

CR SANJIU SUSTAINABILITY AND ESG REPORT 2025

China Resources Sanjiu Medical & Pharmaceutical Co., Ltd.



CR
SANJIU

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ESG assurance statement



To: Stakeholders of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd..

China Quality Certification Centre Co., Ltd.(CQC), commissioned by China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. (hereinafter referred to as CR Sanjiu), conducted the independent assurance of CR SANJIU 2025 SUSTAINABILITY AND ESG REPORT (hereinafter referred to as the ESG report).

CR Sanjiu was responsible for collecting, summarizing, analyzing, and disclosing the information and data mentioned in the ESG report. CQC implemented report verification within the scope specified in the agreement with CR Sanjiu. CR Sanjiu is the designated user of this statement.

This statement was based on the assurance activities conducted on the ESG report prepared by CR Sanjiu with reference to the Guidelines for Social Responsibility of Central Enterprises issued by the State-owned Assets Supervision and Administration Commission (SASAC), Shenzhen Stock Exchange Self-Regulatory Guidelines No. 3 – Preparation of Sustainable Development Reports for Listed Companies, Shenzhen Stock Exchange Self-Regulatory Guidelines No. 17 – Sustainable Development Reports for Listed Companies (Trial Implementation), and with reference to the Global Reporting Initiative (GRI) Standards, and the CASS-ESG 6.0 Pharmaceutical Manufacturing Guidelines by the Chinese Academy of Social Sciences. It also references the ESG Reporting Indicator System for Central State-Owned Enterprises' Listed Companies by SASAC. CR Sanjiu is responsible for the authenticity, accuracy, and completeness of the report content.

Scope of Assurance

The key data and information disclosed in the CR SANJIU 2025 SUSTAINABILITY AND ESG REPORT.

Basis for Assurance

AA1000 v3, Type 2, Moderate Assurance

Assurance Methods

The methods used in this assurance include but are not limited to:

- a) Report review;
- b) Interviews;
- c) Verification of documents, records, certificates, bills, and other materials;
- d) Trusted information source verification;
- e) Verification against disclosure basis;
- f) Recalculation/estimation; and
- g) Confirmation of statistical, calculation/estimation processes.

Limitations

- This assurance was conducted using sampling methods based on quantitative and qualitative risk analysis and the sampling scope was limited to the data and information selected in the ESG report, not fully tracing or independently recalculating all raw data of CR Sanjiu.
- This assurance only covered interviews and/or document review with CR Sanjiu, and did not involve external stakeholders.
- The data and information audited/verified by a third party in the ESG report were not subject to repeated verification during this assurance process.
- Some of the data and information in the ESG report cannot be compared and verified through independent sources. This assurance only evaluated their reasonableness.
- Activities outside the scope of information disclosure were not included in this assurance.
- The statement regarding the position, viewpoints, goals, future development directions, and commitments of CR Sanjiu was not included in this assurance.



Statement on Independence and Verification Capability

China Quality Certification Centre Co., Ltd.(CQC) is a third-party certification body with independent legal status, possessing professional qualifications and experience in providing in this assurance process, and possesses the technical capabilities and industry-specific knowledge required to conduct ESG/ESG report assurance, in compliance with the requirements of AA1000 Assurance Standard v3 for an assurance provider. The assurance team is composed of experienced AA1000 Practicing Certified Sustainability Assurance Practitioners (PCSAP), CCAA (China Certification and Accreditation Association) registered quality, environment, energy, occupational health and safety, compliance, anti-bribery and other management system auditors and APSCA (Association of Professional Social Compliance Auditors) registered auditors.

CQC ensured that there were no conflicts of interest with CR Sanjiu and its stakeholders during the assurance process of this report. All information in the ESG report was provided by CR Sanjiu. CQC and the personnel conducting this assurance of the ESG report were not involved in the preparation process of the ESG report.

Assurance Conclusions

The ESG report reflects the ESG performance of CR Sanjiu in 2025, which meets the requirements of AA1000 v3 and AA1000AP:

Inclusivity: CR Sanjiu has identified both internal and external stakeholders, including government/regulatory agencies, customers, employees, shareholders/executives/investors, partners, non-profit organizations, peer enterprises, and community members of the public. In the report preparation process, the expectations and needs of stakeholders have been considered.

Materiality: Based on the analysis process of identifying dual importance issues, by analyzing the standards and policy requirements of sustainable development management at home and abroad, scientifically conducting industry benchmarking, combining with the actual situation and development strategy of the enterprise itself, comprehensively considering resource market prices, trend forecasts, company costs in previous years, and non-concession factors of benefits, CR Sanjiu formed a list of ESG issues for this year, and the importance ranking of the issues is confirmed.

Responsiveness: CR Sanjiu has established a governance structure, management system and processes, as well as a communication mechanism with stakeholders, capable of taking action to respond to the material issues of high importance and impact on CR Sanjiu and its stakeholders.

Impact: Through quantitative or qualitative methods, or a combination of both, CR Sanjiu has disclosed the main impacts on itself and its stakeholders in terms of ESG.

Specific performance information: Based on the process and results of this assurance, we have not found any deficiencies in the reliability and quality of key data and information in the ESG report.

Recommendations

The specific opinions regarding the assurance of this report have been communicated to the management of CR Sanjiu in written form and will not be further elaborated in this section.



President of CQC:

March 16, 2026

Beijing, China

Message from the executive



The year of 2025 marks the end of the 14th Five-Year Plan, the 40th anniversary of the establishment of CR Sanjiu, and a year of striving for the high-quality development of traditional Chinese medicine. As a state-owned enterprise deeply involved in the field of medicine and health, we adhere to the mission of "caring for public health and creating a better life together", with CR Sanjiu as the core body, and collaborate with Tasly and Kunming Pharmaceutical Group to focus on the three core tracks of consumer health, medical health, and silver hair health, and build a development pattern of mutual empowerment and collaborative growth. We deeply integrate the concept of sustainable development into the full dimensions of enterprise management, align the direction under the guidance of Party building, solidify the foundation in green transformation, hone our strength in business deepening, and unite our efforts in collaborative development. We fulfill our responsibility and mission of pharmaceutical enterprises with practical actions, and contribute CR Sanjiu's strength forces to building a healthy China.

Party building leads and strengthens the foundation, integrating and empowering to promote development. We always adhere to the guidance of Party building, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the leadership of the Party in all aspects of company management, and promote the resonance and deep integration of Party building work and business development. Deepening the promotion of "learning education" and "agile action" has injected strong spiritual strength into consolidating the cornerstone of the company's high-quality development.

Setting a benchmark in green transformation and embarking on a new journey of low-carbon development. We actively respond to the national "Dual Carbon" strategy, aiming to become a green benchmark in the pharmaceutical industry by exploring new pathways for the low-carbon transition of the traditional Chinese medicine sector. The utilization rate of green electricity at production bases, including Guanlan, CR Sanjiu (Zaozhuang), and CR Sanjiu (Chenzhou) has continued to increase, while greenhouse gas emission intensity has steadily declined. The number of national-level green factories has grown to nine. We extend our green philosophy throughout the entire industrial chain by promoting ecological planting models for Chinese medicinal herbs, constructing integrated "agrivoltaic" zero-carbon demonstration projects, and establishing a comprehensive green, low-carbon ecosystem covering everything from source planting to terminal production.

Consolidating core business and empowering development through Innovation. Adhering to the dual-wheel drive strategy of "Innovation + Brand," we benchmark against world-class enterprises to optimize our business layout, comprehensively expand our presence across the self-diagnosis and treatment field, and precisely meet the public's full-cycle health needs from prevention and healthcare to treatment and rehabilitation. We continue to increase R&D investment, build an open innovation system, and refine a series of innovation systems covering project initiation, process management, incentives, and "fault tolerance," thereby stimulating innovation vitality and progressively enhancing innovation value. Tasly has joined the CR Sanjiu family, empowering our core business and promoting the inheritance, innovation, and high-quality development of traditional Chinese medicine.

Uniting the chain for synergy and enabling collective improvement. As a leading enterprise in the traditional Chinese medicine industry chain, we leverage "building alliances, establishing platforms, gathering talents, and promoting cooperation" to drive quality and efficiency improvements across the entire TCM industrial chain. Upstream, we have established 50 standardized planting bases for authentic medicinal herbs, building a quality

foundation through superior seedling cultivation and full-process traceability. Midstream, we enhance quality and efficiency through intelligent manufacturing, digital twins, and cloud-based manufacturing models. Downstream, we collaborate with medical institutions and research institutes to build an ecosystem integrating "production, academia, research, medicine, and application" and lead the formulation of industry standards, facilitating the TCM industry's transition towards refined, high-quality development.

Deepening reform to stimulate vitality, improving quality and efficiency for a new landscape. We fully implement the reform tasks for state-owned enterprises, continuously deepening reforms and enhancing core functions. Centered on "technological innovation, industrial control, and security support," we delve into reform initiatives, driving development and implementing strategy through reform. We have successfully completed the phased goals of the deepening and upgrading actions for SOE reforms and the "Science and Technology Reform Action", being recognized as a "benchmark" for three consecutive years by the SASAC's Science and Technology Reform program. We continuously improve corporate governance, fostering a new landscape for high-quality corporate development with greater governance efficiency, and persistently enhancing our industry standing and brand influence.

