华东医药
HUADONG MEDICINE

Stock Code 000963

2024

Huadong Medicine Co., Ltd.

Environmental, Social and Governance (ESG) Report

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About This Report

Introduction

This is the 2024 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, 2024 to December 31, 2024. 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", "We" or "the Joint-Stock Company" are used instead of consistently using the formal "Huadong Medicine Co., Ltd.".

Shortened Form	Full Name
Huadong Medicine/the Company/We/ the Joint-Stock Company	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 Bohua	Huadong Medicine (Xi'an) Bohua 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.
Wuhu Huaren	Wuhu Huaren Science and Technology Co., Ltd.
Yantai Huarui	Yantai Huarui Pharmaceutical Co., Ltd.
Magic Health	Hubei Magic Health Technology Co., Ltd.
Nanjing Nongda Animal Pharmaceutical	Jiangsu Nanjing Nongda Animal Pharmaceutical Co., Ltd.
Huida Biotech	Zhejiang Huida Biotech Co., Ltd.
Hibe	Hibe Technology Co., Ltd.
Peiyuantang	Zhejiang Peiyuantang Traditional Chinese Medicine Pieces Co., Ltd.
Bailing Health	Bailing Health Science (Hangzhou) Co., Ltd.
Sinclair	Sinclair (Shanghai) Medical Treatment Technology Co., Ltd.
Supply Chain Management (Wenzhou) Company	Huadong Medicine Supply Chain Management (Wenzhou) Co., Ltd.
Imunopharm	Imunopharm Technology Co., Ltd.
Qyuns Therapeutics	Qyuns Therapeutics Co., Ltd.
Traditional Chinese Medicine branch	Huadong Pharmaceutical Co., LTD. Traditional Chinese Medicine Branch

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 *Shenzhen Stock Exchange Guidelines for Self-discipline Regulation of Listed Companies No. 17 – Sustainable Development Report (Trial)*. Meanwhile, the report makes extensive reference to the *Sustainability Reporting Standards (GRI Standards)*, and also refers to and responds to the Sustainable Development Goals (SDGs) 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

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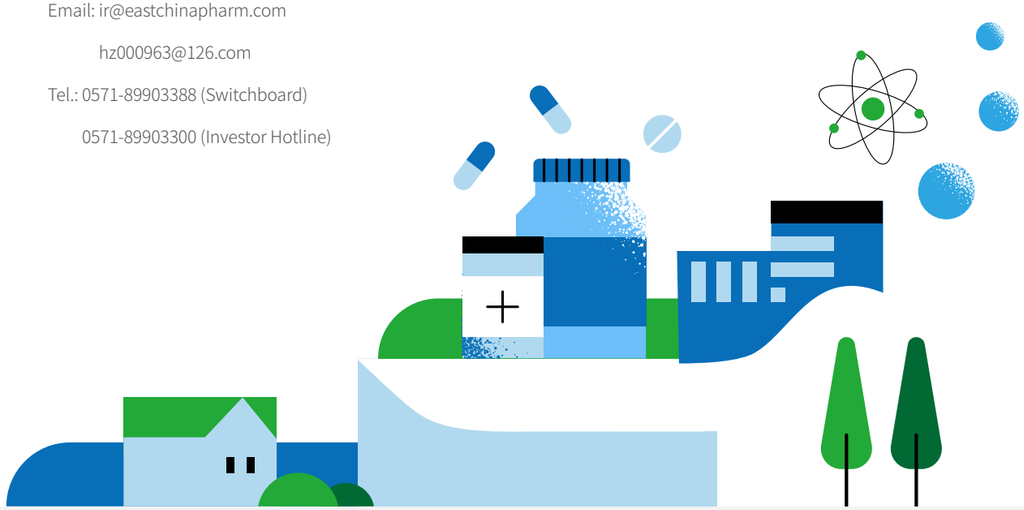


Message from the Chairman

Lv Liang

Chairman of Huadong Medicine Co., Ltd.

In 2024, Huadong Medicine Co., Ltd. continued to advance steadily amid the ongoing transformation of the pharmaceutical industry, constantly exploring and innovating. We remain committed to our mission of "contributing to the well-being of the public," striving to become a global leader in the pharmaceutical industry. Guided by our core values of "benefit mankind, honesty, persistence and pragmatism," and adhering to our corporate philosophy of "Scientific Research-based and Patient Centered", we are firmly oriented toward our vision of "becoming a globally renowned pharmaceutical powerhouse fueled by research and innovation." We are dedicated to providing high-quality medical solutions for patients worldwide and promoting the advancement and development of the pharmaceutical industry.

Huadong Medicine maintained steady business growth and effectively enhanced its core competitiveness and industry influence. We made solid progress in innovation and research and development (R&D), with a focus on key areas such as endocrinology, oncology, and autoimmunity, and successfully advanced the development and market launch of multiple innovative drugs. With the launch of products such as Mirvetuximab Soravtansine Injection Elahere and Rilonacept for Injection Arcalyst, we further consolidate our market position and achieved dual momentum from both innovation and business operations. In addition, we accelerated the launch of aesthetic medicine products and continued to tap into the growth potential of the overseas aesthetic medicine market.

Inspired by dedication and perseverance, we laid a solid foundation for the high-quality development of the Company. We integrated social responsibility and the concept of sustainable development into the core of our strategy and continued to advance the construction of the ESG system, fulfilling our corporate social responsibility through concrete actions. We have established a three-tier ESG governance structure to ensure the top-down implementation of sustainability initiatives and promote sound interactions with all stakeholders. We have continuously optimized our corporate governance structure, improved the operational mechanisms of the Board of Directors, optimized our compliance management system, and actively fostered a corporate culture featuring integrity and transparency, thereby ensuring that the Company maintains efficient operations and steady development in a complex and ever-changing market environment.

With unwavering determination, we steadfastly practiced the concept of green development and built a sustainable development model featuring harmonious coexistence between the Company and nature. We optimized our energy structure and promoted the use of clean energy, actively responding to the national "dual carbon" strategy. Moreover, we attached great importance to biodiversity conservation to ensure that our production and operations coexist harmoniously with the natural ecosystem. We have established a standardized and efficient system for pollutant discharge management and resource utilization, cultivating high-quality development momentum through green operation.

With a craftsman's spirit of striving for excellence, we prioritize product quality and safety and enhance product quality through rigorous R&D processes and quality management systems. Meanwhile, we conducted comprehensive supplier assessments throughout their lifecycle to strengthen our supply chain's risk management and resilience, ensuring a secure and reliable medical product assurance system for patients, and fostering the sustainable development of the industry ecosystem.

With an inclusive and open mindset, we continuously optimized our human resources management system and built a diversified talent development platform, providing employees with broad career development opportunities. We remained committed to safeguarding employees' rights and interests, dedicated to protecting their health and safety, and consistently delivering humanistic care. By working hand in hand with our employees, we united efforts to steadily advance the Company's development.

With the pursuit of a benevolent heart and skillful hands, we upheld a patient-centered approach and continuously improved the accessibility and affordability of medications. By accelerating the market launch of innovative drugs and supporting patient assistance programs, we enabled more patients to access effective treatment and support. In addition, with a strong sense of responsibility and mission, we actively participated in community public welfare activities, promoted public health education, contributed to rural revitalization, and continuously created value for society.

When the tide is calm and the wind is fair, it is the right time to set sail and forge ahead. Looking ahead, Huadong Medicine will fully implement the concept of sustainable development, actively fulfill its social responsibilities, and promote the Company's high-quality development. We will continue to increase R&D investment, accelerate the R&D and market launch of more innovative drugs, and further improve the accessibility and affordability of our products. Moreover, we will advance green transformation and promote the harmonious coexistence of the Company, society, and the environment. With firm determination and concrete actions, Huadong Medicine will continue to forge ahead on the path of high-quality development, collaborating with like-minded partners to fulfill our corporate social responsibility and achieve mutually beneficial growth.

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", and the Golden Bull Award (GBA) Top 100 Listed Companies. It has also been listed in the *Fortune* China 500 ranking selected by *Fortune China* for 14 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

Pharmaceutical Industry

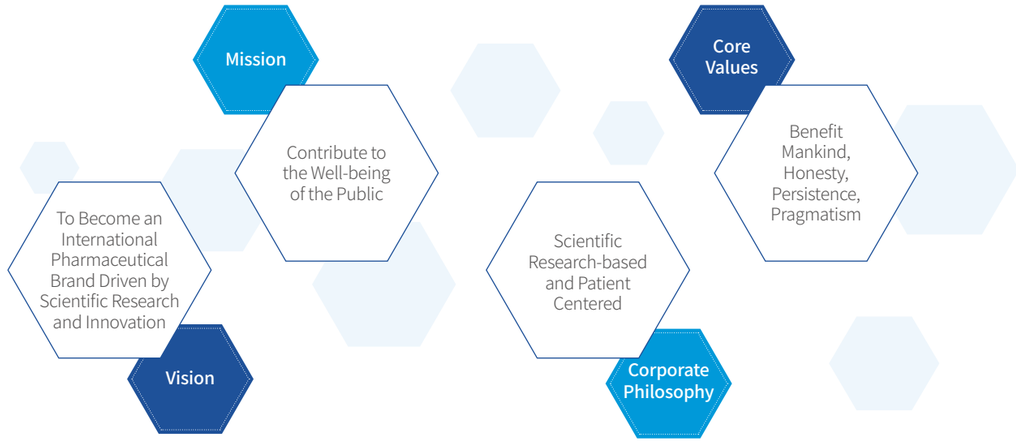
Specialized in the R&D, production and marketing of specialized medicines, chronic therapeutics and specialized pharmaceuticals for years, the Company has established a comprehensive and internationally oriented pharmaceutical manufacturing system, with a core product pipeline centered around areas such 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&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&D cycle and a well-structured product portfolio. In addition, the Company conducts R&D cooperation with various international innovators and has forged strategic product partnerships for the China market with multiple multinational pharmaceutical enterprises.

As of April 2025, the Company had a total of 133 pharmaceutical projects under development, including 94 innovative drug and biosimilar projects. In the oncology field, the Company is committed to building a world-leading R&D platform for innovative oncology drugs and has established a product pipeline covering targeted small-molecule chemical drugs, antibody-drug conjugates (ADCs), antibodies and proteolysis-targeting chimeras (PROTACs), with more than 30 innovative oncology drugs. In the endocrinology field, the Company has developed a comprehensive and distinct GLP-1 product pipeline that integrates long-acting and multi-target global innovative drugs with biosimilars, spanning oral and injectable dosage forms. In the autoimmune field, the Company is one of China's most comprehensive pharmaceutical companies in terms of autoimmune disease coverage, with over 20 biologics and small-molecule innovative products under development. At the same time, the Company has established a specialized R&B platform for topical formulations and is steadily advancing the R&D and innovation in topical and complex formulations. Currently, it owns ten topical formulation products either under development or progressing toward the market.

Pharmaceutical Business

The Company's pharmaceutical businesses focus on three major segments including medicines, medical devices, and herbal medicines and ginseng & antler. It enhances its core competitiveness through innovative businesses such as pharmaceutical logistics featuring "cold chain, vaccines, and specialty drugs," as well as proprietary pharmaceutical e-commerce brands. The Company continues to lead in both business scale and market share within Zhejiang Province and has ranked among the top ten pharmaceutical wholesalers in China for consecutive years. It operates three proprietary pharmaceutical logistics centers located in northern Zhejiang (Hangzhou), central Zhejiang (Jinhua), and southern Zhejiang (Wenzhou), along with 13 logistics warehouses, with a total storage area exceeding 190,000 square meters. In the pharmaceutical segment, the Company enjoys comprehensive advantages across full product lines and all channels, with synergy between in-hospital and out-of-hospital operations as well as coordinated distribution and agency services. In the medical device segment, it leverages large-scale distribution to expand specialized agency services. In the herbal medicines and ginseng & antler segment, it covers the entire industry chain including base cultivation, decoction piece processing, automated decoction, and sales of proprietary functional products. Driven by service innovation, the Company has established new models of specialized services for suppliers and hospital customers by integrating supplier collaboration, CSO services, SPD systems, and industry-academia-research projects. These efforts enable precise alignment with the needs of upstream and downstream customers, creating a golden name card of a "comprehensive pharmaceutical services provider."

Corporate Culture



Aesthetic Medicine

In terms of the aesthetic medicine segment, the Company embraces a strategy of "global operational layout and dual-cycle operation development." With an international outlook and forward-looking planning, it has crafted a comprehensive and distinct product portfolio, ranking at the forefront of the industry in both quantity and scope. With over 20 products already launched in China and abroad, and more than ten globally innovative products in development, the Company integrates diverse treatment methods such as "non-invasive + minimally invasive," "facial + body," "product + technology" and "injection + energy source equipment." It has achieved full coverage of three major categories including regenerative, hyaluronic acid and botulinum toxin in injectable products, establishing a differentiated pipeline. Its goal is to provide a more professional, safe, efficient and comprehensive solution for beauty seekers worldwide, striving to become a premier global provider of comprehensive medical aesthetic solutions. The Company's wholly-owned subsidiary—Sinclair is a global aesthetic medicine operation platform headquartered in UK that has several R&D centers and production bases worldwide. It markets and sells injectable long-acting microspheres, hyaluronic acid and facial thread lifting products. It also expands its presence in the global market for energy-based aesthetic medical devices through its wholly-owned subsidiaries High Tech and Viora. Additionally, the Company's aesthetic medicine segment includes Sinclair (Shanghai), a wholly-owned subsidiary serving the Chinese market, as well as R2 in the United States and Kylane in Switzerland, two overseas technical development joint ventures.

Industrial Microbiology

The Company's industrial microbiology segment focuses on two strategic directions: technological innovation in synthetic biology and the upgrading of the biopharmaceutical industry. Its efforts are centered around four core business segments, including xRNA raw materials, specialized active pharmaceutical ingredients (APIs) & intermediates, wellness & biomaterials, and animal healthcare. With a legacy of over four decades, the Company has established a robust R&D cluster centered around institutions such as the Zhongmei Huadong Industrial Microbiology Research and Development Institute, Huadong Synthetic Biology Industrial Technology Research Institute, as well as key entities such as Huida Biotech, Hizyme Biotech, Perfect mRNA, and Hibe. The Company has full-chain microbial engineering technologies and a R&D and production system that spans the full lifecycle of microbial pharmaceuticals, supported by an interdisciplinary R&D platform and an industrialization resource network. In terms of industrial layout, the Company operates seven industrialization bases including Hangzhou Xiangfuqiao Base, Qiantang New Area Base, Jiangsu Joyang, Magic Health, Meihua Hi-Tech, Wuhu Huaren, and Nanjing Nongda Animal Pharmaceutical. With the largest fermentation monomer workshop in Zhejiang Province and cutting-edge intelligent production systems in the industry, the Company has achieved full-process coverage from strain screening and process development to large-scale production, forming a complete manufacturing ecosystem encompassing technology R&D, pilot testing scale-up, engineering transformation, and quality control. It continues to maintain a leading position in fermentation scale and process capabilities within the industry.

Performance in 2024

Economic

Operating revenue

419.06 RMB 100 million

Year-on-year growth rate of operating revenue

3.16% ↑

Net profit attributable to shareholders of the listed company

35.12 RMB 100 million

Year-on-year growth rate of net profit attributable to shareholders of the listed company

23.72% ↑

Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses

33.52 RMB 100 million

Year-on-year growth rate of net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses

22.48% ↑

Governance

Held a total of

3

General Meetings of Shareholders

Disclosed a total of

179

documents

Number of participants in legal training

13,636

Number of participants in training on anti-monopoly and anti-unfair competition

8,195

Signed integrity commitment letters

230

Number of concluded lawsuits involving corruption

0

Social

R&D investment (Excluding Equity Investments)

26.78

RMB 100 million

Number of R&D personnel

1,864

Proportion of master's and doctoral degree holders exceeding

36.21%

Number of newly granted patents

90

Cumulative number of granted patents

825

100%

of the Company's in-line product lines had passed GMP certification

100%

coverage in testing of self-produced products

Over RMB

5.36 million

on training investment

Cumulative employee training participation

71,592

person-times

100%

training coverage

Public welfare investment

1.05

RMB 100 million

Total hours of public/ volunteer activities

436 hours

A total of 46 approved core products and 16 strategic collaboration products of the Company have been included in the national medical insurance

Environmental

8

subsidiaries have obtained ISO 14001 Environmental Management System Certification

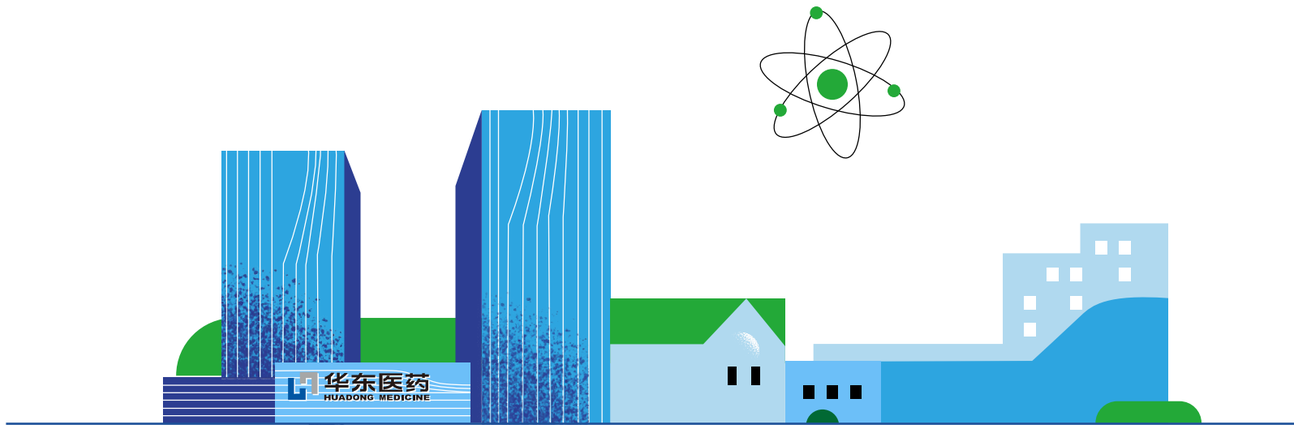
Number of employees receiving environmental training

2,365

Purchased 15,000 Green Electricity Certificates (GECs), equivalent to 15,000 MWh of electricity

Built a 3.32 MWp PV plant, generating 3,284,295 kWh in 2024

2024 Milestones



2024.05

The NDA for Huadong Medicine's Category 1 innovative drug Meftinib Tablets was accepted by the NMPA.

2024.04

The registration application for the Class III medical device MaiLi Extreme®, a cross-linked sodium hyaluronate gel with lidocaine for injection, was accepted (and subsequently secured regulatory approval for the market in January 2025).

2024.03

The BCMA CAR-T co-developed product Zevor-cel® secured regulatory approval for the market.

2024.01

The New Drug Application (NDA) for Relmapirazin injection was accepted by the NMPA.

2024.07

The new aesthetic medicine filler KIO015 was submitted for EU CE certification.

2024.07

Huadong Medicine obtained the exclusive license for Auzone Biotech's TTYP01 Tablets (Edaravone tablets) in the Greater China region.

2024.07

The Company completed the full acquisition of Guizhou Hengba Pharmaceutical Co., Ltd.

2024.07

The Company entered into a R&D co-development and marketing agreement with Qyuns Therapeutics for QX005N injection.

2024.08

The Company entered into a collaboration with Imunopharm and obtained the exclusive commercialization rights for CD19 CAR-T IM19 injection in Chinese mainland.

2024.08

The Company obtained the licenses for IMBiologics' autoimmunity innovative products IMB-101 and IMB-102 in 37 Asian countries including China.

2024.09

The Company secured the commercialization rights for Huisheng Biopharm's first-in-class innovative drug Ganagliflozin Proline Tablets in Chinese mainland.

2024.09

The Company's Intense Pulsed Light Radiofrequency Therapy Device V20 (Renotion®) was approved for the market by the NMPA.

2024.12

The NDA for Claruvis botulinum toxin product YY001 for aesthetic medicine indications was accepted.

2024.12

The Company co-developed the siRNA candidate drug SNK-2726 targeting angiotensinogen with SynerK for the treatment of hypertension.

2024.12

The autoimmunity innovative drug Arcalyst® for the treatment of recurrent pericarditis was approved for the market by the NMPA.

2024.12

The supplemental application for Ustekinumab Injection Sailexin® for the treatment of pediatric plaque psoriasis was accepted.

2024.11

The Company's NDA for the exclusive commercial product IM19 CAR-T Cell Injection was accepted by the NMPA.

2024.11

The Company's ADC innovative drug Elahere® and autoimmunity innovative drug Arcalyst® were approved for the market in China on the same day.

2024.11

Ustekinumab Injection Sailexin® was approved for the market for the first time in China.

2024 Major Honors

"Top 300 Most Popular Listed Companies" in the 2023 Hithink Royal Flush Annual Selection for Listed Companies

2024.1 Hithink Royal Flush

"Best Investor Relations Award" in the 2023 Hithink Royal Flush Annual Listed Companies Ranking

2024.1 Hithink Royal Flush

"Outstanding Secretary of the Board of Directors for Investor Relations Management of Chinese Listed Companies" at the 15th Tianma Awards

2024.6 *Securities Times*

Ranked among the Top 10 for consecutive years in the 2023 Top 100 Chinese Chemical and Pharmaceutical Enterprises Ranking

Ranked Top 10 in the 2023 Innovation Capability Ranking of Chinese BigPharma Enterprises

2024.6 Menet

Top 100 Chinese Pharmaceutical Companies by Pharmaceuticals R&D Spending in 2024

Top 100 Chinese Pharmaceutical Companies by Chemicals R&D Spending in 2024

Top 50 Chinese Pharmaceutical Companies by Biologics R&D Spending in 2024

2024.7 yaozh.com

Fortune China Top500 (373rd)

2024.7 *Fortune* China

The Fifth p5w.net Investor Relations Golden Awards

Outstanding Investor Relations Company

Outstanding Investor Relations Chairman

Outstanding Investor Relations Team

Outstanding Institutional Communication Award

Exemplary Investor Relations Award

2024.9 p5w.net

Top 100 Chinese Innovative Pharmaceutical Enterprises in 2024

2024.9 *Healthcare Executive*

Top 20 Competitive Chinese Listed Pharmaceutical Companies in 2024

2024.9 *Healthcare Executive*

Top 500 Chinese Private Enterprises in 2024

Top 500 Chinese Private Manufacturing Enterprises in 2024

2024.10 All-China Federation of Industry and Commerce (ACFIC)

Top 100 Main Board Chinese Listed Companies by Value at the 18th Value Selection of Chinese Listed Companies

2024.10 *Securities Times*

2024 Outstanding Practice Case of Listed Companies' Board of Directors

2024.11 China Association for Public Companies (CAPCO)

Four-Star Headquarters Enterprise

2024.11 Hangzhou Municipal Development and Reform Commission

2023 Outstanding Practice Case of Listed Companies' Annual Report Performance Briefing

2024.12 China Association for Public Companies (CAPCO)

2024 Best Practice Case of Listed Companies' Board Office

2024.12 China Association for Public Companies (CAPCO)

The Fourth Golden Cane Awards: Top10 Innovative Pharmaceutical Enterprises in 2024

2024.11 *China Times*

New Fortune Selection in 2024— "Best Listed Company"

2025.1 *New Fortune*

Awards and Honors in 2024

Hangzhou Municipal Civil Affairs Bureau 2024.9	Top 20 in the 2024 ESG Strategic Philanthropy Influence Ranking of Hangzhou Listed Companies	
p5w.net 2024.9	Outstanding ESG Value Communication Award	Three Associations of Zhejiang Province 2024.11 — 2023 Excellent Case of Corporate Social Responsibility Report in Zhejiang Province
China Association for Public Companies (CAPCO) 2024.11	2024 Outstanding Practice Case of Listed Companies' Sustainable Development	*New Fortune* 2025.1 — *New Fortune* "Best ESG Practice" in 2024

ESG Ratings

MSCI ESG Rating

A

MSCI

MSCI ESG RATINGS — CCC | B | BB | BBB | A | AA | AAA

Wind ESG Rating

A

Wind ESG HD MEDICINE 2024 Rating — AAA AA A BBB BB B CCC — A

SZSE CNI® Index ESG

AA

AAA AA A BBB BB B CCC CC C D — AA

China Securities Index (CSI)

A

中证指数 CHINA SECURITIES INDEX

AAA AA A BBB BB B CCC CC C D — A

SinoSec Index

A

上海华证指数信息服务有限公司 Sino-Securities Index Information Service (Shanghai) Co.Ltd

A 89.2 华东医药

C CC CCC B BB BBB A AA AAA

GICS三级行业分类：生物科技

该公司所在GICS三级行业排名为：5/108

数据更新日期：2025/02/28

The above statistics as of April 2025

Sustainable Development

Huadong Medicine regards sustainable development as the cornerstone of its long-term growth and is committed to driving long-term value creation through excellence in ESG governance. We conduct in-depth double materiality analysis to ensure that our ESG development aligns with the Company's actual circumstances. Simultaneously, we actively engage with stakeholders to build transparent and trusted partnerships, jointly advancing toward a green and sustainable future.

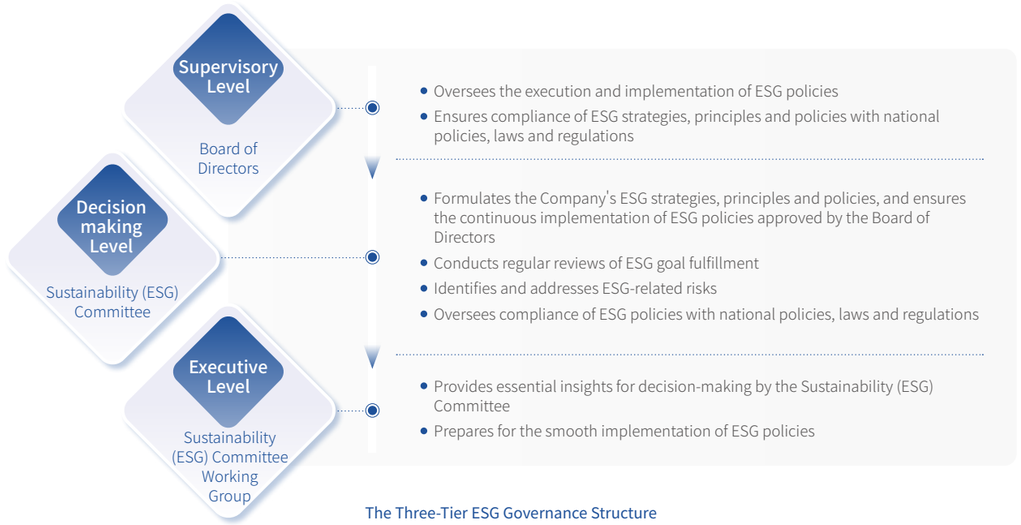
ESG Governance ／ Double Materiality Analysis ／ Stakeholders Engagement

Contributing to the UN SDGs:

ESG Governance

Huadong Medicine has embraced the concept of sustainable development, seamlessly integrating the core principles of ESG into its corporate strategy and day-to-day operations. Guided by a scientific approach to social responsibility, the Company is committed to becoming a role model for fulfilling corporate social responsibility and drive sustained development in the pharmaceutical industry's social responsibility initiatives. We have established a three-tier ESG governance structure comprising "Board of Directors-Sustainability (ESG) Committee-Sustainability (ESG) Committee Working Group" to ensure rigorous implementation of sustainability initiatives and to drive the Company's sound and steady operations.

