神威藥業
SHINEWAY

China Shineway Pharmaceutical Group Limited
中國神威藥業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2877

LEADING
MODERN CHINESE MEDICINE
PROMOTING
HEALTH INDUSTRY



2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Introduction

This Environmental, Social and Governance Report (the "Report") summarizes the environmental, social and governance ("ESG") initiatives, plans and performance of China Shineway Pharmaceutical Group Limited and its subsidiaries (the "Group" or "Shineway"), and demonstrates its commitment to sustainable development. The Group publishes an ESG report in April each year. This Report is the tenth ESG report released by the Group. This Report has undergone the internal audit process of the Group and has been reviewed by the Corporate Social Responsibility and Sustainability Committee and the Board of Directors (the "Board").

Reporting Period

The Report details the activities, information, challenges and measures taken by the Group for the year ended 31 December 2025 (the "Reporting Period" or "2025").

Reporting Scope

Unless otherwise stated, the key performance indicators ("KPIs") in this Report cover the Group's principal subsidiary in the research and development ("R&D"), manufacturing and sale of Chinese medicine, namely Shineway Pharmaceutical Group Co., Ltd., located in Luancheng, Shijiazhuang, Hebei Province, China.

Reporting Framework

This Report is prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The report content is also disclosed in accordance with GRI standards. Information related to the Group's governance practices and structure has been set out in the 2025 Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Report is compiled in accordance with the four reporting principles of the ESG Reporting Code, including "quantitative", "consistency", "materiality" and "balance".

Quantitative	The Group has established internal guidelines and procedures with reference to industry practices and guidelines, laws and regulations of the Stock Exchange and relevant government departments, collected environmental and social performance data from various business departments, and retained relevant monitoring instrument records or supporting documents. For standards, methods and assumptions for calculating performance data (if applicable), please refer to the relevant sections in this Report.
Consistency	The statistical method of disclosure in this Report is the same as last year's report, and the same data statistics and conversion methods are used. Relevant historical data has been disclosed in this Report, allowing stakeholders to better understand and compare the Group's sustainable development performance.
Materiality	When defining important ESG issues related to the Group's business and stakeholders, we maintain communication within and outside of the Group to understand their expectations and recommendations. We are in close contact with stakeholders, including employees, investors, customers, suppliers, local government agencies, and local relations organizations, whether they are affected by or have significant influence on our operations.
Balance	This Report presents the Group's ESG performance in an impartial manner.

Contact Us

We value feedback from stakeholders. If you have any questions or suggestions regarding the Report or the Group's performance in sustainable development, please feel free to contact the Group via email at info@shineway.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHAIRMAN'S STATEMENT

On behalf of the Group, I am pleased to present the Group's tenth ESG report, reviewing the Group's performance on sustainable development in 2025, in areas including corporate governance, environmental protection, employee care, service quality and community participation.

Brand and Sustainability

With the ambition of leading the new Chinese medicine industry and strengthening our core competitiveness, we continue to refine and adapt our future development strategy. Sustainable development is extremely important for our long-term development and therefore it has been incorporated into our development strategy. To support this, we have established the Corporate Social Responsibility and Sustainability Committee, which are dedicated to overseeing and advancing the Group's corporate social responsibility efforts. Additionally, to reduce the environmental impact of our operations, we thoroughly consider emissions, resource usage, and other environmental factors, and embrace green production practices. We are also conscious of global sustainability challenges and have integrated the United Nations Sustainable Development Goals (the "SDGs") into our policy-making processes.

In order to prioritize the more significant ESG matters, the Board takes into account the opinions of different stakeholders, continues to communicate with them and regularly invites them to participate in materiality assessments. Information on stakeholder communication channels and materiality assessment conducted by the Group are set out in the sections headed "Stakeholder Engagement" and "Materiality Assessment" respectively.

Our Achievements in 2025

As a pharmaceutical company, we regard public health and development of the Chinese medicine industry as our responsibilities. The Group actively invests resources in R&D and innovation, and has applied for 367 invention patents and has 197 authorized invention patents, including 13 foreign invention patents. The Group has undertaken various national and provincial scientific research projects over the years.

During the Reporting Period, Peony and Licorice Decoction Granules, Loquat Lung Clearing Drink Granules and Sheng Xian Decoction Granules, classical traditional Chinese medicine formulae independently developed by Shineway, received approval from the National Medical Products Administration for market launch. This marks Shineway's second, third and fourth approved classical formula following Yi Guan Jian Granules. In June 2025, Shineway's project, "Research and Application of Hawthorn Leaves—A Hebei Specialty Traditional Chinese Medicinal Material—and Their Formula Granules", stood out in the evaluation for the Hebei Science and Technology Progress Awards and received the Third Class Prize. Additionally, Shineway was listed among the Top 100 Private Enterprises in Hebei Province in 2025.

Charitable Activities

The Group has always adhered to the "people-oriented" human resources management philosophy, and has not forgotten to care for the needs of employees and increase their sense of belongingness. In addition, the Group actively participates in and organizes charitable projects and public welfare activities, hoping to increase medical knowledge and improve well-being of the general public.

The Group was deeply saddened by the Tai Po fire incident in Hong Kong. Approximately RMB4.374 million of our RMB4.782 million total donation for the year has been designated for the Tai Po fire incident in Hong Kong, to support its emergency relief efforts, including shelter assistance, humanitarian services, and ongoing recovery support for those in need. We also provide volunteer training for employees from time to time to strengthen our corporate culture and improve employees' sense of social responsibility. During the Reporting Period, we recorded approximately 846 volunteer hours.

Looking to the Future

We understand that environmental sustainability is closely related to human well-being and public health, so we have implemented a comprehensive strategy to reduce our carbon footprint and minimize environmental harm during our operations. In addition, we actively support the development and promotion of environmentally friendly alternatives in the production of traditional Chinese medicines. By integrating climate awareness into our business model, we strive to create a healthier and more sustainable future for our stakeholders and the planet.

On behalf of the Board and the management, I would like to express my sincere gratitude to all employees, business partners and customers for their unwavering support in the past year. The Group will continue to make great strides forward and contribute to the sustainable development of the traditional Chinese medicine industry in China.

Li Zhenjiang
Chairman of the Board

Hong Kong, 27 March 2026

BLOOMBERG ESG DISCLOSURE
ENVIRONMENTAL

	Unit	2025
Disclosure		
Scope of disclosure		**Yes**
Reporting basis consistency		**Consistent**
GRI criteria compliance		**Yes**
Verification type		**Internal Verification**
Emissions		
Greenhouse gas ("GHG") (Scope 1)[1]	tCO_2e	**50,995.42**
GHG (Scope 2)[1]	tCO_2e	**23,588.45**
Total GHG emissions (Scope 1 and 2)	tCO_2e	**74,583.87**
GHG (Scope 3)[1]	tCO_2e	**17,715.93**
Total GHG emissions (Scope 1, 2 and 3)	tCO_2e	**92,299.80**
Carbon offsets		**Not Applicable**
NO_x emissions	tonnes	**4.90**
SO_x emissions	tonnes	**1.85**
Dust emissions	tonnes	**0.74**
Energy		
Electricity used	kWh	**26,674,720.00**
Fuel used – Diesel	kWh	**260,802.73**
Fuel used – Liquefied petroleum gas	kWh	**160,116.89**
Fuel used – Natural gas	kWh	**155,691.02**
Fuel used – Acetylene	kWh	**531.00**
Steam	kWh	**199,869,560.00**
Total energy used	kWh	**227,121,421.64**
Water		
Total water use	tonnes	**280,444.00**
Water withdrawal	tonnes	**280,444.00**
Water discharged	tonnes	**194,444.00**
Water consumption derived	tonnes	**84,000.00**
Chemical oxygen demand of discharges	tonnes	**23.77**
Waste Management		
Total waste	tonnes	**11,694.35**
Hazardous waste	tonnes	**2.35**
Materials		
Raw material used	tonnes	**9,116.70**
Paper consumption	kg	**9,681.42**

	Unit	2025
Spills		
Number of significant spills	number	–
Amount of significant spills	tonnes	–
Environmental Fines		
Number of environmental fines	number	–
Amount of environmental fines	RMB	–
Certified Sites		
ISO 1400 certified sites		**Yes**
% sites certified	percentage	**100%**
Operational Policy		
Energy Efficiency Policy		**Yes**
Emissions Reduction Initiatives		**Yes**
Environmental Supply Chain Management		**Yes**
Environmental Quality Management Policy		**Yes**
Green Building Policy		**Yes**
Sustainable Packaging		**Yes**
Waste Reduction Policy		**Yes**
Water Policy		**Yes**
Biodiversity Policy		**Yes**
Climate Change Policy		**Yes**
Climate Change Opportunities Discussed		**Yes**
Risks of Climate Change Discussed		**Yes**

Note:

1. *Our GHG emissions include CO_2, CH_4 and N_2O and are converted to reflect the CO_2 equivalent. The data is presented with reference to including but not limited to the "Greenhouse Gas Inventory Protocol: Corporate Accounting and Reporting Standards" published by the World Resources Institute and the World Business Council for Sustainable Development, the "Guidelines for Accounting Methods and Reporting of GHG Emissions in Other Industries in Hebei Province" published by the Hebei Province Development and Reform Commission and China's latest regional power grid baseline emission factors. Direct GHG emissions (Scope 1) mainly include boiler combustion emissions, while indirect GHG emissions mainly include electricity consumption (Scope 2) and industrial wastewater anaerobic treatment (Scope 3).*

SOCIAL

	Unit	2025
Employees		
Number of employees	number	**2,822**
Employee turnover rate	percentage	**20.82%**
Number of temporary employees	number	**–**
% employees unionized	percentage	**100%**
Employee Diversity		
% women in workforce	percentage	**52.27%**
% women in middle and or other management level	percentage	**21.57%**
% minorities in workforce	percentage	**3.72%**
Gender Pay Gap		
Gender pay gap breakout		**Yes**
Employee Training		
Employee training cost	RMB	**778,924**
Total hours spent by firm – employee training	hours	**2,971**
Safety		
Workforce accidents	number	**7**
Lost time from accidents	hours	**5,920**
Total recordable accident rate		**0.38**
Fatalities – Total	number	**–**
Fatalities – Employees	number	**–**
Fatalities – Contractors	number	**–**
Community & Customers		
Community spending	RMB	**4,782,000**
Number of customer complaints	number	**–**
Policy		
Anti-bribery Ethics Policy		**Yes**
Business Ethics Policy		**Yes**
Employee CSR Training		**Yes**
Employee Protection/Whistle Blower Policy		**Yes**
Equal Opportunity Policy		**Yes**
Fair Remuneration Policy		**Yes**
Health and Safety Policy		**Yes**
Human Rights Policy		**Yes**
Training Policy		**Yes**
Policy Against Child Labour		**Yes**
Consumer Data Protection Policy		**Yes**
Sustainable Development Goals Policy		**Yes**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GOVERNANCE

	2025
Board Structure	
Size of the Board	7
Unitary or two-tier board system	Unitary
Number of employee representatives on Board	–
Classified Board system	Yes
Board Independence	
Number of non-executive directors on Board	4
% non-executive directors on Board	57.14%
Number of independent directors	3
% independent directors	42.86%
CEO duality	Yes
Independent chairperson	No
Independent lead director	No
Presiding director	No
Former CEO or its equivalent on Board	No
Board & Executive Diversity	
Number of women on Board	2
% women on Board	28.57%
Female chief executive officer or equivalent	No
Number of female chairperson or equivalent	1
CEO or equivalent appointed from within	No
Number of female executives	11
% female executives	21.57%
Age of the youngest director	50
Age of the oldest director	70
Board of directors age range	50-70
Board average age	59
Board duration (years)	3
Executive director Board duration	3
Board Meetings	
Number of Board meetings	8
Board meeting attendance %	100%
Independent directors board meeting attendance %	100%
Number of directors attending less than 75% of meetings	–

	2025
Audit Committee	
Size of Audit Committee	**3**
Number of independent director on Audit Committee	**3**
% independent director on Audit Committee	**100%**
Independent Audit Committee chairperson	**Yes**
Number of non-executive director on Audit Committee	**3**
Number of Audit Committee meetings	**4**
Audit Committee meeting attendance %	**100%**
Remuneration Committee	
Size of Remuneration Committee	**3**
Number of independent director on Remuneration Committee	**2**
% independent director on Remuneration Committee	**66.67%**
Independent Remuneration Committee chairperson	**Yes**
Number of non-executive director on Remuneration Committee	**2**
Number of Remuneration Committee meetings	**1**
Remuneration Committee meeting attendance %	**100%**
Outside compensation advisors appointed	**No**
Nomination Committee	
Size of Nomination Committee	**3**
Number of independent director on Nomination Committee	**2**
% independent directors on Nomination Committee	**66.67%**
Independent Nomination Committee chairperson	**No**
Number of non-executive director on Nomination Committee	**2**
Number of Nomination Committee meetings	**1**
Nomination Committee meeting attendance %	**100%**
CSR/Sustainability Committee	**Yes**
Related Party Committee	**No**
Strategy Committee	**Yes**
Board & Executive Activities	
Non-executive director with responsibility for CSR	**Yes**
Executive director with responsibility for CSR	**Yes**
Executive compensation linked to ESG	**No**
ESG-linked compensation for Board	**No**
Shareholder Rights	
% ownership required for special meeting	**10%**
Poison pill plan	**No**
Shareholder approved poison pill	**No**
Dual class unequal voting rights – Common shares	**No**

ESG RATIO

	Unit	2025
GHG		
GHG intensity per sales[1]	tCO_2e/sales (in million RMB)	**29.44**
GHG Scope 1 intensity per sales[2]	tCO_2e/sales (in million RMB)	**16.26**
GHG Scope 2 intensity per sales[2]	tCO_2e/sales (in million RMB)	**7.52**
GHG intensity per EBITDA[3]	tCO_2e/EBITDA (in million RMB)	**64.73**
GHG intensity per gross fixed assets[4]	tCO_2e/gross fixed assets (in million RMB)	**27.98**
GHG intensity per net fixed assets[5]	tCO_2e/net fixed assets (in million RMB)	**73.93**
GHG intensity per employee[6]	tCO_2e/employee	**32.71**
GHG intensity per assets[7]	tCO_2e/assets (in million RMB)	**8.56**
Scope 3 GHG per employee[2]	tCO_2e/employees	**6.28**
Energy		
Energy (electricity) intensity per sales	kWh/sales (in million RMB)	**8,507.55**
Energy (electricity) intensity per EBITDA	kWh/EBITDA (in million RMB)	**18,708.34**
Energy (electricity) intensity per employee	kWh/employee	**9,452.42**
Energy (electricity) intensity per assets	kWh/assets (in million RMB)	**2,475.12**
Energy intensity per sales	kWh/sales (in million RMB)	**72,437.34**
Energy intensity per EBITDA	kWh/EBITDA (in million RMB)	**159,291.79**
Energy intensity per employee	kWh/employee	**80,482.43**
Energy intensity per assets	kWh/assets (in million RMB)	**21,074.38**
Water		
Water consumption intensity per sales	tonnes/sales (in million RMB)	**89.44**
Water consumption intensity per EBITDA	tonnes/EBITDA (in million RMB)	**196.69**
Water consumption intensity per employee	tonnes/employee	**99.38**
Water consumption intensity per assets	tonnes/assets (in million RMB)	**26.02**
Waste		
Waste intensity per employee	tonnes/employee	**4.14**
Waste generated per assets	tonnes/assets (in million RMB)	**1.09**
Waste generated per sales	tonnes/sales (in million RMB)	**3.73**
Other Environmental Parameters		
NO_X emissions per sales	tonnes/sales (in million RMB)	**0.0016**
SO_X emissions per sales	tonnes/sales (in million RMB)	**0.0006**
Paper consumption per sales	kg/sales (in million RMB)	**3.09**
Paper consumption per employee	kg/employee	**3.43**

	Unit	2025
Social		
Women management to employees ratio		**0.004**
Lost time per employee	hours	**2.10**
Community spend per EBITDA	RMB/EBITDA (in million RMB)	**3,353.86**
Community spend per equity[8]	RMB/equity (in million RMB)	**593.17**
R&D expenditures per cash flow[9, 10]	RMB/net cash flow from operation activities (in million RMB)	**94,418.60**
Actual net income per employee[11]	RMB/employee	**336,622.25**
Actual personnel expenses per employee[12]	RMB/employee	**119,732.46**
Governance		
% of non-executive directors on Board	percentage	**57.14%**
% independent directors	percentage	**42.86%**
% women on Board	percentage	**28.57%**
% of female executives	percentage	**31.08%**
Board of directors age range		**50-70**
Board average age		**59**
Board meeting attendance %	percentage	**100%**
Independent directors Board meeting attendance %	percentage	**100%**
% of independent directors on Audit Committee	percentage	**100%**
Audit Committee meeting attendance %	percentage	**100%**
% of independent directors on Remuneration Committee	percentage	**66.67%**
Remuneration Committee meeting attendance %	percentage	**100%**
% of independent directors on Nomination Committee	percentage	**66.67%**
Nomination Committee meeting attendance %	percentage	**100%**

