotechnology innovation, consumer health, and medical services.

GYBYS has achieved the overall industrial chain layout of biomedicine and health industry after years of high-quality development, with ever-increasing expansion of scale and benefits. Our 13 subsidiaries have obtained the certification of Chinese time-honored brands, among which 11 have a history of over a hundred years and are the pharmaceutical companies with the largest number of Chinese time-honored brands and century-old brands in China.

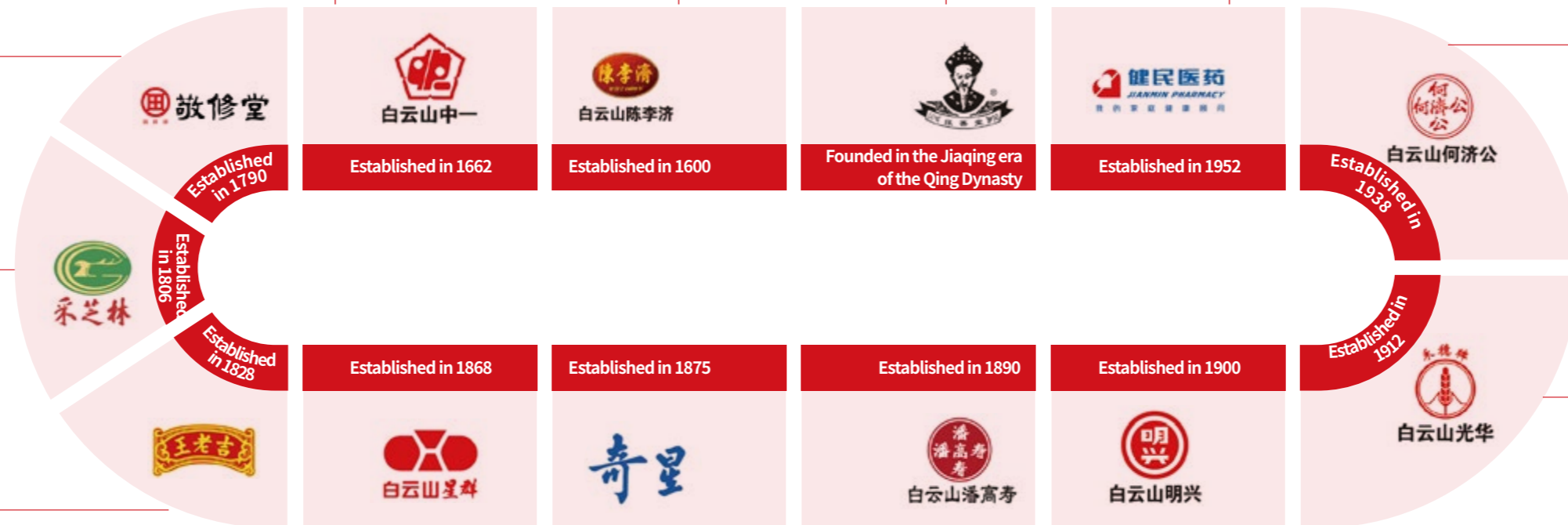
Cai Shan Tang has a history of more than 200 years. Rooted in the philosophy of "Collecting fine herbs from famous mountains to benefit people all over the world", it owns Wanying Tea, a national intangible cultural heritage item.

It pioneered night-time medicine sales in the 1970s, lighting up the "ever-bright light through the long night". Today, it has established dozens of stores covering diverse scenarios including communities, hospital vicinities and commercial areas. It provides Chinese and Western medicines, medical devices and tens of thousands of quality healthcare products, building a comprehensive health life matrix and striving to be a "health consultant by your side".

Founded by Qian Shutian, a descendant of King Qian Liu of the Wuyue Kingdom, it is world-renowned for its "Jingxiutang Dieda Wanhua Oil". Its traditional Chinese medicine culture has been recognized as an Intangible Cultural Heritage of Guangdong Province.

It is a comprehensive representative of Lingnan traditional Chinese medicine culture and a national-level "China Time-honored Brand". Its Pilose Antler Slices Processing Technique has been inscribed on the list of Lingnan Traditional Chinese Medicine Cultural Heritages of Guangdong Province.

Founded during the Daoguang reign of the Qing Dynasty, it is a time-honored Chinese brand with a heritage of nearly 200 years. Its herbal tea has been included in the first batch of the National Intangible Cultural Heritage List, marking that the traditional health-preserving wisdom has received official recognition and protection.



Originating from Huang Xianghua Pharmaceutical Factory, it was formed by the merger of numerous renowned pharmaceutical factories in the early days after liberation. Adhering to the mission of "inheriting a century of craftsmanship, forging high-quality national medicines, and safeguarding healthy lives", it established China's first pill-making workshop. Upholding integrity while pursuing innovation, it is committed to becoming a first-class enterprise in the pharmaceutical and health industry.

Its predecessor was "Qisheng Hall". The "Qixing" trademark is a China Well-Known Trademark, and it is one of the national demonstration bases for the production and protection of top ten traditional famous and high-quality traditional Chinese medicines. It owns the national confidential prescription drug Hua Tuo ZaiZao Pill and is a key national enterprise in the production of Chinese patent medicines.

A time-honored traditional Chinese medicine enterprise with two national intangible cultural heritage certifications. For a century, it has stayed committed to and deeply rooted in the antitussive Chinese patent medicine sector, establishing a full-chain health service system covering treatment to care, and safeguarding the health and longevity of the people.

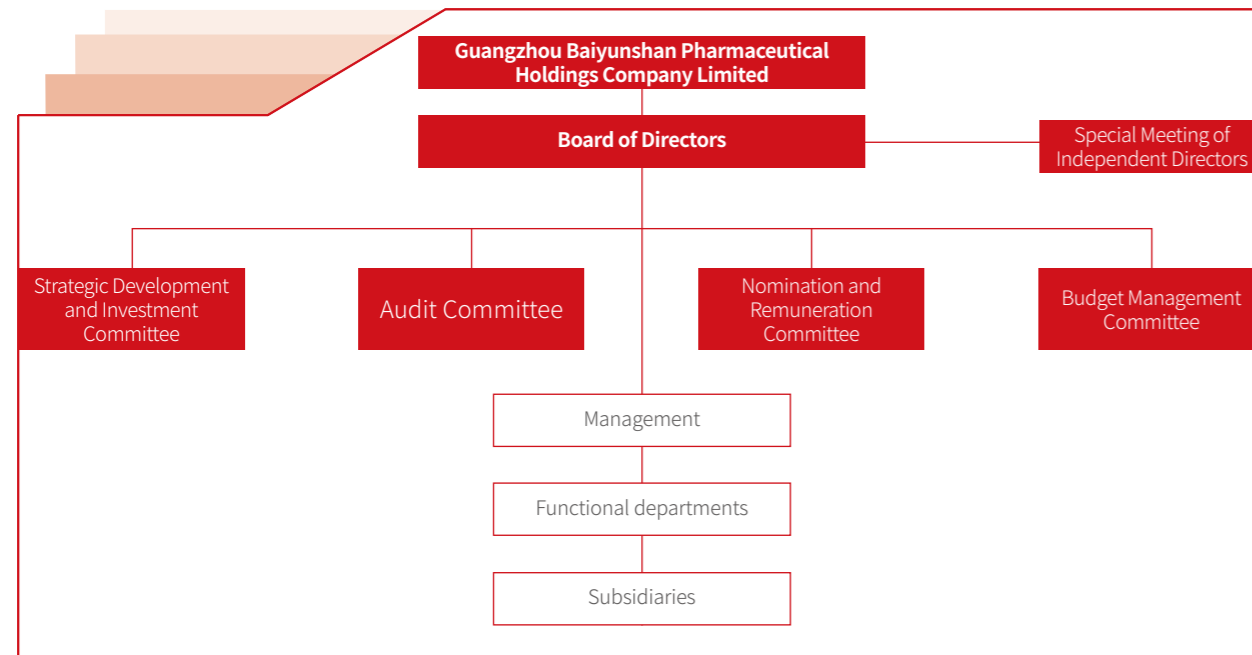
It is currently the only enterprise in China that produces all four dosage forms of Qing Kai Ling. It has built a green intelligent manufacturing factory for traditional Chinese medicine and continues to revitalize the time-honored brand through the model of "Headquarters + R&D + Core Manufacturing".

Following the spirit of "Ji Gong" in benefiting all beings, the brand spirit of "Serving the public with compassion" has been passed down from generation to generation. It is among the first batch of "China Time-honored Brands" recognized by the Ministry of Commerce, and a modern pharmaceutical enterprise specializing in the production and sales of analgesics and external medicines nationwide.

Founded as Tang Shiyi Pharmaceutical Factory, it was named "Guang Hua" in accordance with the legacy of Dr. Sun Yat-sen to "develop and glorify China". It is one of the earliest pharmaceutical manufacturers of western medicines in South China, as well as a unit for the inheritance and protection of the provincial-level intangible cultural heritage item Preparation Method of Xiaochaihu.

Organizational Structure

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



Corporate Culture

Corporate Vision

Building GYBYS into a world-class enterprise

Corporate Mission

Spreading love all over the world

Sustainability management

Board Statement

Regulations from the Board on ESG

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

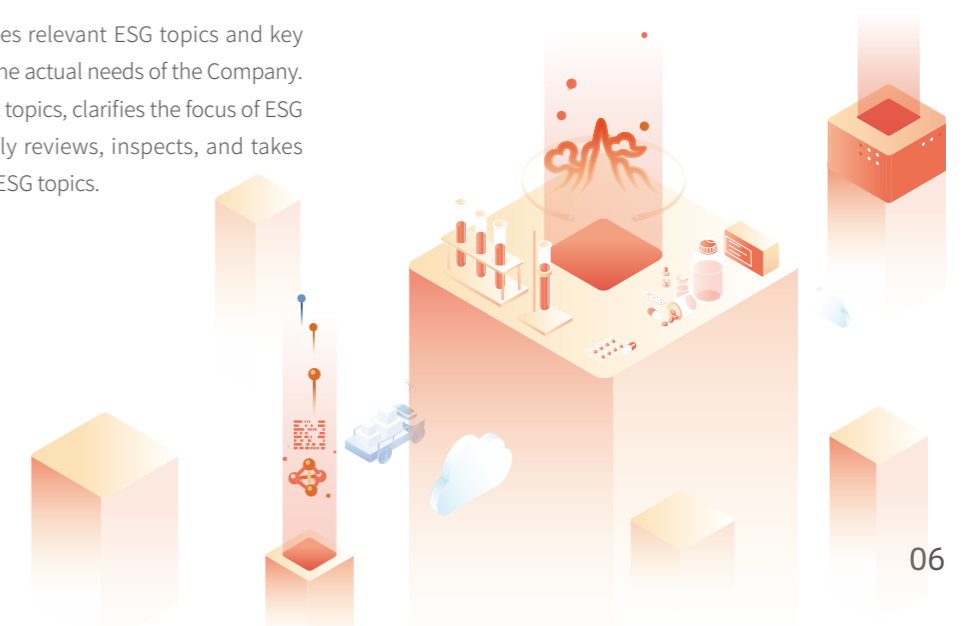
Board's ESG Management Principles and Strategies

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

Management of ESG progress and risks by the Board

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







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



ESG Management Strategies

Sustainability Philosophy

Committed to the CSR philosophy of "spreading love all over the world", we keep contributing our intelligence and strength to human health. In our operations, we strive to achieve the perfect integration of economic, social, and environmental benefits. Through responsible operations, we work to enable more people to benefit from the development of GYBYS, working together towards a healthy and sustainable future.

 <p>Robust governance</p>	<p>Improve governance structure, refine decision-making mechanisms, and ensure governance effectiveness.</p>	<ul style="list-style-type: none"> ● Practicing business ethics ● Making continuous efforts to assess and respond to risks of business ethics
 <p>Quality assurance</p>	<p>Meet market demands, make health more accessible, and win customer trust through strict standards.</p>	<ul style="list-style-type: none"> ● No major product quality issues. ● Providing high-quality solutions for diseases ● Enhancing customer satisfaction
 <p>Value innovation</p>	<p>Achieve efficiency improvement and industrial upgrading driven by innovation, actively respond to social development needs, and create synergistic growth opportunities.</p>	<ul style="list-style-type: none"> ● Innovating in product R&D ● Accelerating digital transformation ● Promoting inclusive healthcare development
 <p>Green development</p>	<p>Deeply integrate environmental protection into operational strategy, proactively address climate change and resource challenges, and drive low-carbon transformation to achieve harmonious coexistence between the enterprise and nature.</p>	<ul style="list-style-type: none"> ● Achieving carbon peaking by 2030 and carbon neutrality by 2060 ● Reducing waste to promote energy conservation and carbon reduction ● Reducing wastewater discharge to enhance water resource utilization efficiency ● Enhancing resilience to climate change
 <p>Win-Win cooperation</p>	<p>Advocate for open and inclusive ecological cooperation, and empower partner growth, to achieve long-term balance and improvement of interests among all parties.</p>	<ul style="list-style-type: none"> ● Building a sustainable supply chain to guard against supply chain risks ● Engaging more suppliers in training sessions and audits
 <p>Social harmony</p>	<p>Actively fulfill corporate citizenship responsibilities and create a safe, healthy, and vibrant society.</p>	<ul style="list-style-type: none"> ● No major human rights violation incidents ● Zero accidents and zero fatalities ● Continuously attracting talent and strengthening workforce development ● Recycling expired drugs in more cities and regions ● Investing more in community and rural vitalization to enhance community resilience

Organizational Structure

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



Sustainable development capacity building

To ensure that all functional departments and subsidiaries are well-informed about the latest developments in ESG, identify areas for improvement and develops practical and feasible improvement plans, we regularly invite third-party professional organizations to hold special training sessions. The training covers the development trends of ESG, the Company's current ESG rating status, the optimization and updating methods of the ESG indicator system, as well as the specific requirements for report preparation, etc., enabling participants to identify their own gaps and formulate practical improvement plans.

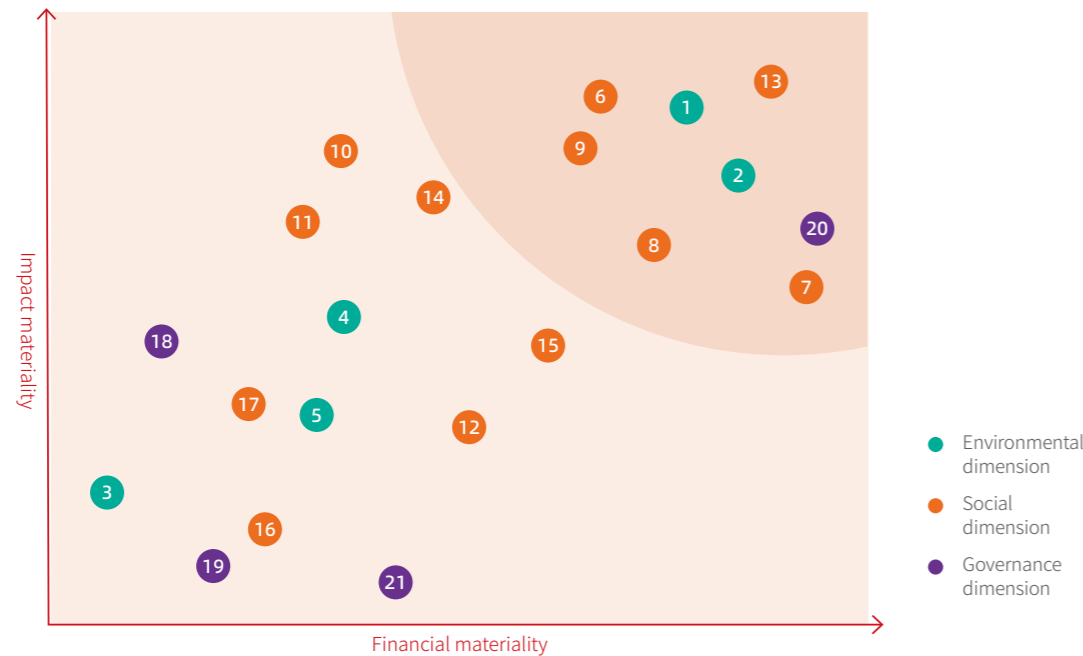
ESG reporting principles

<p>Materiality</p>	<p>We invite internal and external stakeholders of the Company to participate in the identification of ESG topics and assess their materiality through employee interviews, questionnaires and other forms. According to the results, we fully understand the sustainability topics concerned by employees and stakeholders.</p>
<p>Quantitative</p>	<p>We have established and continuously optimized the collection tool of sustainability indicators covering the Company and its subsidiaries, regularly counted the key disclosure indicators in the Sustainability Reporting Guide, and made semi-annual and annual summary.</p>
<p>Consistency</p>	<p>According to the updated Sustainability Reporting Guide, we refine and add relevant indicators to standardize the scope of reporting disclosure.</p>

Identification of topics with key materiality

We continuously optimize our materiality assessment process. Based on the disclosure guidelines of regulatory authorities as well as the sustainability topics concerned by capital markets, rating agencies, international report standard bodies and peer companies, we establish a list of topics, assess and identify their materiality, taking our activities and business relationships into account. This process helps us comprehensively identify risks and opportunities, and sort out key ESG priorities.

We conduct a materiality assessment on a two-year cycle. In 2024, in accordance with the path of the "Identification – Prioritization – Review – Reporting", we invited internal and external stakeholders to score the identified topics via online questionnaires, and recognized a total of 21 topics across 3 dimensions. In 2025, based on the Company's strategic development and business needs, combined with laws, regulations and policies, industry trends and interviews with functional departments, we verified, adjusted and confirmed the topic assessment results. Eight topics with both financial materiality and impact materiality were identified and disclosed in this report in line with the structure of "Governance – Strategy – Impact, Risk and Opportunity Management – Metrics and Targets".



Environmental dimension

- 1 Tackle climate change
- 2 Pollution discharge and waste disposal
- 3 Ecosystems and biodiversity conservation
- 4 Environmental compliance management
- 5 Resource Use

Social dimension

- 6 Product safety and quality
- 7 Research and development innovation
- 8 Technology ethics
- 9 Supply chain management
- 10 Responsible marketing
- 11 Industry development and equal cooperation
- 12 Data security and customer privacy protection
- 13 Employee rights and benefits
- 14 Employee occupational health and safety
- 15 Employee career development and training
- 16 Rural vitalization
- 17 Social contributions

Governance dimension

- 18 Due Diligence
- 19 Stakeholder communication
- 20 Anti commercial bribery and anti corruption
- 21 Anti-unfair competition

Topic adjustments are as follows:

"Pollutant emissions" and "Waste disposal" are merged into "Pollutant emissions and waste disposal";

The topic "Energy utilization and circular economy" is adjusted to "Resource utilization";

"R&D innovation and technology ethics" is split into "R&D Innovation" and "Technology Ethics".

Stakeholder communication

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

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

2025 Focus

Prudent operations

- Revenue
RMB **77.656** billion
- Total profit
RMB **3.69** billion
- Net profits attributable to shareholders of the Company
RMB **2.983** billion
- Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses
RMB **2.363** billion

Health guardian

- GYBYS and its subsidiaries operate a total of **167** pharmaceutical retail outlets, covering several provinces in South and Southwest China.
- The pharmacovigilance information system, primarily built by GYBYS, has been stably operating for over 2 years, collecting **23,000+** safety reports.
- Our subsidiaries achieved a **100%** pass rate in various types of sampling inspections.
- At the 46th National Pharmaceutical Industry QC Group Achievements Exchange Conference, 36 QC groups from GYBYS won first prizes, and 17 QC groups won **the Best Presentation Awards**.

Innovation development

- RMB **0.695** billion Investment in scientific research
- Investment in scientific research **90+**
- 160** projects are under R&D, covering various product pipelines: new traditional Chinese medicines, innovative generic chemicals, biosimilars and medical devices, **10** with Class 1 innovative drugs included.
- BYS10 tablets, a Class **1.1 anti-tumor innovative drug from Baiyunshan General Factory, have entered critical registration clinical trials.**
- Baiyunshan Han Fang received the **clinical trial approval for a Class 1.2 TCM innovative drug for treating cancer-related fatigue in cancer patients.**
- Baiyunshan Biological's freeze-dried human rabies vaccine (Vero cell) was approved for production.**

Environmental friendliness

- About RMB **6.75** million, Investment in environmental protection
- 7** subsidiaries was certified to ISO 14001 Environmental Management Systems, **6** and subsidiaries have obtained the title of National Green Factory
- GHG emission intensity **0.12** t/RMB 10,000
- Comprehensive energy consumption intensity **0.26** MWh/RMB 10,000
- Water consumption intensity **2.68** t/RMB 10,000
- Non-hazardous waste emission density **26.43** kg/RMB 10,000
- Hazardous waste emission density **0.92** kg/RMB 10,000

Industrial co-development

- 160,000+** Standardized TCM material cultivation bases
- 4,605** times Total supplier audits
- GYBYS and its subsidiaries actively collaborate with top domestic and international universities, research institutes, and academicians on joint research initiatives.**
- We continuously expand overseas markets. In 2025, the core business revenue from Hong Kong, Macao and overseas regions reached nearly **300** million, Multiple products are exported to **100** over countries and regions worldwide.

Spreading warmth

- RMB **11.3972** million Total investment in employee training
- RMB **14.4218** million Fund donation and article donation
- RMB **5.6274** million Total investment in rural vitalization
- The "Expired Household Medicine Recycling Mechanism" public welfare initiative by GYBYS has reached over **22** years cities, reaching more than **200** cities and regions across the country.



Fine Governance for a Promising Future

Challenges and Opportunities

The global pharmaceutical industry is facing an increasingly stringent regulatory environment with a continually expanding scope of compliance. It stretches across drug lifecycle management, data integrity, supply chain traceability, and business ethics. Meanwhile, advances in regulatory technology, improvements to ESG disclosure frameworks, and higher market valuations for transparent and trustworthy enterprises have further transformed corporate compliance governance from a basic requirement into a developmental opportunity for value creation.

Our Actions

GYBYS is constantly modernizing its governance structure and perfecting the decision-making mechanism, which underpin more efficient strategy implementation. The Company also enhances its capabilities to predict and prevent all sorts of operational risks, and enforces business ethics in business practices and employee awareness. In addition, upholding Party leadership, we make it an ever-lasting driving force and fundamental guarantee for high-quality corporate development.

Contribution to UN SDGs



Robust Corporate Governance

Corporate governance

Governance structure

GYBYS attaches great importance to the level of compliance of corporate governance. To this end, we strictly abide by Chinese laws and regulations, such as the *Company Law*, *Securities Law*, and *Code of Corporate Governance for Listed Companies*. We are also comprehensively following the regulations and listing rules of China Securities Regulatory Commission, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. On this ground, we have established a sound governance structure with clearly defined roles, standardized processes, and effective checks and balances—ensuring operational rigor and long-term sustainability.

In 2025, to further optimize governance efficiency and strengthen the overall planning of professional supervision, the Company performed legal decision-making procedures to adjust its governance structure, disbanding its Supervisory Committee, whose statutory powers and functions as stipulated under the Company Law were transferred to the Audit Committee of the Board for exercise. Simultaneously, the Company revised and filed the *Articles of Association*, and fulfilled necessary obligations for information disclosure, consolidating the legality and standardization of structural adjustments.

Shareholders' Meeting

In accordance with the *Articles of Association and Rules of Procedure of Shareholders' Meeting*, GYBYS convenes the Shareholder's Meeting of and standardizes its convening and deliberation procedures, supporting the lawful rights of shareholders to decide, vote, supervise, etc. All shareholders are guaranteed with equal rights of execution and participation in corporate governance, which is the foundation for our fair and science-based governance decisions.



4 Shareholders' Meeting held

Board effectiveness

The Directors exercise decision-making and management rights in accordance with internal documents and relevant regulations—including the *Articles of Association*, *Rules of Procedure of Board of Directors* and *Rules of Independent Directors*—and other regulations, to ensure the Board operates in a standardized and efficient manner. All Directors strictly fulfill their duties as required, and attend the Board meeting and the shareholder's meeting with due diligence, acting in the best interests of the Company and all shareholders.



14 Board meetings held
12 meetings of Strategic Development and Investment Committee held
4 meetings of Audit Committee held



4 meetings of Nomination and Remuneration Committee held
1 meeting of Budget Management Committee held
3 Special meetings for independent directors
88.89% of Directors attended the Shareholder's meeting

The four specialized Board committees include Strategic Development and Investment Committee, Audit Committee, Nomination and Remuneration Committee, and Budget Management Committee operate with clearly defined roles and effective collaboration. Each committee fulfills its professional supervisory duties, ensuring well-regulated functioning and notable outcomes. In addition, a dedicated meeting mechanism for independent directors has been established under the Board to strengthen their role in decision-making, supervision, and professional consultation, thereby reinforcing checks and balances within the Board.

Board diversity

GYBYS is dedicated to improving board independence and diversity. The fruition has come with the revision of the *Diversification Policy for the Board Members*, which guarantees objective, professional and comprehensive governance decisions. As of the end of 2025, the Board has 10 members, including 4 independent non-executive directors, accounting for 40% of all, as required for Board independence.



3.78 years average term of Board members
20% female directors on the Board

Senior executives account for 10% of the Board. Only Li Hong (General Manager) concurrently serves as executive director, while the rest of directors are all independent of the Company's management, which helps prevent collusion of interests between the management and the Board, and ensure objective and independent Board decision-making and supervision.

Regarding diversity, the Company's Board includes two female directors. The professional backgrounds and educational qualifications of board members cover core areas such as business management, strategic planning, finance and accounting, the pharmaceutical industry, and compliance and internal control. The expertise in each area complements the others effectively, supporting the professionalism and comprehensiveness of the Board's decision-making.

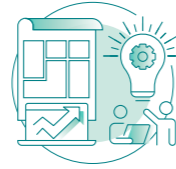
Board member information table

Position	Name	Gender	Professional competence				
			Business management	Strategic planning	Financial accounting	Pharmaceutical industry	Compliance and internal controls
Chairperson	Li Xiaojun	Male	✓	✓			✓
Vice Chairperson	Chen Jiehui	Male	✓	✓			✓
Vice Chairperson	Cheng Ning	Female	✓	✓	✓		✓
Executive Director	Cheng Hongjin	Male	✓	✓			
Executive Director	Tang Heping	Male	✓	✓	✓		✓
Executive Director	Li Hong	Male	✓	✓			✓
Independent non-executive Director	Chen Yajin	Male	✓				✓
Independent non-executive Director	Huang Min	Male	✓				✓
Independent non-executive Director	Huang Longde	Male	✓		✓		
Independent non-executive Director	Sun Baoqing	Female	✓				✓

Note: The above is the information table for members of the company's board of directors as of December 31, 2025.

Board capability improvement

GYBYS is systematically improving board capabilities, involving directors professional competence and compliance performance. A combined approach including both online external courses and internal face-to-face mentoring has been developed to improve board participation in company affairs, which cover duty performance standards for directors, corporate governance, ESG oversight and other key areas. In addition, advanced courses are prepared for the follow-up education of independent directors and for the training of newly hired directors. All efforts above are to continuously enhance board decision-making and supervision.