Advancing together for a win-win future, upholding responsibility and staying true to our mission. We continuously enhance product quality and accessibility, safeguarding public health with safer, higher-quality, and more accessible pharmaceutical products. We deeply integrate the inheritance and innovation of traditional Chinese medicine with rural revitalization, carrying out diverse public welfare initiatives to give back to society and improve people's livelihoods using our industrial strengths. Adhering to a people-oriented philosophy, we effectively protect the legitimate rights and interests of our employees and build a broad platform for talent development, enabling every dedicated individual to showcase their talents and achieve their value.

Looking ahead to 2026, it will be the beginning year of the 15th Five-Year Plan. Standing at a new starting point for the high-quality development of the pharmaceutical and health industry, we will deeply implement the spirit of the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China, the important instructions given by General Secretary Xi Jinping to the work of central enterprises, closely follow the development wave of industry innovation and coordination, serve the country's overarching priorities, and deeply promote the "Health Priority Development Strategy" to take root. On the road to safeguarding public health, we will work together with our partners to write a new chapter in the high-quality development of the traditional Chinese medicine industry!

The Chairman of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd.

About us

Company profile

China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. is a large state-controlled pharmaceutical listed company, mainly engaged in the research and development, production, sales, and related health services of pharmaceutical products. It was listed on the Shenzhen Stock Exchange on March 9, 2000 (Stock Code: 000999) and officially joined China Resources Group in 2008.

With the mission of "Caring for Public Health, Creating a Better Life Together," the Company strengthens independent R&D and innovation, enhances product quality control levels, and provides "safe, high-quality, efficient, and environmentally friendly" pharmaceutical products and services to the public. It safeguards public health, protects public interests, and further builds an influential and sustainable corporate responsibility and ESG brand.

Key performance

Total assets	Operating revenue
58,804.6787 million RMB	31,602.5776 million RMB
Total profit	Total number of employees
4,864.0792 million RMB	30,304

Brands and Products

CR Sanjiu's core business is positioned in the CHC health consumer products and prescription drug (Rx) sectors. The Company has a rich product line and continuously enriches its varieties. CHC health consumer products mainly cover categories such as cold and flu, gastrointestinal, skin, liver and gallbladder, pediatrics, orthopedics, gynecology, and cardio-cerebral health, with core products holding a high market share. Our prescription drug portfolio covers therapeutic areas including cardiovascular and cerebrovascular diseases, oncology, digestive system disorders, orthopedics, pediatrics, and anti-infectives. Key products include the Xuesaitong Panax notoginseng series, Shenfu Injection, Tracer-use Mitoxantrone Hydrochloride Injection, Cinobufagin Tablets and Injections, Yixuesheng Capsules, Yuxuebi, and Cefpirome Sulfate for Injection, among others, enjoying a high reputation in the hospital segment. TCM formula granules and Chinese medicinal decoction pieces are dedicated to creating "original quality and original taste" 999 TCM formula granules and "Sanjiu Bencao Wu" premium Chinese medicinal decoction pieces.



Industry Chain Business Group - Kunming Pharmaceutical Group: CR Sanjiu and its subsidiary Kunming Pharmaceutical Group mutually empower and synergistically develop, continuously focusing on the development of the Panax notoginseng industry, the branding of "777" and "Kunzhongyao 1381" brands, promoting Kunming Pharmaceutical Group to become a leading health stock in the silver economy.



"777" Panax Notoginseng Oral Series

"1951" Medical Treatment Series

"1381" Refined TCM Series

Industry Chain Business Group - Tasly Pharmaceutical Group: Focusing on four major therapeutic areas: cardio-cerebrovascular, digestive metabolism, neuro-immunology, and oncology, it has formed a large product cluster represented by Compound Danshen Dripping Pills, Yangxue Qingnao, and Temozolomide, providing urgently needed drugs that fill gaps in the Chinese market.



Major Product Clusters

CR Sanjiu possesses strong brand operation capabilities and has been listed multiple times on WPP's annual Top 100 Most Valuable Chinese Brands list. The Company adopts a "1+N" brand strategy, leveraging strong brand operation and resource integration capabilities to build a multi-brand matrix. In the CHC field, starting from the treatment of common family illnesses and health management, it actively extends towards health management and rehabilitation/chronic disease management. Based on the main "999" family essential brand, it continuously strengthens consumer-recognized pharmaceutical brands such as "Tianhe," "Shunfeng," "Aonuo," and "Kangfute." In the silver

health field, focusing on the entire Panax notoginseng industry chain, it continuously enriches the "777" brand connotation and product portfolio, expanding and strengthening the Panax notoginseng oral preparation category. The premium national medicine brand "Kunzhongyao 1381," carrying over 600 years of history, is fully promoting its strategic upgrade. In the prescription drug field, it owns innovation-driven pharmaceutical brands such as "Tasly," continuously strengthening academic brand building through R&D innovation and combined in-hospital and out-of-hospital academic promotion.

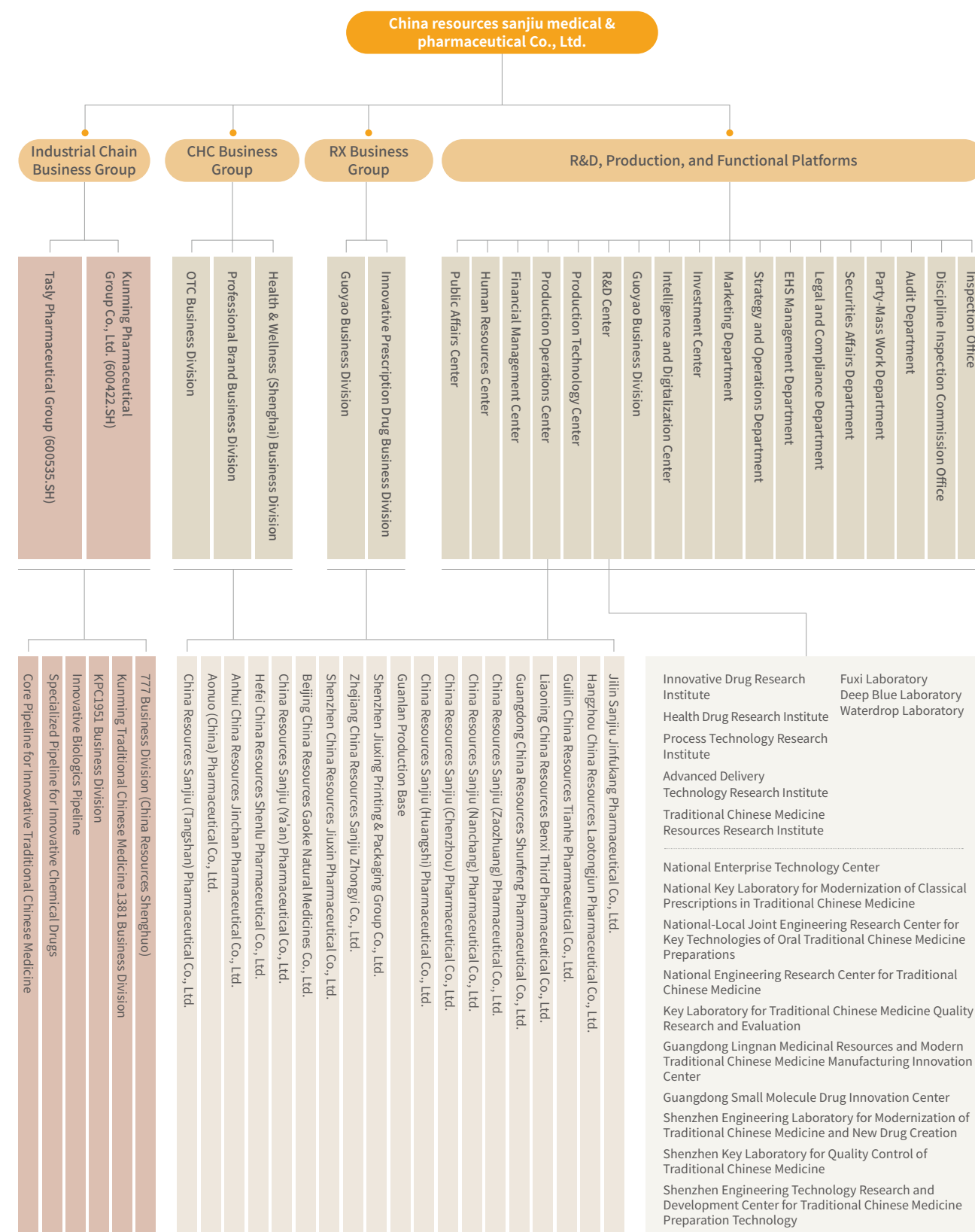


Brand Generation and Planning



Brand Blueprint

Organizational structure



Focus on 2025

Capital market recognition

- Received the highest "A" grade in information disclosure assessment by the Shenzhen Stock Exchange for 11 consecutive years
- Awarded multiple honors including "Investor Relations Management Shareholder Return Award" and "Investor Relations Management Tianma Award"
- Received multiple honors such as the 2024 "Golden Information Disclosure Award", "Top 100 Most Valuable Mainboard Listed Companies" and "2025 Capital Power Annual Selection Excellent Listed Company Award"
- Won multiple major awards including "Investor Relations Management Shareholder Return Award", "Investor Relations Management Tianma Award", "Outstanding Partner Award for Factory Exploration 100", "10th Shuangpinhui Outstanding Partner" and "5th Starsailor Conference Partner"
- Received honors such as "2024 Annual Report Performance Briefing Best Practice", "2025 Listed Company Board of Directors Best Practice Case" and "2025 Listed Company Board Office Best Practice Case"
- Selected for the "2025 Greater Bay Area Listed Companies Corporate Governance TOP 20"