To advance the achievement of sustainable development goals, we have integrated ESG performance into the key performance indicators (KPIs) and pay of executive directors. The evaluations focus on the effectiveness of supervision in occupational safety, environmental incident management, and product quality and safety, thereby enhancing management's motivation and engagement in ESG-related issues.



The Three-Tier ESG Governance Structure

Double Materiality Analysis

Huadong Medicine recognizes the importance of assessing and identifying key factors that impact the Company's long-term development in enhancing financial performance, strengthening social influence, and improving corporate competitiveness. Through a systematic evaluation mechanism, we deeply integrate sustainable development goals into the Company's long-term planning, leveraging outcomes of dual materiality analysis to optimize resource allocation and drive sustainable development.

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

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 financially 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."

Category	Number	Topic
Environmental	1	Environmental management
	2	Energy management
	3	Actions against climate change
	4	Water resource utilization
	5	Emission management
Social	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
	12	Information security and privacy protection
	13	Responsible supply chain management
	14	Social welfare
	15	Product accessibility
Governance	16	Corporate governance
	17	Business ethics
	18	Risk management

2024 Huadong Medicine Materiality Analysis Results

Stakeholders Engagement

Huadong Medicine is committed to establishing a regular and multi-channel stakeholder engagement mechanism. With an open and transparent approach, we actively listen to and address the expectations and demands of all stakeholders. Through ongoing communications and exchanges, we ensure timely feedback on stakeholder's thereby fostering the mutual trust and collaboration between the Company and stakeholders and advancing the Company's sustainable development.

Stakeholder	Topic	Communication and Response
Supplier	Responsible supply chain management Business ethics	Supply chain management platform Procurement integrity agreements Supplier audits
Customer	Product quality and safety Customer rights protection Information security and privacy protection	Customer satisfaction surveys Customer visits and audits Customer privacy protection
Shareholder/Investor	Corporate governance Business ethics Risk management R&D and innovation	Shareholders' meeting Investor reception days Roadshows and reverse roadshows Investment strategy briefings Performance briefings Financial reports and periodic disclosures
Government/Industry Associations/Regulatory Agencies	Social welfare Environmental management Emission management	Exchanges and visits Industry forums participation Information disclosure compliance Enhanced routine communication and reporting Supervision and evaluation
Employee	Labor relations management Training and development Occupational health and safety	Employee training Internal communication platform Workers' Congress Executive roundtables
Society/The Public	Environmental management Social welfare Product accessibility	Regular community communication Joint community activities Volunteer activities Philanthropic activities

01 Forging Ahead with Our Original Aspiration

Governance

Rooted in prudent operations, Huadong Medicine continuously promotes innovation-driven growth. The Company has been optimizing its governance structure, enhancing the operational mechanism of the Board of Directors, strengthening its compliance management system, and upholding ethical business standards. By fostering a corporate culture of integrity and transparency, we lay a solid foundation for building a new paradigm of high-quality development.

Corporate Governance ／ Robust Operation ／ Business Ethics

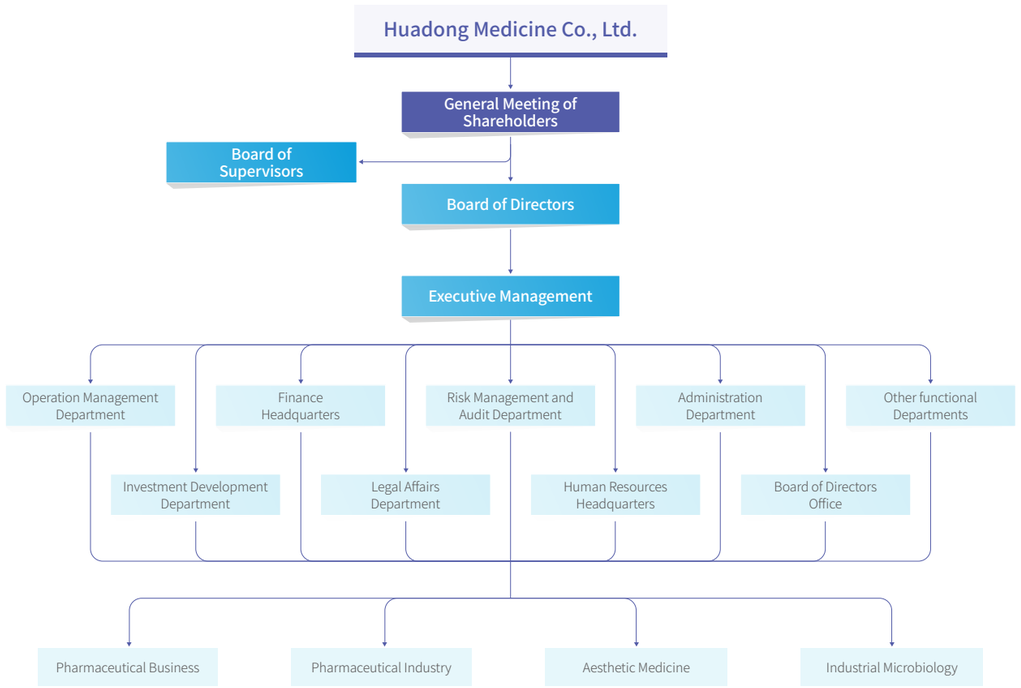
Contributing to the UN SDGs:

Corporate Governance

Huadong Medicine regards well-structured corporate governance as a cornerstone of its steady development. We continuously refine our governance structure, clarify the responsibilities of the Board of Directors and its specialized committees, and standardize the procedures for convening General Meetings of Shareholders and meetings of the Board of Supervisors. In addition, we strengthen information disclosure management and deepen investor relations management, thereby continuously enhancing our corporate governance and laying a solid foundation for 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. The Company continuously improves its corporate governance framework to ensure standardized operations. We have established a corporate governance structure centered around the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the executive management, and have set up various specialized committees including the Audit Committee, the Strategy Committee, the Remuneration and Assessment Committee, the Nomination Committee, and the Sustainability (ESG) Committee.

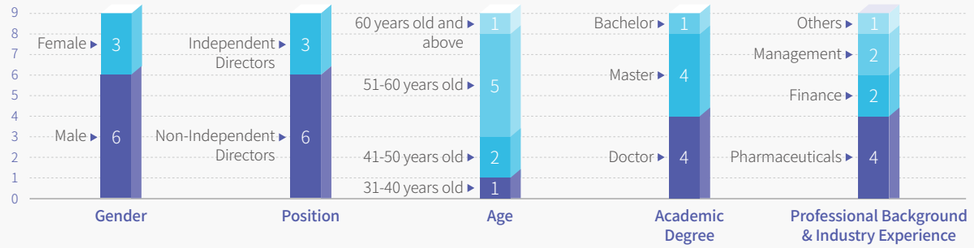


The Company's Governance Framework

The Board of Directors, as the Company's executive body, is accountable to the General Meeting of Shareholders and ensures the execution of its resolutions. The Company strictly convenes General Meetings of Shareholders and meetings of the Board of Supervisors in accordance with relevant regulations to ensure the full exercise of shareholders' rights and the effective performance of supervisory duties by the Board of Supervisors, thereby safeguarding the transparency and standardization of the Company's governance framework. During the reporting period, the Company held a total of three General Meetings of Shareholders and nine meetings of the Board of Supervisors.

The Company adheres to the principle of diversity in evaluating and selecting members of the Board of Directors, taking multiple factors such as gender, position, age, academic degree, professional expertise, and industry experience into comprehensive consideration to ensure a well-balanced board composition, thereby enhancing the quality of decision-making and the effectiveness of governance. As of the end of the reporting period, the Board of Directors comprised nine directors, including three female directors. All board members were elected in strict compliance with applicable laws, regulations, and the Company's Articles of Association. Independent directors constituted one-third of the Board, in compliance with regulatory requirements. Independent directors actively participated in major company decisions, diligently performed their duties, expressed independent and objective opinions, and effectively protected the legitimate rights and interests of minority shareholders and investors.

Diversity of Board Members



Under the Board of Directors, five specialized committees have been established. Each committee is based on professional functions and jointly promotes the Company's strategic execution and compliance management. These committees focus respectively on key areas such as strategic planning, audit and supervision, candidate nomination, remuneration and incentives, and sustainable development, ensuring that the Company maintains efficient operations and steady growth in a complex and dynamic market environment.

Audit Committee

Responsible for supervising and evaluating internal audit work, guiding the establishment and implementation of internal audit systems, coordinating internal and external audit relationships, and ensuring the authenticity and transparency of financial information.

Nomination Committee

Responsible for formulating selection criteria and procedures for directors and senior managers, selecting and reviewing candidates, and making recommendations to the Board of Directors.

Remuneration and Assessment Committee

Responsible for establishing performance assessment criteria and remuneration policies for directors and senior managers, and offering suggestions on matters such as equity incentive plans and employee stock ownership plans.

Strategy Committee

Responsible for deliberating the Company's long-term development strategy, major investment and financing projects, and capital operation plans, as well as inspecting and evaluating their implementation.

Sustainability (ESG) Committee

Responsible for formulating the Company's ESG strategies and policies, monitoring the achievement of ESG goals, concerning ESG-related risks and proposing response strategies, thereby ensuring the realization of the Company's sustainable development goals.

Information Disclosure Management

Huadong Medicine regards information disclosure as a key component of its governance framework and is committed to providing investors, regulatory authorities, and the general public with information that is truthful, accurate, complete, and timely. The Company strictly adheres to internal regulations such as the *Measures for the Administration of Information Disclosure* and the *Insider Information and Insider Management System* to ensure standardized and orderly disclosure practices. To enhance the efficiency and transparency of information disclosure, the Company has developed the *Internal Reporting Procedures for Significant Information*, which clearly define the responsibilities of each department. The Company ensures efficient transmission and timely disclosure of material information through coordinated channels such as email, telephone, and internal processes.

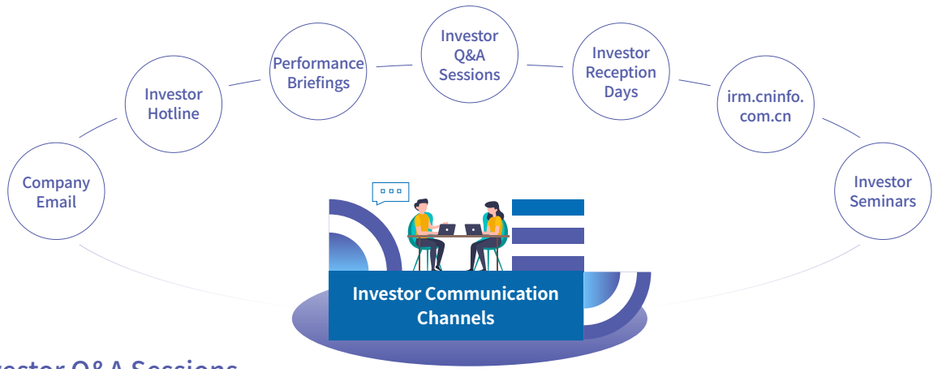
The Company actively implements a proactive approach to information disclosure by releasing updates on the latest developments in business operations, R&D innovation, and strategic planning through regular reports and interim announcements. To facilitate understanding among overseas investors, the Company also publishes English versions of its regular reports, further enhancing its international communication capabilities. Moreover, the Company continues to innovate in its disclosure formats by introducing visual tools such as "Quick Grasp" regular reports, which present the Company's operational performance and development plans in a more intuitive and accessible manner, thereby improving the practicality and readability of disclosed information.

In addition, the Company regularly organizes specialized training sessions on information disclosure to reinforce compliance awareness across the organization, thereby providing robust support for high-quality execution disclosure practices. In 2024, the Company disclosed a total of 179 documents, including eight regular reports. During the reporting period, no penalties were imposed on the Company for information disclosure violations.

Investor Relations Management

Huadong Medicine regards investor relations management as a vital component of its governance framework and is committed to establishing smooth and efficient communication channels to continuously enhance the quality of its engagement with the capital market. The Company has established internal regulations such as the *Investor Relations Management System*, the *Publicity Management System*, and the *Investor Reception and Promotion System* to ensure the orderly and standardized implementation of its investor relations initiatives.

Through a variety of investor engagement activities, the Company actively communicates its operational achievements and development strategies, thereby safeguarding investors' right to information and enhancing market recognition of the Company's long-term value. The Company organizes investor Q&A sessions, performance briefings, investor seminars, investor reception days, and other activities to provide in-depth interpretations of its strategy and financial performance.



Investor Q&A Sessions

The Company prioritizes providing timely responses and feedback to investor inquiries, ensuring information transparency. In 2024, the Company responded to 144 investor inquires through irm.cninfo.com.cn, achieving a 100% response rate. Meanwhile, dedicated personnel are assigned to handle investor hotlines and respond promptly to inquiries received via the official and investor relations email addresses, ensuring smooth and uninterrupted communication channels. The Company has established an efficient communication mechanism to enhance investor satisfaction and strengthen market confidence in corporate governance and information transparency.

Performance Briefings & Investor Surveys

To fully showcase its core value and development prospects, the Company actively organizes performance briefings and survey activities, maintaining close interactions with the investment community. In 2024, the Company held five performance communication meetings (including one performance briefing), conducted 104 online and on-site investor surveys, and participated in dozens of external investor strategy conferences. Senior management and business teams engaged in-depth exchanges with investors, offering detailed insights into the Company's strategic roadmap, financial performance, and business advancements. These activities have effectively strengthened investor confidence in the Company's future development and further enhanced its recognition in the capital market.

Online Performance Briefings for FY2023 and Q1 2024

Investor Reception Days

To foster closer ties with investors, the Company organized a special "*Investor Reception Day*" initiative to facilitate face-to-face communication. In 2024, the event attracted nearly 200 institutional and individual investors. The Company's management team provided detailed responses to investor inquiries on key topics such as business strategy, financial status, and R&D progress. This initiative enabled investors to gain a comprehensive understanding of the Company's operations and development plans, reinforcing their long-term confidence in the Company.

2024 Huadong Medicine Investor Reception Day

New Media Channels for Investor Relations

The Company has established a comprehensive new media communication matrix, including WeChat official accounts, and the official accounts of Chinese stock platforms Tonghuashun and Xueqiu. In 2024, the Company actively leveraged these new media tools to employ compact and innovative formats to convey the latest business developments, BD project outlines, research and development advancements, awards and interpretations of regular reports to both the capital market and the broader investor community.

In 2024, the Company's Investor Relations WeChat Official Account published a total of 67 posts, accumulating over 120,000 views and 10,178 subscribers. The Company's official Tonghuashun account has garnered nearly 1.8 million followers, serving as a vital channel for investor communication. Meanwhile, the official Xueqiu account has become another key platform for investor engagement since its establishment, with nearly 6,500 followers.

Robust Operation

Robust operations serve as the fundamental pillar for sustainable corporate development. Huadong Medicine ensures operational continuity and stability through effective risk management and compliance governance. A systematic risk identification and control framework has been established to address external changes and challenges. Additionally, the Company strictly adheres to relevant laws and regulations, strengthening its compliance practices and laying a solid foundation for long-term sustainability.

Risk Management

Huadong Medicine has always regarded risk management as a vital safeguard for the Company's prudent operations and is committed to building a comprehensive and systematic risk management framework. The Company actively implements internal systems and protocols such as the *Risk Management System* and the *Risk Assessment Management Measures (Trial)*. In 2024, it formulated the *Measures for the Audit of Departing Financial Personnel of Huadong Medicine Co., Ltd*. These new measures further strengthen risk control during financial personnel transitions by establishing a systematic and standardized departure audit process, ensuring the security and compliance of financial management.

The Company has developed a multi-tiered, comprehensive risk management framework with clearly defined responsibilities across departments. The Company's risk management team is responsible for refining risk assessment frameworks and standards and conducts regular risk analysis based on the Company's dynamic risk database. The Risk Management and Audit Department, as the implementing body of risk management, maintains the risk database and ensures timely rectification, tracking, and review of risks identified in business operations. Functional departments serve as the primary entities in risk management, tasked with formulating and implementing effective and scientifically sound and effective risk mitigation measures.

According to the *Risk Assessment Management Measures of Huadong Medicine Co., Ltd. (Trial)*, risks are classified into major, medium, and general risks. Through regular audits and rectification tracking, the Company ensures the effectiveness and sustainability of risk management.

Compliance Management

Huadong Medicine strictly adheres to both national and local laws, regulations, and policies, while consistently monitoring regulatory developments in the pharmaceutical industry to ensure operational compliance. During the reporting period, the Company issued the *Compliance Assessment Plan and the accompanying Implementation Guidelines*, incorporating compliance performance into organizational performance assessments. This mandates that all operational management practices and employee conduct conform to national laws and regulations, regulatory requirements, industry standards, and the Company's Articles of Association.

The Company has established a sound compliance operation governance framework, focusing on identifying and managing compliance risks across departments, subsidiaries, and business operations. Any violations of legal, regulatory, or internal requirements are promptly reported to senior management, with rectification recommendations proposed and implementation progress closely tracked. In 2024, the Company completed 13 internal audit and control inspection projects, identified and rectified multiple compliance issues through internal audit, and significantly enhanced overall compliance management capabilities.

The Company prioritizes fostering a compliance-oriented culture. During the reporting period, it conducted 63 legal training sessions, covering key topics such as transactional risks, labor practices, anti-monopoly, and anti-unfair competition. The training spanned all four major business segments, with a total of 13,636 participant instances, with a total duration of 87 hours. These efforts have substantially improved company-wide compliance awareness and risk prevention capabilities, laying a solid foundation for compliance operations.

In 2024

The Company completed internal audit and control inspection projects

13

During the reporting period

Conducted legal training sessions

63

With a total of

13,636 participant instances

With a total duration of

87 hours

Business Ethics

Huadong Medicine strictly adheres to business ethics and abides by the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Model Provisions on Protection against Unfair Competition*, and other relevant laws and regulations. The Company has established and continuously improved internal management systems, including the *Professional Integrity Regulations of Huadong Medicine Co., Ltd. (Trial)* and the *Ethical Audit Rules for Middle and Senior Management* of *Huadong Medicine Co., Ltd*, to regulate employee conduct and ensure that all operations are conducted with integrity and professionalism. We have established the *Anti-Bribery and Anti-Corruption Policy* to reinforce ethical conduct, clarify roles and responsibilities, and foster a clean and fair business environment in partnership with all stakeholders.

Business Ethics Management Framework

Huadong Medicine has established a sound management framework that clearly defines the responsibilities of all levels in managing business ethics, ensuring efficient collaboration and effective oversight. Business ethics management has been incorporated under the oversight of the Board of Directors and the Audit Committee, and the Compliance Management Committee has been established. By adopting a top-down mechanism, we aim to foster a fair and ethical business environment and advance the development and enhancement of business ethics and integrity systems.

Board Level Audit Committee

- Lead and oversee the work related to business ethics
- Regularly receive and provide guidance on reports regarding business ethics and compliance operations
- Review and approve business ethics policies and management plans, and supervise the implementation of relevant policies and measures

Compliance Management Committee

- Under the authorization of the Audit Committee, the Compliance Management Committee is responsible for the work related to business ethics, including anti-bribery and anti-corruption
- The Compliance Management Committee assigns relevant departments (or working groups) to carry out specific tasks, including but not limited to the formulation of internal business ethics policies and systems, implementation of management plans, auditing and supervision, and regularly reports to the Audit Committee under the Board of Directors

Key Persons in Charge of the Company and its Subsidiaries

- Serve as the primary persons responsible for business ethics and integrity management, and assume overall responsibility for business ethics management within their respective companies

Business Ethics Management Framework

Business Ethics Audits

Huadong Medicine continues to strengthen business ethics audits to uphold high standards of compliance operations and professional integrity. The Risk Management and Audit Department conducts objective reviews of facts and evidence, carrying at least one to two audit projects each month. It provides independent assessments of the Company's governance, risk management, and control procedures, ensuring that all business units are reviewed for compliance with business ethical standards every three years.

Audit Projects

In 2024, the Risk Management and Audit Department completed 42 projects, including 13 internal audits and internal control inspections, 11 special inspection audits, and 13 ethics audits. Additionally, the Department conducted departure audits, supervisory reviews, complaints reporting and whistle-blowing investigations, and other projects, covering key aspects of the Company's daily management and business operations.

Audit Content

Focus on corporate governance, risk management, employee conduct, supply chain management and transaction transparency, with the goal of optimizing the ethical risk control system.

- Corporate Governance and Risk Management: Conduct objective reviews of facts and evidence to independently assess corporate governance, risk management, and control procedures. This includes assessing the completeness of management systems, the robustness of internal control mechanisms and procedures, assessing integrity controls in key areas such as procurement, sales, and contract management, as well as due diligence on high-risk transactions and third-party engagements
- Employee Conduct and Professional Ethics: Audit the implementation of codes of conduct, assess the effectiveness of whistleblowing mechanisms, and monitor the coverage of ethics and compliance training
- Ethical Supply Chain Management: Review supplier compliance with ethical procurement standards, with prioritized tracking of corrective actions for high-risk suppliers
- Business Partners and Transaction Transparency: Assess the credibility of business partners, review contract performance and transactional compliance to prevent improper benefit transfer

Business Ethics Audit

To strengthen all employees' awareness of business ethics, Huadong Medicine has implemented multi-tiered and diversified training and publicity activities. These include regular "Integrity and Professionalism" thematic training and anti-corruption education initiatives, ensuring that every employee fully understands and adheres to the Company's business ethical standards. When signing the *Employee Handbook* which includes an integrity agreement, employees are informed and reminded to uphold the baseline requirements of professional integrity in daily work conduct.

Promoting Ethical Standards Training Among Employees

Thematic Training: The Company organizes training and publicity activities themed "Integrity and Professionalism" covering the Company's internal policies, common legal and regulatory requirements, and case studies on anti-corruption, involving 158 participants and 230 signed integrity commitment letters.

Publicity Activities: The Company launched a one-month publicity and education activity on anti-corruption and integrity to foster a culture of ethical conduct. The activity featured poster displays, the dissemination of anti-corruption messages, and the screening of educational videos. These efforts targeted all employees, creating a clean and upright workplace environment.

Organized training and publicity activities themed "Integrity and Professionalism"

Launched publicity and education activities on anti-corruption and integrity

Reporting Mechanisms and Whistleblowers Protection

Huadong Medicine has formulated the *Measures for Administration of Complaints Reporting and Whistle-blowing of Huadong Medicine Co., Ltd.*, which sets out clear procedures for reporting and whistleblowers protection, ensuring that whistleblowers' rights and interests are fully safeguarded. Multiple reporting channels have been established—including hotlines, emails, the Company's official website, and intranet complaints reporting platform—to make it convenient for employees and external stakeholders to report concerns. During the reporting period, the Company handled 11 whistleblower reports and conducted 2 supervisory investigations, taking appropriate measures based on the results.

The Company is committed to strict protection of whistleblowers. All reports are kept confidential and handled by designated personnel to ensure the confidentiality of information in place, ensuring maximum protection of the whistleblower's safety and privacy. The Company also encourages real-name reporting and offers rewards to those who provide key information, thereby further promoting professional integrity and operation compliance.

During the reporting period

The Company handled whistleblower reports

11

Conducted supervisory investigations

2

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

Category	Process	Applicable Scenarios
Preliminary Verification	• Conduct preliminary assessment of facts and evidence upon receiving a report • Initiate formal investigation if substantiated evidence is identified • Transfer to archive if not supported by evidence	• Reports with unclear facts or insufficient evidence but potential misconduct
Formal Investigation	• Conduct a comprehensive verification of reported matters • Gather supporting evidence • Format findings and submit investigation reports	• Reports with clear facts and substantiated evidence • Substantiating evidence identified during preliminary verification • Real-name reports
Archiving for Future Reference	• Record and archive report details • Determine whether to reopen the investigation based on subsequent developments	• Report with unclear facts or insufficient evidence • Investigation timing is not yet opportune • Investigation is hindered by objective circumstances
Referral for Handling	• Determine whether the report falls within the Company's scope of authority • Transfer to competent authorities if outside the Company's jurisdiction	• Complaints, inquiries, or reports outside the scope of authority

Whistleblower Report Handling Process and Categorized Disposal Guidelines

02 Green Development and Ecological Harmony

Environmental

Huadong Medicine remains firmly committed to the philosophy of green development and is dedicated to building a sustainable development model characterized by harmonious coexistence between the Company and nature. The Company centers on innovation-driven growth and green development, continuously advances environmentally friendly operational practices, and actively fulfills its corporate social responsibilities, so as to contribute to the achievement of the "dual carbon" goals.

Environmental Management / Actions against Climate Change / Emissions Management / Green Operations

Contributing to the UN SDGs:

Environmental Management

Environmental management is key for corporates to achieve green development. The Company enhances its environmental management system, systematically manages environmental risks, and implements the concept of green operations. Additionally, upholding a strong sense of ecological responsibility, the Company strives to maintain ecological balance throughout its production and operations, minimize damage to natural resources, and build an ecologically sustainable environment.

Environmental Management System

Huadong Medicine regards environmental protection as a vital pillar of sustainable development. The Company strictly complies 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*, and has established a robust environmental management system.

The Company rigorously implements the *EHS Responsibility Management System* and has built an environmental management framework centered around the EHS Committee, with clearly defined responsibilities across all levels to ensure the efficient progress. At the implementation level, the EHS Department of the parent company takes the lead in coordinating group-wide environmental management, while EHS departments across business units work in close collaboration to continuously reduce the environmental impact of business operations.

To ensure accountability under the EHS responsibility assessment mechanism, the Company sets stringent environmental management targets and has formulated the *EHS Monthly Assessment Guidelines (2024 Revised Edition)*, with the EHS supervision and management of subsidiaries as a Key Performance Indicator (KPI) for its chief executives. Through well-defined assessment criteria and evaluation mechanisms, the Company effectively drives the implementation of environmental management and further enhances environmental performance. During the reporting period, the Company achieved its 2024 annual environmental management targets and maintained operational compliance in pollutant discharge management, with no major administrative penalties or criminal liabilities arising from environmental issues.

Environmental Management Targets

Wastewater discharge compliance rate	Waste gas discharge compliance rate	Solid waste disposal compliance rate	Noise emission compliance rate
100%	100%	100%	100%

Environmental Management System Certification and Internal Audits

The Company continuously improves its environmental management system and conducts both internal and external audits to achieve full coverage and efficient coordination in environmental management. As of the end of the reporting period, Zhongmei Huadong, Jiangdong Company, Xi'an Bohua, Jiuzhou Pharmaceutical, Jiangsu Joyang, Magic Health, Meihua Hi-Tech, and Nanjing Nongda Animal Pharmaceutical had all passed ISO 14001 Environmental Management System Certification, marking a further enhancement in the Company's environmental management standardization.

ISO 14001 Environmental Management System Certification

To strengthen its overall environmental management capabilities, the Company crafted internal and external audit schemes for the EHS system and conducted specialized training for internal auditors to drive audit implementation and ensure the effective functioning of the environmental management system.

During the reporting period, the Company conducted comprehensive internal audits covering all departments and workshops across within its facilities. In response to the rectification items identified during the internal audits, the Company required the relevant departments to enhance regulatory compliance awareness and employee training, further optimize the environmental management system, and ensure its ongoing improvement in terms of adequacy, appropriateness, and effectiveness.

Improving Environmental Monitoring

To strengthen real-time monitoring of pollutant emissions, the Company formulated the 2024 Self-Monitoring Plan for Pollution Sources, revising online monitoring indicators such as total phosphorus (TP) and total nitrogen (TN). Meanwhile, the Company also established environmental management inspection procedures, mandating responsible departments to conduct regular, rigorous inspections based on inspection checklists for timely issue identification and resolution. Identified issues are tracked throughout the rectification process to ensure full implementation of environmental management measures.

