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上海醫藥集團股份有限公司
Shanghai Pharmaceuticals Holding Co., Ltd.*
(A joint stock company incorporated in the People's
Republic of China with limited liability)
(Stock Code: 02607)



2025

Sustainability Report

& Environmental, Social and Governance (ESG) Report

Shanghai Headquarters
200 Taicang Road, Huangpu District, Shanghai, China
(86-21) 6373 0908
(86-21) 6328 9333
pharm@sphchina.com

Hong Kong Headquarters
26F Henley Building, 5 Queen's Road, Central, Hong Kong
(852) 3151 5901
pharm@sphchina.com



Official WeChat
Account



Official Weibo
Account



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About this Report

This report is the 16th Sustainability Report (known as Social Responsibility Report prior to 2020) issued by Shanghai Pharmaceuticals Holding Co., Ltd., hereinafter referred to as "SPH", "the Group", "the Company", "Company" or "We". The report provides details on the environmental, social and governance ("ESG") practices and performance of the Company and its subsidiaries in 2025. This is an annual report. The previous one was published in March 2025.

Important Notice

The Company's Board of Directors (the "Board") and directors (the "Directors") certify that there are no false representations and misleading statements contained in, or material omissions from, this report, and jointly accept the responsibility for the truthfulness, accuracy and completeness of the contents of this report.

Reporting Scope

This report covers the period from January 1, 2025 to December 31, 2025 (the "Reporting Period"). Some contents and data may touch on a period beyond this timeline. The scope of this report aligns with the consolidated financial statements of the Company. There have been no significant changes compared with the Company's Sustainability & Environmental, Social and Governance Report from 2024.

Reporting Standard

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Code") as set out in Appendix C2 to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the "Hong Kong Exchange"), Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies— Sustainability Report (Trial) (the "Guidelines"), the ESG Indicator System for Listed Companies Controlled by Shanghai State-Owned Enterprises (2026 Edition) issued by the State-owned Assets Supervision and Administration Commission of Shanghai, as well as some indicators specified in the GRI Sustainability Reporting Standards (the "GRI Standards") and Chinese Academy of Social Sciences Guidelines on Sustainability Reporting for Chinese Enterprises (CASS-ESG 6.0).

Reporting Principles

This report is produced with the following principles: "materiality", "quantitative", "balance" and "consistency" as indicated in the ESG Code.

- Materiality

Significant stakeholders were identified in the process of report preparation and key ESG issues were determined through stakeholder engagement and materiality assessment.
- Quantitative

This report discloses environmental and social key performance indicators in a quantitative manner, together with explanations for their purposes and impacts.
- Balance

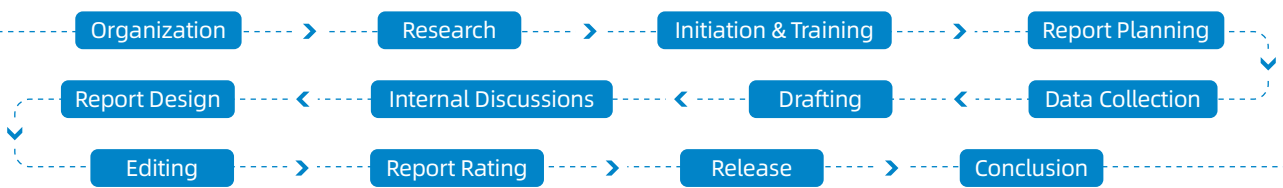
This report is balanced and objectively presents the ESG performance of the Company.
- Consistency

Unless otherwise specified, this report uses the same statistical methodology as the Company's Sustainability & Environmental, Social and Governance Report from 2024.

Report Availability

This report, prepared in Simplified Chinese, Traditional Chinese and English, is published online in electronic format. The electronic version is available for view and download on the Company's website (www.sphchina.com), the Shanghai Stock Exchange website (www.sse.com.cn) and the HKEXnews website (www.hkexnews.hk). This report is prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

Report Preparation Process



Definition

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

"SPH", "the Group", "the Company", "We" or "Our"	Shanghai Pharmaceuticals Holding Co., Ltd.
SHAPHAR	Shanghai Pharmaceutical Co., Ltd.
SPH Sales	SPH Drug Sales Co., Ltd.
SPH Research Institute	Central Research Institute of Shanghai Pharmaceuticals Holding Co., Ltd.
SPH Sine	Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd.
SPH SBPC	SPH No. 1 Biochemical & Pharmaceutical Co., Ltd.
SPH TCM	Shanghai Traditional Chinese Medicine Co., Ltd.
SPH Leiyunshang	Shanghai Leiyunshang Pharmaceutical Co., Ltd.
SPH Changzhou Pharma	SPH Changzhou Pharmaceutical Co., Ltd.
SPH New Asia	Shanghai SPH New Asia Pharmaceutical Co., Ltd.
SPH Zhongxi Sunve	Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.
SPH Techpool	Techpool Bio-Pharma Co., Ltd.
SPH Qingchunbao	Chiatai Qingchunbao Pharmaceutical Co., Ltd.
SPH Growful	SPH Qingdao Growful Pharmaceutical Co., Ltd.
SPH Herbapex	Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd.
Huqingyutang Pharma	Hangzhou Huqingyutang Pharmaceutical Co., Ltd.
SPH Zhonghua Pharma	Shanghai Zhonghua Pharmaceutical Co., Ltd.
SPH XTCM	Xiamen Traditional Chinese Medicine Factory Co., Ltd.
SPH Kony	Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd.
SPH SMICC	Shanghai Medical Instruments Co., Ltd.
SPH SunwayBio	Shanghai Sunway Biotech Co., Ltd.
SPH Import & Export	Shanghai Pharmaceutical Import & Export Co., Ltd.
SPH-BIOCAD	SPH-BIOCAD (HK) Limited
SPH RD	Shanghai SPH Rare Disease Co., Ltd.
SH-INNO	Shanghai Biomedical Frontier Industry Innovation Center
A-shares	Domestic shares of the Company, which are listed on the Shanghai Stock Exchange and traded in CNY
H-shares	Overseas shares of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars

Message from the Chairman

2025 marks the final year of SPH's "14th Five-Year" Strategic Plan and a pivotal juncture as we look toward a new horizon and the blueprint of our "15th Five-Year" development. Throughout the year, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we have fully implemented the guiding principles of the 20th CPC National Congress and its plenary sessions. Upholding our corporate mission of "Committed to Improving Health and Quality of Life," we have sought growth through transformation, pursued breakthroughs amidst challenges, and demonstrated our commitment through accountability—ushering a new chapter of high-quality development driven by pragmatic action and innovation.



Secretary of the CPC Committee & Chairman at
Shanghai Pharmaceuticals Holding Co., Ltd.
Yang Qiuhua

➤ Responsibility as the Bedrock: Safeguarding Sustainable Growth through Robust Governance

SPH has woven the national mandate of "Healthy China" into its corporate DNA. For the sixth consecutive year, we have been featured on the Fortune Global 500 list, climbing to **407th** place and maintaining a leading position within China's pharmaceutical industry. Our MSCI ESG rating has been upgraded to **AA**, marking the eighth consecutive year with a grade of **A** or above. This placement within the top tier of the global pharmaceutical industry reflects our commitment to refining our ESG governance framework and embedding sustainability into our core strategy and daily operations.

We remain committed to steering high-quality development through high-quality Party building, deeply integrating Party leadership into our corporate governance structure. By continuously optimizing our "Three Horizontal, Three Vertical" development framework and resolutely fulfilling the objectives of the Action to Deepen and Upgrade State-Owned Enterprise (SOE) Reform, we have strengthened our governance foundations. Furthermore, we have improved our compliance systems, with training reaching **76,000** participants, and established a comprehensive risk management mechanism covering all personnel, business lines, and processes—ensuring that our robust governance framework safeguards the Company's long-term stability and success.

➤ Innovative Breakthroughs: Addressing Global Challenges through Technological Empowerment

In December 2025, Sitokiren Malate Tablets (Sintolan®), a **Class 1 innovative drug** independently developed by SPH, received official marketing approval. As a global leader next-generation oral renin inhibitor, the drug addresses an unmet clinical need in the treatment of the root cause of hypertension, offering a transformative therapeutic option to **over 300 million** patients in

China. The successful development of Sitokiren Malate Tablets is not only a testament to SPH's R&D prowess but also a demonstration of our commitment to patient-centricity, national strategic alignment, and the "Healthy China" initiative. Simultaneously, our Amisulpride Orally Disintegrating Tablets (Aosian®) for schizophrenia successfully concluded National Reimbursement Drug List (NRDL) negotiations, marking the Group's first improved new drug to be included in the national insurance catalog.

We have continued to refine our "Independence + Synergy + Integration" open-source innovation ecosystem, expanding our innovative pipeline to **over 40** programs across high-demand clinical areas including cardiovascular, immunology, neuropsychiatry, and oncology. With steady progress in key assets such as anti-IL-17 and CD20 monoclonal antibodies, our tiered R&D structure has become increasingly robust, establishing innovation as the primary engine of SPH's growth.

Furthermore, the National Key Laboratory of Innovative Immunotherapy, a joint initiative with Shanghai Jiao Tong University, is now fully operational. It focuses on pioneering immunotherapy research for inflammatory diseases and malignancies, creating a comprehensive platform that bridges basic research and clinical application. By championing a deeply integrated "Industry-Academia-Research-Healthcare" model, we are providing powerful momentum for frontier breakthroughs in China's immunotherapy sector. In 2025, leveraging the synergy of the "Five-Link" integration, SH-INNO's Biopharmaceutical Park successfully attracted **24** premium institutions and enterprises, establishing the foundation of a biopharmaceutical cluster with significant industry influence.

➤ Quality Excellence: Safeguarding Life and Health through Professional Craftsmanship

Quality is the lifeblood of any pharmaceutical enterprise and represents our most solemn pledge to our patients. Prioritizing product quality and safety, we have established a comprehensive quality management system that spans the entire product life cycle. Leveraging our "Quality Risk Map" as a key strategic tool, we

have realized a systematic risk monitoring system via human and technology-based surveillance.

Guided by our "Concentric Circles" quality culture, we continue to foster an organizational environment dedicated to excellence. As of the end of the Reporting Period, the Company has garnered a total of **177** quality-related accolades—including **60** national-level awards—successfully gaining patients' trust through unyielding excellence.

➤ Accessible Healthcare: Extending the Reach of Medicine through Inclusive Care

Our enduring pursuit is to ensure that high-quality medicines remain both accessible and affordable for a growing number of patients. Harnessing the synergies of a fully integrated "Manufacturing + Distribution" value chain—and supported by a direct-to-hospital sales network spanning **25** provinces, autonomous regions, and municipalities—we have ensured the swift delivery of innovative clinical outcomes to the public. In 2025, SHAPHAR further refined its specialty drug market access framework, establishing a robust supply and guarantee network for advanced medicines and medical devices across multiple regions, thereby enabling Chinese patients to access innovative therapies in-synch with global markets.

We have continued to pioneer diversified payment models, with MediTrust Health now having served **2 million** patients and effectively easing the financial burden of treatment. Simultaneously, SPH Health Commerce's "Yiyao Pharmacy" has optimized its full-cycle, out-of-hospital services for innovative drugs, extending the reach of premium medical resources to a broader demographic.

Within the rare disease sector, we remain focused on addressing unmet clinical needs and overcoming "bottleneck" technical challenges. By consistently driving the clinical application and commercialization of orphan drugs, our subsidiary, SPH RD, supplied approximately **191 million tablets and capsules** of rare disease medications in 2025.

➤ Green-Led Growth: Preserving the Planet through Decarbonization Initiatives

We are vigorously responding to the national "Dual Carbon" goals by embedding green development principles across our entire production and operational lifecycle. With an annual environmental investment of **approximately CNY 118 million**, 2025 saw the addition of **three** provincial/municipal-level "Green Factories," **three** "Zero-Carbon Factories" in Shanghai, **five** "Waste-Free Factories," and **one** provincial/municipal-level "Green Supply Chain." From

eco-friendly manufacturing to intelligent logistics, and from water recycling to solid waste recovery, we continue to drive the synergistic growth of both environmental and economic value.

In addressing the global challenge of climate change, we have systematically identified and assessed the physical and transition risks involved, comprehensively bolstering our climate resilience. Furthermore, we continue to advance our energy management systems. To date, **29** of our subsidiaries have achieved ISO 50001 certification, reflecting our concrete commitment to tackling the climate crisis.

➤ Talent-Driven Success: Shaping a Shared Future through Collaborative Growth

Talent represents our most valuable asset. We have continued to refine our talent development framework by consistently enhancing our systems for compensation and incentives, performance appraisal, and career advancement. In 2025, our training initiatives recorded **over 930,000** attendances, and we were once again honored as a "Top Graduate Employer". With women comprising **50.17%** of our workforce and 422 employees with disabilities currently on staff, we are fostering an increasingly robust culture of diversity, equity, and inclusion (DEI) in the workplace.

We consistently prioritize the health and safety of our employees, investing **over CNY 110 million** in occupational health and safety protocols, with **36** of our subsidiaries having achieved ISO 45001 certification. Valuing the input of every team member, we have worked to streamline communication channels and enhance the effectiveness of democratic management. To date, **more than 70** of our directly affiliated entities have fully implemented the Employees' Representatives Conference system.

➤ Social Contribution: Fulfilling SOE Commitments through Mission-Driven Actions

Guided by our philosophy of "serving the public through heartfelt philanthropy," our total annual charitable contributions reached **CNY 16,659,200**. From providing emergency relief to earthquake-stricken areas in Tibet and fire-affected residents in Hong Kong, to advancing rural revitalization in Yunnan, constructing village clinics, saving children with congenital heart disease, and promoting the cultivation of Chinese herbal medicines, SPH exemplifies the social responsibility and commitment of a state-owned enterprise through concrete actions.

Leading the Way Amidst the Tides of Change

In the face of unprecedented transformations within the pharmaceutical industry, SPH remains steadfastly aligned with national imperatives, leading the tide of change with resilience. We embrace new policies and navigate market dynamics with stability, driving quality and efficiency in our growth while consolidating our position as an industry leader. In the years ahead, SPH will remain true to its founding mission of "producing medicine for the people and serving the nation." We will continue to demonstrate our corporate compassion by fulfilling our social responsibilities and reflect our commitment to the era by enhancing public well-being—contributing greater wisdom and strength to the "Healthy China" initiative and the betterment of humanity.

About SPH

SPH is a large, integrated pharmaceutical group which has dual listings on the stock exchanges in Hong Kong (02607) and Shanghai (601607). With a registered capital of **CNY 3,708 million**, the Company maintains a presence across the entire value chain—including pharmaceutical manufacturing, R&D, distribution, and retail—and is dedicated to delivering safe, effective healthcare products and services to global patients.

Through decades of evolution, SPH has remained true to its founding mission. From producing China's **first** penicillin batch shortly after 1949, when the People's Republic of China was founded, to pioneering the world's **first** oncolytic virus therapy, SPH subsidiaries have consistently demonstrated patriotic dedication and social responsibility though our country's history, making new contributions in the modern age:

- China's first penicillin
- China's first cephalosporin
- China's first synthetic musk
- China's first artificial bezoar
- China's first company inspected by the U.S. FDA
- China's first Sino-US pharmaceutical joint venture
- First China-made Tamiflu
- The world's first commercialized oncolytic virus product

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Envisioning Long-term Growth through Strategic Alignment and Strengthening the Foundation of Development

Since its IPO, the Company has consistently refined its corporate governance to align with international best practices and adopted market-driven management mechanisms. It has steadily strengthened its industrial base and fostered organizational synergy, making it increasingly more competitive. Through a relentless pursuit of innovation and transformation, the Company has achieved exponential growth in both financial performance and market positioning.

Following years of strategic deployment, SPH has developed a "dual-wheel drive" business model encompassing both pharmaceutical manufacturing and distribution. The Company strategically focuses on diverse sectors, including biologics, chemical drugs, Traditional Chinese Medicine (TCM) and health supplements, rare diseases, and pediatric medicine, alongside pharmaceutical distribution and retail. By leveraging industrial-commercial synergy and integrated development, the Company continues to provide patients with safe, effective medications and services, supporting the "Healthy China 2030" national strategy and contributing to the advancement of public health.

R&D and Manufacturing: Focusing on Core Therapeutic Areas and Cultivating an Innovative R&D Ecosystem

The Company centers its efforts on key therapeutic areas, including oncology and cardiovascular diseases, driving industrial upgrading through green and intelligent manufacturing. By advancing innovative drug R&D, preserving the essence of TCM, and expanding its strategic footprint in rare diseases, the Company has established a sustainable pharmaceutical R&D and supply framework, translating its commitment to healthcare accessibility into tangible social impact.

Upholding innovation-driven growth to build a robust R&D ecosystem. By consistently optimizing its R&D platforms and reforming its developmental models, the Company has established a comprehensive new drug R&D system that spans early-stage drug discovery, preclinical research, clinical trials, and business development (BD) collaborations. Through the continuous optimization of its pipeline and the reinforcement of its innovative product reserves, the Company has developed a well-structured, sustainable R&D landscape characterized by clear strategic tiers. As of year-end 2025, significant progress was achieved across multiple innovative drug programs: the New Drug Application (NDA) for BCD-085 (indicated for ankylosing spondylitis) was officially submitted and accepted; and the CD20 antibody drug B001 (indicated for neuromyelitis optica spectrum disorder) completed patient enrollment for its pivotal study and concluded the primary endpoint analysis. Notably, the **Class 1 innovative drug** Sitokiren Malate Tablets (Sintolan®), independently developed by the Company for the treatment of essential hypertension, received formal marketing approval on December 3, 2025, a breakthrough in the Company's R&D capabilities.

Building upon the heritage of TCM to advance preservation and innovation. The Company has consistently fortified the core operations of its TCM segment through strategic acquisitions and integration. In 2025, the Company finalized the acquisition of an additional **10%** equity interest in Shanghai Hutchison Pharmaceuticals Co., Ltd., bringing its total stake to **60%** and enabling financial consolidation, which has substantially bolstered the overall competitiveness of its TCM portfolio. Boasting flagship brands such as Lei's and Shenxiang, the Company is advancing the secondary development of high-volume products, including Weifuchun and Guanxinning, through evidence-based medicine. Following the success of Danning Tablets, Shanghai Hutchison Pharmaceuticals' proprietary Zhengqi Tablets (Henergy) successfully entered the Canadian market this year, representing another pivotal milestone in SPH's mission to "drive the internationalization of TCM via modernization."

Expanding into the rare disease sector to fulfill corporate social responsibility. The Company is expanding its footprint in the rare disease sector, with a current portfolio of **51** commercialized products addressing **67** rare disease indications. The Company has assembled a specialized R&D team and established a robust pipeline featuring several candidates in development, such as SRD4610 (indicated for amyotrophic lateral sclerosis). Concurrently, the Company has partnered with China Alliance for Rare Diseases to co-establish the "Ruimeng" Rare Disease Public Education Base, thereby contributing to the development of a comprehensive prevention and treatment ecosystem and honoring its social responsibility as a leading healthcare provider.

Distribution and Retail: Developing Smart Distribution and Empowering End-to-End Value Chain Services

Driven by technological innovation, the Company is transitioning from traditional logistics to smart service provision. By offering full-lifecycle solutions, innovative diversified payment models, and constructing low-carbon supply chains, the Company consistently enhances medication accessibility, fosters high-quality industry development, and advances healthcare equity and universal wellness.

Advancing innovation-led operations to drive diversified growth. The Company continues to cultivate new growth drivers, achieving steady revenue growth by strengthening innovative drug promotion, expanding its import agency portfolio, and deepening its strategic footprint in medical devices and the "Big Health" sector. Specifically, the innovative drug segment leverages professional commercialization platforms to accelerate market penetration; the master import agency business enriches the supply framework by introducing cutting-edge international products; and the medical device and health division optimizes the service ecosystem through resource integration. Together, these three pillars underpin the high-quality evolution of the Company's pharmaceutical distribution segment.

Enhancing full-chain services to empower industrial synergy. Building upon its supply chain expertise, the Company integrates internal and external resources to provide partners with comprehensive life-cycle solutions—ranging from product licensing and clinical R&D to import distribution and terminal marketing. Through the continuous expansion of its Contract Sales Organization (CSO) services, the Company has forged strategic partnerships with leading domestic and international biopharma players, such as Boan Biotech, Astellas, and Akesobio, effectively boosting commercialization efficiency and the market reach of innovative therapies.

Integrating smart technologies to reshape the service system. Under the "Internet+" innovation framework, the Company designated 2025 as the "Inaugural Year of AI and New Retail," launching the "SPH Integrated New Retail Strategy." Harnessing a direct pharmaceutical sales network that spans **25** provinces, autonomous regions, and municipalities, the Company is cementing wholesale-retail synergy to build a patient-centric, closed-loop service ecosystem. Its subsidiary, SPH Health Commerce, is dedicated to developing China's leading out-of-hospital platform for innovative drug services and patient management. Meditrust Health focuses on building a diversified payment ecosystem. Its "One-Code Direct Pay" platform was showcased at the 2025 Inclusion Conference on the Bund, utilizing technology to streamline claims processing and providing solutions to improve the affordability of innovative therapies while enhancing medication accessibility.

Second Largest Pharmaceutical Distributor & **Leading** Drug Importer in China



A sprawling distribution network spanning
31 provinces, municipalities and autonomous regions

Wholly-owned subsidiaries covering
25 provinces, municipalities and autonomous regions

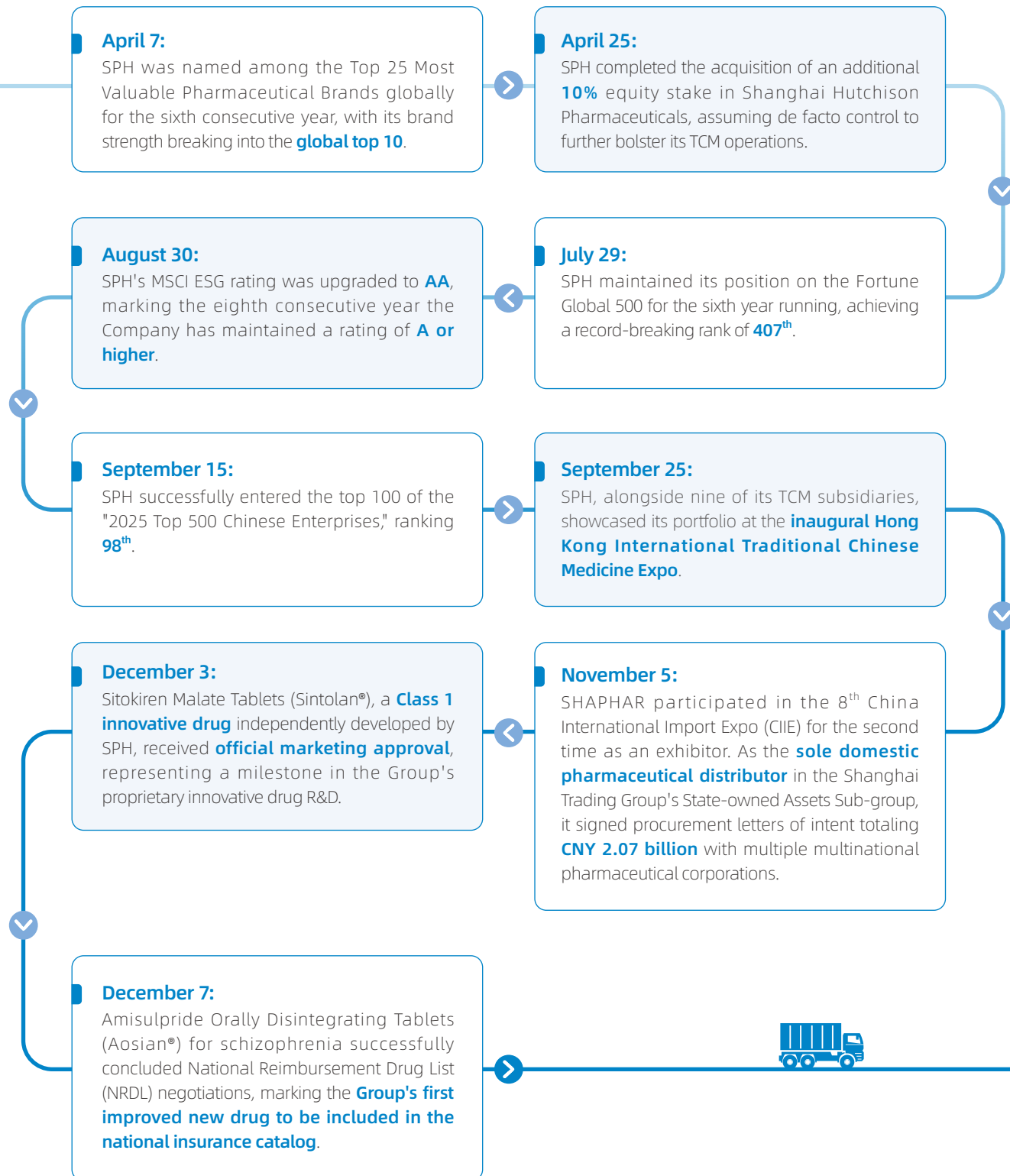
Advancing Through Adversity and Remaining Steadfast in Mission

SPH remains steadfast in its corporate mission of "Committed to Improving Health and Quality of Life." To this end, the Company, guided by the core values of "Innovation, Integrity, Cooperation, Inclusiveness, and Responsibility," strives to become "An Internationally Trusted and Competitive Biopharmaceutical and Healthcare Provider." Ultimately, these commitments ensure that the national "Healthy China" initiative is woven into the very DNA of the Company's development. For six consecutive years, SPH has secured its place on the Fortune Global 500 and maintained its leadership in China's pharmaceutical sector. As a constituent of the SSE 180, CSI 300, and MSCI China indices, the Company continues to command market trust through its robust capabilities and set industry benchmarks through its unwavering commitment to excellence.

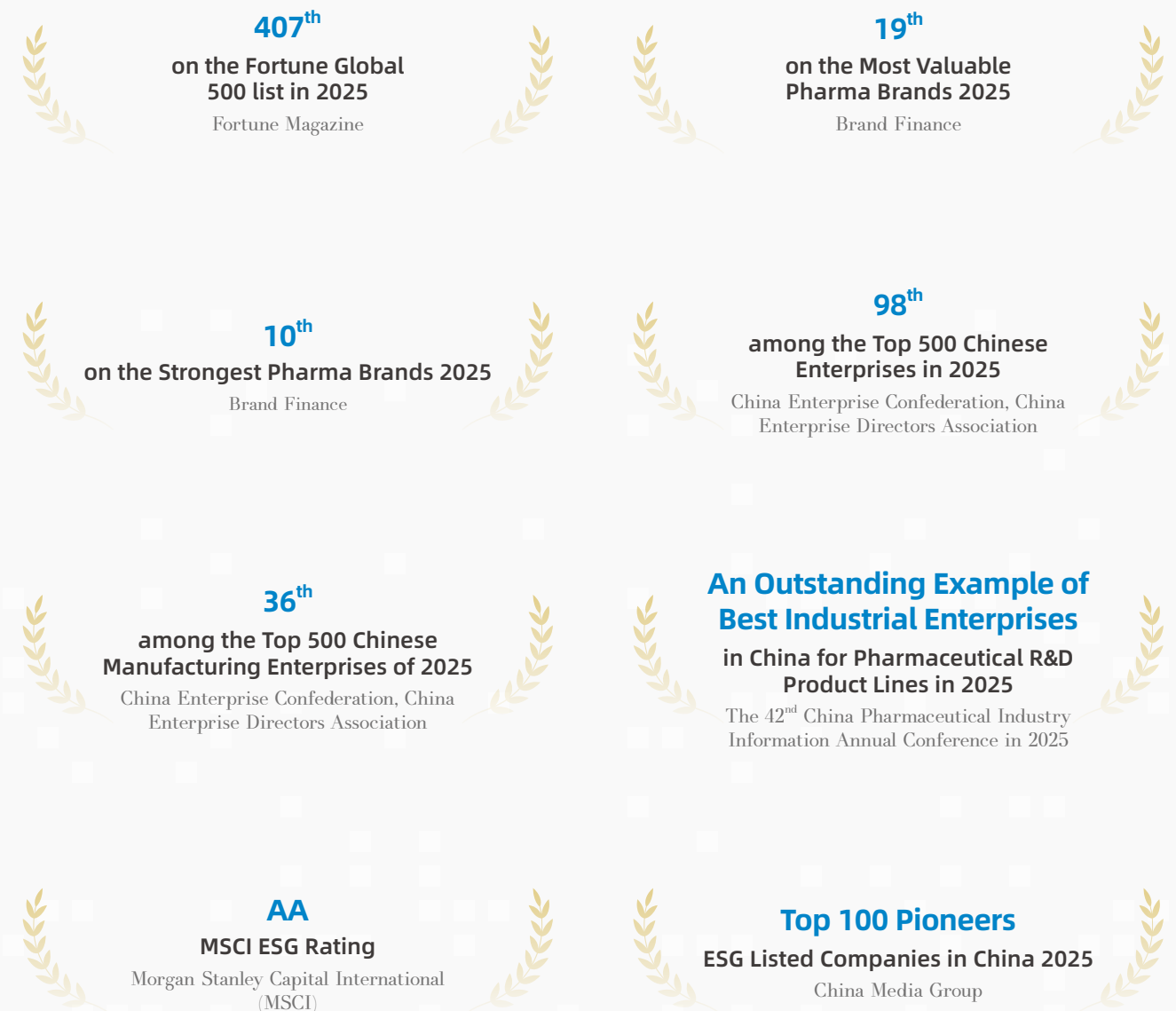
Core Brands



Annual Events



Annual Honors



Statistics and Facts for 2025

Economic Performance

CNY 283,580mm	3.03%	CNY 5,725mm	25.74%
Operating Revenue	YOY Growth	Net Profit Attributable to Parent Company	YOY Growth
CNY 233,149mm	CNY 7,700mm		
Total Assets	Total Tax Payment		

Quality Management

60	117	263
National Quality Awards (cumulative)	Provincial and Municipal Quality Awards (cumulative)	Lean Projects
1,178	51,000+	11
Quality Campaigns	Quality Campaign Participants	CNAS-approved Subsidiaries
15	392	
ISO 9001-certified Subsidiaries	Suppliers with Certification of Quality Management System	

R&D and Innovation

CNY 2,604mm	51	67
R&D Investment	products for rare disease treatment	rare diseases addressed
59 new drugs received clinical applications or entered the follow-up clinical research stage	87 new varieties (117 specifications) in total passed the consistency evaluation of quality and efficacy of generic drugs	
1,817	2,277	
R&D Team Members	Granted Patents (cumulative)	

Employees

49,608	50.17%	930,646	1,977,355
Total Number of Employees	Proportion of Female Employees	Training Participants in 2025	Training Hours
39.86	5,405	422	100%
Average Hours of Training per Employee	New Job Positions Created	Individuals with Disabilities Hired	Labor Contract Signing Rate
100%	0		
Safety Training Coverage	Work-related Deaths or Injuries		

Environmental Performance

CNY ~118mm	25,142.50	35	29
Invested in Environmental Protection	Training Hours	ISO 14001-certified Subsidiaries	ISO 50001-certified Subsidiaries
19	24	4	13
Entities (including production and distribution entities) implementing or completing solar photovoltaic green energy projects	Green Factories (including 12 National Green Factories)	Zero-Carbon Factories of Shanghai	Zero-Waste Factories
	11	3	3
	Provincial/municipal "Water-Saving Enterprises"	Exemplary Enterprises of Green Supply Chain	"Shanghai Water Efficiency Leaders"

Public Welfare

81	CNY 16,659,200	7,280	CNY 1,616,900
Public Welfare Activities	Total Public Welfare Expenditures	Total Volunteer Service Hours	Total Rural Revitalization Investment

Cardiovascular disease has emerged as a formidable public health challenge in China. With over 300 million adults currently living with hypertension, existing therapies continue to grapple with issues such as poor patient compliance, suboptimal control rates, an unmet need for organ protection, and significant pressure on primary healthcare systems. Consequently, there is an urgent clinical demand for safer, more potent antihypertensive medications. The national "Healthy China" strategy maintains its focus on the management of chronic diseases, designating innovative drug R&D as a pillar of high-quality development for the pharmaceutical industry and charting the course for breakthroughs in cardiovascular care.

Against this backdrop, Sitokiren Malate Tablets (R&D code: SPH3127; brand name: Sintolan®), a Class 1 innovative drug independently developed by SPH, received official marketing approval in December 2025. As an innovative and global leader next-generation oral renin inhibitor, its approval fills a critical clinical void in treating hypertension at its source. Furthermore, it is a landmark achievement in China's cardiovascular R&D landscape, offering a novel therapeutic alternative for patients with essential hypertension. This milestone exemplifies SPH's commitment to its "patient-centric" corporate social responsibility and its proactive alignment with the national innovation strategy. The distinctive R&D trajectory and industrial value of Sitokiren Malate Tablets serve as a model case study for the maturation and evolution of China's innovative drug ecosystem.

Depth of Innovation > Patient-Centric Breakthroughs at the Source

01 Target Selection: Addressing the core clinical bottlenecks in hypertension management

Contemporary hypertension pharmacotherapy primarily targets key regulatory pathways such as the Renin-Angiotensin System (RAS), calcium channels, sodium-water homeostasis, and the sympathetic nervous system. As the primary initiator of the RAS, renin represents the critical upstream target for pathway intervention. On the strength of its deep clinical insights, SPH focused its R&D on renin inhibition, successfully overcoming long-standing industry hurdles regarding poor drug ability and low oral bioavailability of conventional non-peptide renin inhibitors. This approach enables blood pressure management at the physiological source, offering clinicians a more precise therapeutic strategy.

02 Therapeutic Advantages: A safe, potent, and novel alternative for upstream hypertension management

As a next-generation, oral non-peptide small-molecule renin inhibitor, Sitokiren Malate Tablets achieve a dual breakthrough in efficacy and safety through optimized molecular engineering. Clinical data demonstrate that a 100mg once-daily regimen over 12 weeks effectively and safely lowers mean sitting diastolic blood pressure (msDBP) in patients with essential hypertension. The antihypertensive response is both robust and sustained, facilitating long-term hemodynamic stability. Furthermore, its mechanism of direct renin inhibition significantly mitigates the risk of adverse events typically linked to traditional anti-hypertensives, providing a superior clinical alternative for both physicians and patients. Notably, the Phase II clinical trial results were published in the prestigious journal Hypertension Research, garnering international academic validation for its clinical utility.

03 Systemic Innovation: From individual breakthroughs to a stratified pipeline portfolio

Anchored by its mission to serve national strategies and centered on meeting patient needs, SPH has strengthened its "One Institute, Four Centers" innovation framework. By cultivating an "Independence + Synergy + Integration" open-source innovation ecosystem, the Company consistently places R&D at its strategic nucleus. The ten-year R&D trajectory of Sitokiren Malate Tablets epitomizes SPH's enduring commitment and meticulous craftsmanship. This

milestone is not an isolated success but rather a landmark achievement within SPH's long-term strategic roadmap for innovative drugs. As of year-end 2025, SPH maintains a portfolio of **47** innovative drug candidates, across all development stages.

Guided by clinical demand, SPH continues to sharpen its expertise in cardiovascular, gastrointestinal, rheumatology, immunology, and anti-infective sectors by optimizing key existing and high-potential products, thereby enhancing core technical capabilities and competitiveness. In the realm of frontier therapeutics, SPH is consistently enriching its pipeline in high-demand areas such as immunology, neuropsychiatry and oncology. This evolution represents a systemic transition from isolated product successes to a holistic, ecosystem-driven innovation model, ensuring that the fruits of innovation reach an ever-widening patient population.

Rigor of Quality > Century-Old Craftsmanship and Manufacturing Excellence

The commercial manufacturing of Sitokiren Malate Tablets is spearheaded by SPH Sine, a century-old subsidiary of SPH. Drawing upon its hundred-year legacy of quality, internationally benchmarked manufacturing standards, and a smart, green manufacturing ecosystem, SPH Sine provides a robust foundation for the quality consistency, scalable capacity, and global accessibility of this innovative therapy. This synergy results in a "dual-wheel drive" powered by both innovative R&D and manufacturing excellence.



01 Century-Old Heritage: A quality-first corporate culture rooted in integrity

Established in 1916, SPH Sine has consistently upheld the corporate ethos of "Managing with Trust, Serving with Amity" throughout its hundred-year history. The company has deeply embedded the core cultural values of "Trust" and "Amity" into every facet of its production and business operations. SPH Sine's quality policy, "Earning Trust through Quality, Fostering Amity through Trust," guides a safety culture and quality assurance framework designed for "Stable Sine, Lasting Legacy." Furthermore, through public outreach initiatives such as "Millions of Citizens Visit Sine," the company continues to refine its image as a responsible brand, embedding a DNA of reliability into every dose produced.

02 International Standards: An end-to-end quality management and assurance system

Adopting a global perspective, SPH Sine benchmarks its operations against international pharmaceutical manufacturing and management standards, systematically advancing dual-compliance initiatives for both GMP and FDA. The company is dedicated to establishing world-class solid dosage facilities that satisfy stringent FDA requirements. Through iterative gap analyses, mock audits, and targeted remediation, SPH Sine has engineered an end-to-end quality management system—from the procurement of raw materials and primary packaging to in-process controls and final product release. This ensures that quality oversight extends seamlessly from source to shelf in a closed-loop operation. Enabled by a Laboratory Information Management System (LIMS), all analytical data are fully traceable and auditable, aligning data integrity and regulatory compliance with international benchmarks. By conducting routine GMP training and internal audits, the company has successfully navigated numerous official inspections, fortifying the systemic foundation and compliance guarantees necessary for Sitokiren Malate Tablets and other products to penetrate global markets.

03 Intelligent & Eco-friendly: Modern manufacturing powered by "dual-wheel drive"

Guided by its "Five-Pronged" strategy—encompassing lean management, automation, digitalization, green practices, and internationalization—SPH Sine has engineered an intelligent and eco-friendly manufacturing ecosystem for Sitokiren Malate Tablets. Since 2013, the company has integrated advanced information systems, including ERP, MES, WMS, LIMS, and SCADA, to build a comprehensive digital oversight framework spanning from equipment-level control to executive decision-making. This infrastructure enables end-to-end data acquisition, real-time monitoring, and predictive analytics, earning the facility designations as a "Shanghai Smart Factory" and a "National Smart Factory of Excellence." Regarding environmental stewardship, the company leverages its status as a certified "Green Factory" and "Pudong New Area Zero-Waste Factory" to drive sustainability. By deploying low-carbon initiatives—such as energy-efficient pump retrofits, distributed photovoltaic arrays, and water-source heat pump systems—SPH Sine has deeply embedded green development principles into the manufacturing lifecycle of Sitokiren Malate Tablets, ensuring high-efficiency, low-carbon, and sustainable industrial operations.



Empathy in Service > Professional Empowerment and Value Delivery

Maximizing its strengths in a fully integrated "Manufacturing + Distribution" value chain, SPH has entrusted the commercialization of Sitokiren Malate Tablets to its subsidiary, Shanghai Hutchison Pharmaceuticals. On the strength of its strategic channel distribution and extensive academic expertise in the cardiovascular sector, Shanghai Hutchison Pharmaceuticals facilitates the rapid clinical uptake of this innovative therapy to benefit hypertension patients, translating innovative value into measurable healthcare outcomes and embodying SPH's patient-centric ethos of "Empathy in Service."

01 Channel Expansion: Establishing omni-channel networks for seamless clinical uptake

Supported by a professional marketing force of **2,500** personnel, Shanghai Hutchison Pharmaceuticals has established a nationwide pharmaceutical services network. Its operational reach spans over **30,000** healthcare institutions, over **200,000** retail pharmacies, and more than **100,000** "third-terminal" medical facilities, creating a primary care service infrastructure that extends through counties, communities, and townships. Powered by a dual-track "Academic + Commercial" model, the company ensures the swift penetration of Sitokiren Malate Tablets across all tiers of healthcare facilities post-launch. This ensures efficient drug access for hypertension patients across diverse regions and healthcare tiers, truly bringing the fruits of innovation to the clinical front line.

02 Academic Legacy: Leveraging deep-rooted therapeutic expertise to anchor promotional excellence

With years of deep engagement in the cardiovascular sector, Shanghai Hutchison Pharmaceuticals has forged extensive partnerships with numerous national academic societies and associations, establishing a robust three-tier expert network spanning provincial, municipal, and county levels. The company possesses profound experience in advancing standardized diagnostic and therapeutic protocols and developing comprehensive academic promotion frameworks. Its core product, Shexiang Baoxin Pills, boasts a wealth of evidence-based achievements. Notably, the 2021 release of the MUST study—led by CAS Member Ge Junbo and Professor Fan Weihu—provided high-level clinical evidence supporting the long-term administration of Shexiang Baoxin Pills for patients with chronic stable coronary heart disease. Since the inception of the "Hutchison Research Fund" in 2006, the company has spearheaded over 100 clinical trials, consistently strengthening its product evidence portfolio. This enduring repository of academic resources, combined with a mature expert network and proven clinical promotion capabilities, provides the essential support for the clinical validation, academic dissemination, and rapid clinical uptake of Sitokiren Malate Tablets.

03 Rapid Clinical Uptake: Accelerating the translation of innovation into patient benefits

Following the regulatory approval of Sitokiren Malate Tablets, Shanghai Hutchison Pharmaceuticals expedited its end-to-end launch sequence. Building upon its established academic platforms and comprehensive channel distribution—alongside the development of an integrated "Industry-Academia-Research-Application" ecosystem—the company has accelerated the clinical adoption of Sitokiren Malate Tablets and facilitated the drug's reach to a broader population of hypertension patients, providing a vital new therapeutic alternative for cardiovascular disease management in China.

On February 10, 2026, the first nationwide prescription for Sitokiren Malate Tablets was written at Shanghai Pudong New Area Gongli Hospital. This milestone represents both the hospital's multi-faceted scientific endorsement of the drug's value and a premier example of Pudong's commitment to the deep integration of biopharmaceutical innovation with clinical practice. Under the framework of Pudong's "3F" Strategy (First-in-Class, First-in-China, and First-in-Human), Pudong New Area Health Commission promptly included the medication in its recommended catalog for innovative drugs and medical devices—a move that expedited the translation of innovation into patient benefits and offered a breakthrough choice for hypertension care. This success stands as a definitive model of how SPH's commercialization expertise empowers the clinical translation of innovative therapies.



Launch Ceremony of Sitokiren Malate Tablets (Sintolan®)



The Inaugural Prescription of Sitokiren Malate Tablets (Sintolan®) Issued in Pudong, Shanghai

04 Enduring Commitment: Upholding clinical stewardship throughout the product lifecycle

SPH consistently views full-lifecycle drug management as a cornerstone of its social responsibility. The Company is conducting post-marketing real-world studies (RWS) for Sitokiren Malate Tablets, systematically gathering longitudinal efficacy and safety data to provide robust evidence-based support for clinical use. Simultaneously, leveraging its extensive nationwide distribution and service network, SPH provides comprehensive support including clinical medication guidance, to safeguard patient safety and therapeutic outcomes. By ensuring the clinical value of this innovative therapy is fully realized, SPH honors its commitment to protecting the health of hypertension patients through professional and sustained healthcare services.

Fulfilling the Health Mission Through Persistent Innovation

The trajectory from R&D to the commercialization of Sitokiren Malate Tablets is evidence of SPH's "patient-centric" founding principles. It serves as a prime example of the Company's integration of ESG (Environmental, Social, and Governance) values into its innovation-driven growth and social responsibility mandates. From the technical breakthroughs achieved during a decade of rigorous R&D to the quality benchmarks of a century-old enterprise, and from full-value-chain operational support to the resource integration of a collaborative ecosystem—every milestone in the development of Sitokiren Malate Tablets embodies SPH's mission: "Committed to Improving Health and Quality of Life."

In the years ahead, SPH will continue to scale up its investment in innovative R&D, focusing on high-demand clinical areas including oncology, immunology, cardiovascular diseases, neuropsychiatry, digestive metabolism, and anti-infective drugs. The Company is committed to bringing more clinically valuable innovative therapies to market while consistently refining its stratified drug pipeline. Furthermore, SPH will strengthen the "Industry-Academia-Research-Healthcare-Capital-Insurance" collaborative ecosystem and enrich the "One Table" coordination mechanism to accelerate the translation of laboratory breakthroughs into clinical applications for patients. On the strength of a fully integrated "Manufacturing + Distribution" value chain, the Company will prioritize the accessibility and affordability of innovative drugs. By enhancing service delivery and pioneering diversified payment solutions, SPH aims to ensure that the fruits of innovation reach a wider patient base.

With the goal of becoming a world-class pharmaceutical conglomerate, SPH is dedicated to driving the high-quality evolution of the pharmaceutical industry through sustained innovation. SPH champions the "Healthy China" strategy with an unwavering commitment to social responsibility, steadfastly safeguarding public health as we forge a path toward a better, healthier future.

01

Sustainable Development Governance System

- Sustainable Development Governance Model
- Stakeholder Identification & Communication
- Double Materiality Assessment
- Alignment with the United Nations Sustainable Development Goals (SDGs)

Guided by its corporate mission—"Committed to Improving Health and Quality of Life"—SPH seamlessly integrates sustainable development principles into its daily operations and management practices. The Company remains committed to its social responsibilities, striving for a harmonious balance between environmental, economic, and social values. By continuously refining its sustainability governance framework and steadily enhancing its governance capabilities, SPH translates pragmatic action into long-term corporate sustainability.

Alignment with SDGs:



Highlights of 2025



China Media Group
42nd among Top 100 Pioneers ESG Listed Companies in China

China Media Group
9th among Top 100 Pioneers ESG Listed Companies in Yangtze River Delta

China Media Group
5th among Top 100 Pioneers State-owned ESG Listed Companies in China

Morgan Stanley Capital International (MSCI)
MSCI ESG Rating: AA

China Association for Public Companies
Outstanding Practices in Sustainability among Listed Companies—Social Dimension

Sustainable Development Governance Model

Governance Philosophy

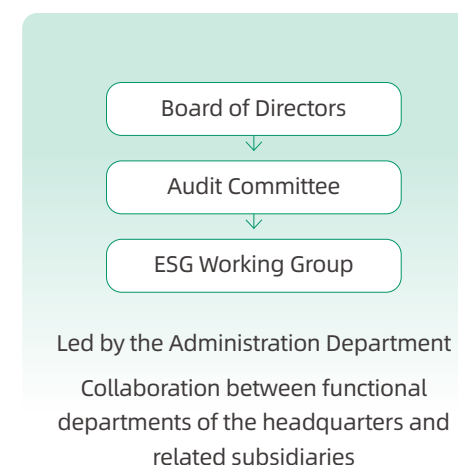


Governance Model



ESG Governance Structure

SPH is dedicated to the ongoing optimization of its sustainability governance, embedding ESG principles deep within its corporate strategy and operations. The Company has established a robust three-tier ESG management architecture—including the Board of Directors, the Audit Committee, and the ESG Working Group—to ensure a clear "Decision-Supervision-Execution" nexus with well-defined accountabilities. Under this framework, the Board of Directors oversees ESG strategy and assumes ultimate accountability; the Audit Committee provides oversight and guidance on ESG-related risks; and the ESG Working Group coordinates the execution of specific initiatives and performance improvements. Through this top-down, collaborative, and high-efficiency governance mechanism, the Company consistently bolsters its ESG management efficacy, solidifying the organizational foundation for sustainable value creation.



Declaration of the Board of Directors

The Company's Board of Directors is responsible for ESG governance strategy and examination of important ESG issues and information disclosure, and oversees and manages SPH's ESG governance through the Audit Committee. Its main responsibilities include: approving and monitoring the formulation of the Company's ESG objectives, strategies, policies and plans through regular reviews; implementing ESG objectives, strategies, policies and plans; identifying, assessing and managing the Company's significant ESG risks and opportunities; ensuring adequate resources are devoted to ESG work; monitoring the expenditure; reviewing the Company's annual sustainability report and submitting it to the Board of Directors for approval; and regularly reporting to the Board of Directors on major decisions or recommendations made by the Audit Committee in relation to ESG. The ESG Working Group was established as a functional department under the Audit Committee on ESG work. The ESG Working Group is led and coordinated by the SPH Administration Department, in cooperation with functional departments at SPH headquarters and subsidiaries to ensure the execution and reporting of daily ESG work.

In 2025, the Board of Directors held multiple discussions on ESG matters. During the Reporting Period, the Board reviewed and approved the Company's "2024 Sustainability Report & Environmental, Social, and Governance Report". Through presentations of the "ESG Work Summary for 2025 and ESG Work Plan for 2026", the Board conducted a comprehensive evaluation of the formulation, implementation, and performance of ESG objectives, strategies, policies, and plans. In 2025, to enhance oversight and governance of ESG efforts, the ESG Working Group periodically submitted briefings to the Board, detailing emerging trends, updates, and milestone achievements, and addressing topics such as evolving regulatory requirements, ESG rating, and operational progress. Additionally, the Company conducts ESG performance evaluations on quality control, safety management, and environmental management, with the results directly linked to the performance-based compensation of management teams across subsidiaries.

ESG Disclosure

Proactively responding to stakeholder expectations, SPH diligently showcases its efforts and performance in environmental, social, and governance aspects. The Company has released annual corporate social responsibility reports (upgraded to ESG sustainability report in 2021) for 16 consecutive years, demonstrating its commitment to and vision for sustainable development.

External Recognition of ESG in 2025

Building upon its robust ESG practices and exceptional performance, SPH has maintained an MSCI ESG rating of "A" or higher for eight consecutive years. In 2025, this rating was elevated to "AA", positioning the Company within the global leader tier of the pharmaceutical industry. This milestone signifies that SPH's long-term commitment and excellence across environmental, social, and governance dimensions have earned high international acclaim, while further underscoring its leadership in sustainable development within the sector.

Award Time	ESG Honor	Issuing Authority
May 2025	Xinwan Award: "Sustainable Impact Pioneer Award"	Caillian Press
June 2025	21 st New Fortune Magazine Best Board Secretary Awards: "Best ESG Disclosure"	New Fortune Magazine
June 2025	CSR Report Publication Certificate (2015-2024): "Innovation-Driven Enterprise" Case Study	Shanghai Federation of Economic Organizations (SFEO), Shanghai Federation of Industrial Economics (SFIE)
June 2025	New Fortune Magazine: "Best ESG Disclosure Award"	New Fortune Magazine
October 2025	2025 Caillian Press Zhiyuan Award: "ESG Pioneer Enterprise"	Caillian Press
October 2025	42 nd among Top 100 Pioneers ESG Listed Companies in China 9 th among Top 100 Pioneers ESG Listed Companies in Yangtze River Delta 5 th among Top 100 Pioneers State-owned ESG Listed Companies in China	China Media Group
November 2025	Outstanding Practices in Sustainability among Listed Companies—Social Dimension	China Association for Public Companies
November 2025	Included in Research Report on ESG of Listed Companies Controlled by Shanghai State-Owned Enterprises and Research Report on Corporate Social Responsibility of Shanghai State-Owned Enterprises	Shanghai SASAC
November 2025	Top 20 in ESG Competitiveness of Chinese Pharmaceutical Listed Companies in 2025	Healthcare Executive Magazine
December 2025	2025 Easy Board: "ESG Value 100"	Easy Board
January 2026	2025 Top 100 Chinese Enterprises in ESG	Sina Finance
February 2026	"Leading Model Award (2025)" for Sustainable Development (ESG) in Pudong New Area Based Chinese- and Foreign-funded Enterprises	Shanghai Pudong Association of Enterprises with Foreign Investment, Shanghai Pudong New Area Association of Enterprises with Chinese Investment

ESG Capacity Building

To embed the principles of sustainability into its culture and management practices, the Company invited professional ESG institutions to carry out specialized training sessions during the Reporting Period to provide insights about the latest policies and trends. The ESG Working Group, functional departments at SPH headquarters, and relevant personnel from subsidiaries were updated with the latest ESG developments. They strengthened their understanding of ESG, learned about the latest regulatory requirements, identified ways to improve ESG, and learned to draft ESG reports. They also partook in external ESG training to deepen understanding of ESG theories and practices.

Furthermore, by the end of 2025, SPH's ESG Working Group finalized a series of six online ESG training modules. The curriculum closely aligns macro-level ESG insights with the latest regulatory compliance frameworks and is available on-demand for all Board directors. These modules have also been deployed across the entire Group as standardized ESG training material to drive organizational awareness. This ESG training initiative saw **3,017** participants across the Group, with **2,610** individuals achieving a 100% completion rate.

ESG Ecosystem Construction

During the Reporting Period, SPH's ESG Working Group proactively engaged in external ESG ecosystem development, attending **seven** ESG training sessions and seminars hosted by authoritative bodies, including Shanghai SASAC, Shanghai Stock Exchange, and China Association for Public Companies.

Moreover, in March 2025, SPH became a co-founding member of the "China Supplier ESG Rating Platform (CS-ESG)." In September, SPH participated in the deliberation of the "Requirements for Corporate Supply Chain ESG Management" social organization standard and was designated as one of its co-drafting organizations.

Stakeholder Identification & Communication

Stakeholders' participation is critical to promote the Company's sustainable development. SPH attaches great importance to communication with stakeholders. Through various communication channels, the Company has obtained stakeholders' expectations and suggestions on sustainable development.

Stakeholder Identification	Stakeholders' Concerns	Communication Channels	
Shareholders and Investors	◆ Shareholder rights protection ◆ Corporate governance and operational compliance ◆ Professional training and career development ◆ R&D and innovation	◆ Shareholders' meeting ◆ Performance conferences ◆ Roadshows and reverse roadshows ◆ Investors' meeting ◆ E-interaction platform	◆ Investment strategy meeting ◆ Hotline for investors ◆ Announcements on the website ◆ Site investigation
Governments and Regulatory Authorities	◆ Pollution and waste management ◆ Energy management ◆ Employees' salary and welfare ◆ R&D and innovation	◆ Information disclosure ◆ Supervision and examination	◆ Document exchange
Directors and Senior Management	◆ Risk management ◆ Corporate governance and operational compliance ◆ Shareholder rights protection ◆ Quality of products and services ◆ Professional training and career development	◆ Board of Directors	
Middle Management	◆ Professional training and career development ◆ Employees' salary and welfare ◆ R&D and innovation	◆ Employees' Representatives Conference ◆ Online communication	◆ Employees' activities
General Employees	◆ Employees' salary and welfare ◆ Professional training and career development ◆ Employees' health and safety	◆ Online communication ◆ Employees' Representatives Conference ◆ Intranet and internal publication	◆ Employee engagement survey ◆ Employees' training ◆ Employees' activities
Customers	◆ Quality of products and services ◆ Pollution and waste management ◆ Satisfaction and complaints ◆ Privacy protection	◆ Online communication ◆ Customer service center and hotline ◆ Customer visit ◆ Promotion of rational drug use	◆ Customer satisfaction survey ◆ Academic research
Suppliers / Service Contractors	◆ Supply chain management ◆ Energy management ◆ Pollution and waste management ◆ Materials management and circular economy ◆ R&D and innovation	◆ Examination and assessment ◆ Suppliers' website	◆ Suppliers' training ◆ Regular communication
Communities	◆ Greenhouse gas emissions management ◆ Response to climate change ◆ Charity events	◆ Official website and social media ◆ Volunteer activities	◆ Organization of charity events ◆ Communication and interviews
Media	◆ Open and transparent information ◆ Pollution and waste management ◆ Employees' health and safety	◆ Media open day ◆ Social media	◆ Interviews and featured stories
Industry Associations / Industry Professionals	◆ R&D and innovation ◆ Pollution and waste management ◆ Professional training and career development ◆ Development of the industry ◆ Exchange and cooperation	◆ Fora and summits ◆ Surveys	◆ Visits
Academic Institutions / Research Organizations	◆ Pollution and waste management ◆ Energy management	◆ Visits ◆ Industry-academia-research collaboration and talent development	◆ Experience exchange and sharing
Charitable Organizations / NGOs	◆ Energy management ◆ Community services	◆ Environmental education and advocacy	◆ Charity events

Double Materiality Assessment

In 2025, building on prior assessments, we conducted a rigorous double materiality assessment of material issues from both financial and impact dimensions. This assessment included internal interviews, external expert consultations, and the findings from historical ESG stakeholder surveys, in a bid to identify high-priority topics for the Company and ensure full disclosure within this Report.



Workflow of Double Materiality Assessment

Contextual Understanding of Operations and Business Relationships

Assessment of Internal Activities and Commercial Relationships: Evaluate core business operations, business plans, primary products, geographic footprint, and business partnerships.

Assessment of External Environment: Examine relevant legal and regulatory frameworks, media coverage, industry analyses, and research reports to contextualize SPH's operational landscape.

Stakeholder Identification: Analyze existing stakeholder engagement mechanisms, map stakeholder groups based on business activities, products and services, and prioritize specific issues.

Issue Repository Development

Taking the 21 mandatory topics outlined in the Guidelines as a foundation, we tailored our issue universe to reflect SPH's specific industrial characteristics, development stage, and business model. By integrating stakeholder feedback, policy research, industry benchmarking, and expert consultations, we identified additional topics of significant financial or impact relevance. For 2025, the Company validated a final list of **25** material issues.