Advancing brand building

- Received the 2024 New Fortune Magazine Best Listed Company "Most Trendy National Brand Power" honor
- Won Securities Star's "2025 Capital Power Annual Selection Excellence Brand Award"
- Selected for the SASAC's "Benchmarking World-Class Enterprises Value Creation Action Excellent Case"
- "Xiao'er Anshen Buna Granules" selected for the third batch of "Lingnan Famous Prescriptions"
- "Sanjiu Weitai" brand recognized as a "Guangdong Time-Honored Brand"
- Ranked on the "2025 Asia Brands 500", "China Brand Internationalization Benchmark 100" and "Ipsos 2025 China Brand Influence Index 29th Place"
- Awarded the titles of "8th Vice President Unit of China Non-prescription Drugs Association" and "Executive Director Unit of China Corporate Culture Research Institute"

Driving technological innovation

- Recognized as a "National High-Tech Enterprise" for the sixth consecutive time
- Selected for the Ministry of Industry and Information Technology's first batch of "Excellent-Level Intelligent Factory" projects
- Participated research project *Reducing Minor Stoppages of SGA40 Liquid Filling Machine* won the International Gold Award at the 50th International Convention on Quality Control Circles (ICQCC)
- Participated smart park project "5G+AI Injecting New Momentum into the Digital Transformation of the TCM Industry" won the Bronze Award in the Benchmark Competition of the Ministry of Industry and Information Technology's "Blooming Cup" 5G Application Competition
- Received the "2025 Digital and Intelligent Technology Innovation Model (Case)" honor from *Enterprise Management* magazine
- Awarded the "2024 Science and Technology Innovation Achievement Gold Award"
- "Public Auxiliary IoT Group Control System" project officially launched



Deepening product R&D

- New product "999 Yiqi Qingfei Granules" officially launched and included in the National Reimbursement Drug List
- Acquired exclusive rights for innovative drug Huakesi (Tilorist Tablets) in Mainland China
- Domestic first generic "Selenium Disulfide Lotion" approved for market launch
- Classical famous prescription TCM compound preparation Banxia Baizhu Tianma Granules approved for market launch
- "Sijunzi Granules" and "Shaoyao Gancao Granules" approved for market launch in Macau
- Cefoxitin Sodium for Injection obtained marketing authorization in the UK
- Ceftizoxime Sodium for Injection approved for market launch
- Fulvestrant Injection and Ertapenem Sodium for Injection approved
- "Metronidazole Gel" approved for market launch
- "Loxoprofen Sodium Gel Patch" approved for market launch
- "Minoxidil Topical Solution" approved for market launch
- Pro-urokinase cerebral infarction indication approved
- Ceftriaxone Sodium API approved for market launch
- The introduction of the innovative glioblastoma drug dordaviprone is currently undergoing Phase I clinical research

Advancing in-depth development

- Signed strategic cooperation agreement with Zhengzhou University, jointly establishing the "Zhengzhou University - CR Sanjiu Innovative Drug Research Institute"
- Held strategic cooperation signing ceremony with Baoding Municipal Government and China Resources Power for North China Production Base construction
- Signed strategic cooperation agreement with Yunnan University of Chinese Medicine
- Collaborated with Nanjing Aierpu Regenerative Medicine to develop China's first self-developed HiCM-188 (iPSC-derived cardiomyocyte drug)
- Collaborated with Bright Gene Pharmaceutical on the BGM0504 injection project research and development
- Subsidiary Kunming Pharmaceutical Group re-qualified as a General Contractor Enterprise for the Ministry of Commerce's Foreign Aid Material Projects
- Awarded First Prize in the "2025 State-Owned Enterprises Deepening Reform Practice Achievements"



Promoting sustainable development together

- Awarded an "A" rating by MSCI, an "AA" rating by Wind
- Received honors including the "3rd Guoxin Cup ESG Excellence Central Enterprises Golden Bull Award", "ESG Golden Bull Award Central Enterprises Top 50" and "Securities Star ESG New Benchmark Enterprise Award"
- Listed on "China Enterprise Supply Chain ESG Top 100 Index" (Jingniu Index), awarded "Jingniu · Supply Chain ESG Pioneer", "2025 China Supply Chain ESG Management Demonstration Enterprise" and "2025 China Supplier ESG Rating Platform Initiating Unit"
- CR Sanjiu 2024 Sustainability ESG Report* was awarded the "Five-Star Top Tier" rating by the Chinese Academy of Social Sciences, the "Excellence A+" rating in the Golden Bee Corporate Social Responsibility Report evaluation and "China Resources Group 2024 Annual ESG Sustainable Development Bronze Award"
- Awarded the GoldenBee 2025 "Corporate Social Responsibility · Leading Enterprise" Award
- Selected for the China Environmental Protection Federation (CEPF) 2025 China Corporate ESG 100 Index
- Recognized as a "2025 Responsible Practice Public Welfare Project"
- Awarded First Prize in *Enterprise Management* magazine's "2025 Enterprise ESG Excellent Achievement (Case)"
- Selected as an excellent case in the *China Enterprise Supply Chain ESG Blue Book (2025)*
- CR Sanjiu (Nanchang) received the Ministry of Industry and Information Technology's "National Green Factory" honorary title
- Selected for the Sina Finance "2025 China Corporate ESG Top 100" list



ESG performance highlights

E Environmental performance

- Total Environmental Protection Investment: **66.5718** million RMB
- Major Pollutant Discharge Compliance Rate: **100%**
- Clean Energy Consumption: **10,796.25** tons of standard coal
- Comprehensive Energy Consumption: **131,900** tons of standard coal
- Industrial Water Reuse Rate: **79.79%**
- General Industrial Solid Waste Recycling Rate: **98.96%**
- Total Industrial Water Saved: **21,892,708** tons

G Governance performance

- Proportion of Female Directors: **18.18%**
- Anti-Corruption Training Coverage Rate: **100%**
- Total Employee Training Hours for Anti-Corruption: **145,606** hours
- Received the Highest Rating 'A' in the Shenzhen Stock Exchange Information Disclosure Assessment for Eleven Consecutive Years
- Awarded "Best Practice for Annual Report Performance Briefing" by the China Association for Public Companies for Four Consecutive Years
- Number of Shareholders' Meetings Held: **8**, number of Board Meetings Held: **15**
- Employee Ethics Training Coverage: **100%**

S Social performance

- Proportion of Female Employees in Management Positions: **44%**
- Labor Contract Signing Rate: **100%**
- Employee Training Coverage Rate: **100%**
- Fatalities from Safety Accidents: **0**
- Participation in Formulating **1** International Standard, **13** National Standards, **4** Industry Standards
- Number of Factories Recognized as Advanced-level Smart Factories: **9**
- Domestic and International Quality-related Standard System Certifications Obtained: **24**
- Charitable Donation Expenditure: Approximately **4.7044** million RMB
- Promoted Area of Medicinal Material Planting Bases: **444,700** mu, Self-built or Co-built Primary Processing Bases: **20**

Sustainability management

Sustainability and ESG concepts

CR Sanjiu is committed to sustainable development and ESG management, guided by the principle of "Creating Value for Shareholders, Providing Opportunities for Employees, and Assuming Responsibility for Society." We have effectively integrated the concepts and goals of sustainable development into the overall development strategy of the pharmaceutical industry, embedding it across all stages of the product lifecycle, including medicinal herb cultivation, pharmaceutical R&D, and health consumption. While pursuing economic growth, we prioritize safeguarding the legitimate rights and interests of shareholders and creditors, and maintain fair and honest

relationships with customers, suppliers, and employees. In our production and operations, we actively promote green and low-carbon practices, aligning with the "Carbon Peak and Carbon Neutrality" policies by implementing energy-saving and emission-reduction initiatives. Additionally, we are dedicated to charitable and public welfare endeavors, such as rural revitalization, community development, and emergency disaster relief. By coordinating our corporate activities with social and environmental goals, we strive to achieve harmonious and sustainable development for both the Company and society.