Environmental Protection Training and Awareness Campaigns

The Company continues to carry out environmental protection training and awareness campaigns to comprehensively enhance employees' environmental awareness and capabilities. During the reporting period, the Company organized environment-related training sessions with a total of 2,365 participants. Systematic training has significantly improved employees' knowledge of environmental protection, thereby supporting the Company's occupational safety and environmental protection efforts.

Implementation of Environmental Protection Training and Awareness Campaigns

To comprehensively improve employees' environmental awareness and competencies, Magic Health actively carried out environmental protection training and awareness activities in 2024. These initiatives covered waste gas system operations, environmental awareness enhancement, and World Environment Day activities, aiming to improve employees' knowledge about environmental protection and promote green and sustainable development.

Waste Gas System Training

Focusing on key aspects of waste gas treatment during production, Magic Health organized training sessions on waste gas system operations. The training covered standard operating procedures, maintenance protocols, and emergency response measures for emission control equipment, to ensure employees' proficiency in system management and pollutant emission reduction.

Environmental Awareness Enhancement Training

To further strengthen employees' environmental awareness, Magic Health conducted training sessions through case studies, policy analyses, and other interactive formats. These sessions educated employees on environmental protection laws and regulations, management systems, and practical environment protection methods in daily operations, fostering a green development mindset and integrating environmental consciousness into routine operations.

World Environment Day Training Activities

During World Environment Day, Magic Health organized themed training events to motivate employees' engagement in environmental protection. These activities not only raised employees' awareness of the importance of environmental protection but also enhanced team collaboration through interactive discussions and case sharing, encouraging collective contributions to sustainable development.

World Environment Day Training Activities

Environmental Risk Management and Emergency Response Drills

To effectively respond to potential environmental risks, the Company has established a comprehensive environmental risk management system, implementing graded management based on different types and characteristics of risks.

Risk Location	Risk Material	Accident Type	Environmental Risk Characteristics	Environmental Risk Accident Classification
Raw material warehouses, production workshops	Combustible dried traditional Chinese medicinal materials	Fire	Air pollution, water pollution, soil pollution	Offsite, plant-level, workshop-level
Wastewater treatment facilities	Treated wastewater	Excessive discharge	Water pollution	Workshop-level
Waste gas treatment facilities	Process waste gas	Excessive emission	Air pollution	Workshop-level
Production equipment	Electrical devices	Fire	Air pollution, water pollution, soil pollution	Offsite, plant-level, workshop-level
Liquid caustic soda storage tanks and pipelines	Sodium hydroxide	Leakage	Water pollution, soil pollution	Offsite, plant-level, workshop-level
Hazardous solid waste warehouse	Hazardous solid waste	Spillage and loss	Soil pollution	Workshop-level
Wastewater pipelines	Industrial wastewater	Leakage	Water pollution, soil pollution	Plant-level, workshop-level

The Company prioritizes its emergency response capability for sudden environmental accidents. In accordance with the *Emergency Response Plan for Environmental Accidents*, the Company has formulated the *Measures for Administration of Response to Environmental Accidents* and established a sound emergency response mechanism for environmental incidents. The Company also conducts regular emergency response drills for potential environmental incidents. By simulating high-risk scenarios such as hazardous waste leakage and laboratory hazardous chemical spills, the Company ensures an efficient and well-coordinated emergency response.

Emergency Response Drills

To strengthen emergency response capabilities for sudden environmental incidents, Zhongmei Huadong conducted targeted emergency response drills focusing on critical scenarios such as hazardous waste leakage and laboratory hazardous chemical spills, aiming to validate the effectiveness of the emergency response plans and enhance employees' emergency response capabilities.

Emergency Drill on Hazardous Waste Leakage

- We simulated a hazardous waste handler accidentally overturned a waste liquid drum during handling, resulting in a leak. A total of 28 participants promptly executed emergency procedures per the plan, effectively containing contamination and completing site cleanup.
- We simulated a leak during waste liquid transport by EHS personnel, with the liquid flowing to the Xitang River walkway beneath a bridge. The drill was carried out simultaneously on and under the bridge, covering incident reporting, emergency response, environmental monitoring, and site cleanup. 20 participants responded promptly and appropriately to the emergency, controlling the risk in a timely manner and conducting real-time atmospheric and water environment monitoring.

Emergency Drill on Laboratory Hazardous Chemical Spill

- We simulated a QC inspector spilling acetonitrile while preparing a mobile phase, causing organic solvent splatter. A total of 36 participants responded promptly. The team leader directed on-site operations, while responders wore appropriate personal protective equipment (PPE) and evacuated non-essential personnel to safe zones.
- Emergency teams operated with clearly defined roles and close collaboration, swiftly resolving the incident.

Through these drills, the Company further enhanced employees' ability to respond to environmental accidents and validated the feasibility and effectiveness of the emergency response plans. In 2024, Zhongmei Huadong conducted a total of 66 emergency drills covering safety, fire protection, and environmental domains, with cumulative participation reaching 2,148 attendances, significantly improving the overall EHS management level.

Emergency Drill on Hazardous Waste Leakage

Emergency Drill on Laboratory Hazardous Chemical Spill

Emergency Drill on Hazardous Waste Leakage

Biodiversity Protection

Huadong Medicine adheres to the principles of sustainable development and recognizes the critical value of biodiversity and its intrinsic connection to sustainable development. The Company actively identifies and assesses biodiversity-related risks and complies with applicable laws and regulations, including the *Environmental Protection Law of the People's Republic of China* and the *Biosecurity Law of the People's Republic of China*. The Company regards biodiversity protection as an integral component of environmental management and is committed to promoting harmonious development between ecological preservation and business growth through concrete actions.

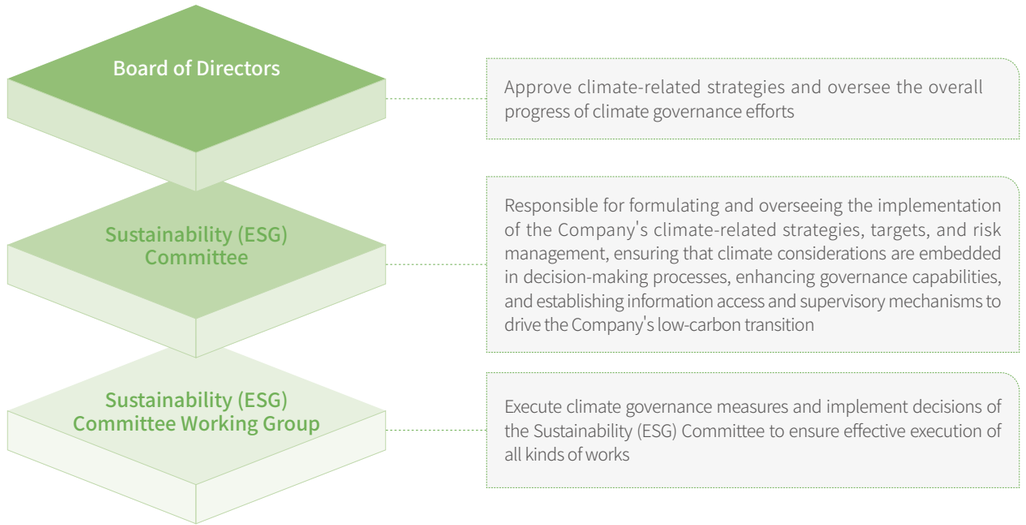
In daily operations, the Company prioritizes eco-friendly practices and integrates entire-lifecycle environmental management systems with coordinated supply chain governance. The Company proactively avoids ecologically sensitive areas and seeks to align production processes with natural ecosystems. The Company strictly complies with pertinent regulations governing environmental impact assessments for new, renovation and expansion projects to minimize negative impacts on ecosystems. Additionally, the Company continues to strengthen internal biodiversity education and training and actively promotes ecological conservation.

Actions against Climate Change

Huadong Medicine fully recognizes the profound impact of climate change on corporate development and integrates climate-related issues into strategic planning and operations management. Guided by a systematic approach, the Company has launched comprehensive climate action plans focused on optimizing governance, upgrading strategy, enhancing risk and opportunity management, and refining indicators and targets.

Governance

The Company has established a governance framework comprising the Board of Directors, the Sustainability (ESG) Committee, and the Sustainability (ESG) Committee Working Group, with clearly defined roles and responsibilities at each level to ensure effective management of climate-related matters.



The Governance Framework against Climate Change

Strategy

Huadong Medicine integrates climate change response as a core element of its sustainable development strategy. The Company systematically identifies climate-related risks and opportunities and deeply integrates them into governance and operational management. The Company conducts a comprehensive assessment of both physical and transition risks to formulate scientific risk response strategies, while actively leveraging development opportunities arising from policy incentives, market demands, and technological innovation to promote the green and low-carbon transition.

Type of Risk/ Opportunity	Name	Time Range	Description of Impact	Response Measures
Physical Risks				
Acute Risk	Typhoons, Floods	Short-term, Mid-term	Extreme weather may damage production facilities and disrupt the supply chain, affecting product manufacturing and delivery	• Strengthen disaster resistance capacity of infrastructure and establish emergency response plans • Optimize supply chain layout to ensure reserves of key materials
Acute Risk	Droughts	Short-term, Mid-term	Water shortages may affect water supply for production and increase operating costs	• Promote water recycling and utilizing technologies • Improve water use efficiency • Establish emergency water supply reserves
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	• Optimize energy mix • Promote energy conservation technologies
Transition Risks				
Legal and Regulatory Risk	Compliance Supervision	Short-term, Mid-term	Increasingly stringent climate-related regulations may increase compliance costs and affect corporate operations	• Regularly assess changes in climate-related policies • Proactively plan for low-carbon transition
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	• Increase R&D investment • Cooperate with research institutions to explore green technological innovation • Reduce application costs of technology
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	• Enhance green brand image • Strengthen supply chain resilience • Reinforce information disclosure
Reputational Risk	Stakeholder Concerns	Mid-term, Long-term	Ineffective climate governance may affect corporate reputation and weaken investors and consumers' confidence	• Strengthen ESG information disclosure and improve transparency • Actively participate in industry green initiatives and establish a responsible corporate image
Climate-related Opportunities				
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	• Optimize production processes to reduce energy and material waste • Promote energy conservation equipment and technologies • Strengthen water resource management and reduce water consumption • Implement waste classification and recycling, and promote circular utilization
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 environmental-friendly options	• Optimize supply chain management and select environmental-friendly suppliers • Strengthen green warehousing and logistics management
Reputational Opportunity	Green Brand Building	Mid-term, Long-term	Build a green and responsible brand image to promote coordinated development of the economy, society, and the environment	• Strengthen green brand building and enhance market competitiveness • Gradually build a sustainable development strategy model to enhance the Company's sustainable development potential and core competitiveness

Risks and Opportunities List

Huadong Medicine strictly complies with the *Energy Conservation Law of the People's Republic of China*, regarding energy management and conservation and emission reduction as an important lever for the Company's sustainable development. By formulating scientific energy management systems, optimizing the energy management framework, implementing efficient energy conservation measures, and actively exploring clean energy applications, the Company comprehensively advances the green and low-carbon transition. During the reporting period, the Company instituted the *Energy Management System*, which clarifies energy governance, performance evaluation, and incentive mechanisms.

The Company's subsidiary, Zhongmei Huadong, has established a sound energy management framework, forming a top-down, tiered management system to ensure organizational accountability for energy conservation and emission reduction goals.

1 Primary Energy Management Network

- Establish a dedicated Energy Management Department, led by a qualified energy director with professional knowledge and extensive experience, to oversee energy governance holistically
- The Production General Manager serves as the senior executive of energy management, responsible for supervising the implementation and effectiveness of energy management
- The dedicated energy management department is responsible for implementing national energy-related laws and regulations, systematically analyzing the main links of energy management, establishing an accountability system for energy conservation, assigning tasks at different levels, and ensuring the effective achievement of energy management goals

2 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 their respective departments' energy consumption, promptly correcting unreasonable practices, and conducting energy conservation education to ensure effective implementation of energy management measures

3 Tertiary Energy Management Network

- At the section and team levels, supervisors or technicians concurrently serve as energy coordinators, responsible for supervising on-site energy use, enhancing employees' energy conservation operation capabilities and awareness, and ensuring effective implementation of energy management measures at the grassroots level

Energy Management Framework

Through systematic energy management measures, Huadong Medicine thoroughly taps into energy conservation potential, significantly reduces energy consumption, and improves energy use efficiency. Based on the actual conditions of multi-regional operations, the Company has established an industry-wide energy conservation and emission reduction (ECER) system, implementing region-specific strategies to drive the integrated development of clean energy adoption, energy efficiency optimization, and demand-side management across all facilities.

Clean Energy Application

Huadong Medicine actively responds to the national "dual carbon" goals by prioritizing clean energy application as one of the core approaches to energy conservation and emissions reduction. The Company has adopted a multi-pronged strategy to support renewable energy development and promote a green and low-carbon transition. Efforts have been made, including investments in photovoltaic power generation, clean energy substitution, and promoting new energy vehicles, thereby comprehensively optimizing the energy mix and reducing carbon emissions.

Application of Clean Energy

- **Green Electricity Certificate (GEC) Purchase:** The Company purchased 15,000 GECs, equivalent to 15,000 MWh of electricity, supporting renewable energy development.
- **Photovoltaic Power Generation:** The Company has built a 3.32 MWp PV plant, generating 3,284,295 kWh in 2024. A new PV energy storage system is planned for 2025 to further enhance the utilization of photovoltaic energy.
- **Clean Energy Substitution:** In the canteen, Shaanxi Jiuzhou has replaced traditional methanol-based fuel with induction cookers to eliminate harmful gas emissions and improve both energy efficiency and safety.
- **Promotion of New Energy Vehicles:** The Company encourages employees to use new energy vehicles and has installed over 70 EV charging stations in the plant. Additionally, relevant forms such as the EV Charging Card Application Form and New Energy Access Point Application Form have been launched on the OA system to further support green commuting.
- **Solar Panel Streetlights:** The Company has installed 40 solar-powered streetlights across the plant, saving approximately 7,200 kWh of electricity and about RMB 6,264 in energy costs annually, significantly reducing lighting energy consumption.

Solar Panel Streetlights Project

Energy Efficiency Optimization and Upgrading

Huadong Medicine prioritizes refined energy consumption management and has developed a comprehensive system to enhance operational efficiency throughout the entire lifecycle. The Company achieves system-level energy conservation by optimizing systems and equipment and actively promoting the utilization of secondary energy, thereby improving energy consumption patterns and emissions reduction performance without compromising productivity.

System and Equipment Optimization

- Prioritize high-efficiency and energy-saving products in system construction and equipment selection
- Based on production needs, chilled water supply is intermittently suspended to minimize idle energy consumption from water pumps
- Assess current cooling device and introduce efficient heat exchange and energy storage technologies to enhance the efficiency of the cooling system and reduce peak electricity demand
- Plan to install temperature and humidity auto-control devices, precisely regulate workshop climate via intelligent control systems, and enhance energy utilization efficiency

Cooling Water System Optimization for Water Injection Machines

To improve energy efficiency and reduce environmental impact, the Company optimized and upgraded the cooling water system of for water injection machine by installing a softened water circulation unit, replacing tap water with boiler-softened water as the cooling medium. This enables heat recovery and water recycling.

This project saves approximately 30,000 tons of tap water and 820 tons of steam annually, reducing energy costs by about RMB 420,000. It also significantly reduces the risk of scale formation in cooling pipelines, thereby enhancing operational efficiency.

Air Compressor Upgrading Project

To improve energy use efficiency and reduce environmental impact, the Company upgraded air compressors by replacing legacy units with energy-efficient screw-type compressors. The new compressors reduce energy consumption by 25% to 30% compared to previous models, while also lowering noise pollution during operation.

Demand-Side Energy Management

Based on industry-specific production and energy utilization characteristics, Huadong Medicine has pioneered refined demand-side energy management. By building an intelligent energy control platform, the Company dynamically tracks energy consumption data across every production scenario, enabling deep coordination between production processes and energy consumption. Furthermore, the Company applies electricity storage technology to optimize power consumption patterns without compromising product quality, thereby systematically reducing overall energy consumption.

Energy Management and Digitalized Monitoring

- Implement an energy management system, monitor power systems digitally in real-time, and optimize energy usage
- Install remote digital meters, track consumption patterns, analyze abnormal data, and refine energy management
- Utilize centralized power metering, oversee departmental usage in real-time, and ensure reporting accuracy

Introduction of Demand-Side Management Programs

By implementing demand-side management programs, the Company optimizes electricity consumption strategies and reduces peak-hour consumption

- Ice Storage System: Coolants are produced during off-peak hours to reduce peak-time power consumption
- Chilled Water Storage Pool Project: A new chilled water storage pool (approximately 1,000 m^3) is planned to be installed to reduce the pool's temperature and store cooling capacity during off-peak hours, thereby reducing peak-hour power consumption

Application of Electricity Storage Technology

Peak-valley price differentials are utilized by charging during low-rate periods and discharging during high-rate periods, lowering peak procurement costs and grid stress., charging during off-peak hours when electricity prices are low and discharging during peak hours when prices are high. This helps effectively reduce power procurement costs during peak periods and ease grid loads.

Photocatalytic Oxidation Waste Gas Treatment Tower Upgrading Project

To optimize energy management, the Company upgraded the photocatalytic oxidation waste gas treatment tower by installing an automatic shut-off and restoration device, enabling nighttime shutdown of the waste gas treatment system. Before the system upgrading, the waste gas tower operated 24/7; following the upgrading, it operates for 12 hours during the day while shutting down at night, meeting environmental compliance requirements. This project is expected to save 326,000 kWh of electricity annually, reducing energy costs by around RMB 260,000.

Low-Temperature Water Constant Pressure Control Project

In response to the high energy consumption of low-temperature water systems in the workshops, the Company installed sensors and variable frequency drives (VFDs) to enable variable frequency drive operation. Daily electricity consumption was reduced from 1,080 kWh to 480 kWh. By adjusting pump speeds based on real-time pressure demands, the Company enhanced thermal exchange efficiency and significantly reduced the number of chiller unit startups, thereby reducing energy consumption at its source. This project achieved annual cost savings of RMB 270,000 since its launch.

At the same time, the Company introduces the concept of lean management throughout its production and operation processes, emphasizing energy conservation awareness among all employees. Relying on production process innovation, digital energy efficiency monitoring, and full employee participation mechanisms, the Company has made significant progress in energy mix transition and efficiency utilization improvement, creating a sustainable development model aligned with industry characteristics.

Energy Type	Unit	2023	2024
Direct Energy Utilization			
Natural Gas	Cubic meter	6,305,100.00	6,692,675.00
Diesel	Ton	187.76	238.88
Gasoline	Ton	51.43	120.83
Liquefied Petroleum Gas	Ton	/	1.70
Indirect Energy Utilization			
Purchased Electricity	MWh	216,381.53	222,003.69
Purchased Steam	GJ	337,018.81	375,942.26
Purchased Green Electricity	MWh	/	15,000.00
Total Energy Utilization			
Direct Energy Consumption	tons of coal equivalent (tce)	/	7,890.72
Indirect Energy Consumption	tce	/	41,969.94
Total Energy Consumption	tce	39,755.59	49,860.66
Energy Consumption Intensity	tce / RMB per million (revenue)	0.98	1.19

Energy Consumption of Huadong Medicine

Risk and Opportunity Management

Amid escalating global climate challenges, the Company faces unprecedented climate-related risks and opportunities. To address these, it has developed a comprehensive management system aligned with international frameworks such as the International Financial Reporting Standards (IFRS S2) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Risk and Opportunity Identification

- Identify climate-related risks, including physical risks (e.g., extreme weather events, long-term climate changes) and transition risks (e.g., policy and regulatory changes, technological advancements)
- Focus on opportunities such as low-carbon technologies and resource optimization to inject new momentum into sustainable development

Risk and Opportunity Assessment

- Assess the likelihood, time range (short-, medium-, and long-term), and potential impacts of climate-related risks and opportunities, analyze their effects on revenue, costs, resources, and workforce, and clearly prioritize risk management accordingly

Risk Control and Opportunity Management

- Formulate targeted measures such as enhancing supply chain resilience, optimizing energy mix, and investing in low-carbon technologies to mitigate risk impacts
- Establish monitoring mechanisms to regularly assess the effectiveness of these measures, and integrate climate risk control and opportunity management into the Company's strategic planning to ensure alignment with sustainable development goals

Risk and Opportunity Management Process for Climate Change

Indicators and Targets

Huadong Medicine actively responds to China's "Dual Carbon" goals (carbon peaking and neutrality) and regards green and low-carbon development as the Company's long-term strategic priority. The Company is committed to reducing carbon emission intensity through technological innovation, optimization of the energy mix, and transformation of business model, thus promoting its sustainable development. Moving forward, the Company will pursue carbon neutrality, actively explore the adoption of clean energy, and continuously enhance its climate risk management capabilities, contributing to global action against climate change.

Greenhouse Gas Emission (GHG) Reduction Targets

Greenhouse Gas (GHG) Emissions	Unit	2023	2024
Scope 1 GHG emissions	tCO_2e	14,288.85	15,594.79
Scope 2 GHG emissions	tCO_2e	137,814.60	171,359.01
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	152,103.45	186,953.80
Greenhouse Gas Emission Intensity[1]	tCO_2e / RMB per million (revenue)	3.74	4.46

Greenhouse Gas Emissions of Huadong Medicine

[1] In 2023, greenhouse gas emission statistics covered Zhongmei Huadong, Jiangdong Company, Xi'an Bohua, and the Industrial Microbiology Subsidiary. In 2024, Huadong Medicine updated its data reporting scope to include all subsidiaries (excluding overseas subsidiaries).

Emissions Management

Huadong Medicine fully implements the concept of green development and strictly complies with national and local laws and regulations. The Company has established internal management systems to ensure the compliant disposal of wastewater, waste gas, and solid waste, effectively reducing the environmental impact of our production and operations, and promoting sustainable corporate development and green transition across the industry.

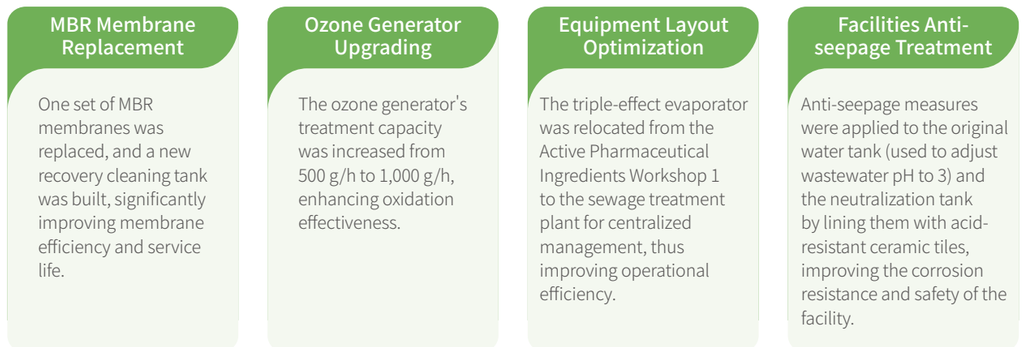
Wastewater Management

Huadong Medicine regards wastewater management as a critical component of environmental governance. The Company 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* (DB 32/ 3560-2019), and other relevant laws and regulations. In addition, the Company fully implements the requirements for wastewater management based on the *Wastewater Discharge Management System* and other internal systems.

The wastewater generated by the Company mainly includes production wastewater (e.g., cleaning wastewater, mycelium-containing wastewater, acidic and alkaline wastewater, pharmaceutical-laden wastewater, and wastewater containing chemical reagents) and domestic wastewater. A categorized collection and tiered treatment approach is applied based on wastewater type.

Wastewater Treatment Methods

The Company has established a comprehensive wastewater discharge monitoring system, and regularly monitored the operation of wastewater treatment facilities and the quality of treated water to ensure compliance with national and local standards. To continuously improve wastewater treatment capacity, the Company carried out a full-scale optimization and upgrading of its wastewater treatment processes and facilities in 2024, further enhancing the treatment efficiency of both industrial and domestic wastewater and ensuring compliant discharge.



Wastewater Treatment Processes Upgrading and Equipment Renewal

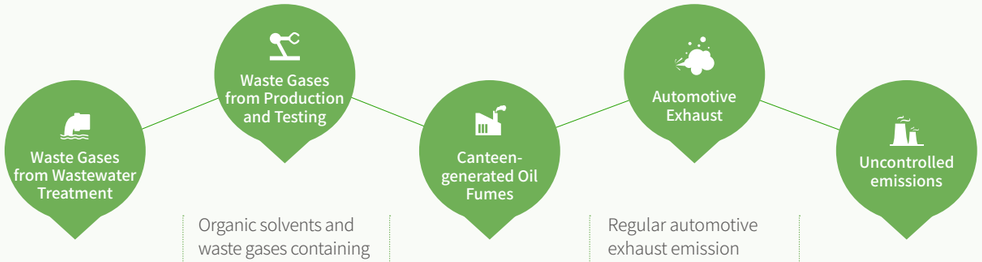
Indicator	Unit	2023	2024
Chemical Oxygen Demand (COD)	Ton	273.40	268.74
Ammonia Nitrogen (NH_3-N)	Ton	3.47	5.07
Total Nitrogen (N)	Ton	48.24	11.65
Total Wastewater Discharges	Ton	1,989,052.70	2,213,019.51
Wastewater Discharge Intensity	Ton / RMB per million (revenue)	48.96	52.81

Wastewater Discharges of Huadong Medicine

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* (DB33/310005-2021) and other relevant regulations. The Company has also drafted a comprehensive *Waste Gas Emission Management System* based on its actual operations. Through scientific classification, standardized collection, and efficient treatment, the Company ensures that the waste gas emissions meet environmental standards and minimize potential harm to the environment and human health.

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 monitoring to ensure continuous compliance with discharge standards.



Waste Gas Emissions Treatment Methods

Huadong Medicine continues to promote innovation and upgrades in waste gas management technologies, constantly optimizing treatment facilities and processes to further enhance waste gas management efficiency and reduce environmental impact.

Upgrading of Waste Gas Treatment System in the Active Pharmaceutical Ingredients Workshop

To further improve the efficiency of waste gas management, Xi'an Bohua has upgraded the waste gas treatment system in the Active Pharmaceutical Ingredients (APIs) workshop by adding a condenser to achieve classified collection and tiered treatment of waste gas of varying concentrations. The condensed liquids from high-concentration waste gases are collected and disposed of as hazardous waste, while low-concentration waste gases are treated using a combined process of alkaline solution spraying, dry filtration, UV photolysis, and activated carbon adsorption to ensure full compliance with emission standards. This initiative not only optimizes the waster gas treatment process but also significantly improves resource utilization efficiency and further reduces the environmental impact of the production and operation.

Waste Gas Treatment Facilities Optimization

In active response to national environmental protection policies and to further enhance the efficiency of waste gas treatment, Huadong Medicine has developed a specialized optimization plan tailored to the emission characteristics of its subsidiaries. For example, Peiyuantang and the herbal medicines and ginseng & antler subsidiary implemented a series of optimization measures for waste gas treatment facilities, including equipment upgrades, new treatment units, and process optimization. These initiatives have enabled a shift from uncontrolled to controllable emissions, thereby improving the efficiency of waste gas collection and treatment.

By adopting a multi-process combination approach, the Company ensures that waste gas emission indicators comply with both national and local standards. The enhanced efficiency of activated carbon adsorption and the application of condensation recovery technology has further improved resource utilization efficiency. Additionally, the Company has effectively controlled the emissions of oil fumes and volatile organic compounds, significantly improved the working environment and ambient air quality, fostering a healthier living environment for employees and communities.

