



# 2025 Environmental, Social and Governance (ESG) Report

HUADONG MEDICINE

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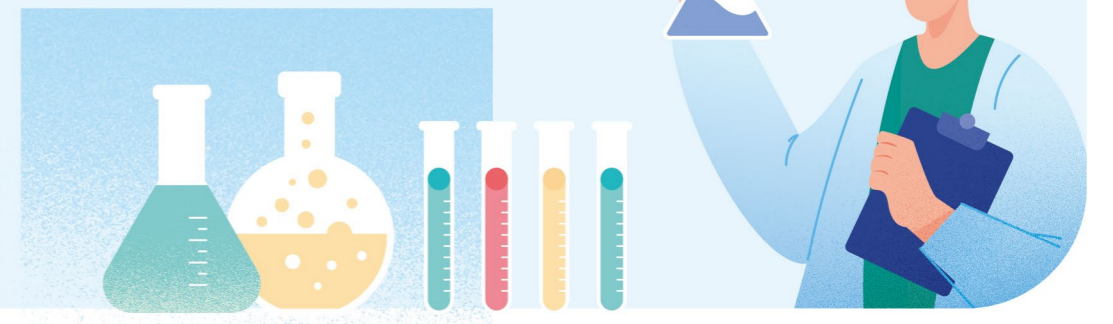
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华东医药  
HUADONG MEDICINE



# About This Report

## Introduction



This is the 2025 Environmental, Social and Governance (ESG) Report issued by Huadong Medicine Co., Ltd. This report is prepared to elaborate the Company's practices and performance in sustainable development, social responsibility fulfillment and other aspects, to respond to the expectations and demands of our stakeholders. This report intends to disclose the Company's key work and achievements in respect of environmental protection, social responsibility fulfillment and corporate governance, among others, in an objective, normative, transparent and all-inclusive manner.

## Reporting Period



This report covers the period from January 1, 2025 to December 31, 2025. To improve the comparability and completeness, some sections of this report may extend beyond the reporting period.

## Reporting Scope



The contents of this report relate to Huadong Medicine Co., Ltd. and its subsidiaries. Unless otherwise specified, the scope of this report is consistent with that of the Company's Annual Report.

## Appellation Description



To enhance clarity of this report, the references "Huadong Medicine", "the Company" or "We" are used instead of consistently using the formal "Huadong Medicine Co., Ltd.".

Shortened Form	Full Name
Huadong Medicine/the Company/We	Huadong Medicine Co., Ltd.
Zhongmei Huadong	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.
Jiangdong Company	Hangzhou Zhongmei Huadong Pharmaceutical Jiangdong Co., Ltd.
Jiangsu Joyang	Jiangsu Joyang Laboratories Co., Ltd.
Xi'an Bodyguard	Huadong Medicine (Xi'an) Bodyguard Pharmaceutical Co., Ltd.
Jiuzhou Pharmaceutical/ Shaanxi Jiuzhou	Shaanxi Jiuzhou Pharmaceutical Co., Ltd.
Doer Biologics	Zhejiang Doer Biologics Co., Ltd.
Meihua Hi-Tech	Anhui Meihua Hi-Tech Pharmaceutical Co., Ltd.

Shortened Form	Full Name
Wuhu Huaren	Wuhu Huaren Science and Technology Co., Ltd.
Magic Health	Hubei Magic Health Technology Co., Ltd.
Huadong Guizhou	Huadong Medicine (Guizhou) Pharmaceutical Co., Ltd.
Nanjing Nongda Animal Pharmaceutical	Jiangsu Nanjing Nongda Animal Pharmaceutical Co., Ltd.
Huida Biotech	Zhejiang Huida Biotech Co., Ltd.
Bailing Health	Bailing Health Science (Hangzhou) Co., Ltd.
Sinclair	Sinclair (Shanghai) Medical Treatment Technology Co., Ltd.
Supply Chain Management (Hangzhou) Company	Huadong Medicine Supply Chain Management (Hangzhou) Co., Ltd.

## Data Sources and Reliability Statement



All information and data referenced in this report are sourced exclusively from official documents, statistical reports and financial statements of Huadong Medicine, as well as information related to sustainable development practices gathered, consolidated and audited across various functional departments and business units within the Company. The Board of Directors of the Company hereby undertakes that this report contains no false records or misleading statements, and takes responsibility for the truthfulness, accuracy, and completeness of its contents. In the meantime, unless otherwise specified, all amounts in this report are expressed in RMB.

## Preparation Basis



This report is prepared in accordance with the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)* (hereinafter referred to as the "Shenzhen Stock Exchange Guidelines"). Meanwhile, the report refers the *Sustainability Reporting Standards (GRI Standards)*, and also responds to the United Nations Sustainable Development Goals (SDGs), the *Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report*, and the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* issued by the China Social Responsibility 100 Forum (ESG Expert Committee), based on the results of the Company's materiality analysis.

## Access



This report includes both Chinese and English versions. It is available for download at the website of Shenzhen Stock Exchange (<http://www.szse.cn>) or the Company's official website (<https://www.eastchinapharm.com/>), where you can find further insights about the Company.

## Feedback



Email: [ir@eastchinapharm.com](mailto:ir@eastchinapharm.com)  
 Tel: 0571-89903388 (Switchboard)  
 0571-89903300 (Investor Hotline)



## Message from the Chairman



**Lv Liang**

Chairman of Huadong Medicine Co., Ltd.

“

In 2025, facing the accelerated iteration of the global pharmaceutical industry, Huadong Medicine Co., Ltd. anchored the main line of high-quality development and forged ahead in the fierce market tide. We adhere to the noble mission of "serving public health" and internalize and externalize the core values of "benefiting mankind, integrity, persistence and pragmatism". The Company continues to implement the corporate philosophy of "Scientific Research-Based and Patient Centered", striding forward towards the vision of "becoming a globally renowned pharmaceutical powerhouse driven by scientific research and innovation". Guided by forward-looking strategic layout, we lead the steady growth of the enterprise and continuously inject solid strength into the global cause of life and health.

”

**Forge ahead with determination and strengthen core advantages.** The Company demonstrated steady performance across all four of its business segments—pharmaceutical industry, pharmaceutical business, aesthetic medicine, and industrial microbiology—driving continuous enhancement of its core competitiveness. Particularly in innovative drug R&D, leveraging a diversified innovation system, the Company has deepened its efforts in three core therapeutic areas—oncology, endocrinology, and autoimmunity—achieving remarkable breakthroughs. Innovative drugs such as Mifanertinib Maleate Tablets and Relmapirazin Injection have been successively approved for market launch, further enriching the differentiated innovative product portfolio. Meanwhile, we actively embrace cutting-edge technology, promote the deep integration of artificial intelligence technology with R&D processes, and successfully obtained approval for the construction of a provincial key laboratory, marking a new level of the Company's technological innovation and industrial transformation capabilities in the field of metabolic diseases.

**Uphold pragmatism and consolidate the foundation for development.** The Company fully integrates the concept of sustainable development into strategic decision-making and daily operations, relying on a sound three-tier ESG *governance structure* to ensure the efficient implementation of various work and respond to stakeholder concerns. We continuously optimize corporate governance efficiency, upgrade the comprehensive risk and compliance management system, and regularly carry out business ethics audits and integrity culture construction to safeguard the enterprise's strong operational resilience in a complex and changing environment.

**Respect the natural ecology and practice green and low-carbon development.** To actively address the challenges of climate change, we coordinate the promotion of energy conservation and emission reduction and the green transformation of energy structure, continuously deploy distributed photovoltaic projects, and strive to improve energy efficiency through technological transformation and process optimization. Meanwhile, we strictly implement the whole-process refined control of three wastes (wastewater, waste gas and solid waste), continuously improve water resource recycling and waste resource utilization, and are committed to depicting a beautiful picture of harmonious coexistence between the enterprise and the ecological environment with a greener operation model.

**Adhere to rigor and pursuit of excellence, and defend the quality bottom line.** The Company has built a full-life-cycle quality control network covering preclinical R&D to marketing and circulation, and empowers quality monitoring and early warning through a digital platform. We follow authoritative domestic and international quality system standards, deepen the systematic management

of pharmacovigilance, and fulfill the safety commitment to patients with strict quality control standards. In addition, we continuously upgrade the supplier full-life-cycle management and supply chain risk control mechanism, and work with partners in the industrial chain to build a stable, transparent and resilient sustainable supply chain ecosystem.

**Practice mutual assistance and activate the talent engine.** The Company actively practices the concept of equal, diverse and inclusive employment, and continuously improves the dual-channel career development path and precise talent training system. We fully upgrade employee care systems, deepen the "Learning from Lei Feng Love Fund" special assistance mechanism, improve female-specific health and welfare support, and accelerate the digital transformation of safety management and the construction of a dual prevention mechanism. We carefully care for the physical and mental health and career dreams of every employee, gathering strength to promote the enterprise forward.

**Have a broad mind to benefit the world and improve people's well-being.** The Company takes multiple measures to improve the accessibility and affordability of high-quality medical resources, establishes a special love fund, and carries out a number of patient rights and interests projects to provide practical assistance to groups of patients in urgent need of help. We rely on diversified popular science platforms and people's livelihood pharmaceutical service stations to actively promote the sinking of health education into communities. In addition, we continue to respond to local charitable actions, deepen targeted assistance and other rural revitalization projects, repay society with sincere hearts, and spread the warm light of public welfare to the vast land.

All beneficial paths go hand in hand with the times. Looking ahead, Huadong Medicine will continue to adhere to the strategic direction of high-quality and sustainable development, and keep forging ahead in the broad field driven by innovation. We will continue to tackle the frontiers of medicine, accelerate the clinical transformation of scientific research achievements, and make more high-quality and affordable innovative drugs benefit the public. Meanwhile, we will deepen the core of ESG governance, unswervingly implement green and low-carbon operations, and bravely assume the social responsibility of corporate citizens. Huadong Medicine is willing to work hand in hand with global industrial partners, investors and all sectors of society to create more outstanding shared value and draw a new grand blueprint for sustainable development in the great journey of serving public health.




# About Us

## Company Profile

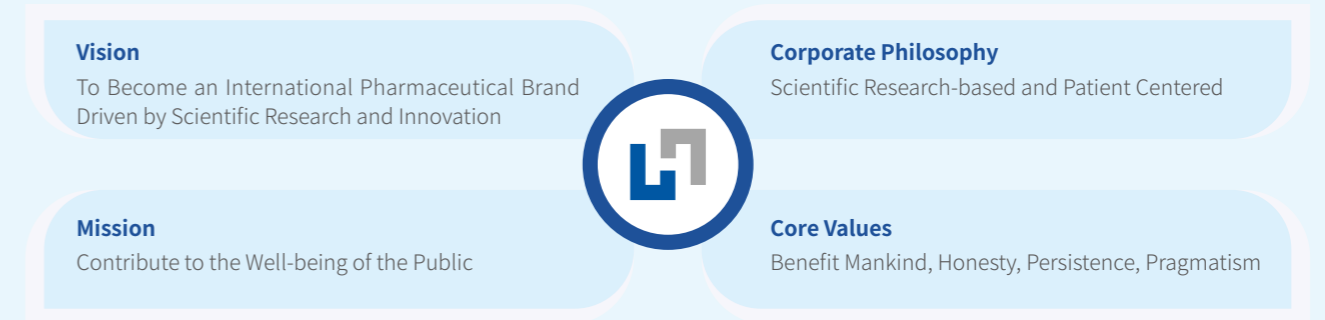
Founded in 1993 and headquartered in Hangzhou, Zhejiang Province, Huadong Medicine Co., Ltd. (stock code: 000963) was listed on Shenzhen Stock Exchange in December 1999. With its businesses covering the entire pharmaceutical industry chain thanks to over 30 years of vigorous development, the Company has now fostered four major business segments including pharmaceutical industry, pharmaceutical business, aesthetic medicine and industrial microbiology, and has evolved into a large comprehensive listed pharmaceutical enterprise specialized in pharmaceutical R&D, production and marketing.

The Company has repeatedly been recognized with honors such as "Forbes Asia-Pacific's 50 Best Listed Companies", "Top 100 Most Valuable Main Board Listed Companies in China", and "Golden Bull Top 100 Listed Companies". It has also been listed in the Fortune China 500 ranking selected by Fortune China for 16 consecutive years. Looking ahead, the Company will continue to drive progress through scientific research and innovation, promote the advancement of the pharmaceutical industry, and provide high-quality healthcare products and services to patients worldwide.

## Business Layout

<p><b>Pharmaceutical Industry</b> </p> <p>Specialized in the R&amp;D, production and marketing of specialized medicines, chronic therapeutics and specialized pharmaceuticals for years, the Company has established a comprehensive and internationally oriented pharmaceutical manufacturing system, with a core product pipeline centered around areas such as chronic kidney disease (CKD), immunology, oncology, endocrinology, the digestive system and the cardiovascular system. Several first-line clinical medicines of the Company hold a strong market position domestically, and several have obtained international registration and certification. Meanwhile, it strategically focuses on the R&amp;D of innovative drugs in three core therapeutic fields of oncology, endocrinology and autoimmunity through a blend of independent development, external introduction and project cooperation. This concerted effort has established a distinct innovative drug product pipeline covering the full R&amp;D cycle and a well-structured product portfolio. Moreover, the Company has established strategic partnership with numerous multinational innovative medicine R&amp;D companies and pharmaceutical companies on products in Chinese market.</p>	<p><b>Pharmaceutical Business</b> </p> <p>The Company's pharmaceutical business segment has long focused on three core businesses—medicines, medical devices, and herbal pieces—while expanding into project services, channel services, government affairs services, and compliance services. Leveraging a highly specialized and large-scale logistics system for cold chain, vaccines, and special medicines, as well as proprietary e-commerce platforms, the Company continuously extends its omni-channel marketing capabilities and enhances its market competitiveness. It has been ranked among "China's Top 10 Pharmaceutical Wholesale Enterprises" for many consecutive years. In Zhejiang Province, the Company operates three supply chain subsidiaries located in Hangzhou, Jinhua, and Wenzhou, supported by 13 regional warehouses with a total storage area exceeding 190,000 square meters, forming a province-wide integrated multi-warehouse logistics network. In the medicines segment, the Company possesses full-category and full-channel service capabilities, achieving integrated hospital and out-of-hospital coordination as well as unified distribution and agency operations. In medical devices, building on its large-scale distribution foundation, the Company continues to expand professional agency and supply chain services. The herbal pieces business covers the entire industrial chain from cultivation, processing, and automated decoction to sales of proprietary products, ensuring end-to-end coverage from source to end-user. Driven by service innovation, the Company integrates supplier partnerships, CSO (Contract Sales Organization) services, SPD (Supply-Process-Distribution) operations, and industry-university-institute collaborations to refine precise services for upstream and downstream clients, striving to become a trusted "integrated pharmaceutical service provider" for the whole society.</p>	<p><b>Aesthetic Medicine</b> </p> <p>In terms of aesthetic medicine, the Company has created a comprehensive and differentiated product matrix by following the strategy of "global operation layout and dual-circulation operation &amp; development" with an international vision through forward-looking layout, and now ranks at the forefront of the industry in terms of product quantity and coverage. Specifically, over 30 products have been launched in China and abroad, and nearly 20 innovative global products are in development. Fostering differentiated product lines that cover three major categories of regeneration products, hyaluronic acids and botulinum toxin, the Company is committed to becoming a global leading aesthetic medicine comprehensive solution provider by offering patients with more professional, efficient, comprehensive and safer integrated solutions through diversified combined therapy techniques that combine "noninvasive and micro-invasive", "facial and body filling", "products + technologies", and "injection + energy-based device". The Company operates multiple R&amp;D centers and production bases globally, promoting and marketing injectable regenerative fillers, hyaluronic acid, facial thread lifting and other products, and researches, develops, and expands its businesses of energy-based devices in the global market.</p>	<p><b>Industrial Microbiology</b> </p> <p>The Company's industrial microbiology segment is strategically focused on the application of synthetic biology technology and innovation in the bio-pharmaceutical sector, prioritizing the development of four core business segments: xRNA raw materials, featured active pharmaceutical ingredients (APIs) &amp; intermediates, health &amp; biomaterials, and animal health. Leveraging four decades of expertise, the Company has established a centralized R&amp;D cluster anchored by its synthetic biology R&amp;D platform, industrial microbiology R&amp;D platform, and synthetic chemistry R&amp;D platform. This framework integrates full-chain technological capabilities in microbial engineering, maintaining an R&amp;D and production system that spans the entire life cycle of microbial-derived medicines, alongside interdisciplinary R&amp;D platforms and industrial resource networks. As for its industrial layout, the Company operates seven coordinated industrial bases in Hangzhou Xiangfuqiao, Qiantang New Area, Jiangsu Joyang Laboratories, Magic Health, Anhui Meihua, Wuhu Huaren, and Nanjing Nongda Animal Pharmaceutical. Moreover, the Company has set up the largest fermentation monomer plants in Zhejiang Province and formed the industry-leading intelligent production system that covers all stages from strain screening and process development to scale production. With a complete manufacturing ecological chain that encompasses technological R&amp;D, pilot-scale amplification, engineering conversion, and quality control, the Company sustains its industry leadership in fermentation capacity and process sophistication.</p>
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## Corporate Culture



## Performance in 2025



## 2025 Milestones

- 2025.1**
  - The new high-end hyaluronic acid product *MaiLi Extreme* secured National Medical Products Administration (NMPA) approval for the market.
  - The marketing application for *Ellansé® M Type*, injectable polycaprolactone microspheres facial filler, was accepted by the NMPA.
- 2025.2**
  - The Company's first domestically produced *Ustekinumab Injection* for the Crohn's disease indication received NMPA's acceptance of the marketing application.
  - The innovative medical device, transdermal glomerular filtration device, secured NMPA approval for the market.
  - The self-developed ADC new drug *HDM2005 Injection* received Orphan Drug Designation from the U.S. Food and Drug Administration (FDA).
- 2025.3**
  - The Company's first domestically produced *Ustekinumab Injection (SAILEXIN®)* for pediatric plaque psoriasis indication secured approval for the market.
  - The optical radiofrequency therapeutic device *V30's* registration application in China was accepted by the NMPA.
  - The marketing application of *Semaglutide Injection* for hypoglycemic indication was accepted by the NMPA.
- 2025.6**
  - Selected for the *Pharmaceutical Executive* magazine's "Top 50 Global Pharma Companies of 2025" list.
- 2025.7**
  - Huadong Medicine* was included in the Fortune China 500 for the 16th consecutive year.
  - The marketing authorization application for *edaravone tablets* was accepted by the NMPA.
- 2025.8**
  - Huadong Medicine* entered into an exclusive strategic cooperation with *Jiangsu Vcare* for the commercialization rights of *VC005 tablets*, a second-generation highly selective *JAK1 inhibitor*, in mainland China.
- 2025.10**
  - Huadong Medicine* partnered with *Chance Pharmaceuticals* for the commercialization of *CXG87*, a modified respiratory system drug.
  - The medical device registration application in China for the high-end hyaluronic acid, *MaiLi Precise*, was accepted by the NMPA.
  - The Class 1 new drug *Relmapirazin Injection* was approved for marketing, marking the successful launch of the world's first bedside assessment innovation for renal function in China.
- 2025.11**
  - The Class 1 innovative drug *Mifanertinib Maleate Tablets* received marketing approval from the NMPA.
  - The marketing authorization application for 0.3% *roflumilast topical foam (ZORYVE®)*, an innovative topical dermatological formulation, was accepted by the NMPA.
- 2025.12**
  - The phase 2 clinical results of *DR10624* from the subsidiary *Doer Biologics* were presented at *AHA 2025*.
  - The marketing authorization application for 0.15% *roflumilast topical foam (ZORYVE®)*, an innovative topical dermatological formulation, was accepted by the NMPA.
  - The supplementary application for the conversion from conditional approval to regular approval for ADC innovative drug *Elahere®* was approved by the NMPA.
- 2025.12**
  - Huadong Medicine* entered into an exclusive commercialization agreement with *Sinorda Pharmaceutical* for *Linaprazan Glurate Capsules*, a digestive system Class 1.1 new drug.
  - The self-developed ADC innovative drug *HDM2012 Injection* received Orphan Drug Designation from the U.S. FDA for two indications: gastric cancer and gastroesophageal junction cancer, and pancreatic cancer.
  - The innovative *GLP-1/GIP dual-target long-acting agonist HDM7006 Injection*, a Class 1 new veterinary drug, had its marketing application accepted by the Ministry of Agriculture and Rural Affairs.

## 2025 Major Honors

Hithink Royal Flush

- Best Investor Relations Award, Top 300 Most Popular Secretary to the Board



Securities Times, Zhejiang University Academy of Financial Research

- Zhejiang Listed Companies Most Favored by Institutional Investors (A-Shares) Top 10 List



Securities Times

- Investor Relations Management Award at the 16th Tianma Awards
- The 19th China Listed Companies Value Selection – Top 100 Most Valuable Main Board Listed Companies



Healthcare Executive

- 2025 Top 100 Innovative Chinese Pharmaceutical Enterprises (First Tier)



China Securities Journal

- 27th Golden Bull Award for Listed Companies: Most Valuable Investment Award



Panorama Network

- Panorama Best Investor Award
- Outstanding IR Team
- Outstanding IR Company
- Award for Outstanding Institutional Attention
- Outstanding IR Chairman
- Outstanding Board Secretary



Pharmaceutical Executive

- 2025 Pharm Exec Top 50 Companies



Fortune China

- Fortune China 500 (348th)



Easy Board

- Value 100
- 2025 AI Frontier Innovation Award
- 2025 Best Practice in Digital Innovation of Board Office Award
- 2025 Outstanding IR Construction Award for Listed Companies



China Association for Public Companies

- 2025 Best Practices in Listed Companies Board Governance
- 2025 Best Practices in Listed Companies Board Office
- 2025 Board Secretary Performance Evaluation (Rated 5A)



All-China Federation of Industry and Commerce

- Top 500 Private Enterprises by R&D Investment (Rank 152) and Top 500 Private Enterprises by Invention Patents (Rank 176)



PHARMCUBE

- Innovative Chinese Pharmaceuticals in the Decade Honor: Industry-leading Pharmaceutical Enterprise



## ESG Awards and Honors in 2025

### New Fortune

- Best Listed Companies Evaluation - vESG Best Practices



### China Association for Public Companies

- 2025 Outstanding Practice Case of Listed Companies' Sustainable Development



Zhejiang Provincial Federation of Industrial Economy, Zhejiang Provincial Enterprise Confederation, Zhejiang Provincial Association of Entrepreneurs, Zhejiang Provincial State Asset Management Association, Zhejiang Provincial Chief Accountants Association

- 2025 Outstanding Case of Social Responsibility Report among Enterprises in Zhejiang



### Panorama Network

- Outstanding ESG Value Communication Award



### Hangzhou Civil Affairs Bureau

- Top 20 in the 2025 ESG Strategic Philanthropy Influence Ranking of Hangzhou Listed Companies (Top 1)



### Healthcare Executive

- 2025 Top 20 ESG Competitive Chinese Pharmaceutical Listed Companies (Large-Cap Stocks)
- 2025 Healthcare Sustainable Value Leadership Award



## ESG Ratings



# 01

## Governing for Steady Progress

Robust governance is the fundamental safeguard for an enterprise's long-term prosperity. Huadong Medicine has always regarded compliant operations as the lifeline of its development. By continuously optimizing its governance structure and strengthening comprehensive risk management, the Company enhances organizational efficiency and resilience. At the same time, we deeply integrate ESG principles into every aspect of daily business decision-making, providing strong support for strategic execution and sustained value growth.

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### Contributing to the UN SDGs:



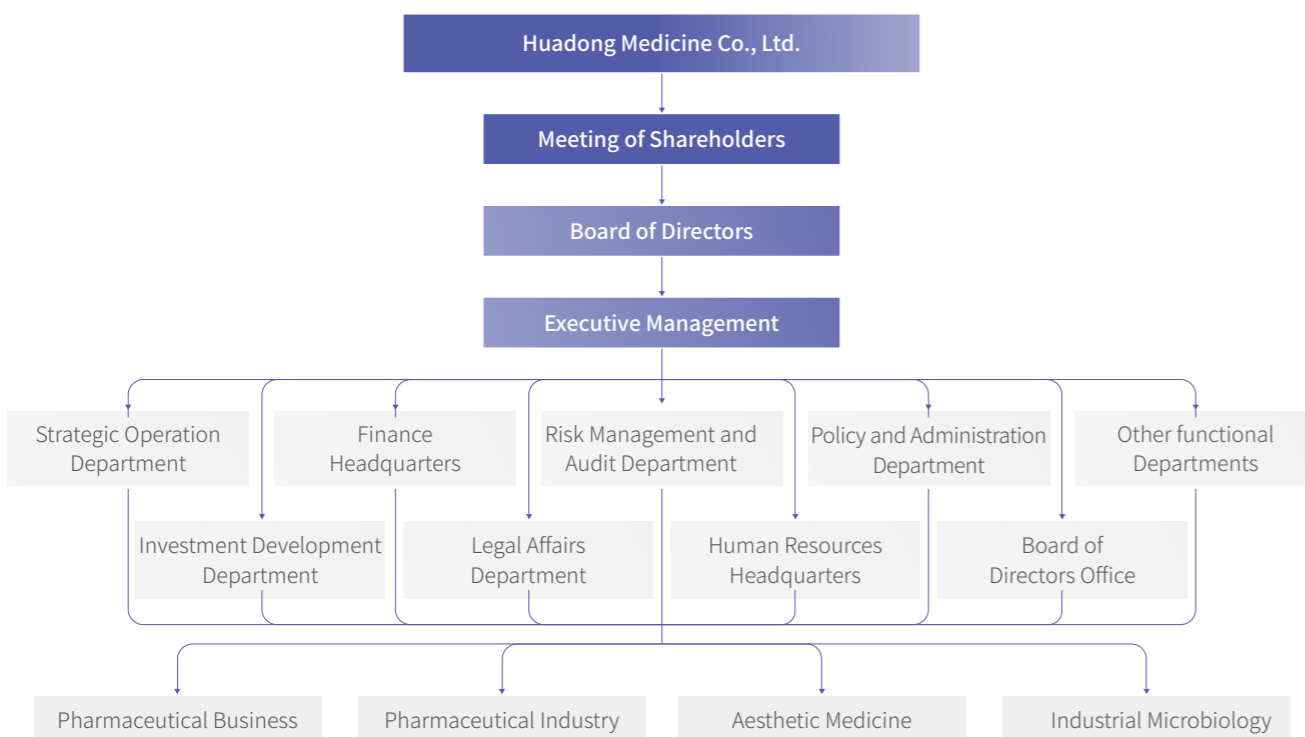
## Corporate Governance



Huadong Medicine has always regarded sound corporate governance as the cornerstone of its steady development, and continues to optimize its governance structure while enhancing the quality of decision-making and the effectiveness of execution. At the same time, we continue to strengthen information disclosure and investor relations management, building a transparent and credible communication mechanism to lay a solid foundation for the Company's standardized operations and sustainable development.

## Governance Framework

Huadong Medicine strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Stock Listing Rules of the Shenzhen Stock Exchange*, and other applicable laws, regulations, and self-regulatory rules, and continuously improves its corporate governance framework to ensure standardized operations. In 2025, in accordance with the latest requirements of the *Company Law of the People's Republic of China* and the *Guidelines on the Bylaws of Listed Companies*, the Company completed revisions to the *Articles of Association* and optimized its governance structure. It has established a three-tier governance system consisting of the Meeting of Shareholders, the Board of Directors, and the executive management, and has set up the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee, and the Sustainability (ESG) Committee. Among them, the Audit Committee has assumed the former functions of the Board of Supervisors, effectively strengthening the effectiveness of oversight and execution.



The Company's Governance Framework

The Board of Directors serves as the Company's decision-making center, is accountable to the shareholders' meeting, and implements its resolutions. In strict compliance with corporate governance requirements, the Company regularly convenes shareholders' meetings and meetings of the specialized committees, effectively safeguarding shareholders' rights, giving full play to the oversight and strategic support functions of the committees, and continuously enhancing governance transparency. During the reporting period, the Company convened three shareholders' meetings and eight Audit Committee meetings.

The Company places great importance on the diversity and professionalism of the Board of Directors and is committed to enhancing the quality of decision-making and governance effectiveness. In the selection and appointment of directors, the Company takes into account professional background, industry experience, and management capabilities to build a decision-making team with both strategic vision and professional depth. Independent directors actively perform their duties and provide independent and objective opinions on major decisions, effectively safeguarding the legitimate rights and interests of minority shareholders and investors. As of the end of the reporting period, the Board of Directors consisted of 11 members, including four independent directors and four female directors.

The Board of Directors has established five specialized committees: the Audit Committee, the Remuneration and Appraisal Committee, the Sustainability (ESG) Committee, the Nomination Committee, and the Strategy Committee. Each committee performs its duties within its respective area of expertise, collectively supporting the Board's sound decision-making and effective oversight and ensuring the efficient operation of the Company's governance system.

### Responsibilities of Specialized Committees

#### Strategy Committee

Responsible for studying the Company's long-term development strategy, evaluating major investment, financing, and capital operation projects, and providing strategic recommendations to the Board of Directors.

#### Audit Committee

Responsible for matters related to financial oversight, internal control evaluation, and compliance management, with a primary focus on supervising and evaluating external audit work, coordinating internal audit activities, reviewing financial information disclosure, and overseeing the effective operation of the internal control system. At the same time, the Committee undertakes and exercises the relevant statutory powers of the Board of Supervisors in accordance with the law, and continuously oversees the Company's compliance management and implementation of business ethics standards.

#### Nomination Committee

Responsible for the selection, nomination, and qualification review of directors and senior management, and for making relevant recommendations on appointments and removals to the Board of Directors.

#### Remuneration and Assessment Committee

Responsible for formulating remuneration policies and performance appraisal standards for directors and senior management, administering long-term incentive schemes such as equity incentives, and making relevant recommendations to the Board of Directors.

#### Sustainability (ESG) Committee

Responsible for formulating and overseeing the implementation of the Company's ESG strategy, with a focus on ESG policy system development, the review and tracking of sustainable development targets, ESG-related risk management, and ensuring that relevant practices align with regulatory requirements and development trends.

## Information Disclosure Management

Huadong Medicine regards information disclosure as a key component of its governance framework and is committed to providing all investors with accurate access to Company information through a standardized, transparent, and efficient disclosure system. The Company has established an information disclosure management system centered on the *Measures for the Administration of Information Disclosure*, the *Insider Information and Insider Management System*, and the *Internal Reporting Procedures for Significant Information*. During the reporting period, the Company formulated the *Management System for Deferred Disclosure and Exemption of Information Disclosure* and revised the *Measures for the Administration of Information Disclosure* and the *Insider Information and Insider Management System*, further refining disclosure standards, strengthening insider information management, and providing stronger institutional support for compliant information disclosure.

We have consistently fulfilled our information disclosure obligations to a high standard and actively expanded disclosure channels, including email, telephone inquiries, and internal process systems, to ensure the timeliness and reach of information delivery. At the same time, we continued to innovate disclosure formats to improve the accessibility and readability of information. During the reporting period, the Company disclosed a total of 182 documents, including regular reports and interim announcements. We also continued to publish English versions of regular reports and produced visual materials such as "Quick Grasp" reports, effectively enhancing transparency and the efficiency of investor communication and helping domestic and overseas investors better understand the Company's operations and development. In 2025, the Company was not subject to any penalties for information disclosure violations.

We also place great importance on strengthening the professional capabilities and compliance awareness of personnel involved in information disclosure. In 2025, to ensure the quality of information disclosure, the Board Office organized relevant personnel to participate in various professional training programs held by the Shenzhen Stock Exchange, the Zhejiang Securities Regulatory Bureau, the Zhejiang Association of Listed Companies, and other institutions, including annual report disclosure training, specialized training on performance briefings, and training on mergers and acquisitions and asset restructurings of listed companies. These programs covered senior management and personnel involved in information disclosure, ensuring that employees in key positions stayed up to date with regulatory developments, continuously improved the level of compliant operations, and jointly upheld the Company's strong image in the capital market.

## Investor Relations Management

Huadong Medicine regards investor relations management as a vital component of its governance framework and is committed to building a transparent, efficient, and trust-based two-way communication mechanism with the capital market to effectively convey the Company's value and strengthen market recognition. Under internal systems such as the *Investor Relations Management System*, we continue to optimize communication channels and approaches to effectively safeguard investors' right to information and participation.