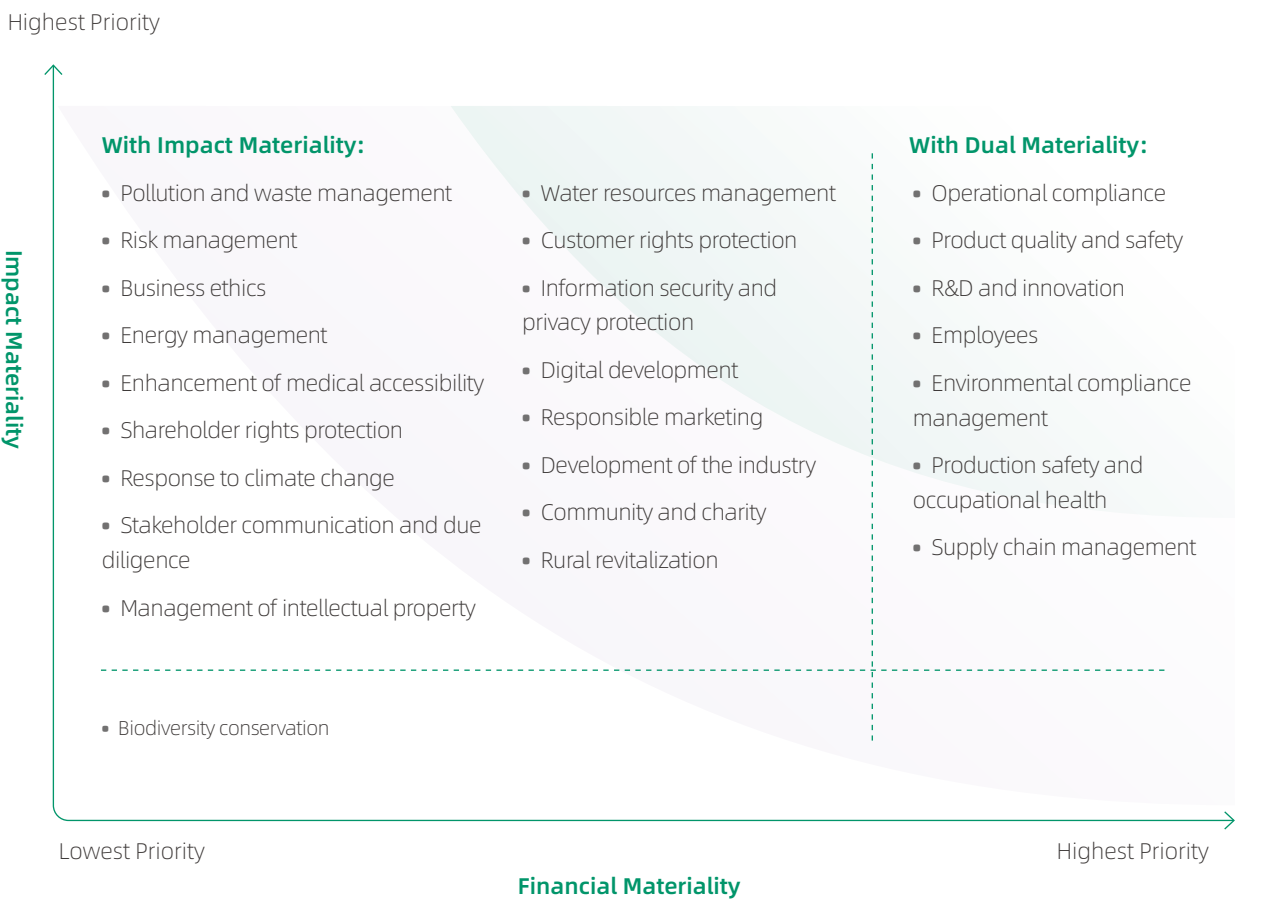
Materiality Assessment and Validation

Guided by the operational context and SPH's industrial characteristics, we have employed a multi-dimensional assessment framework integrating stakeholder feedback, internal departmental interviews, and external expert evaluations. We evaluate both the impact and financial materialities. Specifically, impact materiality is assessed based on "significance to corporate development" and "significance to stakeholders," while financial materiality focuses on "continuity of resource acquisition" and "relational dependency." By synthesizing the results of both impact and financial assessments, we determine the double materiality profiles of these topics, establish a prioritized ranking, and define the specific level of materiality for each issue. For material issues, we conduct further assessments of their actual and potential risks and impacts on business operations, analyzing short-term, medium-term, and long-term effects to ultimately form a double materiality matrix.

Issue Disclosure

We disclose the analytical processes and results of materiality assessments, with emphasis on the comprehensive disclosure of issues determined to be material in our reporting.

Results of Double Materiality Assessment



Environmental

- Environmental compliance management
- Pollution and waste management
- Energy management
- Response to climate change
- Biodiversity conservation
- Water resources management

Social

- R&D
- Product quality and safety
- Employees
- Enhancement of medical accessibility
- Digital development
- Information security and privacy protection
- Shareholder rights protection
- Management of intellectual property rights

- Development of the industry
- Supply chain management
- Responsible marketing
- Community and charity
- Rural revitalization
- Production safety and occupational health
- Customer rights protection

Governance

- Operational compliance
- Business ethics
- Risk management
- Stakeholder communication and due diligence

Alignment with the United Nations Sustainable Development Goals (SDGs)

SDGs	Material Issues	Our Actions
	Community and charity Rural revitalization	• We champion public welfare initiatives spanning healthcare, science, education, culture, sports, social welfare, disaster relief, and rural revitalization, with total charitable contributions reaching CNY 16,659,200 in 2025. • We facilitate the development of modern agricultural industrial systems through localized industrial support in paired assistance regions, effectively driving income growth and prosperity for local communities.
	Enhancement of medical accessibility Production safety and occupational health	• We harness our integrated business, investment, and R&D capabilities to drive technological innovation, expand distribution networks, and deploy digital tools, thus providing the public with better access to high-quality, affordable, and efficient medical products and services, and contributing to the realization of the "Healthy China" strategy. • We address the needs of patients with rare diseases and ensure the reliable supply of specialized medications and existing orphan drug therapies. • We explore novel payment models, exemplified by Meditrust Health's "One-Code Direct Pay" platform, which significantly alleviates the financial burden of medication for patients. • SPH Health Commerce's "Yiyao Pharmacy" has optimized its full-cycle, out-of-hospital services for innovative drugs, extending the reach of premium medical resources to a broader demographic. • We strive to build modern logistics to bridge the "last mile" of drug supply and expand our international market presence, delivering an increased variety of high-quality pharmaceuticals to patients around the world. • We protect the health, safety and interests of employees, with the objective of "Five 100%" in occupational health management.
	Development of the industry Rural revitalization Employees	• By strengthening university-industry cooperation, we establish ongoing strategic alliances with higher education institutions to develop skilled professionals for the sector. • We continue to optimize education resources of paired assistance regions, providing support and guarantee of funding and resources for basic education and talent development. • Through our affiliation with Shanghai Pharma University (SPU) and the use of digital tools, we have established a robust training system aimed at boosting employee capabilities.
	Employees	• We uphold principles of fairness and equity, fostering a diverse and inclusive workplace. As of the end of 2025, female employees made-up 50.17% of our workforce.
	Water resources management	• We systematically advance the adoption of water-saving technologies, process optimizations, and water recycling initiatives to enhance utilization efficiency, complemented by proactive water conservation awareness campaigns.
	Energy management Response to climate change	• We drive the development of energy-saving and eco-friendly systems by expanding green manufacturing frameworks, conducting regular clean production audits, and implementing energy reduction measures to effectively mitigate carbon emissions. • Total photovoltaic power generation across our industrial enterprises reached 14,742,700 kWh throughout the year.
	Employees	• We foster an inclusive and equitable workplace culture while ensuring a safe and healthy working environment for employees. • We provide versatile career trajectories and customized learning and development pathways to empower our workforce. • We ensure compliant employment practices and democratic management, and offer a diverse range of competitive compensation and benefits packages.

SDGs	Material Issues	Our Actions
	R&D and Innovation Development of the industry	• Anchored by national strategies and centered on patient needs, we have fortified our "One Institute, Four Centers" framework to build an "Independence + Synergy + Integration" open-source innovation ecosystem, resulting in a product pipeline characterized by clinical relevance and technical superiority. • We foster deep "Industry-Academia-Research-Healthcare-Capital" collaboration to accelerate the development of a world-class biopharmaceutical industrial hub.
	Employees	• We remain steadfast in the principles of fairness and justice, strictly prohibiting workplace discrimination and ensuring that no employee is treated differently based on ethnicity, race, age or gender.
	Pollution and waste management Response to climate change	• We stringently control emissions of pollutants such as exhaust gas, waste water, solid waste, and noise during production and operations, and strive to reduce emissions through pre-control, continuous monitoring, self-examination and self-correction. • We fulfill our green development mandates by executing key initiatives, including the establishment of zero-carbon and green factories and the deployment of photovoltaic projects.
	Product quality and safety Responsible marketing Production safety and occupational health	• We implement a comprehensive quality management system that spans the entire product lifecycle, ensuring the safety and efficacy of our products. • We mandate that all personnel uphold the highest professional ethics and conduct marketing activities in strict compliance with laws and regulations to ensure healthy and sustainable business growth. • We adhere to a comprehensive workplace safety responsibility system based on the "Three Musts" principle.
	Response to climate change	• We prioritize a comprehensive suite of measures—including energy management system development, technical upgrades for energy efficiency, the phase-out of obsolete equipment, the establishment of energy management centers, clean production audits, and solar power utilization—to drive energy conservation and carbon reduction. • We reduce our climate risk exposure by synergizing mitigation and adaptation strategies. We are committed to decarbonizing our operations while strengthening our adaptation to physical risks, addressing the complexities of climate change with enhanced organizational resilience.
	Biodiversity conservation	• We adhere to the "Three Simultaneous" policy and the pollutant discharge permit policy in engineering construction projects. • We purchase medicinal materials from lawful and compliant sources while protecting wild flora. • We have built standardized raw material bases and conserved wild species.
	Business ethics Operational compliance Risk management	• We advance the development of a "Four-Responsibility Synergy" mechanism and an integrity risk prevention framework powered by "Policies + Technology," while fostering a culture of integrity through comprehensive anti-corruption education. • We put in place a multifaceted compliance management system in addition to cultivating a corporate culture rooted in regulatory compliance. • We have established open and accessible reporting channels for both internal and external stakeholders to raise concerns. • We have established a clearly defined risk management hierarchy and a robust "Three Lines of Defense" risk prevention model.
	Stakeholder communication and due diligence Development of the industry	• We have developed diverse mechanisms for stakeholder engagement and are committed to addressing their concerns effectively. • As a leading enterprise in Shanghai's biopharmaceutical sector, we contribute to the drafting of industry standards and continue to deepen strategic partnerships with universities, research institutes, medical institutions, and innovative startups.

02

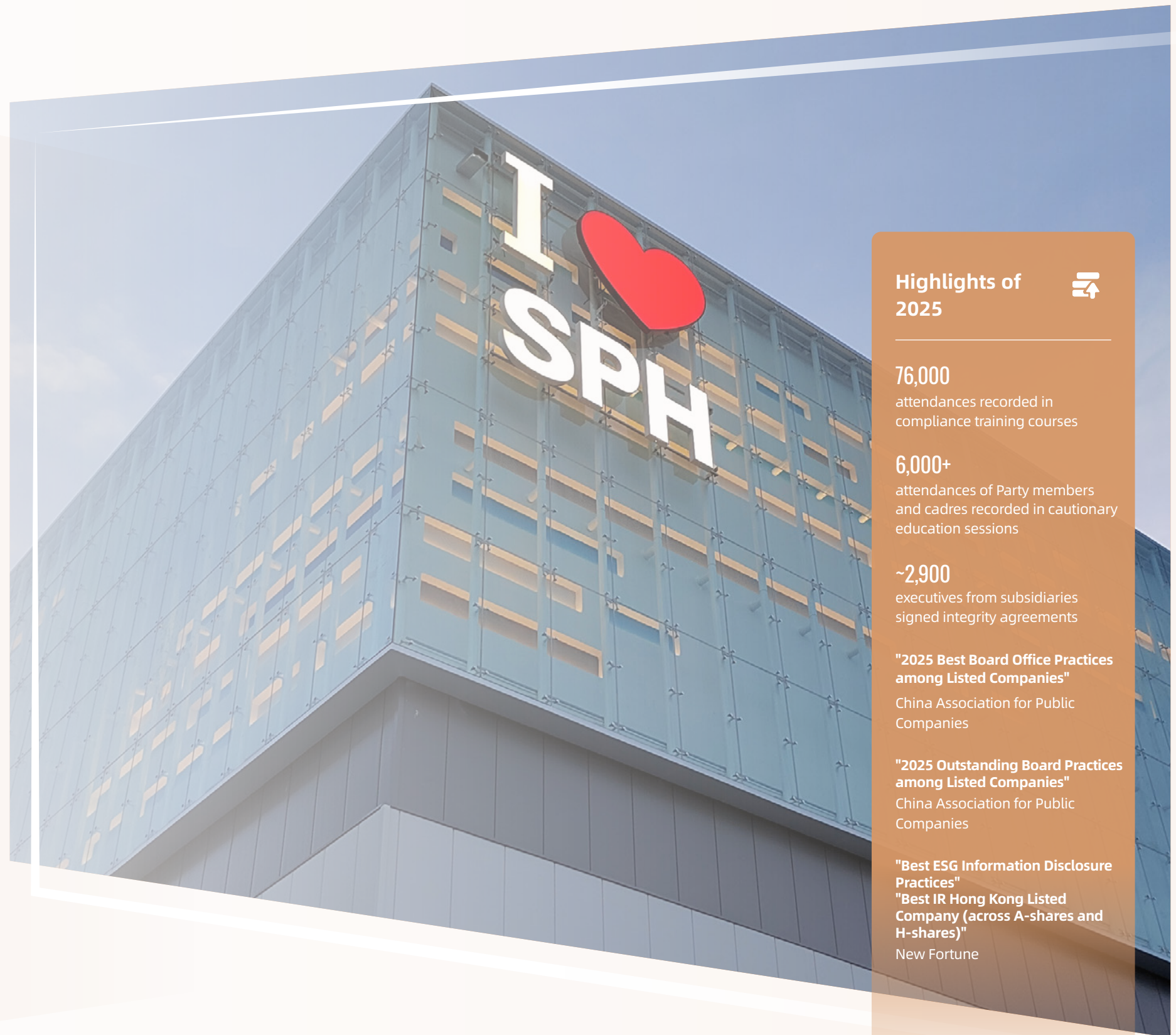
Governance Foundations:

Strengthening the Core for Steady and Sustainable Growth

- Driving Progress through Party Building
- Implementing Robust Corporate Governance
- Adhering to Compliant Operations
- Information Security and Digital Operations

A robust corporate governance framework serves as the "foundation" and "spirit" of an enterprise's steady advancement. In alignment with the strategic deployment for the comprehensive reform of state-owned assets and enterprises, SPH embraces the principle of "consistent adherence" across both Party leadership and corporate governance, focusing on advancing the "Three Horizontal, Three Vertical" strategic initiatives. By driving high-quality development through high-quality Party building, SPH translates the Party's organizational strengths into governance efficiency. This approach elevates corporate governance standards, bolsters endogenous growth momentum, and fosters the compliant, healthy, and sustainable development of the Company.

Alignment with SDGs:



Highlights of 2025



76,000

attendances recorded in compliance training courses

6,000+

attendances of Party members and cadres recorded in cautionary education sessions

~2,900

executives from subsidiaries signed integrity agreements

"2025 Best Board Office Practices among Listed Companies"

China Association for Public Companies

"2025 Outstanding Board Practices among Listed Companies"

China Association for Public Companies

"Best ESG Information Disclosure Practices"

"Best IR Hong Kong Listed Company (across A-shares and H-shares)"

New Fortune

Driving Progress through Party Building

Holding fast to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics, SPH conducts thorough studies and vigorously implements the guiding principles of the 20th CPC National Congress and its plenary sessions. The Company consistently reinforces its governance foundations through its sharp focus on charting strategic directions, mobilizing resources and spurring growth. By integrating Party leadership into corporate governance, SPH ensures that Party building initiatives continue to enhance overall operational quality and organizational efficiency.

Upholding Party leadership to ensure strategic execution. SPH's Party Committee remains committed to spearheading high-quality development through high-quality Party building. Focusing on the core strategic pillars of "solidifying foundations, strengthening core capabilities, and achieving innovation breakthroughs," the Committee continues to reinforce the "root and soul" of the enterprise, fortify grassroots foundations, enhance talent cultivation, and advance strict Party self-governance. By continuously refining the "Three Horizontal, Three Vertical" development framework, SPH resolutely executes the mandates of the Action to Deepen and Upgrade State-Owned Enterprise (SOE) Reform, ensuring the effective implementation of corporate strategies while bolstering industrial foundations, core functions and overall competitiveness.

Integrating into corporate governance to maximize functional impact. SPH leverages the functional role of Party organizations to coordinate and clarify the boundaries of authority among the Group's various decision-making bodies. The Group's Party Committee has reviewed and revised the implementation measures for the "Three Major Matters and One Large-scale Decision-Making" policy. It has also established protocols for the Party Committee's preliminary review and discussion of major business management matters, systematically identifying 195 decision-making items governed by the said policy and 109 matters requiring prior deliberation. The Committee has refined and implemented the mechanism for the Party Committee to receive regular briefings on major matters and key initiatives, ensuring rigorous pre-deliberation and review of significant issues. Aligned with national strategies, Shanghai's industrial planning, and its role as a dominant force in the pharmaceutical value chain, the Committee has formulated the "15th Five-Year Plan" objectives, metrics, and task blueprints for the Group and its core subsidiaries, translating high-level mandates and policy directives into actionable corporate development roadmaps.

Strengthening organizational foundations to spur innovation-driven growth. SPH prioritizes the promotion of high-quality corporate development, adhering to the fundamental objective of fully achieving business targets while comprehensively strengthening primary-level Party organizations. With a sustained focus on leadership, integration and empowerment, the Company unleashes innovation vitality, activates growth drivers and enhances operational quality and efficiency. In the core domain of R&D innovation, SPH steadily bolsters both the Party organizational presence and the caliber of research talent across its R&D work streams. It rigorously implements the "Five-Pronged Synergy" Party building methodology, sustains the "Red Pioneer Action" initiatives, and makes solid progress in the standardization and normalization of Party branches.



2025 "July 1st" Commemorative Meeting Convened by SPH's Party Committee

On June 30, SPH's Party Committee held an enlarged session of the Theoretical Learning Center Group alongside the 2025 "July 1st" commemorative meeting. The session focused on analyzing industry trends, sharing best practices, and advancing educational initiatives to channel the momentum of Party building into corporate growth drivers.



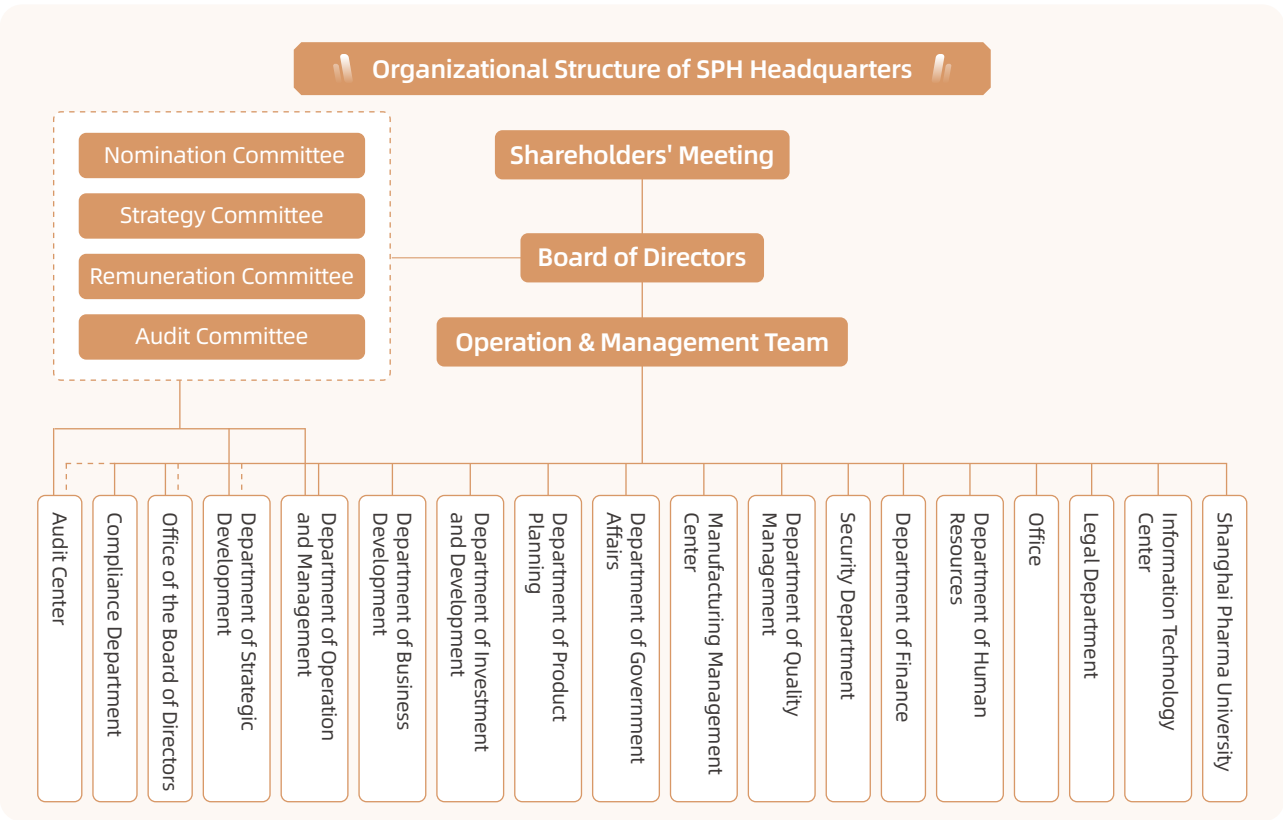
ESG ESG Highlights of 2025

- 20 Party organizations, 43 Party members, and 18 Party affairs professionals within the Group were honored with "SIC Pioneer" and "Two Outstanding and One Advanced" awards.
- 2 subsidiaries had their Party building brands included in the third "Shanghai SOE Party Building Brand" directory. Additionally, 2 directly managed subsidiaries were rated 5A and 4A respectively by the China Corporate Culture Institute for their "14th Five-Year Plan" corporate culture development and management.
- 17 subsidiaries were recognized as the 21st-edition "Shanghai Model Organizations," while one directly managed subsidiary was honored as a 7th-edition "National Model Organization."
- 2 research projects received awards for excellence from the Shanghai Ideological and Political Work Research Association. The case study, "Empowering the Development of New Quality Productive Forces through Ideological and Political Work," was presented at the China Pharmaceutical Ideological and Political Research Association conference, and the theoretical paper "Party Building Leading High-Quality Corporate Development" was published on dangjian.cn, a Party building themed website sponsored by the Publicity Department of CPC Central Committee.

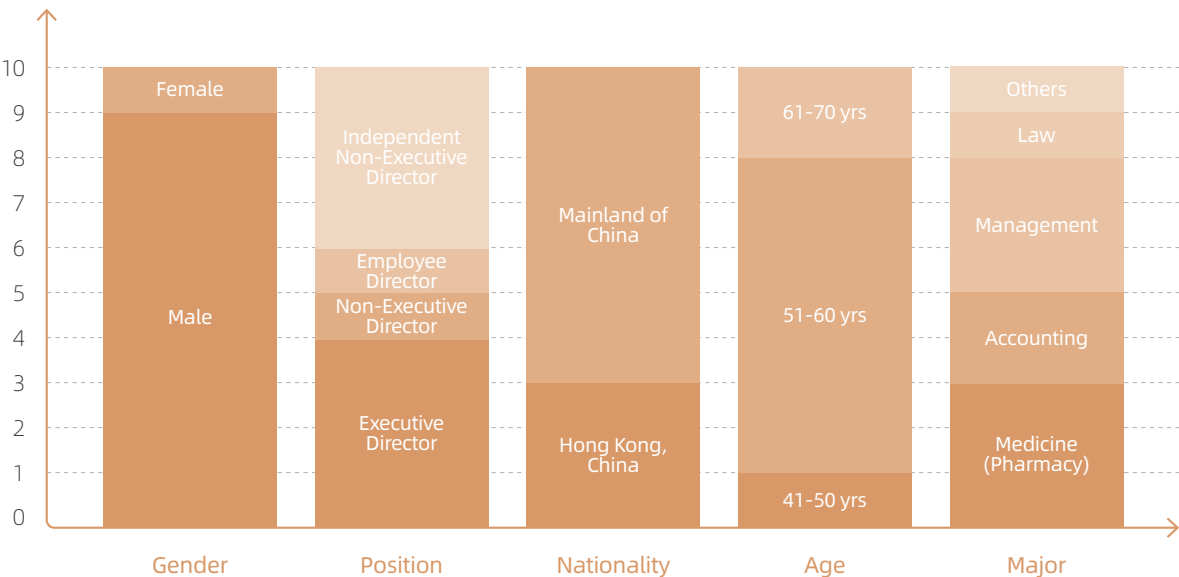
Implementing Robust Corporate Governance

Governance Structure

SPH strictly abides by the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other relevant laws and regulations formulated by regulatory authorities. The Company has been improving its governance system and building itself into a modern listed enterprise.



As of the disclosure date of this Report, the Company's Board of Directors has a total of **ten** members, including **four** independent directors, which constitutes **more than one-third** of the total Board membership. Pursuant to Rule 13.92 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Company has promptly amended and adopted a policy concerning diversity of Board members and employees. When evaluating candidates for the Board, the Company will take into account a number of factors, which include but are not limited to gender, age, educational background, professional experience, and length of service, to achieve an appropriate balance. The Board has conducted a review of the implementation and effectiveness of the Board Member Diversity Policy during the Reporting Period and has implemented appropriate measures accordingly. Consequently, the Board deems the policy to remain effective. The Board has substantially met the anticipated objectives outlined in the Member Diversity Policy, thereby preserving an appropriate equilibrium in its membership structure, with further details provided in the diagram below:



The Company remains committed to maintaining an appropriate gender diversity ratio across its entire workforce and continues to advocate for gender representation at all organizational levels, with a particular focus on Board-level diversity. Furthermore, the Company is dedicated to offering career advancement and training opportunities to employees who possess the requisite experience, skills, and knowledge, with the aspiration that they may ascend to senior management positions or directorships. Additionally, the Company pledges to uphold gender diversity in the recruitment of middle and senior-level employees, thereby nurturing a pipeline of potential successors for the Board.

SPH's Board of Directors includes a Nomination Committee, a Strategy Committee, a Remuneration Committee, and an Audit Committee, and has formulated the terms and implementation rules of each specialized committee. In 2025, SPH held **3** Shareholders' Meetings, leading to the approval of **nearly 30** proposals; and **11** board meetings, leading to the approval of **nearly 40** proposals.



Committees	Members of Committee	Authority of Committee	Work Report
Nomination Committee	The Committee is presently comprised of Mr. Huo Wenxun (Independent Director), Mr. Shen Bo (Executive Director), Mr. Gu Zhaoyang (Independent Director), and Ms. Wan Jun (Independent Director), with Mr. Huo Wenxun acting as the convener.	The Nomination Committee is a specialized group under the Board of Directors, mainly responsible for researching the candidates, setting the selection criteria, and deciding on nomination procedures. The Nomination Committee has the same responsibilities as above for senior executives.	During the Reporting Period, the Nomination Committee met twice to deliberate upon the "Proposal for the Nomination of Candidates for Independent Directors to the Eighth Board of Directors" and the "Proposal for the Appointment of Senior Executives."
Strategy Committee	The Committee is presently comprised of Mr. Yang Qihua (Executive Director), Mr. Zhang Wenxue (Non-Executive Director), and Mr. Wang Zhong (Independent Director), with Mr. Yang Qihua acting as the convener.	The Strategy Committee is a specialized research group under the Board of Directors. It is mainly responsible for future research, evaluation, and suggestions on the Company's development strategy and related affairs.	During the Reporting Period, the Strategy Committee met once to review the "15 th Five-Year Plan of SPH".
Remuneration Committee	The Committee is presently comprised of Mr. Wang Zhong (Independent Director), Mr. Yang Qihua (Executive Director), and Mr. Gu Zhaoyang (Independent Director), with Mr. Wang Zhong acting as the convener.	The Remuneration Committee is a specialized group under the Board of Directors, mainly responsible for evaluating the Company's directors, presidents, and other senior executives, and formulating policies for their remuneration.	During the Reporting Period, the Remuneration Committee convened twice to deliberate on the Proposal "Cancellation of Expired and Unexercised Stock Options for the Third Exercise Period of the Initial Grant and the Second Exercise Period of the Reserved Grant under the 2019 A-Shares Stock Option Incentive Plan", as well as the 2024 Performance Assessment Report for Senior Management of Shanghai Pharmaceuticals Holding Co., Ltd.
Audit Committee	The Committee is presently comprised of Mr. Gu Zhaoyang (Independent Director), Mr. Huo Wenxun (Independent Director), and Mr. Wang Zhong (Independent Director), with Mr. Gu Chaoyang acting as the convener.	The Audit Committee is a specialized group under the Board of Directors, mainly responsible for the relationship between the Company and external audit institutions, reviewing the Company's finances, supervising its financial reporting system, risk management, and internal monitoring systems. It also reviews and discusses corporate ESG matters.	During the Reporting Period, the Audit Committee held six meetings to address various matters, including the Company's periodic reports, internal control appraisal report, and audit work timelines and the annual ESG summary and plan.

Information Disclosure

Information disclosure serves as the principal avenue for investors to gain insights into SPH's operational progress. SPH keeps meeting investors' demand and compliance requirements. In accordance with the China Securities Regulatory Commission's Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.2 - Contents and Formats of Annual Reports, Shanghai Stock Exchange's Industrial Information Disclosure Guidelines for Listed Companies No. 6 - Pharmaceutical Production and Notice on Further Improving Listed Companies' Disclosure on Poverty Alleviation Work, and the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code, the Company discloses relevant information in innovative ways and in a timely and transparent manner.

In 2025, the Company issued **4** periodic reports, **120** ad hoc announcements for A-shares, and **130+** for H-shares.

SPH Honored with Multiple Galaxy Awards



At the 2025 Galaxy Awards, an annual report competition organized by the esteemed international evaluation body MerComm, Inc., SPH was honored with several accolades for its "2024 A-Shares Annual Report," including the Gold Award for "Cover Design - Art Illustration," Silver Award for "Cover Design - Unique Technique," Silver Award for "Printing - Pharmaceutical Category," and Bronze Award for "Design - Mainland Traditional Annual Report." This recognition underscores the Company's exemplary standards in information disclosure and is evidence of the high esteem in which SPH is held by professional evaluators.

Investor Communication

The Company maintains an Office of the Board of Directors tasked with investor relations integrated into performance evaluations. With a central objective of "serving investors and enhancing corporate value," the Office engages in comprehensive discussions with a diverse range of investors about business operations, corporate governance, and environmental and social considerations. To cater to various investor categories, the Company has established multifaceted communication channels, ensuring transparent and equitable access to information. These channels include performance presentations, investor open days, roadshows and reverse roadshows, strategy sessions, dedicated investor hotlines, and Shanghai Stock Exchange's E-interaction platform. Furthermore, the Company has instituted a feedback mechanism to solicit and consider investor suggestions. To further ensure equitable access to information, quarterly performance presentations are simultaneously broadcasted via the Shanghai Stock Exchange Roadshow Center, and investor communication records are periodically disclosed.

Highlights of Investor Engagement by Office of the Board of Directors In 2025:

5
performance
conferences

~35
reverse
roadshows

~220
number of
audience

~40
investment
strategy meetings

~720
number of
audience

1
corporate open
day

~370
small and medium investor interactions (via
SSE E-Interaction, hotlines, and email)

"2025 Outstanding Board Practices among
Listed Companies" by the China Association
for Public Companies

"2025 Best Board Office Practices among Listed
Companies" by the China Association for Public
Companies

21st New Fortune Magazine Selection: "Best
ESG Disclosure" and "Best IR Hong Kong-Listed
Company (A+H Shares)"

Cailian Press Xinwan Awards: "Shanghai-
Shenzhen-Hong Kong Stock Connect Value 20"
and "Sustainable Influence Pioneer Award"

Adhering to Compliant Operations

Governance

SPH has established a comprehensive Compliance Management Framework including a basic policy, several specialized policies, and a series of special guidelines, to ensure compliant operations. The Compliance Department oversees SPH's compliance management initiatives, while each functional department shoulders primary responsibility within its respective domain. The Compliance Department strives to create a thorough, efficient, and synergistic compliance management system across the organization, fostering seamless collaboration among compliance management departments and personnel at all levels to identify, address, and monitor diverse compliance risks. Guided by the principle of "targeted breakthroughs with progressive coverage," it ensures business operations align strictly with legal statutes, regulatory requirements, and industry standards, thereby supporting the Company's sustained, healthy, and stable growth.

In 2025, the Company further refined its specialized regulatory frameworks by introducing the "Implementation Measures for Accountability Concerning Non-compliant Operations and Investments". This initiative fosters a closed-loop compliance management mechanism spanning risk identification, response, mitigation and accountability. In addition, addressing high-priority business risks, the Company issued the "Key Points for Compliance Review: Academic Conferences" and formulated the "Compliance Risk Alerts for Pharmaceutical Advertising". These measures strengthen risk detection and provide targeted guidance for compliance reviews, thereby enhancing the Company's governance system.

Compliance Management Framework			
Category	Basic Policy	Specialized Policies	Special Guidelines
Function	Serves to define the overarching objectives, institutional duties, operational mechanisms, performance evaluations, and oversight and accountability frameworks of compliance management.	Establishes the organizational structure, compliance policies, supervisory approaches, disciplinary actions, and fundamental processes and requirements for compliance management in critical focus areas.	Emphasizes risk alerts and response strategies, including interpretations of laws and policies, compliance risk notifications, dissections of representative cases, and practical compliance guidance.
Policy Names (Partial)	Compliance Management Policy.	Compliance Inspection Management Measures Compliance Guidelines for Preventing Commercial Bribery Risks Anti-Monopoly Compliance Guidelines Anti-Commercial Bribery Management Measures Anti-Monopoly Management Measures Implementation Measures for Accountability Concerning Non-compliant Operations and Investments, etc.	Compliance Risk Identification and Assessment Key Points for Compliance Review: Business Entertainment Expenses Key Points for Compliance Review: Academic Visits Key Points for Compliance Review: Lecture Fees Key Points for Compliance Review: Academic Meetings Special Guide: Compliance Risk Alerts for Pharmaceutical Retail List of Compliance Obligations Compliance Risk Alerts for Pharmaceutical Advertising Key Policy Highlights: Anti-Unfair Competition Law Key Policy Highlights: Anti-Monopoly Guidelines in the Pharmaceutical Sector.

Subsidiaries refine their own compliance management policies in alignment with corporate directives and the characteristics of their operations.

The Compliance Department coordinates the development and capacity-building of the Group's compliance management system. By reinforcing organizational structures and refining institutional frameworks at the Group level, the Company leverages a "Policy + Technology" approach to establish an effective operational compliance mechanism, thereby consistently elevating its risk governance capabilities. Furthermore, the Company stipulates that each functional department holds primary responsibility for compliance within its respective domain, extending these control requirements to all subsidiaries. In accordance with the Group's unified strategic deployment, subsidiaries are tasked with establishing and perfecting their own organizational compliance structures and frameworks. This ensures the fulfillment of their primary compliance responsibilities, creating a synchronized and collaborative management model between the Group and its affiliates to safeguard the Company's commitment to lawful and compliant operations.

Strategy

SPH regards regulatory compliance as the cornerstone and redline for its long-term stability and success. The Company integrates a law-based approach and compliance mandates into strategic decision-making and daily operations, establishing a synergetic governance system centered on compliance management, internal control and risk management. We continuously refine a risk management mechanism spanning all personnel, business segments, and workflows, dynamically identifying, assessing, and mitigating operational compliance risks. By embedding compliant operations into our top-level strategic design, we are dedicated to safeguarding high-quality development through robust, transparent and accountable governance, thereby honoring the expectations and trust of our stakeholders.

Identification and Analysis of Risks and Opportunities

Risks Categories	Potential Impact on SPH	Actions	Impact Time Frame	Financial Impact
Legal Compliance Risk	In the pharmaceutical industry, laws and regulations evolve constantly and govern the entire operational process. Failure to remain informed about and comply with these requirements in a timely manner may expose SPH to regulatory sanctions, such as fines, product recalls, production halts, or license revocations. These consequences could jeopardize SPH's survival.	Establish a specialized compliance team tasked with continuously monitoring and interpreting changes in laws and policies; Build a compliance training system to ensure regular education for all employees; Set up a multi-tiered review mechanism to guarantee adherence to regulatory standards across all operations.	Short-to-long term	Regulatory penalties result in direct financial losses.
Reputation Damage Risk	Compliance breaches by pharmaceutical manufacturers, when scrutinized by the media, can trigger a crisis of confidence among the public, healthcare institutions, and investors, thereby eroding brand equity and market competitiveness.	Develop and refine the Corporate Code of Business Conduct, explicitly defining prohibited activities and compliance standards, and ensuring comprehensive dissemination among all employees and partners; Establish reputational crisis contingency plans and robust media monitoring mechanisms; Cultivate a positive corporate identity through ongoing public welfare initiatives.	Short-to-long term	Impaired brand reputation may result in a consequential loss of market share.

Opportunity Categories	Potential Impact on SPH	Actions	Impact Time Frame	Financial Impact
Brand Enhancement	Strict adherence to laws, regulations, and ethical business practices cultivates trust and recognition from consumers, healthcare providers, investors, and other stakeholders, strengthens brand visibility and reputation, and enhances SPH's competitive standing.	Develop and promote industry compliance standards; establish SPH as a model of regulatory excellence and elevate its influence within the sector; Disseminate its compliance achievements and initiatives through corporate websites, social media and industry reports to bolster public perception and goodwill; Enhance communication with stakeholders to address their concerns and expectations, fostering enduring collaborative relationships.	Medium-to-long term	Enhanced consumer trust, brand equity and market visibility may facilitate a broader market presence and increase profits.
Market Expansion	Conformity with domestic and international regulatory standards facilitates market access, enabling SPH to penetrate global markets, compete internationally, and capture additional business opportunities.	Fully understand regulatory frameworks in target markets and develop proactive compliance strategies; Enhance compliance management to ensure that products and services meet the standards and quality expectations of relevant markets; Establish close partnerships with domestic and international collaborators to exchange insights on compliance requirements and practices across diverse markets.	Medium-to-long term	The expansion of marketing channels and scale directly bolsters sales revenue; diversification reduces reliance on any single market, strengthening revenue stability and institutional resilience.

Note: Short term: less than 1 year; Medium term: 1-5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

SPH persistently refines its Compliance Obligation Inventory. In 2025, the Compliance Department updated this inventory, institutionalizing risk identification and mitigation into routine management. Through routine compliance audits, specialized guidance, and empowerment initiatives, the Company consistently drives its subsidiaries to strengthen the identification, prevention, and remedial implementation regarding "Dual-Anti" risks.

Furthermore, the Audit Center performs comprehensive compliance audits in marketing, procurement, and supply chain processes each year, ensuring coverage of all subsidiaries at least once every three years.

Cultivating A Culture of Compliance

Cultivating a culture of compliance serves as a vital mechanism for mitigating risks. SPH remains dedicated to fostering this culture, increasing employee awareness and embedding compliance promotion and education into routine operations. SPH's Compliance Department, Shanghai Pharma University, and different subsidiaries have developed tailored compliance training programs, promotional campaigns, and knowledge competitions, addressing specific functional characteristics and training requirements for various roles. By leveraging diversified methods and enriched content, these initiatives bolster employees' compliance awareness and strengthen the compliance baseline, thereby safeguarding SPH's steady and sustainable operations.

Launch Event for the Supporting Case Studies of the Compliance Guidelines for Pharmaceutical Manufacturers to Prevent Commercial Bribery Risks

On April 18, 2025, SPH, in collaboration with the Law Enforcement General Brigade of Shanghai Municipal Administration for Market Regulation, hosted a launch event for the supporting case studies of the Compliance Guidelines for Pharmaceutical Manufacturers to Prevent Commercial Bribery Risks. The event featured law enforcement officials and distinguished scholars in competition law, who provided specialized anti-commercial bribery training to the executive management of the Group and its subsidiaries, as well as industry associations and their members. During the session, industry representatives presented a Compliance Initiative, calling for the collective advancement of compliance culture across the sector, which garnered significant positive public recognition.



Internal Control and Risk Management

Internal Control

SPH has established a corporate governance structure and organizational framework that is in line with the Company's business scale and operational needs, enhancing and optimizing its internal control system.

In accordance with the *Company Law*, *Securities Law*, and other pertinent regulations of the People's Republic of China, SPH has established its Articles of Association and a governance structure which include the Shareholders' Meeting, Board of Directors, Party Committee, and Management. Rules of procedure for these bodies and for administrative meetings cover decision-making, execution, and supervisory responsibilities, ensuring an effective system of checks and balances. Each entity operates within its designated scope, maintaining standardized practices. The Board of Directors includes an Audit Committee, supported by specific implementation rules.

In alignment with its operational needs, business models, and functional responsibilities, the Company has established dedicated departments for operations, internal audit, compliance, and legal affairs. These units possess distinct mandates, collaborate seamlessly, and exercise mutual oversight to uphold operational integrity.

The Audit Center, serving as the executive arm of the Audit Committee, conducts independent audits under frameworks such as the "Internal Audit Policy," ensuring autonomy and effectiveness in its processes. It communicates audit findings and corrective recommendations to Management through established channels and provides regular updates to the Audit Committee and the Board of Directors.

Guided by the "Basic Standards for Enterprise Internal Control" and directives from the Ministry of Finance and other authorities, SPH refines its internal control system across five dimensions: control environment, risk assessment, control activities, information and communication, and supervision mechanisms. In alignment with risk management requirements, internal control frameworks, and industry best practices, the Company closely monitors procurement, sales, inventory, R&D and fund management processes of its operations and high-risk domains, ensuring a comprehensive oversight. Based on the findings of internal and external control audits, the Company implements remedial actions and follow-up verifications. This process facilitates a closed-loop internal control evaluation framework defined by "Risk Identification - Internal Control Evaluation - Rectification & Optimization."



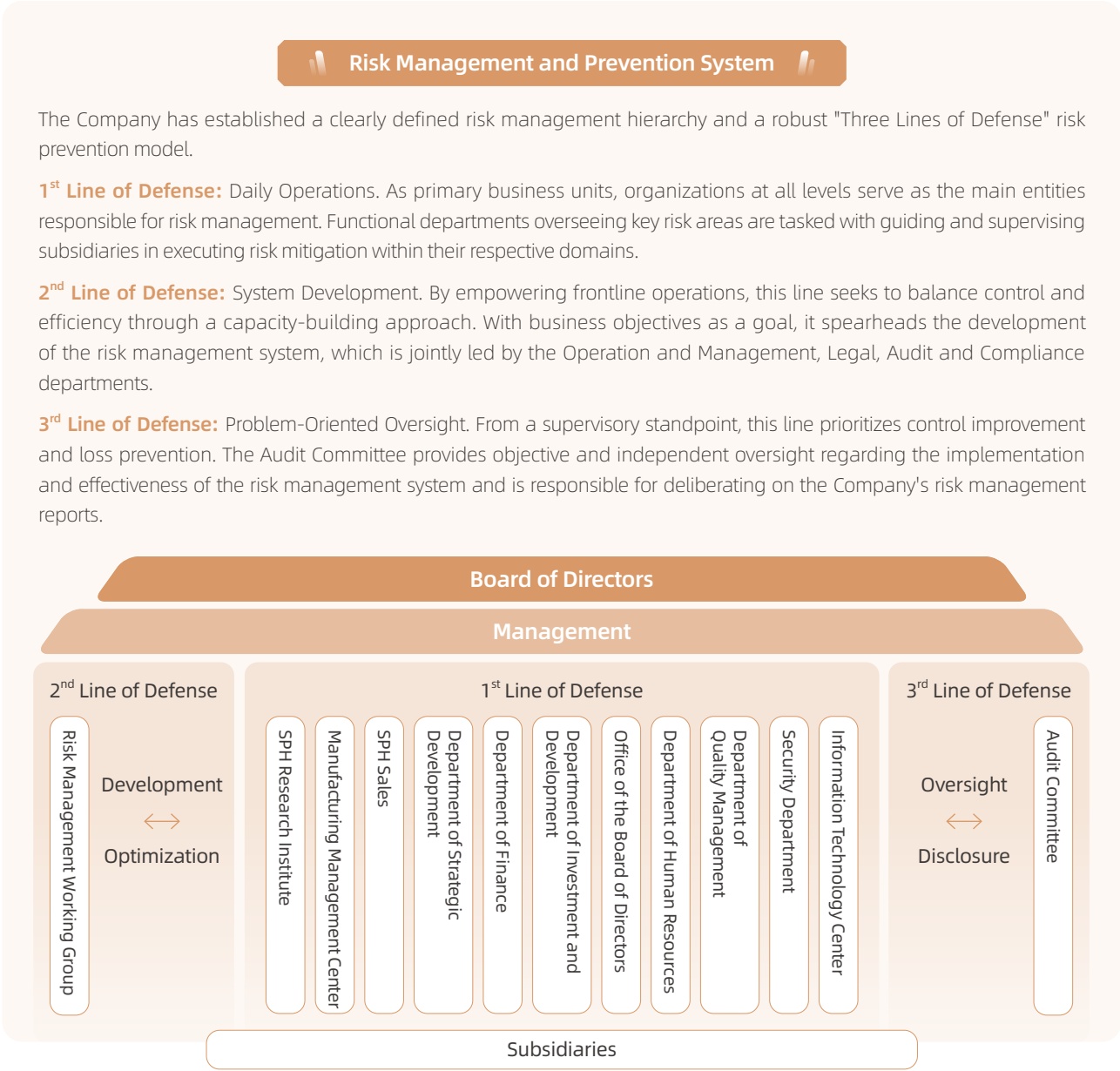
Finance & Tax Internal Control Training Conducted by SPH Sales

To continuously improve corporate fiscal and tax management and reinforce internal control awareness, SPH Sales conducted specialized finance & tax internal control training during the Reporting Period. This initiative effectively bolstered the professional expertise and compliance mindset of participants, while further refining the internal control framework and strengthening fiscal and tax security. The result is a robust foundation for ensuring regulatory compliance and enhancing management efficiency.



Risk Management

SPH prioritizes risk prevention and control, embracing the philosophy of "building a solid foundation for sustainable growth" and upholding the principle of "compliance and risk management first." The Company ensures full compliance with key legal frameworks, including the *Company Law* and *Securities Law of the People's Republic of China*, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, Basic Standards for Enterprise Internal Control, Application Guidelines for Enterprise Internal Control, and the Corporate Governance Code. Drawing inspiration from the Comprehensive Risk Management Guidelines for Central State-Owned Enterprises and the Comprehensive Risk Management Guidelines (Trial) of Shanghai Industrial Investment (Holdings) Co., Ltd., SPH tailors these standards to its unique context, refining its risk management framework with precision.





Risk Management Initiatives

- Management of General Risks**
Each organization/entity independently monitors general risks, defines the functional roles of departments within its Risk Management Task Force, establishes monthly, quarterly, and annual objectives and workflows, and ensures their systematic implementation.
- Management of Significant Risks**
In alignment with the regulatory standards of the SASAC and SIIC, organizations at all levels have established qualitative dimensions and quantitative criteria for identifying significant risks. They maintain continuous tracking of significant risks, implement tiered and categorized management, deliberate on risk mitigation strategies, and provide regular reports to their executive leadership.
- Specialized Risk Management Programs**
Implement targeted inspections for debt defaults, supervise and report on key areas, address potential operational risks, investigate anti-monopoly cases, and provide feedback on comprehensive risk alerts.

■ Anti-Commercial Bribery

Anti-commercial bribery management is a vital component of SPH's compliance framework. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company has established and enforced the "Anti-Commercial Bribery Management Measures" and the "Compliance Guidelines for Preventing Commercial Bribery Risks". By aligning business integrity cultivation with operational risk mitigation, the Company focuses on every aspect of business management, further advancing the "Four-Responsibility Coordination" mechanism and championing an integrity risk prevention system powered by "Policy + Technology".



The Group's leadership upholds the "Dual Responsibilities for One Position" principle regarding business integrity cultivation, explicitly defining the integrity mandates for heads of headquarters departments and executives of subsidiaries, and urging them to proactively take ownership. By intertwining business integrity cultivation efforts with business operations within their respective areas of responsibility, the leadership ensures that "Dual Responsibilities for One Position" principle is embedded into specific management functions. Furthermore, they fulfill their duties by compelling Party organizations across all subsidiaries to reinforce their primary responsibilities, thereby constructing a seamless, multi-tiered accountability governance system.

- The "Anti-Commercial Bribery Management Measures" and the "Compliance Guidelines for Preventing Commercial Bribery Risks" establish standards and requirements for scenarios such as academic exchanges, gifts and hospitality, outsourcing services, donations and sponsorships.
- All employees are required to study the "Employees' Handbook" upon joining SPH. The handbook explicitly states that those engaging in embezzlement, bribery, or other serious breaches of integrity that harm corporate interests will face disciplinary measures.
- SPH signs integrity and compliance terms with all suppliers and manages the integrity and compliance obligations in the supply chain through the "Supplier Integrity and Compliance Management Measures".

Integrity Risk Prevention and Mitigation

SPH integrates and utilizes various supervisory resources by establishing a regular consultation mechanism among functional departments such as discipline inspection, audit, finance, legal, operations, and compliance. This mechanism ensures timely communication of critical information and facilitates joint efforts in inspections, thereby fostering synergy and enhancing supervisory effectiveness. The Company continuously develops its integrity risk prevention and control systems, focusing on areas with concentrated power, resources, and funds, such as marketing, fixed asset investment, tendering and procurement, and expense management. In addition to identifying risks, weak links, and integrity risk, SPH clarifies preventive measures and responsibilities, categorizes bribery risks by business scenarios, and outlines the management structure, responsibilities, prevention mechanisms, and reporting and investigation processes for commercial bribery risk management, thereby establishing a long-term management mechanism.

In 2025, the Company continued to refine its anti-commercial bribery risk management, embedding risk assessment and identification into its ongoing compliance framework. Through compliance audits, targeted communication, and operational guidance, the Compliance Department has systematically empowered subsidiaries to identify, prevent, and remediate "Dual-Anti" risks. These efforts have shifted risk management upstream, strengthening the foundation for legally sound and compliant business operations.

6,000+
attendances of Party members
and cadres recorded in cautionary
education sessions

~2,900
executives from subsidiaries signed
integrity agreements

~1,100
individuals received integrity
notification letters

~1,700
integrity talks held for Party-
member leaders

~150
pre-appointment integrity talks held
for newly promoted leaders

Anti-Corruption Education

SPH promotes a culture of integrity within the organization, striving to create a clean and upright business environment. Drawing lessons from real-world cases, the Company's Discipline Inspection Committee conducts extensive and regular disciplinary and cautionary education for Party members and cadres, including collective integrity consultations for newly appointed officials. Secretaries of Party organizations at all levels delivered "Integrity Lectures" to fortify the ideological defenses of Party members and cadres, while Party organizations across all levels utilize cautionary documentaries and case studies to maintain a high level of vigilance regarding integrity. Furthermore, the Company provides ethical conduct orientation for new hires and specialized disciplinary training for young cadres, guiding them to "set the right tone from the start." Through multifaceted approaches including studying Party regulations and laws, reviewing cautionary cases, delivering integrity lectures, discussing integrity insights, and analyzing integrity risks, the Company has deepened case-based warnings and reform initiatives to instill discipline awareness, sustain anti-corruption vigilance, and uphold ethical standards among Party-member executives. In December 2025, Shanghai Pharma University, in collaboration with the Group's Compliance Department, hosted an online training session on the "Compliance Guidelines for Preventing Commercial Bribery Risks", attracting over 2,000 participants.

Report & Complaint Management

SPH has established open and accessible reporting channels for both internal and external stakeholders to raise concerns. The Company's Discipline Inspection Committee strictly adheres to the Work Rules for Supervision and Discipline Enforcement by Discipline Inspection Organs of the Communist Party of China and the Work Rules for Handling Accusations and Complaints by Discipline Inspection and Supervision Organs. The Committee processes petitions and whistleblowing reports from Party members and the public in a compliant and disciplined manner, ensuring that all allegations pertaining to corruption or fraudulent activities are handled in strict accordance with statutory requirements. The Company's "Anti-Commercial Bribery Management Measures" outline a clear mechanism for reporting and investigating complaints, with stringent protections for whistleblowers' personal information and the content of their reports. Access to complaint information is tightly controlled, and any form of retaliation against whistleblowers is strictly prohibited. Individuals found to have disclosed whistleblower information or engaged in retaliatory actions will face severe disciplinary measures in accordance with internal policies.

 Whistleblowing Channels

Email: syzz@sphchina.com Tel: 021-63369428

Anti-Unfair Competition

SPH strictly adheres to the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, and other relevant laws and regulations. The Company has developed and promulgated specialized frameworks, including the "Anti-Monopoly Compliance Guidelines" and the "Anti-Monopoly Management Measures". To bolster anti-unfair competition efforts, the Company has established and refined robust management systems and mechanisms to regulate competitive conduct and reinforce compliance controls. Each subsidiary has further tailored and improved its own anti-unfair competition policies based on its specific business model, creating a seamless, multi-tiered compliance management loop across the entire organization.



Anti-Unfair Competition Training Conducted by SPH Sale

Anti-Monopoly

SPH's senior management is responsible for organizing and leading anti-monopoly initiatives, ensuring the necessary support for effective management. The Compliance Department serves as the lead unit for anti-monopoly compliance management, implementing the directives of senior management and coordinating the overall anti-monopoly compliance efforts. SPH Sales has reinforced institutional requirements for personnel in key and sensitive positions through the execution of the "Anti-Monopoly Compliance Commitment Letter". This initiative aims to sharpen risk identification and prevention capabilities regarding monopolistic conduct, heighten employee awareness, and mitigate legal exposure associated with monopolistic conduct. Heads of functional departments and subsidiaries assume primary responsibility for anti-monopoly efforts, overseeing anti-monopoly compliance management related to their duties.

In 2025, SPH was subject to one administrative penalty involving a monopoly case (the Neostigmine Methylsulfate Injection case). During a specialized anti-monopoly risk screening conducted in 2024, the Company identified potential monopoly risks associated with this product through self-audit. Consequently, the Company initiated internal verifications across its subsidiaries, proactively reported its findings to the regulatory authorities, and cooperated closely with the subsequent investigation. Detailed information regarding this matter has been disclosed in the "Administrative Penalty Decision".

Metrics and Targets

Category	Target	Progress on 2025 Targets
Operational Compliance	Design multi-tiered and categorized compliance training curricula tailored to specific job functions to enhance training relevance.	In 2025, 4 new compliance policies were introduced. Extensive training sessions were conducted, totaling 373 hours and recording 76,000 attendances.
Anti-Commercial Bribery	Continuously foster a corporate culture of integrity by implementing diverse initiatives, including regular disciplinary and cautionary education sessions.	Over 6,000 attendances of Party members and cadres were recorded cautionary education programs. Subsidiaries executed nearly 2,900 integrity responsibility agreements with management personnel and issued integrity notices to approximately 1,100 individuals. Additionally, nearly 1,700 integrity consultations were held for Party leadership cadres, alongside nearly 150 pre-appointment integrity talks for newly promoted officials.

Information Security and Digital Operations

Information Security

SPH attaches great importance to information security and protection. It strictly abides by the laws and regulations related to information security and privacy protection in the countries or regions where it operates, including but not limited to the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. The Company upholds a data security policy that prioritizes clearly defined responsibilities, judicious authorization, standardized procedures, and the integration of technological and managerial controls. To this end, SPH has instituted comprehensive management frameworks such as the "Data Security Management Measures", "Data Classification and Grading Guide", "Regulations on Data Lifecycle Security Management", "Regulations on Data Security Incidents and Emergency Response Management", and "Regulations on Third-Party Data Security Management", which collectively safeguard the secure and uninterrupted operation of SPH's information systems, thereby facilitating the seamless execution of all business activities. In 2025, the Company further refined its information security governance framework. A total of 17 cybersecurity and data security management policies were issued or updated (11 new and 6 revised), including the "Data Security Management Measures of Shanghai Pharmaceuticals Holding Co., Ltd.", thereby strengthening the institutional protective shield. During the Reporting Period, SPH did not experience any information security incidents.

With a robust cybersecurity management system in place, SPH has established an information security architecture which includes dedicated units, leaders and personnel across its headquarters and subsidiaries, who are responsible for cybersecurity, data security and informatization.

The SPH Information Security Strategic Planning Project, initiated in 2017, reached a successful conclusion on June 20, 2025. This multi-year initiative involved comprehensive current-state assessments, the design of a network and data security blueprint, the definition of implementation roadmaps, and the systematic revision of supporting policies. Since 2018, the Group has started the construction of the "SPH Private Cloud" and the center for data recovery. Important systems have reached the **Level 6** requirements, and drills for data recovery are conducted every year. The Group's unified identity management platform was launched in January 2020. So far, **more than 100** important systems have been connected, which has strengthened employees' password management and ensured information security.

01

SHAPHAR, a subsidiary of the Group, further improved the ISO 27001 and other information security systems in 2023, continuing to improve its information security management.

02

SPH persistently continues to carry out, promote and implement the protection of network security, using different ratings. At present, the important information systems of SPH's headquarters, SHAPHAR, SPH Sine, and SPH TCM have passed the security evaluation and filing process.