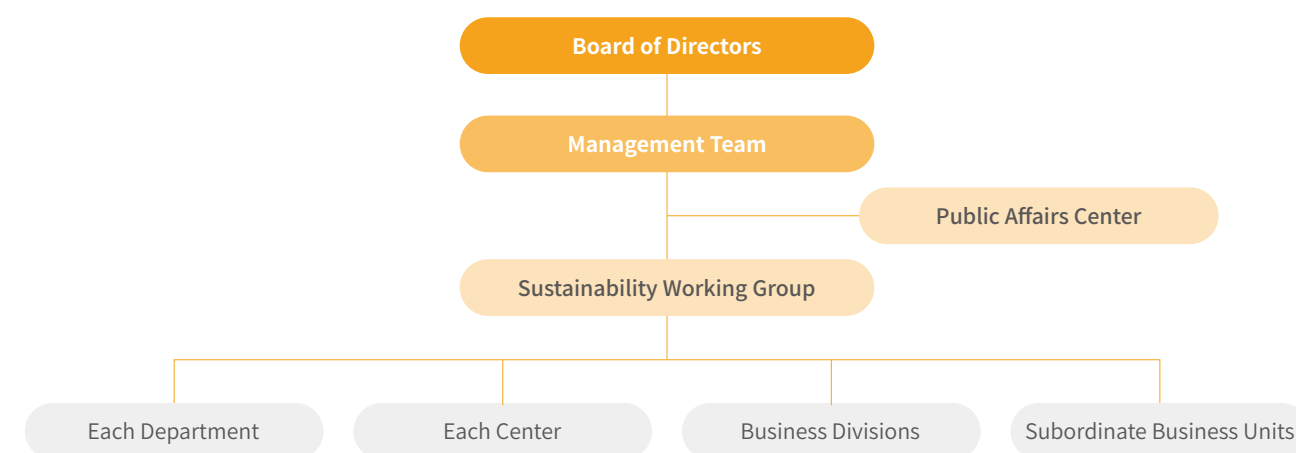
Sustainability and ESG work implementation

CR Sanjiu continuously enhances the sustainable development and ESG implementation mechanism. Guided by the CR Group's "14th Five-Year Plan" for social responsibility, the Company carries

out its annual sustainable development and ESG initiatives, closely integrating its business activities with sustainable development management to drive high-quality and sustainable growth.

Governance framework

CR Sanjiu consistently enhances the sustainable development management system and optimizes its corporate governance structure. The Company has established a top-down sustainable development and ESG governance framework with clearly defined responsibilities, involving the Board of Directors, the Management, and the Sustainability Working Group. This collaborative structure drives the Company's sustainable development initiatives and elevates the level of ESG governance.



Management guidelines

The Board of Directors of CR Sanjiu consistently strengthens the oversight of sustainable development and ESG matters, driving continuous improvements in the Company's sustainable development governance system and ensuring the integration of ESG considerations into the Company's major decision-making processes and business operations.

CR Sanjiu established the *Management Measures for Social Responsibility Work of CR Sanjiu*, which was revised in 2025 and officially took effect and was implemented thereafter. The policy applies to all centers, departments, divisions, and business units within the Company. In alignment with these measures, CR Sanjiu continuously refines its sustainable development indicator system and enhances performance management, practice communication, report compilation and dissemination, as well as evaluation and assessment within its sustainable development management framework.

By 2025, CR Sanjiu has prepared and published social responsibility reports for 17 consecutive years, with steady improvements in both the "quality" and "quantity". Starting in 2022, CR Sanjiu effectively integrated key ESG indicators with CSR indicators, upgrading its original Social Responsibility Report to a Sustainable Development Report. In 2023, the Sustainable Development Report was further upgraded to a Sustainable Development and ESG report.

Statement of the board

The Board of Directors of CR Sanjiu holds the overall responsibility for sustainable development and ESG-related matters, while the Company's management is tasked with managing the sustainable development and assessing the risks and opportunities associated with the Company's sustainable development. Under the Board of Directors, a Sustainability Working Group has been established to implement and follow up on tasks assigned by senior leadership. The Public Affairs Center is responsible for the daily management and coordination of sustainable development initiatives. Additionally, each center, department, business division, and subsidiary is responsible for advancing and implementing sustainable development work at the frontline of business operations.

This report provides a detailed disclosure of the progress and effectiveness of CR Sanjiu's sustainability and ESG initiatives in 2025. Moving forward, the Board will continue to refine and optimize the Company's ESG governance framework.

Risk and opportunity identification

The Board of Directors, operating within the framework of the existing internal control and risk management system, evaluates the risks and opportunities associated with the Company's environmental, social, and governance (ESG) factors. It identifies, oversees, and manages issues and activities related to ESG governance to ensure the effective implementation of the sustainable development strategy.

Evaluation and assessment

CR Sanjiu encourages all subsidiaries to implement sustainable development and ESG practices in alignment with their business development needs and resource capabilities. Each subsidiary is urged to undertake or participate in relevant responsibility fulfillment projects based on its specific circumstances, fostering deeper progress and impact in these initiatives.

The Board of Directors has established a Compensation and Evaluation Committee responsible for researching, formulating, and reviewing compensation policies and plans for the company's directors and senior management. The compensation structure for senior management of China Resources Sanjiu consists of three components: base annual salary, performance-based annual salary, and medium to long-term incentives. We have integrated sustainability performance indicators, such as environmental performance, anti-corruption efforts, and compliance operations, into our current incentive remuneration policy. We conduct annual reviews and evaluations of our senior management's performance and disclose information on the remuneration of the Board of Directors and management in our annual report. For further details, please refer to the *CR Sanjiu 2025 Annual Report*.

Capacity building

CR Sanjiu organizes annual professional training sessions for the management and all members of the Sustainability Working Group. These sessions aim to review the achievements of the year's sustainable development and ESG management efforts, share the latest trends in sustainable development, and discuss industry best practices to enhance the Company's sustainable development and ESG management performance. Additionally, CR Sanjiu actively participates in domestic and international communication and exchange activities related to sustainable development. The Company also collaborates with partners and social responsibility/ESG research organizations to conduct relevant training programs.

Key performance

During 2025, CR Sanjiu conducted

65

dedicated training programs on sustainable development, amounting to

3,915.23

class hours, with

4,513

participants involved.

Materiality management

CR Sanjiu rigorously adheres to the process of dual materiality assessment, scientifically conducts stakeholder questionnaire surveys, and identifies materiality issues to direct the sustainability management and information disclosure efforts, thereby better fulfilling the expectations and demands of stakeholders.

Impact materiality assessment

Issue identification

By analyzing standards and policy requirements for sustainable development management both domestically and internationally, conducting scientific industry benchmarking, and integrating the actual situation and development strategy of the Company, an issue database comprising 46 topics was established

Issue survey

Conduct questionnaire surveys on material issues for both internal and external stakeholders, including shareholders/investors, employees, customers, government/regulators, partners, competitors, media, non-governmental organizations, and the general public in the community

Issue prioritization

Based on the survey results of the materiality issues, we prioritized the issues in terms of the "importance to business development" and "importance to stakeholders"

Issue review

The Company's management, along with external experts, reviewed the results of the issue assessment and finalized 28 materiality issues for key disclosure within the report

Financial materiality assessment

Experts from CR Sanjiu's Finance Department assessed the financial impact of the issues based on the two dimensions of "continuity of access to resources" and "dependence on relationships".

Identification of the continuity of access to resources

Considering the internal and external environments of the Company, analyze whether the Company can sustainably secure relevant capital resources in the short, medium, and long term, taking into account the impact of various ESG material issues.

