

YIFENG PHARMACY

2025

Environmental, Social and Governance Report

Yifeng Pharmacy Chain Co., Ltd.
stock code: 603939





YIFENG PHARMACY

Making People Physically and
Mentally Healthier

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About the Report

Yifeng Pharmacy's 2025 Environmental, Social and Governance (ESG) Report (hereinafter referred to as the "Report") is the third ESG report independently published by Yifeng Pharmacy Chain Co., Ltd. and all the branches and subsidiaries (hereinafter referred "Yifeng Pharmacy", "the Company" or "we"). The Report aims to comprehensively present our ESG goals, management strategies, practices and achievements in 2025 to our stakeholders.

Report Scope

The time scope covered by the Report is consistent with the 2025 annual report, that is, from January 1, 2025 to December 31, 2025 (hereinafter referred to as "2025" or "the Reporting Period").

Unless otherwise specified, the disclosure scope of the Report is the same as that of the Annual Report, covering all subsidiaries and affiliated companies within the listed entity of Yifeng Pharmacy. The environmental performance data covers the self-owned drugstores operated by Yifeng Pharmacy throughout 2025, its subsidiary Heng Xiu Tang Pharmaceutical Co., Ltd. (hereinafter referred to as "Heng Xiu Tang"), logistics centers under its operational control, staff canteens, and offices. To enhance the integrity of the Report content, some content or descriptions may extend beyond the above-mentioned disclosure or time scope.

Report Standards

The Report is prepared in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) (hereinafter referred to as the "Guidelines for Sustainability Report"), and with reference to Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Compilation of Sustainability Report (Revised January 2026) and the Global Reporting Initiative Sustainability Reporting Standards (hereinafter referred to as the "GRI Standards") issued by the Global Sustainability Standards Board.

Report Information

All the information used in the Report comes from the Company's official documents and reports, internal statistical data, and public information. The Company's Board of Directors promises that there are no false records, misleading statements, or major omissions, and is responsible for the authenticity, accuracy, and completeness of the report. The Report was approved by the Company's Board of Directors on April 22, 2026.

Report Access

The Report is prepared in Simplified Chinese and English and released in electronic format. In case of any conflict between the two language versions, the Simplified Chinese version shall prevail. The electronic version can be viewed and downloaded on the Company's official website (<https://www.yfdyf.cn>) and the Shanghai Stock Exchange website (<http://www.sse.com.cn/>).

Feedback

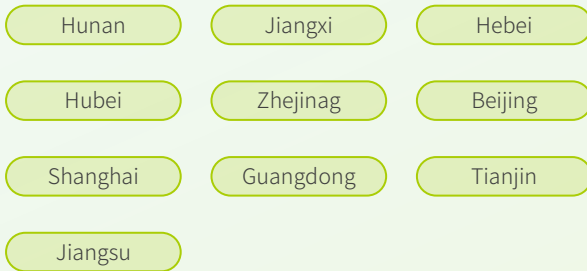
If you have any comments or suggestions on the Report, you can send them by email to ir@yfdyf.com. Your comments and suggestions serve as an important basis for us to continuously promote our sustainable development management and practices.

About Us

Company Profile

Yifeng Pharmacy (Stock Code: 603939) was founded in June 2001. It has been deeply involved in the pharmaceutical retail industry for more than two decades and is the first large-scale pharmaceutical retail enterprise listed on the Shanghai Stock Exchange in China. As a leading enterprise in the Chinese healthcare and wellness industry, Yifeng Pharmacy has successively expanded into multiple health-related sectors such as pharmaceutical retail, pharmaceutical wholesale, the production and sale of prepared Chinese herbal slices, chronic disease management, Internet hospitals, medical project investment and medical technology development. It continuously optimizes the supply chain system and category structure, builds a new pharmaceutical retail ecosystem, actively promotes digital transformation and builds an efficient logistics network to provide high-quality services for customers and safeguard their health and safety.

Our business scope



We operate a total of **14,831** stores (including **4,313** franchise stores)

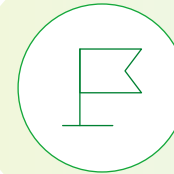
Serve a membership of **116 million**

Employees **38,953**

Offer a range of over **70,000** drug SKUs

Since our establishment, we have always adhered to the core concept of "putting customer value first" and insisted on customer-centric innovation and transformation of the business model, committed to providing customers with high-quality products and professional health services. In the future, we are committed to continuously improving our core competitiveness, practicing the concept of corporate sustainable development, building a benchmark brand of chain pharmacies trusted by customers and respected by society, thereby contributing to social development.

Corporate Culture



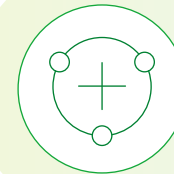
Corporate Mission

Making people physically and mentally healthier



Corporate Vision

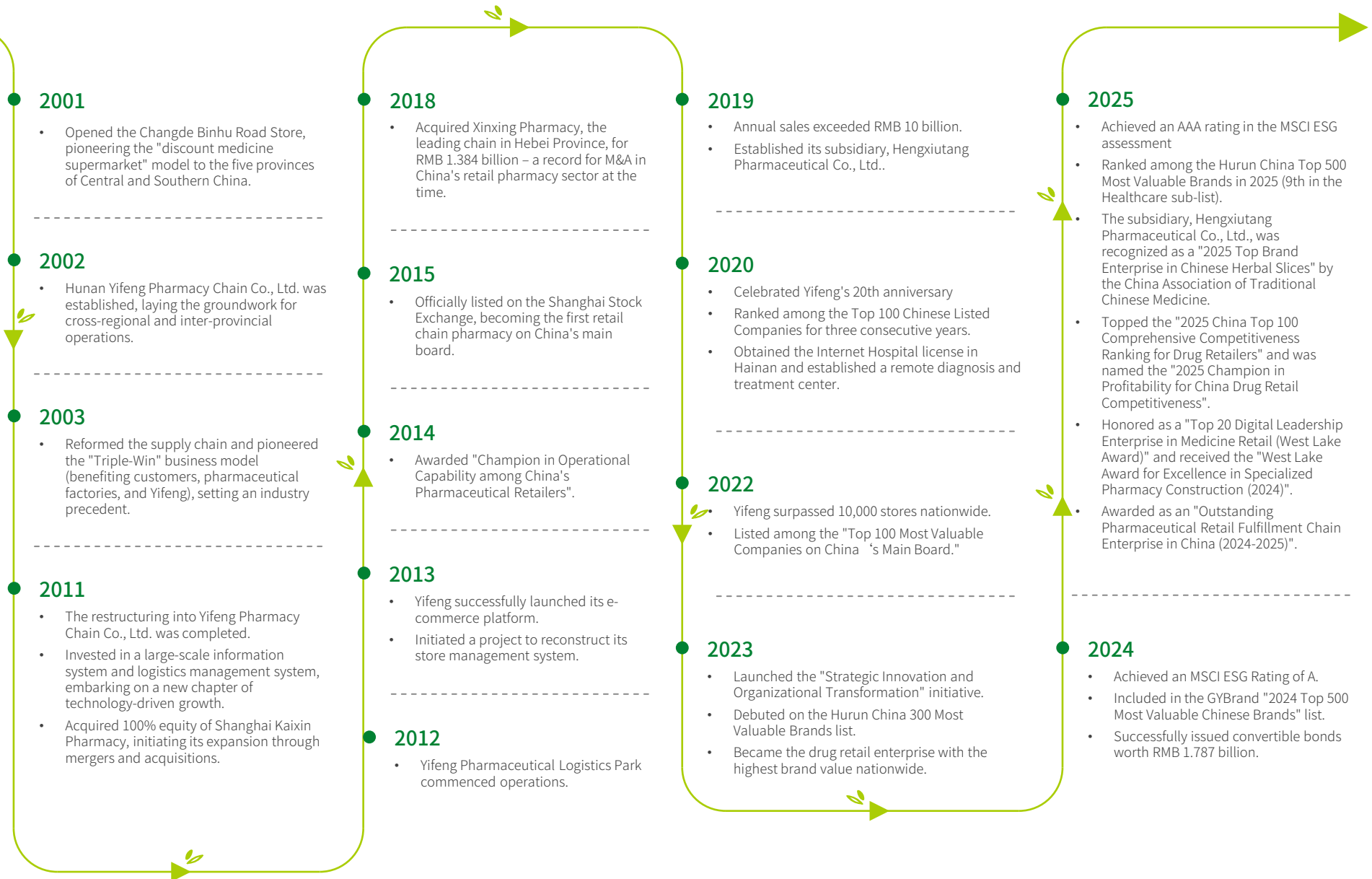
Becoming the trusted and preferred pharmacy



Values

Prioritizing customers, being results-oriented, innovating and improving with lean principles, acting with diligence and pragmatism, taking responsibility and collaborating, fostering growth and care

Development Milestones



Honors and Recognitions

Association Qualification

China Medical Equipment Association

Executive President Member



Retail Branch of the China Association of Pharmaceutical Commerce2

Vice President Member



Hunan Pharmaceutical Industry Association

Executive Vice President Member



Hunan Pharmaceutical Distribution Industry Association

Executive Vice President Member

Honors of the Year

Listed among the 2025 China Top 500 Most Valuable Brands

GYBrand Global Brand Research Institute



Ranked 248th on the list with a brand value of 3 billion yuan

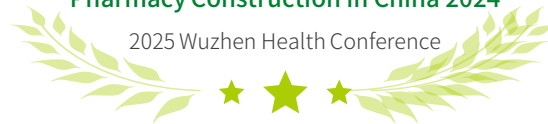
Hurun China 2024



West Lake Award · Top 20 Digital Leadership Enterprises in Medicine Retail

West Lake Award · Excellence Award for Specialized Pharmacy Construction in China 2024

2025 Wuzhen Health Conference



Topped the 2025 China Top 100 Comprehensive Competitiveness Ranking for Pharmaceutical Retail 2025 Pharmaceutical Retail Profitability Champion

The 18th China Health Ecology Organization (2025 CPEO)



Annual List of Most Influential Enterprises- Award for Most Investment Value

The 8th CLS Investment Conference 2025



Message from the Chairman

Currently, the pharmaceutical retail industry is in a critical period of accelerated integration and in-depth transformation, shouldering the dual missions of safeguarding people's health and responding to national strategies. With the continuous deepening of population aging and the continuous upgrading of health consumption demand, the public has put forward higher expectations for drug safety, service professionalism, and corporate responsibility. Looking back on this year, all Yifeng people have always adhered to the core concept of "Pharmaceutical Care for All". We have strengthened the foundation of governance in steady operation and responded to industry changes through innovation while adhering to principles. We are committed to promoting the coordinated growth of business value and social value through systematic ESG practices, clearly identifying the value path of pharmaceutical retail enterprises in the context of the new era, and strengthening our sense of responsibility in safeguarding public health and serving the people's livelihood.

"Based on regulations, achieve stable and long-term development"

Compliance governance is not only the cornerstone of a company's stable operation but also our core asset for winning long-term trust in a complex market environment. With a clear governance structure and a standardized decision-making mechanism, we regulate the decision-making of major matters and daily business operations, build a governance closed-loop integrating compliance with laws, business integrity, and risk prevention, and strengthen the bottom line of standardized operation. In the important area of medical insurance management, we strengthen internal supervision and implementation requirements, promote the accurate implementation of medical insurance policies at the service front-line, and maintain active communication with relevant departments to help ensure the safe and reasonable use of medical insurance funds. At the same time, in the process of digital transformation, we establish a data security and privacy protection system for the entire life cycle with a prudent and responsible attitude, effectively safeguard consumers' rights and interests, and strengthen the defense line of digital trust.

"Based on medicine, safeguard health"

Safeguarding national health is our unwavering strategic mission. We adhere to the foundation of drug quality and medication safety, taking "family-trusted medicines" as an insurmountable quality bottom line to ensure clear and safe drug sources. We are committed to building a stable and reliable supply system, continuously promoting the "Controllable Premium Strategy", extending quality requirements to the upstream of the industrial chain, and working with partners to build a resilient and responsible supply chain. At the same time, we continuously deepen our professional service capabilities, respond to customers' trust with professional pharmaceutical services and full-life-cycle health care, and actively promote the sinking of medical services to the grass-roots level, so that high-quality medical resources can benefit a wider population and contribute to the construction of a healthy China.

"Innovation as the wings, lead the future with intelligence"

Innovation is the core engine driving pharmaceutical retail enterprises to cross cycles and reshape value. We keenly observe industry trends and changes in consumer behavior, actively embrace the digital wave, and reshape business processes and service experiences through technological innovation and model upgrading. We continuously promote the integrated development of all channels, break the boundaries between online and offline services, and build convenient and efficient health consumption scenarios. At the same time, we deepen the in-depth application of digital and intelligent technologies in fields such as supply chain management, precision marketing, and chronic disease management, improve operational efficiency and decision-making accuracy, inject strong impetus into the Company's high-quality development, and strive to become a pioneer and explorer in the industry's digital transformation.

"Unite with heart, pursue growth together"

Employees are the most valuable human capital of an enterprise and the core driving force for promoting the upgrading of service quality and the release of organizational vitality. We abide by the employment principles of "compliance, fairness, and people-oriented", regarding employees as co-creators of our business development. Through improving the career development system and diversified promotion channels, we empower employees throughout their careers to help them improve their professional abilities and comprehensive qualities, laying a solid talent foundation for the Company's high-quality development. Meanwhile, we are committed to building a workplace ecosystem that combines professional value and humanistic care, continuously optimizing the salary, welfare, and rights protection system, paying close attention to employees' occupational health and well-being, enhancing organizational cohesion, building a value community of co-creation and sharing, and achieving the win-win situation of employees' personal growth and the Company's long-term development.

"Aim for green development, integrate into the future"

We always pay attention to the balance of the natural ecosystem and resource utilization efficiency, actively face the challenges of resource constraints and climate change, and firmly promote the Company's in-depth transformation to a green and low-carbon development model. Focusing on the core scenarios of store operation and warehousing and logistics, we integrate energy conservation and efficiency management into the entire business operation cycle. Relying on systematic lean management, we achieve prudent control of environmental impact while improving operational efficiency. We adhere to long-termism to promote the construction of green infrastructure, continuously optimize the energy structure, cooperate with industrial chain partners to deepen green packaging and circular economy practices, gradually internalize the concept of sustainable development into the Company's core competitiveness, and unwaveringly take the green development path towards the future.

We adhere to the original aspiration of serving the people's livelihood through pharmaceutical retail. We are firmly committed to deeply integrating the concept of sustainable development into corporate governance and business practices. We are determined to build a benchmark enterprise that is responsible for public health, contributes to social well-being, has long-term value for the industry and national development, and coexists harmoniously with the natural environment. Looking ahead, we will uphold the belief of long-termism, join hands with employees, partners, and all sectors of society. We will safeguard the national health with professional services, a sense of responsibility, and humanistic care, and continuously create trustworthy and reliable health value for society.

Chairman of Yifeng Pharmacy Co., Ltd.

Gao Yi




Sustainable Development Management

Yifeng Pharmacy adheres to sustainable development as the core orientation and continuously strengthens the strategic leading role of the Board of Directors in ESG governance. We continuously improve the corporate governance system, actively respond to the demands and expectations of stakeholders through a regularized and multi-channel communication mechanism, and integrate them into the whole process of strategic planning and business decision-making. We promote the full implementation of the concept of sustainable development in the business chain and enhance the Company's operational resilience and long-term value creation ability.

Sustainability Governance Structure

Yifeng Pharmacy has established a clear organizational structure and a standardized institutional system, and clearly defined the core leadership position of the Board of Directors in sustainable development governance. The composition, scope of responsibilities, and working methods of the committee are clearly stipulated in the "Rules of Procedure for the Strategy and Sustainability Committee of the Board of Directors", providing institutional guarantee for the standardized implementation of relevant work and ensuring the steady progress and effective implementation of sustainable development goals in business operations.

ESG Governance Structure Diagram

Level	Structure	Composition	Responsibilities	Reporting and Supervision
 Decision making	Board of Directors	Board Members	<ul style="list-style-type: none"> As the highest responsible body for sustainable development matters, it assumes overall responsibility for the sustainable development strategy and reports. It is responsible for comprehensively reviewing the Company's impacts, risks, and opportunities in the field of sustainable development. It is responsible for comprehensively reviewing the Company's impacts, risks, and opportunities in the field of sustainable development. 	At least one formal meeting per year.
	Strategy and Sustainability Committee	It is composed of three directors, including at least one independent director.	Under the authorization of the Board of Directors: <ul style="list-style-type: none"> Review the sustainable development strategy and work plan. Review matters such as the sustainable development management method, management objectives, and sustainable development-related impacts, risks, and opportunities. 	At least one formal meeting per year.
 Management	ESG Management Group	It is composed of the Company's Securities Investment Department and the heads of business and functional departments.	<ul style="list-style-type: none"> It is responsible for implementing the sustainable development strategy and work plan. Formulate and evaluate the progress, impacts, risks, and opportunities of sustainable development goals. Report to the Strategy and Sustainability Committee in a timely manner. 	At least one formal meeting per quarter.
 Execution	Business and Functional Departments, and Subsidiaries	Designated representatives of each business and functional department, branches and subsidiaries	Carry out specific ESG work around ESG issues.	Report to the ESG Management Group regularly.

Board diversity is an important foundation for us to maintain our competitive edge and enhance our talent attraction. The members of the Strategy and Sustainability Committee have rich and complementary industry backgrounds and have in-depth accumulations in fields such as the pharmaceutical and health industry, investment management, organizational governance, human capital strategy, and multinational enterprise operations. They bring diverse professional experiences and knowledge reserves in areas such as industry insights, financial compliance, risk management, organizational development, and sustainable development to the Board of Directors, which helps to identify and assess major ESG risks faced by the Company from multiple perspectives. To further improve the professional capabilities of committee members and all employees in the field of sustainable development, we regularly organize systematic special training, invite external experts to provide consulting support, and carry out various forms of learning and exchange activities. This helps relevant personnel continuously deepen their understanding of the concept of sustainable development, the latest regulatory requirements, and industry trends, and continuously enhance their ability to identify and respond to ESG risks and opportunities, providing comprehensive and solid professional support for the effective implementation of the Company's sustainable development strategy.

To drive the delivery of our sustainable development strategic objectives, we have introduced a compensation clawback policy and embedded sustainability-focused key performance indicators into the compensation assessment framework for the Board members and senior executives, ensuring that remuneration incentives are fully aligned with the Company's sustainable development strategy.

Stakeholder Communication

Yifeng Pharmacy attaches great importance to establishing long-term trust relationships with stakeholders. Through regular communication channels, we deeply understand the demands and expectations of all parties and use them as important basis for formulating sustainable development strategies and optimizing operational activities to continuously improve the level of corporate governance and service quality.

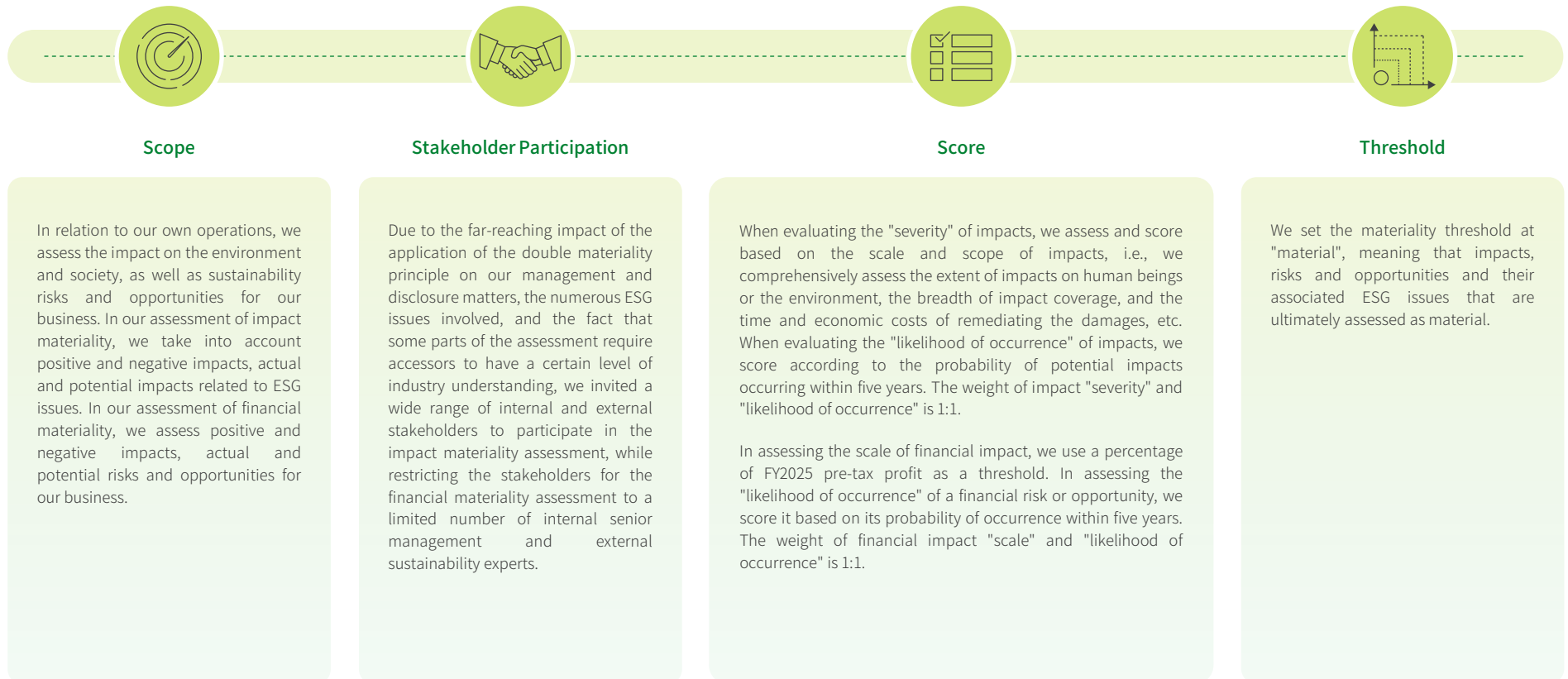


Double Materiality Assessment

As a key link in sustainable development management and information disclosure, Yifeng Pharmacy carried out the double materiality assessment of ESG issues in 2025. Based on the guidance of the "Guidelines for Sustainability Report" and combined with the methodological interpretation and guidance of experts, we formulated an assessment process, scoring method and ranking model to evaluate our impact on the environment and society, as well as the sustainability-related financial risks and opportunities we face.

• Assessment Method and Assumptions

Based on the assessment results of previous years and considering the complexity of quantifying sustainable development impacts, risks and opportunities, this year's double materiality assessment follows the principle of "mainly qualitative and supplemented by quantitative". In the future, we will continue to pay attention to the updates of the Shanghai Stock Exchange guidelines, improve our double materiality assessment process and methods, and continue to prudently apply quantitative assessment methods to reasonably obtain the concerns and opinions of stakeholders, so as to provide a scientific basis for our sustainable development planning and even business decisions.



• Assessment Process

We conduct the ESG issue materiality assessment through stakeholder surveys, industry benchmarking, and expert consultations. After in-depth discussions between the senior management and external experts, we accurately identify the key impacts, risks, and opportunities.

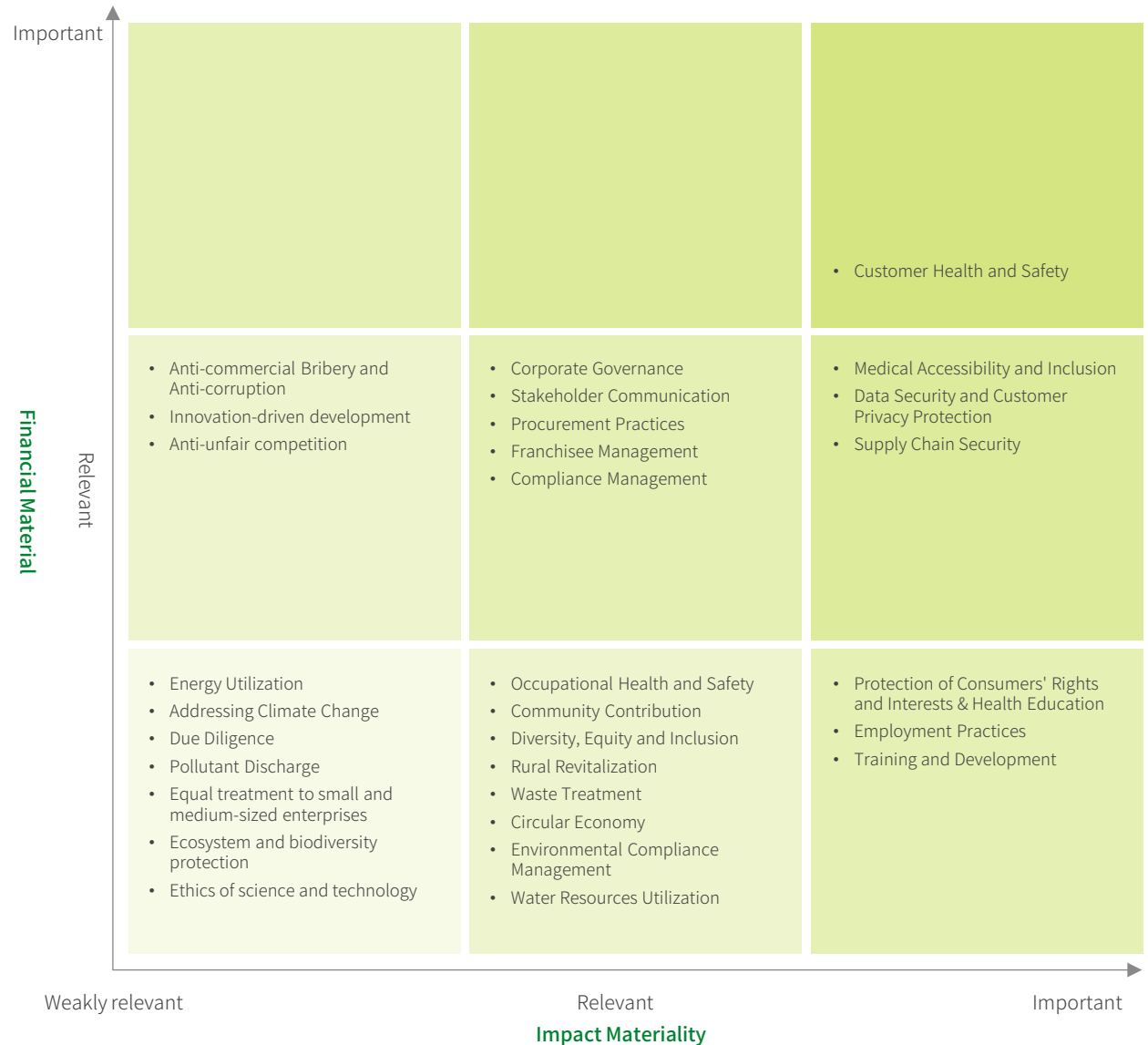
Materiality Assessment Process of ESG Issues



• Assessment Results

The results of the double materiality assessment show that customer health and safety, medical accessibility and inclusion, data security and customer privacy protection, supply chain security, protection of consumers' rights and interests & health education, employment practices, and training and development are our most important sustainable development matters. Among them, customer health and safety have both impact and financial materiality. Currently, risks such as drug quality and medication accuracy may trigger a customer trust crisis and regulatory penalties, directly impacting the Company's finance, operations, and cash flow, and are the core focus of business operations.