Notes:

1. *During the Reporting Period, the Group's sales amount was approximately RMB3,135.419 million (2024: approximately RMB3,778.043 million). This data is also used to calculate other intensity data.*

2. *Our GHG emissions include CO_2, CH_4 and N_2O and are converted to reflect the CO_2 equivalent. The data is presented with reference to including but not limited to the "Greenhouse Gas Inventory Protocol: Corporate Accounting and Reporting Standards" published by the World Resources Institute and the World Business Council for Sustainable Development, the "Guidelines for Accounting Methods and Reporting of GHG Emissions in Other Industries in Hebei Province" published by the Hebei Province Development and Reform Commission and China's latest regional power grid baseline emission factors. Direct GHG emissions (Scope 1) mainly include boiler combustion emissions, while indirect GHG emissions mainly include electricity consumption (Scope 2) and industrial wastewater anaerobic treatment (Scope 3).*

3. *During the Reporting Period, the Group's EBITDA was approximately RMB1,425.82 million (2024: approximately RMB1,314.199 million). This data is also used to calculate other intensity data.*

4. *As at 31 December 2025, the Group's gross fixed assets were approximately RMB3,299.037 million (as at 31 December 2024: approximately RMB3,215.262 million). This data is also used to calculate other intensity data.*

5. *As at 31 December 2025, the Group's net fixed assets were approximately RMB1,248.527 million (as at 31 December 2024: approximately RMB1,219.402 million). This data is also used to calculate other intensity data.*

6. *As at 31 December 2025, the Group's total employee number was 2,822 (as at 31 December 2024: 3,220). This data is also used to calculate other intensity data.*

7. *As at 31 December 2025, the Group's total assets were approximately RMB10,777.135 million (as at 31 December 2024: approximately RMB10,041.53 million). This data is also used to calculate other intensity data.*

8. *As at 31 December 2025, the Group's total equity was approximately RMB8,061.814 million (as at 31 December 2024: approximately RMB7,466.906 million). This data is also used to calculate other intensity data.*

9. *During the Reporting Period, the Group's R&D expenditures was approximately RMB103.102 million (2024: approximately RMB100.522 million).*

10. *During the Reporting Period, the Group's net cash from operation activities was approximately RMB1,091.967 million (2024: approximately RMB967.913 million). This data is also used to calculate other intensity data.*

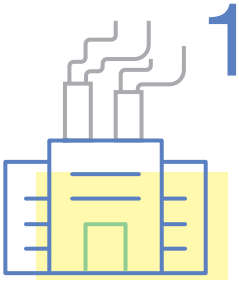
11. *During the Reporting Period, the Group's net income was approximately RMB949.948 million (2024: approximately RMB840.052 million). This data is also used to calculate other intensity data.*

12. *During the Reporting Period, the Group's personnel expenses were approximately RMB337.885 million (2024: approximately RMB458.855 million).*

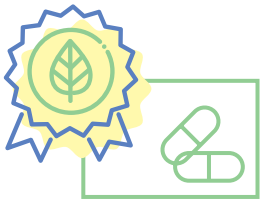
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ACHIEVEMENTS IN SUSTAINABLE DEVELOPMENT

Sewage discharge intensity in tonnes/million RMB sales reduced by approximately



15.5%

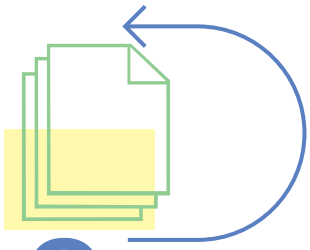


Peony and Licorice Decoction Granules, Loquat Lung Clearing Drink Granules and Sheng Xian Decoction Granules approved for market launch

The male to female ratio of all employees was close to



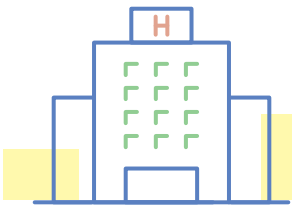
1:1



0 cases of drugs being recalled

Local suppliers accounted for

99.7% of all suppliers





Approximately **846** hours and **RMB4.782** million were invested in public welfare activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT SHINEWAY

Shineway is mainly engaged in the R&D, manufacturing and trading of Chinese pharmaceutical products. The Group's products are mainly used for treatment of eight major areas including cardiovascular and cerebrovascular drugs, respiratory system drugs, digestive system drugs, pediatric drugs, gastric drugs, strengthening and tonic drugs, nervous system drugs and gynecological drugs, and the products are also mainly sold in China. The headquarter of the Group is located in Luancheng, Shijiazhuang, Hebei Province, China. China is also the place where our business is located and the relevant country for the topics covered in this Report.

In 2024, Shineway was included as a constituent stock of the Hang Seng Composite Index, becoming one of the index's 514 listed companies. Simultaneously, Shineway was included in the lists of the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect. Following this inclusion, mainland funds can directly invest in Shineway's stock, which has further increased awareness of Shineway in the capital market, doubled its trading volume, and also brought upward momentum to the stock price. This shows that Shineway's growth potential and long-term value have been recognized by the market.

Between 2023 and 2025, four classical traditional Chinese medicine formulae independently developed by Shineway — Yi Guan Jian Granules, Peony and Licorice Decoction Granules, Loquat Lung Clearing Drink Granules and Shengxian Decoction Granules — were approved for market launch by the National Medical Products Administration, becoming the Group's first four approved products in this category. In addition, Shineway was named among the Top 100 Private Enterprises of Hebei Province in 2025.

Apart from the business development, the Group also actively supports and recognizes international initiatives on sustainable development and climate change, including but not limited to the United Nations SDGs and the Paris Agreement, and integrates the ideas into our policies and operations. We have also joined the China Association of Traditional Chinese Medicine and the China Medicinal Biotechnology Association to obtain the latest industry information and strengthen communication with peers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CORE VALUES

1. Respect for Life

Respect for life is our eternal pursuit: to treat patients with high-efficacy drugs, to improve the quality of life with high-quality products, and to cherish corporate life with a responsible attitude. All actions are taken on the above basis and we make unremitting efforts to achieve this goal.

Integrity is our solemn oath to respect life. Shineway employees believe honesty is the best policy and regard quality as a lifetime commitment to society. The Group gained social recognition and trust from its clients, and our products are well received by customers as the Group made profits with righteousness, justified interests, integrity and modesty. We treat people with sincerity and carry out business with integrity to achieve long-term stability and sustainable development.

2. Respect Value

The Group emphasizes that employees should respect and acknowledge our core values, as well as recognize our business' social value. We only retain those who fulfil the requirements of our value system. Under the premise of respecting the Group's value system, we respect the self-realization of employees, and provide them the opportunities to unleash their full potential. Realizing the value of our employees can maximize our corporate value, promoting interactive growth of employees and the Group.

3. Focus on Stringent Management and Detailed Works

Shineway strongly believes stringent management is the unchanging principle in the industry that we operate in, which demonstrates our accountability to consumers, society, employees, corporate and shareholders, enhances our environmental awareness and reflections on failure, and consolidates the foundation of the Group. We believe stringent management, which is the cornerstone of Shineway's culture, to retain talents and ethics, ensure product quality and production efficiency, as well as nurture spirits.

Shineway requires employees to exercise due care in their work and pay attention to details; employees should improve their skills constantly and should not muddle along. Through continuous and refined processes and systems, our success depends on investigation, planning, arrangement and review with due care in every aspect of our work.

4. Promote Innovation

Innovation is the driving force for Shineway's sustainable development, which is essential for the Group's new undertakings, laying the foundation of the Group in the new economic era. We believe that innovation is the cornerstone for success. We must constantly innovate to outperform our competitors, go beyond yesterday and achieve breakthroughs.

Shineway strives to create a relaxing innovation environment, establishes and improves the innovation system, tolerates employees' mistakes in the innovation process, but does not allow the occurrence of same mistakes; and strengthens innovation incentives, increases investment in innovation; maintains close external cooperation, clears information channels and encourages various forms of innovative activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MISSIONS

Shineway is committed to:

- Providing consumers with efficient, safe and cost-effective drugs to protect their health and enhance their quality of life;
- Winning the respect and trust of business partners with integrity and efficient management style, building a long term partnership with them under the principles of equity and mutual beneficial cooperation;
- Increasing wealth and provide job opportunities for society, promote the country's healthcare industry through charitable activities, and promote the Chinese medicine culture as a national tradition through the pursuit of modernization of Chinese medicine; and
- Continuously attracting and cultivating employees who love the healthcare industry and are self-motivated, creative and responsible and provide them with rewards in terms of material assurance, social status and value realization. The mutual growth with our employees will enable us to achieve a leading market position and increase profits to achieve sustainable corporate growth.

SUSTAINABLE DEVELOPMENT GOALS POLICIES

We echo the "2030 Agenda for Sustainable Development" and the 17 SDGs adopted at the United Nations Summit. We have also formulated the "SDGs Target Policy" to fully support these goals, especially in areas where the Group can play an important role, related to good health and well-being and responsible consumption and production. We recognize the importance of promoting and ensuring the health and well-being for all, and strive to contribute to this goal through our products and services. We are committed to responsible consumption and production by optimizing resource utilization, minimizing waste generation and implementing sustainable production. This includes integrating environmentally friendly materials and processes, as well as actively engaging in recycling and waste reduction measures. By adhering to the principles of the United Nations SDGs, we aim to have a positive impact on society and the environment, and create a sustainable future for the coming generations.



Goal 3: Good Health and Well-being

The Group actively promotes social health protection and health services to ensure that everyone has access to safe, effective, high-quality and affordable medicines. Related disclosure, please refer to the following sections:

B6. Product Responsibility — Product Quality and Safety

B6. Product Responsibility — R&D and Innovation

B8. Community Investment — Charitable Activities Participated or Organized by the Group



Goal 12: Responsible Consumption and Production

The Group actively promotes sustainable management and adopts relevant measures in the production process, aiming to reduce waste production through prevention, emission reduction, recycling and reuse; in addition, the Group will also include sustainability information in reporting cycles. Related disclosure, please refer to the following sections:

A1. Emissions — Hazardous and Non-hazardous Waste Disposal

B5. Supply Chain Management — Environmental and Social Risk Management of Supply Chain

B5. Supply Chain Management — Sustainable Supply Chain Management

GOVERNANCE STRUCTURE AND STATEMENT OF THE BOARD

Oversight of ESG Issues

The Board holds the ultimate responsibility to lead and monitor the Group, providing oversight and supervision of the Group's affairs, including the ESG management approach, strategy, goals, targets, and policies. As part of its governance role, the Board reviews the Group's sustainable development strategy and is responsible for approving the Report. To better manage ESG performance and identify potential risks, the Board oversees materiality assessments with the assistance of the Corporate Social Responsibility and Sustainability Committee (the "Committee") to identify, evaluate, and prioritise material ESG issues with reference to stakeholders' opinions.

Corporate Social Responsibility and Sustainability Committee

The Committee is established to facilitate the Board's oversight of ESG matters and is composed of one Executive Director and three Independent Non-Executive Directors. Under the monitoring of the Committee, a Task Force, including representatives from the General Manager Office, Finance, Audit, Purchasing, Quality Assurance, Environment, Administrative and the Human Resources departments, is responsible for managing climate-related matters.

The Group's ESG governance structure is as follow:



CLIMATE-RELATED DISCLOSURE

GOVERNANCE

The Board considers a broad spectrum of climate-related risks and opportunities in setting the Group's strategic direction, ensuring these factors are integrated into its oversight of strategy, major transactions, and policies. ESG considerations and stakeholder expectations are embedded in decision-making by assessing whether proposed transactions, controls and mitigation measures align with the Group's climate commitments, balancing short-term financial implications with long-term resilience.

The Board oversees the development of climate-related targets, ensuring they are grounded in credible data and supported by clear execution plans, while reviewing progress and addressing gaps. Although climate-related performance indicators are not yet incorporated into remuneration policies, the Group's commitment to its climate objectives remains intact.

The Committee's duties include formulating and reviewing the Group's visions and strategies, setting relevant policy targets and KPIs, collecting and analysing ESG data, and monitoring performance against targets. The Committee meets annually to assess the effectiveness of existing ESG policies and reports to the Board through a structured reporting mechanism of regular briefings and ad hoc reporting to assist the Board in identifying the Group's climate-related risks and opportunities. The Committee further identifies external factors related to sustainable development to ensure strategies remain aligned with the business model.

Under the Committee's oversight, a working group comprised of the General Manager Office, Finance, Audit, Purchasing, Quality Assurance, Environment, Administrative and the Human Resources departments is responsible for managing climate-related matters. Internal controls and review mechanisms, such as periodic climate-related risks assessments and cross-functional reviews of regulatory developments, are integrated into business units. The Committee ensures climate insights inform the Board regularly.

All Directors and members of the Committee have received sustainability training, and such training is embedded in their ongoing development. The Board keeps abreast of industry trends and emerging ESG developments, including energy policies, regulatory updates, and evolving market best practices. Furthermore, the Committee and Task Force continue to monitor and organize staff training related to corporate social responsibility and sustainable development.

Where appropriate, the Group will also seek assistance from external resources and expertise to improve the Group's ESG performance.

STRATEGY

Extreme weather is getting more serious, and tackling climate change has become a global consensus. We are also aware that climate-related risks and opportunities may cause direct impact to the operations of the Group or indirect impact on the supply chain, thereby resulting in financial impacts on the Group. In order to avoid and mitigate these risks and ride on opportunities, the Group has established the "Climate Change Policy" to formulate climate change policy guidelines and strategies consistent with global best practices, and to take sufficient measures to build climate resilience.

Strategic Timeline

We have defined clear time horizons to guide the effective implementation of our strategy and to track our progress throughout the journey. Each period represents a deliberate phase of action, allowing us to build momentum in a structured and measurable way. By defining the purpose of each period, we ensure that our efforts remain focused, coordinated, and aligned with our overarching ambition.

Short Term (1-5 years): Our near-term priorities centre on strengthening operational efficiency, ensuring full compliance, and building the data and governance foundations needed to support our broader ESG strategy.

Medium Term (6-10 years): Over the medium term, we will make meaningful progress on our ESG targets that embed sustainable practices across our operations. These goals are designed to deliver measurable improvements on our material topics and align with our corporate strategic planning.

Long Term (10+ years): Our long-range ambitions focus on transformational outcomes that contribute to wider societal and environmental goals, including climate action and the transition to a circular economy. These aspirations position us to play a leading role in shaping a sustainable future.

Managing Climate-related Risks and Opportunities

Climate change presents both risks and opportunities. We take a balanced approach that considers potential positive and negative impacts, enabling us to maximise value while minimising adverse effects on our business.

Physical Risks, Transition Risks and Opportunities

We categorise climate-related impacts into physical risks, transition risks and opportunities that are reasonably expected to affect our cash flows, access to finance, or cost of capital.

Physical risks: These include acute events—such as extreme heat, rainfall, storms and other natural disasters—that may disrupt our supply chain and infrastructure, as well as chronic changes like rising sea levels and shifting climate patterns that could affect long term business viability.

Transition risks: They stem from the global shift toward a low carbon economy, including more stringent laws and regulations on environmental protection, carbon emission and waste generation. Technological developments and changing market preferences for green companies may require adjustments to our business model and operations. These changes may lead to increased risks of regulatory non-compliance resulting in legal, technological, market and reputational risks.

Opportunities: The transition to a low-carbon business model may bring us opportunities. Growing ESG awareness among consumers gradually shapes the market as preferences shift toward more responsible businesses. Efforts to improve energy efficiency and reduce waste not only lower operating costs in the short-term, but also help streamline and optimize operations over the medium term. Emerging low-carbon markets are expected to mature within the next three to ten years, creating new opportunities for growth and innovation. By actively disclosing ESG performance and taking concrete action, we can enhance our reputation, attracting new capital and customers.