03

Since 2022, SPH headquarters, SHAPHAR and other entities have jointly built a cybersecurity situational awareness platform, which improved the monitoring and handling capabilities.

Online Training on Cybersecurity Awareness

To further strengthen cybersecurity and elevate information security awareness across the workforce, SPH conducted a Group-wide specialized training program from July 15 to November 30, 2025, via the "SPH E-Academy" platform. Open to all staff, the curriculum featured practical modules on cybersecurity regulations, daily office security protocols, anti-phishing techniques, and data protection awareness, designed to empower employees to identify common digital threats and master essential protective skills. To date, the program has engaged **38,880** employees, achieving a systematic enhancement in security literacy and establishing a solid talent base for the Company's digital operations and business continuity.

Cybersecurity Publicity Week

In September 2025, SPH hosted "Cybersecurity Publicity Week" to reinforce cybersecurity awareness at the Group headquarters. The initiative featured phishing simulations, interactive WeChat quizzes with prizes, and the deployment of X-banners, looped educational videos, and digital posters. These activities successfully fostered a collaborative culture where "cybersecurity is everyone's responsibility, driven by everyone's participation."

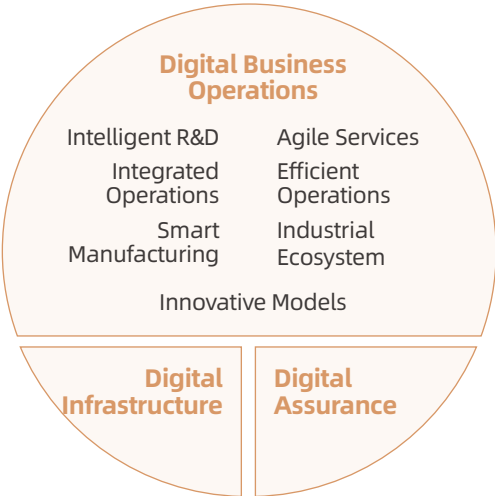


Extending Digital Operations

To spearhead these efforts, SPH has established the "Digital 3.0" Joint Working Group, which comprises the Department of Strategic Development, Information Technology Center, and Department of Operation and Management. The Working Group focuses on key business sectors—R&D, manufacturing, marketing, and commerce—as well as Group-wide functions. It continually refines the foundational and business platform architecture, deepens the integration of digital technology with production and operational processes, and leverages digital tools to enhance operational management efficiency, thereby improving data interconnectivity.

During the Reporting Period, the Company reinforced its "Strategy-Budget-Appraisal-Incentive & Constraint" closed-loop management framework through the development of a digital operations management platform. This initiative enabled seamless data integration and intelligent analytics, driving a strategic management shift from being "scale-oriented" to "quality and efficiency-oriented." Built upon the core principles of "Data-Driven, Penetrating Analysis, and Closed-Loop Management," the platform integrates multi-source data, leverages advanced analytical tools, and embeds end-to-end management functionalities to support the entire lifecycle from strategic planning to execution.

This digital transformation has not only addressed critical operational pain points but also delivered measurable gains in operational efficiency and significantly bolstered the Company's risk management capabilities.



SPH Operations Management Digital Platform

Jointly executed by the Department of Operation and Management and the Information Technology Center, this project was launched in 2024 and completed within one year. Following a comprehensive streamlining of operational metrics, the initiative established two core functional platforms for operations management and data reporting, enabling multi-dimensional analytics across R&D, manufacturing, commercial operations, and human resources. Furthermore, a standardized reporting framework was developed for Tier-2 subsidiaries, facilitating holistic operational risk control by monitoring loss-making entities, equity-participating firms and investment risks.

During the development of the indicator framework, **165** key operational metrics were defined in alignment with the requirements of various functional streams. By integrating four major management systems—the Group's Big Data Platform, the Manufacturing Data Acquisition and Analysis System, the Product Strategy System, and the Human Resources System—the platform now enables the automated monthly extraction and synchronization of critical data across finance, R&D, and production, covering everything from cost containment to R&D milestones.



SPH Sine Honored as "National Smart Factory of Excellence for 2025"

Centering on "IoT, Big Data, and Deep Learning," SPH Sine prioritizes the collection, aggregation, and analysis of data across all operational stages. Driven by data insights, SPH Sine has developed a green, intelligent facility that integrates "Intelligent Manufacturing, Smart Warehousing, and Smart Energy Management," all while strictly adhering to GMP standards. By focusing on strategic product categories such as micro-ecological preparations, SPH Sine has successfully transitioned from automated production to advanced intelligent manufacturing.

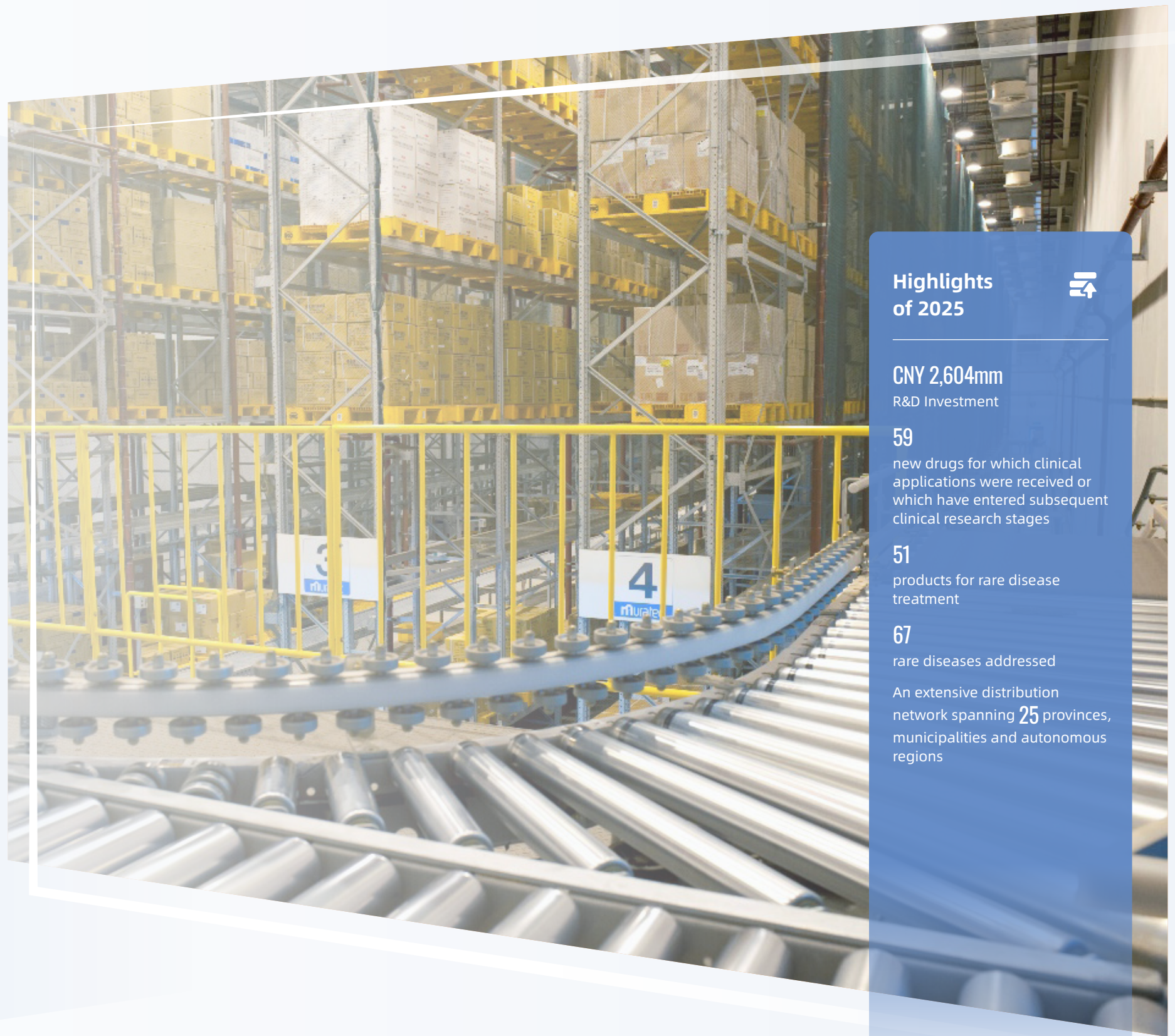
03

Excellence in Craftsmanship:

Innovation-Driven Leadership, Quality-First Commitment

- Upholding Innovation-Driven Development
- Improving Health Accessibility
- Ensuring Quality Excellence
- Providing Exceptional Service Experiences

Guided by the service philosophy of "ensuring the public has access to effective and affordable medicine" and "enhancing patients' medication experience," SPH uses its integrated business, investment, and R&D capabilities to drive technological innovation, expand distribution networks, and deploy digital tools, providing the general public with enhanced access to high-quality, affordable, and efficient medical products and services and in turn contributing to the realization of the "Healthy China" strategy.

Alignment with SDGs:**Highlights of 2025****CNY 2,604mm**

R&D Investment

59

new drugs for which clinical applications were received or which have entered subsequent clinical research stages

51

products for rare disease treatment

67

rare diseases addressed

An extensive distribution network spanning **25** provinces, municipalities and autonomous regions

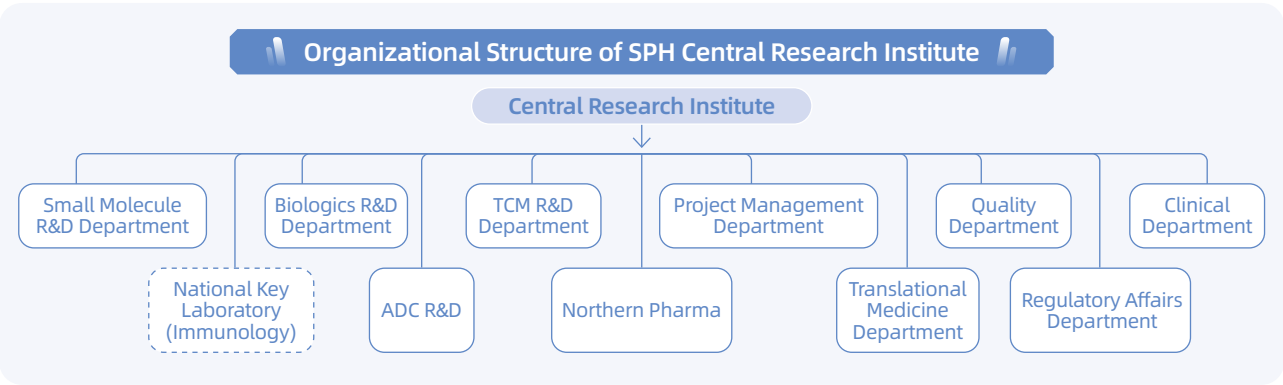
Upholding Innovation-Driven Development

The year 2025 serves as both the final year for SPH's "14th Five-Year" Strategic Plan and the launchpad for the "15th Five-Year" development blueprint. Upholding a development strategy defined by "solidifying foundations, strengthening core capabilities, and achieving innovation breakthroughs," SPH has navigated diverse challenges and transformative shifts within the pharmaceutical sector. By successfully implementing its strategy, the Company has made steady progress in transitioning its R&D system toward an open and collaborative model. Over the past year, the Company has optimized its R&D ecosystem, which has greatly improved the quality and productivity of its innovative research.

Governance

SPH complies with domestic and international laws, regulations, and industry standards, including the *Drug Administration Law of the People's Republic of China*, the *Regulations for Implementation of the Drug Administration Law of the People's Republic of China*, and the Regulations on Drug Registration. The Company has instituted frameworks such as the "R&D Project Management Measures" to ensure compliance in its R&D processes, thereby improving both efficiency and quality. In 2025, the SPH Central Research Institute continued to refine its institutional framework by formulating and executing the "2025 Institutional Development and Implementation Plan." During this period, 146 new R&D-related policies were launched, refining the end-to-end project tracking and risk early-warning mechanisms while integrating budget management and milestone-based controls.

SPH has established the Industrial Innovation Council under its Science Committee to advance the restructuring of its R&D management organization. By founding the SPH Central Research Institute and leveraging university-enterprise resource sharing and complementary strengths, the Company appointed the Dean of the Shanghai Jiao Tong University School of Pharmacy as the President of the SPH Central Research Institute through a "dual-appointment" scheme. This partnership facilitates the joint development of the National Key Laboratory of Innovative Immunotherapy. Concurrently, SPH continues to deepen its "Industry-Academia-Research-Healthcare-Capital" synergy, fostering an open and integrated innovation ecosystem to bolster its indigenous innovation capabilities in frontier sectors like immunotherapy.



Strategy

Aligned with national strategic objectives, SPH puts a sharp focus on patient needs and clinical value, strives to strengthen its "One Institute, Four Centers" innovation system, and builds an open-sourced innovation ecosystem prioritizing "Independence + Synergy + Integration". This approach accelerates the accumulation, collaborative research, and industrialization of cutting-edge technologies while strengthening SH-INNO's leadership position within the ecosystem to serve SPH's innovation-driven transformation. Focusing on the new track of cell and gene therapy, SPH emphasizes both independent R&D and clinical transformation, as well as process innovation and capacity building. By playing to its strengths, seizing opportunities, and taking the lead in trials, SPH aims to build a national-level innovation center for the clinical transformation and industrialization of cell and gene therapy, in a bid to foster new quality productive forces. Regarding existing key and pipeline products in cardiovascular, cerebrovascular, digestive, rheumatology, immunology, and anti-infective therapeutic areas, SPH strives to strengthen the foundation of its chemical and biological drug segments and enhance its technical capabilities. Through "self-research + introduction," SPH enriches its innovative drug pipeline in the fields of immunity, psycho-neurology, and oncology, enhancing its innovative competitiveness.

Identification and Analysis of Risks and Opportunities

Risks	Potential Impact	Actions	Impact Time Frame	Potential Financial Impact
Technical Risk	The pharmaceutical industry is characterized by rapid technological advancements, with new R&D techniques and methods continuously emerging. Should SPH fail to keep pace with these technological strides, it risks a decline in R&D success rate and a subsequent loss of product competitiveness.	The Company has set up dedicated teams to keep abreast of cutting-edge industry technologies; enhance collaborations with universities and research institutions through regular technical exchanges and training; and foster internal technological innovation.	Short-to-long term	Reduced ROI on R&D expenditure and decelerated revenue growth.
Market Risk	Insufficient depth or breadth in pre-R&D market research may result in misjudgments regarding actual pharmaceutical market demand and the competitive landscape, leading to a misalignment between R&D focus and market requirements.	Execute comprehensive due diligence covering market trends, clinical needs, and policy environments alongside technical feasibility studies prior to project initiation; establish a dynamic market demand feedback mechanism to provide data-driven support for R&D pivots.	Short-to-medium term	Misallocation of R&D resources, weighing down overall profitability.
Intellectual Property Risk	Failure to promptly apply for patents or improper patent strategizing during R&D can render research outcomes vulnerable to imitation, resulting in the loss of market exclusivity. Additionally, unintentional infringement of others' patents may lead to litigation and adverse effects on both R&D and product promotion.	Establish a robust end-to-end IP management system and proactively strategize patent filing; perform regular industry patent searches and freedom-to-operate (FTO) analyses to mitigate infringement risks; implement IP training programs for employees.	Short-to-medium term	Erosion of gross margins and dilution of profitability; patent litigation may result in substantial damages and legal expenses.
Talent Loss Risk	R&D innovation relies heavily on highly skilled researchers. Intense industry competition may result in talent being poached by competitors, leading to the loss of critical technologies and R&D strategies, and consequently, delays in R&D project timelines.	Develop industry-competitive compensation plans and well-defined career pathways, enhance R&D infrastructure, and link incentives directly to R&D milestones; foster an innovative corporate culture and professional environment to improve the retention and engagement of R&D staff.	Short-to-long term	Direct revenue losses resulting from the leakage of core technologies, adversely affecting long-term top-line and bottom-line growth.

Opportunities	Potential Impact	Actions	Impact Time Frame	Potential Financial Impact
New Product Launch Opportunities	A success in developing innovative drugs can address unmet medical needs, thereby filling market gaps, rapidly capturing market share, and elevating SPH's standing within the industry.	Conduct market promotion and marketing planning in parallel with product development and proactively establish sales channels; and expedite the inclusion of innovative drugs in the National Reimbursement Drug List, and the product commercialization.	Medium-to-long term	Drive top-line and bottom-line growth.
Brand Opportunities	Consistent achievements in R&D innovation contribute to establishing a brand image of innovation and professionalism, thereby enhancing trust and recognition among consumers, investors, and partners.	Promote R&D innovation outcomes and innovation philosophy through corporate websites, social media, industry conferences, and other channels; and participate in public welfare R&D projects to bolster an image of social responsibility.	Medium-to-long term	Strengthen market penetration and brand equity, thereby optimizing marketing expenses and reducing the marketing expense ratio.
Industrial Upgrade Opportunities	R&D innovation propels pharmaceutical companies to transition from traditional manufacturing to innovative drug development, optimizing the industrial structure, aligning with the high-quality development trends in the pharmaceutical industry, and enhancing pharmaceutical companies' resilience to risks.	Develop strategic corporate transformation roadmaps and progressively scale up the allocation of investment toward innovative R&D; accelerate the integration of the pharmaceutical value chain and expand capabilities across the full industry lifecycle, including R&D, clinical services, and commercialization.	Long term	Increase the revenue contribution from innovative drugs, optimize the earnings mix, and improve both gross and net profit margins.

Note: Short term: less than 1 year; Medium term: 1–5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

SPH has integrated innovative R&D into its enterprise risk management (ERM) framework, establishing a systematic risk and opportunity management mechanism that spans the entire lifecycle—from "strategic planning and project initiation" to "execution management and milestone acceptance." Guided by forward-looking strategic insight, anchored by rigorous expert appraisal, supported by dynamic process oversight, and finalized through stringent milestone reviews, the Company ensures a closed-loop management process. This approach guarantees that R&D initiatives remain focused on scientific excellence and clinical utility while proactively identifying and mitigating technological, market, and regulatory uncertainties. By doing so, SPH converts innovation-related risks into sustainable competitive advantages, ultimately translating R&D investment into tangible market value and industry leadership with high efficiency.

Strategic Planning

SPH conducts in-depth research on industry trends and its unique strengths to formulate a development strategy. The Company focuses resources on core areas, proactively identifies risks and opportunities, and ensures that investments in technology and new product development efficiently translate into market advantages and enhanced industry standing.

Project Initiation

SPH has established a Technical Expert Evaluation Committee to assess the rationale, feasibility, and future market demand of new drug development projects, thereby developing preemptive measures to address potential risks and capitalize on opportunities.

Execution Management

SPH creates clear and comprehensive development plans, monitors project progress on a monthly basis to ensure alignment with expectations, and promptly adjusts plans in response to issues encountered during execution.

Milestone Review

Based on market needs and potential technical risks, SPH sets practical and achievable milestone criteria during both the project initiation and execution phases, rigorously evaluates project development against these standards, summarizes challenges and lessons learned in a timely manner, and provides valuable insights for future project development.

Development of R&D Management System

Centering on the core objective of enhancing quality and efficiency, SPH has systematically optimized its R&D management framework, restructured its R&D project pipeline, and reinforced talent development alongside the deployment of new organizational structures. These efforts have improved management efficacy, providing a robust foundation for the in-depth execution of the "One Institute, Four Centers" strategy and the establishment of the "One Body, Two Wings" development model. Furthermore, the Company continues to bridge gaps with universities, research institutes, medical institutions, and innovative enterprises by deepening resource interoperability, mutual talent appointments, joint platform development, and the sharing of outcomes. Through these collaborative efforts, the Company conducts research on pivotal technologies to identify and incubate original innovations, novel technologies, and groundbreaking therapies, thereby accelerating the commercialization and industrial transformation of technological breakthroughs.

Focusing on Six Core Therapeutic Areas

- Immunology
- Psychiatry & Neurology
- Oncology
- Cardiovascular Diseases
- Digestive Health & Metabolism
- Anti-infectives

- Project Pipeline Admission:** Optimize and refine the objective decision-making framework for project initiation, establishing admission criteria anchored in clinical value.
- Project Grading and Classification:** Optimize the tiered and categorized management workflows for projects, establishing robust mechanisms for dynamic adjustment and strategic exit.
- Resource Coordination:** Advance the centralized allocation of R&D resources to maximize resource utilization.
- Lean Management:** Enhance the milestone-based project control system, instituting scientific decision-making protocols for advancing projects to critical stages while reinforcing milestone reviews and risk early-warning mechanisms.
- R&D Synergy Mechanisms:** Foster cross-departmental collaboration mechanisms to enhance synergistic efficiency, ensuring seamless feedback loops and rigorous execution across all project phases; optimize the management interface between in-licensed and in-house R&D projects, utilizing BD executors to establish functional firewalls that prevent internal-external competition and enable a coordinated dual-track (Self-R&D/BD) approach.
- Deepening End-to-End Digital and AI Empowerment:** To elevate R&D operational efficiency and management precision, SPH has officially deployed its Project Portfolio Management (PPM) system, leveraging digital tools to: standardize R&D workflows and ensure their transparency and refine cost controls; iteratively upgrade the intelligent bioinformatics analysis engine to create a data-driven closed loop spanning target identification, molecular design, and protocol optimization; and harness cutting-edge technologies such as deep learning and Generative AI to drive innovation.

Strengthening the Talent Pool for Scientific and Technological Innovation

SPH is dedicated to assembling a world-class scientific and technological innovation workforce, prioritizing strategic talent planning and the recruitment of industry leaders. In 2025, the SPH Research Institute successfully on-boarded 19 R&D leads and senior professionals, spanning critical disciplines such as early-stage ADC R&D, quality assurance, translational medicine, clinical operations, and medical monitoring. SPH maintains a rigorous quantitative appraisal system, fostering a "performance feedback - training empowerment - effectiveness evaluation" closed loop for talent development to drive the continuous upgrading of its R&D workforce. Furthermore, the Company consistently refines incentive structures, providing medium- to long-term rewards to core management and key R&D personnel to ignite their innovative potential.



SPH's R&D Special Enhancement Training Program for 2025

To strategically optimize SPH's R&D framework and accelerate innovative drug discovery capabilities, Shanghai Pharma University and SPH Research Institute jointly launched the 2025 R&D Special Enhancement Training Program. Spanning 4 months, the program was structured around four core modules, facilitating in-depth exploration of key pharmaceutical R&D sectors and providing participants with a comprehensive, systematic curriculum.



R&D Innovation Milestones

To build a more efficient and sustainable R&D innovation framework, SPH has optimized drug development processes from project inception to IND filing to ensure clinical research proceeds with maximum efficiency and quality. By the end of the Reporting Period, the Company maintained **59** new drug programs that had either been accepted for clinical trial applications or advanced into subsequent clinical phases, including **47** innovative drug candidates, thereby establishing a an endtoend, tiered R&D portfolio . Notably, B001, an innovative anti-CD20 injection for neuromyelitis optica, and Shenqi Sherong Pills, a Class 1 innovative TCM for mild-to-moderate cervical spondylotic myelopathy, have both completed patient enrollment for their respective Phase III clinical trials. Furthermore, SRD4610, a Class 1 innovative TCM for amyotrophic lateral sclerosis (ALS), and SHPL-49, a Class 1 innovative chemical entity for acute ischemic stroke, have both initiated Phase III clinical trials.

Among the **5** core platforms planned by SPH Research Institute—comprising the Hybridoma Technology Platform, the Peptide Drug Platform, the upgraded Pharmacology and Pharmacodynamics Platform (Translational Medicine Department), the Dual-target siRNA Platform, and Phase II of the Peptide Early Research Platform—the Hybridoma and Peptide platforms have successfully concluded their development cycles.

SPH remains committed to a "Dual-Wheel Drive" strategy of independent innovation and open collaboration. On the external front, the SPH Research Institute is advancing the in-licensing of external projects, with **7** programs having successfully completed project initiation as of late December.

As of the End of the Reporting Period:

Within SPH's innovative drug pipeline, **1** project has seen its marketing application accepted, **37** projects have entered the clinical phase, **7** have received clinical trial approvals, and **2** have had clinical trial applications accepted. Within the modified new drug pipeline, **6** projects have entered the clinical phase, and **6** others have either been approved for clinical trials or had their applications accepted.

BCD-085

BCD-085 is an innovative recombinant humanized anti-interleukin-17 (IL-17) monoclonal antibody. Clinically, IL-17 inhibitors have emerged as first-line or second-line therapies for autoimmune diseases including moderate-to-severe plaque psoriasis, ankylosing spondylitis, and psoriatic arthritis, characterized by rapid onset, significant and sustained efficacy, and a favorable safety profile. During the Reporting Period, the Company's New Drug Application (NDA) for ankylosing spondylitis was officially submitted and accepted.

SPH-B001/B007 CD20 Monoclonal Antibody

B001 (intravenous formulation) and B007 (subcutaneous formulation) are internally developed by SPH as highly humanized, globally innovative anti-CD20 monoclonal antibodies. To date, the pivotal clinical study of B001 for neuromyelitis optica spectrum disorder (NMOSD) has completed enrollment of **130** subjects and the analysis of primary endpoints. Meanwhile, the Phase II clinical trials for B007 targeting membranous nephropathy, myasthenia gravis, and pemphigus have all successfully completed subject enrollment.

Management of Intellectual Property

Intellectual property (IP) makes pharmaceutical companies competitive and enhances brand strength internationally. In recent years, SPH's efforts to protect IP rights have closely focused on strategic goals driven by scientific and technological innovation. Upholding the strategy of empowering R&D innovation with IP, the Company builds effective intellectual property barriers to protect R&D innovation.

SPH strictly adheres to national laws and regulations, including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*. The Company has established a full-fledged IP management system that encompasses standardized patent management, strategic patent planning and implementation, patent database and early warning platform, and patent enforcement. This system is underpinned by a series of IP management policies, such as the "Intellectual Property Management Measures", "Patent Risk Management Measures", and "Patent Application and Granting Incentive Measures", forming a robust framework for IP governance.

SPH's Intellectual Property Management System (IPMS) was certified under the national standard GB/T 29490-2013 (Enterprise Intellectual Property Management)

SPH was recognized as a National Advantaged Enterprise in Intellectual Property

Strengthening Patent Registration to Form a Portfolio of Patents for Protecting Innovative Drugs

In its daily R&D operations, SPH integrates IPs in all stages of innovative drug development. By synthesizing multiple strategic dimensions—including scope of claims, stability, infringement assessment, defensive circumvention, and internationalization strategies—the Company has established a series of high-value innovative drug patent portfolios, exemplified by the marketed Sitokiren Malate Tablets. This approach has enabled standardized IP lifecycle management for its domestic proprietary pharmaceutical R&D platforms.

Challenging First-to-file Patents for Generic Drugs

In alignment with the launch of the Implementation Measures for the Early Resolution Mechanism for Drug Patent Disputes (For Trial Implementation), SPH has proactively pursued patent challenges for generic drugs. It has successfully invalidated four originator crystalline form patents and submitted multiple third-party observations to China National Intellectual Property Administration regarding the non-patentability of certain originator patent applications, providing robust support for clearing patent hurdles prior to generic market entry.

Focusing on Conducting Intellectual Property Due Diligence for Early-Stage Incubation, License Transfer, Equity Cooperation, and Incubation Transformation Platforms

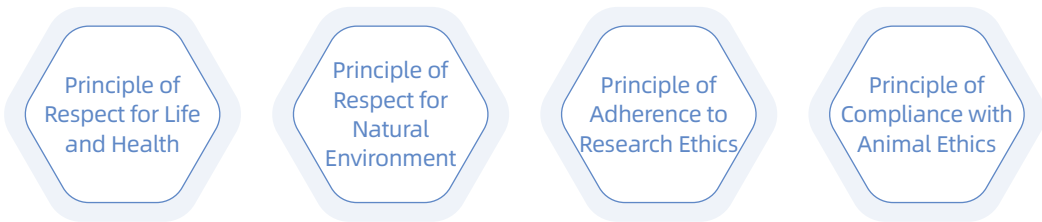
In an effort to keep IP risks at bay, SPH conducts IP due diligence in the midst of its business expansion (e.g. R&D project introduction, investment and merger projects).

Ethics in Science & Technology

SPH's scientific research and technological development activities primarily focus on life sciences, in new drug development and cell therapy, alongside the integration of artificial intelligence in fields such as AI-assisted drug design and medical big data analysis.

Management Structure

The Company complies with pertinent laws and regulations governing ethics and experimentation, including the Good Clinical Practice (GCP), the Helsinki Declaration, the CIOMS International Ethical Guidelines for Health-Related Research Involving Humans, the Universal Declaration on Bioethics and Human Rights, and the Measures for Ethical Review of Life Sciences and Medical Research Involving Humans. To showcase this commitment, SPH has instituted specialized ethical management frameworks, including the "Charter of the Institutional Animal Care and Use Committee (IACUC) of SPH Research Institute", the "Guide for Ethical Review of Laboratory Animal Welfare", the "Standard Operating Procedures for Laboratory Animal Husbandry and Management", and the "Protection of Subject Privacy". These frameworks precisely delineate the ethical principles and behavioral standards that govern the entire scientific research and technological development process, from project inception and execution to the application of outcomes.



Centered on its strategic priorities in pharmaceutical development and research workflows, the Company has formed three specialized committees: the R&D Pipeline and Product Portfolio Decision Committee, the Early Research and Early Development Management Committee, and the Clinical Development Operations and Pre-Commercialization Management Committee. These committees consist of experts in life sciences, medicine, ethics, and law, bringing a multidisciplinary perspective that ensures the scientific precision and professionalism of the R&D management process. This also enables thorough ethical evaluations of scientific activities from diverse standpoints. Each committee has established comprehensive review procedures and criteria, conducting both initial and continuous ethical assessments of internal research initiatives. Before a project begins, the committees meticulously assess the research proposal, potential risks, and ethical considerations, offering recommendations or adjustments. Throughout project execution, consistent monitoring ensures alignment with ethical mandates.

The Company has also designated specific supervisory positions or teams to perform regular inspections and unscheduled audits of research projects, swiftly identifying and addressing any emerging ethical concerns. Ethical reviews constitute an essential element of both project application and completion stages, guaranteeing adherence to ethical standards. During the Reporting Period, SPH recorded no breaches of scientific ethics.

Ethical Animal Tests

SPH strictly adheres to the "Guide for Ethical Review of Laboratory Animal Welfare" and the "Regulations on the Administration of Laboratory Animals," along with other pertinent provisions. In accordance with standards such as Laboratory Animal Institutions—General Requirements for Quality and Competence (GB/T 27416-2014) and Laboratory Animal—Guideline for Ethical Review of Animal Welfare (GB/T 35892-2018), the Company ensure humane treatment of laboratory animals throughout all procedures: transportation, daily care & management, environmental enrichment, experimental operations, and humane endpoints".

The Company has established the Institutional Animal Care and Use Committee (IACUC) of SPH Research Institute, which review applications for internal laboratory animal ethics assessments and monitors the implementation of animal welfare and ethics review policies across relevant departments. IACUC has developed the "Regulations for Laboratory Animal Management" to standardize laboratory animal management and experimental procedures, safeguard personnel safety, and uphold laboratory animal welfare. Prior to initiating animal experiments, research project teams must submit the "Ethical Review Form of Laboratory Animal Welfare". Following approval by IACUC, experiments must proceed strictly within the confines of the approved plan. The ethical review process for laboratory animals addresses specific considerations, including the use of analgesics and sedatives to minimize discomfort and pain in laboratory animals without compromising experimental integrity, performing procedures that may cause discomfort or pain only when essential, and employing appropriate euthanasia methods for laboratory animals.

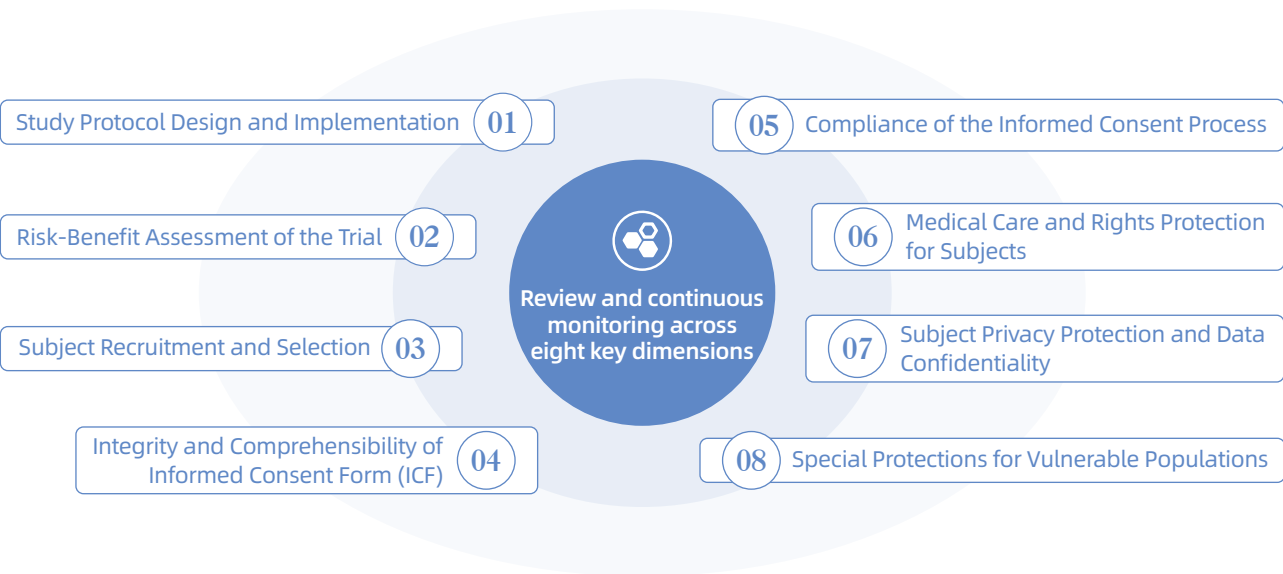


Animal Welfare Management Initiatives

- In designing animal experiment protocols, the Company steadfastly applies the "3R principles"—Reduction, Replacement, and Refinement. This approach involves securing equivalent experimental data with fewer animals or maximizing data output from a fixed number of animals, as well as substituting animal experiments with alternative methods or using lower-order animals instead of higher-order ones to achieve identical objectives.
- The Company refines experimental procedures to alleviate or reduce animal pain and distress, while enhancing the technical expertise and ethical awareness of personnel to prioritize animal welfare.
- In managing laboratory animal husbandry, the SPH Research Institute's barrier facility for animal employs high-standard Individually Ventilated Cage (IVC) systems to maintain optimal environmental conditions and appropriate stocking densities. Animals receive hygienic, nutritionally balanced, palatable, and sufficient feed, complemented by sterile drinking water. The housing environment incorporates toys in each cage to fulfill the animals' needs for activity and play, thereby enhancing their psychological well-being.

Ethical Clinical Trials

SPH strictly adheres to the ethical principles governing drug clinical trials, consistently prioritizing the dignity, safety, and rights of trial participants. To ensure the entire clinical trial lifecycle aligns with rigorous scientific and ethical standards, SPH has established a systematic ethical review and oversight framework. In accordance with Good Clinical Practice (GCP) and pertinent legal regulations, the Company focuses on systematic review and continuous monitoring across eight key dimensions. All clinical trial initiatives must demonstrate full compliance with the following ethical criteria to receive authorization for implementation.



Throughout the design and execution of clinical trials, SPH applies scientific rigor and high ethical standards, meticulously developing clinical trial protocols and adhering strictly to their requirements during implementation. By strengthening end-to-end quality control, the Company minimizes the risk of protocol deviations and violations. Furthermore, the Company works closely with the ethics committees of various research centers to ensure the timely submission of regulatory materials, maintaining full oversight and compliance throughout the trial lifecycle.

Moreover, SPH performs continuous follow-up reviews of all authorized clinical trials until their successful completion. This proactive oversight effectively safeguards the legal rights and interests of every participant, ensuring that clinical research is conducted in a scientific, standardized, and orderly manner within a robust ethical framework.

Training on Ethics in Science & Technology

In 2025, SPH kicked off a series of specialized training programs centered on clinical trial ethics. The curriculum provided comprehensive coverage of critical domains, including the protection of subjects' rights and interests, in-depth interpretation of the latest regulatory mandates, and compliant clinical data management. These sessions targeted key personnel across clinical operations, medical affairs, pharmacovigilance, and data management departments. The initiative aimed to systematically cultivate and enhance the ethical literacy and practical competencies of staff, ensuring that all clinical trial activities remain strictly aligned with scientific, ethical, and regulatory standards while safeguarding participant safety and data integrity.

Ethical Review and Subject Protection

The Company conducted courses including "Audit Case Sharing," "Protocol Deviation Training," and "Quality Issue Management" to reinforce ethical compliance awareness and standardize operational procedures within clinical operations.

Interpretation of Regulations and Guidelines

The Company organized study sessions on the Technical Guiding Principles for the Analysis and Handling of SUSAR in Clinical Trials of Anti-tumor Drugs, the Guiding Principles for the Management of Phase I Clinical Trials, and the ICH GCP E6 (R3) framework to ensure that all trials adhere to both domestic and international ethical and regulatory benchmarks.

Data Security and Privacy Protection

Training sessions such as "Clinical Data Studio: Embedded AI Tools" and "Application of Data Visualization Tools in Clinical Safety Monitoring" were held to emphasize the secure processing of clinical data and the stringent protection of subject privacy.

Metrics and Targets

In 2025, SPH's R&D operations were underpinned by a total investment of **CNY 2,604 million**, with objectives explicitly focused on building future core competitiveness. We aim to systematically diversify our product portfolio and bolster long-term growth drivers by securing key milestones across core pipelines—specifically by advancing multiple clinical-stage candidates to completion—thereby establishing a robust innovation foundation for the Company's sustainable development.

 **As of the End of the Reporting Period:**



59 new drugs received clinical applications or entered the follow-up clinical research stage, including **47** innovative drugs and **12** modified new drugs



2 First Prizes
in National Science Progress Awards



4 Second Prizes
in National Science Progress Awards



3 national-level enterprise technology centers and national key labs



12 provincial-level enterprise technology centers, technology research engineering centers and key labs



35
National High-Tech Enterprises



5 "Little Giant" enterprises, and **27** SMEs with expertise, specialization, differentiation, and innovation

Improving Health Accessibility

SPH is the second largest pharmaceutical distributor and one of the largest drug and vaccine importers in China. The Company is dedicated to building an innovative and comprehensive system for the entire drug lifecycle and providing modern medical and pharmaceutical supply chain services to hospitals, patients, and partners. SPH harnesses the power of "technology + finance + service" to further advance its industrial upgrading and business innovation.

Building an Innovative Drug Full-Life-Cycle Service Platform

As one of the largest service providers of imported drugs and vaccines in China, SPH meets patients' needs, and has committed to building an innovative drug service platform. SHAPHAR, a core subsidiary of SPH, is a national modern pharmaceutical supply chain service provider dedicated to pharmaceutical health services. Upholding the strategic vision of "becoming a world-class, high-tech, high-caliber tech-driven health service provider," SHAPHAR prioritizes value creation and service innovation, and is committed to establishing a national-level pharmaceutical supply chain service platform and accelerating its development into a world-class tech-driven health service provider.

SHAPHAR provides global pharmaceutical companies with full-lifecycle, one-stop management services in four major areas: **pre-marketing cooperation, import and export services, nationwide distribution, and value-added innovation**. Our goal is to accelerate the introduction of global innovative drugs and enable Chinese patients to have access to high-quality drugs domestically.

In 2025, SHAPHAR continued to elevate its industrial service capabilities for imported and innovative drugs. During the 8th China International Import Expo (CIIE), SHAPHAR entered into strategic cooperation agreements with leading innovators, including Eisai, SciClone, OcuMension, and Pfizer, cementing comprehensive strategic partnerships for innovative product commercialization.

Additionally, in response to the Working Plan for Temporary Import of Clinically Urgently Needed Drugs released by the central government to provide life-saving access for critically ill patients seeking overseas- marketed therapies, SHAPHAR has deepened its expertise in specialty drug market access. By bridging the "last mile" of policy implementation, SHAPHAR has successfully built an advanced supply chain network for medical devices and pharmaceuticals across key regions like Beijing, Hebei, Shanghai, and Hainan. This regional synergy ensures that Chinese patients can access global innovative treatments in tandem with international markets.

Accelerating End-to-End Integrated Commercialization of Innovative Drugs to Enhance Healthcare Accessibility

SPH Health Commerce is the designated out-of-hospital healthcare service platform of SPH. Guided by a "patient-centric" philosophy, SPH Health Commerce is dedicated to driving the integrated, full-lifecycle deployment of innovative drugs in the out-of-hospital market, tangibly enhancing patient access to medication, professional services, and diversified payment solutions. In 2025, SPH Health Commerce Digital Technology (Shanghai) Co., Ltd. was officially recognized as a "High-Tech Enterprise," a testament to the government and industry's validation of the company's long-standing commitment to technological innovation and its specialized expertise in pharmaceutical digitalization.

SPH Health Commerce continuously enhances the capabilities of its DTP pharmacies through precision-driven services, specialized care models, and superior quality. By integrating online hospital platforms, disease-specific care systems, and seamless online-offline service models, it optimizes service workflows and quality, delivering convenient, efficient, and professional end-to-end pharmaceutical management services. This approach significantly elevates patients' medication procurement experiences and enhances treatment accessibility. To date, the "Yiyao Pharmacy" brand has established an extensive terminal network, achieving seamless "in-hospital to out-of-hospital" full-chain synergy for innovative drugs and providing patients with holistic and convenient healthcare services.

With the deep integration of "Insurance + Medicine + Service" as its strategic core, SPH Health Commerce continues to pioneer innovative payment models to improve the accessibility and affordability of high-value specialty drugs and chronic disease medications. This effort establishes a replicable and scalable industry benchmark for China's multi-tiered medical security system. For instance, in high-value therapy financing, SPH Health Commerce has built a mature commercial insurance pharmacy service framework for frontier treatments such as CAR-T. Building upon its nationwide DTP (Direct-to-Patient) pharmacy network, SPH Health Commerce has created a professional service closed-loop—spanning prescription verification, drug supply, cold-chain logistics, and claims coordination—that aligns efficiently with commercial insurance workflows to alleviate the financial burden of high upfront payments for patients with critical illnesses.



Furthermore, leveraging its proprietary supply chain and logistics infrastructure, SPH Health Commerce's Yiyao Comprehensive Flagship Store continuously optimizes drug distribution routes and strengthens partnerships with local healthcare institutions and retail pharmacies. These efforts ensure the stable and timely delivery of essential medicines to service terminals at the county and township levels. Simultaneously, by sponsoring and hosting offline events—such as the "Lupus Patient Conference" and the "First National Sjogren's Syndrome Patient Conference"—the Yiyao Comprehensive Flagship Store extends premium disease education and physician-patient engagement resources to underserved regions. This initiative empowers primary-level patients with better disease awareness and self-management capabilities, narrowing regional disparities in both information and resource access.

The Yiyao Comprehensive Flagship Store remains committed to deepening its impact in areas such as vulnerable patient care, extending services to grassroots communities, and the guaranteed supply of low-cost and shortage-prone drugs. By continuously innovating service models and optimizing supply chain efficiency, the Yiyao Comprehensive Flagship Store collaborates with an expanding network of partners to build a more comprehensive, reliable, and compassionate health support system. Its ultimate goal is to ensure that the vital needs of patients are never constrained by distance or compromised by drug shortages.

Yiyao Health, an Innovative Drug Service Platform, Unveiled by SPH Health Commerce

Core Diagnostic & Clinical Services: Aggregating premium resources to deliver high-quality medical care and online specialist consultations, while leveraging high-fidelity data to bridge information gaps.

Proactive End-to-End Recovery Assistant: Facilitating superior self-management through proactive, personalized patient journey management, including medication alerts, health monitoring, and Adverse Event (AE) management.

Compassionate Peer Community: Offering authoritative educational content and expert-led livestreams, while fostering a supportive peer community to alleviate patients' information anxiety and social isolation.

Diversified Payment & Medication Access: Integrating social security, commercial insurance, and philanthropic resources to mitigate the financial burden on patients, while ensuring seamless access to medications via a professional DTP pharmacy network and integrated logistics.



"Full-Journey Patient Care Program"

As technological precision empowers healthcare services, humanistic care must be delivered with genuine warmth. In 2025, SPH Health Commerce's innovative "Full-Journey Patient Care Program" established a "professional, one-stop" out-of-hospital healthcare service framework—anchored by pharmacists, centered on patients, and powered by digital intelligence. By deepening the integration of digital tools and end-to-end disease management, SPH Health Commerce is spearheading the industry's transition from a "product-supply" model to "value-based healthcare services," helping the broader healthcare ecosystem evolve.

Data + AI: Building an Intelligent Ecosystem for Diversified Innovative Drug Payment

As a strategic hub for China's biopharmaceutical industry, Shanghai has consistently advanced the development of a multi-tiered healthcare security system. By fostering synergy between commercial health insurance, out-of-pocket payments, and patient assistance programs, the city is accelerating the shift toward a diversified reimbursement landscape, providing critical support for the clinical adoption and industrial evolution of innovative therapies.

Throughout this transformation, Meditrust Health—a leading platform entity in diversified pharmaceutical payment incubated by SHAPHAR—has been a pioneer in digitalizing healthcare payment services, seeking sustainable pathways to bridge the gap between pharmaceutical breakthroughs and patient access. Leveraging its proprietary mind42.ai, a domain-specific Large Language Model (LLM) for the healthcare and insurance sectors, Meditrust Health has integrated complex data and regulatory frameworks across the medical, pharmaceutical, and insurance industries. By synchronizing commercial health insurance, out-of-pocket payments, and patient assistance programs, Meditrust Health is forging a diversified payment infrastructure for innovative drugs that spans both inpatient and outpatient clinical settings.



By establishing the Meditrust Health digital service ecosystem, the platform enables seamless benefit identification, cost-sharing, and real-time settlement throughout the patient journey. It translates intricate policy terms and reimbursement pathways into actionable payment schemes, facilitating a 'treatmentbeforepayment' experience that significantly enhances payment efficiency, affordability, and the overall patient journey. This model not only alleviates the burden of upfront out-of-pocket expenses but also optimizes the allocation of insurance resources within real-world clinical settings.

To date, Meditrust Health has served **2 million** patients, managed over **443 million** insurance policies, and forged strategic partnerships with more than **140** pharmaceutical manufacturers and **100** insurance carriers. Its expansive service network encompasses thousands of healthcare providers and pharmacies nationwide. Underpinned by these diversified payment mechanisms, the platform offers patients stable and sustainable access to therapy, effectively lowering the personal financial burden of healthcare, accelerating patient access to breakthrough treatments, and providing a robust foundation for the sustainable growth of the innovative drug market.

Through the ongoing cultivation of this diversified payment ecosystem, SPH continues to pioneer new paradigms for the development of the pharmaceutical industry and healthcare security systems. In the years ahead, the Company will harness Shanghai's regional strengths in biopharmaceuticals to deepen the integration of healthcare, insurance, and digital innovation. By enhancing the accessibility of innovative therapies and the quality of patient care, SPH remains committed to strengthening the multi-tiered medical security system, advancing the "Healthy China" strategy, and driving high-quality industrial development.

Enhancing Access to Frontier Therapies via Diversified Payment Solutions

Meditrust Health and IASO Bio have entered into a strategic partnership to pioneer innovative payment strategies, utilizing diversified payment schemes to significantly bolster access to cutting-edge treatments like CAR-T cell therapy. To date, the collaboration has supported **500** patients by establishing a multi-dimensional payment architecture comprising "direct-to-provider insurance settlement + financial installment plans." The initiative provides substantial medical cost offsets for eligible patients—with cumulative benefits surpassing **CNY 100 million**—and features an innovative adverse reaction insurance mechanism dynamically indexed to clinical outcomes. Furthermore, leveraging a proprietary intelligent claims engine, the platform enables real-time status tracking, while the "One-Code Direct Pay" platform facilitates a seamless digital closed-loop spanning from patient authentication to in-hospital expenses. This project not only addresses the reimbursement bottlenecks associated with high-value innovative drugs but also leverages platform-based operations to forge a comprehensive commercial loop—integrating market access, channel synergy, and patient services—offering a vital benchmark for the commercialization of biopharmaceutical breakthroughs.

Enabling One-stop Reimbursement via "Huiminbao" + Innovative Payment to Alleviate Healthcare Costs



Meditrust Health has partnered with Gilead to secure the inclusion of Trodelvy® in the "Huiminbao" programs of nearly 30 cities across China, resulting in cumulative payouts exceeding CNY 7 million and benefiting nearly 200 breast cancer patients. In 2025, to further ease the financial burden on patients, the "Trodelvy New Life" Patient Benefits Program was launched for eligible breast cancer patients. The initiative introduced a pioneering "combined payment scheme" and a "commercial insurance smart calculator," facilitating integrated one-stop reimbursement for both Huiminbao and innovative payment schemes, thereby significantly enhancing claims efficiency and transparency.

Fulfilling the Needs of Special Populations

As a core subsidiary under SPH focusing on rare diseases and pediatric pharmaceuticals, SPH RD has always adhered to the core values of "Care, Responsibility, Innovation, and Collaboration." The company serves national strategies by focusing on unmet clinical needs and "bottleneck" projects, and drives the development and commercialization of rare disease drugs, thereby contributing to meeting patients' pharmaceutical needs. SPH RD works to create an accessible model for rare diseases in China and accelerates the development of new quality productive forces in the biopharmaceutical sector.

SPH RD integrates the principles in the Outline of the Healthy China 2030 Plan into its operations. The company strives to establish itself as a key national innovation and R&D base for rare disease drugs, a globally influential translational base for rare disease drugs, a high-end international production base for rare disease medications, and a supply base for urgently needed rare disease drugs. It aspires to become an industry leader distinguished by Chinese characteristics in the sphere of rare diseases, ensuring that a greater number of patients gain timely access to safe, reliable, and life-saving medications.

Accelerating the Research, Development, and Market Launch of Rare Disease Drugs (RDDs)

Targeting the clinical needs of rare disease treatment, SPH has created a complete RDD ecosystem with a patient-centric approach. Through both independent and cooperative R&D, SPH has added new products to the catalog of drugs for rare diseases and children. In 2025, SPH RD advanced 9 pipeline projects, securing the import registration certificate for Riluzole Tablets and completing customs clearance for an initial import batch of 200,000 tablets. Its Class 1 innovative drug SRD4610 achieved first-patient-in (FPI) for its domestic Phase III clinical trial and successfully received a response following its FDA pre-IND submission. SPH RD continues to accelerate the translational development of its innovative pipeline: one Class 1 innovative drug has progressed to Phase III trials, while another Class 1 and a Class 2 innovative drug are currently in preclinical development, and a further Class 1 candidate is undergoing exploratory research. These efforts aim to expand therapeutic options for rare disease patients and further bolster healthcare accessibility.

Ensuring Drug Supply for Existing RDDs

(1) Ensuring Supply Security

Supported by its integrated "R&D-Production-Sales" value chain, SPH RD ensures seamless supply-demand synchronization and continuously optimizes its MAH (Marketing Authorization Holder) life-cycle management to maintain a consistent supply of essential rare disease drugs. In 2025, SPH RD delivered 356 batches and produced nearly 191 million tablets/capsules of rare disease drugs, upholding its commitment to supply continuity and providing patients with safe, dependable therapeutic options.

(2) Quality Enhancement

Penicillamine Tablets, the indicated therapy for Wilson's Disease (Hepatolenticular Degeneration) in China, are listed on the national registry of rare disease drugs and clinical drugs in short supply, with SPH RD serving as the sole domestic manufacturer. In anticipation of stricter pharmacopoeia requirements, SPH RD proactively conducted research to ensure the product outperformed USP (2024) specifications for key metrics such as related substances and dissolution profiles, defining a new global benchmark for quality. This standard has been officially adopted into the 2025 Chinese Pharmacopoeia (ChP), safeguarding drug efficacy, supply stability, and patient safety.

(3) Launching JD Flagship Store for Faster Access to Medication

SPH RD is dedicated to establishing a closed-loop ecosystem for rare disease drugs characterized by "Online Visibility, Precision Distribution, and Patient Support." By utilizing the JD Logistics network, SPH RD has reduced regional distribution overhead, optimized logistics costs, and shortened the patient procurement cycle to under 72 hours. Concurrently, SPH RD maintains a rigorous pricing governance framework for its online pharmacy to prevent price gouging, thereby ensuring both the accessibility and affordability of rare disease drugs.

Deepening Multi-stakeholder Collaboration to Enhance Healthcare Accessibility and Disease Awareness

(1) Co-Building a Collaborative Innovation Ecosystem for Rare Diseases

To advance the integrated development of industry, academia, research, and healthcare within the rare disease sector, SPH RD has forged deep-seated partnerships with authoritative institutions, including China Alliance for Rare Diseases, Shanghai Foundation for Rare Disease, Beijing Oriental Rain ALS Care Center, and Shanghai Sunshine ALS Care Center, alongside premier hospitals such as Peking Union Medical College Hospital, Huashan Hospital Affiliated to Fudan University, Xin Hua Hospital Affiliated to SJTU School of Medicine, and Ruijin Hospital Affiliated to SJTU School of Medicine. Utilizing an integrated O2O (online-to-offline) model, SPH RD has successfully hosted over 20 academic symposiums. Furthermore, it co-founded China Ruimeng Rare Disease Public Education Base in collaboration with China Alliance for Rare Diseases. As the first professional outreach platform in China dedicated to pediatric and rare diseases, the base serves as a high-caliber forum for professional exchange while streamlining communication between physicians, patients, and pharmaceutical manufacturers, ensuring that R&D priorities are precisely aligned with unmet patient needs. SPH RD maintains proactive engagement in government-enterprise dialogue. Harnessing its industrial expertise, SPH RD submitted a series of recommendations to the Consumer Goods Department of the Ministry of Industry and Information Technology (MIIT), including "Proposals on Ensuring the Supply of Low-Cost Rare Disease Medications" and "Feasibility Recommendations for Addressing the Domestic Unavailability of Rare Disease Drugs Marketed Overseas." These efforts aim to contribute "industrial wisdom" to the refinement of China's rare disease drug security framework. Simultaneously, as a key player in the industry, SPH RD contributes to its development through proposals submitted to the National People's Congress (NPC), emphasizing the deployment of AI technology in physical industries and the strengthening of public welfare supply systems. Moreover, SPH RD remains dedicated to fostering an open, win-win industrial ecosystem by deepening business integration with upstream and downstream partners, thereby synergizing technology, markets, and supply chains to bolster the resilience of the entire value chain.

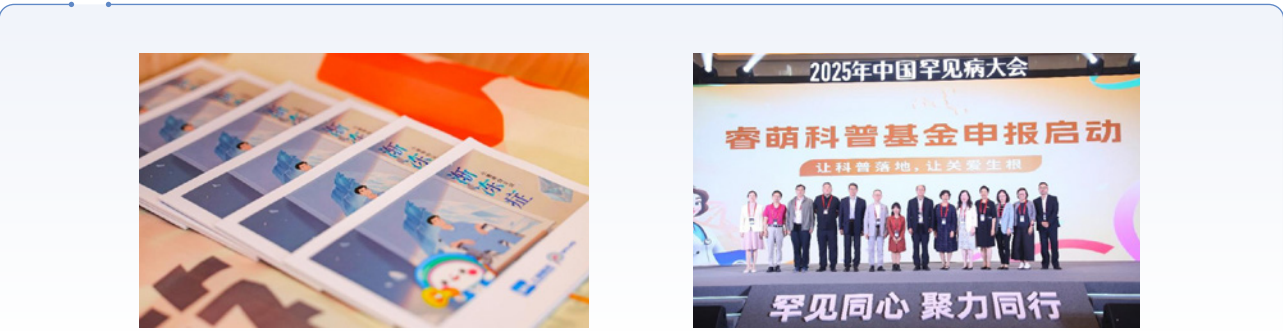


(2) Supporting Rare Disease Philanthropy and Education

In 2025, SPH RD made steady strides in rare disease philanthropy by facilitating 37 diverse public benefit events. This extensive list included collaborative clinical consultations for International Rare Disease Day, charity concerts, traditional Yingge dance galas, and the "One in Ten Thousand" multimedia art exhibition. To mark key health awareness days—such as Global ALS Awareness Day and international days for Wilson's Disease, Myasthenia Gravis, and Epilepsy—SPH RD coordinated expert-led educational sessions and partnered with hospitals for patient outreach, delivering tangible benefits to the community. Furthermore, through specialized empowerment initiatives like the "Little Dragon" project and Dragon Boat Festival handicraft workshops, SPH RD enhanced patients' self-reliance and peer-support skills, fostering greater social integration.

SPH RD's commitment to science communication has yielded remarkable results, with initiatives launched by China Ruimeng Rare Disease Public Education Base being incorporated into and funded by the "Citizen Science Literacy Enhancement Plan" under the auspices of Pudong Association for Science and Technology. Deepening its focus on humanistic care, the base supported the publication of the narrative medicine series, Love with Strength, and introduced the brand mascot, "Xiao Rui." Additionally, it developed the Xiao Rui Explains Science manual series covering four rare conditions, earning widespread praise for balancing professional rigor with accessible content.

Moreover, SPH RD and the China Alliance for Rare Diseases jointly launched the "Ruimeng Rare Disease Science Communication Fund." By integrating this fund with the "Rundi Cup" National Rare Disease Science Competition, SPH RD aims to institutionalize support for medical professionals as leaders in outreach, cultivating a health communication ecosystem that is scientifically grounded, equitable, and empathetic.