As a chain retail pharmacy, we take customer health and safety as the strategic core, meet customer needs through reasonable pricing and diverse choices, take data protection measures to protect customer privacy, optimize the supply chain to ensure the quality and stability of drug supply, rely on process specifications and quality control to ensure the consistency of store services, fulfill compliance obligations, strengthen internal supervision and risk control capabilities, enhance public health awareness through pharmacist consultations and health lectures, build a fair workplace, and enhance employees' professionalism and service capabilities through training and career planning. These practices are anchored to our value of serving the public with medicine, support our long-term and stable development, and help us continuously consolidate the foundation for sustainable operations in the process of serving customers, empowering employees, and contributing to society.



The following table lists the sustainable development-related impacts, risks, and opportunities evaluated as important issues. The measures and actions taken for their monitoring, prevention, management, and control will be further elaborated in the subsequent chapters:

Issue	Type	Description	Time horizon ¹	Value chain mapping			Actions
				Upstream	Own operations	Downstream	
Customer health and safety	Impact	Through professional services and standardized operations, it can have a positive impact on customer health and social safety, including providing customers with qualified drugs, precise medication guidance, and health management plans, reducing medication risks, and ensuring health effects.	Short term				Pharmaceutical Care for All, Safeguarding National Health
		Through strict product quality control and professional pharmacist services, it can reduce the circulation of inferior drugs and safeguard public health and safety.					
	By providing convenient health monitoring and basic medical support, it can relieve the pressure on social health services and improve the public health protection level.						
Customer health and safety	Risk	Conversely, if there are drug problems, improper medication guidance, insufficient store safety management, or service process defects, it may cause physical harm to customers, adverse drug reactions, or personal safety accidents, which will have an adverse impact on customer health and may lead to complaints, legal liabilities, and loss of brand reputation.	Medium term				Pharmaceutical Care for All, Safeguarding National Health
		If the Company cannot provide customers with professional and precise health solutions, for example, it cannot meet the customized needs of customers or the market development in terms of the level of the pharmacist team and the application of technical tools, the Company will not be able to truly address customers' health concerns and establish in-depth trust with them. As a result, it will lose its core competitiveness, leading to customer loss, a sharp decline in sales, and even a cash flow crisis.					
	Relying on the advantage of being the "closest health access point", the Company can provide chronic disease management, daily health monitoring, and customized health services (such as medication reminders and side effect warnings) for the elderly population, seizing the development opportunities presented by the aging trend.						
Customer health and safety	Opportunity	It can effectively enhance the stickiness of specific customer groups.	Long term				
	Medical accessibility and inclusion	Impact	Long term				Pharmaceutical Care for All, Safeguarding National Health
Medical accessibility and inclusion	Risk	While the medical insurance policy's control over drug prices promotes medical inclusion, it also poses revenue challenges to the pharmaceutical retail industry.	Medium term				
		With the intensifying industry competition, on the one hand, it improves medical accessibility; on the other hand, the number of retail pharmacies may be approaching the critical point, and the sales and profitability of single stores are showing a downward trend.					
	Opportunity	As the pharmaceutical market develops towards the two international best practices of "prescription outflow" and "separation of medicine and pharmacy", the pharmaceutical retail industry will face the next market boom. If the Company can, based on its years of in-depth industry experience, with the support of policies, reduce the difficulty of purchasing drugs by expanding retail channels and penetrating into the market, and improve the timeliness and accuracy of services by reconstructing the supply chain efficiency and introducing AI consultations, it can gain a higher market share and meet the market's expectations for inclusion.	Long term				

1. Considering the industry in which Yifeng Pharmacy operates, its strategic planning and operational realities, we define time horizons as: short-term (0-1 year); medium-term (1-5 years); and long-term (more than 5 years).

Issue	Type	Description	Time horizon ¹	Value chain mapping			Actions
				Upstream	Own operations	Downstream	
Data security and customer and privacy protection	Impact	In the pharmaceutical retail industry, digital technology plays a crucial role. The potential data security and privacy protection issues are directly related to the Company's prevention and control of operational risks and the establishment of customer trust. If network attacks and data security vulnerabilities are not prevented, resulting in omissions in customer data security management, it may damage customers' right to privacy.	Short-term				Executing Duties with Full Commitment, Strengthen Governance Foundations
	Risks	With the evolution of big data, industries that possess personal information inevitably face increased vulnerabilities and risks of privacy leakage. If business and personal information is misused or accidentally leaked, it may damage the Company's reputation and may also lead the Company to face fines or reduced revenue. Failure to comply with relevant regulations for protecting patient information may result in civil and criminal penalties, which will have a negative impact on the Company.	Medium-term				
	Opportunities	Privacy protection in the pharmaceutical retail industry has evolved from a "compliance burden" to a "trust asset". Through systematic management measures from the inside out, such as building a full-life-cycle data security system, obtaining data security protection system certification, managing internal staff operations, and participating in the formulation of industry standards, the Company can transform data security and privacy protection into a competitive advantage, thus establishing a trust economy in the digital health market and consolidating its core competitive barriers.	Medium-term				
Protection of consumers' rights and interests & health education	Impact	Through standardized operations and proactive education, it can have a positive guiding effect on consumers' rights and interests and social health literacy, including safeguarding consumers' right to know and right to choose, eliminating false advertising, and maintaining a fair consumption environment. Conduct health education through professional explanations and popular science materials to improve consumers' health literacy and reduce blind drug purchases or misunderstandings in health management. Build trust through after-sales follow-up, enhance consumers' satisfaction and dependence on retail channels, and promote the healthy development of the industry. Conversely, any behavior that damages consumers' rights and interests will lead to violations and affect consumers' trust in the Company.	Short-term				Pharmaceutical Care for All, Safeguarding National Health
	Risks	If the Company's health popularization content is inaccurate or insufficient, or if the store clerks mislead customers to buy health products instead of medicines, it may lead to the Company misleading consumers. Measures such as establishing a 24-hour pharmacist consultation hotline and developing an AI medication assistant system require continuous technological investment from the Company, which will increase the Company's operational difficulty for a certain period.	Medium-term				
	Opportunities	Protect consumers' rights and interests more comprehensively by strengthening drug traceability management and providing professional guidance on drug use by licensed pharmacists. Connecting to e-prescription services through the Internet hospitals platform to solve the pain points of chronic disease patients in follow-up consultations and drug purchases is conducive to safeguarding consumers' core rights and interests and enhancing consumers' trust and recognition of the brand. Rely on innovative technological means to establish in-depth professional capabilities and health solutions centered on efficacy, and provide customers with accurate health education and services.	Medium-term				
Supply chain security	Impact	Enhance the stability of the entire supply chain network through Risk Management of each link in the supply chain. Promote synergy among supply chain enterprises and achieve common development by establishing cooperative relationships based on trust and win-win results. However, the supply chain in the pharmaceutical retail industry is long and complex, covering the distribution network between manufacturers and retailers, and there is a risk of counterfeit drugs, which may have a negative impact on public health.	Short-term				Pharmaceutical Care for All, Safeguarding National Health

Issue	Type	Description	Time horizon ¹	Value chain mapping			Actions
				Upstream	Own operations	Downstream	
Supply chain security	Risks	<p>Product quality problems may lead to production stagnation and sales decline.</p> <p>Natural disasters such as earthquakes and floods may cause traffic disruptions, affect logistics and transportation, and result in supply chain delays and untimely drug supply in stores.</p> <p>If the Company fails to prevent counterfeit, inferior, or mislabeled drugs from entering the pharmaceutical retail system, it may trigger stricter supervision of the pharmaceutical supply chain.</p> <p>With the globalization and networking development of the supply chain, the complexity of supply chain security management is constantly increasing. If the Company fails to effectively manage the complex supply chain, it may lead to drug safety incidents and bring significant risks.</p>	Short-term				Pharmaceutical Care for All, Safeguarding National Health
	Opportunities	<p>If the Company can achieve effective management in a complex supply chain and seek and promote cooperation with supply chain enterprises in business models, technological innovation, etc., it can reduce costs, improve efficiency, and enhance its own and the supply chain's competitiveness.</p>	Medium-term				
Employment practices	Impact	<p>For employees, the Company can effectively improve their work experience, enhance their professionalism, and help them receive positive feedback from customers and in terms of performance by improving rights and interests protection, providing growth paths, and empowering them with AI technology. This will enhance their sense of mission and achievement, and contribute to the realization of their personal value.</p> <p>For society, employee-centered practices can reduce the loss of industry talents, promote the overall quality improvement of practitioners. Meanwhile, by stabilizing employment and conveying the concept of "valuing and developing people", it can inject positive energy into the harmonious development of the industry and even society.</p>	Short-term				Achieving Win-Win Results and Realizing the Value of Talents
	Risks	<p>If the Company has problems such as labor disputes and unfair treatment, it may lead to employee turnover and legal disputes, directly affecting normal operations.</p> <p>As the competition in the talent market intensifies, companies need to invest more resources to attract and retain outstanding talents.</p>	Short-term				
	Opportunities	<p>By establishing long-term and stable employment relationships, companies can enhance employees' loyalty and engagement, promote talent development, improve management efficiency, and reduce labor costs.</p> <p>Good employment practices can enhance a Company's social image and brand value, attract more outstanding talents to join, win market trust, and lay a solid foundation for the Company's sustainable development.</p>	Short-term				
Training and development	Impact	<p>Employees' professional skills and knowledge can be updated through training, enabling them to more efficiently meet job requirements and realize personal value.</p> <p>By promoting employee training towards high-quality, professional, and standardized development, the Company is expected to further iterate the industry's pharmaceutical service standards, thereby enhancing the overall social value of the pharmaceutical retail industry.</p>	Short-term				Achieving Win-Win Results and Realizing the Value of Talents
	Risks	<p>The pharmaceutical retail industry has an increasing demand for practitioners and may face a talent shortage, posing challenges in recruiting, training, and retaining pharmaceutical retail practitioners. Once there is a shortage of practitioners, it will directly lead to insufficient service capabilities of the Company, resulting in revenue loss or damage to the reputation.</p>	Medium-term				
	Opportunities	<p>Investment in training and development can strengthen organizational effectiveness. By training employees with high professional qualities and flexible adaptability, the Company can better adapt to market changes and seize new business opportunities.</p> <p>Training helps the Company implement its strategies and achieve long-term goals, and reserves talents for the Company's sustainable development.</p>	Medium-term				

Executing Duties with Full Commitment to Strengthen Governance Foundations

Yifeng Pharmacy continuously refines its governance structure, upholds the highest standards of compliance, clarifies the boundaries of authority and responsibility, and strengthens internal control. Concurrently, we rigorously implement data security and personal information protection requirements, enhance our institutional framework, and comprehensively establish robust safeguards for stable operations and sustainable development.



Improving the Governance System

Yifeng Pharmacy strictly complies with national laws and regulations such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China, as well as internal rules and regulations such as the "Articles of Association," the Rules of Procedure for the General Meeting of Shareholders, and the Rules of Procedure for the Board of Directors. We continuously promote the standardization of governance processes and the refinement of mechanisms. We have established a standing investor engagement system, strictly fulfill the obligation of information disclosure, and effectively safeguard the legitimate rights and interests of all investors through transparent disclosure and high-quality relationship management.

Governance Structure

We build a governance structure of "General Meeting of Shareholders, Board of Directors, and Senior Management" with clear rights and responsibilities and mutual checks and balances, clarify the responsibility boundaries of each governance subject, strengthen the coordinated operation of decision-making, supervision, and execution, form a standardized and efficient governance mechanism, and comprehensively improve the Company's corporate governance level and decision-making and execution efficiency.

As the highest authority of the Company, the Shareholders' Meeting is mainly responsible for determining the Company's business policies and investment plans. The Board of Directors is accountable to the General Meeting of Shareholders and assumes the ultimate responsibility for the Company's operation and management. The Management conducts business operations and management in accordance with the business decisions of the Board of Directors and earnestly fulfills various obligations.

The Board of Directors has established the Strategy and Sustainability Committee, the Remuneration and Appraisal Committee, the Audit Committee, and the Nomination Committee. The Board of Directors actively fulfills its duties, operates in a standardized manner, and makes scientific decisions. The members of the specialized committees of the Board of Directors strictly follow the rules of procedure of each specialized committee and carry out their work under the leadership of the Board of Directors to jointly safeguard the interests of the Company and all shareholders.

To improve the transparency of corporate governance, we publicly disclose the "Working System for Independent Directors". It clearly states that natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children, cannot serve as independent directors of the Company. The requirements regarding shareholding changes are the same as those for non-independent directors.

In 2025,

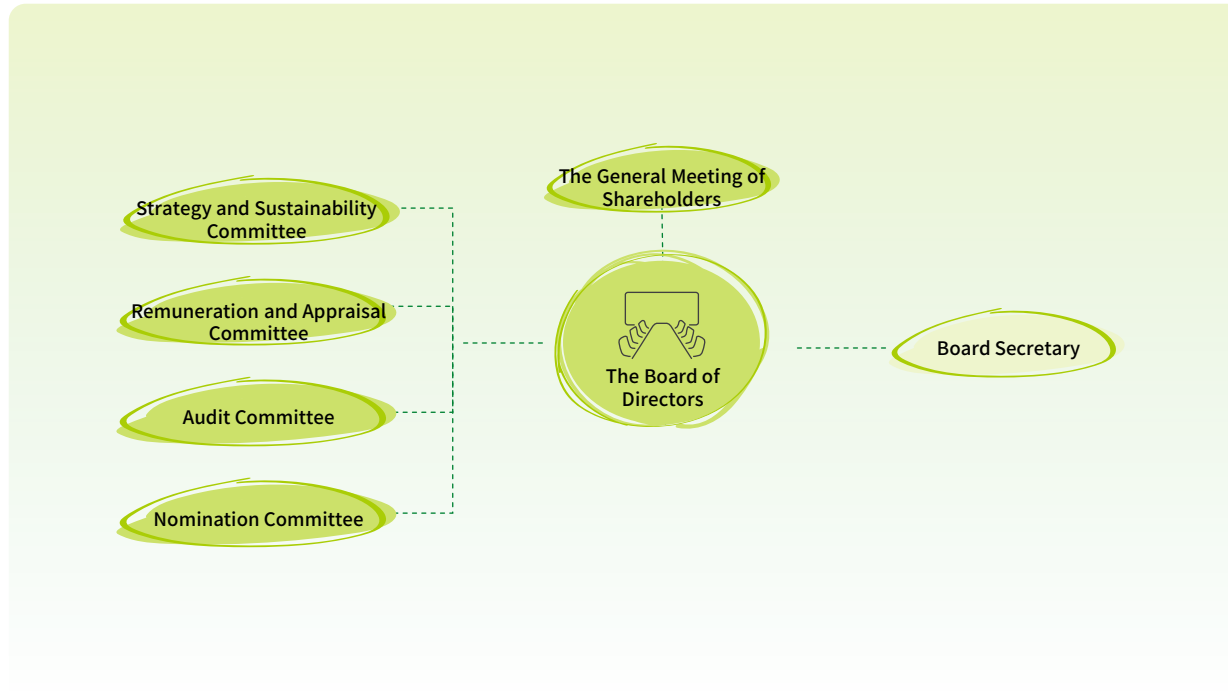
the Company held a total of **3** Shareholders' Meetings and **13** Board of Directors meetings.

In 2025,

the Board of Directors reviewed and approved a total of **51** proposals and listened to or reviewed **15** reports.

The **4** specialized committees established by the Board of Directors held a total of **8** meetings, reviewed and approved **23** proposals, and listened to or reviewed **18** reports.

Organizational Structure Diagram



Information Disclosure

We actively fulfill the information disclosure obligations of listed companies to ensure that the disclosed content is true, accurate, and complete. In accordance with relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Regulations on Information Disclosure of Listed Companies, and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, we have issued institutional documents such as the Information Disclosure Affairs Management Policy and the Registration Management Policy for Insiders of Inside Information, clarifying the responsibilities of information disclosure obligors and promoting the standardized and orderly implementation of information disclosure work.

In 2025,

the Company issued a total of **109** interim reports and **4** regular reports. The information disclosure work has received an **A-level** evaluation from the Shanghai Stock Exchange for nine consecutive years.



Investor Communication

We have formulated the Investor Relations Management Policy, adhering to the principles of compliance, equality, initiative, and honesty and trustworthiness, and established a multi-channel, multi-platform, and multi-dimensional communication mechanism to effectively safeguard the legitimate rights and interests of investors and continuously enhance market trust.

We conduct activities such as Shareholders' Meetings, investor briefings, roadshows, analyst meetings, reception of visitors, and symposiums through channels such as the Company's website, new media platforms, telephone, email, and investor education bases, and actively communicate with investors on relevant information such as the Company's production, operation, and finance.

Case "I am a Shareholder" Activity: Investors Visiting Shanghai-listed Companies

To maintain good communication with investors, on May 28, 2025, we invited small and medium-sized investors with different backgrounds to participate in Yifeng Pharmacy's investor education activity "I am a Shareholder," which featured a visit to the company as a Shanghai-listed enterprise. We presented to the investors the development history, business layout, and overall development trend of the industry of Yifeng Pharmacy, and responded to the investors' concerns about multiple key areas of the Company during the investor Q&A session. Through this activity, we further improved information transparency and enhanced trust and understanding with investors.



• "I am a Shareholder" Activity Scene

During the Reporting Period:

Further revised the Investor Relations Management Policy to strengthen the protection of the legitimate rights and interests of stakeholders;

Participated in **34** brokerage strategy meetings.

Held **3** large-scale investor telephone conferences.

Conducted **3** online investor performance briefings on the exchange.

Received a total of **288** research visits from various investors through online and offline methods, engaging with **1,737** investors throughout the year, and carried out long-term, stable, and high-frequency communication with various investors.

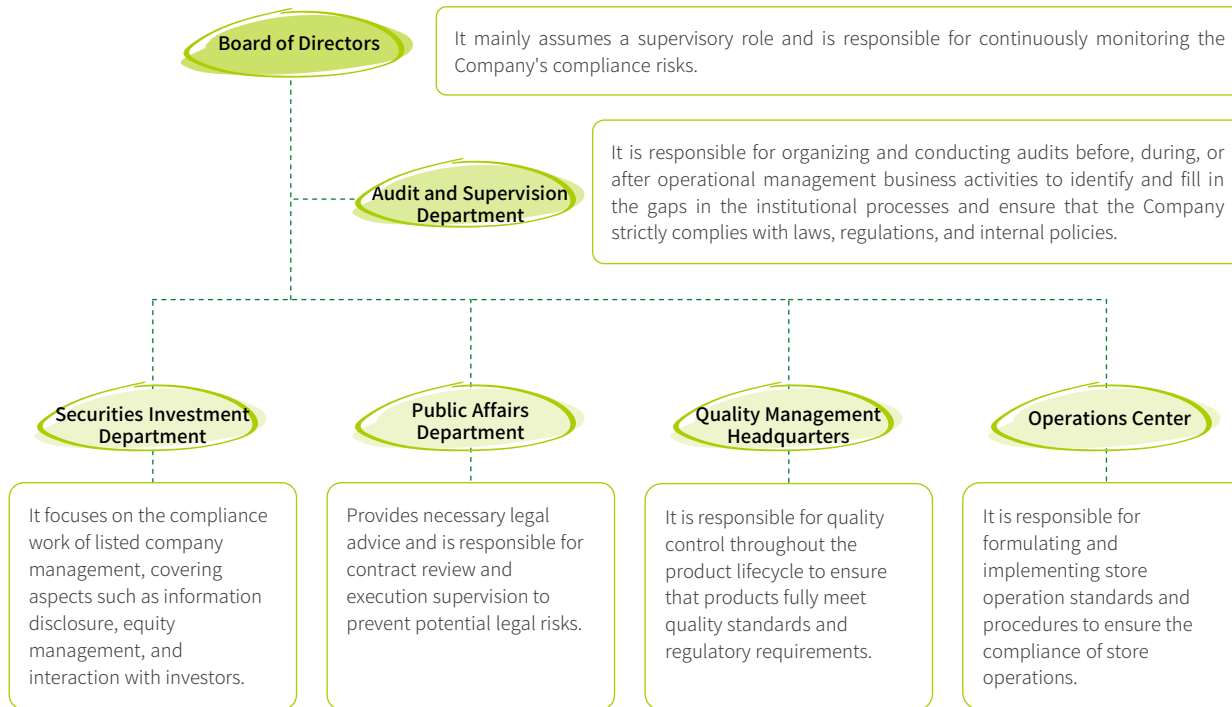
Strengthen the Compliance Defense Line

Yifeng Pharmacy integrates compliance obligations throughout its business operations, establishes a systematic compliance management system, and formulates regulations such as the Measures for the Identification of Administrative Penalty Responsibility of Yifeng Pharmacy to clearly define the responsibility boundaries and enhance the accuracy of internal supervision and the foresight of risk prevention and control. We also ensure that the Company's actions adhere to business integrity through a sound business ethics management framework.

Compliance Management

We have established a Compliance Responsibility Structure to comprehensively monitor and guide the Company's operational activities and ensure that all business processes comply with laws and regulations.

Compliance Responsibility Structure



This year, we have continuously strengthened the Company's compliance risk management:

- 

Conducted proactive risk identification and developed business compliance risk guidelines in checklist form. These provide clear guidance on compliant practices for business departments, enhancing the efficiency of risk response.
- 

Continuously iterated and upgraded the contract project management system, streamlining work processes through digital tools, and improving business compliance.
- 

Provided employees with more than 20 business compliance training sessions and a regular monthly compliance awareness program, "Xiaoyi's Legal Insights", using diverse formats to further reinforce employee compliance awareness.

Integrity in Employment

We abide by the business code of conduct, continuously optimize the Integrity Management System, and formulate relevant systems for anti-corruption, anti-unfair competition, and whistleblower protection. We actively promote the construction of an integrity culture and work together with employees and partners to build an honest and clean business environment. In 2025, no major commercial bribery or embezzlement incidents occurred in the Company; there were no lawsuits or administrative penalties due to unfair competition.

• Integrity Management System

We have built a rigorous and complete Integrity Management System, formulated and implemented relevant rules against bribery and corruption such as the Yifeng Pharmacy Employees' Integrity and Self-Discipline Management Regulations, the Code of Conduct for the Ten "Red Line" Behaviors, and the Whistleblower Reward Management Measures of Yifeng Pharmacy, clearly defining the requirements for integrity and self-discipline and the punishment measures for violations, providing a solid disciplinary guarantee for the Company's operation and management.

We have established an Integrity and Self-Discipline Supervision Committee, composed of the board of directors, the Audit and Inspection Department of the headquarter, and the Audit and Inspection Departments of branches and subsidiaries. The chairperson of the board serves as the team leader, with explicit responsibility for overseeing the company's business ethics and compliance matters. This structure establishes a comprehensive integrity supervision framework covering the governance, supervision, and execution levels. The committee regularly reports to the board of directors on anti-corruption efforts to ensure the effective operation of the integrity management system.

Structure of the Integrity and Self-discipline Supervision Committee



We attach great importance to the Company's integrity management and have formed a complete pre-event, concurrent, and post-event business ethics assessment and review system.

Pre-event



- Conduct business ethics risk assessment in the fourth quarter of each year to identify potential risks and their impacts, and formulate differentiated response plans according to the severity of risks.
- For the identified risks, require relevant personnel to review and document preventive measures and establish a dynamic monitoring mechanism to ensure the full implementation of pre-event prevention and control of business ethics-related risks.

Concurrent



- Special Audit: Regularly conduct special audits on business ethics standards and anti-corruption policies, evaluate the effectiveness of the monitoring system, and clarify the process for handling corruption incidents; for donations and sponsorships, clarify the declaration, approval, and compliance assessment processes, and include relevant materials such as donation agreements and donation vouchers as necessary items in the approval process for key verification of compliance.
- Comprehensive Business Audits: Conduct systematic audits of all business segments, operating locations, and subsidiaries every year, covering key areas such as risk control, violations of discipline, corruption, and embezzlement; conduct additional audits of high-risk positions and key business segments, establishing a multi-layered audit and oversight system characterized by "annual full coverage, monthly routine checks, and quarterly targeted reviews."
- Monthly Routine Audit: Every month, routine store operations, corruption risk assessments, and anti-fraud activities are included in the audit cycle to ensure 100% coverage of store operations.

Post-event



- Implement dynamic supervision over the rectification of audit findings, verify the timely closure of identified issues, and evaluate the effectiveness of corrective actions through review sessions.

In 2025, the Company conducted an annual special audit of the business ethics system, code of conduct, anti-corruption policy, and other standards to identify areas for improvement and continuously improve relevant policies.

• Anti-corruption Initiative

We attach great importance to anti-corruption management and actively promote anti-corruption activities. As a member of the Sunshine Integrity Alliance, we participate in various anti-corruption actions initiated by the alliance. Moreover, we strictly implement the alliance's blacklist system in the recruitment process and firmly refuse to hire any individuals on the violation list to jointly maintain an honest and clean business environment with the alliance.

To further strengthen employees' awareness of integrity and compliance, we have established a tiered training system, offering special training for new employees and business ethics education for all employees. The training content covers core areas such as Anti-corruption, anti-monopoly, and anti-unfair competition. We have also set up an "Integrity Model Award" to recognize employees who perform their duties with integrity. Meanwhile, we require all employees to sign integrity agreements to prevent corruption. In 2025, the signing rate for these agreements reached 100% among all employees.

During the Reporting Period

Number of directors participating in business ethics training: **9**

Coverage rate of directors participating in business ethics training: **100%**

Number of employees (including full-time employees, part-time employees, and third-party contractors involved in operations) participating in business ethics training: **38,953**

Coverage rate of employees participating in business ethics training: **100%**

We require suppliers to formulate anti-bribery and anti-corruption policies and establish corresponding mechanisms to continuously verify their compliance with their own integrity policies. At the same time, we require suppliers to abide by Yifeng Pharmacy's integrity management system and sign the Integrity and Self-Discipline Letter. We have also incorporated integrity clauses and liability for violations into supplier contracts and clearly stipulated measures to deal with relevant violations. In 2025, we carried out business ethics due diligence on key suppliers to evaluate their performance in areas such as compliance management, anti-corruption, and social responsibility. We also organized specialized anti-corruption training sessions for suppliers to ensure that they fully understand and meet relevant requirements. By the end of the Reporting Period, the Company had achieved a 100% signing rate for supplier integrity agreements.