We have established a multi-level investor communication system covering both online and offline channels, including the Shenzhen Stock Exchange's investor interaction platform<sup>1</sup>, investor hotline, official email, and investor relations email, to respond promptly to investor concerns. The investor hotline and email accounts are managed by designated personnel to ensure smooth communication and effectively prevent potential public opinion risks. In 2025, we responded to 167 investor inquiries on the [irm.cninfo.com.cn](https://irm.cninfo.com.cn), achieving a 100% response rate.



<sup>1</sup> Shenzhen Stock Exchange's investor interaction platform: <https://irm.cninfo.com.cn/>

### Case Performance Briefings & Roadshow Activities

We organized a variety of engagement activities, including performance briefings, investor research meetings, and roadshows, to maintain frequent and effective communication with the capital market. In 2025, we held a total of five performance briefings and exchange meetings and participated in 41 external strategy conferences, representing a significant increase from the previous year. Throughout the year, we also organized or participated in 116 online and offline investor research meetings covering investors and analysts. The Company's management and business teams engaged in in-depth discussions with investors on financial performance and strategic businesses such as innovative drugs, medical aesthetics, and industrial microbiology, effectively communicating the Company's long-term growth potential. In recognition of its professional performance in information disclosure and investor communication, the Company's 2024 performance briefing was selected by the China Association for Public Companies as an "Outstanding Practice Case," highlighting the professionalism of its investor relations work.

### Case Investor Day Activities

We continued to innovate the ways we engage with investors and remained committed to hosting dedicated "Investor Day" activities. During these events, investors exchanged views with management on the Company's strategic planning, business layout, and development prospects. These activities not only strengthened mutual trust between the Company and the capital market, but also provided a valuable channel for gathering market feedback and optimizing business decisions, enabling two-way value creation. In 2025, a total of 221 institutional and individual investors participated in the Investor Day activities.



Investor Day

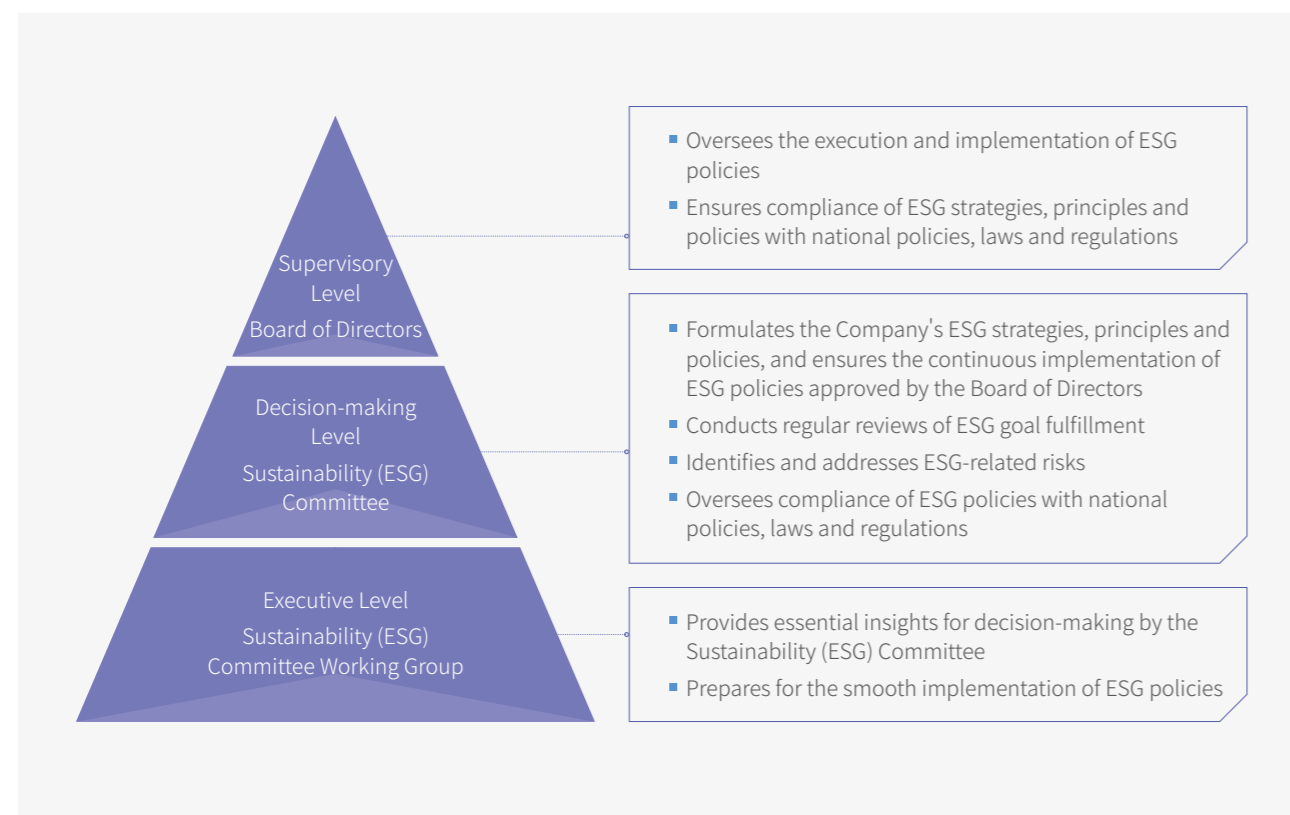
## ESG Governance



Huadong Medicine fully integrates ESG principles into its corporate strategy and has established a multi-level governance structure to ensure the effective top-down implementation of ESG management. Through a double materiality analysis, the Company systematically identified and determined its material ESG topics, providing a clear basis for topic management. At the same time, we have established regular stakeholder engagement channels to continuously gather feedback from all parties and inform the identification and refinement of material topics.

## ESG Governance Structure

We have established a three-tier governance structure comprising the "Board of Directors – Sustainability (ESG) Committee-Sustainability (ESG) Committee Working Group," and formulated the *Sustainability Management System and the Rules of Procedure for the Board of Directors Sustainability (ESG) Committee*, providing a solid institutional foundation for the overall planning, step-by-step implementation, and continuous improvement of ESG work. To further strengthen accountability, we integrate ESG performance into the key performance indicators (KPIs) and pay of executive directors, with a focus on their fulfillment of responsibilities in areas such as workplace safety, environmental protection, product quality, and product safety, thereby enhancing management accountability and execution on sustainable development.



## Double Materiality Analysis

To scientifically identify and manage sustainability-related risks and opportunities, Huadong Medicine follows the principle of double materiality and applies a systematic process to identify, assess, and prioritize ESG topics, ensuring that resources are prioritized toward areas with a substantive impact on the Company's sustainable development.

We conducted an in-depth analysis of the Company's business context and development realities, benchmarked against the disclosure requirements of the Shenzhen Stock Exchange and capital market rating indicators, and identified and established a list of material topics.

### Understanding Dynamics and Business Background of Company

- Gain an in-depth understanding of the Company's operations and business
- Assess potential impacts from external environments on the Company
- Identify key stakeholders

### Developing an Issue List

- Based on external regulations, international standards, and other stakeholder concerns, combined with the actual development situation of Huadong Medicine, identify other key issues
- Analyze the potential impacts and opportunities issues may bring to the Company, forming an issue list

### Assessing the Materiality of Issues




- Evaluate the materiality based on industry requirements, key issues of concern to peers, and the Company's actual situation
- Combine the results of identifying material issues, integrating assessments of impact materiality and financial materiality

Building on this, we have assessed the short-, medium-, and long-term impacts of each topic on the Company's business model, business operations, financial status, and cash flow, as well as the extent to which the Company's performance on these topics affects the economy, society, and the environment. This systematic assessment determined the materiality of each topic. In total, we have identified 18 sustainable development topics, among which the "Quality and Safety" holds financial materiality for the Company's operations and development.

For the financial material topic, we have established a systematic management framework in accordance with the Shenzhen Stock Exchange's guidelines, focusing on four key areas including governance, strategy, risk and opportunity management, and metrics and targets. A phased target-tracking mechanism was developed to effectively manage and control risks and continuously enhance the Company's management on sustainable development. For detailed information on the management of this financially material topic, please refer to Section "Quality and Safety" of this Report.

Going forward, the Company will refine its dynamic topic management mechanism. In line with its business development, the Company will continuously track industry dynamics, regulatory trends, and stakeholder concerns to fully enhance the management effectiveness on key material topics. Concurrently, we will strengthen the management of financially material topics by regularly applying the materiality matrix to identify and assess topics. We will also provide comprehensive disclosures of management systems for material topics in periodic reports, thereby establishing a closed-loop management process of "monitoring–decision-making–disclosure."

Materiality Analysis Results

Category	Number	Topic
 <p>Environmental</p>	1	Environmental management
	2	Energy management
	3	Addressing climate change
	4	Water resource utilization
	5	Emission management
 <p>Social</p>	6	Quality and safety
	7	R&D and innovation
	8	Occupational health and safety
	9	Training and development
	10	Labor relations management
	11	Protection of customers' rights and interests
 <p>Governance</p>	12	Information security and privacy protection
	13	Responsible supply chain management
	14	Social welfare
	15	Product accessibility
	16	Corporate governance
	17	Business ethics
	18	Risk management

## Stakeholder Engagement

We place great importance on engagement and communication with stakeholders and have established and maintained open, transparent, and trust-based communication channels. We actively respond to stakeholders' expectations and concerns, promoting constructive interaction, enhancing trust and collaboration, and laying the foundation for sustainable value creation. We have also established regular engagement mechanisms to continuously collect and analyze stakeholder feedback and incorporate reasonable suggestions into the Company's strategic decision-making and day-to-day operational improvements.

Stakeholder	Topic	Communication and Response
Supplier	<ul style="list-style-type: none"> <li>Responsible supply chain management</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain management platform</li> <li>Procurement integrity agreements</li> <li>Supplier audits</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Customer rights protection</li> <li>Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer visits and audits</li> <li>Customer privacy protection</li> </ul>
Shareholder/Investor	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Business ethics</li> <li>Risk management</li> <li>R&amp;D and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Investor days</li> <li>Roadshows and reverse roadshows</li> <li>Investment strategy briefings</li> <li>Performance briefings</li> <li>Financial reports and periodic disclosures</li> </ul>
Government/ Industry Associations/ Regulatory Agencies	<ul style="list-style-type: none"> <li>Social welfare</li> <li>Environmental management</li> <li>Emission management</li> </ul>	<ul style="list-style-type: none"> <li>Exchanges and visits</li> <li>Industry forums participation</li> <li>Information disclosure compliance</li> <li>Enhanced routine communication and reporting</li> <li>Supervision and evaluation</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Labor relations management</li> <li>Training and development Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee training</li> <li>Internal communication platform</li> <li>Workers' Congress</li> <li>Executive roundtables</li> </ul>
Society/The Public	<ul style="list-style-type: none"> <li>Environmental management</li> <li>Social welfare</li> <li>Product accessibility</li> </ul>	<ul style="list-style-type: none"> <li>Regular community communication</li> <li>Joint community activities</li> <li>Volunteer activities</li> <li>Philanthropic activities</li> </ul>

## Robust Operations



Huadong Medicine has established a risk and compliance management system that covers all business segments and runs through the entire operational process. We consistently conduct our business activities in accordance with applicable laws, regulations, and internal policies, and continuously integrate compliance requirements into every aspect of operations and management through ongoing risk identification, assessment, and response, thereby providing strong support for the Company's stable operations and long-term development.

## Risk Management

We have established a comprehensive risk management system covering the entire process of decision-making, execution, oversight, and feedback. Supported by a series of internal policies, including the *Risk Management System*, the *Risk Assessment Management Measures (Trial)*, and the *Measures for the Audit of Departing Financial Personnel of Huadong Medicine Co., Ltd.*, this system clearly defines responsibilities, workflows, and implementation standards at each stage.

We have established a multi-tiered, comprehensive risk management framework that clearly defines risk management responsibilities at all levels, ensuring clear accountability and efficient coordination. Within this framework, the Risk Management and Audit Department, as the dedicated execution and oversight unit, is responsible for tracking, reviewing, and closing the loop on the rectification progress of identified risk items. The business and functional departments, as the primary accountable units for risk management, are responsible for developing and implementing specific risk mitigation measures.

In accordance with the *Risk Assessment Management Measures of Huadong Medicine Co., Ltd. (Trial)*, we regularly identify and assess risks across all aspects of operations and management, with a focus on key areas such as project management, bidding and procurement, financial management, and sales management. Based on the assessment results, risks are classified into three levels—major, medium, and general—and addressed through differentiated control strategies.

For identified risks, the Company adopts systematic response strategies across multiple dimensions, including the optimization of policies and procedures, the strengthening of targeted controls, the empowerment of technical tools, and training and cultural communication, effectively enhancing employees' compliance awareness and risk prevention capabilities.

Optimization of policies and procedures

Revise relevant management systems and operating procedures to clarify authority and responsibilities.

Strengthening of targeted controls

Implement targeted control procedures in high-risk areas such as project management, bidding and procurement, financial management, and sales management, including improving whole-process audits, optimizing the supplier management system, and strengthening credit assessment and accounts receivable control.

Empowerment of technical tools

Explore the use of digital systems to enhance risk monitoring and early warning capabilities.

Training and cultural communication

Continue to conduct training on risk awareness and compliance culture. In 2025, we organized 12 legal and compliance training sessions themed around "integrity and dedication," with a total of 265 participants, effectively enhancing employees' compliance awareness and risk prevention capabilities.

Risk Management Measures

## Compliance Management

We deeply integrate compliance requirements into management systems and business processes to ensure that all business activities operate steadily within the framework of laws and internal policies. During the reporting period, the Company issued the *Compliance Assessment Plan and the Accompanying Implementation Guidelines*, and incorporated compliance performance into the performance assessment system for departments and employees, further clarifying compliance responsibilities and guiding and regulating employees' professional conduct through institutional mechanisms.

We have also established a regular internal and external audit oversight mechanism to assess compliance risks and the effectiveness of internal controls from an independent and objective perspective. In 2025, we completed 17 internal audit and internal control review projects, covering internal control, risk management, and key business processes. A total of 147 audit issues were identified, and more than 150 audit recommendations were put forward. The audit department carried out projects on a monthly basis, clearly identifying issues, responsibilities, and improvement recommendations in audit reports, and subsequently tracked the implementation of corrective actions on a quarterly basis, forming a closed-loop management mechanism of "issue identification – recommendation – rectification – follow-up review."



## Business Ethics

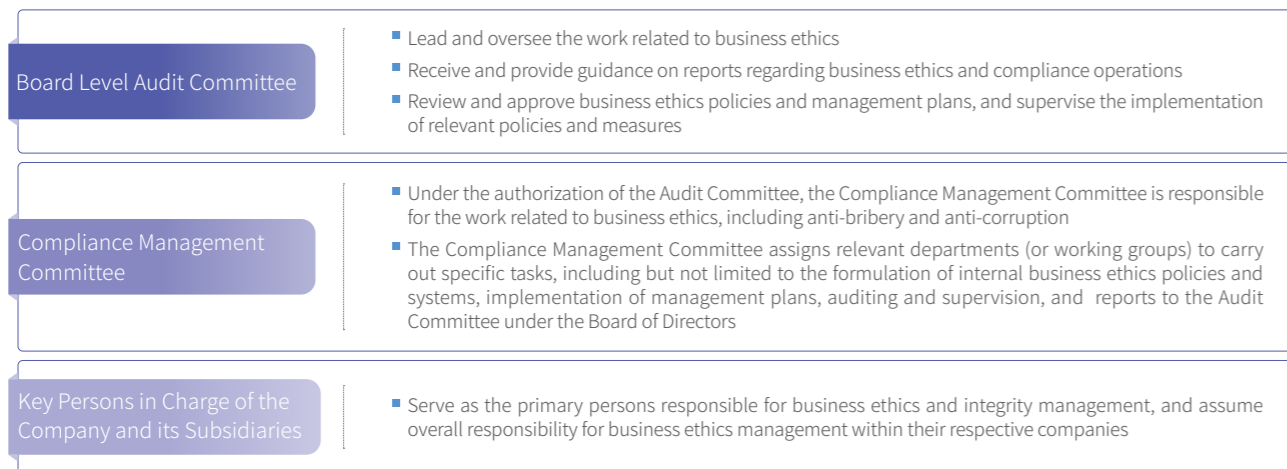


Adherence to business ethics is a fundamental principle of corporate operations. We have established a sound business ethics and anti-corruption management system. Through robust institutional safeguards, a clearly defined governance structure, accessible reporting channels, and rigorous oversight and enforcement, we ensure that the Company and all employees uphold fair and transparent standards of business conduct and continue to foster a healthy and well-regulated business environment.

## Business Ethics Framework

We strictly comply with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other applicable laws and regulations. The Company has established a policy framework centered on the *Ethical Audit Rules for Middle and Senior Management of Huadong Medicine Co., Ltd.*, the *Anti-Corruption and Anti-Fraud Policy*, and the *Professional Integrity Regulations of Huadong Medicine Co., Ltd.*, clearly defining standards of conduct and accountability requirements.

We have established a clear business ethics governance structure, under which the Board of Directors and the Audit Committee provide oversight, the Compliance Management Committee coordinates implementation, and the principal persons in charge of the Company and its subsidiaries are responsible for execution, ensuring that business ethics management is embedded throughout the entire process of oversight, decision-making, and execution.



Business Ethics Management Framework

We have established a regular ethics audit mechanism. Audit work is conducted independently under the leadership of the Board of Directors and the Audit Committee, following the principle of "periodic full coverage combined with dynamic risk focus," to ensure that all business segments and subsidiaries are subject to full ethical audit coverage at least once every three years. In 2025, we completed a total of 76 audit projects of various types, including 34 special ethical audit projects. These audits focused on the effectiveness of the implementation of anti-bribery and anti-corruption policies such as the *Professional Integrity Regulations*, with particular attention to key areas including third-party cooperation and sales promotion. Audit procedures included policy and process reviews, business testing, data analysis, interviews, and questionnaires. All audit findings were formally documented in audit reports with rectification recommendations, followed by regular tracking to form a closed-loop management process.

The Company places great importance on strengthening awareness of business ethics and promoting standards of conduct, ensuring that relevant training fully covers full-time employees, part-time personnel, and outsourced personnel. Through a range of measures, including expanding the reach of integrity promotion, advancing policy-based and platform-based learning, conducting dedicated thematic training sessions, and strengthening the professional capabilities of relevant teams, we continued to foster a clean and upright organizational culture. During the reporting period, our series of anti-corruption and integrity training programs have covered all full-time employees, part-time personnel, and contractors.

▶ <b>Anti-Corruption and Integrity Promotion for All Personnel</b>	For all full-time employees, part-time personnel, and contractors, we continued to expand the coverage of integrity education through activities such as organizing visits to integrity education bases and conducting dedicated awareness campaigns, fostering a culture that values integrity and probity.
▶ <b>Course and Policy Learning</b>	For all full-time employees, we launched dedicated courses such as the <i>Professional Integrity Regulations</i> on the internal learning platform and, together with the distribution and communication of the Employee Handbook, integrated integrity requirements into day-to-day learning and workplace standards.
▶ <b>Thematic Training</b>	Throughout the year, we organized a total of 12 offline training sessions under the theme of "Integrity and Professional Dedication," reaching 265 participant attendances, and arranged for 276 relevant personnel to sign the integrity commitment letters., further strengthening the integrity awareness and accountability of employees in key positions.
▶ <b>Professional Capability Building</b>	We continued to enhance the professionalism of the integrity management team. In 2025, we supported 29 disciplinary inspection personnel in obtaining professional qualifications such as Senior Corporate Compliance Officer and Senior HR Legal Specialist, further strengthening oversight and discipline enforcement capabilities.

Anti-Corruption and Integrity Training

## Whistleblowers Protection

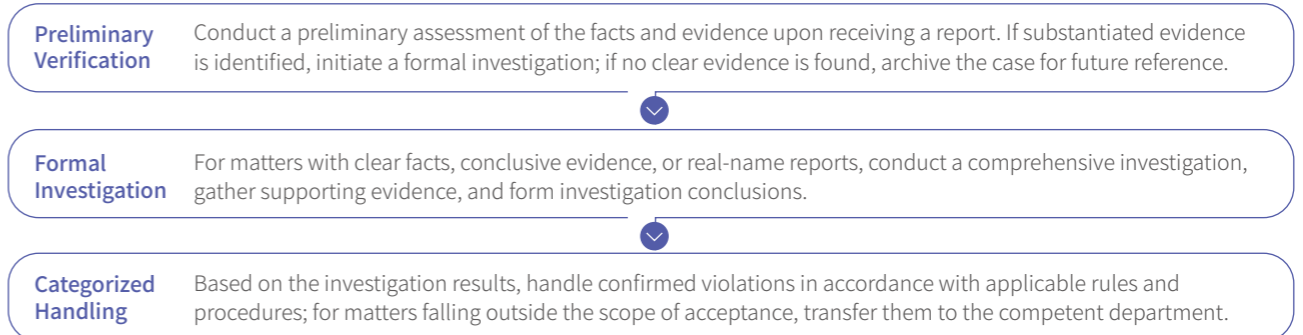
Huadong Medicine has formulated the *Measures for Administration of Complaints Reporting and Whistle-blowing of Huadong Medicine Co., Ltd.* and the *Anti-Corruption and Anti-Fraud Policy*, which clarify the scope of report acceptance and handling procedures, and emphasize strict confidentiality and protection for whistleblowers, with any form of retaliation expressly prohibited. During the reporting period, we updated the *Measures for Administration of Complaints Reporting and Whistle-blowing of Huadong Medicine Co., Ltd.* to further refine the handling procedures and introduce a review mechanism, with the aim of enhancing the standardization, transparency, and fairness of complaint handling and improving internal oversight and correction mechanisms.

We have established multiple, convenient, and confidential reporting channels, including dedicated reporting hotlines, email addresses, reporting links on the Company's official website, and internal online platforms, to ensure that reports can be received promptly and securely.

**Reporting Channels**

- ▶ **Tel:** 0571-89908818
- ▶ **Email:** hdjc@eastchinapharm.com
- ▶ **Official Website link:** Official Website of Huadong Medicine Co., Ltd. - Complaints Reporting Section
- ▶ **Intranet Complaints Reporting Platform:** Online Office System - Internal Link - Complaints Reporting Platform

All reports received by the Company are handled with due seriousness and prudence in accordance with established procedures, ensuring that every stage—from receipt and verification to investigation and resolution—is governed by clear rules and subject to closed-loop management, so that all reported matters are addressed in a fair and effective manner.



Whistleblower Report Handling Process

Throughout the entire complaint and whistleblowing handling process, we strictly adhere to the principle of confidentiality and take rigorous measures to protect whistleblowers' identities and the content of their reports. Designated personnel are assigned to receive and follow up on reports, ensuring that confidentiality requirements are effectively implemented and that whistleblowers' safety and privacy are protected to the greatest extent possible. At the same time, we are committed to providing full protection to whistleblowers and ensuring that no one suffers any unfair treatment or retaliation for making a truthful report. In addition, we encourage real-name reporting and, where appropriate, reward whistleblowers who provide important leads, thereby reinforcing a culture of integrity and transparency.

# 02

## Cultivating for Green Development

Pursuing green and sustainable operations and development is essential for Huadong Medicine to achieve high-quality growth. In response to climate change and environmental challenges, we integrate green development into every aspect of our operations, continue to advance our green transformation, and keep exploring effective environmental responsibility practices to contribute to the sustainable development of both the Company and society.

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Contributing to the UN SDGs:



## Environmental Compliance



Environmental compliance is the foundation for companies to fulfill their social responsibilities and achieve sustainable development. We continue to improve our environmental management system, comprehensively manage environmental risks, and provide solid support for the Company's green development.

## Environmental Management System

We strictly comply with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, and the *Cleaner Production Promotion Law of the People's Republic of China*, while continuously improving our internal management policies and steadily strengthening our environmental management capabilities.

Based on the *EHS Responsibility Management System*, we continued to improve our management system. During the reporting period, the Company issued the *Huadong Medicine EHS Management System Optimization Plan (Trial Version)*, which clarified the Company's EHS management optimization goals and set out specific improvement requirements for key areas such as organizational structure and risk control, providing guidance for further optimizing the EHS management system. At the same time, the Company further strengthened environmental performance assessments by further integrating EHS oversight and management into the performance evaluation system for the principal persons in charge of each unit, and dynamically updating the *EHS Monthly Assessment Guidelines* to enhance the rigor and direction of assessments.

The Company has established an environmental management structure centered on the EHS Committee and coordinated by the EHS Department of the parent company. With clearly defined roles and responsibilities, this structure ensures that environmental strategies and major matters receive senior management support while enabling the efficient execution of daily management and oversight. EHS departments across business segments work closely together to implement environmental management requirements throughout operations.

During the reporting period, the Company achieved its 2025 annual environmental management targets, with no major administrative penalties or criminal liabilities arising from environmental issues.

## Certification and Audit

Huadong Medicine places great importance on the standardization and internationalization of environmental management and continues to advance environmental management system certification. As of the end of the reporting period, Zhongmei Huadong, Jiuzhou Pharmaceutical, Jiangdong Company, Xi'an Bodyguard, Wuhu Huaren, Magic Health, Jiangsu Joyang, Nanjing Nongda Animal Pharmaceutical, and Meihua Hi-Tech had all passed ISO 14001 Environmental Management System Certification.

To ensure the ongoing compliance and effectiveness of the environmental management system, we established a routine EHS audit mechanism and provided dedicated training for internal auditors to support the effective implementation of audits and drive continuous improvement. During the reporting period, we carried out company-wide internal audits of the EHS management system. All findings were consolidated and brought under closed-loop tracking, with designated personnel responsible for completing corrective actions on schedule. Rectification outcomes were also linked to performance evaluations, forming a closed-loop management approach that integrates audit, rectification, and assessment, and effectively supporting the continuous enhancement of the management system.

## Environmental Training

The Company continued to strengthen environmental capability building and foster a strong culture of safety by developing an annual EHS training plan covering all employees and delivering targeted training tailored to different roles and organizational levels.



In addition, we regularly conducted environmental training programs tailored to practical management needs to further reinforce employees' environmental awareness and management capabilities. For example, during the reporting period, Zhongmei Huadong organized three specialized training sessions on solid waste management, including general training for all employees and targeted training for environmental management personnel. Through a two-tier implementation approach combining centralized training for designated managers with follow-up training within individual departments, these programs effectively promoted knowledge sharing and supported the broad communication and effective implementation of solid waste management requirements.



## Environmental Risk Management

To prevent and respond to environmental risks arising from operations, Huadong Medicine has established an environmental risk management system covering risk identification, risk assessment, and risk response. For different risk points such as raw material warehouses, production workshops, and wastewater treatment facilities, we apply a three-tier classification and management mechanism at the offsite, plant-level, and workshop-level based on the types of potential incident types and the characteristics of the environmental risks they may pose, enabling systematic and differentiated risk control.

To effectively control environmental risks, the Company developed self-monitoring plans for pollution sources, specifying monitoring indicators and frequency. At the same time, we established environmental management inspection procedures requiring responsible departments to conduct regular inspections against established checklists and follow up on identified issues with corrective actions to ensure that all environmental management measures are properly implemented.

The Company prioritizes its emergency response capability for sudden environmental accidents and continues to improve its emergency response system in accordance with the *Measures for Administration of Response to Environmental Accidents* and the *Emergency Response Plan for Environmental Accidents*. In 2025, we further strengthened its on-site response mechanisms by formulating the *EHS Department On-site Response Plan for Rainstorm Weather* and the *EHS Department On-site Response Plan for Wastewater Pipe Bursts*, establishing faster response procedures for specific high-frequency risk scenarios. The Company also regularly conducts specialized emergency drills to continuously strengthen its response capability for environmental incidents.

### Case Comprehensive Emergency Drill for Hazardous Waste Leakage and Fire

During the reporting period, Zhongmei Huadong conducted a comprehensive emergency drill for hazardous waste leakage and fire. The drill simulated a leakage incident and a secondary fire scenario to test the operability of the emergency response plan and on-site response procedures, with a focus on evaluating coordination across emergency command, on-site response, and environmental monitoring. This hands-on drill further strengthened employees' ability to prevent and respond to risks at an early stage and enhanced the Company's overall capability to handle environmental emergencies.



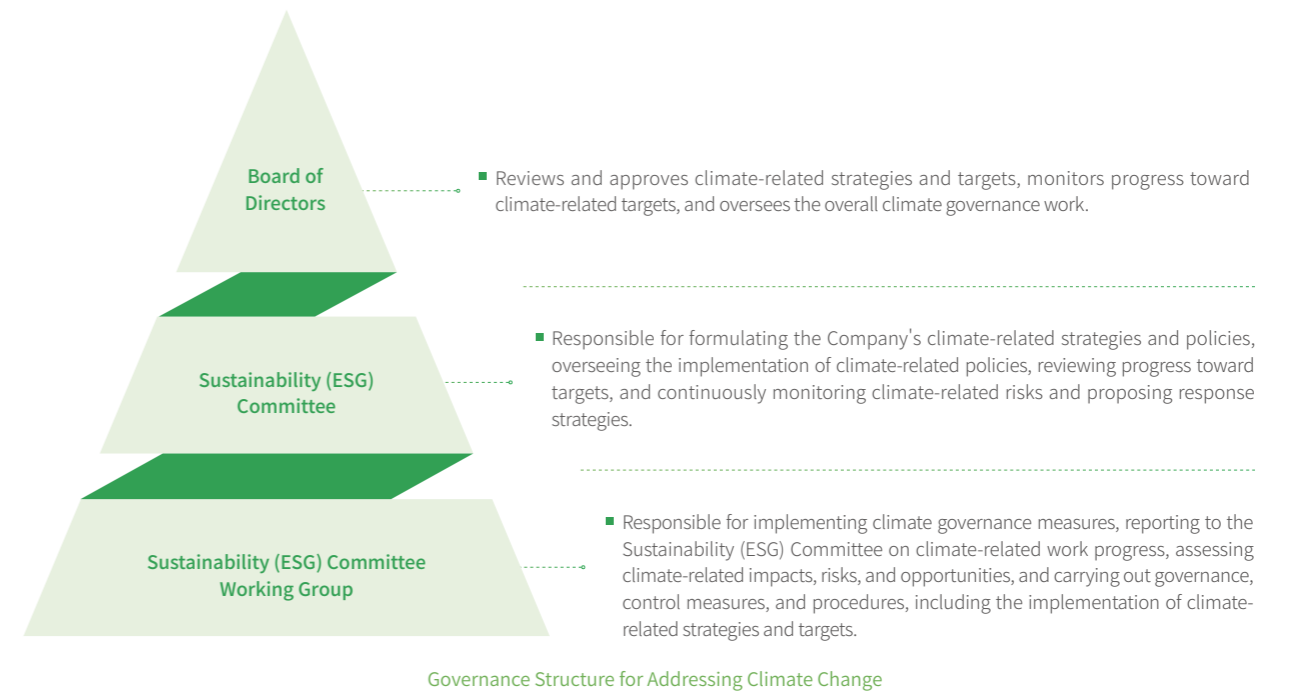
## Addressing Climate Change



Addressing climate change has become a global consensus and a key business priority. Huadong Medicine integrates climate-related issues into its daily operations and management and is committed to advancing low-carbon transformation and development. The Company continues to advance its climate governance practices through a systematic approach focused on governance optimization, strategic enhancement, risks and opportunities, as well as metrics and targets.

### Governance

Huadong Medicine has integrated climate-related issues into its ESG governance structure, with the Board of Directors, the Sustainability (ESG) Committee, and the Sustainability (ESG) Committee Working Group jointly overseeing climate governance across the full process of decision-making, supervision, and execution.



### Strategy

To strengthen its ability to address climate-related risks, Huadong Medicine systematically identified and assessed the potential impacts of climate-related risks and opportunities. Based on the assessment results, we developed corresponding management measures and response plans to enhance operational resilience, safeguard supply chain stability, and capture development opportunities arising from green transformation and innovation.