■ Building Modern Logistics to Bridge the "Last Mile" of Drug Supply

During the "14th Five-Year Plan" period, SHAPHAR intensified its efforts to strengthen the digitalization and informatization of logistics, as well as the construction of a standardized logistics system. The goal is to improve service quality, customer satisfaction, and operational efficiency by promoting broader coordination among multiple warehouses, expanding third-party logistics and value-added services, and enhancing national logistics integration, thereby catering to the needs of both upstream and downstream customers in the supply chain.

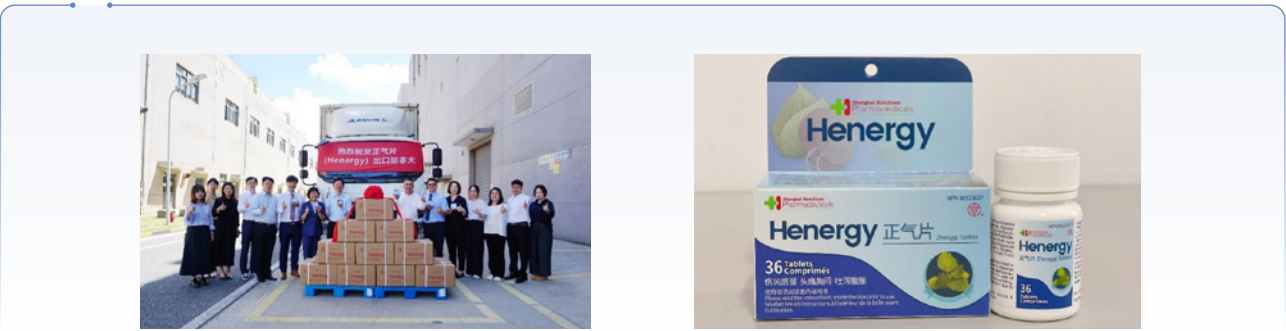
SHAPHAR boasts **over 1,400,000 square meters** of warehouse space and operates **more than 160** logistics centers across China. Its sprawling network of logistics centers directly serves **25** provinces and municipalities. SPH Logistics, a subsidiary wholly-owned by SHAPHAR, has built one of the first comprehensive modern logistics experimental bases in Shanghai, and is the first logistics company to be included in the national pilot projects of medical logistics service standardization. SPH Logistics is also making strides in smart logistics. By progressively implementing full GPS tracking and utilizing the Transport Management System (TMS) for complete visual management, it is able to enhance its "last mile" medical logistics coverage. This is achieved through faster delivery speeds and more flexible service capabilities, all enabled by its multiple system platforms.



■ A Step Towards Global Impact

SPH strives to expand its international market presence, delivering an increased variety of high-quality pharmaceuticals to patients around the world. The Company's International Business Division continues to deepen its presence in overseas markets, further expanding its strategic footprint across Southeast Asia, the Middle East, and North Africa, covering countries such as the Philippines, Singapore, Thailand, and the UAE. In 2025, SPH successfully secured registration approvals for **11** pharmaceuticals and **16** dental medical devices, while key pipeline products in oncology, endocrinology, and cardiovascular therapeutic areas continued to achieve market entry, providing accessible and premium-quality healthcare products to more patients abroad. Through localized operations and proactive channel expansion, the Company has enhanced the accessibility of local medicines and equipment, offered diversified health solutions to local communities, and is committed to advancing global healthcare through professional pharmaceutical services.

Danning Tablets (Biliflow) is the first Chinese product exported to Canada under a Western medicine indication, with the manufacturer serving as the independent Marketing Authorization Holder (MAH). Following this important milestone 2025 saw the successful export of Zhengqi Tablets—one of Shanghai Hutchison Pharmaceuticals' exclusive products—to Canada, marking another significant breakthrough in the internationalization of Traditional Chinese Medicine (TCM).



Ensuring Quality Excellence

Governance

SPH adheres to the *Drug Administration Law of the People's Republic of China*, Provisions for Drug Registration, Good Manufacturing Practice for Drugs, Measures for the Supervision and Administration of Drug Production, Provisions for Post-approval Changes of Drugs (Interim), Good Operation Practice for Drugs, Good Pharmacovigilance Practice, and Good Manufacturing Practice for Medical Devices, alongside other national laws and quality standards. In accordance with corporate mandates, each subsidiary has established its own quality management framework and system, securing the necessary Drug Manufacturing Licenses, Drug Supply Licenses, Medical Device Manufacturing Licenses, and Medical Device Supply Licenses. All production and business operations are conducted in full compliance with these legal and regulatory requirements.

SPH has established the Quality Management Committee—a top quality decision-making unit—to oversee major quality management matters. This includes approving the Company's quality policy and objectives, reviewing opinions on the handling of major quality incidents, and regularly receiving reports on the state of quality management. The Department of Quality Management, acting as the standing administrative body, oversees daily quality operations. Centered on the core pillars of "system construction, risk prevention, talent cultivation, platform development, digitalization, and cultural excellence," the department exercises systematic quality control and oversight across the entire product lifecycle. By implementing management policies such as the Quality Manual and the Quality Information Reporting Management Policy, it guides and compels subsidiaries to continuously refine and optimize their quality management systems.

On the front of institutional development and system implementation, SPH completed, SPH completed a comprehensive revision and organization-wide rollout of its Quality Manual during the Reporting Period. Aligning with the ISO 9001 framework, the updated manual features a full harmonization of terminology and extends its application scope from production and distribution to the entire lifecycle—including R&D, manufacturing, and supply chain quality management. Furthermore, it now incorporates pharmaceuticals, medical devices, cosmetics, health products, and pharmaceutical packaging materials into its regulatory scope. Concurrently, the Company issued the revised Key Quality Personnel Management Measures, which further defines the qualifications and mandates of key quality staff while reinforcing mandatory requirements for pre-change audits and performance appraisals.

To enforce accountability and align the Group's strategies, SPH formulated the 2025 Quality Assessment Rules. These rules solidify the primary responsibility of each subsidiary for quality and safety, cascading the Group's strategic objectives and key operational priorities down to the member-unit level. The completion of critical quality management tasks is evaluated and integrated into the annual performance appraisals of senior management. Additionally, pursuant to the Key Quality Personnel Management Measures, the Company conducted direct-line performance evaluations for executives in charge of quality, heads of quality, and Qualified Persons (QP) at key subsidiaries. This initiative has effectively heightened the quality accountability of key personnel and allowed the Company to reach its strategic and quality objectives.

Through a closed-loop governance mechanism defined by "Organizational Structure, Institutional Framework, Execution, and Assessment," SPH has established a quality assurance framework characterized by clear accountability, operational efficiency, and continuous improvement. This framework provides a robust foundation for ensuring product safety, efficacy, and reliability, as well as the Company's sustainable growth.

**As of the End of the Reporting Period:**



SPH's subsidiaries obtained **51** Drug Manufacturing Licenses



15 subsidiaries were ISO 9001 certified



11 subsidiaries (**21%** of the total) were CNAS approved

Strategy

SPH focuses on quality and safety, guided by its corporate quality policy of "prioritizing people, pursuing health, winning with quality, pursuing excellence." It has established a Quality Management System (QMS) covering the entire life cycle of products, standardizing drugs and medical devices production and operations. The Company continues to improve the QMS to maintain its self-sufficiency and effectiveness and ensure product safety and a stable market supply.

To enhance the prevention and control of quality risks, SPH harnesses its "Quality Risk Map" initiative as a primary strategic tool. By conducting rigorous self-inspections, identifying latent vulnerabilities, and mapping out risk profiles, the Company has institutionalized systematic and visualized risk management, thereby strengthening the infrastructure for risk identification and mitigation.

Identification and Analysis of Risks and Opportunities

Risks	Potential Impact	Actions	Impact Time Frame	Potential Financial Impact
Legal Compliance Risk	Should pharmaceutical quality fail to meet standards, SPH may face regulatory penalties, which could inflict significant economic losses and disrupt normal operations.	Monitor quality regulations and policies in target markets, refine its quality management system to ensure product compliance; and conduct regular quality training to reinforce quality awareness among all employees.	Short-to-medium term	Exposure to substantial regulatory fines, product recall expenses, and subsequent remediation costs; operational halts may lead to revenue disruption and inflated operating overheads, ultimately eroding current-period profitability.
Reputation Damage Risk	Quality-related public sentiment can erode trust, tarnishing SPH's brand image. This may lead to a loss of confidence among consumers and health care providers.	Establish a robust reputation management and crisis communication system and developed pertinent contingency plans; and enhance brand image in daily operations through charitable activities and corporate social responsibility initiatives.	Short-to-long term	Erosion of market share resulting in diminished revenue; escalated marketing expenditures and the long-term depreciation of brand equity, which compromises the stability of corporate earnings.
Health and Safety Risk	If pharmaceuticals exhibit quality deficiencies, patients may not achieve anticipated therapeutic outcomes, potentially exacerbating their conditions or endangering lives.	Implement a comprehensive quality management system that adheres to standards such as Good Manufacturing Practice (GMP) from raw material procurement to final product dispatch; and strengthen quality testing and monitoring to ensure consistent and reliable product quality.	Short-to-long term	Significant outlays for compensation and legal defense fees; the cumulative effect of regulatory sanctions and reputational damage may severely constrain corporate cash flow.
Market Competition Risk	Severe quality issues could result in the loss of partners, business opportunities, and investor trust, potentially causing impediments to future development.	Establish a risk assessment and early warning mechanism to conduct regular evaluations of quality risks.	Short-to-medium term	Such risks can lead to commercial revenue losses, while eroded investor confidence may drive up financing costs, thereby constraining operational spending and capital expenditure.

Opportunities	Potential Impact	Actions	Impact Time Frame	Potential Financial Impact
Brand Enhancement Opportunities	Rigorous quality control fosters a positive brand image, strengthens trust among clients and health care providers, and boosts brand loyalty.	Promote its quality philosophy and product advantages through diverse channels, such as industry exhibitions and patient education initiatives.	Medium-to-long term	Elevated brand loyalty drives growth in sales volume and market share; premium branding strengthens pricing power, thereby enhancing gross margins and overall profitability.
Market Expansion Opportunities	High-quality products confer a competitive advantage in medical insurance negotiations and centralized procurements, facilitating expansion into domestic and international markets and enhancing economic performance.	Capitalize on product quality strengths to actively explore new markets.	Medium-to-long term	Success in National Reimbursement Drug List (NRDL) negotiations and Volume-Based Procurement (VBP) tenders facilitates rapid sales growth and revenue scaling; high-quality products accelerate international expansion, creating new revenue streams and widening profit margins.
Innovation-Driven Development Opportunities	Stringent quality demands drive SPH to increase R&D investment, refine production processes, elevate quality management standards, and foster technological innovation and sustainable growth.	Increase R&D investment, collaborate with universities and research institutions on joint industry-academia-research projects, and leverage quality and innovation as core competitive strengths to propel business growth.	Long term	Refinements in manufacturing processes bolster operational efficiency, leading to a reduction in both production overheads and quality control costs.
Industry Leadership Opportunities	A focus on product quality aligns with industry regulatory trends and development trajectories, facilitates alignment with international standards, enables participation in global competition, and establishes SPH's reputation and influence within the industry.	Engage with industry associations and quality alliances, share quality management expertise, advocate for the elevation of industry quality standards, and enhance SPH's influence and voice within the sector.	Long term	Strong industry positioning attracts Tier-1 partners and capital, thereby lowering financing and collaboration costs; capturing critical market resources also helps drive revenue expansion.
National Policy Opportunities	The "15 th Five-Year Plan," centered on the "Health First" development strategy, outlines comprehensive measures for the pharmaceutical sector across R&D innovation, healthcare systems, industrial structure, and regulatory frameworks. These deployments will catalyze the sector's transition from volume-driven growth to high-quality development while accelerating the restructuring of the industrial landscape.	Enhance our organizational capacity by focusing on "High Quality" as the core driver in alignment with national strategic directives; leverage innovation to boost "effectiveness," accelerating R&D breakthroughs to ensure robust quality competitiveness; and utilize digitalization to strengthen "governance," integrating full-chain data to achieve end-to-end traceability and process optimization, and driving structural transformation.	Long term	Policy tailwinds such as R&D subsidies and tax incentives lead to the reduction of fiscal expenditures. Gaining first-mover advantages ensures greater stability in revenue and profit growth while mitigating operational risks.

Note: Short term: less than 1 year; Medium term: 1–5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

Quality Risk Management

Quality risk management is an important part of the quality management system of SPH and its subsidiaries. The subsidiaries have standardized quality risk management procedures to identify, analyze, evaluate and control potentially significant hazards, and to ensure product safety and effectiveness. SPH and its subsidiaries excel at quality management, risk prevention and liability compensation to ensure drug safety, effectiveness and quality control.

The Quality Management Committee holds regular meetings about quality with all subsidiaries, in order to analyze the regulatory dynamics, raise risk alerts, strengthen the awareness of quality, laws and regulations, and integrity, and effectively control and prevent quality risk. In addition, SPH headquarters has aligned with annual regulatory trends and quality risk assessments to orchestrate a series of specialized quality control initiatives. By conducting an in-depth analysis of its current status and quality benchmarks, the Company precisely identifies gaps and performs exhaustive risk screenings. These preventive requirements are seamlessly integrated into every stage of production and quality management, ensuring that risk mitigation measures are comprehensive and effectively executed, providing a solid safeguard for the quality and safety of pharmaceutical production.

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- With quality auditing as a primary lever, the Company systematically identifies and evaluates potential risks through internal audits and periodic risk assessment meeting mechanisms. Following these evaluations, risk warning letters and specialized rectification notices are issued. A followup mechanism assigning designated personnel to address specific vulnerabilities is employed to oversee the completion of risk screening and remediation across all business units. These efforts enhance quality management standards, verify the suitability, adequacy, and effectiveness of the quality management system, and drive substantive systemic improvements through strategic resource allocation.
- The Company introduced the "2025 Quality Assessment Rules," which outline key annual quality tasks for subsidiaries engaged in pharmaceutical R&D, production, and operations. These tasks align with annual quality management requirements and subsidiary-specific risk priorities. SPH regularly evaluates progress on these critical quality management activities. Additionally, the Company sets restrictive indicators, including violations of pharmaceutical or medical device regulations, the number of major defects identified during regulatory inspections, and delays in reporting quality information. These are graded by severity and integrated into the operator's annual performance assessment.
- The Company has established its Quality Information Reporting Management System, and implemented risk management principles, requiring all subsidiaries to report relevant quality information in time to ensure its effective communication and timely feedback, and lower potential quality risks.
- SPH's headquarters provides various quality information management tools, including the quality management system, document management system and laboratory information management system, that use information and digital technologies to standardize the quality management processes, improve compliance management, and enhance risk control.
- Furthermore, the Company is exploring the integration of AI-driven tools within quality management workflows. During the Reporting Period, a "Quality AI Assistant" was officially deployed, offering real-time, high-precision retrieval of domestic and international regulations and representative case studies. This initiative has optimized operational efficiency, broadened professional insights, and bolstered the efficacy of compliance management and proactive quality risk prevention.

■ Quality Inspection

Quality inspection stands as the final critical safeguard before pharmaceuticals leave the factory. Its testing capabilities directly shape the precision of product quality assessments and serve as a cornerstone of SPH's commitment to social responsibility. Each SPH subsidiary is equipped with laboratory staffing, facilities, and instrumentation commensurate with their product profiles and production scales. All analytical personnel hold the requisite qualifications and have undergone rigorous practical training and competency assessments pertaining to laboratory operations. Laboratories maintain essential reference materials, such as pharmacopoeias and standard spectra, and uphold written procedures for the thorough testing of raw materials, intermediates, and finished products. These protocols guarantee that all pharmaceuticals undergo comprehensive testing in strict accordance with registered and approved methods. Concurrently, each laboratory has implemented Standard Operating Procedures (SOPs) for Out-of-Specification (OOS) investigations, mandating that any aberrant result be subjected to a thorough, documented investigation in full compliance with regulatory requirements.

The Company maintains a **100%** testing coverage rate for its self-manufactured products. Furthermore, a systematic annual review of analytical data and trends is conducted to identify latent issues and implement corrective and preventive actions.

Additionally, the Company adopts laboratory information systems to boost inspection efficiency and data integrity. Over the years, all subsidiaries have consistently engaged in laboratory proficiency testing programs organized by regulatory authorities, securing commendable results in every instance. The Company also fosters a culture of excellence by organizing diverse training programs, technical skills competitions, and experience-sharing forums. These initiatives are designed to continuously bolster the theoretical proficiency and technical mastery of all QC personnel, thereby elevating overall analytical capabilities and fortifying the final line of defense for product quality.

■ Pharmacovigilance (PVG)

SHAPHAR has institutionalized a dedicated pharmacovigilance department in adherence to Article 12 of the *Drug Administration Law of the People's Republic of China*—mandating the establishment of a national pharmacovigilance system to monitor, identify, assess, and control adverse drug reactions (ADRs) and other medication-related harms—and Article 13 of the Administrative Measures for Reporting and Monitoring of Adverse Drug Reactions, which requires drug distributors and medical institutions to set up or designate specialized departments and full-time/part-time personnel for ADR reporting and monitoring. Centered on the safety of pharmaceutical distribution, SHAPHAR conducts pharmacovigilance activities to mitigate drug safety risks to the greatest extent possible, thereby safeguarding public health.

The Pharmacovigilance Department of SHAPHAR maintains a clear organizational structure, with designated leadership and dedicated PVG specialists. The company has developed a comprehensive PVG quality management system, encompassing policies, standard operating procedures, supporting forms, templates and documentation. This framework ensures well-defined roles and responsibilities and the standardized, effective execution of PVG activities.

SHAPHAR remains vigilant in implementing the latest PVG laws and regulations. It collaborates with marketing authorization holders to collect drug safety information in a timely manner and supports drug regulatory authorities, municipal and district monitoring bodies, and marketing authorization holders in conducting risk communication, risk control, and other PVG activities. Additionally, SHAPHAR accommodates the specific PVG needs of project partners, including regular data reconciliation and internal training, thereby fulfilling its PVG responsibilities in the drug supply domain with professional expertise.

■ Drug Recall

All SPH pharmaceutical manufacturing subsidiaries have established systematic, rapid-response product recall mechanisms, ensuring the efficient and complete withdrawal of any medicinal batches posing potential safety risks from the market. Each subsidiary has developed robust drug recall management regulations and SOPs that define workflows for complaint registration, medical evaluation, investigation, and disposition, providing a regulatory framework for effective execution. Furthermore, designated coordinators are appointed to oversee the synchronization of recall efforts, with clearly defined departmental responsibilities to ensure that recall protocols can be triggered and executed with immediate effect.

All subsidiaries of the Company have established a comprehensive end-to-end drug traceability system. Supported by the Electronic Drug Monitoring Code (EDMC) system, shipment records can be accurately retrieved to ensure that product flows are traceable and accountabilities are clearly defined. All recalled products are labeled in compliance with regulatory requirements and stored in dedicated, secure areas pending final disposition. The entire trajectory of the recall process is documented and reported to the relevant drug regulatory authorities in a timely manner.

SPH continuously refines its complaint management and risk early-warning mechanisms, conducting periodic trend analyses of complaint records to proactively identify critical areas of concern and implement targeted corrective actions. Furthermore, the effectiveness and agility of the recall system are routinely evaluated through mock recalls and annual self-inspections. SPH remains committed to prioritizing customer feedback, ensuring that all grievances are addressed with prompt responses and appropriate resolutions.



SPH achieved 100% complaint response rate and 100% resolution rate in 2025.*

All SPH pharmaceutical manufacturing subsidiaries have established drug safety incident response plans and conduct regular training and emergency drills. These measures ensure comprehensive coordination in addressing significant safety incidents related to the quality of marketed drugs. Such plans stipulate effective response measures to ensure the rapid mobilization of medical assistance, compensation, and other remedial actions upon the occurrence of any drug safety incident, thereby minimizing the escalation of harm and ensuring fulfillment of SPH's corporate social responsibility toward patients and the public.

*Note: Complaints are primarily related to packaging issues, such as outer packaging attrition and omissions in labeling information.

Management of Substandard Drugs

SHAPHAR strictly adheres to the provisions of Article 83 of the Drug Administration Law in managing substandard drugs. It has signed agreements with service providers qualified for hazardous waste disposal, and declared on the "Shanghai Hazardous Waste Management Information System". Drugs slated for destruction are transported by specialized hazardous material vehicles to designated hazardous waste treatment facilities for disposal. The destruction of drugs subject to special administration must be conducted under the on-site supervision of the relevant drug regulatory authorities.

Quality Management of Inbound Logistics

- SHAPHAR strictly enforces receiving and acceptance standards, with a primary focus on verifying delivery credentials to ensure total consistency between "invoices, accounts, and goods." Inbound inspections are performed on a batch-by-batch basis in compliance with Good Supply Practice (GSP) to ensure quality control at the source.

Quality Management of Warehousing

- Scientific storage and maintenance protocols are implemented based on the physicochemical properties of the drugs, warehouse conditions, and environmental factors. The inventory management system provides automated tracking and monitoring of expiration dates, employing a dual mechanism of "near-expiry alerts" and "automatic locking of expired stock" to strictly prohibit the sale of expired products. Cold chain pharmaceuticals are subject to rigorous, end-to-end temperature monitoring during both storage and transit. Third-party carriers are selected through stringent bidding and qualification audits, requiring the execution of formal carriage contracts and quality assurance agreements to define quality liabilities and facilitate dynamic oversight.

Quality Management of Returns

- SHAPHAR continuously strengthens its sales return management to safeguard drug quality during reverse logistics and prevent counterfeit products from infiltrating the supply chain. By integrating management mechanisms such as pharmacovigilance, product recalls, and the disposal of substandard drugs, SHAPHAR has established an end-to-end risk prevention and traceability system to ensure that the entire lifecycle of substandard drugs—from identification and segregation to disposal and final destruction—is responsive and closed-loop providing a robust guarantee for public medication safety.

Logistics Quality Management

SHAPHAR conducts regular audits of the quality management systems governing the storage and distribution of drugs and medical devices entrusted to its logistics partners (wholly-owned subsidiaries of SHAPHAR). These audits adhere to legal frameworks, including the Drug Administration Law, Good Supply Practice for Pharmaceutical Products, Regulations on the Supervision and Administration of Medical Devices, Measures for the Supervision and Administration of Medical Device Operations, and Good Supply Practice for Medical Devices. Through these assessments, SHAPHAR evaluates the adequacy, suitability, and effectiveness of its logistics partners' systems, pinpointing opportunities for enhancement and necessary adjustments. This process confirms that their operations and daily activities meet both regulatory mandates and SHAPHAR's standards for entrusted storage and distribution. The audit team meticulously examines shortcomings, issuing corrective or preventive action notices as required. Logistics partners promptly address and resolve these issues, with the audit team tracking progress and verifying the effectiveness of corrective measures.

SHAPHAR has established a computer system that meets the requirements of management and quality control of the whole operation process, and all business systems, with real-time data exchange, mutual verification and mutual supplementation, make-up a complete modern information management framework. Its ERP system integrates seamlessly with the Warehouse Management System (WMS) and Transportation Management System (TMS) of its logistics partners, facilitating real-time data exchange and ensuring system alignment for dynamic, real-time business oversight. Furthermore, SHAPHAR closely collaborates with logistics partners via an Office Automation (OA) system, enabling traceable workflows for critical business reviews and ensuring prompt, effective feedback on product quality matters.

In order to meet the needs of upstream and downstream customers and for its own development, SHAPHAR boasts five cutting-edge technologies:

- 01 Innovative SPD (supply, processing and distribution) technology for hospital supply chain management and service
- 02 AGV (automated guided vehicle) goods-to-person storage and picking system and automatic dispensing machine for intelligent sorting
- 03 360-degree Automatic Scanning and Identification System for inbound and outbound logistics to improve drug traceability
- 04 Pharmaceutical cold chain transportation and warehousing technologies to form a leading cold chain system
- 05 Standardized documentation system for pharmaceutical logistics services to boost its capabilities in logistics management

To meet business needs, SHAPHAR is equipped with warehousing facilities (including hardware and software), temperature and humidity monitoring equipment, transportation vehicles and other facilities. The company has adopted a series of modern information systems, including ERP system for enterprise resource planning, OA system for office collaboration and approval, CRM system for customer relationship management, Cloud School for online employee training, and EBS system for financial and business integration, to digitally manage procurement, distribution, storage and operation. It boasts automated equipment, intelligent operations and digitalized decision-making, taking the lead in the full-lifecycle pharmaceutical supply chain management.

The company's Logistics Center has warehouses, facilities and equipment suitable for different storage conditions and quality management requirements of various products. The specialty drug warehouse is also equipped with a professional perimeter alarm system, digital video monitoring system, 110 regional network alarm systems, electronic patrol system, and face recognition access control system, to ensure safe storage and transportation. The company utilizes refrigerated trucks, refrigerated boxes or thermal containers to guarantee the transportation of cold chain commodities, and uses automatic temperature and humidity monitoring equipment to monitor the whole process.

Quality Culture Building

SPH is committed to the ongoing cultivation of its quality culture. Guided by the "Concentric Circles" quality philosophy, the Company continuously organizes its subsidiaries to engage in grassroots quality improvement initiatives, adopts advanced quality management models, and encourages participation in award programs hosted by industry associations and government bodies, resulting in numerous accolades. Through "Quality Month" flagship initiatives—including quality masterclasses, specialized quality campaigns, benchmarking programs, and quality competitions—SPH integrates quality excellence across the entire value chain from R&D and manufacturing to distribution and retail. These activities ensure that the "Quality First" principle is deeply understood and practiced by stakeholders from executive leadership to frontline staff, fostering a robust corporate environment where everyone prioritizes, values, and actively engages in quality assurance. In 2025, a total of 1,178 quality-focused campaigns were carried out across the Company, engaging over 51,000 participants.



Quality Training System

Online general training programs to instill quality consciousness among frontline staff

Specialized training on critical instrumentation, microbiological testing, and Chinese Pharmacopoeia (ChP) standards, alongside lectures on frontier analytical technologies, to enhance professional competency in quality control

Online United States Pharmacopeia (USP) training and ICH Q8 technical seminars to broaden the international horizons of the workforce and benchmark against global standards

Seminars on Contamination Control Strategies (CCS), non-pharmaceutical business management, and other specialized regulatory topics to strengthen the management capabilities of key quality personnel across the supply chain

Quality Month Campaign

In From September to November 2025, guided by its "Concentric Circles" culture, SPH organized a diverse array of quality activities. These initiatives fostered a robust quality culture, heightened quality awareness among all employees, and reinforced quality support systems.

During the "Quality Month" campaign, SPH's Department of Quality Management, in conjunction with the Labor Union, organized the "Laboratory Proficiency Competition." This initiative is designed to continuously enhance the analytical capabilities and quality management standards within manufacturing and R&D, foster technical exchange, and cultivate elite QC talent, thereby driving the sustained high-quality development of SPH.





Laboratory Proficiency CompetitionSPH Quality Month Poster

Lean Management

With lean management as a strategic lever, SPH optimizes operational efficiency and bolsters supply chain resilience through the construction of digital factories and the upgrading of intelligent manufacturing systems. SPH leverages its Manufacturing Management Center as a governance platform, adhering to the foundational principles of "prioritizing quality, optimizing costs, promoting green development, and advancing intelligent manufacturing" . Driven by systemic capabilities, the Company aims to achieve operational excellence and intelligent manufacturing by benchmarking, upgrading, and innovating across the entire industrial manufacturing value chain. This commitment ensures the continuous provision of top-tier, safe, and effective pharmaceuticals to the public. In the pharmaceutical distribution segment, SPH has developed a Business Intelligence (BI) platform with data-driven insights at its core. Adhering to the principles of "end-to-end visualization, value-driven indicators, and intelligent workflows," and powered by digital transformation, the Company aims to achieve operational excellence and intelligent decision-making across the supply chain. By deploying "digital employees" and advancing multi-warehouse collaborative networks, the Company has undertaken a comprehensive restructuring of processes, system optimizations, and model innovations across the entire commercial distribution value chain. These efforts ensure the continuous provision of accessible, controllable, safe, and reliable pharmaceutical supply chain services to the public.

During the Reporting Period:

9LSS Black Belt-certified professionals

223LSS Green Belt-certified professionals

82employees passed LSS Black Belt exam

901employees passed LSS Green Belt exam

263Lean Projects

Category	Medium-to-Long Term Target	Progress on 2025 Targets	Strategic Initiatives in 2025
Quality Management	Centered on its quality objectives, SPH defines qualitative and quantitative management indicators across three dimensions: product objectives, management objectives, and customer satisfaction objectives. These targets drive continuous improvements in product quality, safeguarding public health.	Zero major quality or safety incidents involving liability; zero product recall events; 100% testing coverage rate for self-manufactured products; 100% complaint response rate and 100% resolution rate.	26 quality management system (GMP/GSP) inspections, including unannounced checks, follow-up reviews, special audits, and management reviews, were conducted. 12 quality work meetings and 4 risk assessment meeting were held. Advanced the implementation of the new edition of the Chinese Pharmacopoeia (ChP) by performing gap analyses and organizing technical symposiums to facilitate a seamless transition for pharmaceutical manufacturers. Supported the expansion of non-pharmaceutical operations by guiding subsidiaries in the development and refinement of management systems and establishing a dedicated exchange platform to mitigate quality compliance risks within non-pharmaceutical operations.

Quality Awards

As of the end of the Reporting Period, SPH was recognized with **177** quality awards, including **60** national-level honors and **117** provincial/municipal-level accolades.

Some of the Quality Awards Received in the Reporting Period



The Finalist Award of the 5th Huangpu Quality Award won by SHAPHAR Medical Instruments (a subsidiary of SHAPHAR)



The Second Prize of the Science and Technology Award of the China Association of Integrative Medicine (CAIM) received by SPH Xingling

069

070

Two individuals conferred the title of
"Shanghai Quality Craftsman"

SPH Xingling honored with the
**"Advanced Quality Management Practices
in Jiangsu, Zhejiang, Anhui, Jiangxi, and
Shanghai"**

SPH Xingling awarded the
**"2025 Second Prize of the Science and Technology
Award of the China Association of Integrative
Medicine (CAIM)" "The 5th Qingpu District
Government Quality Gold Award"**

SPH Zhongxi Sunve honored with the
10th "Fengxian District Quality Award"

SHAPHAR Medical Instruments (a subsidiary of
SHAPHAR) honored with the
**"Finalist Award of the Huangpu District
Quality Award"**

SPH SBPC recognized as an
**Excellent Pharmaceutical Enterprise for
Quality Control Circle (QCC) Achievement
Publication**

SPH Zhonghua Pharma honored with the
**First Prize (Micro-movie Category) in the 2025
Shanghai Quality Brand Story Competition**

SPH KDL Health inducted into the
**2025 Shanghai "Quality Benchmark" List of
Exemplary Experiences**

2025 Shanghai On-site Management Innovation
Initiatives:
**4 "Benchmark-level," 6 "Excellent-level," and 5
"Promotion-level" Results**

2025 National Pharmaceutical Industry Quality
Control Circle (QCC) Activities:
**11 First Prizes, 27 Excellence Awards, and 1
Advanced Award**

Providing Exceptional Service Experiences

SPH has a customer-centric strategy, respects and protects the legitimate rights and interests of customers, and is committed to providing them with efficient and excellent services to improve their experience. SHAPHAR's clients include distributors, healthcare institutions and retailers. According to their business model, the subsidiaries establish a diversified customer service management model.

SHAPHAR remains committed to the corporate philosophy of "Service with Honor." For industrial development, SHAPHAR leverages its robust supply chain network and professional expertise to serve as an efficient conduit between pharmaceutical manufacturing and terminal demand, driving synergy and enhancing efficiency across the entire value chain. SHAPHAR views clients and partners as a community of shared prosperity. Through diversified account management models and precision service solutions, it empowers distributors, medical institutions, and retail outlets to elevate their professional service standards. For the general public, SHAPHAR remains anchored in its commitment to drug accessibility and safety, meeting the health expectations of patients and the general public by relentlessly optimizing the entire service journey.



Customer Experience Improvement

In order to continuously improve service quality, listen to customers, and enhance their satisfaction, SPH's subsidiaries optimize service experience by establishing customer service standards, and conducting customer satisfaction surveys. Additionally, they utilize structured internal and external training programs to systematically enhance employees' service mindsets, professional expertise, and practical competencies, which improves customer satisfaction and the overall service experience.

The Customer Service Department of SHAPHAR's National Operations Management Center has formulated and implemented the "Call Center Position Responsibilities and Standards," enhancing service quality through standardized management. The department integrates "Customer Satisfaction" and the "After-sales Complaint Ticket Generation and Resolution Rate" into its employee performance appraisal system, forging a rigorous service quality monitoring mechanism to ensure that customer inquiries receive timely responses and efficient, closed-loop processing. Furthermore, to foster the continuous professional development of the service team, the department has established a comprehensive incentive framework: conducting quarterly "Labor Seasonal Competitions" to ignite service passion, and biennial "Star-rated Customer Service" certifications to establish industry benchmarks. With a robust talent development and motivation framework, the department continuously elevates the professional competence and service standards of the customer service team, laying solid groundwork for the ongoing enhancement of its customer service capabilities.



To manage customer feedback, SHAPHAR conducts annual satisfaction surveys targeting medical institutions, suppliers, and retail clients. By combining questionnaires with detailed phone surveys, the company systematically gathers customer insights and suggestions. Through data quantification, these surveys provide a comprehensive reflection of customer sentiment across key dimensions, including service experience, cultural alignment, brand value, and customer loyalty.

MediTrust Health Pioneers an AI-Driven "Instant Capture, Periodic Monitoring, and In-depth Mining" Customer Satisfaction Management Framework

To gain a comprehensive, real-time perspective on the Voice of the Customer (VOC) and systematically translate these insights into a catalyst for continuous service and business optimization, Meditrust Health has harnessed AI technology to establish a multi-layered satisfaction survey system. This framework captures granular touchpoint experiences via "Instant CSAT," monitors holistic customer relationships through "Periodic NPS," and performs granular diagnostic scanning via "Qualitative In-depth Interviews." In 2025, underpinned by this AI-enabled architecture, Meditrust Health achieved a premier customer satisfaction rating of **99.5%**.

"Instant CSAT" for Capturing Single-Touchpoint Experience: Post-Service Real-Time Surveys

Surveys are triggered immediately following a single service interaction (e.g., voice calls, live chat, or WeCom service), designed to capture the customer's immediate sentiment regarding that specific encounter. The primary metric is the Customer Satisfaction Score (CSAT), collected via streamlined options such as "Satisfied," "Neutral," and "Dissatisfied." Key applications of this mechanism include: executing **100%** call recording reviews and follow-up callbacks for all negative feedback; conducting periodic data analytics to precisely correlate CSAT metrics with service team KPIs; and utilizing AI algorithms to identify best practices and performance gaps for data-driven performance management and targeted coaching. Issues identified within dissatisfied feedback are automatically converted into AI-generated tickets, facilitating cross-departmental collaboration with product, operations, and business units to drive iterative product and service enhancements.



"Periodic NPS" for Monitoring Holistic Customer Relationships: Relational Periodic Surveys

Comprehensive surveys are dispatched to customer sample groups either quarterly or semi-annually to evaluate overall brand affinity and longitudinal loyalty. The primary metric is the Net Promoter Score (NPS), which is integrated with AI predictive modeling to precisely quantify customer retention and future growth potential while dynamically flagging churn risks. Insights are funneled to business and product units via a BI intelligent analytics platform, leveraging AI clustering algorithms to segment and analyze diverse customer needs. This dual-purpose approach enhances customer loyalty and operational efficiency while fueling sustainable business expansion and fostering a customer-centric organizational culture.



"Qualitative Interviews": In-depth Qualitative Research

MediTrust Health conducts ad-hoc, targeted research initiatives for certain products or topics to capture granular customer insights and unearth latent service or cross-selling opportunities. By focusing on root-cause distribution and causal analysis, the framework utilizes Generative AI to assist in designing interview protocols and providing real-time prompts on critical pain points during sessions, effectively uncovering the "why" behind quantitative satisfaction scores. Interview transcripts undergo semantic synthesis and sentiment trajectory analysis via Large Language Models (LLMs) to automatically generate service experience opportunity maps. These outputs serve as a strategic compass for service channel optimization, product iterations, and business innovation, successfully converting customer intelligence into actionable business growth drivers.

SPH Health Commerce: Bridging Healthcare Gaps and Delivering Compassionate Care

In December 2025, SPH Health Commerce was honored with a letter of appreciation and a commemorative trophy from a Systemic Lupus Erythematosus (SLE) patient advocacy group. This recognition underscores the company's steadfast commitment and empathy in enhancing drug accessibility for rare and chronic diseases and caring for patients. This endorsement from the patient community serves not only as a validation of SPH Health Commerce's "Patient-Centric" service philosophy but also as a catalyst for the company to further strengthen its support for those with chronic and rare conditions, thereby safeguarding the rights of every patient with clinical excellence and human warmth.

As a specialized platform dedicated to the full-lifecycle service of innovative drugs, SPH Health Commerce addresses the needs of patient advocacy groups by streamlining accessibility channels, optimizing medication experiences, and facilitating smooth doctor-patient engagement.



Commemorative Trophy Presented by the SLE Patient Advocacy Group



Multiple Honorary Banners Recognizing SPH Health Commerce's Commitment to Patient Service Excellence

Customer Complaint Management

In order to solve customer complaints in a timely manner, SPH's subsidiaries have established a standardized complaint mechanism and will promptly respond to and handle complaints upon receipt, and provide feedback on results.

In service channel development, SHAPHAR has constructed a multidimensional system encompassing telephone, email, and an intelligent customer service platform, offering customers convenient channels for lodging complaints. With a First-Person Responsible Mechanism in place, the Customer Service Department employs a work order system to track and record each after-sales complaint throughout its lifecycle. A designated individual oversees the process, ensuring a complete service loop from issue acceptance to feedback, thus achieving full traceability of customer concerns.

To ensure the sustained development of the service team's professional capabilities, SHAPHAR has built a comprehensive incentive framework and a talent cultivation system. By improving the professional acumen and service standards of its frontline staff, the company lays the solid groundwork for the iterative enhancement of its service capacity, ensuring that the "Service with Honor" ethos is seamlessly integrated into every touchpoint of the customer journey.

SPH Health Commerce

SPH Cloud Health has set up a special complaint channel by e-mail (compliance@sphcchina.com), service hotline (4009200036) and contact number (021-32096606), to promptly respond to customer complaints.

Huashi Pharmacy

Operates customer service hotlines for its dual brands: Huashi Pharmacy at 4008818580 and Leiyunshang Pharmacy at 8008200632, addressing customer needs and complaints promptly. Maintains online customer service teams across multiple e-commerce platforms, with an after-sales hotline at 4008891700. Provides a "Customer Feedback Book" in physical stores to facilitate the timely resolution of customer complaints.

Responsible Marketing

Marketing Compliance is an important guarantee for enterprises to participate in market competition and practice corporate social responsibility. SPH urges employees to remain vigilant and cautious about compliance at all times, to abide by professional ethics and fair competition, and to ensure the steady development of the Company.



SPH strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Drug Administration Law of the People's Republic of China*, the Interim Provisions on Banning Commercial Bribery, the Measures for the Administration of the Recordation of Medical Representatives, the Measures for the Administration of Internet Advertising, and other pertinent laws and regulations. Upholding the principles of "systematic organization, independent operation, full participation, and strict execution," SPH champions fair competition, advocates honesty and integrity, and operates in strict compliance with the law. With a core focus on providing high-quality products and services, SPH prohibits all forms of corruption, bribery, and other improper conduct. All employees strictly observe the following standards when conducting marketing activities: 1) All marketing campaigns must undergo prior review to ensure compliance with legal and regulatory requirements; 2) All materials used in promotional interactions must be pre-approved by authorized personnel within their respective units in accordance with the delegated approval management system to ensure the objectivity and truthfulness of the content.

Centered on the training principles of "timeliness, diversity, and effectiveness", SPH trains its employees on laws and regulations, industry rules and regulations, and internal compliance requirements. During the Reporting Period, SPH's Compliance Department, SPH Sales, and the marketing divisions of SPH's subsidiaries engaged internal and external experts to conduct proactive marketing compliance training for diverse groups, including executives, compliance officers, sales staff, and new hires. The curriculum covered risk prevention against commercial bribery, anti-unfair competition, internal compliance control policies, e-commerce marketing, and compliant promotional practices.



E-commerce Compliance Training Conducted by SPH Sales



E-commerce Marketing Training Conducted by SPH Sales

Pharmaceutical Labeling Management

SPH's pharmaceutical manufacturing subsidiaries strictly comply with the requirements of the *Drug Administration Law of the People's Republic of China*, the Provisions on the Administration of Pharmaceutical Directions and Labels, and other relevant laws and regulations. These subsidiaries have established standard operating procedures for the design, review, and approval of printed packaging materials (including directions and labels), ensuring that the printed content aligns with the approvals granted by pharmaceutical regulatory authorities. A dedicated documentation system is maintained, preserving signed and approved original samples of packaging materials. Packaging materials are printed by qualified suppliers, inspected upon receipt, stored in designated areas, and managed by designated personnel. Materials are issued in accordance with documented requirements and demand, with measures in place to prevent mix-ups and errors, ensuring the accuracy of packaging materials used in pharmaceutical manufacturing. Expired or obsolete printed packaging materials are collected, destroyed, and recorded in accordance with established procedures.

Customer Privacy Protection

SPH is well aware of the importance of privacy protection for customers and the company itself. It strictly abides by the relevant laws and regulations including the *Data Security Law* and the *Personal Information Protection Law of the People's Republic of China*, and builds a safe and credible service system to ensure user privacy. During the Reporting Period, the Company did not receive any complaints about customer privacy disclosure.

SHAPHAR has established and rigorously enforced its "Data Security Management Measures," ensuring that customer data remains compliant and secure throughout the end-to-end business lifecycle. At the system architecture level, SHAPHAR adheres to the "Data Minimization" principle, strictly limiting the scope of customer information collected and stored across all business lines to only what is indispensable for service delivery. Regarding permission management, the company implements the "Principle of Least Privilege" (PoLP), ensuring that customer data is accessible only to authorized personnel within a strictly defined scope to maximize usage security. At the data storage level, the company offers customized development and processing for sensitive private content based on specific client requirements, further enhancing the flexibility and alignment of its data protection measures. Through these multi-tiered, systematic management protocols, SHAPHAR honors its commitment to privacy protection, strengthening customer data security.

Huashi Pharmacy

Policy and Institutional Framework:

- Anonymized Data Operations: In the execution of membership management and marketing campaigns, only anonymized data is utilized, strictly avoiding the direct use of Personally Identifiable Information (PII).
 - Internal Confidentiality Agreements: All personnel with access to member data are required to execute an "Information Security and Confidentiality Agreement," which explicitly defines data usage rights and non-disclosure obligations.
- Management Initiatives and Execution:
- Protection of Personal Health Information: All designated medical insurance pharmacies enter into an annual "Performance Evaluation Agreement" with the social medical insurance center. These contracts feature stringent privacy management provisions that are strictly upheld during all operational activities.
 - Third-Party Vendor Management: The company mandates confidentiality agreements for external partners (such as loyalty program vendors and data analytics providers), expressly prohibiting the unauthorized retrieval or retention of members' private data.
 - Internal Data Access Control: Requests to access sensitive member records or archives require a formal justification and must undergo a structured approval workflow. Access is granted only upon authorization to ensure that data utilization remains compliant and auditable.

Supplier-Side Governance:

- Supplier Purchase and Sales Agreements are executed to define bilateral rights and obligations, specifying the authorized scope for private information usage and data storage. Access Control Lists (ACLs) are established to ensure that data is accessible to designated personnel only. The scope of business collaboration primarily encompasses retail pharmacy chains, pharmaceutical distributors, and e-commerce platforms.

SPH Health Commerce

- Personal information protection clauses have been incorporated as essential terms in standard texts to safeguard the interest and privacy of SPH Health Commerce, its employees, patients, suppliers, and their employees and other individuals.
- In relevant projects, the Informed Consent Forms are signed with customers, explicitly outlining the purpose and methods of collecting and using personal information, with strict limitations on the scope of personal information collection.
- Security measures and methods are adopted throughout the entire data lifecycle, including encryption, secure transmission, and data access control, to ensure data security.
- Apps and mini-programs under SPH Health Commerce display the "User Service Agreement" and "Privacy Policy" on the login interface, strictly limiting the scope of customer personal information collection to the minimum necessary, and obtaining customer consent to ensure the legality and legitimacy of personal information collection and use.

04

Green & Low-Carbon Development: Safeguarding Ecosystems for Sustainable Growth

- Response to Climate Change
- Environmental Management Improvement
- Ramping up Pollution Control
- Resources Management Optimization
- Green Operation
- Biodiversity Conservation

SPH strategy is to position itself as a "resource-conserving and environment-friendly" company. Guided by the management principles of "regulatory compliance, bottom-line adherence, and steady progress," the Group drives its subsidiaries to refine their environmental and energy management systems. This effort has resulted in a robust management framework centered on prevention, source control, process oversight, and continuous optimization. In terms of strategic execution, the Company embeds environmental considerations into investment decision-making and daily operations, to foster a sustainable development model where economic and environmental gains grow in synergy.

Alignment with SDGs:



Highlights of 2025



CNY ~118mm

Invested in environmental
protection

24

National, Provincial and
Municipal Green Factories

13

Zero-Waste Factories

35

ISO 14001-certified subsidiaries

29

ISO 50001-certified subsidiaries

ESG ESG Highlights of 2025

- CNY~118mm invested in environmental protection
- A total of 25,142.50 hours spent on environmental training
- A total of 35 ISO 14001-certified subsidiaries, with 3 new additions compared to last year
- A total of 29 ISO 50001-certified subsidiaries, with 3 new additions compared to last year
- A total of 24 subsidiaries designated as "Green Factories", with 3 new additions compared to last year
Including: 12 National Green Factories
- A total of 13 subsidiaries designated "Waste-Free Factory" , with 5 new additions compared to last year
- 11 subsidiaries recognized as provincial/municipal "Water-Saving Enterprises" ; specifically, 3 subsidiaries were named "Shanghai Water Efficiency Leaders for Key Water-Consuming Entities" and 3 subsidiaries earned the provincial/municipal "Water-Saving Exemplar" designation
- A total of 4 subsidiaries designated "Zero-Carbon Factory" , with 3 new additions compared to last year
- 3 subsidiaries honored with "Green Supply Chain Demonstration Enterprise" title (including 1 national-level exemplary enterprise)
- 4 subsidiaries adopted clean production practices in 2025
- SPH Sine honored as a 2025 Excellence-rated "Green & Intelligent Factory for Micro-ecological Preparations"
- Shanghai Hutchison Pharmaceuticals featured in the "First Batch of Shanghai Manufacturing Scenarios for Digital and Green Synergistic Transformation"
- SPH New Asia's Energy Management Platform Project recognized as a "Green Practice Case" during the selection of "Shanghai Excellent Cases of Energy Conservation and Emission Reduction (Batch 3)"
- Sine Wanxiang and Sine Tianping honored with "Shanghai Water Efficiency Leader" title
- SPH Xingling named a 2025 Shanghai Municipal "Waste-Free City Cell" Model Case
- SPH Qingchunbao designated the 2025 "Future Factory" of Zhejiang Province
- SPH SBPC selected as an Annual Exemplary Case of Green Development for State-Owned Enterprises

Note: The scope of environmental data disclosure in this report encompasses 42 industrial manufacturing subsidiaries of SPH. For the detailed list, please refer to the Appendix – Environmental Performance.

Response to Climate Change

In response to the global challenge of climate change, SPH champions green development by embedding climate resilience into its corporate strategy and operational workflows. Recognizing the unique responsibilities of the pharmaceutical sector, we stay committed to energy efficiency and low-carbon transition by systematically identifying and evaluating the physical and transition risks associated with climate change while capitalizing on the inherent opportunities for sustainable growth. The Company persistently optimizes its energy mix and advances technical retrofits for energy conservation and decarbonization to minimize the carbon footprint of our operations, thereby safeguarding public health and the ecosystem through tangible action. In alignment with the Guidelines No. 14 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), the HKEX ESG Reporting Code, and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we disclose our progress across four core pillars—Governance, Strategy, Risk Management, and Metrics and Targets—ensuring transparent communication that addresses the concerns of our stakeholders.



Governance

SPH has established a top-down climate governance framework, defining clear mandates across all organizational levels. The Board of Directors, serving as the highest decision-making authority, is responsible for deliberating on and formulating climate-related strategies, ensuring climate issues are integrated into the Company's strategy. The Audit Committee provides oversight and guidance on the identification, assessment, and management of climate-related risks to guarantee governance efficacy. The ESG Working Group, acting as the coordinating and executive arm, is tasked with identifying and assessing climate risks, setting mitigation measures and decarbonization targets, and driving implementation thereof, while reporting progress to the Audit Committee and the Board at least once a year. The ESG Working Group comprises specialists in environmental protection, energy efficiency, and risk management to ensure professional and effective oversight. Through this framework, the Company embeds climate considerations into daily operations and strategic decision-making, thereby bolstering climate resilience and advancing steadily toward a green, low-carbon future.

With regard to energy management, the Company adheres to laws and regulations such as the *Energy Conservation Law of the People's Republic of China*. It has established a robust energy management system that defines organizational structures, departmental responsibilities, staffing requirements for key energy-intensive subsidiaries, and policies for internal energy audits, metering, and consumption statistics. Furthermore, during the Reporting Period, the Company designated the Manufacturing Management Center to lead energy management efforts. Its key responsibilities include formulating and executing energy requirements and energy consumption & intensity control targets, providing guidance for subsidiary-level energy initiatives, conducting energy consumption analysis, and evaluating energy management performance. By improving energy management and driving efficiency gains and the attainment of energy consumption & intensity control targets, the Company provides a solid pillar underpinning green and low-carbon growth.

Strategy

The risks and opportunities arising from climate change greatly affect the operational resilience, business operations, and financial performance of pharmaceutical companies. SPH identifies and evaluates climate-related risks and opportunities, conducting in-depth analyses of their potential impact across all business segments and overall operations through the dual lenses of physical and transition risks. By establishing a robust mechanism for risk identification, assessment, and prioritization, we categorize and manage climate issues by significance. This process clarifies our focal areas and strategic priorities, laying the solid groundwork for a science-based, forward-looking climate strategy. Grounded in its operational framework, the Company adopts proactive measures—including energy conservation, emission reductions, and the use of digital tools to boost efficiency—to strengthen its capacity and resilience in adapting to climate change.

During the Reporting Period, aligned with our short-, medium-, and long-term business development plans as well as the prevailing regulatory and macroeconomic landscape, we performed a systematic climate scenario analysis encompassing both physical and transition risks and their associated opportunities. To fully capture potential impacts under various global warming trajectories, we selected two representative climate scenarios: a low-warming scenario (2°C or lower), aligned with SSP 1-2.6 and NZE 2050; and a high-warming scenario (above 2°C), aligned with SSP 5-8.5 and IEA STEPS. Building upon this scenario analysis—while accounting for pharmaceutical industry specifics, local policy frameworks, and regional geographic characteristics—we conducted an intensive assessment of climate change's potential effects on our business operations. This assessment culminated in a comprehensive Climate Change Risks and Opportunities Register, serving as a scientific basis for our climate-related strategic decisions.

Scenario Assumption	Climate Scenario	Description
Low-warming Scenarios (2°C or lower)	SSP 1-2.6	Low GHG Emissions: CO ₂ emissions are projected to reach net-zero by 2070, followed by a transition into net-negative CO ₂ emissions.
	IEA NZE 2050	Net Zero Emissions: Based on the IEA's Net Zero by 2050 roadmap, this scenario outlines pathways for technological innovation, international collaboration, and energy transition to limit global warming to 1.5°C
High-warming Scenarios (above 2°C)	SSP 5-8.5	Very High GHG Emissions: CO ₂ emissions are anticipated to approximately double from current levels by 2050.
	IEA STEPS	Stated Policies Scenario: This scenario provides projections based on existing policies (including those not yet fully implemented), reflecting the trajectory of energy use and emissions under current policy frameworks.

Identification and Analysis of Climate-Related Risks and Opportunities

Transition Risks	Potential Impact	Potential Financial Impact	Impact Time Frame	Likelihood of Occurrence
Policy and Legal Risk	Climate-related laws and policies will continue to be updated, putting forward stricter requirements for environmental management compliance.	Increase in operating costs, including upgrades to environmental infrastructure, carbon audit expenses, and environmental compliance audit fees; non-compliance may further trigger additional costs such as fines and remediation expenditures.	Short-to-medium term	Baseline Scenario: Medium Low-warming Scenario: High High-warming Scenario: Medium
Technical Risk	The development and use of new energy technologies and equipment upgrades will increase production costs in the short term and weaken product competitiveness.	Increase in operating costs, including capital expenditure for renewable energy equipment, technical retrofitting of production lines, and workforce upskilling.	Medium term	Baseline Scenario: Medium Low-warming Scenario: High High-warming Scenario: Medium
Reputation Risk	Under the Dual-Carbon goal, the Company is actively answering the call to adapt to climate change and low-carbon emissions. The result of this transformation will affect the Company's image for investors and the public. SPH's reputation may be negatively affected if this transformation fails.	Decline in revenue due to diminished brand equity and subsequent loss of market share; higher cost of financing.	Medium-to-long term	Baseline Scenario: Low Low-warming Scenario: Medium High-warming Scenario: Low
Market Risk	The market's increasing focus on the environmental friendliness of products and services may affect the demand for certain products and services.	Increase in operating costs due to additional requirements for green product upgrades and carbon footprint accounting; decline in operating revenue as non-compliant products are phased out, resulting in the erosion of partnership and customer networks.	Medium term	Baseline Scenario: Low Low-warming Scenario: High High-warming Scenario: Low

Physical Risks	Potential Impact	Potential Financial Impact	Impact Time Frame	Likelihood of Occurrence
Acute Physical Risks	Extreme weather conditions (e.g. typhoons, floods) may result in company shutdowns, asset damage, and casualties; Potential detrimental impact on the yield and quality of herbal medicines; Potential disruption to pharmaceutical logistics, further affecting drug quality and supply.	Increase in operating costs due to the repair or replacement of facilities, logistics rerouting, and inventory spoilage; decline in operating revenue due to business and supply chain disruptions resulting in unfulfilled orders and customer churn, alongside potential contractual indemnity costs.	Short-to-medium term	Baseline Scenario: Medium Low - warming Scenario: Low High - warming Scenario: High
Chronic Physical Risks	Continued hot weather and intense heat may cause the Company to suspend production and pose a health risk to employees. Potential detrimental impact on the yield and quality of herbal medicines.	Increase in operating costs, including investments in cooling systems and occupational health and safety (OHS) protections; decreased productivity from production suspensions further leads to higher unit production costs; decline in operating revenue due to shortages of TCM raw materials, which limits production capacity and market availability.	Long term	Baseline Scenario: Low Low - warming Scenario: Low High - warming Scenario: High

Opportunity Categories	Potential Impact	Potential Financial Impact	Impact Time Frame	Likelihood of Occurrence
Products & Services	Climate change has widespread impacts on human health, increasing illness, death and injury, and raising the demand for certain medical treatments. The Company develops and manufactures targeted drugs, which will enhance the competitiveness of its products while meeting health needs.	Increase in operating revenue and further expansion of market share; enhancement of product premiumization, where the commercialization of R&D innovations boosts gross margins and catalyzes synergistic revenue growth across the upstream and downstream value chain.	Medium-to-long term	Baseline Scenario: Medium Low - warming Scenario: High High - warming Scenario: Medium
Energy Source	The development and use of new energy technologies will help achieve the dual carbon goal and reduce energy costs in the long run.	Reduction in operating costs through the substitution of fossil fuels with renewable energy to reduce energy expenditure; utilization of policy tailwinds, including green energy subsidies and tax preferences, to further optimize total operating costs.	Medium-to-long term	Baseline Scenario: Medium Low - warming Scenario: High High - warming Scenario: Medium
Resource Efficiency	The application of energy-efficient technologies will cut emissions, reduce resource consumption expenditures, and mitigate climate change.	Reduction in operating costs through decreased consumption of water, electricity, and steam, alongside lower expenditures for waste mitigation and carbon-related costs; gains in operational efficiency, where improved resource yields drive down unit costs and expand profit margins.	Short-to-medium term	Baseline Scenario: Medium Low - warming Scenario: High High - warming Scenario: Low
Resilience	The Company's continuous efforts in reducing energy consumption will improve its climate change resilience.	Reduction in operating costs by reducing incidental losses from business interruptions or remediation caused by extreme weather or climate transition; enhanced resilience and stability, where resilient operations safeguard sustainable revenue growth and lower financing risks and costs.	Medium-to-long term	Baseline Scenario: Medium Low - warming Scenario: High High - warming Scenario: High

Note: Short term: less than 1 year; Medium term: 1–5 years; Long term: over 5 years

Climate-related Risk Management

SPH has systematically incorporated climate change-related issues into its corporate risk management framework. Building upon the findings of climate risk assessments, the Company prioritizes key climate-related matters to inform subsequent resource allocation, target setting, and strategic decision-making. By embedding climate risks into our risk management system, we continuously strengthen our resilience against climate-related uncertainties, thereby strengthening the foundation for robust operations and sustainable growth.