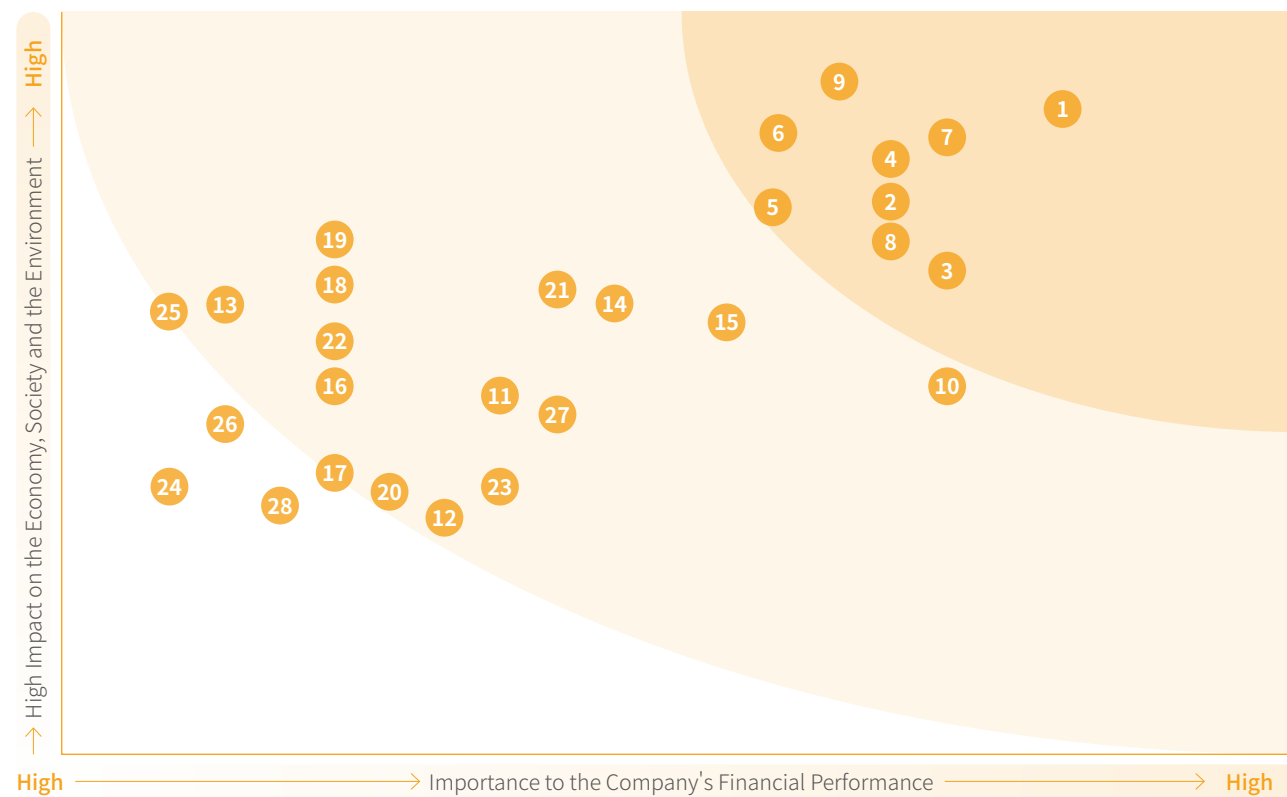
Analysis of the dependence on relationships

Analyze whether the Company can sustain positive relationships if it fails to adopt best practices for each material ESG issue.

Financial materiality analysis

Considering the market price of resources, trend forecasts, the Company's costs in previous years, and non-revenue factors, we assessed the impact on profits. The Finance Department experts, Sustainability Working Group, management, and Board of Directors at CR Sanjiu, among others, successively reviewed and ultimately confirmed the agreement. We identified a total of 28 materiality issues, of which 9 issues have double materiality, and 1 issue is deemed to have financial materiality.

CR Sanjiu Double Materiality Issues Analysis



Importance	Serial Number	Issue
Dual Importance Issues	1	Product/Service Quality Management
	2	Product/Technology R&D and Innovation
	3	Protect customers' legitimate rights and interests
	4	Deepen digital transformation
	5	Protect employee rights
	6	Occupational health and safety
	7	Waste/Emission Management
	8	Addressing climate change
	9	Anti-corruption and anti-bribery
Financial Materiality Issues	10	Honest and compliant business operations
Impact Materiality Issues	11	Strengthening risk management
	12	Strengthen the construction of a sustainable development system
	13	Intellectual Property Protection
	14	Upholding pharmaceutical ethics
	15	Creating business value

Importance	Serial Number	Issue
Impact Materiality Issues	16	Adhere to the Party's leadership
	17	Protecting the rights and interests of small and medium-sized investors
	18	Advocating for scientific and rational drug use
	19	Advocating responsible marketing and consumption
	20	Promote career development
	21	Improve environmental management system/environmental compliance management
	22	Energy conservation
	23	Optimize resource utilization
	24	Protecting biodiversity
	25	Promoting Supply Chain Accountability
	26	Promote industry development
	27	Supporting rural revitalization
	28	Promote cooperation and exchange

Stakeholder communication

Identify the key stakeholders of CR Sanjiu, explain their expectations and demands, and outline the communication channels and responsible communication actions that CR Sanjiu takes to respond to their expectations.

Stakeholders	Communication needs	Communication Response
 Government/ Regulatory System	- Daily communication - Working meetings and project reporting	- Implement management requirements - Supporting rural revitalization - ESG/Sustainable Development System Construction - Create jobs
 Client	- Customer satisfaction survey - Customer Relationship Management - Product quality and safety management	- Strengthen quality and safety supervision - Expand the Health and Wellness Business - Improve customer satisfaction - Actively handle customer complaints
 Staff	- Complaints and Feedback - Training activities - Performance feedback	- Protecting employee rights - Caring for employees' lives - Promote career development - Improve the democratic communication mechanism
 Shareholders/ Executives/ Investors	- Improved operating performance - Multi-channel communication - Improve governance capabilities	- Guarantee reasonable investment returns - Improve the quality of information disclosure - Maintaining investor relations - Hold an earnings briefing - Improve media communication channels
 Partners	- Supplier Management Training - Exchange and discussion meeting	- Compliance Management - Anti-corruption - Optimize workflow - Deepen project cooperation
 Non-profit organizations	- Implementing "dual carbon targets" - Green Operations - Raise environmental awareness	- Addressing climate change - Energy conservation and emission reduction - Environmental protection - Environmental protection publicity and education
 Peer companies	- Forums and conferences - Working group - Exchange activities	- Promote industry development - Discuss business opportunities - Conduct joint research and development - Experience exchange and sharing - Participate in ESG industry exchanges
 Community public	- Community communication - Social welfare activities	- Carry out community service activities - Health knowledge promotion - Implementing rural revitalization

Feature: synergistic development of the whole industry chain to create new quality productive forces in the traditional chinese medicine industry

Laying a solid foundation: constructing a "national chessboard" layout for medicinal herbs

Understanding that "good herbs make good medicine," CR Sanjiu continues to increase investment in the medicinal herb planting sector, focusing on creating a national "chessboard" layout for authentic medicinal herbs. The Company combines internal raw material needs with its strategy for large-scale products to comprehensively screen major authentic medicinal herbs, such as Panax notoginseng, wild chrysanthemum, Isatis indigotica, and Lonicera japonica. It identifies core production areas and has established a "four-in-one" layout nationwide, encompassing planting bases,

primary processing bases, decoction piece processing bases, and warehouse centers. By the project period, the total area of medicinal herb planting bases exceeded 440,000 mu, and five regional warehouse bases have been constructed in the Northeast, Southwest, Central China, Northwest, and South China. This realizes a nationwide network covering the process from source to warehousing, laying a solid material foundation for the high-quality development of the traditional Chinese medicine industry.

Forging excellent quality with end-to-end assurance from source to production

| Cultivating fine varieties and standardized planting for source control

CR Sanjiu focuses on key varieties, establishing a development model that integrates "breeding of improved varieties, promotion of breeding, establishment of bases, base-specific products, and products with market access." The Company has successfully bred nine new medicinal herb varieties, including wild chrysanthemum and Gangmei, achieving a breakthrough from "no cultivation" to "improved varieties" for wild medicinal materials, thereby mastering the "the core seed and seeding resources." At the same time, the Company actively promotes the development of Good Agricultural Practices (GAP) for Dao-di herbs. It was among the first to pass GAP extension inspections in several provinces, including Guangdong, Anhui, and Sichuan, it has now had 17 varieties pass the inspection. Through standardized management across the entire process—from seed selection, standardized planting, to harvesting and processing—the Company fundamentally ensures the stable and reliable quality of medicinal materials. In recent years, CR Sanjiu has developed a standardized wild chrysanthemum planting industry in the Dabie Mountains region (Hubei, Henan, Anhui), covering Hong'an (Hubei), Jinzhai (Anhui), and Xinyang (Henan), in cooperation with local farmers and cooperatives. Through models such as "contract farming" and "Company + Cooperative," the planting area has

expanded to 440,000 mu. The Company has also established national-level seed and seedling bases to ensure quality from the source, promoting understory ecological planting and courtyard planting models. This initiative has increased farmers' per-mu income to nearly 3,000 yuan, benefiting 10,447 farmers, creating over 50,000 jobs, and generating an industrial output value exceeding 150 million yuan. This has achieved a win-win situation for ecological protection, industrial efficiency, and farmers' income growth.



CR Sanjiu Wild Chrysanthemum Planting Base in Jinzhai, Anhui

As the core unit for the construction of the traditional Chinese medicine (TCM) industry chain within China Resources Group, CR Sanjiu aligns closely with the national strategy of revitalizing and developing traditional Chinese medicine with high quality. Adopting a path of whole-industry-chain collaboration, the Company systematically builds new quality productive forces in the TCM industry through source control, intelligent manufacturing, innovative R&D, and industrial integration, leading the modernization and upgrading of the sector.

| Innovation and research: uncovering classics and filling market gaps

CR Sanjiu adheres to an innovation-driven strategy, increasing R&D investment and building a research system known as the "Six Institutes and Three Laboratories," which includes the Institute of Traditional Chinese Medicine and the Institute of Innovative Drug Research. On March 28, 2025, at the First Traditional Chinese Medicine Industry Interconnection Conference, CR Sanjiu, in collaboration with the team led by Mr. Zhang Boli, an academician of the Chinese Academy of Engineering, officially launched the first Category 3.2 new TCM drug—999 Yiqi Qingfei Granules. This drug is the first innovative TCM medicine officially approved by the National Medical Products Administration specifically for treating comprehensive symptoms during the convalescent phase of respiratory infections. Adapted from classical formulas such as Shengmai San and Pingwei San, its core effects are replenishing Qi and nourishing Yin, and strengthening the spleen and harmonizing the stomach. Multi-center, randomized, double-blind clinical trials

conducted by the First Teaching Hospital of Tianjin University of Traditional Chinese Medicine and other institutions have confirmed its effectiveness in alleviating symptoms such as fatigue and shortness of breath in convalescent patients. The launch of this product fills a gap in the market and marks the achievement of full-scenario coverage in CR Sanjiu's respiratory product portfolio.