In addition, we adhere to the principles of legal operation and fair competition, resist all forms of unfair competition, and clearly prohibit and strictly control false advertising, monopoly behavior, and infringement of trade secrets. We have also continuously regulated the Company's competitive behavior through improving internal review, supervision, and behavior restraint mechanisms to ensure the fair, honest, and orderly conduct of business activities.

• Whistleblower Management

To standardize internal procedures, we have established a formal whistleblowing policy, the Rewarded Whistleblowing Management Measures. This policy encourages employees and stakeholders to report misconduct by providing clear channels and incentives. Crucially, it provides robust protection for whistleblowers against any form of retaliation, ensuring their privacy and safety. As stipulated in our Employees' Integrity and Self-Discipline Management Regulations, individuals have the right to report any violation anonymously. We are formally committed to safeguarding whistleblowers from reprisal, fostering a culture where concerns can be raised without fear.

Yifeng Pharmacy's whistleblower channels

- Whistleblower hotline: 0731-89953992
- Whistleblower email: sjb@yfdyf.com
- Internal whistleblower channel: Direct reporting channel for employees

Medical Insurance Compliance

We strictly comply with national and local medical insurance policies and continuously improve the medical insurance compliance management system. This year, we closely aligned with the self-inspection and self-correction requirements of national, provincial, and municipal medical insurance fund supervision, fully learned from industry compliance management experience, and optimized the all-around medical insurance compliance prevention and control system through technological empowerment, process optimization, and full-chain supervision. Concurrently, we have conducted regular policy training for all staff to improve compliance efficiency. Focusing on "refined and intelligent advancement," we have successfully achieved the dual objectives of ensuring compliance and elevating service quality.

Highlight 1: Full-link management of medicine traceability codes



Through internal system controls and traceability code verification, we compel pharmaceutical manufacturers to assign codes to drugs. We have achieved 100% coverage of the mapping relationships among the three codes, enabling full-chain tracking from procurement and warehousing to sales and settlement.

- Established a mapping system for traceability codes, medical insurance codes, and product codes, ensuring efficient integration between different coding systems.
- Developed a mapping system for traceability codes on large and small packages to address linkage issues in the drug circulation process.
- Built a unified traceability platform for codes, achieving end-to-end drug traceability and data storage.
- Implemented a risk control system for traceability codes, with functions such as "traceability code verification," "code-free inventory management," and "no payment for un-coded medical insurance claims," thereby preventing loopholes in drug traceability.

Highlight 2: Iteration of the digital management system for medical insurance risk control



A medical insurance risk control system with intelligent pre-warning, precise in-process control, and in-depth post-analysis was built to achieve closed-loop control of the entire process of prescription source traceability, standard use of prescriptions, professional prescription review by pharmacists, medicine traceability, and precise medical insurance settlement.

- Functions such as accurate verification of prescription information, safe identification of pharmacists' identities, scientific control of medication dosage, matching of indication specifications, and review of medication matching were embedded.
- Real-time dynamic verification of medical insurance settlement data was carried out to achieve precise early warning and dynamic control of violations.
- Dynamic risk profiles of stores, employees, and medicines were completed, and hierarchical and classified management was implemented. Monthly compliance reviews were conducted for high-risk stores.

Highlight 3: Prescription compliance management



A closed-loop control system for the entire prescription process was established to ensure both the legal source and standard use of prescriptions.

- Established a prescription evaluation mechanism based on compliance, rationality, and patient suitability, directly linking results to doctor credentialing and practice ratings.
- Formed a tripartite prescription review model combining "internal rules, external professional systems, and manual pharmacist verification."
- Implemented a mechanism for real-time interception and root-cause tracing of abnormal prescriptions.

Highlight 4: Medical insurance benefits and price governance



We supervised the consistency of online and offline medicine prices and gradually improved the accessibility of chronic disease medications.

- A special price governance team was established. Combining system monitoring and manual inspections, we ensured that the online and offline selling prices of medicines remained the same.
- The coverage of outpatient integrated management pharmacies was increased, the medicine-purchasing process for chronic disease patients was shortened, and the medical insurance reimbursement ratio was raised.

Highlight 5: Medical insurance risk prevention and security of medical insurance funds



We ensured the standardized use of medical insurance funds through systems and platform technologies.

- We partnered with the medical insurance department to build a regulatory information platform for sharing data on drug procurement, inventory, and prescription circulation.

Ensuring information security

Information security and customer privacy are the core pillars for Yifeng Pharmacy to maintain customer trust and ensure the stable operation of the business. By constructing an information security management system and implementing multiple measures such as technical protection, we strengthened the data security defense line. Centering on customer rights and interests, we effectively protected customers' personal privacy through transparent notification and standardized management.

Information security

We strictly comply with laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the General Data Protection Regulation. We formulated and implemented systems such as the Measures for Yifeng Pharmacy Data Security Management and the Measures for Yifeng Pharmacy Project Information Security Management, and required the Company, all affiliated subsidiaries, all business departments, all business lines, and all operation points to strictly regulate the purposes, methods, and access controls for data collection and use. We are committed to continuously improving the information security management system. In the future, we will appropriately promote the relevant work of information security management system certification, clarify and standardize the scope of certification, and continuously improve the standardization and normalization level of information security management. During the Reporting Period, no major data security incidents occurred in the Company.

We constructed an information security management structure of "Board of Directors-Information Security Committee-Information Security Execution Office-Information Security Management Responsible Person", with the Board of Directors taking the ultimate responsibility for privacy and data security work.

Information Security Management Architecture



Under the information security management architecture of the three-level protection system, we ensure the implementation of management through the following regular review mechanisms:

Conduct an information security risk assessment every six months, establish a risk ledger, and formulate data security prevention and control measures.

Conduct an internal audit of the information security system every two years. Complete self-inspection and self-correction of the implementation of information security measures, put forward rectification suggestions, and follow up on the implementation of rectification.

Entrust third-party institutions to conduct external independent data security audits every year to verify the effectiveness of protective measures and issue audit reports.

At the same time, we formulate proactive prevention measures and an emergency mechanism after a data leakage incident, aiming to comprehensively control the information security risks in the entire data lifecycle.



Proactive Measures to Prevent Data Leakage

With the trinity of "technology, management, and compliance" as the core, establish a dual guarantee of the technical protection system and the management protection system.

Technical Protection System

Establish a data encryption mechanism to achieve encryption of sensitive data storage, transmission, and end-to-end encryption.

Apply static and dynamic de-identification technologies to make data available but unidentifiable.

Set data access permissions based on the principle of least privilege. Data analysts can only access the de-identified data sets and cannot associate with the original personal identifiers. Conduct a permission audit every quarter to identify and revoke redundant and expired permissions.

Build a zero-trust security architecture and synchronously deploy a multi-factor authentication mechanism.

Implement data breach prevention deployment, achieve real-time interception of high-risk operations, and conduct log audits.

Deploy terminal protection tools, conduct a full-system vulnerability scan every month, and conduct at least one penetration test every year.

Management Protection System

Establish data classification and grading standards, and review the data classification results every six months.

Conduct privacy and data security training for all employees (including full-time employees, part-time employees, and third-party contractors participating in operations) every quarter. The training content covers identifying phishing emails, handling sensitive data in a standardized manner, etc. Training assessments are organized, and those who fail the assessment will have their data access permissions suspended. In 2025, the Company organized a total of 5 training sessions.

Overall Strategy

Build a shared vision of information security and achieve extraordinary results

Basic Principles

Full implementation, continuous improvement
Full participation of all employees; classified management, appropriate investment

Construction Objectives

In accordance with the company's development plan and strategic goals, gradually establish a scientific information security management system, improve the overall information security awareness of all employees, standardize data operations through appropriate management and technical measures, achieve refined management, effectively control information security risks, continuously reduce information security incident losses, and ensure the sustainable and stable development of the company's business.

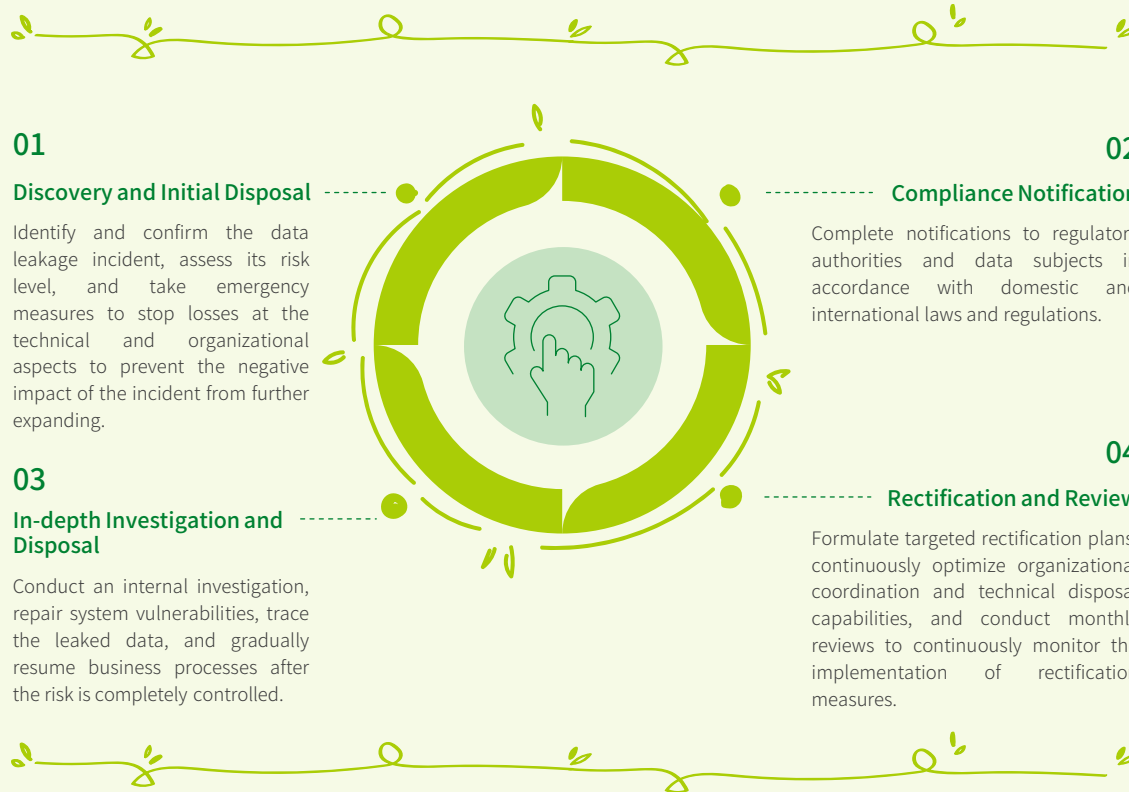
Basic Concepts

- (1) Information security risks are ever-present, and information security management is a never-ending task.
- (2) Enhancing employees' safety awareness and sense of responsibility is a crucial part of information security management.
- (3) Emphasize process supervision and inspection, and strictly implement the information security reward and punishment system.

Passive Emergency Response Process

Adopt passive emergency response measures based on the principles of "rapid response, risk control, compliance notification, and closed-loop rectification".

- Revise the "Data Leakage Emergency Plan" every six months to ensure its practicality and operability.
- Establish an emergency response organizational structure, form an emergency response team, clarify the responsibilities of each member, and ensure the efficient progress of the emergency response process.
- Develop a four-step closed-loop emergency response process:



01

Discovery and Initial Disposal

Identify and confirm the data leakage incident, assess its risk level, and take emergency measures to stop losses at the technical and organizational aspects to prevent the negative impact of the incident from further expanding.

03

In-depth Investigation and Disposal

Conduct an internal investigation, repair system vulnerabilities, trace the leaked data, and gradually resume business processes after the risk is completely controlled.

02

Compliance Notification

Complete notifications to regulatory authorities and data subjects in accordance with domestic and international laws and regulations.

04

Rectification and Review

Formulate targeted rectification plans, continuously optimize organizational coordination and technical disposal capabilities, and conduct monthly reviews to continuously monitor the implementation of rectification measures.

In addition, we have publicly released the "Project Information Security Management Method", requiring all cooperating Suppliers to comply with Yifeng Pharmacy's information security-related systems and not to disclose the Company's and customers' confidential information, data, and documents.

In terms of supplier access, factors such as information security management capabilities and information security qualifications are included in the evaluation scope. Collaborate with the information security manager to conduct an information security review of the supplier's system, and require it to meet security certifications such as ISO 27001.



Require a comprehensive evaluation of the supplier's information security capabilities. The evaluation content includes: the standardization compliance rate of the software environment, the standardization deployment compliance rate of IT equipment, whether personnel information security awareness training is carried out, whether a confidentiality agreement is signed, whether a system penetration test is passed, etc., to verify the compliance of externally purchased data and strengthen the data security management of externally purchased systems.



Require all cooperating suppliers to sign the "Data Protection Agreement (DPA)" to clarify their security requirements for data processing and liability for breach of contract.



Suppliers are required to complete data security compliance training and assessment through the SRM system. In 2025, the participation rate of supplier data security compliance training was **100%**.



Privacy Protection

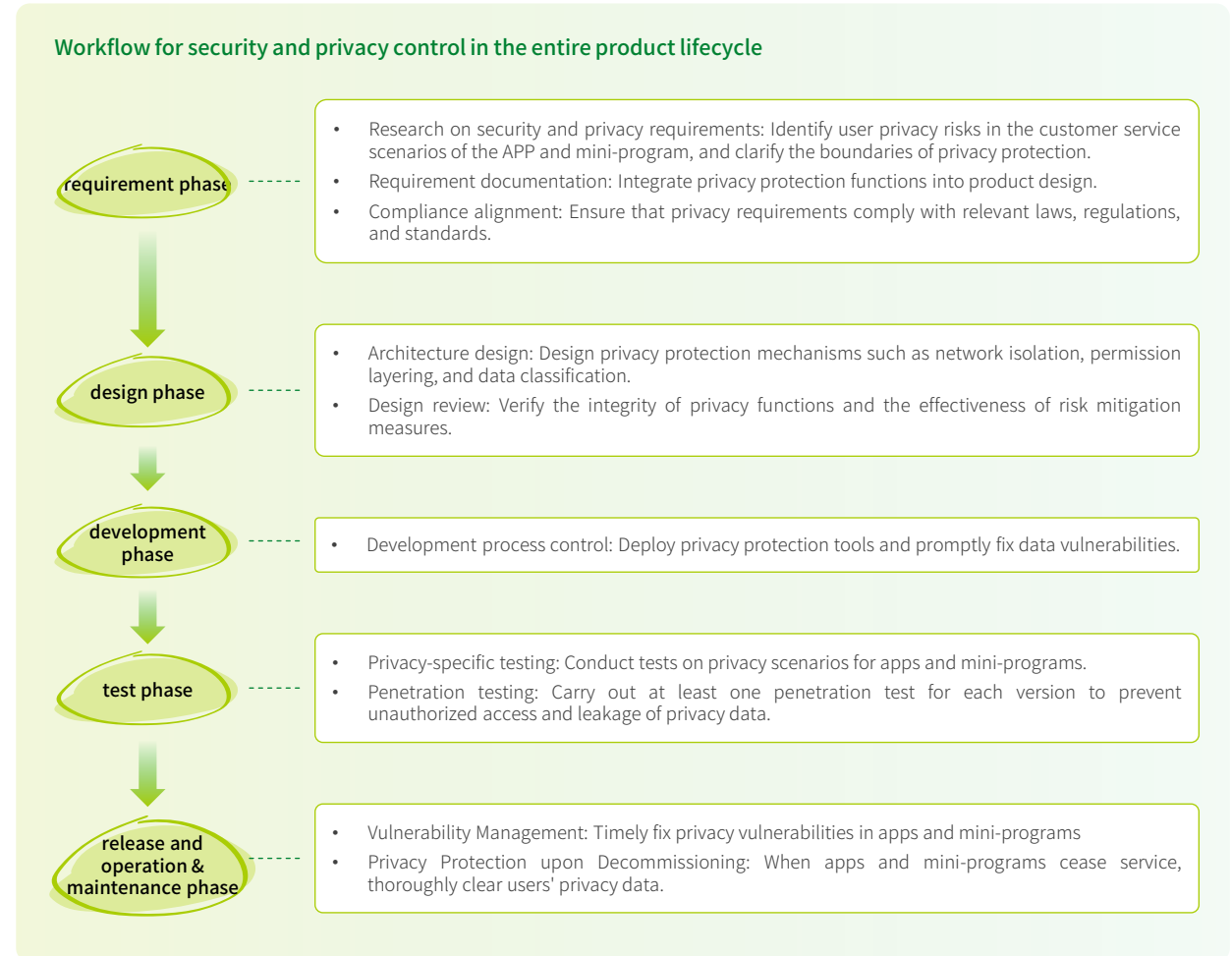
We fully understand the necessity and importance of protecting customers' personal information and regard the protection of customer privacy as the top priority in our business management. We have established corresponding security management processes and control measures for information technology systems, employees, and suppliers. We have also implemented privacy protection measures in product development, technology development, and customer service to ensure that access control and encryption technologies are in place, safeguard the confidentiality and integrity of our information systems, and better protect customer privacy.

We have formulated relevant systems for customer privacy protection, such as the Yifeng Pharmacy Service Agreement and the Guidelines for the Safe Usage of Data of Yifeng Pharmacy Members, strictly regulated the information collection process, and implemented permission control, encrypted transmission, and operation record-keeping. During the Reporting Period, there were no incidents of customer privacy leakage in the Company.

We require all business departments, subsidiaries, and operating points to comply with the Yifeng Pharmacy Personal Information Protection Policy and make the following commitments:

- Clearly inform customers of the reasons, purposes, and processing methods of information collection to ensure explicit consent and authorization from customers.
- Without customer authorization, we will not collect relevant information through any channels (including the official website).
- Guarantee customers' rights to access, correct, delete (including deleting backup data), view, and copy personal data, and process deletion requests within 3 days.
- Unless providing specific services, we will not rent, sell, or provide customers' personal data to any third parties.
- Only store customers' information for the shortest necessary time and delete it in a timely manner after expiration.
- Do not publicly disclose customers' information.
- Do not collect customers' personal data from third parties (except as required by law).
- Require all employees and data Suppliers to sign the Data Security and Confidentiality Agreement to clarify the personal legal liability for privacy leakage.

We adhere to the concept of "privacy by design" and embed privacy protection into the lifecycle management process of products. We have issued the Software Information Security Function Standard Document to clarify the privacy standards for the entire lifecycle of products and services, forming a systematic and traceable management mechanism to provide a solid guarantee for customers' privacy information throughout the entire product and service chain.



At the same time, we have also built a complete information security technology toolkit, covering key technologies such as firewalls, VPNs, bastion hosts, log auditing systems, virus protection systems, network auditing systems, terminal management systems, and data encryption systems to ensure that customers' personal privacy can be maximally protected while we provide services.



Pharmaceutical Care for All, Safeguarding National Health

Yifeng Pharmacy adheres to the core concept of "Pharmaceutical Care for All" and establishes the provision of safe, effective, and accessible medicines as the strategic cornerstone for high-quality development. We continuously improve the lifecycle management system for medicines and provide high-quality professional pharmaceutical services to ensure that the entire business process is precisely aligned with the health needs of the Chinese people.

Health Sustainability Framework

Yifeng Pharmacy always adheres to the quality criterion of "family-trusted medicines" and places customers' health and medication safety at the core of its sustainable development strategy. By building a scientific governance structure, formulating clear strategic plans, implementing reliable risk control, and setting clear performance goals, we promote the implementation of responsibilities and the improvement of performance, effectively safeguard the public's medication safety and consumer rights, and steadily consolidate our image as a trustworthy health partner.

Governance

We have established a sound quality governance structure to ensure standardized decision-making, orderly implementation, and effective supervision. The Board of Directors assumes the ultimate responsibility for the compliance and effectiveness of the quality of goods and services. As a full-time institution, the Quality Management Department coordinates the operation of the quality management system and establishes a hierarchical and collaborative mechanism of "headquarters overall planning-branch companies supervision and implementation-stores standardized execution". At the same time, a Quality Management Leadership Group composed of the heads of various functional departments at the headquarters is established to implement quality management requirements throughout the entire process of product procurement, storage, and sales, laying a solid foundation for customer trust.

A professional team is the cornerstone of the stable operation of the quality management system. We have set strict access standards for key quality positions: the quality responsible persons at the headquarters and branch companies must have the qualification of a licensed pharmacist and more than 3 years of experience in pharmaceutical business quality management, and the quality management personnel must have a college degree or above in pharmacy, traditional Chinese medicine, or related majors. This ensures that the team has a solid professional foundation and practical experience to effectively address quality and safety risks in the business process.

On this basis, to ensure the effective implementation of quality management requirements, we have built a "training + assessment" dual-drive mechanism. We conduct systematic quality control and product safety training covering all employees every year, covering special topics such as the Good Supply Practice for Pharmaceutical Products (GSP), pharmaceutical professional knowledge, and quality management system documents. At the same time, key indicators such as quality accident handling, product quality evaluation, and expiration date management are included in the performance assessment of quality management personnel, forming a management mechanism that combines incentives and constraints to comprehensively strengthen supervision responsibilities and execution capabilities.

Strategy

We integrate the "Controllable Premium Strategy" into the overall development path, continuously building a matrix of self-owned brands, exclusive varieties, and jointly-built varieties with manufacturers. We also expand categories such as herbal wellness products, nutraceuticals, health monitoring devices, personal care items and health-oriented consumer goods to enrich the supply of health products. By constructing a premium product system with standardized channels and excellent efficacy, we provide customers with health solutions that cover diverse needs, supported by quality safety, professional teams, and warm services.



For detailed information on the Company's implementation of the Controllable Premium Strategy, please refer to the sections "Strict Quality Control for Medicines", "Regulating Channels for Medicines", and "Improving Service Quality" in this chapter.

Management of Impacts, Risks, and Opportunities

To systematically manage the impacts, risks, and opportunities related to customer health and safety, we focus on the prevention and control of product quality risks. We have formulated the Quality Risk Management Operating Procedures and established a high-standard quality risk management process to assess, communicate, control, and review quality and safety risks throughout the product lifecycle. The Quality Management Department has the power of veto during the review of products that fail quality inspections or have non-compliant packaging, strengthening pre-risk control.

Product Quality Risk Prevention and Control Mechanism



We apply digital means to product quality risk management. Through an intelligent monitoring system, we conduct risk control over the entire process of "purchase, storage, sales, and return". This system integrates functions such as license validity control, interception of out-of-scope business, near-expiry date warning, prohibition of purchasing and selling expired products, prohibition of purchasing and selling products with quality problems, and restricted distribution and sales. It provides technical support for the automatic identification, monitoring, and control of quality risks in the operation process, improving the accuracy and standardization of risk management.

Metrics and Targets

In accordance with the Quality Policy and Objective Management System, we formulate the annual quality policy and management goals in an overall manner and decompose the goals step by step to each department and position, forming a supporting implementation plan to promote the implementation of the responsibility for customer health and safety. For key goals, the Quality Management Department conducts continuous supervision through an internal review mechanism. Meanwhile, we strictly supervise and assess employees' compliance with quality management systems. Through annual departmental assessments and quarterly store assessments, we promote the integration of quality management into daily work processes to ensure the standardized operation and continuous improvement of the quality management system. In 2025, the Company successfully achieved its annual quality management goals.



2025 Quality Management Goals

All online and offline businesses were operated in compliance with laws and regulations

The Measures for Quality Supervision and Management of Medicine Operation and Use was strictly implemented to ensure the effective operation and continuous improvement of our quality management system

Strict Quality Control for Medicines

Ensuring the quality, efficacy, and safety of drugs is the cornerstone for Yifeng Pharmacy to achieve long-term and stable development and gain social trust. We adhere to the principle of "Quality is the foundation of Yifeng", strictly abide by laws and regulations such as the Drug Administration Law of the People's Republic of China, the Good Supply Practice for Pharmaceutical Products (GSP), and the Measures for Quality Supervision and Management of Medicine Operation and Use. We systematically construct and continuously improve the quality management system and implementation specifications covering all business links, and earnestly fulfill the social responsibilities and mission of a leading enterprise in the pharmaceutical retail industry.

Medicine Quality Management System

We build and operate a quality management system covering the entire medicine life cycle around the requirements of medicine quality and safety management. Through institutionalized, process-based, and standardized management, we implement unified control over the entire process of medicines from procurement to terminal sales and risk disposal, systematically ensuring product quality safety and compliant operation.

Medicine Full-life-cycle Quality Management System

Medicine Procurement

In accordance with systems such as the Supplier Quality Assurance System Evaluation Criteria and the Supply Units and Sales Personnel, First Purchased Variety Review Management Policy, we adhere to the qualification-first principle and conduct a comprehensive qualification review of suppliers, purchased products, and sales personnel of suppliers. Through on-site inspections and document verification, we systematically evaluate the suppliers' quality management capabilities and sustainable supply capability to control product quality at the source. The procurement process adopts a model that combines centralized procurement by headquarters and local procurement by subsidiaries. We flexibly formulate procurement plans based on medicine attributes, with the reliability of channels, price competitiveness, and the satisfaction rate of store products as core indicators to ensure that medicine quality is controllable, channels are traceable, and prices are affordable.

In-store Acceptance

All medicines in the stores are uniformly distributed from the headquarters warehouses. After delivery, each store strictly follows the Store Medicine Acceptance Management Policy and related operating procedures to fully implement the quality acceptance process, ensuring that the medicine packaging is intact and the quality meets the standards, and firmly controlling the quality of medicines in the retail link of the stores.

Medicine Delivery

We formulate and implement the Medicine Delivery Review and Management System and related process operations. We implement the principle of "first-produced products to be sold first and products with closer expiration date to be sold first", and conduct deliveries according to batch numbers. We also require that medicine outbound must be accompanied by supporting documents such as the medicine inspection report and the registration certificate for imported medicines. Through a comprehensive recheck of outbound medicines and their packaging, we ensure that the quantity of all outbound medicines is accurate, the quality meets the standards, and the labels are clear, so as to guarantee the quality and compliance of outbound products.

Medicine Storage

We formulate and implement the Medicine Storage and Maintenance Management Policy and relevant operating procedures to ensure that all medicines are stored in designated warehouses according to their packaging and storage requirements. At the same time, we conduct monthly maintenance inspections, establish maintenance records, and use an information system to automatically track and control the expiration dates of inventory medicines. We take measures such as near-expiry date warning and automatic locking and suspension of sales for expired medicines to ensure the in-stock quality of medicines.

Acceptance and Inspection

We formulate and implement relevant regulations such as the Medicine Acceptance Management Policy and the Acceptance Procedure. We carefully inspect the appearance, packaging, labeling, and package inserts of medicines according to sampling standards and conduct barcode scanning and verification of medicine traceability codes. For any medicines that do not meet the sampling standards or have quality problems, we take the measure of directly returning them to the suppliers to prevent unqualified medicines from being warehoused.

In-store Display

All directly-operated stores and franchise stores must, in accordance with the relevant provisions of the Store Medicine Display Management Policy, conduct display by zones and categories according to the physicochemical properties and storage conditions of medicines. They must also strictly implement regular maintenance inspections of medicine quality in accordance with the provisions of the Store Medicine Maintenance and Inspection Management Policy and the Medicine Expiration Date Management Policy. This ensures that any potential quality problems can be promptly detected, properly handled, and quickly resolved.