Responses to Climate-Related Risks

SPH integrates climate change response into its daily operational management, mitigating risk exposure through the synchronized advancement of climate mitigation and adaptation strategies. We are committed to decarbonizing our operations while strengthening our adaptation to physical risks, addressing the complexities of climate change with enhanced organizational resilience.

Mitigation

Aligned with the "Carbon Peaking" and "Carbon Neutrality" strategic objectives, SPH vigorously drives a green and low-carbon transition. We prioritize a comprehensive suite of measures—including energy management system development, technical upgrades for energy efficiency, the phase-out of obsolete equipment, the establishment of energy management centers, clean production audits, and solar power utilization—to drive holistic energy conservation and carbon reduction. Additionally, we fulfill our corporate social responsibility for green development and meet all government mandates by executing key initiatives such as the establishment of zero-carbon and green factories and the deployment of photovoltaic projects. 2025 saw the addition of **three provincial/municipal-level "Green Factories", one provincial/municipal-level "Green Supply Chain", and three "Zero-Carbon Factories" in Shanghai**. Furthermore, SPH Xingling was named a 2025 **Shanghai Municipal "Waste-Free City Cell" Model Case**; SPH SBPC was selected as an **Annual Exemplary Case of Green Development for State-Owned Enterprises**; and SPH New Asia's Energy Management Platform Project was recognized as the **"Shanghai Excellent Case in Energy Conservation and Emission Reduction"**.

Energy Management System Certification

The Company has mandated that Class A subsidiaries develop and implement the ISO 50001 energy management system for efficient management and improvement of energy efficiency.

As of the end of 2025, a total of **29** subsidiaries within the Group have obtained ISO 50001 Energy Management System certification, representing a year-on-year increase of **3** entities.



ISO 50001 Certificate of SPH Sine



ISO 50001 Certificate of Chongqing Huiyuan



SPH New Asia's "Energy Management Platform Project" recognized as a "Green Practice Case" during the selection of Shanghai Excellent Cases of Energy Conservation and Emission Reduction.



Product carbon footprint certification for Metformin Hydrochloride Sustained-release Tablets at SPH Sine Headquarters

R&D and Manufacturing

Developing a "Dual-Carbon" Plan	• In response to the "carbon peak & carbon neutrality" targets, SPH has called for its industrial subsidiaries to achieve its "carbon peak" goal by 2030. • Key energy-intensive subsidiaries consuming over 5,000 tons of coal equivalent (tce) per year have completed energy audits and formulated "carbon peak" strategies.
Strengthening Energy Management	• We drive the development of energy-saving and eco-friendly systems by expanding green manufacturing frameworks, conducting regular clean production audits, and implementing energy reduction measures to effectively mitigate carbon emissions.
Carbon Audit/ Footprint	• Key energy-consuming subsidiaries actively conducted carbon audits and product carbon footprint certifications. During the Reporting Period, nine subsidiaries completed their annual carbon audits, and one subsidiary secured product carbon footprint certification. Through meticulous analysis of carbon emission data, these efforts provide robust support for SPH's carbon mitigation plans and green development strategies.
Engaging in Carbon Trading	• Some subsidiaries are included in Shanghai's carbon emission quota management list. They engage proactively in carbon market trading, facilitating SPH's transition to a low-carbon operational framework.
Establishment of Energy Monitoring Platforms	• Key energy-consuming subsidiaries have established tiered energy monitoring platforms to track energy consumption in real-time.
Green Buildings	• SH-INNO was awarded the 3-Star Green Building Certification. Construction projects strictly adhere to energy assessments and integrate energy-efficient designs. This includes the adoption of green lighting and high-efficiency equipment, alongside the promotion of recycling, waste heat utilization, and high-efficiency heat pump technology. Photovoltaic projects and clean energy applications are advanced, while green carbon sequestration and intelligent metering systems are enhanced to ensure a comprehensive approach to energy conservation.
Enhancing Expertise	• A dedicated team has been established to monitor and implement national dual-carbon strategies and climate change policies. Training sessions are organized to enhance the competence of managerial personnel in advancing "dual carbon" initiatives.

SPH Sine Headquarters' Intelligent Analytical Cloud System

By deploying an intelligent energy analysis system, SPH Sine Headquarters has established a plant-wide digital energy management and control platform. The platform aggregates energy data down to the tertiary metering level and offers localized visualization by department or zone, enabling workshops and functional departments to monitor energy consumption trends with precision. For the energy management team, the system features automated alerts for anomalies—such as offline meters—to ensure rapid maintenance and maintain data integrity and accuracy. For high-intensity energy-consuming workshops, the platform provides granular access to daily usage data, offering vital insights for optimizing production schedules and cost accounting. In routine operations, the system enhances energy transparency and leverages data to identify energy-saving opportunities, providing a scientific basis for technical retrofits and driving continuous cost reduction and efficiency improvement.

Launching the Energy Conservation Awareness Week Campaign

SPH proactively coordinated with its manufacturing subsidiaries, both within and outside Shanghai, to implement comprehensive energy conservation awareness initiatives. In June 2025, under the theme "Energy Efficiency for Enhanced Gains: Leading through a Renewed Mindset", SPH launched a coordinated series of activities for Energy Conservation Awareness Week. Throughout the campaign, subsidiaries leveraged various online and offline channels—tailored to their specific operational contexts—to engage employees. These efforts were designed to heighten awareness of energy conservation, encourage the adoption of green and low-carbon lifestyles across the workforce, and foster a collaborative corporate culture centered on energy saving and carbon reduction.



Energy Conservation Awareness Poster at SPH SBPC



Energy Conservation Awareness Poster at SPH Sine



Distribution and Retail

SPH is building a green logistics ecosystem by increasing the share of new energy vehicles (NEVs) in its fleet and leveraging intelligent dispatch system to optimize delivery routes and curb carbon emissions.

Introduction of New Energy Vehicles

SPH Logistics has phased out a portion of its diesel fleet in favor of NEVs and transitioned existing diesel transport routes to new energy alternatives, effectively reducing diesel fuel consumption.

Smart Scheduling

SHAPHAR has engineered a high-efficiency, intelligent urban vehicle dispatch system featuring predictive analytics and real-time tracking. This system enhances logistics precision and accelerates the company's transition toward specialized and smart logistics management. By optimizing routing and mileage, the system reduces transit times, boosts operational efficiency, and cuts both costs and carbon footprints. Pilot results demonstrate that since the launch of intelligent dispatch, routing lead times across SPH's logistics centers have shortened significantly, while the accuracy of estimated time of arrival (ETA) for customers has also improved.

Paperless Circulation

The Advanced Shipping Notice (ASN) for SHAPHAR's specialty drugs inbound logistics has shifted from paper documentation to an electronic system, where suppliers input data directly enabling automatic conversion into digital records. Reception and inspection procedures now utilize screens and iPads to display product information. The warehouses have eliminated paper-based shipping and replenishment vouchers, utilizing automated labeling equipment to facilitate autonomous sorting and dispatch.

Low-Carbon Logistics Parks Built by SPH Logistics

Acting in line with national green development strategies, SPH Logistics drives the transition of its logistics parks towards low-carbon operations. Through the integration of distributed renewable energy and the use of automated, intelligent power distribution systems and HVAC equipment, it fosters synergies between different systems and upgrades the parks to high-efficiency, environment-friendly, low-carbon, and sustainable operations.

Deployment of Distributed Renewable Energy

Photovoltaic systems harness and utilize clean energy efficiently, thus significantly mitigating greenhouse gas emissions.

Environmental Monitoring

Continuous monitoring of the ambient indoor environment enables real-time perception and analysis of building environmental data.

Equipment Automation and Intelligence

Leveraging intelligent sensing systems, SPH Logistics optimizes building energy consumption, curbing unnecessary energy waste and enhancing energy efficiency ratios.

Carbon Emissions Management

By identifying the primary sources of carbon across different types of logistics parks, SPH Logistics facilitates real-time measurement and monitoring of all carbon emissions.

Energy Conservation and Carbon Reduction Initiatives

2025 Action Plan

01

Focus on Technological Upgrades to Deepen Energy-Saving Retrofits

- Comprehensive coverage of energy-saving technical retrofits: Fully execute all energy-saving renovation mandates, leveraging equipment upgrades and process optimization to drive down energy consumption.
- Scale application of clean energy: Accelerate the deployment of photovoltaic (PV) power projects and advance the transition to clean energy sources, including distributed PV and biomass energy.
- Establishment of green manufacturing systems: Conduct cleaner production audits and pursue "Waste-Free Factory" and "Zero-Carbon Factory" certifications to set industry benchmarks for green development.

02

Leverage Data Support to Achieve Precision Control

- Standardized advancement of carbon audits and trading: Diligently complete carbon audits and actively engage in carbon trading markets to ensure the transparent management of carbon emission data.
- Dynamic monitoring of energy metering: Refine energy consumption monitoring frameworks and utilize platforms for real-time data acquisition and analysis, thereby providing a scientific basis for strategic decision-making.

03

Foster Multi-Level Collaboration to Solidify Accountability

- Development of green factories and supply chains: Pursue "National Green Factory" and "Green Supply Chain" designations while strengthening collaborative emission reduction efforts across the value chain.
- Granular assignment of energy-saving responsibilities: Cascade energy-saving targets down to workshops, teams, and individual posts, supported by regular specialized training to enhance organization-wide awareness and implementation capabilities.

Technical Renovation Project

66 Technical Renovation Project	CNY ~13.06mm Capital Saved	8,691,900 kWh Electricity Saved	14,200 tons Steam Saved	9,400 tons Water Saved
14,742,700 kWh Photovoltaic Power Generation throughout the Year				

2025 Selected Energy Conservation Projects of SPH's Manufacturing Subsidiaries

Enterprise/Facility Name	Energy Conservation Project	Energy Savings (tce)	Capital Saved (in CNY million)
SPH Sine	Heat Pump Energy Efficiency Project (Phase II)	240	33.58
Shanghai Sine Tianping	Photovoltaic Capacity Expansion	356.58	7
Tianjin Jinjin	Optimization of Chiller Operations for Energy Reduction	86.03	56
Tianjin Jinjin	Boiler Continuous Blowdown and Thermal Energy Recovery System	297.92	74
SPH SBPC	Boiler Waste Heat Recovery	416	176
SPH Leiyunshang	FMCS Energy Monitoring Platform	56	20
SPH Leiyunshang	Automated Control Retrofit for Refrigeration Systems	56	20
Shanghai Jinhe	Energy-Saving Technical Upgrade of Exhaust Gas Treatment Facilities	60.93	16.9
SPH Kangge	Industrial Park Photovoltaic Power Generation	127.82	7.62
Nantong Changyou	Centralized Compressed Air Supply	89.69	12.75
SPH Techpool	Steam Pipeline Replacement	53.4	17.53
SPH Growful	Industrial Park Steam Pipeline Renewal	92.07	25
SPH North Pharma	Chiller Group Control Project in Public Utilities Building	51.21	30
Shanghai Hutchison	Photovoltaic System Phase III	227	70
SPH Qingchunbao	Reduction of Energy Costs per Unit Output (including enhanced waste heat recovery from steam condensate in extraction workshops, additional heat recovery points in solid dosage workshops, reduction of daily average power consumption in public utility systems, and centralized production scheduling, etc.)	761.48	464.22

Boiler Flue Gas Waste Heat Recovery and Utilization at SPH SBPC

In an effort to advance "Dual Carbon" objectives and optimize energy expenditures, SPH SBPC implemented an energy-saving technical retrofit focused on the recovery and utilization of boiler flue gas waste heat. By integrating "GV flue gas heat exchangers" and circulating water tanks into the boiler setup, the project established a closed-loop thermal recovery system. This system cools high-temperature flue gas from 120° C to below 60° C, repurposing the captured heat to preheat boiler feedwater. This acceleration of the steam generation process significantly mitigates exhaust heat loss.

Following the upgrade, the boiler's operational thermal efficiency rose from **94.9%** to **99%**. This improvement has resulted in an annual reduction of **416 tons** of standard coal consumption and **698 tons** of CO₂ emissions, delivering the dual advantages of energy circularity and cost suppression.



Adaptation

In response to the growing frequency of extreme weather events, such as torrential rain and flooding driven by climate change, SPH has adopted climate adaptation as a core strategic pillar for bolstering organizational resilience. We recognize that operational continuity and stability are inextricably linked to climate risks. Consequently, SPH has established a comprehensive climate change emergency response framework. By enhancing meteorological monitoring, optimizing emergency stockpiles, upgrading drainage and flood-control infrastructure, and instituting cross-departmental coordination mechanisms, we have strengthened our capacity to prevent, respond to, and recover from extreme weather. These efforts ensure rapid mobilization and effective mitigation during disasters, providing maximum protection for employee safety, steady production, and the uninterrupted supply of medicines.

Coping with Extreme Weather

A comprehensive management policy for responding to extreme weather events has been established and refined, complemented by effective disaster prevention and response mechanisms. Utilizing meteorological data, proactive deployments mitigate safety risks posed by severe weather conditions.

Protocols to Address Extreme Weather Events

Through a comprehensive set of institutional documents—such as the "Key Work Plan for Production Safety, Environmental Protection, and Public Security" and notices pertaining to workplace safety in summer—SPH has proactively established measures to mitigate heatstroke, regulate temperatures, and address flood and typhoon risks.

Organizational Mechanism for Disaster Resistance and Relief

The Company has refined its emergency protocols to prevent workplace safety incidents triggered by natural disasters, conducted drills to prepare for such events, and preemptively arranged responses to severe weather conditions, including flood prevention. SPH also ensures comprehensive material preparedness for all emergency response operations.

SPH Sine Headquarters' Four-Tier Warning and Response Mechanism



To mitigate the impact of extreme weather events like rainstorms and floods, SPH Sine Headquarters has implemented a four-tier (Blue, Yellow, Orange, and Red) warning and response system. By defining specific protocols for each risk level, this system has bolstered the climate resilience of our operational sites.

Blue Warning (Level IV): Duty personnel increase patrol frequency, focusing on roof structures, electrical lines, and signage while ensuring drainage systems remain unobstructed. The Emergency Rescue Team inspects drainage infrastructure, clears culverts, reinforces temporary structures, and secures moisture-sensitive inventory with waterproof coverings. The Communication and Liaison Team coordinates routine flood-prevention efforts and ensures seamless information flow.

Yellow Warning (Level III): Primary administrative leaders report for duty while emergency response teams enter standby mode. Non-essential power is disconnected, and dewatering pumps and emergency lighting are tested to ensure drainage infrastructure remains operational. The Logistics Support Team mobilizes emergency supplies such as sandbags and pumps, while the Accident Rescue Team applies moisture-proofing to critical areas—including power distribution rooms and warehouses—and relocates inventory as required.

Orange Warning (Level II): Senior leadership assumes on-site command, the Emergency Task Force conducts exhaustive inspections of vulnerable points, and the full rescue squad is placed on high alert. Hazardous structures are reinforced or dismantled, personnel in low-lying areas are evacuated, and all high-altitude work is suspended. Equipment grounding and lightning protection systems are verified. Simultaneously, the Logistics Support Team activates emergency lighting and communication systems, rescue vehicles are stationed for immediate deployment, and the Evacuation and Security Team cordons off threatened zones to facilitate orderly withdrawal.

Red Warning (Level I): All emergency task force members remain on-site to lead disaster-relief efforts, and all non-essential activities are terminated. Operations are fully suspended, power grids are shut down, and high-value assets are transferred to secure locations. The Communication and Liaison Team establishes immediate contact with external emergency services, while the Security Team clears the site of non-essential personnel. The Accident Rescue Team prioritizes life safety, organizing the extraction of trapped individuals and the protection of critical infrastructure. Concurrently, the Medical Response Team stands ready for emergency aid and post-disaster sanitation, and the Logistics Support Team ensures the continuous supply of emergency provisions, including food, medicine, and life-saving gear.

Metrics and Targets

Guided by China's national "Dual Carbon" strategy and aligned with its operational footprint, SPH has established core metrics for climate change and energy management. The Company has systematically anchored its energy and carbon emission management in a quantifiable and traceable indicator framework that provides benchmarks and actionable guidance for enhancing carbon efficiency and driving a green, low-carbon transition.

Six Energy Management Responsibility Goals

- 01 Eliminating the use of outdated and obsolete equipment
- 02 Using energy-efficient and water-saving appliances throughout the Company
- 03 Equipping energy meter devices that comply with legal requirements
- 04 Taking energy efficiency to an advanced level
- 05 Increasing the usage of green energy every year
- 06 Achieving carbon peak by 2030*

*Note: SPH aims to achieve carbon peak by 2030 for its pharmaceutical subsidiaries.

Progress:



Phasing Out Obsolete Processes and Equipment

- The Company maintained its dedicated phase-out initiatives to continuously optimize production-side energy efficiency and strengthen the technical foundation for a low-carbon transition. In 2025, Shanghai-based subsidiaries decommissioned a total of **98** units of obsolete equipment—**66** were scrapped, and **32** were scrapped and replaced with modern upgrades. All assets were dismantled, decommissioned, or recycled in strict compliance with pertinent regulations, ensuring standardized disposal without secondary circulation or environmental impact.
- As part of these initiatives, Shanghai-based subsidiaries were required to conduct comprehensive facility self-audits and develop phase-out and replacement schedules for critical equipment (such as motors), prioritizing the procurement of high-efficiency, energy-saving models. Furthermore, SPH encouraged subsidiaries to refine equipment maintenance protocols and conduct routine preventative maintenance to extend asset lifecycles and maximize operational efficiency. Operators were also regularly trained to ensure sustained energy-saving performance.



Using Clean Energy

- SPH has actively installed photovoltaic systems across all viable locations. In 2025, **19** production and sales subsidiaries (including **4** distribution subsidiaries) finalized their photovoltaic green energy projects, with **5** new additions compared to 2024. Notably, the annual output from photovoltaic projects at manufacturing sites reached **14,742,700 kWh**.
- In 2025, SPH's total outsourced electricity totaled **360.91 million kWh**, which included **35.91 million kWh** of green power and GEC-equivalent electricity.

For additional energy consumption and GHG emission metrics, please refer to "Appendix – ESG Key Performance Indicators."

Environmental Management Improvement

Governance

In compliance with local laws and regulations, and industry standards related to environmental protection, (e.g., *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Water Pollution*, *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, *Law of the People's Republic of China on Noise Pollution Prevention and Control*), SPH has established a sound environmental management system, including the Environmental Protection Responsibility System, the Environmental Events Reporting System, the Measures for Safety Management and Environmental Management Performance Assessment, and the Accountability System for Safety Production and Environmental Protection Accidents, and prepared a series of normative documents such as the Basic Requirements for Annual Enterprise Environmental Protection and the Memorandum on Annual Enterprise Environmental Management. All subsidiaries are required to abide by these regulations and company requirements, to minimize the impact of operations on the environment. The Company complies with laws and regulations such as the *Environmental Protection Tax Law of the People's Republic of China* and fully pays all relevant environmental protection taxes and fees.

SPH has established a detailed organizational structure to coordinate environmental management efforts throughout the Group. Serving as the coordinating body for environmental management, the Group's Security Department is tasked with establishing management frameworks and conducting routine oversight to ensure the effective implementation of environmental mandates. As the primary entities responsible for environmental protection, all subsidiaries strictly adhere to energy conservation and environmental requirements within their daily operations and provide regular progress reports on their environmental initiatives.

To enhance the professionalism in environmental management, the Security Department has set up 6 specialized teams to assist in SPH's environmental management efforts, i.e., **Policy and Regulation Team, Environmental Management Team, Engineering and Technology Team, Training and Education Team, Policy and Procedure Team, and Support Team**. These specialized are responsible for policy research, compliance guidance, routine supervision, performance evaluation, technical upgrading support, capacity building, training, institutional framework optimization, and technical support. This collaborative structure, characterized by a clear division of duties and synergy, has significantly enhanced the Group's overall environmental management efficiency. In 2025, the Policy and Procedure Team developed standardized templates for **three** key areas: **hazardous waste, rainwater management**, and **noise control**. Following these Group-wide templates, each subsidiary refined its own environmental management protocols in these three areas to align with its specific operational context.

Strategy

SPH embeds the philosophy of green development into its corporate strategy and operational management, striving to establish itself as a modern, resource-efficient, and environment-friendly pharmaceutical manufacturer. Guided by the environmental management principles of "regulatory compliance, bottom-line adherence, and steady progress," SPH leverages systematic planning and sustained investment to transform environmental stewardship from a baseline compliance requirement into a driver of value creation.

The Company has established a robust, long-term environmental management mechanism across all operations. We identify environmental risks and opportunities associated with compliance management, pollutant discharge, and resource utilization. By conducting comprehensive and systematic assessments of their potential impact on business operations and financial performance, we maintain a dedicated Risks and Opportunities Register, which is fully integrated into SPH's enterprise risk management (ERM) framework.



Identification and Analysis of Risks and Opportunities

Risks	Potential Impact	Actions	Impact Time Frame	Potential Financial Impact
Policy Compliance Risk	The ever-evolving environmental laws and regulations present a formidable challenge. Should SPH fail to promptly adhere to emerging standards, it risks breaching protocols governing pollutant emissions and waste management, resulting in disruptions to regular business operations.	Monitor evolving national and local environmental policies and regulations while conducting timely internal awareness sessions and briefings; perform regular environmental compliance self-audits across all production and operational phases to ensure prompt rectification of any gaps; and enhance engagement with local environmental authorities to ensure the precise implementation of regulatory mandates.	Short-to-long term	Direct costs arising from administrative penalties and equipment retrofitting; revenue loss due to business interruptions or production halts, which may adversely affect net profit for the reporting period.
Brand Reputation Risk	Lapses in pollution prevention, hazardous and solid waste management, or water conservation during production—such as unauthorized discharges, inadequate pollution control, excessive carbon emissions, or improper waste disposal—can trigger adverse environmental publicity and jeopardize SPH's reputation as a green brand.	Develop environmental PR crisis contingency plans to ensure timely and transparent disclosure of corrective actions during incidents; proactively communicate environmental stewardship initiatives and milestones through official channels to cultivate a sustainable brand image; and engage in environmental philanthropy to fulfill environmental social responsibility (ESR).	Short-to-long term	Erosion of market trust, resulting in lower product adoption, diminished sales volumes, and reduced revenue; significant capital expenditure required for brand recovery, PR, and marketing campaigns.
Resource Utilization Risk	Inefficiencies in the utilization of water, energy, and raw materials during manufacturing not only escalate procurement costs but also drive up environmental management expenses due to higher waste volumes. Furthermore, such inefficiencies hinder SPH's alignment with the industry's transition toward a green, low-carbon future.	Implement a resource consumption quota management system and integrate consumption reduction metrics into performance appraisals; adopt advanced recycling and circular economy technologies to maximize the efficiency of water, energy, and materials; and roll out "Cleaner Production" models to minimize resource waste at the source.	Medium-to-long term	A dual increase in resource acquisition and waste treatment costs, leading to higher overall operating expenses.

Opportunity Categories	Potential Impact	Actions	Impact Time Frame	Potential Financial Impact
Green Market Opportunities	Amid tightening environmental regulations, preemptive investment in sustainable production practices can markedly enhance SPH's brand equity and bolster trust among consumers and business partners.	Develop "Green Factories" and "Zero-Waste Factories" while implementing "Cleaner Production" practices; establish a green supply chain framework to enhance environmental oversight across upstream and downstream partners; and seek certifications for green products and low-carbon management systems.	Medium-to-long term	Expansion of sales volume and market share, leading to steady revenue growth; reduction in financing costs and the realization of price premiums for green products, thereby enhancing gross profit margins.
Green Technological Innovation Opportunities	Technological innovation in pollution prevention can yield highly efficient green production techniques, resolving internal environmental challenges while opening avenues for commercializing proprietary technologies.	Foster industry-academia-research collaborations with universities and research institutes to co-develop frontier technologies in sustainable manufacturing and environmental remediation; engage in industry-wide green technology exchanges to integrate advanced concepts with corporate operations; and accelerate the practical application and commercialization of green R&D breakthroughs.	Medium-to-long term	Improvement in profitability through the reduction of production, pollution abatement, and resource consumption costs; generation of incremental revenue from technology transfers and licensing, creating new profit engines.

Note: Short term: less than 1 year; Medium term: 1–5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

Through the systematic identification and dynamic assessment of environmental risks and opportunities relevant to its business development, and by conducting in-depth analyses of the potential short-, medium-, and long-term impacts of key environmental issues on operations, strategy, and financial performance, SPH has developed a Group-wide mechanism for environmental risk identification and assessment. Building on this foundation, the Company continuously monitors the alignment between environmental factors and its sustainable development strategy, developing scientifically-based hierarchical control measures and mitigation strategies. By embedding environmental risk management into the full lifecycle of daily operations, SPH drives its green transition, effectively mitigates environmental exposures, and proactively captures strategic opportunities arising from low-carbon development. This integrated approach ensures SPH's steady progress in environmental compliance, resource efficiency, and low-carbon operations.

During the Reporting Period, SPH received **no** penalties for environmental violations, and excessive or illegal pollutant discharges.



Environmental Risk Management and Supervision

01

Responsibility Agreement

Sign a yearly environmental responsibility agreement to fulfill our primary responsibility for environmental protection.

Assist subsidiaries in improving their annual environmental work plans by clarifying green objectives and determining key tasks for the year.

02

Plan Formulation

03

Routine Supervision

Track work progress regularly by conducting monthly environmental risk inspections, submitting monthly work summaries, studying new regulations, and implementing self-examinations and self-corrections.

Conduct special campaigns such as "Cleaning House", "Revisiting Lessons Learned", "Mutual Promotion of Efficiency", and "Self-Examination of Hazards" to identify vulnerabilities and enforce environmental compliance.

04

Targeted Implementation

05

Refinement of Requirements

Refine environmental management as required by the Specialized Teams, elevating the environmental management standards of the Group and its subsidiaries.

Assess the annual environmental work of each subsidiary through semi-annual audits and year-end performance evaluations. This process identifies potential environmental risks, ensuring the achievement of the "Four Hundreds and One Comprehensive" goals.

06

Regular Appraisal

Environmental Oversight and Inspection

Guided by the annual environmental management plan, SPH's subsidiaries systematically executed their respective environmental mandates. In 2025, SPH conducted phased, specialized environmental inspections across **41** subsidiaries. All identified gaps and hazards were fully rectified, laying the groundwork for a regular oversight mechanism.

During the first half of 2025, inspections primarily targeted core environmental requirements, the standardized management of general industrial and hazardous waste, the performance of pollution control facilities, compliance with discharge permits, and the adequacy of internal environmental protocols and SOPs. In the second half, oversight intensified on the execution of fundamental environmental duties, the operational integrity of pollution control facilities, the efficacy of emergency preparedness and response plans (EPRPs), the completion of self-monitoring programs, the rigor of environmental record-keeping, and the monthly tracking of environmental risk sources.

Each inspection produced a report detailing the timeline, participating department/personnel, findings, and corrective actions to ensure full traceability and closed-loop accountability. All findings were integrated into each subsidiary's "Single-Chart" environmental management ledger for dynamic monitoring. By leveraging this "Inspect-Record-Rectify-Verify" closed-loop mechanism, SPH has driven the continuous refinement of its environmental governance.

Environmental Management System Certification



Environmental Management System Certification
As of the end of 2025, 35 subsidiaries had achieved ISO 14001 Environmental Management System certification, representing a year-on-year increase of 3 entities.

■ Prevention and Management of Environmental Emergencies and Risks

SPH conducts annual risk assessments for sudden environmental incidents, refines preventive measures, identifies and addresses environmental safety hazards, formulates and registers emergency response plans, and strengthens the capacity for emergency preparedness. In accordance with the requirements of the "Corporate Contingency Plan for Environmental Emergencies", SPH subsidiaries organize emergency drills and training activities. Through regular drills for sudden environmental incidents, the feasibility and effectiveness of the contingency plan are verified, the coordination and efficiency in the response and handling process are enhanced, and the emergency awareness and skills of participants are improved, laying a solid foundation for ensuring the safety of employees and the environment.

■ During the Reporting Period, SPH experienced **no** major environmental incidents.

Enhancing the professional skills of environmental management personnel and developing professional talent is an essential part of SPH's commitment to environmental protection. Each year, SPH devises plans and conducts energy conservation and environmental protection training in accordance with the latest regulations and management requirements. The centralized training helps clarify new regulations and requirements, heightening the professional competence of environmental management personnel and more effectively fulfilling the primary responsibilities for ecological and environmental protection. SPH has strengthened its technical support for training through the Environmental Management Team, upgraded its training system, and introduced bimonthly regulatory briefings and an array of training programs on environmental policies and regulations, environmental management techniques, and practical cases, in an unwavering drive to bolster its environmental team.



In 2025, the Policy and Regulation Team compiled six bi-monthly policy and regulation briefings encompassing **335** regulations and standards. Additionally, the Training and Education Team shared monthly articles on environmental management, technology, and new regulatory standards within the environmental management workgroup, providing continuous learning resources for team members.

Some Environmental Management Training Courses at SPH in 2025

Category	Training Theme
Pre-job Training	National regulations and standards; and pollution prevention and control measures and management requirements for companies
Regular Training	Training on Waste Water & Gas Pollution Control for Equipment Operators
Special Training	Ecological and Environmental Compliance
	Pollution Control Equipment Training for Operators
	Environmental Emergency Response Plan
	Hazardous Waste Management

■ Practical Analysis Training: Ecological & Environmental Compliance Risks and Regulatory Responses in the Pharmaceutical Industry



SPH places high importance on building capacity for ecological and environmental compliance. In September 2025, Shanghai Pharma University, in collaboration with the Group's Security Department, organized a specialized training session on ecological and environmental compliance. The program engaged **104** environmental management professionals from **53** subsidiaries both within and outside Shanghai. Utilizing a hybrid online-offline format, the training achieved a **100%** offline attendance rate and a **100%** assessment pass rate. This initiative has strengthened SPH's ecological compliance defenses and established a robust foundation for the continued advancement of its environmental stewardship.



■ Cultivating an Environmental Culture

SPH promotes environmental awareness, advocates green life and pursues green development. Each year, the Company organizes diverse environmental protection and energy conservation promotional activities, such as the World Environment Day and Energy Conservation Publicity Week.

World Environment Day



Guided by the Group's green development strategy and aimed at bolstering environmental awareness and green practices among all staff, the Security Department issued the "Notice on Carrying Out the June 5th Environment Day Advocacy Activities for 2025." The directive mandated that all subsidiaries enhance ecological advocacy and education through diverse campaigns, fostering a culture of resource conservation, low-carbon living, and environmental stewardship across the workforce.

SPH Headquarters hosted an Environmental Knowledge Competition to cultivate a green mindset among staff, thereby solidifying its sustainability foundation and leading by example. Subsidiaries conducted a variety of themed activities through both online and offline channels, broadening reach and participation.



Protecting Air, Water, and Soil: A Joint Initiative by SPH Herbapex's Party, Administrative, Union, and Youth League Organizations



Employees of SPH Changzhou Pharma Transforms Waste into Creative Handicrafts



SPH SBPC Partners with the Local Community for an Environmental Open Day themed "Everyone Involved: Caring for the Environment"

Metrics and Targets

To enhance environmental management, SPH sets comprehensive goals and focuses on pollution control, in addition to urging subsidiaries to formulate corresponding annual environmental management targets based on their business. During the Reporting Period, SPH formulated and issued documents such as the 2025 Environmental Protection Accountability Agreement and the 2025 Memorandum on Environmental Management Work for the Group and Its Subsidiaries, specifying environmental management targets and requirements for 2025 and providing a clear roadmap for subsidiaries.

SPH's Annual Environmental Responsibility Targets

100%
of new projects
implemented in line with the
"three simultaneous" principle

100%
of pollution control
equipment and facilities
operate properly

100%
of pollutant release indicators
met standards throughout
the year

100%
of solid waste
disposed in compliance with
laws and regulations

All production and
operation processes
met statutory requirements

By the end of Reporting Period, all environmental management responsibility targets were achieved.

Ramping up Pollution Control

SPH strictly controls the discharge of exhaust gas, waste water, solid waste, noise and other pollutants in its production and operation activities, and reduces the discharges through pre-control, continuous monitoring, self-examination and self-correction, to alleviate its environmental impact.

- All manufacturing subsidiaries have obtained national pollutant discharge permits or been registered as per the Classification Management Catalogue to Pollutant Emission Permit for Stationary Sources of Pollution.
- The subsidiaries have monitored and reported pollutant discharge permit implementation in accordance with regulatory requirements.
- According to the self-monitoring plan, all subsidiaries have entrusted qualified third-party monitoring agencies for annual monitoring of all discharge outlets, to ensure stable and compliant pollution emissions.



Objectives for "Three Wastes" Management



Solid Waste Disposal Objectives

- The disposal of solid waste must comply with national and local laws and regulations throughout the classification, storage, transportation, and disposal stages.
- The disposal of solid waste must prevent any pollution to soil, water, and air and avoid negative impacts on ecosystems.
- Resource recovery and waste reduction should be encouraged to minimize waste generation and curb resource consumption.



Gaseous Waste Discharge Objectives

- Gaseous waste discharge must comply with requirements of environmental impact assessment and discharge permits.
- The concentration of discharged gaseous waste must comply with national, industry and local standards for air pollutants.
- Annual gaseous waste emissions and major pollutant emissions must conform to the total emission control targets approved by the ecological and environmental authorities or outlined in the discharge permits.



Wastewater Discharge Objectives

- Wastewater discharge must comply with requirements of environmental impact assessment, discharge permits, drainage permits, and relevant agreements.
- The industrial wastewater and domestic sewage must be discharged into the urban drainage system only when their water quality meets the relevant standards for discharging into the city sewer.
- Annual sewage discharge and major pollutant emissions must also meet the total emission control targets outlined in the discharge permits.

Zero Waste Factories

SPH supports its subsidiaries to transform into "Zero Waste Factories." By the end of 2025, a total of 13 subsidiaries have been designated as "Zero Waste Factory" by local authorities, with 5 new additions compared to 2024.

No.	Name of Enterprise	Honor
1.	SPH Qingchunbao Pharmaceutical Co., Ltd.	Zero Waste Factory of Zhejiang Province
2.	Hangzhou Huqingyutang Pharmaceutical Co., Ltd.	Zero Waste Factory of Zhejiang Province
3.	Zhejiang SPH Jiuxu Pharmaceutical Co., Ltd.	Zero Waste Factory of Zhejiang Province
4.	Shanghai SPH Xingling Sci. & Tech. Pharmaceutical Co., Ltd.	Zero-Waste Factory of Shanghai Municipality
5.	Techpool Bio-Pharma Co., Ltd.	Zero Waste Factory of Tianhe District, Guangzhou City
6.	Shanghai SPH Zhongxi Pharmaceutical Co., Ltd.	Zero Waste Cell of Jiading District, Shanghai Municipality
7.	Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.	Zero Waste Cell of Fengxian District, Shanghai Municipality
8.	Shanghai Sine Wanxiang Pharmaceutical Co., Ltd.	Zero Waste Factory of Qingpu District, Shanghai Municipality
9.	Shanghai SPH New Asia Pharmaceutical Co., Ltd.	Zero Waste Factory of Pudong New Area, Shanghai Municipality
10.	SPH New Asia Pharmaceutical (Minhang) Co., Ltd.	Zero-Waste Factory of Minhang District, Shanghai Municipality

No.	Name of Enterprise	Honor
11.	Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd.	Zero-Waste Factory of Benxi City, Liaoning Province
12.	Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd., General Factory	Zero Waste Factory of Pudong New Area, Shanghai Municipality
13.	Shandong Sine Pharmaceutical Co., Ltd.	Zero-Waste Factory of Dezhou City, Shandong Province

SPH Xingling Named a 2025 Shanghai Municipal "Waste-Free City Cell" Model Case

SPH Xingling has proactively advanced its "waste-free" initiatives, centering on reduction of solid waste at the source, integrated utilization, and the synergy of pollution and carbon reduction. Its efforts have yielded substantial results in process optimization and circular packaging. Through solvent recovery and reclamation, the average terminal reagent recovery has **increased by 250L** per batch, while the comprehensive utilization rate of general industrial solid waste has consistently exceeded **99%** in recent years. By introducing digital platforms and leveraging academic research findings, the company continues to drive synergistic gains in pollution control and carbon mitigation.



- **Implementing process optimization to drive reduction of solid waste at the source.** SPH Xingling concentrates, dries, and stores extract from its wastewater system to replace glucose as a nutrient source for sludge in biochemical basins, thereby effectively reducing solid waste at the source. Furthermore, it upgraded exhaust gas treatment by replacing "water curtain + adsorption" with "ultra-cooling + catalytic combustion," simultaneously enabling the recovery of organic solvents.
- **Advancing packaging circulation to curb over-packaging.** SPH Xingling repurposes discarded plastic bags for solid waste packaging (such as dregs) and reuses raw material drums as waste liquid containers, reinforcing the circularity of packaging materials.
- **Collaborating with universities to establish a TCM industry carbon reduction pedagogical innovation base.** SPH Xingling has launched the "SPH Xingling Carbon Accounting and Mitigation Strategy Research Project" in partnership with Tongji University. This collaboration aims to create a TCM industry carbon reduction pedagogical innovation base to integrate continuous optimization of exhaust and wastewater treatment with strategic research on synergetic pollution and carbon reduction.
- **Executing multi-channel "Waste-Free Factory" outreach and education.** By organizing "Waste-Free City" science communication workshops, SPH Xingling encourages employees to share insights via community boards. Additionally, it disseminates "waste-free" principles through campus seminars, themed photography exhibitions, and poster displays.

Waste Gas Management

SPH systematically controls atmospheric pollutants through an institutionalized and standardized management framework. Within the "Basic Requirements of SPH for Environmental Protection", the Company has established over **30** granular management mandates focusing on critical stages—including monitoring, collection, treatment, and discharge of exhaust gas—creating a comprehensive control chain from source to end-of-pipe. Each subsidiary strictly adheres to these mandates and continuously pursues the standardized retrofitting and operation and maintenance (O&M) of facilities in accordance with the "Requirements for Standardized Management of Waste Gas Treatment Facilities" to ensure consistent and high-efficiency performance. Harnessing the synergy of institutional rigor, technological upgrades, and routine supervision, the Company ensures that emissions of major pollutants—such as Non-Methane Hydrocarbons (NMHC), NO_x, SO₂, and particulate matter—consistently meet regulatory standards, thereby fulfilling its environmental responsibilities.

SPH Xingling Upgrades Exhaust Gas Treatment Processes

SPH Xingling continues to refine its exhaust gas treatment technologies. The Musk Workshop's legacy "water curtain scrubbing + activated carbon adsorption" process faced challenges including suboptimal treatment efficiency, frequent carbon replacement, and high volumes of outsourced waste disposal. To enhance purification efficacy and minimize solid waste, SPH Xingling replaced the legacy system with an integrated "Cryogenic (Three-stage Condensation) + Catalytic Oxidation" process. This new technology has effectively reduced both air emissions and solid waste generation while enabling the recovery and reuse of organic solvents.



Wastewater Management

SPH has established a multi-tiered, multi-dimensional governance framework centered on key wastewater pollutants, specifically Chemical Oxygen Demand (COD) and Ammonia Nitrogen (NH₃-N). The Company strictly adheres to national and local environmental regulations and Environmental Impact Assessment (EIA) mandates. Utilizing the "Basic Requirements of SPH for Environmental Protection" and the "Requirements for the Standardized Management of Waste Water Treatment Facilities" as primary benchmarks, SPH systematically retrofits and elevate the operation and maintenance its treatment facilities, ensuring stringent control across the entire lifecycle—from source collection to final discharge. Each subsidiary develops and implements self-monitoring programs in accordance with pollutant discharge permit requirements. These entities engage accredited third-party agencies for periodic testing and maintain formal CMA (China Inspection Body and Laboratory Mandatory Approval) reports, ensuring that all wastewater discharge remains in full compliance with regulatory standards.

End-to-End Wastewater Management Measures

Steps	Measures
Wastewater Transmission	▪ Production wastewater, domestic sewage, and rainwater shall be transported separately. There shall be accurate, detailed and up-to-date sewage network maps. ▪ Sewage pipelines that transport wastewater containing toxic or corrosive substances shall be laid above ground or in dedicated trenches, with leak-proof or corrosion-resistant measures taken for ditches and sewage wells. ▪ Sewage pipelines that are laid underground must undergo professional inspections every year to ensure that sewage does not pollute soil and groundwater.
Wastewater Disposal	▪ Waste water treatment facilities shall be built or installed in accordance with regulatory and environmental assessment requirements. ▪ Wastewater or waste gas that contains active pharmaceutical ingredients must undergo pretreatment or inactivation before being discharged from the workshop.
Wastewater Monitoring	▪ Online monitoring devices for major pollutants such as COD must be installed. ▪ The effectiveness of wastewater treatment must be tracked and monitored. Monitoring & sampling points shall be set up in accordance with the Technical Specifications for Surface Water and Wastewater Monitoring (HJ/T91) and relevant pollutant emission standards. ▪ Monitoring tests must be completed followed by formal reports.
Wastewater Discharge	▪ The number of discharge outlets must comply with the requirements of environmental impact assessment. Sampling points must meet requirements and wastewater must be discharged in compliance with relevant requirements.

Waste Management

Hazardous Waste Management

SPH prioritizes the standardized management of hazardous waste, ensuring that the entire lifecycle remains safe, compliant, and environmentally sound. Hazardous waste generated by the Company includes residues and organic liquids from production as well as contaminated packaging materials. In accordance with national standards such as the Standard for Pollution Control on Hazardous Waste Storage (GB 18597) and the Technical Specification for Setting Identification Signs of Hazardous Waste (GB 1276), SPH mandates that its manufacturing subsidiaries establish robust hazardous waste management systems that cover critical components including administrative procedures, standard operating procedures (SOPs), designated responsibilities, and operational workflows. All subsidiaries have established hazardous waste storage facilities in compliance with established requirements, strictly adhering to the "Six-Prevention" principles (prevention of leakage, runoff, scattering, rainwater infiltration, sun exposure, and explosion). Storage areas and transport containers are equipped with standardized signage, zoning indicators, and waste labels that clearly delineate waste characteristics, hazard ratings, and cautionary information. Regarding disposal, all hazardous waste is outsourced to licensed professional entities. SPH strictly enforces the hazardous waste transfer manifest system and maintains comprehensive documentation to ensure that every batch of waste is traceable by source, verifiable by destination, and accountable by responsibility.

During the Reporting Period, SPH and its subsidiaries rigorously observed and implemented all provisions for standardized hazardous waste management, enhancing their management capabilities to strengthen the baseline of ecological and environmental safety.

General Solid Industrial Waste Management

SPH consistently advances the standardized management of general industrial solid waste, ensuring a balanced synergy between resource recovery and environmental protection. The Company has issued the Notice on Further Regulating General Industrial Solid Waste Management, requiring subsidiaries that generate general industrial solid wastes to: 1) strengthen internal management; 2) execute the discharge permit management system; 3) establish a system of responsibility for pollution prevention and control of the entire process from waste generation, collection, storage, transportation, and utilization to disposal; 4) prepare documentation for waste management; 5) record the type, quantity, flow direction, storage, utilization, disposal and other information for traceability; and 5) take effective measures to prevent polluting the environment from the start to the end.

During the Reporting Period, all subsidiaries strictly enforced management protocols, ensuring the compliant disposal of general industrial solid waste and enhancing their capabilities in resource recycling and environmental governance.



SPH Xingling continues to drive the resource-based utilization of end-of-pipe solid waste. All herbal residues generated annually are transferred to qualified third-party contractors for comprehensive utilization—specifically for conversion into organic fertilizer—thereby achieving value-added waste recovery and an ecological circular economy. Once generated, these residues are loaded directly onto specialized transport vehicles without the need for packaging and hauled to the disposal site, marking the successful implementation of a "zero-ground-contact" model. This approach effectively minimizes the generation of waste packaging materials while maintaining a clean and orderly environment within the production workshops.

Noise Management

Attaching high importance to the prevention and control of noise pollution throughout its production and business operations, SPH strives to foster a healthy and comfortable acoustic environment for its employees and the neighboring communities. SPH mandates that its manufacturing subsidiaries: 1) develop noise management plans and operating procedures in line with relevant laws and standards to establish noise limits and control requirements, thereby ensuring reasonable noise levels in routine production; 2) opt for low-noise processes and equipment and adopt measures such as sound insulation, vibration damping, and isolation to attenuate noise transmission; 3) provide employees with noise protection training and personal protective equipment to ensure a comfortable and healthy working environment; and 4) formulate self-monitoring plans for boundary noise pursuant to requirements of the pollutant discharge permit, with daily monitoring tasks outsourced to third-party entities. All monitoring results in the Reporting Period have met the prescribed standards.

Resources Management Optimization

Water Resources Management

SPH proactively addresses water-related risks by embedding water conservation and scientific management into every stage of its production and business operations. Recognizing that water is both a fundamental operational necessity and a vital strategic asset for green transformation, we encourage our subsidiaries to continuously tap into their water-saving potential, maximizing efficiency through meticulous management and technological innovation. The Company's water consumption primarily stems from the manufacturing processes in its subsidiaries and the daily use within their office areas. The water is sourced predominantly from municipal supplies, supplemented by purchased steam and harvested rainwater. We consistently strengthen the strategic governance of water resources by systematically advancing the deployment of water-saving equipment, process optimizations, and water recycling initiatives. By enhancing water use efficiency, we aim to reduce our operational dependence on and impact on water resources, thereby consolidating the resource foundation for sustainable growth.



SPH Sine Headquarters honored as a "Shanghai Exemplary (Benchmark) Water-Efficient Enterprise"



Sine Wanxiang honored as a "Water Efficiency Leader among Key Water-Using Enterprises in Shanghai"



Sine Tianping honored as a "Water Efficiency Leader among Key Water-Using Enterprises in Shanghai"

Sine Tianping's Water Conservation Management Initiatives



I. Annual Review and Performance Evaluation: Sine Tianping conducts annual water conservation reviews to provide a factual basis for formulating subsequent water-saving plans and to offer robust data support for management tasks such as water audits and water efficiency benchmarking. Concurrently, it monitors the operational performance of water-saving projects post-implementation and compiles annual analysis reports to serve as a reference for long-term operation and maintenance.

II. Precision Water Metering Management: Sine Tianping has invested in a smart water management platform that utilizes metering devices installed on pipelines to perform real-time data acquisition and structured storage of water consumption, enabling granular water management. Furthermore, the platform features automated leak detection capabilities, providing effective support for timely leak identification and remediation.

III. Model Innovation Driven by Water Saving Management Contract (WSMC): By entering into a Water Saving Management Contract with a third-party service provider, Sine Tianping serves as the pilot facility embracing an innovative "water-hosting" model. The contract encompasses the maintenance of metering instruments, data analytics, and periodic leak inspections, which effectively mitigates the risks associated with water-saving retrofits, incentivizes conservation efforts, and advances the goals of "water saving, pollution reduction, and green operations."

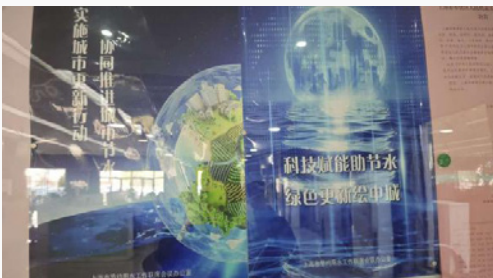
IV. Hierarchical Assessment based on Water Quotas: Integrating production processes with its equipment, Sine Tianping scientifically establishes water consumption quotas for each department and cascades water-saving responsibilities down to specific workstations. Through quota-based performance appraisals, water conservation mandates are deeply integrated into the fabric of daily operational management.

Selected Water Saving Projects in the Reporting Period

- SPH Zhonghua Pharma implemented a project to minimize process cooling water discharge, focusing on the granular management of cooling systems. Through process optimization and equipment retrofitting, the company effectively lowered discharge volumes, achieving an annual water saving of **8,500 tons**.
- SPH New Asia executed a water-saving renovation for its spray pond systems, effectively reducing both replenishment and drainage requirements, resulting in **900 tons** of water saved annually.
- Sine Tianping integrated a recovery system for first-stage Reverse Osmosis (RO) brine. Concentrated water from the RO units in Workshop 1 and the third floor of Workshop 2 is now diverted to a reclaimed water system for vehicle washing and landscaping. Additionally, RO brine from the third-floor unit of Workshop 2 is repurposed as make-up water for cooling towers, displacing fresh tap water usage. This initiative yields an average daily water saving of **approximately 17th/d**.

Water Conservation Awareness Campaigns

In 2025, SPH coordinated with its subsidiaries both within and outside Shanghai to launch water conservation campaigns, including "World Water Day" and "China Water Week" initiatives. Full employee participation across these subsidiaries significantly bolstered the collective awareness of water stewardship among the workforce.



Shanghai Hutchison Pharmaceuticals: posters are displayed in the staff canteen as the "Water Saving Elf" AI agent makes its official debut



SPH SBPC utilizes themed posters and electronic displays to broadcast water-saving slogans



SPH Zhongxi Sunve conducts on-site workshops to promote water conservation across departments through dedicated video training



SPH Xingling coordinates staff participation in the National Water Conservation Knowledge Competition

Green Production

SPH is committed to source-based innovation and the green transition of its process technologies. In pharmaceutical R&D and manufacturing, the Company actively pursues diversified, technology-driven, and modernized pathways, prioritizing high-efficiency, eco-friendly production methods while gradually phasing out energy-intensive, high-pollution chemical synthesis routes.

Chifeng Mysun Pharmaceutical adheres to a production philosophy centered on environmental sustainability, demonstrating significant advantages in emission mitigation, pollution control, and energy efficiency. By substantially reducing the utilization and discharge of hazardous chemicals, the subsidiary has effectively reduced its environmental footprint. Furthermore, this approach yields products of higher purity and more consistent quality. Not only does this enhance downstream yields, but it also bolsters medication safety, achieving a synergistic advancement of environmental, economic, and social values.

Green Packaging

In response to the call for green economy and low-carbon lifestyles and the growing public concern about environmental pollution and ecological damage caused by packaging, promoting sustainable packaging is increasingly seen as a way forward for green development across the industry. SPH has implemented various measures to optimize product packaging and minimize waste.



Green Packaging Initiatives



Use of Environment-friendly Materials

- SPH Qingchunbao has replaced plastic trays with biodegradable paper-based ones for injectable products in its workshops.
- Kraft paper cartons instead of colored cartons are purchased to promote the use of greener packaging materials.



Packaging Reduction

- Huqingyutang Pharma has minimized the packaging volume for health supplements such as Herba Dendrobium Grain, Propolis Capsules, Qiangli Tablets, and Dual-Ginseng Capsules.



Packaging Recycling

- SPH Herbapex recycles the paperboard outer packaging of plastic bottles for reuse by suppliers.

Green Operation

Green Office

SPH champions a green, low-carbon, and resource-efficient office philosophy, embedding environmental stewardship into the fabric of its daily operations. The Company fosters sustainable habits among employees through initiatives such as implementing internal energy-saving guidelines, promoting paperless workflows, encouraging double-sided printing, mandating a "lights-off when out" policy, and optimizing AC temperature settings. In addition, by conducting environmental awareness campaigns and energy-saving training sessions, SPH elevates the sustainability consciousness of its entire workforce, cultivating a corporate culture that honors conservation and discourages waste.



Green Factory

Staying committed to the path of "green products, green factories, and green supply chains," SPH continuously advances the development of its green manufacturing system. By the end of 2025, a total of **24** subsidiaries have received the distinction of "Green Factory" , including **12** national-level green factories, with **3** new provincial/municipal-level green factories added compared to 2024.

Biodiversity Conservation

Biodiversity is an important foundation for human well-being, survival and development. In strict adherence to relevant laws and regulations such as the Wild Animal Conservation Law and the Regulations on Wild Plants Protection, and in answer to the call of the United Nations Convention on Biological Diversity, SPH pays attention to biodiversity conservation in all its operational locations and takes an active part in the protection of rare and endangered animals and plants, thereby alleviating the pressures on natural resources and contributing to biodiversity conservation.

- Adhering to the "Three Simultaneous" policy and the pollutant discharge permit policy in engineering construction projects
- No endangered animals in animal experiments
- Ethical animal testing
- Building standardized raw material bases and conserving wild species
- Purchasing medicinal materials from lawful and compliant sources and protecting wild vegetation

➤ SPH has established a **3,333-hectare** plantation of *Taxus chinensis*, a nationally listed first-grade rare and endangered protected plant, in Dali City, Yunnan Province. By integrating standardized cultivation with sustainable utilization, the Company preserves the germplasm resources of this rare medicinal species while securing a stable supply of raw materials for critical anti-tumor drug intermediates, thereby harmonizing ecological conservation with industrial growth.

➤ SPH TCM participated in the "Research and Industrialization of Synthetic Musk" project spearheaded by the Ministry of Health, employing biomimetic methods to successfully develop synthetic musk. The project received the "First Prize of National Science and Technology Progress Award" in 2015, marking a breakthrough in the research of substitutes for rare and endangered animal medicinal materials in China.

➤ SPH Shenxiang employs a wild-like cultivation method that has revitalized the endangered wild ginseng, effectively preserving forest resources while developing the ginseng market. Currently, the wild ginseng propagation and conservation base operated by SPH Shenxiang has achieved official certification for organic products.

➤ SPH Xingling prioritizes the authentic origin protection of its core raw material, *Ginkgo biloba* leaves, by implementing eco-friendly cultivation models at its GAP (Good Agricultural Practice) base in Qujing City, Yunnan Province. The company utilizes scientific planning to prevent encroachment on primary habitats and employs green technologies to minimize the use of chemical fertilizers and pesticides, thereby safeguarding soil and water quality. Precision management via a big data platform ensures the sustainable *Ginkgo* cultivation. This strategy not only guarantees the premium quality and consistent supply of authentic herbs but also provides vital support for maintaining regional biodiversity and restoring local ecosystems.

➤ SPH XTCM upholds the "Company + Base + Farmer" development model, integrating the captive breeding and conservation of forest musk deer into its industrial strategy. As a National Class-I protected species, the artificial propagation of forest musk deer is a critical pathway for the preservation and sustainable use of endangered wildlife. SPH XTCM has established a standardized ecological breeding base in Dali Prefecture, Yunnan Province. The first phase includes **435** breeding pens, auxiliary storage, and **1** hectare of fodder forest, ensuring herd health through precision nutrition and rigorous disease prevention/control protocols. In 2025, the adult population stabilized at **76** individuals, with **39** new offspring bred on-site, marking a continuous expansion of the population. Concurrently, SPH XTCM conducted specialized research on the correlation between feed ratios and musk yield, leveraging technical innovation to drive green industrial development.

➤ Shanghai Hutchison Pharmaceuticals is exploring integrated pathways for the conservation and sustainable utilization of medicinal animal resources. By co-establishing Shanghai's first GAP base for animal-derived medicinal materials, the company has built a standardized cultivation and harvesting system specifically for Chansu (toad venom). The base implements end-to-end quality control in strict compliance with GAP standards, ensuring a sustainable supply of raw materials through its operations. This initiative serves as an industry benchmark for the ecological development and biodiversity-friendly utilization of medicinal animal resources within the TCM sector, fostering a harmonious coexistence between the TCM industry and natural ecosystems.

➤ Prior to the commissioning of its standardized ginseng planting demonstration base in Huanren County, Liaoning Province, SPH (Liaoning) TCM Resources Co., Ltd. undertook a multi-year soil remediation project, effectively degrading various harmful residues and reducing heavy metal content in the soil. The company focuses on eco-friendly cultivation methods, substituting biodegradable organic fertilizers for chemical fertilizers, thus continuously ensuring a dual reduction in pesticide application and residual levels in both ginseng production and the natural environment.