The launch ceremony of Yiqi Qingfei Granules

Stimulating systematic momentum: industry chain integration and value co-creation

| Connecting whole-chain management and strengthening esg synergy

CR Sanjiu integrates ESG principles throughout the entire chain "from seed to end product." The Company has innovatively developed a "supplier tiered rating + targeted empowerment" system, covering six key topics including environment and labor, to conduct ESG ratings and dynamic management of suppliers. By December 2025, comprehensive ratings had been completed for 12 core suppliers. Concurrently, a dynamic

"traffic light" risk alert mechanism has been established, featuring 12 warning indicators to actively identify and address potential supply chain risks, thereby fortifying supply chain security. This approach drives the transformation of suppliers from "passive compliance" to "active value creation," achieving deep synergy and sustainable development across all links of the industry chain.

| Activating rural vitality and empowering people's livelihood

CR Sanjiu deeply integrates the traditional Chinese medicine industry chain into the national rural revitalization strategy. The Company has cumulatively established 440,000 mu of Chinese medicinal materials planting bases. Through models such as "Company + Cooperative + Farmer," farmers are integrated into the standardized production system. The projects have developed six germplasm resource nurseries for medicinal plants, collecting and protecting over 500 species. In terms of green development,

models such as understory planting, courtyard economy, and "agrivoltaic synergy" (combining medicinal planting with photovoltaic power generation) have been actively promoted, achieving a cumulative carbon emission reduction of over 1.86 million tons. These initiatives not only ensure the supply of high-quality medicinal materials but also transform the TCM industry chain into a new driver for rural employment, increased farmer income, and ecological environmental protection.

Promoting the essence of Chinese medicine: enhancing global brand influence with culture as the soul

CR Sanjiu is committed to promoting the heritage of TCM culture and brand internationalization. The Company has built a "1+N" brand architecture, evolving from a single "999" product to the 999 master brand covering multiple health scenarios.

From July 16 to 20, 2025, at the third China International Supply Chain Expo held in Beijing, CR Sanjiu, representing the China Resources Group's "Healthy Living Chain," participated with the theme of "Building a High-Quality Modern Chinese Medicine Supply Chain." The Company systematically presented a comprehensive industry chain landscape—from

upstream breeding and cultivation of genuine medicinal materials, to midstream smart manufacturing plant construction, and downstream international expansion and cultural promotion. Classic products such as Compound Danshen Dripping Pills and Qizhi Weitong Granules were also showcased. This participation demonstrated the determination and capability of the central state-owned enterprise in leading the high-quality development of the traditional Chinese medicine industry and serving global health, while reinforcing its brand image of collaborative innovation across the industrial chain.



China Resources Sanjiu Exhibits at the 3rd China International Supply Chain Expo



On September 25, 2025, at the 2025 Hong Kong International Traditional Chinese Medicine Conference held at the Hong Kong Convention and Exhibition Centre, CR Sanjiu, together with Tasly, Kunming Pharmaceutical Group, Bauhinia Culture Group, and in collaboration with time-honored brands and related institutions such as Yunnan Baiyao, Pien Tze Huang, and Tong Ren Tang, jointly initiated the "TCM Culture Co-Construction Initiative." This initiative called on the entire industry to "jointly protect cultural roots, expand cultural dissemination, share cultural achievements, and promote cultural globalization." This distinctive event has not only

effectively fostered industry-wide consensus on promoting traditional Chinese medicine culture but also established a synergistic pathway between cultural dissemination and industrial development in the field of TCM. During the conference, the report *Decoding Going Global: Research on Brand Building and International Communication Strategies for TCM Culture* was also released. It has established a systematic methodological framework to strengthen corporate brand building and overseas dissemination of traditional Chinese medicine, while injecting cultural momentum into the high-quality global expansion of TCM.



The 2025 Hong Kong International Traditional Chinese Medicine Conference



Gaining broad recognition: setting industry benchmarks through excellent practice

CR Sanjiu's practice of creating new quality productivity through whole-chain synergy has received high recognition from the government, industry, and society. The Company's supply chain ESG system was awarded the "China Enterprise Supply Chain ESG Innovation Practice Award," and its projects received honors such as the "Excellent Practice Case of Rural Revitalization for Listed Companies" and the "Golden Bee Corporate Social Responsibility · Leading Enterprise Award." In the field of intelligent manufacturing, the Company became the first pharmaceutical company to achieve a Level 4 intelligent manufacturing maturity rating and was selected

for the Ministry of Industry and Information Technology's first batch of "Excellent-Level Intelligent Factories." Additionally, the project *Construction and Demonstration Application of the Theory and Technical System for Ecological Planting of Chinese Medicinal Herbs*, in which the Company participated, won the Second Prize of the National Science and Technology Progress Award. These accolades reflect CR Sanjiu's leading role in promoting the standardization, greening, intelligentization, and sustainable development of the TCM industry.



E

Adhering to the principles of green development, and jointly painting an ecological home

National requirements

Green development is a defining feature of Chinese modernization. We firmly establish and practice the concept that green mountains and clear waters are golden mountains and silver mountains. With carbon peaking and carbon neutrality as the driving force, we will work together to promote carbon reduction, pollution reduction, ecological improvement, and growth, build a solid ecological security barrier, and enhance the momentum of green development.

—— Suggestions for the 15th Five Year Plan

Our response

Guided by Xi Jinping Thought on Ecological Civilization, CR Sanjiu actively implements the national carbon peaking and carbon neutrality goals, integrates the concept of green development into the entire production and operation process, continuously promotes energy conservation and emission reduction, resource recycling, and environmental management system construction, builds an efficient, clean, and low-carbon green operation system, and contributes CR Sanjiu's strength to safeguarding green mountains and clear waters.



近零碳园区

绿色智能制造工厂

观澜基地

Contribution to the United Nations Sustainable Development Goals



Responsibility case



Advancing toward greener production parks with continuous low-carbon efforts

Production operations represent a core arena for enterprises to fulfill their ESG responsibilities and a critical front in responding to the national carbon peaking and carbon neutrality strategy. As the headquarters production unit of CR Sanjiu, the Guanlan Base has consistently pursued green and low-carbon development as its core objective. Leveraging the advantages of intelligent manufacturing and digital technology, it has been continuously advancing the integrated innovation of green, low-carbon and intelligent control—from high-efficiency energy transformation to digital and intelligent environmental management, and from single-link energy conservation to whole-chain synergy. The goal is to create a more energy-efficient, environmentally friendly, and sustainable production park for employees, setting a green development benchmark for the industry.

Integrating green development with intelligent control to enhance efficiency in every process

The park employs a dual-drive approach of "technological transformation + digital management," deeply advancing the construction of high-efficiency air-conditioning rooms and the establishment of IoT group control systems to reshape energy management models with digital intelligence. Through innovation in the operation mode of air compressor systems and the integration of intelligent controls over steam, air compression, and refrigeration station indicators, the high-efficiency air-conditioning rooms have achieved systematic energy savings, saving 1.2 million kWh of electricity annually, with an energy-saving rate of 40%. The IoT group control system, constructed in three phases, integrates the Internet of Things, edge computing, and AI algorithms to form a "1+1+9" public auxiliary management model. This achieves full coverage of group control for nine types of public auxiliary scenarios, including compressed air and central air conditioning. After optimization by intelligent control algorithms, the air compressor and air conditioning systems have achieved energy-saving rates of 15% and 15.28% respectively, truly enabling "one-screen overview and global optimization."