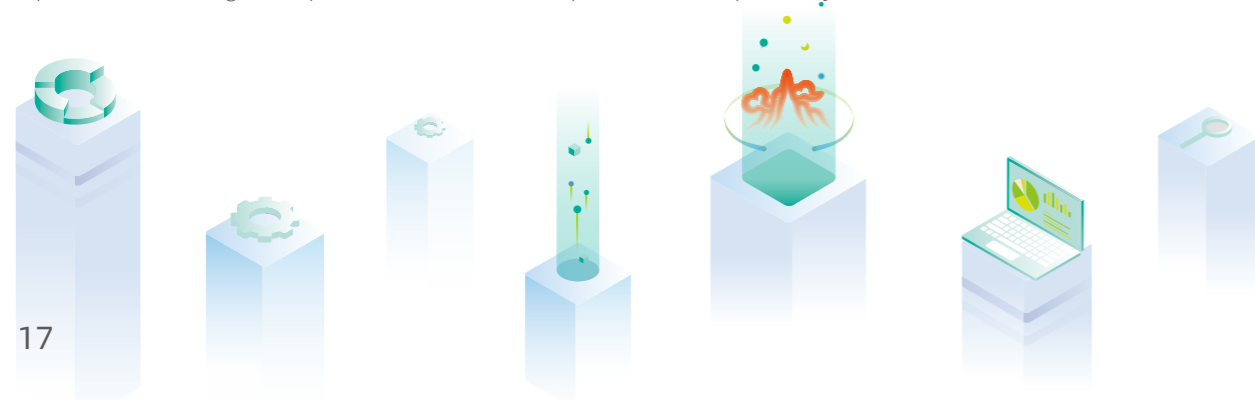
19 training sessions on corporate governance of listed companies held for Board members, with a total of **85** participants.

Training topic	Contents
 Compliance	It covers core topics such as the continuous legal liabilities of directors and senior management in the A-share and H-share markets, standardized operation, risk management, information disclosure standards, connected transaction management, and prevention of interest conflict.
 Governance	In-depth interpretation of the latest revisions to the HKEX's <i>Corporate Governance Code</i> , key rules such as the SSE's guidelines for market value management, independent director regulations, and the latest revisions to the <i>Code of Corporate Governance for Listed Companies</i> , etc.
 Profession	The ESG Reporting Guide of the HKEX, sustainability development disclosure requirements for listed companies, M&A and restructuring policies, industrial development outlook, overseas investor relations management, value communication, public opinion management, etc.

Risk Management

Risk management architecture

GYBYS has set up a risk management leading group headed by main leaders. The Company has clarified boundaries of risk management rights and responsibilities, and embedded risk management into the whole decision-making process of "Three Majors and One Important(major decisions, important personnel appointments, major project arrangements, and large-scale fund expenditures)", forming a work pattern of "unified leadership, hierarchical responsibility, and coordinated collaboration".



Risk management system

Based on its business realities, GYBYS has revised the *Enterprise Risk Management Measures*, *Risk Assessment Guidelines* and other special risk management systems. The Company also further refined the risk control standards covering corporate governance, investment, scientific research and asset management.



GYBYS conducted self-examinations for common issues of its internal risk control systems, identifying and rectifying **11** issues.

GYBYS has revised such risk management guidance systems as the *Enterprise Daily Risk Management Standards* and the *Major Business Risk Event Reporting System* to guide risk management work at all levels and in all fields, a step further to standardize risk management for better systematicness and synergy.

GYBYS has developed closed-loop processes - "risk identification - assessment - early warning - response" - to keep all kinds of risks at bay. We monitor and predict key risks around the clock. For external risks such as market volatility and policy changes, we have established a regular analysis mechanism to prepare for corresponding response plans. While for loopholes in internal management, we urge responsible departments to timely rectify and improve their efficiency of risk prediction and response.

Risk management process

We leverage digital technologies to establish a risk warning and prevention platform, breaking information barriers. We are committed to enhancing our capabilities to predict risk trends, rule out potential risks and improve the efficiency and accuracy of risk management. In addition, the Company promotes risk assessment work on a regular basis. Departments and subsidiaries are organized to conduct risk assessment every half year. Business departments are required to assess their own business contracts for potential risks to further consolidate risk identification and management.



A total of nearly **500** contracts were reviewed, involving over RMB **8** billion. Over **1,000** legal modification suggestions were proposed for contract clauses. Compliance reviews were completed for over **400** proposals and over **30** procurement documents.

Targeted risk review



We implement comprehensive risk review of major decisions, rules and regulations, important contracts and major economic activities. We have developed a risk identification and prevention mechanism throughout the entire business process, avoiding potential legal and operational risks in bidding procedures, contract subject qualifications, etc. As a result, we have build a strong wall against various risks at the source.

Due diligence



To refine management of major economic contracts, the responsible department shall collaborate with other departments or introduce third-party institutions to carry out due diligence as appropriate. During the term of the contract, any change or termination must undergo a joint risk assessment by multiple departments to ensure that the risks to major business sections are kept under control throughout the process.

Capital operation

GYBYS has formed diversified fund layouts, and landed precision-oriented investment and mergers & acquisitions (M&A) projects, boosting its strategic transformation from "asset management" to "capital management". These efforts have provided a solid capital support for our primary business expansion and industrial upgrading.



In 2025, the company promoted business innovation and development through a "funds plus industry" approach, participating in the establishment of three funds throughout the year, with the cumulative investment size of these funds exceeding **1** billion yuan.

Optimizing capital operation platform

To heighten the empowering effect of capital on the industry, GYBYS build 'a mainstay for capital operation via a market-oriented approach to equity operation, capital investment and industrial incubation.

Growing internal seed funds

We increased the paid-in amount of GP Fund, and established and filed GP Fund II, consolidating the capital foundation for internal industrial incubation.



Collaborating with state-owned assets institutions for cooperative layout

We cooperate with state-owned assets institutions to set up Guangyao Guangkai Fund and Guangyao Liwan Fund, leveraging state-owned assets resources to broaden the investment scope.



Scaling up investment and M&A practices

GYBYS has scaled up M&A at key sections of industry value chain and strategic emerging areas, in a bid to stimulate existing resources and expand incremental space. Through industrial collaboration practices, we have further consolidated the competitive barriers of our cores businesses, laying strategic foundation for industrial growth and high-quality development.

Innovating in ecology for traditional Chinese medicine

In cooperation with regional subsidiaries, we have established Caizhi Pharmaceutical and preparation centers in local areas that cover the life-cycle management of in-hospital preparations, contributing to the industrialization of distinctive preparations made from traditional Chinese medicine.

Expanding pharmaceutical business area

We have strategically acquired 11.04% equity of Nanjing Pharmaceutical and 100% equity of Zhejiang Pharmaceutical Industry, rapidly complementing the East China and Yangtze River Delta markets. By virtue of the target enterprises' channel and resource advantages, we have realized the coordinated upgrading of regional markets.

Investor communications

Upgrading the institutional framework

GYBYS continuously standardizes the processes of investor relations management. The Company has formulated such core policies as the *Investor Relations Management Regulations*, *Work System of Investor Complaint Handling*, and the *Measures for Managing Separate Vote Counting of Minority Investors*, clarifying the requirements for communication, rights protection and complaints handling and further standardizing protection of shareholders' rights. In 2025, considering the development trend of the capital market and the Company's strategic needs, GYBYS released the *Market Value Management System* and the *2025 Action Plan for Improving Quality, Efficiency and Returns*. They further enhanced the connection between market value management and shareholder returns, and ensured the protection of shareholders rights and interests.

Diversifying communication channels

GYBYS has built diverse channels to help investors grasp the dynamics of the Company and participate in its major corporate decisions through the Shareholders' Meeting, online performance briefing, SSE E-interactive, investor hotline, and email. In 2025, the Company has broadened channels based on the concerns of various investors to improve communication efficiency and pertinence, and effectively build market consensus.



GYBYS conducted or participated in nearly **90** investor activities including analyst research meetings, performance roadshows, performance briefings, strategy meetings and one-on-one meetings, receiving nearly **400** investors, with an increase of nearly **60%** over the same period last year.



In terms of professional exchanges

the Company maintains regular communication with a number of domestic and overseas Investment bank and securities firms, and organizes analysts to conduct research and engage in industry strategy meetings on pivotal business milestones, increasing its popularity in the capital market.



For institutional investors

the Company conducts regular in-depth communication and on-site research with core and potential shareholders with a targeted approach, and rolls out roadshows led by the management to spread confidence in development.



For minority investors

the Company has built an inclusive communication system in both online and offline forms, and promoted the "Into Listed Companies" activities and regular performance briefings to showcase its operation and culture, thereby enhancing investors' sense of participation and identity.



Building an investor education base

Relying on the unique resources of Shennong Caotang, GYBYS has built the first investor education base for listed companies in Guangdong Province. With an investor education product system featuring Shennong IP built upon traditional Chinese medicine culture, the base has integrated investor education with brand culture communication. It not only helps popularize financial literacy to investors, but conveys the Company's brand value, demonstrating its social responsibility of investor protection.

Key honors

The activity "Little Investors with Great Financial Intelligence — Financial Literacy Class Enters Baiyi School" carried out by the GYBYS Securities and Futures Investor Education Base was awarded the Third Prize of 2025 Excellent Investor Education Activities, and its booklet "Shennong Teaches You the Opinions of the State Council on Strengthening Supervision, Preventing Risks and Promoting the High-Quality Development of the Capital Market" was awarded the Third Prize of 2025 Excellent Investor Education Products.

Business Ethics

Anti-corruption and anti-bribery




Governance




GYBYS is committed to business ethics management according to the highest standards. We continuously improve the anti-corruption system, prevent commercial bribery from the source, and strictly investigate and deal with corruption or fraud. The discipline inspection office and the discipline general office undertake to coordinate and promote relevant work across the board, and to optimize the incentive and restraint mechanism that aligns authority with accountability and ensures clear rewards and punishments.

Strategy

GYBYS follows the fundamental principles of incorruptible management, anti-corruption and anti-bribery to propel its growth. We take the initiative to identify potential business ethics risks and opportunities brought about by compliant operation, and have formulated corresponding measures to enhance our core competitiveness in compliance and transparency field.

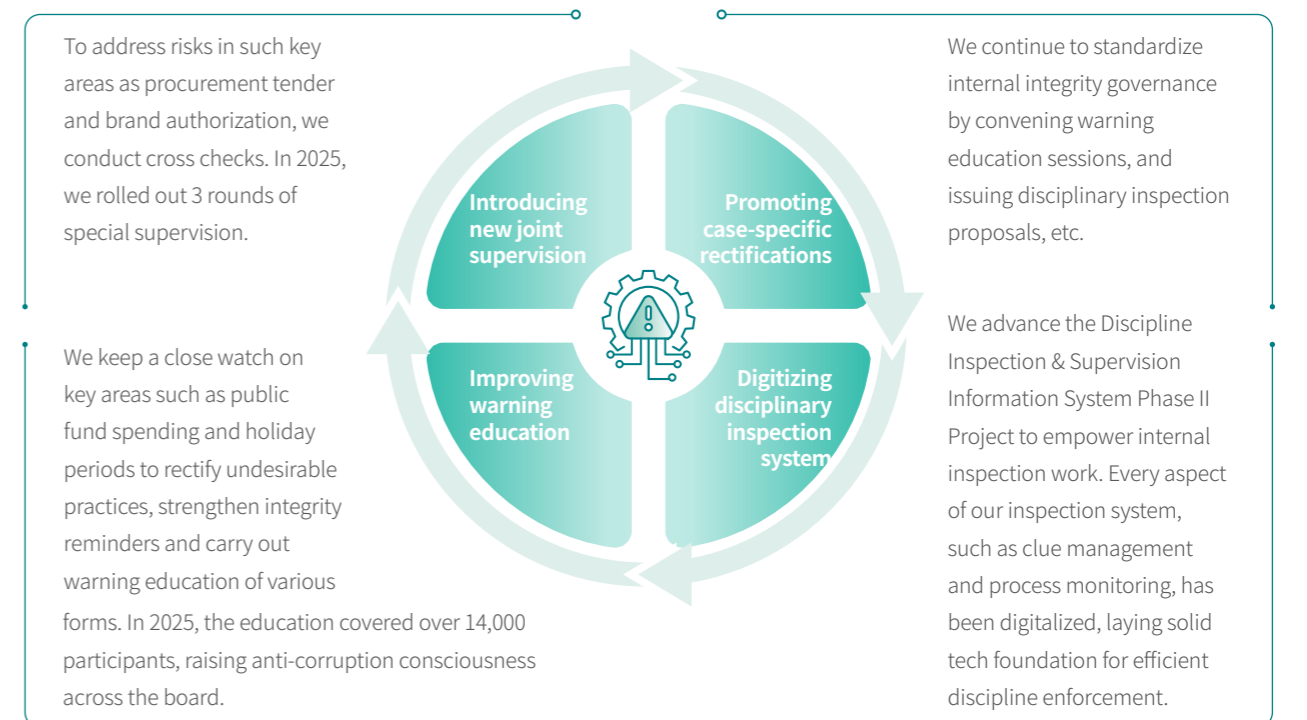
Identified risks, opportunities and response measures

Risk type	Risk description	Potential financial impact	Response measure
 Regulatory and legal risks	The pharmaceutical industry is facing an increasingly stringent regulatory environment. The regulatory and punitive measures for both companies and individuals have been significantly strengthened with the new revisions to the <i>Law Against Unfair Competition and the release of the Notice on Issuing the Key Tasks for Correcting Unhealthy Practices in the Field of Pharmaceutical Procurement and Medical Services in 2025</i> . Moreover, if a company violates regulations and is blacklisted, it may face restrictions on product procurement qualifications and even be banned from entering the market.	Medium term (5-10 years): High fines will increase costs, and restrict product procurement in the market, impacting revenue.	Internalize the latest regulations into internal standards, and establish dynamic warning and adaptation mechanisms; promote cooperation with business partners, and communicate compliance requirements throughout the value chain.
 Operational and market risks	The <i>Operational Guidelines for Pharmaceutical Pricing and Procurement Credit Evaluation (2025 Edition)</i> has tightened regulatory oversight on unfair practices such as kickbacks and commercial bribery. It also promotes the transformation of pharmaceutical representatives from traditional salespersons to professional academic promoters, along with higher requirements for professional qualifications.	Short term (1-5 years): The time investment required for the transformation will slow down market expansion, and the operational costs for channels and professional personnel will increase.	Plan and implement the transformation path, improve the supply chain compliance management system, promote compliance as a core indicator for supply chain access and evaluation, and eventually foster an integrity-driven ecosystem.
 Financial and reputational risks	Illicit payments may be disguised as legitimate expenses to facilitate improper benefit transfers. The increasingly covert nature of bribery practices makes it difficult for traditional audit procedures to detect such misconduct comprehensively, posing significant challenges to the Company's compliance management. Meanwhile, potential case leads may surge in the short term due to heightened regulatory requirements. Improper handling of such matters could easily trigger public opinion crises and damage	Medium-term (5-10 years): Increased administrative expenses due to case investigations, special audits, and crisis PR; reputational and brand damage; innovation drug market launch and promotion; capital market valuation.	Adopt forward-looking measures such as tightening internal control and purchasing insurance, manage potential financial losses in advance, and better manage risks to reputation and brand image.

Opportunity type	Opportunity description	Potential financial impact	Response measure
 Leading compliance advantages	Regulatory scrutiny on commercial bribery and corruption in the pharmaceutical industry continues to tighten, ushering the industry into a period of compliance reshuffling. The Company can highlight its compliance advantages and leverage higher procurement credit ratings to gain access to public procurement opportunities, and potentially capture market share left vacant by competitors who are penalized for violations.	Medium-term (5-10 years): Market share growth will bring more stable sales channels and increased revenues.	Continuously optimize the risk and compliance system for anti-corruption and anti-bribery, strengthen compliance reviews across the procurement process, and monitor industry regulatory dynamics to strategically grasp market opportunities.
 Improvement in management efficacy	With higher regulatory requirements for anti-bribery and anti-corruption, the Company must optimize management processes in core areas such as procurement and supply chain. Meanwhile, the adoption of digital supervision technologies should be in place to help reduce corruption-related costs and losses, and enhance the management team's risk control and execution efficiency.	Medium term (5-10 years): It will help standardize management processes, improve operational efficiency and reduce associated costs.	Improve the discipline inspection & supervision information system, upgrade business modules and processes, and optimize the supervision over procurement and the supply chain.
 Communication of brand value	The pharmaceutical industry is seeing growing compliance requirements. The Company's anti-bribery and clean management practices are expected to foster unique brand image, which not only enhance trust from clients, partners and the public, but also emerge as the brand value of a model of compliance.	Medium term (5-10 years): Higher brand value will strengthen trust from shareholders, enhance brand premium capability and bring more opportunities for market cooperation.	Announce the positive effect of compliance practices and case-specific rectifications, engage in industry exchanges of compliance experience, and incorporate business integrity into the core of brand communication.

Impact, risk and opportunity management

GYBYS has taken a variety of measures to promote anti-corruption and anti-bribery progress. With efforts in systematic prevention, targeted supervision and long-term governance, we have built a high wall across the board against corruption risks.



Metrics and targets

GYBYS has introduced training on business ethics for directors, employees and suppliers. In 2025, a total of 58 training attendances were recorded for directors, totaling 214 training hours. A total of 9,334 training attendances were recorded for employees as well, totaling 22,750 training hours. The Company has handled personnel with relevant issues in accordance with regulations, disciplines and laws, and guided its subsidiaries to carry out 113 special activities on case-based rectification, and issued 11 proposals, strengthening the deterrent and governance effects.

Anti-unfair competition

We strictly comply with the *Anti-Unfair Competition Law* and the *Interim Provisions on the Prohibition of Commercial Bribery*, as well as other national policies. All employees of GYBYS are prohibited from engaging in any form of unfair competition activities, and from harming the rights and interests of clients, suppliers, partners and other parties involved, let alone public interests.

The Company has established a sound mechanism to handle unfair competition behaviors. For any case confirmed upon investigation, GYBYS will impose penalties in accordance with the Company's *Labor Employment Management System* based on the severity of the offense. In severe cases, labor contracts may be terminated. Any economic losses caused to the Company will result in financial liability. Suspected violations will be referred to judicial authorities to protect our rights and uphold management order.

Reporting and whistleblower protection

We continuously tighten code of conduct review and daily supervision, and have incorporated the acceptance requirements of problem clues into compliance reviews. For risk clues potentially against regulations, rules or even laws, we have developed a quick investigation mechanism to safeguard our compliance bottom line.

For violation risks, we continue to standardize problem handling processes, and have improved the mechanism of problem-related clues. We establish a comprehensive closed-loop management system by means of letters and visits, special inspections, assignments by higher levels, etc. We strictly implement such standard processes as clue analysis, preliminary check and case filing to conduct regular supervision and targeted clue management. Moreover, protection of the whistleblower's rights and interests are our top priority during the cases of letters and visits. Protection requirements have been specified in relevant rules. Our standardized practices and robust institutional arrangements ensure all-round support and protection of the whistleblower. We are dedicated to broadening supervision channels, and to making sure every case is handled as appropriate and every violation case is properly dealt with.

Reporting Channels

E-mail: jjjcs@gpc.com.cn

Telephone: 020-66281222

Visit and Letter: Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, 45 North Shamian North Street, Liwan District, Guangzhou City
Recipient: Discipline Inspection and Supervision Office; Postal Code: 510130

Online channel: WeChat official account "Integrity GYBYS"



Compliance Management

Operational compliance

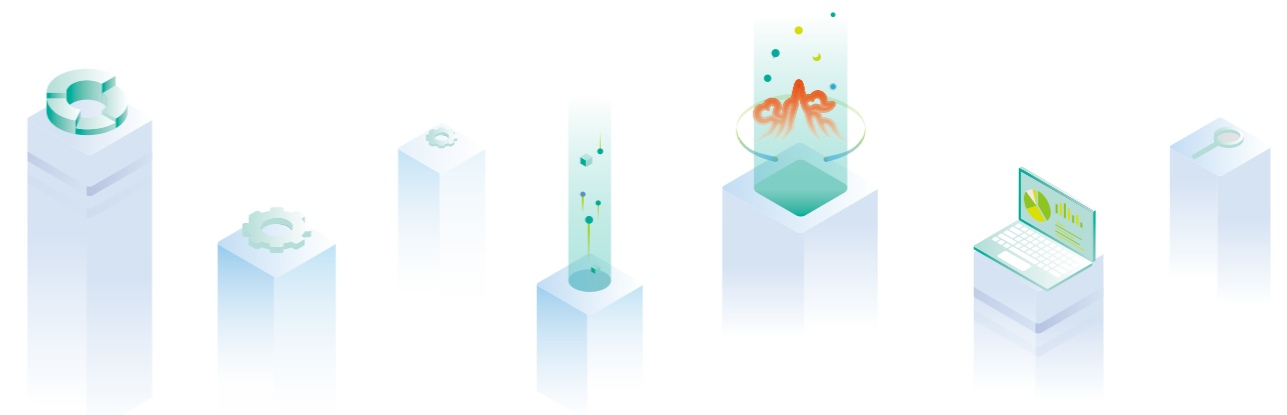
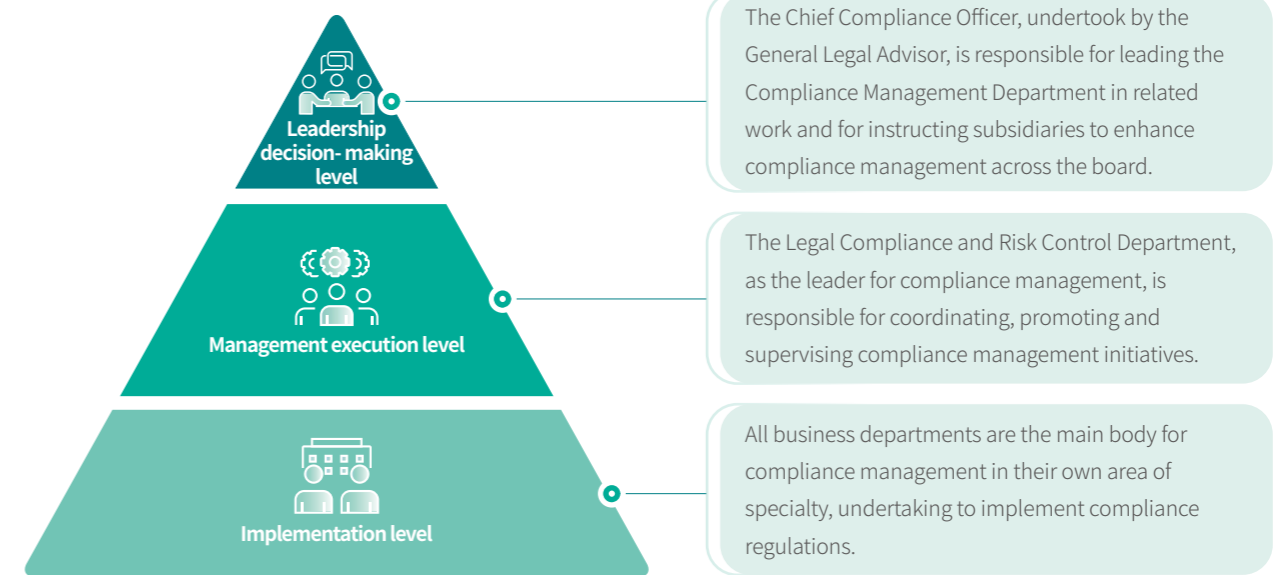
GYBYS is comprehensively building its compliance management architecture based on its realities. The Company has significantly improved its operation compliance performance through optimizing systems, perfecting structures, reinforcing implementation and promoting compliance culture, contributing to high-quality development.



100% legal review (compliance review) rate for major decisions, regulations and contracts

Compliance management structure

GYBYS is continuously improving its compliance management structure to build a comprehensive governance framework with clear authority and efficient coordination. By revising governance documents, we have clarified compliance responsibilities at different levels, shaping a hierarchical responsibility chain.



Compliance review

GYBYS has formulated the *Compliance Review Measures* to nail down the duties, processes and standards for compliance review which is incorporated into such key items as major decisions, contracts, economic events and regulations. Relying on internal OA system, the Company has developed the e-process of compliance review of "Three Majors and One Important", and constructed a dual review mechanism involving preliminary review by the compliance department and comprehensive review by the chief compliance officer, supporting the regularity of major decisions.

	Advancing business coordination	<ul style="list-style-type: none"> The Legal Department has formed a regular coordination mechanism with key business departments such as finance, investment and scientific research. Throughout 2025, we held over a hundred of project demonstration meetings and proposed over a thousand of legal opinions. With full engagement in major projects, we accurately identified risks and put forward solutions to ensure business compliance progress.
	Empowering the primary level	<ul style="list-style-type: none"> We have developed a joint handling mechanism for major cases. By means of workshops and on-site instruction, we strive to help subsidiaries to defuse risks. We have launched such regular services for the primary level as contract review and compliance guidance, as well as various forms of legal education events including special training and attendance to court hearing, to comprehensively improve the compliance management and risk control level of subsidiaries.
	Implementing special tasks	<ul style="list-style-type: none"> We screen and submit classic compliance cases, identify legal risks in overseas operations and produce a special report. We conduct compliance system investigation, audit-based rectification and regulation revision to enhance support of legal compliance.

Compliance culture

Committed to the idea of "Guided by Laws, Ruled by Culture", GYBYS endeavors to foster a law-based atmosphere for all and to enhance its brand image of compliant operation and standard governance. To this end, we have introduced a variety of measures, for instance, building legal education base, rolling out diversified legal awareness activities and specialized training, and sharing compliance practices. We held interpretation workshops for the *Contract Management Measures* and case seminars for the *Management Measures for Legal Dispute Cases*, to improve overall compliance management. Subsidiaries organized activities such as online court proceedings, the dissemination of relevant management policies, and training for compliance officers.



Information security management

Following the principle of "minimum access, full-process control, clear accountability", GYBYS continuously tightens the control of its core information assets regarding business secrets, technological secrets and confidential files. Confidential information is under encrypted storage, designated custody, and traceable transfer through tiered management. The Company regularly conducts self-examinations and spot checks to pinpoint and punish potential violating behaviors, establishing an all-round, traceable information security system. In 2025, no information security accident occurred.

<p>We have optimized the IT infrastructure, deployed the automated unified operation and maintenance monitoring and management platform, enabling the tracking management of system risks and vulnerabilities.</p>	<p>We have deployed the application-level firewall for business systems, which filters and protects access to the Internet, blocks malicious attacks, and further enhances the security of the Company's Internet applications. We carried out the terminal virus system update project, empowering more accurate virus detection and location capabilities.</p>	<p>We strictly implement the cybersecurity work responsibility system. We monitor cybersecurity, provide early warning and arrange personnel on emergency duty according to the three-level cybersecurity liaison mechanism. We also strengthen communication of information with subsidiaries, improving our risk defense capability.</p>	<p>We organize subsidiaries to complete network attack and defense drills and Internet information security inspections led by the Ministry of Public Security, the Ministry of Industry and Information Technology and other higher authorities, to ensure regulations on information security are fully implemented.</p>	<p>We roll out a variety of themed activities, such as the Network Security Awareness Week, regulation interpretation and network security training, raising security awareness across the board.</p>
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Stronger Party Leadership

The Party Committee of GYBYS has always upheld and strengthened the overall leadership of the Party, thoroughly studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and taken the study and education on implementing the spirit of the Eight-point Decision of the Central Committee as an important starting point. It has innovatively carried out distinctive activities such as "Micro-Party Class" demonstrations, comprehensively strengthened the development of the Company's work style, and purified the political ecosystem. Through concrete actions, it has implemented the spirit of the 20th National Congress of the Communist Party of China and the plenary sessions of the 20th Central Committee, and ensured that the guiding principles of General Secretary Xi Jinping's series of important speeches and instructions during his inspection of Guangdong take root and achieve fruitful results in the Company.

