



2025 Sustainability Report



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About This Report

Report Explanation

2025 Sustainability Report of Hapharm Group (hereinafter referred to as "this Report") is prepared and published by HARBIN PHARMACEUTICAL GROUP CO., LTD. (hereinafter referred to as "Hapharm Group," "the Company," or "we"). Building on the Company's social responsibility disclosure efforts, this is the first dedicated sustainability report that systematically integrates and expands upon relevant information under the environmental, social, and governance (ESG) framework. It provides a focused presentation of the Company's management philosophy, key initiatives, and progress in the field of sustainability for the year 2025. This Report aims to facilitate more efficient, comprehensive, and objective communication and exchange with all stakeholders regarding the Company's sustainability work.

Materiality

The Company conducted a double materiality assessment on ESG-related topics for 2025, comprehensively identifying and evaluating the impact of each topic on the Company's financial position, stakeholders, and the environment and society. For the specific process and results of the double materiality assessment, please refer to the "Double Materiality Analysis" chapter of this Report.

Quantitative

For all quantitative indicators in this Report, their measurement scope, statistical methods, relevant assumptions, and the sources of calculation tools or conversion factors used (if applicable) are explained accordingly to enhance the transparency and comprehensibility of the information disclosed.

Balance

This Report strives to reflect the Company's management initiatives and phased achievements in the environmental, social, and corporate governance fields in a true, fair, and comprehensive manner. It aims to avoid improperly influencing the judgment and decisions of report users through selective disclosure, information omission, or improper presentation.

Consistency

As this is the Company's first sustainability report prepared under the ESG framework, the Company will, unless otherwise specified or in special circumstances, continuously optimize and improve its statistical scope and disclosure methods for sustainability-related information disclosure based on existing disclosures. The Company will maintain relative consistency in disclosure principles and methods to enhance the continuity and comparability of the information disclosed.

Preparation Basis

This Report has been prepared in accordance with the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) issued by the Shanghai Stock Exchange (SSE). It also references the Corporate Sustainability Disclosure Standards – Basic Standards (Trial) issued by nine departments including the Ministry of Finance of the People's Republic of China, the Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board (GSSB), IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (UN SDGs).

Reporting Scope

In principle, this Report covers HARBIN PHARMACEUTICAL GROUP CO., LTD. and its subsidiaries included in the consolidated financial statements. Where individual indicators do not cover all entities due to statistical scope, business nature, or data availability, corresponding explanations have been provided in the report.

Time Horizon

This Report covers the period from January 1, 2025, to December 31, 2025. To enhance the completeness and comparability of the information, some content may be appropriately traced back to previous years or extended beyond the reporting period where necessary.

Sources

The data disclosed in this Report is primarily sourced from the Company's internal statistical data, business management systems, and consolidated information from relevant functional departments. Some data is derived from audited financial reports or third-party professional institutions. The Company adheres to the principles of authenticity, accuracy, and completeness in data collection and consolidation to ensure the reliability of the information disclosed.

How to Obtain This Report

This Report is published in electronic format and can be accessed and obtained from the website of the Shanghai Stock Exchange (www.sse.com.cn) or the official website of Hapharm Group (www.hayao.com). This Report is available in both Chinese and English versions. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Definitions

| Term | Refers to | Definition |
|--|-----------|---|
| Hapharm Group, the Company | Refers to | Harbin Pharmaceutical Group Co., Ltd. |
| Harbin Pharmaceutical Group, the Group | Refers to | Harbin Pharmaceutical Group Holding Co., Ltd. (HPGC) |
| This Report | Refers to | 2025 Sustainability Report of Hapharm Group |
| Reporting period, this year | Refers to | The period from January 1, 2025 to December 31, 2025 |
| Hayao General Factory | Refers to | Harbin Pharmaceutical Group General Factory |
| Hayao No.6 Factory | Refers to | Harbin Pharmaceutical Group No.6 Pharmaceutical Factory |
| Sanchine | Refers to | Harbin Pharm Group Sanjing Pharmaceutical Co., Ltd. |
| Sanjing Mingshui | Refers to | Harbin Pharmaceutical Group Sanjing Mingshui Pharmaceutical Co., Ltd. |
| Shiyitang Chinese Medicine | Refers to | Harbin Shiyitang Chinese Medicine Co., Ltd. |
| Renmintongtai | Refers to | Harbin Pharmaceutical Group Renmintongtai Pharmaceutical Co., Ltd. |
| Logistics Center | Refers to | Harbin Pharmaceutical Group Harbin Pharmaceutical Commercial Co., Ltd. |
| Pharmaceutical Branch | Refers to | Pharmaceutical Branch of Hapharm Group Pharmaceutical Co., Ltd. |
| Second Chinese Medicine Factory | Refers to | Harbin Pharmaceutical Group Second Chinese Medicine Factory |
| Marketing Company | Refers to | Harbin Pharmaceutical Group Marketing Co., Ltd. |
| GNC China | Refers to | GNC China is jointly composed of GNC Hong Kong, GNC Trading, Food Technology and Harbin Pharmaceutical Hong Kong II |
| GMP | Refers to | Good Manufacturing Practice |
| GSP | Refers to | Good Supply Practice for Drugs |
| GLP | Refers to | Good Laboratory Practice |
| RMB, ten thousand yuan, hundred million yuan | Refers to | RMB yuan, ten thousand yuan, hundred million yuan |

Message from the Chairman



哈药股份

HARBIN PHARMACEUTICAL GROUP CO., LTD.
Party Secretary and Chairman

As times evolve, so do health needs; as the industry progresses, responsibilities deepen.

Standing at a new stage of profound transformation in the pharmaceutical and healthcare sector, the Company recognizes with increasing clarity that the value of a pharmaceutical enterprise lies not only in its scale and performance but also in its reverence for life and health, its commitment to social responsibility, and its continuous investment in long-term sustainability. Hapharm Group has always upheld safeguarding public health as its founding mission, closely integrating high-quality development with social value creation. This year, the Company is releasing its sustainability report for the first time under a systematic ESG framework. This represents both a comprehensive review of years of governance practices and developmental achievements and marks a significant upgrade in Hapharm's development philosophy, management systems, and expression of responsibility. It reflects the Company's firm commitment to advancing high-quality development with greater transparency, standardization, and a long-term orientation.

Focusing on present development to solidify foundations for long-term growth; looking ahead to drive transformation and foster momentum through innovation.

Over the past year, the Company has continued to refine its modern corporate governance system, treating compliant operations and risk prevention and control as essential pillars of stable operations. Through a series of institutional arrangements, it has continuously enhanced decision-making transparency and management standardization. At the same time, the Company has steadfastly advanced technological innovation and digital transformation—from optimizing its R&D system to implementing smart manufacturing practices, and from quality data governance to reengineering management processes—creating synergy between technology and management to embed reform outcomes as organizational capabilities and drivers of development. The Company firmly believes that only by building solid foundations and pursuing deep innovation can an enterprise maintain resilience amid complex and changing environments and steadily advance toward longer-term development.

Upholding quality as the cornerstone to honor its original mission, and prioritizing responsibility to protect health; building trust through dedicated service and demonstrating value through responsible actions. The pharmaceutical industry carries the public's high expectations for safety and efficacy.

The Company continues to strengthen its full-lifecycle quality management and pharmacovigilance systems, shifting risk identification and process controls upstream to the R&D and production stages. Through rigorous quality process management, it ensures that every medicine meets the test of standards and time. Concurrently, the Company continuously enhances customer service capabilities and medication accessibility by providing professional pharmacy support and developing frontline services to better align health services with societal needs. For Hapharm, quality is not merely a baseline for survival but a solemn commitment to the public and the fundamental basis for sustained and stable development.

Embracing green trends to promote sustainable development and expanding horizons through synergistic collaboration; caring for employees to build collective strength and co-creating an ecosystem for a shared future.

In response to resource and environmental constraints, the Company integrates green principles throughout its production and operations, continuously advancing energy conservation, consumption reduction, and environmental protection to ensure more resilient and responsible development. Meanwhile, the Company places great emphasis on employee development and industrial collaboration, fostering talent, promoting industry-academia-research partnerships, and engaging in social practices to drive mutual progress among the enterprise, its partners, communities, and the broader industry. The Company deeply understands that genuine sustainability is a process in which enterprises and society mutually empower and share outcomes.

Looking ahead with steadfast resolve to create long-term value; walking hand-in-hand toward a shared vision and co-writing a new chapter in health.

Going forward, sustainability will remain a critical benchmark for measuring corporate resilience and governance maturity. Hapharm Group will leverage a stronger governance foundation, a more determined pace of innovation, and a more open approach to responsibility to translate sustainability principles into enduring value creation. The Company is committed to advancing alongside all stakeholders, aligned in the mission of safeguarding public health, ensuring that corporate growth and social progress reinforce each other, and jointly crafting a new chapter of high-quality development for Hapharm's future through accumulated trust and shared value over time.

About Hapharm Group

Company Profile

The Company focuses on the pharmaceutical and healthcare industry, primarily engaging in pharmaceutical research and development, manufacturing, wholesale and retail businesses. It is a large domestic high-tech pharmaceutical enterprise integrating R&D, manufacturing and sales. According to the industry classification standards issued by the China Association for Public Companies, the Company belongs to the pharmaceutical manufacturing industry (C27). The Company was listed on the Shanghai Stock Exchange in June 1993 (Hapharm Group, 600664.SH), becoming the first listed company in China's pharmaceutical industry and the first listed company in Heilongjiang Province.

During its development, the Company has continuously optimized its business structure and integrated resources. In 2015, the Company reorganized its assets and business segments through asset restructuring, establishing a pharmaceutical commercial listing platform (Renmin Tongtai, 600829.SH) and forming a business layout in which pharmaceutical manufacturing and pharmaceutical distribution operate relatively independently while developing in coordination.

The Company's pharmaceutical R&D and manufacturing business covers chemical drugs, traditional Chinese medicine, biologics, healthcare products, medical devices and aesthetic medicine products. Its product portfolio focuses on five major therapeutic areas, including cardiovascular and cerebrovascular diseases, digestive and metabolic systems, respiratory systems, anti-infectives and anti-tumor treatments, with more than 500 products currently in production and on sale. Major products include Zinc Gluconate Oral Solution, HAYAO Calcium-Iron-Zinc Oral Liquid, Compound Calcium Gluconate Oral Solution, Erythropoietin Injection, Amoxicillin Capsules, Shuanghuanglian Oral Liquid, Penicillin Sodium for Injection, Qufeng Gutong Gel Patch, Lacidipine Tablets and Pediatric Paracetamol, Artificial Cow-Bezoar and Chlorphenamine Maleate Granules.

The Company's pharmaceutical wholesale and retail business is primarily conducted through its listed subsidiary, Renmin Tongtai, a well-known regional pharmaceutical distribution enterprise and the largest pharmaceutical commercial company in Heilongjiang Province. Renmin Tongtai's main businesses include pharmaceutical wholesale, pharmaceutical retail, pharmaceutical logistics services and medical services. Its operations cover chemical drugs, proprietary Chinese medicines and biologics, as well as the sale of medical devices, Chinese herbal decoction pieces, health foods, daily necessities, glassware and chemical reagents.

600664.SH

The Company was listed on the Shanghai Stock Exchange in June 1993 (stock code: 600664.SH)

first listed company

becoming the first listed company in China's pharmaceutical industry and the first listed company in Heilongjiang Province.

600829.SH

created Renmintongtai (stock code: 600829.SH) as its listed platform for pharmaceutical commercial activities.

Over 500 in-production and marketed specifications

Human Erythropoietin Injection

Shuanghuanglian Oral Liquid

Zinc Gluconate Oral Solution

Compound Calcium Gluconate Oral Solution

Hayao Brand Calcium-Iron-Zinc Oral Liquid

Amoxicillin Capsules

Lacidipine Tablets

GNC Vitapak Daily Nutrition Pack

Company Honors

Brand and product market recognition



CPHCF Award for Best-Selling Products in China's Retail Pharmaceutical Market
Harbin Pharm Group Sanjing Pharmaceutical Co., Ltd.



West Lake Award for Most Popular Star Single Product in Pharmacies
Harbin Pharmaceutical Group No.6 Pharmaceutical Factory



2025 Healthy China Brand List
Harbin Pharm Group Sanjing Pharmaceutical Co., Ltd.



First Batch of Famous Consumer Product Enterprise Brands in Heilongjiang Province
HARBIN PHARMACEUTICAL GROUP CO., LTD.

Innovation and market practice achievements



West Lake Award for Innovative Marketing Case
Harbin Pharmaceutical Group Marketing Co., Ltd.



West Lake Award for Innovative Marketing Case
HARBIN PHARMACEUTICAL GROUP CO., LTD.

Industry Recognition and Collaborative Impact



CPHCF Award for Outstanding Fulfillment Chain Enterprise in China's Pharmaceutical Retail
Renmintongtai Pharmaceutical Chain Co., Ltd.



Partner in the Pharmaceutical Manufacturing Sector
HARBIN PHARMACEUTICAL GROUP CO., LTD.



Silver Award in the Medical and Health Communication Category
HARBIN PHARMACEUTICAL GROUP CO., LTD.

2025 Milestones



The Oral Liquid No. 1 Workshop of Sanchine and the Solid Dosage Form No. 1 Workshop of Hayao No.6 Factory were recognized as "Heilongjiang Province Advanced-Level Digital Workshops."

1

The revitalization and industrial upgrading project for the Xuefu Road plant area of Hayao General Factory was launched to transform it into an "Industry+N" integrated industrial park.

2

Renmintongtai ranked 33rd on the "2024 Top 100 Pharmaceutical Retail Enterprises by Total Sales" list.

5

Three new products, namely Lactulose Oral Solution, Oseltamivir Phosphate Dry Suspension and Iron Polymaltose Complex Oral Solution, have obtained drug registration certificates. In addition, two active pharmaceutical ingredients including Calcium Lactate API and Iron Polymaltose Complex API have been approved for marketing application. This further enriches the Company's product portfolio and continuously promotes the construction of its product pipeline.

6



Sanchine® Zinc Gluconate Oral Solution (Strawberry Flavor) obtained its filing certificate and completed the license expansion. This project received approval for a health food filing certificate, marking the first-ever approved zinc supplement in sachet format, signifying that the Company's R&D capabilities and product quality in the health industry have been highly recognized by authoritative institutions. Sanchine® Calcium Gluconate Calcium Lactate Oral Liquid (Peach Flavor) obtained its filing certificate and completed the license expansion. As the Company's first calcium supplement in sachet format, it represents a "zero-to-one" breakthrough in this field.

3

Acanthopanax Senticosus Base of Harbin Pharmaceutical Group Shiyitang Co., Ltd. and Second Chinese Medicine Factory under Harbin Shiyitang Chinese Medicine Co., Ltd. successfully passed the provincial good agricultural practice (GAP) compliance inspection.



4



¹Among them, Iron Polymaltose Complex Oral Solution obtained the drug registration certificate in January 2026, and Iron Polymaltose Complex API was approved for marketing application as a chemical active pharmaceutical ingredient in January 2026.

2025 Key Performance in Sustainability



Economic performance

Operating revenue of RMB
15.964 billion

Total assets: RMB
14.288 billion

Net profit attributable to shareholders of the listed company: RMB
0.362 billion

Basic earnings per share: RMB
0.14 per share

Net assets attributable to shareholders of the listed company: RMB
5.688 billion

Total tax payment: RMB
0.733 billion



Governance performance

Independent directors accounted for **33.3%**

Percentage of female directors: **44.4%**

9 training sessions for directors

14 investor relations activities

100% integrity risk assessment coverage for the Company and its subsidiaries

100% employee signing rate for compliance commitment letters



Social performance

Total R&D investment: **203.5182** million RMB

Total number of valid patents held: **220**

14 responsible marketing audits

Performed **761** supplier training sessions

DTP pharmacies served a cumulative total of **250,000** person-times

Total number of employees: **10,039** persons

Total employee training duration: **248,712.2** hours

Employee trade union coverage rate: **100%**

Number of people assisted through the Company's public welfare initiatives: **5,682**



Environmental performance

Total environmental management training duration: **3,569** hours

Total environmental protection investment: RMB **15.8187** million

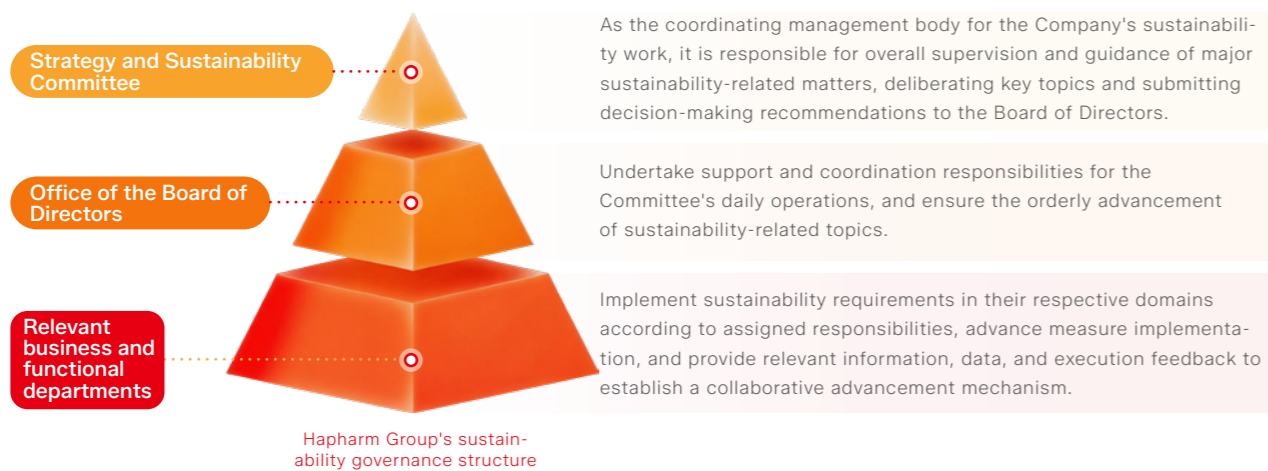
Photovoltaic power generation: **4,784.65** MWh

Percentage of waste reclaimed and reused: **91.42%**

Sustainability Management

Sustainability Management System

Aligning with its governance structure and operational realities, the Company has established a sustainability management framework led by the Board of Directors, with participation from management and coordinated implementation by relevant departments, to research, advance, and supervise sustainability-related matters.



In alignment with sustainability-related management requirements and ESG development needs, the Company organizes specialized ESG training to continuously enhance the overall awareness and understanding of sustainability topics among relevant management personnel and business units. The training further strengthens compliance and responsibility awareness regarding environmental, social, and governance matters, laying a foundation for subsequent sustainability work and information coordination.

During the reporting period, the Company

Organized ESG training for **40** participants

Communications with Stakeholders

The Company values communication with all stakeholder groups. Focusing on business operations and sustainability-related topics, it continuously monitors reasonable expectations across stakeholder groups and engages through multiple channels. Feedback received serves as a key input for improving management and optimizing decision-making, supporting the Company's stable operations and long-term development.

| Stakeholders | Topics of concern | Communication channels |
|---|---|--|
| Shareholders and investors | Innovation-driven development Compliant operation Internal control and risk management Corporate governance Shareholder rights protection Climate change tackling | Information disclosure Investor hotline Investor communication platform On-site/telephone research Social media |
| Creditors | Compliant operation Internal control and risk management | Information disclosure Investor hotline Investor communication platform Offline meetings Social media |
| Company employees | Employees Corporate governance Energy usage | Employee satisfaction surveys Internal communication platform Employee training |
| Partners and industry associations | Industry cooperation and exchange Anti-unfair competition | Information disclosure Event participation Offline meetings Social media |
| Customers | Safety and quality of products and services Customer rights and interests protection Responsible marketing Data security and customer privacy protection | Information disclosure Customer service hotline Customer satisfaction surveys Marketing activities After-sales service Social media |
| Suppliers and contractors | Circular economy Supply chain security Equal treatment to small and medium-sized enterprises | Supplier communication and exchange Supplier training and seminars |
| Media and the public | Medical accessibility and inclusiveness Ecosystem and biodiversity conservation Pollutant emissions Contributions to the society Waste disposal Usage of water resources | Information disclosure Social media Event participation |
| Government and regulatory agencies | Due diligence Environmental compliance management Rural revitalization | Daily communication Offline meetings Training participation Information disclosure |

Material Topic Matrix

In advancing its sustainability management, the Company systematically identifies sustainability-related challenges and opportunities in its operations by considering key capital market concerns, national policy directions, industry trends, and its own strategic priorities. On this basis, it has established and refined a materiality assessment mechanism for sustainability topics, evaluating them along two dimensions—financial materiality and impact materiality—to determine priority levels. The assessment outcomes serve as a critical basis for formulating management measures and optimizing decisions.



Special Topic

Empowering with a Digital and Intelligent Engine, Building a Foundation for High-Quality Development Through Technological Innovation

Focused on enhancing production governance capabilities and quality control, the Company systematically advances digital workshop construction, embedding digital technologies throughout production operations and quality management. It continuously strengthens a production management foundation characterized by controllable quality, visible processes, and traceable data, establishing digital manufacturing practices that meet regulatory requirements and offer replicable value.

Unified Architecture and System Integration

The oral liquid formulation workshop of Sanchine and the oral solid dosage form workshop of Hayao No.6 Factory are advancing digital upgrades under a unified technical architecture and management standards. Through coordinated system integration and on-site retrofitting, they are progressively building a digital operations system covering production execution, quality control, equipment operation, and energy management. At the system level, both workshops have uniformly deployed supervisory control and data acquisition (SCADA) systems, with the manufacturing execution system (MES) as the core, interconnected with the equipment asset management (EAM) system, warehouse management system (WMS), energy management system (EMS), and quality retrospection and analysis system (QRS). This enables centralized collection and collaborative management of production, quality, equipment, and energy consumption data, laying the groundwork for replication and scaled deployment across other workshops.



Digital Management System Platform



Digital Exhibition & Display Platform



Controlled Production and Quality Throughout the Entire Process

In production process management, electronic batch records (EBR) serve as the core, enabling systematic recording and audit trail management of weighing, material charging, process parameters, and critical operational nodes. It mitigates risks arising from manual data entry and information dispersion, greatly improves data integrity and traceability, and effectively ensures stable and controlled production processes. Product quality data is synchronized with production data, allowing centralized analysis and trend identification through the quality management and analytics system. This supports deviation management, non-conforming product control, and continuous improvement, shifting quality management from post-event correction toward real-time process monitoring and proactive early warning, thereby continuously strengthening closed-loop quality issue management capabilities.



Digital production site at Sanchine



Digital production site at Hayao No.6 Factory workshop



Special Topic

Empowering with a Digital and Intelligent Engine, Building a Foundation for High-Quality Development Through Technological Innovation

Equipment Intelligence and Operational Efficiency Improvement

Hayao No.6 Factory continues to advance digital workshop construction through equipment configuration and automation upgrades, introducing AGVs, collaborative robots, and automated production lines, and deploying intelligent equipment such as multi-functional fluidized beds and high-speed tablet presses to drive the automation and standardization of key processes. A total of 183 production units are under centralized monitoring, with a 90% connectivity rate for critical equipment. Operational data analysis has reduced unplanned downtime by approximately 30% and increased overall equipment effectiveness (OEE) by an average of 10.5%, significantly improving equipment stability and resource utilization efficiency. Based on visualization tools such as the production cockpit, the real-time production status, quality metrics, and equipment performance are centrally displayed. Operational efficiency in key processes has improved by 10%-22%, material traceability time has been shortened by 40%-70%, order changeover efficiency has increased by approximately 80%, inventory accuracy has reached 99.5%, and inventory backlog risk has been reduced by about 25%.

Sanchine has introduced leading domestic oral dosage production equipment and, through efficient integration, achieved full-process automation across washing, drying, filling, sterilization, visual inspection, and packaging. By implementing SCADA and MES systems, it has enabled seamless data interconnectivity between equipment and systems, achieving a 100% connectivity rate for critical equipment and establishing a robust foundation for production monitoring. Replacing manual material handling with an integrated system of automated conveyance tracks, AGVs, and mobile terminals has increased on-time material delivery in workshops to 98% and delivery accuracy to over 99.5%. Through a dynamic process optimization model, equipment OEE has reached 80%, and on-time order delivery has improved by 13%. Additionally, energy collection and management systems have enabled significant energy savings in production, reducing energy consumption per RMB 10,000 of output value by 15.9%.



Digital workshop management platform



AGV logistics turnover at Sanchine

Capability Building and Demonstration Effectiveness

While ensuring stable system operations, the Company simultaneously advances digital capability building. Through internal training and hands-on practice, it cultivates versatile talent who understand both production processes and digital applications, enhancing the system's self-operation and continuous optimization capabilities to ensure long-term, stable realization of digital outcomes. The relevant projects have received provincial-level digital workshop certification and national Level 3 Intelligent Manufacturing Capability Maturity certification. While strengthening compliance management, these initiatives ensure process stability and consistency through precise control and end-to-end traceability, fundamentally enhancing the quality and safety of finished pharmaceutical products—a contribution of significant importance to public medication safety and societal health.



Certificate of Heilongjiang Province Advanced-Level Digital Workshop



Intelligent Manufacturing Capability Maturity Assessment Certificate

01

Governance and Compliance to Solidify a Foundation for Stable Growth



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Party Building Leadership and Responsibility Implementation

The Company adheres to the leadership of the Party in guiding its reform, development and governance practices. Party building work is conducted in strict accordance with the Constitution of the Communist Party of China, Regulations on the Work of Primary Organizations of State-owned Enterprises of the Communist Party of China, Regulations on the Election of Primary Organizations of the Communist Party of China and other relevant rules. It continuously improves the operational mechanism of Party building within a standardized and institutionalized framework, and regards high-quality Party building as an important support for enhancing corporate governance capacity and operational efficiency.

Focusing on the integrated development and mutual promotion of Party building and business operations, the Company integrates Party building into the entire process of corporate governance, production, operation, reform and development. It keeps transforming the political and organizational advantages of the Party into governance efficiency and development momentum. In practice, relying on the Four Promotions mechanism of Party building promoting R&D, production, marketing and services, the Company embeds the functions of primary Party organizations into core business links systematically. This achieves full-chain coordination between Party building and business operations, improves the pertinence and effectiveness of Party leadership, and provides solid support for the steady operation and sustainable development of the enterprise.