Risks and Opportunities List

Type of Risk/ Opportunity	Name	Time Range	Description of Impacts	Response Measures
<b>Physical Risks</b>				
Acute Risk	Typhoons, Floods	Short-term, Mid-term	Extreme weather may damage production facilities and disrupt the supply chain, affecting product manufacturing and delivery	<ul style="list-style-type: none"> <li>Strengthen disaster resistance capacity of infrastructure and establish emergency response plans</li> <li>Optimize supply chain layout to ensure reserves of key materials</li> </ul>
Acute Risk	Droughts	Short-term, Mid-term	Water shortages may affect water supply for production and increase operating costs	<ul style="list-style-type: none"> <li>Promote water recycling and utilization technologies</li> <li>Improve water use efficiency</li> <li>Establish emergency water supply reserves</li> </ul>
Chronic Risk	Rising Average Temperature	Mid-term, Long-term	Long-term temperature rise may increase energy demand and production costs, affecting employee health and production efficiency	<ul style="list-style-type: none"> <li>Optimize energy mix</li> <li>Promote energy conservation technologies</li> </ul>
<b>Transition Risks</b>				
Legal and Regulatory Risk	Compliance Supervision	Short-term, Mid-term	Increasingly stringent climate-related regulations may increase compliance costs and affect corporate operations	<ul style="list-style-type: none"> <li>Regularly assess changes in climate-related policies</li> <li>Proactively plan for low-carbon transition</li> </ul>
Technical Risk	Energy Conservation and Emission Reduction Equipment and Technology Upgrades	Mid-term, Long-term	The R&D and application of low-carbon technologies may face technical bottlenecks and high-cost pressures	<ul style="list-style-type: none"> <li>Increase R&amp;D investment</li> <li>Cooperate with research institutions to explore green technological innovation</li> <li>Reduce application costs of technology</li> </ul>
Market Risk	Supply Chains and Market Demands	Mid-term, Long-term	Climate change may impact the stability of raw material supply and the market demand for green pharmaceutical technologies	<ul style="list-style-type: none"> <li>Enhance green brand image</li> <li>Strengthen supply chain resilience</li> <li>Reinforce information disclosure</li> </ul>
Reputational Risk	Stakeholder Concerns	Mid-term, Long-term	Ineffective climate governance may affect corporate reputation and weaken investors' and consumers' confidence	<ul style="list-style-type: none"> <li>Strengthen ESG information disclosure and improve transparency</li> <li>Actively participate in industry green initiatives and establish a responsible corporate image</li> </ul>
<b>Opportunities</b>				
Resource Use Efficiency	Improved Resource Use Efficiency	Short-term, Mid-term	By optimizing resource use, reduce energy, water, and material consumption, lower operating costs, and support sustainable development	<ul style="list-style-type: none"> <li>Optimize production processes to reduce energy and material waste</li> <li>Promote energy conservation equipment and technologies</li> <li>Strengthen water resource management and reduce water consumption</li> <li>Implement waste classification and recycling, and promote circular utilization</li> </ul>
Energy Source	Increased Use of Renewable Energy	Mid-term, Long-term	By expanding the use of clean energy, reduce reliance on traditional fossil fuels and enhance the resilience of the energy structure	<ul style="list-style-type: none"> <li>Deploy distributed photovoltaic power generation systems at eligible production sites</li> <li>Consider purchasing green electricity to increase the proportion of renewable electricity used</li> </ul>
Products and Services	Low-Carbon Products and Service Innovation	Mid-term, Long-term	Enhance competitiveness by developing low-carbon products and services, and encourage customers to adopt environmentally friendly options	<ul style="list-style-type: none"> <li>Optimize supply chain management and select environmentally friendly suppliers</li> <li>Strengthen green warehousing and logistics management</li> </ul>

Energy Management

Huadong Medicine strictly complies with the *Energy Conservation Law of the People's Republic of China* and regards energy management and energy conservation as an important lever for sustainable development and a key pathway for addressing climate change. The Company has instituted the *Energy Management System* and established a three-tier energy management framework, forming a top-down and systematic management network to ensure the effective implementation of energy management strategies and measures.

Primary Energy Management Network

A dedicated Energy Management Department is responsible for overall coordination and management, implementing national energy-related laws and regulations and establishing an accountability system for energy conservation. The Production General Manager serves as the senior executive of energy management and is responsible for supervising implementation and effectiveness.

Secondary Energy Management Network

Under the guidance of the Company's Energy Conservation Committee, each department establishes departmental-level energy management positions. Managers with energy management capabilities serve as departmental energy managers, responsible for supervising departmental energy consumption, correcting unreasonable energy use, and conducting energy conservation education.

Tertiary Energy Management Network

At the section and team levels within energy-consuming departments, section heads, team leaders, or technicians concurrently serve as energy coordinators, responsible for supervising on-site energy use and enhancing employees' energy conservation practices and awareness.

Energy Management Framework

Guided by the energy management approach of "expanding energy sources, reducing consumption, and improving efficiency," we continued to advance clean energy applications, reduce energy intensity, and improve energy efficiency. Through lean management and technological upgrades, we are committed to building a cleaner, more efficient, and more resilient energy system.

Case

Expanding Energy Sources: Clean Sources Application

We actively advanced the green transition of our energy mix by deploying distributed photovoltaic systems, purchasing green certificates, and building EV charging infrastructure, thereby continuously increasing the proportion of clean sources used.

Rooftop Photovoltaic and Energy Storage Projects

To continuously optimize the energy mix and increase the proportion of clean energy utilization, the Company began to steadily advance the construction of distributed photovoltaic (PV) projects in 2025. Among these, the rooftop PV project at Zhongmei Huadong's Xiangfuqiao plant is scheduled for equipment installation completion in the first half of 2026, with a PV installed capacity of 0.84 MW. Concurrently, the rooftop PV and energy storage project at Huadong Medicine's Biological Innovation and Intelligent Manufacturing Center has entered the commissioning phase, featuring a PV installed capacity of 4.26 MW and a supporting energy storage scale of 2 MW / 4 MWh.

Once put into operation, these projects are expected to provide approximately 4.836 million kWh of green electricity annually, effectively reducing the proportion of purchased electricity and enhancing the resilience of energy supply at production sites. These projects represent an important part of the Company's clean sources deployment and low-carbon transition.

Green Electricity Procurement and Green Electricity Certificates

To increase the proportion of clean sources used and support low-carbon operations, the Company purchased green electricity certificates through market-based channels during the reporting period to match the carbon emissions associated with electricity consumed in daily operations and promote a greener electricity consumption mix. Among them, Jiangdong Company has cumulatively purchased 53,700 green certificates, corresponding to approximately 53.70 million kWh of green electricity consumption, and was recognized as an Outstanding Member Unit for 2025 by the Qiantang District Low-Carbon Industry Promotion Association.

EV Charging Infrastructure

In response to the growing trend toward green mobility and to promote emissions reduction in transportation, we continued to support the construction of EV charging facilities at our production sites. Jiangdong Company has installed more than 70 charging piles, which not only facilitate employees' travel but also further expand clean sources application scenarios at production sites and support the build-out of related infrastructure.

**Case** Reducing Consumption: Energy Saving

We improved energy efficiency and reduced energy consumption through targeted equipment upgrades and optimization of key process parameters at both the equipment and operational levels.

**Equipment Upgrades**

- Lighting system upgrades: Lighting fixtures in a general area of a factory workshop were replaced with infrared sensor lights, saving approximately 13,000 kWh of electricity annually. In another area, 300W high-pressure sodium lamps were replaced with 200W solar lamps, saving approximately 10,200 kWh of electricity annually.
- Refrigeration system upgrades: In response to the national policy on phasing out outdated equipment, the Company completed the replacement of four cooling water pumps at the refrigeration station, achieving China Energy Efficiency Grade 2, improving energy efficiency by 5%, and saving approximately 144,500 kWh of electricity annually.

**Optimization of Key Processes**

- Energy-saving control of fermentation tanks: By optimizing the process and operations during the air cultivation stage of fermentation tanks and adjusting relevant parameters, the Company saved approximately 10,000 kWh of electricity annually.
- Optimization of granulation line cleaning procedures: The cleaning procedure was adjusted to a tiered strategy of "major cleaning + minor cleaning." Through process optimization, the frequency of inter-batch cleaning was reduced, saving approximately 3,200 kWh of electricity and 58 cubic meters of natural gas annually.



**Case** Improving Efficiency: Management Enhancement

We are committed to improving efficiency through management by continuously enhancing energy management performance and cost control through lean operations and off-peak regulation.

**Optimized Production Scheduling**

We addressed energy use at the source by reasonably arranging production schedules and centrally allocating resources to reduce mismatched energy demand.

- Energy use optimization for high-pressure steam sterilizers: Through better scheduling and centralized sterilization management, equipment idling was reduced, saving approximately 6,300 kWh of electricity annually.
- Production scheduling and power-saving regulation in formulation workshops: Plans were made for certain formulation workshops to carry out centralized production during off-peak periods in the hot season, which is expected to reduce refrigeration power load by approximately 300 kW and production and clean air-conditioning power load by approximately 200 kW, achieving annual electricity savings of approximately 438,000 kWh.

**Lean Management of Equipment Operations**

For major energy-consuming equipment such as air-conditioning and compressed air systems, we implemented refined operating strategies and dynamic regulation to fully unlock energy-saving potential.

- Air-conditioning system operation management: Through management measures such as turning off temperature control during non-production periods, adjusting parameters during nighttime production, and carrying out regular maintenance, the Company saved approximately 2,400 kWh of electricity annually.
- Compressed air system integration and regulation: Based on the production energy-use characteristics of each department, we flexibly adjusted system operating parameters, reducing unit power consumption compared with the same period last year and saving approximately 693,700 kWh of electricity in 2025.



**Reducing Product Carbon Footprint**

To systematically identify carbon emissions across the product life cycle and promote collaborative emissions reduction along the value chain, we actively carried out carbon footprint assessments for key products. During the reporting period, we completed a life cycle carbon footprint study of Mupirocin active pharmaceutical ingredient. The results showed that the carbon footprint of producing 1 kg of the product was 107.45 kg CO<sub>2</sub>e, of which the extraction and fermentation processes contributed more than 74%, making them the key stages for emissions reduction. The assessment also identified electricity consumption, steam use, key raw materials, and waste solvent treatment as the main drivers, providing a scientific basis for targeted emissions reduction for the product going forward.

**Risk and Opportunity Management**

To address the challenges and opportunities arising from climate change, we established a climate-related risk and opportunity management process with reference to mainstream international frameworks, including the *International Financial Reporting Standard S2 — Climate-related Disclosures* (IFRS S2) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Risk and Opportunity Management Process for Climate Change



## Indicators and Targets

To drive the green and low-carbon transition, Huadong Medicine actively responds to China's "Dual Carbon" goals and integrates green and low-carbon development into the Company's long-term planning. We are committed to continuously reducing carbon emission intensity through technological innovation, optimization of the energy mix, and improvements in operational efficiency, thereby promoting sustainable development. Moving forward, the Company will continue to explore clean sources application around its carbon neutrality vision, systematically enhance climate risk management capabilities, and contribute to addressing climate change.

### Greenhouse Gas (GHG) Emission Reduction Targets

**GHG Emissions Reduction:**We are committed to continuously implementing energy-saving and consumption-reduction projects, ensuring that carbon emissions comply with national requirements, and supporting the country's carbon neutrality goals.

**Clean Sources Application:**We are committed to increasing the proportion of renewable energy used through green electricity procurement and the development of photovoltaic power generation projects, accelerating the green transition of the energy mix and contributing to the carbon neutrality goal.

**Digital Empowerment:**We will monitor energy consumption data in real time through information systems, improve energy management efficiency, achieve refined energy conservation and emission reduction, and promote comprehensive improvements in energy use efficiency to support green and low-carbon development.

### Energy Consumption and GHG Emissions<sup>2</sup>

Indicator	Unit	2024	2025
Direct energy consumption <sup>3</sup>	tonnes of coal equivalent (tce)	9,846.49	9,838.63
Indirect energy consumption	tce	44,516.81	51,083.63
Total energy consumption	tce	54,363.30	60,922.26
Energy consumption intensity	tce / RMB per million (revenue)	1.30	1.40
Scope 1 GHG emissions <sup>4</sup>	tCO <sub>2</sub> e	18,720.96	18,686.02
Scope 2 GHG emissions <sup>5</sup>	tCO <sub>2</sub> e	171,600.84	202,037.55
Total GHG emissions (Scope 1 + Scope 2)	tCO <sub>2</sub> e	190,321.80	220,723.57
GHG emission intensity	tCO <sub>2</sub> e / RMB per million (revenue)	4.54	5.06

<sup>2</sup> Beginning in 2024, the Company updated the accounting scope for GHG emissions and energy-related data to cover all subsidiaries, excluding overseas subsidiaries, and further refined the accounting scope in 2025. At the same time, the Company optimized its accounting methodology and updated the 2024 data accordingly.

<sup>3</sup> Direct energy consumption and indirect energy consumption in this table are calculated in accordance with the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020).

<sup>4</sup> Scope 1 GHG emissions arise from natural gas, diesel, gasoline, liquefied petroleum gas, and other fuels, and are calculated in accordance with the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Industrial Enterprises in Other Industries (Trial)* issued by the National Development and Reform Commission of China.

<sup>5</sup> Scope 2 GHG emissions arise from purchased steam and purchased electricity. The GHG emission factor for purchased steam is calculated at 0.11 tCO<sub>2</sub>/GJ, while GHG emissions from purchased electricity in 2025 are calculated with reference to the 2023 national average carbon dioxide emission factor for electricity released by the Ministry of Ecology and Environment of the People's Republic of China.

## Emissions Management



Huadong Medicine has always regarded the effective management of operational emissions and the reduction of environmental impacts as an important responsibility. Through technological innovation, refined management, and recycling and reuse, the Company continues to optimize the management of wastewater, exhaust gas, and waste emissions, striving to achieve harmony between corporate development and environmental protection.

## Wastewater Management

Huadong Medicine strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Emission Limits of Water and Air Pollutants for Bio-pharmaceutical Industry* and other applicable laws and regulations. In accordance with the *Wastewater Discharge Management System*, we implement strict classified collection, tiered pretreatment, and centralized treatment for all types of wastewater generated during operations, ensuring that all wastewater is discharged only after meeting applicable standards.

The wastewater generated during the Company's operations mainly includes production wastewater and domestic wastewater. For wastewater of different types, we adopt differentiated treatment pathways, including pretreatment, classified collection, and scientific treatment, to ensure compliant discharge.

### Production wastewater

Production wastewater containing specific substances, such as mycelium-containing wastewater and wastewater containing chemical reagents, is pretreated at the point of generation or in dedicated equipment through processes such as deactivation, neutralization, and oxidation. After review and confirmation, it is pumped to the regulating tank at the plant's sewage treatment station for subsequent centralized biochemical treatment.

### Domestic wastewater

Domestic wastewater generated from canteens, restrooms, and other facilities is preliminarily treated through septic tanks and other pretreatment facilities before being discharged into the wastewater treatment system.

### Wastewater Treatment Methods

We continued to strengthen whole-process monitoring and management of wastewater discharge by routinely tracking the operating status of treatment facilities and the quality of discharged water to ensure that all indicators consistently met environmental standards. To further improve system performance and operational reliability, in 2025 we continued to advance maintenance optimization and adaptive upgrades of treatment facilities. Through process adjustments and equipment upgrades, we further enhanced the treatment capacity for both industrial and domestic wastewater and ensured long-term, stable compliant discharge.

### Maintenance of wastewater treatment equipment

Preventive maintenance and upgrades were carried out on key equipment at the wastewater treatment station, including sending the bar screen machine back to the manufacturer for servicing and repair, and replacing one blower, with a total investment of approximately RMB 19,300. These measures effectively ensured stable system operation and treatment performance.

### Adaptive process upgrades

To address wastewater treatment needs arising from the introduction of new products, the Company added two dedicated wastewater collection tanks to collect specific process wastewater and conduct preliminary oxidative pretreatment, after which the wastewater was safely connected to the existing treatment system to ensure compliant and effective treatment of the newly generated wastewater.

### Wastewater Treatment Processes Upgrading and Equipment Renewal

Wastewater Discharge

Indicator	Unit	2024	2025
Chemical Oxygen Demand (COD)	Ton	268.74	308.70
Ammonia Nitrogen (NH <sub>3</sub> -N)	Ton	5.07	4.36
Total Nitrogen (N)	Ton	11.65	7.94
Total Wastewater Discharges	Ton	2,213,019.51	2,491,934.58
Wastewater Discharge Intensity	Ton / RMB per million (revenue)	52.81	57.14

## Waste Gas Management

Huadong Medicine prioritizes waste gas management. The Company strictly complies with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Emission Standard of Air Pollutants for Pharmaceutical Industry* and other relevant regulations. In accordance with the Waste Gas Emission Management System, the Company implements classified collection, effective treatment, and rigorous monitoring of all types of waste gas generated during production and operations, ensuring stable compliance with emission standards and continuously improving regional air quality.

The waste gas generated by the Company mainly originates from wastewater treatment, production processes, laboratory activities, canteen-generated oil fumes, automotive exhaust, and uncontrolled emissions. The Company adopts targeted treatment measures according to the characteristics of each type of emission, establishes a comprehensive waste gas monitoring system, and implements rigorous routine monitoring to ensure continuous compliance with environmental standards.

### Waste Gases from Production and Testing

Organic solvent waste gas, antibiotic-containing waste gas, and other waste gas generated during production and laboratory activities are treated through combined processes including spray absorption and activated carbon adsorption.

### Waste Gases from Wastewater Treatment

Odorous gases containing hydrogen sulfide and other substances generated from the wastewater treatment station are purified through a combined process of "photo-oxidation pretreatment + spray absorption + activated carbon adsorption."

### Uncontrolled Emissions

By strengthening equipment sealing, enclosing relevant facilities, and optimizing production procedures, the Company reduces solvent volatilization and fugitive emissions at the source.

### Canteen generated Oil Fumes

High-efficiency oil fume purification equipment is installed in canteen kitchens to ensure that oil fume emissions comply with national and local standards, with supporting ventilation systems in place to improve indoor air quality.

### Motor vehicle Exhaust

Regular exhaust testing is conducted on vehicles within the plant to ensure compliance with national motor vehicle emission standards and to control pollutant emissions from mobile sources.

Waste Gas Emissions Treatment Methods

We continued to invest in and optimize waste gas treatment facilities and technologies to reduce emissions of volatile organic compounds (VOCs) and other characteristic pollutants generated during production and operations. During the reporting period, by implementing a series of key measures in end-of-pipe treatment and production process optimization, we effectively improved the efficiency and reliability of waste gas treatment and further reduced environmental impacts.



**Optimization of technical pathways**

We optimized 11 existing photocatalytic oxidation waste gas treatment systems by upgrading them to oxidation spray systems, improving both treatment efficiency and operational stability.



**Optimization and upgrading of emission systems**

We carried out a comprehensive upgrade of the formulation workshop by consolidating 22 scattered waste gas emission outlets into three main outlets and installing secondary activated carbon adsorption units for centralized treatment, effectively improving waste gas collection efficiency and treatment performance.



**Supporting facilities for new projects**

To support newly built workshop projects, we simultaneously constructed three waste gas treatment systems. For waste gas containing dichloromethane, we innovatively adopted macroporous resin adsorption technology, enhancing the treatment capacity for low-boiling-point organic waste gas.

Upgrades to Waste Gas Treatment Facilities and Technologies

Waste Gas Emissions

Indicator	Unit	2024	2025
Nitrogen Oxide (NO <sub>x</sub> )	Ton	9.90	6.81
Sulfur Dioxide (SO <sub>2</sub> )	Ton	0.65	2.17
Volatile Organic Compounds (VOCs)	Ton	13.81	12.68
Waste Gas Emissions	10,000 cubic meters	412,145.48	408,943.06
Waste Gas Emission Intensity	10,000 cubic meters / RMB per million (revenue)	9.84	9.38



## Waste Management

Huadong Medicine complies with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes*, the *Standard for Pollution Control on Hazardous Waste Storage*, and other relevant laws and regulations. In accordance with the *Solid Waste Management System*, the Company standardizes the entire process of classification, storage, utilization, and disposal of solid waste. During the reporting period, all waste was entrusted to accredited third-party entities for compliant disposal, ensuring the compliant treatment of all waste.

### General Solid Waste Management

The Company follows the principles of classification, reduction, and resource utilization, with dedicated storage areas established for the separate storage of recyclable and non-recyclable waste.

- **Domestic waste:** Collected and removed daily by an accredited property management company.
- **General industrial solid waste:** Transferred to qualified third parties for incineration and disposal.
- **Recyclable solid waste:** Promoted resource utilization to achieve value regeneration.
- **Construction waste:** Generated during construction or renovation projects is centrally collected and disposed of in accordance with relevant regulations.

### Hazardous Waste Management

The Company's hazardous waste mainly includes medical waste, waste liquids, and waste APIs.

- All hazardous waste is temporarily stored in specialized hazardous waste storage facilities equipped with windproof, rainproof, sunproof, and leakproof features. The facilities are also outfitted with tail gas purification devices, combustible gas alarm devices, and video surveillance systems to ensure safe storage.
- All hazardous waste is entrusted to accredited third-party entities for compliant transport, disposal, and harmless treatment.

#### Waste Management Measures

In addition, we continued to advance refined and resource-oriented waste management. During the reporting period, a range of innovative measures were implemented to reduce waste generation and promote resource conversion, further enhancing overall waste management performance.

### Case Shared Hazardous Waste Warehouse Project

To enhance the standardization and intelligence of waste management, we actively advanced the development of a digital platform for hazardous waste management. As part of this initiative, Zhongmei Huadong invested approximately RMB 800,000 to launch the "Shared Hazardous Waste Warehouse" project. The project aims to establish a management system for hazardous waste featuring online reservation, informationalized data tracking, and early warning capabilities, supported by dedicated transfer vehicles, in order to address the inefficiencies and inaccurate data statistics associated with traditional management models. Upon completion, the project will enable digitalized, visualized, and highly efficient management of hazardous waste across the entire process, improving compliance and management efficiency.

### Case Sludge Reduction

Through process optimization, including the introduction of a plate-and-frame filter press system, Jiangdong Company achieved a significant reduction in sludge generation despite a year-on-year increase in wastewater treatment volume. Compared with the base year, sludge generation decreased by more than 44%, effectively reducing subsequent disposal pressure and costs.



### Case Resource Utilization of Chinese Herbal Residue

We continued to expand channels for resource utilization of waste. During the reporting period, we developed a new partner for the comprehensive utilization of herbal residue and entrusted qualified manufacturers with the medicinal residue generated by our extraction workshops for the production of organic fuel or organic fertilizer. In 2025, 178 tonnes of herbal residue were utilized through this channel.

In addition, we utilized a portion of the qualified herbal medicine residues generated after decoction for resource recovery as livestock feed. This not only reduced the environmental burden associated with traditional disposal methods but also enabled the circular utilization and value enhancement of the waste, significantly improving the comprehensive waste utilization rate.



#### Waste Generation and Recycling

Indicator	Unit	2024	2025
Quantity of General Waste Generated	Ton	19,544.01	21,460.15
General Waste Production Intensity	Ton / RMB per million (revenue)	0.47	0.49
Quantity of General Waste Recycled	Ton	13,695.41	13,813.52
Quantity of Hazardous Waste Generated	Ton	7,378.62	9,333.46
Hazardous Waste Production Intensity	Ton / RMB per million (revenue)	0.18	0.21

## Green Operations



Guided by the principles of sustainable development, Huadong Medicine integrates efficient resource utilization and green office practices into every aspect of its daily operations. By continuously optimizing resource management mechanisms and innovating approaches to resource conservation and utilization, we are committed to driving our operating model toward a greener and leaner direction and providing a practical example of environmentally friendly corporate development.

## Water Resource Management

Huadong Medicine continues to advance water conservation management as a key component of green operations. Water is used across purified water preparation, steam generation, cooling and refrigeration system replenishment, production processes, and daily logistics. By optimizing water use processes, implementing water-saving technological upgrades, and strengthening daily management, we continuously improve water efficiency and steadily advance water-saving operations.

To achieve efficient water management and recycling, we have implemented a series of targeted water-saving measures focusing on key water-consuming areas such as process water, cooling water, and steam systems, supported by integrated management and technical upgrades, thereby promoting refined water management and improving water use efficiency.

### Case Water Conservation in Process Water Use

#### Water system optimization project

The backwashing mode of the pretreatment unit at the purified water station was optimized by standardizing the cycle and dynamically adjusting backwashing frequency and flow rate based on the pressure differential between inlet and outlet water, thereby reducing unnecessary backwashing while ensuring water quality. This project saved approximately 19,500 tonnes of tap water annually, significantly reducing both water consumption and operating energy use.

#### Reclaimed water reuse retrofit project

A reclaimed water reuse project was at the purified water station to collect and treat wastewater generated during water production for reuse in cooling tower makeup water and other processes. Approximately 51,000 tonnes of wastewater were recycled and reused throughout the year, enabling closed-loop utilization of water resources.



### Case Water Conservation in Cooling Water Systems

#### Smart temperature control retrofit project

Temperature controllers and relays were installed in the air-conditioning or fan systems of areas such as the hazardous materials warehouse and the palletizing area of the formulation workshop, enabling automatic interlocked control of equipment operation and temperature and avoiding ineffective circulation and waste of chilled water. These two retrofit projects together reduced chilled water consumption by nearly 98,500 tonnes.

#### Centralized cooling water optimization project

Through pipeline modifications, the production area of a plant can directly receive centrally supplied chilled water from the plant, allowing its original tap-water-boosted cooling unit to be taken out of service and reducing cooling water consumption at the source. After the retrofit, approximately 4,524 tonnes of tap water can be saved annually, effectively improving overall water use efficiency.



### Case Water Conservation in Steam Systems

#### Equipment and process upgrades

The heating method of the hot water system was upgraded to improve heat exchange efficiency, saving approximately 280 tonnes of steam, and high-efficiency steam traps were installed on steam pipelines to improve steam utilization efficiency.

#### Optimization of steam system operation management

By optimizing steam system operation, steam supply to non-essential air-conditioning units was shut off during the non-heating season, and electric valves and timer switches were added to the steam system to enable timed steam supply and reduce steam losses from nighttime pipeline insulation. This measure saved approximately 210 tonnes of tap water annually and improved resource use efficiency.



### Case Integrated Water Conservation Management

#### Timed control retrofit for solenoid valves

Timer switches were installed on solenoid valves at certain water use points to enable timed and quantified drainage control, effectively reducing unplanned water use. This project saved approximately 2,400 tonnes of tap water annually and improved the refinement of water use management.




## Circular Economy

Upholding the concept of innovation-driven and sustainable development, Huadong Medicine is committed to promoting the efficient circulation of resources and integrating the principles of the circular economy into daily material management. The Company strictly adheres to the *Material Compliance Management* and specialized procedures such as the *Cylindrical Paper Drum Recycling Standard Operating Procedure*, implementing systematic recycling and reuse of recyclable materials generated during production to significantly reduce resource consumption and environmental impact.


To standardize and enhance the recovery and reuse of specific waste solvents, we actively participated in the development of industry standards to advance technological progress. During the reporting period, we took part in formulating two group standards: the *Recovery of Acetonitrile from Waste Biopharmaceutical Solvents Technical Specification—Ultra Gravity Crude Coupled Distillation* and the *Recycled Acetonitrile from Waste Biopharmaceutical Solvents*. These standards define the technical requirements, methods, and product specifications for recovering and regenerating acetonitrile from waste biopharmaceutical solvents through advanced processes such as high-gravity prefractionation coupled with rectification, extraction, and membrane separation, providing a technical basis for the standardized recovery and reuse of waste solvents across the industry.

We have established dedicated recycling and reuse systems for different categories of packaging and production materials, creating multiple internal resource circulation loops. These efforts have significantly improved resource utilization efficiency and supported the Company's continued advancement of green and low-carbon operations.




**Cylindrical paper drum recycling**

To reduce resource waste and lower production costs, the Company recycles the cylindrical paper drums used as outer packaging for fermented *Cordyceps Sinensis* powder. After cleaning and inspection, qualified drums are reused for production packaging, forming an internal closed-loop material circulation system that significantly reduces solid waste generation while lowering packaging costs.



**Iron drum reuse**

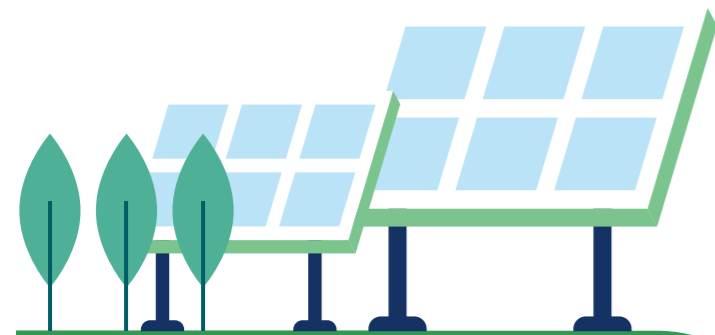
The Company reuses iron drums originally used for raw materials such as glycerin and acetone as storage containers for hazardous waste such as waste solvents generated during production, enabling cascading use of packaging containers. This practice reduces both new drum procurement and the disposal cost of empty drums as hazardous waste.



**Solvent recycling and reuse**

The Company recovers and reuses commonly used solvents such as ethanol, acetone, and ethyl acetate. Ethanol is recovered through a high-gravity bed process, while acetone and ethyl acetate are recovered through vacuum concentration. After passing inspection, these solvents are returned to the production line for reuse. This system significantly reduces the purchase of fresh solvents, cuts hazardous waste generation at the source, and delivers both economic and environmental benefits.

Packaging and Production Material Recycling Practices



## Green Office

Huadong Medicine fully integrates green principles into its operational management. Through management optimization and cultural advocacy, we encourage all employees to practice green office principles and work to reduce resource consumption and environmental footprint in daily operations.

**Digital transformation**

- Promote electronic approvals, online document circulation, and paperless archiving of meeting minutes to reduce paper use.
- Promote online recruitment processes, including electronic resume submission, distribution of electronic brochures, online presentations, and video interviews, effectively reducing travel demand and carbon emissions for both candidates and recruiters.

**Intelligent energy-saving upgrades**

- Implement intelligent upgrades to elevator machine room air-conditioning systems, using IoT technology to enable on-demand operation and achieve more precise energy savings.

**Resource recycling and reuse**

- Establish a recycling mechanism for office consumables, with centralized collection of commonly used items such as ink cartridges, toner cartridges, and batteries, which are then handed over to professional institutions for compliant disposal to avoid environmental pollution.
- Promote the reuse of materials such as promotional roll-up banners to reduce the use of disposable publicity materials.

**Green procurement**

- Give priority to green office consumables such as recycled paper and environmentally friendly ink to reduce the environmental footprint of office operations at the source.

**Cultural advocacy**

- Display resource conservation messages in office areas and reinforce employees' awareness of conservation through daily communication and promotion.

Green Office Practices

## Biodiversity Protection

Huadong Medicine adheres to the principles of sustainable development and recognizes that biodiversity is a vital foundation of the Earth's life-support system, closely linked to human health and well-being as well as the Company's sustainable development. The Company strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Biosecurity Law of the People's Republic of China*, and other applicable laws and regulations. Guided by the principle of "respecting, adapting to, and protecting nature," we are committed to avoiding and reducing the potential negative impacts of our operations on ecosystems and wildlife habitats, and to contributing to the protection of our shared planet.

Huadong Medicine actively integrates biodiversity considerations into its operations and supply chain management. During project planning and site selection, we prioritize assessing potential impacts on ecosystems, proactively avoid ecologically sensitive areas, and strictly implement environmental impact assessments to reduce disturbance to natural habitats at the source. In daily operations, we continue to advance cleaner production and resource circulation, striving to reduce pollutant emissions and ease pressure on the surrounding environment. At the same time, we continue to strengthen internal communication and training on biodiversity protection, enhance employees' awareness, advocate eco-friendly principles in business decisions and production practices, and explore pathways for coordinated development between business growth and ecological conservation.

# 03

## Driving Innovation and Quality Excellence

Huadong Medicine adheres to innovation-driven development and prioritizes product quality and safety. By establishing a comprehensive R&D process and quality management system, we are committed to ensuring the high quality and safety of our products throughout their entire lifecycle. Maintaining a customer-centric approach, we constantly optimize our service to cultivate a trustworthy brand image. We implement full-cycle evaluation and management of suppliers and attach importance to improving supply chain resilience, contributing to healthy and sustainable development of the pharmaceutical industry.