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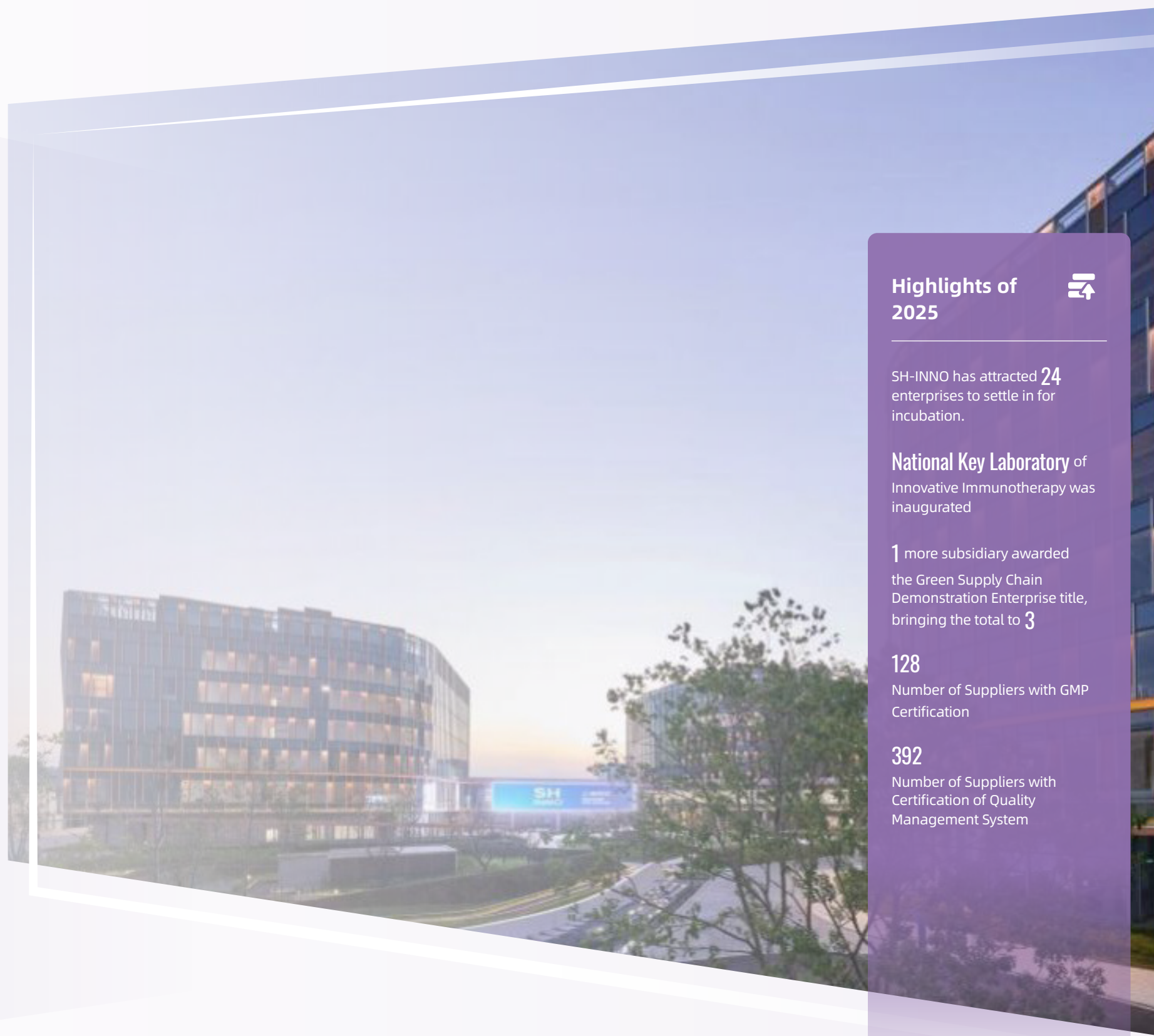
Industrial Synergy:

Co-building the Ecosystem, Combining Strengths for Win-Win Outcomes

- Serving National Strategy
- Industrial Synergy Development
- Strengthening Supply Chain Management

The Biopharmaceutical industry is strategic and critical to national wellbeing and public security. As a leading enterprise in Shanghai's biopharmaceutical industry, SPH accepts its responsibilities and closely follows the 15th Five-Year Plan. By leveraging global R&D resources and accelerating the development of a world-class industrial hub, SPH actively shapes industry standards and cultivates professional talent. Furthermore, the Company fosters synergy across the upstream and downstream value chains, striving to serve as a pivotal driver for the high-quality development of China's biopharmaceutical industry.

Alignment with SDGs:



Highlights of 2025



SH-INNO has attracted **24** enterprises to settle in for incubation.

National Key Laboratory of Innovative Immunotherapy was inaugurated

1 more subsidiary awarded the Green Supply Chain Demonstration Enterprise title, bringing the total to **3**

128
Number of Suppliers with GMP Certification

392
Number of Suppliers with Certification of Quality Management System

Serving National Strategy

SPH continues to consolidate the foundation of national and urban public health security. The Company is dedicated to establishing a secure, efficient, and comprehensive pharmaceutical supply network, fulfilling its role in strategic drug stockpiling and supply. SPH ensures the availability of critical medicines—including orphan drugs and high-quality, affordable essential medicines—by building an efficient supply chain infrastructure and offering outstanding pharmaceutical services. SPH is deeply engaged in national strategic R&D initiatives. By pioneering an "Independence + Synergy + Integration" open-source innovation framework, the Company is accelerating its presence in frontier fields such as Cell and Gene Therapy (CGT). Through strong partnerships with universities and research institutes, SPH has set up SH-INNO to bridge industry, academia, research, healthcare, capital, and insurance, fostering a mutually reinforcing industrial innovation ecosystem.

SPH is fully committed to its role as the "vanguard" in Shanghai's mission to develop a world-class biopharmaceutical industry cluster. As a dominant force in Shanghai's biopharmaceutical value chain, SPH is becoming increasingly competitive and capable, supporting the development of Shanghai as "Five Centers." The Company is ramping up the global commercialization of its innovations through its integration in Shanghai's industrial ecosystem. Leveraging synergies with a network of Shanghai state-owned M&A funds—valued at tens of billions of yuan—SPH strategically acquires and integrates premium resources during pivotal industry phases to drive industrial upgrading. SPH capitalizes on its unique link to both Shanghai and Hong Kong: utilizing Hong Kong as a strategic international bridgehead and a pivotal hub for the global expansion of TCM, while simultaneously transforming its Shanghai headquarters into a premier platform for aggregating global innovation resources and entering markets.

Accelerating the Development of a Global Biomedical Industry Hub

Shanghai Biomedical Frontier Industry Innovation Center (SH-INNO)

With support from the Shanghai Municipal Government, SH-INNO was jointly set up by SPH, Shanghai Jiao Tong University School of Medicine, Fudan University, and Zhangjiang Group, and started operations in September 2024. As a responsible state-owned enterprise, SPH leverages SH-INNO to forge an innovative consortium where leading enterprises, academic institutions, and other innovators seamlessly come together. The "one-table" mechanism accelerates the aggregation of resources across industry, academia, research, healthcare, and capital, fostering deep integration of innovation, industry, capital, talent and policy. This approach expedites the development of an open-source innovation ecosystem.

In 2025, harnessing the deep integration and synergy of the "Five Chains," SH-INNO's biopharmaceutical park successfully onboarded 24 premium institutions and enterprises. The cohort includes 4 multinational and innovative pharmaceutical companies (notably Bayer Co.Lab and Lilly Gateway Labs Shanghai), 2 investment firms (SSCI Leading Fund's Biopharmaceutical Fund and Shanghai Healthcare Capital), 1 national research institute (Sycamore Research Institute of Life Sciences), and 17 innovative startups (such as Synvida and BioCombo Therapeutics). This collective has established the park as an influential industry hub.

Frontier New Drug Technology Proof-of-Concept Center

In February 2025, SH-INNO partnered with Shanghai Jiao Tong University School of Medicine to establish the "Frontier New Drug Technology Proof-of-Concept Center." Utilizing a multi-dimensional professional evaluation framework, the center offers a service ecosystem for elite academic projects—spanning technical validation, collaborative R&D, and incubation to full corporate implementation. The center addresses critical bottlenecks in the transition from lab research to industrial application, pioneering a market-driven transformation model characterized by "Professional Screening—Technical & Market Validation—Accelerated Incubation." Having secured municipal-level project status in 2025, the center reviewed over 40 submissions throughout the year, with an initial cohort of 9 projects successfully launched and granted financial backing.



Strengthening the Six Pillars of Empowerment

Empowering Multinational Corporations (MNCs)

Successfully delivered bespoke laboratories for industry leaders such as Bayer and Eli Lilly, complemented by round-the-clock operational support and tailored policy advisory.

Empowering Research Institutes

Provided end-to-end management for the development of the Sycamore Research Institute of Life Sciences, ensuring high-standard construction and seamless project delivery.

Empowering Resident Enterprises

Leveraging the "Single-Table" mechanism to accelerate the integration of the "Five Chains," aligning innovation resources with capital sources to create synergies.

Empowering SPH Linkages

Strategically acquired high-value pipelines and technology platforms with "breakthrough" potential to bolster SPH's overall R&D capacity.

Empowering External Innovation

Partnered with Shanghai Jiao Tong University School of Medicine to establish the "Frontier New Drug Technology Proof-of-Concept Center," defining a new paradigm for the commercialization of scientific achievements.

Empowering Human Capital

Developed a robust professional talent echelon and launched the "HR Hub" in partnership with FSG (Shanghai Foreign Service Group) to provide specialized HR solutions and talent policy consultancy.

SH-INNO designated as one of the inaugural "Pudong New Area Innovative Incubators" (June 2025)

SH-INNO recognized as an "Excellent Case of China's Characteristic Biopharmaceutical Industrial Parks for 2025" by China National Pharmaceutical Industry Information Center (July 2025)

SH-INNO awarded Second Prize at the 7th Pudong New Area Big Data Innovation and Application Competition (September 2025)

SH-INNO awarded the "Biopharmaceutical Innovation Pioneer Award" (November 2025)



SHAPHAR Lin-gang Special Area Medical & Big Health International Industrial Park

SHAPHAR Holdings is aligning its operations with the strategic mandates to establish Shanghai as a biopharmaceutical innovation hub and accelerate the development of the Lin-gang Special Area. To this end, the company has broken ground on the SHAPHAR Lin-gang Special Area Medical & Big Health International Industrial Park in Zhuqiao, Pudong. This flagship project is envisioned as a smart, internationalized industrial landmark, integrating global biopharmaceutical clusters, supply chain resource optimization, and one-stop innovative services, and aligning with industrial policies for synergy. With an investment of approximately **CNY 2 billion**, this project covers a land area of **126,600 m²** and a gross floor area of **200,000 m²**, consisting of **6** logistics buildings and ancillary services facilities. As part of the national strategy for Lin-gang Special Area and using SHAPHAR's industrial leadership, the park harnesses in-depth digital transformation to address contemporary challenges in operational efficiency, regulatory compliance, safety, and service quality.

With its proximity to the Pudong International Airport and its focus on pharmaceutical logistics and the free trade zone, the Park draws upon SHAPHAR's high-quality upstream and downstream suppliers and customers, a result of the company's engagement in managing life sciences, big health, and medical supply chains, as well as its proven capability in providing end-to-end supply chain services, ranging from import trade, national and regional distribution to terminal delivery. The Park is dedicated to delivering full-lifecycle supply chain services to attract both domestic and foreign upstream pharmaceutical companies to the Lin-gang Special Area, and enhance its service quality. The project encompasses six core centers – management & R&D, exhibition, experience, trading, logistics, and after-sales services – which add up to a high-end industrial logistics base that provides closed-loop full-lifecycle services for medicinal products.

Once operational, the facility will cater to the evolving needs of the pharmaceutical sector across Lin-gang, Shanghai, and the broader Yangtze River Delta. It will significantly bolster SHAPHAR's pharmaceutical distribution capabilities and supply stability, ultimately elevating the international competitiveness and influence of the regional industry.



SHAPHAR Lin-gang Special Area Medical & Big Health International Industrial Park



Shanghai-Hong Kong Collaboration: Exploring New Layouts

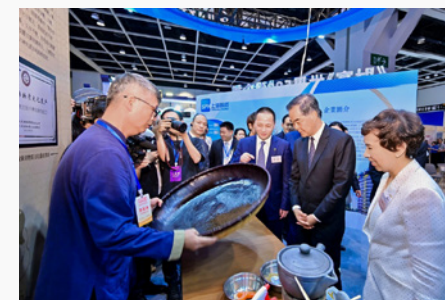
As the Big Health entity in SIIC (a Hong Kong-based Chinese state-owned enterprise)'s portfolio, SPH is committed to the national "innovation-driven development" strategy and SIIC's "15th Five-Year Plan" for Hong Kong. Leveraging Hong Kong's dual strengths as a global financial hub and an international I&T (Innovation and Technology) center, SPH's strategic triad of "Technology + Finance + Industry" drives biopharmaceutical R&D and future-oriented industrial positioning. During the Reporting Period, the Company deepened the Shanghai-Hong Kong synergy, specifically within the TCM and Big Health sectors. Having established an integrated "sales-production-R&D" operational framework, the Hong Kong headquarters has submitted registration filings for **5** TCM products and initiated the development of **2** big health products following extensive market research in the region.

In 2025, SH-INNO implemented a collaborative incubation model bridging Zhangjiang, Shanghai and Hong Kong. In collaboration with the Hong Kong 01 Lab, four startups—Secretech, Kejin, AIM, and Lucy Biotech—have successfully achieved dual-location incubation. The incubator provides an end-to-end service suite, including laboratory facilities, technical support, financing, and marketing. By adopting the "Incubated in Hong Kong, Transformed in Shanghai" model, the initiative effectively catalyzes biopharmaceutical innovation and cooperation between the two cities.

The Inaugural Hong Kong International Traditional Chinese Medicine Expo



From September 25 to 28, 2025, the inaugural Hong Kong International Traditional Chinese Medicine Expo took place at the Hong Kong Convention and Exhibition Centre (HKCEC). SPH showcased its strengths alongside nine of its TCM subsidiaries: SPH XTCM, SPH Leiyunshang, Huqingyutang Pharma, SPH Herbapex, SPH Zhonghua Pharma, SPH Growful, SPH TCM, SPH Qingchunbao, and Shanghai Hutchison Pharmaceuticals. Organized into four themed zones—"Heritage, Refinement, Intelligent Manufacturing, and Wellness"—the pavilion demonstrated the achievements of "Shanghai-style" TCM in driving innovation through tradition, and growth through openness, positioning the Company as a centerpiece of the event. Leung Chun-ying, Vice Chairman of the 14th CPPCC National Committee, visited the SPH pavilion for an in-depth briefing on its century-old "Time-honored Brands" and flagship products. He also observed a live demonstration of the production technique for Liu Shen Wan (Six Divine Pills), a recognized national-level intangible cultural heritage.



Forging an Innovation Hub through the Deep Integration of Industry-Academia-Research in Immunotherapy

In alignment with the "Healthy China 2030" national strategy, SPH has co-founded the National Key Laboratory of Innovative Immunotherapy in partnership with Shanghai Jiao Tong University. The laboratory focuses on pioneering immunotherapy research for inflammatory diseases and malignant tumors. With a strong and deeply integrated "Industry-Academia-Research-Healthcare" framework, the partners have established a comprehensive innovation pipeline—spanning basic research, novel target discovery, and core technology development to clinical translation and full-scale industrialization. The initiative aims to build a world-class immunotherapy research hub that consistently delivers novel targets and therapeutic candidates, helping China become a global leader in the immunology sector.

In 2025, the laboratory accelerated its R&D momentum through a dual strategy of collaborative development and licensing, initiating **six** first-in-class drug projects across oncology and immunology. To expand its institutional footprint, several specialized sub-centers under the National Key Laboratory of Innovative Immunotherapy and the SPH Central Research Institute were inaugurated to streamline the clinical application of innovative breakthroughs. **Five** professors from Shanghai Jiao Tong University were appointed as "Joint Professors" at SPH Central Research Institute. This commitment to industry-education synergy is further evidenced by the enrollment of **four** doctoral candidates in joint programs, while **three** master's students have transitioned to the Institute for their corporate-phase training following their first year of academic study, ensuring a sustainable pipeline of high-caliber talent for the laboratory's future.



Unveiling of National Key Laboratory of Innovative Immunotherapy

Innovation-Driven Excellence at CIIE



Opening of the SHAPHAR Pavilion at the 8th CIIE

In November 2025, SHAPHAR returned to the China International Import Expo (CIIE), maintaining its dual role as both exhibitor and purchaser. Throughout the event, the company secured **47** strategic MoUs with multinational pharmaceutical and medical technology firms, totaling **CNY 14.196 billion** in contracted value. These partnerships are designed to accelerate domestic access to cutting-edge clinical solutions. SHAPHAR continues to refine its service architecture to assist global partners in navigating local hurdles, strengthening its integration into the global pharmaceutical value chain.



SPH Health Commerce Debuts "Yiyao Health" Platform at CIIE

On November 8, SPH Health Commerce participated in the CIIE as an exhibitor. Centered on the theme "AI Without Boundaries, Smart Medicine Without Borders," the company collaborated with international innovators to redefine patient-centric management frameworks for breakthrough therapies.

Upholding the Inheritance and Innovation of Traditional Chinese Medicine (TCM)

SPH's TCM segment covers Traditional Chinese medicinal materials and their decoction pieces, R&D, production and sales of TCM preparations, as well as TCM-based health products. Boasting rich TCM resources, SPH has formed an industrial chain covering the full lifecycle of TCM from herbal planting to decoction pieces and preparations. During the Reporting Period, SPH's TCM subsidiaries collectively achieved an industrial revenue of **CNY 11.1 billion**, a **15.97%** increase YoY. Capitalizing on favorable industry trends and its robust proprietary TCM resources, SPH remains committed to its "Flagship Products and Iconic Brands" strategy. The Company currently oversees **9** core TCM subsidiaries and owns **7** "China Time-honored Brands". By championing the integration of traditional heritage with modern innovation, SPH continues to spearhead the high-quality growth of the TCM sector.

• SPH Xingling continues to advance process optimization and clinical research for its flagship Ginkgo Ketone Ester cardiovascular series. Its project with Shanghai Jiao Tong University School of Medicine and Shanghai University of Traditional Chinese Medicine—"Pharmacological Research on Integrated TCM and Western Medicine Based on Alzheimer's Pathogenesis"—was honored with the Second Prize at the **2025 Science and Technology Awards of the China Association of Chinese Integrative Medicine**.

• SPH Qingchunbao secured the **First Prize of Zhejiang Provincial Science and Technology Progress Awards** for its breakthrough in "Key Technology for Intelligent Development of Component-based TCM and the Model of Industrializing Guanxinling Tablets." Additionally, its project focusing on the integrated "Breeding-Production-Research-Healthcare" model and "Common Prosperity" demonstration for Zhejiang-sourced root and rhizome herbs earned the **Second Prize of Zhejiang Provincial Science and Technology Progress Awards**.

• SPH Growful, in partnership with Tianjin University of Traditional Chinese Medicine, received the **Second Prize of Tianjin Municipal Science and Technology Progress Awards** for the study "Establishment of Functional Substance Identification Systems in TCM and Applications in Quality Enhancement for Major Varieties."

• SPH Herbapex's Shenyang Xiaozhong Tablet (Kidney-Inflammation and Edema-Relieving Tablet) project, titled "Development and Application of the Collateral Disease Theoretical System for Diabetic Kidney Disease," was honored with the **Second Prize of Beijing Municipal Science and Technology Progress Awards**.

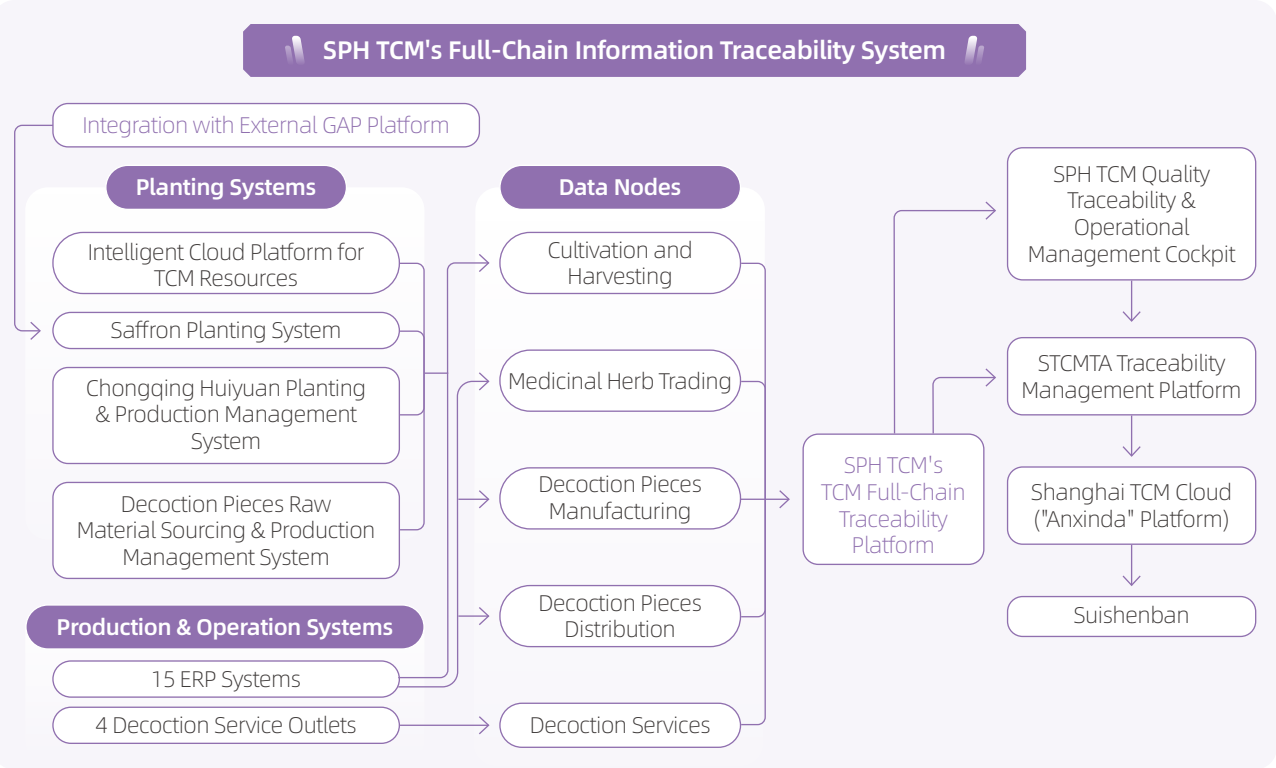
• SPH Growful's Yangxinshi Tablets achieved a significant academic milestone with the publication of the HEARTRIP study in Phytomedicine (IF: 8.3). Notably, the product was incorporated into the 2025 Guidelines for Percutaneous Coronary Intervention, distinguishing it as **one of the only three proprietary Chinese medicines endorsed by authoritative Western clinical guidelines**.

• Shanghai Hutchison Pharmaceuticals saw its Shexiang Baoxin Pills honored with the 2025 **"CPEO Gold Award"**. Furthermore, Shexiang Baoxin Pills, Danning Tablets, and Zhengqi Tablets were all selected for the **2024-2025 List of Home Medicine Chest Essentials**.

SPH TCM Advances High-Quality TCM Development through a Full-Chain Traceability System

SPH TCM has developed a comprehensive "farm-to-clinic" traceability framework covering the entire TCM value chain. By leveraging 5G, IoT, and big data analytics, the company has created standardized operational control models and datasets for cultivation that align strictly with Good Agricultural Practices (GAP). As of late 2025, SPH TCM contributed to the drafting and official release of **210** social organization standards under the "Quality Specifications for Traceable TCM Decoction Pieces," significantly enhancing the standardization of product traceability management.

Beyond internal pilot programs for its TCM information traceability platform, SPH TCM has achieved cross-regional data integration by linking with enterprise platforms in other provinces. The system is now integrated into the Shanghai TCM Cloud ("Anxinda" Project) and the "Suishenban" mobile government portal, facilitating a national push for the interconnected sharing of TCM source big data. Additionally, SPH TCM has successfully exported its digital management tools and quality traceability expertise to Chongqing, thereby catalyzing the industrial integration and modernization of the local TCM sector.



Promoting TCM Culture

SPH Zhonghua Pharma and SPH Leiyunshang: Preserving and Revitalizing "China Time-honored Brand" Heritage

SPH Zhonghua Pharma has established a premier science education hub in Qingpu District and integrated its "Intangible Cultural Heritage (ICH) Workshops" into the Time-honored Brand Pavilion on Huashan Road. By strengthening its educational infrastructure and curating high-quality curricula, the company utilizes an "Outreach & Inbound" engagement model. To date, it has hosted 67 events and welcomed over 5,300 visitors, successfully fostering brand recognition among the younger generation.

In 2025, the "Lei's" brand elevated its ICH techniques and TCM cultural courses onto the global stage, featuring prominently at the China International Import Expo (CIIE) and the inaugural Hong Kong International Traditional Chinese Medicine Expo. It also served as a "cultural bridge" in various international exchange programs, including Shanghai International Youth Interactive Friendship Camp, Shanghai International Students Exchange, and the "Singapore Youth Visit Shanghai" initiative. Furthermore, Lei's has expanded its reach to Generation Z by launching a new brand IP, digital assets, motion stickers, and lifestyle merchandise. Through high-profile cross-over appearances at youth-centric expos such as ChinaJoy, COMIC UP, and Shanghai Book Fair, the brand is engaging new-generation consumers through creative storytelling, ensuring that traditional TCM heritage remains vibrant and relevant in the modern era.



Promoting TCM Culture—SPH Herbapex Revitalizes Heritage through Its Participation in TCM-themed Night Market

From April 30 to May 2, 2025, SPH Herbapex, a premier leader in Liaoning Province's TCM sector, played a pivotal role in the 2nd TCM Culture Night Market. Themed "Empowering Liaoning with TCM: Night Market for Health," the event drew an audience of tens of thousands.

The company designed an immersive TCM cultural pavilion within the core exhibition zone, integrating clinical experiences, wellness practices, interactive cultural products, and industrial showcases. Visitors participated in hands-on activities, including crafting ginseng soaps, DIY hawthorn pills, and TCM-themed riddles, while a specialized "Wellness Tea Bar" offered customized medicinal herbal infusions. The pavilion also showcased flagship pharmaceuticals like Wangbi Tablets and Yuxuebi Capsules, alongside premium authentic medicinal materials such as the "Six Treasures of Liaoning Herbs" and Huanren Wild Mountain Ginseng. A dedicated expert team remained on-site to provide personalized health consultations to the public.



SPH Growful Advances TCM Education through Immersive Study Tours

Advanced Integrated Study Tour Curriculum for K-12 Students: In 2025, SPH Growful leveraged its unique "one industrial park + one culture museum" setup to launch an advanced study tour curriculum for K-12 students. This curriculum features five specialized modules: Dynamic, Sensory (Taste), National Essence, Knowledge, and Handcraft classrooms. Furthermore, through its "TCM Culture on Campus" volunteer initiative, the program has benefited 2,082 students across 14 schools.

Specialized TCM Outreach for Hearing-Impaired Students: In 2025, SPH Growful hosted over 190 students from Qingdao Central School for the Deaf for a series of tailored study tours. Adopting a "Heritage + Creative Arts" framework, the program utilized on-site tours, immersive lessons, and sign-language dance performances. This initiative ensures that students with special needs have equitable access to the educational benefits and joys of TCM science popularization.



The "Reading Youth" Initiative of Shanghai Hutchison Pharmaceuticals

The "Reading Youth" project stands as a cornerstone of Shanghai Hutchison Pharmaceuticals' corporate social responsibility (CSR). In 2025, the program introduced innovative formats to seamlessly weave traditional Chinese culture into school environments. Spanning 50 sessions across provinces including Hunan, Zhejiang, and Shandong, the initiative has significantly bolstered the company's CSR profile while driving the broader public awareness and evolution of TCM culture.



Industrial Synergy Development

The development of China's pharmaceutical sector is both a necessity to enhance sector-wide efficiency and a strategic imperative to navigate global competition and fulfill rising public health demands. As a leader in Shanghai's biopharmaceutical industry, SPH influences industrial growth and plays a pivotal role in shaping industry standards. With the SH-INNO initiative, the Company unites "industry-academia-research-healthcare-capital" innovators, deepening partnerships with academic institutions, research centers, healthcare providers, and innovative enterprises. By sharing resources, mutual talent appointments, joint platform development, and shared outcomes, SPH has established a benchmark for collaborative innovation, accelerating the discovery, incubation, and industrialization of original drugs, cutting-edge technologies, and novel therapies.

Contributing to the Development of Industry Standards

Title of Standard (non-exhaustive)	Type	Standard-Formulating Entities
Technical Requirements of Digital Traceability in the Whole Process of Drug Production—Equipment Management	Social Organization Standard	Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd., Shanghai Hutchison Pharmaceuticals Co., Ltd.
Technical Requirements of Digital Traceability in the Whole Process of Drug Production—Personnel Training Management	Social Organization Standard	Shanghai SPH Rare Disease Co., Ltd., Shanghai Hutchison Pharmaceuticals Co., Ltd.
Technical Requirements of Digital Traceability in the Whole Process of Drug Production—Manufacturing Data Acquisition Management and Monitoring	Social Organization Standard	Shanghai SPH Zhongxi Pharmaceutical Co., Ltd.
Technical Requirements of Digital Traceability in the Whole Process of Drug Production—Video Surveillance Management	Social Organization Standard	Shanghai SPH New Asia Pharmaceutical Co., Ltd., Shanghai Zhonghua Pharmaceutical Co., Ltd.
Technical Requirements of Digital Traceability System in the Whole Process of Drug Production—Document Management	Social Organization Standard	Shanghai SPH Xingling Sci. & Tech. Pharmaceutical Co., Ltd.
Technical Requirements of Digital Traceability in the Whole Process of Drug Production—Product Traceability Management	Social Organization Standard	Shanghai SPH Rare Disease Co., Ltd.
Development Guidelines for Laboratory Information Management Systems in TCM Enterprises	Social Organization Standard	Shanghai Leiyunshang Pharmaceutical Co., Ltd.
Implementation Guidelines for Production Site Management in Biopharmaceutical Intelligent Manufacturing	Social Organization Standard	Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd., Shanghai SPH Zhongxi Pharmaceutical Co., Ltd., Shanghai Traditional Chinese Medicine Co., Ltd., Shanghai Hutchison Pharmaceuticals Co., Ltd.
Technical Standards for On-site Processing (Fresh-cut) of Salvia Miltiorrhiza (Danshen)	Social Organization Standard	Shanghai Traditional Chinese Medicine Co., Ltd.
Standardized Production Protocols for Sarcandra Glabra (Zhongjiefeng)	Social Organization Standard	Xiamen Traditional Chinese Medicine Factory Co., Ltd.
Technical Regulations for Harvesting and Primary Origin-processing of Sarcandra Glabra (Zhongjiefeng)	Social Organization Standard	Xiamen Traditional Chinese Medicine Factory Co., Ltd.
Quality Management Specifications for Pharmacovigilance Signal Detection	Social Organization Standard	Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd.
Operational Specifications for Multi-warehouse Collaborative Management of Medical Devices	Social Organization Standard	Shanghai Pharmaceutical Co., Ltd.
Quality Management Guidelines for Domestic Representatives of Overseas Marketing Authorization Holders (MAH)	Social Organization Standard	Shanghai Pharmaceutical Co., Ltd.
Guidelines for Establishing an Integrated Quality System: Pharmaceutical Distribution	Social Organization Standard	Shanghai Pharmaceutical Co., Ltd.
Good Manufacturing Practices (GMP) for Recombinant Oncolytic Adenovirus	Social Organization Standard	Shanghai Sunway Biotech Co., Ltd.

Participating Industry Associations

SPH has joined the following organizations and associations:

Organizations / Associations	
China Pharmaceutical Enterprises Association	Shanghai Pharmaceutical Industry Association
China Pharmaceutical Industry Association	Shanghai Traditional Chinese Medicine Trade Association
China Food & Drug Administration	Shanghai Pharmaceutical Trade Association
China Food and Drug Corporation Quality and Safety Promotion Association	Shanghai Medical Insurance Association
China Association of Scientists	Shanghai Biopharmaceutics Industry Association
China Pharmaceutical Innovation and Research Development Association	Shanghai Pudong Biopharmaceutics Industry Association
China Shippers' Association	Shanghai Pharmaceutical Association
China Corporate Alliance for Pharma Innovation & Development	Shanghai Association for Quality
China Medicinal Biotechnology Association	Shanghai Trade Investment Development Association
China Association of Pharmaceutical Commerce	Shanghai Industrial Internet Association
China Association of Traditional Chinese Medicine	Shanghai Young Entrepreneurs Association
Price Association of China	Shanghai Association of Plant Engineering
China Association of Quality	Shanghai Association of Food and Drug Safety
China Pharmaceutical Association of Plant Engineering	Shanghai Medical Instrument Trade Association
China Enterprise Confederation & China Enterprise Directors Association	Shanghai Synthetic Biology Industry Association
China-Africa Business Council	Shanghai Enterprise Confederation & Shanghai Enterprise Directors Association
China Association for Public Companies	Shanghai Information Network Security Administration Association
China Pharmaceutical Enterprises Association	Shanghai Enterprises and Institutions Security Association
Pharmaceutical Committee of the Price Association of China	International Cooperation Committee of Shanghai Federation of Industry and Commerce (General Chamber of Commerce)
	Shanghai Promotion Association of Tech-Transfer (SPAT)
	The Listed Companies Association of Shanghai
	Shanghai Contract Credit Promotion Association
	Shanghai Corporate Counsel Association
	Shanghai-Hong Kong Economic Development Association
	Shanghai State-owned Enterprise Corporate Governance Association

Promoting Industrial Communication

SPH New Retail - Smart Chain Future Innovation Ecosystem Summit

SPH New Retail - Smart Chain Future Innovation Ecosystem Summit convened in Shanghai in April 2025. Guided by the theme "Synergizing Giants, Leading with Intelligence, and Innovating Together," the event was jointly organized by SHAPHAR, SPH Health Commerce, and Meditrust Health. Structured around two core pillars—"New Out-of-Hospital Channels" and "New Payment Models"—the summit gathered elite industry leaders, clinical experts, and strategic partners to pioneer a transformative era in pharmaceutical "New Retail."



2025 China Conference on Rare Diseases

The 2025 China Conference on Rare Diseases was successfully held in Beijing in September 2025. SPH served as a main partner, providing end-to-end support and deep strategic engagement. The Company contributed to establishing a high-caliber platform focused on collaborative diagnosis and treatment, R&D breakthroughs, and the evolution of social security frameworks. By aligning with multiple stakeholders, SPH continues to streamline the delivery of critical "life-saving therapies" to rare disease patients, steadfastly upholding their right to life and dignity.



The 8th Pujiang Industry & Finance Summit Opens in Shanghai

In October 2025, the 8th Pujiang Healthcare Industry & Finance Integration and Innovation Summit was successfully held at SH-INNO under the theme "Open-Source Innovation & Ecosystem Symbiosis." Under the guidance of SIIC and China Pharmaceutical Enterprises Association, the event was hosted by SPH and organized by SH-INNO. The summit brought together over **300** distinguished guests across the "government-industry-academia-research-capital" spectrum, attracting an online audience exceeding **10,000** to envision the future of the healthcare sector. A highlight of "International Biopharma Industry Week Shanghai 2025," the Pujiang Summit has established itself as a premier bellwether for innovation within China's pharmaceutical landscape. It serves as a sophisticated academic hub that consolidates global expertise and facilitates the profound integration of industrial and scientific research.



Cultivating Industrial Talent

Approved by the Shanghai Municipal Human Resources and Social Security Bureau, SPH has set up a "Shanghai Continuing Education Base for Pharmaceutical Professionals and Technicians". It has curated programs to provide professional knowledge and update on policies for pharmaceutical practitioners from different fields. More than ten online courses are designed with government departments such as the Shanghai Drug Administration and experts to empower front-line workers in the industry.

SPH forges strategic alliances with leading universities to cultivate talent. The Company tailors talent development programs to align university strengths with industrial demands using multi-disciplinary and collaborative platforms. These initiatives create a robust "talent reservoir," fostering high-caliber, versatile professionals and driving the integration of industry and education—an essential catalyst for the sector's high-quality development.

In 2025, SPH prioritized the development of professional talent echelon and launched the "HR Hub" in partnership with FSG (Shanghai Foreign Service Group) to provide specialized HR solutions and talent policy consultancy. Acting as an authorized assessment center for biopharmaceutical professional titles in Shanghai, the Company facilitated the 2025 intermediate and senior professional title evaluations for the city's biopharmaceutical engineering sector.

New University-Enterprise Cooperation Projects in 2025



Special exchange session between SPH and Shenyang Pharmaceutical University



Special symposium between SPH and Tianjin University of Traditional Chinese Medicine



SPH and Shanghai Polytechnic University exploring novel pathways for industry-education integration



SPH and Shanghai University of Traditional Chinese Medicine exploring industry-education integration and innovation-driven development

Strengthening Supply Chain Management

Governance

Suppliers are important partners for SPH's sustainable development. Following the "quality first, reasonable price, mutual benefit, and win-win cooperation" principle, SPH has formulated "Procurement Bidding Management Measures", "Supplier Integrity and Compliance Management Measures", "Centralized Procurement Management Measures", and "Raw/Auxiliary Material and Packaging Outsourcing Management Policy". These documents are designed to optimize the supply chain management system, and improve centralized procurement to ensure that products meet quality standards and the process is in compliance with relevant regulations. They also ensure the long-term and stable production of safe and effective drugs, in cooperation with suppliers, to fulfill SPH's social responsibility.

SPH uses centralized purchasing to procure large quantity, high-value, and standard goods. Retrospectively, open tendering, invited tendering, competitive negotiation, single-source procurement, and price inquiry are carried out in different scenarios. Centrally procured materials include raw/auxiliary and packaging materials (inclusive of medicinal herbs), laboratory instruments, maintenance services for laboratory equipment, laboratory reagents and consumables, laboratory furniture, laboratory information management systems, network-based software, industrial hazardous waste disposal services, elevators, chilled water units, air conditioning units, third-party measurement/testing/calibration services and office furniture. The participating entities in centralized procurement range from production bases to research institutes both inside and outside Shanghai.

Led by the SPH Manufacturing Management Center, a procurement working group has been established, with members from the Audit Department, Legal Department, Department of Finance, Department of Quality Management, Supply Chain Management Department of the Manufacturing Management Center, Department of Engineering Projects, Department of Asset Management, Department of Lean Production and personnel from other relevant departments from the Group. The Audit Department is responsible for the compliance. The Legal Department focuses on the legitimacy of the agreement/contract terms. The Finance Department focuses on the suppliers' financial health and payment methods. The Supply Chain Management Department focuses on summarizing and organizing information, formulating the procurement plan, preparing bidding documents, and following up on the implementation.

Strategy

SPH views supplier management as a fundamental pillar for safeguarding pharmaceutical quality, ensuring supply chain resilience, and driving sustainable growth. The Company systematically identifies and dynamically evaluates key impacts, risks and opportunities across the supply chain, and establishes a full-lifecycle supplier management system. SPH continues to integrate ESG principles into its supplier management strategy, with a focus on supply chain stability, regulatory compliance, de-carbonization, and ethics. This alignment ensures that our suppliers share our corporate values and responsibilities. We leverage operational excellence in supply chain management to drive high-quality development and deliver long-term value to patients, clients, and the general public.

Identification and Analysis of Risks and Opportunities

Risks	Potential Impact	Actions	Impact Time Frame	Financial Impact
Supply Disruption	Natural disasters or economic difficulties may interrupt the supply of raw materials or pharmaceuticals. This could halt production for pharmaceutical manufacturers and impede pharmaceutical distribution, ultimately straining customer relationships, and tarnishing our reputation.	Diversify the supplier base to lessen reliance on individual sources, secure long-term contracts with key suppliers (incorporating emergency provisions), and routinely evaluate suppliers' operational resilience.	Short-to-medium term	Supply disruption leads to direct revenue loss.
Supply Quality Issues	Subpar raw materials may undermine pharmaceutical quality, resulting in inconsistent efficacy, product recalls, and diminished trust in the brand.	Assess supplier credentials, perform regular on-site quality audits, and enforce rigorous inspection protocols to reject non-compliant materials.	Long term	Product recalls entail comprehensive costs—including notification, logistics, disposal, and indemnity—resulting in significant non-operating expenditures.
Compliance Risk	Suppliers breaching environmental or labor regulations could implicate the pharmaceutical company, exposing it to public criticism and regulatory scrutiny, thus jeopardizing sustainable business growth. Likewise, non-compliant sales channels employed by suppliers might entangle pharmaceutical distributors in legal conflicts.	Formulate a supplier compliance code, conduct periodic compliance assessments, and establish a mechanism to address or eliminate non-compliant suppliers promptly.	Short-to-medium term	Administrative penalties and legal settlements directly impact the bottom line, reducing net profit and cash flow.

Opportunities	Potential Impact	Actions	Impact Time Frame	Financial Impact
Cost Optimization	Strategic supplier management can cultivate enduring partnerships with high-caliber suppliers.	Partner with suppliers to identify cost-saving initiatives, and refine supply chain logistics for optimal performance.	Medium-to-long term	Sustained, stable partnerships facilitate preferential procurement pricing and optimized payment cycles.
Innovative Cooperation	Engaging suppliers can introduce cutting-edge technologies, processes, and materials to pharmaceutical manufacturing. For pharmaceutical distribution, such partnerships can enhance sales models and services, improving product accessibility and market competitiveness.	Create platforms for innovation collaboration, promote creative initiatives, and facilitate exchange programs.	Long term	Co-developed technologies can help the launch of new product lines and expand market reach, driving incremental revenue growth.
Brand Enhancement	Effective supplier management, rooted in sustainable development, can elevate brand reputation, drawing interest from customers and investors alike.	Publicize management policies and successes to underscore accountability; engage in supply chain sustainability assessments to boost brand prominence; and weave supplier management achievements into marketing efforts to reinforce brand identity.	Medium-to-long term	Brand equity enhancement strengthens the Company's position in attracting capital investment.

Note: Short term: less than 1 year; Medium term: 1–5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

Supplier Quality Management

SPH maintains rigorous supply chain oversight through a quality management framework encompassing the entire supplier lifecycle—from onboarding and auditing to performance evaluation and offboarding. Adhering strictly to China GMP, EU GMP, US FDA regulations, and ICH guidelines, SPH has institutionalized standard operating procedures (SOPs) to ensure that every stage of supplier management—including evaluation, onboarding, and off-boarding—is governed by clear protocols. For instance, during the material intake phase, every batch undergoes stringent testing against predefined quality specifications; only those meeting the highest standards are cleared for use, ensuring safety from the very start of the production chain.

To bolster the quality of active pharmaceutical ingredients (APIs), excipients, and packaging materials, SPH has implemented the Management Policy for Procurement of Raw, Auxiliary, and Packaging Materials for Industrial Enterprises. This policy mandates that the Department of Quality Management oversees supplier audits, maintains the Approved Vendor List (AVL), defines technical quality standards, and manages the testing and release process. This rigorous gatekeeping ensures that only compliant materials enter production, providing a steadfast guarantee of pharmaceutical efficacy and patient safety.

Supplier Onboarding

Before onboarding suppliers, SPH performs rigorous due diligence by issuing formal questionnaires to evaluate prospective partners across key dimensions, including environmental impact, occupational safety, quality assurance, and business ethics. Any candidate with a record of relevant administrative penalties is disqualified immediately. Furthermore, several subsidiaries integrate specific environmental compliance and performance benchmarks into their vetting process, favoring suppliers that have implemented recognized frameworks such as ISO 14001. By mitigating supply chain risks at the source, SPH establishes a solid foundation for sustainable and socially responsible partnerships.



SPH XTCM adheres to five core principles for material supplier admission and procurement management:

- 1) Best-in-Class Principle:** Select the highest-caliber partners based on a holistic assessment of brand reputation, technical performance, quality, cost-competitiveness, channel, and service support.
- 2) Direct Sourcing Principle:** Prioritize manufacturers and primary sources to minimize and strictly regulate intermediary involvement.
- 3) Proximity Principle:** Favor geographically adjacent suppliers to optimize logistical efficiency and service responsiveness.
- 4) Redundancy Principle:** Maintain 2-3 qualified vendors for each critical material to safeguard supply continuity and resilience.
- 5) Regulatory Alignment Principle:** Prioritize suppliers of pharmaceutical-related materials (APIs, excipients, and packaging) registered on the NMPA platform with an active "A" associated review status.

Supplier Audit

SPH and its subsidiaries proactively audit suppliers through a cross-functional quality audit team which includes the Department of Quality Management, the Manufacturing Management Center, and the Department of Procurement. The Company implements a tiered audit schedule based on supplier classifications, utilizing diverse methodologies including on-site and remote evaluations. Suppliers with recurring audit failures or non-compliant credentials are disqualified from the approved vendor list.



SPH Zhongxi Sunve has established a robust scheduling mechanism tailored to supplier classifications. Class A and B1 suppliers undergo on-site audits every two years, while Class B2 and C suppliers are subject to desk audits or credential validations every two to three years. These assessments prioritize environmental compliance (e.g., wastewater discharge and hazardous waste disposal) and labor practices (e.g., wage payments and working hour records).



SPH Qingchunbao has integrated ESG performance into its supplier appraisal framework with a 5% weighting. The company conducts comprehensive evaluations of suppliers' ESG performance by combining qualitative observations and interviews with quantitative document reviews and certification audits. Placing high importance on the CSR fulfillment of its supply chain partners, SPH Qingchunbao continues to advance ethical and green procurement as core strategic priorities.

Supplier Evaluation

SPH and its subsidiaries conducts annual inspections of suppliers, covering the output, quality, delivery, service, spot checks, and administrative punishment. SPH Herbapex mandates annual evaluations for all material suppliers, assessing key metrics such as on-time delivery and quality compliance. Results are documented in the Supplier Annual Review Form, which serves as the basis for updating the approved vendor list.



For prospective suppliers, SPH Techpool utilizes a Supplier Approval Plan to coordinate cross-departmental evaluations involving QA, QC, and EHS. These assessments cover critical areas including corporate credentials, regulatory compliance, environmental protection, and manufacturing processes.



Supplier Sampling and Disqualification

SPH sends samples to third-party institutions for inspection to ensure that the quality of the collected materials meets the requirements. Suppliers who fail the assessment or sample inspections or have received administrative penalties are removed.

SPH Xingling monitors supplier performance through material sampling, incoming quality control, and market surveillance. Suppliers identified with recurring quality failures or prolonged inactivity, who have accumulated two written warnings within a single year and fail a subsequent remedial on-site audit, will be disqualified.

Promoting Supply Chain Stability

Harnessing its expertise in pharmaceutical and healthcare supply chain management and medical services, SPH coordinates resources and establishes risk management mechanisms to ensure consistent availability of pharmaceutical products in both routine operations and exceptional emergency scenarios, in addition to maintaining price stability.

Pharmaceutical Manufacturing

- Through regular production-sales communication meetings and timely submission of production delivery reports, potential supply risks are proactively identified, followed by the formulation of corresponding strategies and the implementation of relevant measures to mitigate these risks.
- SPH regularly analyzes its capacity utilization, preemptively assessing the feasibility of technological upgrades, expansion projects, or new constructions.
- The establishment of SPH Production Data Collection and Analysis System ensures comprehensive monitoring and tracking of inventory status and capacity utilization, with a focus on the delivery performance of key products.
- Enhanced internal resource coordination ensures swift expansion of production facilities to guarantee capacity needs.
- Proactive identification and resolution of raw material supply issues, coupled with the cultivation of backup suppliers, contribute to increased product supply reliability.

Pharmaceutical Services (SHAPHAR)

- Quality Risk Management:** SHAPHAR has developed a robust risk management framework and contingency plans to pinpoint potential supply chain vulnerabilities and devise response strategies, ensuring stability and continuity.
- Supply Chain Transparency:** SHAPHAR maintains visibility across logistics and distribution phases by adopting technologies, such as upgraded smart Transport Management System (TMS), to track raw material and product flows in real-time, enabling swift issue resolution.
- Supplier Diversification:** SHAPHAR partners with multiple logistics providers and distributors to avoid dependence on a single entity, thus enhancing supply chain adaptability and resilience.
- Technological Innovation:** SHAPHAR harnesses advanced tools like artificial intelligence and the Internet of Things to elevate supply chain efficiency and responsiveness, minimizing disruption risks.
- Capacity Building:** SHAPHAR conducts regular professional development programs, such as the National Procurement Excellence Training. These initiatives are designed to sharpen the procurement team's professional judgment, resource integration, and risk management skills, enabling them to navigate evolving supply chain challenges effectively.

Sustainable Supply Chain

SPH cares about suppliers' environmental, social and governance performance and is committed to building a sustainable supply chain. All suppliers are required to sign an Integrity Compliance Agreement with the Company. SPH's Measures for Supplier Integrity and Compliance requires suppliers to obey laws, regulations, departmental rules, and other regulatory documents related to anti-corruption and anti-unfair competition.

The Company recognizes that conducting integrity training for suppliers is a strategic imperative for modern enterprises to evolve beyond traditional commercial ties and establish a secure, sustainable supply chain. In 2025, a number of SPH subsidiaries, such as SPH Herbapex and SPH Qingchunbao, organized specialized training sessions focused on clean procurement for their suppliers



Supplier Training on Clean Procurement



Clean Procurement Training at SPH Herbapex



Clean Procurement Training at SPH Qingchunbao

Our subsidiaries are actively building green supply chains. We encourage suppliers to complete certification and include EHS (Environment, Health, and Safety) compliance as a key assessment item. Suppliers who complete the certification are included on the list of preferred suppliers. At present, some suppliers have passed the certification of forest stewardship chain of custody (e.g., FSC CoC) and marketing chain, social responsibility certification, and laboratory CNAS certification.

SPH Qingchunbao enforces a Supplier On-boarding Management Policy that prioritizes suppliers who have obtained or are working towards ESG-related certifications. A Stakeholder Environmental Questionnaire is distributed to main suppliers to gauge their environmental performance. In cases where suppliers exhibit poor environmental records, they are encouraged to make improvements and vigorously push ahead with environmental protection activities. SPH XTCM has devised a "Notification on Environment, Occupational Health, and Safety for Stakeholders," requiring adherence to relevant environmental, safety, and occupational health standards from suppliers, outsourcing partners, and contractors.

In 2025, 1 additional Shanghai-based subsidiary was awarded the title of "Exemplary Enterprise of Green Supply Chain", bringing the total number to 3 subsidiaries.

Supplier Empowerment

SPH's subsidiaries tailor training, support, and guidance to suppliers based on their unique business characteristics, promoting sustainable development. In 2025, SPH's subsidiaries—including SPH Qingchunbao, SPH Herbapex, SPH Techpool, SPH Xingling and Huqingyutang Pharma—conducted training sessions for suppliers. These sessions addressed security, environment, integrity, EHS standards, quality benchmarks, and operational compliance.



SPH Techpool providing safety and environmental management training for on-site contractors and service providers



SPH Xingling provided production quality training for product packaging suppliers

Digital Supply Chain Development

SPH is advancing its "AI Plus" initiative: leveraging the pioneering expertise of SPH TCM in TCM traceability, SPH remains committed to upholding traditional principles while fostering innovation in TCM. By continuously expanding and upgrading its TCM traceability system, SPH strives to accelerate the modernization and industrialization of the TCM sector, revitalizing the industry for the new era.

Metrics and Targets

Category	Medium-to-Long Term Target	Progress on 2025 Targets
Supply chain management	To establish a sustainable supply chain network that upholds rigorous supplier qualification and high-quality material standards, integrating social responsibility across the entire value chain.	In 2025, SPH's suppliers consisted of: 128 GMP certified suppliers; 392 ISO 9001 (Quality Management System) certified suppliers; 237 ISO 45001 (Occupational Health and Safety) certified suppliers; 240 ISO 14001 (Environmental Management System) certified suppliers; and 605 suppliers signed to "Sunshine Cooperation" agreements or letters of commitment.

Equal Treatment of Small and Medium-Sized Enterprises (SMEs)

As of the end of the Reporting Period, SPH's accounts payable, including notes payable, **neither exceed CNY 30 billion, nor surpass 50%** of the total assets. Additionally, the Company and its subsidiaries strictly comply with national laws and regulations. No instances of overdue payments to SMEs appear in disclosures via the National Enterprise Credit Information Publicity System.

06

People-Centricity:
Aligning Visions and Efforts to Shape the Future Together

- Compliant Employment Management
- Diversified Employee Salary and Welfare
- Improving Employee Care and Benefits
- Promising Career Development
- Occupational Health Protection

SPH strongly believes that talent is our most valuable asset and the primary engine driving innovation and growth. We foster a respectful, equitable, mutually beneficial, and healthy talent ecosystem, ensuring a robust foundation of human capital and intellectual support to achieve the Group's strategic vision.

Alignment with SDGs:



Highlights of 2025

- 49,608
Total Number of Employees
- 50.17%
Proportion of Female Employees
- 930,646
Total Attendances Recorded in Trainings
- 39.86
Average Hours of Training per Employee
- 0
Work-related Deaths or Injuries
- 0%
Incidence Rate of Work-related Illnesses

Compliant Employment Management

Governance

SPH designates its Department of Human Resources as the central authority for human capital management, with Shanghai Pharma University (SPU) serving as the primary platform for talent development. The Company has established a comprehensive human resource management framework. By integrating standardized systems for recruitment, training, performance appraisal, and promotion, we safeguard the legal rights and interests of our employees. Our HR team holds regular departmental meetings to review work plans, progress, and strategic priorities, and conducts specialized training sessions to facilitate talent empowerment initiatives.

Strategy

SPH views talent as the fundamental driver of progress. In alignment with its strategic development, the Company has devised and implemented the 2024-2026 "Talent Enhancement" three-year action plan. This initiative seeks to build organizational capabilities and a high-caliber talent pool that supports SPH's strategic goals. As a Responsible Employer, the Company upholds the core values of "innovation, integrity, cooperation, inclusiveness, and responsibility". It is open and inclusive, and provides fair opportunities and a safe environment, as well as diversified incentive mechanisms and development opportunities.



Vision of Human Resource Management

Empower people, ignite potential - towards China's top employer



Mission of Human Resource Management

Give employees the power to fly high

Identification and Analysis of Risks and Opportunities

Risks	Potential Impact on SPH	Impact Time Frame	Actions	Potential Financial Impact
Policy and Legal Risk	Non-compliance with labor regulations may trigger labor disputes.	Short-to-long term	Monitor updates to local labor laws and regulations, conduct periodic training sessions on labor compliance, and implement rigorous employment compliance protocols, including audits of employee management practices to safeguard worker rights.	Legal penalties and litigation may lead to direct financial losses and reduced profitability, not to mention the additional operating expenses incurred by remediation efforts.
Reputation Risk	Poor employee satisfaction or negative incidents could damage brand image, erode stakeholder trust, and compromise future talent acquisition efforts.	Short-to-long term	Establish structured communication channels with employees, conduct regular employee satisfaction surveys, and promptly addresses grievances to protect employee interests; and take an active part in corporate social responsibility (CSR) initiatives to project a positive public image and enhance reputational standing.	Erosion of corporate brand equity may result in customer attrition and a contraction of market share.
Operation Risk	Attrition of critical personnel may disrupt R&D projects, destabilize production workflows, and impair supply chain reliability. Skill gaps among employees could hinder SPH's ability to meet evolving operational demands, threatening long-term sustainability.	Short-to-medium term	Develop a strategic workforce succession plan; provide relevant training to bridge competency gaps; and offer competitive compensation packages, professional development opportunities, and a clear career path to attract and retain talent.	Disruptions in R&D or volatility in manufacturing may lead to delayed product launches and supply chain instability, directly resulting in revenue decline or underperformance relative to growth targets.

Opportunities	Potential Impact on SPH	Impact Time Frame	Actions	Potential Financial Impact
Operational Opportunities	Employees enhance professional expertise and skills through continuous training and learning, empowering organizational development and boosting competitiveness. A diverse workforce fosters innovation-driven management and promotes efficient cross-departmental communication and collaboration.	Medium-to-long term	Develop comprehensive employee training programs, encourage staff to propose innovative ideas and solutions, implement diverse hiring practices, and cultivate an inclusive corporate culture.	Upskilling the workforce enhances operational efficiency, which directly lowers labor costs associated with rework and redundant efforts.
Market Opportunities	High levels of employee engagement and satisfaction amplify positive corporate branding, elevating brand awareness and reputation.	Long term	Prioritize employee well-being to strengthen their sense of belonging and satisfaction, and conduct regular cultural training.	Substantial mitigation of expenses related to recruitment, training, and productivity loss stemming from employee turnover. Furthermore, a strong employer brand fosters higher customer retention, repeat purchase rates, and organic referrals, driving direct revenue growth.

Note: Short term: less than 1 year; Medium term: 1-5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

SPH leverages employee feedback and HR analytics to promptly identify workforce-related risks and opportunities, formulating talent development strategies centered on compliant hiring, career growth, compensation and benefits, occupational health, and employee support. We closely manage these risks and opportunities, safeguarding employee rights while fostering mutual growth.

Compliant Recruitment and Employment

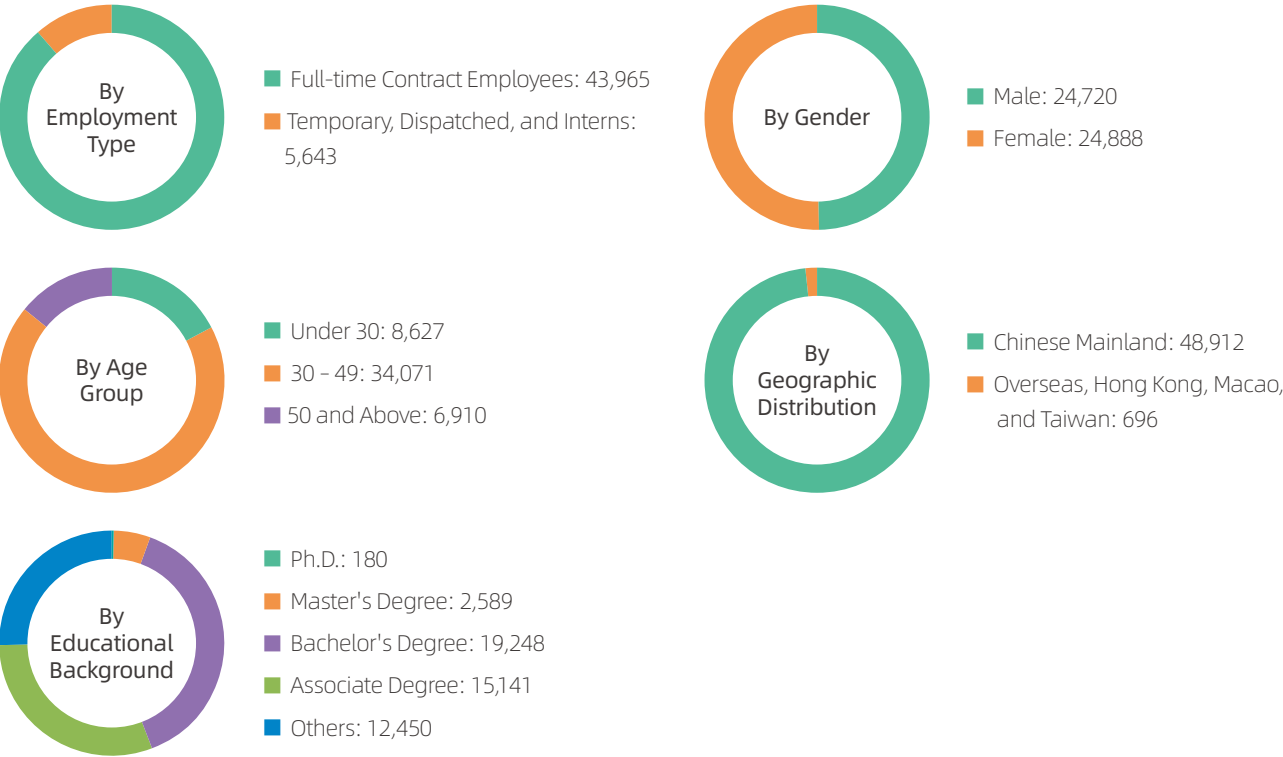


SPH strictly adheres to the labor and employment laws and regulations of the jurisdictions in which we operate, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law*, the *Law on the Protection of Minors*, and the Provisions on the Prohibition of Using Child Labor. We have a robust labor management framework centered on the "SPH Headquarters Recruitment Management Measures", which the Group's headquarters and subsidiaries use for recruitment, onboarding, labor contract management and leave policies. Through institutionalized and standardized oversight, we ensure end-to-end compliance and safeguard the legitimate rights and interests of all employees.