Party Member Training

Party Building-Led Synergistic Development of Industry, Academia, Research, and Talent

The Company insists on leveraging Party building to guide synergistic industry-academia-research collaboration and talent system development, treating joint Party building as a vital linkage for advancing scientific innovation, technology transfer, and talent cultivation. Centered on actual enterprise needs and industrial demands, it fosters co-construction partnerships with primary-level Party organizations in universities and research institutes, promoting organizational co-building, resource sharing, and mechanism alignment to seamlessly connect research capabilities, industrial platforms, and talent pipelines. Within the framework of deep integration between Party work and core operations, the Company explores practical pathways where joint Party building facilitates technological breakthroughs and collaborative mechanisms support talent development, gradually forming a working model of Party-led, industry-academia-research-linked, and talent-synergized advancement—providing sustained support for high-quality development.



Award Ceremony for Inheriting the Scientists' Spirit and Advancing Innovation

Party Building-Led Key Project Initiatives

The Company insists on leveraging Party building to guide synergistic industry-academia-research collaboration and talent system development, treating joint Party building as a vital linkage for advancing scientific innovation, technology transfer, and talent cultivation. Centered on actual enterprise needs and industrial demands, it fosters co-construction partnerships with primary-level Party organizations in universities and research institutes, promoting organizational co-building, resource sharing, and mechanism alignment to seamlessly connect research capabilities, industrial platforms, and talent pipelines. Within the framework of deep integration between Party work and core operations, the Company explores practical pathways where joint Party building facilitates technological breakthroughs and collaborative mechanisms support talent development, gradually forming a working model of Party-led, industry-academia-research-linked, and talent-synergized advancement—providing sustained support for high-quality development.

Case Party building-led practices in production efficiency improvement and lean management

Hayao No.6 Factory, targeting improved production efficiency and cost optimization, uses the "Party Branch Secretary Leads Projects" initiative as a key lever to deeply integrate Party building into production organization and on-site management. Branch secretaries focus on critical areas—including solid dosage production, process optimization, quality testing, warehouse management, and digital transformation—leading the establishment of breakthrough projects and organizing core Party members into dedicated teams. Through lean production management, process streamlining, and technological upgrades, they continuously address operational bottlenecks. These projects have achieved phased progress in shortening production cycles, optimizing resource allocation, enhancing equipment utilization, and advancing digital management, demonstrating the positive role of Party leadership in driving production efficiency and management upgrades.



Hayao No.6 Factory's "Party Branch Secretary Leads Projects" Initiative



Case Party building-led practices in cost reduction, efficiency enhancement, and production capacity breakthroughs

Sanjing Mingshui, focusing on key tasks such as cost control, expense reduction, and capacity enhancement, systematically advances the "Party Branch Secretary Leads Projects" special initiative. The Party Committee, aligned with operational realities, selects topics scientifically and initiates projects precisely. Branch secretaries serve as primary project leaders, forming Party-member-led task forces and establishing mechanisms for planning, progress tracking, and scheduling to ensure orderly implementation. Projects target critical areas including API capacity expansion, process optimization, and energy system upgrades, achieving substantive progress in increasing batch output, optimizing production efficiency, and stabilizing product quality. By leading breakthrough projects through Party building, grassroots organizational vitality is further energized, providing strong support for the Company's achievement of annual business objectives.



Sanjing Mingshui's "Party Branch Secretary Leads Projects" Initiative

Case Party building-led practices in technological breakthroughs and innovation

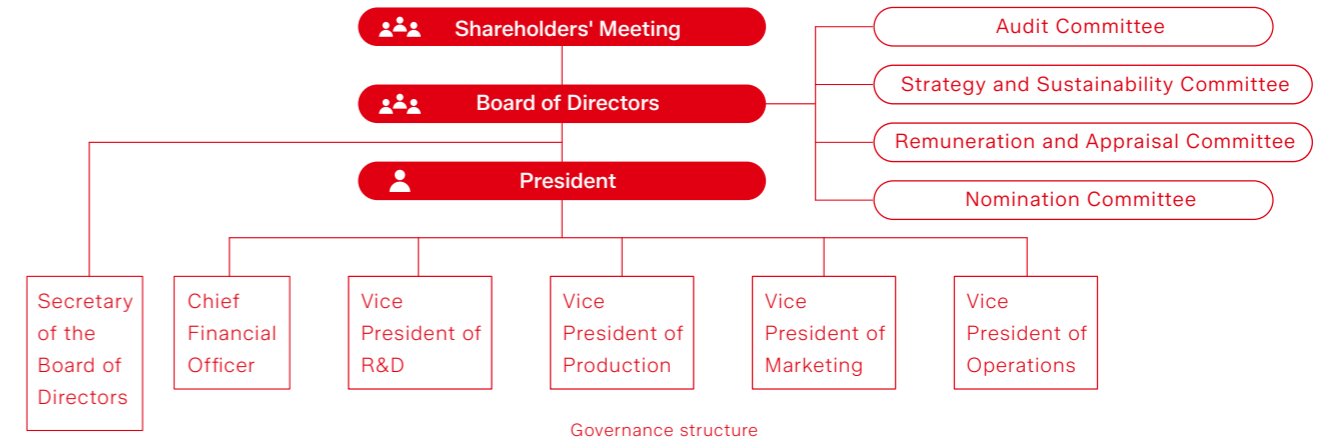
Sanchine focuses on technological innovation and quality improvement, using the "Party Branch Secretary Leads Projects" initiative as a key vehicle to advance Party-building empowerment. It channels the strength of Party organizations toward the front lines of R&D and production. Each Party branch establishes task-force projects aligned with key priorities such as production process optimization, quality and cost control, and automation upgrades, and organizes Party-member technical experts to advance them collaboratively. Through measures including equipment parameter optimization, process flow improvements, and automation enhancements, these projects have achieved phased results in reducing production losses, increasing finished product yield, and advancing intelligent manufacturing. The project-based approach under Party leadership has effectively fostered synergistic alignment between technological breakthroughs and business development.



Sanchine's "Party Branch Secretary Leads Projects" Initiative

Construction of Corporate Governance System

The Company strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and relevant regulatory requirements of the China Securities Regulatory Commission (CSRC) and stock exchanges. It continuously enhances its corporate governance structure and internal governance systems, standardizes the operational mechanisms of authority and responsibility, and ensures lawful and compliant operations. By strengthening the governance framework comprising the Shareholders' Meeting, the Board of Directors and its specialized committees, and management level, the Company promotes scientific decision-making, standardized operations, and steady development, laying a solid governance foundation for its sustainability.



Management Group Photo

Focusing on corporate governance and standardized operations, the Company has established and continuously improved its governance system and rules of procedure, including the Rules of Procedure for Shareholders' Meetings, the Rules of Procedure for the Board of Directors, the Independent Director System, and working rules for specialized committees. These institutional arrangements clearly define the boundaries of authority and responsibility and operational mechanisms of governance bodies, providing an institutional guarantee for the independent and effective performance of the Board of Directors.

The Company has established a governance structure characterized by clear delineation of powers and responsibilities, standardized operations, and mutual checks and balances. The Shareholders' Meeting, composed of all shareholders, serves as the Company's governing authority and exercises decision-making power over major corporate matters in accordance with the law. Through standardized procedural rules, it ensures that all shareholders can exercise their rights lawfully and equally. The Board of Directors is accountable to the Shareholders' Meeting and fulfills its statutory decision-making and supervisory duties. Senior management personnel are appointed by the Board of Directors and are responsible for the Company's day-to-day business operations and implementation of Board resolutions.



Annual General Meeting

To safeguard the independence and effectiveness of the Board of Directors, the Company has implemented institutional arrangements such as the Independent Director System and the Working System for Special Meetings of Independent Directors. These provide a mechanism to support independent directors in performing their duties lawfully, independently, and prudently, thereby enhancing the Board's oversight and checks-and-balances capacity in decision-making on major matters and improving the standardization and effectiveness of its overall operations.

Case Special research to strengthen support for independent directors in fulfilling their duties

In July 2025, the Board of Directors' Office of the Company organized a special research session for independent directors, featuring thematic reports and discussions on GNC China's business operations, marketing system development, strategy execution, and cross-border business expansion. Drawing on their industry experience and regulatory insights, the independent directors provided targeted recommendations on business operations and risk management. On-site engagement deepened their understanding of industrial chain operations and governance practices.

The Company continues to strengthen independent directors' familiarity with key business areas and operational processes through special research, joint business visits, performance-related training, and information exchange mechanisms, enabling more informed and targeted professional judgment in decision-making and oversight. These arrangements have gradually evolved into a regularized support mechanism for director duties, effectively enhancing information transparency and communication efficiency, and promoting more standardized, stable, and efficient corporate governance.

Board Diversity

The Company specifies in its Rules of Work for the Nomination Committee of the Board of Directors that, in the nomination and appointment of directors, it comprehensively considers candidates' professional backgrounds, industry experience, performance capabilities, and independence. Diversity is treated as a key criterion to continuously optimize the composition of the Board of Directors and foster a structure that integrates diverse perspectives and complementary expertise.

As of the end of the reporting period, the Company's Board of Directors consisted of nine directors, including one employee representative director, three independent directors, and four female directors. The Board exhibits a relatively diverse composition in terms of gender, functional roles, and professional backgrounds, which helps introduce varied perspectives into the decision-making process, thereby enhancing the quality of deliberations and the scientific rigor of decisions.

During the reporting period, the Company

- Had independent directors accounting for **33.3%**
- Had female directors accounting for **44.4%**

The Board of Directors fulfills its statutory supervisory responsibilities regarding the Company's strategic planning, business management, and risk control. By convening board meetings regularly, it reviews key matters related to the Company's business development, ensuring that Board operations are standardized, orderly, and efficient. This guarantees compliance with decision-making procedures and truthful, accurate, and complete information disclosure, thereby effectively safeguarding the Company's overall interests and the legitimate rights of all shareholders.

During the reporting period, the Company

- Held **12** Board of Directors meetings
- at which **74** matters were reviewed and approved
- Achieved a director attendance rate of **100%**
- Organized **9** director training sessions

To further enhance the professionalism and scientific basis of Board decision-making, the Company's Board of Directors has established four specialized committees: the Audit Committee, the Strategy and Sustainability Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Each committee carries out its duties according to defined responsibilities and provides support and recommendations to the Board on relevant professional matters, thereby promoting scientifically grounded decision-making and effective performance of duties.

During the reporting period, the Company

- Held **7** Audit Committee meetings
- Held **1** Strategy and Sustainability Committee meeting
- Held **1** Nomination Committee meeting
- Held **2** Remuneration and Appraisal Committee meetings

During the reporting period, the Company was awarded

- 2025 Excellent Practice for the Board of Directors of a Listed Company
- 2025 Excellent Practice Case for the Board of Directors' Office of a Listed Company
- 2025 Grade 5A Certificate for Secretary of the Board Performance Evaluation of Listed Companies

Investor Relations Management

The Company places great importance on investor relations management, recognizing it as a critical component for enhancing corporate governance transparency, strengthening market recognition, and protecting investors' legitimate rights and interests. It has formulated and implemented the Investor Relations Management System and the Market Value Management System, which clearly define responsibilities, workflows, and communication standards for investor relations activities, ensuring their lawful, compliant, and orderly execution.

Transparent information disclosure

Aligning with key capital market concerns—such as operating performance, development strategy, risk management, and sustainability—the Company maintains ongoing communication with investors and shareholders through multiple channels. It provides timely updates on its operational status, business layout, and development plans, while actively soliciting market feedback and constructive suggestions to enhance the transparency and comprehensibility of its disclosures.

Diversified communication channels

To ensure the stability and effectiveness of communication channels, the Company has established a diversified and regularized investor communication mechanism. Leveraging its official website, the Shanghai Stock Exchange's "SSE e-interaction" platform, the investor hotline, earnings calls, and Shareholders' Meetings, it provides investors with reliable and convenient access to corporate information and opportunities for interaction.

During the reporting period, the Company

- Disclosed **5** periodic announcements and **53** ad-hoc announcements;
- Organized **2** roadshows and held communications with a total of **24** institutional investors;
- Conducted **11** reverse roadshows, hosted **69** securities firms and institutional investors, with a total of **107** participants;
- Received and answered a total of **119** investor inquiries via the investor hotline;
- Received a total of **273** questions from investors, with a response rate of **98.17%**

The Company consistently focuses on protecting the rights of small and medium-sized investors—including their right to information, right to participation, and other legitimate interests. By creating diverse and accessible communication scenarios, it advances investor relations management from one-way information dissemination toward two-way interaction, thereby deepening small and medium-sized investors' understanding of and confidence in the Company's governance and long-term value.

Case Special research to strengthen support for independent directors in fulfilling their duties

In September 2025, the Company participated in the "I am a Shareholder" event for listed companies organized by the Shanghai Stock Exchange. In collaboration with the China Association for Public Companies, the China Securities Investor Services Center, and the Shanghai Securities News, it invited more than 20 small and medium-sized investors for an on-site visit and exchange. During the event, investors toured the Sanchine exhibition center and the intelligent oral liquid production line, gaining direct insight into the Company's development journey, product portfolio, and achievements in intelligent manufacturing. Face-to-face discussions enabled a deeper understanding of the Company's strategic planning and operational status. The event also featured a dedicated investor education session titled "Know Your Rights, Exercise Your Rights, Protect Your Rights," aimed at enhancing small and medium-sized investors' awareness of rights protection.



"I am a Shareholder" visits Shanghai-listed company—Hapharm Group

During the reporting period, the Company was awarded

Certificate of Excellent Practice for the 2024 Annual Report Earnings Call of Listed Companies



Internal Control and Compliance Management

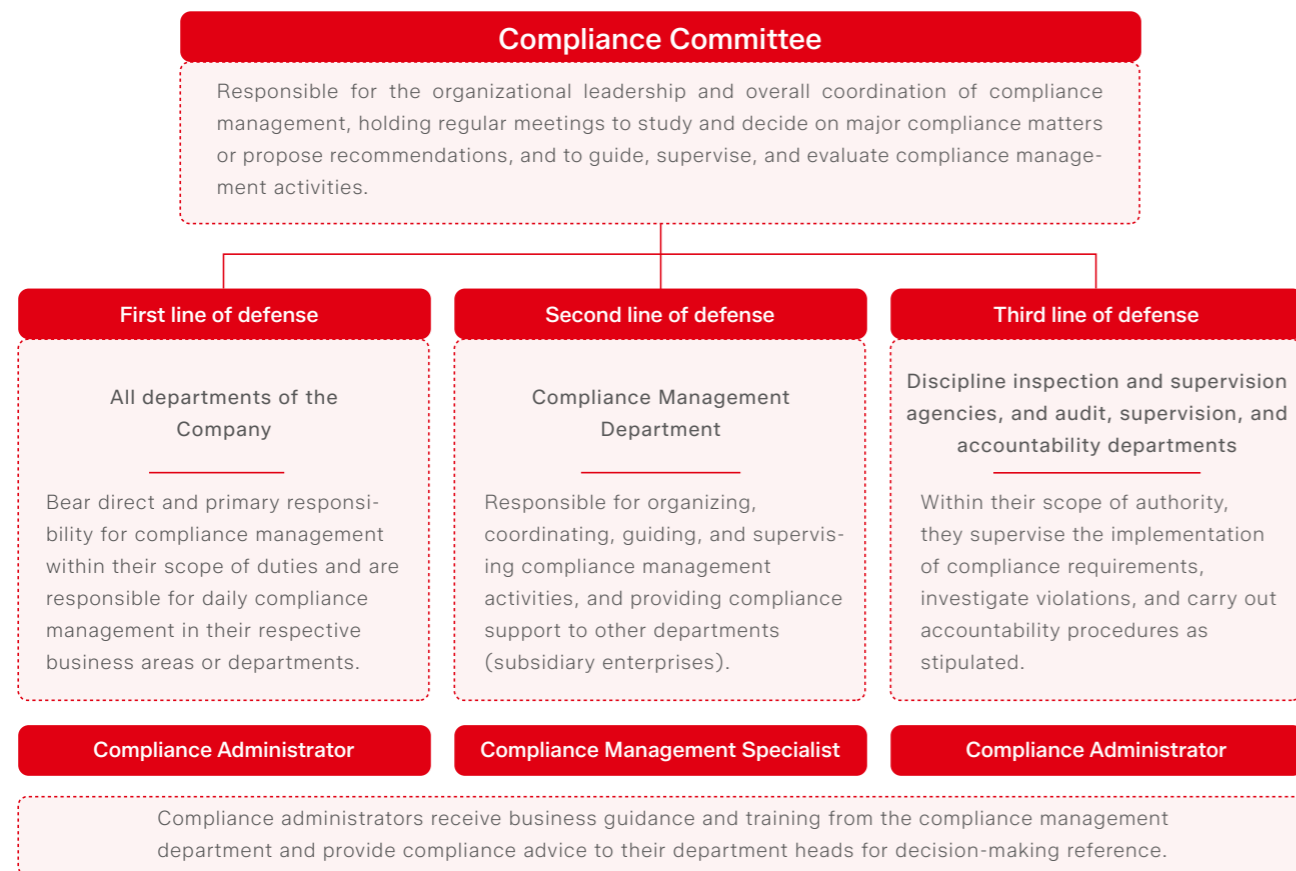
The Company values internal control and compliant operations, continuously refining relevant systems and management mechanisms. It embeds compliance requirements into all aspects of business management, steadily enhancing its level of standardized operations and risk prevention capabilities to support sustainable and stable development.

Compliant Operation

Governance

The Company regards lawful and compliant operations as a fundamental requirement for business management and employee conduct. Building upon national laws and regulations, it has established a compliance management system centered on the Compliance Management Measures of HARBIN PHARMACEUTICAL GROUP CO., LTD., supplemented by specialized policies and operational guidelines. During the reporting period, the Company issued three new guidelines: Compliance Guidelines for Preventing Commercial Bribery in the Pharmaceutical Sector, Advertising Compliance Guidelines, and Compliance Guidelines for Livestreaming Marketing Activities, further strengthening institutional controls over key risks in the pharmaceutical field.

The Company has established a compliance management organizational system centered on the Compliance Committee and the Chief Compliance Officer, supported by a management mechanism featuring clearly defined responsibilities and coordinated operations. It has implemented a compliance management framework based on the "three lines of defense," embedding compliance responsibilities across management levels and business processes to ensure effective implementation of compliance requirements throughout the organization.



Organizational structure of Hapharm Group compliance management

Strategy

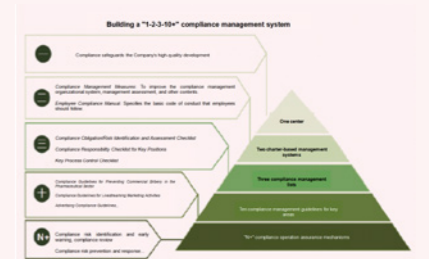
Supported by its institutional framework, the Company integrates compliance requirements throughout the entire cycle of decision-making, execution, and supervision, extending them to all departments, subsidiary enterprises, and employees. This facilitates the transition of compliance management from system establishment to normalized operation. Additionally, from the perspectives of operational stability and long-term development, the Company systematically identifies compliance-related risks and opportunities, using these insights to continuously refine management measures and optimize resource allocation.

| Risk name ¹ | Specific description | Time horizon ² | Financial impact | Response measures |
|--------------------------------------|--|---------------------------|--|--|
| Compliance management execution risk | There are instances where compliance requirements are not fully implemented during their embedding and execution in business processes | Medium and long term | Increased costs related to non-compliance, penalty expenses, and potential litigation losses | Establish a "Three Lines of Defense" compliance management system and strengthen enforcement of policies and supervisory inspections |
| Compliance risks in key areas | In key areas such as fund security, tax handling, trade secrets, and personal information protection, risk identification is insufficient or controls are inadequately implemented | Medium-term | Elevated risk of fund loss, higher compliance costs, and increased potential compensation expenses | Regularly conduct compliance risk identification and assessment, and formulate and implement risk response plans |

| Opportunity name | Specific description | Time horizon | Financial impact | Response measures |
|---|--|----------------------|--|---|
| Opportunity for management efficiency improvement | The compliance management system and processes are continuously improved, and the integration of compliance requirements into business processes is progressively enhanced | Medium and long term | Reduced compliance costs and decreased operational losses | Embed compliance requirements into the entire process of decision-making, execution, and supervision to promote process standardization |
| Risk and cost control opportunities | Compliance risk identification and proactive management mechanisms are gradually strengthened, and risk control capabilities are continuously enhanced | Medium and long term | Reduced risk-related losses and improved cash flow stability | Continuously carry out risk identification, classified management, and the development of response plans |

Case Building a compliance assurance system to promote full-staff compliance practices

Centered on the principle of "Compliance Escorting High-Quality Development," the Company has established a "1-2-3-10+" compliance assurance system, anchored by the Compliance Management Measures and the Employee Compliance Manual. It is supported by three checklists—covering compliance obligations/risks, responsibilities of key positions, and key process controls—and guidelines for priority areas such as anti-commercial bribery in the pharmaceutical sector and advertising compliance, effectively embedding compliance requirements into business processes. Through mechanisms such as compliance reviews, risk early-warning systems, and violation reporting channels, the Company achieves comprehensive coverage across its 18 subsidiary enterprises, transitioning compliance from institutional design to daily execution and employee practice. This provides sustained assurance for stable operations.



"1-2-3-10+" compliance assurance system

¹The risks and opportunities listed in this table are forward-looking identifications made by the Company based on changes in external environment and internal operational conditions. They are intended to reflect the potential impact trends and key management priorities, and shall not constitute a definitive judgment on future events, nor indicate that relevant risks have materialized or exerted significant impacts on the Company's current operations.

²Impact time refers to the timeframe over which a significant impact is exerted on the Company: short-term—within 1 year; medium-term—1 to 5 years; long-term—over 5 years.

Focusing on the compliance management goals of "comprehensive coverage, efficient operation, controllable risks, and cultural consciousness," the Company continuously improves its compliance management system supported by organization, systems, operations, and assurance, embedding compliance requirements into the entire process of business management and employee performance. By compiling and issuing the Employee Compliance Manual and organizing all employees to sign the Compliance Commitment Letter, it clarifies employee compliance obligations and behavioral boundaries.

The Company upholds the compliance culture philosophy of "acting within principles and rules; with reverence and self-restraint," and promotes the building of a compliance culture through a combination of training and advocacy. Relying on its annual compliance training plan, it conducts compliance education for key positions and new employees, covering topics such as anti-commercial bribery, business compliance, and professional conduct. Through diversified advocacy formats, it strengthens warning and guidance, continuously enhancing employees' compliance awareness.



Case Building legal and compliance capabilities in key business areas

In June 2025, the Company organized a special topic lecture on business legal compliance, focusing on key business areas such as distributor management and live-streaming operations. An external team of professional lawyers was invited to deliver the lecture. The training focused on distribution and agency contract management, rebate and third-party expense control, legal risks in online live-streaming promotion, and vertical monopoly compliance requirements. A total of 249 employees participated online and offline. Through special topic explanations and case analyses, participants further identified compliance risk points in their business operations and enhanced their contract management and risk prevention capabilities.



Compliance Training Session

Impact, risk, and opportunity management

Focusing on the goal of lawful and compliant operations, the Company embeds the identification and management of compliance-related impacts, risks, and opportunities into the entire process of business management. It achieves unified management through system development, process control, and supervisory collaboration. Relying on the Compliance Committee, the Chief Compliance Officer, and relevant functional departments, and in conjunction with actual business operations, it continuously identifies potential compliance risks and their potential impacts in key areas such as fund security, tax management, trade secret protection, and personal information protection. It then conducts a graded assessment based on the likelihood and impact of these risks. For the identified key risks, the Company clarifies management responsibilities through a "three lines of defense" mechanism, promoting the effective implementation of risk response measures in system execution, daily supervision, and rectification. Through continuous tracking and dynamic assessment, it constantly optimizes its compliance management system, releasing potential opportunities such as improved management efficiency and risk cost control while preventing risks.

Indicators and objectives

The Company takes enhancing the effectiveness of compliance management and the level of compliance risk prevention and control as the core goal of its compliance management. By improving the compliance management system, it reduces the probability of major compliance risks, ensures that business activities are conducted in accordance with laws and regulations, and safeguards its operational stability and long-term development foundation.

| Indicator name | Unit | 2025 |
|---|--------------|-------|
| Number of compliance risks identified during the year | Items | 156 |
| Number of compliance risk response plans formulated | Copies | 15 |
| Number of compliance training sessions conducted | Times | 5 |
| Number of employees covered by compliance training | Person-times | 1,010 |

Internal Control

The Company continuously improves its internal control management system, regarding internal control as an important foundation for standardizing business management, preventing operational risks, and enhancing governance effectiveness. Under the supervision and guidance of the Board of Directors and its Audit Committee, management coordinates and promotes work related to internal control and internal audit, pushing for internal control requirements to cover the entire process of decision-making, execution, and supervision, and ensuring their implementation throughout the Company and its subsidiaries.

The Company has established and operates an internal control evaluation mechanism, where management organizes and conducts self-assessments of internal control to systematically evaluate the design and execution effectiveness of its systems. Combined with the results of internal supervision and external independent audits, it continuously examines the operation of internal controls.

The Company formulates an annual internal audit plan to audit the business management and internal control operations of the Company and its subsidiaries. It also promotes the rectification and implementation of issues found during audits, forming a closed-loop management system. During the reporting period, the Company conducted 19 internal audit projects covering key business processes such as procurement, marketing, fund usage, engineering projects, asset management, financial accounting, budget execution, and contract management. No major issues were found.

Culture of Integrity and Honest Operations


The Company adheres to lawful, compliant, and honest operations, making integrity building an important part of its corporate governance and compliance management. It continuously improves its working mechanisms for anti-commercial bribery, anti-corruption, anti-monopoly, and anti-unfair competition, as well as for building an integrity culture and protecting whistleblowers. It promotes the integration of integrity requirements into its business management and the entire process of employee performance, fostering a fair, transparent, and standardized business environment.

Anti-Commercial Bribery and Anti-Corruption

Focusing on anti-commercial bribery and anti-corruption management, the Company strictly implements the requirements of relevant laws and regulations such as the Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. In conjunction with its actual business management, it has formulated and implemented the Anti-Commercial Bribery Management Measures, which clarify the behavioral boundaries for employees in business dealings and in the course of their duties, and integrate integrity requirements into the Company's business management and employee performance standards.