We have continuously promoted the in-depth integration of Party building and business development by formulating and implementing a three-year key task implementation plan for the integrated development of Party building and business, launching Secretary-led Projects and Party Member Tackling Projects, and taking multiple measures to tackle key technical and business difficulties, achieving remarkable efficiency gains. We have effectively translated the Party's political and organizational strengths into the Company's strengths in innovation, development and competitiveness, empowering the Company's high-quality development through Party building leadership.

Key honors

- He Ji Gong's "Rejuvenating a century-old Chinese brand with revolutionary traditions" project won the **first prize** at 9th Representative Conference of the China Research Association of Pharmaceutical Labour's Ideological and Political Work.
- Haima Company **officially launched the ideological and political practice course education base** jointly with the School of Journalism and Communication of Peking University.

Comprehensive Regulation for Premium Quality

Challenges and Opportunities

As the global pharmaceutical industry accelerates restructuring, increased opportunities of market expansion are brought about by the enhanced health awareness of the society, the aging population and the growing demand for personalized medical services. However, with higher regulatory requirements and quality and safety standards and rising expectations from consumers for pharmaceutical product quality and effectiveness, pharmaceutical companies are prompted to tap into their own potential, promote digital transformation, advance industry chain collaboration, and facilitate talent growth. They are expected to blaze new paths for development amid many challenges. Therefore, higher-quality and more accessible pharmaceutical products have become the key to building the core competitiveness of enterprises and to winning the trust of patients.

Our Actions

With quality as the top priority, GYBYS conducts science-based and traceable quality control to ensure product safety and effectiveness. The Company continues to strengthen its legal compliance operation and quality culture across the board, dedicating to improving the accessibility and affordability of high-quality pharmaceutical products. On its global journey, GYBYS is committed to benefiting more people with fine traditional Chinese medicine and premium-quality services, contributing to sustainability with solid social responsibility practices.

Contribution to UN SDGs



Strict Product Quality Control

GYBYS always upholds the "quality first" philosophy. We continuously strengthen our awareness of legal and compliant operations, establish a comprehensive quality management system, and actively carry out quality management initiatives. We also foster a company-wide quality culture and build a systematic and effective pharmacovigilance system. These efforts build a solid defense for product quality and safety, providing every customer with safe and effective products.

Governance

We have established an internal product quality management system. We define quality responsibilities and requirements for each position, clarify the responsibilities of management and employees at all levels in quality management, and formulate and implement corresponding quality assessment methods. For quality improvement, we formulate short-term and long-term quality development plans based on quality issues reported by customers and the results of internal quality data analysis. For quality testing, a dedicated product quality inspection mechanism is set up. In line with product quality inspection standards, observations, measurements, and tests are conducted on raw materials, finished products, and semi-finished products to ensure they meet specified quality requirements. In terms of the quality management certification mechanism, we follow internationally-accepted quality management and quality assurance series standards.



In 2024, GYBYS initiated the compilation of a drug quality manual. The manual consists of the main body of the quality manual, 25 management guidelines, and a quality system evaluation guide, covering the entire process of drug production and quality management. Currently, the manual has been initially finalized and is under review, with an official release scheduled for 2026. In 2025, GYBYS drafted the *Management Measures for the Approval of Production Matters*, *Management Measures for the Reporting of Quality Information*, and *Management Measures for Supplier Quality*, *Management Measures for Drug Risk* was issued and implemented in March 2025.

We sign a *Quality and Safety Management Responsibility Letter* with our subsidiaries. The Letter is revised and issued annually based on the actual quality work. Product quality is listed as a "one-vote veto" item in the annual salary assessment of the top leaders of our subsidiaries.

Strategy

GYBYS has seized the opportunities arising from the development and transformation of China's pharmaceutical and healthcare industry. Through optimized resource allocation and efforts to consolidate, strengthen, supplement, and extend industrial chains, we have promoted business growth and industrial upgrading, continuously enhancing our core competitiveness and achieving high-quality development. We are committed to becoming a publicly trusted, innovation-driven leader in the pharmaceutical and healthcare industry.



Identified risks, opportunities and response measures

Risk category	Risk description	Potential financial impact	Responses measures
Compliance risk	The pharmaceutical industry is subject to strict regulations. If we fail to strictly adhere to quality standards and norms, we may face regulatory penalties, resulting in significant economic losses and reputation damage.	Substandard drug quality will lead to penalties from regulatory authorities, such as hefty fines, product recalls, production suspension, or even license revocation. This exposes us to substantial economic losses and influences our normal operations.	Continuously track the dynamics of drug quality regulations and regulatory policies in target markets, and dynamically optimize the quality management system. Conduct regular training on quality regulations and awareness.
Reputation risk	Quality issues may cause adverse effects on our brand and market reputation.	Reputation risk triggered by quality issues can lead to diminished brand value and market confidence, resulting in a decline in revenue and profits.	Establish a sound quality risk early warning and rapid response mechanism. Simultaneously improve public opinion monitoring and crisis public relations plans.
Operational risk	Technical failure and equipment aging risk: Equipment failure, system vulnerabilities, or equipment aging can lower pharmaceutical production efficiency. Logistics and distribution risk: Failure to provide suitable conditions or accidents may lead to drug damage, loss, or deterioration.	Operational risks such as technical failure, aging, or logistics issues can cause direct asset losses, reduced revenue, and compliance penalties due to production interruptions, product damage. Supply chain disruptions may also lead to long-term loss of market share and profit.	Intelligent manufacturing technologies can enhance pharmaceutical production efficiency and quality, and reduce production costs. For example, using automated production equipment and robotics enables continuous and precise production.
Market risk	Product quality issues directly trigger regulatory penalties, legal proceedings, and public trust crises, and may also lead to market recalls.	We will face multiple direct losses, including product recall costs, sharp declines in sales revenue, legal compensation, and falling share prices.	Establish a full-chain quality management system covering R&D to distribution, and develop proactive monitoring and rapid recall contingency plans.

Opportunity category	Opportunity description	Potential financial impact	Responses measures
Deepening of the strategy of building a quality-powered nation	The continuous improvement of the pharmaceutical industry quality standard system provides greater development space for high-quality enterprises under policy guidance.	We will enhance brand credibility and market recognition, increasing trust among consumers and medical institutions. We will also create differentiated competitive advantages in processes like centralized procurement and medical insurance access, our product premium pricing capability.	Adhere to quality as the lifeline of enterprise development, actively align with national strategic directions, and consolidate the foundation for high-quality development.
Regulatory system improvement	The drug regulatory system is creating a differentiated advantage for companies with strong compliance capabilities.	We will reduce compliance risks and operational uncertainty, improve product launch efficiency and market access capabilities, and minimize potential losses due to quality issues.	Continuously improve the quality management system, strengthen whole-process risk prevention and control capabilities, and build a trustworthy quality benchmark enterprise.
Increased public health awareness	The public pays more attention to the safety and reliability of health products. Consumers prefer to choose brands with stable quality and good reputation, driving market preference towards high-quality supply.	It will help enhance customer loyalty and word-of-mouth effect, expand market share, and form a sustainable brand premium in direct consumer sectors such as healthcare.	Integrate excellent quality into corporate culture and product DNA to earn long-term public trust.
Technology empowerment upgrade	The new-generation information technologies provides technical support for more precise, intelligent, and transparent quality management, promoting a shift from experience-driven to data-driven quality management.	We may improve quality control efficiency and reduce quality-related costs. We may also enhance production stability and product consistency, supporting large-scale, high-quality delivery.	Actively embrace digital transformation, steadily advance the intelligent upgrade of quality management, and enhance full-chain quality assurance capabilities.

Impact, risk, and opportunity management

Quality management from the source

GYBYS actively implements the new 2026 *Pharmaceutical Excipients Annex* and *Pharmaceutical Packaging Materials Annex of the Good Manufacturing Practice for Drugs*, requiring suppliers to improve their raw material traceability systems to eliminate quality risks from upstream links such as excipients and packaging materials. We have enabled the full collection and upload of drug traceability codes, achieving full traceability throughout production, distribution, and usage, with traceability information displayed on retail store receipts. We strictly implement GMP standards, employing change control, deviation management and the Qualified Person (QP) system to enable real-time monitoring of the production environments and process parameters. We also uphold the principle of "Same Line, Same Standard, Same Quality", ensuring that exported medicines are of consistent quality with domestic products and in line with international regulatory requirements.

Hanchao Company holds the CMA inspection and testing institution qualification certification, CNAS laboratory accreditation and CASL qualification accreditation, covering fields such as traditional Chinese medicines, chemical medicines, food and crops. It has built the Guangdong-Hong Kong-Macao Greater Bay Area TCM Industry Inspection and Testing Public Service Platform, with full-industrial chain testing capabilities from TCM seeds to terminal products, and undertakes more than 40,000 batches of testing business.

Pang Gao Shou's "Quality Management Model Centered on Professional Empowerment" was awarded the Typical Case of Quality Reform and Innovation Practice by the Chief Quality Officer of Guangzhou City.

Zhong Yi received the TGA GMP re-certification certificate.

Quality risk prevention measures

GYBYS has formulated the *Measures for Quality Risk Management* and other risk control plans. We apply effective tools such as FMEA (Failure Mode and Effect Analysis) and Fault Tree Analysis to the risk assessment and control measures across the entire process of drug R&D, procurement, manufacturing, inspection, sales, and recycle. Based on the risk level, we implement standardized change and deviation management to effectively control and reduce drug quality risks. We strengthen the monitoring and evaluation of product quality, conduct regular analysis to promptly identify and address potential quality issues. An early warning system has been established, which integrates risk thresholds and monitoring indicators to detect and alert potential quality risks in a timely manner. We also enhance internal communication and collaboration to ensure smooth information exchange between departments for jointly addressing quality risks.

Emergency response plans

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

Product quality audits

In August 2025, GYBYS completed a preliminary survey of enterprises engaged in the production and operation of healthcare products, covering the number of enterprises, business scope, product categories involved, management and processing methods, revenue status, and quality management performance. In doing so, we have preliminarily established an expert pool for healthcare product quality inspection and developed inspection and research methodologies, laying a solid foundation for launching normalized mutual quality inspections of healthcare products and building a comprehensive quality management system.

27 subsidiaries have undergone a total of 124 inspections by various levels of food and drug supervision departments and the

Company's headquarters, with a 100% pass rate.

922 batches involving 353 product varieties of 19 subsidiaries have undergone sampling inspections, with a 100% pass rate.

Building a quality inspection team

We have drafted the *Implementation Plan for the Building of a Technical Quality Management Expert Team* to refine the criteria for inclusion in the expert pool and the corresponding working mechanisms, laying a solid foundation for building a professional technical quality management expert team for GYBYS. Currently, 100 experts in fields like production and quality have been selected for the pool.

Building a sound pharmacovigilance system

Phase I of the pharmacovigilance information system was officially put into operation in December 2023, with 14 subsidiaries already using it. To date, over 23,000 safety reports have been collected. Phase II of the system focuses on upgrading core functions such as mobile data collection and intelligent processing based on regulatory requirements and business intelligence needs, to achieve safety data management across the entire drug lifecycle. It is planned to be launched in 2026.

It facilitates the transformation of the Company's pharmacovigilance work from offline to online and paper-based to digital, empowering the Company to build a more efficient, intelligent, and safer pharmacovigilance system, and further enhancing drug risk prevention and control capabilities. All subsidiaries have generally established their own pharmacovigilance systems according to the requirements of the *Good Pharmacovigilance Practice*, which have been in operation for more than two years.

During the 14th Five-Year Plan period, GYBYS-wide pharmacovigilance special training have been carried out, systematically covering core modules such as individual case safety report processing, MedDRA medical coding, signal detection, and risk assessment, effectively enhancing the professional capabilities of relevant personnel in subsidiaries.

Strengthening quality culture development

Based on the continuing education platform - Guangzhou Pharmacy Continuing Education Base - we have held two continuing education training sessions targeting quality management and technical personnel, including "QC Result Release" and "Enterprise GMP Verification Compliance and Efficiency Enhancement", with a total of 500 attendees. 19 manufacturing subsidiaries have engaged in the learning on laws and regulations as well as skill training, with a 92% employee participation rate.

At the 46th National Pharmaceutical Industry QC Group Achievements Exchange Conference, 26 subsidiaries won 36 first prizes and 17 Best Presentation Awards.

GP Corp. obtained the Radiation Safety License, Radioactive Drug Business License, and Road Transport Operation License, becoming the first pharmaceutical business enterprise in Guangzhou with the legal capability for the full-process operation of radioactive drugs, thus opening up the entire radioactive drug business chain.

Metrics and targets

In the "15th Five-Year Plan", GYBYS formulates work requirements and quantitative indicators for product quality and safety, and conducts regular tracking and evaluation of progress towards these targets. In 2025, our subsidiaries newly released a total of 86 standards, including leading or participating in 23 pharmaceutical-related standards and 63 healthcare standards

Indicator	Targets	Progress in 2025
Product compliance	Ensure zero critical deficiencies.	We have completed annual quality inspections for the headquarters of 27 production and operation enterprises, off-site workshops of 4 enterprises, and 1 retail pharmacy, identifying 246 deficiencies and formulating 193 recommendations. No major product quality or safety incidents occurred.
	Product sampling pass rate above 99.99%.	The product testing pass rate reached 100%.
Team building	Build a high-quality, skilled quality management team.	We publish the list of quality technology experts, selecting the lead members and core members of quality audit teams. We also continuously carry out quality training activities.

Product Accessibility

GYBYS continues to expand the accessibility of its drugs and improve the accessibility and affordability of its medical services to meet the growing needs of residents. We are committed to the even distribution of high-quality medical resources to the primary level, and to benefiting more with reliable products and services.

Tightening disease prevention and control

We have never lost sight of technological progress and industry opportunities. We adopt the approach of independent innovation and collaborative R&D strategies to empower development of drugs for vital diseases. We aim to provide better and more accessible treatments and alleviate the burden of high medical expenses, thus enabling better public well-being.

Improving drug affordability

During the project initiation stage, we conduct cost feasibility analysis that incorporates key pricing factors, and comprehensively evaluate both the clinical value of drugs and the affordability for target patients. In process improvement, we reduce costs through parameter optimization while enhancing bioavailability and efficacy via formulation innovation—ensuring that cost control does not compromise therapeutic outcomes. In the middle and later stages of R&D, we collaborate with production and marketing departments to carry out industrialization cost assessments and pricing feasibility analysis. Taking into account medical insurance policies and market competition, we formulate pricing strategies that balance enterprise development with patient access, ultimately ensuring that medicines benefit a broader population.

Developing rare disease medicine

Sjogren's syndrome is the second most common autoimmune disease in China, following rheumatoid arthritis, and there is still no ideal treatment available in clinical practice. We are currently conducting research on CP-25 for Sjogren's syndrome in accordance with the clinical trial application requirements for Class 1 chemical drugs. We have currently completed the pharmaceutical research, developed a stable and reproducible industrial preparation process, and successfully validated its efficacy on animals. As a drug that can simultaneously address both etiological and symptomatic treatment, this product is expected to meet the clinical need for an ideal therapeutic agent for Sjogren's syndrome.

Responding to centralized procurement of drugs

GYBYS actively promotes the inclusion of drugs in the national centralized procurement declaration scope to help more patients and inject new vitality into medical and health development. During the "14th Five-Year Plan", products such as Cefuroxime Sodium for Injection, partial specifications of the Qingkailing series, and Amoxicillin and Clavulanate Potassium for Suspension were included in national centralized procurement.



Promoting TCM

GYBYS is at the forefront of the pharmaceutical and healthcare industry, constantly driving innovative efforts to promote traditional Chinese medicine. We are helping to raise public scientific awareness while also preserving and advancing the rich culture of traditional Chinese medicine.

Upgrading TCM industry

Leveraging national and provincial key R&D projects, Cai Zhi Lin is focusing on digitalizing the production of TCM herbal pieces. It has established an intelligent production model for the herbal pieces, marking a fundamental shift from smart low-density type to smart manufacturing.

Carrying forward TCM culture

Key honors

- Guang Hua was rated **"Excellent"** in the provincial-level assessment of intangible cultural heritage protection units.
- Shennong Caotang was selected as one of **"First Batch of Guangdong Native Plant Gardens"**.
- Zheng Rongbo, Deputy General Manager of WLJ Great Health and Director of Guangyao General Institute, and Lu Qifu, Deputy General Manager, Chief Engineer, and fifth-generation inheritor of TCM culture of Pan Gao Shou, were selected as **"Nationally Recognized Representative Inheritors of Intangible Cultural Heritage"**.
- The traditional pharmacist inheritance team led by Xian Yongquan from Zhong Yi, and the team led by Wang Deqin from HWBYS, were selected for the **"2025 National Traditional Pharmacist Inheritance Studios"**.

Inheriting TCM culture and training young commentators for TCM

From August 16th to 17th, the first session of the "Young Commentators for TCM" training program was launched at Chen Li Ji's Traditional Chinese Medicine Culture Park. A group of young students visited the Chen Li Ji Traditional Chinese Medicine Museum, spending two days exploring the secrets of traditional Chinese medicine. They learned about TCM history, herbal knowledge, and presentation skills, and even made their own sachets. By completing a practical assessment, the students officially became "Little Commentators" of TCM culture. This event not only directly shared knowledge with young fine traditional Chinese culture in their hearts, laying a solid foundation for nurturing the next generation of TCM communicators.



Cai Zhi Lin participates in the main venue event of Guangzhou National Science Popularization Month

From September 6th to 7th, the main venue event of Guangzhou National Science Popularization Month and the 8th Guangzhou Science Carnival were held at the Guangzhou Urban Planning Exhibition Center. The "Cai Zhi Lin Traditional Chinese Medicine Culture" booth featured immersive experiences such as the "Geo-authentic Materia Medica Map" and the "Top Ten GYBYS Medicines" display areas, and interactive experiments like the "TCM Water Test", which vividly showcased the scientific essence of TCM and the unique characteristics of Lingnan culture. The event not only allowed citizens to experience up close the wisdom of "local conditions nurture local medicine" and the phenomena recorded in ancient texts, but also promoted TCM knowledge in a fun and immersive way.



TCM going global

Driven by the wave of globalization, going global has become a strategic frontier for promoting innovation and development of China's pharmaceutical industry. GYBYS fully recognizes the importance of going global, expanding its international presence and continuously enhancing its influence in the global pharmaceutical field, thus innovating the world with traditional Chinese wisdom.

Expanding export trade scale



In 2025, the core business revenue from Hong Kong, Macao and overseas regions reached nearly 300 million yuan.

Deepening overseas market presence



The Company entered the Middle East and South Asia markets for the first time, establishing partnerships with companies including Aiduk from Saudi Arabia, Jobari from Nepal, Nongshim from South Korea, Seagull from Malaysia and kitanihon Pharmaceutical from Japan.

- Signing trade agreement with Aiduk from Saudi Arabia
- Signing agreement with Jobari from Nepal
- Expanding distribution jointly with BAIDA INTERNATIONAL TRADE SDN. BHD., cooperating with Shanghai Baosteel Packaging Co., Ltd. to set up factories, and realizing systematic overseas expansion
- Deepening cooperation with Futaba from Japan.
- The clinical research results of Zhong Yi were published in the sub-journal of "Nature".

Coordinating overseas registration



The Company has completed the selection of traditional Chinese medicines and chemical drugs for export to Vietnam. We have established a dedicated Vietnam export team, and advanced the registration process for both TCM and chemical drugs in Vietnam. Angong Niu Huang Pill was registered in Vietnam and entered the Vietnamese market. Invention patents of Zhanyanming Tablets for treating rare diseases and Xuhanting Granules were authorized by Russia.

- The brand value in the pharmaceutical and healthcare sector has reached **31.79** billion yuan.
- Multiple products are exported to **over 100** countries and regions worldwide.

Industry chain going global — Achieving a Huge Leap Forward in Brand Globalization

Starting in February, WLJ Great Health held launching ceremonies for the "WALOVI" logo in Riyadh, Saudi Arabia, and Kuala Lumpur, Malaysia, further enhancing the global influence of the brand. In May, at ASEAN-China-GCC Economic Forum held in Kuala Lumpur, WALOVI showed as the official beverage of the forum and received high praise from the Deputy Prime Minister of Malaysia, a hallmark in the brand's internationalization process.



On May 27th, WLJ Great Health signed production cooperation agreements with Baosteel CanMaking(Malaysia) Sdn.Bhd. and P.C.I. Professional Canning Industries Sdn.Bhd. It aims to localize production in Malaysia and open up channels for entering the South Asian market. This marks the company's continued effort in laying out its industrial chain in Southeast Asia and in expanding the South Asian market, with a more determined pace in its global expansion.

Customer Rights and Interests Protection

Adhering to a customer-centric approach, we fully respect and protect the legitimate rights and interests of customers. We comprehensively improve our customer services by conveying authentic and effective drug information, understanding user needs, and optimizing customer experience, to improve customer satisfaction.

Customer complaint handling

With the goal of satisfying customers, GYBYS has promoted its subsidiariesour subsidiaries, based on their specific business, have established systematic customer service and complaint handling mechanisms to effectively solve customer issues and meet their needs.

Subsidiary	Specific measures
Chen Li Ji	Customer service center specialists handle all kinds of inquiries and complaints. General ones are processed and responded to directly, while those requiring professional expertise are categorized and referred to relevant departments for follow-up and resolution. Upon completion, relevant departments should maintain proper records and fill in the <i>Processing Registration Form of Customer Inquiry Service Information</i> . Special cases may require a temporary emergency team to formulate a response plan, with customer service center specialists handling the final reply to the customer.
He Ji Gong	He Ji Gong has established a comprehensive crisis management system, including forming a crisis management team, establishing standard crisis management procedures, and developing crisis communication strategies. Processes such as "recording consumer demands while reporting to superiors, referring quality issues to the Quality Management Department for handling and improvement, coordinating with business personnel at the operational level for tracking and resolution, and involving police or relevant government departments when necessary" are standardized and implemented through all-employee training.
Jing Xiu Tang	Customer complaints are classified into three levels: general, important, and severe. Upon receipt, Jing Xiu Tang conducts information verification and impact assessment, assesses the rationality of complaints, and initiates corresponding corrective and preventive actions. Jing Xiu Tang responds to customer inquiries in a timely manner and conducts multiple communications when necessary until customers are satisfied. Major complaints are reported to regulatory authorities in accordance with laws and regulations.
Ming Xing	Ming Xing has established the <i>Standard Operating Procedures for Handling Drug Inquiries and Customer Complaints</i> to ensure timely recording, investigation, and handling of complaints, quality and medical inquiries during product distribution. Inquiries are recorded and responded to by the receiving personnel or the pharmacovigilance office, involving relevant departments when necessary. If adverse reactions are involved, the pharmacovigilance specialist must follow established procedures immediately. For quality issues, a determination shall be made on whether to conduct an investigation based on the circumstances, identify the causes and take preventive measures. All departments must cooperate with the pharmacovigilance office and maintain contact with the inquirer until resolution.
Tian Xin	Tian Xin has established a comprehensive complaint feedback mechanism through service hotlines, service feedback channels on the official website, mini-program feedback channels, and communication with sales managers, ensuring timely handling of consumer complaints, effective correction of reported issues, and satisfactory answers to queries.
Medical Investment	Guangzhou Baiyunshan Runkang Confinement Service Center Co., Ltd has established a sound complaint feedback mechanism. Accessible channels are provided, such as service hotlines, consumer satisfaction surveys, anonymous complaint QR codes, enterprise forums, and front-line staff communication, ensuring timely handling of consumer complaints, effective correction of reported issues, and satisfactory answers to queries.

Privacy protection

We strictly comply with relevant laws and regulations on information security and privacy protection in all our business activities. We also promote our subsidiaries to establish comprehensive privacy protection systems and management mechanisms, to effectively safeguard the personal information security of customers, patients, and employees.

Subsidiary	Specific measures
He Ji Gong	He Ji Gong has established a customer privacy protection management system, covering protection of customer data security, supervision of data management, privacy management policies, and monitoring methods. Specific measures include establishing a customer information protection mechanism, improving internal management systems, strengthening access control mechanisms, data encryption, regular backups and recovery, and compliance management.
Qi Xing	The WeChat official account that collects users' geographic location and age information must provide a "one-click rejection" option. Health consultation chat records must not be retained for more than 5 years after the service ends. Qi Xing only collects personal information necessary for the intended purpose. It neither excessively collects information unrelated to business operations, nor uses methods like one-time blanket authorization or default authorization to force or indirectly force consumers to consent to the collection or use of personal information. Qi Xing also insists on the "Notice-Consent" core principle for personal information processing, follows the principle of transparency, clearly states the purpose, method, and scope of processing, and obtains consumers' voluntary and explicit consent based on full knowledge.
HWBYS	Registration for the HW mini-program requires agreeing to the registration agreement, ensuring customer consent before obtaining authorization to collect member information and establish member profiles. Member information is uniformly managed by the system based on access permissions. Modifications to customer information require approval through a unified portal for review and desensitization management. For canceled users, member information is simultaneously deleted.

Upholding responsible marketing

We abide by such Chinese laws as the *Advertising Law*, *Regulations on Control of Advertisements*, *Regulations on the Administration of Medical Device Advertisement*, *Standards for the Review of Medical Device Advertisement*, and *Food Advertising Administration Measures*. Compliance management is exercised over product sales promotion and market conduct to prevent false, noncompliant, or illegal advertising—safeguarding the Company's brand reputation.

Subsidiary	Specific measures
He Ji Gong	He Ji Gong complies with relevant laws and regulations, ensuring the authenticity and legality of advertising content, and avoiding false publicity and misleading consumers. For product labels, He Ji Gong provides accurate and comprehensive information, including product ingredients, usage methods, precautions, etc., ensuring consumers can make informed purchasing decisions. He Ji Gong also regularly evaluates the compliance of its products and services, promptly identifying and correcting any violations of laws and regulations or acts infringing on consumer rights.
Pan Gao Shou	Pan Gao Shou conducts publicity and training on relevant laws and regulations for brand marketing personnel, requires product sales to be carried out in strict accordance with the professional requirements of the pharmaceutical industry, and continuously strengthens compliance management over advertising, promotional slogans, marketing documents and other materials. False or misleading publicity is strictly prohibited, and the promotion requirements of being up-to-date, accurate, objective, non-misleading and non-false are fully implemented.
Xing Qun	Xing Qun conducts advertising and promotion in accordance with the principles of compliance and authenticity. In terms of label management, Xing Qun follows the principles of compliance and uniformity, ensuring that all product information is accurate, including ingredients, specifications, functions, origin, shelf life, and instructions for use. The physical products are consistent with online and offline information, with standardized wording to avoid misleading consumers.
Zhong Yi	Zhong Yi conducts strict reviews of product advertising copy and promotional materials prior to publication, to ensure that all content complies with laws and regulations. If any errors, misleading information or noncompliant content are found in advertisements or labels, Zhong Yi will take immediate action to correct and replace such content promptly, proactively communicate with affected consumers, and provide solutions.
GP Corp.	GP Corp. has revised the <i>Code of Conduct for Employee Compliance</i> and other policies to regulate employees' marketing practices. It has further encouraged employees to establish the working philosophy that "every employee is the first person responsible for compliance management", earnestly fulfill their job responsibilities, and strive to foster a sound corporate compliance culture. GP Corp. also provides regular compliance training for employees, continuously standardizes employee conduct, and safeguards the interests of customers.