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### Contributing to the UN SDGs:



## R&D and Innovation



Huadong Medicine prioritizes innovative drug R&D as a core strategy, actively building a robust R&D framework. We continuously increase R&D investment and strengthen intellectual property (IP) protection to enhance technological competitiveness. Our R&D processes strictly follow ethical standards with dedicated animal welfare safeguards, ensuring compliance with both regulatory and ethical requirements. Through continuous process refinement, we accelerate innovation commercialization to drive industry advancement.

## Innovation and R&D System

We have established significant brand influence and solid market foundation in therapeutic fields such as CKD, immunology, endocrinology, oncology, the digestive system and the cardiovascular system, and our products' market share has long been among the top of similar products in China. We have successfully launched multiple first-in-class innovative drugs in the three core therapeutic fields of oncology, endocrinology and autoimmune diseases, and formed a matrix of three distinctive products represented by antibody-drug conjugates (ADCs), GLP-1 and topical formulations.

We adhere to the innovation-driven development strategy, continuously increase R&D investment, and build an independent innovation system that covers the entire drug research and development cycle. We have established the Global Innovative Drug R&D Center to coordinate the strategic planning, pipeline layout and clinical research and development of proprietary innovative products. We focus on products with clinical relevance, pharmacoeconomic viability and commercial potential. Through a combination of independent R&D, external collaborations, and product license-ins, we have created a differentiated innovative product pipeline to ensure the continuous transformation of innovation achievements. At the same time, we actively carry out global strategic cooperation and build an open and collaborative R&D and innovation ecosystem, injecting momentum into the Company's medium and long-term high-quality development.

## R&D Team Development

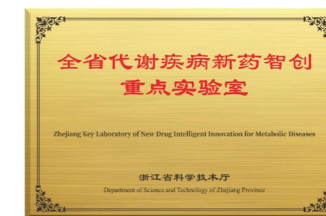
The Company prioritizes team building and R&D and innovation capabilities as foundational pillars. We've built a comprehensive team spanning the entire drug development pipeline - from discovery and efficacy evaluation to clinical development, operation, and registration. Our Scientific Advisory Board (SAB), comprising global experts in medicine and R&D, provides professional guidance to address key technical challenges in innovative drug development. During the reporting period, the SAB's expertise was instrumental in securing approval for the Zhejiang Key Laboratory of New Drug Intelligent Innovation for Metabolic Diseases. Guided by the SAB, the laboratory established research priorities and fostered interdisciplinary collaboration throughout its application and setup phases. Going forward, the laboratory will focus on metabolic diseases with unmet clinical needs, developing safer and more effective therapeutic solutions for patients.



### Case

#### Establishment of Zhejiang Key Laboratory of New Drug Intelligent Innovation for Metabolic Diseases

The Zhejiang Key Laboratory of New Drug Intelligent Innovation for Metabolic Diseases was established based on Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. and jointly established with the School of Pharmacy of Zhejiang University. The laboratory was approved for establishment by the Zhejiang Provincial Department of Science and Technology and completed its listing ceremony in July 2025.

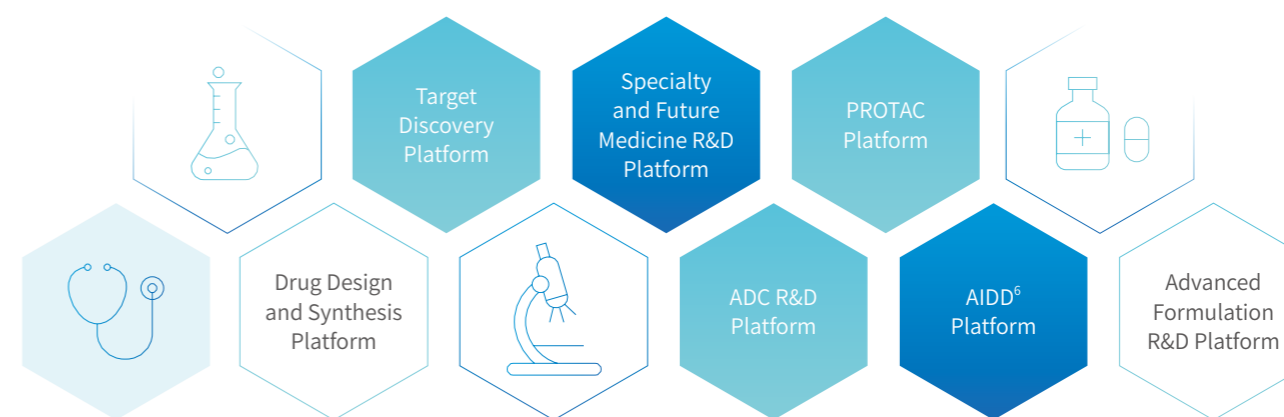


Directed by Dr. Liu Dongzhou, Chief Scientific Officer of Huadong Medicine, the laboratory focuses on metabolic disease prevention and treatment, leveraging AI for drug design and synthesis. Targeting multi-target, high-compliance, low-side-effect therapies with comprehensive benefits, it aims to establish Zhejiang Province as a research hub for metabolic diseases while driving innovation and industrial transformation. The laboratory accelerates commercialization of breakthroughs, cultivates next-generation biopharma capabilities, and advances the Healthy China 2030 agenda through life sciences innovation.



## R&D Innovation Achievements

During the reporting period, the Company upheld its corporate philosophy of being "Science-based and Patient Centered." It continued to strengthen its presence in therapeutic areas including endocrinology, autoimmune disorders, and oncology, while steadily increasing R&D investment, expanding and diversifying its innovative drug pipeline, enhancing its innovation ecosystem and technology platforms, and actively advancing the progress of clinical trials. These efforts resulted in several major milestone achievements. As of the date of this report, the Company's Innovative Drug R&D Center is advancing 96 innovative drug pipeline projects. Over the past five years, the Company has filed more than 150 innovative drug patent applications in total, 29 of which have been granted.



Innovation and R&D Technology Platform

<sup>6</sup> AIDD: Artificial Intelligence-Driven Drug Design, which refers to the application of artificial intelligence (AI) technology in drug development. It uses AI algorithms to analyze large-scale molecular structure data to help predict the interactions between molecules and their therapeutic effects on diseases.

Case Application of AI Technology in Drug R&D

We accelerate AI integration in innovative drug R&D, embedding AIDD technology across development workflows. Through our upgraded AI drug design platform, we've established five core application scenarios within our digital R&D roadmap. Leveraging large language models for target validation and project decisions, we generated over 100 evaluation reports annually, reducing early-stage R&D uncertainty. Optimizing molecular design through AI-driven structural screening and prediction, we achieved 30% higher efficiency across small molecules, peptides, and biologics. This AI integration marks our transition to intelligent drug discovery.



From the beginning of 2025 to the date of disclosure of this report, our products have obtained a total of 6 marketing approvals, 12 marketing applications accepted, 26 investigational new drug (IND) application approvals, 6 orphan drug designations in the United States, and 1 breakthrough therapy designation in China.

Life Sciences Industrial Park

Huadong Medicine continues to improve the construction of innovative R&D platforms, actively promotes the ecological construction of the Life Sciences Industrial Park, effectively improving the efficiency of drug R&D, and further promoting the collaborative development and value chain integration of the biopharmaceutical industry.

Driven by innovation transformation, ecosystem development, and industrial clustering, the Life Sciences Industrial Park commenced operations in January 2024. Integrating "research and development incubation, accelerated transformation, and industrialization implementation", the park focuses on advancing life science research and translating breakthroughs into real-world applications. Offering comprehensive resources, including lab spaces, funding support, tech platforms, and financial services, the park leverages Huadong Medicine's full-cycle R&D ecosystem to deliver systematic support for resident enterprises. This strategic initiative accelerates industry ecosystem development through sustainable innovation. As of April 2026, the park has nurtured 21 startups, with 3 receiving grants from Hangzhou Gongshu District's Dayun Talent Program.

During the reporting period, the Life Sciences Industrial Park held over 50 exchange activities and hosted the "AI + Life Health" innovation and entrepreneurship competition, actively promoting industrial development. At the same time, Huadong Medicine established the Huadong Medicine Special Industry Fund with professional investment institutions, with a fund size of RMB 2 billion, focusing on investment in innovative drugs, aesthetic medicine, and big health.



Life Sciences Industrial Park

In addition, we established the Hangzhou Zhongmei Huadong Synthetic Biology Proof-of-Concept Center, aiming to verify the technical feasibility of early scientific research achievements and combine them with market demand to explore and verify the commercial potential of scientific research achievements. In 2025, the center was selected for the second batch of proof-of-concept center construction layout list by the Zhejiang Provincial Department of Science and Technology. Since its establishment at the end of 2022, the center has incubated 8 companies, completed over 80 inbound projects, and provided more than 50 services such as technical consulting, lab/pilot testing, CDMO, and CMO validation to relevant enterprises, continuously empowering technology and industrial development.



Hangzhou Zhongmei Huadong Synthetic Biology Proof-of-Concept Center

Intellectual Property Protection

We always regard IP protection as the core driving force for promoting technological innovation and high-quality development. To continuously improve the IP management system, we have formulated and implemented the *Patent Inventor Management Measures* and the *Patent Application Incentives* to further clarify the rights and responsibilities of inventors. During the reporting period, we issued the *Notice on Strengthening the Company's Patent Management*, optimizing and refining the patent reward mechanism and patent rating management system.

The Company continuously improves its patent management system around five key directions: patent layout, patent breakthrough, patent protection, intelligent construction, and drug patent lifecycle management. In terms of personnel allocation, the aesthetic medicine segment has added dedicated patent personnel, and other segments have also set up dedicated personnel to coordinate R&D progress. In addition, to meet the needs of strategic transformation and business development, we have started recruiting patent personnel with international IP management experience. In terms of data management, we continuously improve the performance and adaptability of our patent management system by utilizing patent databases. In terms of process optimization, we have formed a cross-departmental working group to properly respond to major patent cases and ensure that risks are controllable. In terms of indicator assessment, we develop patent assessment indicators for each segment every year and conduct assessments.

We continue to strengthen the identification and management of IP risks, actively respond to potential challenges, and ensure the steady progress of innovative R&D. We effectively prevent and control IP related risks through systematic patent strategies and competitor patent surveillance. In various cooperation projects, we strictly follow the cooperation agreement and patent management system, standardize the communication process of IP information, ensure the orderly implementation of patent examination, maintenance, and licensing, and assist in the compliant transformation of R&D results.

**Patent Strategies**

- Monitor and track project progress, analyze R&D data, and strategically deploy core patent filings
- Use strategies such as priority claims, patent classification, pre-grant examination, and prioritized examination to protect innovation
- Ensure high-quality drafting of patent specifications
- Set up a patent liaison to provide comprehensive IP support for innovative projects

**Competitor Patent Surveillance**

- Conduct regular patent surveillance and searches
- Complete patent surveillance prior to patent initiation to support early-stage exploration, preliminary research, and new-phase project approvals

**IP Management for Collaborative Projects**

- Communicate with partners per contractual agreements to manage patent examination and maintenance
- Implement IP-related clauses in cooperation agreements, manage PCT national phase entry, patent registration, examine progress, etc.
- Regularly update IP progress, participate in relevant meetings, and assess project dynamics

IP Risks Management Measures

The Company actively promotes the construction of IP culture and strengthens the awareness of IP among all employees. During the reporting period, we organized multiple cross-departmental patent meetings and patent training and sharing activities to further deepen the construction of the IP management system, enhance employees' professional abilities, and provide solid support and guarantee for the Company's continuous innovation.

**Training on IP**

- Organized discussions among patent, legal, technical, and legal counsel teams to analyze patent cases and propose solutions
- Provided on-site patent knowledge learning training for new employees and offered online course and related materials on IP
- In accordance with patent portfolio requirements for specific products, regularly communicated with multiple stakeholders regarding key product patent applications and R&D trials

**Patent Knowledge Sharing**

- Conducted specialized sharing among patent personnel, covering drug patent term, patent labeling, and revision of examination guidelines
- Convened an annual conference on patent work with the theme of "Patent Protection of Chinese Patent Medicine: Limitations on Components, Extracts and Active Ingredients"
- Organized a group-level patent lecture that covered the sharing of patent issues related to drug impurities, analysis of authorization requirements for parameter claims, and introduction of antitrust guidelines in the pharmaceutical field

Training on IP Protection

During the reporting period

Number of new authorized patents

81

As of the end of the reporting period

Cumulative number of granted patents

906

Cumulative number of trademarks

698



## Research Ethics

In the clinical R&D stage of drugs, the Company strictly adheres to domestic and international regulatory standards, such as the *Helsinki Declaration*, the *Drug Registration Verification Criteria and Principles*, the *Guidelines for Ethical Review of Drug Clinical Trials*, and the *Good Clinical Practice (GCP) Guideline* published by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). The Company has developed standard operating procedures (SOPs) to ensure scientific rigor and ethical compliance of the R&D processes. We have established SOPs covering clinical trial design, implementation, data management, and statistical analysis, ensuring the scientific and ethical nature of drug development.

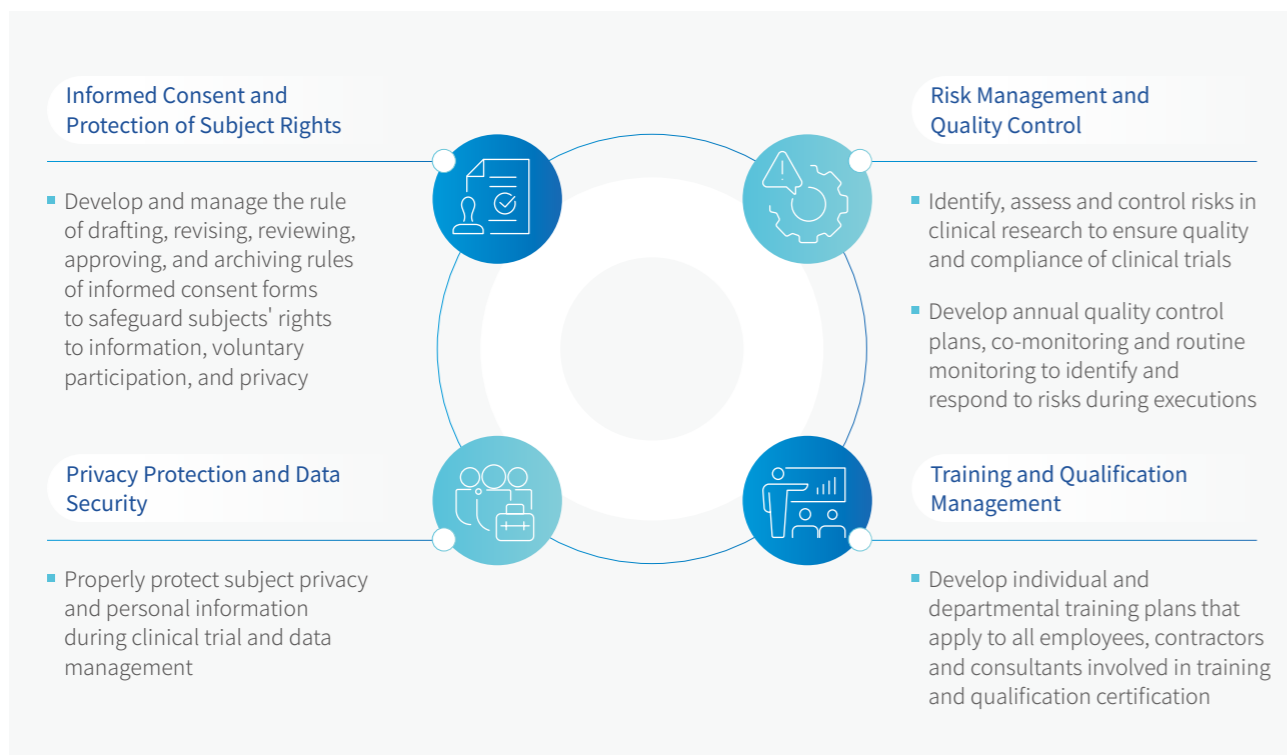
Ensuring Scientific Rigor in Drug Development

- We follow the *Good Clinical Practice* standards and involve multiple functional departments such as clinical medicine and clinical pharmacology in various stages of clinical trials, covering the entire process of trial protocol design, statistical analysis plan formulation, data analysis, and report writing. We have established the Medical Document Review Committee (MDRC) and develop supporting management systems. In addition, we have added two new SOPs – the *Process for Writing, Reviewing, and Approving Clinical Trial Reports* and the *Formulation and Revision of Plans*, to further enhance the scientific rigor of clinical research.

Ensuring Ethical Compliance in Drug Development

- In accordance with the *Good Clinical Practice* requirements, we have developed SOPs covering multiple key aspects such as ethical review, governance of human genetic resources, and clinical risk management, to ensure the standardization and compliance of the entire clinical research process. In the process of clinical research implementation, we attach great importance to the rights and security protection of subjects, fully consider the risk factors of specific populations, such as the safety guarantee for women with reproductive potential, and strictly follow the principle of privacy protection in the processing of individual security reports to ensure the confidentiality of personal information of subjects.

We adhere to the basic principles of ethical review and informed consent to comprehensively safeguard the safety and legitimate rights and interests of clinical trial subjects. Clinical trial management and subject protection measures jointly build the ethical cornerstone of the Company's R&D system, promoting scientific innovation and pharmaceutical progress while effectively maintaining the health and well-being of participants.



Clinical Trial Management and Subject Protection Initiatives

## Animal Welfare

In the process of promoting research and innovation, Huadong Medicine attaches great importance to the ethical well-being and standardized management of laboratory animals. We strictly adhere to regulations and policy requirements such as the *Laboratory Animal - Requirements of Environment and Housing Facilities*, the *Management of Experimental Animals*, and the *Guidelines for Humane Treatment of Experimental Animals*, and based on this, we have formulated internal management systems such as the *Guiding Principles for Ethical Review of Experimental Animal Welfare*, the *Charter of the Ethics Committee for Experimental Animal Welfare* and the *Rules for the Management of Experimental Animals*. These policies cover the management system, operating procedures, animal use and management, as well as the operation and maintenance of facilities and equipment in the Laboratory Animal Center, providing a solid institutional guarantee for improving the welfare level of laboratory animals. In addition, the Laboratory Animal Center has obtained the Laboratory Animal Use License and conducts annual inspections.

We have established the Experimental Animal Management Committee and the Ethics Committee for Experimental Animal Welfare to coordinate and promote the standardized and institutionalized animal welfare management. Among them, the Ethics Committee for Experimental Animal Welfare is responsible for conducting a comprehensive review of scientific rigor and ethical compliance for all research projects involving animals, ensuring that experimental activities are carried out under the premise of compliance, safety, and ethics. During the reporting period, we updated the SOPs related to animal welfare, covering the procurement, transportation, and acceptance of experimental animals, to further improve the level of animal welfare.

To maximize respect and protection for the welfare of experimental animals, while ensuring the accuracy and reliability of experimental data, the Company has implemented a series of standardized management measures to improve the controllability of the welfare level of experimental animals and the research quality.



Animal Welfare Protection Initiatives

## Achievements in Innovation

Adhering to the concept of open integration and continuous innovation and relying on leading scientific research achievements and profound industry accumulation, Huadong Medicine actively cooperates with global academic and industrial partners to jointly promote high-quality development in the field of medicine and health. We deeply participate in industry exchanges, gather wisdom and consensus from multiple parties, collaborate with top experts in interdisciplinary cooperation, and closely cooperate with industry partners to continuously inject new momentum into industry progress, comprehensively enhancing the Company's industry influence and ecological synergy value.

<sup>7</sup> The 3Rs Principle: Refers to Reduction, Replacement, and Refinement.

**Case** Outstanding Innovation Capabilities in the R&D of Metabolic and Cardiovascular Diseases

Huadong Medicine's subsidiary, Doer Biologics, focuses on the R&D of innovative biopharmaceuticals for metabolic diseases and cancer. In 2025, its independently developed first-in-class long-acting tri-specific agonist - DR10624 was used in a phase 2 clinical study to treat severe hypertriglyceridemia. This was selected for the latest breakthrough research at the 2025 American Heart Association Scientific Sessions and presented as a groundbreaking clinical trial for heart metabolic disease drugs in the opening report of the main venue, reflecting the industry's high recognition of the scientific value and clinical prospects of DR10624.



**Case** Strategic Layout in the Field of Autoimmunity for Win-win Cooperation in the Industry

In 2025, Huadong Medicine announced an exclusive strategic cooperation with Jiangsu Vcare PharmaTech Co., Ltd. regarding the commercialization rights of its innovative product - VC005 tablets in mainland China. VC005 tablets are a new, powerful, and highly selective second-generation JAK1 inhibitor, targeting multiple autoimmune diseases such as moderate to severe atopic dermatitis and ankylosing spondylitis.

Autoimmunity is one of the important strategic layout areas of Huadong Medicine, and VC005 tablets have the potential to treat various autoimmune diseases. This strategic cooperation further enriches the Company's own immune pipeline and will strengthen Huadong Medicine's leading position in the domestic immune market. With the comprehensive market layout of Huadong Medicine in autoimmunity in China, VC005 tablets will achieve a wider and deeper market coverage in the future, serving more patients with autoimmune diseases.



**Case** Academic Exchanges in Aesthetic Medicine to Promote Technological Innovation and Global Cooperation

In 2025, Sinclair continued to deepen academic exchanges and technical cooperation in aesthetic medicine and actively participated in and hosted multiple international and regional industry activities, covering various cutting-edge directions such as injection medicine, application of recycled materials, and cryotherapy for whitening. Through activities such as SEEDs Ellansé Asia Pacific Exchange Conference, Asia Pacific Magic Stick Program, and MAILI EXTREME TTT MaiLi Shuoying Mentor Seminar, Sinclair collaborated with domestic and international experts to promote standardization of clinical technology and innovation of concepts for Ellansé®, MaiLi® and other products.

Sinclair also conducted expert meetings and operation training around new products such as Renotion and Reaction, helping to standardize the application of products. The series of activities not only strengthened the technical capabilities of aesthetic medicine practitioners, but also promoted cross regional academic exchanges, enhancing the Company's professional influence and sustainable cooperation value in the global aesthetic medicine segment.



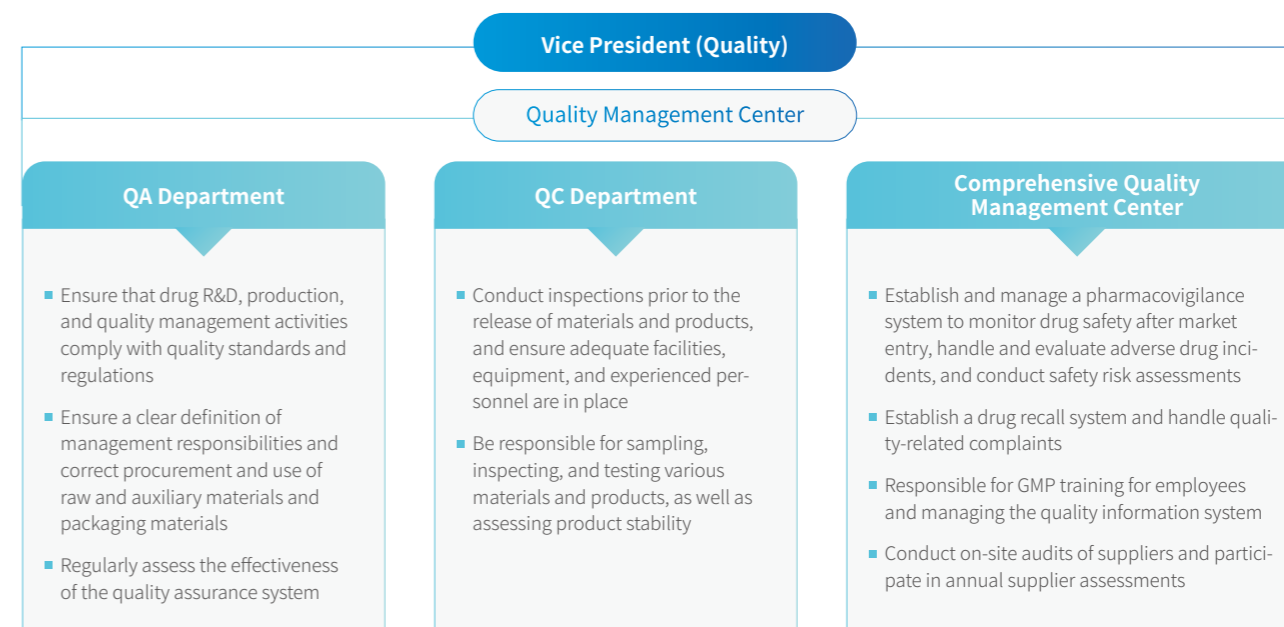
## Quality and Safety



Huadong Medicine always regards product quality as the core competitiveness of its sustainable development. We have established a quality control system that runs through the entire process of R&D, production and operation, comprehensively ensuring the quality and safety of our products. At the same time, we continue to strengthen pharmacovigilance, deepen the construction of quality culture, optimize the quality management system, and effectively reinforce our quality defense.

## Governance

Huadong Medicine's wholly-owned subsidiary Zhongmei Huadong has structured its quality management around the Quality Management Center, which consists of the Quality Assurance (QA) Department, the Quality Control (QC) Department, and the Comprehensive Quality Management Center. A Vice President (Quality) assumes the role of quality steward and authorized figure, tasked with crafting overarching quality development strategies, setting overall objectives, defining strategic directives, and implementing quality enhancement initiatives. To ensure the quality of the pharmaceutical products, we operate under a quality veto system, empowering the QC managers with the authority to veto decisions pertaining to drug quality management. They are also integral in pivotal quality determinations, such as addressing quality complaints, major product safety issues, and product recalls.



Quality Management Structure

## Strategy

Based on the Company's business layout, operational status, and strategic planning, we conducted a systematic evaluation of key areas such as production and manufacturing, warehousing and logistics, identified the key risks and opportunities, and conducted in-depth analyses of their potential impact on business operations and financial conditions. We have formulated comprehensive measures to address these risks and opportunities, including improving the quality management system and further strengthening the quality assurance mechanism. At the same time, we continue to promote the optimization and upgrading of the pharmacovigilance system, and strengthen the promotion and implementation of quality culture, striving to achieve effective control of various risks.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Time Range	Potential Impact on the Company	Response Measures
Material Quality Risk	The quality of products from some suppliers may be volatile, potentially damaging product performance.	Short-, medium-, and long-term	<ul style="list-style-type: none"> <li>May increase likelihood of customer complaints and returns, damaging the Company's reputation and market competitiveness</li> <li>Possible production delays, leading to higher costs</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen supplier management and audits, and establish long-term partnerships with high-quality suppliers</li> <li>Conduct regular assessments and audits of suppliers</li> </ul>
Manufacturing Risk	Equipment failures and operational errors during the production may result in product quality issues.	Short-, medium-, and long-term	<ul style="list-style-type: none"> <li>Quality issues may fray customer trust and damage the Company's brand image</li> <li>May lead to product recalls, incurring additional costs and legal liabilities</li> <li>May interrupt production, affecting delivery schedules and customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Develop maintenance plans and servicing programs for production equipment, ensure that key inspection instruments have backup units to support product release in emergencies</li> <li>Establish temporary emergency production plans for production lines and conduct regular emergency production drills</li> <li>Provide regular training to operational personnel to improve their technical skills and quality awareness, thereby ensuring inspectors' cross-inspection performance</li> </ul>
Cross-contamination Risk	Shared production lines may pose risks of cross-contamination, mix-ups, or errors	Short- and medium-term	<ul style="list-style-type: none"> <li>May lead to product non-compliance with regulatory requirements, resulting in supervisory punishment</li> <li>May pose health and safety risks to employees, leading to litigation and compensation</li> </ul>	<ul style="list-style-type: none"> <li>Conduct comprehensive risk assessments for shared production lines, based on product characteristics, cross-contamination prevention measures during production, and whether the residue of the equipment after use and cleaning meets the requirements</li> </ul>
Storage and Logistics Risk	Products may be damaged or deteriorated during storage and logistics.	Short- and medium-term	<ul style="list-style-type: none"> <li>May add extra logistics costs and compensation expenses</li> <li>May lead to potential supply chain disruptions, impacting product supply and sales</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen storage temperature and humidity control, cooperate with professional logistics providers to ensure product quality and safety during transportation</li> </ul>
Data Integrity Risk	Data in computerized systems may be tampered with, lost, mistakenly deleted, or unable to verify authenticity.	Short-, medium-, and long-term	<ul style="list-style-type: none"> <li>May lead to GMP non-compliance or product failure to market</li> <li>May lead to the release of unqualified intermediates or finished products, affecting product quality</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a comprehensive data integrity risk assessment for computerized systems used in production and inspection processes to ensure that all types of electronic data meet the principle of data integrity (ALCOA+)</li> </ul>
Technological Opportunity	Emerging technologies such as artificial intelligence (AI), big data, and the Internet of Things are bringing new possibilities to the pharmaceutical industry. AI application has already made notable progress in drug research and development such as molecular screening and clinical data analysis.	Medium- and long-term	<ul style="list-style-type: none"> <li>Adoption of new technologies can improve production efficiency, reduce costs, enhance product quality, and strengthen the Company's innovation capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Increase investment in cutting-edge technologies such as biopharmaceuticals and gene therapy to support new drug R&amp;D and existing technology upgrades</li> <li>Apply AI and big data technology to optimize production processes and quality control, boosting efficiency and quality</li> <li>Collaborate with research institutes and universities to accelerate technology transfer</li> </ul>

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Time Range	Potential Impact on the Company	Response Measures
Market Opportunity	<p>In July 2024, the Chinese government released the <i>Implementation Plan for Full-Chain Support for the Development of Innovative Drugs</i>, creating a more favorable environment for innovative drug's development and providing the Company with access to markets.</p> <p>In addition, continued global pharmaceutical market expansion and rising consumer demand for high-quality drugs are providing more opportunities for expanding domestic and international market.</p>	Medium- and long-term	<ul style="list-style-type: none"> <li>Favorable policies help the Company to develop and launch innovative pharmaceutical products, enhance the technological content of the products and better meet the market demand</li> <li>High-quality products help enhance brand reputation and competitiveness, meeting consumers' higher expectations for safety and efficacy</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen market research and customer demand analysis, and optimize product portfolio</li> <li>Actively participate in international pharmaceutical exhibitions and technical exchanges</li> <li>Establish strategic alliances with better-performing partners</li> </ul>
Regulatory Opportunity	On October 23, 2023, the National Medical Products Administration issued the <i>Announcement on Strengthening the Supervision and Management of Commissioned Production by Marketing Authorization Holder for Medicines (No. 132 of 2023)</i> , which put forward clear requirements on the management of licensing, quality management and supervision and inspection of commissioned production, etc., and strictly regulated the commissioned production practices to ensure the prominent strengths of compliant enterprises.	Medium- and long-term	<ul style="list-style-type: none"> <li>Under a more standardized regulatory environment, the Company strictly complies with the announcement, strengthens management of commissioned production, and ensures drug quality. This enables broader cooperation with high-quality commissioned manufacturers, so as to expanding business and market and enhancing brand competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Optimize quality management processes and standards, continuously improve the quality management system covering the entire lifecycle of commissioned drugs production</li> </ul>

### R&D Quality Management

Huadong Medicine strictly adheres to the highest international and domestic standards in all aspects from preclinical research to clinical trials, achieving drug development goals without affecting the timeliness of R&D. We have established over 500 procedural documents, which cover key aspects of quality management, effectively ensuring the efficient and stable operation of various technical platforms.

In the preclinical research phase, we follow regulations and guidelines such as the *Medicinal Product Administration Law of the People's Republic of China*, the *Good Laboratory Practice for Non-Clinical Laboratory Studies*, and the *Quality management systems—Guidance for documented information (GB/T 19023-2003; ISO/TR 10013)* to ensure the scientific rationality of experimental design and the compliance of experimental operations.

In the clinical development phase, we comply with regulations and standards such as the *Good Clinical Practice and ICH GCP E6 (R2)* to ensure the compliance and scientific rationality of clinical trials. At the same time, multiple professional teams related to quality assurance, data management, and statistical analysis continuously supplement and update system documents based on industry standards to ensure their completeness and validity.