Effects on Business Model and Value Chain

The Group has identified the following risks and opportunities on its business model and value chain:

Risk Type	Description	Effects on Business Model	Effects on Value Chain
Physical Risks			
Acute Risk	Increased severity of extreme weather • Extreme heat • Rainfall/flooding • Tropical cyclones	• Damages property and assets in areas affected by extreme weather • Increases need for air-conditioning and energy use • Affects employee health and safety • Disrupts utilities supply • Increases maintenance costs and insurance premiums • Reduces short-term revenue • Impacts asset values	• Interrupts supply chains • Reduces availability of insurance on assets in risks exposed areas • Lowers sales/output due to business disruption • Disrupts cloud services • Affects costs and availability of utilities
Chronic Risk	Variability in climate and precipitation patterns • Changing climate patterns		
Transition Risks			
Regulatory Risks	• Increased carbon pricing • Mandatory reporting obligations • Regulation of existing products and services • Exposure to litigation	• Increases regulatory requirements on carbon pricing • Retires existing assets early due to policy changes • Changes in energy efficiency standards • Increases costs on adopting new processes for compliance	• Induces structural changes in compliance throughout the value chain • Increases risks from non-compliance of suppliers or partners • Reduces demand for high-emissions products and services • Lowers profit margin due to upstream compliance costs

Risk Type	Description	Effects on Business Model	Effects on Value Chain
Market Risks	• Changing consumer behaviour • Unpredictable market demand • Changes in competitive landscape	• Changes input prices (e.g. legal and compliance expenses) • Increases output requirements (e.g. on waste treatment and emission control)	• Disrupts existing upstream and downstream partnerships as procurement shifts toward greener alternatives
Technological Risks	• Substitution of existing products and services • Unsuccessful investment in new technologies • Costs of transition	• Retires existing technology early • Increases research and development expenses • Increases costs on adopting and acquiring new technology	• Alters competitive dynamics • Increases procurement costs along the value chain
Reputational Risks	• Criticism of industry sector • Negative stakeholder feedback	• Increases the difficulty of talent retention and workforce planning • Lowers ability to attract capital	• Reduces demand of goods and services throughout the value chain • Reduces the production capacity of suppliers with reputational concerns

Opportunity Type	Description	Effects on Business Model	Effects on Value Chain
Efficiency Gains	• More efficient and diverse service offerings • Savings from optimising resources • Energy and water efficiency • Use of new technologies	• Improves efficiency from flexible work arrangements during extreme weather • Improves profit margins • Benefits employee health, satisfaction, and productivity • Reduces exposure to fossil fuel price increases • Increases capital availability	• Increases capacity and resource utilisation throughout the value chain • Reduces procurement costs due to upstream improvements
Supply Chain Resilience	• Strong supplier partnership increases business viability	• Increases resilience at times of climate unpredictability • Lowers risks of business disruptions	• Improves competitiveness by collaborating standards • Increases reliability of supply chain
Market Opportunities	• Access to new markets • Opportunity to expand geographically	• Increases revenue source from new markets • Diversifies geographically	• Fosters maturity of the entire value chain via expanded product and service offerings
Consumer Preference	• Changes in consumer behaviour and expectations	• Opens up new revenue streams • Increases market share of green companies	• Incentivizes sustainable innovation throughout the value chain, driven by downstream demands

Climate Resilience

While a more elaborated and comprehensive climate scenario analysis is still under development, we have evaluated our physical risks, transition risks and opportunities across short-, medium-, and long-term horizons, and determined that these risks and opportunities could influence our strategy, resource allocation, and overall capacity to adapt under different climate scenarios. Despite thorough consideration, we also recognize significant uncertainties, including future policy directions, technology adoption rates, and the severity of climate impacts.

Our climate-related risks and opportunities are concentrated in Hong Kong and a few major cities in China, which are our principal places of operations. Nonetheless, these cities are characterised by well-developed infrastructure, strong emergency preparedness, and robust public healthcare systems. These conditions help moderate exposure to acute physical risks and support continuity across our business activities. Our long-standing partnerships with key suppliers also help enhancing our climate resilience, enabling coordinated responses to climate-related disruptions across the value chain.

Our Adaptation and Mitigation Plans

Based on the identified risks and opportunities, we have formulated the below adaptation and mitigation measures to tackle physical risk, transition risks, and opportunities:

Type	Adaptation and Mitigation Measures
Physical Acute Risks	To effectively tackle the acute risks, we have a robust emergency plan that includes staff training to enhance our resilience: • Implement localized mitigation measures and conduct regular drills to address increasingly severe weather risks; • Ensure business continuity with strong supplier partnerships; • Activate contingency plans with flexible work arrangements in event of extreme weather; • Advise employees to undertake precautionary measures when necessary; • Promote ventilation and cooling improvements in facilities to improve working conditions; • Position servers, air conditioners, and other critical equipment in locations that meet required flood and wind resistance standards; and • Explore energy-efficient equipment and alternative energy sources to reduce reliance on traditional energy supplies.
Physical Chronic Risks	Consideration is given in our long-term planning to tackle chronic risks: • Apply Chinese medicine waste residues from the production process as a substitute for boiler coal to reduce reliance on fossil fuels; • Consider flood hazards during office and retail site selection; • Use water-saving equipment and retrofit existing equipment to improve water efficiency; and • Assess alternative water source availability in case of shortages.
Transition Risks	We are strengthening climate governance, and accelerating the shift toward low-carbon technologies and business models to tackle transition risks: • Monitor market trends and changes in legal requirement to ensure we satisfy the demands of customers and authorities at all times; • Maintain transparency by producing high-quality climate disclosure; • Collaborate with suppliers to promote adoption of low-carbon processes and technologies; and • Consider climate-related risk in products, services, and value chain to ensure market risks are effectively monitored.

Type	Adaptation and Mitigation Measures
Opportunities	We leverage industry insights to identify and secure emerging climate-related opportunities: • Develop lower-carbon product and service offerings; • Invest in energy-efficient and low-emission technologies to reduce costs; • Explore opportunities to invest in green bonds to support climate-positive investments.

Current and Anticipated Financial Effect

The Group did not recognize any impairment loss on assets damaged by acute risks in FY2025. We have not yet deployed any capital expenditure, financing or investment towards climate-related risks and opportunities. Internal carbon prices are currently not applied in our decision-making.

Our Long-term Transition Plan and Targets

A long-term transition plan will set out a clear direction to transform our operations and value chain into a low carbon, climate resilient business. Building on our assessment of climate-related risks and opportunities, our long-term transition plan establishes phased targets aligned with our ambition and guides capital planning, operational improvements, and supplier engagement. Key actions include expanding alternative energy use, improving energy efficiency, reducing resource intensity, promoting low carbon transport, and strengthening waste and materials management through circular economy practices.

Adaptation is equally central to our long-term strategy. We will integrate climate-related risk considerations into business continuity planning. Collaboration with stakeholders supports effective implementation, while transparent reporting ensures accountability. Continued investment in innovative technologies will guide the Group throughout its transition journey.

Our transition plan relies on the collective efforts of our employees and broader community, as well as the pace at which the national grid decarbonises. The Group develops its target internally based on its strategic planning and did not apply the Science Based Target initiative's Sectoral Decarbonisation Approach. The use of carbon credits to achieve any net targets is currently not considered. Below sets forth the phrased targets over our time horizon:

Targets

GHG emissions intensity (Scope 1 & 2)	• Short term: 2% reduction when compared to 2025 • Medium-term: 5% reduction when compared to 2025 • Long-term: 10% reduction when compared to 2025
Non-hazardous waste intensity	• Short term: 2% reduction when compared to 2025 • Medium-term: 5% reduction when compared to 2025 • Long-term: 10% reduction when compared to 2025
Energy consumption intensity	• Short term: 2% reduction when compared to 2025 • Medium-term: 5% reduction when compared to 2025 • Long-term: 10% reduction when compared to 2025
Water consumption intensity	• Short term: 2% reduction when compared to 2025 • Medium-term: 5% reduction when compared to 2025 • Long-term: 10% reduction when compared to 2025

RISK MANAGEMENT

Risk Management Framework

The Group has in place a comprehensive risk management framework. Climate-related risk and opportunity identification, assessment, prioritisation, and management are fully integrated into the Group's overall risk management processes. The relevant policy and processes are reviewed annually and updated when necessary.

Climate-related risks and opportunities are examined across the Group through a coordinated, multi-level process. Strategic direction is set at the top, with the Board providing oversight and regularly reviewing the most significant climate-related issues. At the same time, operational teams contribute detailed, ground-level insights by assessing their own exposures on an annual basis. When a potential risk is identified, the relevant department will design and carry out mitigation actions, followed by ongoing reviews to ensure that the controls remain robust and effective over time.

All identified climate-related risks and opportunities play a role in shaping our strategic direction, operational priorities, and internal policies. We evaluate each item based on its potential impact and the likelihood of occurrence, creating a clear profile that supports informed decision-making. Risks that score highly on both impact and likelihood are elevated in priority and addressed ahead of lower-rated issues to ensure our resources are focused where they matter most.

STAKEHOLDER ENGAGEMENT

Stakeholders, as a group directly related to sustainable development of the Group, play an essential role in the decision-making process of the Group's ESG management system and policy making. We consider a wide range of different stakeholders, including individuals and organizations that have an impact on our business or are directly or indirectly affected. We always maintain adequate communication with stakeholders to help the Group assess the impact of its ESG decisions and internal control mechanisms, truly understand and respond to the needs of different stakeholders in a timely manner, and adjust its own development direction.

The Group maintains close communication through different channels with different key stakeholders, and actively responds to the opinions and needs of stakeholders. We will continue to strengthen the participation of stakeholders through constructive dialogue so as to draw a blueprint for long-term prosperity and development. The communication channels between the Group and its key stakeholders and their corresponding expectations are as follows:

Key Stakeholders	Material Topics and Issues Being Raised	Communication Channels	Communication Frequency
Senior management and the Board	• Operation compliance • Economic performance	• Training and seminars • Meetings • Intranet	• Regularly • Regularly • Annually
Employees	• Working environment • Employees' benefits • Work performance • Industrial knowledge	• Management newsletter and performance evaluations • Employee newsletter and broadcasting • Intranet	• Annually • Annually • Annually
Investors and shareholders	• Performance • Development strategy • Operational prospect • Information and activities updates	• Annual general meeting • Financial reports • Announcements and circulars • Investor conferences • Roadshows • Monthly newsletter • Investor relation officer • Hotline • Site visits • Customer meetings	• Regularly • Regularly • Regularly • Regularly • Regularly • Monthly • Annually • Annually • Annually • Annually
Customers	• Product quality • Health and safety • Service quality • Personal information protection	• Customer satisfaction survey and feedback form • Customer service center • Customer service manager • Customer meetings and company visits	• Annually • Annually • Annually • Annually

Key Stakeholders	Material Topics and Issues Being Raised	Communication Channels	Communication Frequency
Suppliers	• Quality of raw materials • Supplier's environmental and social risks • Fair and open procurement	• Supplier management conferences and events • Supplier on-site audit management system	• Regularly • Regularly
Government and regulatory bodies	• Operation compliance	• Work conferences • Performance reports • Written responses to public consultation	• Regularly • Regularly • Annually
Communities, non-governmental organizations and the media	• Green operation • Public health • Corporate social responsibility	• Seminars, lectures and workshops • Public and community events and partnership projects on different issues • Company investment projects • Company visits	• Regularly • Regularly • Annually • Annually

The Group will take into account the expectations of our stakeholders when formulating our operational strategies and ESG measures, and work together to continuously improve our ESG performance to create greater value for the community.

MATERIALITY ASSESSMENT

In order to better understand the opinions and expectations of stakeholders on the ESG performance of the Group, we conducted an annual materiality assessment during the Reporting Period. The specific steps are as follows:

First Stage

Based on the Group's business development and the results of the materiality assessment performed last year, we have identified and confirmed our list of ESG topics. The list covers a total of 25 issues that have a significant impact on the economy, environment and society and have a high degree of impact on stakeholder assessment.

Second Stage

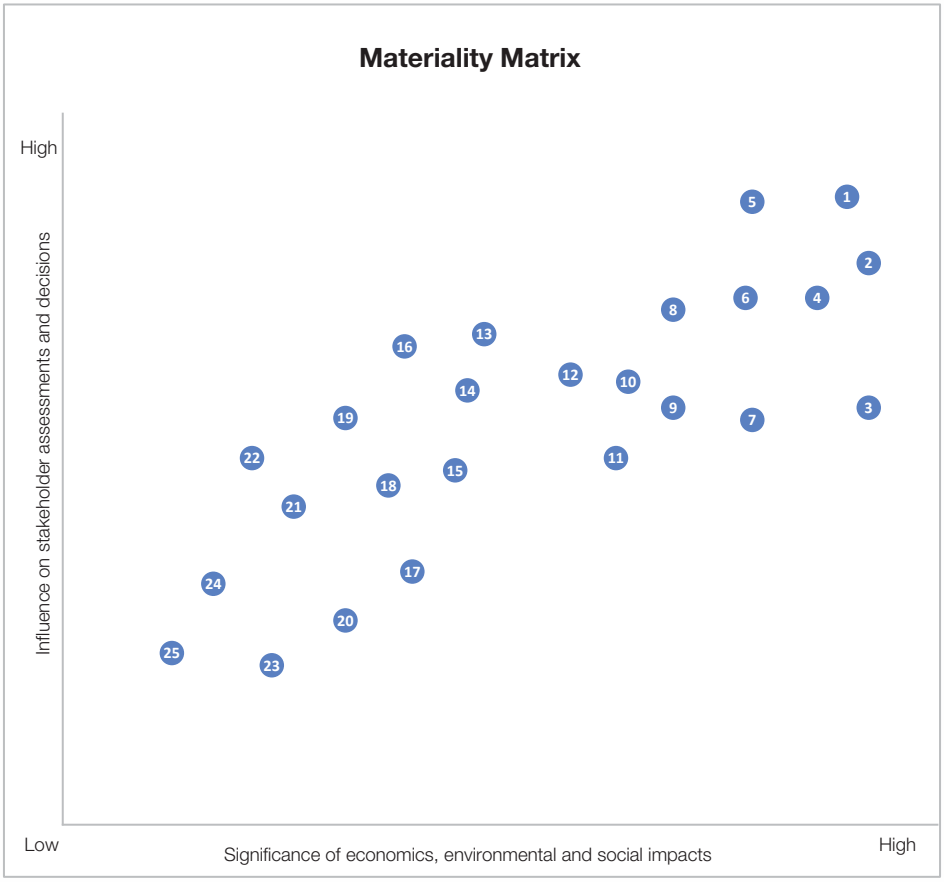
Conduct materiality assessment based on the core content of the issues in the list, design a questionnaire, invite stakeholders to assess the importance of the issues and express their views on the Group's ESG aspects through open-ended questions. This assessment covers key stakeholders.

Third Stage

Collect, sort and analyze the questionnaire, prioritize the importance of the 25 topics and compile the materiality matrix.

The Group's management reviewed and discussed the opinions of stakeholders and the results of the materiality assessment, and determined the key points of disclosure in this Report as well as the key points for improving ESG performance in the future.

The following is the Group's materiality matrix during the Reporting Period. The topics marked in the upper right corner of the matrix are those that have a greater impact on the development of the Group's business and are most concerned by stakeholders.



No.	ESG Issue	No.	ESG Issue
1.	Quality and safety of products and services	14.	Green production
2.	Operation compliance	15.	Remuneration and benefits of employees
3.	Risk management	16.	Anti-corruption and anti-fraud
4.	Customer satisfaction and information and privacy protection	17.	Consumption of packaging materials
5.	Corporate social responsibility	18.	Environmental impacts of construction projects
6.	Recruitment, promotion, and dismissal	19.	Climate change mitigation and adaptation
7.	Energy consumption	20.	Emissions management
8.	R&D and innovation	21.	Water consumption
9.	Intellectual property protection	22.	Product labelling and advertising
10.	Occupational health and safety	23.	Equal opportunity, diversity and anti-discrimination
11.	Sustainable supply chain management	24.	Fair and open procurement
12.	Development and training of employees	25.	Prevention of child and forced labour
13.	Indirect economic impact		

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control mechanism for ESG issues are established, and confirmed that the information disclosed meets the requirement of the ESG Reporting Code.