Reporting Mechanism

The Company has established and operates a reporting mechanism for commercial bribery and corruption, encouraging employees and relevant parties to report violation clues in accordance with laws and regulations. It has also set up dedicated channels such as a telephone line and an email address to receive reports related to commercial bribery and corruption.

 **Reporting hotline: 51961111-15102**

 **Reporting email: hjtjw@126.com**

Integrity Commitment Letter

In accordance with the unified arrangements of the Group's Discipline Inspection Commission, the Company organized all management personnel to sign the Commitment to Integrity in Practice, achieving a 100% signing rate. For confirmed cases of commercial bribery and corruption, the Company conducts investigations and handles them in accordance with the law and regulations, based on relevant provisions such as the Regulations on Disciplinary Actions by the Communist Party of the People's Republic of China. It holds the relevant parties seriously accountable to maintain a standardized and orderly business environment.

During the reporting period, the Company



Achieved **100%** integrity risk assessment coverage for the Company and its subsidiaries



Conducted **91** anti-commercial bribery and anti-corruption training sessions



Organized **6,309** person-times of anti-commercial bribery and anti-corruption training for its employees

Anti-Unfair Competition

Focusing on anti-monopoly and anti-unfair competition management, the Company strictly implements the requirements of laws and regulations such as the Anti-Monopoly Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. In conjunction with the Company's and the sector's business characteristics, it has formulated and implemented the Anti-Monopoly Management Regulations, integrating the principle of fair competition into its business management and employee performance standards. The Company refines and adopts relevant legal requirements through institutionalized means, clarifies internal management requirements, and promotes the enforceability and operability of anti-monopoly and anti-unfair competition requirements within the Company.

Whistleblower Protection

The Company attaches great importance to the protection of the legitimate rights and interests of whistleblowers, making whistleblower protection an important component of its integrity building and internal supervision mechanism. The Company has clarified confidentiality requirements for reported information at the institutional level and strictly implements the Provisions on Confidentiality in Case Handling by the Discipline Inspection Commission of Harbin Pharmaceutical Group Holding Co., Ltd¹. It rigorously manages whistleblowing clues, the identity of whistleblowers, and related information to prevent leaks or improper use.

The Company prohibits any form of retaliation and promptly addresses and handles any potential adverse effects arising from whistleblowing activities. It strives to create a favorable environment where supervision is encouraged and conducted in accordance with the law, providing institutional guarantees for integrity building.

Integrity Culture Building

The building of a culture of integrity continues to be synergistically advanced with the building of corporate culture. Through a combination of institutional guidance, publicity and education, and practical activities, the Company guides the integration of integrity requirements into employees' daily work and codes of conduct.

Relying on platforms such as the discipline enforcement and supervision section of its WeChat official account, bulletin boards, and electronic screens, the Company conducts regular publicity on integrity and compliance. It sets up special topics such as interpretations of Party discipline and regulations and building of an integrity culture, gradually forming a stable platform for disseminating the culture of integrity. During the reporting period, a total of 86 related articles were published, with nearly 10,000 views. In conjunction with actual business management and the characteristics of key positions, the Company conducts multi-level warning education. Through visits to integrity education bases, holding warning education meetings, and using cases to explain discipline and law, it guides employees to be reverent and adhere to the bottom line. During the reporting period, Party organizations and discipline inspection agencies at all levels organized more than 90 warning education activities, covering over 6,300 participants. At the same time, through activities such as integrity-themed essay contests, short video creation, and integrity-focused home visits, the culture of integrity is extended to employees' work and life scenarios, promoting the transformation of integrity concepts from institutional constraints to inherent self-discipline, and creating a favorable environment for stable operations.

¹The Company's discipline inspection, supervision, and Party committee-related functions are centrally managed by or implemented with reference to the Group, without affecting the effective operation of the Company's governance structure and internal oversight mechanisms.

02

Product System for Value Creation

The logo for HPGC, consisting of the letters 'HPGC' in a white, bold, sans-serif font, centered within a red circular background. The background of the entire page features a golden DNA double helix, a golden pill bottle, a golden capsule, a golden heart with a pulse line, and a golden cross, all set against a light orange gradient.

HPGC

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Technological R&D and Innovation-Driven Development

Governance

The Company continuously optimizes its R&D management system, implementing unified management and hierarchical advancement for R&D activities, and has formed an R&D organizational structure of "one department and five institutes" to carry out this approach.

The Company has established a Scientific Research Management Department responsible for the overall coordination, organization, and management of R&D work. Under its unified management, five specialized research institutes have been set up: the Hapharm Drug Research Institute, Hapharm New Drug Research Institute, Hapharm Wellness Research Institute, Hapharm Biological Research Institute, and Hapharm Traditional Chinese Medicine Research Institute. These institutes respectively carry out R&D work in the fields of generic drugs, innovative drugs, OTC and health products, biological products, and traditional Chinese medicine. By clarifying management levels and responsibilities, the Company achieves integrated allocation and specialized collaboration of R&D resources, promoting the orderly conduct of R&D activities within a unified management framework.

Strategy

In accordance with overall development planning and R&D strategy, the Company adheres to innovation orientation. With the core goals of enriching and building product echelons, and optimizing R&D system and team, it continues to transform the R&D model from "imitation-innovation integration, imitation-oriented" to "imitation-innovation integration, innovation-oriented". Focusing on key R&D fields, the Company keeps improving its R&D and technological innovation system, and implements its five-year R&D strategy and action plan. With the vision of building a century-old enterprise with sustainable sound development and becoming a benchmark in China's pharmaceutical and health industry, the Company establishes long-term R&D thinking, making R&D an important foundation supporting its high-quality development. During the implementation of R&D and innovation strategy, the Company identifies and analyzes major risks and potential opportunities related to R&D, and takes corresponding countermeasures.



R&D Strategy Promotion Conference

| Risk name | Specific description | Time horizon | Financial impact | Response measures |
|--|--|----------------------|--|---|
| Risks related to the new drug R&D cycle and uncertainty | The new drug R&D process involves a long development cycle, technical complexity, and uncertainty in interim outcomes | Medium and long term | Increased R&D investment and greater uncertainty in the recovery of capitalized expenditures | Rationally allocate R&D resources, advance R&D projects in stages, and strengthen dynamic management of R&D projects |
| Risk of intensified competition for generic drugs with high technical barriers | In the high-barrier generic drug segment, market competition is intensifying and pressure on R&D and regulatory registration is increasing | Medium-term | Declining revenue and compressed profit margins | Strengthen the evaluation of R&D project initiation, focus on selecting varieties with technical barriers, and enhance R&D efficiency and product differentiation |

| Opportunity name | Specific description | Time horizon | Financial impact | Response measures |
|--|---|----------------------|--|---|
| Development opportunities for innovative drugs and improved new drugs | Against the backdrop of innovation-driven pharmaceutical development, the company continues to advance its R&D portfolio of innovative drugs and improved new drugs | Medium and long term | Increased revenue, higher gross margin, and enhanced asset value | Continuously to shift its R&D model from "imitation-innovation integration, imitation-oriented" to "imitation-innovation integration, innovation-oriented", and strengthens project initiation and R&D investment in innovative drugs and improved new drugs. |
| Opportunities for the secondary development of established traditional Chinese medicine products | The secondary development of established traditional Chinese medicine (TCM) products is ongoing, continuously extending product life cycles and expanding application value | Medium-term | Enhanced value of existing assets and increased revenue | Promote the systematic research and secondary development of established traditional Chinese medicine products, and continuously optimize the product pipeline structure |

Construction of the R&D System

The Company focuses on five major disease areas: cardiovascular and cerebrovascular, digestive and metabolic, respiratory, anti-infective, and anti-tumor, as well as three key directions: geriatric medicine, pediatric medicine, and health products. It has built a product system featuring the coordinated advancement of chemical drugs, traditional Chinese medicine, and biological drugs, supplemented by differentiated health products. The R&D project initiation focuses on generic drugs with high technical barriers and innovative drugs, while simultaneously promoting the secondary development of established traditional Chinese medicine varieties with clinical value, continuously optimizing the product pipeline structure, and cultivating a competitive product echelon.

In terms of platform and capability building, the Company continuously improves its technology platform system adapted to its own R&D characteristics. It introduces key technological paths such as continuous flow, biosynthesis, peptide synthesis, taste-masking technology, and sustained and controlled release to enhance R&D efficiency and product differentiation. At the same time, it regards the cultivation of scientific research talent as an important support for the R&D system. Through a combination of project practice, platform construction, external training, and academic exchanges, it promotes R&D-production synergy and technology inheritance, solidifying the long-term foundation for R&D development.

During the reporting period

Shiyitang Traditional Chinese Medicine has been successively accredited as municipal and provincial Postdoctoral Innovation Practice Base.

Case: Jointly building the Cold Region Traditional Chinese Medicine R&D Platform to solidify the foundation of industrial innovation

To advance the resource protection and modernization of Chinese materia medica in cold regions, Shiyitang Chinese Medicine and Northeast Forestry University signed the Letter of Intent for the Construction of a Joint R&D Center for Cold-Region Longjiang Medicines, to jointly build the "Joint R&D Center for Cold-Region Longjiang Medicines" and, on this basis, jointly establish a postdoctoral research workstation.

The two parties will cooperate in areas such as resource protection of authentic Chinese materia medica in cold regions, GAP standardized planting, construction of a quality traceability system, and research on new functions and components of traditional Chinese medicine. The initial cooperation period is planned for 2025-2029, aiming to promote the transformation of scientific research achievements and the cultivation of professional talent, thereby boosting the innovation capabilities and scientific research level of the regional traditional Chinese medicine industry.



Case Deepening industry-academia-research cooperation to promote the building of TCM innovation capabilities

In 2025, focusing on the innovative development of traditional Chinese medicine, Shiyitang Chinese Medicine organized its R&D team to conduct exchanges and investigations with universities including Harbin Institute of Technology, Beijing University of Chinese Medicine, Heilongjiang University of Chinese Medicine, and scientific research institutions such as Tianjin Pharmaceutical Research Institute. Special seminars were held on innovative TCM drugs, improved TCM drugs, evidence-based medicine research and post-marketing evaluation of TCM injections.

Through sustained industry-university-research exchanges, the Company reached cooperation consensus on multiple research fields and promoted the signing of letters of intent. This laid a foundation for subsequent R&D cooperation and achievement transformation, and further improved the enterprise's innovation capacity and R&D system construction.



Exchange Visit with Tianjin Pharmaceutical Research Institute

The Company simultaneously improves its incentive and project management mechanisms for R&D personnel. It has formulated and implemented the R&D Project Incentive Plan of HARBIN PHARMACEUTICAL GROUP CO., LTD. (Trial). Centered on the full life-cycle management of R&D projects, this plan links project progress with the performance of R&D teams by setting quantitative assessment indicators at key milestone nodes. This forms an achievement-oriented incentive mechanism, enhancing the motivation of R&D personnel and the efficiency of project execution, and providing a dynamic guarantee for the continuous advancement of the R&D strategy.

The Company continues to increase its R&D investment, supporting the implementation of its R&D strategy with an institutionalized investment guarantee mechanism. It advances projects through a combination of independent R&D and external cooperation. During the reporting period, over a hundred projects were initiated, covering new drugs, generic drugs, and biological products, with more than 50 projects having been approved or completed. The Company and its subsidiaries have obtained multiple national, provincial, and municipal innovation qualifications and have been recognized as scientific research platforms, providing support for the implementation of the R&D strategy and the transformation of its achievements.

Certifications/honors

National High-tech Enterprise

- HARBIN PHARMACEUTICAL GROUP CO., LTD., Harbin Pharmaceutical Group Sanjing Qianhe Pharmaceutical Co., Ltd., Harbin Pharm Group Sanjing Pharmaceutical Co., Ltd., Harbin Pharmaceutical Group Bioengineering Co., Ltd., Harbin Pharmaceutical Group Sanjing Mingshui Pharmaceutical Co., Ltd., Harbin Shiyitang Chinese Medicine Co., Ltd., Harbin Pharmaceutical Group Sanjing Daqing Glass Industrial Park Co., Ltd., Harbin Pharmaceutical Group Shiyitang Chinese Decoction Pieces Co., Ltd.

National Torch Program Harbin Antibiotic Specialty Industrial Base

HARBIN PHARMACEUTICAL GROUP CO., LTD.

National Intellectual Property Advantage Enterprise (Demonstration)

Harbin Pharmaceutical Group Bioengineering Co., Ltd.

Heilongjiang Province "Specialized, Refined, Differential, and Innovative" Small and Medium-Sized Enterprise

Harbin Pharmaceutical Group Bioengineering Co., Ltd., Harbin Shiyitang Chinese Medicine Co., Ltd.

Heilongjiang Province Technological Innovation Demonstration Enterprise

Harbin Pharmaceutical Group Bioengineering Co., Ltd.

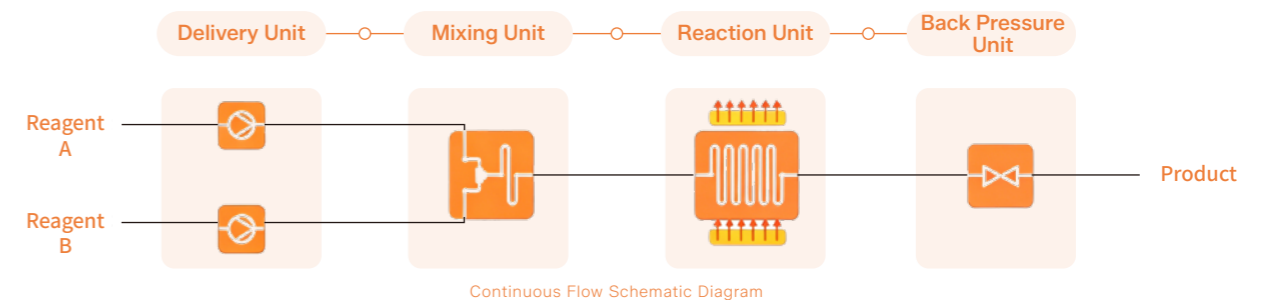
Heilongjiang Provincial Enterprise Technology Center

Harbin Pharmaceutical Group Bioengineering Co., Ltd., HARBIN PHARMACEUTICAL GROUP CO., LTD.

Green R&D and Green Products

The Company integrates green concepts into the entire R&D process, practicing the R&D policy of "green R&D + safety and quality." Focusing on reducing energy consumption, minimizing pollution, and enhancing resource utilization efficiency, it continuously promotes the application of green technologies in the R&D of pharmaceuticals and health products. Through technological paths such as synthetic biology and continuous flow, the Company optimizes process flows at the R&D stage, reducing raw material consumption and environmental load while improving reaction efficiency and product stability.

In specific practice, synthetic biology technology, centered on biological systems, achieves sustainable raw material conversion and highly selective synthesis; continuous flow technology, centered on process intensification, enhances the safety, stability, and resource utilization of reaction processes. These green technologies play a supporting role in the R&D and process design stages, laying the foundation for the industrial application of green processes and driving product R&D towards low energy consumption, low emissions, and high quality.



Intellectual Property Protection

The Company conducts intellectual property management in accordance with the law, strictly adhering to the requirements of laws and regulations such as the Civil Code of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Patent Law of the People's Republic of China, to implement full-process management of trademarks, patents, and copyrights. The Company has formulated and implemented the Regulations on the Management of Patents and Monographs to standardize matters such as application, maintenance, rights management, and termination. In terms of trademark management, it has implemented the Regulations on the Management of Trademarks of HARBIN PHARMACEUTICAL GROUP CO., LTD., clarifying the requirements for trademark registration, use, licensing, and maintenance to prevent infringement and improper use risks.

On the basis of system implementation, the Company enhances its intellectual property protection capabilities through training and exchanges. It conducts training for R&D personnel, new employees, and relevant positions on topics such as patent basics, innovation point mining, rights protection practices, and standardized trademark use. It also organizes participation in sector intellectual property exchange activities to continuously strengthen employees' compliance awareness and professional capabilities, promoting the effective protection and transformation of innovative achievements.

Impact, Risks, and Opportunities

In R&D activities, the Company simultaneously identifies operational impacts, risks and development opportunities brought by technological innovation, and integrates relevant management requirements into R&D decision-making and project management processes. At key links including R&D project initiation, project evaluation and annual planning, the Company comprehensively considers technical feasibility, market demand, policy environment and resource allocation. It systematically identifies and assesses the uncertainty of cost, cycle and achievement in R&D activities.

Via milestone management, phased evaluation and dynamic adjustment mechanisms, the Company maintains continuous supervision over R&D projects, and optimizes R&D pipeline and resource allocation based on evaluation results. While preventing R&D risks and improving resource efficiency, it promotes the transformation of technological innovation achievements, and sustains the supporting effect of innovation on core competitiveness and long-term development.

Indicators and Objectives

Focusing on R&D and innovation work, the Company has defined its core management objective as improving the operational quality of the R&D system and the efficiency of achievement transformation. By strengthening the overall planning of R&D, project screening, and process management, it continuously optimizes the structure of the R&D pipeline and the efficiency of resource allocation. The Company focuses on strengthening the layout and management of projects with high technical barriers and high clinical value, promoting a positive cycle between R&D investment and product outcomes and business benefits, thereby providing sustained support for the Company's long-term and steady development.

| Indicator name | Unit | 2025 |
|---|-------------------|-----------|
| Total R&D investment | Ten Thousand Yuan | 20,351.82 |
| R&D Expenditure as a Percentage of Operating Revenue | % | 1.27 |
| R&D Expenditure as a Percentage of Operating Revenue of Industrial Sector | % | 3.54 |
| Proportion of R&D personnel | % | 10.54 |
| Total Amount of Science and Technology Innovation Awards Issued | Ten Thousand Yuan | 215.33 |
| Number of Recognized Science and Technology Innovation Projects | Items | 146 |
| Total number of valid patents held | Items | 220 |
| Total number of invention patents applied for in the year | Items | 24 |
| Total number of invention patents granted in the year | Items | 1 |
| Total number of valid trademarks held | Items | 774 |

Ethics of Science and Technology

The Company's business management revolves around pharmaceutical R&D, technology development, and related scientific and technological activities, with its business covering areas such as chemical drugs, traditional Chinese medicine, biological products, and health products. In the management of its scientific and technological activities, the Company adheres to the principle of legal compliance, making ethics of science and technology requirements an important prerequisite for R&D management and scientific research cooperation to ensure that related activities are carried out in an orderly manner within a standardized framework.

The Company complies with national requirements related to technology ethics and research management, such as Good Clinical Practice, the Measures for the Ethical Review of Life Sciences and Medical Research Involving Human Participants, and the Measures for the Review of Ethics of Science and Technology (Trial). Through internal systems like the R&D Project Management Measures, it standardizes the initiation, implementation, and collaborative research of R&D projects. The systems stipulate that if an R&D project involves clinical trials, non-clinical studies, or entrusts third parties to conduct related research activities, it must be executed in strict accordance with current national laws, regulations, and regulatory requirements. Compliance responsibilities must also be clearly defined in cooperation or entrustment agreements to ensure that the entire research process meets ethical and compliance requirements.

The Company itself does not conduct research activities involving human clinical trials or animal experiments. In cases of commissioned research or external cooperation, the Company requires its partners to possess the corresponding qualifications by law and imposes management constraints on their research conduct to ensure compliance with national ethics of science and technology and regulatory requirements, thereby preventing potential ethical and compliance risks at the source. During the reporting period, the Company had no instances of violating laws and regulations related to the ethics of science and technology.

Industrial Cooperation and Exchange

Grounded in the broader context of the pharmaceutical and health industry's development, the Company actively integrates into the collaborative development patterns of the industrial and innovation chains. Focusing on key directions such as the inheritance and innovation of traditional Chinese medicine, the enhancement of fundamental industrial capabilities, and the transformation of scientific and technological achievements, it continuously expands the depth and breadth of industrial cooperation. This promotes the effective connection of industry, academia, research, and application, contributing to the overall improvement of the industrial chain and the high-quality development of the regional pharmaceutical industry.



Case

Participating in the industrial collaboration of Chinese materia medica in cold regions to promote the development of regional industrial chains

In March 2025, Shiyitang Chinese Medicine, as one of the chain-leader enterprises in Heilongjiang province's Chinese materia medica industry chain, co-organized the "Cold-Region Longjiang Medicines · Acanthopanax Senticosus" Industry Development Conference. The conference focused on the resource protection, standardized cultivation, industrial synergy, and value enhancement of authentic Chinese materia medica in cold regions like Acanthopanax senticosus. It brought together representatives from relevant provincial government departments, scientific research institutions, industry associations, and enterprises for exchanges and discussions to jointly explore collaborative development paths for the Chinese materia medica industry chain. By building a multi-party communication platform, the Company actively promotes the integration of resources and upstream-downstream collaboration in the Chinese materia medica industry, fostering the construction and high-quality development of a regional traditional Chinese medicine industrial cluster.



The First IP Image of Hailong Chinese Herbal Medicine - Shiyitang Vitality Xiaowu



"Cold-Region Longjiang Medicines · Acanthopanax Senticosus" Industry Development Conference

Product Quality and Safety Management

Governance

The Company always places product quality and drug safety at the core of its business management. Adhering to the principle of "compliance first, full-process control, and continuous improvement," it strictly follows the requirements of laws and regulations such as the Drug Administration Law of the People's Republic of China, Good Manufacturing Practice (GMP), and Good Supply Practice for Drugs (GSP). The Company has established an integrated quality management system that covers the entire industrial chain and complies with industry regulatory standards. It has formulated and implemented policy documents such as the Management System of the Comprehensive Quality Management Committee and the Quality Document Management Procedures of the Joint-Stock Company to clarify quality management responsibilities, processes, and supervision mechanisms, building a quality management system that meets the regulatory requirements of the pharmaceutical sector.

The Company continuously improves its quality management system structure. The Quality and Manufacturing Technology Department leads the overall coordination of quality management system development, operational supervision, and continuous improvement efforts. Each production, operation, and R&D entity, in line with its own business characteristics, strictly implements mandatory standards such as GMP and GSP. They formulate quality management system documents that match their product types and business scopes, ensuring seamless integration of quality management in organizational structure, system execution, and daily operations, thereby comprehensively strengthening the foundation of quality control.

Strategy

The Company focuses its core efforts on building a compliant and efficient quality management system, pursuing the "dual zero" goal, and achieving quality excellence. It systematically enhances its quality management capabilities by focusing on areas such as quality operation evaluation, quality risk prevention and control, digital and intelligent application in quality, and the development of professional talent echelons. Risks and opportunities related to product quality and safety are integrated into the daily operation and evaluation of the quality management system.

| Risk name | Specific description | Time horizon | Financial impact | Response measures |
|---------------------------------|--|----------------------|---|--|
| Risk of quality control failure | Quality control measures in R&D, production, or testing are inadequately implemented, and the quality management system has operational weaknesses | Medium and long term | Product recall losses, compensation expenses, and reduced revenue | Strengthen standardized control throughout the entire life cycle and process, enhance the precision of process control, reinforce quality awareness and professional capability cultivation, promote a proactive risk prevention and control mechanism, and establish a diversified quality audit and supervision system to comprehensively build a line of defense for quality and safety |
| Regulatory compliance risk | Drug regulatory policies and technical standards are continuously updated, posing a risk of delayed alignment in the quality management system | Medium and long term | Rising compliance costs and heightened risk of asset impairment | Continuously track regulatory changes, improve the quality management system, conduct compliance training, and perform regular system assessments |

| Opportunity name | Specific description | Time horizon | Financial impact | Response measures |
|---------------------------------|--|----------------------|--|--|
| Quality improvement opportunity | Product quality consistency and stability are continuously improved, and quality management capabilities are steadily strengthened | Medium and long term | Revenue growth, enhanced brand premium, and improved cash flow | Continuously optimize the quality management system, and strengthen quality control and quality review throughout the entire process |

Full-Lifecycle Quality Management

The Company systematically incorporates product quality and drug safety into its business management and quality governance systems, gradually forming a management model guided by full-lifecycle quality management. The Company integrates quality management requirements into every stage of the product life cycle, from R&D to post-market surveillance. By combining system development with process control, it promotes the transformation of quality management from a singular focus on production control to a comprehensive, front-end management approach, providing continuous assurance for product quality stability and drug safety.

1 Product R&D stage

- Adhering to the philosophy of "Quality by Design," the Company systematically conducts quality risk assessments, process validations, and stability studies during drug formulation design, process development, and technology transfer. It defines product quality standards, critical quality attributes, and critical process parameters to ensure that R&D outcomes have stable and reproducible production conditions before entering the industrialization stage. Relevant R&D data and change information are managed and controlled in a standardized and traceable manner, reducing the likelihood of quality fluctuations in subsequent production and distribution stages from the source.

2 Production and distribution stage

- The Company continuously improves its quality management mechanism, covering raw and auxiliary material access, supplier audits, production process control, finished product inspection and release, warehousing and transportation, and product traceability. It strengthens quality control of raw and auxiliary materials by implementing tiered audits and dynamic management of suppliers. During the production process, it reinforces standardized requirements for key processes, critical equipment, and operating personnel to ensure that production activities remain controlled. In the inspection and release stage, an independent quality management function implements a multi-level review and release process, and no product is allowed to enter the market without approval.

3 Product post-market stage

- The Company has established a mechanism for monitoring adverse drug reactions and quality feedback, collecting safety information through multiple channels and conducting analysis, evaluation, and reporting in accordance with regulatory requirements. Concurrently, the Company has formulated and implemented product recall management documents, which specify recall classification standards, disposal procedures, and responsibilities. When potential quality or safety risks are identified, the Company can promptly initiate recall measures of the appropriate level, leveraging its product traceability system to ensure that risks are controllable and disposal is effective.

Based on the actual needs of product quality management, the Company formulates an annual quality improvement plan, defining key improvement directions and implementation milestones, and organizes its affiliated enterprises to advance quality improvement work as planned. Through regular internal quality audits, management reviews, and evaluations of improvement effectiveness, combined with dynamic monitoring and systematic optimization of the entire process, the Company continuously enhances the maturity of its quality management. This drives a steady improvement in product quality and drug safety levels, effectively safeguarding public safety and efficacy in medication use.