We have established a comprehensive R&D risk management mechanism, developed and implemented SOPs for risk management, and systematically identified, evaluated, and controlled risks in all phases of clinical research. For each project, we have established a risk management plan, with cross-functional teams evaluating potential risks at the system and experimental levels and developing response measures. Clinical quality assurance personnel participate in guidance, enhance execution and supervision based on audit plans, report major issues in accordance with regulations, and conduct root cause analyses and corrective action and preventive action (CAPA) management to ensure controllable risks. During the reporting period, we conducted two internal audits of the R&D quality system to evaluate the effectiveness of the current clinical trial quality management system, prevent potential risks, and lay the foundation for continuous improvement in the future.

## Product Quality Management

Huadong Medicine has established a sound product quality management system to ensure that products meet the intended use and drug registration standards and guarantee the efficacy of drugs and patients' medication safety. The Company continuously improves the *Quality Manual* in accordance with the *Medicinal Product Administration Law of the People's Republic of China*, the *Good Manufacturing Practice for Medical Products*, and relevant ICH guidelines, clarifying various standards and requirements of the quality management system.

For specific business areas, each segment continues to revise and update quality management system documents to ensure that the system documents are consistent with the latest regulations, industry standards, and the Company's development needs. In the pharmaceutical industry segment, Jiangdong Company benchmarked with regulations and standards for major global drug regulatory regions to improve quality management requirements. Yantai Huarui updated its SOPs based on the 2025 edition of the *Pharmacopoeia of the People's Republic of China*. In the aesthetic medicine segment, subsidiaries drafted and approved GMP standards for the production quality of injectable medical devices. In other segments, Bailing Health developed medical device management systems and medical device procedure documents. We use the above quality management systems to standardize business processes, enhance regulatory adaptability, and ensure product quality and safety.

As of the end of the reporting period, 71% of companies under Huadong Medicine that are involved in production have obtained ISO 9001 quality management system certification. In addition, all in-line product lines of the Company have passed GMP certification or GMP compliance inspection, with a certification coverage of 100%. We have made positive progress in quality system certification both domestically and internationally, not only standardizing the quality management process, but also demonstrating our firm commitment to continuously improving quality standards.

### Domestic Certifications

Nine subsidiaries including Zhongmei Huadong, Xi'an Bodyguard and Jiuzhou Pharmaceutical have obtained ISO 9001 quality management system certification

**ISO 9001 quality management system certification**

Two production lines of Zhongmei Huadong have newly passed on-site

**GMP compliance inspections**

### International Certifications

Jiangdong Company has obtained the

**GMP certificate**

from the Brazilian National Health Supervision Agency

Domestic and International Certifications of Quality Management System

## Quality Process Control

We have established testing and equipment management procedures to standardize the investigation processes for Out-of-Specification (OOS) results and Out-of-Trend (OOT) observations. At the same time, we have conducted a risk assessment for co-production lines in accordance with the *Guidelines for Quality Risk Management of Drug Co-production Lines* issued by the National Medical Products Administration, and implemented Permitted Daily Exposure (PDE) assessments to effectively prevent and control contamination and cross-contamination risks, ensuring production safety and drug quality.

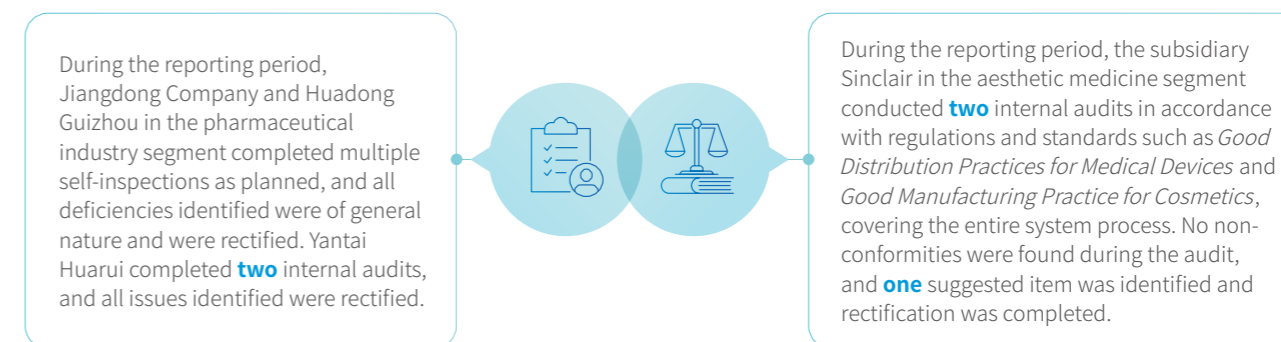
For example, Jiangdong Company has built a digital platform for quality management, covering production and manufacturing, quality testing and other processes, to achieve visual monitoring of quality data and intelligent analysis and warning. Huadong Guizhou has conducted research on product quality improvement, optimizing the spray production process from aspects such as materials, processes, operations and equipment to reduce the product leakage rate and improve product stability. Yantai Huarui has added ultraviolet lights in the dressing room of the solid preparation clean workshop to reduce the level of microorganisms in the space and ensure a clean and safe production environment for products.

## Internal Quality Testing

We conduct comprehensive testing on all incoming materials and finished products, including raw and auxiliary materials, packaging materials, dosage forms, and finished active pharmaceutical ingredients. All testing standards are approved by national or provincial medical products administration authorities and the FDA of the United States. We strictly adhere to the principle of batch-by-batch inspection to ensure 100% coverage for self-produced products, and effectively prevent potential quality and safety risks.

## Quality Audit

We have developed quality audit plans that cover all major departments and subsidiaries, ensuring that all business activities comply with laws, regulations, and industry norms. We pay high attention to the issues identified during the audit process and take all necessary corrective and preventive actions to continuously improve our quality system and ensure product quality.



During the reporting period, Jiangdong Company and Huadong Guizhou in the pharmaceutical industry segment completed multiple self-inspections as planned, and all deficiencies identified were of general nature and were rectified. Yantai Huarui completed **two** internal audits, and all issues identified were rectified.

During the reporting period, the subsidiary Sinclair in the aesthetic medicine segment conducted **two** internal audits in accordance with regulations and standards such as *Good Distribution Practices for Medical Devices* and *Good Manufacturing Practice for Cosmetics*, covering the entire system process. No non-conformities were found during the audit, and **one** suggested item was identified and rectification was completed.

## Operational Quality Management

We continue to strengthen the refined management of the entire industry chain and improve the level of quality and safety assurance in the process of pharmaceutical and medical device operation. We have created an integrated quality control system of "prevention-control-tracing-improvement", which ensures product safety and effectiveness while achieving an efficient balance between risk management and compliant operations.

## Safety Testing of New Product Launches

All pharmaceutical products from the Company are subjected to safety testing prior to market launches, in strict accordance with regulatory plans and internal management policies. We conduct strict non-clinical and clinical trials, conduct quality and safety assessments on all drugs, and strengthen quality control throughout the entire lifecycle. After a drug is approved for marketing, we conduct safety monitoring and evaluation to ensure its safety and quality controllability throughout the entire use process.

Before the drugs are approved for marketing, we submit clinical trial, production qualification, and quality control materials to the national drug regulatory department to prove their safety, effectiveness, and quality controllability. For drugs intended for international markets, we apply for market authorization based on each country's regulatory requirements. After receiving marketing approval, we continue to carry out safety monitoring and quality tracking, and conduct annual drug stability inspections to ensure quality stability within the validity period. In addition, the Quality Control Department laboratory of Zhongmei Huadong, accredited by the China National Accreditation Service for Conformity Assessment (CNAS), is equipped with professional testing capabilities to perform quality testing before products are launched.

The Quality Control Department laboratory of Zhongmei Huadong also has a quality research team for post-marketing drug changes to independently conduct method validation and drug quality research. We have developed a comprehensive change control procedure for various changes after a drug is launched, such as adjustments to raw and auxiliary material suppliers and batch changes, and conducted corresponding quality research and stability assessments to provide scientific basis for drug safety assessment. During the market circulation phase of pharmaceuticals, we continue to strengthen quality monitoring and management, effectively preventing potential quality and safety risks.

## Operation Process Management Optimization

During day-to-day operations, the Company's Quality Management Department conducts a comprehensive annual audit of the implementation of pharmaceutical and medical device quality management standards to ensure that all operations comply with regulatory requirements. For any non-conforming issues identified during audits, corrective actions are supervised until the audited units pass reviews. At the same time, we promote measures such as integrated multi-storage operations and optimization of the national medical insurance traceability code to enhance quality management throughout the operational process.

**Revisions to Quality Management System Documents**

The Company revises its quality management system documents in accordance with laws and regulations, and conducts training for relevant departments and positions to ensure that quality management meets the latest regulatory requirements and internal management standards.

**Integrated Multi-storage Operations**

By consolidating self-operated logistics resources, the Company meets the requirements of the quality supervision and management methods for the operation and use of drugs, optimizing storage and transportation resources and improving logistics efficiency and quality.

**Optimization of the Scanning of the National Medical Insurance Traceability Code**

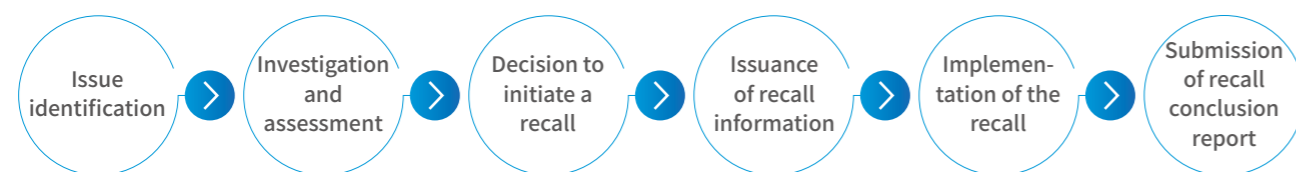
The Company has reviewed applicable national regulations on mandatory drug scanning requirements and configured mandatory scan reminders in its systems to ensure correct scanning during logistics inbound and outbound processes, thereby enhancing the compliance and accuracy of scanning.

Highlights Measures in Operation Process Management

### Product Recall Mechanism

In accordance with regulations such as the *Administrative Measures for Drug Recall* and the *Administrative Measures for Drug Production Supervision and Management*, we have developed internal management systems including the *Documented Procedures for Product Recall* and the *Reporting System for Major Drug Quality and Safety Incidents*, providing clear institutional guidance for managing product recalls.

We have established a comprehensive product recall mechanism, with graded recalls based on the severity of quality issues or safety hazards. Clear operational standards are established for each component of the recall process to ensure efficient and orderly recalls, timely control of risks, and maintenance of patients' medication safety and health rights. Meanwhile, we conduct annual self-inspections and perform simulated recall drills every three years to continuously evaluate and ensure the effectiveness of the recall system. During the reporting period, there were no product recalls or regulator-mandated recalls in the pharmaceutical segment of the Company.



Product Recall Process

### Quality Culture Development

During the reporting period a total of

**136,000** participants

attended the quality and safety themed training

with a total training duration exceeding

**27,000** hours

Huadong Medicine implements a quality policy grounded in principles of "integrity, efficiency, quality, global alignment and innovation excellence", continuously promotes the in-depth practice of quality culture, and improves the quality management.

To implement the quality policy and enhance employees' quality awareness, we have adopted a tiered, segmented, and production-line-based management mechanism. Production quality-related stewards at each level are required to sign annual quality management target responsibility statements, which are then included in annual performance assessments. GMP-related departments are assessed in alignment with quality management targets, with a focus on science and compliance to motivate employees to enhance their work quality and compliance awareness.

Every year, we conduct various forms of quality training and cultural promotion activities to enable all employees to embrace the Company's quality culture, receive annual quality training, and continuously improve quality awareness. At the same time, we conduct assessments after each course to ensure the effectiveness of quality training. We focus on the construction of quality culture throughout the Company, utilize internal learning platforms and regularly organize monthly quality review meetings and other activities to convey the latest industry regulations and standards and popularize basic product quality knowledge, integrating the Company's quality philosophy into the daily work of every employee, and ensuring that quality-related training covers all employees.

**Regular Training**

- The Company's knowledge management platform has launched 54 quality training courses covering topics such as pharmaceutical regulations and quality management system improvement, which are available to all employees.
- We regularly carry out quality culture project reviews, known as "Quality Month Activity", targeting all employees to promote their familiarity with the Company's quality culture.

**New Employee Training**

- We require new employees to complete 4 quality training courses and pass assessments to establish a solid foundation of quality compliance from the source.



**On-the-job Training**

- For employees in quality, R&D, production and other related positions, we continue to provide systematic quality training on drug GMP, job skills, product processes, and operational technical specifications.
- We continuously strengthen the quality awareness and operational norms of key personnel through various forms such as monthly production quality meetings, weekly departmental meetings, and annual quality target responsibility statements.

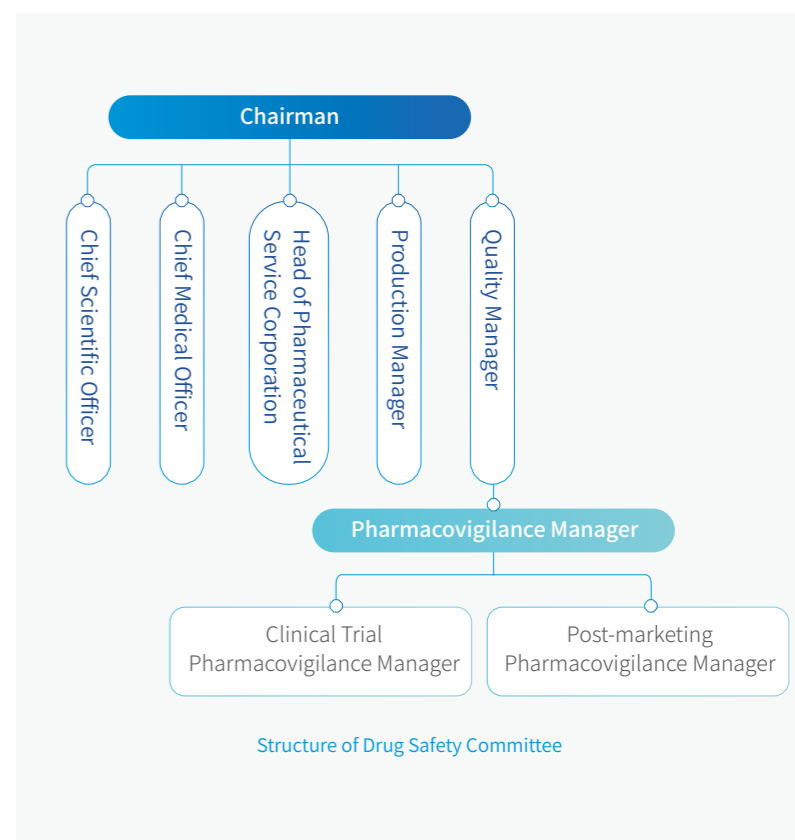
Content of Quality Themed Training

### Pharmacovigilance

The Company strictly adheres to the *Medicinal Product Administration Law of the People's Republic of China*, the *Good Pharmacovigilance Practices*, and the *Provisions for Adverse Drug Reaction Reporting and Monitoring*, among other applicable laws and regulations, to continuously improve the pharmacovigilance system. We have established a Drug Safety Committee, chaired by the Chairman of the Company, to lead major risk assessment, management of significant or urgent drug safety incidents, risk mitigation decision-making, and other significant matters. In addition, the Company has a Pharmacovigilance Department responsible for overseeing all pharmacovigilance initiatives and continuously optimizing the system.

During the reporting period, we continuously improved the pharmacovigilance system by introducing the *Exported Drug Pharmacovigilance Management Procedures* and the *Pharmacovigilance Corrective Action and Preventive Action Management System*, and by revising and upgrading several pharmacovigilance system documents, including the *Pharmacovigilance System Master File* and the *Adverse Drug Reaction Reporting and Monitoring Management System*.

Based on a well-established pharmacovigilance framework, we continue to deepen our pharmacovigilance practices. Through measures such as conducting internal audits of pharmacovigilance, strengthening risk management, and promoting group-wide supervision, we continuously improve the operational efficiency of the system and further enhance our ability to control drug safety risks.



Structure of Drug Safety Committee

**Pharmacovigilance Internal Audits**

- In accordance with the *Good Pharmacovigilance Practices* and the *Pharmacovigilance Inspection Guidelines*, we regularly conduct internal audits of pharmacovigilance operations. Issues and deficiencies identified during audits are analyzed, corrected, and prevented, thereby improving the quality of pharmacovigilance activities and ensuring the suitability, adequacy, and effectiveness of the pharmacovigilance system.

**Group-Wide Pharmacovigilance Supervision**

- We refine the pharmacovigilance inspection procedures, conduct on-site inspections of subsidiaries, and supervise the rectification of defects and the development of preventive measures.
- We deliver specialized pharmacovigilance training to second-tier subsidiaries and facilitated business communication and exchanges.
- We complete the phased evaluation of group-wide pharmacovigilance management and develop the next phase of group-wide pharmacovigilance management plan.
- We support the safety evaluation of key products in subsidiaries and the revision of safety information in product labelling.
- We support the launch of the pharmacovigilance system in subsidiaries.

**Pharmacovigilance Risk Management**

- We continuously monitor the safety of marketed products and conduct regular signal detection and assessment. Annual drug safety reports, post-marketing risk management plans, and periodic safety update reports are developed to comprehensively assess product risks and strengthen risk management.
- We collect drug safety information through multiple channels, including spontaneous reports, active collection, contractual agreements, and feedback from regulatory authorities. We also leverage a modern pharmacovigilance system that meets international standards for data analysis and monitoring, enabling the continuous identification of potential risks.
- We establish the *Emergency Response Plan for Serious Adverse Drug Reactions and Mass Adverse Events* and organize emergency drills to further ensure drug quality, promptly control major drug safety incidents, and prevent drug-related risks.
- We establish standardized pharmacovigilance agreement templates, review and revise project agreements, and cooperate in providing safety information required for overseas registration, to ensure the pharmacovigilance compliance and risk management of exported drugs.

Highlights Measures in Pharmacovigilance

To raise employees' awareness of pharmacovigilance and enhance their pharmacovigilance capabilities, we arrange relevant officers and specialists to participate in pharmacovigilance training organized by authoritative institutions such as the National Medical Products Administration. In addition, the Pharmacovigilance Department regularly conducts internal training to further strengthen employees' awareness and practical skills.

**Pharmacovigilance Knowledge Training**

- We conducted the 2025 pharmacovigilance special training, significantly improving the pharmacovigilance awareness and adverse reaction reporting ability of frontline sales personnel, effectively meeting regulatory requirements, and ensuring the safety information management of imported agency products.
- We conducted professional knowledge training on pharmacovigilance. All members of the Pharmacovigilance Department participated and passed assessments. This activity effectively standardized our work processes, enhanced the professional abilities of dedicated personnel, and further ensured the efficient and compliant pharmacovigilance.
- We arranged pharmacovigilance specialists to participate in the "2025 Pharmacovigilance Risk Management" training organized by relevant regulators and the pharmacovigilance training course organized by the Zhejiang Provincial Medical Products Administration, to ensure that personnel in the pharmacovigilance system have professional qualifications and the latest knowledge.

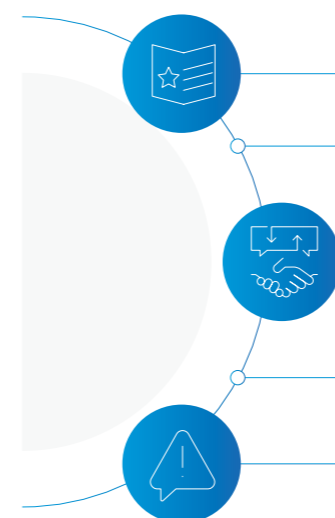


Consistent with the Company's strategic development plan, we continuously assume pharmacovigilance responsibilities related to product imports and overseas exports, thereby facilitating the growth of our import and export business and ensuring pharmacovigilance compliance and risk management for imported and exported products.

## Risk and Opportunity Management

Huadong Medicine has established and improved a robust risk management mechanism and management processes to identify, assess, and control potential quality-related risks and opportunities throughout all operational stages including R&D, production, and sales, thereby ensuring overall and effective risk management.

By enhancing our quality risk management system, clearly defining the scope of risk management, and strengthening cross-departmental collaboration, we have developed a scientific quality risk management mechanism. This mechanism focuses on assessing deviations in products or processes and the potential impact of product complaints on quality and regulatory compliance, with the aim of ensuring the reliability of the quality system.



**Institutional Foundation**

- The Company has established a quality risk management system based on GMP requirements and ICH guideline principles, and has formulated the basic principles of quality risk management.

**Collaborative Approach**

- Company leadership provides adequate resources and assumes leadership responsibilities for risk management, ensuring that relevant personnel are equipped with appropriate expertise and skills. The Quality Department collaborates with departments such as Sales and Production to analyze all-known and foreseeable hazards, collect production and post-production information, and promptly report to the Quality Management Department.

**Scope of Risk Management**

- Risk management efforts cover all aspects of comprehensive quality management, including the R&D process, plant, equipment and facility systems management, material management, laboratory control, and stability studies.

Quality Risk Management Mechanism

On this basis, we implement risk control measures through systematic risk management, which includes four pivotal stages: risk assessment, risk control, risk communication, and risk review, achieving comprehensive and dynamic management of risks. During the reporting period, we conducted a total of 1,827 product quality risk assessments.

## Indicators and Targets

Huadong Medicine is committed to building a leading quality management system with "Compliance, Scientific Rigor, High Quality, and Efficiency" as its core objectives. The Company aims to continuously optimize quality control processes and ensure that all stages of production, from R&D to sales, meet the highest standards.

During implementation process, subsidiaries further refine their objectives. Subsidiaries in the pharmaceutical industry segment develop quantitative indicators such as product qualification rate, pass rate of testing reports, coverage of quality training, and customer satisfaction, and attach importance to inspection and certification by domestic and international official institutions, continuously improving quality standards. Subsidiaries in the aesthetic medicine segment develop quantitative indicators such as regulatory review pass rate and number of recall incidents to ensure that quality management achievements are measurable and traceable. Through strict quality control and continuous improvement, all subsidiaries have completed high-quality management targets and achieved the expected standards for product qualification rate in sampling inspections by relevant medical products administration, quality training coverage, and customer complaint handling rate.

By setting and regularly tracking quality and safety objectives, we ensure high-quality products and market competitiveness, strengthen customer trust, and lay a solid foundation for the achievement of overall strategic goals. Looking ahead, we will promote a strong quality culture, encourage full employee participation in quality management, and enhance product quality and operational efficiency to deliver safe and reliable healthcare solutions to customers.

## Responsible Services

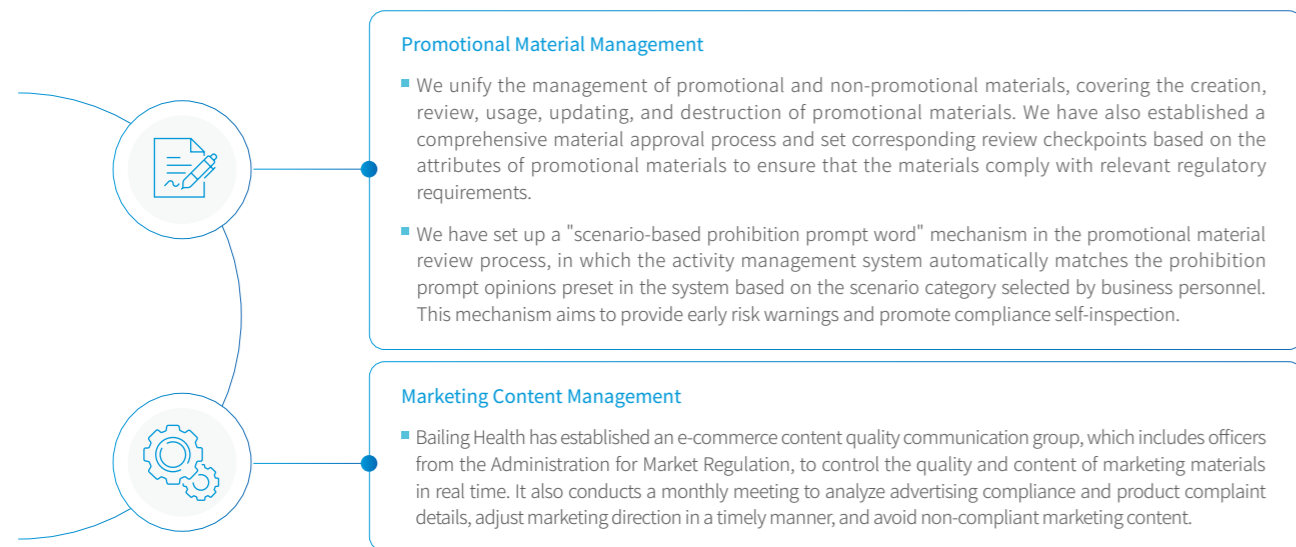


Huadong Medicine upholds a customer-centric philosophy and actively practices responsible marketing. We implement a standardized distributor management strategy, strive to create an efficient and transparent service mechanism, and continuously enhance brand reputation and customer trust. At the same time, we attach great importance to customer privacy protection and strictly adhere to information security regulations.

## Responsible Marketing

Huadong Medicine strictly complies with applicable laws, regulations, and industry standards in its operational jurisdictions, and has established rigorous review procedures in accordance with compliance requirements. We have instituted policies and management systems such as the *Responsible Marketing Policy*, the *Operating Procedures for the Management of Promotional and Non-Promotional Materials*, and the *Code of Ethical Business Conduct of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (2024 Edition)*, which standardize the process of publishing promotional materials, clarify compliance requirements for drug and medical device promotional activities, and strictly prohibit commercial bribery and other marketing behaviors that violate business ethics.

We always adhere to the concept of compliant operations and prohibit any exaggerated, deceptive, or false advertising in all promotional activities. We are committed to not engaging in pharmaceutical services through commercial bribery or other illegal means and avoiding false or misleading statements about competitors' products or services, ensuring that our marketing behaviors are legal, fair, and transparent. During the reporting period, all members of the pharmaceutical service team signed the *Compliance Commitment Letter*, further strengthening compliance awareness through contractual management.



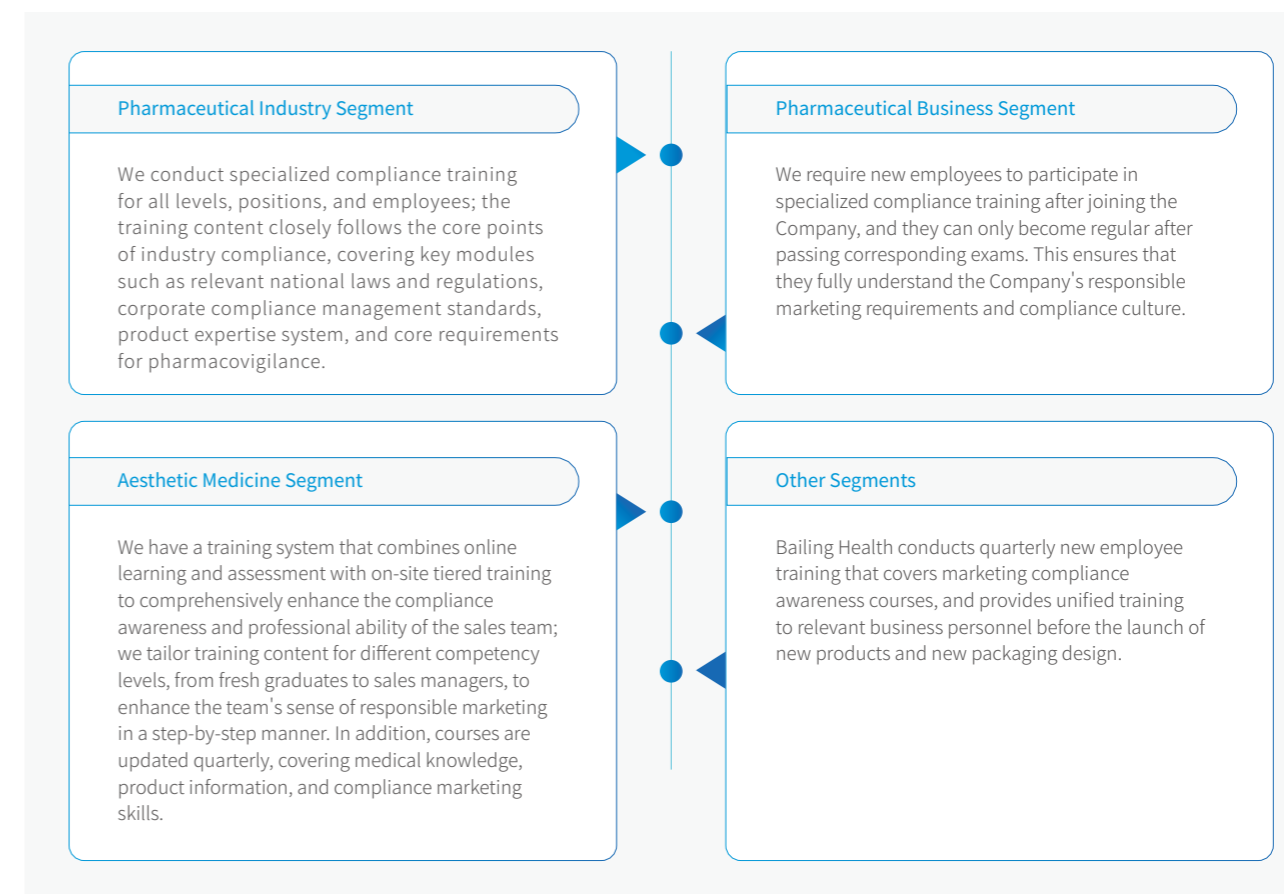
Highlights Measures in Responsible Marketing

To further implement our responsible marketing principles, we develop annual audit plans based on the Company's needs and operational status. The audit working group regularly conducts responsible marketing audits that cover all sales-related workflows to comprehensively strengthen the breadth and depth of audits and strictly prevent various types of compliance risks. Audit items of responsible marketing include market operation management, sales business behavior and expense management, personnel management, and supervision and management of marketing activities before, during, and after their implementation by relevant departments. We urge the audited units to promptly provide and rectify the identified issues during the audits, promoting the healthy development of business.

## Responsible Marketing Audits

During the reporting period, the Company's Compliance Department, Legal Department, and Finance Department jointly formed an audit working group to conduct internal audits, covering marketing business of the headquarters and subsidiaries in each province and municipality. We reviewed the standardization of the promotion and use of materials, including whether there are any indications of excessive promotion, exaggerated or false advertising, and violations of the *Advertising Law of the People's Republic of China*. The audit results show that the Company's marketing activities are legal and compliant. In addition, we hired an external professional team to conduct compliance audits on various marketing businesses, covering the entire marketing process, and no major issues were found.

To raise awareness and competency in responsible marketing, we regularly conduct training programs about compliant and responsible marketing and have developed a comprehensive, multi-level and in-depth training system, and require all employees to complete relevant training. Training topics include national laws and regulations, corporate compliant marketing policies and knowledge, product expertise, pharmacovigilance, etc. A combination of online and on-site lectures is provided for general and specialized sessions across all employees. During the reporting period, the coverage of our responsible marketing training reached 100%, with over 1,900 related training sessions and over 2,000 hours of training conducted in the business segments.