Indicator	Unit	2023	2024
Nitrogen Oxide (NO_x)	Ton	1.51	9.90
Sulfur Dioxide (SO_2)	Ton	0.20	0.65
Volatile Organic Compounds (VOCs)	Ton	9.40	13.81
Waste Gas Emissions	10,000 cubic meters	271,800.40	412,145.48
Waste Gas Emission Intensity	10,000 cubic meters / RMB per million (revenue)	6.69	9.84

Waste Gas Emissions of Huadong Medicine

Management of Wastes

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 (GB 18597-2023)*, and other relevant laws and regulations. The Company has established internal systems such as the *Solid Waste Management System* and the *Hazardous Waste Temporary Storage Management System*, to standardize the entire process of classification, storage, utilization, and disposal of solid wastes. During the reporting period, all waste was entrusted to accredited third-party entities for compliant disposal to ensure the compliant treatment of general solid waste and hazardous waste.

General Solid Waste Management

The Company classifies and stores general solid waste separately and promotes resource recycling. Dedicated storage areas are designated for general solid waste and recyclable solid waste. General solid waste mainly includes general industrial solid waste, domestic waste, recyclable solid waste, and construction waste.

- Domestic waste is collected and removed daily by a professional property management company
- General industrial solid waste (e.g., waste liquid bags, sludge) is sent to accredited third-party entities for incineration and disposal
- Recyclable solid waste (e.g., packaging waste, spent activated carbon) is reused through resource recycling
- Construction waste is disposed in accordance with relevant regulations

Hazardous Waste Management

The Company's hazardous waste mainly includes medical waste, waste liquids (e.g., organic solvent waste liquids, chemical 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 explosion-proof surveillance cameras to ensure safe storage
- All hazardous waste is entrusted to accredited third-party entities for compliant disposal and treated in a harmless and compliant manner

Waste Management Measures

Huadong Medicine always practices the concept of green development and actively explores ways of utilizing waste resources, striving to achieve both economic and environmental benefits. Looking ahead, the Company will continue to explore new models for utilizing waste resources to promote green and sustainable development.

Resource Utilization of Chinese herbal medicine Residue

The Company's decoction service center generates a large quantity of Chinese herbal medicine residue annually. If treated as industrial solid waste, disposal would incur high costs. To reduce disposal costs and achieve resource utilization, the Company has partnered with professional farms to use the Chinese herbal residue as feed for sheep, thus achieving resource utilization. The farms collect and remove the residue daily, which not only reduces solid waste disposal expenses but also generates additional economic benefits for the Company, achieving efficient utilization of waste. This initiative represents an innovative practice in waste management and demonstrates the Company's environmental responsibility.

Indicator	Unit	2023	2024
Quantity of General Waste Generated	Ton	21,188.53	19,544.01
General Waste Production Intensity	Ton / RMB per million (revenue)	0.52	0.47
Quantity of General Waste Recycled	Ton	3,218.56	13,695.41
Quantity of Hazardous Waste Generated	Ton	4,104.53	7,378.62
Hazardous Waste Production Intensity	Ton / RMB per million (revenue)	0.10	0.18

Waste Generation and Recycling of Huadong Medicine

Green Operations

Huadong Medicine adheres to the philosophy of green development and integrates green operations into all aspects of its corporate development, striving to achieve effective resource utilization and environmental- friendly operations. We actively carry out comprehensive and multi-level green operational practices, which not only effectively reduce our environmental footprint but also set a benchmark for the sustainable development of the industry, demonstrating the Company's social responsibility and environmental commitment.

Water Resource Utilization

Huadong Medicine regards water resource management as a key component of its green operations. By optimizing water use processes and promoting water-saving technologies, the Company has significantly improved water resource utilization efficiency and reduced water resource consumption. All tap water used in the Company's facilities is sourced from the municipal water supply network and is primarily used for water production in water purification plants, steam generation in boiler plants, cooling tower replenishment in refrigeration plants, as well as water for production and daily life. Demand for daily potable water is met from purchased barreled purified water. The Company's subsidiary, Zhongmei Huadong, has been recognized as a "Provincial Water-Saving Enterprise" in Zhejiang Province for consecutive years, and continues to enhance its water management practices in accordance with relevant standards and implement water-saving measures.

Purified Water Reclamation

The Company recycles discharge water from purified water stations, including forward/reverse rinse water, pre-sampling drainage, and post-disinfection drainage. By installing recovery equipment, this external drainage water is treated to remove suspended particles and other impurities, and then redirected to the pressurized tap water tank for reuse, realizing circular utilization. In 2024, this project is expected to recover approximately 31,600 tons of reclaimed water and save around RMB 232,900 in costs.

Reduction of Purified Water Reverse Osmosis (RO) Membrane Expenditure

By optimizing the use cost of purified water RO membrane, the Company has implemented secondary cleaning of used membranes, so as to restore its desalination rate to over 85%, and the conductivity of the produced water to below 10 μS/cm, meeting operational requirements. Therefore, a set of sustainable cleaning and management system for RO membranes has been established.

Sensor Faucet Installation for Water Conservation

The Company has installed infrared sensor faucets in workshop washrooms, equipment washing rooms, and changing rooms to prevent cross-contamination while reducing water consumption, thereby further enhancing water resource utilization efficiency.

Water-Saving Measures

Circular Economy

Upholding the concept of innovation-driven and sustainable development, Huadong Medicine is committed to unleashing the resource potential of every stage in its operations and promoting a circular economy. The Company strictly adheres to its *Material Compliance Management* to regulate the management of raw and auxiliary materials used in pharmaceutical production, as well as packaging materials that come into direct contact with pharmaceuticals. In addition, the Company implements specialized procedures such as the *Cylindrical Paper Drum Recycling Standard Operating Procedure*, establishing process-based management for the entire lifecycle of materials, and standardizing the recycling and reuse of packaging barrels and solvents to ensure compliance and efficiency in resource circulation and utilization.

The Company actively promotes the recycling and utilization of packaging materials and production solvents, aiming to reduce resource waste, lower production costs, and advance the development of a circular economy, demonstrating its innovative practices and a strong sense of responsibility in green production and sustainable development.

Recycling and Reuse of Cylindrical Paper Drums

To minimize resource waste and reduce production costs, the Company recycles the outer packaging cylindrical paper drums used for the fermented Cordyceps Sinensis powder (referred to as the powder). The powder is used in the production of Bailing Capsules and Bailing Tablets upon it passes inspection. Used cylindrical paper drums are transported to the warehouse for recycling. Those meeting the required standards are re-stocked for reuse in production, forming a closed-loop recycling system. In 2024, the recycling rate of cylindrical paper drums reached 96%, resulting in cost savings of approximately RMB 2.26 million, significantly improving resource utilization efficiency and promoting the development of circular economy.

In 2024

The recycling rate of cylindrical paper drums reached

96%

Resulting in cost savings of approximately RMB

2.26 million

Recycling and Reuse of Solvents

The Company recycles and reuses solvents used in the production process such as ethanol, acetone, ethyl acetate, and isobutyl acetate. Ethanol is recycled using a supergravity rotating bed, while acetone, ethyl acetate, and isobutyl acetate are recycled through vacuum concentration. Once passed quality inspection, these solvents can be reused, significantly reducing procurement volumes, lowering production costs, and decreasing hazardous waste generation, embodying the environment conservation philosophy of green production.

Reuse of Iron Drums

The Company reuses 200 L iron drums previously used for materials such as glycerol, acetone and n-heptane. These drums are used to store waste solvents generated during the production, reducing the disposal costs of empty hazardous waste drums and the procurement costs of new drums. This approach achieves efficient resource utilization and optimized cost control.

Green Office

Huadong Medicine actively practices the philosophy of green development by integrating green office practices into all aspects of its daily operations. The Company is committed to reducing resource consumption and carbon emissions, thereby promoting sustainable corporate development. Through the promotion of digital workflows, optimization of office procedures, and the cultivation of environment conservation awareness, the Company continues to enhance its green office and foster an eco-friendlier and more efficient working environment for employees.

Online Office and Approvals

- OA online office platform: The Company has fully promoted online office platforms, enabling digital approval of business processes. This has significantly improved approval efficiency while reducing the use of paper documents.

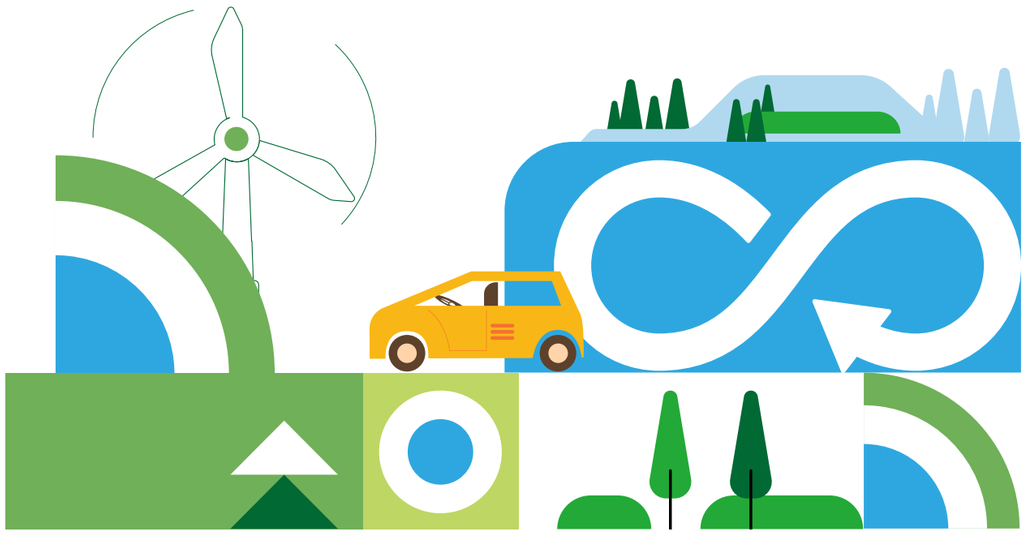
Green Recruitment

- Digital materials in place of paper materials: During recruitment, digital methods such as online resume submissions and digital brochures are used to reduce paper waste and resource consumption.
- Virtual information sessions and interviews: By conducting online information sessions and interviews, the Company reduces business travel-related carbon emissions and mitigates environmental impact.
- Reusable promotional materials: Display items such as roll-up banners are reused to reduce unnecessary resource use.

Resource Conservation Education

- Resource conservation slogan display: Slogans promoting water, paper, and electricity conservation are prominently displayed in workplaces to reinforce sustainable office practices and raise employee awareness.

Green Office Practices



03 Excellence in Innovation, Quality as Safeguard

Product

Huadong Medicine adheres to innovation-driven development and prioritizes product quality and safety. Through rigorous R&D procedures and a robust quality management system, the Company ensures high product quality and safety. Focusing on customer needs, the Company continuously optimizes service experience to build a reliable brand image. Additionally, the Company conducts full-lifecycle assessments of its suppliers to enhance the risk response capabilities and resilience of its supply chain, striving to provide patients with reliable medical solutions and promote the sustainable development of the industry.

R&D and Innovation / Quality and Safety / Responsible Services / Supply Chain Management

Contributing to the UN SDGs:

R&D and Innovation

Huadong Medicine regards the development of innovative drugs as the cornerstone of its corporate development strategy and is committed to building a leading innovation-oriented R&D system. The Company continuously increases R&D investment and strengthens intellectual property protection to maintain technological leadership. At the same time, the Company strictly adheres to ethics in drug development, pays attention to animal welfare protection, and ensures the compliance and ethical integrity of R&D activities. The Company also continuously optimizes its R&D procedures to accelerate the transformation of innovative achievements and inject momentum into the high-quality development of the industry.

Innovation and R&D System

The Company has been deeply engaged in specialized medicines, chronic therapeutics and specialized pharmaceuticals for years. It has built strong brand recognition and a solid market foundation in therapeutic areas such as CKD, immunology, endocrinology, oncology, the digestive system and the cardiovascular system, consistently maintaining a leading market share among domestic peers. The Company has already launched first-in-class innovative drugs in each of its three core therapeutic areas: oncology, endocrinology, and autoimmune diseases. It has also established three distinctive product clusters including antibody-drug conjugates (ADCs), GLP-1, and topical formulations, thereby creating distinctive competitive advantages.

The Company places great emphasis on innovation and R&D. It has established a Global Innovative Drug R&D Center responsible for formulating strategies for the development of proprietary innovative products, pipeline planning, and clinical research and development. Upholding the philosophy of "scientific research-based and patient-centered" innovation, the Company prioritizes products with "clinical relevance, pharmacoeconomic viability and commercial potential," and continues to maintain a high level of R&D investment. Through years of development, it has built a relatively complete proprietary innovation system that spans from drug discovery, pharmaceutical research, and preclinical research to clinical development and industrialization.

Focusing on the three core therapeutic areas of oncology, endocrinology, and autoimmune diseases, the Company conducts independent R&D, external collaborations, and product license-ins. It has developed a distinct innovative product pipeline covering the full R&D cycle, ensuring a continuous clinical advancement and launch of new innovative products, and providing new momentum for long-term growth. The Company's independent R&D capabilities continue to advance, with the number of its innovative drug pipeline now exceeding 80, ranking it among the top tier of the domestic pharmaceutical industry.

R&D Team Development

As of the end of the reporting period

R&D personnel

1,864

Including PhDs

106

Master's

569

With the proportion of master's and doctoral degree holders exceeding

36.21%

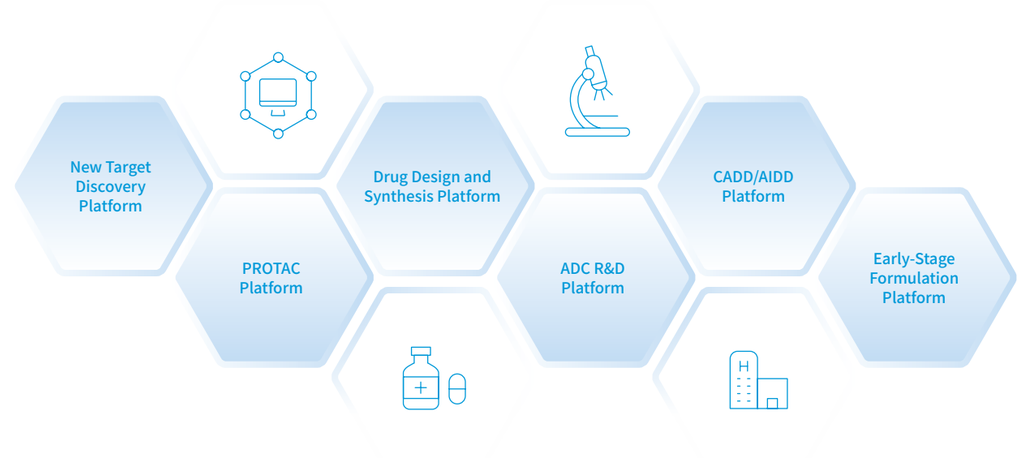
Huadong Medicine prioritizes team building and the enhancement of innovation and R&D capabilities. The Company not only focuses on top-level design in strategic layouts but also ensures solid talent reserves to provide strong support for its long-term development. The Company has established a Scientific Advisory Board (SAB) composed of renowned experts and scholars from the medical and R&D fields both at home and abroad, aiming to provide comprehensive and professional strategic guidance and advice and jointly overcome challenges during innovative drug development. During the reporting period, the SAB played an important role in the application and preparation of the Zhejiang Provincial Key Laboratory for Metabolic Diseases, helping the laboratory define its research direction and promote interdisciplinary cooperation, thereby providing broad space for the laboratory's innovative R&D.

As of the end of the reporting period, Huadong Medicine had 1,864 R&D personnel (including 106 PhDs, 569 Master's), with the proportion of master's and doctoral degree holders exceeding 36.21%. The team covers end-to-end R&D functions from discovery to clinical translation, supporting multiple drug approvals and clinical-stage projects. The SAB's leadership and the team's efforts solidify Huadong Medicine's position as an R&D leader.

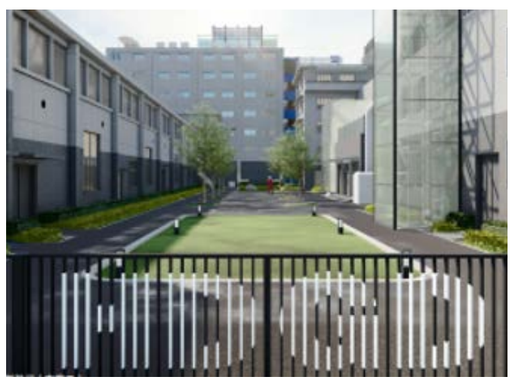
R&D Innovation Achievements

During the reporting period, adhering to the corporate philosophy of "scientific research-based and patient-centered," the Company remained focused on the therapeutic areas of endocrinology, autoimmune diseases, and oncology. In addition to increasing its R&D investment, it further enriched its innovative drug R&D pipeline layout, strengthened its innovation and R&D ecosystem and technology platforms, and actively advanced clinical trial progress, achieving multiple major milestone achievements. As of the release of this report, the Company's pharmaceutical segment had a total of 133 R&D projects under development, including 94 innovative drug and biosimilar projects.

The Company's innovation and R&D are centered on the three major therapeutic areas of endocrinology, autoimmune diseases, and oncology. At present, the number of its innovative drug pipeline has expanded to more than 80. With the continuous enrichment of the product pipeline, the scope of the Company's innovative drug has extended to include a wide range of modalities such as small-molecule drugs, targeted protein degraders, peptide drugs, antibody-drug conjugates (ADCs), bispecific or multi-specific antibodies, and small nucleic acid drugs, as well as the development of innovative therapies for diseases in the fields of endocrinology, autoimmune disorders, and oncology.



Achievements in Innovation Platform Development



The Innovative Drug R&D Center

Application of AI Technology in Drug R&D

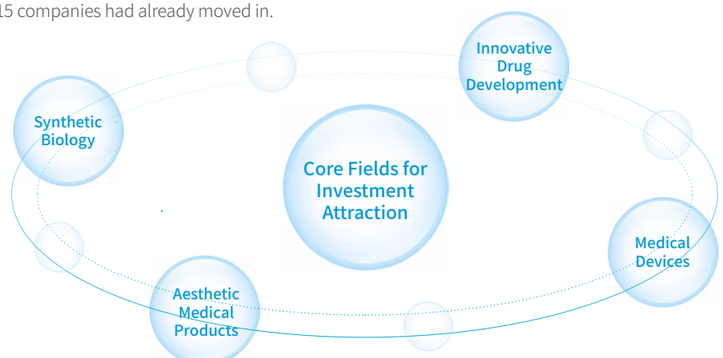
Since the formation of the AIDD[2] team under the Innovative Drug Center in 2021, the Company has undergone a major transformation in AI technology development, from relying on external collaborations and exchanges to a pattern driven by independent development and supplemented by external collaborations. The Company has continued to increase its investment in AI. In response to the rapid advancement of large AI models such as Deepseek and the in-depth implementation of the Group's digital transformation strategy, it has identified AIDD as a core development direction and achieved a series of significant breakthroughs. The AIDD team has remained at the forefront of industry trends, consistently enhancing its computing power and algorithm systems. The team has successfully established an AI-powered drug design platform. This platform features a design cycle with computation and experimentation deeply integrated with each other, enabling the continuous optimization of predictive models for drug properties, including key capabilities such as molecular affinity, hERG, and membrane permeability prediction. In addition, the team has successfully deployed biomacromolecule prediction large models such as AlphaFold3, Boltz, and Chai-1, as well as AI-driven molecular generation software. These technological advances have been widely applied across the Company's R&D pipelines. The deep integration of AIDD and CADD[3] approaches has significantly improved the drug R&D efficiency and accelerated the development of multiple innovative drug programs, which fully demonstrates the immense potential of AI in empowering drug R&D.

The AI team has further classified application scenarios into five categories: data integration, large language model applications, AI-powered drug design, AI-assisted experimentation, and intelligent office, covering over 50 specific applications. These innovative applications have already been incorporated into the Company's future platform development roadmap. Looking ahead, the team will continue to explore cutting-edge technologies, expand the boundaries of AI applications in the R&D of small molecules, PROTACs, ADCs, protein antibodies, peptides, and small nucleic acid drugs. By doing so, it will drive ongoing breakthroughs in the Company's intelligent innovative drug R&D efforts.

Life Sciences Industrial Park

Huadong Medicine continues to optimize and innovate its R&D platforms, promoting the ecosystem development of the Life Sciences Industrial Park. This initiative not only effectively accelerates the drug R&D process but also fosters the coordinated growth of the biopharmaceutical industry.

Under the overarching strategy of innovation-driven transformation, R&D ecosystem development, and industrial cluster cultivation, the Company has established the Huadong Medicine Life Sciences Industrial Park. This park integrates "research and development incubation, accelerated transformation, and industrialization implementation," focusing on life and health research and industrial conversion. It provides comprehensive resources including office facilities, research funding, technological innovation platforms, and investment and financial assistance. Leveraging Huadong Medicine's complete R&D industry chain and ecosystem, the park also offers all-round support to its resident enterprises. The park officially commenced operations in January 2024, and by the end of the Reporting Period, 15 companies had already moved in.

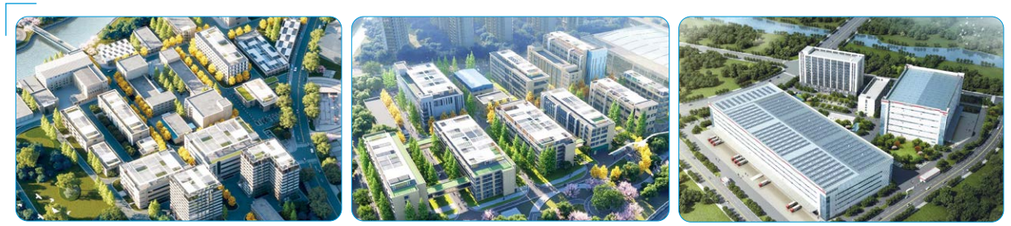


Core Fields for Investment Attraction in the Life Sciences Industrial Park

[2] 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.

[3] CADD: Computer-Aided Drug Design, which is a drug design method based on computer technology.

2024 Annual Progress of the Life Sciences Industrial Park



Life Sciences Industrial Park

The Company also established Hangzhou Zhongmei Huadong Synthetic Biology Proof-of-Concept Center, which is rooted in synthetic biology technology and adopts a full-industry-chain-empowered "proof-of-concept" model. The center provides technical support across the synthetic biology industrial chain, incubates innovative tech SMEs, and accelerates the identification and transformation of scientific achievements. To date, the center has admitted over 40 projects into its portfolio, of which 20 have been successfully validated and implemented. Additionally, the center has incubated 6 companies and offers a range of services including technical consulting, lab/pilot testing, CDMO, and CMO validation. In December 2024, the Hangzhou Zhongmei Huadong Synthetic Biology Proof-of-Concept Center was recognized as one of the first six officially designated proof-of-concept centers in Hangzhou, acknowledging the Company's innovative leadership in synthetic biology.

Intellectual Property Protection

Huadong Medicine regards intellectual property (IP) protection efforts as a key driver of innovation. During the reporting period, the Company *formulated the Inventor Management Measures* and updated the *Patent Application Incentives* to further clarify the rights and obligations of inventors. Additionally, the Company also refined the incentive standards for patent applications, increasing rewards for core patents to encourage high-quality innovation. In addition, the Company introduced a new patent classification system based on the commercial value and protective strength of patents, categorizing them into core patents, peripheral patents, and general patents to ensure scientific and transparent patent management.

To ensure the effective implementation of the intellectual property system and the protection of inventors' legal rights, the Company adjusted its organizational framework and resource allocation across business units. In the innovative drug segment, a dedicated intellectual property business partner position was established to coordinate related patent affairs. In other segments, such as aesthetic medicine, industrial microbiology business unit, and the CMC division[4] , dedicated personnel were also assigned to coordinate patent-related matters, ensuring efficient project tracking and patent works management. Furthermore, the Company has developed a comprehensive patent management system covering all stages of patent application, and enhanced information sharing and decision-making efficiency through both professional and internal proprietary databases, thereby optimizing the patent management process.

Building on this foundation, Huadong Medicine actively identifies and addresses potential IP risks to ensure steady progress in innovation and R&D. Through proactive patent strategies and competitor patent monitoring mechanisms, the Company effectively mitigates patent risks. Additionally, in collaborative projects, the Company strictly adheres to cooperation agreements and intellectual property management policies to implement IP communication, facilitating smooth patent examination, maintenance, and licensing.

Patent Strategies

- Monitor and track project progress, analyze R&D data, and strategically deploy core patent filings
- Use strategies such as priority claims, patent categorization, pre-grant examination, and prioritized examination to protect innovation
- Ensure high-quality drafting of patent specificationsCompetitor Patent Surveillance

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

Intellectual Property 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

Intellectual Property Risks Management Measures

The Company prioritizes the patent team's development and capacity building and is committed to cultivating a highly qualified and professional intellectual property team. By optimizing existing personnel allocation and practical training with live patent cases, the Company has significantly improved the team's patent prosecution competencies and application drafting quality. Concurrently, the Company actively disseminates patent culture across the organization. During the reporting period, the Company successfully hosted patent coordination meetings and patent training sessions, further advancing intellectual property management and strengthening employee competencies, thereby providing solid intellectual property protection for the Company's innovation-driven development.

[4] CMC: Refers to Chemistry, Manufacturing and Controls Center, a critical phase in drug R&D and production that includes drug production techniques, impurity research, quality research, stability studies, process validation, etc.

Training on Intellectual Property Protection

Training on Intellectual Property

- 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 intellectual property.
- In accordance with patent portfolio requirements for specific products, regularly communicated with multiple stakeholders regarding key product patent applications and R&D trials.

Patent Sharing and Forums

- Held various patent communication and sharing sessions covering topics such as patent regulations and revision of examination guidelines.
- Participated in several patent forums, including the 9th IP Forefront Pharma Forum and the Qiantang Forum on Rule of Law in the Bioeconomy, contributing to innovation and development within the industry.

During the reporting period

Number of new authorized patents

90

As of the end of the reporting period

Cumulative number of granted patents

825

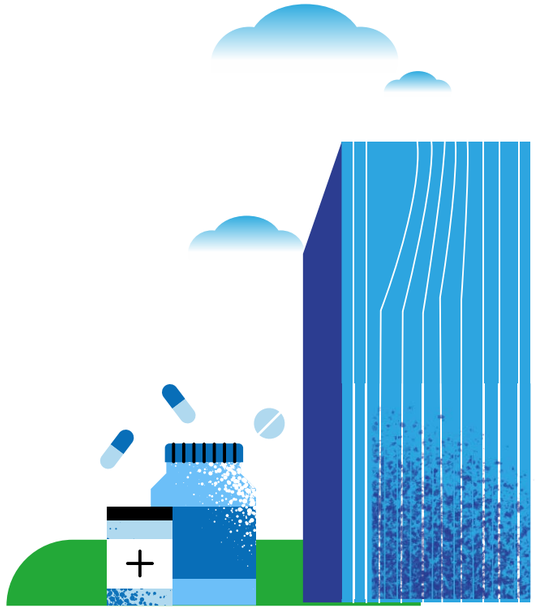
As of the end of the reporting period

Cumulative number of software copyrights

16

Cumulative number of trademarks

654



Research Ethics

Throughout the drug clinical development process, the Company strictly adheres to the *Helsinki Declaration*, the *Drug Registration Verification Criteria and Principles*, the *Guidelines for Ethical Review of Drug Clinical Trials*, and the ICH GCP, as well as other international and domestic regulatory standards. The Company has developed standard operating procedures to ensure the scientific rigor and ethical compliance of the R&D processes. These procedures cover all stages from clinical trial design to data analysis, ensuring both scientific rigor and ethical compliance of drug development.