Quality Management System Capabilities Building

The effective operation of the quality management system relies on the combined efforts of system execution, personnel capabilities, and organizational synergy. The Company continuously improves its quality management systems and business processes, systematically integrating quality management requirements into R&D, production, sales, service, and related business segments. This promotes stable and effective linkage and operation of quality management across all stages.

To reinforce the implementation of quality responsibilities, the Company uses positive incentive mechanisms to guide employees to proactively fulfill their quality duties. For key positions such as quality management, production operations, and inspection and testing, it implements professional skill competitions, job incentives, and rewards for quality improvement suggestions. It also links quality performance with individual evaluations and performance results, ensuring that employees continuously improve their operational standardization and work quality in their daily work.

At the same time, the Company regards professional capability building as a crucial guarantee for the long-term effective operation of its quality management system. Through a combination of systematic training and practical experience, it continuously enhances the understanding and execution capabilities of quality management, production, and inspection personnel regarding regulatory requirements, technical standards, and quality risks. This approach promotes the transformation of quality management from a system requirement to a level of excellence, solidifying the foundation for the sustained and effective operation of product quality and safety management.

Case Enhancing professional capabilities in the quality technology sequence

The Company continues to advance the professional capability building of its quality technology sequence. It has organized eight subsidiaries and affiliates to complete the compilation of the Enterprise-Level Quality Technology Professional Capability Manual and its supporting question bank. In accordance with the latest management requirements of the 2025 edition of the Pharmacopoeia of the People's Republic of China, the Company has systematically optimized the Quality Inspection Professional Capability Enhancement Manual of the Company. On this basis, the Company simultaneously conducted specialized training and assessments for quality technology inspection personnel, covering eight enterprises to solidify the professional capabilities of the quality management system. To promote and implement the new edition of the Pharmacopoeia of the People's Republic of China, a total of 104 internal and external training sessions were organized during the reporting period, covering 1,838 participants. This has continuously enhanced the understanding and execution level of inspection personnel regarding the new standards, ensuring that inspection work complies with the latest regulatory requirements.



Quality technology training

Case Honing elite skills through practice and demonstrating true expertise in competition

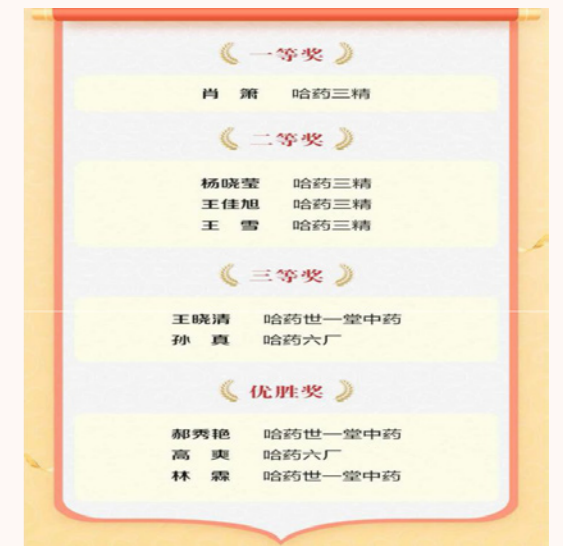
In November 2025, the Company organized a "Quality Inspector Competition". The competition adopted a format combining "theoretical assessment and on-site practical operation" to comprehensively evaluate the inspectors' understanding of regulations, professional judgment, and operational standards. The theoretical assessment focused on quality standards, inspection principles, and problem analysis skills, while the on-site practical operation emphasized the execution of standard operating procedures and actual inspection skills. Through this competition, which promoted learning and practice, a platform for technical exchange in quality inspection was established. It effectively enhanced the professional capabilities and regulatory awareness of the inspection personnel, providing talent support for the stable operation of the quality management system.



Quality Inspection Staff Skill Contest

Case Heilongjiang Provincial Drug Quality Inspector Employee Professional Skills Competition

In December 2025, the Company selected 13 contestants to participate in the Heilongjiang Province Drug Quality Inspector Professional Skills Competition, with nine of them achieving outstanding results, including sweeping the first and second prizes. During the preparation period, the Company determined the final contestants through multiple rounds of competitive assessments and invited professional instructors to conduct specialized practical training to help them master key assessment points and enhance their competitiveness. The competition consisted of two parts: theory and practical operation, comprehensively testing the contestants' professional knowledge and practical skills. Leveraging their solid foundation and craftsmanship, the Hapharm contestants won multiple honors in the fierce competition, inspiring all quality inspection personnel in the Company to refine their skills and jointly build a line of defense for drug quality and safety.

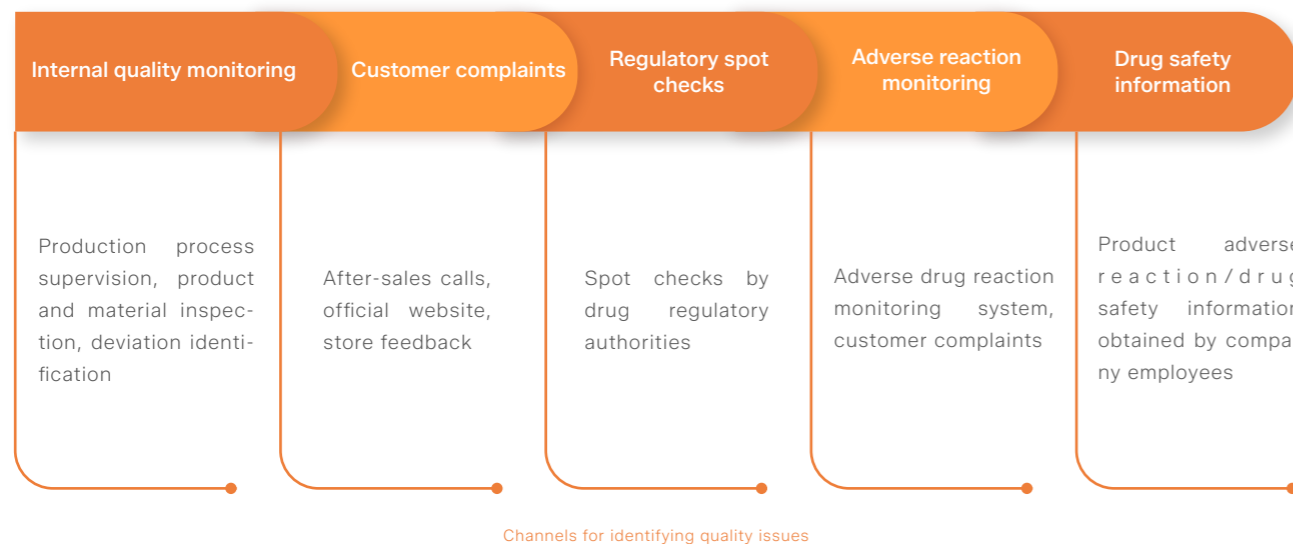


Provincial Drug Quality Inspector Professional Skills Competition

Impact, Risks, and Opportunities

In response to the high requirements of the pharmaceutical sector for product safety, compliance, and risk controllability, the Company has integrated product quality-related impacts, risks, and opportunities into a unified quality management framework. This framework covers key stages such as R&D, production, supply chain, distribution, and post-market management, forming a risk management process that spans the entire product lifecycle. By embedding quality risk management requirements into its daily quality operations, the Company continuously identifies factors that may affect product quality, drug safety, operational stability, and market trust, thereby promoting a continuous shift in quality management towards proactive identification and in-process control.

The Company systematically identifies quality-related risks and potential impacts through channels such as the execution of quality management systems, production process control, supplier quality management, pharmacovigilance information monitoring, and internal and external audits. It conducts graded assessments based on the likelihood and severity of the risks. For major or urgent quality risk events, the Drug Safety Committee coordinates the assessment, the Quality Management Department takes the lead, and relevant business departments participate collaboratively to ensure that risk information is identified, effectively judged, and responded to in a timely manner. During the reporting period, the quality audit coverage rate for pharmaceutical manufacturing enterprises, R&D enterprises, and non-pharmaceutical business-related enterprises was 100%.

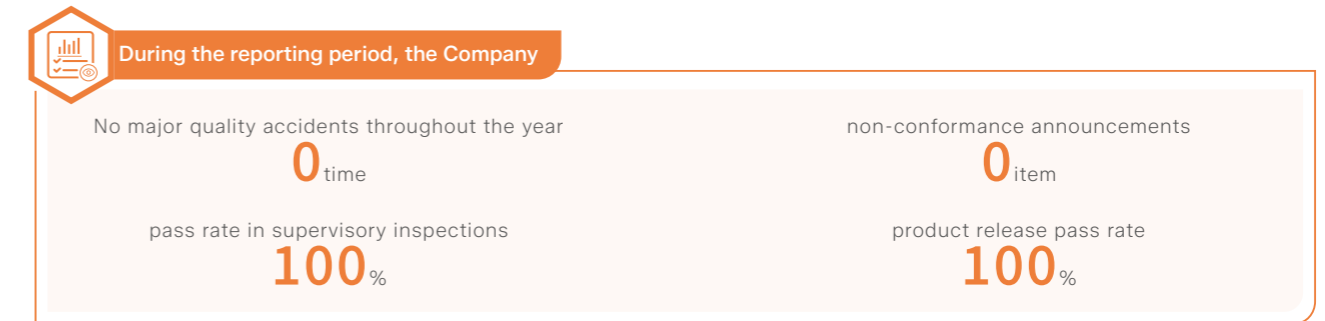


In terms of risk response and control, the Company implements closed-loop management of quality abnormalities and potential risks through mechanisms such as deviation management, change management, and corrective and preventive actions (CAPA). The Company analyzes the root causes and impact levels of risks and takes corresponding disposal measures based on the risk level to prevent the escalation or recurrence of risks. By tracking the effectiveness of corrective actions, it continuously optimizes its quality management systems and processes, steadily enhancing its overall quality management capabilities.

While strengthening quality risk prevention and control, the Company also focuses on the positive impacts and development opportunities brought by enhancing its quality management capabilities. By continuously improving its quality management system and enhancing product quality consistency and full-process compliance, the Company strengthens its adaptability to changes in regulatory policies, solidifies its foundation of market trust, and reduces the potential impact of quality issues on its operations and finances from the source.

Indicators and Objectives

Focusing on its established quality objectives, the Company continuously monitors and evaluates key quality indicators. By improving risk prevention and control measures and operational management mechanisms, it promotes the continuous improvement and effective operation of its quality management system, ensuring the implementation of quality objectives and phased management requirements.



Pharmacovigilance

The Company conscientiously fulfills its primary responsibility as a Marketing Authorization Holder, treating pharmacovigilance as a crucial lever for ensuring public medication safety. It strictly adheres to regulations such as the Measures for the Reporting and Monitoring of Adverse Drug Reactions and Good Pharmacovigilance Practice. It has established a pharmacovigilance center staffed with full-time professionals to uniformly coordinate and supervise pharmacovigilance activities. A pharmacovigilance management platform has been developed to unify systems, standards, operational procedures, and assessment requirements. It also conducts regular supervision, inspection, and guidance for its subsidiary enterprises and drug research institutions to ensure that all pharmacovigilance activities are conducted in compliance with regulations.

The Company continuously collects drug safety information through multiple channels, including the National Adverse Drug Reaction Monitoring System, customer complaints, feedback from medical institutions, and literature monitoring. Upon receiving information about adverse reactions, it promptly records, assesses causality, and implements follow-up management. All information meeting reporting criteria is classified and submitted within specified timeframes via the national direct reporting system for adverse drug reactions in accordance with regulatory requirements. Based on regular analysis and assessment results, it dynamically optimizes risk prevention and control measures to enhance the timeliness and effectiveness of its risk response.

At the same time, the Company continues to strengthen its professional capabilities in pharmacovigilance. Focusing on new regulations and key inspection points, it organizes specialized pharmacovigilance training and incorporates course resources from the National Center for ADR Monitoring, China and professional industry institutions, achieving full coverage of personnel in relevant positions. This continuously enhances professional judgment and compliance execution capabilities, providing strong support for the ongoing management of drug safety risks.



Customer Rights and Interests and Service Assurance

To ensure public medication safety and enhance service accessibility, the Company has established and implemented internal policies such as the Customer Service Management System. It embeds customer service requirements into product information management, service response, and daily operations to promote standardized and orderly customer service activities, effectively safeguarding the legitimate rights and interests of customers and consumers. Aligned with its corporate culture and values, it unifies customer service standards and codes of conduct, clarifying a service orientation centered on integrity, professionalism, collaboration, and efficiency. It continuously cultivates a professional, standardized, pragmatic, and efficient service image to enhance brand reputation and customer satisfaction.

Concurrently, the Company regards professional capability development as a critical enabler. Focusing on key service scenarios such as rational drug use guidance, chronic disease management support, and special medication assurance, it continuously enhances the professional competence and service capabilities of front-line staff, driving the evolution of customer service from basic support toward more professional, refined, and sustained assistance.

Case Special topic training on chronic disease management to enhance frontline pharmacy service capabilities

Renmintongtai periodically organizes training on key disease management, focusing on the long-term medication and health management needs of patients with chronic diseases. These sessions concentrate on high-prevalence chronic conditions such as diabetes, systematically explaining disease characteristics, key points of standardized medication use, and related health management content to enhance the professional service capabilities of front-line employees.

In October 2025, Renmintongtai invited a chronic disease management expert to deliver a special training session on Chronic Disease Management for Diabetes, covering disease mechanisms, complication risks, individualized medication, and lifestyle interventions. Sixty front-line store employees participated, effectively enhancing their practical competencies in chronic disease identification, medication guidance, and patient communication.



Training on chronic disease management for diabetes

Case Professional service capability building for DTP pharmacies

In 2025, Renmintongtai continued to refine its DTP training system in alignment with the professional service requirements of DTP pharmacies. It organized targeted training sessions led by physicians from Grade A tertiary hospitals and senior licensed pharmacists, employing a blended approach combining online and offline learning with self-study. The training covered multiple key disease areas and core business modules, strengthening pharmacists' professional capabilities in full-cycle patient management, cold-chain drug handling standards, and compliant service delivery.

Building on this foundation, Renmintongtai innovatively introduced an AI-powered intelligent learning and practice platform, with drug consultation and patient follow-up as core training scenarios. Through routine knowledge exercises and simulated follow-up drills, the platform helps pharmacists consolidate professional knowledge on drug indications, dosage, and administration, standardize service procedures and communication approaches, and enhance the professionalism and consistency of patient follow-ups.



AI-Powered Intelligent Learning and Practice Platform

The Company has established the Quality Complaint Management System. When customer complaints or quality-related issues arise, it follows established procedures for acceptance, investigation, resolution, feedback, and corrective action. A tiered management approach is applied based on the nature and severity of the issue, with clear assignment of responsible parties and handling requirements. Relevant personnel promptly identify root causes, implement corrective measures, and track their effectiveness, promoting closed-loop issue management and continuous improvement of service quality to prevent recurrence of similar issues.

Considering store layouts and actual service scenarios, the Company is gradually exploring the appropriate extension of convenient services without compromising the standardized operation of its core business. Selected stores provide essential convenience support and basic assistance to residents of surrounding communities and outdoor workers, enhancing service accessibility and enabling stores to function not only as healthcare access points but also as community service hubs. By organically integrating customer service with quality management, terminal operations, and community engagement, the Company continuously shifts its customer relationships from transactional interactions toward more stable and sustainable service partnerships, systematically addressing the diverse needs of different groups.

During the reporting period, the Company

Handled **100%** customer feedbacks



Case Consumer training and interactive service programs

The Company continuously implements consumer training and interactive service programs. Through standardized health education and service activities, it enhances public health literacy and terminal service quality, extending customer engagement beyond transactional interactions toward long-term service relationships.

The program primarily leverages chain pharmacies as its main platform, complemented by community and public cultural venues, to establish a multi-scenario service model. Through patient education, health lectures, and interactive experiences, it delivers scientific and standardized knowledge on medication use and health management to consumers. The Company collaborates with chain partners on activity planning and execution to enhance store service capabilities and accessibility. In 2025, the program conducted a total of 405 sessions, reaching approximately 13,000 consumers. While improving service engagement and consumer satisfaction, it also accumulated practical experience for refining the terminal service system and advancing health science communication.



Consumer training and interaction



Case Emergency cold chain distribution to ensure the medication needs of medical institutions

In April 2025, the Yichun Maternal and Child Health Hospital encountered an urgent medication need during clinical treatment that could not be met by its in-house inventory in the short term. Upon receiving the request, Logistics Center immediately activated its emergency customer service and distribution response mechanism, coordinating logistics, warehousing, and quality functions to swiftly complete drug allocation, verification, cold-chain packaging, and dispatch. During transportation, the Company strictly adhered to cold-chain transport and temperature control requirements, arranged dedicated direct delivery, and implemented end-to-end monitoring to ensure the drugs met usage standards for both delivery timeliness and quality safety. The required medications were delivered on time and safely, ensuring continuity of clinical treatment.

Responsible Marketing

The Company places consumer health and legitimate rights at the core of its operations and upholds responsible marketing as a fundamental principle of its market activities. It continuously standardizes its marketing and external communication practices. In all marketing communication activities, it strictly complies with laws and regulations including the Advertising Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China, and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. It has established a marketing compliance management mechanism covering the entire process—from planning and review to publication—to ensure all content is truthful, accurate, and objective, without exaggerating product efficacy, inducing health anxiety, or misleading consumers.

In advertising and communications management, the Company implements a unified content review system and a tiered accountability framework. All advertising and promotional materials must undergo internal review and filing. Promotions involving pharmaceuticals or health-related content are subject to statutory review requirements and pre-publication compliance and risk assessments. In media collaborations and new media communications, it adheres to standardized expression and cautious publishing practices to prevent inappropriate promotion and compliance risks. At the point of service, the Company relies on its retail stores to uniformly implement standardized service processes and pharmaceutical care requirements, guiding consumers toward rational and safe medication use through structured medication counseling and service management, thereby avoiding misleading recommendations or improper marketing practices.

Additionally, the Company emphasizes the social value of health communication, disseminating content on drug safety, rational drug use, and health science through official channels to enhance public health awareness. To meet advertising compliance and service standardization requirements, it regularly organizes training on relevant regulations and practical implementation, covering key areas such as advertising production and review procedures, official website and new media content operations, and promotional standards for live-streaming and e-commerce platforms. This further strengthens compliance awareness and risk mitigation capabilities among relevant personnel, promoting more standardized and orderly external communications and terminal services.



Case Advertising compliance review and regulatory training

In May 2025, to further enhance the standardization and security of its external communications, the Company organized "Training on Advertising Compliance Review and Relevant Laws and Regulations," delivering systematic instruction to key personnel involved in external promotion through a blended online and offline format. The training addressed critical topics including advertising production and review procedures, official website content operation standards, publishing requirements for official WeChat accounts and self-media platforms, live-streaming content management, and promotional language standards for e-commerce platforms. It also provided focused guidance on advertising review essentials and common risks, contextualized within real-world work scenarios.



Responsible marketing training

The training covered 105 personnel from relevant departments, effectively enhancing their understanding and execution of advertising compliance requirements, strengthening risk identification and compliance awareness in external communications, and providing assurance for the standardized and orderly conduct of the Company's marketing and communication activities.



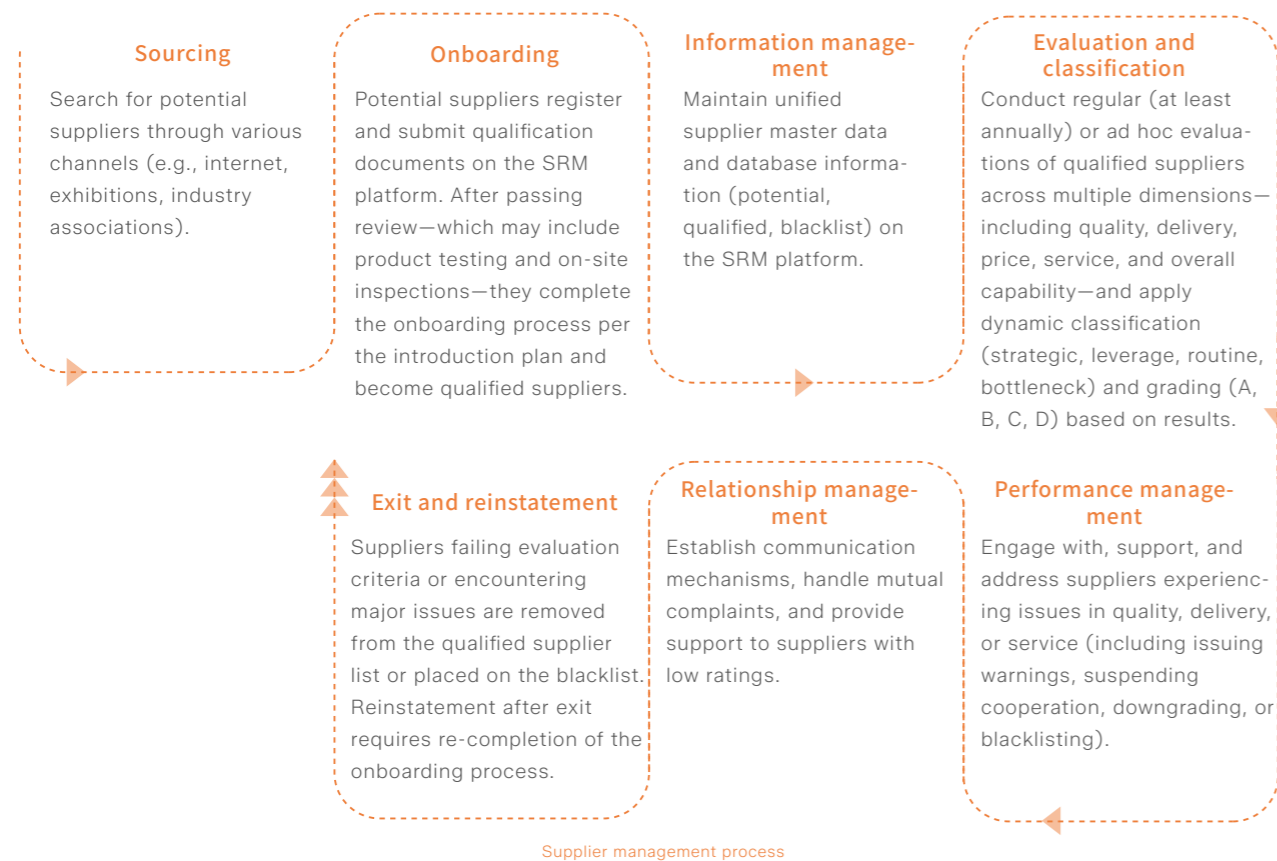
During the reporting period, the Company



Performed **14** responsible marketing audits

Supply Chain Management and Security

In accordance with GMP and other applicable laws, regulations, and industry regulatory requirements, the Company has established and continuously improved its supplier management system. Through policies including the Supplier Management Regulations, Detailed Rules for Supplier Sourcing Management, and Management Procedures for Drug Supplier Evaluation Standards, it standardizes key processes—sourcing, onboarding, collaboration, evaluation, and exit—providing institutional assurance for the security, compliance, and stable operation of the supply chain. The Board of Directors oversees supply chain strategy; senior management coordinates strategic implementation; and the Tendering and Procurement Department is responsible for execution, including supplier onboarding, evaluation, and risk control.



During the reporting period, the Company

| Total number of suppliers | Proportion of local suppliers | Local procurement ratio |
|---------------------------|-------------------------------|-------------------------|
| 2,177 | 31.24% | 34.82% |

The Company continues to advance its transparent procurement system, leveraging a unified SRM (supplier relationship management) platform to enable end-to-end digital management of suppliers and ensure full traceability. Procurement activities strictly adhere to the principles of openness, fairness, impartiality, full competition, and compliance & integrity, ensuring equal access to procurement information for all qualified suppliers. The procurement process is fully traceable and auditable, effectively mitigating risks of improper transactions and enhancing transparency and operational efficiency in procurement management.

Case Digital platform empowering transparent procurement and industrial chain collaboration

To enhance standardization and transparency in procurement and sales and improve industrial chain collaboration efficiency, the Company has advanced its supply chain management through digital transformation, establishing an integrated upstream-downstream management system centered on its enterprise-level SRM (Supplier Relationship Management) system and the SAP Hybris distributor platform. The dual-platform architecture enables seamless data integration across the entire procurement and sales chain, offering a unified and open collaborative environment for upstream and downstream small and medium-sized enterprises (SMEs). As of the end of the reporting period, the platforms served over 20,000 upstream suppliers and more than 4,000 downstream commercial customers, with SMEs accounting for over 90%. Platform adoption has significantly improved operational efficiency: order processing efficiency increased by over 46%, procurement cycles shortened by approximately 30%, contract signing efficiency rose by 80%, and inventory data accuracy reached 99.8%. Through centralized procurement and compliance verification mechanisms, the Company has reduced procurement costs, minimized inventory accumulation, and continuously enhanced the standardization and security of supply chain operations.

The Company considers integrity and compliance as a fundamental prerequisite for supplier cooperation, strictly adhering to national laws and regulations and company policies. It maintains a "zero-tolerance" policy towards commercial bribery and improper trading practices. During the bidding and cooperation processes, the Company uniformly requires suppliers to sign the HARBIN PHARMACEUTICAL GROUP CO., LTD. Bidder Integrity Commitment Letter. Performance under this commitment is integrated into the supplier evaluation and management system, serving as a crucial basis for continued cooperation. Through institutional constraints and process controls, integrity requirements are embedded into key aspects such as supplier onboarding, bidding and procurement, and contract performance management, preventing integrity risks in the supply chain from the source and ensuring the fairness and compliance of procurement activities.

During the reporting period, the Company

Achieved **100%** signing rate for the Integrity Commitment Letter among bidding suppliers

Supply Chain Risk Management

The Company embeds risk management into the full-lifecycle management of its suppliers. By controlling access, monitoring processes, and making dynamic adjustments, it systematically identifies and addresses compliance and operational risks within the supply chain. Prior to cooperation, it conducts audits focusing on key requirements such as compliant operations, quality and safety, and business ethics to prevent high-risk entities from entering its supply system. During cooperation, it continuously tracks supplier operational performance by integrating fulfillment records, issue feedback, and audit results, and takes timely management actions in response to evolving risks to prevent their accumulation and spread.

Relying on internal audits and special inspections, the Company supervises and verifies processes and key risk points related to supplier management. Risks identified through audits are incorporated into subsequent management and improvement cycles, strengthening closed-loop risk prevention and control. By integrating information security and integrity requirements into audit and process management, it ensures the standardization, transparency, and controllability of supply chain operations.