The Company enforces mandatory age verification during recruitment to prevent child labor. We ensure that formal labor contracts are signed with all personnel and maintain rigorous attendance monitoring in accordance with internal policies to strictly prohibit any form of forced labor. The Company has also established labor unions to protect the rights and interests of employees and provide a communication platform for their feedback and complaints.

Workforce Composition

As of the end of the Reporting Period, SPH had a total of **49,608** active employees, with an annual turnover rate of **13.59%**.



Diversity and Equal Opportunities

SPH complies with the *Labor Law of the People's Republic of China*, *Law on the Protection of Women's Rights and Interests of the People's Republic of China*, and Regulations on Employment of Persons with Disabilities, upholding fairness, equality, diversity, and inclusivity. SPH recruits based on role requirements and individual competencies, maintaining a strict zero-tolerance policy toward workplace discrimination. We ensure that no employee is treated differently based on ethnicity, race, age, gender, marital status, social affiliations, or religious beliefs. Our talent management philosophy is centered on maximizing human potential—placing the right people in the right roles to ensure talent is fully utilized.

To ensure procedural compliance, fairness, and transparency, the Company utilizes market-oriented employment mechanisms. By leveraging a unified recruitment platform and standardized workflows, we acquire talent through diverse channels, including external recruitment, campus outreach, internal referrals, and internal mobility. We focus on securing expertise in key areas such as technological innovation, lean manufacturing, quality management, marketing, and international operations. By championing open recruitment and merit-based selection, we guarantee a compliant and transparent hiring process. This approach allows us to attract top-tier talent, optimize workforce allocation, bolster our talent pipeline, and contribute to a healthy employment landscape through the creation of high-quality career opportunities.

For campus recruitment, the Company holds annual hiring drives for fresh graduates, promoting them through online publicity and offline presentations, school-enterprise partnerships, and other channels to ensure timely access to job information and support for student employment. In 2025, SPH was once again honored as a "Top Graduate Employer" and was recognized as one of "2025 Top 100 Exemplary Employers for Diversity and Inclusion".

In 2025, SPH hired **5,405** new employees.

As of the end of the Reporting Period, SPH had **422** employees with disabilities.

Honored Employer



Privacy Protection

SPH strictly abides by the *Personal Information Protection Law of the People's Republic of China* to protect the security of employees' personal information and prevent the intentional or unintentional disclosure of private information to non-related people. As for recruitment, assessment and salary, only authorized personnel can access employees' information.

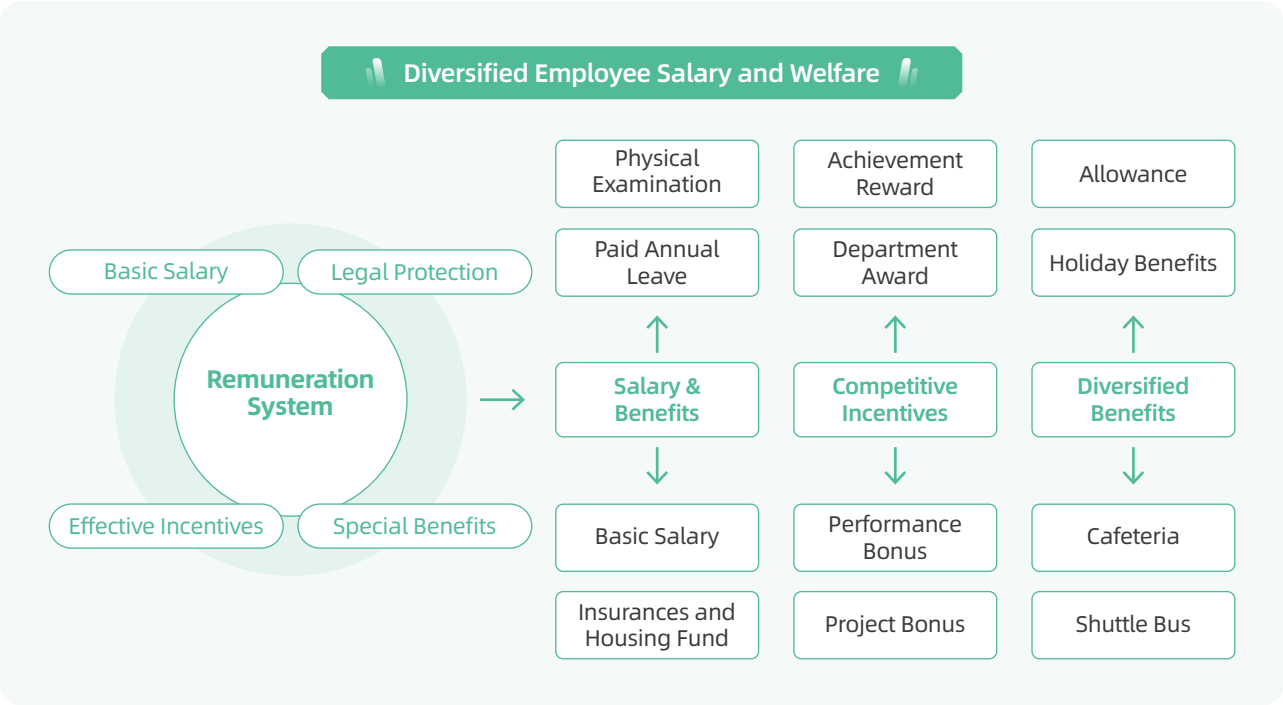
Metrics and Targets

SPH is committed to the legal protection of employee rights and interests. We provide healthy and safe working environments, ensure the timely payment of salaries and social security contributions, enhance professional training, and maintain a robust and effective grievance mechanism.

Category	Target	Progress on 2025 Targets
Compliant Employment	Fully safeguard employee rights; achieve zero legal violations; maintain zero incidents of workplace discrimination; and champion a culture of Diversity, Equity, and Inclusion (DEI).	No incidents involving child labor or forced labor occurred.
		100% of our employees signed an employment contract.
		Female employees account for 50.17% of our workforce.

Diversified Employee Salary and Welfare

Guided by a philosophy that aligns pay with position, competency, performance, and market benchmarks, SPH has instituted a formal "Remuneration Management Policy". We calibrate our compensation and benefits standards in accordance with the "Pay-for-Performance" policies of state-owned asset regulators and the directives of higher-level authorities, as well as in alignment with annual business performance. We refine mechanisms for sustainable income growth and security, incentivizing staff enthusiasm and creativity and raising the income levels of our workforce.



Improving Employee Care and Benefits

Upholding our "People-Centric" core development philosophy, we focus on the structural reform of our industrial workforce. We are dedicated to fostering harmonious labor relations, perfecting democratic management mechanisms, and encouraging grassroots economic and technological innovation. By enriching our cultural offerings and strengthening our support systems, we strive to enhance our employees' sense of fulfillment, well-being, and security. These efforts give SPH the momentum necessary for high-quality development.

Democratic Management

SPH strictly adheres to the *Trade Union Law of the People's Republic of China*, the Constitution of the All-China Federation of Trade Unions, and other applicable legal frameworks. We have established a democratic management system centered on the Employees' Representatives Conference. By utilizing multi-channel consultative mechanisms—including collective bargaining for labor contracts and specialized collective salary negotiations—we safeguard our employees' rights to information, participation, and oversight. This approach fosters a culture of collaborative development and shared success between the workforce and the Company.

Employees' Representatives Conference (ERC)

In strict compliance with the *Trade Union Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the Provisions on the Democratic Management of Enterprises, and the Regulations of Shanghai Municipality on Employees' Representatives Conference, SPH continues to refine its multi-tier ERC institutional framework. We have clearly defined the mandates, authorities, and operational procedures for ERCs at all levels to ensure that democratic management is both institutionalized and standardized. As of the end of the Reporting Period, the ERC system has achieved 100% coverage across the Group, including over **70** direct subsidiaries (comprising second- and third-tier entities within Shanghai and second-tier entities outside Shanghai). By implementing the "Three-Report System"—annual forecasts, immediate reporting, and post-meeting briefings—we ensure that grassroots ERC sessions are conducted in a regulated and orderly manner. These efforts enhance the efficacy of our democratic governance, driving the Company toward higher standards of worker engagement.

The Fourth Session of the Third Employees' Representatives Conference (ERC)

On July 15, SPH held its 2025 Mid-year Work Conference alongside the fourth session of its Third ERC. **Over 200** specially invited delegates representing all business lines across the Group convened to review the SPH Administrative Work Report and the SPH Workplace Safety and Occupational Health Report. These proceedings served to align strategic objectives and build a consensus on the Group's future development.



Open Factory Affairs

SPH is dedicated to promoting the establishment and improvement of democratic management systems at all levels of the Group, in addition to strengthening organizational structures and leadership and work institutions. SPH strives to ensure that employees have the right to information, participation and supervision through openness and transparency. The Company discloses significant business decisions, regulations concerning employees' immediate interests, hot issues of public concern, development of the leadership team, and the state of Party conduct and integrity. This allows employees to provide feedback and exercise oversight. We diversify our disclosure channels, including general staff assemblies, joint conferences (comprising Party, management, and labor union leadership), team leader briefings, and corporate town halls. Furthermore, in response to digital transformation trends, the Company is exploring the integration of new media platforms with traditional communication channels to broaden the scope and reach of internal information disclosure.

Fostering Harmonious Labor Relations

SPH gives full play to the role of its Labor Union as a vital link between the Company and its workforce. Guided by a "people-centered" development philosophy, SPH has institutionalized a robust system for collective bargaining. By executing collective contracts—including specialized agreements on salaries and the protection of female employees' rights—SPH ensures comprehensive coverage of core interests such as compensation, working hours, leave, occupational health and safety, and social benefits. This framework fosters a community of "joint endeavor for shared success", motivating staff to innovate. Consistently providing guidance to optimize labor relations at the grassroots level, SPH's Labor Union has successfully concluded its latest three-year cycle of advisory services. Through ongoing recognition programs and the implementation of long-term mechanisms for labor harmony, SPH has achieved the following milestones:

Three subsidiaries—SHAPHAR, SPH Changzhou Pharma, and SPH Qingchunbao—were designated as pilot entities in the second phase of the "National Pharmaceutical Industry Harmonious Labor Relations Program" by China Energy, Chemistry and Geology Workers' Union.

The Labor Union's systematic approach to forging harmonious labor relations and optimizing advisory services was showcased at the National Exchange Conference for Labor Unions of Key Pharmaceutical Enterprises, where it delivered a keynote speech titled "Cultivating a Harmonious Labor Ecosystem through Precision Advisory Services."

Engaging Employees in Technological Innovation Activities

Aligned with the Group's strategic objectives and operational targets, SPH prioritizes the reform and development of its industrial workforce. By focusing on critical developmental bottlenecks, the Company organizes multi-tiered mass innovation initiatives, including labor competitions, vocational upskilling programs, and rationalization suggestion schemes. These efforts empower the workforce to drive growth, providing the vital momentum needed to establish SPH as a dominant force in Shanghai's biopharmaceutical industry.

Kicking off Skills Competitions

In line with the Group's "14th Five-Year Plan", SPH intensifies its labor competition initiatives, focusing on pivotal processes, flagship products, and challenging tasks. By emphasizing tangible outcomes, team collaboration, exemplary achievements, and the spirit of dedication, these competitions galvanize employees to actively engage and excel in their roles. Additionally, SPH kicked off specialized labor competitions to ensure impactful project outcomes, and convened an interim exchange meeting for the labor competition for its "One Institute + Four Centers", to encourage competition in R&D projects.

Providing Innovation and Creativity Platforms for Employees

SPH fully respects the pioneering spirit of its employees, unleashing their potential and encouraging on-the-job innovation to drive efficiency. **41** projects from **12** grassroots entities were recommended for the "Shanghai Outstanding Achievements in Rationalization Suggestions and Advanced Operational Methods," securing **1** Excellent Result Award for Rationalization Suggestions, **4** Innovation Awards for Rationalization Suggestions, and **3** Innovation Awards for Advanced Operational Methods. Furthermore, **8** projects were nominated for the "2024 National Outstanding Technology Innovation Achievements of Employees from the Energy and Chemical System", with **1** project earning a Third Prize.

Enhancing Employee Skills and Competencies

Aligned with its strategy and goals for high-skilled talent development, SPH has continuously refined its unique craftsmanship cultivation system, achieving outstanding results. Through the "Master of Craftsmanship" initiative, SPH successfully nominated top talent for city-wide honors: **1** employee was named as "Shanghai Craftsman," and **2** studios were designated as "Shanghai Model Worker and Craftsman Innovation Studios." Furthermore, the Company has accelerated the reform of its industrial workforce. By leveraging on-the-job training and professional competitions, and coordinating cross-departmental efforts to create a comprehensive skills-upgrading framework, **104** employees secured annual vocational advancement incentives from the Shanghai Federation of Trade Unions.



In July 2025, SPH hosted the 2025 Manufacturing Team Leader Case Study Competition, featuring **55** team leaders from **18** manufacturing subsidiaries.



Group photo of the Manufacturing Excellence Team Leader Empowerment Camp



Commendation ceremony for the Top 10 cases of the Manufacturing Team Hands-on Skills Competition



In October 2025, **7** employees from three TCM subsidiaries competed in the finals of the 4th National Traditional Chinese Medicine Skills Competition, taking home **1** second prize, **3** third prizes, and **1** consolation prize.



The finals of the 4th National Traditional Chinese Medicine Skills Competition



Shanghai Regional Selection Competition

Enriching the Life of Employees

SPH remains committed to the deep integration of socialist core values into its corporate culture. By hosting a diverse array of themed cultural and sports initiatives, the Company enhances employees' work-life balance while strengthening team cohesion and a sense of belonging. These activities provide a platform for staff to showcase their talents and honor historical milestones, thereby fostering the inheritance of the corporate spirit and galvanizing professional drive.



Celebrating a Century of the Labor Movement: A Red Journey in the Footsteps of Pioneers



Spring Festival Gala for Employees



2025 "SPH Zhonghua Pharma Cup" Employee Badminton Tournament



2025 4th "SPH Cup" Staff Football Challenge

Improving the Employee Service System

SPH is dedicated to enhancing the quality of life for its workforce. By optimizing infrastructure, strengthening the support network for underprivileged staff, and refining a diversified welfare system, the Company has established high-quality service hubs. These precise, sustainable service initiatives have laid the solid groundwork underpinning SPH's high-quality growth.

Elevating Employees' Living and Working Standards

Aligning with employees' aspirations for well-being, SPH's subsidiaries have integrated the development of "Three Rooms and One Canteen" (Shower Room, Caring Room, Activity Room, and Canteen) and other lifestyle amenities (Staff Library, Lounge, Fitness Zone, etc.) into their operational and renovation projects. SPH has significantly boosted facility utilization and employee satisfaction. To date, the coverage of essential living facilities and quality-of-life hubs has **surpassed 90%**.

Building a Comprehensive Support Network

- Balancing industrial growth with employee care, SPH has refined a tiered assistance system that ensures seamless coordination across all organizational levels. By prioritizing the most pressing needs of the workforce, the Company has expanded its outreach to ensure timely and effective support for all eligible employees.
- Leveraging the strengths of established programs to help employees in need (compassionate aid, autumn scholarship initiatives, and festive visits), SPH broadens the scope of assistance and refine its ongoing support for disadvantaged or poverty-stricken employees, providing warmth and assistance.
- The Group's Labor Union has institutionalized precise, long-term relief mechanisms. In the past year, the Company distributed **CNY 1.207 million** in financial aid, benefiting **688** individuals.
- The "Love & Help" program has been further enhanced to provide more robust support for employees facing exceptional or severe hardships. With increased coverage and faster response times, the program assisted **54** employees with total disbursements exceeding **CNY 980,000**.
- The "Love Donation Day" has become a regular fixture of corporate social responsibility. Over **15,000** employees from **28** secondary subsidiaries participated enthusiastically, raising more than **CNY 1.3 million**.
- In alignment with the guidelines of the Shanghai Federation of Trade Unions, SPH conducted income surveys for front-line roles. This included a targeted study of low-income groups across **8** positions in **4** subsidiaries, resulting in the implementation of the "Vegetable Basket Project" (subsistence support) for **271** individuals.

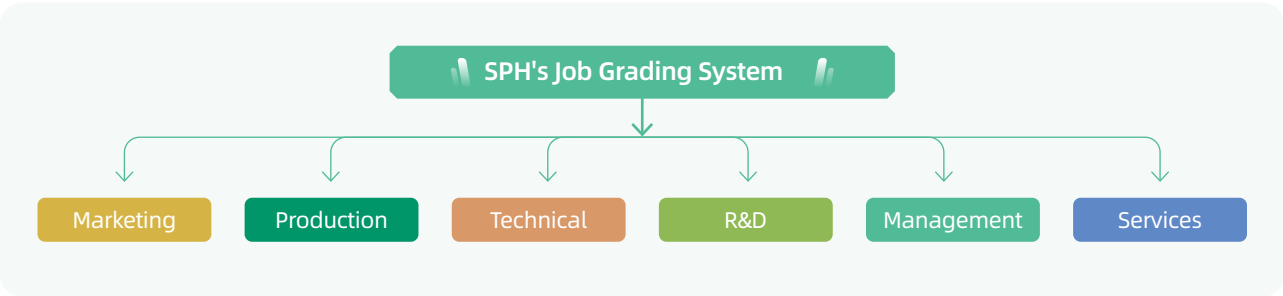
Strengthening Employee Support and Services Systems

- SPH has solidified its "Four-Pillar" medical security framework, which integrates "basic employee medical insurance as the core, specialized and mutual-aid schemes as supplements, corporate-level medical assistance as a safety net, and commercial insurance as a collaborative component". Efforts are ongoing to progressively broaden the coverage of supplementary commercial medical insurance.
- SPH has enrolled **21,190** members in the Member Exclusive Security Plan B+, disbursing **CNY 2.064 million** in security funds, and processing claims for **60** individuals totaling **CNY 1.18 million**.
- **18,556** employees from **74** subsidiaries participated in the basic security plan of the Employee Mutual Aid Association, with total premiums amounting to **CNY 2.84 million**.
- **1,628** members participated in SPH Labor Union's Members Wellness Retreat Initiative, with the Labor Union subsidizing **CNY 0.98 million**. SPH also promoted the "Enjoy Shanghai" series of activities organized by the Shanghai Federation of Trade Unions, allocating activity subsidies to multiple subordinate labor unions.
- Support for outdoor workers has been bolstered through the continued development of Caring Relay Stations. By enhancing service capabilities, these stations have reached a cumulative service volume of nearly **43,000 person-times**.
- The scope of corporate social responsibility has been widened to ensure that care is extended to all categories of personnel. As of the end of 2025, **82.1%** of dispatched temporary agency employees joined the labor unions, up **13.2%** YoY.

Promising Career Development

System Building

SPH introduced the Hay Job Evaluation Methodology to assess the value of each job position. This resulted in the creation of SPH's in-house job grading system. The system comprises six major sequences – Marketing, Production, Technical, R&D, Management, and Services – along with 49 associated sub-sequences, forming a complete value chain depicted in the SPH Position Matrix Chart and laying a robust foundation for human resources management. SPH will pursue ongoing refinements to its compensation incentives, performance evaluations, and career development systems.



Appraisal and Promotion

SPH has implemented the "Performance Management Measures for Headquarters Middle Management and General Administrative Staff," which clearly defines a formal grievance procedure. Employees contesting their performance results may submit a written appeal to the Performance Appraisal Team within three working days of notification, providing a detailed justification. Upon receipt of the appeal, the Team is mandated to deliver a formal written response regarding the resolution within ten working days.

The Company offers diversified career development pathways, including both managerial and professional tracks, while supporting employees in expanding their career horizons through cross-functional roles, short-term project-based learning, and other opportunities. SPH has established a fair, impartial, and transparent promotion framework. By utilizing scientific and objective metrics to evaluate job performance, key milestones, and core competencies, the system incentivizes staff to refine their skills and pursue long-term career progression. Furthermore, the internal competitive selection process ensures equitable promotion paths, effectively igniting employee initiative and maximizing their potential.

SPH prioritizes career plans by refining its support system. This infrastructure helps employees overcome professional plateaus, aligning individual aspirations with corporate goals. The Company has institutionalized management systems for young and middle-aged reserve cadres and specialized technical talent. High-potential employees benefit from a multimodal development approach, including mentorship, specialized training, and hands-on project experience, ensuring a robust leadership pipeline. Through job rotations and cross-functional job rotations, employees gain a holistic understanding of the Company's diverse business segments, thus enhancing their multidisciplinary expertise and cross-functional synergy.

Employee Communication

SPH maintains a multi-channel, streamlined communication and grievance mechanism. By actively soliciting and addressing employee feedback and suggestions, the Company ensures that staff interests are safeguarded and their voices are heard. The Company has been conducting engagement surveys for years and consistently acts upon the findings to make corrections. During the 2024-2025 period, the Company achieved an overall engagement score of **85%**, surpassing both the national average in China and industry benchmarks for the healthcare sector. The survey results reflected a **5-percentage-point increase** in engagement score compared to the previous cycle, indicating positive trends in retention.



Talent Development

Employees' development is essential to enterprise growth. SPH is highly involved in the growth and development of its employees, providing a systematic training and specified learning and development channels.

SPH is committed to four foundational pillars of talent development: strategic prioritization, service-oriented alignment, universal coverage, and integrated synergy. Centered on Shanghai Pharma University, SPH has devised a project lifecycle spanning "needs analysis, goal setting, framework construction, and performance evaluation", tailored for employees across all levels and functions. By designing a scientific training architecture and specialized curricula, the Company ensures that all talent development initiatives are precisely-aligned with evolving business imperatives. Employees may choose training courses according to their own development goals and job requirements. These efforts help both employees and the Company in their growth journeys.

In 2025, guided by the Group's Party Committee and Board of Directors, Shanghai Pharma University meticulously addressed the learning requirements of both SPH Headquarters and subsidiaries to execute its annual academic agenda with high efficiency. To foster a sophisticated learning organization, the University utilized a hybrid model of online and offline delivery, leveraging both internal expertise and external faculty. Key training initiatives included: Leadership & Career Growth; Professional Competency Up-skilling; Strategic Alignment with Group Priorities; Knowledge Management & Experience Sharing; and Empowering Digital Transformation of the Group.

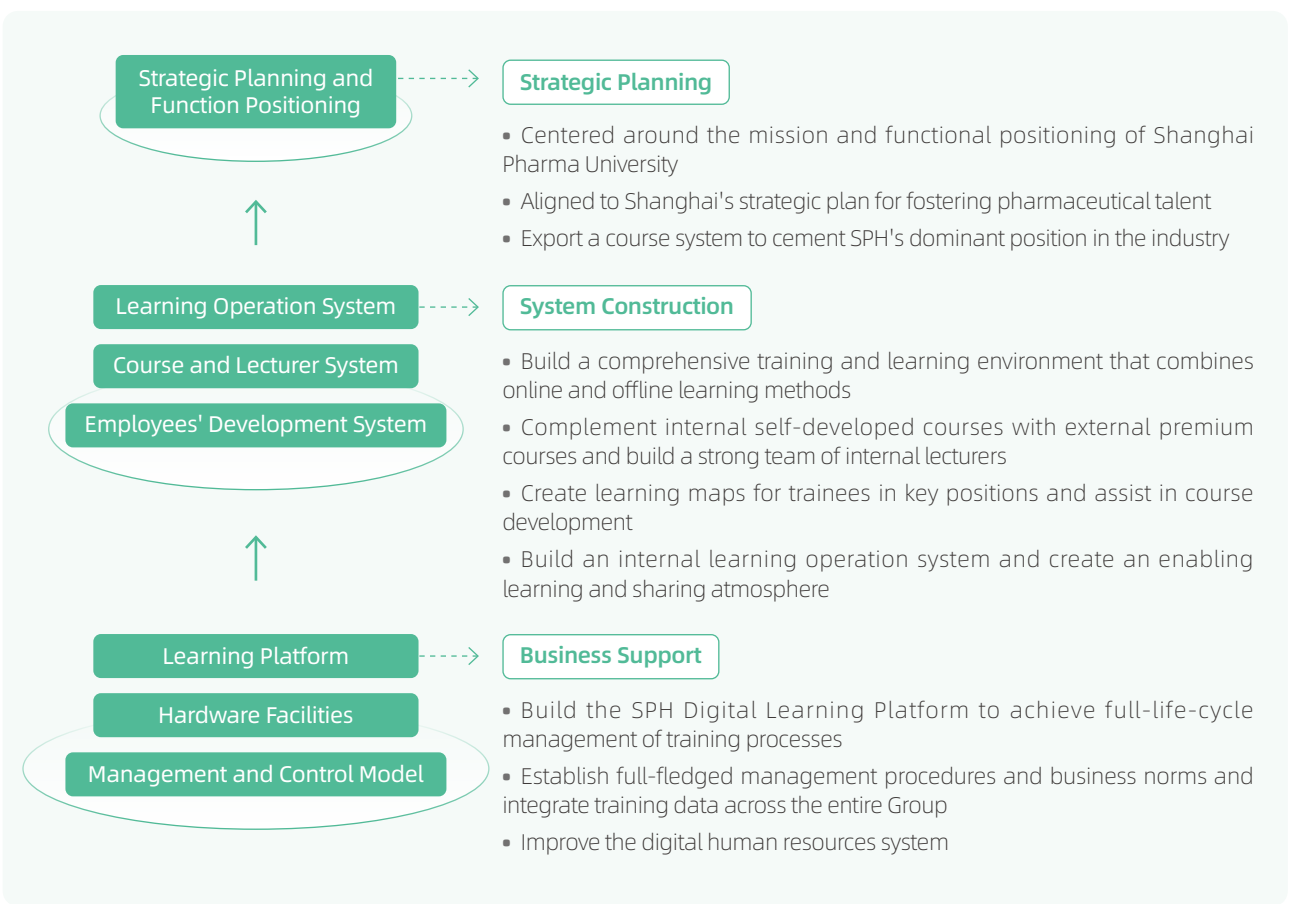


ESG Training KPIs

- Annual investment: **CNY 32,871,100**
- A total of **1,977,355 hours** dedicated to training, covering **87%** of the total workforce

"SPH E-Academy" Digital Learning Platform

To enhance its human resources digital system, SPH has proudly launched its e-learning platform named "SPH E-Academy". This platform is available to all staff, integrates a variety of training resources, offers diversified training methods, manages training processes (i.e., assessment, learning, practicing, testing, and evaluation) in a closed-loop manner, and allows unified management of training data. In close collaboration with SPH's Executives Management Department, Department of Human Resources, and Information Technology Center, Shanghai Pharma University has released the SPH Measures for the Management of Digital Learning Platforms (for Trial Implementation), thus establishing full-fledged management procedures and business norms and integrating data for training management across the entire Group.



Tiered Training Programs for Management & Leadership Development

Training Program for Young and Middle-aged Reserve Cadres

In 2025, the Group inaugurated the second session of SPH Training Program for Young and Middle-aged Reserve Cadres. The curriculum was structured around four core pillars: integrity and political literacy, macro-economic trends and SOE reform, strategic acumen and operational decision-making, and interpersonal communication and organizational leadership. Employing a diverse pedagogical approach, the program prioritized modules on the "Eight-Point Regulation" regarding professional conduct and visionary sessions on the "15th Five-Year Plan."

Youth Leadership Training Class

The Group launched its first session of Youth Leadership Training Class in 2025, utilizing a multi-dimensional "Theory + Seminar + Practice" framework. This initiative was designed to fortify the ideological foundation and professional competencies of young cadres, empowering them to pool institutional wisdom and translate academic insights into actionable results for the Group's long-term growth.

Training Program for Mid-level and Frontline Managers

2025 marked the official rollout of the Group's online Training Program for Mid-level and Frontline Managers: Middle management focused on strategic execution and team cohesion, while front-line supervisors targeted role transitions and performance optimization. This digital initiative serves as a catalyst for refreshing management philosophies and providing managers with a library of high-impact, real-world case studies.

Skills & Knowledge Training

SPH is one of the national models excelling at the integration of production and education. The Company actively promotes the cultivation of high-skilled personnel and has gradually built a mature training system. Throughout 2025, the Company continued to advance its professional skills development initiatives, in a drive to maximize the multiplier effect of human capital across the organization.

Skills & Knowledge Training Initiatives of SPH

1) Capacity Building Program for R&D Excellence across "One Institute & Four Centers"

In close alignment with SPH's strategic roadmap, Shanghai Pharma University launched a specialized capability enhancement initiative for its "One Institute & Four Centers". The program was structured around four strategic pillars: organizational growth and R&D landscape, the synergy of soft skills and technical expertise, performance breakthroughs vs. cost optimization, and cross-entity business synergy and technical practices. By fostering the dual development of technical mastery and leadership acumen, the initiative facilitates seamless integration across the Group's core functions: Medicine, Marketing, Manufacturing, and Sales.

2) Capacity Building Program for TCM R&D Management

To address critical industry pain points and practical operational needs, Shanghai Pharma University collaborated with eight flagship TCM subsidiaries to launch a Capacity Building Program for TCM R&D Management. Utilizing a hybrid "Theoretical Instruction + Field Trips" model, the curriculum focused on three areas: TCM R&D landscapes and project lifecycle management, medical strategies for high-potential TCM variety cultivation, and advancements in clinical research and international registration. Through expert-led lectures and collaborative knowledge-sharing, the program significantly bolstered the professional caliber of the SPH's core R&D leadership.

3) Manufacturing Segment

In partnership with the Manufacturing Management Center, Shanghai Pharma University executed the 2025 High-Potential Program for Production Leaders & Senior Black Belt Management Empowerment. This program reached production heads across all manufacturing subsidiaries, both within and outside Shanghai. Built on a framework of "Modular Advancement & Professional Empowerment," the training delivered specialized insights in three critical domains: Production Quality Excellence, Process Capability Optimization, and On-site Lean Management.

4) Quality Assurance Segment

In partnership with the Department of Quality Management, Shanghai Pharma University delivered a comprehensive suite of quality-specific training programs, including targeted

sessions on laboratory practices, regulatory compliance, Contamination Control Strategy (CCS) seminars, ICH Q8 guidelines, and non-profit training on the microbiological standards of the Chinese Pharmacopoeia. By integrating expert insights with real-world case studies, past experiences, and common industry challenges, the program empowers staff with enhanced professional literacy and elevates the efficacy of full-chain quality control, reinforcing the safety net for public drug use.

5) Marketing Segment

To strengthen e-commerce compliance and achieve growth, Shanghai Pharma University and SPH Sales co-hosted a Specialized Training Program on Pharmaceutical & Healthcare E-commerce. Combining theoretical frameworks with live-streaming simulations, the curriculum covered Advertising Law and e-commerce platform compliance mandates, efficiency-driven compliance systems, content marketing growth strategies, and live commerce. This initiative established a rigorous regulatory baseline while providing innovative roadmaps for digital traffic engagement.

6) Pharmacy Knowledge Micro-courses

Shanghai Pharma University developed a series of professional yet accessible Pharmacy Knowledge Micro-courses focused on the frontiers of the industry. Simultaneously, in coordination with direct subsidiaries, it produced the "Key Product Spotlight" video series to vividly showcase the unique value propositions of the Group's flagship products. Launched Group-wide via the "SPH E-Academy" platform in 2025, these resources enable employees to reinforce their pharmaceutical foundations and product expertise.

7) Capacity Building Program for Heads of the Group's Model Worker, Artisan, and Technician Innovation Studios

The Group's Labor Union and Shanghai Pharma University jointly hosted a Capacity Building Program for Heads of the Group's Model Worker, Artisan, and Technician Innovation Studios. The curriculum featured modules on "Influence and Win-Win Leadership" and included a field exchange at the Zhang Hua Skills Master Studio (Shanghai EMU Depot, China Railway Shanghai Group).

SPH sustains its technician training programs, leveraging structured education and mentorship to cultivate a cadre of skilled professionals excelling in frontline operations. As of the end of 2025, the Group has cultivated 134 "Master Craftsmen" through its dedicated selection program, with 15 employees honored as "Shanghai Craftsman", 18 individuals certified as "Shanghai Chief Technicians", and 4 studios accredited as "Shanghai Skill Master Studios".

Occupational Health Protection

SPH places the highest premium on the health and safety of our workforce. Committed to fostering a safe and healthy workplace, we operate in strict alignment with the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Fire Protection Law of the People's Republic of China, and the Provisions on the Administration of Occupational Health at Workplaces. By establishing and refining our safety and occupational health management frameworks, we proactively prevent workplace accidents and strive to eliminate occupational hazards, ensuring a secure, healthy, and comfortable environment for every employee.

ESG Key Performance Indicators

- CNY 110.22mm invested for employees' health and production safety
- Achieved 100% execution of annual safety responsibility agreements across the entire workforce
- Fulfilled annual safety assessment commitments, honoring 14 subsidiaries as "2024 Excellent Entities in Workplace Safety"
- Facilitated the successful Workplace Safety Standardization certification for 73 subsidiaries
- 100% safety training coverage
- 140,129 attendances recorded in safety training
- 520,630 hours in total dedicated to safety training
- 14 subsidiaries earned designation as provincial and municipal safety culture development demonstration units, with 4 also securing national recognition in this category
- SPH SBPC secured a top prize at the 2025 Shanghai Hazardous Chemicals Safety Skills Competition; Zhongxi Sunve earned the "Outstanding Organizational Award" at the Yangtze River Delta "Ankang Cup" Employees' Safety Knowledge Competition (Energy, Chemical, and Geological Sectors); Zhongxi Sunve, Sine Wanxiang, and Sine Tianping were honored as "Advanced Entities" by the Shanghai Fire Protection Association; SPH Zhongxi Pharma and SPH Leiyunshang spearheaded the deployment of intelligent safety management systems, significantly augmenting operational oversight and efficiency.
- 3 subsidiaries, including SPH Changzhou Pharma, SPH Leiyunshang, SPH Qingchunbao and their affiliates, have published articles related to outstanding management experiences in provincial safety production associations and professional academic journals.
- Management cases from 4 subsidiaries—SPH SBPC, Shanghai Sine No.2, SPH Changzhou Pharma, and Nantong Changyou—were included in the "2025 Pharmaceutical Enterprise EHS Management Excellent Cases" by China Pharmaceutical Enterprises Association.

Governance

SPH has instituted a production safety responsibility system that adheres to the principles of shared responsibility between the Party committee and administrative organ, dual responsibilities for one position, joint management, and accountability for negligence. This system emphasizes the "three musts" principle (i.e. safety management, which mandates that safety must always be taken into account amid the management of industry, business operations, and production).

The Company regularly upgrades its production safety responsibility and evaluation systems, and has established 45 regulations and policies for production safety management, including the Safe Production Management Standards, the Safe Production Classification and Grading Measures, the Performance Assessment of Safety Management and Environmental Management, the Accident Accountability Policy for Safe Production and Environmental Protection, the Safety Management Policy for Relevant Parties, and the Management Measures for Internal Reporting and Rewards of Potential Workplace Safety Hazards. These policies apply universally to all categories of employees, including dispatched workers and interns.

The Company has established a Production Safety and Work Environment Management Committee run by heads of business units, functional departments and subsidiaries, as well as safety personnel, labor unions and employee representatives. The Safety Committee plans and guides the production safety management work for the entire Group. SPH's Security Department supervises, inspects, and guides the security management work of each entity, and conducts annual inspection and year-end performance assessments. Employee representatives may communicate, negotiate and solicit opinions about occupational health and safety affairs through the Safety Committee, the labor union, and other channels.

Strategy

In order to ensure safe production, SPH consistently upholds a people-centric approach, prioritizing the well-being and safety of people above all else. SPH adopts a proactive strategy with prevention at its core and addresses potential major safety risks at the source. SPH reinforces safety accountability through joint leadership, role-based duties, and systemic oversight, mandating safety integration in all operations.

Identification and Analysis of Risks and Opportunities

Risk/ Opportunity	Potential Impact on SPH	Impact Time Frame	Actions	Potential Financial Impact
Health and Safety Risk	Occupational hazards, such as chemical exposure, may arise during specialized pharmaceutical production and chemical handling. Inadequate management could impair employee health or lead to safety incidents, thereby disrupting SPH's business continuity.	Short-to-medium term	Strengthen Occupational Health and Safety (OHS) management, provide essential protective equipment and training, and cultivate a safe, healthy workspace through a holistic, multi-tiered approach.	Increased operating costs
Operational Opportunities	Enhancing employees' safety awareness and sense of belonging while mitigating operational risks through systematic hazard identification, emergency management, safety training, upgraded occupational health infrastructure, and comprehensive safety audits.	Short-to-medium term		Enhancement of operational efficiency and reduction of risk-related costs.

Note: Short term: less than 1 year; Medium term: 1–5 years; Long term: over 5 years

Impact, Risk, and Opportunity Management

Employees' Health & Safety and Safety System Certification

SPH encourages its subsidiaries to promote production safety, occupational health, and a safety management system, to improve the systemic management. As of the end of the Reporting Period, **73** subsidiaries maintained full coverage of standardized production safety management, and **36** subsidiaries were ISO 45001-certified or reviewed for the occupational health and safety management system.



SPH Sine
ISO 45001 Certificate

SPH SBPC
ISO 45001 Certificate

Hazard Identification and Rectification

SPH mandates that all subsidiaries promptly rectify identified safety hazards and develop continuous improvement plans in alignment with the Production Safety Law of the People's Republic of China and regional guidelines, ensuring rigorous closed-loop management.

The Group and its subsidiaries manage risk and handle hazardous situations by controlling production safety risks, clamping down on common violations, strengthening emergency response and fire safety measures, and closely managing rental properties. Following directives from the General Office of the Shanghai Municipal Work Safety Commission, the Shanghai Municipal State-owned Assets Supervision and Administration Commission, and higher-level companies, SPH has identified major safety hazards, conducted safety inspections on the use of gas, electric bicycles and dangerous chemicals, and issued **65** special rectifications documents. The Company maintains rigorous safety inspections and specialized assessments during major holidays and events, transitions to new year, and periods requiring high-temperature, typhoon, and flood preparedness. The Security Department conducted nearly **300** online and offline routine safety inspections for **108** entities (facilities), achieving a **100%** review of **1,900+** special operations reported by **38** entities.

100%
Hazard Identification and
Mitigation Execution Rate

100%
Reporting Rate

100%
Rectification Rate

100%
On-time Rectification Rate for
All Major Hazards Identified

Emergency Management

SPH has amended and improved the Comprehensive Emergency Response Plan, and strives to enhance the emergency response capabilities of its employees through various safety drills. In 2025, through the "Fire Safety Month" campaign, SPH's subsidiaries held **1,088** effective full-staff emergency drills as per the requirements of their contingency plans, involving more than **50,982** participants.



In 2025, SPH's subsidiaries organized fire drills and themed initiatives. By integrating "training with real-world simulations," they enhanced fire emergency response capabilities, establishing a robust foundation for the Group's production safety.



Fire evacuation drill held by SPH Sales



2025 summer fire safety themed activity organized by SPH TCM

Management of Special Drugs

SPH has developed safety management policies and contingency plans for special pharmaceuticals, designating the principal individual accountable for production safety. In compliance with national laws and regulations, SPH has established dedicated safety management bodies and defined the remits of responsible departments. Furthermore, the Company implements rigorous background screenings, ongoing training, and performance evaluations for all personnel with direct access to special pharmaceuticals. Detailed personal safety records are maintained, and production is executed in strict adherence to production schedules and standard operating procedures (SOPs). The special drugs are managed by double securities, with cameras and automatic alarm systems installed to avoid occupational hazards during production.



Hazardous Chemicals Management

Aligned with the *Law of the People's Republic of China on the Safety of Dangerous Chemicals*, SPH has developed and implemented the Notice on Strengthening the Safety Supervision and Management of Chemical Procurement Processes. During the Reporting Period, relevant entities were required to formulate and improve their hazardous chemical procurement processes. This includes institutionalized, standardized, and IT-based safety management of hazardous chemicals throughout the entire process, encompassing procurement, storage, usage, and disposal, as well as the continuous execution of specialized rectification activities.

- During the procurement of hazardous chemical raw materials and reagents, the Security Department is involved in approving the proposed varieties and quantities.
- The Company continually refines laboratory storage management policy, controlling excessive storage and strictly prohibiting mixed storage to prevent accidents caused by leakage, poisoning, fires, or explosions due to inappropriate storage conditions.

Safety Culture

SPH guides its subsidiaries in the continuous promotion of corporate safety culture. By launching signature safety initiatives, the Company helps employees internalize sound occupational health and safety (OHS) awareness and standardized behavioral habits. By implementing an employee responsibility system, it is committed to becoming a stellar example of safety management and striving to advance the transition from "safety for me" to "I care about safety", "I understand safety", and "I am capable of ensuring safety", from "individual safety" to "overall safety", and from "passive safety" to "active safety".



As mandated by the Group, SPH's subsidiaries continued to launch the "Production Safety Month" campaign in 2025 under the theme "Everyone Talks About Safety, Everyone Can Respond to Emergencies" to foster a culture where "Work Safety is Everyone's Responsibility." Furthermore, subsidiaries organized in-depth road safety seminars and work safety knowledge competitions, fortifying the defense line for employees' safe commuting and ensuring that the culture of safety is both understood and practiced.



Production Safety Month promotional activities organized by SHAPHAR



Road safety lecture conducted by SPH SBPC



Work safety knowledge competition held by SPH Growful

Safety Management Training

As required by the leadership, SPH has established an annual EHS training program. This initiative aims to strengthen the capabilities of all employees through a series of training sessions focused on safety, occupational health, and environmental protection. Additionally, it seeks to level up the safety management and technical capabilities.

2025 Annual Special Training on Production Safety

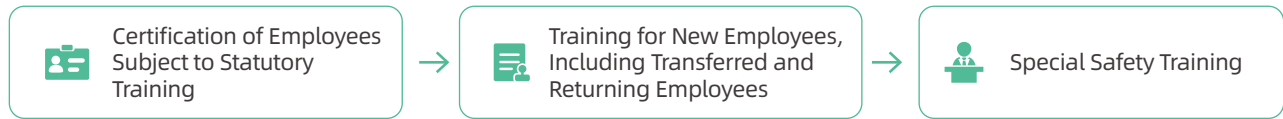


From September 17 to 18, 2025, the Security Department and Shanghai Pharma University jointly hosted the Group's annual specialized training on production safety. Utilizing a "hybrid on-site and online" model, the program included safety executives, department heads, and key management personnel from subsidiaries both within and outside Shanghai. Over **120** participants attended the intensive offline sessions, while more than **360** others joined via the "SPH E-Academy" platform of Shanghai Pharma University.



2025 Special Training on Occupational Health by Shanghai Pharma University

In May 2025, Shanghai Pharma University conducted a specialized training session on occupational health, attracting **21** offline and **114** online participants.



Occupational Health

During the Reporting Period, SPH increased investment, with **53** subsidiaries investing nearly **CNY 12.7 million** to protect employees' occupational health.

ESG Seven Measures for Bolstering Occupational Health

- 01 The "Three Simultaneous" review system of new reform and expansion projects is implemented to ensure project compliance and strengthen labor protection.
- 02 SPH keeps hazards under control and creates a safe and secure work environment by improving processes, production facilities and occupational health infrastructure.
- 03 We step up the automation level of equipment and facilities to reduce on-site operational time.
- 04 We provide employees with standard protective equipment to ensure their safety.
- 05 We provide employees with pre-work and regular occupational health training.
- 06 We regularly organize health check-ups and maintain comprehensive occupational health records to monitor staff health.
- 07 We conduct daily monitoring of occupational hazards, focusing on high-risk jobs such as those involving high temperatures, noise, and dust.



In 2025, SPH Growful adopted sealed transfer carts to replace the traditional plastic barrels used for material handling in fluidized bed equipment. These carts integrate seamlessly with the fluidized bed and mixing systems, ensuring that the entire process—discharge, transportation, weighing, and mixing—occurs within a fully enclosed environment. This approach effectively isolates dust sources. Furthermore, upgrades to the vacuum feeding system have shifted noise-generating elements outside operational areas, reducing noise exposure and easing the physical burden on workers.

In 2025, SPH Sine Wanxiang introduced a low-noise hammer mill in its crushing section of the solid preparation workshop. This advanced equipment sustains an **8-hour** equivalent sound level of **80** decibels and features built-in dust filtration and cooling systems.



Employee Labor Protection

Prioritizing labor protection and occupational health management, SPH consistently refines its multi-tiered labor protection supervision network across grassroots labor unions, achieving a **100%** establishment rate among subsidiaries. The Company further updated the Shanghai Pharmaceutical Labor Union's monthly accident reporting (including "zero-incident" reporting) and real-time reporting protocols, ensuring a **100%** reporting rate for state-owned entities within Shanghai and extending this coverage to entities outside Shanghai.

Regarding source prevention and control, the Company further optimized the "Three Simultaneous" review system for all new construction, renovation, and expansion projects, with a **100%** labor union participation rate in these reviews. Through the organization of "Ankang Cup" safety and labor protection initiatives, the Company mobilized staff to participate in the National Chemical and Pharmaceutical Industry Work Safety Online Knowledge Competition and the "Century of Labor Movement: Championing Occupational Safety and Health" Shanghai Employee Safety and Health Skills Online Challenge, effectively heightening collective safety awareness and bolstering risk mitigation capabilities.

Metrics and Targets

Category		Target	Progress on 2025 Targets
Safety Responsibility Goals	No Major Accident		- Successfully met 2025 targets with zero major accidents; maintained proactive prevention of serious injuries and minor incidents. - Completed the standardization of 219 workgroups, achieving its goal of 100% implementation of workgroup safety standards.
	No Fire or Explosion		
	No Traffic Accident		
	No Serious Hazards		
	Less Injuries or General Accidents		
Occupational Health Goals	Occupational Hazard Filing Rate: 100%		36 subsidiaries successfully maintained or obtained ISO 45001 Occupational Health and Safety Management System certification. - Realized full-spectrum occupational hazard management, resulting in zero reported cases of occupational diseases throughout the year. 5,738 employees underwent occupational health examinations. - Achieved a 100% completion rate for mandatory occupational health screenings.
	Compliance Rate for Occupational Hazard Evaluation and Testing: 100%		
	Occupational Health Screening Coverage: 100%		
	Occupational Hazard Warning and Disclosure Rate: 100%		
	Occupational Health Training Coverage: 100%		

07

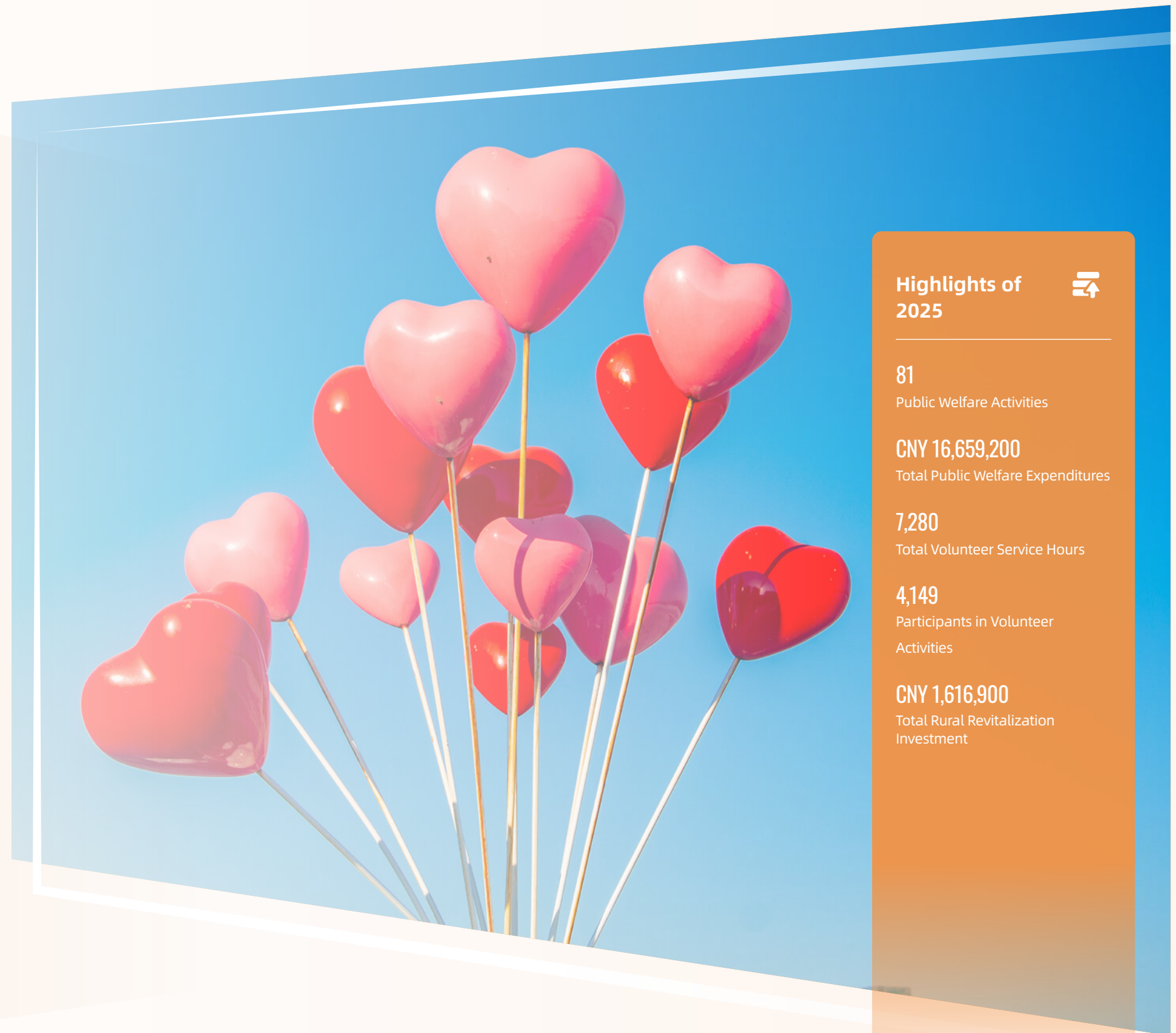
Social Contribution:

Committed to Public Wellbeing, Building a Brighter Life Together

- Taking Part in Philanthropy and Charity
- Contributing to Rural Revitalization

Guided by the "Healthy China" strategy and the national pursuit of common prosperity, pharmaceutical and healthcare enterprises recognize that social contribution is more than a duty—it is an essential prerequisite for the industry's long-term sustainability. SPH remains steadfast in its corporate mission of "Committed to Improving Health and Quality of Life". This commitment to social responsibility is deeply embedded within the core of the Company's corporate strategy. SPH has cultivated a long-standing legacy of public service and philanthropy. Guided by the philosophy of "Serving the Public with Heart-Warming Charity Initiatives," the Company collaborates with diverse stakeholders for a variety of charitable initiatives. The Company believes rural revitalization is an important part of its social impact efforts. By contributing the steadfast "SPH Power," the Company plays a pivotal role in solidifying the gains of poverty alleviation and co-authoring a transformative blueprint for rural revitalization.

Alignment with SDGs:



Highlights of 2025



81

Public Welfare Activities

CNY 16,659,200

Total Public Welfare Expenditures

7,280

Total Volunteer Service Hours

4,149

Participants in Volunteer Activities

CNY 1,616,900

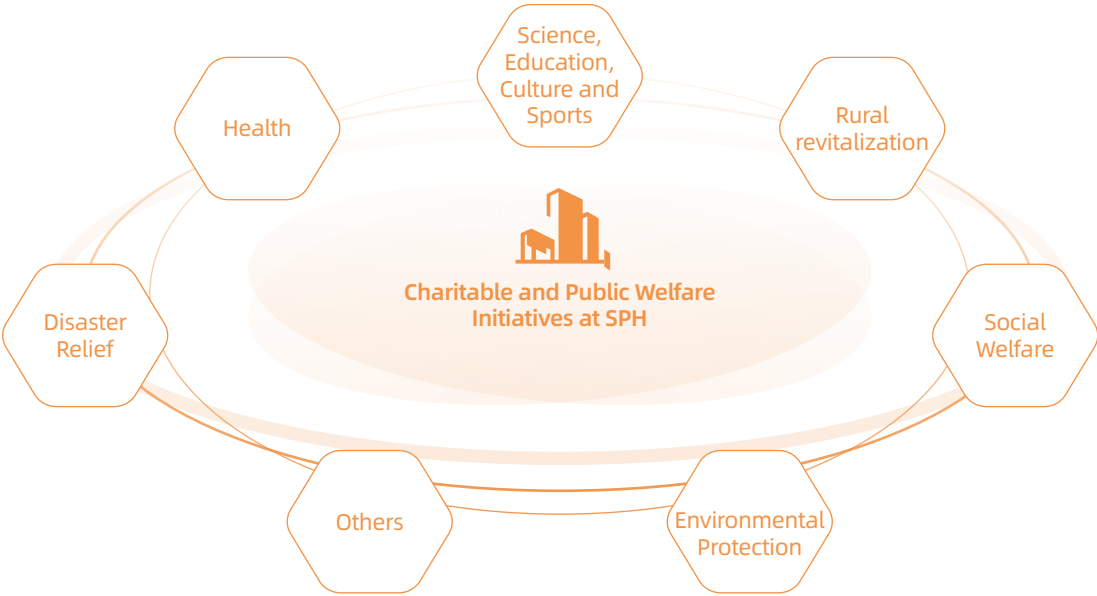
Total Rural Revitalization Investment

Taking Part in Philanthropy and Charity

Standardizing the Management of Charitable Programs

SPH explores sustainable ways to manage its charitable programs. In strict adherence to the *Charity Law of the People's Republic of China* and the *Law of the People's Republic of China on Public Welfare Donations*, SPH has introduced the Interim Measures of SPH for the Management of Charitable Programs and launched the OA Approval/Registration Process for Charitable Programs. Through effective means such as categorization, budgeting, hierarchical approval, and record-keeping, the Company has established a mechanism for managing charitable donations in a proactive, sustainable and standardized manner. Our subsidiaries strictly adhere to the governance frameworks established by the parent company, implementing the "Management Policy for External Donations and Sponsorships." This ensures that every contribution is dedicated exclusively to charitable causes while effectively mitigating potential compliance risks. Currently, SPH's charitable programs encompass categories such as health, science, education, culture and sports, social welfare, disaster relief, and rural revitalization.

Public welfare investment totaled CNY 16,659,200 during the Reporting Period.



In terms of integrated management, SPH oversees the "100 Enterprises Helping 100 Villages" initiatives across three subsidiaries, ensuring steady progress in alignment with the mandates of the Shanghai SASAC and SIIC. With a nationwide presence, our subsidiaries synergize their resources to serve the country, translating corporate responsibility into tangible benefits for the public.

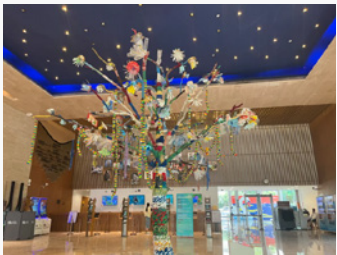
In terms of brand cultivation, SPH has launched three strategic pillars: 1) Government-Enterprise Synergy: Enhancing our corporate standing through high-level collaboration, such as our deep involvement in China Shanghai International Arts Festival and the rural assistance project in Zhanglaozhuang Village, Anhui Province, conducted in partnership with the National Medical Products Administration (NMPA); 2) Strategic Partnerships: Collaborating with prestigious institutions—including China Welfare Institute, Shanghai Charity Foundation, and Ruijin Hospital—to amplify the impact of our philanthropic projects; and 3) Advocacy for Vulnerable Groups: Championing targeted outreach programs such as the "SPH Care and Protection Program" (focused on pediatric congenital heart disease), the construction of village clinics in Yunnan Province, and specialized support for visually impaired children.