After-sales Service

We publicly display the hotline of the medicine regulatory authority and relevant signs such as the service convention of Yifeng Pharmacy at prominent positions in each store. We also set up a 24-hour service hotline (4008879908) and a customer opinion book to provide customers with multiple channels to feedback their opinions on products and services. We have established customer complaint files in accordance with the Quality Complaint Management Policy and assigned a dedicated department and personnel to handle them, ensuring that customers' opinions and complaints can be promptly responded to and properly handled.

Medicine Recall

For medicines that have been sold and have serious quality problems, in accordance with the provisions of the y Unqualified Products Management Policy and the Medicine Recall Management Policy, we establish and implement a quality management mechanism for recall, retrieval, and return. We also set up controls on prohibited distribution and sales through the information system, and urge the stores to return relevant medicines as required to prevent the continued circulation of medicines with quality doubts, strengthen quality risk control, and ensure the safety of consumers' medication.

We establish a regular review mechanism for the quality management system. In accordance with the Internal Audit Policy on Quality Management System and the Inspection and Evaluation Policy on Implementation of Quality Management System, we conduct systematic inspections and evaluations of the system's operation annually. In case of changes in key elements or major quality service issues, we promptly initiate special reviews to promote rectification and process optimization, continuously improve the system operation, and ensure that products and services always meet the established requirements.

In terms of product testing, we conduct full inspections at the batch level for all self-manufactured medicines of Heng Xiu Tang. We select key varieties from external suppliers for sampling inspections and entrust qualified third-party institutions for testing. For varieties with quality doubts, we promptly take measures such as sampling for testing, quality inquiry, and necessary recall to strengthen risk disposal. The testing work covers scenarios such as new product evaluation, complaint verification, and doubt detection, ensuring the quality and safety of medicines from multiple dimensions.

In addition, we formulate the Medicine Traceability Management System and continuously improve the traceability system covering the entire business process to achieve "traceable source, trackable destination, and accountable responsibility" for medicines. In 2025, we have achieved 100% integration of the "traceability code, medical insurance code, and product code" for medical insurance medicines, and implemented "scanning upon seeing the code" in the processes of inbound, outbound, and return, collecting traceability codes throughout the whole process. At the inbound end of incoming goods, the system automatically verifies the consistency between the physical goods and the information on the "Code Assurance" platform and controls batch differences. In the outbound and sales processes, it automatically intercepts duplicate codes and abnormal code scanning to strengthen risk prevention and control throughout the whole process. Meanwhile, we promote traceability management in the field of Chinese herbal medicines. We cooperate with Yunnan Baiyao to establish 50 Chinese herbal medicine planting bases for Panax notoginseng, Astragalus membranaceus, etc., achieving full-link traceability from planting, harvesting to processing, and laying a solid foundation for the quality and safety of medicines. During the Reporting Period, the Company did not experience any major liability accidents related to the quality and safety of products and services.

Medicine Expiration Date Management

We formulate the Medicine Expiration Date Management Policy and establish a full-process expiration date management mechanism, clearly defining the red line that "stores are strictly prohibited from selling medicines with less than 30 days of validity and expired medicines". Stores conduct key maintenance on near-expiry medicines every month. Specialists evaluate the feasibility of return to the manufacturer and conduct overall allocation. Medicines with less than three months of validity are stopped from allocation, and those to be delisted and written off as damaged goods are completed one month before expiration. Relying on the digital management system, we achieve automatic monitoring of medicine expiration dates, set functions such as prohibition of sales of near-expiry medicines and early warning alerts, and promote the pre-identification and disposal of expiration date risks to ensure the compliance of store operations.

According to the Unqualified Products Management Policy and the Store Return Procedures for Unqualified Products, near-expiry medicines with less than one month of validity and expired medicines returned by stores will be uniformly placed in the storage area for substandard medicines. The warehouse will deliver them to the contracted environmental protection company for safe disposal in accordance with the waste disposal standards.

We implement a regular shelf-life inspection mechanism to conduct regular checks on the products in our stores. If expired products (including gift items) are found during the inspection, we will hold the involved personnel directly responsible and the management personnel jointly responsible, and assign responsibility to individuals.

Definitions of Medicine Expiration Date

Expiring Medicines

- Products with an expiration date of 12 months are considered expiring products if they will expire within less than 4 months
- Products with an expiration date of 18 months or above are considered expiring products if they will expire within less than 6 months

Medicines in Warning Period

- Products with an expiration date of 12 months are considered to be in warning period if they will expire within less than 6 months
- Products with an expiration date of 18 months are considered to be in warning period if they will expire within 9 months



Pharmacovigilance Management

We have formulated the Pharmacovigilance Management System and the Adverse Medicine Reaction Monitoring and Reporting Management System, established and improved the pharmacovigilance management system, and carried out systematic monitoring of medicine safety, forming a closed-loop management mechanism of "information collection-identification and recording-analysis and evaluation-information reporting-risk disposal-monitoring and optimization".

We clarify management responsibilities, equip drugstores with pharmacovigilance specialists, and collect and record information on adverse reactions, medication errors, and damage events in a timely manner through channels such as customer feedback and consultations to ensure traceability. The Quality Management Department conducts unified analysis and evaluation, assesses the severity and relevance of adverse reactions, and reports events that meet the requirements through the national adverse drug reaction monitoring information network in strict accordance with laws and regulations. Based on the evaluation results, we take measures such as issuing risk warnings, suspending sales, and assisting in recalls to prevent the further expansion of risks and effectively ensure public medication safety.

Meanwhile, we continuously promote the monitoring optimization of pharmacovigilance work. Through the review and analysis of relevant events, we continuously improve the management process and risk control measures, and organically combine pharmacovigilance with medication safety management, and regularly carry out medication safety publicity and patient education. By providing professional medication guidance and organizing health education lectures, we guide patients to use medicines rationally and safely, reduce medication-related risks, and provide continuous and professional support for patients in the process of medicine use, treatment, and auxiliary medical services, further safeguarding patients' medication safety and health rights.

Closed-loop Management Mechanism for Pharmacovigilance



Medicine Emergency and Recall

We have formulated the Medicine Emergency Response Plan and established an emergency response mechanism covering pre-event prevention, in-event response, and post-event summary. We have established a Medicine Safety Emergency Leadership Team led by the President to coordinate monitoring and response. When a medicine safety emergency occurs, the Medicine Safety Emergency Leadership Team immediately activates the emergency response plan, takes measures such as medicine recall, risk warning, notifying consumers, and assisting in treatment, and dynamically tracks the progress. After the event, the Quality Management Department submits a summary report, analyzes the reasons, and puts forward improvement recommendations to continuously optimize the emergency management mechanism and reduce relevant risks.

In terms of medicine recall management, we strictly implement the Medicine Recall Management Policy and the Medicine Recovery Management Policy, implement a three-level recall management according to the severity of drug quality and safety hazards, and clarify the corresponding recall time limits and disposal requirements. After receiving the recall notice, each store must immediately stop selling, notify the purchasers, and recover the problematic drugs, and report to the medicine regulatory department or notify the drug production enterprise within the specified time limit. According to the different results confirmed by the medicine regulatory department, follow-up processing of the recalled drugs will be carried out. The Quality Management Department conducts unified management and records of the entire recall process, establishes a recall file, and assigns responsibility to individuals to ensure a rigorous and perfect accountability mechanism and prevent similar problems from occurring again.

Medicine Recall System

First-level Recall	An urgent recall must be completed within 24 hours if the use of the medicine may cause a serious health hazard.
Second-level Recall	A recall must be completed within 48 hours if the use of the medicine may cause a temporary or reversible health hazard.
Third-level Recall	A recall must be completed within 72 hours of the receipt of the recall notification if the use of the medicine does not generally cause health hazards but the medicine needs to be recalled for other reasons.

Regulating Channels for Medicines

Yifeng Pharmacy aims to ensure that the source of drugs is clear, safe, and controllable, and regards the stable operation of the supply chain as the core task. We implement the full-lifecycle management of suppliers in terms of delivery, quality, etc., and clearly define the risk-constraint requirements in the purchase and sales agreements. In accordance with laws and regulations such as the Drug Administration Law of the People's Republic of China, the Good Supply Practice for Pharmaceutical Products (GSP), and the Good Manufacturing Practice for Pharmaceutical Products (GMP), we have formulated systems such as the Supplier Quality Assurance System Evaluation Criteria, the Operating Procedures for On-Site Quality Supervision of Suppliers, and the Quality Management System External Audit Management Policy, and are committed to building an efficient supplier management system to strengthen the defense line for public health.

Supplier Quality Management

To ensure the systematicness and effectiveness of management, we have established a supply chain security governance framework centered around "strategic guidance, technological empowerment, and hierarchical control". We have set up a dedicated Supply Chain Management Department to coordinate procurement, logistics, and warehousing, and implemented a mechanism of "separation of procurement and management, parallel cooperation". At the same time, we clearly require relevant positions in supply chain management to have comprehensive professional capabilities in pharmaceutical expertise, logistics management, and information technology. We also include inventory turnover rate, drug sampling qualification rate, supplier compliance rate, and the proportion of green procurement in performance evaluation, and implement incentive measures based on performance results to promote the effective implementation of management requirements.

Supply Chain Security Governance Framework



By establishing a quality management system covering the entire life cycle of suppliers, we systematically standardize the supplier management process around key links such as supplier screening and access, assessment and evaluation, and hierarchical and classified management. This effectively prevents quality risks in the supply chain and consolidates the management foundation for the safety, compliance, and controllability of drug channels.

• Supplier Screening and Access

We regard source control as the key and formulate systems such as the Supply Units and Sales Personnel, First Purchased Variety Review Management Policy. We have established a supplier access mechanism covering qualification review, risk identification, and comprehensive evaluation. When introducing new suppliers, we systematically evaluate their scale, quality assurance ability, product delivery ability, and after-sales support ability, and carefully identify their business stability and performance ability to ensure that the supply source is clear, compliant, and controllable.

In the specific access review process, we focus on potential issues such as whether the supplier has business risks, litigation or administrative penalty records, and historical quality complaints. We also legally require them to provide relevant certification materials to ensure that the supplied products meet the requirements of national laws, regulations, and quality standards, and improve the transparency and traceability of the supply chain from the source.

We also systematically integrate environmental protection and social responsibility requirements into the supplier screening and access mechanism, setting clear standards in key dimensions such as environmental compliance, resource utilization, business ethics, and employment norms. We conduct pre-verification through the supplier management platform and do not allow non-compliant suppliers to enter. We give priority to cooperating with suppliers that are qualified and compliant and practice sustainable development. We identify and control potential environmental and social risks from the source, continuously reduce the negative impacts related to the supply chain, and promote the steady evolution of the supply chain towards a green, standardized, and sustainable direction.

Supplier Environmental and Social Access Criteria (Partial)

Environmental Access Criteria

- Passed ISO 14001 environmental management system certification
- Submit full life cycle carbon footprint data, and require key category (such as Chinese medicinal materials, packaging materials) suppliers to have a carbon intensity 20% lower than the industry average
- Prohibit cooperation with suppliers that use highly polluting processes (such as traditional coal-fired boilers)
- Chinese medicinal material suppliers must pass GAP (Good Agricultural Practice) certification
- Give priority to choosing suppliers of drug outer packaging boxes that use degradable materials (such as PLA bioplastic)

Social Access Criteria

- Possessing the relevant qualifications for drug production or operation in accordance with the law and having passed quality management system certifications such as ISO 9001
- Having signed the Integrity and Self-discipline Commitment Letter, clearly prohibiting commercial bribery, unfair competition and other such behaviors
- Meeting the requirements for labor employment and employee rights protection, and providing the required proof materials such as labor contracts and social insurance payment records
- Having no major illegal or disciplinary records or serious negative public opinions, and suppliers with potential compliance risks will not be admitted

• Supplier Assessment and Evaluation

To ensure the continuous and stable quality of drugs, we have formulated documents such as the Supplier Quality Assurance System Evaluation Criteria and the Chinese Medicine Bidding and Quality Assessment Guidelines, and established a comprehensive supplier assessment and evaluation system. We continuously monitor and dynamically evaluate the supplier's performance ability, quality performance, and potential risks to ensure that they always comply with the Company's quality management requirements and legal and regulatory standards.

We have established a triple-quality evaluation mechanism centered on on-site inspections, quality comparison tests, and evaluations of efficacy and quality perception. Before conducting on-site inspections, we conduct a preliminary review of suppliers based on indicators such as the company's scale, development history, operation of the quality assurance system, product quality reputation, and price rationality. If significant risks are found after evaluation, we will immediately terminate the cooperation, require rectification, and simultaneously conduct risk analysis and follow-up verification of the supplied products to ensure effective closed-loop management.

Quality Evaluation Mechanism



The Quality Management Department dispatches dedicated personnel to conduct unannounced on-site inspections of the potential cooperative manufacturing enterprises. Based on the GMP inspection criteria, an assessment and rating of the enterprise's quality management system is carried out to gain an understanding of the true situation of the enterprise.

Quality comparison inspection involves monitoring and analyzing key indicators of products, including content, related substances, heavy metals, dissolution rate, content uniformity, friability, etc., and conducting comparisons among similar products based on the inspection results.

The Quality Management Department invites health advisors from stores to conduct paper or online questionnaires on the perception of product efficacy, appearance quality, packaging material and brand.

Regarding the regular operation of the quality evaluation mechanism, we arrange multiple-frequency supplier assessments through annual audits, surprise inspections, and dynamic monitoring. The annual audit focuses on a systematic evaluation of the supplier's overall annual performance, operation of the quality system, and compliance; surprise inspections are carried out irregularly for key or high-risk suppliers, focusing on checking the production site, process execution, and key quality control links; dynamic monitoring relies on a digital system to track quality indicators, performance, and key risk signals in real-time, identify potential problems in a timely manner, and trigger corresponding disposal processes. The coordinated operation of the multi-level assessment mechanism effectively enhances the ability to proactively identify and quickly respond to supplier quality risks.

Meanwhile, based on the differences in the importance and potential risks of suppliers, we implement a hierarchical audit management for suppliers and configure corresponding audit depth and trigger conditions. Through differentiated audit arrangements, while reasonably allocating management resources, we strengthen the process supervision of key and high-risk suppliers and improve the pertinence and effectiveness of the audit work.

Material Supplier Audit Process

Supplier Categories

Supplier Audit Process



To enhance the independence and professionalism of supplier assessment and evaluation, we introduce third-party professional institutions to participate in the evaluation of quality testing, ESG compliance, and sustainable development performance. Through third-party testing and review, we conduct professional evaluations of the quality of medicines and key raw materials, environmental performance, employment compliance, and business ethics risks, and incorporate the results into the supplier comprehensive assessment system as an important basis for subsequent management and cooperation decisions.

Based on the assessment and evaluation results, we implement dynamic management of suppliers and take management measures such as continuous cooperation, rectification within a time limit, or termination of cooperation accordingly. In 2025, we terminated our partnerships with a total of 98 suppliers, both current and prospective, and implemented on-site supervision and monitoring of our core suppliers. By continuously improving the supplier assessment and evaluation mechanism, we have effectively reduced supply chain risks and ensured the stable and reliable supply of medicines.

In addition, we provide quality assurance training to all suppliers every year, covering topics such as the solution of product violation problems and product quality standards, to ensure that suppliers can strictly comply with our quality standard system and are committed to improving the supplier's quality management level.

Supplier Hierarchical and Classified Management

To achieve refined management of suppliers, we have established a supplier quality risk rating mechanism, conducted annual evaluations of suppliers, and implemented dynamic management. This rating system combines the quality characteristics of different medicines, sets corresponding scoring standards for various quality problems, and divides suppliers into five levels: A, B, C, D, and E, corresponding to different risk levels, thus intuitively reflecting the supplier's quality performance and risk status.

For suppliers of different levels, we have developed differentiated supplier management strategy. For Grade A Suppliers, we offer more cooperation opportunities and preferential policies to encourage them to maintain a high-quality level continuously. For Grade B and C Suppliers, we promote their continuous improvement through enhanced communication and guidance. For Grade D and E Suppliers with higher risks, we increase supervision and take measures such as restricting cooperation or elimination when necessary. Through hierarchical and classified management, we have achieved precise allocation of supplier resources, improved management efficiency and flexibility, and provided strong support for the stable and efficient operation of the supply chain.



Grades of Suppliers in 2025



Supply Chain Risk Management

We deeply identify potential risks in the supply chain and comprehensively evaluate their potential impacts to pre-develop response strategy, enhance risk resilience, and forge a strong protective net for the three-dimensional supply chain layout of smooth channels and source construction.

In risk management practice, we take safeguarding compliance, ensuring product quality and patient safety, improving operational efficiency and enhancing business continuity as the core objectives, balance cost control and long-term sustainable development, promote the construction of a supply chain system that is safe, efficient, economical and resilient, and further conduct continuous tracking and evaluation of risk management effectiveness by defining quantitative indicators.

Supply Chain Risk Management Objectives

Quality and Safety

Traceability code coverage rate:	Cold chain medicine disconnection rate:	Data security compliance rate:
100%	≤0.1%	100%

Zero incidents of customer privacy leakage, and zero anomalies in drug quality and safety.

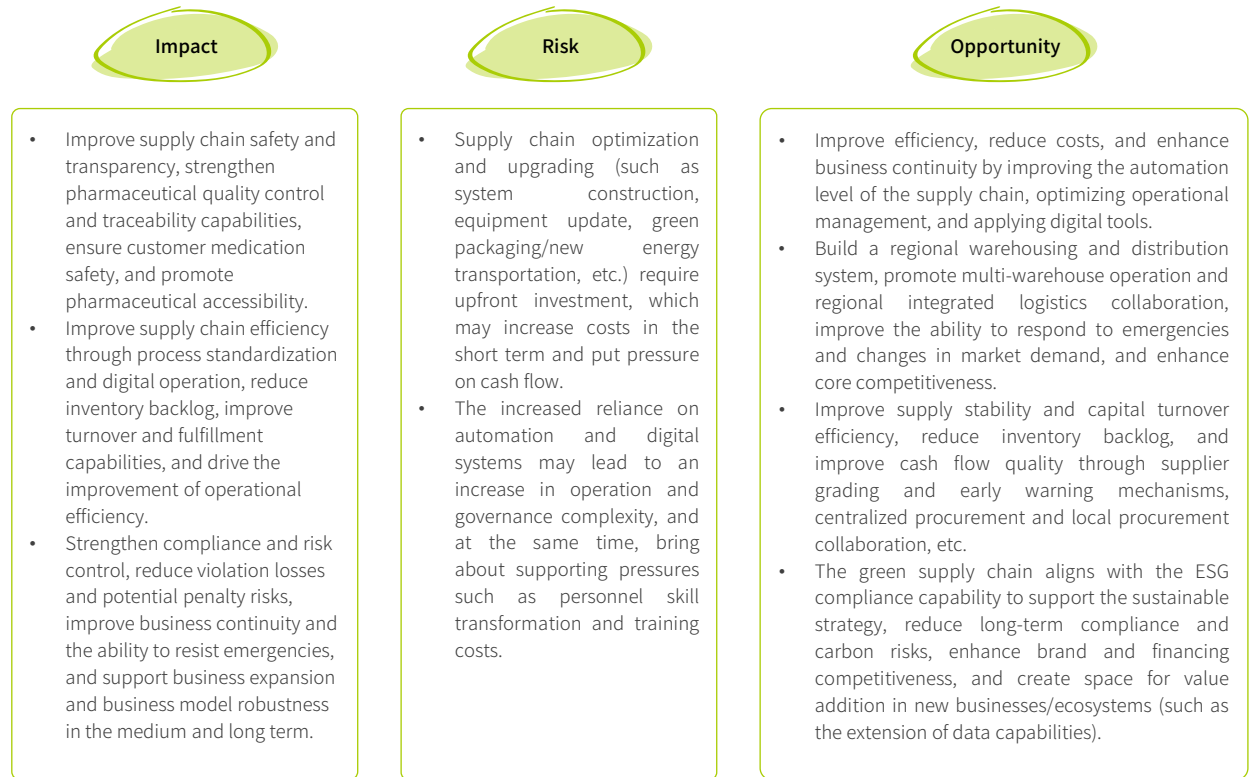
Efficiency and Cost

Inventory turnover rate:	Logistics cost:	Out-of-stock rate:
4.5 times/year	5% year-on-year decrease	≤3%

• Supply Chain Risk Identification and Assessment

We focus on key links such as procurement, warehousing, logistics and distribution, and supplier collaboration, and systematically carry out supply chain risk identification and assessment. We examine the potential impacts of relevant risks on business operations from dimensions such as pharmaceutical quality and safety, supply stability, operational efficiency, and compliance and sustainable development. We combine internal and external information such as the entire procurement process data, supplier qualifications and performance, industry regulatory requirements, and external environmental changes, and use a combination of quantitative and qualitative methods to comprehensively identify and assess supply chain-related risks and opportunities. We prioritize them according to factors such as the probability of risk occurrence, impact degree, and control cost, and clarify the management focus of different risks to provide a basis for implementing hierarchical and classified management and targeted responses.

Impacts, Risks, and Opportunities in Supply Chain Management



• Supply Chain Risk Management and Response

Based on the systematic identification and assessment of supply chain risks, we further establish a supply chain risk management and response mechanism centered around prevention, graded response, and digital support. This forms a closed-loop management system covering pre-event prevention, in-process control, and post-event improvement, continuously enhancing the stability, flexibility, and response efficiency of the supply chain operation to ensure the safe, reliable, and continuous supply of medicines.

Focusing on key risk types such as supply disruptions, abnormal deliveries, quality compliance, and inventory fluctuations, we integrate risk management requirements into the daily operation of the supply chain. By coordinating the supply structure, resource allocation, and operational collaboration, we promote the regular implementation of risk mitigation measures. These risk management measures cover both risk prevention and mitigation in normal operations and emergency response arrangements in case of emergencies, ensuring rapid linkage and effective handling in different risk scenarios.

Supply Chain Risk Management Measures

By implementing a dual procurement and diversified supply strategy, maintaining multi-source supply in key categories effectively reduces the risk of supply disruption caused by over-reliance on a single source.

Promote the layout of localized procurement, shorten the supply radius, and reduce the impact of transportation uncertainties and regional factors on the stability of supply.

Based on the product's importance and demand characteristics, set safety stock and priority guarantee standards, and ensure the continuous supply of core medicines through cross-regional allocation of backup manufacturing sites and resource coordination.

Establish a warning and review mechanism for contract renewal, and carry out connection arrangements in stages before the contract expires to avoid supply risks caused by contract expiration.

Establish a tiered response and emergency handling mechanism for delivery anomalies, quality or compliance risks, promptly activate backup suppliers, switch procurement channels or implement emergency allocation to ensure continuous business operation.

Relying on digital systems such as SRM, the entire process of procurement execution, order fulfillment, inventory turnover and key product delivery is monitored to achieve real-time risk early warning, rapid response and closed-loop improvement.

In light of business development and changes in market demand, we will coordinate production capacity and resource allocation, enhance the overall stability of the supply chain by expanding production bases, coordinating raw material and product supplies in advance, and reserving alternative supply resources.

Meanwhile, we also actively participate in various industry exhibitions, professional lectures, and seminars. We discuss the supply chain risk situation in the industry with peers and partners, exchange and share practical response strategies, and contribute to the continuous improvement of the risk management system and the enhancement of risk response capabilities in the entire industry, thus laying a solid foundation for the stable and healthy development of the industry's supply chain.

In addition, we continuously enhance the regional resilience of the supply chain through mergers, acquisitions, integration, and technological innovation. By integrating regional resources, optimizing the logistics and warehousing network, and promoting the application of intelligent and digital technologies in all aspects of the supply chain, we continuously improve the overall operation efficiency and collaboration ability of the supply chain, providing long-term and stable capacity support for supply chain risk management and emergency protection. While consolidating the safety foundation of the supply chain, we further enhance the overall competitive advantage.



Improving Service Quality

Yifeng Pharmacy always focuses on customer needs and adheres to the original intention of "making people physically and mentally healthy", committed to setting a health benchmark. We have formulated systems such as the Pharmaceutical Service Management System and the Pharmaceutical Service Management System for Stores. Through a scenario-based model, we integrate pharmaceutical services, preventive healthcare, medication tracking, chronic disease management, and health lifestyle consulting to build a comprehensive health service system. With a professional service system, strict marketing regulations, and omni-channel interactive experiences, we provide customers with safe, professional, and considerate services to promote the improvement of the national health level.

Professional and Accurate Services



Our Service Philosophy



Our Service Team



Our Membership System

We adhere to the professional and humanistic service concept, build a comprehensive service system, promote the "peak-end experience" service model, implement the service principles of "Three Dos" and "Three Nos", and adhere to the value orientation of "selflessness and altruism". We require employees to prescribe the right medicine according to the symptoms, make recommendations according to needs, clearly explain the basis for recommendations, and provide considerate and professional medication guidance and health management. Relying on a widely covered service network, we steadily expand and optimize our stores, coordinate online and offline platforms to form an integrated health service model, and improve service accessibility and experience consistency.

We attach great importance to the construction of a professional service team. More than 95% of frontline employees have a medical or pharmaceutical background, and we are equipped with licensed pharmacists to provide services such as medication consultation, medication guidance, and adverse reaction monitoring, promoting the transformation of stores into "health solution providers". We focus on "precise medication", requiring store health advisors to make precise recommendations according to diseases and using big data to optimize medication suggestions. We have established a systematic training system to train many grassroots personnel to become health advisors with pharmacist qualifications, and regularly train and assess store employees on relevant standard requirements and medical knowledge. For core treatment drugs for common diseases (such as antihypertensive drugs and hypoglycemic drugs), we have established a professional knowledge base to push scientific and reasonable combination medication examples to employees, and introduced electronic medical records and intelligent consultation systems for auxiliary guidance. In addition, we have formulated the Store Member Management Incentive Program to stimulate the enthusiasm of employees and improve service capabilities.

We have established a multi-level membership system and built a health management service system covering all channels, all scenarios, and the entire life cycle centered around members. In response to the diverse health needs of members, we have launched the "88" membership benefits, including 8 professional membership services (such as complimentary tea and decoction of herbs and gelatin) and 8 exclusive benefits (such as member discounts, point redemption, and health advisors). While providing convenient services and practical benefits, we strengthen professional health support. Relying on the enterprise WeChat platform, we establish a regular digital interaction mechanism with members, providing one-on-one medication consultation and professional follow-up services, continuously tracking members' health needs, and helping them gradually establish scientific health concepts and good medication and lifestyle habits.

We continue to make efforts in professional pharmaceutical services, focusing on the management of chronic non-communicable diseases (chronic diseases). Through customized chronic disease management plans, we provide services such as professional medication guidance, medication reminders, disease course management, health monitoring, and popular science education for customers with chronic diseases, aiming to enhance customers' awareness of diseases and self-management ability, improve medication compliance, and effectively promote national health.