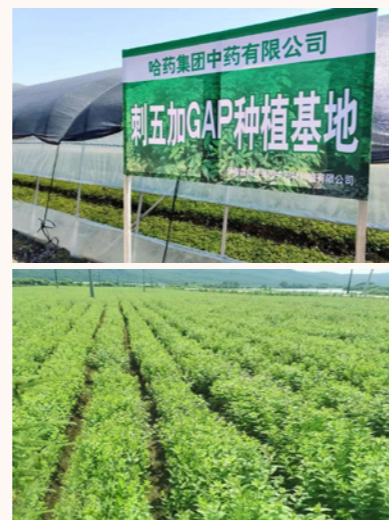
During the reporting period, the Company

Conducted document audits for **1,215** suppliers
 Conducted on-site audits for **149** suppliers
 Had **31** suppliers that underwent and passed environmental and social audits

Case Construction of GAP bases for core Chinese materia medica at Shiyitang Chinese Medicine

To strengthen source-level quality management of the traditional Chinese medicinal materials supply chain and ensure the stability, safety, and traceability of core Chinese materia medica raw materials, Shiyitang Chinese Medicine focuses on building good agricultural practice (GAP) bases for Chinese materia medica, continuously advancing standardized cultivation and quality control systems for authentic medicinal materials.

Shiyitang Chinese Medicine focuses on core varieties including *Acanthopanax senticosus*, *Lonicera japonica*, *Forsythia suspensa*, *Scutellaria baicalensis*, and *Schisandra chinensis*, collaborating with multiple Chinese materia medica cultivation enterprises to jointly build and share GAP bases, thereby advancing quality management requirements upstream to the cultivation stage. Relevant bases have successively passed the GAP compliance extension inspections conducted by the Heilongjiang Provincial Medical Products Administration. Among them, the cumulative inspected area for cultivation bases of *Lonicera japonica*, *Acanthopanax senticosus*, *Forsythia suspensa*, and *Scutellaria baicalensis* exceeds 18,000 mu, achieving controllable sourcing, manageable processes, and traceable quality for major Chinese materia medica raw materials.



GAP cultivation bases

Supply chain risk management goals

- Annual audit coverage for tier 1 suppliers \geq 95%, ESG special audit coverage \geq 50%
- A supplier risk warning response time of \leq 24 hours

Sustainable Supply Chain Management

The Company continues to advance the development of a sustainable supply chain by leveraging policy documents such as the Supplier Management Regulations and the supplier full-lifecycle management mechanism. It incorporates sustainability requirements—including environmental protection, product quality, work safety, labor practices, and business ethics—into supplier onboarding, cooperation, and evaluation processes. Through policy documents and procurement contract clauses, it clearly defines supplier responsibilities and obligations regarding compliant operations, anti-commercial bribery, and information protection. Suppliers found to have committed serious legal violations, posed quality and safety hazards, or demonstrated commercial dishonesty are subject to restrictions or termination of cooperation in accordance with applicable laws and regulations. During cooperation, the Company integrates factors such as quality and safety performance, fulfillment reliability, and compliance records into supplier evaluation and tiered management, using evaluation outcomes to drive corrective actions and continuous improvement, thereby promoting responsible supplier conduct and enhancing management capabilities to steer the supply chain toward greater standardization and sustainability.

The Company conducts supplier training centered on sustainable supply chain management requirements to reinforce understanding and implementation of quality, compliance, and responsibility standards, fostering supply chain collaboration and enhancing sustainability capabilities.

During the reporting period, the Company

Performed **761** supplier training sessions

Equal Treatment of Small and Medium-Sized Enterprises

The Company upholds equal treatment of small and medium-sized enterprises (SMEs) in supplier management and procurement practices. Its bidding and procurement management system explicitly prohibits discriminatory or exclusionary conditions that restrict SME participation, ensuring they enjoy fair competition opportunities in accordance with the law.

The Company publicly discloses procurement information via its official website and third-party platforms, ensuring all suppliers—including SMEs—have equal access to procurement information, understand procedures, and can participate in competitive bidding. Additionally, the Company has established a standardized settlement and payment mechanism and strictly fulfills contractual payment terms and sustainable supply chain cooperation ecosystem.

Information Security and Privacy Protection

The Company continuously enhances its information security and privacy protection governance system by establishing a dedicated network and information security management organizational structure, including a Network and Information Security Leading Group and an Emergency Response Working Group. These bodies coordinate decision-making on major information security and privacy matters and provide unified command and coordination for emergency responses to cybersecurity incidents, ensuring orderly and efficient risk response.

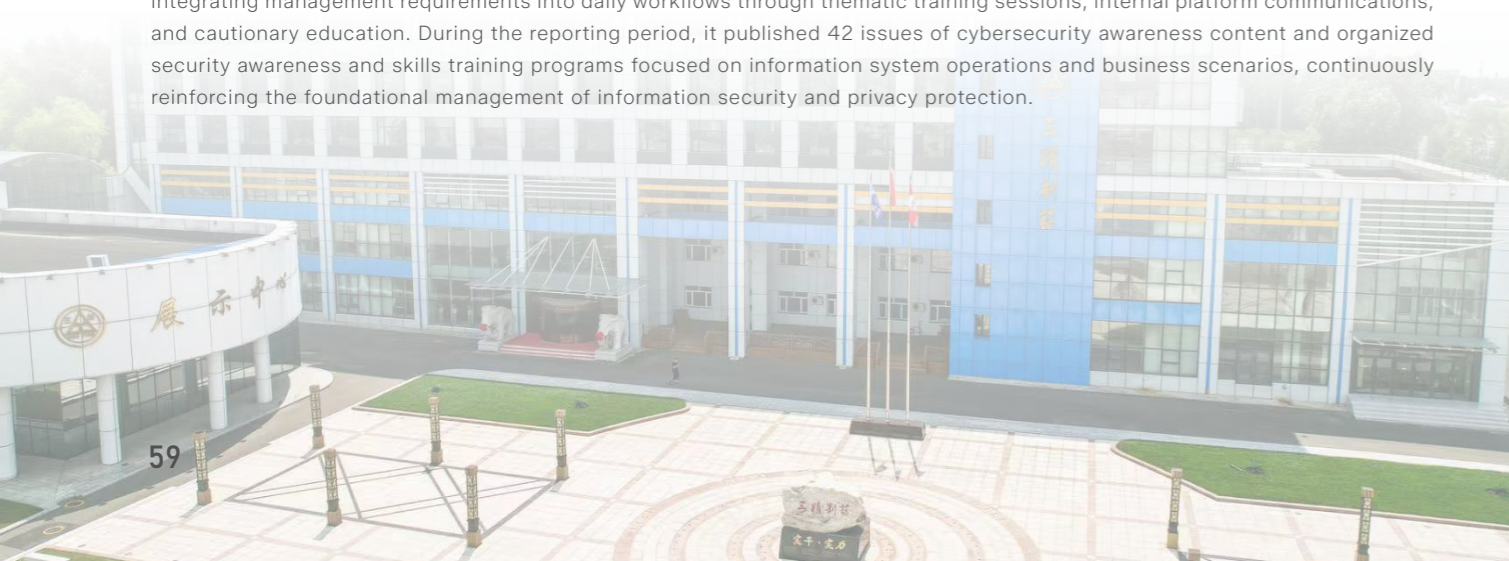
At the policy level, the Company continuously refines its information security and privacy protection framework, centered on the Regulations on the Management of Computer Use and Information Systems, which clearly define norms for information system usage, allocation of information security responsibilities, and requirements for data access and use—providing institutional assurance for stable system operations and compliant data management. Concurrently, the Company strictly implements China's Cybersecurity Classified Protection requirements, organizing filing and assessment activities for its information systems. Its official website, collaborative office system, and integrated business-finance system have obtained Level II and Level III Classified Protection certifications, and the Company continuously elevates its overall security posture through third-party evaluations.

In technical protection and operational management, the Company strengthens cybersecurity defenses and emergency response capabilities based on the actual operating conditions of its information systems. Through implementing cybersecurity initiatives, conducting attack-defense drills, and performing phishing email simulations, it continuously assesses system resilience and employee security awareness, promptly identifying and remediating potential vulnerabilities to enhance overall defensive and incident response capabilities.

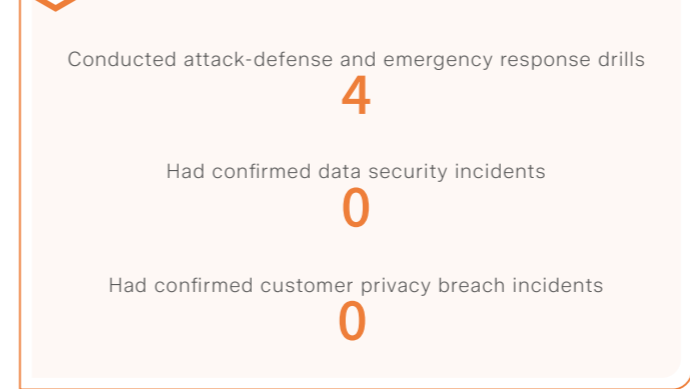
The Company enforces strict privacy management for customer and patient information. Such information is collected only in legitimate and compliant business contexts and centrally managed through a unified system platform, with clear requirements for data storage, access control, and confidentiality. Retention, dissemination, or disclosure of this information in non-work-related contexts is prohibited. Upon personnel role changes or departures, the Company strictly enforces information handover and data clearance protocols to ensure information security remains under control.

During the reporting period, Renmintongtai further revised the Management System and Standard Operating Procedures for Specialty Pharmacies, adding specific patient privacy protection requirements. The revision mandates adherence to the principle of data minimization in information collection and requires that patients be fully informed—at the time of initial service—about the purpose, scope, retention period, and protective measures related to data collection, with informed consent obtained accordingly. It also refines standards for data desensitization and strengthens management requirements for information storage, use, and transmission, thereby further safeguarding patient rights and enhancing service compliance and public trust.

Simultaneously, the Company continues to strengthen awareness and training on information security and privacy protection by integrating management requirements into daily workflows through thematic training sessions, internal platform communications, and cautionary education. During the reporting period, it published 42 issues of cybersecurity awareness content and organized security awareness and skills training programs focused on information system operations and business scenarios, continuously reinforcing the foundational management of information security and privacy protection.



During the reporting period, the Company



Information security skills training

Medicine Accessibility Enhancement

Governance

Medicine accessibility is a key topic in safeguarding public health and well-being and constitutes a core component and critical practice area of the Company's social responsibility. Its governance level and implementation effectiveness are directly linked to the fairness of medical resource allocation, the availability and affordability of pharmaceutical services, and ultimately the realization of societal health outcomes. To this end, the Company leverages a collaborative mechanism among multi-level governance bodies to continuously strengthen the governance foundation in medicine accessibility, systematically translating governance requirements into actionable measures. Through systematic governance, it empowers core objectives such as the decentralization of medical resources and enhanced accessibility of innovative medicines, thereby demonstrating its commitment to public health stewardship.

Strategy

| Risk name | Specific description | Time horizon ¹ | Financial impact | Response measures |
|------------------------|---|---------------------------|---|--|
| Price instability risk | The drug pricing mechanism is influenced by multiple factors—including national centralized procurement policies, market competition dynamics, and fluctuations in raw material costs—resulting in certain price volatility | Short and medium term | Increased revenue volatility and greater profit uncertainty | Strengthen price management and market monitoring, and formulate pricing strategies that align with cost changes and market demand |

¹Impact duration refers to the time scope of material impacts on the Company. Short-term: within 1 year; medium-term: 1 to 5 years; long-term: more than 5 years.

| Risk name | Specific description | Time horizon | Financial impact | Response measures |
|--------------------------------|--|-----------------------|--|---|
| Poor channel distribution risk | The pharmaceutical supply chain encompasses multiple segments—production, warehousing, logistics, and last-mile distribution—with uncertainties in channel coordination and delivery efficiency; supply assurance capacity in certain regions requires improvement | Short and medium term | Decreased sales revenue and higher operating costs | Optimize the supply chain and channel network, and enhance supply assurance for key regions and critical products |

| Opportunity type | Specific description | Time horizon | Financial impact | Response measures |
|---------------------------|---|--------------|---|---|
| Pharmaceutical innovation | Evolving public health needs and growing demand for affordable, highly adaptable medicines in grassroots and emerging markets continue to expand product application scenarios and market opportunities | Long-term | Increased revenue and higher cash inflows | Advance product portfolios tailored for grassroots and emerging markets and enhance market coverage |

Access Channels

The Company has deep expertise in the pharmaceutical distribution sector and has built an efficient province-wide delivery network leveraging high-quality channel resources, supported by strong market coverage and marketing capabilities. It has established a comprehensive terminal customer coverage system encompassing graded hospitals, primary healthcare institutions, and retail pharmacies. Long-standing cooperative relationships with key medical institutions and commercial clients are reinforced through continuous service quality improvements. In its retail segment, the Company focuses on refined operations and optimized layout of directly operated stores, while utilizing DTP specialty pharmacies¹ and hospital-adjacent stores as key channels to capture prescription outflow, delivering professional and standardized pharmaceutical services to consumers.

As of the end of 2025, the Company operated 357 directly managed retail stores, including 226 stores in Harbin and 131 stores outside the city. The Company had a total of 15 DTP specialty pharmacies to better meet patients' medication needs. The DTP pharmacies cumulatively served 250,000 patients, with follow-up services covering nearly 190,000 visits.

¹DTP pharmacies (Direct to Patient) refer to specialized pharmacies through which pharmaceutical manufacturers or distributors provide prescription drugs—primarily specialty and innovative medicines—directly to patients.

Case
Focusing on full-course disease management to aid patient recovery

In November 2025, the Company hosted a lung cancer patient education event titled "Foreseeing the Future, Creating a New Life Together" at its DTP Management Center, attended by 22 patients. A chief physician from a tumor hospital was invited as the keynote speaker to share professional insights on key aspects of full-course disease management, helping patients and their families develop a scientifically informed understanding of the condition. The event included one-on-one consultation sessions to facilitate discussions between patients and healthcare providers about treatment concerns. In collaboration with physicians, the pharmacy established a fast-track consultation channel to streamline follow-up procedures and address access barriers. This event provided professional guidance and services, created a platform for doctor-patient communication, and supported standardized treatment and long-term health management for lung cancer patients.



Exclusive patient education event for lung cancer patients

In 2025, the Company further deepened its "Internet + Pharmaceutical Health" service model, with a core focus on enhancing medication purchasing convenience and upgrading health service experiences. It comprehensively optimized and scaled its O2O business system across chain stores. Leveraging the physical advantages of its offline store network and the technological enablement of its digital platforms, the Company successfully established an integrated "online + offline" service loop, efficiently meeting consumers' health and medication needs across all times and scenarios, significantly expanding service reach and response efficiency.

Case
Empowering science communication upgrades through expert livestreaming to improve public health literacy

In July 2025, the Marketing Company built a nutrition popular science platform via short videos. Aiming at public dietary misunderstandings and nutritional needs, it converted professional nutritional knowledge into accessible and widely-spreadable content to lower the public's threshold for acquiring health knowledge. To guarantee content quality, a special team was established for content planning and production based on basic nutrition and real-life scenarios. Up to now, over 40 nutrition popular science short videos have been released, attracting more than 60,000 user interactions, which has effectively expanded popular science coverage and improved public health literacy.



Employee Live Broadcast Column

Inclusive Healthcare

Product pricing basis

- The Company adopts a market-oriented pricing mechanism, conducting nationwide competitive price surveys to systematically understand market price baselines and regional patient affordability thresholds. Combined with full-chain cost accounting of product manufacturing, it aligns pricing with market realities and ensures patient affordability, fulfilling its corporate mission.

Pricing data and changes for key products

- Pricing of the key product, Nao An Pian from Hayao No.6 Factory, follows centralized procurement policy guidance. In 2023, it was successfully awarded a contract in the National Traditional Chinese Medicine Procurement Alliance's volume-based procurement program, with winning bid prices of RMB 22.41 per box (24-tablet pack) and RMB 33.12 per box (36-tablet pack)—a 17% reduction that effectively alleviates patient medication costs. This price has been progressively implemented across provinces since September 2023. Following the completion of a new bidding round in 2025, the same price remains in effect nationwide, strongly supporting inclusive pricing objectives.

Fair pricing strategy

- A comprehensive pricing justification mechanism has been established, covering analysis of market competition dynamics, competitive price benchmarking, invoicing price calculation, and compliance validation. Through multi-dimensional systematic review, pricing strictly adheres to national pharmaceutical pricing policies while maximizing patient benefits, effectively reducing financial burdens and reflecting a commitment to inclusive health access.

Case Responding to the hierarchical diagnosis and treatment policy to help enhance medication accessibility

Promoting hierarchical medical care and improving access to medicines at grassroots level has been a top priority of China's medical and health work in recent years. The state has continuously introduced relevant policies, including incorporating village clinics into medical insurance pooling, advancing the "Three Entries" of centralized procurement, improving compact county medical communities, and realizing grassroots medication linkage.

The Company deeply participates in national volume-based procurement and the National Chinese Patent Medicine Alliance Procurement. Its products have been selected in multiple batches of such procurement projects. The substantially reduced selected prices effectively meet the medication demands of medical institutions and ease patients' medication burden.

Regarding the "Three Entries" policy, the Company actively applies for relevant product listings. Nao'an Tablets, Fosfomycin Sodium for Injection, Ceftriaxone Sodium for Injection, Cefazolin Sodium for Injection and Cefradine Capsules have been included in the provincial "Three Entries" catalogues of multiple regions.



¹Refers to the access of centralized-procurement medicines to grassroots medical institutions, private medical institutions and retail pharmacies.

Impact, Risk, and Opportunity Management

The Company systematically identifies and manages impacts, risks, and opportunities related to medicine accessibility in pursuit of its goal to ensure public access to essential medicines. Considering evolving policy landscapes, market feedback, and operational performance, it continuously monitors factors—including drug price volatility, supply channel efficiency, and coverage in grassroots and remote areas—that may affect medicine availability and affordability. Comprehensive assessments are conducted across dimensions such as patient affordability, supply reliability, and service reach. For key identified risks, the Company implements ongoing management through pricing justification, channel network optimization, and service model enhancements, supported by dynamic tracking via operational data and market insights. While mitigating accessibility risks, it seizes opportunities arising from innovative drug adoption, channel expansion into lower-tier markets, and service model innovation, driving more equitable and effective delivery of pharmaceutical resources to meet societal needs.

Indicators and Objectives

Target



Launched products are timely registered on provincial procurement platforms nationwide to achieve rapid terminal sales coverage at all levels of medical and health institutions across the country.



The Company actively participates in national volume-based procurement and relevant policies including the "Three Entries" initiative. It effectively improves public access to medicines and reduces residents' economic burden of medical treatment and medication.



03

Green Operations to Advance Low-Carbon Management



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Environmental Compliance Management

The Company strictly complies with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Water Pollution Prevention and Control Law of the People's Republic of China. It has formulated and implemented the Hapharm Group Environmental Protection Management Measures. The Company continuously advances pollution prevention and control efforts to ensure stable and compliant emissions of all pollutants. With a core focus on fulfilling its primary environmental responsibilities and strengthening end-to-end supervision, it steadily progresses in building a green manufacturing system. Its subsidiary, Sanjing Mingshui, was awarded the National Green Factory designation in 2024.

The Company has established a tiered environmental management responsibility system, designating the principal executives of each subordinate production enterprise as the primary persons accountable for environmental protection. It centrally coordinates annual internal audits of the environmental management system and maintains end-to-end oversight to ensure responsible entities complete closed-loop corrective actions for any weaknesses or risks identified, guaranteeing the system's sustained and high-quality operation.

The Company has formulated and issued the Emergency Response Plan for Environmental Emergencies, aiming to effectively respond to environmental emergencies triggered by various production safety accidents and natural disasters. This plan is designed to prevent the diffusion of pollutants and toxic and hazardous substances into the atmosphere, water bodies, soil, and other environmental media outside the plant boundaries, thereby minimizing the negative impact on the environment. At the same time, the Company organizes environmental protection training, conducts emergency drills, and establishes an effectiveness evaluation mechanism to ensure the operability and effectiveness of the plan. Additionally, the Company continuously improves its long-term environmental management mechanisms, regularly carries out environmental hazard investigation and rectification work, ensures effective investment in hazard rectification funds, and prevents the occurrence of environmental risk incidents.



During the reporting period, the Company

- Conducted **15** emergency drills for environmental risk incidents
- Organized **2,044** participants for emergency drills of environmental risk incidents
- Conducted **55** environmental management training sessions
- Conducted environmental management training with a total duration of **3,569** hours
- Conducted environmental management training with an average duration of **1.29** hours per person
- Organized **2,519** participants for environmental management training
- Organized **629** participants for environmental protection publicity and public welfare activities
- Invested RMB **15.8187** million in environmental protection



Case

The Company's organization of specialized environmental protection training to strengthen the green compliance line of defenses

In September 2025, the Company led a specialized environmental protection training session involving relevant personnel from its subsidiaries, with a total of 30 participants. This training was closely aligned with the current severe environmental regulatory situation and precisely met the Company's actual needs for environmental management. The content covered core modules such as in-depth interpretation of environmental laws and regulations, analysis of typical environmental violation cases, practical methods for corporate environmental self-inspection, and emergency response plans for environmental incidents. The training effectively strengthened the environmental compliance awareness and sense of responsibility of the participants from all subsidiaries, systematically enhancing their capabilities in environmental risk identification, hazard investigation, and emergency response, laying a solid foundation for the Company to continuously strengthen its environmental management line of defense and achieve green and compliant operations.



The Company's environmental protection training

Climate Change Tackling

Governance

The Company deeply implements the national "dual carbon" strategic deployment, incorporating climate change tackling into its core corporate governance and steadily promoting energy conservation and carbon reduction efforts based on its existing management structure. In terms of carbon emission governance, the Company has established standardized working mechanisms for Scope 1 and Scope 2 carbon emission inventories. It conducts comprehensive inventories and precise accounting according to a set cycle, while simultaneously sorting, archiving, and verifying carbon emission data to ensure its authenticity and traceability. Simultaneously, it dynamically optimizes energy conservation and carbon reduction management measures based on the inventory results, promoting the effective integration of governance requirements with all aspects of production and operation, and continuously enhancing its governance effectiveness in response to climate change.

¹Scope 1 refers to direct GHG emissions from sources owned or controlled by the Company, mainly including boiler combustion, vehicle exhaust, etc.; Scope 2 refers to indirect GHG emissions from the generation of purchased and consumed external energy, such as electricity, steam, heat, and cooling.

Strategy

| Risk type | Specific description | Time horizon | Financial impact | Response measures |
|-----------------|---|-----------------------|---|---|
| Physical risks | Extreme weather events may disrupt production schedules and logistics arrangements | Short and medium term | Production stoppage losses and increased operating costs | Integrate extreme weather risks into operational and emergency management systems, enhance production continuity safeguards and contingency plans, and strengthen risk identification and response capabilities for critical nodes |
| | Rising ambient temperatures impose stricter requirements on temperature control and cold chain management across production, storage, and transportation | Long-term | Higher energy costs and increased operating expenses | Enhance energy consumption analysis and cold chain operations management, promote energy-saving technologies and equipment optimization, and improve energy efficiency |
| Policy risk | Carbon emissions and energy management regulations are progressively tightening, subjecting the company to heightened compliance obligations and management pressure | Medium and long term | Increased compliance costs and higher capital expenditures | Continuously monitor evolving climate and environmental policies, integrate relevant requirements into environmental management and business decision-making processes, and proactively plan energy conservation and carbon reduction initiatives |
| Transition Risk | Existing energy equipment and production facilities face pressure to upgrade to meet current energy efficiency and emission standards | Medium and long term | Higher investment in equipment upgrades and increased depreciation expenses | Conduct technical assessments and phased optimization of energy equipment and production facilities, implement energy-saving retrofits aligned with operational realities, and enhance asset utilization efficiency |
| | Environmental governance and climate response performance attract heightened attention from the public and investors, increasing corporate reputation management pressure | Short and medium term | Higher financing costs and reduced revenue | Strengthen environmental management and disclosure, continuously advance energy conservation, carbon reduction, and environmental compliance practices, and enhance external transparency and management credibility |

| Specific description | Specific description | Time horizon | Financial impact | Response measures |
|-------------------------------|---|--------------|--|---|
| Emerging market opportunities | Emerging disease prevention needs and public health challenges driven by climate change may stimulate demand for related therapies and products | Long-term | Revenue growth and expanded market share | Align with evolving market demands and business strategy, continuously monitor climate-related health trends, and drive a rational portfolio layout of products and solutions |

The Company focuses on strengthening its management foundation through capacity building. In response to climate change-related risks and emission reduction requirements, and in line with its production and operational realities, the Company organizes relevant training to deepen the understanding of climate change topics and related compliance requirements among management personnel and employees in key positions, thereby enhancing their ability to identify and respond to climate-related risks in daily management.

📁

Case Participating in special topic training on energy conservation and carbon reduction to enhance low-carbon management capabilities

In 2025, the Company organized relevant personnel to participate in a special topic training on energy conservation and carbon reduction held by the relevant departments of Songbei District, Harbin City, Heilongjiang Province. The training, centered on the requirements of the "dual carbon" goals, systematically explained basic energy theories, energy consumption indicator accounting methods, and key points of carbon peak and carbon neutrality policies, helping participants to enhance their understanding of the policy requirements and implementation paths for energy conservation and carbon reduction.



Special topic training on energy conservation and carbon reduction

At the same time, the Company focuses on optimizing its energy structure in the production and operation process. It explores the application of clean energy sources such as photovoltaic power generation based on its energy consumption conditions. By increasing the proportion of renewable energy source usage, it gradually reduces the emission pressure brought by traditional energy consumption.



Case

Photovoltaic power generation project at the Second Chinese Medicine Factory

To reduce energy consumption intensity and GHG emissions during operations, the Company advanced the construction of a photovoltaic power generation project at its Second Chinese Medicine Factory and connected it to the grid. Since its commissioning, the project has operated stably overall, and the substitution effect of clean energy has gradually become apparent. During the reporting period, the photovoltaic system generated a total of 500,200 kWh of electricity, providing practical support for the Company's efforts to address climate change and optimize its energy structure.