Ensuring Scientific Rigor in Drug Development

The Company complies with the *Good Clinical Practice* standards and has established various functional departments, including clinical medicine and clinical pharmacology, to participate in all aspects of clinical trials, from protocol design and statistical analysis planning to data analysis and report preparation. Additionally, the Company has also established the Medical Document Review Committee (MDRC) and related management systems to enhance scientific, accurate, and timely decision-making.

Ensuring Ethical Compliance in Drug Development

In accordance with the *Good Clinical Practice* requirements, the Company has implemented multiple SOPs covering ethical review, governance of human genetic resources, and clinical risk management. The Company's clinical research protocols incorporate subject-centric safeguards, including pregnancy risk management for women of childbearing potential and privacy protection processes for individual safety case reporting. These practices regulate clinical research operations, protect subject safety, uphold data privacy, and ensure ethical compliance and drug safety.

In addition, the Company follows principles such as ethical review and informed consent to ensure the safety and rights of subjects. These measures laid a solid foundation for R&D process, prioritizing the well-being of participants while promoting scientific advancement.

Informed Consent and Protection of Subject Rights

- Develop and manage the rule of drafting, revising, reviewing, approving, and archiving rules of informed consent forms to safeguard subjects' rights to information, voluntary participation, and privacy.

Risk Management and Quality Control

- Identify, assess and control risks in clinical research to ensure quality and compliance of clinical trials.
- Develop annual quality control plans, co-monitoring and routine monitoring to identify and respond to risks during executions.

Privacy Protection and Data Security

- Properly protect subject privacy and personal information during clinical trial and data management.

Training and Qualification Management

- Develop individual and departmental training plans that apply to all employees, contractors and consultants involved in training and qualification certification.

Clinical Trial Management and Subject Protection Initiatives

Animal Welfare

While pursuing innovation in R&D, Huadong Medicine attaches great importance to the ethical treatment and compliant management of laboratory animals. The Company strictly complies with the *Laboratory Animal - Requirements of Environment and Housing Facilities*, the *Management of Experimental Animals*, and the *Guidelines for Humane Treatment of Experimental Animals,* among other laws and regulations. Internally, the Company has formulated the *Guiding Principles for Ethical Review of Experimental Animal Welfare* and the *Charter of the Ethics Committee for Experimental Animal Welfare*, to ensure comprehensive oversight of the management system, operational standards, animal care, usage practices, as well as the operation of facilities and equipment of the Laboratory Animal Center, in order to provide a solid institutional basis for safeguarding animal welfare.

The Company has established an Experimental Animal Management Committee and an Ethics Committee for Experimental Animal Welfare to advance the implementation of animal welfare management. The former conducts rigorous reviews of all animal research projects to ensure scientific rigor and ethical compliance. In addition, it provides professional training for relevant personnel to enhance their legal awareness and operational proficiency.

To ensure the utmost respect and protection for laboratory animals and to guarantee the accuracy and reliability of experimental data, the Company has adopted a range of measures, including optimizing the breeding environment, standardizing procedures and anesthesia management, and establishing humane endpoints and euthanasia protocols.

Breeding Environment Management

- Environmental Optimization: Provide housing facilities that meet national standards, ensuring appropriate space, ventilation, temperature, humidity, and lighting to accommodate the animals' natural habits and needs.
- Feed and Water: Supply nutritionally balanced feed and sterile drinking water, and additional nutritional supplements are provided when necessary.
- Environmental Enrichment: Introduce enrichment items such as toys and nesting materials in animal rearing environments to meet their behavioral needs and reduce their stress-related behaviors.
- Veterinary Care: Appoint professional veterinarians to provide expert care advice and measures to ensure the health and comfort of the animals.

Experimental Design Management

- Follow the 3Rs[5] principle in experimental design to ensure both basic animal welfare and scientific validity.
- Replacement: Use in vitro living systems (e.g., tissues, cells) to replace animal testing.
- Reduction: Under the premise of ensuring the scientific rigor and validity of the data, use as few experimental animals as possible; make full use of the existing experimental data, and do not do repetitive experiments without scientific significance; in some cases, the same animal can be used to conduct multiple experiments.
- Refinement: Optimize experimental protocols by adopting non-invasive or minimally invasive techniques to reduce animal harm.

Experimental Procedures and Anesthesia Management

- Trained Personnel: Ensure that all experiments are conducted by professionals especially trained in breeding, anesthesia, surgery and other technologies as well as animal welfare ethics.
- Appropriate Anesthesia: Select suitable anesthetics and administration methods, monitor anesthesia depth, and ensure procedures are pain-free.
- Minimize Trauma: Perform surgical procedures with minimal trauma, control bleeding, and reduce pain; apply anti-inflammatory and analgesic treatments postoperatively.

Humane Endpoints and Euthanasia

- Establish clear criteria for humane endpoints, terminate experiments promptly when these are met, and carry out euthanasia as needed.
- Use appropriate euthanasia methods to ensure animals pass painlessly and without fear.

Animal Welfare Protection Initiatives

[5] The 3Rs Principle: Refers to Reduction, Replacement, and Refinement.

Quality and Safety

Huadong Medicine regards product quality as the cornerstone of its development and has established a comprehensive quality control system covering the entire process from R&D and production to commercial operations. The Company ensures product safety and efficacy through quality-by-design during the R&D phase, rigorous quality supervision during production, and robust recall mechanisms during operations. In addition, the Company also actively engages in pharmacovigilance, promotes its quality-oriented corporate culture, and continually enhances quality management to reinforce its 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, the Company operates 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, adverse reaction reports, and product recalls.

Vice President (Quality)

Quality Management Center

QA Department

- Ensure that drug R&D, production, and quality management activities comply with quality standards and regulations.
- Ensure a clear definition of management responsibilities and correct procurement and use of raw and auxiliary materials and packaging materials.
- Regularly assess the effectiveness of the quality assurance system.

QC Department

- Conduct inspections prior to the release of materials and products, and ensure adequate facilities, equipment, and experienced personnel are in place.
- Be responsible for sampling, inspecting, and testing various materials and products, as well as assessing product stability.

Comprehensive Quality Management Center

- Establish and manage a pharmacovigilance system to monitor drug safety after market entry, handle adverse drug reaction incidents, and conduct risk assessments.
- Establish a drug recall system and handle quality-related complaints.
- Responsible for GMP training for employees and managing the quality information system.
- Conduct on-site audits of suppliers and participate in annual supplier assessments.

Strategies

Based on its business layout, operational status, and strategic planning, the Company has systematically identified key risks and opportunities in areas such as production, storage, and logistics, and conducted in-depth analyses of their potential impact on business operations and financial performance. In response, the Company has developed comprehensive strategies, including the establishment of a robust quality management system and the enhancement of quality assurance measures. In addition, the Company is proactively advancing the optimization of its pharmacovigilance system and promoting quality-oriented corporate culture, with the goal of achieving comprehensive risk management.

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	• May increase likelihood of customer complaints and returns, damaging the Company's reputation and market competitiveness • Possible production delays, leading to higher costs	• Strengthen supplier management and audits, and establish long-term partnerships with high-quality suppliers • Conduct regular assessments and audits of suppliers
Manufacturing Risk	Equipment failures and operational errors during the production may result in product quality issues.	Short-, medium-, and long-term	• Quality issues may fray customer trust and damage the Company's brand image • May lead to product recalls, incurring additional costs and legal liabilities • May interrupt production, affecting delivery schedules and customer satisfaction	• Develop maintenance plans and servicing programs for production equipment, ensure that key inspection instruments have backup units to support product release in emergencies • Establish temporary emergency production plans for production lines and conduct regular emergency production drills • Provide regular training to operational personnel to improve their technical skills and quality awareness, thereby ensuring inspectors' cross-inspection performance
Cross-contamination Risk	Shared production lines may pose risks of cross-contamination, mix-ups, or errors	Short- and medium-term	• May lead to product non-compliance with regulatory requirements, resulting in supervisory punishment • May pose health and safety risks to employees, leading to litigation and compensation	• 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
Storage and Logistics Risk	Products may be damaged or deteriorated during storage and logistics.	Short- and medium-term	• May add extra logistics costs and compensation expenses • May lead to potential supply chain disruptions, impacting product supply and sales	• Strengthen temperature and humidity control, cooperate with professional logistics providers to ensure product quality and safety during transportation
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	• Adoption of new technologies can improve production efficiency, reduce costs, enhance product quality, and strengthen the Company's innovation capabilities	• Increase investment in cutting-edge technologies such as biopharmaceuticals and gene therapy to support new drug R&D and existing technology upgrades • Apply AI and big data technology to optimize production processes and quality control, boosting efficiency and quality. • Collaborate with research institutes and universities to accelerate technology transfer.
Market Opportunity	In July 2024, the Chinese government released the *Implementation Plan for Full-Chain Support for the Development of Innovative Drugs*, creating a more favorable environment for innovative drug's development and providing the Company with access to markets 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	Medium- and long-term	• 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 • High-quality products help enhance brand reputation and competitiveness, meeting consumers' higher expectations for safety and efficacy.	• Strengthen market research and customer demand analysis, and optimize product portfolio • Actively participate in international pharmaceutical exhibitions and technical exchanges • Establish strategic alliances with better-performing partners
Regulatory Opportunity	On October 23, 2023, the National Medical Products Administration issued the *Announcement on Strengthening the Supervision and Management of Commissioned Production by Marketing Authorization Holder for Medicines (No. 132 of 2023)*, 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	• 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	• Optimize quality management processes and standards, continuously improve the quality management system covering the entire lifecycle of commissioned drugs production

Quality Management System

Huadong Medicine has established a comprehensive quality management system to ensure that its products meet intended use and drug registration standards, thereby safeguarding therapeutic efficacy and patient safety. The Company has compiled and continuously refined its *Quality Manual* in accordance with the *Medicinal Product Administration Law of the People's Republic of China*, the *Good Manufacturing Practice for Medical Products (2010 Revision)*, and relevant ICH guidelines, setting clear standards for the quality management system.

By the end of the reporting period, 100% of the Company's in-line product lines had passed GMP certification and GMP compliance inspections. Additionally, it has also made significant progress in both domestic and international certifications, demonstrating its commitment to high standards while standardizing quality management practices.

Domestic Certifications

- Multiple products of Zhongmei Huadong have passed on-site registration inspections conducted by the NMPA
- Multiple production lines of Zhongmei Huadong have passed on-site GMP compliance inspections

International Certifications

- Jiangdong Company has passed one on-site inspection and certification by the U.S. Food and Drug Administration (FDA)
- Jiangsu Joyang has passed one on-site inspections and certifications by Japan's Pharmaceuticals and Medical Devices Agency (PMDA) and one by Germany's the pharmaceuticals department of the Authority for Justice and Consumer Protection (BJV)

R&D Quality Management

Huadong Medicine has established a rigorous system for R&D quality management to ensure compliance with the highest domestic and international standards from preclinical to clinical stages.

In the preclinical research phase, the Company follows relevant quality management regulatory guidelines such as the *Medicinal Product Administration Law of the People's Republic of China, Good Laboratory Practice for Non-Clinical Laboratory Studies, Good Manufacturing Practice for Medical Products*, and *Quality management systems—Guidance for documented information (GB/T 19023-2003; ISO/TR 10013)*. These ensure the scientific rigor of trial designs and regulatory compliance throughout the trial process. During the reporting period, the Company conducted 5 comprehensive internal audits and 10 departmental self-inspections, identifying and rectifying over 150 issues, continuously refining management processes and effectively mitigating risks.

In the clinical development phase, the Company adheres to the *Good Clinical Practice, ICH GCP E6 (R2)* and other regulations and standards, ensuring compliant and scientifically sound clinical trials. Additionally, quality assurance, data management, statistical analysis and other teams review and revise system documents based on industry standards to ensure completeness and effectiveness of such documents. The Company conducted 2 internal audits of the R&D quality system during the reporting period, helping to correct deficiencies within the system function and prevent potential risks.

Internal Audits of Clinical Trials

To ensure the quality and compliance of clinical trials, Huadong Medicine conducted random audits of 2 key ongoing clinical trials, evaluating their adherence to ICH-GCP, China's GCP, applicable regulations, internal Standard Operating Procedures (SOPs), and trial protocols. The objective was to assess the implementation of the clinical Quality Management System (cQMS). The audit results showed that over half of the cQMS development tasks had been completed, but there remains room for improvement to achieve full optimization.

Production Quality Management

The Company has established a production quality management mechanism throughout the entire product lifecycle to reduce quality risks. The Quality Control Department of Zhongmei Huadong is responsible for testing all incoming materials and finished products, including raw and auxiliary materials, packaging materials, dosage forms, and finished active pharmaceutical ingredients. All testing and control standards are approved by the Food and Drug Administration (FDA) of the United States and national or provincial medical products administration authorities. Following a batch-by-batch testing principle, the Company achieves 100% coverage in testing of self-produced products to proactively prevent potential quality and safety risks.

At the same time, to ensure standard testing procedures, the Quality Control Department has developed management regulations for sample handling, sampling, retention, and reference standards, along with management protocols for equipment, instruments, and reagents. For Out-of-Specification (OOS) results and Out-of-Trend (OOT) observations, the Company has established clear investigation procedures requiring thorough investigation and documentation of all non-conforming testing results.

To ensure production safety and drug quality, the Company organized multiproduct co-production line assessments in accordance with the *Guidelines for Quality Risk Management of Drug Co-production Lines* issued by the National Medical Products Administration. These assessments help identify potential risks and establish relevant measures to minimize multiproduct co-production contamination and cross-contamination risks. Additionally, we conducted Permitted Daily Exposure (PDE) assessments to provide scientific justification for co-production lines.

Coverage in testing of self-produced products

100%

Internal Audits of Quality Management

Yantai Huarui has continued to strengthen production quality management by conducting at least 2 internal audits per year. The internal audit process includes forming an audit team, developing internal audit plans, executing internal audits, and generating reports. In 2024, the Company conducted 3 internal audits and all identified issues during the process were rectified on schedule.

During the reporting period, Jiuzhou Pharmaceutical conducted 3 internal quality audits organized by the Quality Management Department, covering all GMP-related departments. Each internal audit was conducted by an audit team of QA personnel within one to three days, and the optimizations identified during the internal audit have been rectified.

Xi'an Bohua has established GMP self-inspection management procedures and conducts 4 self-inspections annually led by the Quality Management Department. In 2024, a total of 4 self-inspections were completed, and all identified optimization items have been rectified in accordance with requirements.

Operational Quality Management

In the pharmaceutical and medical device operation sectors, the Company has built a refined quality control system across the entire industry chain to continuously strengthen quality and safety assurance capabilities. By integrating international standards, digital technologies, and entire-chain collaborative management, the Company has developed an integrated quality control system encompassing "prevention–control–tracing–improvement", thereby ensuring product safety and efficacy while maintaining an efficient balance between risk minimization 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. Before the market launch, the Company conducts quality and safety testing on 100% of the drugs through rigorous non-clinical and clinical trials to strengthen quality control throughout the entire process. After approval, the Company continues to monitor and assess the safety of the drugs to ensure their safety throughout their life cycle.

Before the drugs are approved for marketing, the Company submits comprehensive documentation, including clinical trial data, production qualifications, and quality control information, to the National Medical Products Administration, demonstrating the product's safety, efficacy, and quality controllability. For products intended for international markets, the Company applies for market authorization based on each country's regulatory requirements. After receiving marketing approval, the Company continues to detect and supervise the product quality and safety, including annual stability studies on manufactured batches to track quality changes throughout the shelf life. 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 100% pre-market testing.

The Quality Control Department laboratory of Zhongmei Huadong also has a quality research team for post-marketing drug changes to independently conduct relevant method validation and ensure capacity for post-approval quality assessments. For post-marketing drug changes, such as changes in raw or auxiliary material suppliers or batch sizes, the Company has established a dedicated change control procedure and conducted quality research and stability studies to support post-marketing drug safety assessments. Furthermore, the Company actively monitors and controls drug quality during the distribution phase to effectively prevent quality and safety issues.

Operation Process Management Optimization

During day-to-day operations, the Company's Quality Management Department conducts systematic and comprehensive annual audits of the implementation of pharmaceutical and medical device quality management standards, ensuring that quality management practices meet regulatory requirements. For any non-conforming issues identified during audits, corrective actions are supervised until the audited units pass review. Meanwhile, the Company has implemented 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.

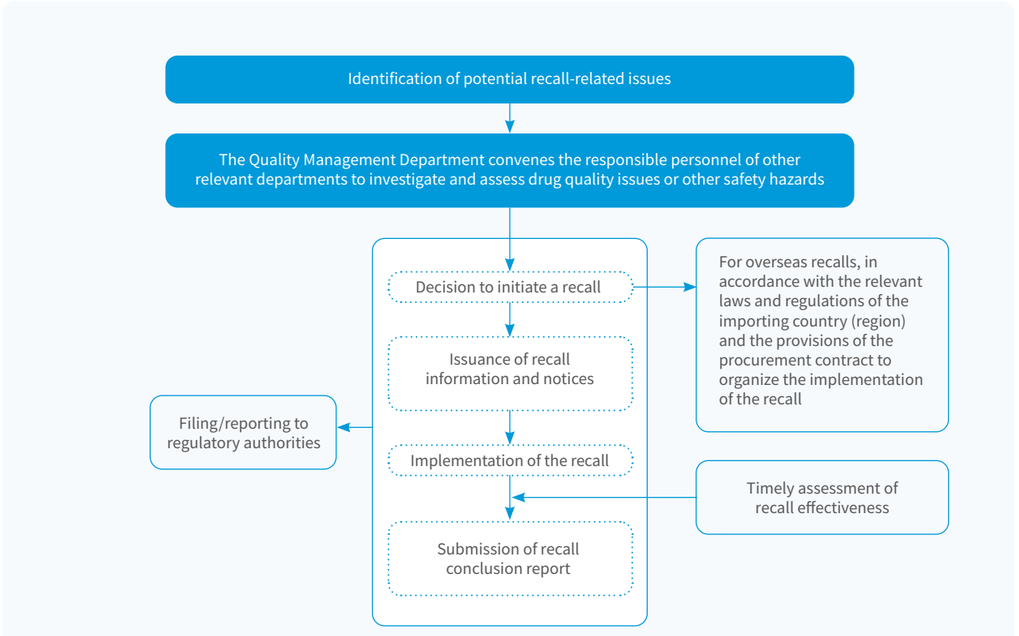
Optimization of the Scanning of the National Medical Insurance Traceability Code

- 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.

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*, the Company has developed internal systems including the *Documented Procedures for Product Recall* and the *Reporting System for Major Drug Quality and Safety Incidents*, providing a clear institutional basis for managing product recalls.

Depending on the severity of the drug quality issue or potential safety risk, recalls are categorized into three levels: Level I, Level II, and Level III. The Company has established a comprehensive recall process to ensure the effectiveness of the recall system and safeguard the safety of patients' medication. During the reporting period, the Company continued to strengthen risk control and improve recall responsiveness through regular self-inspections and simulated recall drills.



Product Recall Process

During the reporting period, the number of product recalls and regulator-mandated recalls of the pharmaceutical segment the Company are as follows:

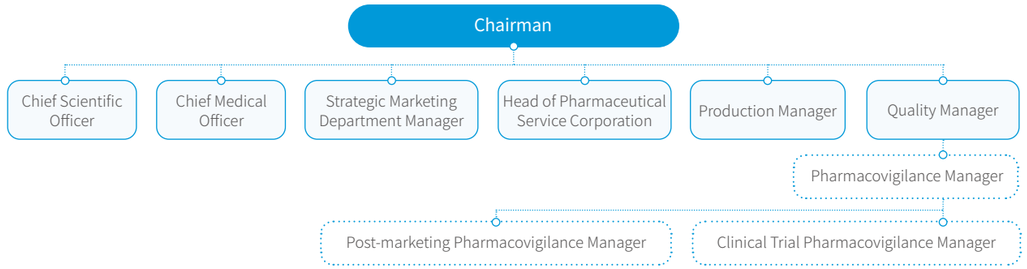
During the reporting period

Number of product recalls the pharmaceutical segment	Number of regulator-mandated recalls
0	0

Pharmacovigilance

The Company strictly adheres to the *Medicinal Product Administration Law of the People's Republic of China* and the *Good Pharmacovigilance Practices*, and the *Provisions for Adverse Drug Reaction Reporting and Monitoring*, among other applicable laws and regulations. A comprehensive pharmacovigilance system has been established and is continuously optimized. Moreover, a Drug Safety Committee, chaired by the Chairman of the Company, has been established 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 set up a Pharmacovigilance Department responsible for overseeing all pharmacovigilance-initiatives and continuously optimizing the system.

Organizational Structure of Drug Safety Committee of Zhongmei Huadong



Based on the comprehensive pharmacovigilance framework, the Company continuously promotes its pharmacovigilance practices through internal audits, risk management, and group-wide supervision to ensure the continuous improvement and perfection of the pharmacovigilance system, and continuously strengthen the risk management of drug safety.

Pharmacovigilance Internal Audits

- In accordance with the *Good Pharmacovigilance Practices* and with reference to the *Pharmacovigilance Inspection Guidelines*, the Company regularly conducts 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

Pharmacovigilance Risk Management

- Conduct safety evaluations of traditional Chinese medicine varieties, and revise and improve the safety information in the instructions
- The Company continuously monitors the safety of marketed products and conducts 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
- Drug safety information is collected by the Company through multiple channels, including spontaneous reports, active collection, contractual agreements, and feedback from regulatory authorities. The Company also leverages a modern pharmacovigilance system for data analysis and monitoring, enabling the continuous identification of potential risks
- The Company establishes the *Emergency Response Plan for Serious Adverse Drug Reactions and Mass Adverse Events* and organizes emergency drills to further ensure drug quality, promptly control major drug safety incidents, and prevent drug-related risks

Group-Wide Pharmacovigilance Supervision

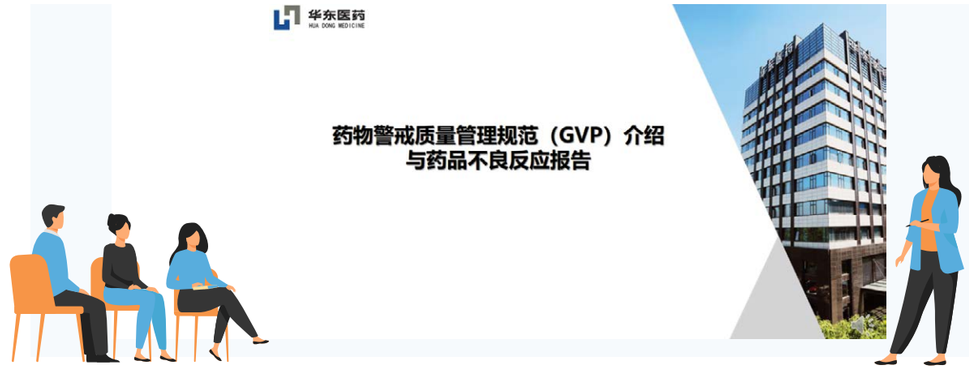
- The Company establishes pharmacovigilance inspection procedures and conducts on-site inspections of subsidiaries
- Efforts are made to improve pharmacovigilance systems of its secondary subsidiaries and their specialized capacities

Highlight Measures in Pharmacovigilance

To raise employee awareness of pharmacovigilance and enhance comprehensive pharmacovigilance capabilities, the Company arranges for pharmacovigilance officers and specialists to participate in specialized training sessions organized by the National Medical Products Administration (NMPA) and other expert institutions. Meanwhile, the Company also arranges for its employees to participate in in-house training conducted by the Pharmacovigilance Department to further strengthen their awareness of pharmacovigilance.

Pharmacovigilance Knowledge Training

In 2024, the Pharmacovigilance Department of Zhongmei Huadong organized pharmacovigilance knowledge training, involving over 10,000 employees. The training significantly improved employee awareness of pharmacovigilance and their ability to report safety information, while enhancing their understanding of the *Good Pharmacovigilance Practices*.



Quality Culture Development

Huadong Medicine implements a quality policy grounded in principles of "integrity, efficiency, quality, global alignment and innovation excellence", and continues to deepen the promotion and implementation of its quality-oriented corporate culture to comprehensively improve the quality management.

To implement this quality policy and strengthen quality awareness among employees, the Company has 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. Additionally, GMP-related departments are assessed in alignment with quality management objectives, with a focus on science and compliance to motivate employees to enhance their compliance awareness and work quality.

Each year, the Company conducts various quality control and product safety training program and cultural promotion activities, with all employees 100% embracing the corporate quality culture and continuously raising their quality awareness. For example, a detailed annual GMP training plan is developed for all employees involved in pharmaceutical production and quality control. This training is delivered through both lecture sessions and hands-on practice to provide quality-related training, covering domestic and international regulations, internal quality management system requirements, etc. Assessments of participants are conducted through written exams and practical exercises.

In addition, the Company holds monthly quality review meetings, and weekly departmental meetings, and requires the signing of annual quality responsibility statements to raise quality awareness and improve operational standards among core quality-related personnel. The Company also focuses on building a company-wide quality culture via internal communication platforms and regular newsletters that interpret the latest industry regulatory updates and provide basic quality knowledge to all employees, so as to promote the Company's quality culture to them.

Quality Training for Management Personnel

In July 2024, the Quality Management Center of Zhongmei Huadong organized a training session for 57 senior production quality managers and workshop (department) managers. The training covered key regulations in pharmaceutical production quality management such as the *Medicinal Product Administration Law of the People's Republic of China*, the *Good Pharmacovigilance Practices*, the *Measures for the Administration of Drug Registration*, ICH Q9 *Quality Risk Management*, and ICH Q10 *Pharmaceutical Quality System*. The training was assessed in the form of a written test to deepen managers' understanding of quality management regulations and to strengthen their quality management capabilities.

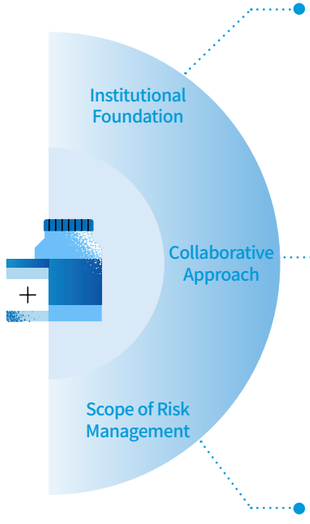
Quality Training for Employees in Production Workshops

During the reporting period, the Company provided targeted training on microbiology, GMP, and pharmaceutical regulations to employees in production workshops and quality-related departments. The training sessions involved 232 and 85 quality-related employees respectively, helping to strengthen their quality awareness and effectively enhance their professional competencies.

Risk and Opportunity Management

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

By enhancing its quality risk management system, clearly defining the scope of risk management, and strengthening cross-departmental collaboration, the Company has developed a 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.



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.

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.

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.

On this basis, the Company implements its measures through systematic risk management, which includes four pivotal stages: risk assessment, risk control, risk communication, and risk review, which runs through the entire lifecycle of risk management and realizes systematic risk management and control. During the reporting period, the Company conducted a total of 279 product quality risk assessments.

During the reporting period

Conducted a total of

279

product quality risk assessments

Huadong Medicine's Quality Risk Management Process

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 by establishing quantifiable indicators such as material arrival compliance rates, customer satisfaction, and audit pass rates to ensure measurable and traceable quality management outcomes. Through rigorous quality control and continuous improvement, all subsidiaries have achieved high-quality management goals, ensuring that product release rates, employee training coverage, and customer complaint handling rates meet expected standards.