Consumer Rights Protection

We integrate consumer rights protection into the entire process of business management and are committed to building an excellent customer experience. We actively identify customer demands through a regular customer satisfaction survey system; rely on a standardized and efficient closed-loop complaint handling process to promptly respond to and resolve feedback. At the same time, we adhere to the principle of responsibility in the marketing and service process, strengthen compliance review, ensure information transparency, prudent recommendations, and fair transactions, and effectively safeguard consumers' right to know, right to choose, and health rights.

• Customer Satisfaction Survey

We conduct monthly comprehensive customer satisfaction surveys and have built an evaluation system centered on the Net Promoter Score (NPS), covering multiple dimensions such as service attitude, professionalism, in-store environment, cashier efficiency, convenience services, product variety, and drug quality and price. We particularly focus on the implementation of key actions in the "peak-end experience" and introduce a competitive comparison perspective to comprehensively evaluate the Company's competitiveness and customer reputation in the local market.

Based on the survey data, we compile monthly and quarterly NPS Survey Report, conduct in-depth analysis of the month-on-month changes and horizontal differences in indicators, accurately identify customer pain points, and formulate improvement plans. In 2025, the Company collected approximately 30,000 customer satisfaction survey questionnaires each quarter, and the overall customer satisfaction score was 80.01, maintaining a relatively high level in the industry.

To deepen customer experience management, we set the customer service hotline net satisfaction target at 85% and incorporate it into the performance assessment of the customer service team, promoting the focus of satisfaction management to shift from result monitoring to process control. We have established an "active invitation for evaluation + closed-loop follow-up" mechanism, covering key nodes such as inbound service, restart of interrupted business, and follow-up after complaint handling, forming a management closed-loop mechanism of "feedback-improvement-re-evaluation".

Meanwhile, we continuously iterate on the 100% Customer Satisfaction Improvement Program. Combining the incentive

mechanism with special training, we focus on the 9 key dissatisfied scenarios identified throughout the year to carry out targeted capacity improvement. This measure has effectively promoted the shift in the awareness of front-line employees from "passive response" to "active service", and continuously optimized the overall service level.

• Closed-loop Handling Mechanism for Complaints

We have built a multi-channel, full-process, and traceable complaint management system to ensure that customer demands are responded to in a timely and standardized manner. Centering around the "400 Call Center" and "Online Customer Service", we integrate multiple contact points such as receipt scanning, WeChat payment entry, manager hotline, official account, audit channels, and public opinion platforms to achieve full coverage of complaint feedback channels.

After all complaints are accepted, the customer service team uniformly creates digital work orders to completely record key information for traceability. The work orders are transferred to the responsible stores or departments according to the nature of the complaints to ensure that the complaint matters reach the processing terminal immediately.

We have set a hard-time target of completing complaint handling within 48 hours. Customer service staff actively follow up on the whole process of complaint matters to ensure closed-loop resolution. For overdue work orders, the system will trigger a step-by-step feedback from "work order handler-store manager-store director-branch customer service", and link with the reward and punishment mechanism in the 100% Customer Satisfaction Improvement Program to strengthen the implementation of responsibilities.

Meanwhile, we implement hierarchical management of complaints and strictly conduct investigations in accordance with the Customer Complaints and Adverse Reaction Handling Management Procedures. The handling process covers aspects such as customer communication, on-site verification, sample verification, and medicine quality re-examination. If there are problems related to product quality, we will immediately initiate a recall procedure and promptly feedback the handling results to customers to effectively safeguard the legitimate rights and interests of consumers.

We also regularly conduct multi-dimensional analysis of complaint data, focusing on the distribution of complaint types, processing efficiency, and customer feedback. We transform typical cases into internal learning materials to drive continuous service optimization. In 2025, the customer service operation efficiency of the Company

remained at a relatively high level in the industry: the average ringing time of customer service was 152.91 seconds (from answering to hanging up), the average manual response speed reached 4 seconds, and the complaint resolution rate reached 84.65%.

• Responsible Marketing

We strictly abide by laws and regulations such as the Advertising Law of the People's Republic of China and the Measures for the Administration of Medicine Operation and Use Quality Supervision, upholding the compliance baseline for medicine promotion. We have established a systematic compliance review and approval mechanism to ensure that promotional materials in our stores are truthful and objective, effectively safeguarding the authenticity and compliance of all promotional content.

A dedicated team is responsible for the unified production of promotional and advertising materials, which undergo rigorous review by professionals before being distributed. This ensures consistent messaging and standardized presentation across both directly operated and franchised channels. Additionally, we have implemented an internal responsible marketing inspection mechanism, with relevant departments reviewing all external promotional materials to guarantee the legality and compliance of publicly disseminated content.

Furthermore, we carry out regular marketing audits focusing on key issues such as checkout price discrepancies, infringement of member rights, and unprofessional recommendations that may harm consumer interests. In response to violations, we take actions ranging from warnings to internal notifications based on the severity of the case, strengthening internal accountability, promoting closed-loop corrective measures, and preventing the recurrence of similar incidents.

To enhance the compliance awareness of all employees, we conduct annual special training on responsible marketing for all employees, covering knowledge of consumer rights and legal protections. We guide Employees to adhere to the principle of "putting consumer interests first" in marketing activities, promote the effective implementation of responsible marketing requirements at the front-line of stores, and consolidate brand credibility. As of the end of the Reporting Period, the Company has not had any major violations related to product/service information and labeling or marketing activities.



Enhancing Benefits and Efficiency for Improved Medication Accessibility

Yifeng Pharmacy aims to improve both the efficiency of medical services and social benefits. It is committed to improving the layout of the medical network, strengthening service coverage and reachability; using digital and intelligent technologies to empower the operation and logistics systems, improving service efficiency and operational stability; and while ensuring drug quality and supply safety, continuously empowering the industrial source and grass-roots areas to promote the development of medical and health services in a more efficient and inclusive direction, and jointly building a sustainable new ecosystem of medical services.

Smooth Medical Network

Yifeng Pharmacy adheres to the business philosophy of "fair pricing with professional service" and is customer-demand-oriented. It is committed to providing customers with high-efficacy, cost-effective and easily accessible drugs, as well as reliable pharmaceutical services. In a basis of traditional pharmacy operations, we continuously identify and respond to the diverse, full-cycle health management needs of our customers. By establishing traditional Chinese medicine clinics, offering on-site TCM consultation services, setting up outpatient departments and in-store clinics, developing internet-based healthcare services, as well as building the Hengxiutang Chinese Herbal Medicine Factory, we are steadily expanding into medical services and the upstream industrial chain. We enrich our service offerings and delivery methods to provide comprehensive, one-stop health solutions for the people.

Facing the development trend of increasing chain-store rate and market concentration in the pharmaceutical retail industry, we adhere to the development strategy of "holding regional focuses and performing steady expansion" and adopt a diversified expansion model of "new store + merger and acquisition + franchise" to continuously improve the breadth and depth of the store network coverage, meeting customers' immediate drug-using and health service needs. At the same time, we continuously expand the online and offline business layout, aiming to improve the consumer experience through large-scale operation, and ensure that customers can enjoy more accessible high-quality products and services in terms of purchase convenience, product variety, timeliness of drug purchase, pricing rationality, and supply stability.



Accessibility

In addition to continuously expanding the offline store layout and building a modern logistics network, we have established 24-hour service stores to meet customers' medication needs at all hours of the day, thereby continuously improving the convenience of purchasing medications.

Variety

We have established strategic cooperative relationships with globally leading pharmaceutical companies and top 100 pharmaceutical companies in China. The variety of retail drugs exceeds 70,000 SKUs, covering Chinese and Western patent medicines, Chinese herbal medicines, health products, medical devices, and daily convenience products related to health.

Timeliness

By leveraging our network of brick-and-mortar stores located within communities, we have effectively reduced the distance customers must travel to purchase medications, enabling patients to obtain the medications they need promptly within their daily living areas and improving both the timeliness and accessibility of medication.

Reasonable Pricing

With a procurement scale of over 10 billion RMB, we convert the scale advantage of the supply chain into terminal price benefits through non-centralized national price comparison, channel integration, and repeated bargaining. At the same time, we vigorously develop private-label products to provide customers with cost-effective drug options.

Supply Stability

We have established long-term and in-depth strategic cooperation with important pharmaceutical companies in China and continuously upgraded the logistics network. We improve the cross-regional allocation efficiency through a digital system to ensure fast delivery services within 48 hours nationwide and 24 hours within the province.



We continuously promote the construction of the retail network, build an omni-channel layout with coordinated online and offline development, and precisely cover diverse customer groups. Offline, we promote the "fleet-type" store layout, focusing on covering 10 provinces and cities in Central South, East, and North China. The network extends to 72 prefecture-level cities and over 250 county-level cities, consolidating the regional service foundation. Online, we continuously improve the business system integrating traditional and new retail models, build intelligent retail channels covering B2C, O2O, APP + Mini Program, and private traffic, and expand new service scenarios such as Internet hospitals and electronic prescriptions, providing customers with more convenient and affordable drug-purchasing and health service options. At the same time, we open direct-operation franchising. On the basis of providing stable business support to franchise stores, we further promote the extension of medical services to grass-roots areas and continuously improve the coverage of pharmaceutical products and health services.

As of December 31, 2025

Offline Stores **14,831**
(including **4,313** franchise stores)

Flagship stores 22	Regional central stores 72	Medium-sized community store 849
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Small-sized community stores 9,575	DTP specialized pharmacies 316
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"Dual-channel" BMI designated outlets 251	Hospital adjacent stores 688
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24-hour service stores 600+	Traditional Chinese and western medicine clinics (including traditional Chinese medicine clinic) 145
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The Company operates **10,000+** online stores (including franchise stores, **10** stores are connected to provincial and municipal medical insurance and health prescription circulation platforms, nearly **200** stores have direct or indirect connections with hospitals (including **95** internet hospitals, and **10** self-built internet hospitals (including those under construction).

Offline Retail Layout



We combine the population structure, medical resource distribution, and customers' drug-using needs in different regions to continuously improve the offline retail network system covering multiple cities and business districts, forming a "fleet-type" store layout centered on flagship stores, regional central stores, medium-sized community stores, and small-sized community stores. Through differentiated positioning and functional division, we improve the regional service carrying capacity and network operation efficiency. Flagship stores and regional central stores mainly provide "one-stop" services with a wide range of products and integrated functions, while small and medium-sized community stores precisely cover the daily medicine-using needs of communities by being close to residents' living circles and rationally allocating product categories, ensuring the accessibility and stability of medicine supply.

Meanwhile, we take "thoughtful service + new retail" as the strategic core and continue to promote the construction of the specialty pharmacy system. Gradually, we have formed a professional service network covering various types of business forms, such as specialty medicine stores (DTP specialized pharmacies), "dual-channel" BMI designated outlets, special and chronic diseases medical insurance coordinated stores, hospital-adjacent stores, and 24-hour service stores. Focusing on the needs of patients' full-course management, we improve service links such as pre-medication consultation, continuous treatment, rehabilitation management, and follow-up support. We also equip DTP pharmacies with chronic disease management specialists to provide professional goal management, health monitoring, medication guidance, and health education, helping chronic disease customers enhance their disease awareness and self-management ability. In addition, adhering to the principle of "customers first", we continuously optimize the service radius and response efficiency. 24-hour service stores offer self-pickup and home delivery services within a 3-kilometer range, and hospital-adjacent stores are opened within 100 meters of hospitals, aiming to provide customers with a better, faster, and more convenient medicine purchasing experience.

To further promote pharmaceutical accessibility, we have opened township franchise stores in provinces such as Hunan, Hubei, Jiangsu, Jiangxi, and Guangdong. Through the coordinated operation of multi-level offline networks, we expand health service channels in the grass-roots market, meet the medication needs of different regions and populations, and promote the full coverage of regional markets.

Online Retail Channels

We continue to strengthen our retail service system centered on offline stores. Building on this foundation, we are moderately expanding our online service capabilities to complement and extend the services offered by our brick-and-mortar stores. We develop an ecological new pharmaceutical retail platform based on the membership system, Internet healthcare, and health management. We promote the effective connection between online diagnosis and treatment, chronic disease management, services such as health butlers and family doctors, and the physical store network, to meet the diverse and continuous health needs of different populations. In terms of fulfillment, online orders are completed through the cooperation between the company's logistics system and physical stores, realizing online ordering, nearby distribution, and efficient delivery, expanding the service coverage of our stores to better meet the daily medication needs of community residents.

B2C/O2O

- We have established service touchpoints on major online platforms to serve as a complementary channel to our offline store services. These touchpoints cover more than 90% of the county-level administrative regions within our Company's operational area, further expanding the ways we reach customers and enabling them to conveniently access store services across a variety of scenarios.
- The online takeaway platform launch rate of our stores exceeds 95%. Relying on the nearby stores' fulfillment and instant delivery system, we have achieved 30-minute medicine delivery service covering more than 10,000 stores, and support multiple scenarios such as night-time medication, emergency medication, and cold chain drug delivery, timely responding to customers' actual needs of "urgent and special medication".

APP + Mini Program



- Our APP + Mini Program realizes the integrated management of online and offline products, supports the synchronization of product, membership, price, and activity information, and ensures the consistency of services and rights in different consumption scenarios.
- We continue to improve the online product supply, optimize the product structure and service experience, and better respond to consumers' health needs.

Private Domain Community

- We provide professional medication consultation services through the private domain community and build a health communication platform to facilitate customers to obtain drug information, health knowledge, and health preservation suggestions.
- We systematically record customers' detection data and carry out chronic disease management. We provide online health consultations through platforms such as enterprise WeChat, and store staff push medication guidance and health care according to customers' needs, realizing personalized services and precise communication.

Internet Hospital

- We have deployed Internet hospital services in many provincial capital cities such as Changsha, Nanchang, Nanjing, Shijiazhuang, Tianjin, Guangzhou, and Haikou, covering multiple departments such as internal medicine, traditional Chinese medicine, integrated traditional Chinese and Western medicine, surgery, and obstetrics and gynecology, continuously improving the accessibility and coverage of online diagnosis and treatment services.
- There are more than 3,000 registered doctors on our platform, and we have recruited and trained a professional team of licensed pharmacists. We have formed a prescription review and quality management team consisting of more than 30 licensed pharmacists, strengthening the guarantee of prescription compliance and medication safety, and consolidating the professional foundation of online medical services.



- Internal Medicine
- Traditional Chinese Medicine
- Integrated Traditional Chinese and Western Medicine
- General Practice
- Surgery
- Obstetrics and Gynecology
- Pediatrics
- Other Departments

Department Distribution of Practicing Doctors in Internet Hospitals

- To ensure the standardized and orderly development of relevant services in Internet hospitals, we have established and implemented supporting mechanisms covering compliance, service quality, and operation management:
 - We have formulated strict medical compliance systems, built a multi-license network hospital management system and an Internet hospital risk control system, realized the connection between self-built network hospitals and third-party network hospitals and the upload of regulatory data, ensuring that the prescription compliance rate;
 - We have launched a consultation and prescription system that supports text/graphic/video consultations, doctor management, and online mall connection, serving more than 22,000 stores;
 - We have improved the electronic medical record system and big data analysis, and used remote medical and encryption technologies to ensure the interconnection and information security of medical data;
 - We have optimized the diagnosis and treatment process, established a rapid response mechanism, reduced the proportion of abnormal orders to 3.05%, and reduced the prescription rejection rate to 4.68%.
 - Implement the assessment plan for full-time doctors and the subsidy plan for multi-practice physicians, covering assessment dimensions such as medical quality and patient satisfaction, to motivate doctors to improve service quality.

Franchise Management Regulations

As a leading enterprise in the pharmaceutical retail industry, we actively convey the trustworthy brand value and the service concept of comprehensive health. We continuously improve the standardized and sustainable management system for franchise stores, taking the guarantee of medication safety and service quality as an important prerequisite for the construction of the franchise system. In the process of selecting franchise stores, we give priority to those with experience in the pharmaceutical retail industry, a practicing pharmacist qualification certificate, and relevant professional knowledge. We also pay attention to their long-term cooperation willingness, awareness of compliant operation, and the degree of recognition of the Company's unified management requirements. We conduct a prudent assessment of their financial strength and stability to ensure that they have the business foundation to support the upfront investment in store leasing, decoration, and inventory procurement. Franchise stores need to recognize and practice the Company's brand culture and business philosophy, and provide safe and high-quality services to customers. The location of franchise stores should be in accordance with the Company's market layout strategy to ensure the maximization of brand image and market influence. Before the official opening, franchise stores need to pass the preparatory review and employee training to ensure that the store operation conditions and staff capabilities meet the Company's unified management standards, laying the foundation for the stable progress and long-term development of the cooperation.

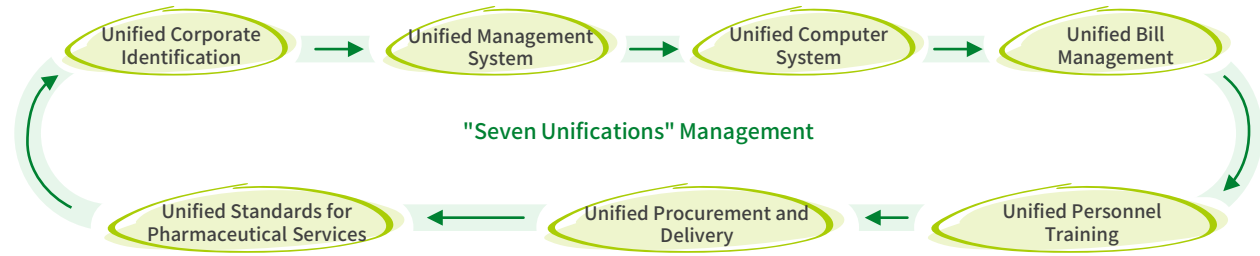
In terms of franchisee management, we always adhere to high-standard operations and fully implement the "seven unifications" management model to ensure that franchise stores are consistent with the Company in terms of brand image, product quality, professional services, and operational efficiency. Relying on the big-data store-location selection model and the intelligent franchise management system, we implement full-process management of key links such as franchise applications, location assessment, store establishment and opening, and subsequent operations, effectively improving the quality of new store expansion and operational stability. In addition, we provide comprehensive support to franchisees, including opening planning, product planning, operational guidance, professional training, manufacturer support, and financing consultation. Through regular questionnaires, phone follow-ups, and on-site investigations, we continuously optimize the franchise management and support system to promote the standardized operation and coordinated development of the franchise network.

To ensure brand consistency, we will uniformly arrange and designate units for the decoration design and basic decoration (renovation) construction of all franchise stores. All materials with the "Yifeng Pharmacy" logo used during the construction process must be purchased at designated locations. At the same time, we require franchise stores to install network wiring and a designated video surveillance system during the decoration process to strengthen subsequent management and monitoring.

All franchise stores must strictly implement a unified management system, including quality management requirements, price systems, and promotion policies, to ensure that franchise stores have rules to follow. While continuously expanding sales channels, they can provide customers with medicines with transparent prices and reliable quality, as well as professional and convenient health services.

We require all franchise stores to establish and use a unified computer management system to facilitate the headquarters' unified digital control of the stores.

We have set unified standards and processes to standardize the management of business invoices throughout their lifecycle, including entry, query, review, and archiving, to ensure the financial compliance of franchisees.



All franchise stores must hold relevant licenses such as the Drug Business License, the Business License, the Food Distribution License, and the Class II Medical Devices Recordation Certificate, and strictly implement quality control in accordance with the Drug Administration Law of the People's Republic of China, the Good Supply Practice for Pharmaceutical Products (GSP), and the Company's internal regulations, and accept irregular inspections and GSP inspections. We strictly implement the "three-checks and one-heavy-penalty" system. Through regular inspections and strict control, we ensure that franchise stores meet the standards in terms of quality, service, and compliance, thus ensuring the safety of customers' medication and maintaining the standardized order of the industry.

As the sole supplier of goods, we implement unified procurement and distribution management. Franchise stores are strictly prohibited from purchasing goods privately. We have also formulated penalty mechanisms for violations such as private purchases, cross-selling, and price chaos. For franchisees who fail to make effective rectifications after multiple attempts, seriously violate the contract, or cause major quality and safety incidents, we will terminate the cooperation and revoke the brand authorization in accordance with laws and regulations.

To improve the management level of franchise stores, we conduct regular standardized training, including training for new franchisees, annual training for franchisees, training for reserve store managers and regional directors, as well as online learning courses for employees of franchise stores and training to improve store managers' capabilities, to assist franchisees in optimizing store operations.

Deepening Digital Intelligence Empowerment

Yifeng Pharmacy adheres to digital and intelligent capabilities as an important engine for promoting high-quality development. We continuously deepen the integrated application of digital technologies in business management and operation, and systematically build a digital and intelligent system covering front-end operations, mid-platform operations, and back-end fulfillment, to continuously improve operational efficiency and service quality, and enhance the stability and responsiveness of business operations. At the same time, in the process of promoting technological innovation and application implementation, we continuously pay attention to potential risks in technology ethics and compliance to ensure that digital and intelligent development proceeds steadily on a standardized, prudent, and sustainable path.

Innovation-Driven Approach

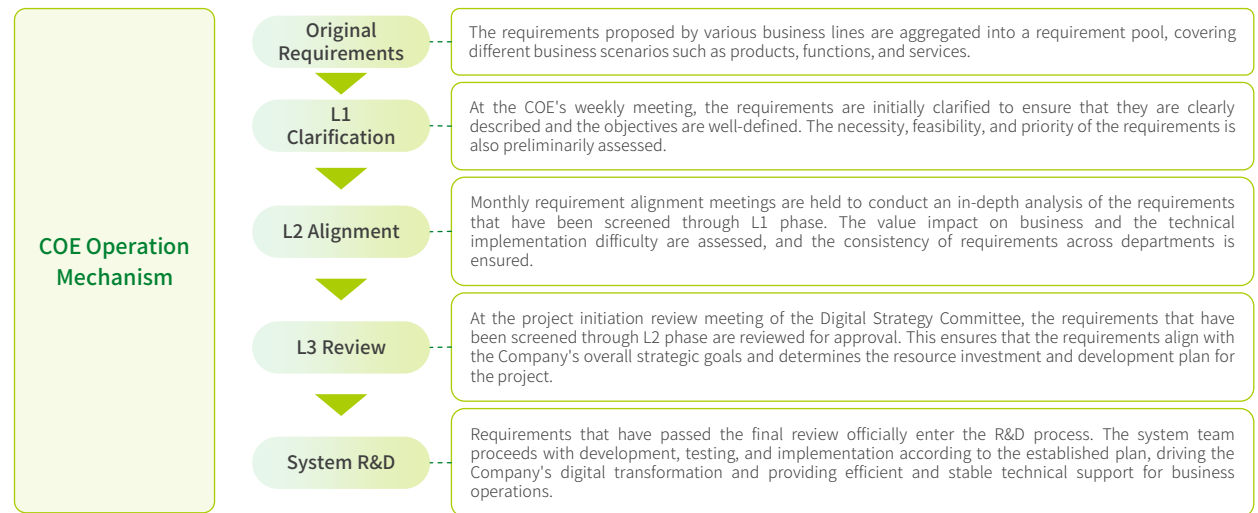
We take "customer-centric operational services, efficient and agile supply chain capabilities, and efficient and innovative organizational talent development mechanism" as the strategy and goal of technological innovation, and are committed to achieving a leading digital business level in the industry. To achieve this goal, we reasonably allocate capital resources based on our own business situation and adopt a diversified financing strategy. Through a sound capital management system, we ensure the sustainability of investment in technological innovation and maximize the efficiency of capital use. In the process of innovation, we strictly abide by intellectual property laws and regulations, respect and protect our own intellectual property rights and the achievements of others.

2025

The Company's innovation and R&D expenditure reached **RMB 42.532million**, with **382** R&D personnel.

We ensure the execution and R&D efficiency of innovative business through a flexible management model and an efficient organizational structure. At the innovation execution aspects, we established a digital innovation group for people, goods, and places, focusing on the R&D of core products for innovative business. Through precise and continuous resource investment, we systematically respond to industry pain points and lay the foundation for the implementation of innovation. We have built the "Product and Business Analysis Business Partnership Model". Business analysts deeply analyze business requirements to help product managers optimize processes and reconstruct business models. At the same time, we implement the "Technical Resource Team" model, dividing the technical team into multiple small teams and allocating resources according to business needs to ensure that technical support is closely integrated with business goals, thereby shaping the support capabilities for product R&D.

In addition, we established the IT Strategy Committee and the COE (Centre of Excellence) organization. By connecting the front-and back-end collaboration and online and offline business processes, we closely integrate technology R&D with cross-departmental cooperation, effectively evaluate business value to reduce decision-making waste and improve R&D efficiency, ensure that innovation results are quickly transformed into practical applications, promote digital transformation, and optimize production capacity.



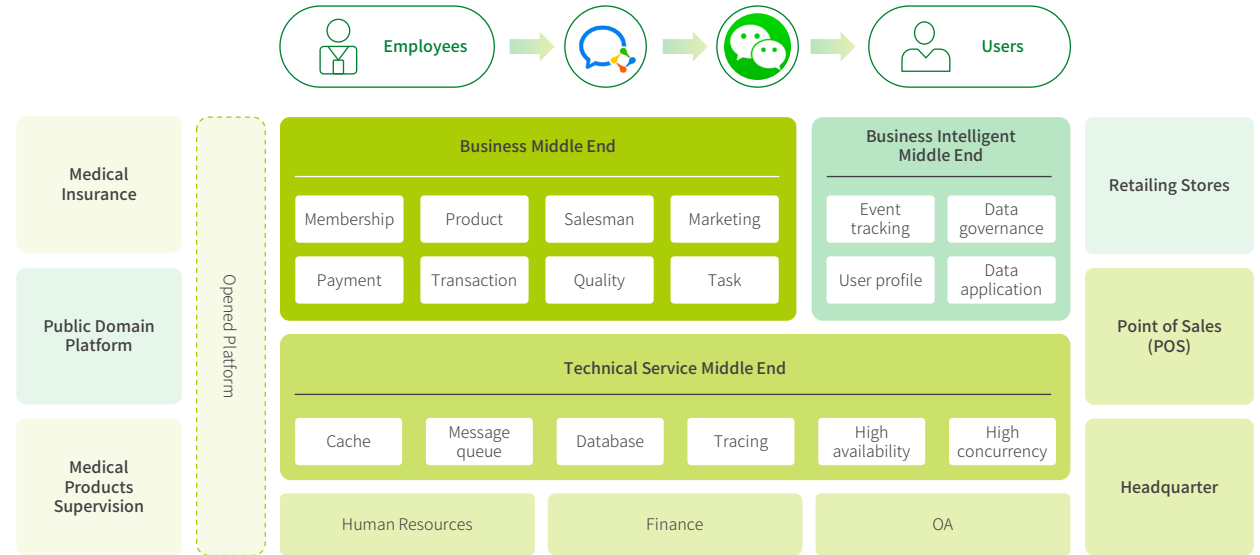
In 2025, we deepened R&D innovation and technology application, and the innovation results were implemented more quickly in multiple business scenarios. In terms of customer service, we launched a precise reception assistant. Based on membership labeling and big-data model calculation capabilities, we built an altruistic precise service model to improve customers' service experience and repurchase rate. In terms of employees' empowerment, we created a system for store clerks covering goals, incentives, tasks, diagnosis, and training, and introduced AI technology to build a closed-loop for professional ability improvement of "learning-reception-practice-consolidation", continuously strengthening front-line employees' professional judgment ability and service execution ability, and comprehensively improving the professional level of store clerks and Customers' satisfaction. In terms of compliance operation, we established a medical insurance risk control and supervision system based on big-data models, strictly setting risk control and supervision rules according to national medical insurance supervision requirements to effectively avoid the risk of medical insurance fund fraud. In terms of supply chain management, we built a supply chain center to break through the efficiency bottlenecks in each link, effectively improving store turnover, product availability, and traceability transparency.