A1. EMISSIONS

The following table shows the Group's relevant material topics, targets set, and their respective status:

Material Topics	2025 Targets	Status
GHG emissions intensity (Scope 1 & 2)	Maintain the Group's GHG emissions intensity (Scope 1 & 2) to be not higher than the 2024 level	Not achieved Mainly due to increased use of coal-fired boilers
Non-hazardous waste intensity	Maintain the Group's non-hazardous waste intensity to be not higher than the 2024 level	Achieved

As a leading Chinese pharmaceutical manufacturer, the Group has been committed to environmental protection and strictly complies with the environmental laws and regulations formulated by the national and local environmental authorities. Such laws and regulations related to the prevention and treatment of wastewater, exhaust gas and industrial pollution include, but are not limited to, the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》), the Emission Standards for Water Pollutants from Chinese Pharmaceutical Industries (GB 21906-2008) (《中藥類製藥工業水污染物排放標準(GB 21906-2008)》), and the Atmospheric Pollutant Emission Standard of the Thermal Power Plants (《火電廠大氣污染物排放標準》). Besides, the Group paid the environmental protection tax according to the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護税法》).

The Group has formulated relevant policies, regulations and procedures to regulate the generation of sewage and exhaust gas pollution in production operations, including but not limited to the "Policy on the Management of Environmental Self-regulatory Systems" (《環保自律體系管理規程》), "Policy on the Management of Environmental Protection Responsibility" (《環保責任制管理規程》), "Policy on the Management of Pollution Control Facilities" (《污染治理設施管理 規程》), "Policy on the Solid Waste Management" (《固體廢物管理規程》), and "Environmental Protection Assessment Rules" (《環境保護考核細則》). The Group has been awarded the ISO14001 certification by the British Standards Institution ("BSI"), which recognizes the standards of environmental protection measures at its production facilities.

In addition, according to the requirements of the national "Sewage Discharge Permission" (91130000757518418T001W), national and local environmental protection laws and regulations, requirements of technical specifications for environmental monitoring and actual conditions of the Group, the Group has prepared its corporate internal-monitoring plans for pollution generated, standardized and carried out internal monitoring activities, understood the emission status of pollutants and their impacts, and ensured that its responsibilities on environmental protection have been fulfilled. The Group has followed China's environmental laws and regulations, formulated the "Construction Project Environmental Impact Assessment and 'Three Simultaneous' Management Procedures". According to that procedure, environmental impact assessment is required to carry out and pass before the commencement of a new construction project to ensure that the production process satisfies the required environmental standards.

In order to ensure that the measures are implemented, the Vice President of Environmental Protection oversees the Group's environmental management work, and all major departments have to cooperate with the Vice President of Environmental Protection and also responsible for implementing relevant environmental policies under their scope of work. The Security Department is also required to formulate self-monitoring plan annually to regularly monitor wastewater, exhaust gas, noise and other discharge outlets. Under the leadership of the Vice President of Environmental Protection, major meetings are held for reporting the work progress of environmental protection and resolving major issues of environmental protection on timely basis.

The Group has also formulated a "Contingency Plan for Emergent Environmental Incidents", standardizing and strengthening the emergency handling of emergent environmental incidents, focusing on prevention, gradually improves the warning, disposal and aftercare mechanisms for handling emergent environmental incidents. The mechanism also mitigates the negative impacts on the environment and the Group's business operations caused by environmental emergent incidents, including environmental pollution accidents, spills, explosions, transportation accidents, abnormal emissions and natural disasters. The departments related to the "Emergency Plan for Emergencies Environmental Incidents" are required to conduct drills annually, and keep video data and records.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The relevant laws and regulations include, but are not limited to, the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Solid Waste Environmental Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》).

Exhaust Gas and GHG Emissions

The Group uses clean energy sources such as natural gas and other measures, reduces the generation of exhaust gas at source to avoid environmental pollution. In the course of production and operation, the Group actively promotes clean production, energy conservation and emission reduction, and has continuously invested in environmental protection to mitigate emissions.

During the Reporting Period, the Group's NO_x emissions, SO_x emissions and dust emissions were approximately 4.90 tonnes, 1.85 tonnes and 0.74 tonnes respectively (2024: approximately 3.14 tonnes, 1.42 tonnes and 1.07 tonnes respectively).

The Group's GHG emissions intensity (Scope 1 & 2) increased by 20.12% to approximately 23.79 tCO_2e per million RMB sales (2024: approximately 19.80 tCO_2e per million RMB sales) during the Reporting Period. The increase in GHG emissions intensity was mainly due to coal-fired boilers being used for a longer period of time and biomass boilers being used for a shorter period of time, resulting in an increase in the amount of coal consumed and therefore GHG emissions.

In the process of production and operation, the Group actively advocates cleaner production, energy conservation and emission reduction. The Group has standardized the setting of all exhaust vents and does not allow employees to adjust, dismantle or idle the vents without authorization.

In terms of smoke and dust control, the Group has invested a total of RMB30 million in the construction of three sets of electrostatic bag dust removal facilities, two sets of wet electrostatic precipitator facilities, one set of high-efficiency dust removal and defogging facilities, three sets of double alkali desulfurization facilities, and three sets of SNCR French denitrification facilities and three sets of SCR denitrification facilities, which meet the ultra-low emission indicators of environmental protection requirements, namely the "Air Pollutant Emission Standards for Coal-fired Power Plants" (DB13 2209-2015). The emission concentrations reach dust 10mg/m^3, SO_2 35mg/m^3, NO_x 50mg/m^3.

At the same time, we continue to reduce pollutant emissions through management and emission reduction control, and renewed the pollution discharge permit. The flue gas from the three boilers has been processed and meets the standard, and is discharged through a 120-meter chimney. In addition, we have invested more than RMB10 million to build volatile organic flue gas, dust and traditional Chinese medicine odor control facilities in each workshop to ensure that all waste gases in the workshop can be discharged up to the standard. We have also unified the standard sampling platforms and exhaust pipes of each sewage outlet.

The Group also pays attention to the detection of pollutant concentrations. In 2025, all monitoring has been completed as planned in accordance with the monitoring requirements specified in the pollutant discharge permit, and the discharge of various pollutants complies with national and local environmental protection regulations.

The Group has taken a number of measures to reduce various gas emissions, including waste gas treatment facility projects at the discharge port of the crusher and the discharge port at the top of the conveyor belt, VOCs control projects in the traditional Chinese medicine extraction and filter press division, VOCs and dust control facility projects in the packaging division, and herbal residue gas treatment project. With a total investment of RMB0.5 million, approximately 0.8 tonnes of particulate matter and 0.5 tonnes of non-methane hydrocarbons emissions are reduced.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its total GHG emission intensity (Scope 1 & 2) by 2% by 2030, compared to the baseline year of 2025.

Sewage Discharge

During the Reporting Period, the Group's total sewage discharge intensity decreased by 15.46% to approximately 62.65 tonnes per million RMB sales (2024: approximately 74.11 tonnes per million RMB sales). The decrease in the total sewage discharge intensity was due to the decrease in the Group's total sewage discharge volume relative to its sales during the year. The Group's sewage is discharged into groundwater, and there is no discharge in water-scarce areas.

The wastewater from the Group's production process is mainly the wastewater from the production workshop, the Chinese herbal medicines, and the wastewater from cleaning equipment. All wastewater is treated at the Group's sewage treatment station, where we have a sewage treatment station with a treatment capacity of 5,000 tonnes/day, anaerobic digestion, aerobic bioremediation and deep processing are adopted to ensure stable operation of the sewage treatment facilities and water quality being up to standard in a continuous and stable manner. Sewage after treatment complies with relevant standards and is disposed into district sewage treatment plant of Luancheng. The Group has continuously upgraded the sewage treatment station as well as the exhaust gas treatment facility of the anaerobic system to further improve the sewage decolorization process.

Under the premise of reducing sewage discharge, the Group adopts the comprehensive utilization project of circulating water and the optimization of cleaner production plan in the production process to reduce the consumption of water resources. The comprehensive utilization project of circulating water effectively recovers the cooling water and reuses it after cooling. The comprehensive utilization of circulating water project makes the utilization rate of water circulation above 80%, saves water and improves the utilization rate of resources. In addition, the Group has set up decolorization treatment facilities, which can reduce the chromaticity in the sewage discharge index from above 50 to below 30.

Hazardous and Non-hazardous Waste Disposal

The Group's non-hazardous waste discharge mainly includes solid waste generated during the production of traditional Chinese medicines, which are mainly traditional Chinese medicinal material waste slag and boiler slag. Except for a very small amount of waste liquid of approximately 2.35 tonnes (2024: approximately 2.42 tonnes) generated by the scientific research center, the Group does not generate hazardous waste. For the waste liquid generated by the scientific research center, we will entrust a qualified hazardous waste treatment service provider for harmless disposal.

During the Reporting Period, non-hazardous waste intensity decreased by 1.63% to approximately 3.73 tonnes per million RMB sales (2024: approximately 3.79 tonnes per million RMB sales).

In order to strengthen the Group's solid waste management and ensure the Group's solid waste disposal process complies with the requirements of the national environmental protection laws and regulations, the Group has formulated the "Policy on the Solid Waste Management", ensuring the transfer of hazardous substances in the production process are recorded, and a regular recycling and disposal agreement is signed with the qualified hazardous waste disposal company. Pharmaceutical waste and products, packaging waste and raw materials are destroyed under the supervision of the Quality Assurance Department.

For the treatment of solid waste, various departments and workshops will classify and manage the generated solid waste, and take measures to comprehensively utilize it to reduce the pressure of disposal. In addition, the Group adopts advanced production technology, environmentally friendly raw and auxiliary materials, carries out clean production activities, adopts source control and comprehensive utilization, recycling, and minimizes the amount of solid waste generated. The Group makes good use of the waste residues of Chinese herbal medicines and processes them, so that the waste residues of Chinese herbal medicines produced from the processing can replace the boiler coal, which can save about 20 tonnes of standard coal per day, and the boiler slag can be used as building materials. The Group has also implemented the "Comprehensive Alcohol Recycling Project", which effectively realizes the recycling of alcohol waste liquid.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its non-hazardous waste intensity by 2% by 2030, compared to the baseline year of 2025.

A2. USE OF RESOURCES

The following table shows the Group's relevant material topics, targets set, and their respective status:

Material Topics	2025 Targets	Status
Energy consumption efficiency	Maintain the Group's energy consumption intensity to be not higher than the 2024 level	Not achieved Mainly due to increased use of coal-fired boilers
Water consumption efficiency	Maintain the Group's water consumption intensity (without deduction of water discharge) to be not higher than the 2024 level	Not achieved Mainly due to the increase in total water consumption relative to sales

Energy Consumption

The Group strictly adheres to the development concept of "Energy Efficiency and Recycling Production", and has obtained ISO14001 "Environmental Management System" certified by the BSI.

The Group has formulated relevant policies and regulations, including but not limited to the "Policy on the Energy Management" and the "Policy on the Energy Measurement Information System Management", to regulate the effective use of resources in production and operation. The Group continues to comply with environmental laws and regulations formulated by the national and local environmental authorities, continuously improves the mechanism and relevant policies to achieve the goal of effective use of resources to mitigate pollution and increase efficiency.

The Group incorporated the principals of energy conservation, emission reduction, low carbon and recycling into corporate management, guaranteed from the process system, and organized various systems from production to explore energy saving potentials. For example, different types of energy control methods are used in the energy management at workshops, such as energy consumption index control, daily inspection.

In order to achieve energy efficiency, the Group has established effective energy measurement, monitoring, statistics, quota assessment mechanism, and set up the corresponding energy management positions. Through the internal implementation of energy metering management information system, the utilization of online monitoring of key energy-consuming equipment, scientific analysis and management of various departments of energy use, we put an end to energy wasting. The Group has achieved a win-win situation among economic efficiency and environmental protection and was included in "Green Factories List" (《綠色工廠名單》) issued by the Ministry of Industry and Information Technology of China ("Ministry of Industry and Information Technology").

The Group's main sources of the direct energy consumption are diesel, liquefied petroleum gas, natural gas, acetylene and steam generated by the combustion of coal, while the Group's main source of the indirect energy consumption is purchased electricity. During the Reporting Period, the energy consumption intensity increased by 22.73% to approximately 72.44 MWh per million RMB sales (2024: approximately 59.02 MWh per million RMB sales). The increase in energy consumption intensity was mainly due to coal-fired boilers being used for a longer period of time and biomass boilers being used for a shorter period of time, resulting in an increase in the amount of coal consumed and therefore energy consumption.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its energy consumption intensity by 2% by 2030, compared to the baseline year of 2025. In order to pursue the energy efficiency target, the Group has completed various improvement projects to save energy and reduce emissions:

- As the oral liquid workshop seldom uses compressed air on a daily basis, a 55KW air compressor in the workshop normally provides compressed air, and the loading rate is less than 10%, which wastes a lot of electric energy. We have therefore modified the pipeline connection and provided compressed air from the soft capsule workshop. After the modification, the air compressor in the oral liquid workshop was disabled, thereby saving 8.6 tonnes of standard coal per year;

- Roots blower in sewage station is old and inefficient, so it is replaced by air suspension centrifugal blower, 21 tons of standard coal can be saved annually;

- The second workshop of traditional Chinese medicine uses a lot of steam and the condensed water flows back to the power workshop, which waste a lot of heat energy. It is now used for alcohol recovery through pipeline connection, followed by returning to the power workshop after absorbing part of the heat, which eliminates the usual steam used in alcohol recovery and saves 238.7 tonnes of standard coal annually;

- Due to the leakage of fire-fighting water, the Group operates 30-kWh-fire-fighting pumps all year round. In order to solve the leakage problem, 7.5KW is now used instead of 30KW to maintain the pressure, and the pressure is automatically switched to 30KW when the pressure is lower than the set value, which saves a lot of electricity and achieves an annual saving of 24.6 tonnes of standard coal;

- The original air compressor is rated at 37KW, which is frequently loaded and unloaded and has emptying phenomenon. Purchased an energy-saving and efficient 30KW permanent magnet variable frequency air compressor to replace the original air compressor, saving a lot of power;

- The circulating water pump in the first workshop of traditional Chinese medicine uses frequency converter to stabilize the water supply, so as to eliminate the waste of electric energy caused by the inconsistent number of equipment turned on by human operation;

- Purchased a high-efficiency energy-saving water pump to replace the original circulating water pump. Through the transformation, the motor power has changed from the original 132KW to the current 90KW, saving a lot of electricity;

- Replaced the 55KW air compressor owned by the first comprehensive preparation workshop with a 55KW permanent magnet variable frequency air compressor, and connect the pipelines between the first comprehensive preparation workshop, the soft capsule workshop, and the oral liquid workshop, and the air compressor in the first comprehensive preparation workshop will uniformly supply the compressed air, saving a lot of electricity; and

- Hold energy-saving monthly activities, through planning, publicity, training, benchmarking, inspection, rationalized proposal selection and other measures, put forward 30 improvement suggestions in terms of water saving, electricity saving and steam saving.

In daily operations, the Group also encourages employees to respond to environmental initiatives and implement different environmental protection measures to mitigate the impacts on the environment. The summary is as follows:

Electricity Consumption

- Turn off all unnecessary power-consuming equipment (lights, air conditioners, computers, displays) before leaving;
- Turn off water supply machine before long holidays;
- During the summer, office air conditioning temperature should be set to not lower than 26°C; during the winter, the maximum set temperature should be at 23°C;
- Halve the amount of light equipment used in the office according to situation; and
- Reform of workshop frequency conversion power saving system.

Use of paper

- Reuse recycled paper;
- Use double-sided printing to reduce paper consumption by half;
- Use e-mail instead of issuing paper files for internal communication, unless it is necessary; and
- Promote office automation system and paperless office.

Others

- Collect the used ink cartridges in each office and return them to the suppliers;
- Collect the rechargeable batteries to reduce land pollution; and
- Reduce the frequency of employee travel and encourage employees to take low-carbon transportation for official travel.

Water Consumption

During the Reporting Period, the water consumption intensity (without deduction of water discharge) of the Group increased by 15.80% to approximately 89.44 tonnes per million RMB sales (2024: approximately 77.24 tonnes per million RMB sales). The increase in the water consumption intensity (without deduction of water discharge) was mainly due to the increase of water consumption relative to the Group's sales. The water used by the Group came from groundwater. The Group did not use reclaimed water or use water in water-scarce areas.

In accordance with the aforementioned transition plan, the Group has set a new short-term target to reduce its water consumption intensity (without deduction of water discharge) by 2% by 2030, compared to the baseline year of 2025. The circulating water comprehensive utilization project effectively recycles and reuses the cooling water, thus saving water and improving the resource utilization rate.