By setting and regularly tracking quality and safety objectives, Huadong Medicine effectively ensures high-quality products and market competitiveness, strengthens customer trust, and lays a solid foundation for the achievement of overall strategic goals. Looking ahead, the Company will continue to promote a strong quality culture, encourage full employee participation in quality management, and steadily enhance product quality and operational efficiency to deliver safe and effective healthcare solutions to customers.

Responsible Services

Huadong Medicine upholds a customer-centric philosophy and actively practices responsible marketing. The Company prioritizes customer privacy protection and strictly complies with information security regulations. In addition, Huadong Medicine implements standardized distributor management strategies, striving to build an efficient, transparent service system and a reliable brand image.

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. The Company has instituted the *Internal Review Standards and Procedures for Company Promotional Materials*, which standardizes and manages the entire process from creation to publication of promotional materials to ensure the accuracy and consistency of published content.

The Company issued the *Responsible Marketing Policy* and the *Code of Ethical Business Conduct of Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (2024 Edition)*, clarifying the principles of responsible marketing in business promotion activities such as medical interactive communication and commercial promotion of pharmaceuticals and medical devices. In parallel, the Company refined its commercial conduct management system via granular management requirements and procedures to ensure marketing compliance.

Adhering to the principle of compliant operations, the Company prohibits 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 avoids false or misleading statements about competitors' products or services.

To further implement its responsible marketing principles, we develop the systematic annual audit plan based on the Company's needs and operational status, regularly conducting responsible marketing audits that cover all sales-related workflows to comprehensively assess the compliance of marketing activities.

Audit items of responsible marketing include the establishment of internal control and management systems, contract execution, expense management, and the supervision and management of marketing activities before, during, and after their implementation by relevant departments. The Company urges the responsible units to promptly rectify the identified issues during the audits, and optimizes relevant management systems accordingly. The Company will take disciplinary actions based on the severity of violations to enhance the standardization of marketing activities.

During the reporting period, the Company further standardized the management process for promotional and non-promotional materials. This process covers all stages including creation, review, management, usage, updating, and destruction of promotional materials. Additionally, corresponding review checkpoints are established based on the attributes of each promotion material to ensure its compliance with relevant regulatory requirements.

To raise awareness and competency in responsible marketing, the Company regularly conducts training programs about responsible marketing and has developed a comprehensive, in-depth, and multi-level training system. These sessions aim to improve employees' responsible marketing capacities and compliance awareness. 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, as well as general and specialized sessions, is provided to ensure 100% coverage across all employees.

Pharmaceutical Industry Segment Actively Built a Multi-Level Training System for Responsible Marketing

In 2024, Huadong Medicine's pharmaceutical industry segment accumulatively conducted over 1,000 responsible marketing training sessions, with a total of 87,980 participants. Training topics included compliant marketing practices, management skills development, in-depth product knowledge, compliance awareness education, and risk prevention and control. Through systematic training, the Company ensures that every employee thoroughly understands and strictly adheres to compliant marketing requirements, enhances their professional knowledge and service capabilities, and facilitates the efficient execution of responsible marketing activities.

Aesthetic Medicine Segment Launched Responsible Marketing Training

The Company's aesthetic medicine segment has adopted a comprehensive training system combining online learning and assessments with tiered on-site training to comprehensively enhance the compliance awareness and professional competencies of the sales team. The training is reviewed and updated quarterly, covering topics such as medical expertise, product information, and compliant marketing skills. On-site training is conducted in stages, with tailored content based on different levels of skills and experience, from new graduates to senior managers, ensuring that the team can efficiently carry out compliant marketing activities within the framework of regulatory requirements. Specific training content includes:

- New Graduates: Introductory training for grasping basic industry knowledge, compliant sales techniques, and customer privacy protection skills.
- Sales Specialists: Training in key customer management, consultative selling techniques, and compliant communication strategies.
- Senior Specialists: Training in negotiation skills and risk prevention and control to better handle complex scenarios.
- Sales Managers: Training in foundational management, team building, efficient leadership, and compliant supervision to ensure the team's business expansion under a compliant framework.

Industrial Microbiology Business Unit Launched Responsible Marketing Training

The Industrial Microbiology Business Unit (BU) continuously strengthens the professional capabilities and compliance awareness of its sales team through an integrated training system combining internal and external programs, actively practicing the principle of responsible marketing.

In April 2024, the BU conducted internal marketing training covering business operations, market data analysis, compliant marketing practices, and anti-unfair competition policies. The training aimed to help frontline business personnel to effectively respond to real-world business challenges, enhance their awareness of responsible marketing, and ensure compliance in marketing activities. A closed-loop management system was established through courses, exams, surveys, and improvement plans to ensure training effectiveness.

In October 2024, the BU participated in a specialized external training program focused on compliant communication strategies with major customers and responsible marketing practices. The training helped enhance market insight and customer development capabilities. These efforts have significantly strengthened the team's professionalism and promoted the implementation of responsible marketing principles.

Customer Service

Huadong Medicine remains committed to a patient-centered service philosophy, striving for excellence in both products and services. The Company continuously improves customer experience through concrete actions and fulfills its corporate social responsibility by implementing a series of service management standards, including the *Control Procedures for Product and Service Specifications* and the *Product Return Management Procedures*. These standards help 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, the Company proactively gathers feedback and advice through regular customer satisfaction surveys and other channels to drive continuous service quality improvement. In 2024, Huadong Medicine Pharmaceutical Commerce conducted customer satisfaction surveys, collecting 1,715 valid responses. The overall customer satisfaction score reached 4.86 out of 5, representing an increase of 0.05 points compared to the previous year. Survey topics included sales, procurement, supply chain management, and other aspects, with over 30 new questions added covering industry comparison and willingness to cooperate. Additionally, the Company followed up with 100% of customers who had submitted feedback in the previous year, ensuring that their concerns were effectively addressed.

Regular Follow-Up Mechanism	Conduct regular telephone follow-ups with hospitals to understand their needs and concerns. Issues are compiled, reported, addressed, and re-assessed to heighten overall customer satisfaction
Monthly Customer Service Meetings	Maintain regular communication with customer service personnel to continuously enhance their professionalism and service capabilities, ensuring efficient resolution of customer issues and providing better service to customers

Customer Service Mechanism

To ensure prompt and effective handling of customer complaints, the Company has issued the *Complaints and Adverse Events Handling and Reporting Management System*, which provides detailed regulations on the management process for dealing with adverse product reaction, quality complaints and feedback from customer inquiries, and clarify the responsibilities of the relevant departments and personnel. Additionally, a comprehensive complaint-handling process has been established to improve the efficiency and standardization of response efforts to customer complaints. During the reporting period, the Company received a total of 785 customer complaints, achieving a resolution rate of 99.87%.

Customer Complaint Handling Process

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. The Company strictly adheres to national laws and regulations such as the *Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China*, and *Personal Information Protection Law of the People's Republic of China*. It has 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 its information security and privacy protection efforts.

Additionally, the Company has established an emergency response mechanism for information security incidents and has issued the *Information Security Emergency Response Manual* and the *Emergency Response Management System*, which clarify the division of labor and response process of the emergency response team, and provide a systematic basis for improving the efficiency of handling information security incidents. Building on this, the Company further refined its response plans and drill programs, and carried out simulation drills to enhance employees' skills in handling security incidents and strengthen the overall security response capability. During the reporting period, the Company conducted a cybersecurity emergency drill in response to a simulated website defacement incident. By simulating the impact of a real-time attack event initiated by hackers, the Company tested the system's security emergency response and protection capabilities and assessed the effectiveness of the response plan to ensure an efficient and prompt response in the event of an incident.

In terms of privacy protection, in the middle of customer information collection, the Company only collects information necessary for business purposes without any personal privacy data involved. The Company strictly complies 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. The Company also actively promotes relevant knowledge of information security and privacy protection through regular training sessions to ensure that employees stay informed of the latest requirements of information security and privacy protection. These measures help safeguard Company assets and customer data. During the reporting period, no major information security or customer privacy incidents occurred.

Internal Information Security Training for Employees

In November 2024, the Company organized an internal employee information security training program covering multiple departments, including the Information Center, the R&D Quality Management Department, and the Pharmaceutical Service Corporation. Training topics included information security systems, emergency response procedures, and foundational knowledge on infrastructure security. This training aimed to enhance employees' understanding of information security management and strengthen their ability to respond to emergencies, thereby ensuring the information security of the Company.

Internal Information Security Training for Employees

Distributor Management

Huadong Medicine is committed to fostering a healthy and stable win–win relationship with its distributors through systematic and standardized management. The Company has established management systems such as the *Primary Distributor Management System* and the *Distributor Assessment and Scoring Sheet* to regulate distributor management processes and assess their performance. On this basis, the Company systematically manages distributors through contract execution, invoice issuance, monthly account reconciliation, and semi-annual financial settlement.

Each year, the Company signs annual sales agreements and quality assurance agreements with its distributors. Based on business needs, the Company also enters into individual order contracts to clarify specific performance obligations. A contract ledger is maintained to track business progress. The Company also conducts unscheduled visits to distributors to verify their implementation of pharmaceutical traceability codes and ensure regulatory compliance in drug circulation.

To promote integrity and clean cooperation, the Company requires all 293 primary distributors to sign *Integrity Cooperation Agreement* alongside the annual cooperation agreement, achieving a 100% signing rate. In addition, all employees in the Business Department are required to sign a compliance commitment letter, with a signing rate of 100%.

Supply Chain Management

Huadong Medicine prioritizes the stability and sustainability of its supply chain and continuously improves its supplier management system to ensure stable supply chain operations. The Company actively fulfills its social responsibilities and collaborates with its partners to build a green, efficient supply chain ecosystem that provides strong support for the Company's sustainable development.

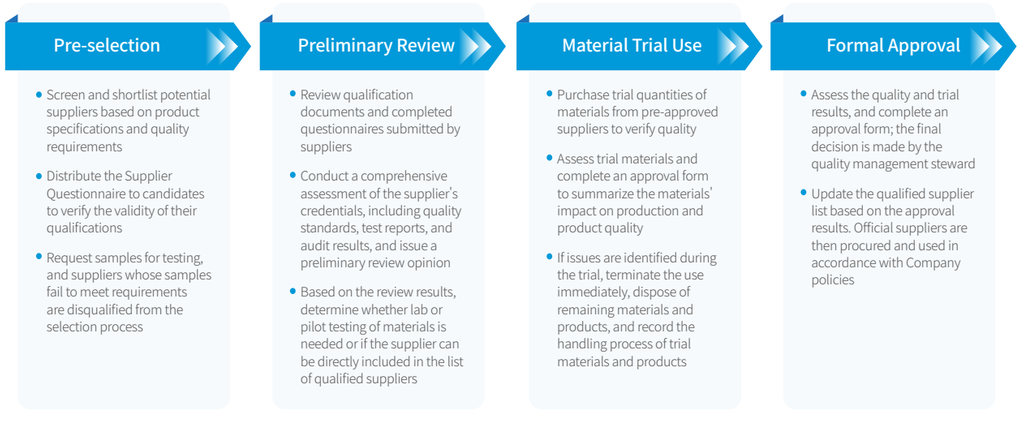
Supplier Management

Huadong Medicine regards supplier management as a key pillar in ensuring product quality and supply chain stability. The Company strictly complies with relevant national laws and regulations and has established a comprehensive supplier management system and management processes to ensure supplier quality and compliance from all aspects. These efforts safeguard the Company's sustainable development and protect patients' health.

The Company has formulated internal systems such as the *Supplier Management System, Supplier Performance Evaluation and Grading Management System*, and the *Raw and Packaging Material Procurement Management System*. These policies support full-process supplier management and provide clear guidelines to standardize supplier conduct, enhance supply chain efficiency, and improve quality control.

Supplier Qualification Management

To ensure supply chain stability and product quality, the Company implements rigorous screening and management for supplier qualification. We also set strict qualification processes, comprising four key steps: pre-selection, preliminary review, material trial use, and formal approval. This process ensures that suppliers possess the necessary qualifications and capabilities and that meet material quality standards and business requirements.



Supplier Qualification Process

In accordance with the *Standard Operating Procedure for the Approval of Material Suppliers*, suppliers are categorized as either primary material[6] (Tier 1) or general material[7] (Tier 2) suppliers, with differentiated management strategies applied accordingly. For primary material suppliers, the Company adds 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, the Company focuses 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.

[6] 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.

[7] General materials refer to all materials not classified as primary materials.

Supplier Grading Management

In daily supplier management, the Company conducts regular performance assessments and grading management in accordance with the *Supplier Performance Evaluation and Grading Management System*. The Company conducts a comprehensive quantitative assessment of suppliers in terms of quality, production and use, business affair, after-sales service, on-site audit and other assessment dimensions. These assessment results serve as important judgment references for procurement decisions and quality and price negotiations. Furthermore, we also monitor suppliers' own changes to their upstream supply chains, regularly collecting data on delivery frequency, quality and other information to assess their impact on the Company's product quality. This supports dynamic tracking and management of the extended supply chain, and effectively controls the quality of supply at multiple levels.

Based on assessment results, we implement graded management of suppliers and develops targeted supporting initiatives to ensure scientific and effective supplier oversight. Grade A suppliers may receive increased order volumes, prioritized payments, and forge strategic partnership with us. Grade B suppliers are maintained under current procurement strategies with expectations for continuous improvement. Grade B- suppliers face controlled or reduced procurement volumes to encourage their performance improvement. Grade C suppliers are issued corrective action plans with follow-up monitoring. Grade D suppliers are disqualified from the qualified supplier list, and all procurement is terminated.

Supplier Audits

The Company conducts regular supplier audits spanning quality levels, production usage and other aspects. These audits are conducted through a combination of on-site and remote methods to ensure supply chain integrity. For remote audits, the Company has established the *Remote Audit Management System for Suppliers*, providing detailed operational guidance and standards to ensure the quality and efficiency of the audit work.

For example, the Quality Management Department of Zhongmei Huadong Jiangdong Company collaborates with departments such as Business Logistics and Quality Inspection to conduct annual assessments of both primary (Tier 1) and general (Tier 2) material suppliers and make comprehensive evaluations in terms of documentation completeness, material quality, production usage, and the on-site audit performance.

To strengthen oversight of primary (Tier 1) material suppliers, the Company has developed detailed regular audit plans. The Company audits primary material suppliers of biologic drugs annually and audits those involved in other finished preparation products or APIs biennially. When issues are identified during supplier audits, the Company takes prompt corrective and preventive actions, such as halting procurement or conducting on-site audits, to mitigate supply chain risks. By implementing audit plans consistently, the Company continues to monitor suppliers' quality performance and improve the stability and reliability of the supply chain.

Quality Empowerment Across the Supply Chain

On the basis of the ever-improving supplier management, Huadong Medicine continues to empower supply chain quality assurance and enhancement. Every year, the Company communicates 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 100% receive annual quality security and relevant training.

For example, we have signed the Quality Assurance Agreement with all suppliers emphasizes quality standard requirements via verbal or writing form, and implements the strengthening of suppliers' quality awareness since the early stage of cooperation. During audits, in response to quality issues of non-compliance identified during supplier audits, the Company provides targeted on-site training and quality improvement guidance and supervises suppliers to complete corrective actions to finish the whole process. Based on the results of supplier assessment and the shortcomings identified in the audits, the Company transmits quality standards to suppliers every year to further strengthen their awareness and competence in quality management. In daily management, the Company conducts dynamic supplier tracking and management, maintains communication with suppliers, and regularly collects information on supplier updates and assesses the impact on product quality. These help to monitor suppliers to improve their quality management system.

To further enhance supply chain quality management and supply stability, the Company conducts semi-annual material trend analyses to assess material quality and usage, provides timely feedback to suppliers, and promotes quality standards in order to monitor their continued supply quality. During material usage, the Company strengthens dynamic management via supplier feedback forms, ensuring that quality issues are promptly reported and resolved.

Sustainable Supply Chain

Huadong Medicine integrates the concept of sustainable development into every aspect of its supply chain management, striving to build an efficient, transparent, and responsible supply chain system. The Company safeguards supply chain stability by strengthening risk management and promoting integrity in collaboration, while continuously empowering its partners to enhance supply chain resilience.

Supply Chain Risk Management

To effectively mitigate supply chain risks, the Company has established the *Risk Management System for the Procurement of Raw and Packaging Materials*, which clearly defines the procedures and responsibility assignment related to risk management in procurement. Additionally, the Company reduces single-supply risks through supplier diversification, maintaining safety stock levels, and preparing multi-source inventory for high-risk materials. The Company also conducts accurate forecasting to enhance inventory efficiency. These measures have effectively reinforced supply chain resilience and production continuity, enabling the Company to maintain stable growth amid complex environments.

Supplier Diversification

- The Company conducts supply analysis to ensure that each material has two to three qualified suppliers from different regions. By fostering competition among suppliers, the Company selects the best supplier and reduces reliance on any single supplier, while ensuring stable production supply and enhancing supplier vitality.

Safety Stock Management

- The Company sets safety stock levels for both raw materials and finished products. Taking in-transit quantities and contract fulfillment into consideration, the Company calculates available supply cycles and initiates procurement early to ensure adequate supply.

High-Risk Material Management

- For high-risk materials (such as imported materials), the Company maintains reserve inventories and actively seeks domestic alternatives to reduce dependence on external uncertainties.

Mitigation of Sole-Sourcing Risks

- For materials with only one supplier, the Company promotes multi-source procurement strategies by developing new suppliers or negotiating with current suppliers to secure supply volumes, thereby minimizing supply interruption risks.

Accurate Forecasting and Planning

- Each year, the Company formulates material development plans based on the annual material budget and the number of suppliers per material. By integrating annual materials usage forecasts and pre-bid materials calculations, the Company enhances the accuracy of order forecasting and optimizes inventory management.

Flexible Contract Adjustments

- In the event of materials supply instability, the Company adjusts contract terms or implements emergency procurement measures to ensure production uninterrupted.

Suppliers Integrity Management

Procurement Members' Participating in Vigilance Educational Programs

During the reporting period

Procurement for raw and auxiliary packaging materials has been achieved online

100%

Huadong Medicine is committed to building an integrity supply chain. Through signing integrity cooperation agreements, launching digital management platforms, conducting regular training, and other measures, the Company ensures that supplier conduct aligns with ethical business standards.

The Company has formulated the *Supplier Anti-Bribery Codes of Conduct*, which clearly requires all suppliers to comply with relevant laws and regulations and prohibits any form of bribery or unfair competition in business activities. Moreover, the Company has signed the *Integrity Cooperation Agreement* and the *Supplier Anti-Bribery Codes of Conduct* with its suppliers while signing the business contract to further clarify the responsibilities of both parties and jointly create an atmosphere of integrity cooperation.

To promote transparency and fairness in procurement, the Company has launched an SRM supplier management system platform to strictly review supplier qualifications and enhance the confidentiality and effectiveness across bidding, pricing, order, contract, and other processes. Currently, 100% of procurement for raw and auxiliary packaging materials has been achieved online. Besides, regular integrity training and educational programs are conducted for the procurement team to foster a heightened awareness of integrity. Each member of the procurement team is required to sign an Integrity Commitment to ensure the impartiality and transparency of the procurement process.

04 Gathering Talent and Wisdom to Build a Brighter Future Together

Employees

Talent is the most valuable asset of an enterprise and the core driver of innovation and development. Huadong Medicine continuously improves its human resources management system and actively builds a diverse talent development platform to provide employees with broad career development opportunities and to foster mutual growth between the Company and its employees. The Company remains committed to protecting employee rights, safeguarding their health and safety, and cultivating a people-centered culture that enhances employees' sense of belonging and well-being.

Employee Recruitment / Talent Development / Employee Care Health and / Safety

Contributing to the UN SDGs:

Employee Recruitment

The Company prioritizes building a robust talent team by diversifying recruitment channels and optimizing management processes, thereby laying a solid human resources foundation for sustainable development. The Company strictly adheres to compliant employment practices and is committed to fostering a diverse, inclusive, and equitable work environment that safeguards employee rights.

Talent Introduction

Huadong Medicine strictly abides by 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 internal management policies such as the *Employee Handbook, Labor Contract Management Regulations*, and *Recruitment Management System* to ensure compliance throughout the hiring process. The Company upholds fairness and impartiality throughout the entire recruitment process, prohibits employment discrimination and child labor, improves recruitment transparency, and continuously optimizes the candidate experience.

Ensuring Fairness and Impartiality

Before job positions are published, the Company reviews all recruitment materials to ensure they do not contain discriminatory description. The Company avoids setting restrictive criteria based on gender, region, ethnicity, age, or educational background.

Preventing Child Labor

In the initial stage of recruitment, the Company identifies the age of the candidates through the information registration form filled by them. After selecting the candidates, the Company rigorously verifies their valid identity documents and age to avoid the accidental hiring of underage workers.

Enhancing Recruitment Transparency

The Company maintains the entire recruitment process transparent, which clearly outlines job requirements and assessment criteria to build trust and ensure transparency for all candidates.

Focusing on Candidate Satisfaction

The Company enhances candidate satisfaction by streamlining recruitment processes, providing timely feedback, improving communication transparency, and offering personalized engagement, thereby strengthening the Company's good employer brand.

Recruitment Process Management

The Company has developed diverse recruitment channels encompassing campus recruitment, social recruitment, and internal referrals, enabling it to identify and attract high-potential talents that suit the positions and build an excellent talent team to support the Company's high-quality development.

Campus Recruitment

- Organize campus recruitment roadshows at various universities to directly engage with fresh graduates and enhance employer branding.
- Leverage online publicity via multimedia platforms to disseminate recruitment information efficiently to students.
- Establish university-enterprise partnerships through structured corporate visit programs and career expansion initiatives, providing students with immersive opportunities to gain insights into the Company and available job positions.

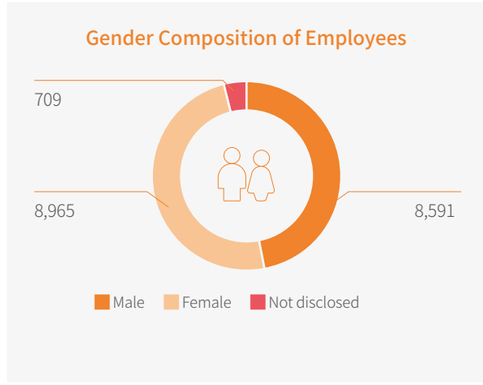
Social Recruitment

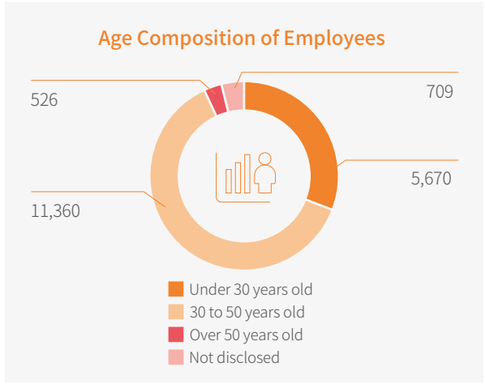
- Post job openings on external job boards to attract applicants and build a broad candidate pool, so as to enable efficient talent screening.
- Participate in on-site job fairs to engage with candidates face-to-face, gaining deeper insights into their professional backgrounds and skills, ensuring targeted alignment with role requirements.
- Collaborate with headhunting agencies to tap into their professional networks and resources, enabling us to attract top-tier industry professionals to drive innovation and strategic growth.

Internal Referral

- Encourage employees to actively participate in the internal referral program to select candidates that match the Company's culture and job requirements from the employees' point of view, so as to accurately introduce talents that are highly suitable for the Company's culture.

Talent Recruitment Channels





Note: The "undisclosed" status above refers to employees at overseas subsidiaries who have not disclosed their information due to privacy protection policies.

Protection of Employee Rights

Huadong Medicine embraces the concept of diversity and inclusiveness and is committed to safeguarding the rights and interests of its employees. The Company rigorously adheres to the *Special Regulations on the Labor Protection of Female Employees*, clearly outlining provisions for paid marriage leave, maternity leave, prenatal care leave and breastfeeding breaks for female employees within the employment framework. Dedicated nursing rooms are available for female employees during lactation to help them better balance work and family responsibilities, demonstrating the Company's care and accountability toward its female workforce. In addition, the Company enrolls female employees in local mutual medical assistance programs for serious illnesses to further protect their health.

Huadong Medicine is committed to fostering a warm, collaborative, and caring working environment, where every employee feels accompanied and supported. The Company values the well-being of employees and their families, with particular care for vulnerable groups. To institutionalize this commitment, the Company established the "Learning from Lei Feng Love Fund" and developed a comprehensive management mechanism to ensure its transparent, efficient, and fair use. In the event of emergencies affecting employees or their immediate family members, or injuries sustained during acts of bravery, the Company offers financial assistance based on the specific circumstances to help them overcome challenges. This initiative not only reflects the Company's genuine care for its employees but also exemplifies its social responsibility and commitment as a corporate citizen.

Talent Development

Huadong Medicine firmly believes that cultivating high-quality talent is the driving force for the Company's sustained and stable growth. The Company provides employees with well-defined career development paths and has established a comprehensive talent development framework to help enhance their capabilities and unlock their potential. Underpinned by a robust performance and compensation framework, the Company encourages employees to achieve professional fulfilment, stimulate organizational vitality, and foster shared growth.

Development and Training

Huadong Medicine continuously optimizes its employees career development framework to offer them well-defined career development opportunities. Based on individual characteristics and career aspirations, the Company has established a dual-channel career development path to support employees' options to specialize in certain field or to develop their managerial skills, thus helping them to achieve professional fulfilment. In 2024, the Company optimized its professional ranks grading system to provide employees with greater promotion opportunities and to provide stronger endogenous momentum for the Company's innovation and transformation.

The Company upholds the principle of self-cultivation and talent-first development and institutes internal policies such as the *Training Management Measures* and *In-house Trainer Management System* to ensure the effective operation of the talent development system. The Company has continued to promote its talent cultivation strategy encompassing leadership and management talent development, induction trainings for new employees, the "Voyage Program" for fresh graduates, development of key professional reserves and comprehensive talent development, all of which underpin the development and innovation of the Company's talent strategy.

To build a diverse and multi-tiered talent system, the Company has developed a scientific and well-structured training management framework that covers all employees, with tailored training programs for different talents. During the reporting period, the Company invested over RMB 5.36 million in training across 674 sessions, involving a total of 71,592 participants and achieving 100% training coverage[8].

For Management Level

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.

For Position Function

Priority is given to technical R&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.

For Business Type

For both traditional and emerging businesses, the Company regularly conducts talent reviews, training, and practical assignments to develop targeted business talents in R&D, quality assurance, sales and other domains, so as to support the sustained growth and global expansion.

For New Employees

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.

For Fresh Graduates

The "Voyage Program" helps graduates accelerate the school-to-work transition through values alignment, career mapping, and cultural immersion. 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.

Talent Training Management System

[8] Employee training data does not include the Company's overseas subsidiary Sinclair.

During the reporting period, the Company conducted training focused on management proficiency, business competence, and professional skills, using various formats to fully enhance employee development and support employees in realizing their career development ambitions. Additionally, the Company continued to expand training resources by developing a digital training infrastructure offering over 600 courses across professional, general, and managerial domains to all employees. This platform enables employees to conveniently and efficiently participate in training and strengthen their professional capacity, job competency, and competitiveness. In 2024, the Company used the platform to deliver new employee induction training, EHS safety education, quality regulation training, and management training, meeting the development needs of employees across different functions and roles.

Management Proficiency Enhancement Training

The Company implemented systematic management proficiency enhancement training programs tailored to management personnel at junior, middle, and senior levels. These programs combine online learning, on-site coaching and empowerment, internal knowledge sharing, and hands-on application delivery to strengthen their comprehensive competencies. In 2024, the program engaged approximately 600 participants. Through systematic training and empowerment, managers at all levels made significant improvements in management philosophy, methodological application, resource allocation and optimization, and team efficiency improvement, strongly supporting the Company's business growth.