Operational Efficiency Improvement

We regard digital management means as the core to improve the operating efficiency of the retail network and the refined management level. Focusing on the characteristics of the pharmaceutical retail business, we built a full-chain digital system covering "store operation-supply chain management-membership service-employees' management". Through a standardized and progressive construction path, we steadily promoted the system R&D of the middle platform and the large front-end, and empowered traditional operation management with digital and intelligent technologies. Our digital system supports store operation, POS payment, medical insurance services, public platforms, drug supervision, etc. externally, and undertakes various functional modules such as personnel, finance, and materials of the headquarters internally. While ensuring the steady expansion of business scale, we continuously improve internal operating efficiency and process operation quality.







Digital System Framework



We continuously improve our digital operation capabilities through key means such as the construction of new technology frameworks, the governance of system sub-health, the improvement of main-link performance, and the optimization of approval processes.

Digital Operation Enhancement Initiatives

<p>Upgrade the system framework based on the Springboot technology architecture, optimize the R&D process, and improve system performance and development efficiency.</p> 	<p>By optimizing various aspects such as the database, log analysis and network traffic, we have reduced system alerts and improved stability.</p> 	<p>By optimizing system performance and the main system links, we upgraded the existing technical architecture, resulting in significant improvements in system performance and stability. This ensured the system successfully withstood the peak demands of major sales promotions and our company anniversary, while reliably supporting the operations of over 30,000 stores.</p> 	<p>Analyze process authorization from the perspective of time consumption, value, and pass rate based on the RAPID model, and reduce and optimize nonessential process nodes to increase the approval efficiency across the entire system by 26%.</p> 
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• Membership Digitalization

We conduct refined membership operation and precise marketing, and actively promote the development of online diagnosis and treatment and chronic disease services to improve users' repurchase rate and brand loyalty. Through the in-depth integration of membership behavior data and user portrait analysis, we enhance users' brand recognition and professional dependence on Yifeng Pharmacy, effectively improving their consumption experience. As of the end of the Reporting Period, our online membership has exceeded 116 million.

• Product Digitalization

We focus on building an industry-leading, efficient, and agile product management system, and continuously promote the digital and intelligent upgrade of the product management system, building a product operation mechanism centered on demand identification, prediction decision-making, and efficient fulfillment. We achieve a rapid response to out-of-stock and emergency medication scenarios through intelligent coordination, out-of-stock registration, rapid procurement in medical cold areas, and daily distribution from the front-warehouse. Relying on data analysis for automatic inventory replenishment and the medication cycle model, we conduct pre-judgment and precise replenishment of medication demand. We also link systems such as intelligent replenishment, intelligent returns, and online supplier rebates to improve product availability and inventory turnover efficiency, and promote the transformation of product management to demand-oriented refined operation.

• New Retail Digitalization

We adhere to integrated construction and continuously improve the digital product system around new retail business scenarios. Supported by CRM and big data, we have completed the construction of platforms such as public domains, private domains, and Internet hospitals, promoted the strategic upgrade of "new retail + thoughtful retail", and laid a solid foundation for the digital transformation of retail business. In terms of O2O fulfillment services, we drive efficiency improvement through digital upgrades. We independently developed and launched a mobile intelligent picking system, which increased the store picking accuracy to 99.9% and the picking efficiency by 40%, and kept the average delivery time stable within 35 minutes. As of the end of the Reporting Period, the Company has more than 10,000 directly-operated stores on the O2O platform, and the picking efficiency, delivery timeliness, and labor efficiency are all in line with the industry's leading level.

• Human Resources Digitalization

We continuously promote the digital construction of human resources, systematically improving the operating efficiency of core modules such as recruitment, signing, performance, salary, promotion, scheduling and attendance, talent inventory, and development. We designed a three-year panoramic view of human resources digitalization and promoted the implementation of key projects with the DHR system as the core, covering key scenarios such as intelligent staffing and scheduling, digital talent supply chain, successor and reserve cadre management, performance and remuneration incentives, and licensed pharmacist management. Among them, the Core HR project has been launched and the rules and processes have been optimized, laying a solid foundation for the human resource management system. At the same time, we strengthen the governance of human resources data and system operation and maintenance, standardize the management of human resources master data, reducing the number of incremental errors in human resource master data to single digits per month. Through the hierarchical operation and maintenance mechanism, we improve the system stability and response efficiency, promoting the continuous evolution of human resource management towards an efficient and standardized digital model.

• Financial Digitalization

We continuously improve the integration of business and finance, achieving intelligent and automated management in multiple links such as budgeting, cost control, and reimbursement. This effectively improves the efficiency of financial control and supports the Company to achieve high-quality financial services and control during rapid expansion.

• Logistics Digitization

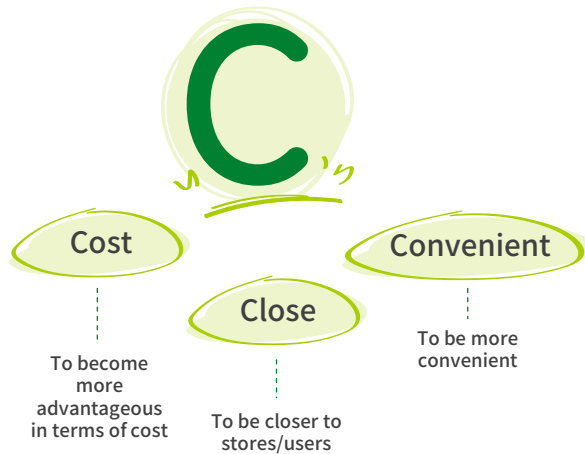
We independently developed and iterated the Yifeng Transportation Management System (TMS), which covers multiple functions such as dispatching management, freight calculation, temperature and humidity monitoring, and turnover box management, achieving online and closed-loop management of the entire process of warehousing, distribution, and transportation. At the same time, we introduced an intelligent dispatching engine and the ability to optimize loading routes, promoting the transformation of the dispatching link to intelligent vehicle dispatch, with the proportion of intelligent dispatching vehicle dispatch increasing to over 85%. Through the unified dispatching and control of the TMS system, we continuously improve the efficiency and stability of logistics operations, effectively strengthening the quality control ability during the commodity transportation process while ensuring delivery timeliness.



Smart Logistics

Based on the efficient fulfillment needs of pharmaceutical retail, we continuously build a "highly efficient, flexible, and agile" digital smart logistics supply chain platform around core links such as warehousing operations, logistics transportation, and logistics operation management. Guided by actual operation scenarios and relying on professional digital technology R&D and application capabilities, we systematically sort out and optimize key logistics nodes. Guided by the 3C principles (Cost, Close, Convenient), we continuously improve the end-to-end service ability of the logistics system, striving to fulfill the delivery commitment of "thoughtful, efficient, timely, and accurate" to customers.

3C Principle of Logistics System Development



As of the end of the Reporting Period, we have established 7 modern provincial logistics centers in Hunan, Hubei, Jiangsu, Shanghai, Jiangxi, Guangdong, and Hebei, as well as 10 city distribution centers in Wuxi, Huai'an, etc., achieving full online management of 17 warehouses including production, retail, and e-commerce, ensuring that all customers receive their goods on time and accurately.

We focus on the characteristics of the retail business and the drug demand of stores, and continuously promote the automation and intelligent construction of the logistics network. In the logistics system planning, we fully consider the actual operational needs such as store replenishment rhythm, category structure, and return processing, and systematically improve the operational efficiency of key links such as incoming goods acceptance, shelving, piece-picking, rechecking, goods collection and loading, and reverse logistics. We focus on core links such as warehousing management, picking and sorting, and transportation and distribution, and build a visual and intelligent management system covering the whole process of in-warehouse operations and distribution fulfillment. By introducing automated three-dimensional warehousing, intelligent replenishment and picking equipment, automated outbound goods collection solutions, and cold-chain visual monitoring and efficient distribution operation modes, we promote the upgrade of logistics operations from single-point automation to system coordination and overall optimization, and continuously improve the stability, response efficiency, and fulfillment ability of logistics operations.

Case Hengyang 3.0 Automated Warehouse Officially Opened

In April 2025, Yifeng Hengyuan Pharmaceutical's 3.0 automated warehouse in Hengyang officially opened and began operations. As the first 3.0 automated warehouse in Hunan Province's pharmaceutical industry, the Hengyang Warehouse is equipped with modern facilities such as conveyor lines, AGV picking systems, and flow-through consolidation systems. It features 18 loading docks and 24 verification stations, and deploys 106 AGV intelligent transport robots, achieving a maximum daily processing capacity of 60,000 orders for unit-pick operations. Picking efficiency has increased from approximately 240 orders per hour under the traditional model to 320 orders per hour, with both receiving and picking accuracy rates reaching 100%. This has effectively enhanced warehouse distribution efficiency, operational precision, and pharmaceutical quality and safety standards, providing robust support for supply chain coordination and logistics system upgrades across stores in the Hunan region.



• Launch Ceremony for the Hengyang 3.0 Automated Warehouse



Warehousing Management

Automated Stereoscopic Warehousing System

By adopting a multi-level warehouse design and automated equipment such as high-rise racking systems and stacker cranes, the system enables automated storage and retrieval of goods as well as precise location tracking. This enhances warehouse space utilization and storage density while improving the continuity and operational stability of warehouse operations.

MINILOAD Bin-based Automatic Replenishment System

Utilizing bin-based automation technology, this system enables automatic replenishment from full bins to individual picking stations. Combined with one-to-one electronic labels and pre-set picking patterns, it enhances replenishment efficiency and accuracy, resulting in a 42.8% increase in picking efficiency.

AGV Automated Guided Vehicle System

This system intelligently moves racks according to demand, combining a "goods-to-person" operation model with a small-batch picking method to automate order picking and eliminate the need for manual movement. It achieves a picking efficiency of 300 lines per hour per person for unit-pick operations, significantly improving operational efficiency.

Intelligent Robotic Picking System

Utilizing two robotic arms for automated picking, the system integrates with the AGV work area to enable unmanned, automated picking of full-unit shipments and 24/7 continuous operation, with a capacity of 2,200 boxes per hour.

Cross-belt Automatic Sorting System

Utilizing high-precision positioning technology to enable automatic sorting of zero-weight items, with a repeat positioning accuracy of less than 1 mm, meeting the demands of large-scale sorting operations; the system achieves a sorting speed of up to 18,000 items per hour and can simultaneously process shipments for 380 stores.



Picking and Sorting



Transportation and Distribution

Multi-level Shuttle Automated Consolidation System

Through the collaboration of "box-type multi-level shuttles and AGV pallet robots," this system integrates with the Warehouse Control System (WCS), Programmable Logic Controllers (PLCs), and Warehouse Management System (WMS), among others, while transmitting data in real time to the Transportation Management System (TMS). This enables the automatic consolidation and retrieval of outbound goods, thereby enhancing collaborative management capabilities.

Cold Chain Logistics Visual Monitoring System

Provides real-time, end-to-end monitoring of temperature and humidity for pharmaceuticals stored between -20°C and 8°C, along with anomaly alerts, enabling visual status tracking and proactive risk management; the system achieves a 99.8% accuracy rate for cold chain disruption alerts, reducing the loss rate of cold-chain pharmaceuticals to 0.05%.

End-to-End Visibility in Logistics and Delivery

Intelligent scheduling and route planning enable vehicle management, real-time tracking, navigation, and a visualized national transport capacity map. By introducing digital and intelligent monitoring of handover processes, we enhance transparency and ensure better control over fulfillment throughout the delivery process.

Yidatong Timely Delivery

By optimizing processes through automated order fulfillment, intelligent scheduling, and cross-district transfers, we reduce manual operations and warehouse inspection steps to achieve more efficient, precise, and cost-effective store restocking and delivery.

Automated Equipment Management

We are fully implementing an equipment management system across the logistics operations, shifting from "reactive repairs" to "preventive maintenance" to enhance equipment reliability, reduce downtime caused by malfunctions, and improve the stability of warehouse operations.

On-site Tool Innovation

We continuously introduce automated equipment and innovate on-site tools, combining regulatory requirements with standardized processes to enhance logistics efficiency and overall operational coordination.



Equipment Operation and Maintenance

Enhancing People's Well-Being

Shouldering the mission of the development of the great health industry, Yifeng Pharmacy adheres to improving people's livelihood and safeguarding public health as important directions of responsibility. Through targeted assistance and diversified public welfare practices, it continuously extends professional health services to communities and grassroots levels. It responds to the health needs of different groups with practical actions, promotes the universal accessibility of health resources, and contributes to enhancing people's well-being and promoting the health of the whole nation.

Assisting in Rural Revitalization

We continuously integrate enterprise development with regional economy and Rural Revitalization. On the basis of ensuring reliable drug quality and stable supply, we actively promote the extension of the traditional Chinese medicine industry chain to rural areas. We give priority to purchasing traditional Chinese medicinal materials from rural farmers, with a total procurement of RMB 208 million in 2025. As the core enterprise under Yifeng Pharmacy focusing on the manufacturing of traditional Chinese medicine decoction pieces, Heng Xiu Tang sources more than 80% of its traditional Chinese medicinal material raw materials from products harvested, planted, and processed by farmers. While stabilizing the raw material supply, it effectively broadens the sales channels for farmers and drives up farmers' income. This year, we have invested over RMB 470,000 to support rural revitalization, playing a positive role in promoting the development of rural industries and boosting regional economic vitality.



Case
Targeted Assistance for Rural Revitalization Project in Fenghuang County, Hunan Province

Yifeng Pharmacy has long carried out targeted assistance work in Fenghuang County, Hunan Province, and supports the development of local characteristic agriculture through industrial cooperation. We signed a fixed-point procurement cooperation agreement for *Siraitia Grosvenorii* with Fenghuang Xingcun Agricultural Development Company, a collective enterprise in Zhangpo Village, Fenghuang County, Hunan Province, and implemented stable procurement of *Siraitia Grosvenorii* planted by local farmers. In 2025, we purchased traditional Chinese medicinal material *Siraitia Grosvenorii* from local farmers with an amount of RMB 470,000. Through continuous fixed-point procurement cooperation, the Company not only ensures the stable supply of traditional Chinese medicinal material raw materials but also effectively drives the development of the rural economy.



- Scene of the Signing Ceremony for Fixed-Point Procurement of *Siraitia Grosvenorii*

Caring for Livelihoods

Over the years, we have always integrated social responsibility into enterprise development and actively promoted the improvement of people's well-being, achieving remarkable results. Looking forward, we will continue to deepen public welfare practices with a more firm sense of responsibility, drive the improvement of people's well-being with professionalism and humanistic care, contribute to the health and harmonious development of society, and create a higher-quality living environment for the public.

Public Welfare Activity for the Disposal of Expired Household Medicines

Focusing on people's livelihood concerns such as public medication safety and ecological environment protection, we continuously promote the standardized and safe disposal of expired household medicines. By popularizing scientific medication knowledge, improving recycling channels, and strengthening professional guidance, we guide the public to correctly identify and handle expired medicines, effectively reducing the health and environmental risks caused by improper medication and random disposal. In March 2025, we continuously carried out the public welfare activity "Yifeng Protects Health · Clean Up the Family Medicine Cabinet" in many places across the country, covering more than 10 provinces and involving more than 5,000 stores.



A Glimpse of Public Welfare: Scientific Recycling to Eliminate Hidden Dangers

In the "Yifeng Protects Health · Clean Up the Family Medicine Cabinet" activity, we set up special recycling bins for expired medicines and cooperate with qualified hazardous waste treatment agencies to implement a closed-loop management of "special person registration, special box storage, special vehicle transportation, and professional destruction" to ensure 100% harmless disposal of expired medicines and prevent them from flowing back into the market. At the same time, we enhance residents' participation through welfare such as "health subsidy vouchers", popularize safe medication knowledge relying on the team of licensed pharmacists, and launch innovative measures such as age-friendly services and "medicine ID cards" for the elderly and medicines without package inserts to facilitate citizens to obtain electronic package inserts and medication reminders by scanning codes.



• Scene of the Public Welfare Activity "Yifeng Protects Health · Clean Up the Family Medicine Cabinet"

"Vitality Health Preservation Tour" Series of Activities

To improve the health literacy of community residents, we continuously carry out diverse and accessible health public welfare activities according to the health needs of community residents and seasonal health preservation characteristics. From April to May 2025, we simultaneously carried out the public welfare activity "Vitality Health Preservation Tour" in many places across the country, covering more than 10 provinces. We held more than 5,000 activities in total, providing free blood pressure, blood sugar, and blood lipid testing services to nearly one million residents. Through easy-to-understand health education and professional services, we improved the health literacy of community residents and achieved a good social response.



A Glimpse of Public Welfare: Heart-warming Health Gifts

During the "Vitality Health Preservation Tour" activity, we not only provided health lectures and free testing but also specially prepared nearly 100,000 health preservation gifts, including household commonly used medicines such as Isatis Root Oral Liquid, Lactulose Oral Solution, and Compound Bear Bile and Mint Lozenges, to convey the health concept to every participant in a tangible form.



• Scene of the "Vitality Health Preservation Tour" Series of Activities

"College Entrance Examination Guardianship Station" Public Welfare Action

We proactively expand the service scope of our stores during important examination periods, integrating professional pharmaceutical services and convenience support into public scenarios. During the college entrance examination in June 2025, we simultaneously launched the "College Entrance Examination Guard Station" public welfare activity in multiple locations across the country, covering several provinces such as Hunan, Jiangxi, and Jiangsu. Each guard station provided heatstroke prevention supplies and convenience support for examinees, parents, and support staff outside the examination venues, and opened the stores' emergency facilities to ensure the smooth progress of the college entrance examination with practical actions.



A Glimpse of Public Welfare: Cool Protection at the Change Examination Site

In Changde City, Hunan Province alone, we set up more than 30 service points, covering all major examination sites. These service points distributed free mineral water, Huoxiang Zhengqi Shui (a traditional Chinese medicine for heatstroke prevention), and essential balm, and offered emergency printing services and resting seats in the stores, bringing coolness and convenience to anxious parents and on-duty traffic police.



• Scene of the "College Entrance Examination Guardianship Station" Public Welfare Action

• **Loving Public Welfare Donations**

We respond to the actual needs of different social groups with practical actions and continuously carry out various forms of loving public welfare donation activities. By donating pharmaceutical supplies, daily necessities, and providing financial support, we offer timely assistance to vulnerable groups and disaster-affected areas, fulfilling our corporate social responsibilities. From July to August 2025, we organized the "Cooling-off Public Welfare Community Tour" activity in multiple locations across the country. In cooperation with multiple pharmaceutical companies and street communities, we donated heatstroke prevention supplies to groups such as sanitation workers, food delivery riders, and on-duty traffic police, showing care for outdoor workers in high-temperature conditions.

A Glimpse of Public Welfare: The Care of a Cooling Package

During the "Cooling-off Public Welfare Community Tour", we distributed "cooling packages" containing heatstroke prevention drugs such as Huoxiang Zhengqi Oral Liquid to outdoor workers in Nanjing, Jiangsu, Yingtan, Jiangxi and other places; in Nanchang, Jiangxi, we jointly donated heatstroke prevention supplies worth 200,000 yuan; in Shijiazhuang, Hebei, we donated pharmaceutical supplies worth 89,000 yuan to sanitation workers. At the same time, we joined hands with leading pharmaceutical companies and major online platform partners to launch a special action called "Providing Coolness to Riders for Heatstroke Prevention", donating heatstroke prevention drugs, electrolyte water, and first-aid kits to relevant stations, paying tribute to the hard work of urban builders and logistics support forces with practical actions.



• Scene of the "Cooling-off Public Welfare Community Tour" Activity

• **The Convenience Service Action of the "Public Welfare + Health" Loving Station**


We combine public welfare care with health services and continuously promote the construction of "Loving Stations". Relying on the advantages of our store network, we provide convenience services for outdoor workers and community residents, creating a warm urban public service space. In 2025, we added 240 standardized stations in Hunan Province, increasing the total number of "Loving Stations" in the province to 300. These stations serve about 120,000 people per month, effectively expanding the coverage and accessibility of convenience services.

A Glimpse of Public Welfare: The "Supply Station" Around Us

Our "Loving Stations" provide free standardized convenience services for outdoor workers such as couriers, sanitation workers, taxi drivers, and surrounding community residents, including tea and beverage supplies, resting seats, mobile phone charging, blood pressure measurement, and emergency drugs, making the pharmacies the "supply stations" around the people.



• The "Loving Station"



Achieving Win-Win Results and Realizing the Value of Talents

Yifeng Pharmacy always adheres to the principle of Compliance Employment and is committed to building a respectful, fair, and inclusive working environment, which serves as the cornerstone for talent attraction and retention. We continuously optimize the employees' career development system, enhance their professional abilities and comprehensive qualities through systematic and diverse training mechanisms, and help them grow steadily in their careers and realize their personal values. At the same time, we scientifically design the salary and welfare structure, attach great importance to Occupational Health and Safety (OHS), and comprehensively improve the employees' work experience and sense of belonging. In the process of the Company's development, we work hand in hand with all employees to jointly create a future of mutual benefit, win-win results, and continuous growth.

Standardized Employment Management

Yifeng Pharmacy strictly abides by relevant laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Child Labor, and the Provisions of the State Council on Working Hours of Workers and Staff. We promote the employees' recruitment work with the core principles of openness, fairness, and justice, ensuring that the entire recruitment process is compliant and transparent. We firmly oppose any form of discriminatory based on ethnicity, gender, religion, age, etc., and oppose any form of discrimination and harassment. We also strictly enforce our forced labor and child labor provision. Recruitment staff need to strictly verify the personal information of applicants and can only handle the employment procedures after confirming the information is correct. If any illegal employment behavior occurs, we will seriously hold the relevant responsible persons accountable according to the severity of the situation. In 2025, the Company did not have any illegal incidents involving the employment of Child Labour, forced labor, discrimination, or harassment.

To precisely attract high-quality talents and build a high-quality talent echelon, we have established a diversified recruitment system that includes "social recruitment, campus recruitment, internal transfer, and internal competition." We recruit fresh graduates through campus recruitment channels to inject new vitality, and we recruit experienced professionals from the industry through social recruitment. At the same time, we encourage employees to participate in internal position transfers and competitions based on their interests and abilities to maximize the match between employees and positions, providing solid talent support for the high-quality development of the Company's business. As of December 31, 2025, we had a total of 38,953 employees. The specific employee situation is as follows:



As of December 31, 2025

	2025	2024
Total employees	38,953	40,018
By gender		
Male	5,216	5,497
Female	33,737	34,521
By age		
Under 31 years old	10,739	11,157
Aged 31-40	13,820	13,860
Aged 41-50	12,011	12,185
Over 51 years old	2,383	2,816
By employee level		
Senior manager	141	140
Middle manager	332	281
General manager	12,173	11,422
General employees	26,307	28,175
By function		
Administration & Functional Support	3,512	3,501
Technical roles	382	251
Warehousing & Distribution	1,498	1,475
Production	179	110
Store Operation & Service:	33,382	34,681

Protecting Employees' Rights and Interests

Yifeng Pharmacy complies with internationally recognized human rights standards and guidelines, including the Ten Principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, ILO core conventions and relevant international human rights conventions. It has established a comprehensive employee rights and interest protection system. Through the formulation of policies such as the Employee Resignation Management Measures, the Employee Leave Management Measures and the Employee Transfer Management Measures, it clarifies employees' rights and interests in employee recruitment, transfer, promotion and separation and leave management to prevent labor disputes. We firmly protect employees' legal rights such as freedom of association, five insurances and housing fund, and legal holidays, ensuring that the rights and interests of all employees, including flexible workers, are implemented. In 2025, 100% workforce covered by labor contracts or agreements, and the Company paid the employees' five insurances and housing fund in full as required, and paid salaries on time for all employees.

At the same time, we are committed to building a diverse, equal, and inclusive workplace environment. We have set up recruitment positions for ethnic minorities, veterans, and people with disabilities, providing them with flexible work arrangements and barrier-free work environments to help employees from different backgrounds better integrate into the team. We will actively identify and develop high-potential female talents through inclusive talent development programs and a fair and transparent selection process, increase the representation of women in management, so as to make full use of talent reserves and promote diverse perspectives in management decision-making.