Photovoltaic panels at the Second Chinese Medicine Factory

Impact, Risk, and Opportunity Management

The Company integrates climate change-related impacts, risks, and opportunities into a unified environmental and operational management framework, continuously conducting systematic identification and dynamic management. Through energy use analysis and production operation assessments, the Company identifies the potential impacts of factors such as extreme weather, temperature changes, policy tightening, and technological iteration on production operations, cost structure, and supply chain stability, and conducts comprehensive evaluations based on the degree of impact and frequency of occurrence. Based on the evaluation results, the Company continuously optimizes its energy conservation and carbon reduction management measures, integrates relevant requirements into production operations and management decision-making processes, and strengthens continuous control over climate-related risks through data monitoring and capacity building. While effectively preventing environmental and compliance risks, the Company also focuses on new health demands and market expansion opportunities brought by climate change, promoting synergy between environmental management and business development.

Indicators and Objectives

At the current stage, the Company's carbon management focuses on Scope 1 and Scope 2 emissions and is steadily incorporating Scope 3 emissions into its control system. It has already initiated the identification of core emission sources, specifically covering carbon emissions generated from employee commuting, business travel, the production of purchased raw materials, and product transportation processes.

| Indicator name ¹ | Unit | 2025 data |
|----------------------------------|--------------------------------------|------------|
| Scope 1 greenhouse gas emissions | Tonnes of CO ₂ equivalent | 25,775.22 |
| Scope 2 greenhouse gas emissions | Tonnes of CO ₂ equivalent | 108,412.13 |
| Total greenhouse gas emissions | Tonnes of CO ₂ equivalent | 134,187.35 |

¹The Company calculates its greenhouse gas emissions mainly in accordance with relevant standards and methodologies of the GHG Protocol, and conducts measurement in combination with relevant national and industrial regulations.

Energy and Resource Management

Energy Utilization

In accordance with the Energy Law of the People's Republic of China, the Company has formulated and issued the Hapharm Group Energy Management Measures, establishing a standardized energy management system. On this basis, the Company coordinates its subsidiaries to advance energy management work, implements full-process supervision, inspection, and assessment of their performance, guides special actions for lean energy conservation, and strengthens key matters such as internal audits of energy management.



Each subsidiary of the Company has formulated energy management systems, which include content related to energy procurement, use, conservation, and evaluation.



The Company establishes energy consumption ledgers and conducts energy use analysis. The Company records and tabulates actual energy consumption daily, performs summary analysis periodically to promptly identify anomalies in energy consumption, finds the causes, and formulates solutions.



The Company strengthens management and control by establishing energy consumption quotas for production lines. Data on energy consumption for more than ten eligible production lines is accumulated, quotas are established, and these quotas are continuously optimized based on actual usage.



The Company enhances monitoring of high-consumption equipment. Metering is added to some high-energy-consuming equipment, a monitoring system is established, data on equipment energy consumption is collected, energy use trends are analyzed, and operating statuses are reasonably adjusted to ensure efficient operation.



1.The Company strengthens energy use inspections to reduce energy waste. Daily inspections are conducted on the energy preparation, transmission, and distribution systems to prevent leaks, drips, and spills, thereby reducing energy waste.

The Company's energy use management measures

Case Strengthening internal energy audit and control to solidify the foundation for energy conservation and cost reduction

In 2025, the Company systematically conducted internal energy audits, on-site special inspections, and energy conservation awareness campaigns for its subsidiary production enterprises. Weaknesses in energy management were identified and addressed, resulting in a total of 35 energy-saving improvement recommendations being issued. In October of the same year, the Company held a special meeting on energy management. Through a systematic review of the effectiveness and shortcomings of the internal audit work and specialized training sharing practical ideas for energy-saving renovation projects, the Company comprehensively enhanced its level of refined energy management, helping to achieve the strategic goals of energy conservation, cost reduction, and efficiency improvement.



Energy internal audit training

Case Upgrading drying equipment heaters to achieve dual improvements in energy efficiency and production capacity

In January 2025, Shiyitang Chinese Medicine completed the upgrade and renovation of its fluid bed dryer heater. Following the renovation, the drying efficiency of the equipment was significantly improved; the single-batch operating time of the fluid bed dryer in the drug granulation process is expected to be reduced by two hours, achieving the dual goals of enhancing energy efficiency and increasing production efficiency. This renovation effectively improved equipment operating efficiency and reduced production energy consumption. During the reporting period, it saved a cumulative total of 23,000 kWh of electricity and 76.8 tonnes of steam, accumulating practical experience for the Company's future energy-saving optimizations in production processes.



Upgrading and renovation of the fluid bed dryer heater

Case Upgrading the automatic control of the heating system to reduce steam consumption and increase efficiency

The original heating systems in some workshops of Harbin Pharmaceutical General Factory were incapable of temperature adjustment. Constant heating was still maintained during non-production hours at night, resulting in energy waste. In 2025, the factory installed a new automatic control system, which can automatically adjust heating parameters according to preset temperatures and time periods, thus effectively improving energy utilization efficiency. According to estimation, the renovation will reduce annual heating steam consumption by approximately 540 tons.



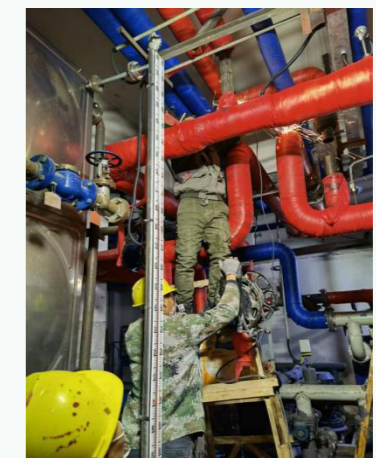
Addition of an automatic control system for the heat exchange station

Green Office

The Company continuously promotes green office management in its daily operations. By advocating paperless offices, online meetings, conservation of electricity and water, and recycling of office supplies, it reduces resource consumption and unnecessary energy waste. At the same time, considering the operational characteristics of its office spaces, the Company explores the application of energy-saving technologies in office buildings while ensuring a comfortable and stable working environment, gradually improving the energy utilization efficiency of its office operations.

Case Green operation practices for office buildings

To respond to national energy conservation and emission reduction policies and improve the heating efficiency of its office building, the Company implemented a smart heating energy-saving renovation project, piloting it at its headquarters office building and associated heat exchange station. The project achieved refined management and dynamic adjustment of heating operations through measures such as independent operation renovation of the heating system, optimization of the secondary pipe network, online monitoring of indoor temperatures, and upgrading of heat metering methods. This effectively improved heating quality and avoided energy waste. Since the project's completion and stable operation, it has saved approximately 150 tonnes of standard coal annually, reduced carbon dioxide emissions by about 540 tonnes, and simultaneously lowered emissions of nitrogen oxides, sulfur dioxide, and particulate matter, playing a positive role in mitigating climate change and improving regional environmental quality.



Smart heating energy-saving renovation project

Case Practicing the concept of green travel and deepening energy conservation and emission reduction practices

In January 2025, in response to the national policy orientation of energy conservation and emission reduction, and in light of the operational demands of cost reduction and efficiency improvement, the Company officially launched the special program for the new energy replacement of official vehicles. The Company replaced 11 fuel vehicles approaching the end of their service life under itself and 9 affiliated enterprises with domestic hybrid models. The carbon emission per vehicle decreased by approximately 40% year-on-year, which effectively facilitated the enterprise's green and low-carbon transformation process, and accumulated replicable and generalizable practical experience for the Company to achieve its dual carbon goals.



The Company's new energy official vehicles

Key performance

| Category | Indicator | Unit | 2025 data |
|--------------|--|---------------------------------|------------|
| Energy usage | Direct energy consumption | Tonnes of standard coal | 15,778.58 |
| | Gasoline consumption | Tonnes | 116.71 |
| | Diesel consumption | Tonnes | 84.84 |
| | Natural Gas Consumption | 10 Thousand Cubic Meters | 1,164.15 |
| | Indirect energy consumption | Tonnes of standard coal | 31,201.88 |
| | Purchased electricity | MWh | 58,192.01 |
| | Purchased Steam | GJ | 704,867.68 |
| | Total energy consumption | Tonnes of standard coal | 46,980.46 |
| Clean energy | Comprehensive energy consumption per unit of revenue | Tonnes of standard coal/million | 2.94 |
| | Total clean energy consumption (photovoltaic, natural gas) | Tonnes of standard coal | 16,070.24 |
| | Solar energy consumption (photovoltaic) | MWh | 4,784.65 |
| | Proportion of clean energy consumption to total energy consumption | % | 34.21 |

Key performance

| Indicator name | Unit | 2025 data |
|--|---------------------------------|------------|
| Total water consumption | Tonnes | 6,320,252 |
| Freshwater consumption | Tonnes | 1,074,961 |
| Recycled water consumption | Tonnes | 11,454,932 |
| Water consumption intensity per million in revenue | Tonnes/RMB 1 million in revenue | 395.91 |

Water Resource Utilization

The Company strictly adheres to relevant national and local laws, regulations, and policies, systematically promoting the refined management of water resources. Upholding the principles of scientific management and continuous improvement, the Company focuses on the core goals of efficient and intensive use of water resources, cost reduction, and efficiency improvement. By strengthening control measures throughout the entire water usage process, it achieves the dual effects of resource protection and waste elimination.

The Company strengthens the daily operation, maintenance, and control of water-using equipment, conducting targeted inspections and rectifying problems to reduce water resource waste from leaks, drips, and spills. In its production and operation processes, the Company utilizes a circulating water system, achieving the dual goals of reducing water consumption and improving utilization efficiency through optimized water resource allocation. Additionally, on the annual environmental protection and water conservation day, the Company conducts water-saving publicity and education in various forms to raise employee awareness, laying a solid foundation for building a water-saving enterprise and promoting corporate sustainability.



Pollutant Emissions

Wastewater Management

The Company strictly adheres to the requirements of laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China to carry out full-process wastewater management. Each subsidiary is equipped with a standardized wastewater treatment station and professional technicians dedicated to process parameter control and system operation management, ensuring that treated wastewater meets discharge standards consistently. The management of production wastewater fully implements the core control principle of "separating clean water from wastewater, treating wastewater based on its quality, and ensuring compliant discharge."



Case

Building a standardized sewage station to control emissions and treat pollution

Sanchine has constructed its own wastewater treatment station with a daily capacity of 3,200 tonnes, utilizing the sequencing batch reactor (SBR) activated sludge process for wastewater pretreatment. The treated effluent quality consistently meets the requirements of the Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category before being discharged into municipal sewage treatment plants via the municipal pipe network. Sanchine strictly adheres to technical specifications in configuring and upgrading online wastewater monitoring facilities, while also commissioning third-party professional monitoring agencies to conduct regular testing of wastewater pollutants at the plant boundary. By real-time monitoring of discharge data, precise control of pollution control facility operations, and continuous optimization of treatment processes, the Company enhances the effectiveness of its pollution control efforts.



Wastewater treatment station



Key performance

| Indicator name | Unit | 2025 data |
|---------------------------------------|--------|-----------|
| Total amount of wastewater discharge | Tonnes | 1,052,611 |
| Chemical oxygen demand (COD) | Tonnes | 38.86 |
| Ammonia nitrogen (NH ₃ -N) | Tonnes | 1.28 |

Exhaust Gas Management

As a pharmaceutical enterprise committed to environmental responsibility, the Company strictly complies with core regulations such as the Environmental Protection Law of the People's Republic of China and the Air Pollution Prevention and Control Law of the People's Republic of China, systematically advancing waste gas management. The Company's waste gas primarily consists of process emissions originating from basic production steps such as crushing and packaging, as well as core processes including active pharmaceutical ingredient synthesis and solvent recovery. Its characteristic pollutants are mainly particulate matter and volatile organic compounds.



Key performance

| Indicator name | Unit | 2025 data |
|------------------------------------|-------------|-----------|
| Total waste gas | Cubic meter | 21,560.51 |
| Particulate matter (PM) | Tonnes | 2.55 |
| Sulfur oxides (SO _x) | Tonnes | 0.48 |
| Nitrogen oxides (NO _x) | Tonnes | 18.82 |
| Volatile organic compounds (VOCs) | Tonnes | 172.61 |

Noise Management

The Company strictly adheres to the relevant requirements of the Law of the People's Republic of China on the Prevention and Control of Noise Pollution to implement noise control measures, upholding the governance principle of "source control and transmission path sound insulation." In equipment selection, priority is given to low-noise facilities to minimize noise generation at the source. For high-noise equipment such as air compressors and fans, independent soundproof rooms are provided. Production pipelines are treated with flexible connections and sound-insulating wrapping to reduce noise transmission. Additionally, green belts are planted along the plant boundaries to create natural noise barriers. Through these targeted control measures, the Company effectively implements noise governance requirements, ensuring harmonious coexistence between the production environment and the surrounding area.

Waste Management

The Company strictly complies with regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Regulations on the Management of Municipal Solid Waste to carry out waste management. Aligning with the characteristics of the pharmaceutical sector, it also implements the requirements of the Measures for the Administration of Hazardous Waste Transfer. Guided by the core policy of "reduction, resource recovery, and harmless disposal," the Company has established a tiered management system encompassing "source reduction—recycling—end-of-pipe harmless disposal" and implemented a standardized closed-loop process of "classified storage—standardized transportation—compliant disposal."

Reduction measures

- By optimizing processes to improve packaging efficiency and reduce material loss, the generation of waste and discarded packaging materials is minimized at the source.

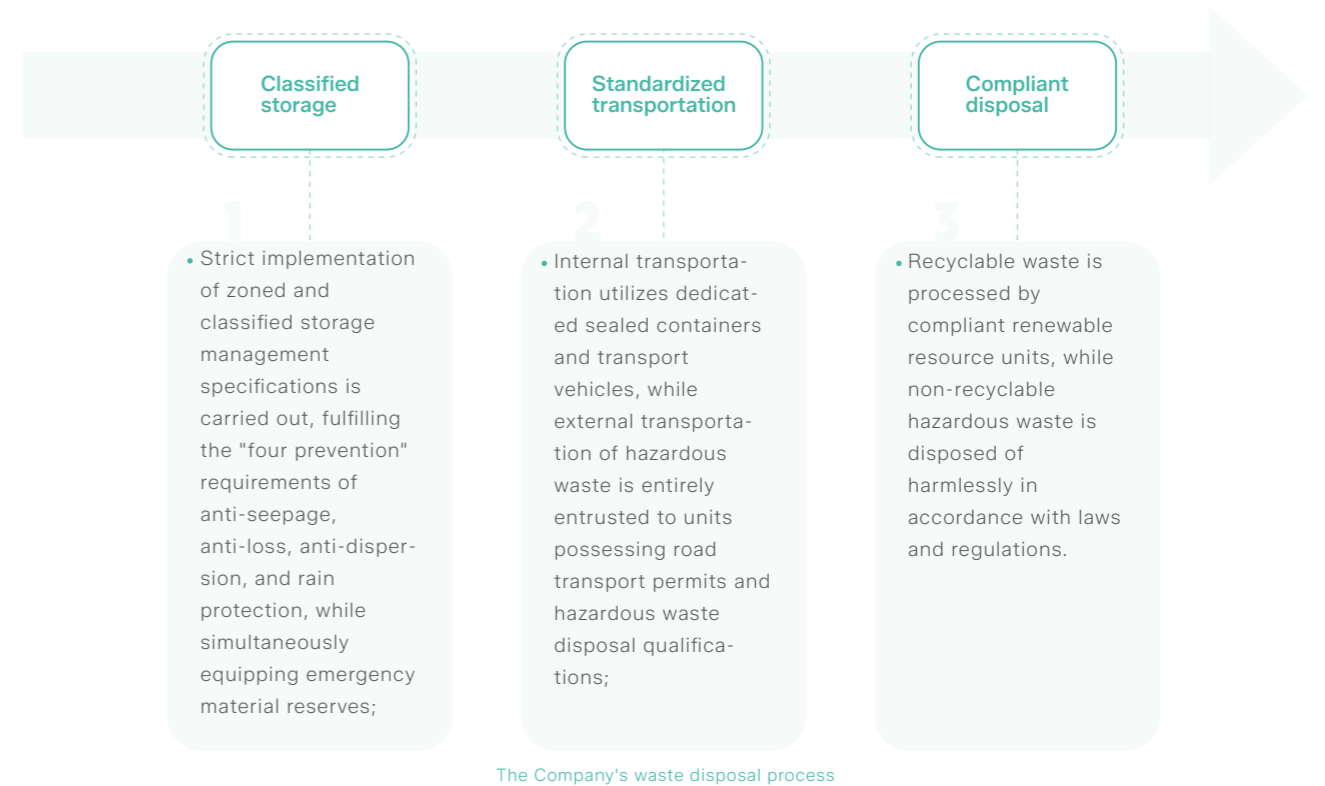
Resource recovery and utilization

- For high-concentration waste solvents, priority is given to recovery and purification through processes such as distillation and rectification, followed by reuse in production processes to reduce hazardous waste generation.

Harmless disposal

- Non-recyclable hazardous waste is managed by category according to its hazardous characteristics and entrusted to qualified professional institutions for harmless disposal.

The Company's waste management policy



General Waste Management

The Company's general waste mainly includes domestic waste generated by employees, office paper waste, used packaging materials, and food waste. The Company implements classified collection and standardized storage for general waste, entrusting legally qualified third-party units for removal and disposal to ensure that the disposal process is compliant, safe, and orderly. At the same time, by promoting continuous flow production and optimizing production organization methods, the generation of general waste and pollutants is reduced.

Hazardous and Medical Waste Management

The Company's hazardous waste mainly includes laboratory waste liquid, waste ion exchange resins, non-conforming products, and laboratory waste. All types of hazardous waste are strictly managed by category in accordance with the National Catalogue of Hazardous Wastes and incorporated into the unified hazardous waste management system according to pharmaceutical industry hazard categories (e.g., HW02, HW49).

The Company implements the principle of "strict management" for hazardous waste, clarifying the responsibility requirement of "who pollutes, who treats." Through systems such as the Environmental Protection Management Measures, Hazardous Waste Management Measures, and Emergency Response Plan for Environmental Emergencies, the Company standardizes the management of the entire process of hazardous waste generation, collection, storage, transfer, and disposal.



Specific operational procedures include:

- Hazardous waste is centrally collected in the production system and quality inspection workshops and then transferred to the temporary hazardous waste storage room;
- The temporary storage room is constructed in accordance with the Standard for Pollution Control on Hazardous Waste Storage and implements classified management with clear and conspicuous hazard signage;
- For off-site disposal, all hazardous waste is entrusted to professional units holding a Hazardous Waste Operation License to complete reception and compliant disposal within a fixed timeframe.

To ensure employee safety, the Company requires strict adherence to personal protective equipment requirements during the sorting, transfer, and temporary storage of hazardous waste. Additionally, designated positions, fixed schedules, and defined routes are implemented to minimize secondary pollution and safety risks.

During the reporting period, the Company

During the reporting period, **100%** of the waste generated by the Company was disposed of in compliance with regulations, with **no incidents** of illegal discharge or transfer occurring.

Case Closed-loop reclamation of organic solvents to improve quality and efficiency in resource utilization

In the synthesis workshop, organic solvents are prioritized for cooling, circulation, and reuse within the production process. When concentrations fall below usage standards, they are transported via pipelines to the solvent reclamation workshop for purification before being returned for reuse. The solvent reclamation workshop primarily handles the reclamation of various organic solvents from the synthesis workshop and the sterile API workshop, with main products being reclaimed anhydrous ethanol and industrial ethanol. For other organic solvents reclaimed from the synthesis workshop, the Sanjing Mingshui workshop periodically conducts negative pressure distillation and reclamation in a multi-functional tower. Qualified products are sent to finished product tanks, while non-conforming products are temporarily stored in intermediate tanks for reprocessing. This entire process maximizes resource utilization, minimizes losses, and ensures the quality of reclaimed products. Throughout the year, a total of 50 tonnes of ethanol and 10 tonnes of ethylene glycol were saved.



Solvent reclamation workshop

Key performance

| Indicator name | Unit | 2025 data |
|-------------------------------|---------------------------------|-----------|
| Total hazardous waste | Tonnes | 210.46 |
| Hazardous waste intensity | Tonnes/RMB 1 million in revenue | 0.01 |
| Total non-hazardous waste | Tonnes | 2,075.38 |
| Non-hazardous waste intensity | Tonnes/RMB 1 million in revenue | 0.13 |
| Waste recycling rate | % | 91.42 |

Ecosystem and Biodiversity Conservation

The Company places high importance on the interrelationship between raw material sources, production activities, and the natural ecological environment. While complying with national laws and regulations on ecological and environmental protection, the Company continuously identifies potential impacts of its business activities on ecosystems and biological resources. It prudently advances risk prevention, control, and management related to biodiversity, striving to reduce adverse environmental impacts while ensuring stable production and operation.

The Company integrates ecological and environmental protection concepts into its planting and management processes. By regularly monitoring and assessing soil conditions in planting areas and tracking changes in soil physicochemical indicators, the Company prevents potential impacts on soil ecology caused by improper planting or input usage, promoting the coordinated development of Chinese materia medica production and the local ecological environment.



04

Employee Development to Build a Safe and Shared Future



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Employee Risks and Opportunities

Focusing on employee team stability and organizational sustainability goals, the Company systematically identifies and assesses employee-related risks and opportunities, integrating management requirements into human resources management and daily operational processes. In conjunction with business development plans and the actual workforce situation, the Company continuously evaluates the potential impacts of factors such as talent mobility, person-job fit, and occupational health, implementing dynamic monitoring and response through existing management mechanisms.

| Risk type | Specific description | Time horizon | Financial impact | Response measures | |
|---------------------------|------------------------------------|---|-----------------------|---|---|
| Employment risks | Regional recruitment disadvantages | Influenced by objective factors such as Harbin's geographical location and regional economic development levels, some high-quality talent exhibits lower job-seeking willingness, leading to certain recruitment pressures for the Company and constraining the efficiency and progress of personnel replenishment. | Short and medium term | Rising labor costs and declining workforce productivity | Deepen school-enterprise cooperation to broaden channels for talent attraction and cultivation; strengthen employer brand building by highlighting the Company's development platform and career stability to continuously enhance talent attraction. |
| | Fire and explosion | Examples include fire and explosion risks associated with chemicals, as well as fire hazards arising from the indoor storage of diesel generators. | Short and medium term | Increased asset losses, production stoppage losses, compensation expenses, and emergency response costs | Strengthen control over fire safety, mechanical equipment safety devices, and personnel safety behaviors. |
| Safety risks | Electric shock | Examples include distribution boxes in the water supply pump room of the power workshop, which may cause electric shock injuries. | Short and medium term | | |
| | Mechanical injury | Examples include risks of mechanical injury in production packaging and maintenance positions. | Medium and long term | | |
| Occupational health risks | Dust and chemical hazards | Dust hazards may be generated during sub-packaging in production workshops. | Short and medium term | Higher medical expenses, reduced workforce productivity, and increased related | Strengthen control over equipment and facility sealing and personnel protection management. |
| | Noise | Noise hazards may be generated by air conditioning systems in production workshops. | Short and medium term | | |

| Opportunity type | Specific description | Time horizon | Financial impact | Response measures | |
|--------------------------|------------------------------------|---|----------------------|--|--|
| Employment opportunities | Talent retention | A comprehensive human resource management system has been established. Through measures such as strengthening institutional guarantees, deepening training and development, and optimizing compensation and incentives, the Company aims to achieve sustainable talent career development, reduce the turnover rate of core talent, and ensure the inheritance of organizational experience and the continuous, stable development of the business. | Medium and long term | Reduced recruitment and training costs and improved labor efficiency | Continuously optimize the human resource management system, improve career paths, build a full-cycle training system and a fair and reasonable compensation system, empower sustainable talent development, and solidify the foundation for talent retention. |
| | Employer brand enhancement | Through standardized employment practices and caring initiatives, the Company continuously enhances its employer brand influence and market reputation, attracting high-quality talent and creating a positive talent siphon effect. | Medium and long term | | Strengthen promotion and publicity of the employer brand, fully showcase the Company's compliant employment practices and employee care initiatives, actively participate in industry employer brand awards, and continuously enhance brand influence and reputation. |
| Talent cultivation | Stimulation of innovative vitality | Clear and smooth career development paths are established, and diversified incentive mechanisms are improved to fully stimulate employee innovative vitality and creative enthusiasm. Technological breakthroughs and management innovation are promoted to continuously enhance the Company's core competitiveness. | Medium and long term | Revenue growth and enhanced workforce productivity | Open up professional promotion channels for R&D personnel, establish innovation incentives and special awards, encourage employees to participate in challenging projects and cross-departmental collaboration, and foster a positive and upward-looking innovation culture. |
| Health protection | Employee health protection | The working environment and occupational health management are continuously optimized to effectively protect the physical and mental health of employees, reduce sick leave absentee rates, and further enhance employee loyalty and work engagement. | Medium and long term | Lower medical and absenteeism costs | Implement annual employee physical examinations and occupational health monitoring, optimize labor protection equipment, and establish caring facilities such as mother-and-baby rooms and fitness activity areas to promote humanistic care-based safety management. |



Employee Rights and Care

The Company strictly complies with national laws and regulations such as the Labour Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, adhering to the principles of legal employment and standardized management, and resolutely prohibits the use of child labor and forced labor. The Company has established a comprehensive human resource management system, including the Internal Competition Management Measures, Compensation Management Measures, Employee Transfer Management Measures, and Employee Reward and Punishment Management Regulations, to effectively protect the legitimate rights and interests of employees and firmly prevent all types of illegal and non-compliant employment practices.

The Company has established a diversified and standardized recruitment process to attract outstanding talent from various backgrounds. It fully considers the diverse backgrounds of candidates, using abilities, experience, and skills as core evaluation criteria during selection, eliminating all forms of discrimination based on gender, age, marital status, etc., to ensure fairness and impartiality in recruitment. The Company strictly prohibits inappropriate behaviors such as verbal abuse and harassment and imposes corresponding penalties based on the severity of violations, aiming to create a positive working atmosphere for employees.