Sustained Innovation for a Healthy Population

Challenges and Opportunities

The pharmaceutical industry has long faced such challenges as high investment in innovation, long payback period, and insufficient healthcare resources at primary level. Meanwhile, with market changes, stronger policy support, healthcare demands and technological revolution, the pharmaceutical industry is embracing new development opportunities. Challenges, however, are the driving force for GYBYS to transform opportunities into development paths. The Company seizes the opportunity of technological innovation to maximize efficiency with digital revolution, repay the society with inclusive benefits and eventually empower corporate sustainability.

Our Actions

Driven by R&D innovation and digital transformation, GYBYS continues to improve the management of technological innovation, promote the R&D and application of new products and technologies, and comprehensively advance digital upgrade in management, production, marketing and other sections. We strive for the extension of TCM services and high-quality resources to the primary level and for higher accessibility of drugs and the inclusiveness of healthcare services, thus fulfilling the social responsibilities of a pharmaceutical enterprise with practical deeds.

Contribution to UN SDGs



Strengthening R&D innovation

GYBYS has established a sound innovative R&D management system and relevant regulations, accelerating the R&D of innovative drugs and generic drugs. We have advanced the application of technological achievements, launched a high-end research platform under industry-academia-research collaboration, and optimized the layout of core technologies and patents, providing higher-quality and more accessible medical solutions.



Governance




Through diversified and multi-tiered innovation models, GYBYS has incubated leading technologies and high-value products. Relying on the integrated R&D management platform, we have accelerated the R&D and application of innovative technologies and products. We have formulated the *Scientific Research Project Management Measures*, *Measures for Awarding Technological Innovation* and *Measures for the Assessment of Innovative Drug Projects*, which guarantee solid technological innovation. Specifically, the *Management Measures for Technological Innovation Awards* revised in 2025 specifies the higher standards for awarding technological innovation and adds awards for product applications, encouraging researchers to share corporate development results by technological innovation.



Strategy

Identified risks, opportunities and response measures

Risk category	Risk description	Potential financial impact	Response measure
 Compliance risk	The pharmaceutical industry is strictly supervised by the National Medical Products Administration(NMPA). If the Company fails to obey regulations during the R&D of new drugs, clinical trials, registration and declaration or production, it may face administrative penalties, suspension of products, revocation of approval, etc.	It may cause the termination of R&D projects, the interruption of clinical trials, and market inaccessibility, and eventually result in losses of huge spending on research and even litigation for compensation, affecting corporate reputation and stock prices.	Establish and improve the compliance management system covering product life cycle, and continuously improve the ability to carry out technological innovation in accordance with laws and regulations.
 Technology risk	The R&D of new drugs has a long term, great investment and a high failure rate. In addition, that key technologies are preemptively broken through by competitors or patent invalidation may also weaken technical barriers.	R&D failure may lead to ineffective capital investment and affect annual profits. The obstruction of core pipelines will result in the delay in product launch and the missing of the market window period.	Adhere to science-based and prudent R&D orientation, track and analyze cutting-edge technologies, and steadily improve the original innovation capability and technical reserve level.

 Operational risk	The bio-medicine sector is seeing fierce competition for high-end R&D talents. Projects may stagnate due to the loss of core technology personnel. In the meantime, aging laboratory equipment and backward information systems may also restrict R&D efficiency.	Brain drain may lead to core technology bottlenecks, project delays and increased labor costs. Equipment failure may interrupt experiments, delay R&D progress, and affect the overall R&D output efficiency.	Create a good atmosphere for scientists to concentrate on research and innovation, build scientific research infrastructure and promote digitalization, and equip hard facilities and soft culture to support technological innovation.
 Market risk	Challenges, such as fierce market competition, high pressure to reduce prices in medical insurance negotiations will lead to less-than-expected market promotion.	After the product is launched, the sales volume is lower than expected, the payback cycle is extended, and the return on investment decreases. Long-term losses could diminish investor confidence.	Strengthen the value-oriented product development strategy, integrate R&D with the market, and enhance the clinical value and market transformation efficiency of innovative applications.
 Intellectual property risk	In the areas of modern traditional Chinese medicine and biological medicine, there are risks of imitation of technological achievements, patent infringement and patent invalidation, especially in overseas markets.	If core technology rights are infringed, market share may be eroded. If a patent is invalid, the exclusive advantage will be lost, and the product will face the impact of generic drugs.	Improve the intellectual property management system, establish a patent early warning mechanism, tighten the protection of technological secrets, and adopt legal approaches to protect rights.

Opportunity category	Opportunity description	Potential financial impact	Response measure
 National strategic opportunity	The objectives of boosting China's strength in science and technology and the Healthy China Initiative were put forward in the 20th CPC National Congress. On the new journey towards a modern socialist country in all respects, the strategic significance of the pharmaceutical and healthcare field is further enhanced.	These opportunities will contribute to a more favorable policy environment for national projects, project review and approval and industry support, and enhance the certainty and expectations of return of innovative projects.	Engage in the national innovation-driven development scheme, focus on main responsibilities and primary businesses, and comprehensively improve the capability to serve national strategies.
 Industrial transformation and upgrading opportunity	China is moving faster to cultivate new quality productive forces and promoting the high-end, digital and green upgrading of traditional industries. Biotechnology, AI, advanced manufacturing, etc. are deeply integrated with the pharmaceutical industry, empowering traditional pharmaceutical companies to achieve value chain leaps.	Such opportunities help optimize the product structure, increase the proportion of high-tech and high-value-added products, and enhance long-term profitability resilience through efficiency improvements and model innovation.	Follow the path of high-quality development, steadily promote technological and business upgrading, and continuously enhance core competitiveness.
 Health consumption upgrading opportunity	The potential of disease prevention, healthcare, functional health products and other fields is ushering in a new stage of development, providing a broad space for the Company to deepen the "medicine +" ecosystem.	These opportunities help diversify income sources, reduce the fluctuation risk of single-drug business, and improve the comprehensive brand value and user loyalty.	Facilitate the coordination of the pharmaceutical and healthcare industry, and extend the life-cycle health management from curing the diseased to the to-be-diseased.

Impact, risk and opportunity management

GYBYS has built an innovative R&D risk management system that runs through the entire process from project establishment, R&D, clinical trial, registration to industrialization. The Company has also enhanced forward-looking research and judgment and dynamic management to guarantee smooth implementation of innovative projects.

To ensure compliance and risk control throughout the chain during new research projects, we have adopted the dual strategy of "systematic management + digital tools". At the initial stage of project establishment, we comprehensively predict the policy and regulatory risks, technological risks, intellectual property risks and market risks of the project, and regularly report the progress and risks. In our systematic project management, scientific research projects with long R&D cycles and high risks are established in stages to ensure that risks at each stage are controllable. By using digital platforms, such as scientific research information management system as well as policy research and application platform, in the whole chain management process, we can timely analyze and control project risks and empower progress with advanced technologies at key stages of the project, facilitating efficient implementation.

Metrics and targets

GYBYS actively advances multiple drug research projects into clinical trials and builds a diversified, multi-level, and all-encompassing talent echelon in the biopharmaceutical field to achieve innovation led by talent. During the "14th Five-Year Plan" period, GYBYS undertook nearly 150 national, provincial, municipal, and district government scientific research projects. Among its subsidiaries, 6 are recognized as National Intellectual Property Advantage Enterprises, 11 as National IPR Demonstration Enterprises, and 21 have passed the Intellectual Property Management System Certification. The Company has cumulatively won over 30 Chinese Patent Excellence Awards and holds over 1,500 valid patents.

Annual progress

Scientific research project achievements

The Trk inhibitor is the world's first pan-cancer "basket drug", with no tumor type limitations. The HG030 tablet is a brand-new second-generation Trk/ROS1 dual-target inhibitor with independent intellectual property rights, which is clinically intended for patients with solid tumors with NTRK or ROS1 fusions. Currently, the project has completed Phase Ia clinical research and is in Phase Ib clinical trials.

The BYS10 tablet, a selective RET small molecule inhibitor developed by Baiyunshan General Factory, received feedback from the Drug Evaluation Center of the NMPA—it is agreed to be applied for marketing in phase II single-arm clinical trials in the future. This marks the entry of BYS10 tablets into key registered clinical trials. Currently, only two new RET inhibitors have been approved for listing globally.

The freeze-dried rabies vaccine for human (Vero cells) independently developed by Baiyunshan Biological was approved by the NMPA in December 2025. The product is used to prevent rabies and contains no gelatin, antibiotics or preservatives.

A randomized, double-blind, placebo-controlled, multi-center phase III clinical trial of Kegan Liyan oral liquid, developed by Wang Lao Ji, has initialized for the treatment of acute pharyngitis (exogenous wind-heat syndrome).

Key honors

- 1 new national platform
- 2 new "Little Giant" specialized and sophisticated companies
- We have obtained **29 approvals, including those for drug clinical trials, chemical API listing, drug registration, and consistency evaluation of generic drugs.**
- Quality Innovation Award given to Baiyunshan General Factory
- National High-tech Enterprise recognition for Guangyao Wang Lao Ji (Bijie) Company
- The pilot platform led by Cai Zhi Lin was selected in the first batch of key cultivation pilot platforms by the Ministry of Industry and Information Technology.
- Zong Yi and Qi Xing's "Construction and Application of Key Technology System for the Research of Pharmacodynamics and Substances of Commonly Used Traditional Chinese Medicine" project won the first prize of Guangdong Science and Technology Progress Award.
- Ming Xing's "**Dual Nourishment for Spleen and Kidney, Exclusive Variety**" — **Research Findings on Qilu Yishen Tablets in the Prevention and Treatment of Depression**, "Application of a Composition as a Synergist for the Treatment of Depression", won the invention patents issued by China National Intellectual Property Administration.



Through synthetic biology, fermentation engineering and other means, Caizhilin Pharmaceutical Co., Ltd., has made breakthroughs in the in-vitro cultivation technology of bezoar, addressing the problem of developing rare and endangered medicinal materials plaguing the industry. In collaboration with Lanzhou University, the Group has independently developed a series of fermented products derived from traditional Chinese medicines with homologous medicinal and edible properties, and launched innovative premium Chinese medicinal decoction pieces. It provides consumers with higher-standard and more targeted health solutions, facilitating the integration of "medicinal and edible homology" with modern health maintenance.

Innovative R&D Platform for Pharmaceutical Preparations

Industry-academia-research collaboration

A new paradigm of TCM research

Guangyao General Institute, together with He Ji Gong Medicine Factory, has established the Guangzhou Transdermal Drug Delivery Manufacturing Innovation Center, leveraging national platforms such as the National (Guangzhou) Key Laboratory of New Drug Safety Evaluation and the National Canine Laboratory Animal Resource Bank. Approved by Guangzhou Municipal Industry and Information Technology Bureau, it is one of the three drug R&D manufacturing centers in this batch, as well as the only one for topical preparations.

Guang Hua officially signed a strategic cooperation agreement on Xiao Chai Hu Granule Research Pharmacy Project with Haihe Laboratory of Modern Chinese Medicine and MENET. The project will promote the evolution of clinical research from a single hospital scenario to a "hospital - pharmacy - family" full-chain health management scenario. The real medication data of Xiao Chai Hu Granule will be collected to provide a new paradigm for evidence-based medicine research of classic famous prescriptions.

Ethics of Science

We strictly abide by such laws and regulations as the *Measures for Ethical Review of Life Science and Medical Research Involving Human Being*, *Measures for Ethical Review of Biomedical Research Involving Human Being*, *Guidelines for Ethical Review Work of Drug Clinical Trials*, *Declaration of Helsinki*, *Regulation on the Administration of Human Genetic Resources*, *Drug Administration Law*, and *Good Laboratory Practice for Non-clinical Studies*, *Good Laboratory Practice for Clinical Studies*, and *GB/T 35892-2018 Ethical Review Guidelines for the Welfare of Laboratory Animals*. These regulations have clarified the ethical principles and codes of conduct during scientific research and technological development processes, covering project approval, research implementation to achievement application.

Governance

GYBYS carries out clinical research work based on strict ethical and moral standards. We have formulated a code of conduct for R&D personnel and set up a clinical trial ethics review team to standardize, supervise and audit the behaviors of R&D personnel and the implementation of relevant laws and regulations. We always give priority to the rights and safety of subjects, ensure the quality of clinical trials and prevent and control relevant risks. By strictly implementing the *Measures for the Administration of Publication of Scientific Research Papers* and the *Measures for the Administration of Patents and other internal ethics-related regulations*, we implement stringent ethics reviews of R&D work.

Strategy

GYBYS vigorously responds to the risks and compliance challenges from R&D ethics, data privacy, business ethics and the application of emerging technologies. Once triggered, related risks may bring financial losses such as heavy regulatory penalties, litigation compensation and product recalls. They may also lead to financial impacts such as compliance risks, reputation crises, limited market access, and financial losses. Thus, GYBYS conducts strict ethics reviews of its R&D work, firmly implements animal benefits protection policies, improves the levels of its qualifications and certifications, and clearly requires downstream enterprises in the industry chain to meet the qualification requirements, safeguarding ethics of science.



Impact, risk and opportunity management

GYBYS conducts strict risk identification process to regularly assess the risks concerning the protection of the rights and interests of subjects and researchers and animal benefits. We have embedded the ethical requirements into the R&D management to prevent computational and compliance risks, and continuously improve the ethics governance level.

Ethics of clinical research and animal experiment

The Guangyao General Institute follows the *Biosecurity Law of the People's Republic of China*, *Regulations on the Administration of Laboratory Animals*, *Quality Management Measures for Laboratory Animals*, *Guiding Opinions on Treating Laboratory Animals* and other national regulations and industry standards in the processes of laboratory animal breeding and experiments. It has also met the requirements of the Regulations of Guangdong Province on the Administration of Laboratory Animals. In 2025, Guangyao General Institute renewed its "Laboratory Animal Breeding License" and "Laboratory Animal Use License".

Animal benefits protection

Guangyao General Institute has built laboratory animal breeding and experimental environments that meet corresponding grade standards, and has established professional technical and management teams as well as the Laboratory Animal Management Committee and Biosafety Committee, to standardize laboratory animal breeding and experiment management, prevent animal escape and conduct harmless treatment after use. It regularly monitors facility environmental parameters, assess laboratory animal health status, and trains personnel on professional skills and legal knowledge.

Qualification requirements

When selling laboratory dogs, Guangyao General Institute clarified that downstream enterprises are banned from illegal behaviors such as marketing used laboratory animals, and are required to ensure the benefits of laboratory animals, biosecurity, and the logic, accuracy and reliability of experimental data.

Metrics and targets

GYBYS has nailed down indicators and objectives for the ethics of science to evaluate and trace its progress and to ensure logical, ethnically compliant experiments and reliable data, contributing to high-quality clinical researches. In 2025, Guangyao General Institute obtained the certifications of ISO 9001, ISO 14001 and ISO 45001. The scope of certification includes drug non-clinical evaluation, laboratory dog research and breeding, etc. In 2025, there was no violation of ethics of science in the Company. The informed consent signing rate of subjects before clinical trials was 100%. We held XXX training sessions on ethics of science (participants/coverage rate, etc.).

Key honors

- The *Beagle Dog Quality Control* (Standard Number: DB44/T 2680-2025) solely compiled by Guangyao General Institute was approved and published, and was officially implemented on September 11th 2025.
- The "Heritable Hemophilia A Dog" developed by Guangyao General Institute was enrolled in the first batch of "2025 Guangdong Famous High-tech Product List".
- Dr. Hu Minhua of Guangyao General Institute was elected as a member of the 3rd National Technical Committee for Standardization of Laboratory Animals.

IPR Protection

GYBYS highly respects the intellectual property rights (IPRs) and interests of peers and cooperative enterprises. The Company has built a comprehensive process to manage IPR risks. We resolutely oppose any form of unfair competition, and clearly restrict and prohibit violations of laws and regulations, such as infringement of the intellectual property rights and leak of trade secrets of others, upholding market fairness.

Key honors

- Jing Xiu Tang's first PCT international patent was authorized in Australia.
- Guangyao General Institute was certified to GB/T29490-2023.
- Chemical Pharmaceutical Factory was certified to GB/T29490-2023.
- The "Mechanism Research and Innovative Application of Xiao Chai Hu Granule Combination and New Indications" project and "Hesui Brand: The No. 1 Brand of Ancient Medicine" project both ranked in the top 300 in the 2025 Guangdong - Hong Kong - Macao Greater Bay Area High-Value Intellectual Property Incubation Competition.





IPR risk management

We carry out investigations on possible infringements of IPRs, and take proactive measures to prevent such violations. We conduct market monitoring and regular assessment to avoid potential infringements of others' IPRs, and analyze possible disputes to make preventive plans. We have incorporated the intellectual property into our risk management system. We regularly identify and evaluate IPR risks, and take corresponding measures to forewarn and control the risks.



Overseas trademark registration

Guang Hua is dedicated to boosting trademark registration in overseas areas. At present, it has obtained the trademark certificate of "Hesui Brand" in Macao, which guarantees entrance into overseas markets and lays a solid foundation for internationalization.



IPR awareness

We regularly organize employees to attend lectures on IPR protection, case sharing and special training, in a bid to enhance such awareness and our risk identification capability across the board. As a result, we have fostered a fine corporate culture that respects and protects IPRs.

Chen Li Ji holds special training on intellectual property

On April 25, on the occasion of the 25th World Intellectual Property Day (April 26) and the National Intellectual Property Publicity Week (April 20-26), Chen Li Ji held a themed training on "Innovative Thinking and Patent Authorization in Pharmaceutical Industry". The event aimed at strengthening the innovation awareness of the R&D technical team and enhance the Company's pharmaceutical patent layout and achievement application ability. Nearly 20 scientific researchers and patent managers participated in the training.



Digital Transformation

Goal-driven upgrading

GYBYS has nailed down the digitalization objectives for the 15th Five-Year Plan period(2026-2030). We will strengthen digital governance and empowerment, accelerate the digital transformation of industries, and embed digital technologies into decision-making analysis, R&D, supply chain operations, marketing, financial management and other processes. We strive to integrate technologies with our business, and build ourselves an industry-leading intelligent enterprise.

Platform-driven transformation

GYBYS established a joint venture, Guangzhou Pharmaceutical Digital Intelligence Technology Co., Ltd., with Guangzhou Digital Technology Group Co., Ltd.aiming to synthesize the advantages and digital resources of the pharmaceutical industry to in a platform to further digitalize the sector.

Digitally-enabled economic decision-making

We have launched a dedicated initiative to integrate business system data from key subsidiaries, building group-level data sets from the ground up. A sales data integration mechanism was established for 33 assessed subsidiaries, with 23 now extracting data via interfaces—achieving initial automatic data aggregation from member enterprises. In addition, we developed digital reports, including gross profit curves and enterprise management reports, to empower product insights through data.

Digitally-enabled operational efficiency

Guided by key financial insights, we have developed a three-phase digital transformation roadmap—"Strengthening Foundations, Rebuilding Systems"; "Integrating with Business, Unlocking Value"; and "Continuous Improvement, Operational Excellence"—to drive business process optimization, unlock data value, and enhance organizational capabilities.

A number of tasks have been fulfilled to digitalize human resource management and system replacement such as Golden Seeds management team formation, system environment construction, human data cleaning and migration, and third-party system interface docking. We completed the first phase goals, laying a solid foundation for building a unified, efficient and intelligent human resource management platform and integrating talent strategy into digital transformation.

We have introduced digital tools and solutions with digital agent suppliers for the convenience of subsidiaries. In the future, the solutions will offer "one-click generation of insight reports" and intelligent questioning functions to improve market insight efficiency.

Digitally-enabled efficient production

With the completion and commissioning of its industrial park project, He Ji Gong has progressively developed fully automated and intelligent production lines, establishing a digital production management system. The company has achieved digital management and monitoring of its production covering planning, material inventory, production scheduling, quality control, equipment management and warehousing, etc.

Wang Lao Ji has built production lines that are fully intelligent and environmental friendly. It has introduced advanced production technologies to improve productivity and reduce energy consumption and pollutant emissions. It also has two internationally advanced high-speed filling lines for herbal tea and four intelligent packaging lines. With state-of-the-art technologies, production has significantly increased without additional pollution.

Technological renovation

In 2025, we established 22 standardized technological renovation projects each worth more than RMB one million, among which 5 are worth over RMB 5 million. Total investment in standardized technological transformation projects reached nearly RMB 200 million. These projects have facilitated the upgrading of our equipment and accelerated the transition to mechanized, automated, and intelligent pharmaceutical manufacturing, boosting productivity.

Key honors

- GP Corp. won the AAAA Certificate of Digital Transformation Management System and AAAA Certificate of Informatization and Industrialization System.
- Zhong Yi was selected as a 2025 Guangdong Advanced Smart Factory.

Inclusive Healthcare

GYBYS is dedicated to performing its social responsibility as a pharmaceutical enterprise. Focusing on inclusive healthcare, we endeavor to extend traditional Chinese medicine services to villages and communities and balance the medical resources unevenly distributed in urban and rural areas, eventually benefiting the primary level with better well-being.

Facilitating healthcare at primary level

GYBYS pays consistent attention to the healthcare at primary level. To contribute to the Healthy China initiative, the Company supports the healthcare infrastructure construction at the primary level, engaging in health assistance campaign, and distributing high-quality pharmaceutical resources to lower levels.

Baiyunshan General Factory's dry suspension product selected for the 11th batch of national centralized drug procurement

With excellent product quality, mature technology and clear market strategy, "Amoxicillin and Clavulanate Potassium for Suspension (7: 1)" produced by the Baiyunshan General Factory has been selected for the national centralized drug procurement. The outcome will further expand the accessibility of this antibacterial drug, benefiting a wider range of medical institutions and patients.



During its R&D stage, we fully considered the medication experience of pediatric patients and thus improved the taste with optimized formula that helps avoid metallic and bitter tastes, greatly improving the compliance of children during the course of treatment. Its optimized medication experience has facilitated popularity among primary-level institutions and families.

Guang Hua launches health assistance activities

On September 26, to thoroughly implement the decisions and arrangements for east-west collaborative assistance, Guang Hua formed a research team jointly with the Nanzhou Sub-district Office of Haizhu District, Guangzhou and its sales subsidiaries. The team was dispatched to Yunwu Town, Guiding County, Guizhou Province to carry out health assistance activities. Niaowang Village, Yunwu Town is leaking, the facilities aging, causing difficult storage of medicines and limited diagnosis and treatment conditions. Guang Hua distributed commonly used drugs such as Xiao Chai Hu Granules and motion sickness tablets.

In the future, Guang Hua will further deepen the east-west collaborative assistance jointly with its sales subsidiaries by means of regular return visits, health needs surveys and rural doctor training, thereby establishing a long-term cooperation mechanism for health assistance.

Providing higher-quality, more convenient and affordable drug services

Following the trend of the pharmaceutical industry, HWBYS is continuously increasing spending on the R&D of innovative drugs and innovating in the industrial structure, benefiting more people with better pharmaceuticals. HWBYS has researched on the needs of different regions and consumer groups, and formulated differentiated strategies. For instance, in areas with high incidence of chronic diseases, it promotes cardiovascular and cerebrovascular products such as Compound Danshen Tablet and Naoxinqing Tablet. HWBYS engaged in medical science popularization events at primary level to provide training for grassroots doctors, improving their medication guidance ability for better use of drugs by patients. Patients can not only buy conventional packages to meet family needs, but also buy new packages with small bags to reduce medication costs. HWBYS has strengthened cooperation with healthcare agencies and drug distribution companies at primary level, establishing a more efficient distribution network to ensure timely delivery.

Communicating health philosophy

GYBYS is collaborating with all sectors of society to carry out health popularization campaign for children, the elderly and other groups, in a bid to enhance the health awareness of residents and improve national well-being.

Traditional Chinese Medicine Carnival

On July 13, the Traditional Chinese Medicine Carnival themed "Inheriting the Legacy of Traditional Chinese Medicine to Protect Children's Health", was held at Dongshan Impression Apartment in Yuexiu District. This popularization event was co-organized by Zhong Yi and Qi Xing.



This project covered four sections: parent-child mini-marathon, starlet talent contest, face-to-face with experts, and traditional Chinese medicine popularization. The event had a far-reaching impact on the Pearl River Delta region, Zhuzhou of Hunan, Nanning of Guangxi, Wenzhou of Zhejiang and other cities, communicating parenting ideas to schools and communities and benefiting thousands of parents and children.

GYBYS Stroke Prevention Day

The 20th World Stroke Day was on October 29, 2025. Zhong Yi, Qi Xing and near one hundred chain pharmacies nationwide together launched the 2025 World Stroke Day and the 13th GYBYS Stroke Prevention Day in over ten provinces including Guangdong, Guangxi, Hunan and Yunnan. The campaign aimed to communicate stroke prevention measures and healthy lifestyles to the public.

On October 30, the event debuted in Guangdong. Through a variety of forms such as knowledge publicity, expert consultation, intangible skills and cultural experience, and science popularization park tours, it helped the people on the scene to understand stroke more systematically, learn to identify stroke symptoms, and reduce such risk through exercises and other methods.





Environmental Stewardship for a Low-Carbon Future

Challenges and Opportunities

Embracing a green and sustainable future is a pressing necessity of our times. The global ecological environment faces multiple pressures, including intensifying climate change, excessive resource consumption, and continuous degradation of ecosystems, posing severe challenges to the health and stability of the natural world. Meanwhile, China's policy system on carbon peaking and carbon neutrality is being rapidly refined, with a series of top-level designs and supporting policies guiding a comprehensive green transition across the economy and society. Enterprises must improve environmental management, address climate change, strengthen protection of endangered species, and drive ecological restoration to achieve sustainable development goals.

Our Actions

Firmly committed to our green and low-carbon transition, we take concrete actions to mitigate the impacts of climate change and environmental degradation. We improve our environmental governance structures, strengthen technological and management innovation, and continuously upgrade production processes towards greener operations. We also expand renewable energy use, tap the potential for energy conservation and carbon reduction across the entire production and operation process, and establish a clear management strategy and approaches to addressing climate change. Through these efforts, we strive to build a better future where humanity and nature coexist in harmony.