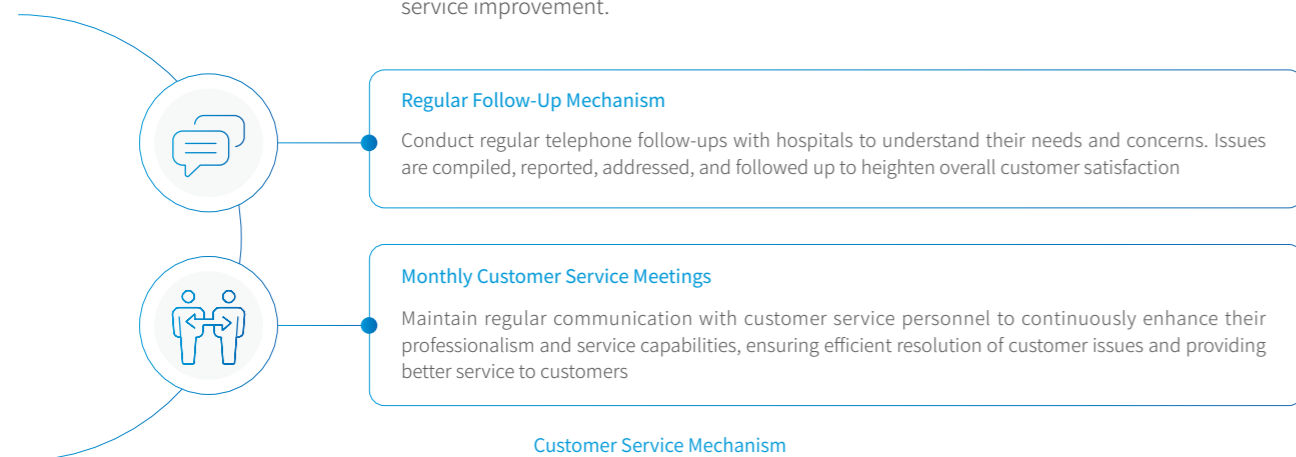


Responsible Marketing Training in Different Segments

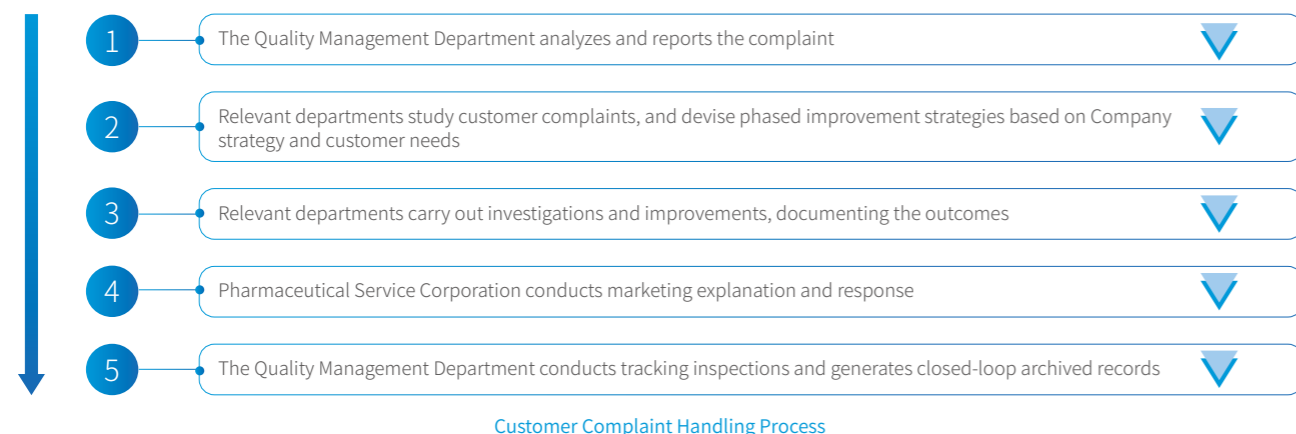
## Customer Service

Huadong Medicine remains committed to a patient-centered service philosophy, striving for excellence in both products and services, and improves customer experience through concrete actions. We have developed the *Control Procedures for Product and Service Specifications* and the *Product Return Management Procedures* to accurately identify and assess customer needs and provide clear guidance and operational guidelines for every sales process.

By establishing and implementing a customer service mechanism, we proactively gather feedback and advice through annual customer satisfaction surveys to drive continuous service quality improvement. In 2025, the pharmaceutical business segment conducted customer satisfaction surveys, collecting 1,673 valid responses. The overall customer satisfaction score reached 4.85 out of 5. We followed up on the areas for improvement identified in previous years' surveys and followed up with 100% of customers who had submitted feedback in the previous year, effectively implementing customer satisfaction improvement work. For service items with low customer satisfaction, we conducted a cause analysis, determined improvement directions based on customer feedback, and formed a report. We promptly transmitted the survey results to relevant departments of the Company to promote continuous service improvement.



We receive inquiries and complaints from medical institutions, pharmacies, patients, customers, and others regarding the quality of our products and services through diverse communication channels. To efficiently respond to and properly handle customer complaints, we have developed the complaints and adverse events handling and reporting management process, which provides detailed regulations on the management process for dealing with adverse product reaction, quality complaints and feedback from customer inquiries, and clarifies the responsibilities of the relevant departments and personnel. We have established a comprehensive complaint-handling process. During the reporting period, we refined the requirements for quality complaint classification, quality complaint investigation time limit, and result response time limit, further improving the efficiency and standardization of complaint handling.



## Distributor Management

Huadong Medicine is committed to fostering honest, trustworthy, healthy, and stable win-win partnerships with its distributors. In accordance with the Company's *Commercial Management Regulations*, we have established a comprehensive distributor management system. Based on this system, we achieve end-to-end closed-loop management of distributors through measures such as the execution of annual sales agreements, the administration of individual purchase orders, invoice management, and account reconciliation.

Each year, we sign annual sales agreements and quality assurance agreements with distributors. Based on business needs, we enter into individual order contracts to clarify performance obligations of both parties. A contract ledger is maintained to dynamically track business progress. We also require distributors to scan pharmaceutical traceability codes in accordance with relevant national regulations, and conduct periodic on-site visits to distributors to verify their implementation to ensure compliance and traceability throughout the entire pharmaceutical supply chain. In addition, we evaluate distributor cooperation every six months and dynamically adjust distributor credit and cooperation direction based on the evaluation results.

To promote integrity and clean cooperation, we sign the *Integrity Cooperation Agreement* with primary distributors alongside the annual cooperation agreement. In addition, all employees in the Business Department sign a compliance commitment letter, with a signing rate of 100%.

## Information Security and Privacy Protection

Firmly upholding the bottom line of information security, privacy protection, and legal compliance, Huadong Medicine adopts diversified measures to safeguard the information security of the Company and customer privacy. We adhere to 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*, and the *Personal Information Protection Law of the People's Republic of China*. We have also formulated internal management systems including the *Cybersecurity Management System* and the *Information System Operation Management System*. All these regulations and systems provide a solid institutional foundation for our information security and privacy protection efforts.

We have established an emergency response mechanism for information security incidents and have issued the *Information Security Emergency Response Manual* and the *Emergency Response Management System* and refined the *Network Security Incident Emergency Response Manual*, to clarify the division of labor and response process of the emergency response team. We implement information security management from four aspects: terminal security, server security, network security, and application security. At the same time, we continuously improve emergency plans and drill programs, enhance employees' practical ability to respond to security incidents and strengthen the overall information security response capability through simulated drills.

In terms of privacy protection, we only collect information necessary for business purposes without any personal privacy data involved. We strictly comply with relevant privacy protection laws and regulations to ensure that all data collection, use, and storage processes are legal and compliant. Customers' personal privacy information is treated with strict confidentiality, refraining from leakage or misuse. We also actively promote knowledge of information security and privacy protection through regular training sessions to ensure that employees stay informed of the latest requirements. These measures help safeguard the Company's assets and customer data. During the reporting period, no major information security or customer privacy incidents occurred.



**Case** Information Security Training at the Headquarters

During the reporting period, the headquarters conducted two specialized training sessions on safety construction and operation, covering all safety management personnel. The training focused on explaining network security protection, data security management, and compliant operating standards. Combining typical industry cases, it strengthened employees' information security awareness and risk prevention capabilities, further solidified the foundation of information security, and helped the Company build a safe, stable, and compliant operating environment.



**Case** Information Security Training in the Pharmaceutical Business Segment

During the reporting period, subsidiaries in the pharmaceutical business segment conducted four information security training sessions, covering topics such as secure development, awareness enhancement of office network security, data security and personal information protection, and risk identification and security prevention for large artificial intelligence models. In addition, the subsidiaries conducted three information security training sessions for new employees, laying a solid foundation for information security from the source.



**Case** Information Security Training in the Aesthetic Medicine Segment

Subsidiaries in the aesthetic medicine segment provided systematic information security and privacy protection training for IT personnel, covering relevant laws and regulations, technical protection, and emergency response. The training also emphasized sensitive data management and compliance requirements based on the characteristics of the aesthetic medicine industry. A specialized skills training session is conducted every quarter for personnel in key positions. By combining online and on-site teaching modes, we ensure that the popularization rate of information security awareness is over 95% and the incidence of security incidents is reduced by more than 20%.



## Supply Chain Management



Huadong Medicine continues to optimize its full-process supplier management mechanism and is committed to building a stable and resilient supply chain system. We work together with our partners to promote the construction of a green, efficient supply chain ecosystem, laying a solid foundation for the Company's sustainable development.

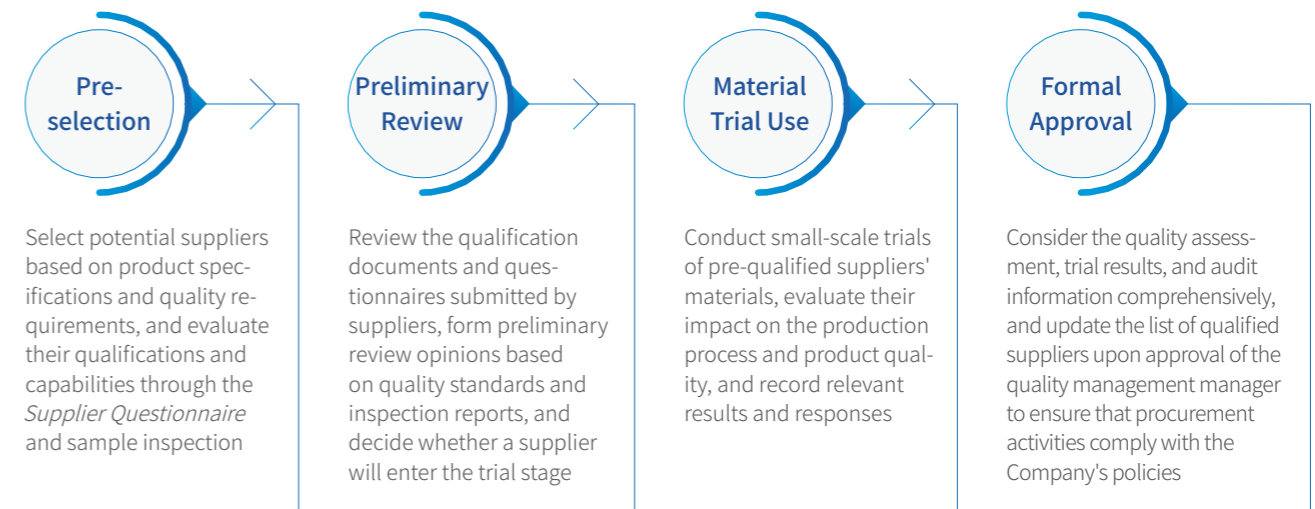
### Supplier Management

Huadong Medicine regards supplier management as a key pillar in ensuring product quality and supply chain stability. We have followed relevant national laws and regulations and established a systematic supplier management system and processes, comprehensively ensuring the performance of suppliers in terms of quality and compliance, and safeguarding the Company's sustainable development and patients' health.

The Company has formulated internal systems such as the *Supplier Management System*, the *Supplier Performance Evaluation and Grading Management System*, and the *Raw and Packaging Material Procurement Management System*. These policies support full-process supplier management. During the reporting period, we updated the *Annual Supplier Development Plan and Implementation Operation Process* and issued the *Management Measures for the Procurement of Traditional Chinese Medicine (Herbal Medicine Slices)* and the *Procedures for the Establishment and Issuance of Joint Bidding*, further improving the standardization and efficiency of supplier management and providing strong support for business development.

### Supplier Qualification Management

To ensure supply chain stability and product quality, we implement rigorous screening and management for supplier qualification. We develop sound qualification processes, comprising four key steps: pre-selection, preliminary review, material trial use, and formal approval. We comprehensively evaluate the qualifications and capabilities of suppliers to ensure that they meet material quality standards and business requirements. We have established a systematic supplier qualification review mechanism, which evaluates suppliers' environmental, social, and compliance qualifications in the qualification phase through multi-channel information verification, institutional document review, and negative list investigation to ensure compliance with our ESG management requirements.



Supplier Qualification Process

We categorize suppliers as either primary material<sup>8</sup> or general material suppliers<sup>9</sup>, with differentiated management strategies applied accordingly, to strictly control supplier quality from the source, and effectively safeguard the stability of the supply chain. For primary material suppliers, we add on-site audits and production verification procedures to the standard process to ensure the quality and supply continuity of critical materials. For general material suppliers, we focus on their basic qualification review and material trials to ensure fundamental requirements are met. Through rigorous qualification procedures and differentiated strategies, the Company controls supplier quality at the source and safeguards the stability of the supply chain.

We attach great importance to and strengthen the management of indirect suppliers, clarifying that direct suppliers should be responsible for ensuring the quality and safety of products and services indirectly provided to the Company by indirect suppliers, and regularly conducting quality audits to ensure that the products and services provided by indirect suppliers meet our quality and safety requirements. We conduct quarterly inquiries on changes and issues with indirect suppliers, evaluate the impact of their supply quality on the quality of the Company's products, and conduct change evaluation audits on direct suppliers. The direct supplier has a support obligation for the change evaluation. If the evaluation results do not comply with the Company's quality management system control principles, we will promptly propose improvement suggestions and continue to track the evaluation. If necessary, their supplier qualification will be suspended or cancelled. In addition, we have signed a quality assurance agreement with the supplier, which stipulates that in case of any changes to the suppliers (including direct and indirect suppliers), they must promptly notify the Company to ensure that the materials provided by them meet relevant requirements.

### Supplier Grading Management

In daily supplier management, we adopt a grading supplier management strategy to improve the overall efficiency of supply chain management.

For material procurement, we conduct regular performance evaluations of suppliers in accordance with the *Supplier Performance Evaluation and Grading Management System*, covering key indicators such as quality, production and usage, business, after-sales service, and on-site audit. The evaluation results will serve as an important basis for procurement resource allocation and quality comparison and price negotiation. For engineering, equipment, and service procurement, we classify suppliers based on their performance evaluation results. For suppliers who have won multiple bids and performed well, we sign an annual cooperation agreement through bidding or negotiation.

In addition, we update the performance evaluation content every year. In 2025, we refined some evaluation dimensions, covering quality stability, production and usage, delivery accuracy, and transportation service, to further strengthen supply chain management.

### Supplier Audits

We regularly conduct audits of suppliers, using a combination of on-site and remote audits to effectively ensure the stable quality and efficient operation of the supply chain. For remote audits, we have developed the *Remote Audit Management System for Suppliers* to provide clear guidance and standards for related operations. Supplier audits are led by the Quality Department, which customizes annual audit plans based on the material situation and classification, and issues audit reports. We audit primary material suppliers of biologic drugs annually and audit those involved in other finished preparation products or APIs biennially. The audit results serve as the basis for supplier performance grading evaluation. For suppliers whose audit results do not meet the requirements, we require them to rectify or add them to the blacklist.

The quality department conducts quality evaluations of all suppliers of production materials, collaborates with relevant departments to conduct on-site quality audits of the quality systems of primary material suppliers, and exercises veto power over suppliers whose quality evaluations do not meet the requirements. The quality department regularly organizes relevant departments to conduct annual evaluations of primary and general material suppliers, comprehensively considering their data integrity, material quality, production and usage, on-site audit results, and other aspects.

In response to the audit findings, the Company has established a full-process rectification and control mechanism consisting of "defect feedback - rectification plan - tracking rectification - defect feedback summary - closed-loop archiving" to ensure that all issues are rectified and a closed-loop is formed. During the reporting period, we conducted supplier quality audits as planned and supervised the implementation of supplier audit defect rectification. All defects found during the audit have been rectified.

<sup>8</sup> Primary materials refer to those that may affect production performance or product quality. These include, but are not limited to, inner packaging materials in direct contact with pharmaceuticals and materials that, after risk assessment, are considered likely to affect production or product quality, such as raw materials directly affecting the biosynthesis of fermented pharmaceuticals, raw materials affecting the fermentation unit of a pharmaceutical product, etc.

<sup>9</sup> General materials refer to all materials not classified as primary materials.

### Quality Empowerment Across the Supply Chain

On the basis of the ever-improving supplier management, we continue to empower supply chain quality assurance and enhancement. Every year, we communicate quality requirements to suppliers throughout the qualification, audit, and routine engagement phases. A variety of communication methods are employed, including online and in-person training, on-site visits, and written notifications, to ensure all suppliers receive annual quality security and relevant training every year, and comprehensively improve the overall quality awareness of the supply chain.

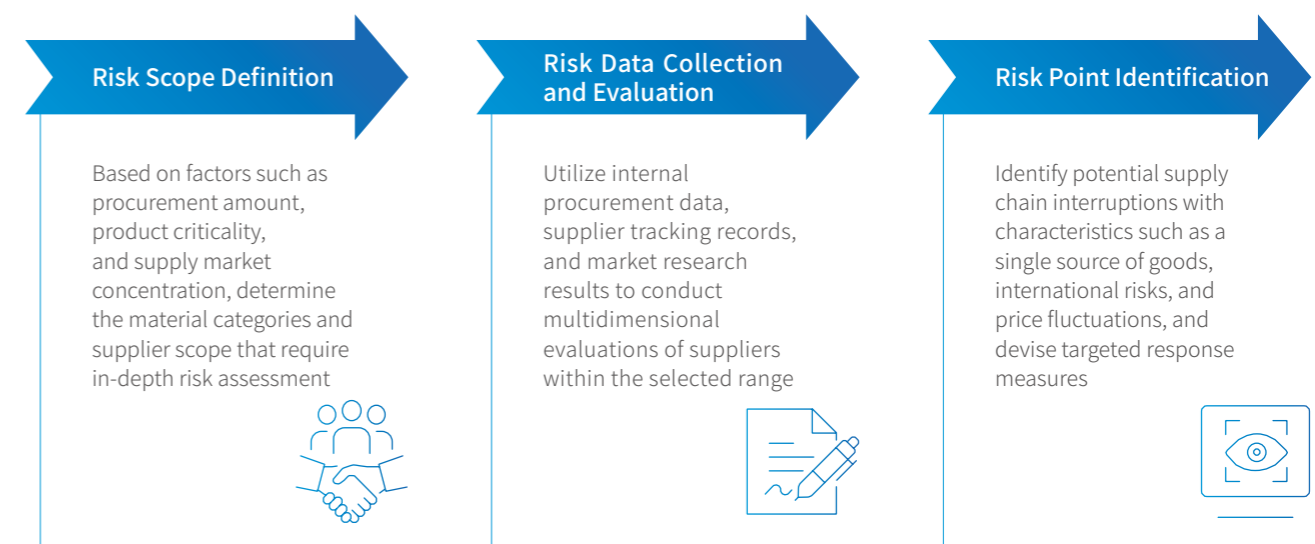
In the qualification phase, we sign quality assurance agreements with key material suppliers and clarify quality standards in written or oral form. We promote suppliers to establish a sense of quality responsibility as the cooperation initiates. During the audit, we organize targeted on-site training and quality improvement guidance to address quality issues identified, and urge suppliers to implement corrective measures to ensure closed-loop management of issues. At the same time, based on the supplier evaluation results and the weaknesses identified in the audit, we communicate quality requirements to suppliers every year to further enhance their quality management awareness and capability. During the reporting period, we conducted 20 targeted supplier quality training and guidance sessions. Additionally, we carried out 13 on-site supervision sessions in collaboration with 9 suppliers, focusing on homogenized key materials across certain subsidiaries.

### Sustainable Supply Chain

We integrate risk management into every aspect of the supply chain, aiming to strengthen the stability of the supply chain. At the same time, we actively promote supplier integrity cooperation and ensure the transparency and standardization of supply chain management. We empower suppliers through multiple dimensions and enhance their sense of responsibility and management capabilities, to continuously enhance supply chain resilience.

### Supply Chain Risk Management

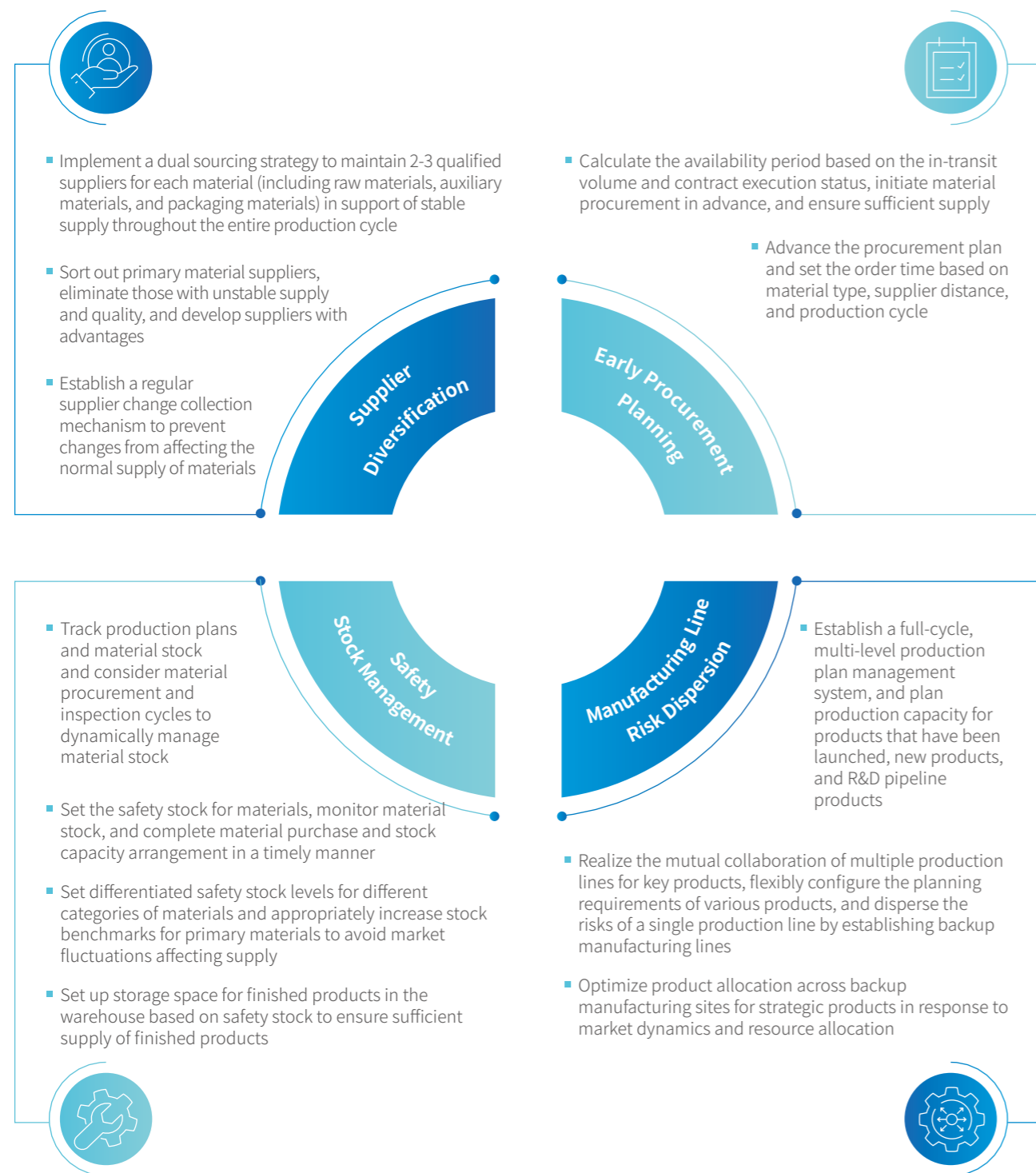
To strengthen supply chain risk management, the Company has developed the *Risk Management System for the Procurement of Raw and Packaging Materials*, which clarifies the risk control process and responsibility division in the procurement process. We have established a systematic and comprehensive supply chain risk mitigation system, which strengthens the dual procurement strategy for high-risk materials and diversified supplier layout through dynamic risk identification, multi-dimensional evaluation, and classification management. We ensure effective implementation of risk response measures through cross-departmental collaborative mechanisms, and continuously improve supply chain risk management through project review and experience summary.



Supply Chain Risk Identification and Analysis Process

### Supply Chain Stability Management

Through multi-source supplier selection, early procurement planning, safety stock management, and production line risk dispersion, we effectively reduce the potential risks brought by single-source supply, enhance the resilience of the supply chain and production continuity, and help the Company achieve stable development in a complex and ever-changing market environment. We have equipped supply chain stability management solutions for all raw materials and arranged continuous production plans based on product layout planning.



### Suppliers Integrity Management

We actively promote the construction of a clean supply chain. By signing integrity cooperation agreements with suppliers, deploying information management systems, and regularly organizing training, we effectively regulate supplier behaviors and jointly create an upright business environment.

We have formulated the *Supplier Anti-Bribery Codes of Conduct*, which clearly requires suppliers to strictly comply with relevant laws and regulations when conducting business activities. We resolutely prohibit any form of bribery and unfair competition to ensure the compliance and integrity of operations in the supply chain.

We require suppliers to sign the *Integrity Cooperation Agreement* and the *Supplier Anti-Bribery Codes of Conduct* to create an atmosphere of integrity cooperation together. In addition, we have built an SRM and NC system to achieve supplier qualification review, bidding and quotation, order and contract management, strengthen the confidentiality and effectiveness of inquiries and quotations, and improve procurement efficiency. Currently, 100% of procurement for raw, auxiliary and packaging materials and procurement for engineering, equipment, and service have been achieved online.

We strengthen integrity control from the source by providing integrity training and education to all members of the procurement team and regularly promoting the Company's integrity management system and integrity-related employment regulations. During the reporting period, all procurement personnel signed integrity commitment letters.



# 04

## Nurturing Talents and Empowering Growth

Huadong Medicine regards talents as an important foundation for promoting the high-quality development of the enterprise, and continuously improves the systems of employee recruitment and rights protection, talent development and training, employee care, and occupational health and safety management. Centering on the whole-life-cycle management of employees, we strive to create a fair, diverse, inclusive and safe working environment through improving system construction, optimizing management mechanisms and implementing specific measures, providing strong talent support for the sustainable development of the enterprise.

Employee Recruitment	82
Talent Development	85
Employee Care	89
Health and Safety	92

Contributing to the UN SDGs:



## Employee Recruitment



We adhere to the concept of compliant, fair and diverse employment, continuously expand talent introduction channels, improve the recruitment management system, and ensure the fairness, standardization and transparency of the talent absorption process. Meanwhile, we fully implement employee rights and interests protection measures, and are committed to creating an equal, inclusive and sense of belonging working environment.

## Talent Introduction

Huadong Medicine strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations. The Company has also developed policies such as the *Employee Handbook*, the *Recruitment Management System* and the *Labor Contract Management Regulations* to clarify the full-process management requirements for recruitment, employment and contract signing. In 2025, we revised the *Recruitment Management System*, focusing on optimizing the requirements related to job avoidance, and strengthening the standardization of recruitment work at the system level.

### Ensuring Fairness and Impartiality

- Strictly review information before job posting to avoid setting non-business-related restrictive requirements such as gender, region, ethnicity, age and educational background, ensuring all job seekers have equal employment opportunities.

### Preventing Child Labor

- Prevent the risk of child labor through "two-link verification": initially verify age through the *Applicant Information Registration Form*, and require valid identity documents and educational certificates for secondary verification to eliminate the possibility of accidental recruitment of underage workers in the process.

### Enhancing Recruitment Transparency

- Publicize the recruitment process and post evaluation criteria to improve recruitment transparency and enhance candidate trust.

### Focusing on Candidate Satisfaction

- Improve satisfaction and establish a good employer brand image by optimizing the recruitment process, providing timely feedback on progress, enhancing communication transparency and candidate experience.

### Strengthening Job Avoidance

- Revised the *Recruitment Management System*, optimized the requirements for job avoidance, further strengthened the rigor of recruitment, avoided potential risks of relatives holding positions in sensitive posts at the system level, and ensured fair and impartial recruitment.

Recruitment Process Management

We have built a diversified recruitment channel matrix, and through campus recruitment, social recruitment, internal referrals and other diversified channels, we tap and attract outstanding talents suitable for the positions, promoting the implementation of the company's innovation-driven and internationalization strategies.



Talent Recruitment Channels

## Protection of Employee Rights

Huadong Medicine adheres to the concept of diverse and inclusive employment, comprehensively protects the legitimate rights and interests of employees, and creates a fair, friendly and mutually respectful working environment. We adhere to international standards such as the *Universal Declaration of Human Rights* and *International Labor Organization Conventions*, as well as applicable labor and employment laws and regulations in our operating locations, to effectively safeguard employees' freedom of association and collective bargaining rights. We strictly prohibit any form of forced labor and child labor. Furthermore, we eliminate all forms of employment discrimination based on gender, region, ethnicity, or other factors throughout the entire process of talent recruitment and development, ensuring fair and compliant employment practices.

We have enrolled all employees in the Hangzhou On-the-job Employees Medical Mutual Assistance Program, and all female employees in the Female Employees Special Diseases Subsidy Mutual Assistance Program. Meanwhile, we have equipped independent mother-and-baby rooms for lactating female employees to comprehensively strengthen the protection of their rights and interests. During the reporting period, we continued to build and open new mother-and-baby rooms in subsidiaries including Zhongmei Huadong, Jiangdong Company, and Supply Chain Management (Hangzhou) Company, providing convenient and comfortable exclusive spaces for lactating female employees.

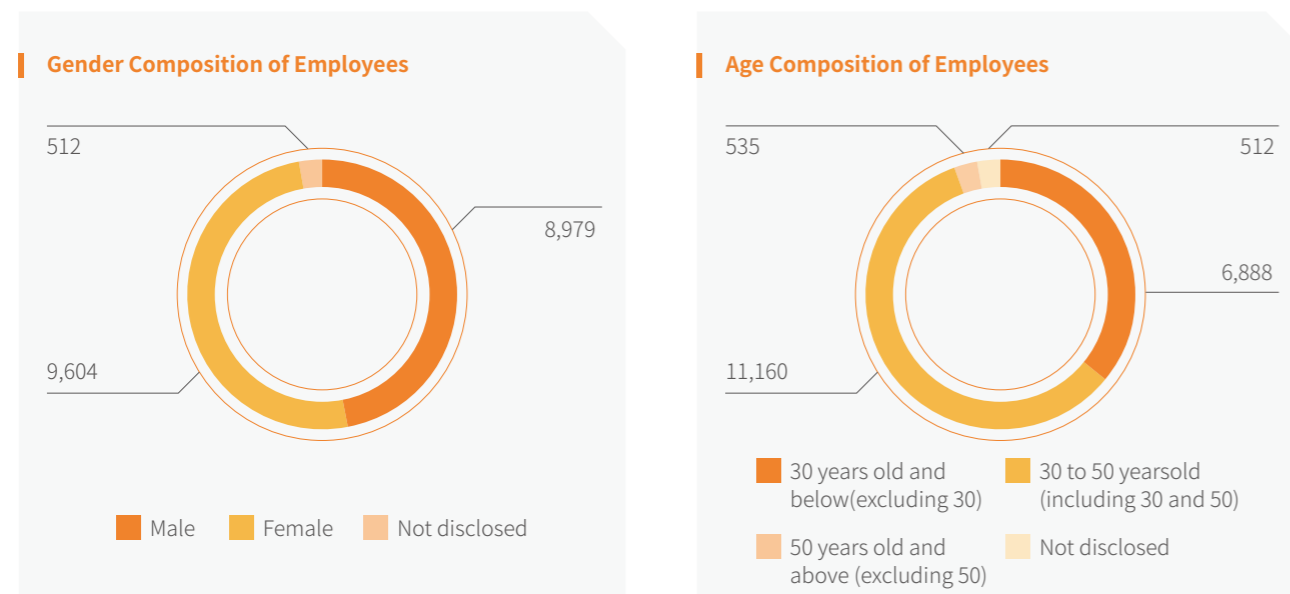
During the reporting period, we further deepened the care measures for female employees from three aspects. At the health care level, we improved female-specific health services and strengthened disease prevention and medical mutual assistance support. At the facility guarantee level, we upgraded supporting service facilities and optimized the work adaptation mechanism. At the workplace empowerment level, we built a diversified development platform, improved training plans and career development paths, and helped female employees achieve personal growth and self-worth.