The Group's cooling tower circulating pool has a total storage capacity of 2,400 tonnes, a daily replenishment capacity of 310 tonnes, and a circulating water utilization rate of about 85%. In addition, the Group has also taken different measures to improve the quality of utilized circulating water: adding slow-release scale inhibitor, bactericidal algaecide and water for bottle washing into the circulated water to improve its quality, increasing the concentration multiple from 2.5 to 3.5. Besides, we actively implement the transformation for the condensate water recovery system in the boiler room, in order to recycle water during the production process as much as possible and reduce water consumption. The efficiency of the Group's circulating water comprehensive utilization project is above 80%.

In order to save water, we cleaned the equipment such as the spray tower in the Chinese medicine workshop from rinsing to adding high-pressure water gun cleaning. Changing the dilution water of the sewage station from original drinking water to treated greywater for the dilution process, in order to reduce the consumption of water resources. In addition, the wastewater after washing in the injection workshop is used as cooling water in the circulating pump pool of the Chinese medicine workshop to reduce the amount of water refilled. The Group did not have any issues in sourcing water that was fit for its purpose as the Group's operating sites have stable water supply system.

The sprinkler system of the Group's gardens is derived from the condensed water in the production workshop, and the condensed water is used to green the environment. At the same time, through changing the cleaning method, such as changing the water pipe flushing to spray gun or cleaning ball cleaning, we can save more water. The Group also regularly maintains valves and pipelines, and leaking pipelines must be replaced and repaired in a timely manner. In addition, through the transformation of the interlayer pipeline in the third workshop of injection, the water is collected and discharged to the underground pool in the southeast corner of the workshop, and then transported by submersible pumps to the second workshop of traditional Chinese medicine and the power plant for reuse. This can not only reduce the sewage treatment volume by 300 tonnes per day, but also save 300 tonnes of water and save 100,000 tonnes of water annually. We also replaced the original herbal washing equipment by purchasing herbal dry-cleaning machines, saving 2,000 tonnes of water annually. Through the above water-saving measures, the Group was rated as a water-saving enterprise through the provincial and municipal water conservancy systems.

Use of Packaging Materials

The Group realizes that packaging waste has growing attention, therefore it establishes the "Sustainable Packaging Policy" in order to adopt sustainable packaging methods in our operations. The packaging of the Group's products follows the principle of reduction, easy recycling, reusable, and refillable. We try to use decomposable packaging materials as much as possible to reduce the use of plastic packaging. During the Reporting Period, the total packaging materials used by the Group was approximately 1,363,628 pieces of carton (2024: approximately 1,662,561 pieces), approximately 160,216,945 packaging boxes (2024: approximately 196,039,540 packaging boxes), and approximately 127,574,550 sheets of drug instructions (2024: approximately 177,347,100 sheets).

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The main raw materials used by the Group for production are all kinds of Chinese medical herbs, and our production and operation may have slight impacts on the environment and natural resources. Nonetheless, the Group recognizes the importance of the impact of its operations on the environment and natural resources.

In addition to complying with environmental regulations and international standards, the Group also integrates the concepts of environmental protection and environmental management into its operational decisions, daily operational activities and internal management. It strives to develop into an enterprise which is high-tech, economic efficient, low resource consumption and less environmental pollution, and achieving a win-win situation among economic efficiency, environmental protection and society towards the goal of environmental sustainability.

Green Production

In order to reduce the significant impacts on the environment and natural resources, the Group prepares a corporate pollution internal-monitoring plan to standardize the supervisory activities, and understand the corporate's emission status of pollutants and the potential impacts of business operations on environmental quality. The Group also promotes green office and environmentally friendly production by the 4R principles, reduce, reuse, recycle and replace, to minimize the impact of our operations on the environment.

Green Building and Construction Project's Feasibility

From the feasibility study, preliminary design, construction processes and commissioning of the construction project, the Group strictly implements the relevant regulations and procedures for the "Regulations on Environmental Protection Management of Construction Projects" (《建設專案環境保護管理條例》) promulgated by the national and local governments, and at the same time follows relevant internal systems. All of our construction projects have been approved by the environmental impact assessment. On the other hand, the Group has formulated the "Environmental Impact Assessment for Construction Projects and the 'Three Simultaneous' Management Regulations" to standardize and strengthen the environmental protection management of the Group's new, modified and expanded construction projects to prevent environmental pollution and ecological damage caused by construction projects.

Environmental Safety Emergency Response Mechanism

In order to implement the relevant provisions of relevant laws and regulations, the Group has established an environmental safety emergency response mechanism based on actual situation, and formulated the "Emergency Plan for Emergency Environmental Incidents", to ensure that the emergency work can be started quickly, efficiently and orderly, and to avoid and minimize the environmental losses and hazards caused by emergency environmental incidents.

Biodiversity

As our production relies on natural herbs as a raw material for production, we regard biodiversity as a consideration factor in our operations. We have established "Biodiversity Policy" to ensure that we do not use endangered species or damage their habitats during our operations and contribute to conservation.

Environmental Data Summary

Air Emissions

Types of Air Emissions	Unit	**2025**	2024	2023
NO_x	tonnes	**4.90**	3.14	5.24
NO_x intensity	tonnes/sales (in million RMB)	**0.0016**	0.0008	0.0012
SO_x	tonnes	**1.85**	1.42	2.51
SO_x intensity	tonnes/sales (in million RMB)	**0.0006**	0.0004	0.0006
Dust	tonnes	**0.74**	1.07	0.45
Dust intensity	tonnes/sales (in million RMB)	**0.0002**	0.0003	0.0001

GHG Emissions

Types of GHG Emissions	Unit	**2025**	2024	2023
Direct GHG emissions (Scope 1)	tCO_2e	**50,995.42**	49,446.10	80,760.44
Indirect GHG emissions (Scope 2)	tCO_2e	**23,588.45**	25,371.52	38,727.16
Other indirect GHG emissions (Scope 3)	tCO_2e	**17,715.93**	20,374.86	20,852.97
Total GHG emissions (Scope 1, 2 and 3)	tCO_2e	**92,299.80**	95,192.48	140,340.57
GHG emissions intensity	tCO_2e/employee	**32.71**	29.56	40.84
	tCO_2e/sales (in million RMB)	**29.44**	25.20	31.07
	tCO_2e/EBITDA (in million RMB)	**64.73**	72.43	98.82

Waste Emissions

Types of Waste	Unit	2025	2024	2023
Non-hazardous waste types				
Chinese herbal medicine waste residue	tonnes	**8,470.00**	8,097.00	12,781.94
Boiler slag	tonnes	**3,222.00**	6,225.00	4,537.00
Total	tonnes	**11,692.00**	14,322.00	17,318.94
Non-hazardous waste intensity	tonnes/employee	**4.14**	4.45	5.04
	tonnes/sales (in million RMB)	**3.73**	3.79	3.83
	tonnes/EBITDA (in million RMB)	**8.20**	10.90	12.20
Hazardous waste types				
Effluent liquor	tonnes	**2.35**	2.42	2.11
Total	tonnes	**2.35**	2.42	2.11
Hazardous waste intensity	tonnes/employee	**0.0008**	0.0008	0.0006
	tonnes/sales (in million RMB)	**0.0007**	0.0006	0.0005
	tonnes/EBITDA (in million RMB)	**0.0016**	0.0018	0.0015

Energy Consumption

Types of Energy	Unit	2025	2024	2023
Electricity	kWh	**26,674,720.00**	28,691,077.00	43,894,940.00
Electricity intensity	kWh/employee	**9,452.42**	8,910.27	12,775.01
	kWh/sales (in million RMB)	**8,507.55**	7,594.16	9,718.71
	kWh/EBITDA (in million RMB)	**18,708.34**	21,831.61	30,909.93
Steam[1]	kWh	**199,869,560.00**		316,491,340.00
Steam intensity	kWh/employee	**70,825.50**	60,089.38	92,110.40
	kWh/sales (in million RMB)	**63,745.73**	51,213.76	70,073.88
	kWh/EBITDA (in million RMB)	**140,178.68**	147,228.69	222,866.79
Other energy[2]	kWh	**577,141.64**	808,135.07	955,745.96
Other energy intensity	kWh/employee	**204.52**	250.97	278.16
	kWh/sales (in million RMB)	**184.07**	213.90	211.61
	kWh/EBITDA (in million RMB)	**404.78**	614.93	673.02
Total energy consumption	kWh	**227,121,421.64**		361,342,025.96
Total energy consumption intensity	kWh/employee	**80,482.43**	69,250.62	105,163.57
	kWh/sales (in million RMB)	**72,437.34**	59,021.93	80,004.20
	kWh/EBITDA (in million RMB)	**159,291.79**	169,675.23	254,449.73

Notes:

1. During the Reporting Period, 254,913.12 tonnes of steam were consumed by the Group (2024: 256,597.02 tonnes, 2023: 346,955.34 tonnes). Steam was mainly generated by the combustion of coal.

2. Other energy include the energy consumption from the use of diesel, liquefied petroleum gas, natural gas and acetylene.

Water and Effluents

Types of Water and Effluents	Unit	2025	2024	2023
Water withdrawal	tonnes	**280,444.00**	291,821.00	280,396.00
Water discharge	tonnes	**196,444.00**	280,007.88	246,684.00
Water consumption	tonnes	**84,000.00**	11,813.00	33,712.00
Water withdrawal intensity	tonnes/employee	**99.38**	90.63	81.61
	tonnes/sales (in million RMB)	**89.44**	77.24	62.08
	tonnes/EBITDA (in million RMB)	**196.69**	222.05	197.45
Water consumption intensity	tonnes/employee	**29.77**	3.67	9.81
	tonnes/sales (in million RMB)	**26.79**	3.13	7.46
	tonnes/EBITDA (in million RMB)	**58.91**	8.99	23.74

Use of Raw Materials

Types of Raw Materials	Unit	2025	2024	2023
Raw materials (including Chinese herbs)	tonnes	**9,117**	9,371	16,068
Auxiliary materials	tonnes	**8,730**	10,741	13,718

Use of Packaging Materials[1]

Types of Packaging Materials	Unit	2025	2024	2023
Carton	pieces	**1,363,628**	1,662,561	2,076,714
Packaging boxes	boxes	**160,216,945**	196,039,540	331,133,830
Instruction	sheets	**127,574,550**	177,347,100	226,317,250

Note:

1. Due to the limitation of the Group's data collection system, the Group is not able to obtain the data relating to the weight of packaging materials.

Environmental Compliance

Indicator	Unit	2025	2024	2023
Environmental violation cases	number	–	–	–
Environmental fines	RMB	–	–	–

Significant Spill

Indicator	Unit	2025	2024	2023
Total number of serious spills	number	–	–	–
Total amount of serious spills	tonnes	–	–	–

B. SOCIAL

The following table shows the Group's relevant material topics, targets set, and their respective status:

Material Topics	2025 Targets	Status
Procurement Practice Supplier Environmental Assessment Supplier Social Assessment	Assess all suppliers' environmental and social impact in accordance with Supplier Profile Management System, Supplier On-site Audit Management System, and Supplier Quality Evaluation Management Regulation	Achieved
Training and Education	Continue to make investment in employee training	Achieved
Indirect Economic Impacts	Always comply with relevant laws and regulations	Achieved

B1. EMPLOYMENT

Employee Benefits and Equal Opportunity Policies

Equal Opportunity, Diversity and Anti-discrimination

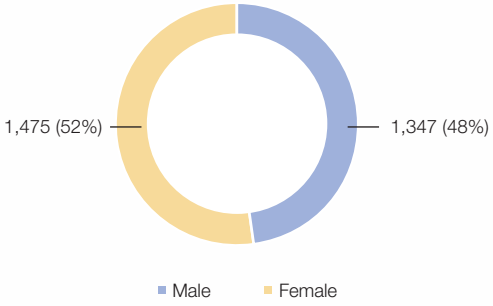
"People-oriented" is the concept of human resources management adopted by the Group and is also the cornerstone of the Group's long-term development. The Group believes that under the corporate culture of "employing talent and team spirit", we can achieve "ensure profit and balanced development" in the process of growth. With this concept and as an equal opportunity employer, the Group is committed to provide a working environment without discrimination. This includes arrangements for all employees of the Group, such as recruitment, transfer, training, promotion, conduct, remuneration and welfare levels, hours of work, holidays, and dismissal. to ensure equal opportunities and fair treatment for all employees and job applicants.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The relevant laws and regulations include, but are not limited to, the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國合同法》) and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》).

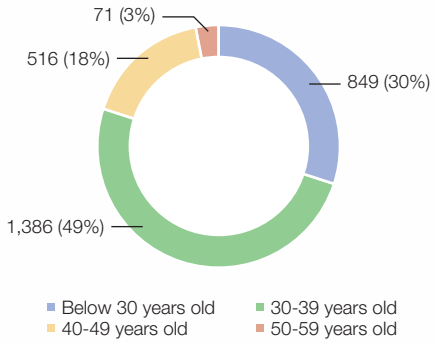
As at 31 December 2025, the Group had a total of 2,822 employees (2024: 3,220 employees), all of whom were full-time fixed contract workers. With a male-to-female ratio of approximately 1:1, while female accounted for 21.57% (2024: 33.82%) of the Group's middle and senior management (i.e., company representatives and department heads). The number of employees has decreased from last year due to organizational change of the marketing team. Optimisation of headcount has led to a reduction of number of employees. The Group does not employ employees with non-guaranteed working hours or workers that are not employees.

For detailed human resources related information, please refer to the charts below and "Social Data Summary".

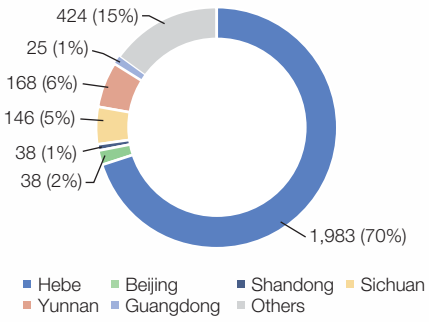
By Gender



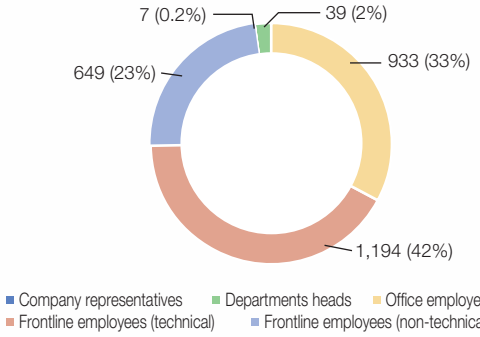
By Age Group



By Geographical Location



By Employee Category



Recruitment and Promotion

The Group has formulated the "Policy on the Group Recruitment Management" based on the principles of openness, fairness and justice. The policy regulates recruitment management, defines the recruitment process and methods, regulates employee recruitment, selection, employment, and procedures for turning into regular worker, and improves recruitment efficiency and quality, so as to timely meet the overall manpower needs of the Group. The Group has also formulated the "Policy on the Labour Contract Management" to uniformly regulate and manage labour contracts, including the dissolution and termination process of labour contracts.

Remuneration and Benefits

The Group sets up "Fair Pay Policy", establishes a salary mechanism based on the concept of remuneration by position, performance, contribution and ability, and develops a unified salary grading table according to the market price and the position. At the same time, the remuneration standard is determined on the basis of specific conditions including but not limited to the job responsibilities of the employees, personal comprehensive capabilities (including work experience, academic qualifications, and professional qualifications), personal work performance, and contribution to the Group.

At the end of each year, the Group evaluates the performance of its employees and promotes and raises the salary of those who are evaluated as outstanding. The Group has also issued human resources related policies in accordance with relevant national and regional regulations. Discretionary bonuses and other performance awards are based on the financial performance of the Group and the performance of individual employees. In addition, employees can enjoy public holiday, sick leave, work injury leave, maternity leave and annual leave and other paid leave. The entire full-time employees enjoy the above benefits.

Employees are the most important asset of the Group, and the sense of belonging and health of employees are closely related to the Group's success. In order to create a work-life balanced environment and increase employee's sense of belonging to the Group, the Group has been making huge effort to improve its policies and measures, including organizing activities related to networking, sports, recreation, debate competitions, health and caring for employees.

The Group values gender equality. The gender pay gap between the employee categories: company representatives, department heads, office employees, front-line workers (technical) and front-line workers (non-technical) are 24.45%, 21.94%, 15.31%, 13.68% and 17.01% respectively.

B2. HEALTH AND SAFETY

Safety Production

Human resources are the valuable asset of the Group. We adhere to the production philosophy of "safety first, prevention oriented and comprehensive management". The Group has performed risk assessment and established and improved the occupational safety and health management system, audited by the BSI Management Systems Limited annually.