Contribution to UN SDGs

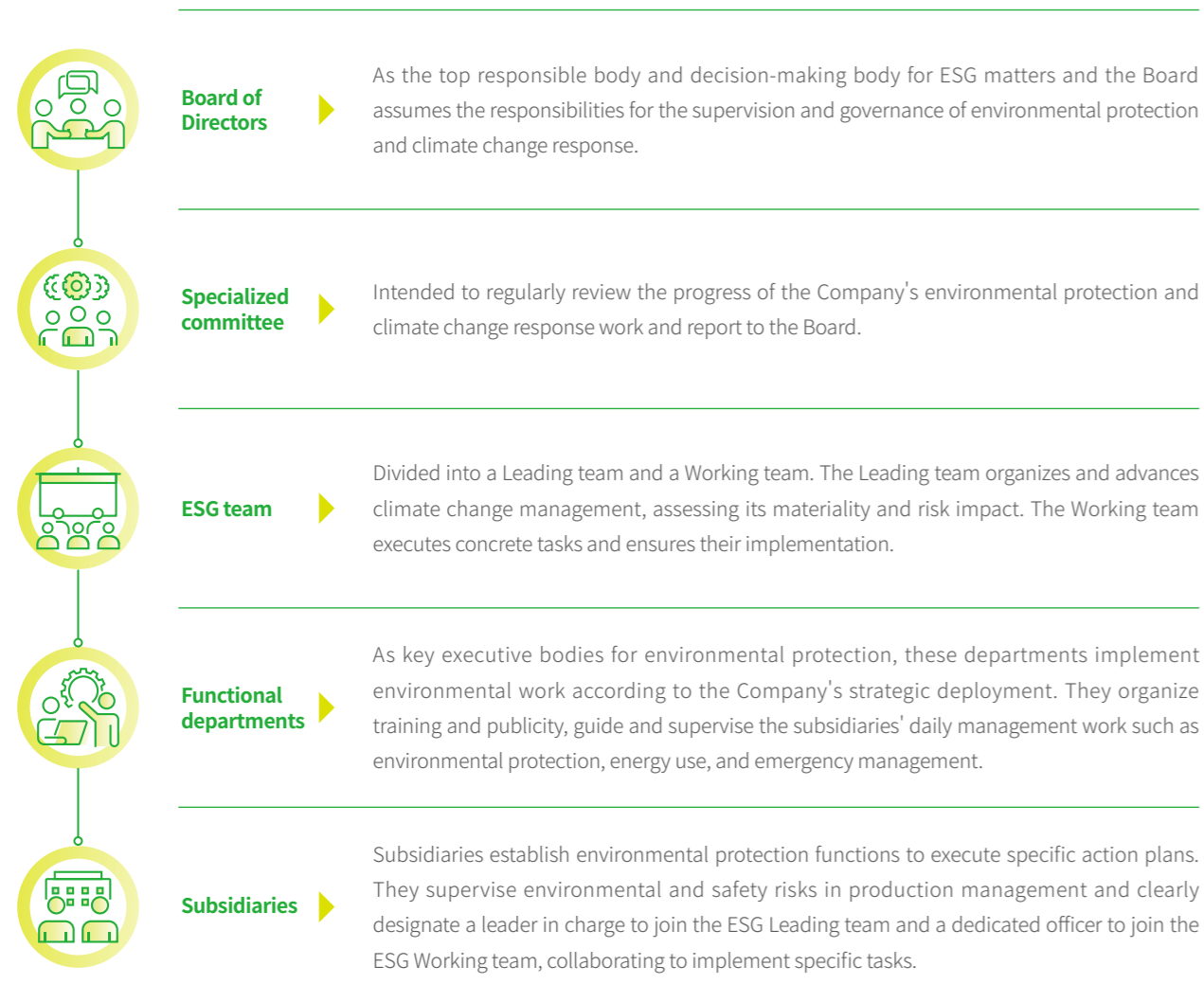


Response to Climate Change

Guided by green and sustainability principles and China's policy system on carbon peaking and carbon neutrality, we strengthen our management, practices and capacity in addressing climate change. By strengthening environmental management systems, upgrading technologies, optimizing the energy structures, controlling pollutant emissions, and promoting resource recycling, we comprehensively advance our green and low-carbon transition.

Governance

We have established a top-down governance structure comprising the "Board – Specialized committee - ESG team – Functional departments - Subsidiaries", and formulated strategies focused on green production, green operations, and green innovation. We also optimize environmental protection systems, implement environmental management systems, improve warning and response mechanisms for environmental emergencies, and analyze climate-related risks and opportunities. With these efforts, we continuously tap the potential for energy conservation and carbon reduction, striving to achieve environmental and economic benefits.



Strategy

GYBYS integrates the green and low-carbon transition into our corporate strategy. We have formulated strategic plans on carbon peaking and carbon neutrality and implementation approaches, specified action details, and systematically developed the environmental management system, to ensure strategic consensus, unified standards and coordinated actions. We actively enhance our capacity to address climate change, analyze our key operations in conjunction with risks and opportunities related to climate change, and incorporate energy conservation and emission reduction into our business operations. We also fully leverage digital tools to analyze equipment energy consumption and carbon emission data, and identify emission reduction potential, striving to achieve "precision emission reduction and intelligent control" while minimizing the negative impact on the environment.

Identified risks, opportunities, and response strategies				
Risk category	Risk description	Potential financial impact	Responses	Risk impact duration
 Physical risks	Acute risk Extreme weathers caused by climate change (such as floods, typhoons, etc.)	Extreme weathers may cause damage to business buildings, facilities and equipment, projects and others, resulting in higher maintenance costs. Furthermore, floods and typhoons are risks to employee safety, therefore employee premiums may also increase. Extreme weathers may also disrupt the supply chain, affecting the stability of raw material supply and product delivery	Strengthen routine inspections of buildings, facilities and equipment, and projects, and develop emergency plans; reduce reliance on single sources of supply, enhance warehousing management, and improve the resilience of the supply chain against risks.	Medium term (3-10 years)
	Chronic risk Persistent impacts caused by long-term climate change (such as extreme heat, droughts, etc.)	Climate change results in rising temperatures. Yet pharmaceutical production and storage necessitate relatively low temperatures, which leads to more energy consumption and costs. Climate change imposes more pressures on the supply of raw materials, leading to price increases and higher costs.	Improve risk assessment and early warning mechanisms, adjust response measures in a timely manner based on actual conditions, and establish cooperative relationships with suppliers in multiple regions.	Long term (10-30 years)
 Transition risks	Policy and legal risk China is accelerating the development of a green, low-carbon, and circular economic system, with relevant regulations and policies becoming increasingly stringent.	For energy use, in the context of China's policy system on carbon peaking and carbon neutrality, several provinces and cities have released plans for carbon peaking, map out low-carbon actions. This is expected to impact our energy use and expenditures, requiring a faster energy mix transition to go green and be low-carbon. In terms of medicinal herbs cultivation, the Company's cultivation may be limited due to government commitments to curbing deforestation and land degradation, affecting medicinal herb yields and supply. In terms of the supply chain, the Company may face stricter requirements for responsible and sustainable sourcing in its medicinal herb supply chain. When investment decisions exclude the deliberation of climate risks and fail in information disclosure, which harms the benefits of investors, or when corporate emissions result in environmental pollution, which causes fines, businesses will face the risk of litigation filed by investors or customers.	Track policy and regulatory changes, review the Company's compliance status, and seek government policy support (such as green credit and tax incentives); leverage green electricity policies and implement carbon reduction measures through photovoltaic energy storage and other means.; pay attention to biodiversity conservation; establish an environmental protection intelligent monitoring platform to respond promptly to stakeholder inquiries.	Medium term (3-10 years)

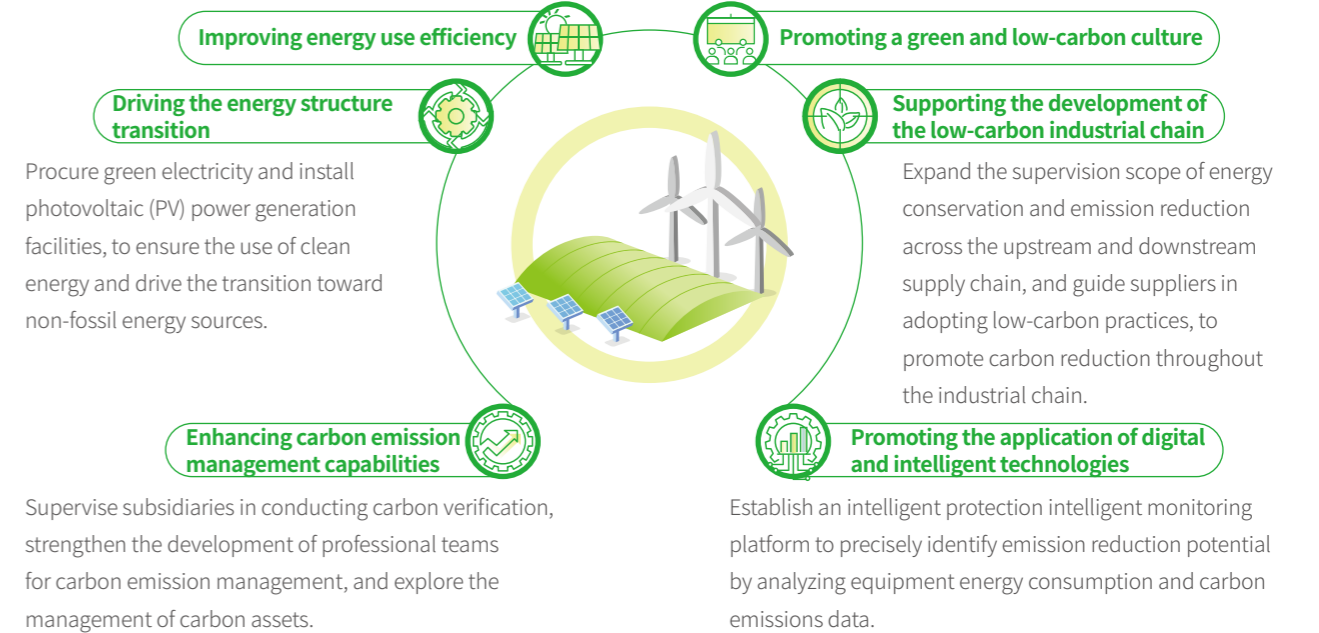
Risk category	Risk description	Potential financial impact	Responses	Risk impact duration
 Physical risks	Technological risk The Company is investing resources in technological upgrades and equipment renovation to address climate change.	The Company has shored up research on low-carbon technologies. Soaring research expenses will lead to rising operating costs.	Conduct research and assessment, plan for cost investment, and implement low-carbon technological improvements while maintaining normal business operations.	Medium term (3-10 years)
	Market risk Consumers now prefer greener and healthier products, and the market prefers low-carbon and eco-friendly products.	The Company may fail to adapt to market changes and meet customer needs, the business, financial situation and operating performance may face severe adverse effects. Market changes place higher demands on the quality of our health products and services, leading to increased R&D and operating costs.	Implement energy conservation and emission reduction measures and actions, reduce production energy consumption and utilize green logistics and packaging to lower the product carbon footprint and respond to consumer demand for low-carbon products.	Medium term (3-10 years)
	Reputation risk Stakeholders are increasingly concerned about climate issues, requiring the Company to take timely action.	Insufficient disclosure of the Company's carbon neutrality goals and data, failure to respond promptly to stakeholder demands, or inadequate carbon management leading to increased emissions, could have adverse effects on the its reputation, and investment and financing activities.	Learn from industry-leading practices in green and low-carbon development, strengthen data management and disclosure, and track stakeholder expectations and demands regarding the Company's low-carbon development.	Medium term (3-10 years)
Opportunity category	Opportunity description	Potential financial impact	Responses	Risk impact duration
 Resource use efficiency	Explore new technologies, optimize energy management systems, and implement energy-saving measures to improve energy efficiency.	Reduce carbon emission-related costs and the Company's operating costs.	Promote the development and application of intelligent energy management systems to continuously improve resource efficiency.	Medium term (3-10 years)
 Energy sources	Increase the use of clean energy and reduce the consumption of fossil fuels.	Reduce energy consumption and save energy costs.	Optimize the energy structure, procure green electricity, and encourage subsidiaries to vigorously develop new energy sources such as photovoltaic power generation	Medium term (3-10 years)
 Products and services	Reduce carbon emissions during product manufacturing and encourage upstream and downstream supply chain partners to adopt carbon reduction initiatives.	Minimize the negative environmental impact of products and services to meet market demands.	Continuously promote the green transition of the industrial chain.	Medium term (3-10 years)

We are committed to transforming climate-related risks into momentum for driving a green and low-carbon transition. During the 14th Five-Year Plan period, we promoted all subsidiaries to complete VOCs (Volatile Organic Compounds) retrofit through the "one policy for one subsidiary" mode. This marks a strategic shift from "passive compliance" to "proactive emission reduction", and from "fragmented management" to "systematic optimization", thus maximizing resource efficiency, reducing pollutant emissions, and minimizing ecological impact.

Strategic actions to address climate change

Improve process technology, strengthen energy efficiency monitoring, and promote technological upgrades and energy-saving renovations to reduce energy consumption during production.

Strengthen employee awareness and capabilities in pollution reduction and carbon emission reduction through thematic training, policy interpretation, case analysis, and field visits.



Impact, risk and opportunity management

GYBYS continuously incorporates climate risk management into its risk management. By identifying, assessing, monitoring, and responding to climate change-related risks and opportunities, we develop corresponding management measures based on the Company's business realities and industrial structure. With these efforts, we further mitigate the potential impacts of climate change on our business operations.

Identification and assessment

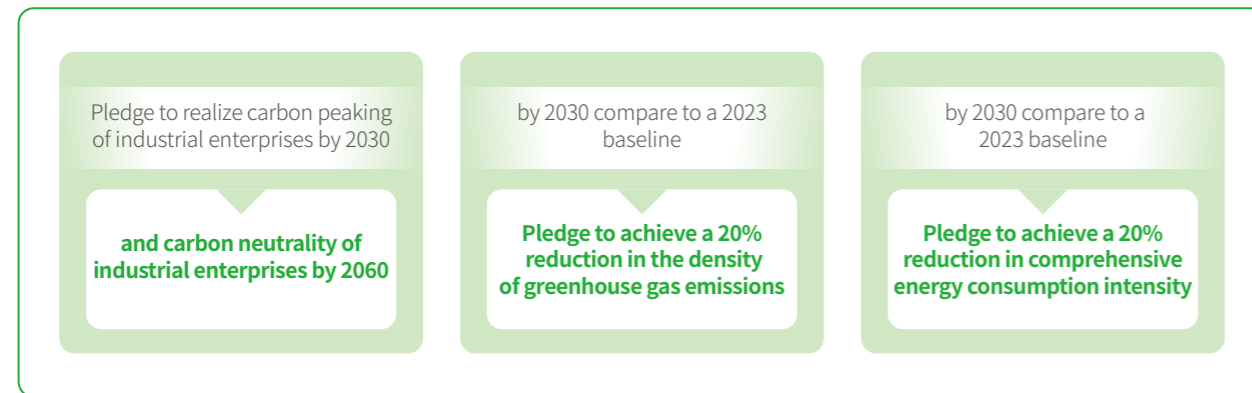
We collect and analyze climate policy-related information from government, society, and international organizations, and engage in thorough communication with the Company's management, heads of functional departments, leaders of subsidiaries, and external experts to obtain information related to climate risks and opportunities. Based on industry characteristics and the Company's development plans, we identify climate-related risks and opportunities relevant to our company and clarify their scope of impact and duration.

Monitoring and response

In accordance with the climate change framework recommendations from The Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange and ISSB, while taking into account industry trends, we monitor and review the extent of climate risks, explore methods for the financial quantification analysis of key risks and opportunities, and collaborate with our subsidiaries to develop response plans. In doing so, we strive to achieve sustainable development in the face of climate change challenges.

Metrics and targets

In active response to China's policy system on carbon peaking and carbon neutrality, we establish strategic goals. We have multiple intensity targets for energy usage and pollutant emissions, and plan to enhance supervision through an environmental protection monitoring platform to meet our targets for greenhouse gas (GHG) emission intensity and comprehensive energy consumption intensity.



Resource Use

Optimizing the energy structure, improving usage efficiency, and developing a circular economy not only directly reduce operating costs and enhance corporate competitiveness but also serve as core initiatives for GYBYS to address climate change and reduce carbon footprint. Through responsible resource use and continuous technological innovation and management enhancement, we strive to maximize the value of resources.

Energy management

Developing clean energy

To realize "self-generation for self-consumption with surplus electricity fed into the grid", the photovoltaic project of Cai Zhi Lin's Meizhou Company, adopts a model of "zero-investment, full-commissioning", with partners responsible for investment, operation, and maintenance. The project makes full use of idle rooftop resources to upgrade the energy structure while effectively reducing the impact on regional air quality. In April 2025, the first phase was successfully connected to the grid for power generation. By December 2025, the total power generation had reached about 1.13 GWh, saving about 464 tons of standard coal and reducing CO2 emissions by about 550 tons.



GYBYS continuously promote subsidiaries to develop photovoltaic (PV) power generation projects. For example, Pan Gao Shou has implemented a distributed PV project on the rooftop of its finished product warehouse and the canopy of its parking lot. Wang Lao Ji has achieved self-sufficiency in partial clean electricity through the building of a distributed PV station. Chen Li Ji's PV project has been successfully connected to the grid. Ming Xing has adopted solar street lights for illumination. GP Corp. has introduced a solar PV system to support auxiliary power for its logistics center and daily lighting in office areas.

Strengthening energy efficiency management

Wang Lao Ji Pharmaceutical places great emphasis on the effective utilization of resources throughout its production processes. By actively introducing advanced production technologies, it has established a "intelligent and green" demonstration production line. The herbal tea beverage production line employs fully-automatic online blending to stabilize quality and reduce wastes, utilizes UHT sterilization to guarantee safety while lowering energy consumption, and adopts high-speed filling machines that integrate packaging material sterilization and filling processes. These advancements enable efficient production with low energy consumption.



Zhong Yi has developed a green, intelligent energy management platform that integrates water, electricity, and gas meters and other energy metering equipment within the industrial park to collect real-time energy usage data. This enables centralized management and visual data analysis of various energy equipment and multiple energy media across the park. By comprehensively promoting technological innovations such as large-temperature-difference efficient water thermal storage, Zhong Yi takes full advantage of the electricity pricing strategy of "utilizing off-peak electricity for use during peak hours", thereby reducing the electricity costs of purified air conditioning systems.



GYBYS encourages subsidiaries to carry out technology-base energy-saving renovations. When updating equipment, priority is given to phasing out high-energy-consumption electromechanical equipment and adopting energy-efficient technologies and products, to improve resource utilization efficiency and minimize waste.

Launching product carbon footprint certification

WLJ Ya'an Company has completed carbon footprint and water footprint reports for its herbal tea products, setting a benchmark for practicing China's policy system on carbon peaking and carbon neutrality in the green transition of the food and beverage industry. Wang Lao Ji Pharmaceutical integrates green practices into its entire industrial chain, conducting carbon footprint accounting for its herbal tea products and reducing the environmental impact across their full lifecycle through ecological design. Ming Xing has investigated the carbon footprint throughout the entire process of Compound Diclofenac Chlorphenamine Maleate Tablets (Mingxing Ganmaotong), covering raw material acquisition, production, transportation, usage, and waste disposal.

Water resources management

Water resources recovery and reuse

Xing Qun has adopted a new purified water system, implementing an energy-saving intermittent operation mode during non-production periods, effectively reducing the daily water consumption of the new purified water system and saving 7,000 tons of water annually. Xing Qun has successively carried out renovation projects for the recycling of cooling water from water-ring vacuum pumps and the recovery and reuse project of steam condensate in the east and west zones. Additionally, wastewater discharged from the two-stage reverse osmosis process in purified water production is returned to the source water tank, enabling wastewater reuse. These measures save over 20,000 tons of water annually.

Ming Xing has installed wastewater recovery pipelines and facilities, channeling low-conductivity wastewater discharged from EDI (continuous electrodeionization) equipment into storage tanks for reuse as production water. Additionally, soft water tanks have been constructed for boilers to recover and reuse steam condensate, which not only conserves water but also maximizes the recovery of heat from the condensate.

Wang Lao Ji Ya'an Company has advanced its sterilization RO water recovery and renovation project. By reducing scaling on the sterilization plate heat exchangers, the project has extended equipment service life. Due to the renovation, the conductivity of the circulating water has significantly decreased, resulting in annual water savings of about 36,000 tons.

Strengthening routine water management



GYBYS has established and refined the water conservation management system to supervise subsidiaries in utilizing water resources efficiently. We conduct routine inspections of water equipment and facilities at our subsidiaries, encourage innovative renovations to boost reclaimed water reuse, and regularly monitor water quality at Chinese herbal medicine planting sites to improve the water source environment.

Tian Xin has engaged a third party to conduct on-site inspections, identifying traps with malfunctions or high self-leakage rates in the water production area and replacing them with energy-efficient traps featuring low self-leakage. Meanwhile, comprehensive inspections of water pipelines in public areas have been carried out, with cracked or aging pipes uniformly repaired to reduce water waste.

GP Corp. has established a water usage data logbook, monitor water consumption in real time across different areas, analyze peak usage periods and abnormal consumption to promptly identify potential water waste. Water fixtures in office areas, logistics centers, and employee rest zones have been comprehensively upgraded, replacing them with water-saving faucets and sensor-activated flushing devices to reduce leaks and drips. Additionally, the water systems for cleaning equipment in the logistics center have been optimized.

Green operation



We promote digital and paperless office practices, encouraging the use of online office systems, video conferencing, online surveys, and other digital tools to reduce the printing of paper documents and minimize energy consumption and emissions caused by unnecessary travel. We also advocate for energy-efficient office equipment by procuring energy-saving computers, printers, air conditioners, and other devices, enabling their energy-saving modes, upgrading lighting systems with LED energy-efficient bulbs, and ensuring non-essential electrical equipment is turned off before leaving the office.

Daily meals

We implement the "Clear Your Plate" campaign in employee canteens by displaying signs about cherishing food to reduce food waste. Our canteen provides reusable tableware and disinfection services. To minimize energy consumption and emissions during food transportation, we also prioritize the procurement of local, green, and organic ingredients.

Environmental conservation

Zhong Yi has achieved a green coverage rate of 30% across its factory premises. The site is home to more than 50,000 green plants of 80 different species, with medicinal plants as the dominant vegetation. Lawns and a small number of non-flowering evergreen trees are planted to green the areas surrounding production workshops.

Warehouse operations

The logistics center of GP Corp. adopts intelligent ventilation and lighting systems, making full use of natural airflow and daylight, thereby reducing energy consumption from artificial lighting and mechanical ventilation. Big data analytics is employed to optimize transportation routes, minimizing mileage, improving efficiency, and lowering fuel consumption. Warehouse materials are stored in a categorized and zoned manner to reduce energy use and losses during cargo handling. Smart temperature-control sensors are installed to dynamically adjust temperature based on medication storage requirements, preventing energy waste.

Circular economy

Packaging material reduction

Wang Lao Ji Pharmaceutical has introduced intelligent multi-lane strip packaging production lines and automated robotic palletizing systems to achieve fully automated packaging from inner packaging to cartoning. This enhances production efficiency and precision while significantly reducing packaging material waste. For example, the inner packaging of Bao Ji Pills was changed from finger-shaped bottles to strip packs, with the packaging material switched from high-density polyethylene (HDPE) to aluminum-plastic composite film. Similarly, Xiao Er Qi Xing Cha Granules were transitioned from three-side sealed aluminum-plastic composite film square sachets to strip packs. Over 290 tons of packaging materials saved in 2025.

Green packaging design

In line with green principles, Bai Di Biological selects environmentally friendly, pollution-free, and recyclable materials. It chooses or customizes packaging boxes that fit product sizes to minimize empty space and avoid over-packaging. When packaging boxes need to be replaced due to customer requirements, the original boxes without identifying information are recovered and reused.

GYBYS encourages subsidiaries to actively implement refined resource management, promote the recycling of packaging materials, and explore the establishment of a resource-saving system from the source to the terminal, fostering a positive interaction between economic development and environmental protection.

Pollution discharge and waste disposal

GYBYS places effective control of pollution emission at the core of its business operations. We strictly manage the discharge of wastewater, exhaust gases, and waste generated during production processes, ensuring all indicators comply with national statutory standards. We encourage exploration of resource recycling to reduce terminal emission, and continuously advances technological upgrades and cleaner production to minimize pollutant generation at the source.

Governance

We have established a special environmental protection management system involving air pollution, water pollution, solid waste pollution, noise prevention and control, and soil pollution. We strictly comply with relevant laws and regulations, including the *China's Law on Prevention and Control of Environmental Pollution Caused by Solid Wastes*, *the Management Measures for Filing Response Plans for Emergent Environmental Incidents in Enterprises and Public Institutions*, as well as other legal requirements concerning pollutant discharge, rigorously controlling wastewater, exhaust gas, and waste emissions.

We encourage subsidiaries to pursue certification for environmental management systems and energy management systems, and to apply for recognition as green factories and clean production enterprises. Through systematic management, we guides subsidiaries in striving to establish green, low-carbon, and efficient production models, advancing towards becoming industry benchmarks in areas such as intensive land use, non-hazardous raw materials, clean production processes, efficient resource utilization, and low-carbon energy consumption.

7 subsidiaries have obtained ISO 14001 Certification
(Zhong Yi, Tian Xin, Baiyunshan Han Fang, Wang Lao Ji Pharmaceutical, Ming Xing, GP Corp., and Guangyao General Institute)

2 subsidiaries have been recognized as Guangdong Green Factories
(Wang Lao Ji Pharmaceutical and Ming Xing)

6 subsidiaries have been recognized as National "Green Factory"
(Zhong Yi, Tian Xin, Baiyunshan Han Fang, Xing Qun, WLJ Ya'an Company, and HWBYS).

4 subsidiaries have been recognized as Guangdong Clean Production Enterprises
(Zhong Yi, Xing Qun, Pan Gao Shou, and Ming Xing).

Strategy

Strengthening pollution control and waste disposal is not only a regulatory necessity, but also a critical path for GYBYS to proactively pursue a green transition and build core competitiveness. We continuously explore methods for the refined management and high-value utilization of pollutants and waste generated during production processes, striving to reduce disposal costs and our environmental footprint, thereby achieving risk mitigation and value creation.

Identified risks, opportunities, and response strategies			
Risk category	Risk description	Potential financial impact/Responses	Responses
Compliance Risk	Tighter regulations and stricter environmental standards may introduce more stringent emission limits, increasing the risk of non-compliance.	We may face penalties or production restrictions, and in severe cases, be placed on an environmental blacklist, which could affect various administrative permits and result in fines and remediation costs.	Continuously track national and local environmental protection policies and updates, improve production processes to control pollutant emissions at the source, develop emergency response plans to mitigate pollutant dispersion during incidents, and engage qualified entities for waste disposal.
Market risk	Mismanagement in pharmaceutical production and disposal processes results in negative impacts, eroding the competitive edge against better performing rivals.	This could affect government procurement and market access, leading to customer loss, or result in being classified as a "high-risk" company in capital markets, impacting investment and financing activities.	Continuously promote the reduction of pollutant emissions, actively participate in industry discussions on environmental policies, disclose environmental investments and management performance, and translate environmental performance into financing cost advantages.
Reputation risk	Negative public opinion arising from pollution incidents triggers a consumer trust crisis, with products being labeled as "polluters".	This may damage the corporate image, undermine product brand value, result in business losses, and generate crisis management costs.	Accept public oversight, disclose key emission data, ensure effective communication during emergency incidents, and support environmental public welfare projects.
Opportunity category	Opportunity description	Potential financial impact	Responses
Operational efficiency improvement	Optimize production processes to enhance resource efficiency and reduce pollution and waste.	We may avoid fines for violations, conserve resources, and reduce pollutant and waste disposal expenditures.	Implement energy-saving, pollution-reducing cleaner production to achieve precise control of resource consumption.
Market expansion	Establish a green and sustainable brand image and gain customer trust.	Enhance brand reputation, increase sales revenue, and broaden financing channels.	Integrate the technologies, capabilities, and resources developed during pollution control to form a systematic management system and promote "Green Product" certification.