The Company continuously optimizes its recruitment management system, establishing a channel strategy of "internal recruitment as the mainstay and external recruitment as supplementary." Talent quality assessment standards have been set, screening resumes based on factors such as age, education, corporate system experience, and career stability. Interviews are evaluated across four dimensions: company benchmarking, competency benchmarking, motivation benchmarking, and cultural benchmarking, ensuring strict control over talent quality. Campus recruitment quality is rigorously controlled by assessing education, institution, major, and political affiliation. Background checks conducted through third-party agencies mitigate hiring risks at the source, comprehensively improving recruitment quality. In 2025, the Company recruited 794 external talents, including 115 management trainees, achieving a notable improvement in talent quality. Among them, 68.7% were from top-tier universities (985/211), representing a year-on-year increase of 32.1%; 61.7% held master's or doctoral degrees, a year-on-year increase of 16.2%; and 29.6% were Party members, a year-on-year increase of 13.2%. The overall talent structure continued to be optimized.

Compensation and Performance Management

In terms of leave and compensation management, the Company strictly complies with laws and regulations such as the Regulations on Paid Annual Leave for Employees and the Measures for the Implementation of Paid Annual Leave for Enterprise Employees, ensuring that employee working hours meet legal requirements and safeguarding their right to rest and take leave. The Company has formulated a unified compensation management system to standardize salary distribution and incentive management for headquarters and subsidiaries. It has optimized the compensation structure by implementing a "broadband compensation" model, reinforcing the incentive orientation of "paying for position value and paying for ability and performance." The Company scientifically conducts job value assessments, optimizes the job value map, and clarifies career development paths for employees in both management and professional sequences. Within the salary bands, employee compensation is adjusted based on comprehensive performance evaluation results, fully reflecting differences in employee capabilities and performance contributions, thereby building a fair and reasonable compensation system.

The Company has established a comprehensive compensation and performance grievance mechanism, clearly defining channels, procedures, and time limits to protect the legitimate rights and interests of employees. Regarding compensation, employees may file a grievance within 30 days of the salary payment date if they have objections. For performance, employees may submit a grievance application to the Performance Management Office within five working days after the announcement of assessment results, which will investigate and rule accordingly. Grievance channels include offline feedback, email systems, and union channels, ensuring that employee concerns are handled in a timely and fair manner.



Employee compensation and performance grievance channels

In democratic management, the Company widely solicits employee opinions through channels such as the Employee Representative Congress and employee representative proposals. It carries out democratic management practices that are rich in content, distinctive in character, and diverse in form, effectively safeguarding employees' rights to know, participate, and supervise.



Employee Care Activities

Care and Benefits

In terms of employee care, the Company has developed diverse heart-warming initiatives to meet the differentiated needs of different groups. For female employees, a series of activities was organized for International Women's Day, including a corporate culture knowledge quiz, a female employee photo contest, a visit to the Hayaoliu Print Museum, distribution of product discount coupons, and a "Rose and Book Fragrance" reading event. "Lilac" demonstration classes for female employees, covering embroidery, tie-dye, and gourd pyrography, were opened to enrich their spiritual and cultural lives. Additionally, mother-and-baby rooms were constructed to provide comfortable resting and nursing spaces for breastfeeding female employees. For employees facing difficulties, regular support activities such as holiday visits, assistance for major illnesses, and care for children are carried out to convey corporate warmth and enhance employees' sense of belonging.

The Company has established a comprehensive employee benefit system covering statutory benefits and company benefits. Statutory benefits are strictly implemented in compliance with laws and regulations, including social insurance, housing provident fund, and other statutory welfare policies, forming a solid baseline for protecting employee rights. Company benefits encompass three categories: basic protection, special supplements, and special care. In 2025, the Company further deepened benefit practices by reaching group purchasing agreements with external partners, adding high-quality and cost-effective services such as refueling and insurance, enriching benefit offerings, and effectively enhancing employees' sense of gain.



Outstanding Female Workers Award in HPGF Safety Training



HPS Women's Day Activities

| Benefit type | Content covered |
|--------------------|---|
| Statutory benefits | <p>Social insurance and housing provident fund: In compliance with laws and regulations, pension insurance, medical insurance (including maternity insurance), unemployment insurance, work-related injury or ill health insurance, and housing provident fund are paid for employees, and relevant regulations of the state and local governments where the Company and its subsidiaries are located regarding social insurance and housing provident fund are strictly implemented.</p> <p>Benefit policies: National and local employee benefit policies are fully implemented, and relevant requirements such as employee leave and benefits for single-child families are strictly enforced.</p> |
| Company benefits | <p>Basic benefits: These include in-kind holiday benefits, annual physical examinations, commuting support, free lunches, and employee team-building activities.</p> <p>Special benefits: Based on the Company's actual situation and job characteristics, supplementary insurance, rental subsidies for off-site work, tea break snacks, fitness and entertainment facilities, and low-price group purchases are provided.</p> <p>Special care benefits: Exclusive benefits such as mother-and-baby rooms are established to meet the needs of specific employee groups.</p> |

Each year, the Company conducts an administrative service satisfaction survey for all employees. The questionnaire is designed around seven key dimensions: property management, catering, sanitation, meetings, shuttle buses, official vehicles, and security. The effective response rate reached 98%, and the average employee satisfaction with these service areas reached 93%, reflecting the Company's continuous optimization of administrative service quality.

The Company actively carries out a promotion month for factory affairs transparency and democratic management, publicizing related knowledge through forms such as knowledge competitions and employee representative training, thereby strengthening the foundation for democratic management.



Staff Team Building Activities

Key performance

| Indicator name | Unit | 2025 data |
|--|---------|-----------|
| Total number of employees | Persons | 10,039 |
| By gender | | |
| Number of female employees | Persons | 4,922 |
| Number of male employees | Persons | 5,117 |
| By age | | |
| Number of employees aged 30 and below | Persons | 995 |
| Number of employees aged 31 to 40 | Persons | 3,427 |
| Number of employees aged 41 to 50 | Persons | 3,926 |
| Number of employees aged 51 and above | Persons | 1,691 |
| Number of newly hired employees | Persons | 794 |
| Number of newly hired female employees | Persons | 428 |
| Number of ethnic minority employees | Persons | 393 |
| Number of employees with disabilities | Persons | 160 |
| Employee turnover rate | % | 6 |
| Employee benefit coverage rate | % | 100 |
| Employee satisfaction survey coverage rate | % | 100 |
| Employee trade union coverage rate | % | 100 |

Talent Cultivation and Development

To achieve "standardization, process-orientation, institutionalization, informatization, digital intelligence, and assessment-based management," the Company is comprehensively promoting the optimization and upgrading of its human resources system. This includes implementing "full life-cycle" career management for employees and building a human resources management system that aligns with market principles and matches the corporate culture. The Company focuses on building an incentive-oriented compensation and performance system and a capability-oriented talent development system. It strengthens the development of its cadre team and talent echelon, adhering to the principle of "promoting the capable and demoting the mediocre." The Company increases investment in talent cultivation, empowering management trainees and young cadres to grow through practical experience, thereby stimulating organizational vitality and providing talent assurance for the implementation of the Company's strategy and high-quality development.

System and Framework Setup

The Company has formulated the Position System Management Measures to standardize position information and job responsibilities, laying a foundation for talent development. It has also formulated the Talent Development Management Measures, which, based on knowledge, skills, and experience requirements for positions, constructs diverse development paths that vertically cover management, professional, and operational tracks and horizontally support cross-track transfers. The R&D System Professional Track Qualification Rating Scheme (Trial) has been formulated to detail professional promotion standards for R&D personnel, opening up a seven-level professional development channel from assistant researcher to chief scientist, providing clear guidance for R&D talent growth. At the same time, the Company has formulated and implemented the R&D Project Incentive Scheme (Trial), centered on full life-cycle management of R&D projects, scientifically setting key milestone nodes and assessment indicators to continuously stimulate the innovative vitality of the R&D team.

The Company has established and improved a talent development system, clarifying career development paths and promotion rules through multiple policies. It also implements job value assessments, comprehensively evaluating job value based on seven factors: span of control, scope of responsibilities, organizational impact, environmental conditions, problem-solving capabilities, qualifications, and communication requirements. In 2025, the Company further optimized its job mapping, scientifically differentiated relative differences in job values, and refined the position management system. The Company formulated the Performance Management Measures to implement closed-loop performance management, adhering to the principle of "comprehensive horizontal coverage and thorough vertical implementation." This ensures that all employees sign performance contracts and strengthens the application of performance results. Assessment outcomes are linked to performance bonuses, merit-based salary adjustments, cadre reappointment, competitive promotion, reserve talent selection, and targeted training, thereby motivating employees to achieve high performance. The Company implements the Cadre Appointment Management Measures, following the principle of integrity and ability, and selects cadres through a combination of open competition and organizational appointment. Additionally, the Company enforces a "one-year appointment" system for management personnel. Through comprehensive evaluation of performance assessments, competency appraisals, work reports, and daily rewards and punishments, the Company determines eligibility for cadre reappointment, continuously building a high-quality and professional management team.



Talent Development System

The Company has constructed a talent development system centered around the three dimensions of "schools, instructors, and courses." It has refined the course matrix for all job categories and levels, focusing on core areas that directly impact business operations, such as marketing, market development, e-commerce, and R&D. Key emphasis is placed on cultivating critical groups including management trainees, reserve cadres, and high-potential employees. The Company fosters an organizational atmosphere combining "learning, practicing, testing, and competing," forging practical skills through project immersion and job rotation, ensuring that talent growth resonates with business development.

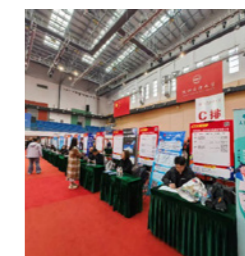
The Company possesses a comprehensive position management and talent development system, providing clear and well-defined career advancement channels for all job sequences, including R&D, production, marketing communication, and functional roles. In terms of talent development, the Company has assembled a professional faculty composed of department leaders and business backbones, built a customized curriculum system, and adopted diverse learning formats such as sharing sessions, attendance at important meetings, work reports, and study tours. For management personnel, echelon development is strengthened through job rotation, work reviews, and case studies. For grassroots personnel, the "master-apprentice" mentorship mechanism is continuously promoted. Concurrently, a dynamic talent reserve pool has been established to provide solid support for both talent growth and corporate development. In 2025, the Company was recognized as a Harbin Municipal High-Skilled Talent Training Base and received the "AI Application Pioneer Award" from Beijing Beisen Cloud Computing Co., Ltd.

Case Digitalization empowering internal learning and capability enhancement

In April 2025, the Company introduced an intelligent learning platform software to host internal and external learning resources and shorten course production cycles using AI-assisted course creation. Leveraging AI course creation features, the Company developed a total of 206 AI courses during the reporting period, saving approximately 500 hours in course recording and post-production time, effectively enhancing the efficiency of training resource development. Based on business scenarios, Renmintongtai applied AI-powered practice partner features to conduct sales staff training, focusing on strengthening pre-sales recommendations and drug follow-up capabilities. This not only improved training efficiency but also facilitated the conversion of training outcomes into actual business performance.

AI Application Pioneer Award

Adhering to the talent attraction philosophy of "gathering people with brand, retaining them with ecosystem, motivating them with value, warming them with policy, and nurturing their growth," the Company expanded its employer brand influence through 12 campus presentations, 23 dual-selection fairs, and university-enterprise collaborations. It established a "Talent Subsidy" to enhance talent attraction and implemented the "Harbin Talents New Policy 30 Articles." By leveraging competitive salaries and local policies, the Company empowers the localized development of talent, achieving win-win growth for talent, enterprise, and city.



Shenyang Pharmaceutical University Job Fair



Dongbei University of Finance and Economics Job Fair



Case "Voyager Training Camp" program for reserve cadres

To support the Company's strategy and talent needs and strengthen the reserve cadre echelon, the Company launched the first "Voyager Training Camp" for reserve cadres from March to October 2025, in accordance with the Reserve Cadre Selection and Development Plan. The program was held from March to October 2025 at Heilongjiang University and the Headquarters Multi-function Hall. Training content covered diverse courses including leadership enhancement, management innovation, marketing, and finance. Teaching methods included classroom interaction, case studies, and project presentations to systematically improve the comprehensive abilities of reserve cadres. A total of 76 trainees participated in this session; currently, 13 have been successfully promoted, representing a promotion rate of 17%, securing a pool of high-quality management talent for the Company's development.



Leadership enhancement and management innovation training course



Financial management training course



Case "Chunlei Training Camp" for the 2025 Cohort of Management Trainees

In July 2025, the Company launched the "Chunlei Training Camp" for the 2025 cohort of management trainees. Themed "Hapharm Group's New Stars: Chasing Dreams Forward, Daring to Compete and Win," the program provided 115 management trainees with a 10-day immersive intensive training. The training featured systematic courses including team-building exercises, corporate culture, strategic branding, marketing planning, and professional ethics. Through diverse teaching formats such as centralized instruction, site visits and study tours, senior executive symposiums, and project discussions and presentations, the program comprehensively empowered the growth of management trainees. It efficiently bridged the "last mile" from campus to the workplace, helping new employees quickly integrate into the enterprise and become competent in their roles.



Systematic curriculum training session



Team-building exercises



Case University-enterprise collaboration: Advancing the joint cultivation mechanism for TCM talent

The Company continuously improves its diversified talent development system to meet the needs of the traditional Chinese medicine (TCM) industry. During the reporting period, Shiyitang Chinese Medicine signed a joint cultivation agreement with the School of Pharmacy, Heilongjiang University of Chinese Medicine and co-established a joint cultivation base, promoting the implementation of a university-enterprise collaborative education mechanism. By co-building practical training platforms, involving corporate mentors in teaching, and organizing students to participate in actual R&D and production projects, the two parties improved the alignment between talent cultivation and industry needs, enhancing students' practical skills and professional identity. Simultaneously, leveraging the resource advantages of both the university and the enterprise in research and industry, they engaged in exchange and cooperation in areas such as TCM R&D and the development of "Cold-Region Longjiang Medicines" resources. This explores a talent development path connecting teaching, practice, and scientific research, providing stable talent support for the Company's sustainable development and the high-quality development of the TCM industry.



Joint cultivation by Shiyitang Chinese Medicine and Heilongjiang University of Chinese Medicine

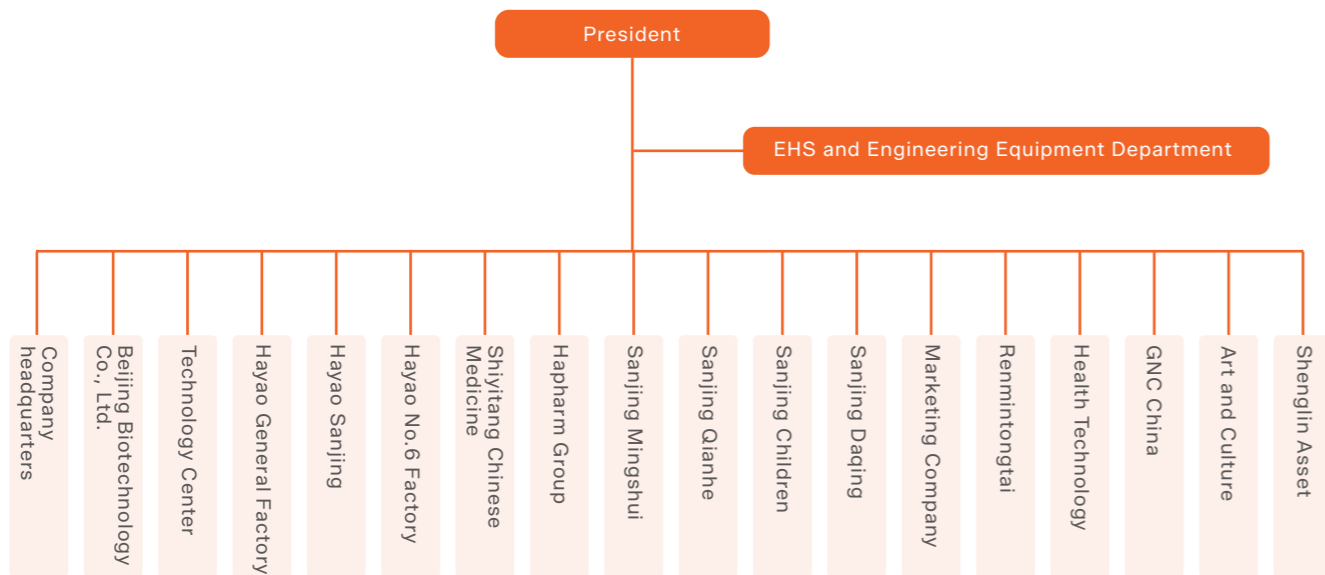


Key performance

| Indicator name | Unit | 2025 data |
|--|-------------------|-----------|
| Total training hours | Hours | 248,712.2 |
| Average training hours per person | Hours | 24.77 |
| Total number of training sessions for the year | Times | 1,968 |
| Total investment in employee training | Ten thousand yuan | 295.71 |
| Number of employee training participants | Persons | 9,869 |
| Employee training coverage rate | % | 98 |
| Percentage of employees receiving regular performance and career development reviews | % | 100 |

Occupational Health and Safety

The Company has constructed a comprehensive safety management system. A Work Safety Committee is established as the highest authority for safety management, responsible for decision-making on major work safety matters, providing business support, and formulating overall safety management policies. A dedicated safety management department, the EHS and Engineering Equipment Department, is responsible for setting safety assessment goals and indicators, establishing and operating the safety management system, conducting performance assessments, and investigating and handling major safety accidents. All subordinate industrial, R&D, and commercial units have established safety management departments responsible for decomposing and implementing safety management goals and indicators, building and ensuring compliant operation of systems, pursuing continuous improvement, providing business training, fostering a safety culture, and investigating and handling safety accidents within their respective units.



Organizational structure chart of the safety management system of Hapharm Group

The Company has formulated systems such as the Safety Management System Plan, Occupational Health Management Measures, and Procedures for Reporting, Investigating, and Handling of Work Safety Accidents and Emergency Rescue Plans for Safety Accidents and Sudden Incidents to strengthen work safety and occupational health management, prevent and reduce production safety accidents, and prevent occupational disease hazards, promoting its own sustainable and healthy development. As of the end of the reporting period, the Company's subsidiary, Sanjing Mingshui, obtained certification under the ISO 45001 Occupational Health and Safety Management System.



Sanjing Mingshui Occupational Health and Safety Management System Certification Certificate

In recent years, the honors and awards received by Hapharm Group and its subsidiaries are as follows:



Hayao General Factory

In 2024, it was awarded the title of Advanced Organization Unit in the Harbin Ankang Cup Competition, and the recycling group of Workshop 301 was awarded the title of Excellent Team in the Ankang Cup.



Sanchine

- In 2023, it was awarded the title of Winning Unit in the 2021-2022 Heilongjiang Province Ankang Cup
- in 2024, it was awarded the title of Winning Unit in the 2022-2023 Harbin "Ankang Cup" Competition.



Shiyitang Chinese Medicine

In 2024, it won the "First Prize in the Team Competition of Mini Fire Stations for Key Fire Safety Units in Daoli District."



Sanjing Mingshui

In 2024, it was awarded the title of "2024 Suihua City Occupational Health Enterprise."



Medal for Advanced Organization Unit in the Harbin Ankang Cup Competition awarded to Hayao General Factory



Medal for Winning Team in the Harbin Ankang Cup Competition awarded to Workshop 301 of Hayao General Factory



Medal for Winning Unit in the Heilongjiang Province Ankang Cup Competition awarded to Sanchine



Medal for Winning Unit in the Harbin Ankang Cup Competition awarded to Sanchine



Medal for First Prize in the Team Competition of Mini Fire Stations for Key Fire Safety Units in Daoli District awarded to Shiyitang Chinese Medicine



Certificate for 2024 Suihua City Occupational Health Enterprise awarded to Sanjing Mingshui

The Company adheres to the safety management principle of "prevention first, continuous improvement, zero accidents, and zero pollution," promoting a comprehensive safety awareness enhancement plan and building a safety management system with "leadership taking the lead and all employees participating." This plan integrates case analysis, experience sharing, ideological education, and humanistic care, supported by a reward and penalty mechanism for violations. In 2025, the Company and its subsidiaries implemented incentive measures such as the Ankang Cup competition, striving to create a safety culture of "full participation and shared responsibility" through diverse cultural promotion.

Case Multi-pronged measures to enhance "dual-hazard" management and empower intrinsic safety

In July 2025, to thoroughly implement the Three-Year Action Plan for Tackling the Root Causes of Production Safety (2024-2026) issued by the Office of the State Council Work Safety Committee, Hayao General Factory focused on the management of highly toxic, easily explosive, and other hazardous chemicals and dangerous operations, comprehensively upgrading its "dual-hazard" control level. The Company organized over 40 safety management personnel and key operational staff to conduct a special seminar on the new version of the Safety Specifications of Special Work in Hazardous Chemicals Enterprises (GB 30871-2022). Through analysis of typical cases and benchmarking against regulations, the seminar refined approval processes, strengthened on-site supervision, and held in-depth discussions on issues such as "insufficient supervisor capabilities" and "difficulties in dynamic risk control," further solidifying the foundation for on-site management of special operations.

This special enhancement initiative aims to shift safety management towards root cause governance and empower enterprise intrinsic safety. By transforming institutional norms into rigid constraints, it has effectively improved the scientific level of "dual-hazard" control. This is not only an active response to the national campaign for tackling root causes of work safety but also lays a solid safety foundation for the Company's high-quality development.



Safety-related laws and regulations training



Case

Sanchine building an intelligent safety management system

As a comprehensive pharmaceutical enterprise, Sanchine is characterized by numerous buildings on its premises and a wide scope of control. Addressing pain points such as cumbersome approvals and blind spots in patrols under traditional safety management, Sanchine has innovatively built an intelligent safety management system. It developed a big data approval platform that integrates multiple databases to achieve automatic qualification verification and generate assessment reports within three minutes. It upgraded video surveillance to provide 24-hour uninterrupted monitoring and introduced drones for high-altitude inspections. Through the synergy of "platform + hardware," the efficiency of safety operation approvals increased by 60%, hazard investigation coverage reached 100%, and emergency response speed improved by 50%. This drove the transformation of safety management from "passive response" to "proactive prevention," solidifying the safety line of defense in the pharmaceutical sector.



Real-time monitoring by the digital system



Aerial patrols by drones

The Company has established a regular risk identification mechanism, conducting annual risk identification work and promptly initiating identification and response actions in the event of significant changes. For identified risks, the Company implements classified control: safety risks are categorized into four levels—major, significant, general, and low; environmental and occupational health risks are divided into two levels—major and general. Since 2022, the Company and its subsidiaries have progressively carried out risk classification and control work, completing the comprehensive identification and assessment of major risks. Corresponding control measures and emergency plans have been formulated for different risk levels, building a dynamically managed risk prevention and control network.

In terms of occupational health and safety management, the Company set a management goal of zero work safety accidents and a continuous decline in safety incidents. During the reporting period, the Company strictly adhered to the red lines of safety and occupational health management, achieving zero work safety accidents, fire incidents, and traffic accidents. All required occupational health examinations were conducted, all workplaces with occupational hazard factors were fully monitored, and no new cases of occupational disease were reported, providing a solid safety guarantee for production and operations.



Key performance

| Indicator name | Unit | 2025 data |
|--|-------------------|-----------|
| Total duration of occupational health and work safety training for employees | Hours | 85,336 |
| Total duration of occupational health and work safety training for suppliers and contractors | Hours | 8,226.5 |
| Number of safety drills (fire, toxic gas leaks, etc.) | Number of times | 121 |
| Investment in occupational health and safety management | Ten thousand yuan | 753.10 |
| Investment amount for employee work-related injury insurance | Ten thousand yuan | 573.46 |
| Investment amount for employee work safety liability insurance | Ten thousand yuan | 6.28 |
| Number of work-related injuries (minor and above) | Persons | 0 |
| Number of work-related fatalities | Persons | 0 |
| Number of workdays lost due to work-related injuries | Days | 0 |
| Occupational disease incidence rate | % | 0 |

Rural Revitalization Practices

To consolidate and expand the achievements of poverty alleviation and effectively link them with rural revitalization, the Company actively responded to the national rural revitalization strategy deployment. Relying on the Heilongjiang Hapharm Foundation, it planned and implemented the "Hapharm Foundation Rural Guardian Program." Adhering to the principle of "adapting measures to local conditions and implementing targeted policies," the project focuses on health security and implements targeted assistance measures, empowering rural revitalization through corporate responsibility and effectively safeguarding the health and well-being of the people. During the reporting period, the Company donated a total of RMB 60,000 worth of common medicines to rural areas. These supplies were distributed through grassroots health institutions to precisely meet the daily medication and common disease treatment needs of the residents. The project benefited 16 villages and 4,755 people in Heilongjiang Province.

Case Warming old revolutionary base areas and safeguarding health

From October to November 2025, the Company, through the Hapharm Foundation, visited seven old revolutionary base area villages in Hulan District, Bin County, and other areas to conduct health outreach activities, contributing to rural revitalization with practical actions. Based on preliminary surveys of villagers' health needs, a total of 9,000 boxes of common medicines for colds, gastrointestinal issues, and inflammation were donated on-site. In collaboration with township health centers and village doctors, one-on-one medication guidance was provided to villagers, and knowledge on safe medication use was disseminated. Through a model of "material donation + professional services," the activity effectively addressed the issues of "difficulty in purchasing and using medicine" for villagers in old revolutionary base areas. It received widespread recognition from local village committees and villagers, injecting solid health momentum into rural revitalization.



On-site distribution of medicines

Case Party building as a pen to paint a new picture of revitalization for Sixin Village

The Company has provided targeted assistance to Sixin Village in Yilan County, Harbin, Heilongjiang Province for nine consecutive years. Through multi-dimensional initiatives including industrial support, infrastructure improvement, healthcare assistance and Party-building collaboration, the Company has helped the village achieve poverty alleviation and advance rural revitalization. Adopting a systematic and sustainable assistance model, the Company has aligned its efforts with local needs, with Party-building as the guiding approach and industrial empowerment as the key driver, leading targeted support initiatives to ensure effective implementation.

The Company's Party committee has strengthened rural assistance through Party-building practices, establishing Party-building walls and corridors to promote Party theories and historical stories, and supporting Sixin Village in being recognized as a provincial-level demonstration village for Party-building. The Company has also supported the development of the village's fungus greenhouse industry to increase income for the collective economy and households lifted out of poverty, organized a resident work team to assist in improving the village environment, and used special funds to procure rice, flour and cooking oil to provide support to households lifted out of poverty during the Spring Festival. During the reporting period, the Company invested a total of RMB 310,200 in assistance, benefiting 630 people. Prior to the Spring Festival, supplies such as rice, flour and cooking oil were distributed to households lifted out of poverty, while resident team members also assisted in cleaning the village environment, contributing to rural development and improved livelihoods.