Guanlan Base High-Efficiency Refrigeration Station Configuration Diagram

Walking in step with energy efficiency and compliance, safeguarding the long term through operations

Focusing on environmental compliance and risk prevention, the Base has simultaneously advanced the automation upgrade of its wastewater station and the electronic management of hazardous waste, solidifying the baseline for green operations. The automation upgrade of the wastewater station addressed pain points such as equipment aging and inadequate monitoring, enabling linked management of wastewater and exhaust gas, early warning for excessive emissions, and improving wastewater treatment efficiency and precise control. This generates an annual benefit of RMB 130,000, and with plans to achieve self-operation and maintenance by 2027, it is expected to save approximately RMB 600,000 in management fees annually. The electronic management



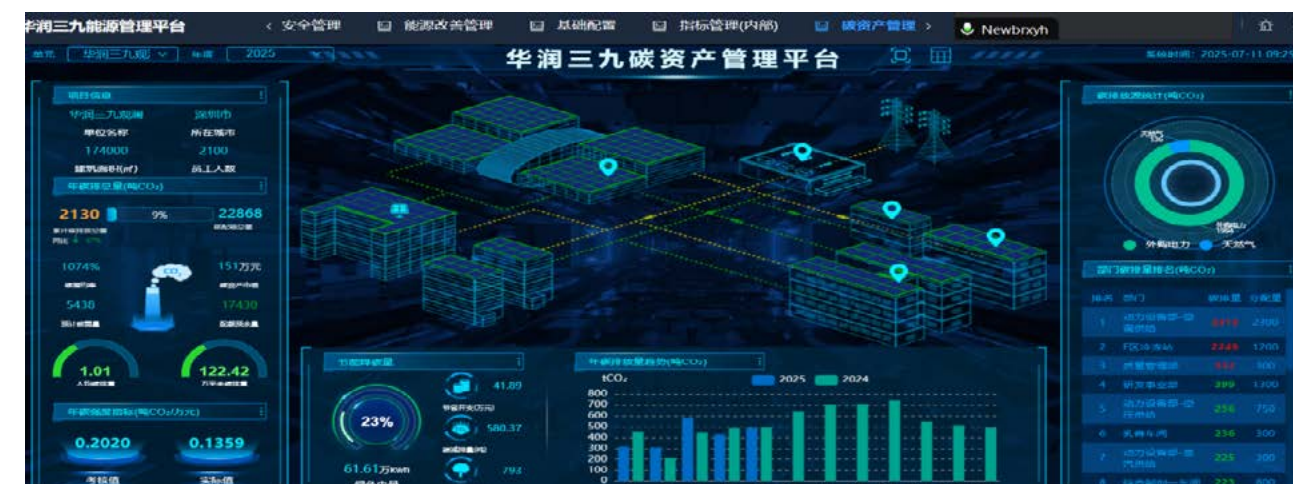
Guanlan Base Industrial Wastewater Treatment Automation Control System

Responsibility cases

of hazardous waste, through whole-chain digital control, achieves paperless traceability from weighing and coding to reporting, resulting in a win-win situation for ecological and environmental protection and management efficiency.

Advancing innovation and demonstration together, setting benchmarks across the industry

Green and low-carbon transformation cannot be achieved overnight. Guided by the concept of "whole-link low-carbon synergy," the Guanlan Base has broken through the limitations of single-link energy conservation, constructing a model of comprehensive digital coverage and forming a low-carbon operation model driven by both "technology and management." The project has a total cumulative investment of RMB 6.39 million, reduces carbon dioxide emissions by approximately 1,196.4 tons annually, and lowers energy consumption and maintenance costs by RMB 310,000. The relevant experience has been extended to other factories such as Zaozhuang and Chenzhou, as well as other business units within the Group.



Guanlan Base Carbon Asset Management Platform System Diagram

Thanks to its technological innovation and remarkable results, the project has been recognized as a National Green Factory and has received multiple honors, including the *Harvard Business Review's* Annual Green Development Enterprise Award. It has also obtained two computer software copyrights and participated in the drafting of the "Group Standard for Industrial Artificial Intelligence Algorithms". It has become a replicable "Green Factory" model for the pharmaceutical industry, providing a practical pathway for low-carbon development in the sector.

Future outlook

We will continue to advance the upgrading of the integrated green, low-carbon and intelligent control project, deepen the deployment of air-conditioning Agents and the iteration of algorithms, develop an appointment module for the electronic management of hazardous waste, and strive to build a near-zero-carbon park. In accordance with the strategic plan for the 15th Five-Year Plan period, we will focus on safe and green development as well as digital and intelligent transformation, actively benchmark against world-class enterprises, explore integrated operation and management of "energy-environment-carbon," and steadily advance toward the goal of carbon peaking.

Strengthening climate governance

The intensifying challenge of global warming and the cascading impacts of climate change are progressively transmitting from natural ecosystems to economic and social spheres, posing a direct threat to the human living environment and developmental security. Against this backdrop, actively addressing climate change and advancing the green and low-carbon transition have become imperative paths for enterprises to achieve high-quality, sustainable development. CR Sanjiu integrates the concept of green and low-carbon development throughout its entire production and operation process. Through measures such as technological innovation, optimization of the energy structure, and improvement of production processes, the Company solidly advances its multi-dimensional carbon reduction efforts. It also promotes the construction experience from the Guanlan near-zero carbon park project, continuously building a sustainable green ecosystem.

Addressing climate change

Resource and environmental issues are common problems facing mankind, and green development has become a globally accepted norm. We actively respond to the climate change initiative of the Paris Agreement, effectively implement the national goals of "carbon peaking and carbon neutrality," and improve our carbon emission management system in accordance with the "Requirements and Guidelines for Carbon Emission Management Systems." We developed documents such as "China Resources Sanjiu Carbon Peaking Medium- and Long-Term Plan" and "China

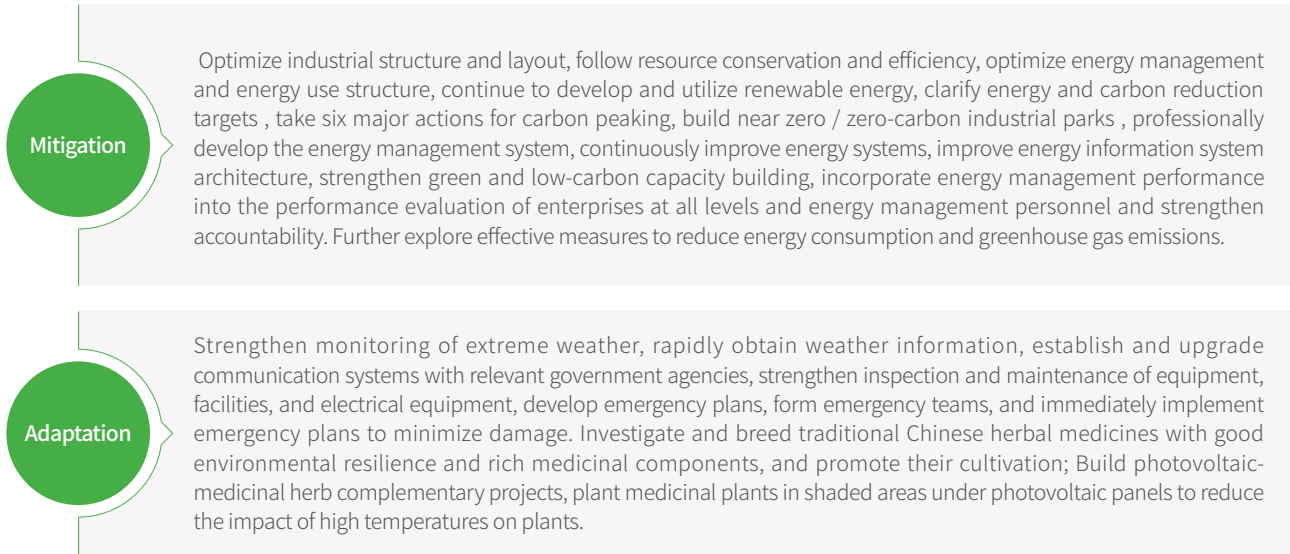
Resources Sanjiu Carbon Emission Management Measures," and, referring to the Science Based Targets initiative (SBTi) approach, set greenhouse gas reduction targets for the 14th Five-Year Plan period. At the same time, based on the TCFD framework, we systematically identify risks and opportunities associated with climate change, improve risk management strategies, standardize data disclosure, and comprehensively enhance our capacity and response to climate change.

Governance

A strong governance framework and clear management responsibilities are key to an organization's ability to effectively address climate change. We attach great importance to addressing the risks and opportunities associated with climate change, and have established a three-tier governance structure: Board of Directors—EHS Committee – EHS Management Department and other agencies, businesses, and subsidiaries.

Strategy

In addressing climate change risks, we adhere to the principle of giving equal value to climate change mitigation and adaptation, while simultaneously enhancing the Company's short-, medium-, and long-term capabilities to respond to climate change. We also require our businesses to develop action plans.



Climate risk assessment

We have developed a comprehensive risk management plan for climate change, covering all aspects of risk identification, analysis, and management. To better understand the impact of policy change, market changes, and extreme weather events on the company's operations, and to more readily respond to different scenarios, the company drew on Shared Socioeconomic Pathways (SSPs) at the Intergovernmental Panel on Climate Change (IPCC) and public climate scenarios from International Energy Agency (IEA), and in line with the company's "dual-carbon" agenda, we selected two relevant scenarios: low-emission and high-emission scenarios, to examine the impact of major physical risks and transition risks on the company's operations. We used the IPCC SSP1-2.6 and SSP5-8.5 scenario models to evaluate potential physical risks with the IEA 2050 Net Zero Emissions (NZE) and Stated Policies Scenario (STEPS).