Impact, risk, and opportunity management

GYBYS has established a comprehensive environmental protection reward and punishment mechanism. We supervise, inspect (routine inspections, spot checks, and joint inspections), and evaluate the environmental performance and activities of subsidiaries, issuing opinions on corrective actions and penalties. In doing so, we minimize the impact of pollutants and emissions on the surrounding environment, safeguarding the health and safety of employees and community residents.

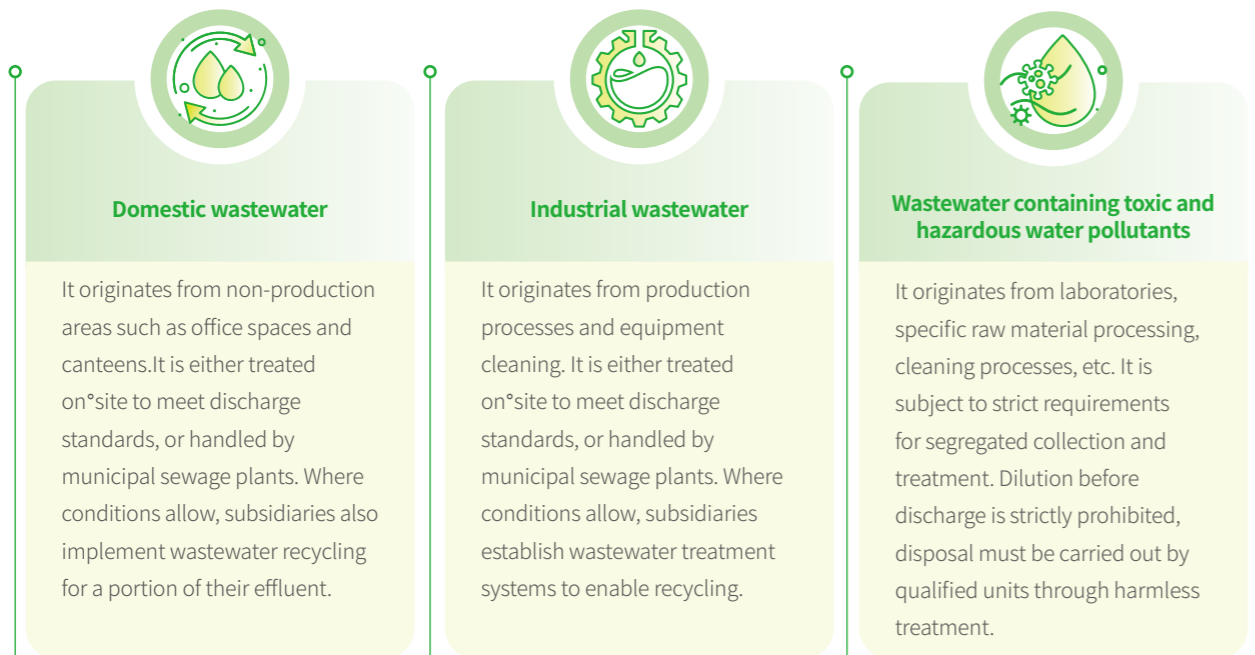
Environmental compliance management

Strictly committed to national, provincial, municipal, and local laws and regulations, we implement environmental management work in a legal, scientific, standardized, and institutionalized manner. We promote a responsibility system for environmental protection among all staff to comprehensively prevent environmental pollution accidents. In 2025, the Company experienced no sudden major environmental events and received no major administrative penalties from ecological environment departments due to environmental incidents.

Emergency management

We require each subsidiary to develop a subsidiary-specific emergency response plan, establish a drafting team, and effectively conduct environmental risk assessments and surveys of emergency resources. By analyzing the evolution patterns of various types of accidents and the impact of natural disasters, subsidiaries identify environmental hazard factors, clarify the relationship with nearby residents, organizations, and regional environments that may be affected, build scenarios of sudden environmental incidents and their consequences, and determine environmental risk levels. Subsidiaries shall gain an accurate understanding of the environmental emergency response teams, equipment, materials, facilities, and other resources that can be mobilized immediately, as well as the resources available through request or agreement.

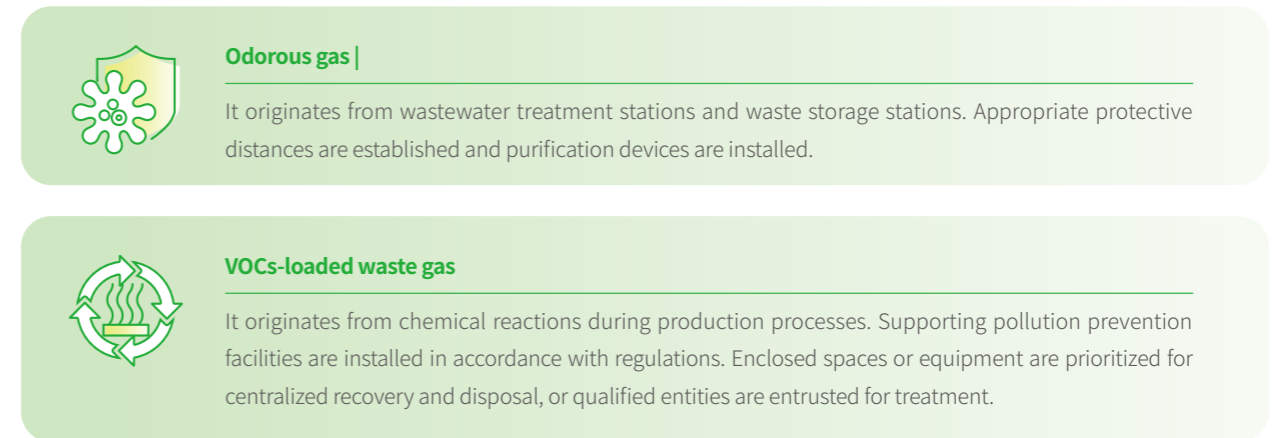
Wastewater management



We require subsidiaries to reduce wastewater generation during production by optimizing processes and upgrading equipment, thereby controlling wastewater discharge at the source. Measures such as spray towers and cooling towers are used to increase the recycling rate of reclaimed water. For example, Jing Xiu Tang continuously strengthens the management of its sewage station

by investing in bacterial culture to enhance wastewater treatment capacity, effectively reducing Chemical Oxygen Demand (COD) and ammonia nitrogen emissions. Zhong Yi has connected reclaimed water pipelines to dust removal environmental protection equipment on the rooftops of its four manufacturing plants, saving over 50 tons of water monthly.

Waste gas management



We require subsidiaries to strengthen process management, ensure the normal operation of waste gas treatment and purification facilities, and maintain proper monitoring management records. For example, Baiyunshan Han Fang uses purified water to replace 95% ethanol in the mixing and granulation process of ganoderma spore oil, reducing VOCs-loaded waste gas emissions at the source. At the logistics center of GP Corp., measures such as regular water sprinkling and use of dust-proof mats, are implemented in cargo handling areas and parking lots to minimize dust emissions.

Waste management



We follow the principle of waste reduction and resource utilization, ensuring compliant disposal and traceable waste destinations. Non-hazardous waste such as recyclable waste cardboard, waste plastic, and scrap metal is handed over to qualified entities for recycling and reuse. Other non-hazardous waste that cannot be recycled is collected, transported, and disposed of by qualified entities.

Subsidiaries update their disposal requirements for relevant pharmaceutical waste and expired medicines in accordance with the *Directory of National Hazardous Wastes (Version 2025)*. For hazardous waste that cannot be recycled, they must construct storage facilities and sites as required, ensure safe and classified storage, establish independent dedicated warehouses for hazardous waste, or adopt harmless treatment measures.

Metrics and targets

While steadily maintaining existing emission reduction achievements, we ensure that all pollutant discharges meet environmental protection standards, and commit to preventing the environmental pollution of waste discharge and aims to sustain its annual emission reduction levels.



Ecosystems and biodiversity conservation

We and our subsidiaries ensure that our production and operational activities do not significantly impact biodiversity, biological habitats, or genetic resources. Office spaces, operational sites, and warehouses are not located in nature reserves. We avoid protected areas during the construction of Chinese medicinal material planting bases in line with relevant regulations for vegetation restoration and maintenance, and implement intercropping and other measures to enhance the ecosystem cycle.

Guanghua's Xiao Chai Hu Planting Base

Guang Hua selects Longxi, Gansu as the site for its Xiao Chai Hu Planting Base. Prior to site selection, a strict environmental assessment is conducted to ensure the surrounding area was pollution-free, with the overall ecological conditions surpassing national standards. The base prioritizes the use of high-quality local *Bupleurum hamiltonii* germplasm resources, continuously optimizing seed traits through self-established experimental plots. It achieves self-breeding and self-use, ensuring the purity of the seed source and its ecological adaptability.

To mitigate the ecological pressure from monoculture, the base vigorously promotes intercropping and crop rotation models of *Bupleurum hamiltonii* with crops such as corn and buckwheat. These practices effectively improve soil structure, reduce the occurrence of pests and diseases, and prevent continuous cropping obstacles. Throughout the planting process, the base strictly adheres to GAP management practices, completely banning the use of highly toxic and high-residue pesticides as well as artificial growth regulators. Scientific fertilization, primarily with organic fertilizers, is implemented to minimize the impact of agricultural inputs on the ecological environment. Additionally, natural vegetation strips are preserved within the fields to promote the harmonious coexistence of the agricultural system with the surrounding ecology, achieving the dual goals of enhancing medicinal material quality and protecting the environment.

The Chinese medicinal material planting bases of our subsidiaries actively carry out soil hazard investigation and self-monitoring projects, and take soil remediation and improvement actions. The cloud platform system help achieve the online recording of routine agricultural operations, agricultural inputs, harvesting and processing, and warehousing and transportation of planting bases, and real-time monitoring and transmission of meteorological and soil information, thus ensuring standardized and compliant field agricultural operations.

Soil management

Participate in the protection of endangered geo-authentic materia medica

Professional collaboration

Promoting research on endangered geo-authentic materia medica in Lingnan area

We collaborate with herb gardens, universities and enterprises to build a unique Chinese herb germplasm reserve in Lingnan, including herbarium, seed bank, germplasm repository, seed and seedling breeding base, in order to preserve the geo-authentic materia medica in Lingnan. We also strengthen cooperation with the upstream and downstream of the Chinese herb industry chain, and promote information exchanges and resource sharing across all links to collectively contribute to protecting the growing and cultivation environments of Chinese herb.

We actively participate in conservation initiatives for traditional geo-authentic materia medica in Lingnan area that are endangered to varying degrees, such as *Amomi fructus*, *Pogostemon cablin*, and *Morinda officinalis*. We evaluate the germplasm of Lingnan's fine Chinese herbs, and research on their properties such as chemical components, pharmacological effects and molecular mechanisms, thereby providing a foundation for the protection and rational utilization of these resources.

We adopt tailored strategies to address the issue of "endangered geo-authentic materia medica". For endangered herbs caused by irreversible regional factors, such as *Pogostemon cablin*, we conduct research on the suitable planting range and the possible range expansion. For endangered geo-authentic materia medica due to changes in some key factors during planting, such as *Amomum villosum*, we initiate research projects to explore alternative cultivation methods, ensuring the sustainable utilization of resources.

Ming Xing's Brucea Javanica Planting Base

Ming Xing's *Brucea javanica* planting base is located in a rural mountainous area, free from industrial and exogenous pollution, with excellent ecological conditions. The region has a long-standing tradition of honeysuckle cultivation, and its natural conditions are well-suited for the growth of relevant medicinal materials. The construction and planting activities at the base are carried out within the ecological carrying capacity, ensuring that the expansion of scale does not negatively impact regional biodiversity.

The base strictly adheres to the control requirements for agricultural inputs under the new GAP, regulating the use of pesticides and fertilizers to prevent excessive or improper application of chemical agents. This effectively avoids environmental issues such as soil compaction and groundwater pollution, while reducing harm to small organisms like insects and soil microorganisms within the planting area. By maintaining the stability of the biological community structure around the planting zone, the base effectively prevents the decline of species populations caused by chemical pollution, safeguarding the biodiversity of the surrounding ecosystem.





Collaborating for progress Jointly Building A Resilient Future

Challenges and Opportunities

As the global pharmaceutical industry chain undergoes profound restructuring, the sector faces systemic challenges—including supply chain vulnerabilities, the urgent need to improve circulation efficiency, and the pressing demand for green industrial transformation. At the same time, rising health expectations, deeper technological integration, and regional supply chain reconfiguration offer strategic opportunities for companies to build safe, stable, and sustainable modern industrial chains.

Our Actions

GYBYS is committed to strengthening supply chain resilience, advancing sustainable transformation, optimizing medical circulation efficiency, and fostering industrial ecosystem synergy. By seizing opportunities in industrial evolution, we strive to build a safer, greener, more efficient, and more competitive industry chain—contributing solid strength to public health and high-quality industry development.

Contribution to UN SDGs



Sustainable Supply Chains

As the leading company in the pharmaceutical industry, GYBYS directly addresses the difficulties in quality management and efficiency bottlenecks of Traditional Chinese Medicine (TCM) supply chains. We constantly enhance our control over the production and supply of key TCM raw materials while continuously advancing transparent, process-oriented, and lean supply chain management. Through standardized base construction, traceability technology breakthroughs, intelligent collaborative networks, and the sharing of advantageous technologies, we continuously strengthen supply chain security and enhance supply chain resilience.

Governance


GYBYS is dedicated to building a centralized procurement governance system with clear responsibilities and efficient operation. In 2025, the Company established the Procurement Management Department to enhance professional synergy and overall supply chain effectiveness. This is achieved through annual high-level meetings for strategic deployment and coordination, as well as normalized data tracking and feedback mechanisms that guide subsidiaries in implementation.


GYBYS continuously expands its supply chain cooperation network around business needs and deepen supply chain operational reforms to develop a supply chain innovation ecosystem. We have established three major centralized procurement platforms for herbal medicines, raw and auxiliary materials and packaging materials, and advertising businesses. By implementing management systems such as *the Implementation Measures for Centralized Procurement of Chinese Herbal Medicines, Raw Materials, Excipients, and Packaging Materials, the Procurement Management Measures*, and supporting implementation rules, we effectively standardize procurement behaviors. Notably, through comprehensively developing and integrating the whole-chain TCM traceability system, GYBYS achieves centralized procurement of major raw materials required by TCM production subsidiaries. This effectively enhances the stability and safety of raw material quality, reduces comprehensive procurement costs, and strengthens resource synergy and risk control capabilities.

Strategy

GYBYS actively identifies potential risks in the supply chain, such as supply fluctuations, compliance hazards, and quality safety issues. Simultaneously, we explore growth opportunities brought by green synergy and stable supply. By formulating targeted work plans, we focus on enhancing the resilience and safety of the industrial and supply chains.

Identified risks, opportunities, and response strategies

Risk type	Risk description	Potential financial impact	Response measures
 Physical risk	The pharmaceutical industry is highly dependent on natural resources. Chronic climate events caused by climate change, such as droughts and water stress, affect cultivation bases for medicinal plants and animals and the stable supply of key raw materials.	Medium Term (5-10 years): Fluctuations in the yield and quality or increased scarcity of key raw materials lead to continuously rising procurement costs.	Conduct risk assessments on key elements such as water and biological resources in locations of core suppliers; synergistically promote resource management.
	Extreme weather events like earthquakes and typhoons directly affect raw herbal material yields and upstream key production facilities, leading to stagnation in production, obstruction in midstream circulation, and shortages in clinical drug reserves.	Short Term (1-5 years): Temporary shortages of key drugs and sales losses; high costs incurred for obtaining alternative supplies or initiating emergency air transport.	Enhance the ability to cope with emergent physical risks through diversification of supplier locations, strategic inventory, and resilient logistics solutions.

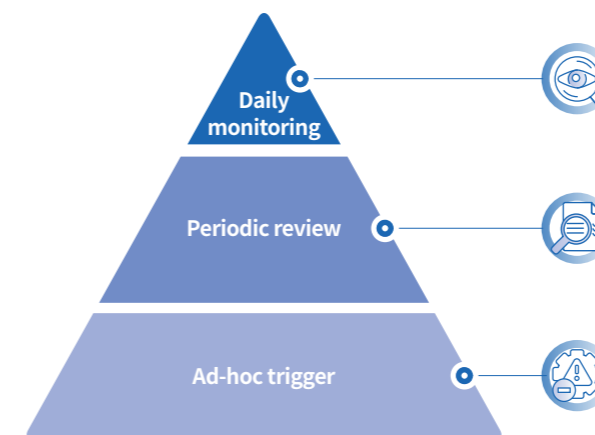
Risk type	Risk description	Potential financial impact	Response measures
 Transition risk	Policies and regulations are gradually tightening, while the supply chain assurance and fulfillment have been repeatedly emphasized both at home and abroad. For example, the <i>EU Corporate Sustainability Reporting Directive (CSRD)</i> requires full disclosure of environmental impacts across the value chain, which increases compliance complexity and costs.	Short Term (1-5 years): Management costs and compliance costs incurred to meet disclosure requirements of Scope 3 emissions will increase.	Proactively embed ESG standards into supplier selection and assessment to adapt to policy orientations in advance.
	New technologies such as AI, IoT, and blockchain are reshaping the pharmaceutical supply chain, placing new demands on the Company's supply chain digitalization and data transparency.	Medium Term (5-10 years): The related costs will rise due to the requirement of platform construction for digital supply chains and increasing procurement transparency.	Establish digital supply chain standards, continuously promote upstream and downstream data interconnection, and utilize new technologies to improve transparency, efficiency, and risk warning capabilities.

Opportunity category	Opportunity description	Potential financial impact	Potential financial impact
 Efficiency and market opportunity	Assist the Company reduce operating costs by improving production processes, investing in energy efficiency projects, and implementing packaging reduction and recycling.	Short Term (1-5 years): Directly save on procurement costs for energy, water, and raw materials; reduce waste disposal fees.	Conduct risk assessments on key elements such as water and biological resources in locations of core suppliers; coordinately promote resource management.

Impact, risk and opportunity management

Identification and evaluation

Relying on a three-tier risk identification procedure of "Daily Monitoring + Periodic Review + Ad-hoc Trigger," we achieve full-time risk coverage and control for key herbal raw materials.



We conduct regular inspection and acceptance of supplier materials and connect with responsible departments to synchronously collect supplier qualification and credit information. Therefore, we could timely capture potential risks.

We conduct annual comprehensive review and audit of suppliers and, when necessary, collaborate with industrial enterprises and TCM quality arbitration experts to perform on-site inspections and systematically identify supply chain risks.

When serious violations by suppliers are discovered, we immediately initiate the ad-hoc trigger identification procedure to verify and confirm the risk level, thus ensuring no major risks are omitted.

Monitoring and response

We have established a supply chain risk prevention and control system with clear rights and responsibilities and defined processes across four core dimensions: quality, supply, compliance, and economy. Through collaborative linkage, we integrate risk control requirements into the entire supply chain process, forming a closed-loop management mechanism.



Metrics and targets

Guided by the principle of "Experts set standards, enterprises propose needs, platforms ensure implementation, departments strengthen supervision—joint efforts guarantee quality," GYBYS advances its centralized procurement platform to enhance resource integration and scale efficiency, building a new model of collaborative and efficient procurement. By continuously refining third-party supplier evaluation and management plans, we promote the diversification of raw material and herbal medicine supply—ensuring every Chinese herbal medicine plant is assigned a unique "ID card."



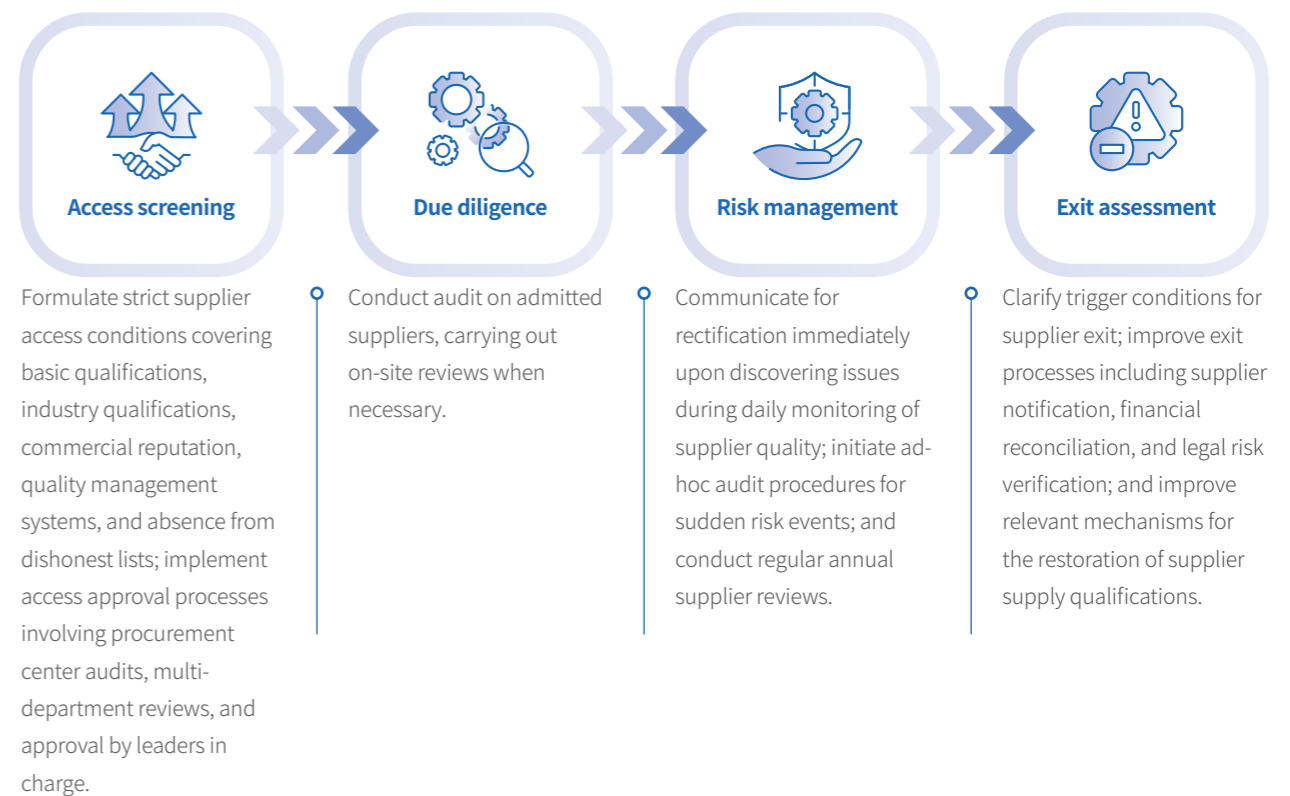
4,605 supplier audits have been conducted

Supplier Management

GYBYS strictly complies with applicable laws and regulations, including the Tendering and Bidding Law, and has established corresponding institutional frameworks such as the *Measures for Supplier Management*. These ensure that supplier management is conducted in a standardized manner, supplier payments are made on time, and the rights and interests of small and medium-sized enterprises are effectively safeguarded.


Full lifecycle management

GYBYS continuously improves its supplier access management mechanism and optimizes audit and assessment processes to control risks at the source, safeguarding the long-term safety, stability, and compliance of the supply chain. Cai Zhi Lin has formulated the *Measures for Supplier Management of the Centralized Procurement Platform for Chinese Herbal Medicines*, establishing a full-process management system covering access review, dynamic performance evaluation, and exit mechanisms. This ensures that both suppliers and supplied materials meet regulatory, environmental, and quality requirements.




Supplier access and assessment





GYBYS strengthens multi-tier management processes across key areas, including supplier access, cooperation assessment, and performance management. We strictly control supplier access and continuously improve product safety and quality through measures such as quality agreements and audits. GP Corp. has enhanced its quality management system, with dedicated personnel and relevant departments fully responsible for system development, maintenance, and standard execution supervision. At the same time, we encourage subsidiaries to prioritize qualification compliance (e.g., drug production/operation licenses, GMP/GSP certification) and robust quality control processes as core criteria in supplier selection, ensuring material quality from the source.



Dynamic qualification control
We have established a dynamic maintenance mechanism for supplier files, regularly updating key information such as qualification validity periods and credit status to provide early warning of qualification expiration risks.




Performance Linkage Control
We directly link performance evaluation results with supplier cooperation qualifications and contract allocation shares, guiding suppliers to proactively improve service quality and driving synergistic quality improvement for both supply and demand sides.


Grade	 Excellent suppliers (Grade A)	 Qualified suppliers (Grade B)	 Auxiliary suppliers (Grade C)	 Unqualified suppliers (Grade D)
Score	>90	75-90	60-75	<60
Handling approach	Give procurement priority and maintain the strategic cooperation relationship	Maintain procurement volume and continue to improve their performance	Implement supporting measures to reduce procurement volume and source alternative suppliers	Rule out suppliers with consistently negative performance

Supplier empowerment


GYBYS shares its advanced quality management practices and specialized production technologies with suppliers. Leveraging the technical, managerial, and channel strengths of supply chain partners across different segments of the industrial chain, the company collaborates on projects such as cultivation base development and scientific research initiatives. This approach fosters complementary advantages and technology sharing, driving continuous quality improvement. Training and communication sessions are conducted for upstream suppliers, downstream distributors, and dealers on the latest industry policies and regulations, corporate service quality requirements, and updates to product acceptance standards.



Compliance and quality training
We conduct supplier quality and safety training and quality standard training to unify quality perception and standardize production processes; Regular transport quality training is also offered for carriers to ensure quality stability in logistics.



Supply chain talent training
Our thematic training is tailored for different position needs, focusing on compliance management, risk prevention, and safe operations to build a professionally competent supply chain management team.



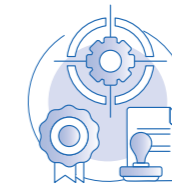
Sustainability capability building
We actively promote green procurement, providing necessary guidance and support to suppliers regarding environmental requirements. By encouraging suppliers to implement green operational measures such as environmental protection, emission reduction, and low-carbon logistics, we enhance their awareness of sustainability concepts.

Treating SMEs equally

We adhere to integrity in operation and win-win cooperation, earnestly safeguarding the legitimate rights and interests of Small and Medium-sized Enterprise (SME) partners. We ensure that every payment is made promptly and in full according to the contract cycle, alleviating the capital turnover pressure on SMEs, and responding to payment-related inquiries and feedback in a timely manner.

Supply Chain Quality

GYBYS actively responds to national policies promoting standardized production of Chinese herbal medicines. We improve TCM quality from the source, advance industrial upgrading and leverage local resource endowments to drive the development of the whole-chain characteristic industries, achieving a value leap from raw materials to deep processing.