Sales and Marketing Team Competency Enhancement Training

To improve market competitiveness, the Company offered blended online and on-site business competence training programs for all sales personnel and marketing teams. In 2024, these programs engaged over 48,000 participants, helping teams master advanced sales strategies, techniques, and market analysis skills, and enhancing their professionalism in customer service, further reinforcing the Company's competitive edge in the marketplace.

Skills Upgrading Training for Professional Positions

During the reporting period, the Company designed multidimensional professional skills training programs to enhance the expertise of R&D personnel, production technicians, and safety and quality teams. These programs combined internal expert-led sharing sessions with external industry lectures and encouraged employee participation in continuing pharmaceutical education and key professional certifications, improving the professional capabilities of the Company's R&D and technical teams and advancing drug development and technological innovation. Additionally, through multiple forms such as project-based learning and hands-on training, the Company further strengthened employees' quality management skills, supporting improvements in product quality and production efficiency. In 2024, skills upgrading series training for professional positions reached over 60,000 participants.

Remuneration and Performance

The Company is committed to establishing a fair and incentive remuneration system to attract and retain outstanding talents. The Company's remuneration framework includes fixed base pay, variable performance bonus, and supplementary project-specific bonuses, providing a comprehensive assessment of the business value created by employees. Meanwhile, to further stimulate employee innovation and enhance their engagement, the Company has introduced an equity incentive plan to share the fruits of the Company's development with its employees and to reward the core personnel who have made significant contributions to the Company's development.

Fixed Base Pay

Determined by job value, employee capability and performance, as well as market remuneration benchmarks

Variable Performance Bonus

Closely linked to individual performance assessments and comprehensively adjusted based on the Company's overall business performance and departmental performance

Project-specific Bonus

Linked to the achievement of key milestones in designated projects

Equity Incentives

Offered to core management and technical personnel, aligned with the Company's strategic business performance

Remuneration Structure

The Company sustains market-aligned compensation competitiveness through periodic benchmarking and tiered framework adjustments. Incentive schemes are strategically refined to prioritize value drivers: product pipeline development, achievement of R&D milestones, successful product commercialization, and cost optimization. These measures energize workforce participation in innovation cycles and operational excellence initiatives.

Performance Management

The Company implements a structured and transparent performance management framework and upheld a value-creation-oriented philosophy, ensuring that all employees' efforts and contributions are recognized and assessed fairly. Based on the results of scientific and reasonable performance assessment, the Company applies differentiated talent incentive mechanisms to maximize employee motivation so as to promote the continuous optimization of the overall efficacy of the team.

In addition, to ensure the fairness and transparency of the performance results, the Company implements a performance appeals system, providing employees with both online feedback and offline appeal channels to voice concerns and seek timely resolution when they have doubts about the performance results.

Performance Goal Setting

Set scientific performance goals based on employees past performance and career development plans

Performance Assessment

Combine the remarks of departmental managers and the daily performance of employees to comprehensively assess employee performance and make multi-dimensional assessments

Performance Feedback Meetings

Managers in each department conduct performance feedback meetings to recognize the contribution of employees' performance in a timely manner and to discuss ways to improve weak areas

Performance Improvement Guidance

For personnel who fail to meet performance goals, guide them to develop a written improvement plan and provide the necessary coaching

Performance Management Mechanism

Employee Care

Huadong Medicine always regards humanistic care as a key element of its corporate culture. The Company is committed to offering warmth and care through multiple dimensions by providing smooth communication channels, a wide array of employee benefit programs, and a rich variety of recreational activities, continuously enhancing employees' sense of belonging and happiness.

Communication and Support

The Company is dedicated to fostering an equitable, smooth, and efficient communication environment that encourages employees to express their views and contribute ideas to support the Company's long-term growth. The Company values every employee's voice, actively collects their feedback on team development and individual career progression, and continuously optimizes internal management based on their feedbacks.

Organizing Face-to-Face Dialogues Between Young Employees and Senior Executives

To implement the Company's development requirements of "anchoring strategic goals and consolidating systemic capabilities" and realize the vision of "strengthening team building and laying a solid foundation for development," the Company organized face-to-face dialogues between young employees and senior executives. These sessions focused on in-depth discussions around the Company's strategic development and employees' career planning and offered young employees a platform to engage in communication and provide suggestions, in order to comprehensively understand their expectations for the development of the Company and further enhance the Company's services for young talent.

The Company offers a wide range of welfare protection covering holiday benefits, health support, etc., fully reflecting its care and concern for employees. In terms of leave benefits, the Company strictly complies with all applicable laws and regulations to ensure employees can enjoy statutory holidays, marriage leave, bereavement leave, maternity and paternity leave, sick leave, and annual leave, safeguarding their right to take normal leave.

In terms of health care, the Company regularly publishes health-related popularization articles via the official WeChat account and organizes themed seminars and activities such as oral health education to enhance overall health awareness among employees. Furthermore, the Company provides employees with personalized and comprehensive health check-up packages annually and arranges one-on-one consultations with physicians for detailed explanations of examination results. In addition, the Company invites traditional Chinese medicine experts to its workplace to offer on-site health consultations and medical services, making healthcare more accessible to employees.

Health Seminars and Medical Benefits

In 2024, the Company partnered with the Hangzhou Occupational Disease Prevention and Treatment Hospital to host health seminars for young female employees on knowledge such as cervical cancer, shingles, and dog-bite prevention. The sessions aimed to raise female employees' awareness about cervical cancer, its causes, preventive measures, and the importance of HPV vaccination. Additionally, to meet the health needs of employees and their families, the Company worked with the hospital to provide 100 priority vaccination slots without lottery for the imported 9-valent HPV vaccine, further enhancing the employees' health protection.

Work-Life Balance

Huadong Medicine advocates work-life balance and actively promotes a harmonious and caring corporate culture. The Company has created dedicated leisure spaces for employees and regularly organizes a variety of cultural and sports activities to enrich their personal lives and relieve work-related stress. The Company is committed to improving the work experience of its employees and delivering warmth and care, helping them achieve better balance and development in both work and life.

The Building of "Huadong Artopia" Employee Culture Center

To enrich the cultural life of its employees, the Company has built a 1,000-square-meter employee culture center, "Huadong Artopia", at its headquarters. The center includes three major functional zones: a hobby and recreation area, a food and logistics area, and a mini-market area. As a second living space outside of work, "Huadong Artopia" not only fulfills employees' mental, cultural, and life needs, but also provides them with a place to relax and help them obtain more cultural-ethical pursuit.

Cuisine Experience Events Organized by the Canteen Logistics Team

In 2024, the Company's canteen logistics team organized a series of cuisine experience events that incorporated traditional festivals and seasonal characteristics, bringing employees a delightful dining experience. For example, during traditional holidays, the Company hosted activities such as distributing Tangyuan (glutinous rice balls), making zongzi (sticky rice dumplings), and preparing mooncakes. According to different seasons, the Company held food events including the "Hunan Cuisine Festival" and "Double Crab Festival." These experiences not only elevated the dining experience of the employees but also added joy to their daily lives, further boosting their sense of happiness.

Employee Fun Sports Day

The Company advocates the philosophy of "happy work, happy life" and encourages employees to participate in cultural and sports activities outside of work. During the reporting period, the Company successfully held a Fun Sports Day, which drew enthusiastic participation from 35 teams and 1,570 employees. The event fostered a joyful and relaxed atmosphere and enhanced the employees' sense of collective honor and team cohesion. Moreover, the event promoted communication between employees and collaboration between different business segments, further promoting the Company's corporate culture.

Health and Safety

Huadong Medicine adheres to a prevention-oriented safety management philosophy, with a strong commitment to safeguarding employee health. Supported by a comprehensive safety responsibility system and an occupational health management system, the Company implements work safety risk management and control and hazard inspection, strengthens the building of safety culture, and extends safety accountability to contractor management, striving to create a healthy and safe work environment.

Work Safety

Upholding the principles of work safety, Huadong Medicine strictly complies with the *Work Safety Law of the People's Republic of China*, the *Measures for the Management of Emergency Plans for Production Safety Accidents*, and other applicable laws and regulations in its areas of operation. The Company has established a mature safety management structure, with the Environment, Health, and Safety (EHS) Committee as the highest authority on EHS matters. The EHS Department is responsible for overseeing specific work safety initiatives. In order to fully implement the responsibility of work safety, the Company, in accordance with the *EHS (environment, occupational health, safety, and fire protection) Responsibility Management System*, has developed a work safety accountability system that clearly defines the division of responsibilities and EHS responsibility assessment at all levels.

To comprehensively identify and rectify weaknesses and potential hazards, the Company continues to advance the building of a dual-prevention mechanism for safety risk grading and control and hazard identification and management. This enables the Company to effectively manage and mitigate safety risks. In addition, the Company has adopted a refined and grid-based "building stewardship" safety management model to further enhance the frequency of hazard identification, embedding safety inspection responsibilities into grassroots positions and ensuring comprehensive and effective safety management.

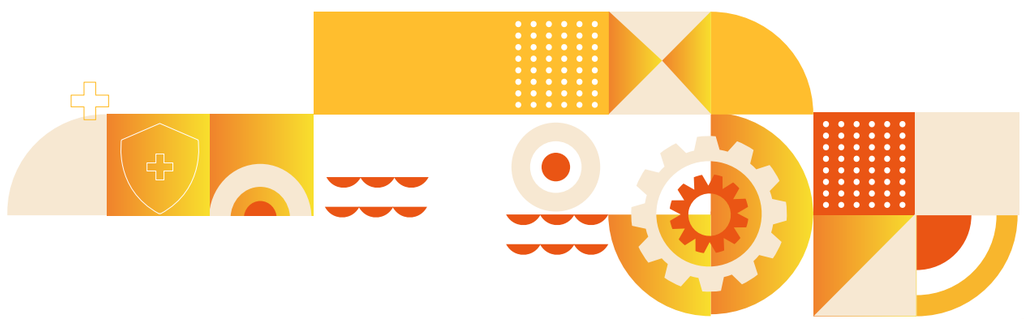
Safety Risk Grading and Control

- 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.

A Dual-prevention Mechanism



Implementation of the Building Stewardship Safety Management System

To improve the grassroots safety management level, Huadong Medicine has implemented the building stewardship safety management system for several consecutive years. This system aims to raise employees' EHS awareness, and optimize management and control of special work environments and resource allocation. Through meticulous and grid-based management, the building stewardship system fully leverages the coordination among building stewards, floor stewards, and frontline employees to ensure facility-wide safety. In 2024, the Company enhanced the building stewardship system by developing inspection checklists for building and floor stewards and clarifying their responsibilities, thereby improving overall safety awareness and reducing accident risks.

To effectively respond to emergencies in work safety, the Company has formulated and implemented the *Emergency Response Plan for Work safety Accidents*. The Company formulates an annual emergency drill plan at the beginning of each year to strengthen emergency preparedness and response capabilities. The Company sets up an emergency response team composed of core personnel from various departments, and conducts regular professional training to ensure familiarity with all types of emergency protocols.

Additionally, the Company has also continued to improve its emergency response system by developing detailed plans tailored to various types of incidents. These plans cover emergency command, on-site handling, personnel evacuation, and emergency supply coordination, etc. Besides, the Company conducts regular simulation drills based on real-life scenarios to test the feasibility and effectiveness of the plans, which are then refined accordingly to enhance emergency response efficiency.

The Company continuously promotes work safety education through themed studies, training for specific positions, safety-related sessions for management personnel, and case studies on behavioral safety, fostering a strong work safety awareness across the workforce. During the reporting period, the Company delivered work safety training to a total of 18,349 employees.

Themed Studies on Hazard Identification Standards

Interpreted national criteria for identifying hazards in major work safety accidents to raise safety awareness and enhance management competence for employees

Training for Specific Positions

Cooperated with the Hangzhou Emergency Training Center to provide customized training for employees handling hazardous chemicals and assisted them in obtaining relevant certifications

Centralized Studies for Management Personnel

Reinforced publicities on supervision management systems for core management personnel, familiarized them with safety inspection routes and safety priorities, and ensured they effectively fulfill supervisory responsibilities

Case Studies on Behavioral Safety

Analyzed past workplace injuries to provide training on workplace injuries accident prevention, reinforce safe operating procedures and self-protection awareness, so as to improve their safety awareness

Serious Trainings on Work safety

Occupational Health

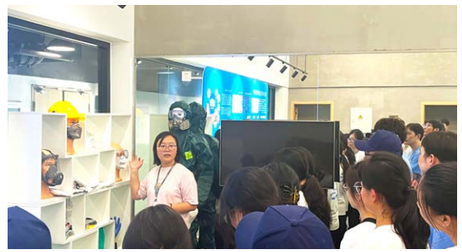
Protecting the occupational health and safety of employees is one of Huadong Medicine's core priorities. The Company has formulated policies such as the *Occupational Disease Hazard Monitoring and Assessment Management System* and the *Occupational Disease Hazard Emergency Response and Management System*, and has updated the *Personal Protective Equipment Management System* to provide comprehensive protection for employees' occupational health. In addition, the Company has established a clear accident management mechanism in accordance with the *Accident Reporting and Investigation Management System*, which clearly outlines the procedures for accident reporting and emergency response measures, ensuring closed-loop management of accident investigation and handling.

In 2024, the Company conducted assessments on the current status of occupational disease hazards, monitoring of its hazardous factors, and specialized inspections on occupational health. Employees in occupational health-related positions in all departments were scheduled for pre-employment, on-the-job, and pre-exit occupational health checks in accordance with regulatory requirements. To raise employee awareness of occupational health, the Company continued to deliver a wide range of occupational health education activities including public health lectures, on-site training, and skills competitions, fostering a strong cultural atmosphere of occupational health within the Company.

As a result of the robust occupational health and safety management, ten subsidiaries, including Zhongmei Huadong, Jiangdong Company, Xi'an Bohua, Jiuzhou Pharmaceutical, Jiangsu Joyang, Nanjing Nongda Animal Pharmaceutical, Meihua Hi-Tech, and Supply Chain Management (Wenzhou) Company, have been certified to ISO 45001 Occupational Health and Safety Management System.

Personal Protective Equipment Selection Training

During the reporting period, the Company organized personal protective equipment (PPE) selection training, covering the correct selection, usage, and maintenance of personal protective equipment. These sessions integrated occupational health and safety laws and regulations with knowledge of common occupational disease prevention, helping employees fully recognize the critical role of PPE in safeguarding occupational health. The training further encouraged employees to proactively use PPE, thereby improving their occupational health awareness and risk prevention capabilities.



Team-Based Safety Emergency Skills Competition

To deepen employees' understanding of safety culture and raise safety awareness across the Company, Huadong Medicine introduced an innovative safety education initiative in 2024 by hosting the first Team-Based Safety Emergency Skills Competition. Combining theoretical exams and practical drills, the competition comprehensively tested participants on various topics including safety culture, hazard identification, and emergency response. The competition attracted over 30 teams and more than 90 participants. Beyond assessing employees' emergency response skills, the competition served as a meaningful demonstration of the Company's commitment to practicing safety culture and laid a solid foundation for a safe and healthy workplace environment.

Contractor Safety Management

In terms of contractor safety management, Huadong Medicine has instituted regulations such as the *Construction Site Safety Management Implementation Plan* and the *Contractor Assessment Guidelines* to ensure the fulfillment of contractors' safety management responsibilities. In addition, the Company also holds regular contractor working meetings to convey and implement the safety management requirements of relevant parties in a timely manner.

To strengthen contractor safety awareness, the Company requires contractors to provide mobilization education and training programs for their personnel upon mobilization and to sign the *Safety Commitment*. This initiative promotes contractors' full understanding and rigorous compliance with safety regulations. In addition, the Company distributes Task Risk Analysis Cards to help contractors fully and conveniently identify the risks associated with special operations, thereby improving their risk control abilities during construction and ensuring operational safety and regulatory compliance.

05 Boundless Love and Warmth for Society

Society

Huadong Medicine remains steadfast in its mission to "contributing to the well-being of the public" and places the enhancement of people's well-being as its central purpose. The Company continues to focus on public health education, delivers the benefits of medical services to broader groups, and offer patients accessible and affordable healthcare solutions. Moreover, the Company is deeply committed to social welfare initiatives, collaborating with stakeholders to deliver care and compassion. By sharing cutting-edge technologies and collaborating with leading experts and industry partners, the Company contributes to injecting momentum into industrial development and social advancement.

Contributing to the Benefits of Healthcare / Promoting Public Health / Joint Community Engagement / Deepening Industry Collaboration

Contributing to the UN SDGs:

Contributing to the Benefits of Healthcare

Upholding its commitment to safeguarding public health, the Company not only provides patients with high-quality products and treatment solutions but also actively promotes drug accessibility and affordability. The Company continuously explores multi-tiered healthcare protection by accelerating the approval and market entry of various products, securing their inclusion in the catalog of medicines covered by national medical insurance, and supporting patient assistance programs. These efforts enable more patients to access effective treatment while alleviating their financial burden of drug use.

Promoting Product Access

Huadong Medicine continues to promote the application of its scientific research, advancing product launches across multiple diseases to benefit a wider patient population. The Company is committed to offering patients more ideal treatment options and improving their current treatment conditions, striving to bring new hope to their health.

In addition, the Company strongly supports medical insurance policies that benefit the public, helping to enhance drug accessibility and affordability so that more patients can access quality medicines. Following the release of the *List of drugs for national basic medical insurance, industrial injury insurance and maternity insurance (2024 Edition)*, a total of 46 approved core products and 16 strategic collaboration products of the Company have been included in the national medical insurance. Among them, Ustekinumab Injection, a newly listed drug in 2024, was positioned within the "Negotiated Drugs during the Agreement Period" section of the "2024 National Reimbursement Drug List", and Tacrolimus Granules were positioned within the "Bidding Drugs" section.

Ustekinumab Injection (Sailexin®) Approved for Market Entry

In November 2024, Ustekinumab Injection (Sailexin®), submitted by Zhongmei Huadong, was approved by the National Medical Products Administration to enter the market for the treatment of adults with moderate to severe plaque psoriasis. Sailexin® is a biosimilar to the originator product Stelara® (Ustekinumab Injection), and is the first approved Ustekinumab injection biosimilar in China. The marketing approval of Sailexin® is expected to bring more treatment options for psoriasis patients in China.

Mirvetuximab Soravtansine Injection (Elahere®) Approved for Market Entry

Platinum-resistant ovarian cancer is characterized by poor response to platinum-based chemotherapy and a short survival period, representing a significant unmet medical need. In November 2024, Mirvetuximab Soravtansine Injection (Elahere®), submitted by Zhongmei Huadong, was approved by the National Medical Products Administration for the treatment of folate receptor alpha-positive platinum-resistant ovarian cancer (PROC) in patients who have received one to three prior lines of systemic therapy. This marks another critical milestone in the development of Elahere® and is expected to provide a new treatment option for PROC patients in China.

Rilonacept for Injection (Arcalyst®) Approved for Market Entry

During the reporting period, rilonacept for injection (Arcalyst®), submitted by Zhongmei Huadong, was approved by the National Medical Products Administration for recurrent pericarditis and the treatment of adults and adolescents aged 12 years and older with cryopyrin-associated periodic syndromes (CAPS), including familial cold autoinflammatory syndrome (FCAS) and Muckle-Wells syndrome (MWS). The marketing approval of Arcalyst® is expected to bring more treatment options for CAPS patients in China.

Zevorcabtagene Autoleucel Injection (Saikaize®) Approved for Market Entry

In February 2024, Huadong Medicine partnered with CARsgen Therapeutics to secure the market approval in China for their BCMA-targeted CAR-T cell therapy, Zevorcabtagene Autoleucel Injection (Saikaize ®), developed through collaborative efforts. Huadong Medicine holds exclusive commercialization rights for this product in Mainland China. The therapy is indicated for the treatment of adult patients with relapsed or refractory multiple myeloma (RRMM) who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent.

Senaparib Capsules (Paxinor®) Approved for Market Entry

In January 2025, Zhongmei Huadong and Impact Therapeutics jointly developed Senaparib Capsules (Paxinor®) received market approval. The product is indicated for maintenance treatment in adult patients with advanced epithelial ovarian, fallopian tube, or primary peritoneal cancer who have achieved complete or partial response after first-line platinum-based chemotherapy. Zhongmei Huadong holds exclusive marketing rights for this therapy in Mainland China.

Safeguarding Patient Health

Remaining committed to a patient-centric approach, the Company focuses on the treatment needs of patients across different therapeutic areas and works proactively to promote their well-being. By launching and participating in a variety of patient care initiatives, the Company provides financial assistance to help more patients access timely treatment solutions, thereby improving their quality of life.

"Heartfelt Guardian" Patient Advocacy Program

To better support patients with rheumatoid arthritis (RA), ankylosing spondylitis (AS), and psoriatic arthritis (PsA), and to reduce the financial burden of treatment, the Company partnered with MediTrust-Health to launch the "Heartfelt Guardian" patient advocacy program to provide financial assistance to patients. Since its launch, the program has benefited more than 900 patients, with over 400 insurance claims processed, amounting to nearly RMB two million in reimbursement. The "Heartfelt Guardian" program has played a positive role in easing the financial burden on patients and effectively reducing the burden of patients' medication.

Since its launch, the program has

Benefited more than **900** **patients**

With over **400** insurance claims processed

Amounting to nearly RMB **2** **million** in reimbursement

Elahere for New Life - Ovarian Cancer Patient Care Program

On April 30, 2024, Mirvetuximab Soravtansine Injection (Elahere®) was approved for market entry by the Medical Products Administration of the Macao SAR. In September, under the *Guangdong-Hong Kong-Macao Greater Bay Area Drug and Medical Device Regulatory Innovation Development Work Plan*, the product was successfully introduced to designated hospitals under the policy of drug and medical device transit in Guangdong Province, making it accessible to the Greater Bay Area patients ahead of schedule and further improving drug accessibility.

This program is designed to provide partial financial assistance to Chinese citizens using Mirvetuximab Soravtansine Injection (Elahere®) in Mainland China, while also enhancing scientific education for patients suffering from the disease. Through a series of activities, the Company aims to reduce the burden on patients and help them develop self-management abilities.

Promoting Public Health

Huadong Medicine has committed itself to promoting healthy living, dedicating years of effort to advancing public health education. Leveraging its resource strengths and collaborating with industry experts and partners, the Company actively engages in public health promotion practices, striving to disseminate professional medical knowledge to diverse groups and foster greater public health awareness across society.

Upholding the Multi-Channel Popularization of Organ Transplantation

To fortify doctor-patient discourse and advance health education, Huadong Medicine launched *Flower of Life*, the first free public welfare literature in China dedicated to organ transplant donors and recipients. Since its debut in 2003, 72 issues have been published. The Company also operates the "Flower of Life" WeChat public account and "Flower of Life Broadcast" video platform, which use an "Internet + Health Education" model to share content on post-operative care, lifestyle, dietary habits, etc. These measures built a reliable and comprehensive healthy life information exchange platform for tens of thousands of organ transplant donors and recipients across China, helping them improve their health management skills.

Online Follow-up and Q&A for Organ Transplant Recipients

In 2024, Huadong Medicine partnered with the China Medicine Education Association to launch the "Flower of Life Scientific Follow-up Management Program for Organ Transplantation." Relying on a series of online seminars under the "Organ Transplant Recipient Health" banner, the program invited top transplant experts and key clinicians in the field of organ transplantation in China to deliver online popularization lectures and live Q&A sessions. The goal was to provide professional guidance, address real-world challenges faced by transplant recipients, and improve their quality of life. By the end of 2024, the program platform had hosted 696 Internet health-related sessions with over 2.11 million total views, promoting scientific follow-up and healthcare education in organ transplantation.

Implementation of Psychosomatic Health Popularization with the National Health Commission

Huadong Medicine partnered with the National Health Commission to launch the "Psychosomatic Health Promotion and Sleep Disorder Standardized Management Program." The initiative aims to standardize diagnosis and treatment protocols for clinical insomnia and psychosomatic disorders, contributing to the Healthy China initiative. Through the establishment of a dedicated popularization video platform, the program invited leading experts in psychosomatic medicine and mental health to record popularization videos and widely carry out public health education. As of now, these videos have been viewed tens of thousands of times, significantly raising public awareness of psychosomatic health and sleep disorders.

Ongoing Operation of the Citizens' Health Lifestyle Hall

Huadong Medicine actively participates in the construction of healthy city, and manages the Hangzhou Citizens' Health Lifestyle Hall, alongside large-scale public lectures to help the development of overall public health. In 2024, the hall hosted over 30 public health popularization activities, receiving more than 5,000 visitors. As a mental health popularization platform for nearby schools, communities, and families, it hosted 12 juvenile mental health popularization lectures and six community-based infectious disease prevention activities during the reporting period. The Hall also collaborated with regulatory authorities during events like "3・15" (World Consumer Rights Day) to carry out popularization and education campaigns on household medication, medical devices, and hepatitis prevention, making a meaningful contribution to improving public health literacy.

Supporting Community Accessible Free Medical Consultations for Health

Huadong Medicine's Hangzhou Xinglian Clinic collaborated with Tianshui Subdistrict in Gongshu District, Hangzhou, to carry out accessible health services for the community. During the Double Ninth Festival, the clinic provided free medical consultations to residents of Yanzhi New Village, addressing diverse healthcare needs of different groups. Additionally, the clinic organized AIDS diagnosis and preventive knowledge promotion activities in Tianshuiqiao Community to enhance residents' health awareness. These efforts not only provided convenient healthcare services for the residents but also raised public consciousness about health issues.

Joint Community Engagement

Huadong Medicine remains focused on the need for collaborative social development and fully supports China's rural revitalization. With a dedicated commitment to serving the public, the Company implements diverse welfare programs and volunteer initiatives to deliver practical assistance to community residents, fully demonstrating the Company's positive action and responsibility in community care.

The Company actively responds to the Spring Breeze Action donation campaign initiated by the Hangzhou Municipal Government, donating RMB 500,000 annually to the "Spring Breeze Action Special Account of Hangzhou Warmth Sending Project Foundation" to support people in need. In 2024, the Company's total external donations amounted to RMB 105 million, with employees contributing 436 hours of volunteer service during the year.

In 2024

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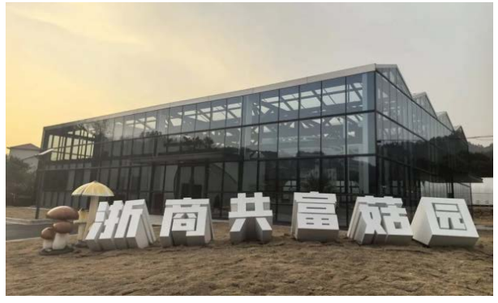
With employees contributing **436 hours** of volunteer service during the year

Spring Breeze Action Donation Certificate

Supporting the "Shared Prosperity Mushroom Farm" Project in Changshan County

Huadong Medicine is committed to actively supporting high-quality development and rural revitalization in mountainous, island, and rural counties. For years, the Company has backed the "Shared Prosperity Mushroom Farm" project in Changshan County, Zhejiang Province, to promote common prosperity in rural areas. The Company selected premium camellia oil from Changshan as a regular employee welfare product, purchased it for a long period of time and helped promote its characteristics such as health benefits and quality. This initiative not only increases income for local farmers in Changshan but also ensures food safety for the employees. This win-win collaboration between the Company and local communities exemplifies mutual benefit and shared growth, directly contributing to the achievement of common prosperity goals. In 2024, Huadong Medicine donated RMB 200,000 to the Zhejiang Changshan Zheshang Shared Prosperity Fund specifically for the development of the mushroom farm.