Party building corridor



Village-based work team assisting with sanitation cleanup

During the reporting period, the Company

Invested RMB **370,200** in rural revitalization, Benefitted **5,385** people

Public Welfare and Social Action

For many years, the Company has adhered to the charitable purpose of "developing public welfare and charity and promoting social civilization and progress." It has deeply integrated public welfare into its corporate sustainability strategy and continuously invested resources to support the high-quality development of public welfare undertakings. The Company established a professional and standardized public welfare management system and a full-process support mechanism to ensure that public welfare resources are precisely matched, efficiently implemented, and practically effective. Over the past three years, the Company has donated a total of RMB 39.394 million in funds and materials, benefiting 460,400 people. Focusing on key social needs, the Company concentrated on critical areas such as caring for the elderly and children, disaster emergency relief, and volunteer services. It meticulously created branded public welfare projects including "Hope Guards Health, Hapharm Group Grows with Me," "Happiness 1+1," "Warming the Sunset Years, Guarding the Silver-Haired," and "Hapharm Foundation, Rescue is at Hand." This formed a regular, diversified, and sustainable pattern of public welfare practice, demonstrating corporate social responsibility through practical actions.

During the reporting period, the Company

Invested RMB **110,000** in the social welfare

Organized **943** employees in volunteer activities

Helped **5,682** people through the public welfare initiatives

Had an average service duration of **5.88** hours per person for employee volunteer activities

Public welfare donations and volunteer services

The Company carries out external donations and assistance actions mainly through its Hapharm Foundation and continuously expands forms of public welfare participation by organizing employee volunteer services.

Case Hapharm Foundation creating a journey of growth through ice and snow study tours

In January 2025, the Company planned and implemented the "Budding Growth: Winter Journey with Ice and Snow" public welfare study tour activity, inviting children from Daliangshan in Sichuan, Yinchuan in Ningxia, and Putian in Fujian to visit Harbin. The children were immersed in the charm of ice and snow, experienced curling, visited art exhibitions, and more. This heartwarming initiative lit up childhood dreams and safeguarded the healthy growth of children. In May, Company volunteers made a special return visit to Ningxia to fulfill the promises of the "Dream Archives." Through measures such as holding popular science lectures on children's bone nutrition and donating sports equipment, they continued to convey care. This activity not only broadened the horizons of rural children but also vividly interpreted the public welfare concept of "Health Guards Dreams," demonstrating the Company's sense of social responsibility.



"Budding Growth: Winter Journey with Ice and Snow" public welfare study tour activity site

The Company has always practiced the volunteer service spirit of "dedication, friendship, mutual assistance, and progress." It innovatively created the distinctive volunteer service project "Hapharm Foundation, Rescue is at Hand," focusing on two core areas: voluntary blood donation and cardiopulmonary resuscitation (CPR) first aid skills training, regularly carrying out volunteer service activities. In 2025, the Company actively organized voluntary blood donation events, with 723 volunteers from 15 units participating to spread warmth. Concurrently, two sessions of cardiopulmonary resuscitation (CPR+AED) first aid skills training were conducted, with 90 volunteers enhancing their emergency response capabilities.

Case Volunteering to warm the Asian Winter Games: Hapharm Group in action

During the preparation and hosting of the 9th Asian Winter Games in Harbin, the Company actively responded to the call and organized 41 employee volunteers to participate in city-side volunteer services. Volunteers stationed at Harbin Railway Station provided considerate services such as civility guidance and inquiry resolution for passing tourists. Along the torch relay route, they cheered for torchbearers with full enthusiasm, conveying the warmth of the Asian Winter Games and demonstrating the demeanor of the host through practical actions. This volunteer service received wide social recognition. The Social Work Department of the Harbin Municipal Committee of the Communist Party of China awarded certificates for city-side volunteer service at the Asian Winter Games to the 41 volunteers, fully affirming their hard work and sense of responsibility. At the summary and commendation conference of the Asian Winter Games, the Harbin Pharmaceutical Group Holding Co., Ltd. Asian Winter Games Volunteer Service Team was awarded the provincial-level "Advanced Collective" title, and Hapharm Group was awarded the municipal-level "Advanced Collective" title. These dual honors highlighted the enterprises' social responsibility and public welfare spirit, and represented the enterprises' contribution to the successful hosting of the Asian Winter Games.



9th Harbin Asian Winter Games Torchbearer - Employee of Sanjing Pharmaceutical



Volunteer service activity at Harbin Railway Station

Social services and public value

Leveraging its advantages in the pharmaceutical and healthcare industry, the Company carried out diverse social service practices focusing on public health services, care for special groups, and urban public services. While improving service accessibility, it actively created social value.

Case Travel dialysis: Worry-free love

In December 2025, Heilongjiang Sanjing Nephropathy Hospital centered on patients' needs, integrated health science popularization and service innovation, and held a themed event at Parkson Shopping Center on Central Street. The hospital assembled a professional medical team of 10 members, with on-site consultation desks, case exhibition areas and interactive experience zones. It systematically explained the procedures, precautions of travel dialysis as well as off-site dialysis appointment support services, addressing questions and concerns of kidney disease patients. The event innovatively integrated traditional Chinese medicine expertise with the distinctive travel dialysis service, enabling patients to understand the feasibility of receiving dialysis while traveling. It effectively removed travel restrictions for kidney patients and delivered the humanistic medical philosophy of people-oriented care. Meanwhile, leveraging the large foot traffic of the venue, the event further raised public awareness of specialized medical services, bringing high-quality.



Event Site

Case Caring for new employment groups with heartwarming services to safeguard health

To genuinely care for the physical and mental health of new employment groups such as couriers and ride-hailing drivers, Renmintongtai actively engaged in safeguarding their health. It took the initiative to integrate its pharmaceutical resources to build a comprehensive health protection system covering medication discounts, health services, and green medical channels, putting into practice the concept of government-enterprise collaboration for public benefit. Renmintongtai selected 500 common drugs to offer exclusive discounts, effectively reducing the medication burden on new employment groups. It established "Heartwarming Stations" in its pharmacies, providing a range of services including emergency medicine, health monitoring, and convenient rest areas. From a cup of plum juice in the summer to a cup of warming tea in the winter, these small acts of kindness warmed every frontline worker in new employment groups. Through practical actions, it conveyed warmth, helping to enhance the sense of gain and happiness for these groups and making the city warmer.



Launch ceremony of the event

*Heilongjiang Sanjing Nephropathy Hospital is a non-profit Grade III specialized hospital affiliated with Rentongtai (600829.SH), a subsidiary under the Company's holding.

Case Professional nutrition empowering event services and promoting a healthy lifestyle for all persons

In May 2025, GNC China participated in the 2025 West Lake Half Marathon in Hangzhou, providing participants with systematic nutritional support before, during and after the race. The Company provided joint health supplements prior to the race, organized support teams to offer on-site supplies during the race, and worked with medical and rehabilitation teams after the race to provide stretching and recovery guidance. An on-site experience area was also set up to offer nutrition consultation and health services. Through an integrated "product + service + experience" support model, the Company promoted scientific sports nutrition concepts, enhanced public awareness of healthy dietary supplementation, and strengthened its professional image in the sports health sector, contributing to a culture of scientific fitness and active lifestyles.

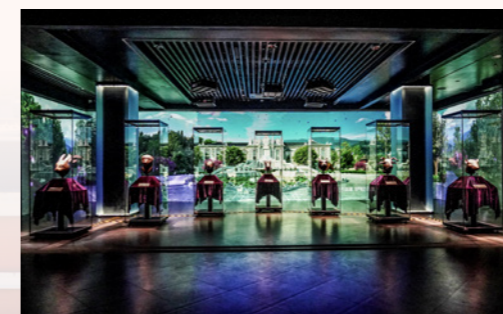


GNC China event support

The Company actively fulfilled its social responsibilities, focusing on the integrated development of cultural communication and public welfare. It leveraged its professional resources to carry out diverse cultural activities, promoting the combination of cultural heritage protection and public education, and continuously enhancing social and cultural awareness and participation.

Case Special exhibition of repatriated cultural relics to promote cultural communication

In 2025, the Company, in collaboration with relevant units, held the "National Treasures Gather in the Ice City—Special Exhibition of Repatriated Cultural Relics" in Harbin, with multi-party teams participating in the curation and implementation. Centered on repatriated cultural relics, the exhibition presented their historical value and disseminated knowledge on their protection through systematic displays and on-site explanations. The event effectively enhanced public awareness and consciousness of cultural heritage protection, increased social participation, and promoted the integration of cultural resources with the city's cultural tourism. This reflected the enterprise's responsible values in cultural communication and public welfare practices.



Special Exhibition site



Bronze Animal Heads Exhibition



Honors and awards of Hapharm Group



2022.9

HARBIN PHARMACEUTICAL GROUP CO., LTD. was awarded the First "Longjiang Charity Award—Donor Enterprise Award" of the Province

Heilongjiang Civil Administration Information Net



2023.2

HARBIN PHARMACEUTICAL GROUP CO., LTD. was awarded the "2020-2021 National Blood Donation Promotion Award"

National Health Commission of the People's Republic of China, Red Cross Society of China, Health Bureau of the Logistic Support Department of China's Central Military Commission (CMC)



2024.8

HARBIN PHARMACEUTICAL GROUP CO., LTD. was awarded the "Heilongjiang Province Youth Public Welfare Activity Research and Practice Base"

Heilongjiang Provincial Committee of the Communist Youth League, Heilongjiang Youth Development Foundation



2026.2

Harbin Pharmaceutical Group Co., Ltd. was awarded the Municipal Advanced Collective for the 9th Harbin Asian Winter Games

by the CPC Harbin Municipal Committee and Harbin Municipal People's Government

Key Performance Table

| Indicator | Unit | 2025 data |
|---|-----------------|-----------|
| Governance Performance | | |
| Operating revenue | RMB 100 million | 159.64 |
| Total assets | RMB 100 million | 142.88 |
| Net assets attributable to shareholders of the listed company | RMB 100 million | 56.88 |
| Net profit attributable to shareholders of the listed company | RMB 100 million | 3.62 |
| Basic earnings per share | Yuan per share | 0.14 |
| Total tax payments | RMB 100 million | 7.33 |
| Percentage of independent directors | % | 33.3 |
| Percentage of female directors | % | 44.4 |
| Number of Board of Directors meetings held | Times | 12 |
| Director attendance rate | % | 100 |
| Number of director training sessions conducted | Times | 9 |
| Number of Shareholders' Meetings held | Times | 2 |
| Total number of investor questions received | Times | 273 |
| Investor question response rate | % | 98.17 |
| Integrity risk assessment coverage for the Company and its subsidiaries | % | 100 |
| Employee signing rate for compliance commitment letters | % | 100 |
| Signing rate of Integrity Commitment Letters for bidding suppliers | % | 100 |
| Number of compliance risks identified during the year | Items | 156 |
| Number of compliance risk response plans formulated | Copies | 15 |
| Number of compliance training sessions conducted | Times | 5 |
| Number of employees covered by compliance training | Person-times | 1,010 |
| Number of anti-commercial bribery and anti-corruption training sessions conducted | Times | 91 |
| Employees participating in anti-commercial bribery and anti-corruption training | Person-times | 6,309 |
| Number of internal audit projects conducted | Items | 19 |

| Indicator | Unit | 2025 data |
|---|-------------------|-----------|
| Environmental Performance | | |
| Total investment in environmental protection | Ten thousand yuan | 1,581.87 |
| Total duration of environmental management training | Hours | 3,569 |

| Indicator | Unit | 2025 data |
|--|---------------------------------|------------|
| Environmental Performance | | |
| Number of participants in environmental management training | Person-times | 2,519 |
| Number of participants in environmental protection publicity and public welfare activities | Persons | 629 |
| Number of emergency drills for environmental risk incidents conducted | Sessions | 15 |
| Number of participants in environmental emergency risk drills | Persons | 2,044 |
| Total greenhouse gas emissions | Tonnes of CO2 equivalent | 134,187.35 |
| Photovoltaic power generation | MWh | 4,784.65 |
| Proportion of clean energy consumption to total energy consumption | % | 34.21 |
| Total clean energy consumption (photovoltaic, natural gas) | Tonnes of standard coal | 16,070.24 |
| Direct energy consumption | Tonnes of standard coal | 15,778.57 |
| Indirect energy consumption | Tonnes of standard coal | 31,201.88 |
| Total energy consumption | Tonnes of standard coal | 46,980.46 |
| Energy consumption intensity per million RMB in revenue | Tonnes/RMB 1 million in revenue | 2.94 |
| Total water consumption | Tonnes | 6,320,252 |
| Freshwater consumption | Tonnes | 1,074,961 |
| Recycled water consumption | Tonnes | 11,454,932 |
| Water consumption intensity per million RMB in revenue | Tonnes/RMB 1 million in revenue | 395.91 |
| Total amount of wastewater discharge | Tonnes | 1,052,611 |
| Chemical oxygen demand (COD) | Tonnes | 38.86 |
| Ammonia nitrogen (NH ₃ -N) | Tonnes | 1.28 |
| Total waste gas | Cubic meter | 21,560.51 |
| Particulate matter (PM) | Tonnes | 2.55 |
| Sulfur oxides (SO _x) | Tonnes | 0.48 |
| Nitrogen oxides (NO _x) | Tonnes | 18.82 |
| Volatile organic compounds (VOCs) | Tonnes | 172.61 |
| Total hazardous waste | Tonnes | 210.46 |
| Total non-hazardous waste | Tonnes | 2,075.38 |
| Waste recycling rate | % | 91.42 |
| Hazardous waste intensity | Tonnes/RMB 1 million in revenue | 0.01 |
| Non-hazardous waste intensity | Tonnes/RMB 1 million in revenue | 0.13 |

| Indicator | Unit | 2025 data |
|---|-------------------|-----------|
| Social Performance | | |
| Total R&D investment | Ten thousand yuan | 20,351.82 |
| Proportion of R&D investment to operating revenue | % | 1.27 |
| Proportion of R&D investment to operating revenue of the industrial segment | % | 3.54 |
| Proportion of R&D personnel | % | 10.54 |
| Total number of valid patents held | Items | 220 |
| Total number of invention patents applied for in the year | Items | 24 |
| Total number of invention patents granted in the year | Items | 1 |
| Total number of valid trademarks held | Items | 774 |
| Total amount of scientific and technological innovation awards granted | Ten thousand yuan | 215.33 |
| Number of projects recognized with scientific and technological innovation awards | Pcs | 146 |
| Number of major quality accidents throughout the year | Times | 0 |
| Number of non-conformance announcements | Items | 0 |
| Product qualification rate | % | 100 |
| Customer feedback handling rate | % | 100 |
| Number of responsible marketing audits conducted | Times | 14 |
| Total number of suppliers | Counts | 2,177 |
| Proportion of local suppliers | % | 31.24 |
| Local procurement ratio | % | 34.82 |
| Number of suppliers with document audits conducted | Counts | 1,215 |
| Number of suppliers with on-site audits conducted | Counts | 149 |
| Suppliers that underwent and passed environmental and social audits | Counts | 31 |
| Number of supplier training sessions conducted | Times | 761 |
| Total number of employees | Persons | 10,039 |
| Number of female employees | Persons | 4,922 |
| Number of male employees | Persons | 5,117 |
| Number of employees aged 30 and below | Persons | 995 |
| Number of employees aged 31 to 40 | Persons | 3,427 |
| Number of employees aged 41 to 50 | Persons | 3,926 |
| Number of employees aged 51 and above | Persons | 1,691 |

| Indicator | Unit | 2025 data |
|--|-------------------|-----------|
| Social Performance | | |
| Number of newly hired employees | Persons | 794 |
| Number of ethnic minority employees | Persons | 393 |
| Number of employees with disabilities | Persons | 160 |
| Employee turnover rate | % | 6 |
| Employee benefit coverage rate | % | 100 |
| Employee trade union coverage rate | % | 100 |
| Total duration of employee training | Hours | 248,712.2 |
| Average training hours per person | Hours | 24.77 |
| Total number of training sessions for the year | Times | 1,968 |
| Total investment in employee training | Ten thousand yuan | 295.71 |
| Number of employee training participants | Persons | 9,869 |
| Employee training coverage rate | % | 98 |
| Percentage of employees receiving regular performance and career development reviews | % | 100 |
| Total duration of occupational health and work safety training for employees | Hours | 85,336 |
| Total duration of occupational health and work safety training for suppliers and contractors | Hours | 8,226.5 |
| Number of safety drills | Number of times | 121 |
| Investment in occupational health and safety management | Ten thousand yuan | 753.10 |
| Investment amount for employee work-related injury insurance | Ten thousand yuan | 573.46 |
| Investment amount for employee work safety liability insurance | Ten thousand yuan | 6.28 |
| Number of work-related injuries (minor and above) | Persons | 0 |
| Number of work-related fatalities | Persons | 0 |
| Occupational disease incidence rate | % | 0 |
| Total investment in rural revitalization | Ten thousand yuan | 37.02 |
| Number of people benefiting from rural revitalization | Persons | 5,385 |
| Investment in social welfare | Ten thousand yuan | 11 |
| Number of people assisted through public welfare initiatives | Persons | 5,682 |
| Number of employee participations in volunteer activities | Person-times | 943 |
| Average service hours per person for employee volunteer activities | Hours | 5.88 |
| Number of participants covered by sustainable development training | Person-times | 40 |

Index of Indicators

| Contents | | Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) | Guidelines for Sustainability Reports of Chinese Enterprises (CASS-ESG 6.0) |
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| About This Report | | - | P1 |
| Message from the Chairman | | - | P2 |
| About Hapharm Group | | - | P3 |
| Sustainability management | | Communications with stakeholders and due diligence | G1.1, G1.2, G1.3 |
| Special topic: Empowering with a digital and intelligent engine, building a foundation for high-quality development through technological innovation | | Innovation-driven | S2.1 |
| Governance and compliance to solidify a foundation for stable growth | Party building leadership and responsibility implementation | | |
| | Construction of corporate governance system | | G1.1 |
| | Internal control and compliance management | | G1.2 |
| | Culture of integrity and ethical business practices | Anti-commercial bribery, anti-corruption, and anti-unfair competition | G2.1, G2.2 |
| Product system for value creation | Technological r&d and innovation-driven development | Innovation-driven development | S2.1 |
| | Ethics of science and technology | Ethics of science and technology | |
| | Industrial cooperation and exchange | | |
| | Product quality and safety management | Equal treatment to small and medium-sized enterprises; Safety and quality of products and services | S3.2, S3.3 |
| | Customer rights and interests and service assurance | Data security and customer privacy protection | S3.4 |
| | Supply chain management and security | Supply chain security | S3.1 |
| | Information security and privacy protection | Data security and customer privacy protection | S3.4 |
| Green operations to advance low-carbon management | Medicine accessibility enhancement | | |
| | Environmental compliance management | Environmental compliance management | E2.4 |
| | Climate change tackling | Climate change tackling | E1.1 |
| | Energy and resource management | Energy utilization, water resource utilization | E3.1, E3.2 |
| | Pollutant emissions | Pollutant discharge | E2.1 |
| | Waste management | Waste management, circular economy | E2.2, E3.3 |
| Employee development to build a safe and shared future | Ecosystem and biodiversity conservation | Ecosystem and biodiversity protection | E2.3 |
| | Employee rights and well-being | | S4.1 |
| | Talent cultivation and development | Employees | S4.3 |
| | Occupational health and safety | | S4.2 |
| | Rural revitalization practices | Rural revitalization | S1.1 |
| Public Welfare and Social Action | Contributions to the society | S1.2 | |

Reader Feedback Form

Dear Readers,

Thank you for reading the 2025 Sustainability Report of HARBIN PHARMACEUTICAL GROUP CO., LTD. We highly value your valuable opinions and suggestions and sincerely invite you to evaluate this report. Every piece of your feedback will help us continuously optimize the quality of our ESG information disclosure, improve our sustainability management system, better fulfill our social responsibilities as a pharmaceutical enterprise, and safeguard public health and well-being.

I. What is your identity:

- Shareholder and investor
 Creditor
 Company employee
 Partner and industry association
 Customer
 Supplier and contractor
 Media and public
 Government and regulatory agency
 Other _____

II. Your overall evaluation of this report:

What is your evaluation of the overall content of this report:

- Excellent
 Good
 Average
 Poor
 Very poor

Do you think this report comprehensively and objectively reflects the company's actual performance in the environmental, social, and governance (ESG) fields in 2025?

- Very adequate
 Relatively adequate
 Average
 Relatively inadequate
 Inadequate

Do you think the information disclosed in this report is clear, accurate, and complete:

- Very high
 High
 Average
 Low
 Very low

What do you think of the structural design and readability of this report:

- Excellent
 Good
 Average
 Poor
 Very poor

III. Your opinions and suggestions:

Independent Assurance and Statement of Opinion

InFaith Consulting (hereinafter referred to as "InFaith"), as entrusted by Harbin Pharmaceutical Group Co., Ltd. (hereinafter referred to as "Hapharm Group"), has conducted independent limited assurance of the environmental, social and governance information and data disclosed in 2025 Sustainability Report of Hapharm Group (hereinafter referred to as "the Report"), and disclosed the assurance result and conclusion to readers of the Report in the form of independent assurance and statement of opinion.

Independence and Capability

- All the assurance team members of InFaith have no business relationship with Hapharm Group that leads to conflicts of interest. The team of InFaith has performed this assurance work independently.
- The assurance team of InFaith consists of experienced professionals in the industry. Relevant persons have received professional training on the GRI Standards issued by the Global Reporting Initiative, AA1000AS v3, ISO 14001, ISO 26000, SA 8000, EcoVadis global supply chain rating and other sustainability-related standards and have adequate understanding and practical experience in relevant international principles, evaluation systems and assurance standards.

Assurance Statement

- Hapharm Group management shall be fully held accountable for the preparation and content of the Report. It is the responsibility of InFaith to conduct an assurance based on the scope as described herein, and to provide professional assurance opinions to the Report readers and stakeholders.
- Based on the assurance scope limits, InFaith shall, in accordance with AA1000AS v3, conduct independent limited assurance and guarantee conclusion for the matters within the scope defined in the Report. In addition to providing independent assurance and making other statements of opinion on the facts of assurance under the conclusion, InFaith will not assume any legal or other liabilities for any inquiries for any other purposes, or for any other persons who read this Independent Assurance and Statement of Opinion.
- If you have any questions about the contents contained herein or related matters, Hapharm Group will reply in a lump sum.
- In the event of any conflict or inconsistency between the Chinese version and the English version of this Independent Assurance and Statement of Opinion, the Chinese version shall prevail.

Assurance Standard

InFaith adopts AA1000AS v3 type-1 Moderate assurance level, which includes Hapharm Group's evaluation of the compliance situation and degree of the four AA1000AS v3 assurance principles, including inclusiveness, substantiality, responsiveness and impact.

Assurance Scope

- The assurance scope is limited to the information and data of Hapharm Group and its affiliated companies covered by the Report, excluding the data and information of Hapharm Group suppliers, contractors and other third parties.
- InFaith adopts AA1000AS v3 type-1 Moderate assurance level to evaluate Hapharm Group's compliance nature and degree of the four assurance principles in AA1000AS v3.

Assurance Process and Work

In order to gather evidence relevant to the formation of the conclusion, InFaith has done the following work:

- Had interviews with the management team and employees of Hapharm Group, to understand the overall situation and relevant processes of the fulfillment of its environmental, social and governance responsibilities.
- Verified key developments and policy implementation of the relevant Hapharm Group's organizations and reviewed supporting evidence for the claims made in the Report.
- Through the interviews and the assurance of relevant documents, learned about Hapharm Group's main stakeholders and their expectations and demands, the specific communication channels between both parties, and how Hapharm Group responds to their expectations and demands.

- Selected the relevant part of environmental, social and governance information in this Report, performed analytical assurance procedures for such information, confirmed the overall performance situation, and evaluated and verified whether the contents of the Report are complied with.
- Verified the process management of the principles of inclusiveness, substantiality, responsiveness and impact in the Report and its related AA1000 to confirm the appropriateness of this Statement.
- Sampled inspection on supporting evidence of data reliability and quality of selected specific performance information.
- Recalculated and verified the selected specific performance information.
- Performed other procedures that we deemed necessary.

Assurance Conclusions

- According to the information provided by Hapharm Group and the sample test, there is no material misrepresentation in the Report.
- For the principles of inclusiveness, substantiality, responsiveness and impact included in AA1000AS v3, the detailed assurance conclusions are as follows

| | |
|----------------|---|
| Inclusivity | Hapharm Group has announced major topics that will have substantial influence and impact on the evaluation, decision-making, actions and performance of the organization and its stakeholders, and judged and improved the management and performance of the issues. |
| Materiality | Hapharm Group has announced significant topics that have a substantial impact and influence on the organization and its stakeholders' assessments, decision-making, actions, and performance. The company has also conducted judgments and improvements on the management and performance of these topics. |
| Responsiveness | Hapharm Group has implemented relevant policies, and is able to respond to issues that concern the stakeholders in a timely manner. |
| Impact | Hapharm Group has the adequate ability to identify substantive issues. It has implemented balanced and effective evaluation and disclosure methods, and has established a systematic process for monitoring, measurement, evaluation and management impact, so as to achieve more efficient management of decision-making and results within the organization, and demonstrate the impact of the substantive issues in an impartial and objective manner. |

- Based on the procedures implemented and the evidence obtained by InFaith, we have found nothing that causes us to doubt the reliability and quality of the specific performance indicators selected in the Report.

Limitation

The assurance process was carried out at the location within the scope of the Report. Because there is no internationally recognized and commonly used standard for the evaluation and measurement of non-financial information, the application of different but acceptable information and measurement technologies may affect the comparability with other institutions.

If you have any advice for this Independent Assurance and Statement of Opinion, you may contact:

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Email: esg@infaith.com.cn

Address: 17F, Tower 1, Lujiazui Riverside Center, 257 Lane, Binjiang Avenue, Pudong New District, Shanghai



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For and on behalf of InFaith Consulting
Signed:

Shanghai, April 2026



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