The Group strictly complies with the requirements of national production safety laws, regulations and standards, the Group has set up a Safety Production Committee, nominated the Safety and Security Department as the Chief Management Department for Safety Production and appointed Safety Manager as required to establish an all-rounded safety production management network, and specify the duties of each department in safety production. All the members of the Group have signed the production safety responsibility acknowledgement, ensuring the stringent implementation of safety responsibility. The Group has also formulated the "Safety Rules and Regulations", established safe operating procedures for posts and equipment, standardized employees' safe operations, and regularly trained and educated employees on the rules and regulations.

According to the requirements of the Safety Production Law of the People's Republic of China (《中華人民共和國安全生產法》) and actual situation, we have conducted a company-department-team three-grade safety training to new employees in strengthening their safety awareness. The Group conducts fire protection, safety and occupational health education and training for existing employees according to the plan every month. The Group implemented a combination of online and offline coordination for employee training, and achieved good training results.

The Group implements a "three-grade" safety inspection system, namely the monthly company inspection, weekly workshop inspection and daily team inspection. A monthly comprehensive inspection on the whole company is conducted by the Security Department and relevant departments, the identified problems are rectified promptly, and the rectification process is monitored by on-site visit, inspection records, rectification notices and review records are kept in records, forming a close-looped management.

The person in charge of the workshop organizes weekly departmental safety inspection with related department personnel, identifies problems and carries out remediation plans at once. The team carries out pre-, on- and post-shift safety inspection, at the same time strengthening the vacation and seasonal inspections, timely eliminates potential safety hazards and ensures production safety. We also formulate an annual training plan, strengthen general safety training and organize safety training for all employees periodically. Employee's understanding on safety knowledge and safe operation has been enhanced through safety training and examination, and we have established and enhanced the employee training records. We will also formulate an annual safety hazard investigation plan, strengthen the supervision and supervision of accident hazards, prevent and reduce accidents, and protect the safety of employees' lives and property.

The Group proactively carries out safety activities, organizes special activities such as "Safety Month" and "Fire Prevention Day" every year, compiles activity plans and organizes diverse activities for specific theme. Meanwhile strengthening routine safety training, actively carrying out routine team safety education, so as to help employees to rectify unsafe behaviours, raise safety awareness and cultivate safety habits.

In addition, the Group implements the before-shift meeting mechanism, a pre-job meeting is compulsory, safety tips and education are given to employees during the pre-job meeting according to the characteristics of the post and working environment. Everyone in the team is a security officer, the position is rotated among employees on a daily basis, conducting safety education and inspection to operators. The inspection focuses on working environment, equipment safety, compliance operation, and proper use of personal protective equipment, in building a safe working environment that everyone is engaged.

The Group organizes a group-level safety meeting monthly to summarize the recent circumstance and arrange the work of next stage. The Group pays close attention to all types of accidents happened in the industry and nearby regions, reports related accidents of that month at the monthly regular safety meeting, analyses and learns from those incidents. Learning lessons from these accidents, lower management is urged to bear responsibilities and improve precaution measures, in preventing related incidents. For material accidents, we will hold a security alert meeting promptly, make profound acknowledgement from the accident and carry out analogical inspections so as to learn from the similar events, prevent potential risk from intensifying, and ensure safe production.

The Group organizes employees to identify risk factors on each post and each production process on a regular basis. The risk level of the identified risk factors was evaluated to form the Group's Risk Factor Identification Control Table, defining unacceptable risks and strengthening management control. Through this measure, employees can clearly understand the dangers that may occur in their work, and express their views on maintaining occupational safety, so as to better protect themselves, protect others, and ensure safe production.

The Group's safety facilities, lightning protection facilities, fire control facilities and special equipment have undergone annual inspections in accordance with national regulations, and all have obtained inspection certificates. The Group persists to conduct inspections and maintenance on its equipment, facilities, and processes to ensure the provision of a safe working environment for employees. The exits of each workshop and the corners of staircases are marked with safety passage signs and are equipped with emergency lights, while obvious warning signs are affixed to key areas and equipment to remind employees to always pay attention to safety. Each workshop regularly conducts a comprehensive inspection of its production equipment to ensure that the existing safety interlocking device is intact and effective, so to guarantee automatic shutdown on abnormal conditions and improve equipment safety performance.

All constructions of the Group have installed automatic fire alarm systems and flammable gas alarm equipment according to zoning, and have adopted centralized network monitoring by specific workers for 24 hours, this is to detect, control and deal with related incidents as soon as possible. All areas are equipped with fire extinguishers and hydrants, and two groups of fire water cannons are set up in key areas to further enhance the Group's fire emergency responses.

The Group attaches great importance to the management of hazardous chemicals and special drugs. We have formulated the "Policy on the Safety Management of Hazardous Chemicals" that requires stringent compliance on the relevant national regulations from procurement to application, and evaluates suppliers as well as logistics providers under the national certified qualification, so as to ensure legal compliance at source. The Group has designated hazardous goods warehouses and assigned personnel to manage it, which is specified for storing hazardous chemicals and special items used by the Group.

The major hazardous chemicals used in the Group's production, such as ethanol and sulphuric acid, are stored in the dedicated warehouses and emergency facilities are set up according to national requirements in the workplace and storage room; flammable and explosive storage areas are explosion-proofs and monitoring system and alarm, explosion-proof, ventilation, moisture-proof, lightning protection, anti-static and other safety facilities as are in place. Chemicals used for testing and quality control are also classified and stored according to their types and hazardous characteristics, and are managed by specific personnel; highly-toxic and special drugs adopts "Five Double Management", which is stored and managed by specific personnel, having access control system, video surveillance and alarm system for real-time monitoring by the Group's security, and highly toxic chemicals are connected to the Public Security Bureau to ensure safety.

In accordance with relevant national regulations, the Group has formulated the "Policy on the Management of Labour Protection Equipment", providing employees with labour protection equipment that meets national and industrial standards according to different positions and job requirements, and educating them the proper way of using such equipment. The Group arranges employees to conduct body check every year, conduct risk assessment for workplace safety periodically, and conducts occupational health examinations for those employees exposed to occupational risk and establishes occupational health monitoring records to ensure the health of employees. The Group has also established a sound emergency rescue system and enhanced the emergency rescue team, equipping them with emergency rescue facilities and equipment. In response to possible emergency circumstances, we have formulated emergency plans, organized emergency drills regularly, and strengthened the training on the use of emergency facilities, equipment and emergency handling capabilities, focusing on prevention and personnel rescue, and improving employees' emergency response, so to prevent accidents at the early stage.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. The relevant laws and regulations include, but are not limited to, the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》).

During the Reporting Period, the Group identified the occurrence of 7 work-related injuries (2024: 7 work-related injuries), and the number of work days lost due to work-related injuries is 740 days (2024: 1,020 days). In 2024 and 2025, the Group had no work-related fatalities. However, one work-related death was recorded in 2023. An employee suffered a brief syncope during lunch time. He was sent to the hospital where rescue efforts failed and was diagnosed with acute myocardial infarction. Being "people-oriented", the Group expressed care and condolences to his family, strengthened employee health management, added emergency medicines, conducted annual physical examinations for employees, promoted health and safety knowledge, preventing diseases and protecting employee health. The family members also received work-related death benefits, funeral and medical expense reimbursements through the social security fund.

Detailed health and safety related information can be found in the "Social Data Summary".

B3. DEVELOPMENT AND TRAINING

Development and Training for Employees

The Group provides intensive training for new frontline employees on the quality control system based on "Good Manufacturing Practice of Medical Products" ("GMP") production methods, safe operating procedures and codes, and provides focused training based on the nature of individual work. Apart from that, the Group appoints counsellors for newly hired employees to provide tailor-made on-the-job training to ensure that new employees can work efficiently. Employees need to be familiar with the Group's latest guidelines and regularly update the relevant qualifications, certificates or licenses. In addition to on-site training, employees also participate in different types of training, including training about health and safety, technical skills and information technology. We also receive feedback and suggestions from training participants to improve the quality and effectiveness of training. Moreover, the Group conducts training needs assessments for employees to fully understand what training is required, ensuring that the training genuinely meets the needs of both the employees and the Group.

The Group has introduced the "Pingnan Cloud" online learning platform, which has abundant resources as well as learning and examination functions, facilitating employees' learning and knowledge acquisition. Training courses include work-related skills, team management skills, and overall character building. In addition, the Group has also established a training center to provide employees with more suitable training facilities and events.

On the other hand, we have established "Staff's Corporate Social Responsibility Training Policy", incorporating our corporate vision of "respect for life", "operating integrity" and promoted the concept of corporate social responsibility among our employees. It encourages employees to excel their strengths, contribute to society, while enhancing employees' sense of belonging to the Group.

During the Reporting Period, the Group has invested approximately RMB779,000 in employee training (2024: RMB400,000), a total of 2,971 employee training hours (2024: 3,289 hours), and the percentage of employees being trained was 114% (2024: 99%). The percentage was larger than 100% as the figure included employees who left during the Reporting Period. Average training hours per employee was 1.05 hours (2024: 1.02 hours).

For detailed development and training related information, please refer to the chart below and "Social Data Summary".

B4. LABOUR STANDARDS

Prevention of Child Labour and Forced Labour

The Group has promised not to employ any child labour and required new employees to provide true and accurate personal data when they report for duty. The Human Resources Department strictly reviews the induction documents including medical examination certificates, academic certificates, identity cards, and household registration information. The Group recruits workers in a fair, open, just and voluntary manner.

According to the "Policy on the Labour Contract Management" formulated by the Group, members of the Group sign legal labour contracts with its employees to ensure no compulsory use of forced labour. The Group will dismiss employee that uses false information or violates the provisions of the Group and the corresponding labour contract will be terminated immediately.

At the same time, the Group will not engage those suppliers who are aware of the use of child labour or forced labour in their operations to provide products and services. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to preventing child and forced labour. The relevant laws and regulations include, but are not limited to, the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國合同法》). During the Reporting Period, the Group did not identify any operations or suppliers with significant risks of using child labour or forced labour. The Group conducts internal audit on the recruitment procedures regularly in order to prevent child labour and forced labour. If it is found that child labour or forced labour is inadvertently employed, the Group will immediately stop the work of such child labour or forced labour.

Human Rights Policy

As a responsible social enterprise, the Group have formulated the Human Rights Policy to establish human rights policy guidelines and strategies consistent with global best practice. This policy not only supervises the Group's operations related to human rights, but also provides the Group with reference standards and guidelines for evaluating suppliers and supply chain management. The Group respect the rights of local residents, and will strive to identify impacts related to human rights, and take corresponding measures to avoid and mitigate related negative impacts.

Fair Employment Policy

The Group is committed to following the highest standards of business ethics, upholding and maintaining the principle of fair employment in the workplace and its supply chain, and has always abided by the laws, regulations and rules of the place of operation. We have formulated the Fair Employment Policy, focusing on the rights that employees can exercise, and covering general principles of fair employment, so that employees can read and understand the Group's expectations and requirements for fair employment, and ensure that relevant human rights are implemented. These expectations and requirements are in line with the "United Nations Guiding Principles on Business and Human Rights". The Group also follows the relevant principles in the "International Bill of Human Rights" and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work" to formulate the "Fair Employment Policy".

Fair employment is the basic principle of employment, regardless of nationality, race, religion, gender, age and disability. The "Fair Employment Policy" reflects the Group's commitment to protecting fair employment. The Group encourages diversity and equal opportunities, and strictly prohibits discrimination, child labour and forced labour. We strive to create a safe, healthy workplace where everyone is treated with respect.

The Group strictly prohibits the employment of persons under the local legal employment age. Persons between the ages of 15 and 18 who are required to undertake internships in the workplace or on-the-job training of professional skills as part of their education programs, such as trainees and apprentices, are exempt. The Group also never employs any form of forced labour, including prison terms, indentured labour, slave labour, and any human trafficking. We do not tolerate any form of corporal punishment, threats of violence, or any form of physical, mental, sexual or verbal abuse as a means of discipline or monitoring in the workplace.

The Group recognizes the need for ongoing review of fair employment to prevent, mitigate, remedy and monitor impacts of business operations on fair employment. We understand that special attention must be paid to vulnerable groups, who are more likely to be adversely affected.

B5. SUPPLY CHAIN MANAGEMENT

Environmental and Social Risk Management of Supply Chain

The Group's core supply chain consists of upstream suppliers of Chinese medicinal materials and raw materials and downstream sales and distributors. The Group prioritizes quality, trust, mutual benefit, selects and manages suppliers according to the requirements of GMP and relevant regulations, and upholds the principles of being open, fair, efficient and timely. Supply chain management has always been one of the key aspects of the Group's quality control system. In order to safeguard the quality of raw materials, auxiliary materials and packaging materials used, the Group has formulated the "Policy on the Supplier Management", "Policy on the Supplier On Site Audit Management" and "Supplier Quality Evaluation Management Procedures", in strict accordance with the requirements of the Pharmaceutical Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), Policy for the Control of rug Manufacturing Quality (《藥品生產品質管制規範》), and other related laws and regulations, specifying all requirements for suppliers, selecting objective and fair quality audit evaluation standards.

The Group conducts stringent assessment when selecting suppliers. The Quality Assurance Department of the Group is responsible for the quality assessment of production materials suppliers, and comprehensively considers the supplier's operating qualifications, plant facilities, environmental control mechanism, quality assurance systems and social impact control mechanisms in accordance with the "Policy on the Supplier Management". The Quality Assurance Department is also responsible for continuously developing and exploring suppliers with potentials and ensuring the materials used are procured from a legit and legal source. Before suppliers are listed in the "List of Approved Suppliers", they must pass an audit and objective assessment. The Group will only enter into contracts and purchase with listed suppliers. In addition, they must comply with relevant environmental and social regulations.

Based on the "Policy on the Supplier Profile Management" and "Policy on the Supplier On-site Audit Management", the Group implements supplier dynamic monitoring and management over its suppliers to ensure that all supplier files are legal, complete and up to date. We also implement strategic on-site audits at different levels to ensure the active control of the entire procurement activities and are committed to continuously developing and cultivating strategic partners that share the common goal of mutual benefits with the Group.

The Group has established the "Quality Management Evaluation Regulation for Suppliers", which evaluates suppliers in terms of their quality, delivery, pricing, services and other aspects, by which inferior suppliers that are incompatible with the requirements of corporate development would be eliminated. We also continuously strengthen supplier database management, enhancing the operation supplier evaluation mechanism.

Local Procurement

In the procurement process, the Group has always adhered to the principle of local procurement. We hope to boost local economy through the promotion of procurement from mainland China. During the Reporting Period, the Group had 371 (2024: 317) qualified suppliers, 99.73% of which are from mainland China (2024: 100%).

Sustainable Supply Chain Management

The Group believes that a sustainable supply chain management strategy is the key to our long-term and rapid development, so we have been strictly adhering to the supply chain management principles of "Source at the place of origin, direct purchase without agents and local sourcing come first". Moreover, we have launched "company + farmers", and established a numbers of standardized Chinese medicine sourcing bases in Hebei, Jilin, Xinjiang, Shandong and other places, by which we are able to implement Chinese medicine traceability management. The Group ensures the Chinese medicines are green, natural, non-polluted and authentic by securing the traceability of the sources of the Chinese medicines, monitoring the ecological environment, cultivation processes, collection and transportation process and packaging stage, and controlling the quality and cost at source.

B6. PRODUCT RESPONSIBILITY

Product Quality and Safety

All medical products of the Group have passed GMP certification, and are strictly controlled under the GMP and ISO 9001 throughout the production process. We also inspected the quality of raw materials, packaging materials, semi-finished products and finished products, ensuring the compliance with relevant standards. At the same time, the Group has set up the "Policy on the Management of the Acceptance of Chinese Herbal Medicines and Chinese Herbal Pieces", standardizing the acceptance procedures and requirements for Chinese herbal medicines and Chinese herbal pieces in order to ensure products are of good quality and safety. The policy also clearly states the quality control procedures for the inventory and production process of Chinese herbal medicines, ensuring the quality of raw materials meets the standard's requirements.

The Group has a comprehensive quality assurance system, Quality Assurance Department and Quality Control Department, having strict quality supervision and quality inspection procedures. We also have a Quality Control Centre which has "Laboratory Accreditation" qualification from the "China National Accreditation Service for Conformity Assessment" ("CNAS"). Furthermore, we conduct at least two comprehensive inspections every year in accordance with the GMP requirements and relevant laws and regulations, covering personnel, plant and facilities, equipment, materials and products, production management, quality control, product shipment and recall, to ensure the effective operation of the quality management system. The Group has set up the "Policy on the Quality Responsibility Reporting", standardizing the process of reporting quality responsibility to ensure that product quality responsibility incidents can be handled in a timely manner, and potential risks of quality responsibility accidents can be managed effectively.