For vulnerable employee groups, we have established and deepened the "Learning from Lei Feng Love Fund" special assistance mechanism, upgrading and building a multi-dimensional guarantee system featuring "precision, efficiency and characteristics":

Expansion of Assistance Scope	Optimization of Service Processes	Innovation of Assistance Models
The scope of funding has been further extended from the original major illnesses and injuries of employees themselves to scenarios such as major changes and special difficulties encountered by employees' families, strengthening the precise assistance to employees' family units.	Optimize and simplify the application and approval procedures, build a more convenient and efficient feedback channel, simplify procedures and improve response efficiency on the premise of ensuring compliance and transparency, and enhance the accessibility and timeliness of assistance measures.	Combined with the business characteristics of pharmaceutical enterprises, we explore and add special health assistance support, provide targeted health care and resource connection for needy employees, and gradually improve the long-term care mechanism by linking internal volunteer forces, creating an organizational atmosphere of mutual assistance, love and warmth, and further consolidating the foundation for protecting the rights and interests of vulnerable employees.

"Learning from Lei Feng Love Fund" Special Assistance Mechanism

To promote the effective implementation of the concept of diversity, equality and inclusion, we regularly monitor the performance of relevant key performance indicators. As of the end of the reporting period, the employment situation of Huadong Medicine's employees is as follows<sup>10</sup>:



<sup>10</sup> The "Not disclosed" status refers to employees at overseas subsidiaries who have not disclosed their information due to privacy protection policies.

## Talent Development



Huadong Medicine regards continuous talent development as the core engine of enterprise innovation and sustainable development. We have built a systematic talent training mechanism, clear career development channels and a competitive incentive system, aiming to fully stimulate employees' potential and achieve the coordinated progress of personal value and enterprise goals.

## Training and Empowerment

Adhering to the concept of independent talent training and talent-first development, we have built a diversified talent training system covering all levels and types of employees, with the *Training Management Measures* and the *In-house Trainer Management System* as the core, providing solid talent support for the company's innovative transformation.

In the construction of the career development system, we continue to deepen the dual-channel development path of management and profession, supporting employees to independently choose to deepen their professional fields or switch to management positions according to their personal interests and career plans. In 2025, we optimized career development options, adding a combined development model of skill identification, professional title evaluation and rank promotion to achieve the optimal matching of people and positions. In terms of the precise construction of professional sequences, we split the original professional sequences into multiple sub-sequences, each with an independent rank system and ability requirements, evaluating employees' value from multiple dimensions such as performance and innovation. Meanwhile, we added assessment indicators such as the application of innovative technologies, cost reduction and efficiency improvement results, and team collaboration capabilities, building a more accurate value evaluation system.

To meet the differentiated development needs of different groups, we rely on a mature training management system to build a layered and classified precise training strategy. Combined with the company's development strategy and the competency requirements of each position, we optimize and expand training projects for different groups such as management personnel, special talents and new employees to achieve precise empowerment.

<h3>For Management Level</h3> <p>Tiered management training system is conducted to enhance leadership capabilities across all levels, prioritize key talent development, and cultivate a talent pipeline, core managers, and versatile leaders. This integrated approach strengthens organizational agility and self-sustaining capabilities.</p>	<h3>For Position Function</h3> <p>Priority is given to technical R&amp;D, marketing, human resources, and financial roles. Through standardized job roles, ongoing training systems, and combining hands-on learning with performance assessments, employees quickly gain job-specific skills, optimize processes, and improve working efficiency.</p>	<h3>For Business Type</h3> <p>For both traditional and emerging businesses, the Company regularly conducts talent reviews, training, and practical assignments to develop targeted business talents in R&amp;D, quality assurance, sales and other domains, so as to support the sustained growth and global expansion.</p>
<h3>For New Employees</h3> <p>The Company offers specialized induction trainings to new employees with comprehensive probationary period management, ongoing assessment, and feedbacks, to help them quickly adapt to the Company's culture, workflows, and systems.</p>	<h3>For Fresh Graduates</h3> <p>The "Voyage Program" helps graduates accelerate the school-to-work transition through career mapping. Through selection, intensive training, job rotation, assessments, and on-the-job experience, the program provides systematic coaching and guidance for fresh graduates and develops young talent for the Company.</p>	

Huadong Medicine places high strategic importance on leadership development, making it a key priority in our talent cultivation strategy. We have established a comprehensive leadership training system covering employees at all levels—from junior staff to middle and senior management—ensuring that personnel at every stage receive precisely targeted support for capability enhancement.

Development Program	Program Introduction
Senior Management Development Program	<ul style="list-style-type: none"> <li>Training Content: Focuses on building core management capabilities, covering courses such as market insight, key account management, strategic formulation and decomposition, lean production, fundamentals of financial management, entrepreneurial spirit shaping, and high-performance team building.</li> <li>Training Methods: External study tours, offline coaching, internal sharing sessions, and practical application delivery.</li> <li>Evaluation Method: Dynamically track the operation of market dynamics insight mechanisms among senior managers of various subsidiaries.</li> </ul>
Middle Management Development Program	<ul style="list-style-type: none"> <li>Training Content: Centers on enhancing leadership effectiveness and talent selection capabilities, mainly covering skills such as team management, goal achievement, and recruitment interviews.</li> <li>Training Methods: Online learning, offline coaching, and internal sharing sessions.</li> <li>Evaluation Method: Combines assessment with result reporting.</li> </ul>
Frontline Employee Development Program	<ul style="list-style-type: none"> <li>Training Content: Covers three core modules: compliance and essential basic knowledge (e.g., safety regulations, quality awareness), general professional skills (e.g., business writing, business etiquette), and corporate culture.</li> <li>Training Methods: Online learning, offline coaching, etc.</li> <li>Evaluation Method: Combines assessment with result reporting.</li> </ul>

Leadership Development Program

Beyond offering diverse training programs, we facilitate employees' academic advancement and continuous growth through substantial learning support mechanisms. For eligible full-time employees participating in degree advancement programs, the Company reimburses a portion of tuition fees upon the successful attainment of nationally recognized degree qualifications. Additionally, to encourage the refinement of professional skills, we also cover registration and examination fees for full-time employees who participate in job-related continuing education programs or obtain relevant professional titles and qualification certificates.

During the reporting period, we continued to carry out key training focusing on management capabilities, business capabilities and professional capabilities, and combined various training forms to comprehensively strengthen employees' development capabilities and help them meet their career development needs. In addition, we continuously expand training resources, optimize the digital training platform, provide rich online courses for all employees, and support employees to improve their professional capabilities and job competencies conveniently and efficiently.

**Management Proficiency Enhancement Training**

In 2025, we innovatively launched the "1+X" mixed training model, targeting new and reserve grass-roots managers, based on core management general knowledge and supplemented by customized content of business lines. It covered about 600 participants throughout the year, accelerating the role transformation and leadership improvement of managers.

**Skills Upgrading Training for Professional Positions**

We formulate capacity improvement plans for professional and technical teams such as R&D, production, quality and EHS. In 2025, we launched a two-year "EHS Manager Special Training Program", cultivating management backbones through standardized inspections and job rotation practices, and supporting the professional improvement of technical personnel through internal sharing and external lectures.

**Sales and Marketing Team Competency Enhancement Training**

In 2025, online courses on product knowledge and sales skills were provided through the digital platform, combined with offline sand table simulations and seminars for practical training, covering more than 50,000 participants throughout the year. It aims to unify service standards and strategic language and strengthen the practical capabilities of the team.

Talent Special Training Projects and Implementation

In 2025, based on the existing training system, we strengthened skill upgrading and talent echelon construction, and advanced the reform of the industrial worker team (hereinafter referred to as "industrial reform").

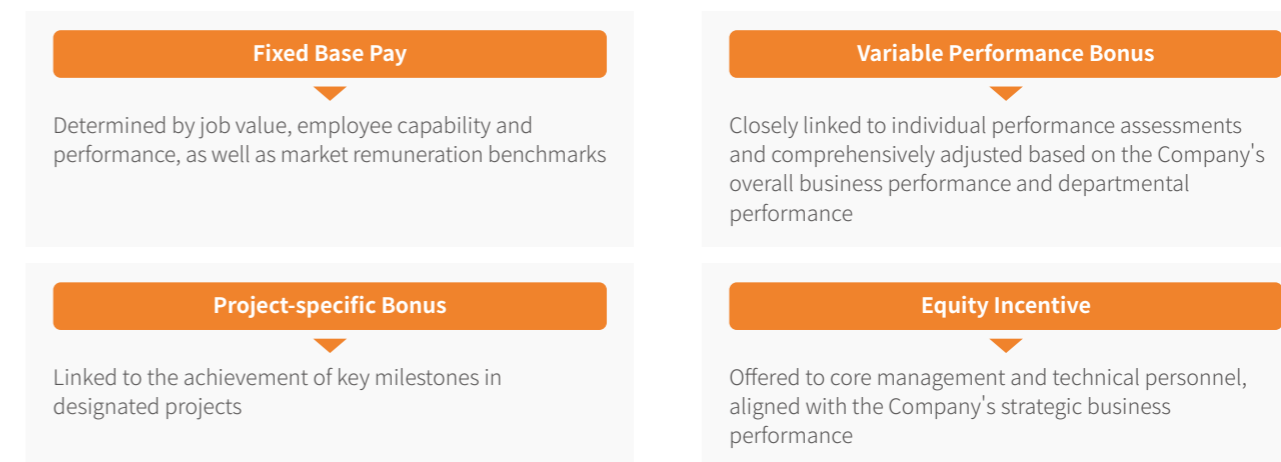
**Deepening Practice of Industrial Worker Team Construction Reform**

In 2025, the Company made remarkable progress in the reform of industrial worker team construction, was listed as one of the 100 key industrial reform promotion enterprises by the All-China Federation of Trade Unions, and was selected as a provincial case of industrial reform by the Zhejiang Federation of Trade Unions. We took this as a key priority of annual talent training, and through measures such as carrying out skill competitions, promoting independent evaluation of skill levels, increasing innovation training efforts, establishing model worker and craftsman models, deepening the integration of production and education, and embracing the new ecology of AI digital learning, we promoted 633 industrial workers to complete skill level certification, realizing the close connection between career development and skill levels. Meanwhile, we cultivated several craftsmen and innovation studios, effectively improving the quality and effectiveness of industrial reform in non-public enterprises, and injecting strong momentum into enterprise innovation practices.



## Remuneration and Incentives

To attract, motivate and retain outstanding talents, Huadong Medicine is committed to building and continuously optimizing a comprehensive incentive system with distinct value orientation, internal fairness and external competitiveness. Our remuneration system includes basic salary, variable performance bonus and other project-based bonuses to comprehensively measure the commercial value created by employees. Total remuneration for all employees comprises fixed salary and performance-based pay, with the latter being directly tied to personal performance metrics and overall corporate performance. Meanwhile, to stimulate employees' innovation vitality and sense of identity with the company, we have established an equity incentive plan, aiming to share the company's development achievements with employees and reward core personnel who have made important contributions to the company's development.



Remuneration Structure

To ensure the fairness and market competitiveness of our compensation system, we conduct annual comprehensive reviews and optimizations of our incentive mechanisms. By integrating job value, promotion frameworks, performance evaluation results, and market salary levels, we have established a variable compensation mechanism that covers all employees. This approach effectively stimulates employee motivation and creativity, supporting the mutual growth of the organization and its people.

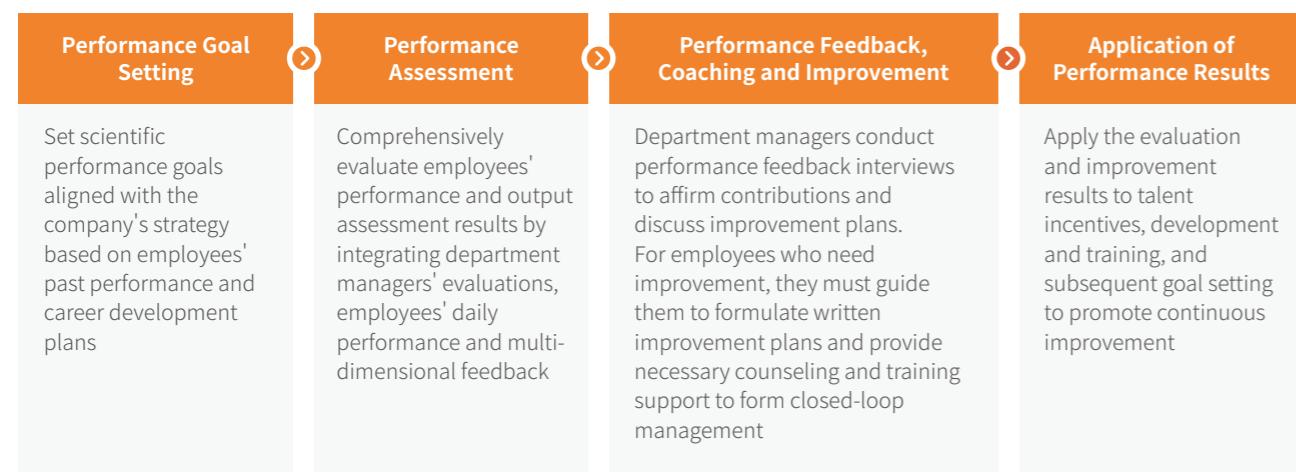
We regularly conduct salary market benchmarking analysis to review and dynamically adjust the salary structure and level to ensure its competitiveness. In 2025, we further improved the special incentive mechanism, focusing on key achievements of strategic value to the company such as product R&D breakthroughs, key market development, and major cost reduction and efficiency improvement, and providing precise and timely rewards, thereby more effectively guiding employee behavior to align with the company's strategic priorities.

## Performance Management

We have established a standardized and clear performance management process, adhering to the concept of value creation orientation, comprehensively measuring and affirming the efforts and contributions of each employee. To meet the needs of the company's new strategic stage and strengthen the alignment of organizational and personal goals, we completed the systematic revision of the *Huadong Medicine Employee Performance Management System* in 2025, promoting the practice of a high-performance culture oriented by value creation.

We promote the common growth of the organization and individuals by strengthening the closed-loop management of performance feedback, coaching and improvement. We clarify the primary responsibility of managers in performance coaching and development, requiring them to conduct performance feedback interviews with employees, affirming employees' contributions while discussing methods to improve weaknesses, ensuring that each evaluation can be effectively transformed into support for employees' ability improvement and performance enhancement. Based on scientific and reasonable performance evaluation results, we implement a precise and differentiated talent incentive mechanism to fully stimulate employees' enthusiasm, thereby promoting the continuous optimization of the company's overall efficiency.

In addition, to ensure the fairness and transparency of performance results, we have established a performance appeal mechanism, providing employees with dual channels of online feedback and offline appeal, so that employees can timely express their opinions and obtain proper solutions when they have doubts about the performance results.



Performance Management Mechanism



## Employee Care



Huadong Medicine has always adhered to the core value of "people-oriented" and is committed to building a warm working environment that fosters a sense of belonging. In 2025, the Company further deepened the employee care system, carrying out systematic and humanized practical activities around communication and care, health support, welfare protection and work-life balance, effectively enhancing employees' sense of gain, happiness and belonging.

## Communication and Support

We attach great importance to continuous communication and two-way interaction with employees, and are committed to building an open, transparent and efficient communication mechanism. Through the construction of diversified communication channels, regular research and suggestion collection, we timely listen to employees' voices, effectively respond to reasonable demands, and gather consensus on development.

We continue to improve the communication system combining online and offline. On the one hand, we build a regular communication bridge between management and employees, promoting in-depth connection and efficient communication between management and employees through fixed and standardized communication channels. On the other hand, we establish a mechanism for collecting employees' voices and rational suggestions, comprehensively listen to employees' true feelings, encourage employees to actively contribute ideas and suggestions for the company's development, and integrate employees' demands and suggestions into the whole process of management optimization, effectively reflecting respect and care for employees.

### Key Communication Channels with Management

#### Face-to-Face Seminars with Senior Executives

Organize face-to-face exchanges between young employees and senior executives every quarter, conducting in-depth discussions on topics such as career development planning and company management optimization. During the reporting period, a total of 4 sessions were held, covering more than 200 participants.

#### Management Open Day

Set a fixed open day every month, where heads of various departments receive employees' consultations on site, answer questions and collect suggestions. A total of more than 300 employees were received throughout the year.

### Key Channels for Collecting Employees' Voices and Suggestions

#### Systematic Employee Satisfaction Survey

We conduct an annual organization-wide employee satisfaction survey to assess the employee experience across dimensions such as compensation & benefits, career development, and the work environment. In 2025, overall satisfaction remained at a high level. Based on these insights, we identify areas for improvement and formulate targeted action plans—including service optimization and system refinement—to ensure the closed-loop resolution of issues.

#### Regular Collection of Rational Suggestions

Organize the "Strengthen Safeguards, Promote Harmony, and Pursue Development" employees rational suggestion activities, encourage employees to contribute wisdom to the Company's operation, management, culture and other aspects, and commend and implement excellent suggestions. A total of 3,377 valid questionnaires were collected in 2025.

## Employee Benefits

We have built a complete guarantee system covering statutory benefits and diversified non-statutory benefits, and continue to optimize and expand non-statutory benefits. Adhering to the core of employee needs, the Company provides solid support for employees' work and life through multi-dimensional and humanized welfare guarantee measures, creates a warm workplace atmosphere, and effectively enhances employees' happiness and sense of belonging.

Huadong Medicine strictly complies with national laws and regulations, fully implements statutory welfare guarantees, and improves employee welfare experience through policy optimization and process simplification.

- **Leave Benefits:** Statutory holidays, marriage leave, funeral leave, maternity leave, parental leave, companion leave, sick leave and annual leave. In 2025, in response to the latest spirit of the *Regulations on Marriage Leave in Zhejiang Province*, the Company extended the marriage leave to 13 days, supporting employees to take leave in segments. During the leave period, wages, bonuses and other welfare benefits are paid normally.
- **Five Insurances and One Fund:** Basic endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund.
- **Allowances:** Since May 2025, the Company has promoted the direct payment of maternity allowances to employees' personal accounts, simplifying the application process.

### Statutory Benefits

The Company is committed to helping employees achieve a better work-life balance. Taking parental leave as an example, while fully implementing national statutory policies, we provide more supportive and flexible childcare arrangements for all full-time employees. Specifically, employees are entitled to 10 days of fully paid parental leave annually before their child reaches the age of three. Respecting the diverse needs of families, we allow staff to utilize this leave flexibly in segments based on actual family arrangements, rather than requiring consecutive days. This policy applies equally to all employees, regardless of gender, position, or rank.

Huadong Medicine provides all employees with extensive non-statutory welfare guarantees to meet their diverse needs in health protection, career development and work-life balance.

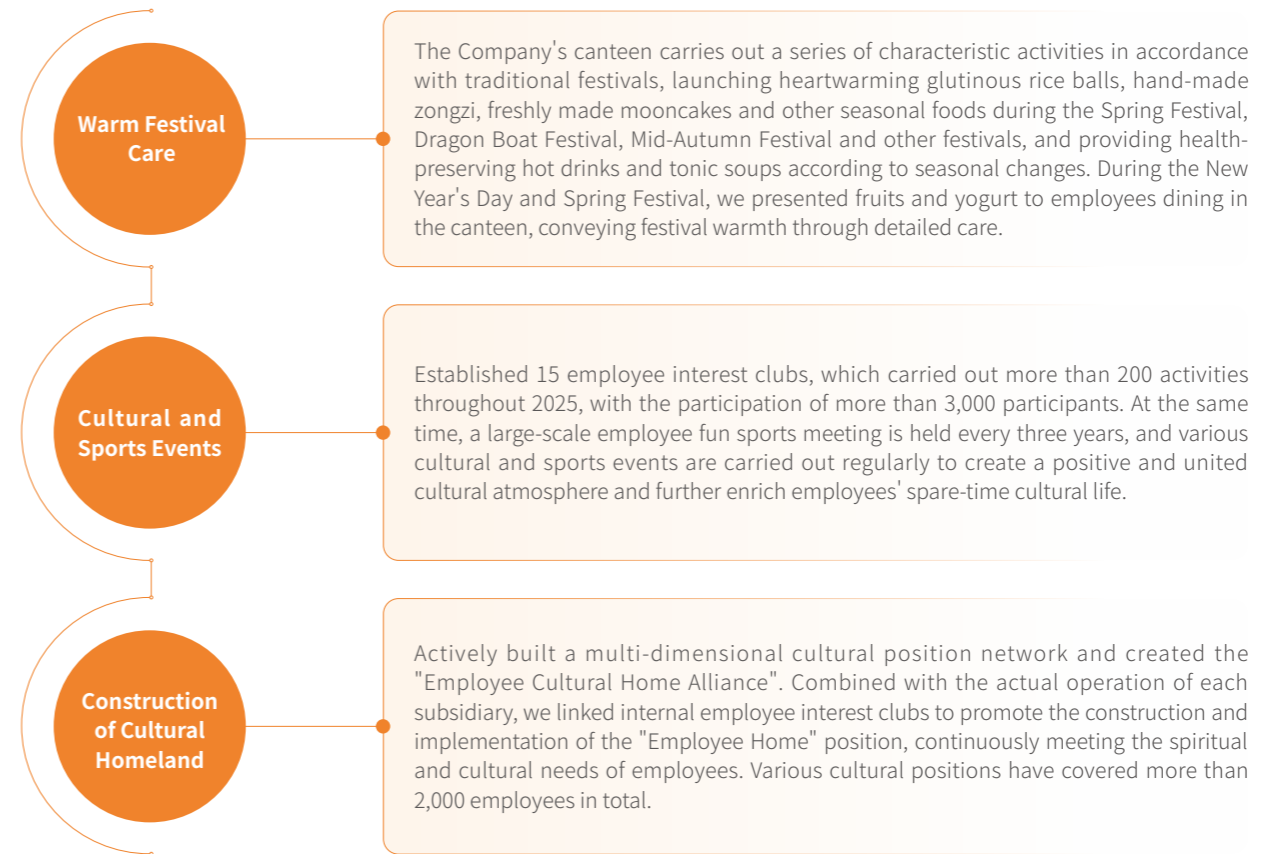
### Physical Health Security

- Innovatively launched the "1 public + 1 private" combined physical examination model, adding one private physical examination institution on the basis of the original public physical examination hospitals to meet the diverse needs of employees.
- Customized personalized physical examination packages based on gender and position, and invited experts from physical examination institutions to carry out special activities of physical examination follow-up and health consultation.
- Participated in the medical mutual assistance guarantee for on-the-job employees in Hangzhou on behalf of employees, building a "second health defense line" beyond the basic medical insurance.

### Mental Health Support

- Established mental strength workshops to provide employees with emotional counseling and psychological support through diversified forms such as reading clubs, special lectures and painting therapy.
- Held 8 workshops, attracting a total of nearly 200 participants of participation, helping employees relieve work pressure and enhance their psychological adjustment ability.
- Regularly pushed professional health popular science articles through the Company's WeChat official account platform to strengthen the health awareness of all employees.

### Health Support Benefits



### Festival Care and Cultural Benefits



## Health and Safety



We have always placed employees' health and safety at the core, adhered to the management policy of "prevention first, combination of prevention and treatment", and built a guarantee system covering work safety and occupational health. By improving the institutional framework, strengthening risk control and deepening cultural construction, we continuously consolidate the foundation of health and safety management, creating a safe and healthy working environment for all employees.

## Work Safety

Huadong Medicine strictly complies with the *Work Safety Law of the People's Republic of China*, the *Measures for the Administration of Contingency Plans for Work Safety Accidents* and other laws and regulations, and has built a safety management system with the *EHS Responsibility Management System* as the core. Each subsidiary further formulates adaptive special systems in combination with its own production and operation reality, and refines the implementation of relevant requirements such as the *Full-staff Work Safety Responsibility Management System*. We have established a mature safety management structure, among which the EHS Committee is the highest management body for EHS affairs, with an EHS Department under it responsible for managing specific work safety matters.

We focus work safety management on risk prevention and process control, and continuously promote the in-depth transformation of the management focus to pre-event prevention, strengthen the dynamic update of risk identification, assessment and control measures, and build a solid safety defense line through the following key measures.

### Work Safety Control Mechanism

#### Deepening the Construction of the Dual Prevention Mechanism

##### Safety Risk Grading and Control

- Conduct hazard identification and classification assessments, as well as job-specific risk assessments. Based on the assessment results, create four-color risk charts and display them prominently at work sites.
- Educate employees at all levels to deeply understand the potential risks associated with their roles, remind them to stay vigilant and avoid them, and formulate corresponding risk mitigation measures.

##### Hazard Identification and Management

- Formulate annual hazard identification plans that include comprehensive inspections, specific inspections, departmental self-inspections, and third-party inspections, and carry out hazard identification and management activities as scheduled.
- Detailedly record and archive of all identified issues, assess departments with hazards identified based on the EHS monthly assessment criteria, and verify and review overall rectification to ensure that the problem rectification forms a closed-loop management.
- Encourage all employees to participate in hidden danger investigation and reward effective reports. Through this channel, many potential risks were identified and rectified throughout the year.

#### Implementing the Refined On-site Control Model

- To implement grass-roots safety responsibilities, we implemented the "Building Director System" in multiple production bases, where designated persons in charge conduct comprehensive and refined control over the safety of specific buildings.
- Formulate an EHS inspection mechanism and an inspection route map, clarifying and quantifying the inspection routes and inspection contents of each area. In addition, we actively explore intelligent security, and pilot the introduction of intelligent inspection robots in Jiangdong Company to improve the efficiency and coverage of inspections in high-risk areas.

#### Strengthening Emergency Management and Accident Accountability

- During the reporting period, we newly formulated the *Measures for the Investigation and Handling of Production Safety Accidents of Huadong Medicine*, improving the full-process closed-loop management mechanism from emergency response, rescue to post-event investigation, review and rectification, and enhancing the ability to respond to emergencies and the standardization of accountability.

## Emergency Response

To effectively respond to production safety emergencies, we continuously update and implement emergency plans for production safety accidents, and organize multi-scenario emergency drills every year to improve emergency prevention and disposal capabilities, requiring each subsidiary to convey, implement and refine specific requirements. For example, Jiangdong Company updated the *Emergency Plan for Sudden Environmental Events* and completed the filing, clarifying key links such as emergency command, on-site disposal and personnel evacuation. Huadong Guizhou carried out special drills such as ethanol leakage and hazardous chemical leakage, and Jiangdong Company organized emergency drills for hazardous waste leakage to improve the emergency response capability of all employees.

## Safety Training

We strictly implement the main responsibility for safety training, carry out targeted training by layers and categories through the annual EHS training plan, and at the same time, deepen the cultivation of safety awareness of all employees through the safety culture month activities.

We carry out differentiated EHS training for the main persons in charge of subsidiaries, EHS persons in charge, special post personnel and front-line employees. Each subsidiary attaches great importance to the practical effect of safety training, actively responds to the Group's EHS management deployment, and promotes EHS training in combination with its own production and operation characteristics. For example, Jiangdong Company established a monthly special training mechanism for full-time and part-time safety managers, and implemented a two-level training transmission model of "company-level centralized training - department-level diffusion and publicity". Huadong Guizhou organized special training for hazardous chemical-related personnel to obtain certificates, external training and certification for safety managers, and organized leading cadres to learn EHS-related laws, regulations and company systems.

During the reporting period, we continued to carry out safety month cultural activities, and continuously created a safety culture atmosphere with full participation by popularizing safety knowledge and strengthening emergency skills. With solid safety management practices and a sound safety culture system, Zhongmei Huadong was rated as a "National Model Enterprise for Safety Culture Construction", fully demonstrating its benchmarking and exemplary role in the field of safety culture construction.

## Intelligent Management of Work Safety

On the basis of continuously strengthening the safety culture construction of the whole Group, we accelerate the intelligent transformation of safety management to further enhance the effectiveness of work safety control. Taking Jiangdong Company as an example, it carries out pilot work of intelligent inspection robots in combination with its own production scenarios, actively explores intelligent safety inspection methods, and provides practical reference for intelligent work safety control.

### Case Application of Intelligent Inspection Robots in Jiangdong Company

In 2025, Jiangdong Company actively explored the intelligent upgrading of safety management and carried out pilot work of intelligent inspection robots in conjunction with relevant suppliers. The intelligent quadruped wheeled robot adopted in this pilot is equipped with multiple functions such as pointer counting, image analysis, environmental gas monitoring and infrared monitoring, which can realize uninterrupted intelligent inspection of key equipment, key places and key links in the tank area, accumulating practical experience for the transformation of the Company's safety management towards intelligence and informatization.



## Occupational Health

### Occupational Health Management

We strictly follow the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and are committed to eliminating and controlling the source of occupational disease hazards and protecting employees' occupational health rights and interests. The Company has established systems such as the *Management System for Monitoring and Evaluation of Occupational Disease Hazards* and the *Management System for Emergency Rescue and Management of Occupational Disease Hazards*, and updated the *Management System for Labor Protection Articles* to provide comprehensive occupational health protection for employees. At the same time, we have established a clear accident management mechanism to ensure the closed-loop management of accident investigation and handling.

During the reporting period, Zhongmei Huadong carried out comprehensive detection of occupational disease hazards in more than 20 workplaces; Jiangdong Company completed the "three simultaneities" detection and acceptance of new projects, and took control measures such as equipment isolation, shift work and provision of professional protective equipment for positions with excessive noise. We continuously improve and standardize the occupational health physical examination process, provide pre-employment, on-the-job and post-employment physical examinations for employees exposed to occupational disease hazards, and establish a "one person, one file" health record.

To comprehensively improve employees' occupational health awareness and strengthen the publicity of occupational health, we popularize occupational health knowledge through various forms such as posters, electronic screens and offline training during the Occupational Health Week. Each subsidiary actively responds to the Group's occupational health publicity deployment, and carries out diversified health publicity activities according to local conditions in combination with its own production and operation characteristics, promoting the accurate transmission of occupational health knowledge.

#### Health Knowledge Competition

Huadong Guizhou held an occupational health knowledge competition, carrying out an occupational disease prevention and control knowledge competition through an online answering applet, strengthening employees' mastery of occupational disease prevention and control knowledge in the form of "promoting learning through competition and promoting prevention through learning".

#### Special Lectures

Jiangdong Company organized a special lecture on "Healthy Life Starts from the Heart", adopting the form of online and offline coverage to effectively improve the health protection awareness of all employees.

#### Publicity Week

Xi'an Bodyguard, together with the Health Supervision Institute of Huayin Municipal Health Bureau, carried out a publicity campaign for *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Awareness Week*, further expanding the coverage and impact of occupational health awareness efforts.

#### Occupational Health Publicity Activities

Based on the improved occupational health and safety management, as of the end of the reporting period, 11 subsidiaries including Zhongmei Huadong and Jiangdong Company have obtained the ISO 45001 Occupational Health and Safety Management System Certification.

### Contractor Safety Management

In terms of contractor safety management, the Company has formulated and implemented systems such as the *Implementation Plan for On-site Construction Safety Management* and the *Contractor Assessment Rules*, clarifying the safety responsibilities and codes of conduct of contractors to ensure that their operation risks are controllable, compliant and orderly. At the same time, we regularly organize contractor work meetings to timely convey and implement the safety management requirements of relevant parties.

In the access and process control stage, we strengthen system implementation and site access source management. In 2025, we revised the *Contractor Assessment Rules*, further refining the violation scenarios and disposal requirements of operation scenarios. At the same time, we optimized the site access management process, clarified the qualification review standards and training requirements, ensuring that all employees hold certificates to take up their posts and that safety education covers all aspects. In daily management, we not only strictly implement incoming qualification review and site access training, but also take the initiative to empower contractors to carry out independent identification and control of operation risks by providing tools such as task risk analysis cards, promoting the transformation of their safety management from passive acceptance of supervision to active participation in prevention and control.

At the level of event management and continuous improvement, we adhere to unified standards and closed-loop learning, and clearly require that contractor accidents be included in the internal unified accident management process to ensure their timely reporting, standardized investigation and transparent handling. Based on event root cause analysis and experience feedback, we continuously optimize contractor management requirements and training content, promote the extension of contractor management from post-event disposal to pre-event prevention and in-event control, and continuously improve the systematicness and effectiveness of safety management of relevant parties.

# 05

## Upholding Goodness and Fulfilling Social Responsibility

Adhering to the corporate mission of "serving public health" and taking improving people's well-being as the core goal, Huadong Medicine has deeply linked industrial chain partners and forces from all sectors of society, continuously deepening its efforts in medical benefit for the people, universal health promotion and community co-construction. Through innovative medical solutions, popularization of health knowledge and participation in public welfare practices, we are committed to building a sustainable development ecosystem of "inclusive health and community integration", injecting strength into promoting the construction of Healthy China and social harmony and development.