2. Non-store employees.

As of the end of the Reporting Period

The proportion of newly recruited female employees² exceeded **48.44%**

The number of newly recruited ethnic minority employees: more than **200**

The number of promoted female employees: more than **2,400**

The number of recruited veterans and people with disabilities: **318**

Improving the Training System

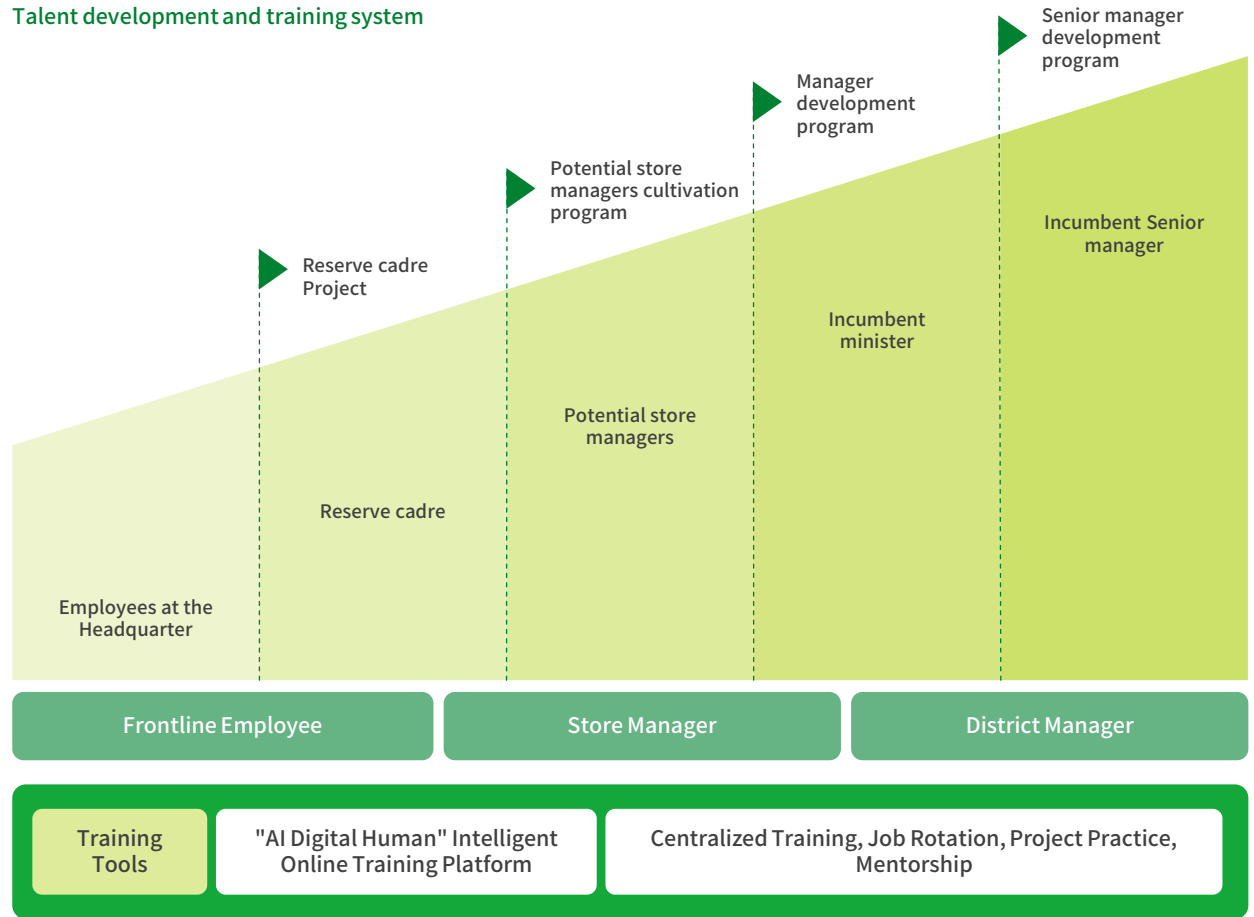
Focusing on the core needs of employee development, Yifeng Pharmacy focuses on key areas such as training improvement, career development, and salary incentives. It provides employees with learning support for capacity improvement and a clear career growth path. Through a reasonable salary mechanism and continuous employee care measures, it promotes a positive interaction between employees' personal development and the long-term growth of the enterprise.

Training System

We follow the "7-2-1" talent development concept and build a systematic and sustainable talent echelon development system covering all employees. We provide personalized development plans for employees at different levels, positions, and career stages to comprehensively improve their comprehensive quality and professional abilities. At the governance level, we have established a Talent Development and Review Committee and formulated the Operating Rules of the Talent Development and Review Committee to ensure the standardized and effective operation of the talent development mechanism in a systematic way. At the management level, we have added the "reserve rate of key position talents" to the assessment system and continuously optimized the talent labeling and succession management system, laying a solid foundation for talent identification, training, and echelon construction.

Relying on the perfect talent development system, we continuously optimize the full-cycle training system covering all employees to ensure that employees from new recruits to senior managers can receive diversified training that matches their job requirements and ability development. On this basis, we are also actively promoting the construction of digital training, creating an "AI digital human" intelligent training platform, gradually building a systematic and scenario-based online training resource library, and further enriching and expanding the training content and learning channels by launching courses covering multiple fields such as core business scenario teaching and practical skill processes to meet the diverse learning needs of employees anytime and anywhere.

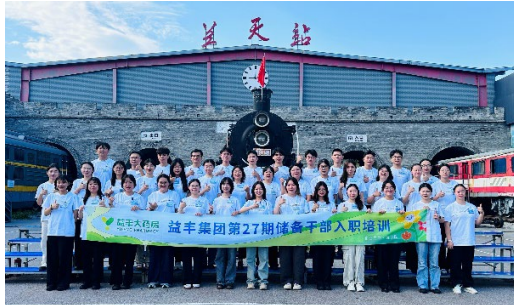
Talent development and training system



Under the training system framework, we provide comprehensive succession planning & development programs and skills and knowledge development training for all employees (including full-time employees, part-time employees, and third-party contractors involved in operations). We support the career development plans and ability improvement needs of employees at all levels in various forms, systematically cultivating their leadership abilities and refining their professional skills, injecting dual impetus into their personal career growth.

Case Reserve Cadre Special Training Program

We have launched a three-year systematic career development training program, focusing on cultivating reserve management talents with high adaptability and potential. The program revolves around three main lines of "culture-learning-experience" and sets up three phased empowerment modules: "Onboarding Intensive Training", "Growth Training Camp", and "Annual Intensive Training". These modules focus on role transformation, ability supplementation, and cognitive leap respectively, with leadership training running through the whole process to strengthen key management abilities such as teamwork, goal management, and problem-solving. We also help reserve cadres deeply integrate into the corporate culture and quickly improve their management qualities through various forms such as cultural story-telling sessions, business visits, scenario performances, and sand table simulations.



• Reserve Cadre Training Site

Case Store Manager Ability Advancement

We comprehensively improve the store management and team teaching abilities of store managers through standardized training processes, personalized coaching, and a hierarchical assessment mechanism to strengthen their leadership. In 2025, we piloted an on-the-job store manager coaching program, included the performance of newly appointed store managers in the performance tracking system, and strengthened the store inspection and supervision responsibilities of store management ministers, district directors, and training administrators. A total of 1,531 store managers were trained throughout the year, with a training effectiveness rate of 62.49%, a 3.87% increase compared to 2024. Through the dual-track training model of "Store Manager Base" and "Outstanding Employees", we formulated differentiated training plans for reserve store managers and promoted experience sharing through quarterly meetings. A total of 285 reserve store managers were trained throughout the year.

Case District Director Training

Focusing on the leadership improvement and professional growth of reserve regional directors, we have set up a full-process cultivation path covering selection, pre-training, intensive training, and on-the-job coaching. We emphasize enhancing their store management, team teaching, and regional operation capabilities. We use the "Review Meetings", and system regular meetings to continuously track the cultivation progress. We also conduct key performance assessments for newly appointed regional directors to ensure that their ability improvement matches the job requirements. In 2025, we completed the cultivation of 81 reserve regional directors. The passing rate of regional directors in the assessment period reached 65.51%, a 15.43% increase compared with the same period last year.

Case "Yiqi Xue" AI Skills Learning

In 2025, with the theme of "Efficient Work, Happy Life", we held sharing sessions and public courses on the latest AI trends and practical skills for all employees. The activities were carried out in a combination of online and offline forms, attracting more than 6,700 participants in total, which effectively improved employees' digital skills reserve.



• The on-site of "Yiqi Xue" training

Case

Compliance Training on the Good Supply Practice for Pharmaceutical Products (GSP)

In 2025, we adopted the "system learning + platform examination" model and conducted training on the knowledge and skills of the Good Supply Practice for Pharmaceutical Products (GSP) every 1-2 months on average. The training covered all employees and focused on key contents such as laws and regulations of pharmaceuticals and medical devices, management of refrigerated drugs, maintenance of traditional Chinese medicine, management of traceability codes, and online sales regulations. We organized a total of 6 training sessions throughout the year, with the highest number of participants in a single session reaching 15,564. The completion rate of pharmaceutical regulations training reached 100%.

Quality management training and professional skills knowledge training in 2025

Number of new-employee quality management training sessions: **221**

Number of new employees participating in the quality training examination: **11,724**

Passing rate of new employees participating in the quality training examination: **97.23%**

We continuously strengthen the construction of the lecturer team. By improving the lecturer rating incentive and performance assessment mechanism, we enhance the role of the lecturer team in store empowerment and on-site guidance. Currently, there are 88 full-time training administrators and lecturers and 215 part-time lecturers in the whole system, forming a professional lecturer force with internal talents as the core and rich business experience. We also focus on promoting the preparation work for the licensed pharmacist exam. By providing mock exams and supporting exercise training, we offer systematic and full-process preparation support for employees to help them improve their exam-preparation efficiency and achieve the goal of increasing the passing rate of the licensed pharmacist exam in 2025. In 2025, 5,568 employees participated in the licensed pharmacist qualification exam.

At the same time, we provide all employees (including full-time employees, part-time employees, and third-party contractors involved in operations) with support for degree programs or certifications. Employees can obtain relevant knowledge and learning resources through the Company's regular training programs and online learning platforms, which support their personal academic improvement and certificate exams, thus enhancing the Company's talent reserve and development impetus.

Training data during the Reporting Period

	2025	2024
Annual training investment (million)	5.2237	4.1938
Employee training coverage rate (%)	100	100

Average training hours:

119.82 hours

Percentage of trained employees and average training hours by employee category

senior management

Percentage of trained **100%** Average training hours **127.23 hours**

middle-level management

Percentage of trained **100%** Average training hours **285.10 hours**

grass-roots management

Percentage of trained **100%** Average training hours **138.34 hours**

grass-roots employee

Percentage of trained **100%** Average training hours **109.18 hours**

Percentage of trained employees and average training hours by gender

Male management

Percentage of trained **100%** Average training hours **119.25 hours**

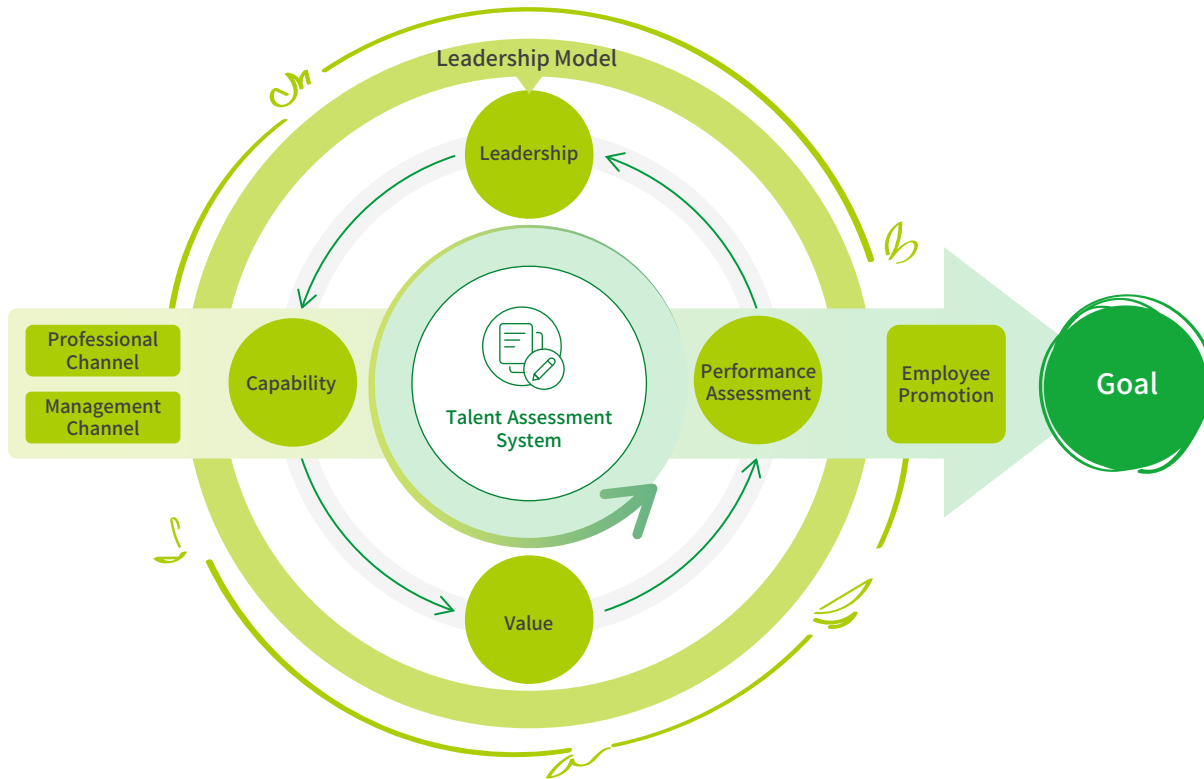
Female management

Percentage of trained **100%** Average training hours **121.05 hours**

Employee Development

We are committed to long-term investment in human capital to empower employee growth. We continuously iterate the employee rank development system and build a diversified and equal development path of "management + professional", aiming to provide a clear career prospect for all employees and consolidate the core talent foundation for the Company's sustainable development.

Employee promotion and development map



We refine the job standards and development paths for each sequence and match them with a more scientific performance-based salary system to systematically improve organizational capabilities and employee value. We conduct employee performance evaluations every year, comprehensively evaluating employees from multiple dimensions such as performance indicator achievement, general management ability, professional ability, and corporate culture values to comprehensively and objectively reflect employees' annual performance. At the same time, we establish an incentive-based salary structure combining "basic salary + performance-based floating salary", covering all employees including front-line positions such as stores, logistics, and production. By providing strong performance-based incentive pay structure, we effectively stimulate employees' enthusiasm and sense of responsibility.

Main Content of Performance-based Variable Pay

- Performance Commission**

Based on individual or store sales performance, and on the premise of strictly abiding by compliance management and quality safety bottom lines, follow the distribution principle of "more pay for more work" to stimulate frontline employees' vitality in market expansion.
- Performance Bonus**

Focus on key process management and value orientation, and be distributed based on the assessment results of KPI indicators such as customer satisfaction, core task completion, and basic management standardization. Guide employees to pursue business growth while taking into account service quality and operational compliance.
- Team Fund**

Set up a special fund pool for stores or business teams, and its distribution is linked to the overall performance target achievement of the corresponding unit. This mechanism aims to break the limitations of individual incentives, strengthen awareness of team collaboration, and build consensus on collective goals.
- Profit Sharing**

Implement a profit sharing plan, deeply linking employees' income to the final profit performance of their business unit. Encourage employees to shift their focus from revenue-only to cost-effectiveness and resource optimization, promoting the sustainable win-win of individual contributions and the company's overall profitability.

To fully mobilize the enthusiasm of employees, we have established a long-term incentive system and implemented an employee equity program to attract and retain key talents. We regularly grant restricted stocks to key management personnel and core technical staff, and have completed the preset grant registration work for the incentive targets. A total of more than 450 core talents have received equity grants.

In addition, to further strengthen the fairness of salary incentives, we continuously monitor the position pay gap and earnestly fulfill the commitment of Equal Pay for Equal Work. We conduct regular salary evaluations, continuously monitor indicators, including the average pay gap, the median pay gap, the average bonus gap, and the median bonus gap, to accurately understand the gap and trend of salary. Based on the evaluation results, we formulate targeted improvement measures to continuously promote a more fair, transparent, and sustainable salary system.

Deepen Caring Communication

Yifeng Pharmacy has established diversified Communication Channels to accurately understand and respond to employees' demands, and continuously optimize the work experience by flexibly adjusting the Strategy. At the same time, we have launched a variety of employee benefits and deepened the emotional connection with employees through practical care measures to enhance team cohesion and provide a solid guarantee for talent retention.

Employee Communication Channels

We are committed to building an open and efficient communication platform and actively collect employees' opinions and suggestions. We promote the transparent and efficient closed-loop of the feedback process to ensure that employees are aware of the progress of the handling. We regard employees' feedback as an important basis for management optimization. Through timely Response and improvement, we enhance employees' sense of participation and satisfaction and create an inclusive workplace atmosphere.

"Grow Together" Employee Care



We organize four key-node communication meetings for each employee: on the first day of employment, 7 days after employment, 30 days after employment, and before the official employment, to fully cover and pay attention to employees' feelings during the adaptation period.

"Employee Express" Application



Employees can directly submit their ideas and opinions through the application. We collect them regularly and directly feedback them to the Executive President to ensure that the voices of grass-roots employees reach the Management.

At the same time, we conduct regular employee satisfaction surveys every year to comprehensively understand employees' work status and needs. The survey dimensions cover core aspects such as job satisfaction, organizational identity, team cooperation atmosphere, and management recognition, providing data support for optimizing employee management strategies. Based on the survey feedback, we continuously optimize management measures and introduce a number of targeted measures to enhance employees' engagement and satisfaction:

Build a real-time team incentive mechanism

Establish an instant recognition system. Through the digital platform "Recognition Card", employees' contributions can receive real-time feedback and records from the organization. Points accumulated based on Recognition Cards can also be redeemed for benefits in the internal mall.

Upgrade of the Training and development System

Publicize the promotion standards, build diversified and characteristic learning paths to meet the ability improvement needs of employees in different positions; construct a parallel career dual-channel of management sequence and expert sequence to effectively solve the problem of talent loss of technical backbones caused by promotion bottlenecks and lay a solid foundation for employees' long-term development.

Employee Care

We respect employees' family responsibilities and provide support during the arrival and growth of new lives for every parent, ensuring that all employees enjoy paid parental leave.



Parental Leave Policy

All female employees:
Enjoy at least **98** days of paid maternity leave.

All male employees:
Enjoy at least **10** days of paid paternity leave.

During the Reporting Period

The number of employees on parental leave: **612**

We also provide employees with non-statutory benefits, including annual physical examinations, a "bring your child to work" work mechanism, free work meals, accommodation, commuter buses, birthday benefits, holiday benefits, and company anniversary activity funds, and carry out a variety of employee activities. Moreover, we have established the Yifeng Mutual Assistance Foundation ("Yi" Fund) to help employees and their families in extreme difficulties. During the Reporting Period, the Company provided financial assistance to 26 employees in need through the "Yi" Fund, with a total amount of RMB 335,000.

Case "The Adventure of Pinellia" Employee Activity

"The Adventure of Pinellia" empowers parent-child care through "Chinese medicine research and study". Relying on the Company's characteristic resources in the Chinese medicine industry, a series of parent-child activities for employees have been carried out in 10 branches and subsidiaries across the country. Through immersive experiences such as research and study at the Chinese medicine specimen base of universities, making Chinese medicine handmade soaps and sachets, and outdoor Chinese medicine exploration, the activities have attracted hundreds of employees' children to participate, creating a warm scenario for parents and children to learn Chinese medicine culture together, and effectively enhancing employees' sense of belonging and cultural identity.



• The scene of the "The Adventure of Pinellia" activity

In addition, we attach great importance to the rights and interests protection and career transition of departing and retired employees, and provide necessary psychological and legal consultation services to help employees relieve stress and safeguard their rights during the transition period, demonstrating our care and support for employees throughout their entire career cycle.

Restructuring programs

Applicable objects

Employees affected by business adjustment

Retired employees

Support measures

Priority will be given to providing internal job transfer opportunities; cooperate with external recruitment platforms and professional institutions to provide re-employment support such as resume optimization, interview coaching, and job recommendations.

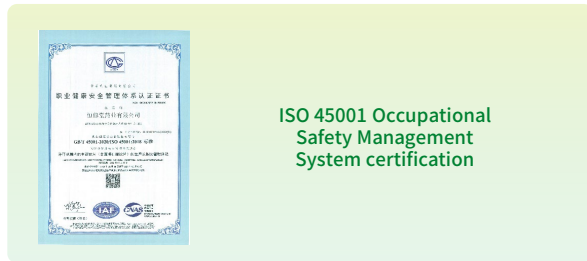
Assist in handling pension application procedures; provide part-time consultant opportunities for experienced retirees to promote the inheritance of knowledge and experience.



Protecting Occupational Health

Yifeng Pharmacy always places the occupational safety and health of employees at the core of its operation and management. We strictly comply with national laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Law of the People's Republic of China on Work Safety, and formulate and improve internal regulations such as the Safety Management Policy and the Safety Fire and Theft Prevention System in combination with industry characteristics, constructing a systematic and standardized safety management system to provide employees with a safe and reliable working environment. The Company has also obtained the ISO 45001 Occupational Safety Management System certification. In 2025, the Company purchased work-related injury insurance and workplace safety liability insurance for all employees, with a total investment of 10.88 million yuan, effectively ensuring the safety of employees; there were no major safety accidents throughout the year.

	2025	2024
a total investment of 10.88 million yuan, effectively ensuring the safety of employees (million)	10.88	9.61
Coverage rate (%)	100	100



In daily operations, we conduct systematic identification and assessment of the occupational safety risks faced by employees through regular in-store inspections by district directors and store managers. Our inspection content covers key links such as chemical handling, drug handling, and equipment operation, and also pays attention to environmental safety hazards such as noise, dust, slippery floors, messy wires, and blocked fire exits. Through continuous monitoring and dynamic tracking, we can timely identify potential risk points and provide a basis for subsequent risk prevention and control. Based on the risk identification and assessment, we comprehensively implement multi-level occupational safety risk prevention and control measures from four dimensions: system construction, hardware protection, skill training, and emergency response.

Occupational health and safety risk prevention and control system

Emergency response plan system	Compile and implement the "Production Safety Accident Emergency Response Plan", conduct a comprehensive identification and analysis of the Company's potential risk factors, clarify the types of accidents and hazard levels, and formulate targeted preventive measures and disposal procedures to ensure that risks are controllable.
Basic safety protection	Focus on the safety hazards in the front-line of production and operation, clarify and strictly implement the basic protection standards for fire prevention, theft prevention, and accident prevention; standardize the operating procedures of equipment such as balers and slicers, and strictly abide by the safety principle of "power off first, then operate" to build a solid safety defense line for equipment operation.
Occupational hazard control	For specific occupational health risks such as food toxin residues, heavy metal and dust exposure, and noise pollution, formulate and implement special protection measures to reduce occupational hazards at the source.
First-aid ability training	Equip standardized first-aid kits in all workplaces and carry out occupational health and safety training, focusing on popularizing first-aid skills such as cardiopulmonary resuscitation (CPR), artificial respiration, and the Heimlich maneuver to improve the self-rescue and mutual-rescue ability of all employees.
Practical emergency drills	Regularly hold fire drills and safety accident emergency drills every year. Through practical simulations and after-action reviews, continuously improve employees' emergency response ability and team cooperation level, and comprehensively strengthen the Company's overall safety protection resilience.

We also attach importance to the mental health of employees and are committed to creating a healthy workplace ecosystem that emphasizes both physical and mental well-being. Around the mental health needs of employees, we have launched multi-dimensional care and support measures to help them actively cope with the stress generated in work and life in a way that takes care of both body and mind, enabling employees to engage in work in a more positive and balanced state.

Mental health support initiatives

Mental health monitoring	Multi-mode training	Digital science popularization	Employee Assistance Program (EAP)
Provide mental health check-ups for all employees to help them understand their own mental state in a timely manner.	We offer both offline and online mental health lectures to suit the learning needs of employees with different work schedules.	Through the self-developed "Yi Family" app, we regularly publish mental health science popularization articles every month.	We implement the Employee Assistance Program (EAP) to provide Employees with confidential professional psychological counseling services.



Co-Creating Green and Sustainable Horizons


Yifeng Pharmacy is committed to integrating environmental protection responsibilities into the entire cycle of enterprise operations. We continuously improve energy utilization efficiency, strengthen Climate Resilience construction, strictly control resource consumption and pollution emissions, and actively contribute to sustainable development. We emphasize strict management of waste gas, wastewater, and waste emissions. Through effective waste management methods, we ensure compliance with emissions regulations to minimize the negative environmental impact of the Company's operations. In 2025, we took practical actions to promote the sustainable development of the economy and society. During the Reporting Period, the Company did not receive any major administrative penalties from relevant environmental departments or be held criminally liable due to environmental incidents.

Deepening Energy Management and Addressing Climate Change

Yifeng Pharmacy is committed to improving energy use efficiency to make the greatest possible contribution to environmental protection. We strictly abide by laws and regulations such as the Environmental Protection Law of the People's Republic of China and have established a sound management system for energy and carbon emissions, providing a solid institutional guarantee for green operations.


Energy Utilization Control

In line with the Company's development strategy and green operation vision, we have set the following energy management goals for 2025:



Energy management goals

- **All** industrial parks are required to be equipped with supporting photovoltaic(PV) facilities.



Progress of energy management goals (achieved)

- All parks shall achieve **100%** coverage of supporting PV facilities, with a self-consumption rate of at least 60% by 2025.

Energy-saving and carbon-reduction measures

Stores

- Promote the full coverage of energy meters in stores to collect and monitor energy data in real time, and consolidate the data foundation for refined energy management.
- Implement a time-sharing lighting control strategy. Use an intelligent control LED lighting system during non-peak business hours to improve lighting energy efficiency and avoid ineffective losses.
- Implement air-conditioning energy-saving renovations and deploy an intelligent temperature control system to achieve dynamic operation adjustment based on room temperature and create a comfortable and low-carbon operating environment.

Offices

- Increase the scale of photovoltaic installation in the park. The cumulative self-generated electricity has reached 4.8 million kWh, equivalent to reducing approximately 2,500 tons of carbon dioxide emissions.
- As of the end of the Reporting Period, the headquarters office area of the Company has achieved 100% photovoltaic power generation, effectively optimizing the Company's energy consumption structure while saving electricity costs.
- Carry out waste heat recovery renovations. Install heat recovery devices in the canteen facilities to preheat the incoming water using the waste heat from wastewater and steam, reducing heating energy consumption.
- Strictly implement green procurement standards and give priority to purchasing electrical equipment with high energy efficiency ratings to improve the energy efficiency level from the source.

Logistics centers and warehouses

- Deploy intelligent warehouse electricity meters to dynamically monitor the electricity load and explore the potential for energy conservation and consumption reduction.
- Implement energy-saving renovations for warehouse lighting and apply photovoltaic power lighting systems to improve environmental protection benefits.
- Carry out energy-saving publicity activities and post energy-saving signs in the warehouse area to enhance the energy-saving awareness of all employees.

During the Reporting Period, the consumption and density of various types of energy of the Company are as shown in the following table:

Energy consumption	Unit	2025	2024
Total energy consumption	Tons of standard coal	26,958.16	26,055.34*
Energy consumption density	Tons of standard coal / million yuan	1.10	1.08
Consumption of non-renewable fuels (direct)	Tons of standard coal	494.20	470.18*
Consumption of pipeline natural gas	Tons of standard coal	156.08	169.87*
Total gasoline consumption	Tons of standard coal	218.87	206.08
Total diesel consumption	Tons of standard coal	119.25	94.23
Consumption of renewable fuels (direct)	Tons of standard coal	446.23	87.81
Photovoltaic power generation ³	Tons of standard coal	446.23	87.81
Consumption of purchased energy (indirect)	Tons of standard coal	26,017.73	25,497.35
Electricity consumption	Tons of standard coal	26,017.73	25,497.35

*During the reporting period, the Company comprehensively upgraded its ESG data governance mechanisms, systematically strengthening the verification processes for underlying data, the definition of accounting boundaries, and standardized conversion rules. In accordance with the principles of accuracy and objectivity, the Company has retrospectively restated certain historical data for the 2024 fiscal year (indicators marked with *) to ensure the accuracy and comparability of the information across reporting periods.

3. In 2025, the Company continued to promote the use of clean energy and actively developed solar power projects.

Addressing Climate Change

Facing the challenges brought by global warming and frequent extreme weather, we actively respond to the national "dual carbon" goal and take the initiative to assume the responsibility of addressing climate change. We manage and disclose climate-related matters from four dimensions: governance, strategy, Risk Management, and indicators and targets.