The Group has set up the "Policy on the Special Item Safety Management" according to the Pharmaceutical Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), Regulation on the Control of Narcotic Drugs and Psychotropic Drugs (《麻醉藥品和精神藥品管理條例》), Measures for the Transport of Narcotic Drugs and Psychotropic Drugs (《麻醉藥品和精神藥品運輸管理辦法》), Regulation on the Administration of Precursor Chemicals (《易制毒化學品管理條例》), Measures for the Administration of Precursor Chemicals for Drugs (《藥品類易制毒化學品管理辦法》), Regulation on the Safety Administration of Dangerous Chemicals (《危險化學品管理條例》), Measures for Authorization on the Purchase and Road Transport of Highly Toxic Chemicals (《劇毒化學品購買和公路運輸授權管理辦法》) and other regional laws and regulations. This policy is to strengthen the safety management, use, and supervision of the Group's special items (such as materials containing psychotropic substances) to prevent the occurrence of accidents and leakage of any special items. At the same time, according to the national laws and related regulations, the Group has established the "Policy on the Management of Drug Recalls", which can be launched at any time to ensure the effectiveness of product recall, minimizing the impacts on patients. If there is no product recalled, the Group regularly conducts drug recall drills in accordance with the "Drug Simulation Recall Emergency Plan".

In addition, the Group has established a Pharmacovigilance Department, which is responsible for monitoring adverse drug reactions, implementing an adverse drug reaction reporting system, standardizing the reporting and supervision of such reactions, and promptly submitting all collected adverse drug reaction information.

A satisfactory result was achieved with the strict product quality policies, the Group did not experience any cases of product quality problems that resulted in drug recall (the percentage of the total number of products sold or shipped throughout the year that are required to be recalled for safety and health reasons is 0%,) during the Reporting Period.

During the Reporting Period, the Group has been awarded the following honours:

Issuing Organization	Date	Honour
Hebei Provincial Tax Service	Apr 2025	Hebei Province Model Enterprise for Integrity in Tax Payment
Hebei Federation of Industry and Commerce	Sep 2025	2025 Top 100 Private Enterprises in Hebei Province 2025 Top 100 Private Manufacturing Enterprises in Hebei Province 2025 Top 100 Private Enterprises in Hebei Province by R&D Investment 2025 Top 100 Private Enterprises in Hebei Province by Invention Patents

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to, the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), the Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》), the Measures for the Reporting and Monitoring of Adverse Drug Reactions (Order No. 81 of the Ministry of Health) (《藥品不良反應報告和監測管理辦法》(衛生部令第81號)) and the Announcement on the Direct Reporting of Adverse Reactions by Marketing Authorization Holders (Announcement No. 66 of 2018) (《國家藥品監督管理局關於藥品上市許可持有人直接報告不良反應事宜的公告》(2018年第66號)).

Customer After-sales Service and Privacy Policy

The Group values customers' inquiries and complaints. We use the "Policy on the Customer Complaints Management" as a standard to handle complaints from customers and consumers in order to maintain the Group's reputation and improve customer satisfaction. We have set up a specialised agency which is composed of specific personnel for managing, analysing and processing consumer complaints. We provide reasonable explanations for general complaints, and consumers can fill out the "Customer Complaint Form" to lodge their complaints that will be reported to relevant departments. After that, the professional technicians from the Group's Quality Assurance Department and other related departments will be organized to quickly form an investigation team to handle and study the complaints, conduct investigation of the incidents, and conduct necessary inspections, and the final investigation report will be reported to the department head of the Quality Assurance Department.

We have set a time limit for the responsible departments so as to effectively resolve consumer complaints. If medicines with major quality problems are identified after the investigation, the drugs will be recalled according to the "Standards for Drug Recall Operation Procedures". In addition, the "Management Measures for Returns and Exchange of Finished Products" formulated by the Group regulates the processing and approval procedure for product return and exchange, so as to enhance customer satisfaction. During the Reporting Period, the Group did not receive any significant customer complaints.

In terms of privacy, the Group's customer information systems are accessible only to authorized staff, and staff from the Group's other departments are required to pass the stringent procedures for data application, processing and provision before they can access such information. During the Reporting Period, the total number of confirmed complaints related to infringement of customer privacy received from external parties and confirmed by the Group and complaints from regulatory agencies was zero. The total number of confirmed leakages, theft or loss of customer data was also zero.

Intellectual Property Management

The Group continues to strengthen the protection of intellectual property rights. According to laws and regulations including but not limit to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Group has established and improved the patent management mechanism, formulated a multi-layered intellectual property rights management mechanism including the "General Principles of Intellectual Property Rights Management", "Policy on the Trademark Management", "Policy on the Patent Management", "Policy on the Confidentiality", "Policy on the Contract Management", and "Reward and Punishment Measures for R&D Projects", with an attempt to clearly regulate the application and management of patent rights and the planning, use and protection of trademarks.

This management mechanism enhances the awareness of all members of the Group regarding intellectual property rights and trademarks, protecting corporate interests. We conduct background investigation on employees' integrity before employees report to duty, non-competition provisions have been added in labour contract, and employees need to sign a statement on the protection of intellectual property rights when they leave the Group. In the process of R&D, we apply for patent to protect valuable inventions on a timely basis. The Group conducts real-time monitoring on trademark infringement of products in the market and combats on infringing goods and counterfeit trademarks immediately.

The Group has a confidential mechanism in accordance with relevant laws and regulations concerning the protection of intellectual property rights. All employees and external research partners involved in R&D projects must enter into confidentiality agreement with the Group. The agreement stipulates that the relevant personnel must keep relevant information confidential, and must bear the responsibility of preventing disclosure of secrets. In addition, we strictly distinguish the responsibilities of the members involved in the different stages of the R&D process, ensuring that each member will only gain professional knowledge related to a particular stage of the R&D project rather than the entire process.

R&D and Innovation

The Group remains committed to integrating traditional Chinese medicine with modern technology, aligning with advanced international standards while connecting closely with production, sales, and other operational processes, and continuously launching new products. Before the development and launch of new products, the Group will assess potential environmental and social risks of the products out of its precautionary concern.

The research center of the Group has been approved by the Ministry of Personnel to set up post-doctoral research stations, attracting advanced scientific research talents to build a dynamic young technology team. We remain committed to traditional Chinese medicine as our foundation, while developing Western medicines and biological medicines. We pursue a combined approach of generics and innovation, prioritizing collaborative development and supplementing it with in house R&D. In addition, the Group cooperates with famous scientific research institutions and universities such as Tsinghua University, Peking University and China Academy of Chinese Medical Sciences, by which a strong R&D capability is formed and many new products could be launched to the market every year.

As a center for the Group's new drug development, the research center takes the development of modern Chinese medicines with independent intellectual property rights as its long term research objective. R&D targets some difficult diseases and chronic diseases that cannot be well prescribed with western medicine, focusing on the key links and technologies of Chinese medicine production, researching on traditional Chinese medicine preparation technology, quality control of Chinese medicine products, quality specification of Chinese herbal medicines and their preparations, quality analysis of Chinese medicine preparations, and development of Chinese medicine health foods.

At the same time, we conduct further basic research on drug, pharmacology and drug efficacy on the products available in market to further improve their quality and efficiency. We also carry out secondary R&D on famous Chinese patent medicine varieties in order to improve the quality standards of famous Chinese patent medicine products, solve the problem related to qualitative and quantitative determination of main components, heavy metal and pesticide residues, increase the scientific and technological content of products, solving the technical process and quality problems in production, further expanding sales in the domestic market, and striving for producing products with curative effects and controllable quality to enter the international market in the form of medicines or health care products.

During the Reporting Period, the Group has cumulatively applied for 367 invention patents and possessed 197 authorized invention patents, including 13 foreign invention patents. These patent results have become the driving force for the Group's future development, further enhancing the technological advancement and market competitiveness of the Group's products, and providing strong technical support for the Group's sustainable development.

During the Reporting Period, the products developed by the Group had the following achievements:

- Peony and Licorice Decoction Granules, Loquat Lung Clearing Drink Granules and Shengxian Decoction Granules, classical traditional Chinese medicine formulae independently developed by Shineway, received approval from the National Medical Products Administration for market launch. This marks Shineway's second, third and fourth approved classical formula following Yi Guan Jian Granules.

- Shineway's Qi Huang Tong Mi Soft Capsules have been recommended by the "Expert Consensus on Integrated Traditional Chinese and Western Medicine Diagnosis and Treatment of Functional Constipation (2025)", compiled and issued by the Digestive Diseases Professional Committee of the Chinese Association of Integrative Medicine.

- Shineway's exclusive product, Dan Deng Tong Nao Soft Capsules, has been included in the Handbook on Rational Medication for Cerebrovascular Diseases, jointly compiled by experts from multiple medical institutions.

In addition, the Group has received the following awards and recognitions throughout the Reporting Period:

Date	Issuing Organization	Award/Honor Content
National level		
Jul 2025	National Pharmaceutical Industry Information Annual Conference	Top 100 Enterprises in China's Pharmaceutical Industry
Nov 2025	National Medical Products Administration	National Medical Products Administration – Institute of High-level Training Recognition
Provincial level		
Apr 2025	Hebei Provincial Tax Service, State Taxation Administration	Model Enterprise for Tax Compliance
Apr 2025	Hebei Provincial People's Government	Hebei Provincial Science and Technology Progress Award, Third Class: *Research and Application of Hawthorn Leaves and Formula Granules*
Jul 2025	Hebei Provincial People's Government	Key Leading Enterprise in Agricultural Industrialization of Hebei Province
Dec 2025	Hebei Provincial Department of Civil Affairs	Social Organization Evaluation Grade AAA
Municipal level		
Jul 2025	Shijiazhuang Municipal People's Government	Key Leading Enterprise in Agricultural Industrialization of Shijiazhuang City
Aug 2025	Shijiazhuang Municipal Data Bureau	Shijiazhuang City Data-Element Type Enterprise
Industry level		
May 2025	Hebei Association of Chinese Medicine	Outstanding Contribution Award (7th Council of the Hebei Association of Chinese Medicine)
Sep 2025	Hebei Federation of Industry and Commerce	Top 100 Hebei Private Enterprises by Invention Patents
Sep 2025	Hebei Federation of Industry and Commerce	Top 100 Private Enterprises in Hebei Province
Sep 2025	Hebei Federation of Industry and Commerce	Top 100 Private Manufacturing Enterprises in Hebei Province

Date	Issuing Organization	Award/Honor Content
Sep 2025	Hebei Federation of Industry and Commerce	Top 100 Hebei Private Enterprises by R&D Investment
Nov 2025	Hebei Enterprise Confederation/ Entrepreneurs Association	Hebei Manufacturing Innovation Top 50
Nov 2025	Hebei Enterprise Confederation/ Entrepreneurs Association	Top 100 Manufacturing Enterprises in Hebei Province
Nov 2025	Hebei Enterprise Confederation/ Entrepreneurs Association	2025 Top Manufacturing Enterprises in Beijing-Tianjin-Hebei
Nov 2025	Hebei Integrity Enterprise Selection Committee	Hebei Province AAA-level Integrity Enterprise Certificate
Nov 2025	Hebei Enterprise Confederation/ Entrepreneurs Association	Enterprise Credit Rating Certificate (AAA-level)
Dec 2025	China Association of Traditional Chinese Medicine	China Association of Traditional Chinese Medicine Letter of Appreciation
Dec 2025	Zhaopin.com	2025 Shijiazhuang Best Employer
Dec 2025	China Association of Chinese Medicine	China Association of Chinese Medicine Science and Technology Award: *Construction and Application of Multi-dimensional Characterization System for Ethnic Medicines*

Advertising and Labelling

All product labels and specifications of the Group are designed according to the product specifications approved by the State Food and Drug Administration and the "Regulations on the Management of Drug specifications and Labels" (《藥品説明書和標籤管理規定》). The product advertisements are published in the relevant media after the filing of the Competent Drug Supervision and Management Department according to the requirements of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》) in order to ensure that the content is true and accurate, and there is no misleading or fraudulent content. During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations regarding product and service information, labelling, marketing communications, advertising, promotion and sponsorship.

B7. ANTI-CORRUPTION

Anti-corruption and Fraud Prevention

The Group actively promotes and educates all levels of employees and the management to consciously maintain their integrity in legal compliance, honesty, self-discipline, and dedication at work. The Group complied with related laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-Corruption and Bribery Law of the People's Republic of China (《中華人民共和國反腐敗賄賂法》). The Group has established the "Policy on the Corporate Integrity and Self-discipline" to regulate employees working behaviours, encourage employees to be honest, self-disciplined, and diligent, and protecting the interest of the Group and employees. In addition, the Group provides discipline awareness and anti-corruption training regularly for all levels of managers, external related staff and sales staff.

The Group does not tolerate any form of corruption and has set out the code of conduct in the employee handbook, as well as enhanced the "Letter of Commitment on Integrity and Self-discipline". When sales staff joins the Group, they have to sign the "Letter of Commitment on Integrity and Self-discipline" which prohibits employees from receiving any form of benefit from business related persons, companies or organizations. When signing a contract with a supplier or an outsourcing project contractor, an "Anti-Commercial Bribery Agreement" is included in the appendix of the procurement contract.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, the Regulations for the Implementation of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), there was no concluded legal case regarding corrupt practices brought against the Group's issuer or its employees during the Reporting Period. Besides, the Group was not aware of any confirmed incidents of corruption during the Reporting Period, nor did it record any related employees who were dismissed or subject to disciplinary actions due to corruption or confirmed incidents due to corruption-related violations and the termination or non-renewal of contracts with business partners.

In order to fully assess the corruption-related risks of operating sites, the Group conducts risk assessments on all foreign-related departments, 100% of operating sites have conducted corruption-related risk assessments, and the Group's anti-corruption policies and procedures have also been communicated to 100% of members of the governance body, employees of various departments and related business partners. 100% of members and employees of the Group's governance bodies are required to receive anti-corruption training at least once per year, and such training covers knowledge of anti-corruption laws and integrity guidelines.

Whistle-blowing and Internal Audit Mechanism

Apart from the anti-bribery and anti-corruption policies in the Group's employee handbook, the Group also encourages employees and all business-related parties, including customers and suppliers, to proactively report any suspected misconduct issues to the Group. Telephone hotline for the reporting is also in place.

The Group also has set up relevant external whistle-blowing procedures and regularly reviewed the effectiveness of the Group's internal management mechanism. The Group's Audit Department is responsible for monitoring the effectiveness of the whistle-blowing mechanism, regulating the management procedure, standardizing the internal and external whistle-blowing channels so as to strengthen the supervision mechanism to effectively prevent employees at different levels from misconduct at their duties.

B8. COMMUNITY INVESTMENT

As a socially responsible enterprise, the Group cares about its indirect economic impact as well. Not only did we actively participate in community investment activities, but also comply with relevant social and economic laws and regulations. During the Reporting Period, the Group was not subjected to major fines, non-monetary sanctions, and lawsuits filed through dispute resolution mechanisms for violations of laws and regulations in the social and economic fields.

Community Contribution

The Group is committed to caring for the community and improving public health. We cooperate with the government to make contributions in the fields of disaster relief, poverty alleviation, care for the elderly and orphans, teaching and learning support, and environmental protection. As part of our commitment, we are actively involved in various charitable activities aimed at providing medical services and medical knowledge to those in need. This includes distributing free medicines to disadvantaged communities, providing free medical consultations and improving the health of the population. We also provide volunteer training for employees from time to time to enhance their sense of social responsibility. We believe that everyone deserves access to quality health care, and we are honoured to make a difference in the lives of others through our philanthropy.

The Group has set up the "Guidance for the Employee Caring Fund", promoting the traditional virtues of mutual help and assistance among employees, helping employees who are in difficulties as much as possible and solving their immediate needs. It fully embodies the caring spirit of taken from the employees and used by the employees, full participation, focusing on assistance, and mutual help.