Contributing to the Benefits of Healthcare 98

Promoting Public Health 101

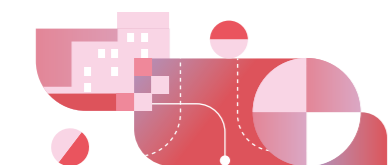
Joining Community Engagement 103

Contributing to the UN SDGs:



## Contributing to the Benefits of Healthcare

With "improving drug accessibility and reducing patients' burden" as the core, we have built a multi-level medical security support system by accelerating the launch of innovative products, promoting the access of medical insurance and commercial insurance, and carrying out patient assistance projects, so that high-quality medical resources can benefit a wider range of people and effectively respond to the clinical needs of patients.



## Promoting Product Accessibility

We continue to promote the industrialization of scientific research achievements, accelerate the launch of new products in multiple disease areas and benefit more patients. In response to the call of the national multi-level medical security system construction, to effectively reduce the drug burden of patients and improve the accessibility and affordability of the Company's products, the Company takes "synergistic empowerment of Huimin Insurance and building a defense line for affordable drugs" as the core goal, striving to achieve a win-win situation for patients, enterprises and the medical insurance system.

As of the report date, the Company had a total of 55 core products approved for launching and 15 strategic cooperation products included into the *National Medical Insurance Drug List for Basic Medical Insurance, Maternity Insurance, and Work-related Injury Insurance (2025)*. Among these, the strategic cooperation product Zevorcabtagene Autoleucl Injection (Saikaize<sup>®</sup>) has been included in the *Commercial Insurance Innovative Drug List (2025)*. Throughout 2025, Saikaize<sup>®</sup> completed accreditation and filing procedures at medical institutions spanning over 20 provinces and municipalities nationwide. As of the report date, more than 100 insurance and inclusive healthcare schemes have incorporated Saikaize<sup>®</sup> into their reimbursement coverage, effectively alleviating the financial burden on patients.

### Case Class 1 Innovative Drug Mifanertinib Maleate Tablets Approved for Marketing

In October 2025, Mifanertinib Maleate Tablets (trade name: Mairuidong<sup>®</sup>), a Class 1 innovative drug independently developed by Zhongmei Huadong, was approved for marketing by the NMPA. It is indicated for the first-line treatment of adult patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) harboring epidermal growth factor receptor (EGFR) exon 21 (L858R) substitution mutation. The product inhibits tumor growth by covalently binding to the kinase domain of targets. Phase III clinical trials showed that it is significantly superior to traditional drugs in the target population, providing a new treatment option for clinical needs and promising to become a safe, tolerable and efficient first-line treatment regimen in the future.



### Case Class 1 New Drug Relmapirazin Injection Approved for Marketing

In October 2025, the Class 1 new drug Relmapirazin Injection declared by Zhongmei Huadong was approved for marketing by the NMPA. Zhongmei Huadong holds the exclusive commercial rights of this product in 25 Asian countries or regions. When used in conjunction with the transdermal glomerular filtration rate (TGFR) measurement device approved for marketing in February 2025, this product forms MediBeacon<sup>®</sup>TGFR, which is the world's first bedside product approved for renal function assessment in patients with normal or impaired renal function, providing an effective new measurement option for clinical renal function assessment.



### Case Senaparib Capsules (Paishuning<sup>®</sup>) Approved for Marketing

In January 2025, Senaparib Capsules (Paishuning<sup>®</sup>), a cooperative product between Zhongmei Huadong and InnoPharma, was approved for marketing by the NMPA for the maintenance treatment of adult patients with advanced epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer who have achieved complete remission or partial remission after first-line platinum-containing chemotherapy. The approval of Senaparib Capsules in China will bring a new treatment option for ovarian cancer patients.



## Guarding Patients' Health

Adhering to the patient-centered approach, we focus on the treatment needs of patients in different fields and actively seek the well-being of patients' health. By initiating and participating in a series of patient care projects, we provide economic assistance to patients, helping more patients obtain treatment plans as soon as possible, thereby improving their quality of life.

### Case Zhongmei Huadong Charity Special Fund

To reduce the economic burden of recipients of living relative organ transplantation and help their long-term post-operative recovery, in 2025, Huadong Medicine continued to cooperate with Hainan Medical Assistance Foundation to advance the Zhongmei Huadong Charity Special Fund public welfare project. This fund focuses on providing charitable drug donations to this special group, directly reducing their immunosuppressive treatment costs. During the reporting period, the fund successfully donated to 235 recipients of living relative organ transplantation, with a total donation amount of 389,000 yuan, extending the public welfare care of "Flower of Life" from popular science education to practical economic assistance, bringing warmth and hope to transplant families.



### Case "Enjoy a Silver-Free Life" Patient Rights Project

In the field of moderate to severe plaque psoriasis treatment, to reduce the economic pressure of patients' long-term treatment and improve medication adherence and self-management ability, Huadong Medicine launched the "Enjoy a Silver-Free Life" Patient Rights Project in November 2024, which was fully deepened in 2025. Through setting gradient medication benefits, providing online health management tools and professional patient education content, this project builds a comprehensive support system for patients with moderate to severe plaque psoriasis. In 2025, 16,000 patients successfully enrolled in the project, effectively helping a large number of patients adhere to standardized treatment and improve their quality of life.



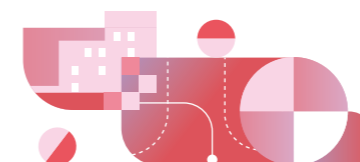
### Case Elahere® Greater Bay Area Patient Care Project

Before the official launch and sale of Mirvetuximab Soravtansine Injection (Elahere®) in Chinese mainland, the Company launched the Elahere® Greater Bay Area Patient Care Project in advance through the "Drug and Device Access" policy in the Guangdong-Hong Kong-Macao Greater Bay Area and the pilot policy of Boao Lecheng International Medical Tourism Pilot Zone. This project enables eligible patients with advanced platinum-resistant ovarian cancer to use innovative drugs in advance at an affordable price, supplemented by professional medication guidance and disease education. In 2025, the project successfully benefited 149 patients, not only timely meeting the urgent clinical needs, but also accumulating valuable experience for patient services after the official launch of the product, demonstrating the Company's commitment of "patients first".



## Promoting Public Health

Huadong Medicine regards the popularization of healthy living as its responsibility and continuously deepens its efforts in the field of national health education. We collaborate with authoritative medical experts and various stakeholders to transform clinical experience into accessible popular science content, facilitating the widespread dissemination of health knowledge. Relying on the community service network, we integrate convenient services such as medication guidance and disease screening into daily life, promoting the sinking of health services. We are committed to promoting the transformation of health concepts from professionalism to public accessibility in an approachable and perceptible manner, responding to diverse needs and helping improve national health literacy.



### Case Construction of the "Flower of Life" Diversified Popular Science Platform

We focus on the health needs of organ transplant donors and recipients, building the "Flower of Life" diversified popular science platform integrating "paper publications + online new media" to carry out targeted health education services. We founded China's first public welfare popular science publication dedicated to organ transplant donors and recipients—*Flower of Life*, which collects contributions from transplant recipients across the country.

By the end of 2025, a total of 73 issues have been published since its founding in 2003, gaining wide recognition from doctors and patients in the transplant field. We have simultaneously built the "Flower of Life" WeChat official account and "Flower of Life Broadcast" video account to promote Internet + health education services. As of the end of the reporting period, the platform has released more than 2,000 popular science articles and over 1,000 popular science short videos, covering post-operative care, dietary guidance and other content, building an interactive platform for nearly 50,000 organ transplant donors and recipients.



### Case Regular Implementation of Online Health Lectures

We collaborate with authoritative institutions to deepen popular science empowerment in the field of organ transplantation. In 2025, we launched the "Scientific Follow-up Management Program for Organ Transplantation" in cooperation with the China Medicine Education Association. We invite top experts and young and middle-aged backbone doctors in China's organ transplantation field to carry out online popular science lectures and Q&A services through the Internet platform, aiming to break geographical barriers of medical resources, enrich medical consultation channels for transplant recipients, provide targeted and regular professional guidance, and help improve patients' post-operative quality of life. As of the end of 2025, the platform has held a total of 940 online health lectures, with a cumulative viewership of nearly 2.13 million person-times.



Case Convenient Practice of "Pharmaceutical Services Entering Communities"

Relying on 10 people's livelihood pharmaceutical service stations and Hangzhou Citizens' Health Lifestyle Hall, we further promote the "Pharmaceutical Services Entering Communities" activity, providing comprehensive and convenient pharmaceutical services for customers and community residents. To improve the public's experience and trust in purchasing and using drugs, as well as their awareness of drug safety, we disclose the list of people's livelihood pharmaceutical service items, operating specifications and management systems, provide public welfare services such as free blood pressure measurement, medication and medical device guidance, and expired drug recycling, and carry out drug safety popularization through multiple channels. In 2025, the pharmaceutical services covered a total of more than 10,000 person-times, including 21 times of free blood pressure measurement and medication guidance services, and 26 pharmaceutical knowledge and health lectures.



Case Health Literacy Improvement Initiative of "Health Popular Science Entering Communities"

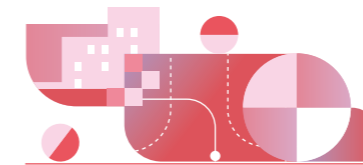
Taking Hangzhou Citizens' Health Lifestyle Hall as a public welfare platform, we carry out the "Health Popular Science Entering Communities" activity in conjunction with relevant units, focusing on groups such as employees of enterprises and institutions, and the middle-aged and elderly, to popularize scientific health knowledge. We invite clinical physicians from well-known medical institutions and first-aid instructors from the Red Cross to carry out popular science activities such as fatty liver prevention and control on "World Hepatitis Day", nutritional health themed "Scientific Nutrition, Enjoy a Happy Silver Age", skin disease prevention and control, and emergency first-aid training, helping residents master first-aid skills, strengthen health management awareness, solve daily health puzzles, and assist in improving the overall health literacy of community residents.



## Joining Community Engagement

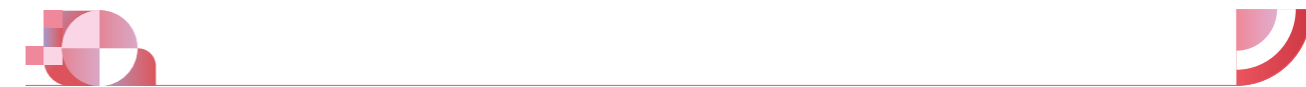
We have long focused on the fields of community coordinated development and rural revitalization, collaborating with various forces to carry out diversified public welfare practices such as voluntary services and convenient assistance, effectively repaying society and serving the masses. Continuing the tradition of public welfare donations, in 2025 we responded to the Spring Breeze Action initiated by the Hangzhou Municipal People's Government and donated 500,000 yuan to help needy groups.

We fully participate in community construction by promoting the implementation of people's livelihood projects, supporting rural revitalization and common prosperity, and strengthening Party building-led voluntary services, demonstrating corporate responsibility and accountability through practical actions. In 2025, the Company's total public welfare and charitable investment reached RMB 115 million, and employees accumulated 1,110 hours of voluntary services.



Case Provincial People's Livelihood Project - Construction and Operation of "Love Station"

We have set up "Love Stations" in some pharmacies, improved various service facilities to provide warm and convenient services for various groups, and promoted their inclusion in Zhejiang Provincial People's Livelihood Projects. We equip the "Love Stations" with basic facilities such as microwave ovens and AEDs, and provide free blood pressure measurement, professional pharmacist consultation and seasonal convenient measures (such as summer water supply, three-volt medicinal patches, and winter tonic decoction). During the reporting period, the "Love Stations" served a total of about 3,000 person-times, focusing on outdoor workers and surrounding communities, conveying corporate warmth through professional and practical services and fulfilling the responsibility of people's livelihood services.



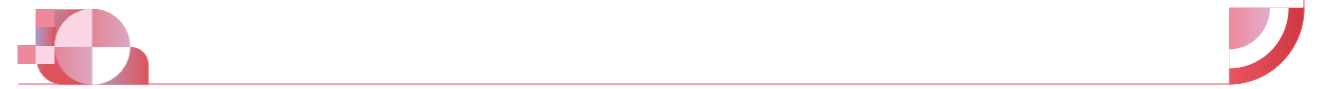
Case Shared Prosperity Mushroom Farm Project – Supporting Rural Revitalization

We have long supported the "Shared Prosperity Mushroom Farm" project in Changshan County, Zhejiang Province. As one of the first donating enterprises to initiate the project, we continue to help the project improve quality, upgrade and advance steadily. Since 2024, we have participated in the construction of Phase I and Phase II of the project, with a total donation of RMB200,000. In 2025, the "Shared Prosperity Mushroom Farm" project received RMB50 million of special funds from the Zhejiang Provincial Government, and the development of Phase III is being steadily advanced. At the same time, we purchase poverty alleviation agricultural products through the Company's trade union, further broadening the assistance path, continuously supporting the high-quality development of mountainous, island and rural counties, realizing the positive interaction between the enterprise's performance of social responsibility and local development, and earnestly practicing the concept of common prosperity.



Case Party Building Leadership – Party Member Voluntary Service Practice

Guided by Party building, we deepen Party member voluntary service work, gather the strength of Party members, give play to their professional expertise, and earnestly practice the purpose of "serving the people". In 2025, we organized the Party Member Service Week activity. 22 branches under the Company's Party Committee actively initiated various voluntary service projects, with a total service duration exceeding 50 hours. All branches under the Party Committee continue to carry out voluntary services in hospitals, communities and other scenarios, including providing guidance and consultation for hospital patients, assisting the sick and other services, further narrowing the distance between the enterprise and the masses, and fully demonstrating the enterprise's responsibility and accountability under the leadership of Party building.



Case Factory-Community Co-construction – Supporting Community Construction with Love

To continuously strengthen the communication bond with streets, communities and residents, and carefully create a harmonious factory-community atmosphere, during the reporting period, the Company carefully planned and implemented 5 "Factory-Community Co-construction" series activities, including high-temperature condolences to streets and fire brigades, warm Laba porridge entering communities, presenting New Year calendars to surrounding residents, and sponsoring community Dragon Boat Festival characteristic activities, laying a solid foundation for factory-community integration through various warm measures.



# Appendix

## Appendix I Performance Data

Indicator	Unit	2025
<b>Economic</b>		
Operating revenue	RMB 100 million	436.12
Year-on-year growth rate of operating revenue	%	4.07
<b>Governance</b>		
Number of the Board of Directors	Person	11
Number of female directors	Person	4
Number of legal training sessions conducted	/	71
Total hours of legal training	Hour	70
Number of participants in legal training	Person-times	13,752
Total attendance of legal personnel in legal training	Person-times	122
Number of participants in training on anti-monopoly and anti-unfair competition	Person-times	11,311
Number of lawsuits or major administrative penalties arising from unfair competition	/	0
Number of concluded lawsuits involving corruption	/	0
<b>Environmental</b>		
Environmental governance investment	RMB 10,000	7,711.54
Number of employees receiving environmental training (internal/external)	Person	2,300
<b>GHG Emission<sup>11</sup></b>		
Total GHG emissions (Scope 1 + Scope 2)	tCO <sub>2</sub> e	220,723.57
Total GHG intensity (Scope 1 + Scope 2)	tCO <sub>2</sub> e / RMB per million (revenue)	5.06
Direct Scope 1 GHG emissions	tCO <sub>2</sub> e	18,686.02
Indirect Scope 2 GHG emissions	tCO <sub>2</sub> e	202,037.55
<b>Energy Consumption</b>		
Comprehensive energy consumption	tce	60,922.26
Comprehensive energy consumption intensity	tce / RMB per million (revenue)	1.40

<sup>11</sup> Since 2024, the Company has updated the statistical methodology for GHG emissions and energy-related data, covering all subsidiaries (excluding overseas subsidiaries), with further refinements made in 2025. For detailed calculation methods, please refer to the section of "Addressing Climate Change – Indicators and Targets."

Indicator	Unit	2025
<b>Direct Energy Consumption</b>		
Natural gas	Cubic meter	7,173,677.00
Diesel	Ton	756.80
Gasoline	Ton	91.37
Liquefied petroleum gas	Ton	175.01
Self-consumed clean energy – solar power	MWh	3,339.24
<b>Indirect Energy Consumption</b>		
Purchased electricity	MWh	278,402.26
Purchased steam	GJ	493,793.77
Purchased green power	MWh	0
<b>Water Resource Consumption</b>		
Total water consumption	Ton	103,313,239.38
Water consumption intensity	Ton / RMB per million (revenue)	2,368.92
<b>Circular Economy</b>		
Packaging material consumption	Ton	10,278.86
Non-recyclable packaging material consumption	Ton	8,910.28
Recyclable packaging material consumption	Ton	1,368.58
Recycled packaging materials	Ton	391.91
<b>Wastewater Discharge<sup>12</sup></b>		
Total wastewater discharge	Ton	2,491,934.58
Wastewater discharge intensity	Ton / RMB per million (revenue)	57.14
Chemical oxygen demand (COD)	Ton	308.70
Ammonia nitrogen	Ton	4.36
Other key water pollutants (Total Nitrogen)	Ton	7.94

<sup>12</sup> Since 2024, the Company has updated its statistical methodology for wastewater, waste gas and waste, covering all subsidiaries excluding overseas ones.

Indicator	Unit	2025
<b>Waste Gas Emission</b>		
Total waste gas emissions	10,000 cubic meters	408,943.06
Waste gas emission intensity	10,000 cubic meters / RMB per million (revenue)	9.38
Major air pollutant-SO <sub>2</sub>	Ton	2.17
Major air pollutant-NO <sub>x</sub>	Ton	6.81
Major air pollutant-VOCs	Ton	12.68
<b>Waste Disposal</b>		
Total general waste generated	Ton	21,460.15
General waste production intensity	Ton / RMB per million (revenue)	0.49
Total general waste disposal	Ton	21,456.49
General waste landfilled	Ton	246.93
General waste incinerated	Ton	7,396.04
General waste recycled	Ton	13,813.52
Total hazardous waste generated	Ton	9,333.46
Hazardous waste production intensity	Ton / RMB per million (revenue)	0.21
Total hazardous waste disposal	Ton	9,388.25
Hazardous waste landfilled	Ton	16.70
Hazardous waste incinerated	Ton	8,510.62
Hazardous waste recycled	Ton	506.13
Other disposal methods for hazardous waste	Ton	354.80
<b>Social</b>		
<b>R&amp;D and Innovation</b>		
R&D investment in the pharmaceutical industry segment (excluding equity investments)	RMB 100 million	29.82
Number of R&D personnel	Person	1,941
Proportion of R&D personnel	%	12.16
<b>Educational Background of R&amp;D Personnel</b>		
Doctoral degree	Person	107
Master's degree	Person	619
Bachelor's degree	Person	897
Under bachelor's degree	Person	318

Indicator	Unit	2025
<b>Age Structure of R&amp;D Personnel</b>		
Under 30 (exclusive)	Person	559
30-40 (inclusive of 30 and 40)	Person	1,059
Above 40 (exclusive)	Person	323
<b>Patent Grants</b>		
Cumulative number of granted patents	/	906
Cumulative number of granted invention patents	/	587
Cumulative number of granted utility model patents	/	273
Cumulative number of granted design patents	/	46
Cumulative trademarks registered	/	698
Number of newly granted patents	/	81
Number of newly granted invention patents	/	50
Number of newly granted utility model patents	/	27
Number of newly granted design patents	/	4
Number of recognized high-tech enterprises	/	11
<b>Quality and Safety</b>		
Number of quality risk assessments conducted	/	1,827
Number of internal quality audits conducted within the year	/	214
Number of participants in quality and safety training	Person-times	136,282
Total hours of quality and safety training	Hour	27,302.80
Number of product safety and quality incidents	/	0
<b>Data Security and Privacy Protection</b>		
Number of information security training sessions for employees	/	120
Number of employees participating in information security training	Person	777
<b>Customer Rights Protection</b>		
Number of customer complaints	/	291
Number of resolved complaints	/	291
Complaint resolution rate	%	100
<b>Supply Chain Management</b>		
Number of suppliers	/	14,439

Indicator	Unit	2025
Number of domestic suppliers	/	10,284
Number of overseas suppliers	/	4,155
Number of training sessions on supplier quality issues	/	20
Number of suppliers certified with ISO 9001	/	328
Number of suppliers certified with ISO 14001	/	190
Number of suppliers certified with ISO 45001	/	122
<b>Employee Management</b>		
Number of employees by the end of reporting period	Person	19,095
Number of new employees	Person	4,169
Number of new male employees	Person	2,065
Number of new female employees	Person	2,104
<b>Employee Composition</b>		
Production personnel	Person	1,411
Sales personnel	Person	12,479
Technical personnel	Person	3,162
Financial personnel	Person	226
Administrative personnel	Person	1,425
Unspecified	Person	392
<b>Educational Background of Employees</b>		
Master's degree and above	Person	1,839
Bachelor's degree	Person	9,663
Vocational/technical diploma	Person	6,352
Under vocational/technical level	Person	729
Unspecified	Person	512
<b>Gender Distribution of Employees</b>		
Male	Person	8,979
Female	Person	9,604
Unspecified	Person	512
<b>Age Structure of Employees</b>		
Under 30	Person	6,888

Indicator	Unit	2025
30-50	Person	11,160
Over 50	Person	535
Unspecified	Person	512
<b>Employee Diversity</b>		
Number of ethnic minority employees	Person	1,005
Number of employees with disabilities	Person	105
<b>Employee Turnover</b>		
Total number of turnover employees	Person	3,339
Total employee turnover rate	%	18.48
<b>Employee Training and Development<sup>13</sup></b>		
Employee training and development expenditure	RMB	4,645,600
Number of training sessions for career development and skill improvement	/	730
Total training participants	Person-times	90,543
Percentage of employees receiving training	%	100
Total training hours	Hour	437,097.30
Average annual training hours per employee	Hour	22.89
Number of female trainees	Person	9,604
Proportion of female trainees	%	51.68
Number of male trainees	Person	8,979
Proportion of male trainees	%	48.32
Total training hours for female employees	Hour	235,745.18
Average training hours for female employees	Hour	24.55
Total training hours for male employees	Hour	201,352.12
Average training hours for male employees	Hour	22.42
<b>Employee Rights, Interests and Benefits</b>		
Labor contract signing rate	%	100
Collective contract signing coverage rate	%	100
Social insurance coverage rate	%	100
Number of employees taking maternity leave	Person	415
Return-to-work rate after maternity leave	%	100

<sup>13</sup> Employee training data does not include the Company's overseas subsidiary Sinclair.

Indicator	Unit	2025
Number of employees taking parental leave	Person	492
Return-to-work rate after parental leave	%	100
<b>Occupational Health and Safety</b>		
Coverage rate of occupational injury insurance for employees	%	100
Occupational injury insurance premiums	RMB 10,000	1,585.92
Coverage rate of physical examinations for employees exposed to occupational disease hazard factors	%	100
Total hours of employee safety training	Hour	147,693.00
Number of person-times of employee safety training	Person-times	75,873
Number of safety emergency drills	/	203
<b>Public Welfare</b>		
Public welfare investment	RMB 100 million	1.15
Number of participants in public/volunteer activities	Person-times	344
Total hours of public/volunteer activities	Hour	1,110

## Appendix II Shenzhen Stock Exchange Guidelines Index

Dimension	Number	Topic	Location
Environmental	1	Climate change tackling	Addressing Climate Change
	2	Pollutant emission	Emissions Management
	3	Waste disposal	Emissions Management
	4	Ecological and biodiversity protection	Green Operations
	5	Environmental compliance management	Environmental Compliance
	6	Energy usage	Addressing Climate Change
	7	Usage of water resources	Green Operations
	8	Circular economy	Green Operations
Social	9	Rural revitalization	Joining Community Engagement
	10	Contributions to the society	Contributing to the Benefits of Healthcare Promoting Public Health Joining Community Engagement
	11	Innovation-driven	R&D and Innovation
	12	Ethics of science and technology	R&D and Innovation
	13	Supply chain security	Supply Chain Management
	14	Equal treatment to small and medium-sized enterprises	Supply Chain Management
	15	Safety and quality of products and services	Quality and Safety Responsible Services
	16	Data security and customer privacy protection	Responsible Services
	17	Employees	Employee Recruitment Talent Development Employee Care Health and Safety
Sustainable Development Governance	18	Due diligence	Business Ethics
	19	Communications with stakeholders	ESG Governance
	20	Anti-commercial bribery and anti-corruption	Business Ethics
	21	Anti-unfair competition	Business Ethics

## Appendix III GRI Standards Index

<b>Statement of Use</b>	Huadong Medicine has reported with reference to the GRI Standards from January 1, 2025, to December 31, 2025.
<b>GRI 1 Applied</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	No restatements of information during this reporting period
	2-5 External assurance	Not conducted during this reporting period
	2-6 Activities, value chain and other business relationships	Supplier Management
	2-7 Employees	Appendix I Performance Data
	2-8 Workers who are not employees	Appendix I Performance Data
	2-9 Governance structure and composition	Governance Framework ESG Governance Structure
	2-10 Nomination and selection of the highest governance body	Governance Framework
	2-11 Chair of the highest governance body	Governance Framework
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Governance Structure
	2-13 Delegation of responsibility for managing impacts	ESG Governance Structure
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance Structure
	2-15 Conflicts of interest	Business Ethics Framework
	2-16 Communication of critical concerns	Stakeholders Engagement Structure
	2-17 Collective knowledge of the highest governance body	ESG Governance Structure
	2-18 Evaluation of the performance of the highest governance body	ESG Governance Structure
	2-19 Remuneration policies	Remuneration and Incentives
	2-20 Process to determine remuneration	Remuneration and Incentives
	2-21 Annual total compensation ratio	Internal information is not disclosed
	2-22 Statement on sustainable development strategy	ESG Governance
2-23 Policy commitments	Protection of Employee Rights	

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Business Ethics Framework
	2-25 Processes to remediate negative impacts	Whistleblowers Protection
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblowers Protection
	2-27 Compliance with laws and regulations	All sections
	2-28 Membership associations	All sections
	2-29 Approach to stakeholder engagement	Stakeholder Engagement
GRI 3: Material Topics 2021	2-30 Collective bargaining agreements	Communication and Support
	3-1 Process to determine material topics	Double Materiality Analysis
	3-2 List of material topics	Double Materiality Analysis
GRI 201: Economic Performance 2016	3-3 Management of material topics	Double Materiality Analysis
	201-1 Direct economic value generated and distributed	Appendix I Performance Data
	201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Change - Strategies
	201-3 Defined benefit plan obligations and other retirement plans	Communication and Support
GRI 202: Market Presence 2016	201-4 Financial assistance received from government	Not disclosed due to confidentiality requirements
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed due to confidentiality requirements
GRI 203: Indirect Economic Impacts 2016	202-2 Proportion of senior management hired from the local community	Information not available
	203-1 Infrastructure investments and services supported	Contributing to the Benefits of Healthcare Promoting Public Health Joining Community Engagement
GRI 204: Procurement Practices 2016	203-2 Significant indirect economic impacts	Contributing to the Benefits of Healthcare Promoting Public Health Joining Community Engagement
	204-1 Proportion of spending on local suppliers	Information not available
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Risk Management
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics Framework
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics Framework
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such legal actions

GRI Standard	Disclosure	Location
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Appendix I Performance Data
	301-2 Recycled input materials used	Circular Economy
	301-3 Reclaimed products and their packaging materials	Circular Economy
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Appendix I Performance Data
	302-2 Energy consumption outside of the organization	Appendix I Performance Data
	302-3 Energy intensity	Appendix I Performance Data
	302-4 Reduction of energy consumption	Addressing Climate Change - Strategies
	302-5 Reductions in energy requirements of products and services	Addressing Climate Change - Strategies
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Wastewater Management Water Resource Management
	303-2 Management of water discharge-related impacts	Wastewater Management
	303-3 Water withdrawal	Water Resource Management
	303-4 Water discharge	Wastewater Management
	303-5 Water consumption	Water Resource Management
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No such operational sites
	304-2 Significant impacts of activities, products and services on biodiversity	No significant impacts
	304-3 Habitats protected or restored	No such habitats
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	No such species
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Appendix I Performance Data
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix I Performance Data
	305-3 Other indirect (Scope 3) GHG emissions	Not collected
	305-4 GHG emissions intensity	Appendix I Performance Data
	305-5 Reduction of GHG emissions	Not collected
	305-6 Emissions of ozone-depleting substances (ODS)	Not collected
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Appendix I Performance Data
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management
	306-2 Management of significant waste-related impacts	Waste Management
	306-3 Waste generated	Waste Management

GRI Standard	Disclosure	Location
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Waste Management
	306-5 Waste directed to disposal	Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix I Performance Data
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Communication and Support
	401-3 Parental leave	Appendix I Performance Data
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Uninvolved
	403-1 Occupational health and safety management system	Work Safety Occupational Health
	403-2 Hazard identification, risk assessment, and incident investigation	Work Safety
	403-3 Occupational health services	Occupational Health
	403-4 Worker participation, consultation, and communication on occupational health and safety	Work Safety Occupational Health
	403-5 Worker training on occupational health and safety	Occupational Health
	403-6 Promotion of worker health	Occupational Health
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Work Safety Occupational Health
	403-8 Workers covered by an occupational health and safety management system	Work Safety Occupational Health
	403-9 Work-related injuries	Work Safety
403-10 Work-related ill health	Occupational Health	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix I Performance Data
	404-2 Programs for upgrading employee skills and transition assistance programs	Training and Empowerment
	404-3 Percentage of employees receiving regular performance and career development reviews	Training and Empowerment
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Governance Framework Protection of Employee Rights
	405-2 Ratio of basic salary and remuneration of women to men	Not disclosed due to confidentiality requirements
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protection of Employee Rights

GRI Standard	Disclosure	Location
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Communication and Support
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Talent Introduction
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Talent Introduction
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Not disclosed due to the little relevance to the business of our company and inapplicability
	413-2 Operations with significant actual and potential negative impacts on local communities	Not disclosed due to the little relevance to the business of our company and inapplicability
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Quality and Safety - Strategies
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Quality and Safety - Strategies
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible Marketing
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Marketing
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such complaints

## Appendix IV Feedback Form

Dear readers:

Thank you for your time to read this report. To enhance the value of ESG information for you and other stakeholders, we kindly request your assistance in completing the feedback form. Your feedback will greatly aid us in further enhancing our ESG management performance. Please use the details below to provide your feedback:

✉ Email: [ir@eastchinapharm.com](mailto:ir@eastchinapharm.com)

☎ Tel.: 0571-89903300

📍 Address: 866 Moganshan Road, Hangzhou, Zhejiang

### 1. Which type of stakeholders do you belong to:

- Shareholders or Investors  
  Employee  
  Client & Consumer  
  Supplier  
 Industry Association or Research Institution  
  Public Welfare or Community Organization  
  Media  
 Government or Regulatory Agency  
  Others

### 2. Your overall assessment of this year's ESG report:

- Excellent  
  Good  
  Neutral  
  Poor  
  Bad

### 3. Your assessment on this report

- Information Disclosure  
 Excellent  
  Good  
  Neutral  
  Poor  
  Bad
- Layout Design  
 Excellent  
  Good  
  Neutral  
  Poor  
  Bad
- Readability  
 Excellent  
  Good  
  Neutral  
  Poor  
  Bad

### 4. Which topics are of most concern to you? (Choose up to 3)

- Environmental Protection  
 Environmental Management  
  Energy Management  
  Response to Climate Change  
 Water Resource Utilization  
  Pollution Control
- Corporate Social Responsibility  
 Labor Relations Management  
  Employee Training and Development  
  Occupational Health and Safety  
 R&D and Innovation  
  Quality and Safety  
  Protection of Customers' Rights and Interests  
 Information Security and Privacy Protection  
  Responsible Supply Chain  
  Product Accessibility
- Corporate Governance  
 Business Ethics  
  Risk Management  
  Corporate Governance

### 5. Does this ESG report provide any information that you are interested in:

- Yes  
  No (What additional information would you like to see \_\_\_\_\_)

### 6. Do you have any other comments or suggestions regarding our ESG report, ESG work, or sustainable development management?

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