• Governance

We have established a sound ESG governance framework and clarified the responsibilities of each level in climate change management. The Board of Directors of the Company is responsible for overseeing matters related to the Company's sustainable development impacts, risks, and opportunities. A Strategy and Sustainability Committee is established under the Board of Directors to be responsible for formulating the climate strategy and monitoring the progress of climate targets, and identifying climate-related risks and opportunities. The senior Management of the Company formulates and evaluates the progress, impacts, risks, and opportunities of climate targets. All business and functional departments, as well as branches and subsidiaries, ensure the effective implementation of work plans and execution plans to enhance the Company's ability to address climate change.

• Strategy

Going forward, we will gradually integrate climate-related considerations into the Company's overall development planning, explore and sort out the potential impacts of climate-related factors on our business model. We also plan to conduct climate risk-related assessment work in a timely manner based on actual operational conditions, and continuously enhance our adaptive capacity to climate change.

Climate change-related risks and response measures

Risk category		Potential impact	Response measures	Adaptability ⁴
Physical risks	Acute	Sudden heavy rain or flash floods may cause damage to infrastructure.	<ul style="list-style-type: none"> Develop an emergency plan for extreme weather and clarify the work responsibilities and response measures of relevant departments and personnel. Purchase relevant property insurance to avoid significant impacts on the Company's operations caused by potential financial losses. Upgrade and renovate infrastructure such as stores and warehouses to improve their flood prevention and disaster resistance capabilities. By optimizing the supply chain layout, establishing diversified supply channels and a flexible logistics and distribution system, we can quickly adjust and respond when the supply chain is interrupted due to extreme weather, ensuring the stable supply of drugs. This helps to improve the resilience and reliability of the supply chain and enhance customer trust. Use digital technology to monitor and provide early warnings for the status of key facilities such as stores and warehouses in real-time, and take timely countermeasures. At the same time, optimize inventory management and order processing processes through digital means to reduce inventory backlogs and order delays caused by extreme weather and improve operational efficiency. 	High
	Chronic	Global warming and sea-level rise may affect coastal stores and warehouses, and reduce the work efficiency of store employees.		High
Transition risk	Policies and laws	Regulatory authorities have increased requirements for the disclosure of greenhouse gas-related information.	<ul style="list-style-type: none"> Always maintain a high level of attention to newly issued compliance documents, timely identify and conduct in-depth analysis of the compliance requirements therein, clarify the compliance disclosure matters that the Company must abide by, and ensure the effective implementation of these information disclosure tasks. 	Medium
	Technology	The transformation to low-carbon technology will increase operating costs in the short term.	<ul style="list-style-type: none"> Develop and apply low-carbon and energy-saving technologies to improve operational efficiency and product quality, and bring new economic growth points and competitive advantages. 	Medium
	Market	Consumers tend to purchase drugs with low-carbon production and environmentally friendly packaging. The change in consumption preferences may lead to a decline in the demand for certain types of products.	<ul style="list-style-type: none"> Increase the emphasis on and investment in the green production of drugs and environmentally friendly packaging, and convey the latest market consumption trends and preferences to suppliers. 	Medium
	Reputation	If carbon emission reduction management is not in place and has a negative impact on the climate and environment, it may damage the Company's reputation.	<ul style="list-style-type: none"> Strengthen internal management and data collection capabilities, establish a sound environmental management system, and improve management levels and operational efficiency. 	Medium

Climate change-related opportunities and response measures

Opportunities	Impact	Response measures	Adaptability ⁴
Market	With the global emphasis on the low-carbon economy and green development, the market and customers' demand for green products is increasing.	<ul style="list-style-type: none"> Meet the market and customers' demand for green products, and expand business areas and market share. Increase the proportion of renewable resource use in the future when feasible. 	Medium
Brand	It can establish a good corporate image, demonstrate our emphasis on environmental protection and sustainable development, help enhance brand value, and strengthen the trust and support of consumers and investors.	<ul style="list-style-type: none"> Actively respond to regulatory requirements, proactively disclose Greenhouse Gas Emissions information, and take effective carbon emission reduction measures. 	Medium
Finance	Low-interest funds can be obtained through loans linked to sustainable development.	<ul style="list-style-type: none"> Set Sustainable Development Management goals and carry out relevant work to obtain low-interest loans from financial institutions. 	Low

4. Adaptability encompasses considerations such as the time horizon of climate-related risks, the alignment with corporate strategic plans and resource allocation, and projections regarding the probability and intensity of extreme weather events.

To mitigate and adapt to the impacts of climate change from the source, we have formulated a carbon emission reduction plan covering the entire value chain of drug procurement, production, transportation, sales and Waste treatment to reduce the carbon footprint in an all-round way. At the same time, we have set up a special fund amounting to exceed RMB 300 million for Addressing climate change, focusing on supporting Heng Xiu Tang's climate transition investment (the digital decoction piece factory), the procurement of new energy vehicles for the logistics fleet and other measures, injecting core impetus into the Company's green and low-carbon transformation and continuously strengthening its sustainable development competitiveness.

Drug procurement	Production and operation (covering all factories)	Transportation and logistics	Store operations (covering most stores and distribution centers)
<ul style="list-style-type: none"> Incorporate indicators such as recyclable packaging of core products into the supplier access evaluation system, and implement the survival-of-the-fittest principle. Collaborate with industry partners to empower raw material suppliers' low-carbon transformation, share green procurement experience and technology, and improve the low-carbon level of the industry's overall supply chain. Implement a localized procurement Strategy to shorten the transportation radius, reduce carbon emissions in the logistics link, and build a low-carbon supply chain. Give priority to purchasing products from Chinese herbal medicine planting bases certified by GAP. 	<ul style="list-style-type: none"> Carry out energy-efficiency upgrades and renovations of production equipment, introduce energy-saving processes and optimize the production line layout to reduce production energy consumption. Continuously optimize the energy structure by deploying distributed photovoltaic power generation systems on the factory roof to increase the proportion of renewable energy use. The digital decoction piece factory, which was invested RMB 300 million to build, adopts advanced technologies such as numerical control medicine cutting machines and heat pump drying equipment, and introduces the low-temperature spray drying process. Compared with traditional processes, it reduces energy consumption by more than 30%. Fully promote degradable packaging materials, streamline the printing process, and avoid over-packaging. 	<ul style="list-style-type: none"> Rely on the advanced logistics management system driven by AI to implement dynamic route planning, optimize the transportation network, reduce transportation distance and frequency, and lower carbon emissions in logistics. Scientifically dispatch to improve vehicle loading rate and effectively reduce the empty load rate. Increase the investment in new energy logistics vehicles, accelerate the promotion of new energy transportation fleets, and introduce multiple enterprises with new energy vehicles for urban distribution to reduce exhaust emissions in the logistics and transportation links. Encourage carriers to use new energy vehicles to ensure business operations. Collaborate with logistics partners to promote recyclable packaging boxes and reduce the consumption of disposable cartons. Fully apply technologies such as energy-saving lighting in the warehousing link, and reduce overstock losses through optimized inventory management to lower the carbon footprint of warehousing. 	<ul style="list-style-type: none"> Fully promote the energy-saving renovation project of stores and distribution centers. Through measures such as replacing energy-saving lamps and installing energy-saving air conditioners, reduce operational energy consumption. Promote the use of degradable and recyclable green packaging to reduce waste generation and carbon emissions at the source. Strengthen the refined energy management of stores, deploy an intelligent energy management system to monitor and optimize energy efficiency in real time, and avoid energy waste. Carry out green consumption advocacy activities to raise customers' awareness of environmental protection, encourage them to bring their own shopping bags and reduce the use of disposable packaging, and jointly build a low-carbon consumption ecosystem.

To deepen carbon emission management, we sort out the product catalog, formulate and implement a product carbon footprint assessment plan, and clarify the assessed products, their production stages, and emission reduction paths. We will continuously expand the assessment coverage and improve the depth and breadth of carbon footprint management.

Heng Xiu Tang integrates ecological design into daily operations.

Heng Xiu Tang conducts product ecological design in accordance with GB/T 24256-2009 "General Rules for Product Ecological Design". Through technological upgrading, supply chain collaboration, and management system optimization, it achieves resource conservation and environmental friendliness. In addition, Heng Xiu Tang conducts self-evaluations of green products such as wine-processed Polygonatum sibiricum according to GB/T 32161-2015 "General Rules for the Evaluation of Ecological Design Products", and meets the evaluation standards for green products (ecological design products) in the four categories of resources, energy, environment, and product attributes.

At the same time, we solidly promote energy-saving and emission-reduction work, carry out diversified energy-saving publicity activities, popularize the low-carbon concept among employees, and advocate green office and lifestyle.

Risk Management

In terms of climate risk management, we collaborate with professional institutions to conduct risk identification and assessment, and incorporate it into the Company's overall risk management framework. By regularly monitoring data, tracking climate impacts, and evaluating the effectiveness of management strategies, the Company will continuously improve the closed-loop management process to ensure that climate risks are controllable and manageable.

Indicators and Goals

We actively respond to the country's "3060" dual-carbon goals and take them as long-term strategic guidelines. The Company will continuously improve the carbon emission data management system, scientifically set phased sustainable development goals, and continuously strengthen the disclosure transparency of key indicators such as Greenhouse Gas Emissions.

Goals for Addressing climate change:

80% of distribution services use new energy vehicles.

Progress of goals for Addressing climate change

As of the end of 2025

a total of **305** new energy vehicles were used to perform **17,000** distribution tasks, accounting for about **40%** of the total distribution services.

60% of new energy distribution vehicles were deployed in six major logistics hubs. The carbon emissions per single-trip transportation were reduced by **35%**, and the annual diesel consumption was reduced by **12,000 tons**.

In 2025, the emissions and densities of various greenhouse gases of our Company are as shown in the following table:

Greenhouse Gas Emissions ⁵	Unit	2025	2024
Total greenhouse gas emissions (Scope 1 and Scope 2)	Tons of carbon dioxide equivalent	113,406.20	112,334.11*
Greenhouse gas emission density	Tons of carbon dioxide equivalent per million yuan	4.64	4.67
Greenhouse Gas Emissions (Scope 1) ⁶	Tons of carbon dioxide equivalent	1,079.06	1,008.85*
Greenhouse Gas Emissions (Scope 2) ⁷	Tons of carbon dioxide equivalent	112,327.15	111,325.27

In the future, we will continue to monitor physical risks such as frequent extreme weather events, as well as transition risks such as policy changes caused by climate change. Through strategies like establishing a comprehensive climate change management system and a Risk Management framework and exploring opportunities for green energy use, we aim to comprehensively enhance the Company's resilience in Addressing climate change.

- The operational control method is adopted for the consolidation of greenhouse gas emissions. The Company calculates the greenhouse gas emissions generated by its own operations and those of its subsidiaries over which it holds operational control. The denominator of the greenhouse gas emission density is the operating revenue during the Reporting Period.
- The assessment of carbon emissions during the transportation and logistics stages has been included in the calculation of Scope 1. The greenhouse gas emissions in Scope 1 mainly come from the direct greenhouse gas emissions generated by the consumption of fossil fuels in the Company's operation and production processes, including natural gas, gasoline, and diesel. Among them, the emission factors refer to the Environmental Key Performance Indicator Reporting Guidelines of the HKEX and China's Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Public Building Operation Enterprises (Trial), and the calorific value coefficients refer to China's Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Public Building Operation Enterprises (Trial). The Global Warming Potential values refer to the IPCC Global Warming Potential Values.
- The assessment of carbon emissions from production operations, distribution and store operations has been included in the calculation of electricity consumption and Scope 2. Scope 2 greenhouse gas emissions mainly result from the purchased electricity for the Company's production and operation, as well as that used in the distribution centers and pharmacies. Among them, the location-based grid emission factor refers to the value of 0.5306 tons of carbon dioxide equivalent per megawatt-hour in the Announcement on Releasing the Electricity Carbon Dioxide Emission Factors in 2023 of China.

Strengthening Resource Recycling and Pollution Prevention

Yifeng Pharmacy strictly adheres to laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and is committed to minimizing the environmental impact of waste through responsible management. During the Reporting Period, the Company did not face any major administrative penalties or criminal liabilities due to Pollutant discharge.

The waste generated during the Company's operations mainly includes expired drugs, domestic wastewater, and logistics packaging waste. To strengthen waste management and promote the development of circular economy, we have set the following management goals:

Hazardous waste management goals

- The recovery rate of expired drugs reaches **100%**

Progress of hazardous waste management goals

By 2025, the recovery rate of expired drugs will reach **100%**

Non-hazardous waste management goals

- Compared with 2024, the generation of office waste in 2025 will decrease by **20%** year-on-year
- Promote the use of recyclable or degradable packaging materials
- The recycling rate of plastic barrels, plastic turnover boxes and plastic pallets reaches **100%**

Progress of non-hazardous waste management goals

Compared with 2024, the generation of office waste in 2025 decreased by **34%** year-on-year

At least **99.9%** of the packaging boxes for self-owned brand pharmaceuticals were made of environmentally friendly packaging materials.

The recycling rate of plastic barrels, plastic turnover boxes and plastic pallets reached **100%**

Our key Waste treatment methods and measures taken for waste reduction goals are as follows:



Expired drug recovery

- Drug recovery requires internal review by the Company
- Set up a dedicated drug return area, and the stores will return expired drugs to the corresponding warehouse of the Company
- A third-party company with professional qualifications will uniformly recycle the expired drugs stored in the Company's dedicated warehouse



Discarded carton recovery

- All discarded cartons are disposed of by third-party recycling agencies, with a proper disposal rate of **100%** and a recovery rate of over **98%**



Food waste

- Kitchen waste is disposed of by an external professional third-party unit
- Office waste is thrown into the domestic waste bin and collected and processed by the environmental sanitation department

In 2025, we will cooperate with logistics companies to use recyclable packaging boxes, reducing the consumption of **800,000 cartons**.

8. Drug recycling refers to the recycling of drugs by Yifeng Pharmacy to a third-party company with professional qualifications or returning them to the pharmaceutical factory for unified and specialized disposal.

In 2025, our material usage is as shown in the following table:

Material usage ⁹	Unit	2025	2024
Materials used ¹⁰	Tons	3,262.33	2,720.50
Density of materials used	Tons per million yuan	0.13	0.11

In 2025, our exhaust gas emissions and density are as shown in the following table:

Exhaust gas management	Unit	2025	2024
Total exhaust gas emissions	Kilograms	1,322.48	1,157.68*
Exhaust gas emission density	Kilograms per million yuan	0.05	0.05
Nitrogen oxides (NO _x)	Kilograms	1,222.01	1,074.27*
Sulfur oxides (SO _x)	Kilograms	4.51	4.01
Particulate matter	Kilograms	95.95	79.40

In 2025, our solid waste emissions and density are as shown in the following table:

Solid waste emissions ¹¹	Unit	2025	2024
Total hazardous waste	Tons	261.52	201.60*
Hazardous waste density	Tons per million yuan	0.01	0.008*
Total amount of harmless waste	Tons	6,284.70	6,755.42
Density of harmless waste	Tons per million yuan	0.26	0.28



In addition, we have established and improved a full-process risk management system for environmental incidents, regularly carried out environmental risk assessment work, systematically identified various potential environmental risks, and formulated and implemented targeted risk prevention and control measures to reduce the probability of environmental incidents from the source. We have also strictly followed the requirements of the "Guidelines for Compiling Production Safety Accident Emergency Plans of Production and Business Operation Entities" (GB/T 29639-2013), established a special compilation team, comprehensively analyzed the Company's environmental risk factors, clarified the types and degrees of harm of possible environmental incidents, and formulated corresponding preventive measures based on the characteristics of the hazard sources. At the same time, we objectively evaluated the Company's internal emergency response capabilities, surveyed and sorted out the available social emergency resources, and compiled the emergency plan for environmental emergencies on the basis of fully soliciting the opinions of relevant departments and personnel at all levels, providing comprehensive institutional support and operational guidance for the rapid and effective handling of sudden environmental incidents.

9. The denominators for the material usage intensity, waste gas emission intensity, hazardous waste intensity, non-hazardous waste intensity and water resource consumption intensity are all the operating income during the Reporting Period.
10. Materials used mainly include packaging cartons, plastic barrels, plastic turnover boxes and plastic pallets.
11. Hazardous waste mainly includes waste drugs and medicines; non-hazardous waste mainly includes general office waste, traditional Chinese medicine waste dregs (without toxic substances) and waste cartons.

Optimize Water Resource Utilization Efficiency

Yifeng Pharmacy implements a scientific water resource management strategy, strictly implements the water conservation system, and comprehensively improves utilization efficiency. The Company's water sources all come from the municipal pipe network, so there is no risk of water intake difficulties. We continuously optimize the water use structure and process by setting water conservation goals and conducting regular monitoring and analysis.

In 2025, we have set the following water resource management goals:

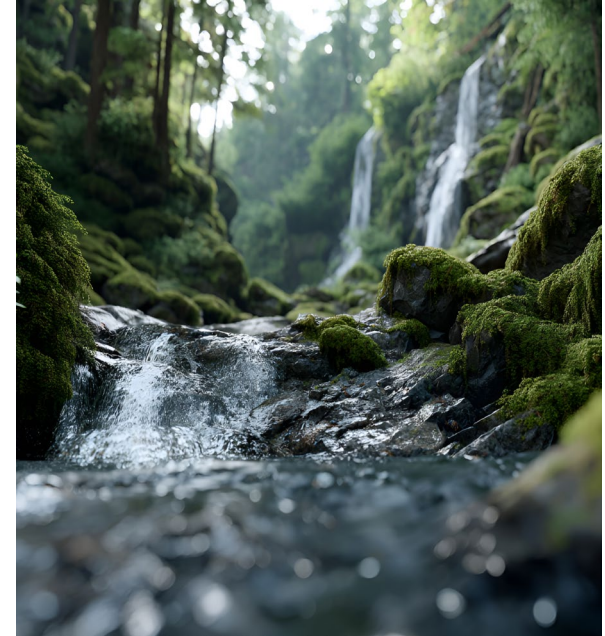
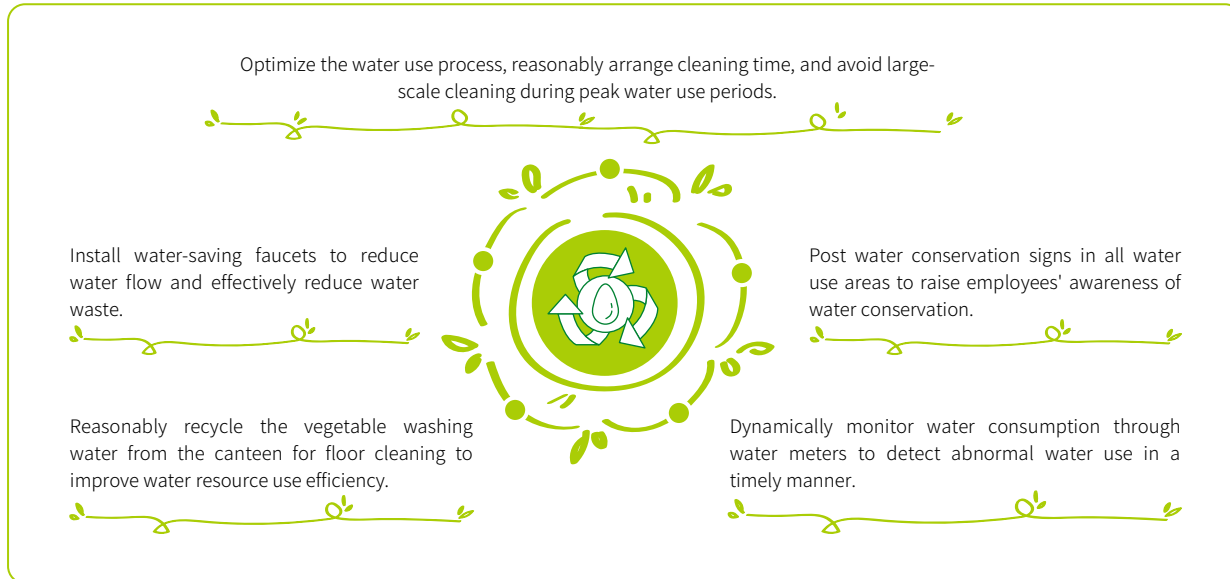
Water resource management goals

Compared with 2024, the water consumption in 2025 will decrease by **10%** year-on-year.

Progress of water resource management goals

Compared with 2024, the water consumption in 2025 has decreased by **8%** year-on-year.

In 2025, our key measures for water resource management are as follows:



In 2025, the total water consumption and density of our Company are as shown in the following table:

Water Consumption	Unit	2025	2024
Total water resource consumption	Tons	779,192.50	843,953.30*
Water resource consumption density	Tons/million yuan	31.89	35.07*

Appendix: Report Index Table

Guidelines for Sustainability Report	GRI Standards ¹²	Corresponding Chapters	Explanation
/	GRI 2: General Disclosures 2021	About the Report About Us	/
/	GRI 3: Material Topics 2021	Sustainable Development Management	/
Addressing climate change	GRI 201: Economic Performance 2016 GRI 302: Energy 2016 GRI 305: Emissions 2016	Deepening Energy Management and Addressing Climate Change	During the Reporting Period, the Company did not involve the use of Carbon Credits, did not participate in carbon emission trading, and did not participate in the national voluntary greenhouse gas emission reduction projects and certified voluntary emission reductions (CCER) or other emission reduction mechanisms.
Pollutant discharge	GRI 305: Emissions 2016 GRI 306: Effluents and Waste 2016	Strengthening Resource Recycling and Pollution Prevention	During the Reporting Period, neither the Company nor its important holding subsidiaries were included in the list of enterprises required to disclose environmental information according to law; no major leakage incidents occurred.
Waste treatment	GRI 306: Effluents and Waste 2016 GRI 306: Waste 2020	Strengthening Resource Recycling and Pollution Prevention	/
Ecosystem and biodiversity protection	GRI 304: Biodiversity 2016	/	During the Reporting Period, the Company's operating points and their surroundings that it owns, leases, or manages are not located within the ecological protection red line, key terrestrial or marine ecological function areas, nature reserves, or other areas with important ecological functions or ecological sensitivity and vulnerability. The Company's products and services have a low impact on and dependence on ecosystems, biological species and their habitats, and biological genetic resources. Therefore, it is assessed that the Company's production and business activities will not have a significant impact on ecosystems or biodiversity.
Environmental management compliance	GRI 2: General Disclosures 2021	/	During the Reporting Period, the Company did not experience any major environmental incidents, nor was it subject to any major administrative penalties from relevant environmental protection departments or held criminally liable due to environmental incidents.
Energy utilization	GRI 302: Energy 2016	"Deepening Energy Management and Addressing Climate Change"	/
Water resources utilisation	GRI 303: Water and Effluents 2018	"Optimizing Water Resources Utilization Efficiency"	/
circular economy	GRI 301: Materials 2016	"Strengthening Resource Recycling and Pollution Prevention"	/

12. The Company reported the information cited in this index from January 1, 2025 to December 31, 2025 with reference to the GRI Standards and using the GRI 1: Foundation 2021.

Guidelines for Sustainability Report	GRI Standards	Corresponding Chapters	Explanation
Rural Revitalization	GRI 203: Indirect Economic Impacts 2016	"Enhancing People's Well-Being"	/
Social Contribution	GRI 413: Local Communities 2016	"Enhancing People's Well-Being"	/
Innovation-driven development	/	"Deepening Digital Intelligence Empowerment"	/
Technology Ethics	/	/	During the Reporting Period, the Company did not engage in scientific research, technological development, or other activities in sensitive areas of technology ethics such as life sciences and artificial intelligence.
Supply Chain Security	GRI 204: Procurement practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016	"Regulating Channels for Medicines"	/
Equal treatment to small and medium-sized enterprises	/	/	At the end of the Reporting Period, the Company and its controlled subsidiaries did not have accounts payable (including notes payable) balances exceeding RMB 30 billion or accounting for more than 50% of total assets. The Company and its controlled subsidiaries did not publicly disclose information on overdue payments to small and medium-sized enterprises through the National Enterprise Credit Information Publicity System.
Product and Service Safety and Quality	GRI 416: Customer Health and Safety 2016 GRI 417: Marketing and Labeling 2016	"Health Sustainability Framework" "Strictly Controlling Drug Quality" "Improving Service Quality"	/
Data security and customer privacy protection	GRI 418: Customer Privacy 2016	"Ensuring Information Security"	/
Employees	GRI 202: Market Presence 2016 GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016	"Standardizing Employment Management" "Protecting Employees' Rights and Interests" "Deepening Caring Communication" "Protecting Occupational Health" "Improving the Training System"	/

Guidelines for Sustainability Report	GRI Standards	Corresponding Chapters	Explanation
Due diligence	GRI 2: General Disclosures 2021	"Double materiality assessment"	/
Stakeholder Communication	GRI 2: General Disclosures 2021	"Stakeholder Communication" "Improving the Governance System"	/
Anti-Commercial Bribery and Anti-Corruption	GRI 205: Anti-corruption 2016	"Building a Solid Compliance Defense"	/
Anti-unfair competition	GRI 206: Anti-competitive Behavior 2016	"Building a Solid Compliance Defense"	/
/	GRI 207: Tax 2019	/	The Company strictly complies with tax laws and regulations in the places where it operates and fulfills its tax obligations in accordance with the law. Given that detailed country-by-country tax reports and tax governance strategies involve trade secrets and competition-sensitive information, the Company only discloses data such as the total annual tax payment in the "2025 Annual Report".
/	GRI 402: Labor Relations 2016	/	The Company strictly complies with the Labor Contract Law of the People's Republic of China and relevant local regulations. For major operational changes that affect employees' vital interests, the Company fulfills democratic procedures and notification obligations in accordance with the law. Since the specific notice period depends on the nature of the change (such as organizational restructuring and job changes) and legal requirements, a unified and quantifiable minimum notice period indicator has not been set for the time being.
/	GRI 407: Freedom of Association and Collective Bargaining 2016	/	The Company strictly abides by the Trade Union Law of the People's Republic of China, establishes trade union organizations in accordance with the law and conducts collective negotiation work to effectively safeguard the democratic rights of employees. The association and negotiation mechanisms in the Company's operating environment are all implemented within the framework of national laws, and there are no operational risks of violating the right to freedom of association.
/	GRI 410: Security Practices 2016	/	As a pharmaceutical retail enterprise, the Company's main operating places are pharmacies and logistics centers, with extremely low security risks. The security of stores mainly relies on the shopping mall property or the public security system; the security of the logistics park is mainly responsible for asset protection and is Not involved in high-risk human rights law enforcement scenarios. After a materiality assessment, this issue is not a core ESG issue for the Company.
/	GRI 411: Rights of Indigenous Peoples 2016		All the Company's business activities are located in regular commercial areas, Communities or industrial parks, and the business operations are Not involved in the occupation of indigenous people's land or the infringement of indigenous people's rights. This indicator has no relevance to the Company's current business model and operating regions.



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