During the Reporting Period, the Group invested a total of 846 hours and RMB4.782 million for charitable activities (2024: 2,058 hours; RMB0.59 million). The Group has participated in multiple charitable donations over years, and has been repeatedly praised by government agencies for its great contribution to the development of the industry and society. The Group has been awarded "China Charity Award" by the Ministry of Civil Affairs, the "China Red Cross Fraternity Medal", the "Outstanding Corporate Social Responsibility Award" in Chinese pharmaceutical industry, National Model Labour Relations Harmonious Enterprise, the Advanced Private Enterprise in Employment and Social Security in China, "The Best Enterprise in Social Responsibility" in Hebei Province, Outstanding Enterprise in Compliance and Integrity in Chinese pharmaceutical industry and the Best Employer Award in China and other honours.

Charitable Activities Participated or Organized by the Group

"Appreciate Workers Under Heat, Shineway Cools off the Heat Charity Walk" – The 8th Year

From May to August 2025, the Group held the Shineway Huo Xiang Cooling Campaign, "Appreciation Workers Under Heat, Shineway Cools off the Heat Charity Walk." Now in its eighth consecutive year, the campaign is one of the Group's long-standing community benefit programs. Across 23 provinces and regions nationwide, 120 events were organized to bring care and refreshing relief to people working in high-temperature environments, such as urban management officers and sanitation workers. At each event, Shineway presented cooling gift packs to these frontline workers to thank them for their dedication in keeping cities clean while persevering through extreme heat. The campaign also reminded the public to stay mindful of heat-prevention and cooling measures during the scorching summer months to better safeguard their health. In this campaign, the Group recorded a total of 720 volunteer service hours.

Charitable Training Activities for Medical Practitioners

From May to August 2025, the Group held a series of charitable training program on standardized clinical practice for grassroots medical practitioners. The program was co-hosted with the Health Commissions of Henan, Hebei, Shandong, Yunnan and other provinces and municipalities, and training sessions were held at the respective Health Commission offices in these regions. A total of 20 training sessions were conducted, providing medical practitioners with training on standardized diagnosis and treatment. Through this initiative, the Group recorded a total of 120 volunteer service hours.

Supporting Victims of the Tai Po Fire Incident

We express deep sorrow over the Tai Po fire incident in Hong Kong, and has responded without hesitation, with a donation of approximately RMB4.374 million to the Tai Po Wang Fuk Court Relief Fund. The fund was used to assist with emergency relief for affected residents, post-disaster community rebuilding, and other urgent recovery needs. This contribution reflects our compassion and commitment to stand firmly with the community in which we operate, helping those impacted during the moments of hardship.

SOCIAL DATA SUMMARY

Employee Profile

	2025	
	Number of Employees	Percentage (%)
Total	**2,822**	**Not applicable**
Number of ethnic minorities	**105**	**3.72**
By Gender		
Male	**1,347**	**47.73**
Female	**1,475**	**52.27**
By Age Group		
Below 30	**849**	**30.09**
30-39	**1,386**	**49.11**
40-49	**516**	**18.28**
50-59	**71**	**2.52**
60 or above	**–**	**–**
By Geographical Location		
Hebei	**1,983**	**70.27**
Beijing	**38**	**1.35**
Shandong	**38**	**1.35**
Sichuan	**146**	**5.17**
Yunnan	**168**	**5.95**
Guangdong	**25**	**0.89**
Others	**424**	**15.02**
By Employee Category		
Company representatives	**7**	**0.25**
Department head	**39**	**1.38**
Office employees	**933**	**33.06**
Front-line workers (technical)	**1,194**	**42.31**
Front-line workers (non-technical)	**649**	**23.00**

Employee Turnover and New Hires

	2025			
	Turnover		New Hires	
	Number of Employees	Percentage (%)[1]	Number of Employees	Percentage (%)[2]
Total	**629**	**20.82**	**231**	**7.65**
By Gender				
Male	**372**	**25.72**	**173**	**11.96**
Female	**257**	**16.32**	**58**	**3.68**
By Age Group				
Below 30	**249**	**27.26**	**120**	**13.14**
30-39	**290**	**19.44**	**79**	**5.30**
40-49	**58**	**10.90**	**26**	**4.89**
50-59	**32**	**38.10**	**6**	**7.14**
60 or above	**–**	**–**	**–**	**–**
By Geographical Location				
Hebei	**407**	**19.10**	**112**	**5.26**
Beijing	**4**	**10.26**	**2**	**5.13**
Shandong	**21**	**46.15**	**6**	**13.19**
Sichuan	**35**	**25.00**	**47**	**33.57**
Yunnan	**47**	**25.90**	**20**	**11.02**
Guangdong	**8**	**28.07**	**1**	**3.51**
Others	**107**	**23.46**	**43**	**9.43**

Notes:

1. Employee turnover percentage by category = Total number of employees left in a specific category in the year ÷ ((Total number of employees in that category at the beginning of the year + Total number of employees in that category at the end of the year) ÷ 2) ×100%.

2. Percentage of newly hired by category = Total number of newly hired in a specific category in the year ÷ ((Total number of employees in that category at the beginning of the year + Total number of employees in that category at the end of the year) ÷ 2) ×100%.

Health and Safety

	2025	2024	2023
Work-related fatalities	**–**	–	1
Work-related fatalities rate[1]	**–**	–	0.02
High-consequence work-related injuries (excluding fatalities)	**–**	–	–
High-consequence work-related injuries rate (excluding fatalities)[2]	**–**	–	–
Recordable work-related injuries	**7**	7	4
Recordable work-related injuries rate[3]	**0.38**	0.22	0.10
Lost working days due to work-related injuries	**740**	1,020	621
Lost working hours due to work-related injuries	**5,920**	8,160	4,986
Total number of hours worked	**3,723,768**	6,465,760	8,228,952

Notes:

1. Work-related fatalities rate = Number of work-related fatalities x 200,000 working hours ÷ Total number of hours worked.

2. High-consequence work-related injuries rate (excluding fatalities) = Number of serious occupational injuries (excluding fatalities) x 200,000 working hours ÷ Total number of hours worked.

3. Recordable work-related injuries rate = Number of recordable occupational injuries x 200,000 working hours ÷ Total number of hours worked.

4. The main work-related injuries during the Reporting Period were burn or fall-related injuries.

Development and Training

	2025
Training cost (RMB)	**778,924**

	Training Hours (Hours)	Percentage of Employees Trained (%)[2]
Total	**3,080**	**113.68**

	Average Training Hours (Hours)[1]	Breakdown of Employees Trained (%)[3]
Male	**1.08**	**48.04**
Female	**1.03**	**51.96**
Company representatives	**31.00**	**0.37**
Department head	**10.92**	**1.75**
Office employees	**0.63**	**30.39**
Front-line workers (technical)	**0.80**	**44.98**
Front-line workers (non-technical)	**1.2**	**22.51**

Notes:

1. Average training hours by category = Total number of training hours for employees in the specific category ÷ number of employees in that category at the end of the year.

2. Percentage of employees trained = Number of employees trained ÷ Total number of employees at the end of the year × 100%. The percentage was larger than 100% as the figure included employees who left during the Reporting Period.

3. Breakdown of employees trained by category = Number of employees trained in the specific category ÷ Total number of employees trained × 100%.

Suppliers

	2025
By Location	
China	370
Overseas	1

Product Responsibility

	2025
Percentage of goods sold or shipped that need to be recalled for health and safety reasons	–
Number of complaints received on products and services	–
Accumulative invention patents declared	367
Accumulative invention patents authorized	197
Accumulative foreign invention patents authorized	13

Anti-corruption

	2025	
	Number of Employees Received Anti-corruption Training	Percentage (%)
Board members (members of governing body)	5	100.00
Employees	2,822	100.00
Company representatives	7	100.00
Department heads	39	100.00
Office employees	933	100.00
Front-line workers (technical)	1,194	100.00
Front-line workers (non-technical)	649	100.00

Community Investment

	2025	
	Amount Invested in Community Activities (RMB'000)	Time Spent on Community Activities (Hours)
Total	4,782	846

Content Index of the Stock Exchange ESG Reporting Code – Part C

Mandatory Disclosure Requirements	Section/Statement
Governance Structure	Chairman's Statement
	Governance
	Stakeholder Engagement
	Materiality Assessment
Reporting Principles	Reporting Scope
Reporting Boundary	Reporting Framework

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.* *Hazardous wastes are those defined by national regulations.*	Emissions – Exhaust Gas and GHG Emissions, Sewage Discharge, Hazardous and Non-hazardous Waste Disposal
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas and GHG Emissions, Sewage Discharge, Hazardous and Non-hazardous Waste Disposal
KPI A1.2	Replaced by Climate-related Disclosures	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous and Non-hazardous Waste Disposal

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous and Non-hazardous Waste Disposal
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Exhaust Gas and GHG Emission, Sewage Discharge
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Hazardous and Non-hazardous Waste Disposal
Aspect A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	Use of Resources – Energy Consumption, Water Consumption, Use of Packaging Materials
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A3. The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4. Climate Change		
General Disclosure	Replaced by Climate-related Disclosures	
KPI A4.1	Replaced by Climate-related Disclosures	
B. Social		
Aspect B1. Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B2. Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B4. Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B6. Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7. Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Content Index of the Stock Exchange ESG Reporting Code – Part D

Climate-related Disclosures	Description	Section/Declaration
Governance	Governance	Governance Structure and Statement of the Board; Governance
Strategy	Climate-related Risks and Opportunities	Strategy – Managing Climate-related Risks and Opportunities
	Business Model and Value Chain	Strategy – Effects on Business Model and Value Chain
	Strategy and Decision-making	Strategy – Our Adaptation and Mitigation Plans; Our Long-term Transition Plan
	Financial Position, Financial Performance and Cash Flows	Strategy – Current and Anticipated Financial Effect
	Climate Resilience	Strategy – Climate Resilience The Group has applied implementation relief for climate scenario analysis.
Risk Management	Risk Management	Risk Management
Metrics and Targets	GHG Emissions	Emissions; Environmental Data Summary
	Cross-industry Metrics • Climate-related Physical Risks • Climate-related Transition Risks • Climate-related Opportunities	The Group has applied implementation relief.
	Cross-industry Metrics • Capital Deployment	Strategy – Our Adaptation and Mitigation Plans
	Internal Carbon Prices	Strategy – Our Adaptation and Mitigation Plans
	Remuneration	Governance
	Industry-based Metrics	The Group has not applied the industry-based metrics under the Industry-based Guidance for IFRS S2.
	Climate-related Targets	Strategy – Our Long-term Transition Plan

GRI Content Index

Statement of Use China Shineway Pharmaceutical Group Limited has reported in accordance with the GRI Standards for the period from 1 January 2025 to 31 December 2025.

GRI 1 Used GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/Statements
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Legal name: China Shineway Pharmaceutical Group Limited Nature of ownership: publicly owned Legal form: incorporated entity Location of the Group's headquarters: Luancheng, Shijiazhuang, Hebei Province, China The Group's countries of operation: China
	2-2 Entities included in the organization's sustainability reporting	• Reporting Scope
	2-3 Reporting period, frequency and contact point	• Introduction • Reporting Period • Contact Us
	2-4 Restatements of information	• Not applicable, the Group did not make any restatement of information.
	2-5 External assurance	• We rely on the internal information monitoring and checking information samples to ensure its accuracy.
	2-6 Activities, value chain and other business relationships	• About Shineway • Supply Chain Management
	2-7 Employees	• Employment
	2-8 Workers who are not employees	• Employment

GRI Standard	Disclosure	Location/Statements
	2-9 Governance structure and composition	• Governance Structure and Statement of the Board • Annual Report 2025 – Directors and Senior Management
	2-10 Nomination and selection of the highest governance body	• Bloomberg ESG Disclosure – Governance • Annual Report 2025 – Corporate Governance Report
	2-11 Chair of the highest governance body	• Annual Report 2025 – Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management of impacts	• Climate-related Disclosures – Governance • Annual Report 2025 – Corporate Governance Report
	2-13 Delegation of responsibility for managing impacts	• Climate-related Disclosures – Governance • Annual Report 2025 – Corporate Governance Report
	2-14 Role of the highest governance body in sustainability reporting	• Climate-related Disclosures – Governance
	2-15 Conflicts of interest	• Annual Report 2025 – Corporate Governance Report
	2-16 Communication of critical concerns	• Contact Us • Annual Report 2025 – Corporate Governance Report
	2-17 Collective knowledge of the highest governance body	• Climate-related Disclosures – Governance • Annual Report 2025 – Corporate Governance Report
	2-18 Evaluation of the performance of the highest governance body	• Annual Report 2025 – Corporate Governance Report
	2-19 Remuneration policies	• Annual Report 2025 – Corporate Governance Report
	2-20 Process to determine remuneration	• Annual Report 2025 – Corporate Governance Report

GRI Standard	Disclosure	Location/Statements
	2-22 Statement on sustainable development strategy	• Governance Structure and Statement of the Board
	2-24 Embedding policy commitments	• Climate-related Disclosures – Governance
	2-25 Processes to remediate negative impacts	• Contact Us • Anti-corruption – Whistle-blowing and Internal Audit Mechanism • Annual Report 2025 – Corporate Governance Report
	2-26 Mechanisms for seeking advice and raising concerns	• Contact Us • Anti-corruption – Whistle-blowing and Internal Audit Mechanism
	2-27 Compliance with laws and regulations	• Not applicable. The Group was not aware of any major non-compliance with laws and regulations.
	2-28 Membership associations	• About Shineway
	2-29 Approach to stakeholder engagement	• Stakeholder Engagement
	2-30 Collective bargaining agreements	• As the Group's operation is in China, collective bargaining agreements are not applicable.
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Reporting Scope, Materiality Assessment
	3-2 List of material topics	Reporting Scope, Materiality Assessment
Indirect economic impacts		
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Investment
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Community Investment

GRI Standard	Disclosure	Location/Statements
Procurement practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain Management
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain Management
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-corruption
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Consumption
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Consumption, Environmental Data Summary
	302-3 Energy intensity	Energy Consumption, Environmental Data Summary
	302-4 Reduction of energy consumption	Energy Consumption
Water and effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sewage Emission, Water Consumption
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	Sewage Emission, Water Consumption
	303-2 Management of water discharge-related impacts	Sewage Emission

GRI Standard	Disclosure	Location/Statements
	303-3 Water withdrawal	Water Consumption
	303-4 Water discharge	Sewage Emission
	303-5 Water consumption	Water Consumption
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Emissions, Exhaust Gas and GHG Emissions
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Exhaust Gas and GHG Emissions, Environmental Data Summary
	305-2 Energy indirect (Scope 2) GHG emissions	Exhaust Gas and GHG Emissions, Environmental Data Summary
	305-3 Other indirect (Scope 3) GHG emissions	Exhaust Gas and GHG Emissions, Environmental Data Summary
	305-4 GHG emissions intensity	Exhaust Gas and GHG Emissions, Environmental Data Summary
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Exhaust Gas and GHG Emissions, Environmental Data Summary
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Hazardous and Non-hazardous Waste Disposal
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Hazardous and Non-hazardous Waste Disposal
	306-2 Management of significant waste-related impacts	Hazardous and Non-hazardous Waste Disposal
	306-3 Waste generated	Hazardous and Non-hazardous Waste Disposal, Environmental Data Summary

GRI Standard	Disclosure	Location/Statements
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment, Social Data Summary
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not applicable. All employees of the Group are full-time employees.
Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Health and Safety
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety
	403-3 Occupational health services	Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety
	403-5 Worker training on occupational health and safety	Health and Safety
	403-6 Promotion of worker health	Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety
	403-9 Work-related injuries	Health and Safety, Social Data Summary

GRI Standard	Disclosure	Location/Statements
Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Development and Training for Employees
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Development and Training for Employees, Social Data Summary
	404-2 Programs for upgrading employee skills and transition assistance programs	Development and Training for Employees
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment – Employee Benefits and Equal Opportunity Policies
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Bloomberg ESG Disclosure – Governance, Employment
Child labour		
GRI 3: Material Topics 2021	3-3 Management of material topics	Prevention of Child Labour and Forced Labour
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Prevention of Child Labour and Forced Labour
Forced or compulsory labour		
GRI 3: Material Topics 2021	3-3 Management of material topics	Prevention of Child Labour and Forced Labour
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Prevention of Child Labour and Forced Labour
Customer health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Responsibility – Quality and Safety of Products
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility – Quality and Safety of Products

GRI Standard	Disclosure	Location/Statements
Marketing and labeling		
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Responsibility – Advertising and Labelling
GRI 417: Marketing and labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	Product Responsibility – Advertising and Labelling
	417-3 Incidents of non-compliance concerning marketing communications	Product Responsibility – Advertising and Labelling
Customer privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Responsibility – Customer After-sales Service and Privacy Policy
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Responsibility – Customer After-sales Service and Privacy Policy