In 2025, the accumulated area of Chinese medicinal material planting bases exceeded **160,000** hectares.

Building a whole-chain traceability system

As a pilot unit for TCM traceability in Guangdong Province, Cai Zhi Lin has advanced the IoT infrastructure for Chinese herbal medicine bases, establishing a GAP management cloud platform for TCM production management that integrates information perception, traceability management, and intelligent monitoring. This enables digital base management and a traceability system where sources can be traced, destinations verified, and responsibility assigned. Through traceability QR codes, medicinal materials can be tracked across their full lifecycle—covering origin, cultivation methods, processing techniques, and production time. From planting and harvesting to processing and transportation, the entire process is QRtraceable across multiple TCM varieties, connecting the planting, circulation, production, and usage chains to ensure "checkable sources, traceable destinations, and controllable quality."

Zhong Yi leverages TCM planting traceability as a key application scenario, utilizing next-generation information technologies, including blockchain, ID resolution, and TCM planting traceability, to build an innovative full-lifecycle traceability management platform. The platform enables data collection, ID analysis, and blockchain uploading throughout the planting process. Breaking away from traditional management models, it traces and analyzes information layer by layer across seed selection, breeding, cultivation, sampling, harvesting, primary processing, and warehousing. This enables visualization of TCM growth from the root, ensuring full-process transparency and control of TCM quality, safeguarding the quality and safety of Chinese herbal medicines.



Chen Li Ji Medicine Factory has deployed blockchain information tracking for Chenpi (dried tangerine peel), permanently securing origin and source data to effectively eliminate counterfeit products and origin fraud. Every step of the process—from peeling, turning, and sun-drying to aging—is recorded on the blockchain, providing a reliable basis for assessing the aging status of the craft and making the history of every piece of Chenpi fully traceable. Through the blockchain system, environmental parameters during storage are monitored in real time, while logistics handovers and location changes are recorded, ensuring full link transparency and traceability.

Optimizing source ecology of cultivation bases

Wang Lao Ji Pharmaceutical has partnered with TCM production enterprises to jointly initiate the TCM GAP cultivation base project, establishing a GAP base management group with clearly defined structure and responsibilities. Together, they have developed standardized production procedures for the coix seed (Yiyiren) variety—covering seed source selection, cultivation, processing, warehousing, and transportation. A quality supervision mechanism combining enterprise self-inspection and thirdparty certification has also been established, with a focus on the breeding and purity testing of the "Xingren coix seed" variety.

Multiple subsidiaries, including Cai Zhi Lin, Chen Li Ji, and Wang Lao Ji Pharmaceutical, jointly conducted on-site inspections of planting bases for key varieties such as Gouji, Chenpi, and Xiancao nationwide. They promoted the upgrading and transformation of existing bases and added several new standardized Chinese herbal medicine cultivation bases, with an expected annual output of over 2,000 tons of dry medicinal materials. Cai Zhi Lin has established four-level base control standards, covering soil environment, seedling selection, harvesting, and processing, and implements refined supervision. It conducts penetrating assessments of newly admitted bases to identify quality gaps, and organizes expert review meetings to evaluate standardized planting, quality control, and traceability systems. These efforts guide suppliers in continuous improvement and ensure the stable and reliable source quality of Chinese herbal medicines.



Enhancing diversification of raw material supply

GYBYS strengthens upstream supply capabilities in the chemical medicine industry chain through the establishment of a chemical pharmaceutical raw material manufacturing base (Chemical & Pharmaceutical Industry Zhuhai Company). It promotes the improvement and upgrading of the regional pharmaceutical manufacturing system by constructing a TCM and chemical production base.

Baiyunshan Han Fang focuses on the industrialization of modern TCM extraction and separation technologies and their application in pharmaceutical innovation. It tackles critical industry bottlenecks, such as outdated TCM processing technologies and the lack of high-end excipients, and has developed and launched a series of products, including egg yolk lecithin for injection, egg yolk phosphatidylcholine, refined olive oil, and methyl hesperidin. Most of these products are the first of their kind approved by the National Medical Products Administration (NMPA) or are exclusive varieties in China, successfully breaking foreign monopolies. In addition, the company has completed the development and launch of the full vinblastine product series, including the national shortage drug Vincristine. Vinorelbine Tartrate has obtained international certifications such as EU CEP and Mexican GMP, while egg yolk lecithin for injection has completed US FDA excipient filing. These achievements promote the internationalization of domestic raw materials and excipients and effectively build new advantages for global development.

Industry Development

GYBYS actively deepens industry-university-research cooperation through regular multi-dimensional technical exchanges and industry seminars, while proactively participating in industry conferences and professional forums to share practical experience. At the same time, we lead the research and formulation of multiple industry standards—leveraging our expertise to empower the standardized and highquality development of the industry.



148 national drug standards and provincial standards led or participated by the Company and its subsidiaries during the "14th Five-Year Plan" period.

Cai Zhi Lin was elected as the **first chairman unit of the Municipal Medical Institution Preparation Association in the country.**

HWBYS and Chen Li Ji approved to establish the **Guangdong Province Science and Technology Expert Workstation.**



Leading brand going global and international expansion

Through visits and market outreach, we have expanded into emerging markets including the Middle East and South Asia, establishing partnerships with local leading enterprises and facilitating the international branding of products such as Wang Lao Ji's "WALOV" as well as overseas product launches. We have successfully completed drug registrations in Vietnam, Russia, and other countries, strengthening the international presence and market access capabilities of traditional Chinese medicine and general health products.



Building a cross-domain industrial collaborative ecosystem

We carry out cross-domain and cross-subject cooperation, reaching industrial partnerships with pharmaceutical enterprises, medical institutions, trading groups, and technology companies to expand business scale and digital resources. We invest in sci-tech innovation enterprises through industrial funds, integrate innovation pipelines, and deepen regional market cooperation to activate the regional development vitality of the industry.



Promoting policy synergy and technological upgrading

We closely communicate with government departments to secure policy support and collaborate with research institutes to build industry-university-research platforms that promote technology transformation. We promote international evidence-based medical research in the pharmaceutical field, achieving the publication of clinical results of core products in top international journals. We also accelerate overseas patent authorization and the transformation of technological achievements, while strategically developing products featuring "same origin between medicine and food".

GYBYS and its subsidiaries make a group appearance at the 90th National Drug Fair

In May 2025, GYBYS, together with 17 subsidiaries and multiple competitive products, participated in the 90th PharmChina (National Drug Fair), showcasing its TCM innovation achievements. Leveraging this platform, the Company attracted over 200,000 domestic and international professional visitors and hundreds of industry experts, reinforcing its image as a benchmark for TCM modernization. This accelerated our transition toward a "Technology + Culture" dualwheel drive model, injecting new momentum into deepening TCM internationalization and cultivating worldclass TCM brands.



GYBYS attends the 22nd World Congress of Chinese Medicine

In October 2025, the 22nd World Congress of Chinese Medicine, hosted by the World Federation of Chinese Medicine Societies, opened in Sydney, Australia. The event attracted over 800 TCM experts, scholars, government officials, and industry representatives from 24 countries and regions globally. GYBYS attended as a main cooperative partner. Relying on this platform, GYBYS engaged in in-depth discussions on core topics such as the internationalization path of TCM, cultural inheritance, clinical application, and local adaptation, sharing practical experience in the global expansion of TCM with attendees.

With Love, We Enjoy A Better Future Together

Challenges and Opportunities

Talent is the foundation and source of strength for enterprise development, and the fruits of enterprise development should be shared by all employees. In the face of multiple challenges, such as accelerated technological iteration, deepened interdisciplinary integration, and the reshaping of the global competitive landscape, enterprises have an increasingly prominent demand for high-caliber and multidisciplinary talents. To realize Chinese modernization, we must accelerate the comprehensive rural vitalization. GYBYS has pooled resources to empower local development as our strategy should align with national policies and our action should resonate with national development. Charity is a cause in which all people participate extensively. We should inherit and carry forward the traditional virtues of the Chinese nation and participate in charity within our capacity to make society a better place.

Our Actions

Adhering to the philosophy that "talent is the primary resource", GYBYS, with its strategic goals at the core, has continuously consolidated the construction of talent teams by scientifically allocating human resources, strengthening talent introduction and cultivation, and optimizing the assessment and incentive system. GYBYS has also developed new quality productive forces according to local conditions, deepens assistance work, and helps the high-quality implementation of the "Hundred-Thousand-Ten Thousand Project" (High-quality development in 122 counties, 1,609 towns and 26,500 villages in Guangdong Province). Upholding the philosophy of "Spreading love all over the world", we repay society with more pragmatic measures and contributes greater strength to promoting the development of charity and improving people's wellbeing.

Contribution to UN SDGs



Employee Rights and Benefits

Talent is one of the core competitive strengths of an enterprise. Putting employee development first, we adhere to equal employment, respect the diverse backgrounds of employees, attach importance to the integration of diverse cultures, and eradicate any form of bias, discrimination or harassment. We have also implemented occupational health and safety measures to provide comprehensive protection for employee rights and benefits.

Management





We strictly abide by the law and regulations, such as *the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, and the Provisions on Prohibitions of Child Labor*, as well as the relevant systems applicable in Hong Kong, Macao and Taiwan regions. We have formulated and improved multiple recruitment and onboarding policies and strictly observed the fundamental recruitment principles to safeguard the legitimate rights and interests of our employees.




The Organization Department of the Company's Committee of the Communist Party of China (Human Resources Department) of GYBYS is responsible for the work related to employee rights and benefits, including formulating and implementing various management systems and institutions, and reporting to the "Specialized Committee"; the Legal Compliance and Risk Control Department timely follows up national relevant policies and systems, reviews Company's relevant systems to ensure we compliance with laws and regulations; the Audit Department (Audit Center) conducts internal supervision and audit on the implementation of various policies and systems to ensure the effectiveness and compliance of the current policies and systems; the Labor Union specifically implements various measures for the protection of rights and benefits to ensure that all employee rights are fully realized.

Strategy

GYBYS adheres to compliant recruitment, improves democratic management, advocates employee equality and diversity, and provides competitive salary and benefits, health and safety guarantees, and care for employees' daily lives. By doing so, we aim to foster an equal, inclusive, and harmonious work environment.

Risk and challenge identification and corresponding strategies

Risk category	Risk description	Potential financial impact	Corresponding measures
 Operational compliance risk	Incomplete implementation of employee rights protection may lead to legal lawsuits and damage to corporate reputation.	Potential administrative penalties, fines or litigation costs, and increased operational compliance costs.	Improve <i>the Employee Handbook</i> and various human resource management systems, optimize employee management processes, and carry out regulatory training and internal compliance audits.
 Health safety risk	Incomplete implementation of occupational health and safety management measures may cause harm to employees' health.	Potential employee casualties, regulatory penalties or compensation costs, and business losses due to reputation crises.	Strictly implement the environmental, health and safety management system, provide and update protective facilities, and conduct regular safety training and drills.
 Training and development risk	The disconnection between training and business needs, resulting in limited improvement of employees' technical capabilities; production progress is also affected by training.	Potential waste of training costs; the company's strategic transformation and technological upgrading are hindered by talent shortage, restricting enterprise development.	Formulate training plans based on the company's strategy, establish a sound training system, and monitor the entire process of "training - practice - evaluation - feedback".
 Employee turnover risk	Loss of core talents leads to the absence of key technologies, and low team morale results in slow business progress.	Rising recruitment and employee training costs; loss of projects due to insufficient corporate competitiveness and reduced revenue.	Establish a fair and competitive salary system, clarify career development paths, and build a positive corporate culture.

Opportunity category	Opportunity description	Potential financial impact	Response measures
 Employee interests and rights	Improve business stability and ensure enterprise production progress.	Enhance employee loyalty and reduce operational costs.	Continuously optimize corporate culture construction and improve employee satisfaction
 Employee capacity improvement	Rapid employee growth and enhanced competitiveness to meet the enterprise's needs for innovation and transformation.	Improved enterprise operational efficiency, enhanced market competitiveness and business growth.	Promote employees' personal development and career planning, and continuously improve their professional capabilities.
 Talent introduction	Master key technologies in the industry and improve the overall quality of the professional team.	Enhance the enterprise's innovation capacity and its leading position in the industry.	Respond quickly to changes in market demand and continuously reserve high-level talents.

Impact, risk and opportunity management

Identification and evaluation

Before employee onboarding, we verify the previous company and relevant work references of candidates either directly or through third-party agencies, making sure that the hiring process remains fair, just, and transparent, and is free from any external legal violations. Through closely following the changes in national laws, regulations and relevant policies and systems, the Human Resources Department and the Legal Compliance and Risk Control Department conduct comparative inspections on the existing management processes and systems, and adjust and update them in a timely manner to avoid potential illegal and non-compliant risks. We also extensively collect employees' opinions and suggestions through the company's OA system, company email, democratic meetings and other channels, and pay attention to potential risks in salary payment, overtime management, production safety and other aspects.

Monitoring and response




GYBYS has formulated relevant control plans for operational compliance risks. For example, in the event of labor disputes, different departments would intervene jointly to understand employees' demands and actively conduct mediation; if mediation fails, the Legal Compliance and Risk Control Department would follow up on the handling of relevant legal matters.

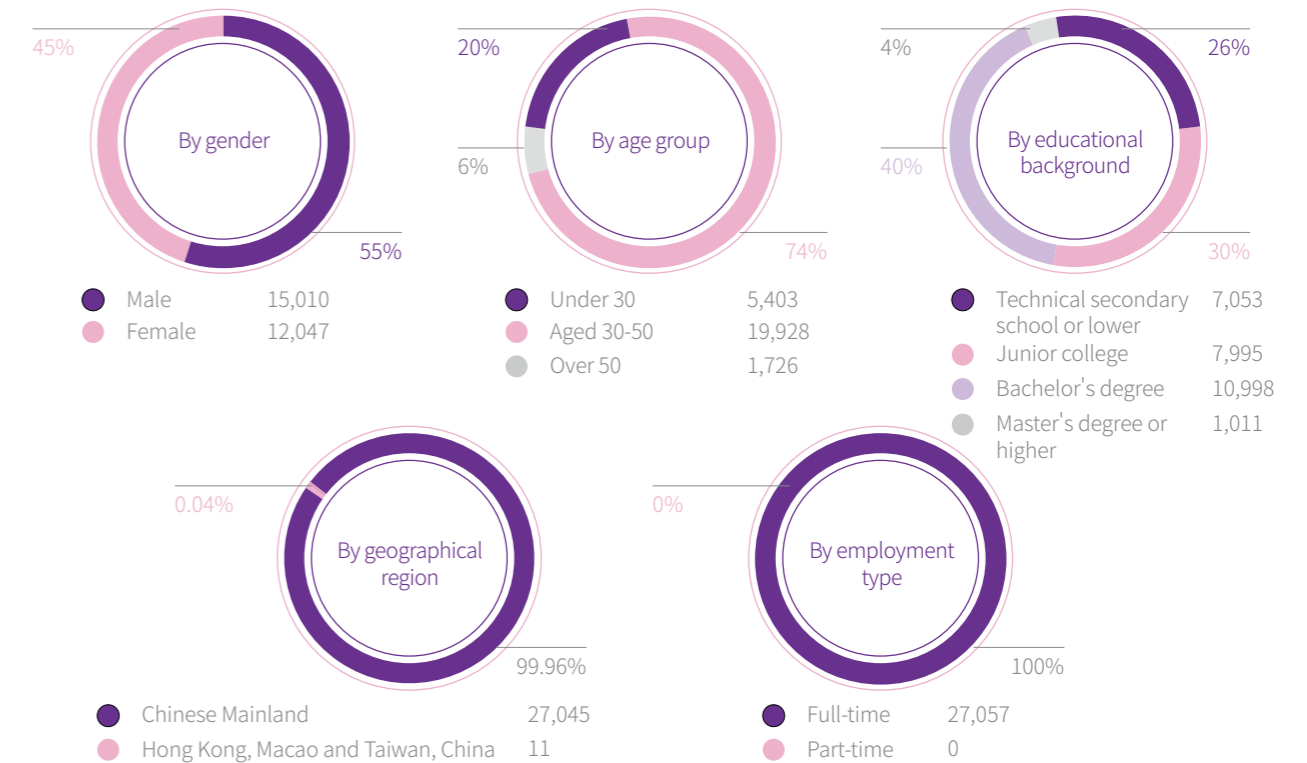
We continuously improve the occupational health and safety management system, guide our subsidiaries in carrying out standardized occupational health management. The Company has conducted comprehensive, whole-chain and systematic learning on production safety management and effectively monitored potential health and safety risks in order to respond in a timely manner when facing dangers.

In response to potential training and development risk, we have conducted in-depth special investigations and research based on the enterprise's actual situation and development needs. Training demands of various departments and positions have been collected and combined with daily work arrangement for the rational implementation of key special training and regular training. Moreover, we have closely tracked the transformation of training effects to reduce the risks of negative impacts caused by inappropriate training.

For the possible employee turnover risk, the Human Resources Department would identify the real driving factors of employee turnover, such as salary, department management, company culture, promotion and development through interviews and data analysis. After effective communication and analysis, measures such as improving the working environment, establishing a fair and competitive salary system and formulating career development channels would be taken to enhance employees' sense of identity.

Metrics and targets

Goal	Progress in 2025	Plan for 2026
 Compliant employment	No child labor, forced labor or labor disputes incidents occurred in the company.	Conduct regular risk investigation work.
 Inclusiveness and equality	No discrimination or harassment incidents occurred in the company, and a diversity policy for employees has been established.	Conduct regular risk investigation work.
 Employee rights, interests and benefits	The company has effectively improved employee benefits and continued to implement the supplementary medical insurance plans.	Timely collect employees' feedback and conduct optimization continuously.



Legal Employment

Warm workplace

GYBYS guarantees every employee's right to equal employment. When hiring new employees, we firmly uphold the principles of fairness and justice and observe the job requirements. We treat each employee equally regardless of their nationality, race, religious beliefs, gender, and age. By fully respecting the diversity and differences among our employees, we are dedicated to creating and maintaining an inclusive, equal, and harmonious work environment, and maintain a zero-tolerance policy toward any form of discrimination.



27,057 employees in total
100% signing rate of labor contract
100% social insurance coverage of employees

1,200 new hires			
Indicator		Number of people in 2025	Proportion in 2025 (%)
Newly hired employees by gender	Male	568	47
	Female	632	53
Newly hired employees by age group	Under 30	697	58
	Aged 30-50	480	40
	Over 50	23	2

Compensation and benefits

GYBYS formulates and strictly implements the *Compensation Management System, the Performance Management System and the Attendance Management System*. The Company pays employees' salaries and contributes to employees' social insurance on time every month. In 2025, the number of paid annual leave days per employee is 7.58 days.

We continuously advance the reform of the salary and performance system, strengthening the orientation towards enterprise development and employee incentives. We comprehensively review the assessment systems of GYBYS and its subsidiaries, optimizing the indicator system to enhance rationality, pertinence, and operability. We have completed the design of the employee performance management plan through advancing the construction of a comprehensive performance management system and linking performance results with salary incentives.

An employee's salary consists of fixed wages (including basic salary, position salary, overtime subsidy), performance wages (including monthly performance wages and year-end bonuses), and allowances (including transportation subsidies and communication subsidies)

We provide female employees with women's health insurance, childcare facilities or donations, as well as breastfeeding/lactation facilities. In line with relevant provisions, we also grant prenatal examination leave, maternity leave, paternity leave, lactation leave, parental leave and other types of leave, which will not affect their welfare benefits or eligibility for full-attendance awards.



We timely connect and handle relevant procedures one month before employees retire to ensure the smooth social transfer of retired employees.

We offer social security and housing provident fund, corporate annuities, supplemented medical insurance, critical illness and hospitalization insurance; paid leave, employee shuttle bus, free meals at work, festival care, annual health check-ups, talent apartment and other benefits.

Democratic management

GYBYS strictly follows the relevant provisions of the *Trade Union Law of the People's Republic of China*, performing the functions of democratic decision-making, democratic management and democratic supervision. The Company engages employees in the decision-making process on major corporate matters, thus ensuring their rights to information, expression, participation and oversight. The Company oversees its subsidiaries to ensure they implement policies regarding democratic employee management. Specifically, these subsidiaries convene workers' congresses to actively conduct collective consultations on wages, as well as special collective bargaining on occupational health and safety, and the protection of female employees' rights. Through these measures, the Company has strengthened employee participation in key areas such as production safety, labor protection, and women's rights.

Growing together with care

Safety and Health Protection

GYBYS strictly adheres to laws and regulations related to occupational health and safety, including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Law of the People's Republic of China on Work Safety*, the *Fire Protection Law of the People's Republic of China*, and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*. The Company has formulated the Work Safety Management System, supervises subsidiaries in carrying out standardized occupational health management and implements safety responsibilities to effectively safeguard the production safety and occupational health of employees.



Work safety

GYBYS signs the *Letter of Responsibility on Work Safety* with its subsidiaries to reinforce their primary responsibility for work safety. The Company convenes quarterly work safety work meetings and conducts semi-annual assessments of work safety target management, constructing a comprehensive work safety responsibility system that "covers all levels horizontally and vertically." Furthermore, we peg the performance assessment of responsible individuals; in the event of safety accidents, corresponding performance percentages will be deducted in accordance with relevant regulations.

Safety hazard inspection

GYBYS organizes specialized campaigns for the investigation and governance of hidden hazards. The main company leaders of subsidiaries lead on-site inspections to identify safety risks, successfully implementing rectifications for 172 identified hazards. We actively encourage employees to report clues regarding potential hazards, propose prevention and remediation measures based on collected common hidden danger issues, and conduct specialized supervision and inspection work on work safety for outsourced projects.

Awareness communication

GYBYS organizes safety culture and skill enhancement activities such as "Work Safety Month" and "Fire Safety Publicity Month." We actively participate in the 5th National Emergency Science Popularization Explanation Contest and the "Ram City Craftsman Cup" — Guangzhou Safety Skills Competition, enhancing the work safety awareness of all staff through multiple forms and channels.

Hosting comprehensive emergency rescue drills for work safety

On June 23, 2025, GYBYS held the 2025 Comprehensive Emergency Rescue Drill for Work Safety at the WLJ Great Health Nansha Base. The drill simulated scenarios including collapsed packaging materials burying workers, collapsed materials crushing electrical sockets, sparks igniting packaging materials and causing a fire, and workers falling and being trapped in confined spaces. The drill included five subjects: initial disposal, emergency response, on-site rescue, linkage escalation, and emergency termination. It incorporated AED practical operations, enterprise-hospital linkage, and joint rescue by fire trucks and firefighting drones, aiming to test the enterprise's emergency rescue and disposal capabilities for various emergencies across all dimensions.



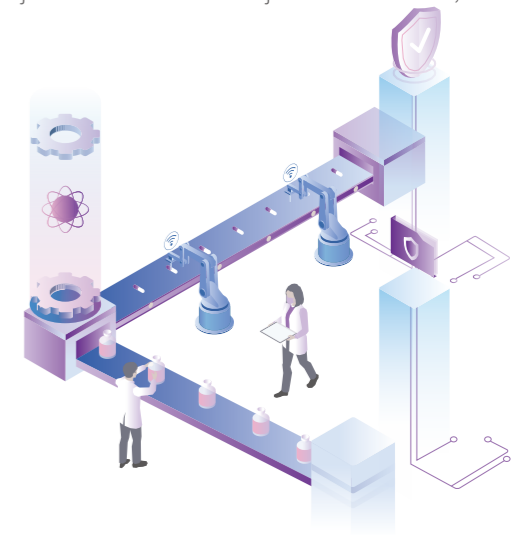
Firmly committed to the concept of safe development, GYBYS and its subsidiaries build a comprehensive safety management system, improve long-term mechanisms, consolidate the all-staff responsibility system and whole-process risk prevention and control system. We have improved our capabilities in risk mitigation and comprehensive rescue, embedding a safety-first mindset in all employees.

Health protection

We provide employees with comprehensive health and safety protection measures, standardize labor employment management, strengthen employee health file management, equip professional teams to handle emergency situations, prepare emergency rescue plans, and organize participation in work-related injury prevention training projects. We strive to avoid injuries and accidents, providing employees with a safe and comfortable working environment.

We focus on the physical and mental health of employees by conducting in-depth psychological care and organizing healthy living knowledge lectures. Baiyunshan General Factory organized mental health lectures with a total of 300 participants and provided one-on-one psychological counseling services for employees in need; HWBYS continues to carry out the "Warmth in Hearts, Love in Hutchison" Employee Assistance Program (EAP), providing daily mental health counseling services.

We actively promote standardized occupational health management in subsidiaries. Multiple subsidiaries, including Wang Lao Ji Pharmaceutical, Baiyunshan Hanfang, Zhong Yi, Qi Xing, Tian Xin, Ming Xing, and Guangyao General Institute, have passed the Occupational Health and Safety Management System certification audit (GB/T45001-2020, ISO45001:2018) and continuously identify and assess employee occupational safety risks and sources.

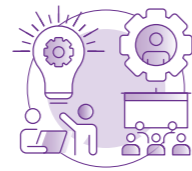


Empowering employee growth

GYBYS consistently regards employees' career development and growth demands as core drivers of corporate development. We have formulated and implemented systems such as the *Promotion Management Measures for Talent Development through Professional Channel*, the *Education and Training Management System*, and the *Regulations on the Selection and Appointment of Enterprise Leaders*, continuously building a robust and efficient training management system to actively promote the mutual growth of employees and the enterprise.

Diversifying the training system

Placing talent cultivation at the core, GYBYS adheres to the concept of teaching students according to their aptitude. We continuously improve resource allocation supporting employee development and provide customized training plans based on the needs and development potential of employees at different levels and categories. By implementing a cultivation strategy of stratified classification and demand-oriented teaching, we build a comprehensive and diversified training system.



Employee training hours: **726,196** hours
Total investment in employee development: RMB **11.3972** million
Cumulatively held approximately **80** special training classes
covering over **15,000** participants.



System Construction

Formed a full-coverage training pattern of "Party - Executive - Labor Union - the Communist Youth League + Business Lines." We formulated a characteristic training system around leadership, Party leadership, professional empowerment, and the Young Seedling Plan, achieving full training coverage for employees of different levels and types.



Platform Building

Collaborated with institutions of higher learning and industry benchmarks to build a dual platform of "External Think Tank + Internal Practical Training," focusing on cultivating employee leadership, digital capabilities, and innovative thinking. We promoted the cultivation of the Guangdong Biopharmaceutical and Health Industry Employment Training Base to effectively support the cultivation and evaluation of skilled talent.



Specialized training

Comprehensively advanced various special training classes, including new employee onboarding camps, training courses for young and middle-aged managers, strategic seminars, enhancing classes for discipline inspection managerial staff, and enhancing classes for marketing talents. Combining industry practice with internal cases, we continuously improve the practicality and forward-looking nature of training.

Smoothing promotion channels

GYBYS has formulated a unified positions system, clarifying roadmaps for talent management channels, professional technical channels, and skill channels. We constructed qualification standards for each position and guided subsidiaries to complete revisions of supporting remuneration and performance systems, strengthening the construction of the positions system.