Community Volunteering Services Support Healthy Living

Huadong Medicine actively organizes Party member volunteer programs, encouraging Party teams to give full play to their occupational capabilities or skills and enthusiastically serve the public. During the 2024 Party Member Service Week, more than 30 Party member teams spontaneously engaged in neighboring community service activities, including bone density screenings, hypertension prevention publicity, oral health consultations and other physical health services, as well as small appliance repair, free haircuts, traffic safety publicity and other life services. Across these efforts, Party member volunteers stayed true to their mission of "serving the people," contributing over 50 hours of volunteer service in total.

Laba Festival Porridge Distribution – Spreading Warmth in the Community

During the traditional Chinese Laba Festival, the Company organized several employee volunteers to carry out the "Laba Porridge Delivery" activity, distributing free Laba porridge to the residents of neighboring streets, the Disabled Persons' Federation of the District, the Political and Legal Committee, the Traffic Police, the Fire Department and other units and staffs, benefiting about 3,000 people. The company's employee volunteers served enthusiastically, sending holiday greetings and blessings to the community residents and frontline staff. The porridge delivery activity conveyed the warmth of traditional festivals, demonstrated the Company's care for the community, further strengthened the bond between the enterprise and the community, and created a harmonious and friendly social atmosphere.

Deepening Industry Collaboration

With the concept of openness and innovation, Huadong Medicine, with its leading innovations and rich experience in the industry, actively collaborates with the global academia and industry to promote the development of the industry. The Company proactively engages in in-depth exchanges in the industry, fosters consensus and synergy from all parties, and works alongside leading experts to promote interdisciplinary collaboration. Through close collaboration with industrial partners, the Company injects new momentum into the development of the industry and continues to enhance its industry influence and cooperation value.

Promoting Industry Breakthroughs and Innovation Leadership Through Academic Exchanges

While accelerating innovative drug R&D, Huadong Medicine actively shares its research progress and innovation outcomes with the broader industry. Since 2024, the Company's innovation teams have published 22 journal articles or conference papers in the fields of oncology, endocrinology/metabolism, and autoimmune diseases. Notably, research results from projects HDM1002 and HDM2006 were published in the prestigious Journal of Medicinal Chemistry. The preclinical research results of HDM1005, a long-acting dual GLP-1/GIP receptor agonist, were selected for an oral presentation at the 2024 EASD Annual Meeting, and its Phase I clinical research results were selected for an oral presentation at the 2025 ADA Annual Meeting. In addition, the Phase III clinical research results of Semaglutide injection and the Phase Ib clinical research results of HDM1002 were selected as the POSTER at the 2025 ADA Annual Meeting. Research on a small-molecule STING inhibitor was selected as the POSTER at the 2024 ECI Festival; research on a targeting HPK1 PROTAC was selected as the POSTER at the 2024 AACR Annual Meeting; and the research on HDM2004, an oral small-molecule HPK1 inhibitor, was selected as the POSTER at the 2024 CIMT Annual Meeting. The positive results from the Phase III pivotal clinical research (HDHY-MHTN-III-1907) of Mefatinib were selected as the POSTER at the 2024 ASCO Annual Meeting, and the study of HDM2010, an oral PTPN2 small-molecule inhibitor, was included in the 2024 ASCO Annual Meeting abstract. The preclinical study of HDM2005, a targeting ROR1 antibody conjugate frug, was selected as the POSTER at the 2024 World ADC Asia. Preclinical research results of HDM2020 and HDM2012 were selected as the POSTER at the 2024 World ADC San Diego. Additionally, preclinical research results of HDM2006, HDM2022, HDM2012, HDM2017, and HDM2020 have all been selected as the POSTER at the 2025 AACR Annual Meeting. Preclinical research results of HDM2025, a pan-KRAS antitumor degrader, has been selected as the POSTER at the 2025 ASCO Annual Meeting. Furthermore, DR10624, an Fc-fusion protein drug independently developed by the Company's subsidiary Doer Biologics and the world's first-in-class triple agonist targeting GLP-1R, GCGR, and FGFR1c/Klothoβ (FGF21R), had its clinical research results selected for the Late-Breaker at the 2025 EASL Congress, while its nonclinical research results were selected as the POSTER.

Huadong Medicine's independently developed research results have been increasingly recognized by the international academic community. Since 2022, a total of 31 innovative research results have been published in authoritative journals or presented at academic conferences, fully demonstrating the Company's continuous progress in independent innovation. It also marks a systematic breakthrough in its innovation-driven transformation strategy.

Supporting the Establishment of the Group Standard for Medical Polylactic Acid

Huadong Medicine actively contributes to the field of medical polylactic acid (PLA) materials, helping the industry break through bottlenecks. In 2024, leveraging its extensive experience managing pharmaceutical regulatory affairs, its holding subsidiary Hibe deeply participated in the establishment of the group standard for *High-Performance Medical Polymer Materials Polylactic Acid* and provided professional insights into the scientific rigor and practical applicability of the standard. The standard is the first specialized group standard for medical-grade PLA in China, which standardizes the synthesis and modification of PLA, enhances its biological safety, and promotes its widespread application across a variety of sectors, thus boosting the high-quality development and innovation of related industries.


浙江生泰材料科技有限公司：

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中国国际经济技术合作促进会标准化工作委员会

二零二四年十二月

Amplifying Medical Aesthetics Impact: Global Exhibitions & Academic Synergy

In 2024, Huadong Medicine participated in the Sinclair 2024 WEM Asia-Pacific Medical Subconference, where it co-released the ELLANSÉ Asia-Pacific Consensus with several experts. Apart from integrating 16 years of clinical application experience of ELLANSÉ, the consensus also comprehensively describes the five core advantages of ELLANSÉ from the perspective of the needs of Asia-Pacific beauty seekers, providing industry practitioners with refined and scientific application guidelines for different needs. At the event, Huadong Medicine actively shared its industry experience and contributed its industry insights to promote the standardized application of ELLANSÉ in the Asia-Pacific region.

In 2024, Sinclair (Shanghai) established an academic collaboration with Harvard Medical School-Massachusetts General Hospital on the "Asian Virtual Magic Wand" program. The project was successfully launched in March 2025, accompanied by an academic exchange event held at Harvard University. Serving as a bridge, this project brings together world-leading scholars, clinicians, researchers, and industry leaders from various countries. Apart from promoting international academic exchange, it also enhanced the global presence of Chinese doctors in the field of aesthetic medicine, expanded access to safe and effective treatments, and actively advanced the development of the global aesthetic medicine industry.

The Company remains committed to a "medicine-first" approach in its aesthetic medicine business. In 2024, the Company hosted hundreds of offline medical training and educational events, reaching over 5,000 doctors. Its online education platform recorded more than 120,000 visits from doctors during the year. A total of 13 academic journal articles were published, including eight SCI journals. As of the end of 2024, the number of officially partnered hospitals for Ellansé® exceeded 1,000, and more than 1,000 doctors had received official training and certification. Through cross-sector brand engagement activities, Ellansé® continues to strengthen its brand image, reinforce its premium market positioning, and earn wide recognition among consumers. The brand's influence and competitiveness within the industry are steadily increasing.

Looking Ahead

Huadong Medicine will continue to prioritize sustainable development, unwaveringly advance its Environmental, Social and Governance (ESG) agenda, and be committed to pioneering green transformation and social responsibility in the pharmaceutical industry. We will promote the harmonious coexistence of the Company with society and the environment through technological innovation, resource optimization, and social contribution, creating a better future for employees, shareholders, customers, and society.

In terms of environmental protection, we will continue to adhere to the philosophy of "green development and ecological harmony," further optimize our environmental management system, enhance resource utilization efficiency, and actively respond to the challenges posed by climate change. Going forward, we will continue to promote the application of clean energy, drive the green and low-carbon transformation, and build an environmentally friendly and resource-efficient enterprise to safeguard our green ecological homeland.

In terms of product responsibility, we uphold the philosophy of innovation-driven development and quality-assured service, continuously increasing investment in innovation to drive the R&D and market launch of more innovative drugs. Additionally, we will strengthen intellectual property protection to ensure our leading position in technological innovation. Moreover, by collaborating with leading domestic and international enterprises, we will build a global R&D ecosystem and promote the sustainable development of the pharmaceutical industry.

In terms of employee care, we remain committed to sincerely safeguarding our employees and conveying the care of the Company. We will increase our investment in training related to digitalization and innovation to help employees enhance their skills and adapt to future work requirements. Furthermore, we will build a multi-dimensional talent development system to stimulate employees' innovation vitality and sense of identity with the Company, ensuring the long-term retention and development of core talent.

In terms of social responsibility, we will uphold our mission of "contributing to the well-being of the public," continue to promote public health, support accessible medical care, and improve the accessibility and affordability of medicines. Looking ahead, we will promote the inclusion of more innovative drugs into the catalog of medicines covered by national medical insurance, and enhance public health awareness through patient assistance programs and public health education. We will also continue to carry out charitable programs to provide patients with comprehensive health management support and promote the equal distribution and deeper availability of healthcare resources.

With firm determination and concrete actions, Huadong Medicine will fully implement the concept of sustainable development, actively fulfill its social responsibilities, and promote the high-quality development of the Company, striving to set a benchmark in green transformation and social responsibility in the pharmaceutical industry.

Annexes

Annex I Performance Data

Indicator	Unit	2024
Economic		
Operating revenue	RMB 100 million	419.06
Year-on-year growth rate of operating revenue	%	3.16
Net profit attributable to shareholders of the listed company	RMB 100 million	35.12
Year-on-year growth of net profit attributable to shareholders of the listed company	%	23.72
Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses	RMB 100 million	33.52
Year-on-year growth of net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses	%	22.48
Governance		
Number of the General Meetings of Shareholders	/	3
Number of the Board of Directors	Person	9
Number of female directors	Person	3
Number of legal training sessions conducted	/	63
Total hours of legal training	Hour	87
Number of participants in legal training	Person-times	13,636
Total attendance of legal personnel in legal training	Person-times	187
Number of training sessions on anti-monopoly and anti-unfair competition	/	44
Total hours of training on anti-monopoly and anti-unfair competition	Hour	82
Number of participants in training on anti-monopoly and anti-unfair competition	Person-times	8,195
Number of lawsuits or major administrative penalties arising from unfair competition	/	0
Number of concluded lawsuits involving corruption	/	0
Environmental		
Environmental governance investment	RMB 10,000	5,936.09
Number of employees receiving environmental training (internal/external)	Person	2,365
GHG Emission		
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	186,953.80
Total GHG intensity (Scope 1 + Scope 2)	tCO_2e / RMB per million (revenue)	4.46
Direct Scope 1 GHG emissions	tCO_2e	15,594.79
Indirect Scope 2 GHG emissions	tCO_2e	171,359.01
Energy Consumption		
Comprehensive energy consumption	tce	49,860.66
Comprehensive energy consumption intensity	tce / RMB per million (revenue)	1.19
Direct Energy Consumption		
Natural gas	Cubic meter	6,692,675.00
Diese[9]	Ton	238.88
Gasoline[10]	Ton	120.83
Liquefied petroleum gas	Ton	1.70
Indirect Energy Consumption		
Purchased electricity	MWh	222,003.69
Purchased steam[11]	GJ	375,942.26
Renewable Energy Consumption		
Purchased green power	MWh	15,000
Water Resource Consumption		
Total water consumption	Ton	70,189,302.05
Water consumption rate	Ton / RMB per million (revenue)	1,674.93
Circular Economy		
Packaging material consumption	Ton	7,969.22
Non-recyclable packaging material consumption	Ton	7,701.91
Recyclable packaging material consumption	Ton	267.31
Recycled packaging materials	Ton	171.96

[9] The statistical criteria for diesel data have been updated to encompass all subsidiaries (excluding overseas subsidiaries). Diesel consumption increased due to a rise in the number of transportation trips and cargo volume. Meanwhile, the Company optimized its statistical methods and revised the 2023 data accordingly.

[10] In 2023, the statistical scope for gasoline data covered Zhongmei Huadong and the Industrial Microbiology Subsidiary. In 2024, Huadong Medicine updated its data reporting scope to include all subsidiaries (excluding overseas subsidiaries). Meanwhile, the Company optimized its statistical methods and revised the 2023 data accordingly.

[11] In 2024, the total volume of purchased steam increased as several subsidiaries expanded production. Meanwhile, the Company optimized its statistical methods and revised the 2023 data accordingly.

Indicator	Unit	2024
Wastewater Discharge[12]		
Total wastewater discharge	Ton	2,213,019.51
Wastewater discharge intensity	Ton / RMB per million (revenue)	52.81
Major Wastewater Pollutants		
Chemical oxygen demand (COD)	Ton	268.74
Ammonia nitrogen	Ton	5.07
Other key water pollutants (Total Nitrogen)	Ton	11.65
Waste Gas Emission[13]		
Total waste gas emissions	10,000 cubic meters	412,145.48
Waste gas emission intensity	10,000 cubic meters / RMB per million (revenue)	9.84
Major air pollutant-SO_2	Ton	0.65
Major air pollutant-NO_x	Ton	9.90
Major air pollutant-VOC_s	Ton	13.81
Waste Disposal[14]		
Quantity of general waste generated	Ton	19,544.01
General waste production intensity	Ton / RMB per million (revenue)	0.47
Quantity of general waste recycled	Ton	13,695.41
Quantity of hazardous waste generated	Ton	7,378.62
Quantity of hazardous waste landfilled	Ton	43.94
Quantity of hazardous waste incinerated	Ton	6,460.52
Quantity of hazardous waste recycled	Ton	538.62
Quantity of hazardous waste other treatment	Ton	286.76
Hazardous waste production intensity	Ton / RMB per million (revenue)	0.18

[12] In 2023, the statistical scope for wastewater discharge data covered five key polluting entities: Zhongmei Huadong, Jiangdong Company, Xi'an Bohua, Jiangsu Joyang and Wuhu Huaren. In 2024, Huadong Medicine updated its data reporting scope to include all subsidiaries (excluding overseas subsidiaries).

[13] In 2023, the statistical scope for waste gas emission data covered five key polluting entities: Zhongmei Huadong, Jiangdong Company, Xi'an Bohua, Jiangsu Joyang and Wuhu Huaren. In 2024, Huadong Medicine updated its data reporting scope to include all subsidiaries (excluding overseas subsidiaries).

[14] In 2023, the statistical scope for Waste Disposal data covered five key polluting entities: Zhongmei Huadong, Jiangdong Company, Xi'an Bohua, Jiangsu Joyang and Wuhu Huaren. In 2024, Huadong Medicine updated its data reporting scope to include all subsidiaries (excluding overseas subsidiaries).

Indicator	Unit	2024
Social		
R&D and Innovation		
R&D investment (Excluding Equity Investments)	RMB 100 million	26.78
Number of R&D personnel	Person	1,864
Proportion of R&D personnel	%	12.44
Educational Background of R&D Personnel		
Doctoral degree	Person	106
Master's degree	Person	569
Bachelor's degree	Person	898
Under bachelor's degree	Person	291
Age Structure of R&D Personnel		
Under 30 (exclusive)	Person	540
30-40 (inclusive of 30 and 40)	Person	1,023
Above 40 (exclusive)	Person	301
Patent Grants		
Cumulative number of granted patents	/	825
Cumulative number of granted invention patents	/	537
Cumulative number of granted utility model patents	/	246
Cumulative number of granted design patents	/	42
Cumulative number of granted software copyrights	/	16
Number of newly granted patents	/	90
Number of newly granted invention patents	/	64
Number of newly granted utility model patents	/	19
Number of newly granted design patents	/	7
Number of newly granted software copyrights	/	2
Cumulative trademarks registered	/	654
Number of recognized high-tech enterprises	/	9
Quality and Safety		
Number of quality risk assessments conducted	/	920
Number of internal quality audits conducted within the year	/	189
Number of participants in quality and safety training	Person-times	106,494

Indicator	Unit	2024
Total hours of quality and safety training	Hour	10,508
Number of product safety and quality incidents	/	0
Data Security and Privacy Protection		
Number of information security training sessions for employees	/	15
Number of employees participating in information security training	Person	483
Customer Rights Protection		
Number of customer complaints	/	316
Number of resolved complaints	/	313
Complaint resolution rate	%	99.05
Supply Chain Management		
Number of suppliers	/	8,693
Number of domestic suppliers	/	8,482
Number of overseas suppliers	/	211
Number of training sessions on supplier quality issues	/	13
Number of suppliers certified with ISO 9001	/	197
Number of suppliers certified with ISO 14001	/	152
Number of suppliers certified with ISO 45001	/	52
Employee Management		
Number of employees by the end of reporting period	Person	18,265
Number of new employees	Person	4,541
Number of new male employees	Person	2,382
Number of new female employees	Person	2,159
Employee Composition		
Production personnel	Person	1,592
Sales personnel	Person	11,571
Technical personnel	Person	2,906
Financial personnel	Person	329
Administrative personnel	Person	1,471
Unspecified	Person	396
Educational Background of Employees		
Master's degree and above	Person	1,535
Bachelor's degree	Person	8,054
Vocational/technical diploma	Person	7,151
Under vocational/technical level	Person	816
Unspecified	Person	709
Gender Distribution of Employees		
Male	Person	8,591
Female	Person	8,965
Unspecified	Person	709
Age Structure of Employees		
Under 30	Person	5,670
30-50	Person	11,360
Over 50	Person	526
Unspecified	Person	709
Employee Diversity		
Number of ethnic minority employees	Person	888
Number of employees with disabilities	Person	77
Employee Turnover		
Total number of turnover employees	Person	3,438
Total employee turnover rate	%	20.33
Employee Training and Development		
Employee training and development expenditure	RMB	5,367,691
Number of training sessions for career development and skill improvement	/	674
Total training participants	Person-times	71,592
Percentage of employees receiving training	%	100
Total training hours	Hour	375,680
Average annual training hours per employee	Hour	21
Number of female trainees	Person	8,965
Proportion of female trainees	%	51.07
Number of male trainees	Person	8,591
Proportion of male trainees	%	48.93
Total training hours for female employees	Hour	197,256

Indicator	Unit	2024
Average training hours for female employees	Hour	22
Total training hours for male employees	Hour	178,424
Average training hours for male employees	Hour	21
Employee Rights, Interests and Benefits		
Labor contract signing rate	%	100
Social insurance coverage rate	%	100
Number of employees taking maternity leave	Person	378
Return-to-work rate after maternity leave	%	100
Number of employees taking parental leave	Person	426
Return-to-work rate after parental leave	%	100
Occupational Health and Safety		
Coverage rate of occupational injury insurance for employees	%	100
Occupational injury insurance premiums[15]	RMB	11,911,649.75
Coverage rate of physical examinations for employees exposed to occupational disease hazard factors	%	100
Coverage rate of physical examinations for employees	%	94.91
Total hours of employee safety training	Hour	68,008
Number of person-times of employee safety training	Person-times	18,349
Number of safety emergency drills	/	234
Public Welfare		
Public welfare investment	RMB 100 million	1.05
Number of participants in public/volunteer activities	Person-times	189
Total hours of public/volunteer activities	Hour	436

[15] Huadong Medicine optimized the reporting methodology for occupational injury insurance expenditures in its 2024 ESG report, adopting accounting standards fully aligned with its annual financial statements. Under the revised framework, the 2023 occupational injury insurance premiums amounted to RMB 7,710,513.57 (consistent with the audited figures in the Company's 2023 Annual Report). This adjustment solely enhances ESG disclosure granularity without modifying accounting policies or requiring historical data restatement.

Annex II Shenzhen Stock Exchange Guidelines No. 17 for Self-Regulation of Listed Companies - Sustainability Reporting (Trial)

Dimension	Number	Topic	Chapters and Sections
Environmental	1	Climate change tackling	Actions against Climate Change
	2	Pollutant emission	Emissions Management
	3	Waste disposal	Emissions Management
	4	Ecological and biodiversity protection	Environmental Management
	5	Environmental compliance management	Environmental Management
	6	Energy usage	Actions against Climate Change
	7	Usage of water resources	Green Operations
	8	Circular economy	Green Operations
Social	9	Rural revitalization	Joint Community Engagement
	10	Contributions to the society	Contributing to the Benefits of Healthcare Promoting Public Health Joint Community Engagement Deepening Industry Collaboration
	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	Stakeholders Engagement
	20	Anti-commercial bribery and anti-corruption	Business Ethics
	21	Anti-unfair competition	Business Ethics

Annex III GRI Standards Index

Statement of Use	Huadong Medicine has reported with reference to the GRI Standards from January 1, 2024, to December 31, 2024.
GRI 1 Applied	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	Annex I Performance Data
	2-8 Workers who are not employees	Annex I Performance Data
	2-9 Governance structure and composition	Governance Framework
	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	Governance Framework
	2-13 Delegation of responsibility for managing impacts	Governance Framework
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance
	2-15 Conflicts of interest	Business Ethics
	2-16 Communication of critical concerns	Stakeholders Engagement
	2-17 Collective knowledge of the highest governance body	Governance Framework
	2-18 Evaluation of the performance of the highest governance body	ESG Governance
	2-19 Remuneration policies	Remuneration and Performance
	2-20 Process to determine remuneration	Remuneration and Performance
	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
	2-24 Embedding policy commitments	Business Ethics
	2-25 Processes to remediate negative impacts	Business Ethics
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics
	2-27 Compliance with laws and regulations	All sections
	2-28 Membership associations	All sections
	2-29 Approach to stakeholder engagement	Stakeholders Engagement
	2-30 Collective bargaining agreements	Communication and Support
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Double Materiality Analysis
	3-2 List of material topics	Double Materiality Analysis
	3-3 Management of material topics	Double Materiality Analysis
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annex I Performance Data
	201-2 Financial implications and other risks and opportunities due to climate change	Strategy
	201-3 Defined benefit plan obligations and other retirement plans	Communication and Support
	201-4 Financial assistance received from government	Not disclosed due to confidentiality requirements
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed due to confidentiality requirements
	202-2 Proportion of senior management hired from the local community	Information not available
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Contributing to the Benefits of Healthcare Promoting Public Health Joint Community Engagement Deepening Industry Collaboration
	203-2 Significant indirect economic impacts	Contributing to the Benefits of Healthcare Promoting Public Health Joint Community Engagement Deepening Industry Collaboration
GRI 204: Procurement Practices 2016	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
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such legal actions
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Annex I Performance Data
	301-2 Recycled input materials used	Circular Economy
	301-3 Reclaimed products and their packaging materials	Circular Economy

GRI Standard	Disclosure	Location
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Annex I Performance Data
	302-2 Energy consumption outside of the organization	Annex I Performance Data
	302-3 Energy intensity	Annex I Performance Data
	302-4 Reduction of energy consumption	Strategy
	302-5 Reductions in energy requirements of products and services	Strategy
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Wastewater Management Water Resource Utilization
	303-2 Management of water discharge-related impacts	Wastewater management
	303-3 Water withdrawal	Water Resource Utilization
	303-4 Water discharge	Wastewater management
	303-5 Water consumption	Water Resource Utilization
GRI 304: Biodiversity2016	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 affectedby operations	No such species
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Annex I Performance Data
	305-2 Energy indirect (Scope 2) GHG emissions	Annex I Performance Data
	305-3 Other indirect (Scope 3) GHG emissions	Not collected
	305-4 GHG emissions intensity	Annex 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_x), sulfur oxides (SO_x), and other significant air emissions	Waste Gas Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Management of Wastes
	306-2 Management of significant waste-related impacts	Management of Wastes
	306-3 Waste generated	Management of Wastes
	306-4 Waste diverted from disposal	Management of Wastes
	306-5 Waste directed to disposal	Management of Wastes
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 Standard	Disclosure	Location
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annex 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	Annex I Performance Data
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Uninvolved
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	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	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	Development and Training
	404-2 Programs for upgrading employee skills and transition assistance programs	Development and Training
	404-3 Percentage of employees receiving regular performance and career development reviews	Development and Training
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 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 Standard	Disclosure	Location
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	Strategy
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Strategy
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

Annex 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

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 ☐ Materials Management
☐ Water Resource Utilization ☐ Pollution Control

- Corporate Social Responsibility

☐ Labor Relations Management ☐ Employee Training and Development ☐ Occupational Health and Safety ☐ R&D and Innovation
☐ Product Responsibility ☐ Protection of Customers' Rights and Interests ☐ Information Security and Privacy Protection
☐ Responsible Supply Chain ☐ Product Accessibility

- Corporate Governance

☐ Protection of Shareholders' Rights and Interests ☐ Governance Strategy and Organizational Structure ☐ Business Ethics
☐ Tax Governance ☐ Risk Management ☐ Quality of Information Disclosure ☐ ESG 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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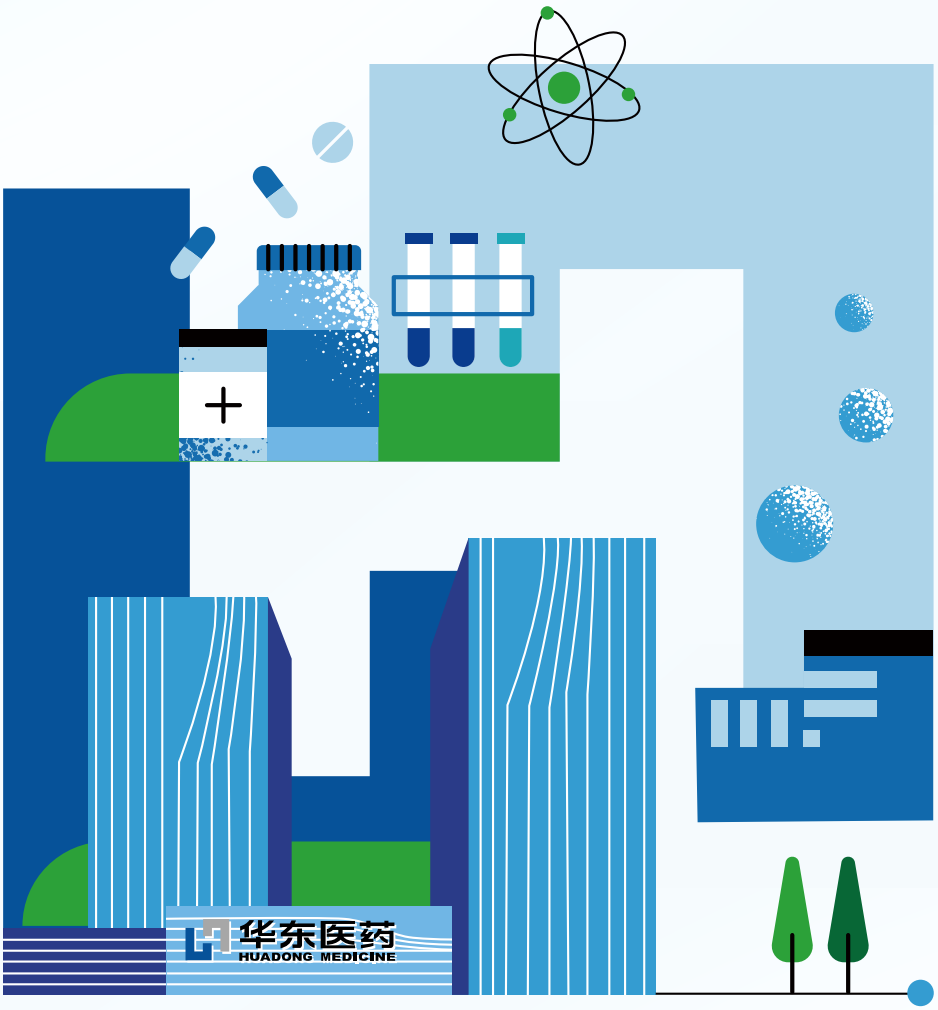

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