Our Actions

Science, Education, Culture and Sports

SPH Sponsored MISA for the 9th Consecutive Year

From July 1 to 13, 2025, the 16th Music in the Summer Air (MISA) successfully concluded its run. Lead-sponsored by SPH and co-organized by the Shanghai Symphony Orchestra and the Shanghai Municipal Education Commission, this year's festival embraced the theme "To the Future." In a pioneering move, MISA introduced the "Environmental Action Partnership," uniting stakeholders such as Shanghai Botanical Garden, Shanghai Natural History Museum, and ATRenew. This coalition curated a diverse program featuring **six** environmental lectures, **four** interactive workshops, and **two** charity cycling events. The festival's artistic centerpiece also championed sustainability. Using mineral water bottles, cardboard, branches, and twine reclaimed from the Sanjiangyuan region, artists erected the "Tree of Rebirth." This evocative installation became a focal point for visitors, amplifying the message of environmental stewardship far beyond the concert hall.

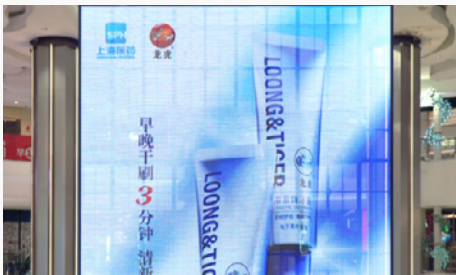


SPH's Support for the 24th China Shanghai International Arts Festival

Hosted by the Ministry of Culture and Tourism and organized by the Shanghai Municipal People's Government, the 24th China Shanghai International Arts Festival took place from October 17 to November 27. As a strategic partner, SPH—joined by its subsidiaries SPH Sine, SPH Dragon&Tiger, SPH Leiyunshang, SPH Shenxiang, SPH Qingchunbao, and Huqingyutang Pharma—contributed **CNY 5 million** to the Shanghai Cultural Development Foundation. Beyond this financial support, SPH held exclusive naming rights for premier productions during the "Guangdong-Hong Kong-Macao Greater Bay Area Culture Week." By engaging deeply with exhibitions and arts education initiatives, the Company showcased the vibrant innovation and multifaceted charm of the Greater Bay Area. This partnership facilitates high-profile premieres in Shanghai, aligning local talent with the global stage and fostering cross-cultural dialogue in the modern era.



Traditional theatrical performances presented by SPH Leiyunshang



Two century-old heritage brands Sine and Dragon & Tiger showcased by SPH Sales

Health

SPH Helps Establish the "Shanghai Municipal Hospital Clinical Innovation Award"

In 2025, SPH donated **CNY 990,000** to Shanghai Medical and Health Development Foundation to establish the "Shanghai Municipal Hospital Clinical Innovation Award." This initiative is designed to recognize project teams and individuals within municipal hospitals who have achieved breakthroughs in clinical innovation. By incentivizing the ingenuity and dedication of frontline medical professionals, the award seeks to accelerate the translation of clinical research into tangible health outcomes that enhance public well-being.



SPH Sales Drives Medical Exchange Initiatives

In 2025, SPH Sales contributed **CNY 530,000** to Shanghai Yi Research Medical Technology Development Foundation. This funding is strategically directed toward academic medical exchanges and international fellowship programs for rising clinicians. By aligning closely with the foundation's objectives, SPH Sales has catalyzed professional growth and cross-disciplinary technical exchange within the healthcare sector, further solidifying its commitment to corporate social responsibility.

SPH Sine Hosts the Well-Established Science Communication Event "Million Citizens Visit SPH Sine"

SPH Sine continues to champion its flagship public education initiative by hosting students and residents from diverse communities. The program offers guided tours of Sine's facilities alongside seminars on the rational and safe use of medication. This year, the initiative welcomed **2,863** visitors and delivered **12** specialized health literacy lectures.

SPH Shangke Supports the "Rare Disease Care Program - Diabetes Insipidus Patient Assistance Public Welfare Project"

Through targeted pharmaceutical donations, SPH Shangke provides a vital lifeline to diabetes insipidus patients facing financial hardship. By ensuring access to standardized care, the program enhances treatment affordability, eases the socio-economic burden on families, and significantly boosts the quality of life for those affected. In 2025, the project provided over **CNY 50,000** worth of medication, translating corporate compassion into impactful, life-changing action.

SPH Leiyunshang Advances Community Healthcare Through Strategic Subsidies and Free Clinics

In 2025, SPH Leiyunshang collaborated with healthcare institutions, including the Jing'an District Community Health Service Center and the Department of Traditional Chinese Medicine at Shanghai Sixth People's Hospital. Together, they orchestrated a suite of subsidy programs and free clinical consultations tailored for community patients. With over **30** volunteer deployments and **15** dedicated service hours, the initiative provided vital health consultations, primary clinical care, and pharmaceutical support to more than **600** residents. These outreach efforts facilitated the decentralization of premium medical resources to the community level—a tangible realization of the company's vision to be a "Leading and Influential Healthcare Service Provider."

SPH Growful Champions Wellness Through the "Four Seasons" Public Benefit Program

In 2025, SPH Growful maximized its clinical and retail reach by mobilizing expert physicians to serve over **100** communities and corporate sites. These "at-your-doorstep" initiatives offered residents and employees pro bono services including traditional pulse diagnostics, blood pressure and glucose screenings, and TCM therapeutic experiences such as cupping and acupuncture. Furthermore, the company hosted **three** "Cooling Summer" cultural performances for the public. By providing seamless access to high-quality, complimentary medical care, SPH Growful has significantly bolstered local health literacy and continues to champion the adoption of a holistic, healthy lifestyle.



Social Welfare

SPH Zhonghua Pharma Provides Vital Charitable Support and Cooling Supplies

In 2025, SPH Zhonghua Pharma leveraged its signature "Dragon & Tiger" product line to launch a series of multi-tier charitable donations, reinforcing its steadfast commitment to social responsibility.

In August, the company partnered with the Elderly Care Committee of Shanghai Services Federation to provide **CNY 87,000** worth of Dragon & Tiger Panacea and cooling cream to protect the health of the elderly during the summer heat. Outreach efforts also extended to the STO Express Pudong Transit Center, where frontline couriers received **CNY 36,500** in Dragon & Tiger Panacea and cooling ointment. Furthermore, a donation of brown cooling ointment valued at **CNY 139,100** was made to the Shanghai Charity Foundation to bolster initiatives for the elderly, the underprivileged, and students. In collaboration with the Xianghuaqiao Sub-district of Qingpu District, the company provided **CNY 63,800** in Dragon & Tiger Panacea and essential balm to support workers in emerging industries, residents of care facilities, and frontline sanitation staff.

In September, SPH Zhonghua Pharma donated **CNY 76,800** in cooling ointment and hand protection cream to the education programs of Shanghai Charity Foundation and allocating **CNY 92,600** to support Mangshi City, Yunnan Province, advancing the strategic cooperation between Shanghai and Yunnan for border region development. Additionally, **CNY 23,500** in Dragon & Tiger medicated soap and cooling ointment was provided to the Qingpu Sanitation Department for frontline workers. These initiatives underscore SPH Zhonghua Pharma's status as a Time-Honored Brand that remains deeply rooted in the community, dedicated to social welfare and people's livelihoods.



Huqingyutang Pharma Champions Charitable Giving

In 2025, Huqingyutang Pharma donated **CNY 16,400** to the Hangzhou Foundation for Disabled Persons in support of the Children's Rehabilitation Skills Competition, a key initiative for disability welfare. Additionally, the company contributed **CNY 150,000** to the Linping District Charity Federation to fund the "Love for Linping" program, a dedicated outreach initiative providing essential care and services for migrant children.



SPH Medical Instrument Sustains "Learning from the Good Eighth Company" Volunteer Program

Since 2023, SPH Medical Instrument has partnered with the 10th Company of the Fourth Detachment of the People's Armed Police on the 20th of every month to conduct the "Learning from the Good Eighth Company on Nanjing Road" volunteer initiative. This long-standing program provides essential health services, such as blood pressure and glucose screenings, to local residents and tourists alike.

With a service roadmap already secured through the end of 2026, the initiative has successfully served over **1,000** individuals to date.



SPH XTCM Hosts Immersive Cultural Experience for Children with Autism

On November 16, 2025, through hands-on activities like crafting traditional TCM herbal sachets, SPH XTCM helped children with autism engage with TCM culture in a supportive environment, stimulating their sensory perception and social interest. The event also served as a meaningful platform for therapeutic parent-child bonding.



SPH Herbapex Delivers Critical Winter Medical Aid to Yushu Prefecture, Qinghai Province

In 2025, SPH Herbapex mobilized a significant humanitarian donation to address urgent public health needs in Chenduo County, Yushu Prefecture, Qinghai Province. Ahead of the Spring Festival, the company fast-tracked the delivery of **100,000 boxes** of Xiaochaihu Granules—valued at **CNY 990,000**—to support local efforts in the "Winter Prevention and Treatment of Respiratory Diseases among Children and Adolescents."



SPH Growful Empowers the Disabled Through Compassion and Knowledge

SPH Growful continues to advocate for the disabled by integrating physical wellness with psychological support. In 2025, its grassroots Youth League organizations marked their fourth consecutive year at the National Sunshine Volunteer Service Base, distributing New Year healthcare kits and hosting educational seminars on healthy festive dining. Furthermore, the company launched the "Building Dreams through Books" campaign, where **327** employees and Party/Youth League members donated **976** books to Qingdao's "Rukang Home" for the disabled. By building this "bridge of books," SPH Growful aims to ignite a passion for learning and enrich the cultural lives of the disabled community.



Disaster Relief

SPH Provides Emergency Relief Following the Wang Fuk Court Fire in Hong Kong

On November 26, 2025, a devastating five-alarm fire struck Wang Fuk Court in Tai Po, Hong Kong. SPH mobilized an immediate relief effort to support displaced residents. A coalition of SPH's TCM subsidiaries—including SPH TCM, Huqingyutang Pharma, SPH Leiyunshang, SPH Growful, SPH Zhonghua Pharma, SPH Qingchunbao, and Shanghai Hutchison Pharmaceuticals—responded swiftly to the humanitarian appeal. Together, they contributed over **CNY 50,000** worth of TCM wellness products and essential daily necessities, standing in solidarity with the local community to navigate the aftermath of the disaster.



SHAPHAR and SPH Medical Instrument Lead Disaster Relief Efforts in Tibet

In January 2025, a 6.8-magnitude earthquake struck Dingri County in Shigatse, Tibet, impacting 206 villages across 26 townships of 5 counties and affecting approximately 61,500 residents.

In a coordinated response with the 10th Shanghai Medical Aid Team to Tibet and the Shigatse Health Commission, three Sichuan-based subsidiaries of SHAPHAR facilitated the donation of medicines and medical devices valued at over **CNY 130,000**. Supplementing this effort, SPH Medical Instrument provided additional aid exceeding **CNY 250,000**. These combined contributions provided critical medical support to the disaster-stricken population, underscoring SPH's unwavering commitment to its role as a socially responsible state-owned enterprise.



SHAPHAR Bolsters Flood Relief and Recovery in Rongjiang County

In June 2025, Rongjiang County in Qiandongnan Prefecture was struck by a catastrophic flood—the first of its kind in 30 years—displacing 51,000 people and affecting over 100,000 residents. SHAPHAR activated its emergency protocols to mobilize vital resources. By June 27, the company delivered its first consignment of emergency medical supplies to the front lines. Valued at over **CNY 13,000**, this shipment prioritized post-disaster necessities including disinfectants, first-aid kits, and personal protective equipment. Demonstrating the company's hands-on commitment, employees volunteered to manage the logistics and handover of these supplies, fortifying a critical health defense for the flood-stricken community.



SPH Sales Delivers Strategic Aid to Flood-Affected Rongjiang and Xianfeng Counties

Throughout June and July 2025, as devastating floods ravaged Rongjiang County in Guizhou Province and torrential rains battered Xianfeng County in Hubei Province, SPH Sales orchestrated a large-scale humanitarian response. Through the Shanghai Soong Ching Ling Foundation, the company's Sine Channel Management United Division dispatched nearly **CNY 1 million** worth of epidemic prevention and heatstroke relief supplies (featuring the Dragon & Tiger cooling range). This aid was strategically allocated to meet localized needs: in Rongjiang, supplies were dedicated to the education system to protect students and faculty; in Xianfeng, resources supported sanitation workers, firefighters, and community members engaged in rebuilding efforts. A sustained focus throughout ensured that affected children and adolescents received the essential material security required during the recovery phase.



Contributing to Rural Revitalization

According to the report of the 20th National Congress of the CPC, China will comprehensively promote rural revitalization, prioritize the development of agriculture and rural areas, consolidate and expand the results of poverty eradication, and promote the revitalization of rural industries, talents, culture, ecology and organizations. At the beginning of 2025, the CPC Central Committee and the State Council issued the "Plan for All-around Rural Revitalization (2024-2027)," proposing to improve the long-term mechanism for promoting all-around rural revitalization and consolidate and expand the achievements of poverty alleviation.

In 2025, SPH followed the deployment of CPC Shanghai Municipal Committee and Shanghai Municipal Government on east-west collaboration, counterpart support, and rural revitalization work. Under the leadership of Shanghai SASAC and SIIC, SPH adhered to the main theme of "Five Major Revitalizations," with projects as the starting point. The Company promoted industrial, talent, cultural, ecological and organizational revitalization, and the construction of a healthy China.



Steering Collaborative Efforts to Boost Organizational Revitalization through Party Building

SPH upholds the principle of leveraging Party building to drive high-quality development in its assistance initiatives. The Company maximizes the pivotal role of Party building as a catalyst, steering assisted villages toward the swift path of rural revitalization and fostering stronger unity between subsidiaries and the grassroots Party organizations in target villages. SPH conducts in-depth visits to identify the issues of greatest concern to villagers, and pinpoints precise intervention areas for assistance programs, contributing to rural revitalization.

SPH TCM Supports Renovation of Party Member Activity Center in Kanglang Village

SPH TCM extended financial support for the renovation of the Party Member Activity Center in Kanglang Village and contributed a collection of Party-building books, enhancing the learning environment and enriching educational resources for Party members. The renovation of the Party Member Activity Center was completed in June 2024. It now serves as the primary hub for grassroots Party initiatives and member engagement. Additionally, the General Party Branch of the company entered into the fifth phase of an urban-rural Party organization pairing assistance (co-construction) agreement with the General Party Branch of Chenxi Village in Chenjia Town, Chongming District.

Party-Building Collaboration between SHAPHAR and Xianfeng Village

The partnership between SHAPHAR and Xianfeng Village has been designated a "Shanghai-Yunnan Pair-Assistance Demonstration Site for Party-Building." SHAPHAR regularly dispatches delegations representing the Party, Labor Union, and Youth League to Xianfeng Village. By engaging directly with residents to address their most pressing concerns, the teams collaboratively design and implement strategic measures for rural revitalization.

Party-Building Collaboration between SPH Sine and Shijia Village

Through Party-building collaboration with Shijia Village, SPH Sine assisted the "three leads and two transformations" framework: leading people, leading resources, leading industries, transforming perspectives, and transforming the village's landscape. This strategy addresses the pressing and complex challenges facing impoverished communities.

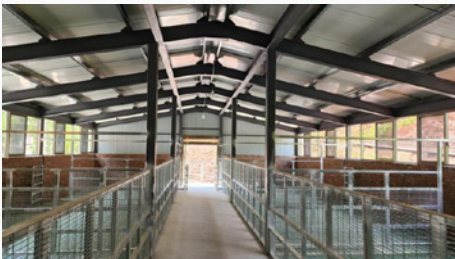
Strengthening the Leadership of Industrial Revitalization Anchored in Sustainable Development

Rural revitalization depends of industrial development. Building on its extensive experience in paired assistance, SPH has pioneered innovative support models to facilitate the development of modern agricultural systems. By providing technical expertise in TCM herb cultivation, investing in animal husbandry, and establishing TCM decoction pieces processing facilities, the Company empowers assisted areas to optimize their industrial frameworks. These tailored initiatives capitalize on local strengths, fostering sustainable economic growth and driving prosperity for the local community.



"Black Goat" Breeding Base Project in Shijia Village, Micheng Town, Yunnan Province

In 2025, SPH Sine allocated **CNY 380,000** toward the construction of a Black Goat Breeding Base at the Langnishao Tea Farm. The facility spans a **400m²** livestock pen and a **200m²** feed warehouse, complemented by a **20m²** kitchen, a toilet, and other amenities. This project bolsters the collective economy and paves the way for a vibrant, culturally distinct Yingshanhong Yi ethnic village.



"Pioneer Red" Medicinal Herb Cultivation Project in Xianfeng Village, Juli Town, Yunnan Province

During the latter half of 2025, SHAPHAR further amplified the impact of Xianfeng Village's medicinal herb industry by expanding safflower cultivation to **13.3 hectares**. This expansion has diversified income streams for local farmers, inspiring them to take an active role in industrial revitalization and the pursuit of higher agricultural yields.



"Safflower + Angelica" Medicinal Herb Cultivation Project in Kanglang Village, Niujie Township, Yunnan Province

By aligning herb variety selection with the unique soil, labor, and climatic conditions of Kanglang Village in Midu County, SPH TCM provides farmers with complimentary high-quality seeds and seedlings annually. In 2025, the seasonal safflower cultivation expanded to **69.7 hectares**, benefitting **800** individuals in **211** households, including **640** individuals in **160** impoverished households. This initiative yielded a harvest of **20,000 kg** of safflower, generating an output value of **CNY 2 million**. Similarly,



Angelica sinensis cultivation covered **10 hectares**, benefitting **200** individuals in **50** households (including **160** individuals of **40** impoverished households) and producing **20,000 kg** of herbs valued at **CNY 1.2 million**. The large-scale adoption of TCM herb cultivation has not only boosted local yields and incomes but has also significantly heightened agricultural engagement among the villagers.

High-Quality Decoction Pieces Processing Project in Weishan County, Dali Prefecture, Yunnan Province

In Weishan County, Dali Prefecture, Yunnan Province, SPH TCM's High-Quality Decoction Pieces Processing Project focuses on the refinement of authentic Yunnan medicinal materials, including Poria cocos, safflower, Angelica sinensis, and Polygonatum. In 2025, the facility generated **CNY 16 million** in operating revenue and created **28** local jobs.

Harnessing SPH's Distinctive Strengths to Advance the Healthy China Initiative

Aligned with the "Plan for All-around Rural Revitalization", which calls for strengthening rural healthcare and establishing a robust medical and health service system, SPH has launched the Yunnan Rural Health Clinic Construction Project through the Shangyuan Charity Special Fund. SPH gives full play to its specialized resources and integrated supply chain in advancing the "Healthy China" initiative. By running medical philanthropy in tandem with infrastructure development, SPH does more than fulfilling its corporate social responsibility—it provides a systematic, sustainable blueprint for a high-quality health service system, contributing its professional expertise to ensure that premium healthcare remains accessible and equitable for all.

A Decade of Devotion: SPH's "Care and Protection Program"

2025 marks the tenth anniversary of SPH's "Care and Protection Program." This year, through the "Shangyuan Charity" Special Fund and in partnership with Shanghai Charity Foundation's "Aid for Children's Hearts" Fund, SPH sponsored seven children with congenital heart disease—**three** from Karamay, **three** from Guannan (Yunnan), and **one** from Wanzhou (Chongqing)—to receive life-saving treatment in Shanghai. To date, SPH's "Care and Protection Program" has facilitated successful medical interventions for **133** children. From the remote frontiers of the northwest to the rugged mountains of the southwest, SPH continues to channel collective compassion into action, protecting every beating heart with professional excellence and human warmth.



SHAPHAR Enhances Xianfeng Village Clinic with New TCM Pavilion

In 2025, SHAPHAR expanded the standardized health clinic in Xianfeng Village by establishing a specialized "TCM Pavilion." Outfitted with modern physiotherapy equipment and staffed by traditional Chinese medicine practitioners, the pavilion offers enhanced rehabilitation services to the local community. This facility now meets the rigorous provincial standards for TCM service capacity in Yunnan and stands as a benchmark for rural healthcare infrastructure across the province. As the premier clinic among the **seven** administrative villages in Juli Town, it is uniquely positioned to provide residents with sophisticated, multi-tiered medical care and diverse TCM therapeutic options.

Empowering Rural Healthcare: The Yunnan Village Clinic Initiative

Through the "Shangyuan Charity" Special Fund, SPH has spearheaded a project to build and modernize rural health clinics across Yunnan. As of the end of the Reporting Period, the initiative has reached **15** clinics: **three** new constructions in Weishan County (Dali Prefecture), alongside **five** new and **seven** renovated facilities in Xinping County (Yuxi City). With a total investment of **CNY 2.86 million**, these clinics are scheduled to become fully operational in 2025.

Fostering Livable, Productive, and Aesthetically Pleasing Rural Communities to Bolster Ecological Revitalization

To enhance living conditions in the paired assistance areas and cultivate rural communities that are both livable and conducive to employment, SHAPHAR, SPH Sine, and SPH TCM have spearheaded multiple infrastructure projects. These include the standardization and upgrading of the health clinic in Xianfeng Village, the "Pioneer Picturesque" road greening and hardening initiative in Xianfeng Village, the azalea-themed characteristic village construction in Shifoshao Village, the drainage ditch project in Shijia Village, the convenience service center in Shijia Village, and the renovation of the Party member activity center in Kanglang Village. These efforts aim to improve the villagers' living environments and communal spaces.

Funding the Characteristic Rhododendron Village Project in Shifoshao Village

SPH Sine allocated **CNY 150,000** to the Characteristic Rhododendron Village Project in Shifoshao Village, funding the acquisition of **300** giant tree Rhododendron seedlings. By creating a unique landscape centered on these native blooms, the initiative seeks to catalyze rural tourism and stimulate the sale of local agricultural specialties. This aesthetic transformation also serves as a foundation for future ventures, including boutique homestays and the development of the "Bird-Only Pass" heritage site.

SPH Techpool Bolsters Forest Fire Resilience in Shuikou Town, Xingning City

In response to an initiative by the Tianhe District Emergency Management Bureau, SPH Techpool provided a targeted grant of **CNY 32,000** to strengthen forest fire prevention and suppression equipment and infrastructure in Shuikou Town, Xingning City. This investment enhances the region's disaster mitigation capacity, safeguarding both the local ecological landscape and the safety of its residents.

Integrating Financial Aid and Academic Scholarships to Foster Talent Revitalization

To solidify the gains made in poverty alleviation and advance the mission of rural revitalization, SPH is still committed to paired assistance. The Company employs an integrated "Five-Pillar" revitalization model—encompassing Party Building, Industry, Consumption, Talent, and Culture—while consistently working to upgrade the educational and living standards of local students.

Modernizing the TCM Culture & Science Learning Center

SPH TCM has transformed a traditional IT lab into a dedicated TCM Culture & Science Learning Center. The facility was fully modernized with **12** new computers, **21** sets of ergonomic workstations, and **one** interactive flat-panel display, enabling students to explore Traditional Chinese Medicine and other cultural heritage through digital platforms. The upgraded center will host "dual-teacher" (blended online/offline) TCM courses designed to spark students' curiosity and foster a campus environment rooted in medicinal heritage, ensuring the continuity of TCM knowledge across generations.

Furthermore, SPH TCM refurbished the adjacent playground, replacing an aged, slick cement surface with high-traction flooring. By increasing the anti-slip coefficient by **50%**, the project significantly reduces injury risks, while the vibrant new color scheme injects energy into the school environment and encourages physical activity.



Celebrating 15 Years of the "Hutchison Bookstore" Initiative

Launched in 2010, "Hutchison Bookstore" is a flagship nationwide CSR program by Shanghai Hutchison Pharmaceuticals, dedicated to establishing libraries for primary schools in remote regions and historic revolutionary bases. In 2025, the team conducted follow-up visits to **30** "Hutchison Bookstores," delivering newly donated books, athletic gear, and stationery. These efforts have substantially expanded the literary resources available to these schools, fostering a vibrant extracurricular reading culture and empowering children through the transformative power of knowledge.



Scholarships for Students in Kanglang Village

In its commitment to education, SPH TCM awards the "Wisdom Scholarship" and "Aspiration Scholarship" to high-achieving students and those from underprivileged backgrounds at Kanglang Primary School. The "Wisdom Scholarship" allocates **CNY 5,000** annually to honor **30** exceptional students, while the "Aspiration Scholarship" provides **CNY 5,000** per year to support **25** students in need.

Educational Support for Students in Shijia Village

SPH Sine has committed **CNY 10,000** in merit-based scholarships and **CNY 10,000** in financial aid grants to support orphans and underprivileged students at the high school and university levels.

Outlook for 2026

As we look toward 2026, the Chinese pharmaceutical industry is transitioning into a new era defined by "innovation-driven growth, structural optimization, and a return to fundamental value." The regulatory landscape is evolving from a primary focus on cost-containment toward the active promotion of excellence and breakthrough innovation. By fortifying the basic medical security network while pioneering diversified institutional frameworks, the sector is exploring new ways of industrial innovation and high-quality development. Amidst this continuous structural realignment, the sector is building fresh momentum, navigating a landscape where profound opportunities and complex challenges coexist.

As a premier industry leader and a cornerstone of Shanghai's biopharmaceutical sector, SPH is committed to being part of this history. By capitalizing on policy opportunities and navigating structural shifts, the Company continues to redefine corporate value in a new era, aligned with national strategies and the city's long-term vision.



Refining Governance to Fortify Development Foundations

We will continuously optimize a corporate governance framework aligned with our strategic objectives. This includes strengthening compliance and risk management systems while deepening anti-corruption and integrity initiatives to foster a transparent and ethical industry ecosystem.

Driving Innovation to Unleash Endogenous Drivers

We will reform our innovation mechanisms by building high-efficiency, collaborative platforms. Guided by patient needs and clinical utility, we will increase R&D investment and leverage cutting-edge technologies such as artificial intelligence to empower drug discovery and clinical trial design, aligning technological innovation with social responsibility and value creation.

Enhancing Accessibility in Pursuit of Universal Health

We are committed to building an agile, resilient, and sustainable pharmaceutical supply chain, upholding our core philosophy of "producing, selling, and delivering quality medicines." By leveraging intelligent logistics and advanced cold-chain systems, we ensure the stable supply of life-saving and orphan drugs. Furthermore, we utilize digital tools to enhance patient experiences and ensure the equitable distribution of medical resources.

Championing Green Development and Low-Carbon Responsibility

In active pursuit of "Dual Carbon" goals, we are implementing a comprehensive green strategy across our entire value chain. By advancing green factory initiatives and upgrading to smart manufacturing, we accelerate the ecological transformation of both our industry and the nation.

Empowering Talent to Strengthen Organizational Capability

By advancing our "talent-driven growth" strategy, we are building a high-caliber professional workforce. We refine our systems for attracting and nurturing scientific, professional, and technical talent, acquiring the essential intellectual capital required for sustainable growth.

Giving Back to Society to Co-create a Brighter Future

SPH remains dedicated to its social responsibilities, expanding the scope of our philanthropy and support for vulnerable groups. Through targeted assistance and rural revitalization initiatives, we strive to advance health equity and contribute to the realization of shared prosperity.

The road ahead is arduous, and perseverance is the only path to success. In 2026, SPH will continue to uphold its mission and responsibilities as a state-owned pharmaceutical manufacturer. By aligning with national strategies, leveraging technological innovation, and striving for operational excellence, we aim to reach our business goals, enhance public well-being, and contribute even more significantly to the "Healthy China" initiative.

Appendices

ESG Key Performance Indicators

Economic Performance

Indicator	Unit	2023	2024	2025
Operating Revenue	CNY 100mm	2,602.95	2,752.51	2,835.80
Net Profit Attributable to Shareholders	CNY 100mm	37.68	45.53	57.25
Total Assets	CNY 100mm	2,119.73	2,212.09	2,331.49
Total Tax Payment	CNY 100mm	74.98	73.27	77.00

Social Performance

Indicator	Unit	2023	2024	2025
Number and Distribution of Employees				
Total Number of Employees	Person(s)	48,164	49,402	49,608
▼ Employment Type				
Contract Employees	Person(s)	41,342	42,973	43,965
Other Employees	Person(s)	6,822	6,429	5,643
▼ Gender				
Male	Person(s)	23,826	24,360	24,720
Female	Person(s)	24,338	25,042	24,888
▼ Age				
50 and Above	Person(s)	7,771	7,404	6,910
30-49	Person(s)	31,634	32,899	34,071
30 and Below	Person(s)	8,759	9,099	8,627
▼ Educational Background				
Master's Degree and Above	Person(s)	2,288	2,516	2,769
Bachelor's Degree	Person(s)	14,978	16,730	19,248
Associate Degree	Person(s)	14,322	14,595	15,141
Others	Person(s)	16,576	15,561	12,450
▼ Percentage of Employees by Age Group				
50 and Above	%	16.1	14.99	13.93
30-49	%	65.7	66.59	68.68
30 and Below	%	18.2	18.42	17.39

Indicator	Unit	2023	2024	2025
▼ Percentage of Employees by Location				
Chinese Mainland	%	98.7	98.66	98.60
Hong Kong, Macao, Taiwan and Abroad	%	1.2	1.34	1.40
Employee Turnover Rate ¹				
Turnover Rate	%	12.0	14.06	13.59
▼ Turnover Rate by Gender				
Male	%	12.6	14.57	13.01
Female	%	11.4	13.5	14.16
▼ Turnover Rate by Age				
50 and Above	%	17.7	23.19	24.11
30-49	%	8.1	9.27	9.99
30 and Below	%	20.8	23.6	18.70
▼ Turnover Rate by Location				
Chinese Mainland	%	12.0	14.18	13.70
Hong Kong, Macao, Taiwan and Abroad	%	4.8	5.2	5.27
Employee Rights and Benefits				
New Hires During the Reporting Period	Person(s)	8,476	7,586	5,405
Individuals with Disabilities Hired	Person(s)	438	389	422
Labor Contract Signing Rate	%	100	100	100
Social Insurance Coverage	%	100	100	100
Employee Satisfaction	%	80	85	85
Employees' Training				
Percentage of Trained Employees	%	88	90	87
Training Attendees	Person-times	577,136	849,966	930,646
Training Hours	Hour(s)	1,574,970	1,818,845	1,977,355
Average Training Hours	Hour(s)	33	36.82	39.86
Employee Training Expenses ²	CNY'0,000	-	2,988.18	3,287.11
▼ Percentage of Trained Employees by Gender				
Male	%	83	92	89
Female	%	93	89	86

Indicator	Unit	2023	2024	2025
▼ Percentage of Trained Employees by Position				
Managerial and Professional Personnel	%	100	97	91
Technicians and Others	%	84	92	83
▼ Average Training Hours of Employees by Gender				
Male	Hour(s)	33	35.92	38.87
Female	Hour(s)	32	37.70	40.84
▼ Average Training Hours of Employees by Position				
Managerial and Professional Personnel	Hour(s)	64	44.34	49.28
Technicians and Others	Hour(s)	21	36.29	36.29
Occupational Health and Safety ³				
Health and Safety Investments	CNY'0,000	15,202.5	13,612	11,022
Manufacturing Accidents ⁴	#	7	2	7
Number of Work-Related Deaths (Accident of Production Safety)	Person(s)	0	0	0
Work-related Deaths (%)	%	0	0	0
Days Loss due to Work-Related Deaths	Day(s)	56	19	233
Investment in Work Injury Insurance	CNY'0,000	-	2,379.56	2,782.12
Coverage of Work Injury Insurance	%	-	100	100
Investment in Work Safety Liability Insurance	CNY'0,000	-	109.38	90.04
Coverage of Work Safety Liability Insurance	%	-	18	18.15
Safety Training Coverage ⁵	%	100	100	100
Safety Training Attendees	Time(s)	-	214,639	140,129
Average Safety Training Hours	Hour(s)	-	14.69	10.28
Number of Safety Drills	Time(s)	927	789	1,088
Number of Participants in Safety Drills	Person(s)	24,411	46,554	50,982
Physical Examination Rate	%	100	100	100
Number of People Completing Physical Examination	Person(s)	5,886	6,162	5,738
Employees with Work-related Illnesses	%	0	0	0
Incidence Rate of Work-related Illnesses	%	0	0	0
Reported Rate of Occupational Hazards	%	100	100	100
Detection Passing Rate of Occupational Hazards	%	100	100	100
Notification Rate of Occupational Hazards	%	100	100	100

Indicator	Unit	2023	2024	2025
R&D and Innovation ⁶				
R&D Investment	CNY 100mm	26.02	28.18	26.04
R&D Expenditure	CNY 100mm	22.04	23.94	23.40
R&D Expenditure	Person(s)	1,666	1,772	1,817
Number of Patent Applications in the Current Year	Person(s)	135	236	282
Number of Invention Patent Applications in the Current Year	#	122	130	183
Granted Patents (cumulative)	#	1,489	1,982	2,277
Number of Granted Patents in the Current Year	#	124	164	155
Cumulative Number of Trademark Applications	#	936	2,382	3,011
Total Number of Registered Trademarks	#	1,385	2,457	2,654
Supplier Management ⁷				
Total Number of Suppliers	#	670	698	804
▼ Number of Suppliers by Place				
Chinese Mainland	#	655	689	779
Hong Kong, Macao and Taiwan	#	1	1	0
Abroad	#	14	8	25
▼ Number of Suppliers by Material Type				
APIs	#	151	166	198
Excipients	#	280	306	341
Primary Containers	#	114	102	118
Outer Packaging Materials	#	125	124	147
▼ Number of Suppliers by Significance				
Strategic/Exclusive Suppliers	#	105	53	53
Important Suppliers	#	270	284	290
Common Suppliers	#	295	361	461
▼ Supplier Quality				
Number of Suppliers with GMP Certification	#	128	116	128
Number of Suppliers with Certification of Quality Management System	#	224	380	392
Number of Suppliers with Certification of Occupational Health and Safety Management Systems	#	112	186	237
Number of Suppliers with Certification of Environmental Management system	#	129	185	240
Number of Suppliers with Open Cooperation Agreement, Letter of Commitment, or Integrity Compliance Agreement	#	670	698	605

Indicator	Unit	2023	2024	2025
▼ Number of Suppliers' Employees in Trainings				
Clean Procurement	Person(s)	703	371	284
Environmental Protection	Person(s)	58	142	149
Occupational Safety	Person(s)	58	143	150
Other Training Topics	Person(s)	31	57	43
▼ Hours of Training for Suppliers				
Clean Procurement	Hour(s)	528.5	276.5	280
Environmental Protection	Hour(s)	23	131.5	169
Occupational Safety	Hour(s)	21	131.5	166
Other Training Topics	Hour(s)	4	18	16
▼ Suppliers' Annual Evaluation				
Total Number of Suppliers' Annual Evaluation	#	629	612	650
Including: Suppliers' Annual Evaluation on APIs	#	151	185	153
Including: Suppliers' Annual Evaluation on Excipients	#	241	279	256
Including: Suppliers' Annual Evaluation on Primary Containers	#	112	101	105
Including: Suppliers' Annual Evaluation on Outer Packaging Material	#	125	109	121
Including: Number of Disqualified Suppliers	#	1	3	15
Product Quality				
Quantity of products recalled for safety and health	Box	0	93,992	0
	kg ^a	0	26.16	0
Percentage of products subject to recalls for safety and health in total products sold or shipped	%	0	0.002	0
Number of product and service complaints ⁹	#	513	510	438
Customer complaint response rate	%	100	100	100
Customer complaint resolution rate	%	100	100	100

Indicator	Unit	2023	2024	2025
Philanthropy and Charity				
Public Welfare Activities	#	142	84	81
Volunteer Services	Person-times	624	640	4,149
Volunteer Services Duration	Hour(s)	1,331	1,670.50	7,280
Total Donation Amount	CNY'0,000	3,804.1	2,100.99	1,665.92
Including: Health	CNY'0,000	2,087.15	862.20	561.81
Including: Rural Revitalization	CNY'0,000	232.34	205.37	161.69
Including: Science, Education, Culture and Sports	CNY'0,000	980.38	522.49	627.47
Including: Disaster Relief	CNY'0,000	56.91	206.92	142.26
Including: Social Welfare	CNY'0,000	372.27	304.02	172.68
Including: Others	CNY'0,000	111.97	0	0

Note:

1. The employee turnover rate is calculated as "Number of Employees Leaving within the Category / Average Total Number of Employees in the Category."

2. "-" indicates disclosures starting from 2024.

3. The occupational health and safety data encompasses 30 secondary SPH subsidiaries.

4. During the Reporting Period, SPH experienced seven workplace accidents. The Company promptly took effective containment measures for each incident and, in adherence to the "Four Cardinal Principles", conducted investigations before formulating and implementing corrective and preventive actions, enhancing safety training, and strengthening supervision to prevent recurrence of similar accidents.

5. Calculated as the ratio of the number of actual trainees to the number of personnel to be trained.

6. Since 2024, our database on trademarks and patents has been expanded to include the pharmaceutical commerce sector and SH-INNO; as of 2025, Shanghai Hutchison has also been added to the list.

7. Since 2024, the supplier management data has covered suppliers of raw, auxiliary and packaging materials for key products listed by SPH and its manufacturing subsidiaries.

8. The recalled decoction pieces are measured in kilograms (kg) and separately listed.

9. Since 2024, the product quality data encompasses SPH's pharmaceutical manufacturing subsidiaries. The majority of complaints were related to damaged packaging and were handled according to the Company's standard operating procedures.

Environmental Performance

Usage of Key Packaging Materials

Dosage Form	Packaging	Material	Unit	2023	2024	2025
Tablet	Primary Containers	Plastic bottles, aluminum foil, hard films, aluminum films, etc.	kg	1,084,345	1,009,756	888,740
	IFU	Paper	kg	385,328	347,453	186,468
	Pack	Paper	kg	2,059,150	2,095,277	1,024,773
	Box	Gold cardstock	kg	36,905	20,800	16,877
	Bottle Labels	Paper and adhesive labels	kg	8,273	18,777	16,018
	Carton	Cardboard	kg	825,020	624,354	380,386
Capsule	Primary Containers	Plastic, aluminum film	kg	685,071	949,631	555,737
	IFU	Paper	kg	117,761	150,879	97,048
	Pack	Paper	kg	2,096,055	948,629	765,035
	Carton	Cardboard	kg	344,585	485,991	343,759
Injection	Primary Containers	Glass, tube-type bottles, aluminum-plastic caps with rubber stopper, etc.	kg	3,150,054	1,351,576	883,172
	IFU	Paper	kg	76,266	43,089	37,397
	Bottle Labels	Coated Paper	kg	68,954	10,838	21,708
	Pack	Paper	kg	336,748	198,105	95,977
	Carton	Cardboard	kg	337,190	104,759	52,330
Pill	Primary Containers	Polypropylene, polycarbonate, aluminum foil, plastic, etc.	kg	93,352	103,327	105,428
	IFU	Paper	kg	13,051	9,089	7,377
	Pack	Paper	kg	121,571	203,152	123,150
	Carton	Cardboard	kg	57,623	54,022	49,196
Other Dosage Forms	Primary Containers	Polyester, aluminum, polyethylene, glass, plastic, etc.	kg	233,057	974,957	1,380,766
	IFU	Paper	kg	25,133	15,713	55,672
	Pack	Paper	kg	107,013	277,376	326,087
	Label	Paper	kg	6,398	25,619	30,112
	Carton	Cardboard	kg	121,600	190,627	314,957
APIs	Primary Containers	Plastic bags, PE	kg	5,390	171,612	12,675
	Barrels	Paper, aluminum	kg	12,585	72,017	98,889

Emissions & Energy Consumption

The reporting scope for 2025 emissions and energy performance has been updated relative to 2024: SPH Pharmaceutical Technology Co., Ltd. and Shanghai Hutchison Pharmaceuticals Co., Ltd. have been added, while Shanghai Sine Yanan Pharmaceutical Co., Ltd. and Sichuan SPH Shendu Traditional Chinese Medicine Co., Ltd. have been decommissioned. As of the end of 2025, the following SPH companies disclosed relevant information:

No.	Name of enterprises directly under the Group	Name of subsidiaries of drug manufacturers directly under the Group
1	Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd.	1-1 Shanghai SPH Sine Pharmaceutical Laboratories Co., Ltd., General Factory 1-2 Shanghai Sine No.2 Pharmaceutical Laboratories Co., Ltd. 1-3 Shanghai Harvest Pharmaceutical Co., Ltd. 1-4 Shanghai Sine Tianping Pharmaceutical Co., Ltd. 1-5 Shanghai Sine Wanxiang Pharmaceutical Co., Ltd. 1-6 Shanghai Sine Jinzhu Pharmaceutical Co., Ltd. 1-7 Shandong Sine Pharmaceutical Co., Ltd. 1-8 Tianjin Jinjin Pharmaceutical Co., Ltd.
2	SPH No. 1 Biochemical & Pharmaceutical Co., Ltd.	2-1 SPH No. 1 Biochemical & Pharmaceutical Co., Ltd. 2-2 SPH Pharmaceutical Technology Co., Ltd.
3	Shanghai SPH New Asia Pharmaceutical Co., Ltd.	3-1 Shanghai SPH New Asia Pharmaceutical Co., Ltd. 3-2 SPH New Asia Pharmaceutical (Minhang) Co., Ltd.
4	Shanghai Traditional Chinese Medicine Co., Ltd.	4-1 Shanghai Dehua Traditional Chinese Medicines Co., Ltd. 4-2 Shanghai Yutiancheng Chinese Herbal Medicine Company Limited 4-3 Shanghai Huapu Chinese Herbal Medicine Company Limited 4-4 Shanghai SPH Shenxiang Health Pharmaceutical Co., Ltd. 4-5 Chongqing Huiyuan Qinglong Pharmaceutical Co., Ltd. 4-6 SPH (Liaoning) TCM Resources Co., Ltd.
5	Shanghai Leiyunshang Pharmaceutical Co., Ltd.	5-1 Shanghai Leiyunshang Pharmaceutical Co., Ltd. 5-2 Shanghai Leiyunshang Fengbang Pharmaceutical Co., Ltd. 5-3 Shanghai SPH Xingling Sci. & Tech. Pharmaceutical Co., Ltd. 5-4 Zhejiang Jiuxu Pharmaceutical Co., Ltd.
6	Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.	6-1 Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd. 6-2 Shanghai SPH Zhongxi Pharmaceutical Co., Ltd. 6-3 Shanghai Jinhe Bio-Pharmaceutical Co., Ltd.
7	Shanghai Zhonghua Pharmaceutical Co., Ltd.	7-1 Shanghai Zhonghua Pharmaceutical Co., Ltd. 7-2 Shanghai Zhonghua Nantong Pharmaceutical Co., Ltd.
8	Shanghai Sunway Biotech Co., Ltd.	8-1 Shanghai Sunway Biotech Co., Ltd.
9	SPH Changzhou Pharmaceutical Co., Ltd.	9-1 Changzhou Pharmaceutical Factory Co., Ltd 9-2 Nantong Changyou Pharmaceutical Technology Co., Ltd. 9-3 Chifeng Arker Pharmaceutical Technology Co., Ltd. 9-4 Chifeng Mysun Pharmaceutical Co., Ltd.
10	SPH Qingdao Growful Pharmaceutical Co., Ltd.	10-1 SPH Qingdao Growful Pharmaceutical Co., Ltd.
11	Xiamen Traditional Chinese Medicine Factory Co., Ltd.	11-1 Xiamen Traditional Chinese Medicine Factory Co., Ltd.
12	Chiatai Qingchunbao Pharmaceutical Co., Ltd.	12-1 Chiatai Qingchunbao Pharmaceutical Co., Ltd.
13	Hangzhou Huqingyutang Pharmaceutical Co., Ltd.	13-1 Hangzhou Huqingyutang Pharmaceutical Co., Ltd.
14	Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd.	14-1 Liaoning SPH Herbapex Pharmaceutical (Group) Co., Ltd.
15	Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd.	15-1 Shanghai Pharma Group Changzhou Kony Pharmaceutical Co., Ltd. 15-2 SPH Dongying (Jiangsu) Pharmaceutical Co., Ltd.

No.	Name of enterprises directly under the Group	Name of subsidiaries of drug manufacturers directly under the Group
16	SPH (Benxi) Northern Pharmaceutical Co., Ltd.	16-1 SPH (Benxi) Northern Pharmaceutical Co., Ltd.
17	Techpool Bio-Pharma Co., Ltd.	17-1 Techpool Bio-Pharma Co., Ltd.
18	Shanghai Hutchison Pharmaceuticals Co., Ltd.	18-1 Shanghai Hutchison Pharmaceuticals Co., Ltd.

Note: For detailed emissions and energy consumption performance in 2023, please refer to the Company's 2023 Sustainability & Environmental, Social, and Governance Reports, where data was formerly presented at the subsidiary level. Starting from the 2024 reporting period, these metrics are reported at the consolidated Company level.

Indicator	Unit	2024	2025
Emissions			
Wastewater Discharged	10,000t	332.07	335.03
Amount of COD in Wastewater Discharged	t	228.97	204.81
Amount of N-NH3 in Wastewater Discharged	t	7.02	14.73
Total Amount of Non-Methane Hydrocarbon in Exhaust Gas Emitted	kg	39,267.23	41,870.98
Amount of Sulfur Dioxide in Exhaust Gas Emitted	kg	4,502.81	4,280.38
Amount of Nitrogen Oxide in Exhaust Gas Emitted	kg	29,809.44	27,556.60
Amount of Particulate Matter in Exhaust Gas Emitted	kg	11,164.79	8,996.76
Amount of Others in Exhaust Gas Emitted	kg	4,365.03	3,116.99
Greenhouse Gas Emissions ¹	tCO ₂ e	379,551.78	369,452.08
Direct Greenhouse Gas Emissions(Scope 1)	tCO ₂ e	84,024.45	70,900.78
Indirect Greenhouse Gas Emissions(Scope 2) ²	tCO ₂ e	295,527.33	298,551.30
Greenhouse Gas Emissions Directly Reduced (Scope 1) ³	tCO ₂ e	810.22	1,379.83
Greenhouse Gas Emissions Directly Reduced (Scope 2) ⁴	tCO ₂ e	12,352.36	9,186.05
Greenhouse Gas Emission Intensity	tCO ₂ e/CNY10,000 output value	0.1848	0.1879
Amount of General Solid Waste Produced	t	30,418.44	29,500.78
Amount of General Solid Waste Disposed	t	5,306.92	7,318.06
Amount of General Solid Waste Utilized	t	25,098.03	21,954.93
General Solid Waste Discharge Density	t/CNY10,000 output value	0.0148	0.0141
Amount of Hazardous Waste Produced	t	7,545.85	9,855.64
Amount of Hazardous Waste Disposed	t	7,520.53	9,736.84
Hazardous Waste Discharge Density	t/CNY10,000 output value	0.0037	0.0047

Indicator	Unit	2024	2025
Energy Consumption ⁵			
Total Water Consumption	10,000t	445.71	474.7
Water Consumption Rate	10,000t/CNY10,000 output value	0.0002	0.00023
Comprehensive Energy Consumption	tce	112,596.55	116,374.40
Energy Intensity	tce/CNY10,000 output value	0.0548	0.0554
Purchased Electricity Consumption	10,000 kWh	32,986.35	36,091.46
Including: Green power and GEC-equivalent electricity	10,000 kWh	/	3,591.1
Purchased Thermal Power Consumption	Mkj	968,263.17	973,181.95
Coal Consumption	t	13,081.24	11,287.80
Liquid Petroleum Gas Consumption	t	18.54	6.70
Gasoline Consumption	t	371.65	205.42
Diesel Fuel Consumption	t	586.36	435.58
Total clean energy consumption	tce	28,242.24	29,801.73
Natural Gas Consumption	10,000m ³	1,910.46	2,104.50
Wind Energy Consumption	MWh	3,682.81	0
Solar Energy Consumption	MWh	19,369.39	14,742.71

Note:

1. Greenhouse gas (GHG) emission calculations are primarily based on the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Other Industrial Enterprises and the Guidelines for Provincial GHG Inventories (Trial). Scope 1 (Direct Emissions) primarily tracks CO₂ emissions from fossil fuel combustion; Scope 2 (Indirect Emissions) focuses on CO₂ emissions resulting from purchased electricity and thermal energy.
2. For 2024, the Scope 2 electricity emission factor is set at 0.5703 kgCO₂/kWh (per the Notice on the Management of GHG Emission Reporting for Power Generation Sector 2023-2025). For 2025, the factor is adjusted to 0.5306 kgCO₂/kWh, reflecting the 2023 national average grid emission intensity. The emission factor for thermal energy follows the national default value of 0.11 tCO₂/Gj.
3. Scope 1 GHG reductions resulting directly from mitigation measures account solely for savings in natural gas. For these calculations, low-pressure steam is defined by a temperature of 240° C and a pressure of 0.8 MPa, with a corresponding specific enthalpy of 2,927.44 kJ/kg.
4. Scope 2 GHG reductions resulting directly from mitigation measures represent the combined savings from reduced electricity and thermal energy consumption. The emission factor for electricity is set at 0.5306 kgCO₂/kWh (based on the 2023 national average grid emission intensity), while the emission factor for thermal energy follows the national default value of 0.11 tCO₂/Gj.
5. Energy consumption metrics are calculated in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020). The conversion factors to standard coal equivalent (SCE) are as follows: 13.3 tce per 10,000 m³ for natural gas; 0.0341 tce/Gj for thermal energy; and 1.229 tce per 10,000 kWh for electricity. Data for 2024 total energy consumption and energy intensity have been retrospectively restated to ensure consistency with the updated calculation methodology.

ESG Reporting Guide Content Index

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Green & Low-Carbon Development: Safeguarding Ecosystems for Sustainable Growth	Response to climate change	Articles 21-28	Part D	E5.1-E5.5、E5.7	E1.1.1-E1.1.6、E1.1.11
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	Biodiversity Conservation	Article 32	-	E6.2	E2.3.3-E2.3.4

Sections in this Report		Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)	Content Index of SEHK's ESG Reporting Code	Content Index of the ESG Indicator System for Listed State-Owned Holding Companies in Shanghai (2026 Edition)	Chinese Academy of Social Sciences Guidelines on Sustainability Reporting for Chinese Enterprises (CASS-ESG 6.0)
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Rating Report

Rating Report for the 2025 Sustainability Report & Environmental, Social and Governance (ESG) Report of Shanghai Pharmaceuticals Holding Co., Ltd.

At the behest of Shanghai Pharmaceuticals Holding Co., Ltd. for three consecutive years, an expert rating panel was assembled by the Chinese Expert Committee on CSR Report Rating to undertake the evaluation of the "2025 Sustainability Report & Environmental, Social and Governance (ESG) Report of Shanghai Pharmaceuticals Holding Co., Ltd." (the "Reports").

I. Rating Criteria

- 1. Sustainability Disclosure Standards for Enterprises-Basic Standards (Trial);
- 2. Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial);
- 3. Guidelines on Corporate Sustainability Reporting for Chinese Enterprises (CASS-ESG 6.0): Pharmaceutical Manufacturing Industry;
- 4. Rating Standards for Sustainable Development Reports of Chinese Enterprises (2026).

II. Rating Analysis

Process Orientation (★★★★★)

The report preparation process is spearheaded by the ESG Working Group under the Audit Committee, with the Board of Directors providing final oversight and approval. To enhance sustainability management, the Company conducted extensive preliminary research to establish and refine a robust ESG indicator framework. The preparation phase included specialized ESG training and in-depth interviews across functional departments to ensure data integrity and reliability. Furthermore, by encouraging subsidiaries to publish their own sustainability reports and offering the final disclosure in Simplified Chinese, Traditional Chinese, and English—complemented by intuitive infographics—the Company demonstrates excellence in procedural rigor and stakeholder engagement.

Materiality (★★★★★)

The Reports provide systematic and detailed disclosure of pivotal issues within the pharmaceutical sector, including climate change mitigation, management of hazardous emissions, waste disposal, energy and resource conservation, pharmaceutical R&D, adherence to scientific ethics, product and service safety and quality, improvement of drug accessibility, occupational health and workplace safety, career development and training, sustainable governance structures, and efforts to counter commercial bribery and corruption. The depth of coverage is particularly notable in three core areas: product and service safety and quality (15 pages), climate change mitigation (11 pages), and pharmaceutical R&D (10 pages), demonstrating exceptional materiality in reporting.

Completeness (★★★★☆)

The Reports cover 81.11% of the core indicators for the pharmaceutical manufacturing industry, organized through a comprehensive narrative framework including "Sustainable Development Governance System", "Governance Foundations: Strengthening the Core for Steady and Sustainable Growth", "Excellence in Craftsmanship: Innovation-Driven Leadership, Quality-First Commitment", "Green & Low-Carbon Development: Safeguarding Ecosystems for Sustainable Growth", "Industrial Synergy: Jointly Cultivating the Ecosystem, Aligning Strengths for Mutual Success", "People-Centricity: Aligning Visions and Efforts to Shape the Future Together", and "Social Contribution: Committed to Public Wellbeing, Building a Brighter Life Together". Notably, the coverage reaches a perfect 100% across several key pillars: Environmental (environmental compliance and utilization of energy and water resources), Social (social contribution, tech ethics, data security & customer privacy protection, occupational health & workplace safety, and professional development & training), and Governance

(stakeholder engagement and anti-unfair competition), demonstrating exceptional completeness in reporting.

Balance (★★★★★)

The Reports maintain a high degree of transparency by disclosing adverse metrics, including "Manufacturing Accidents", "Days Loss due to Work-Related Deaths", "Employees with Work-related illnesses", "Number of Product and Service Complaints", and "Employee Turnover Rate". Furthermore, the Reports provide an account of self-inspections and administrative penalties regarding antitrust allegations, demonstrating exceptional balance in reporting.

Comparability (★★★★★)

The Reports provide detailed three-year longitudinal data for 148 key performance indicators, such as "Operating Revenue", "Total Tax Payment", "Total Number of Employees", "Labor Contract Signing Rate", "Wastewater Discharged", and "Gasoline Consumption". The social dimension is particularly robust, featuring 30 data sets for employee rights, 30 for supply chain security, and 21 for occupational health and safety. Additionally, the Company facilitates horizontal benchmarking by citing its global standing, such as ranking 407th on the 2025 Fortune Global 500 and 19th on the Most Valuable Pharma Brands 2025, demonstrating exceptional comparability in reporting.

Readability (★★★★★)

Utilizing a thematic framework, the Reports systematically presents the Company's annual CSR milestones through the lenses of sustainable governance, innovation-driven development, green & low-carbon development, industrial synergy, people-centricity, and social contribution. The narrative is both focused and comprehensive. The cover's high-resolution photography reinforces corporate identity, while the compact layout—enriched with diverse case studies, vivid imagery, and multi-dimensional presentation formats—ensures an engaging and highly readable experience.

Innovation (★★★★☆)

The Reports feature an opening special section titled "Navigating Toward a Healthy Future, with Responsibility as the Vessel and Innovation as the Compass," which highlights the R&D and commercialization of an antihypertensive medication to underscore the Company's dedication to public health. By aligning with international standards and regulatory mandates, the Company adopts the four-pillar framework (Governance, Strategy, Opportunity & Risk Management, and Metrics & Targets) to disclose its performance in compliant operations, innovation-driven growth, and climate resilience. This forward-thinking approach significantly enhances the rigor and standardization of its disclosures, reflecting industry-leading innovation.

III. Overall Rating (★★★★★)

Upon thorough evaluation by the rating panel, the "2025 Sustainability Report & Environmental, Social and Governance (ESG) Report of Shanghai Pharmaceuticals Holding Co., Ltd." receive a rating of Five Stars, distinguishing the Reports as a stellar example of corporate sustainability reporting.



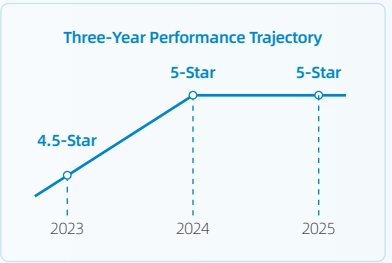
Rating Tier	Rating Stars	Development Benchmark
5-Star Plus	★★★★★+	Exemplary
5-Star	★★★★★	Exceptional
4.5-Star	★★★★☆	Leading
4-Star	★★★★	Excellent
3-Star	★★★	Competent
2-Star	★★	Developing
1-Star	★	Nascent

IV. Recommendations for Improvement

- 1. Expand the disclosure of core environmental indicators regarding pollutant emissions and waste management protocols for a more complete report.
- 2. Enhance the narrative structure and visual design elements to further amplify the Reports' innovative impact.

V. Rating Distinction

Having participated in reporting rating for three consecutive years, Shanghai Pharmaceuticals Holding Co., Ltd. is hereby honored with the Bronze Milestone Medal.



黄群慧

Vice-Chairperson of the Chinese Expert Committee on CSR Report Rating

钟宏武

Head of the Rating Panel

魏香丽

Expert Member of the Rating Panel

Date of Issuance:
March 29, 2026



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Rating Profile

Reader Feedback Form

Thank you for taking the time to read the 2025 Sustainability Report & Environmental, Social and Governance (ESG) Report. In order to promote our work regarding environmental, social and governance matters and improve the quality of our ESG report, we welcome your feedback.

Tel: 86 21 63730908

E-mail: pharm@sphchina.com

1. What is your relationship with SPH?

- ☐ Consumer
- ☐ Employee
- ☐ Partner
- ☐ Government
- ☐ Media
- ☐ Others (please indicate)

2. Are you satisfied with this report?

- ☐ Yes
- ☐ No
- ☐ Average

3. What do you think of the structure and presentation of this report?

- ☐ Very Reasonable
- ☐ Reasonable
- ☐ Average
- ☐ Poor

4. What do you think of the quality of the information disclosed in this report?

- ☐ Very Good
- ☐ Good
- ☐ Average
- ☐ Poor

5. In your opinion, is this report readable in such arrangement and layout?

- ☐ Yes
- ☐ No
- ☐ Average

6. Do you have any additional comments or suggestions on our ESG work and this report?