Revitalizing internal personnel

To break the organizational barriers, we openly recruited talent for core key positions within the enterprise. In 2025, we organized 18 batches of internal open recruitment, selecting and reserving backbone forces for key positions and facilitating the orderly flow of internal personnel.



Optimizing the evaluation system

Constructed a three-dimensional evaluation system of "Performance + Capability + Contribution" and optimized processes. We effectively improved the evaluation mechanism for professional and technical talent, conducting independent reviews for titles in three major series: pharmaceutical engineering, health, and economics in the biopharmaceutical field. During the "14th Five-Year Plan" period, a total of 1,454 people obtained titles through independent review, including 33 senior professional titles, 90 deputy senior titles, 267 intermediate, and 1,064 junior ones.



Managerial staff evaluation

Promoted the formation of a normalized mechanism where "the capable go up, the excellent are rewarded, the mediocre go down, and the inferior are eliminated". Through systems such as *the Implementation Measures for Adjustment of Management Personnel in the Last Percentile and Exit for Incompetence* and *the Implementation Measures for Resignation, Organizational Adjustment, and Organizational Handling of Managerial Staff*, we clarified specific circumstances and procedures for adjusting them who perform poorly.

Employee Care

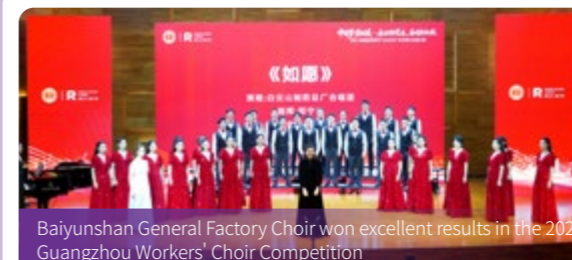
GYBYS continuously carries out diverse care activities, focusing on employees' work-life balance and creating a warm work atmosphere. By conveying respect, sharing joy, and obtaining support, we ensure every employee feels a sense of belonging and recognition.

Hosting the "Gathering Strength for a New Journey, Pursuing Dreams with Fun" fun sports meeting

On December 30, 2025, GYBYS organized a fun sports meeting for all employees. The event used random lottery grouping to reorganize senior executives, middle management, and frontline employees. Through carefully designed fun projects, the event promoted communication and collaboration among employees, breaking down departmental barriers in a relaxed and pleasant atmosphere, and fostering an open, trusting, and vibrant team atmosphere through "integration via competition."



"Tian Xin Cup" Staff Badminton Mixed Team Competition



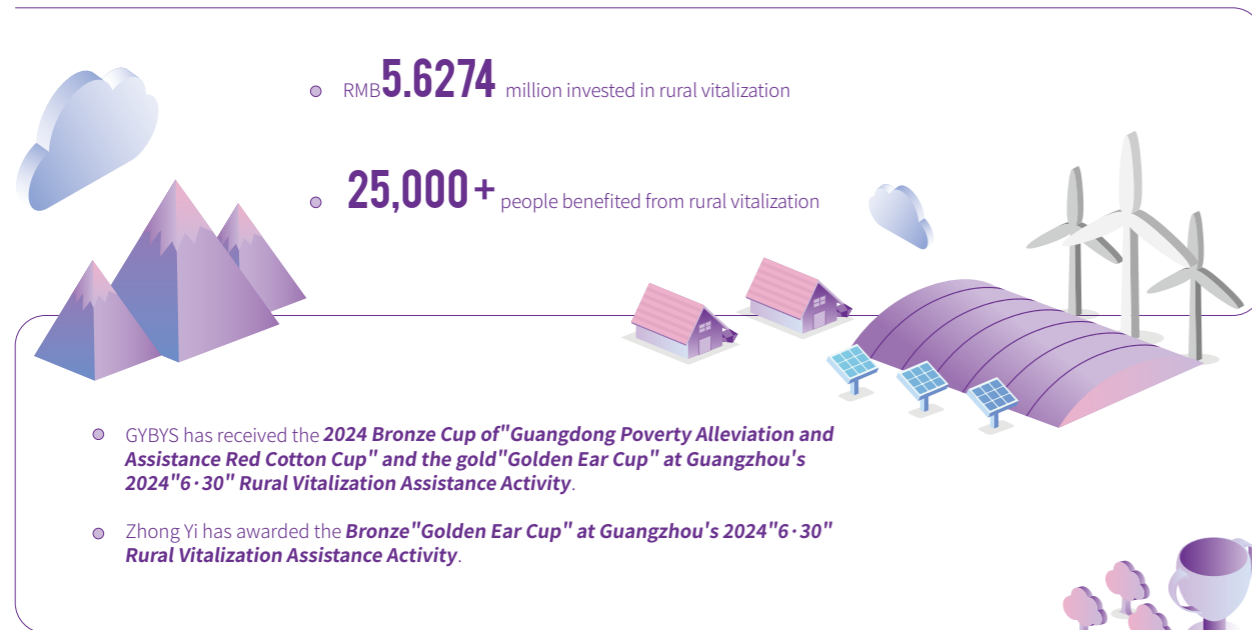
Baiyunshan General Factory Choir won excellent results in the 2025 Guangzhou Workers' Choir Competition



Zhong Yi and Qi Xing jointly held the "Scholarly Guangzhou, Reading to Fulfill Dreams" series of activities

Rural Vitalization

Anchoring the national rural vitalization strategic deployment and closely adhering to the requirements of Guangdong Province's "Hundred-Thousand-Ten Thousand Project," GYBYS deepens industrial assistance based on local resource endowments. We promote the development of whole-chain characteristic industries, striving to build a vitalization system for characteristic industries. By precisely docking with public needs, we improve the quality of life in assisted areas regarding healthcare, education, and infrastructure, painting a new picture of urban-rural common prosperity.



Education service

We have rebuilt plastic tracks and football fields for Nanxing Middle School to improve the educational and sports environment.

Cultural Construction

We have upgraded the "Shengang Community Cultural Activity Center," adding functional areas for reading, activities, and exchanges, as well as barrier-free facilities.

Environmental Remediation

We have constructed centralized water supply facilities for Gaotian Village, Nanxing Town, thoroughly solving drinking water safety issues; implemented the "Road Safety Quality Improvement and Repair Project" for Shengang Village, Fenshui Village, and Huangxi Village to improve travel for the masses; implemented the drainage remediation project for the Mumian Village to Xihu Village section, constructing approximately 400 meters of drainage pipe networks to solve long-term flooding problems.

Exploring characteristic cultivation industry clusters

Taking Nanxing Town, Zhanjiang, as the core for herbal medicines grown in Southern China planting assistance, Cai Zhi Lin constructed a "Authentic Variety + N" characteristic industry chain system. It invested RMB 1.5 million to expand the original one *Microcos paniculata* (Buzhaye) cultivation base to four large-scale bases, achieving a leapfrog development in planting area from 140-mu to 450-mu. This formed a contiguous development trend. Additionally, trial planting of high-value medicinal materials like *Datura metel* (Yangjinhua) was conducted to provide practical samples for characteristic economic crop planting, while promoting the "Lychee + Pineapple" relay cropping to improve comprehensive land revenue.

Li Yuhang, a cadre selected by Cai Zhi Lin, fully performed his role as a "bridge," leading farmers to Yangjiang to learn advanced planting technologies. He built a dual guarantee system of "Market + Technology" and introduced the enterprise's brand, market, and channel resources to Nanxing Town, constantly exploring new paths for diversified industrial development.

Promoting the upgrade of "small specialties" to "big industries"

In Guangdong, WLJ innovatively created a collaboration mechanism of "Leading Enterprise + Research Institutions + Cooperatives + Farmers," forming a "Planting-Processing-Sales" full-chain linkage. This precisely solves the problem of "low prices hurting farmers" and breaks the development bottlenecks of "scattered, small, and weak" existing in county industries. The establishment of lychee clear juice production line solved the pain points of "strong seasonality and difficult preservation" of lychees, ensuring the year-round and global supply of "Li Xiao Ji" series products, benefiting 1.8 million lychee farmers.

In Guizhou, WLJ explored the collaborative model of "Guangdong Enterprise + Guizhou Resources," "Guangdong Headquarters + Guizhou Base," and "Guangdong R&D + Guizhou Manufacturing." It cooperated with local enterprises to build a modern production base capable of producing one million cans daily and united with scientific research teams to conduct in-depth research on the nutritional and health effects of *Rosa roxburghii* (Cili). This opened new market spaces for the industry, enabling Cili from the mountains to reach the world.

Philanthropic Efforts

We persist in practicing the solemn promise of "Spreading love all over the world" through practical actions. We convey warmth to those around us, step forward in times of difficulty, and resolve problems through action, ensuring that every bit of love reaches where it is needed most, allowing the enterprise's growth to resonate with the betterment of society.



Health protection for the "15th National Games"

As the exclusive herbal tea supplier for the 15th National Games of the People's Republic of China (15th National Games), WLJ Pharmaceutical met demands for basic emergency handling for volunteers, staff canteens, and daily drinking guarantees through herbal tea distribution. He Ji Gong donated customized medical kits to the Guangzhou competition zone of the 15th National Games and the 12th. National Games for Persons with Disabilities & the 9th National Special Olympic Games, meeting basic emergency needs. The "Treasure Box of Guangdong Light"—a charity gift box created by Haima Company was delivered to registered journalists at home and abroad via media bags before the opening of the 15th National Games.

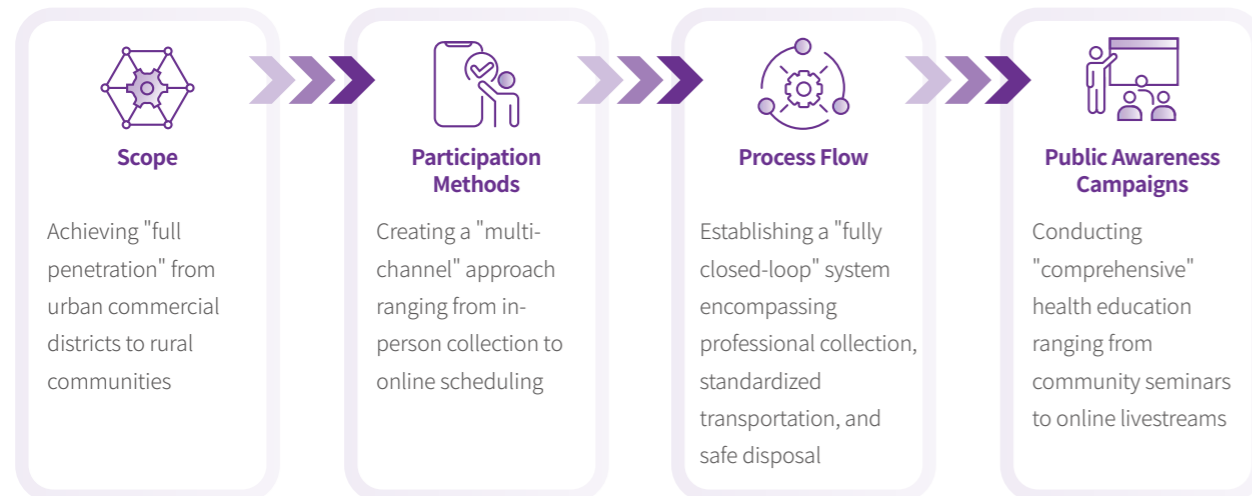


Expired medicine recycling

"Household Expired Medicine Recycling" is our flagship public welfare project. Since its inception in 2004, it has been carried out continuously for 22 years, fostering a collaborative ecosystem among government, businesses, and civil society to address the challenges of medication recycling, and providing practical insights that have contributed to the refinement of policies and the enhancement of public awareness.

On March 23, 2025, the "Building a Healthy Ecological Homeland, Green Recycling with Us: 2025 GYBYS Household Expired Medicine Recycling Public Welfare Activity" was launched on Shameen Island, Guangzhou. In addition to continuing the "Online + Offline" synchronized model launching in over 200 cities and regions nationwide, this event deeply integrated household expired medicine recycling, family health consumption, and Traditional Chinese Medicine (TCM) culture dissemination with the "Green and Beautiful Ecology" construction of Shameen. Through a TCM culture-themed market, we created a green health gathering with public participation.

Expired medicines collected during the GYBYS public welfare activity are transported to disposal points for unified destruction under the supervision of medical products administration departments. "GYBYS Health Medicine Chests" will be applied in bus carriages, bus stops, and other places to meet the emergency medical needs of the general public. In the future, we will continue to expand the coverage of the recycling network, promoting the transformation of household expired medicine recycling from "corporate action" to "national habit," contributing to build a "Healthy China."



Charity services

In January 2025, a 6.8 magnitude earthquake occurred in Tingri County, Xigaze, Xizang Autonomous Region. GYBYS donated RMB 1 million worth of medicines and materials through the Red Cross Society of Guangdong Province to Xigaze. This included medical equipment, daily necessities, and common medicines, providing urgent medical support and living supplies to the earthquake-stricken masses.

In June 2025, Rongjiang County in Guizhou Province was struck by a devastating flood. GYBYS precisely docked with Rongjiang's needs and activated "acceleration" mode. Within 48 hours, the preparation and allocation of emergency medicines and living materials were completed, delivering RMB 500,000 worth of medicines and supplies to the affected masses.

In November 2025, a fire stroke multiple residential buildings in New Territories, Hong Kong. GYBYS responded immediately, rapidly mobilizing resources. Together with WLJ, we donated HKD 5 million in cash and materials to urgently support post-disaster relief in Tai Po District, helping affected compatriots tide over the difficulties with practical actions.

Chen Li Ji hosts "Public Waist Love Day" charity activity

The Chen Li Ji "Public Waist Love Day" charity project, launched in 2016, has formed a health protection engineering project covering 200 cities in 23 provinces and benefiting over 20 million people. On May 21, 2025, Chen Li Ji held the "Love Waist, Healthy China — Supporting National Athletes" Public Waist Love Day Annual AI Health Gala. This event upgraded the traditional diagnosis and treatment model to an "AI-supported Health Service Model," using technology to upgrade public welfare activities from periodic publicity to continuous health protection. The "National Waist Love Volunteer Service Team" was organized to help the public learn scientific information of protecting waist and convey beliefs in health.



Pan Gao Shou conducts Women's Day charity activity

In March 2025, Pan Gao Shou united with multiple nationally renowned chain pharmacies, including Dashenlin, Tianji Pharmacy, Wanhe Pharmaceutical Chain, Zhongyou Health, and Kangbaijia, to carry out the "Prevention of Cold Coughs in Early Spring, Blooming 'Her Power' — GYBYS Pan Gao Shou 'Buy the Right Medicine, Smartly Nourish the Lungs' Women's Day Charity Activity. This brought interesting and intangible cultural heritage experiences and lung-nourishing science popularization to female friends, reminding them to pay attention to common spring cough issues through the explanation of health knowledge.

WLJ Pharmaceutical supports "Book Fragrance Warming Mountainous Areas" project

WLJ Pharmaceutical actively explored the innovative model of "Charity Donation + Cultural Service." Collaborating with the Sun Yat-sen Library of Guangdong Province, the company provided 5,000 books and deeply participated in the cultural volunteer service project of constructing "Book Fragrance Warming Mountainous Areas" charity reading room. The books will be precisely delivered to charity reading rooms in the mountainous areas of eastern, western, and northern Guangdong province, building a bridge to the wider world for children in rural area.

Outlook

GYBYS will remain firmly committed to the path of sustainable development, communicating its universal love with concrete actions. We will further deepen and expand our ESG initiatives, striving to become a benchmark for sustainability within the industry.

In environmental protection, we will continue to advance green manufacturing and energy conservation initiatives, increase the use of clean energy, and reduce our carbon footprint. By introducing advanced environmental protection technologies and equipment, we will further optimize production processes and improve resource utilization efficiency, thus achieving the goal of zero emissions. In the meantime, we will participate in and support various environmental public welfare projects, contributing to ecological and environmental protection progress.

In terms of social responsibility, we will attach greater importance to the occupational health and safety of our employees, offer more training and development opportunities, and foster a positive and forward-looking corporate culture. We will continue to strengthen cooperation with local communities, support public welfare initiatives in the fields of education and healthcare, and help improve living conditions for vulnerable groups. Especially in the pharmaceutical field, we will increase R&D investment to develop higher-quality and more affordable medicines, contributing to global public health.

In terms of corporate governance, we will continuously improve our internal governance structure, strengthen risk management mechanisms, and ensure transparent and fair decision-making. By establishing a robust ESG information disclosure system and regularly publishing ESG reports, we aim to enhance information transparency and welcome oversight from all sectors of society.



Table for Key ESG Performance Indicators

Key Performance	ESG Indicator	Unit	2023	2024	2025
A Environment					
A1 Emissions					
A1.1 ¹	Industrial wastewater	ton	3,100,526.92	2,989,095.53	2,433,461.16
	Density of industrial wastewater	ton/output value of RMB 10,000	1.02	1.41	1.37
	Chemical Oxygen Demand (CODCr)	ton	289.85	251.38	189.71
	Ammonia nitrogen	ton	4.34	6.12	5.19
	NO _x	ton	14.38	19.77	10.54
	SO ₂	ton	0.54	0.85	3.03
A1.2 ²	Total GHG emission	t CO ₂	311,838.40	601,685.83	213,111.52
	Emission of Category 1	t CO ₂	171,468.81	34,042.94	23,390.23
	Emission of Category 2	t CO ₂	123,327.38	137,330.89	131,104.26
	Emission of Category 3	t CO ₂	17,042.21	430,312.00	58,617.03
	GHG emission density	ton/output value of RMB 10,000	0.12	0.28	0.12
A1.3	Pharmaceutical waste (HW02) and waste drugs (HW03)	ton	566.96	483.13	639.96
	Other hazardous waste	ton	521.07	736.66	996.97
	Total quantity of hazardous wastes	ton	1,088.03	1,219.79	1,636.93
	General industrial wastes	ton	49,563.28	51,278.11	44,427.28
A1.4 ³	Density of general wastes	kg/output value of RMB 10,000	19.19	24.25	24.97
	Office, kitchen and office domestic waste	ton	3,648.47	4,055.63	2,595.47
	Non-hazardous waste emission density	kg/RMB 10,000	20.61	26.17	26.43
	Hazardous waste emission density	kg/RMB 10,000	0.42	0.58	0.92
A2 Use of Resources					
A2.1	Gasoline	L	626,357.19	423,093.16	574,210.90
	Diesel	L	821,616.58	597,094.43	574,850.07
	Coal	ton	0.00	0.00	0.00
	Natural gas	10,000 m ³	7,762.64	1,456.10	949.61
	Purchased steam ⁴	ton	1,698,526.18	1,079,457.60	221,357.65
	Purchased electricity	KWh	159,363,983.80	182,316,792.30	174,979,372.22
A2.2	Comprehensive energy consumption ⁵	MWh	1,080,636.25	1,140,402.64	454,533.83
	Water consumption	ton	5,197,246.97	5,052,306.41	4,767,309.83
	Water consumption density	ton/output value of RMB 10,000	2.01	2.39	2.68
A2.5	Packaging material by weight	ton	72,820.11	52,747.13	58,570.17
	Outsourced carton usage	ton	1,905,663.56	329,274.15	351,666.00

¹ Adjustments to monitoring points at subsidiary enterprises have resulted in discrepancies in emission monitoring data.

² For 2025 Scope 3 Category 5 (Operational waste) and Category 6 (Business travel), the statistical scope was adjusted with more subsidiary enterprises included. Emission factors for waste treatment and transport services are referenced from the *China Product Life Cycle Greenhouse Gas Emission Factor Set (2022)* (CAEP, MEE) and *UK DESNZ's Guidance on Greenhouse Gas Emission Factors for Corporate Reporting*, differing from the 2024 accounting methodology.

³ Non-hazardous waste includes office waste, kitchen waste, domestic office waste, and general industrial waste. Hazardous waste includes pharmaceutical waste (HW02), waste drugs (HW03), and other hazardous waste.

^{4,5} A reduction in consumption has been observed owing to adjustments in production conditions and statistical accounting methodologies.

Key Performance	ESG Indicator	Unit	2023	2024	2025
B Social					
B1 Employment and Labour Practices					
B1.1	Total employees	headcount	28,048	28,138	27,057
Gender	Number of male employees	headcount	16,077	16,107	15,010
	Number of female employees	headcount	11,971	12,031	12,047
Age	Number of employees below 30	headcount	5,766	5,409	5,403
	Number of employees aged 30-50	headcount	20,577	20,932	19,928
	Number of employees aged 50 or above	headcount	1,705	1,797	1,726
Educational background	Postgraduate and above	headcount	799	916	1,011
	Undergraduate	headcount	10,057	10,734	10,998
	Junior college	headcount	8,416	8,424	7,995
Category	High school and below	headcount	8,776	8,064	7,053
	Number of full-time employees	headcount	28,034	28,138	27,057
	Number of part-time employees	headcount	14	0	0
B1.2	Number of employee turnover	%	12.48%	10.63%	8.19%
Gender	Turnover rate of male employees	%	14.99%	11.91%	7.99%
	Turnover rate of female employees	%	9.11%	8.90%	8.43%
Age	Turnover rate of employees below 30	%	18.68%	15.92%	11.57%
	Turnover rate of employees aged 30-50	%	10.22%	8.26%	6.06%
	Turnover rate of employees aged 50 or above	%	18.77%	22.26%	22.13%
B2 Health and Safety					
B2.1	Work-related fatalities	headcount	0	1	0
B2.2	Total days lost due to work injuries	day	2,648	4,046	2,887
B3 Development and Training					
B3.1	Male employees trained	headcount	10,128	17,158	15,403
	Female employees trained	headcount	9,673	11,594	11,314
	Senior management trained	headcount	174	167	241
	Middle management trained	headcount	1,290	1,147	1,521
B3.2 ⁶	Employee Training Coverage	%	/	/	98.74%
	Total training hours of all staff	hour	739,652.71	1,028,460.57	790,056.60
	Training hours per employee	headcount/hour	26.37	35.77	29.89
	Training hours of male employee	hour	331,701.74	353,481.15	405,347.93
	Average training hours for male employees	headcount/hour	20.63	20.60	26.32
	Training hours of female employees	hour	314,823.96	674,979.42	384,708.67
	Average training hours for female employees	headcount/hour	26.30	58.22	34.00
	Training hours of senior management	hour	8,484.06	8,279.07	15,654.30
	The average training hours of senior management	headcount/hour	48.76	49.58	64.96
	Training hours of middle management	hour	52,976.73	54,753.39	84,331.10
	Average training hours of middle management	headcount/hour	41.07	47.74	55.44
	Safety-related training sessions	session	908	1,176	1,353
Participants of safety-related training	Person-time	150,072	83,629	168,640	
Total hours of safety-related training	hour	116,616.08	148,358.20	156,734.50	
Safety drills	session	276	320	324	

⁶ Training formats adjusted: some subsidiaries reduced offline and off-site training; others increased training for middle and senior management. Employee training coverage = Number of trained employees / Total employees

Key Performance	ESG Indicator	Unit	2023	2024	2025
B Social					
B5 Supply Chain Management					
B5.1	Number of suppliers	/	6,653	7,744	8,514
	South China	%	40.64%	40.51%	43.97%
	East China	%	25.72%	26.07%	28.53%
	North China	%	6.22%	6.19%	6.70%
	Central China	%	6.39%	6.56%	7.21%
	Northeast China	%	5.71%	5.84%	7.99%
	Northwest China	%	5.02%	4.69%	4.84%
	Southwest China	%	9.69%	9.50%	9.93%
	Hong Kong, Macao and Taiwan, China	%	0.39%	0.39%	0.56%
	Foreign	%	0.21%	0.26%	0.22%
B5.2	Number of annual supplier audits	/	4,677	4,569	4,605
B6 Product Responsibility					
B6.1	Percentage of products recalled for safety and health reasons	%	0.002%	0	0
B6.2	Total customer calls	time	29,602	22,552	28,008
	Complaint (involving "product quality" and "service quality")	time	2,928	2,616	2,973
	Percentage of customer complaint response	%	100%	100%	100%
	Consumer privacy protection training	session	29	33	49
B7 Anti-corruption					
B7.1 ⁷	Legal cases regarding corrupt practices	case	0	0	8
	Fines imposed on issuers or employees	million	0	0	10.3
B7.3	Directors trained in anti-corruption training	headcount	35	36	58
	Total hours of anti-corruption training for directors	hour	117	54	214
	Total trainees of anti-corruption training for employees	headcount	3,455	17,283	9,334
	Total hours of anti-corruption training for employees	hour	9,378.60	27,317.90	22,750
	Total trainees of anti-corruption training for suppliers	headcount	—	379	1,027
	Total hours of anti-corruption training for suppliers	hour	—	346	378
B8 Community Investment					
B8.2	Fund donation and Article donation	RMB 10,000	2,817.04	1,729.94	1,442.18
	Number of volunteers	headcount	2,983	2,952	3,070
	Volunteering hours	hour	13,185.87	10,414.40	6,954.14

⁷ All fines in the cases were imposed on employees.

Note

Data calculation methods and relevant coefficients are computed with reference to *How to Prepare an Environmental, Social and Governance (ESG) Report issued by the Hong Kong Exchange (HKEX)* and the *Guidelines for Greenhouse Gas Emission Accounting and Reporting of Enterprises in Other Industrial Sectors (Trial)* released by the National Development and Reform Commission (NDRC) of the People's Republic of China.

ESG Indicator Index

Reporting framework		Environmental, Social and Governance Reporting Guide issued by Stock Exchange of Hong Kong Limited	Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)
About This Report		Part B Mandatory Disclosure Requirements	/
A Letter from the Board of Directors		/	/
About Us		Part B Mandatory Disclosure Requirements	/
Sustainability management		Part B Mandatory Disclosure Requirements	Stakeholder communication
2025 Focus		/	/
Fine Governance for a Promising Future	Robust Corporate Governance	Part B Mandatory Disclosure Requirements	Due diligence
	Business Ethics	Anti-corruption	Anti-corruption and anti-bribery Anti-unfair competition
	Compliance Management		/
	Stronger Party Leadership		/
Comprehensive Regulation for Premium Quality	Strict Product Quality Control	Product Responsibility	Product and Service Safety and Quality
	Product Accessibility		Data security and customer privacy protection
	Customer Rights and Interests Protection		
Sustained Innovation for a Healthy Population	Strengthening R&D innovation	Product Responsibility	Sustained Innovation Ethics of Science
	Ethics of Science		
	IPR Protection		
	Digital Transformation		
	Inclusive Healthcare		Product and Service Safety and Quality
Environmental Stewardship for a Low-Carbon Future	Response to Climate Change	Climate Change	Response to Climate Change
	Resource Use		Resource Use Water resources management Circular economy
	Pollution discharge and waste disposal		Environmental compliance Management Pollution discharge Waste disposal
	Ecosystems and biodiversity conservation		Ecosystems and biodiversity conservation
Collaborating for progress Jointly Building A Resilient Future	Sustainable Supply Chains	Supply Chain Management	Supply chain security Treating SMEs equally
	Supplier Management		
	Supply Chain Quality		
	Industry Development		
With Love, We Enjoy A Better Future Together	Employee Rights and Benefits	Employment	Employee
	Legal Employment	Health and Safety	
	Growing together with care	Development and Training Labour Standards	
	Rural Vitalization	Community	Rural vitalization
	Philanthropic Efforts	Investment	Social contributions
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