Physical risk		Transition risk	
SSP1-2.6 (Low-emission scenario)	SSP5-8.5 (Very high-emission scenario)	NZE (Net Zero Emissions by 2050 scenario)	STEPS (Stated Policies Scenario)
This scenario sets up an ideal scenario in which global CO ₂ emissions reach net zero by around 2050.	This scenario mimics a future in which economic growth depends largely on energy-intensive industries, with virtually no policy constraints.	This scenario assumes the possibility and impacts of achieving global net-zero greenhouse gas emissions by 2050. Under this scenario, countries will introduce stringent policies, increase the adoption of energy-saving technologies, and reduce reliance on fossil energy.	This scenario assumes the trends of energy demand and supply without considering the introduction of any new policies or measures.

Climate resilience assessment

Physical Risks: The company's operations may be affected by frequent severe weather events and rising average temperatures.

Contextual drivers	Potential Impacts
Frequent extreme weather events: Heavy rainfall can lead to hazards such as surface water accumulation, flooding, and landslides, which can adversely affect industry production and efficiency, as well as transportation and logistics.	Extreme rainfall events have become more frequent and intense, increasing the likelihood of floods and waterlogging, especially in low-lying industrial areas. This increases the risk of instability in the company's production operations and supply chain logistics , as well as increases the risk of asset loss, resulting in higher costs.
Increasing average temperatures: With rising average temperatures, businesses need to invest heavily to ensure and maintain an appropriate level of production and work.	Increasing average temperatures can increase plant operating costs, such as increased electricity consumption and infrastructure maintenance costs.

The Company anticipates heavy rainfall and flood risks and has developed emergency plans, including specialized flood control and lightning protection measures. At the same time, the company is constantly improving the design of flood drains and improving the construction of defences. The company has not yet faced significant compliance pressure and experienced few operational or supply disruptions due to severe weather. To meet future challenges, the company will continue to improve its climate change response initiatives, strengthen disaster early warning and response mechanisms, and promote the use of sustainable procurement practices to ensure its continued sustainable operations. Furthermore, we will continue to assess key climate risks and opportunities upstream of the value chain, understand their critical impact on CR Sanjiu production and performance, strengthen climate resilience in the industry value chain, select and breed high-quality traditional Chinese medicinal herb varieties with strong environmental tolerance and rich medicinal components, and promote their cultivation, follow the principles of genuine herbal cultivation and germplasm and seed-source conservation, and ensure sufficient growth of herbal plantations for several years before harvest to assure adequate medicinal components.

Transition Risks: Under the influence of low-carbon transition-related risks, the company faces transition-related risks primarily due to increased efforts in low-carbon practices across regions, including tightening of low-carbon transition policies and development and implementation of low-carbon technologies.

Contextual drivers	Potential impacts
Low-carbon transition regulations and policies are becoming increasingly stringent: With national carbon peaking and carbon neutrality goals, carbon reduction policies for the pharmaceutical industry are becoming increasingly stringent.	When various carbon reduction laws and policies are proposed and enforced, the company may incur increased operational costs in order to meet compliance requirements, such as increased costs for purchasing trading allowances as a result of its inclusion in the carbon trading program.
Low-carbon technology development and deployment: As the industry transitions to a low-carbon mechanism, the demand for equipment upgrades and the development and deployment of energy-efficient and carbon-reducing technologies increases.	Increased costs resulting from improvements in energy-intensive equipment and the development of technologies that reduce energy consumption and reduce emissions.

To manage transition risks, we proactively identify and monitor relevant policy requirements, strengthen carbon emissions controls, and continue to develop and implement energy-efficient and carbon-reducing technologies. We improve production efficiency and energy efficiency by optimizing existing processes and implementing new production technologies; boost production energy efficiency through intelligent control equipment, reduce electricity losses, and retrofitting low-energy equipment; implement energy savings and carbon reduction management through condensate recovery, installation of piped heat exchangers, air compressor waste heat recovery, and boiler waste heat recovery ; more efficient use of excess energy at various levels; and build and optimize an energy data management system to implement refine energy management.

Climate change risk list

Based on climate change risk scenario analysis and using intuitive experience-based analysis method, and based on past observed climate risks, we fully considered factors such as industry trends, market changes, technological advances, local policy guidelines and geographies, and extreme weather events. This designation is integrated with the company's overall risk management strategy to enhance the performance of climate change risk management across the entire value chain . The climate transition risks we face include physical risks and transition risks. The key climate transition risks and corresponding strategies are shown in the table below.

CR Sanjiu 2025 Climate Change Risks and Response Strategies

Risk	Type	Risk description	Response strategies	Time horizon
Physical risk	acute risk	Due to the impact of global warming, climate instability has increased, with more frequent and intense extreme weather events. Extreme weather conditions can cause health problems, injuries, and disruptions in production and transportation, which can affect the company's normal operations and cause changes in the value chain, such as supply chain and business demand, resulting in direct or indirect losses.	• Provide timely warnings of natural disasters, strengthen disaster prevention and response systems, and establish coordinated emergency response measures for polluted weather. • Require all relevant units to prioritize disaster prevention and response, with enhanced management focused on key areas including buildings/structures, new/renovation/expansion projects, and warehousing/logistics, to ensure effective disaster preparedness and avoidance.	Long term
	chronic risk	Sustained high temperatures can reduce yields and complicate herb conservation, potentially increasing procurement and labor costs.	• Analyze artificial herb cultivation methods, summarize and develop technical guidelines, promote cultivation of herbs in their authentic environments and conservation of genetic resources, and select suitable sites for cultivation. • Build a photovoltaic-medicinal plant complementary project, planting medicinal plants in shady areas under photovoltaic panels to reduce the effect of intense heat on the plants.	Long term
		As pharmaceutical production and storage require low-temperature conditions, more energy will be consumed under warming scenarios, increasing operating costs.	• Encourage energy-saving retrofits of air conditioning systems, such as the use of more energy-efficient permanent magnet synchronous variable frequency centrifugal water storage dual-condition units. • Encourage industrial construction of rooftop photovoltaic power generation projects. Installation of solar panels in the roof can reduce the temperature in the factory building to some extent.	Medium term
	law risk	Risk of non-compliance arising from more stringent environmental protection and carbon emission laws, regulations, standards and policies.	• Strengthen the study and analysis of laws, regulations, standards and policies, and actively communicate and network with relevant government agencies.	Long term
Transition risk	policy risk	The "dual carbon" program will directly affect the company's environmental protection investment and indirectly affect its product portfolio, production capacity, and scale. To achieve the <i>Paris Agreement's</i> greenhouse gas emissions goals, domestic and international governments are progressively modifying carbon emissions trading control systems and controlling all carbon emissions. Expected increases in greenhouse gas costs, combined with the shrinking number of carbon allowances issued by governments, will require the underlying key carbon emitting units to purchase more carbon allowances or CCERs to meet their obligations, increasing operating costs.	• Strengthen study and research on relevant policies and procedures, maintain effective communication with government officials, be familiar with state and local carbon trading strategies, and conduct timely carbon trading. • Promote the experience of CR Sanjiu Guanlan's near-zero carbon industrial park project across businesses, and encourage businesses to build near-zero/zero carbon industries. • Encourage eligible business units to collaborate with specialized institutions to develop demonstration projects for carbon sinks in medicinal herb cultivation, and to conduct research on corresponding carbon sink methodologies and standards.	Long term
	Human Resources risk	With a shortage of skilled professionals, the Company needs to invest more people and money in reducing carbon emissions.	• Strengthen carbon emissions management training, assign dedicated staff, and be effective in developing carbon emissions management plans, managing carbon assets, and trading carbon. • Establish a database of experts and collaborate with research institutes, organizations, and third-party institutions to conduct research on carbon reduction.	Long term

Risk	Type	Risk description	Response strategies	Time horizon
Transition risk	technology risk	Additional operating costs that may arise from replacing and upgrading outdated technologies that have significant negative impacts on climate change.	- Encourage participation in the formulation of green manufacturing standards, the application for green manufacturing-related patents, and the evaluation of green products and jointly explore and research energy-saving and emission-reduction equipment with specialized institutions, and promote the upgrading of such equipment. - Vigorously promote intelligent manufacturing and, through the integration of industrialization and informatization, equipment upgrading, and scientific scheduling, realize continuous manufacturing of major product varieties, further improving production capacity and energy efficiency. - Continue to implement energy-saving technological transformation. Promote the application of new energy-saving technologies, processes and equipment, improve relevant incentive systems, promote green technologies and products, and support the development of green and low-carbon industries.	Long term
	market risk	Consumers' preference for green products can lead to changes in consumer preferences.	- Encourage all businesses to actively practice greening in the factory area, build a "garden factory", and invite communities, schools and consumer groups to visit the factory environment. - Pharmaceutical manufacturers adopt green packaging, which requires packaging to meet reuse, reuse, and recycling requirements; and promote research and development of green packaging through the business unit - Jiuxing Printing. - Promote green and low-carbon transportation by collaborating with logistics partners to explore scientific dispatch methods, optimize transport structures, and reduce intermediate links and inefficient shipments. Advocate for the adoption of alternative clean energy sources, prioritize the replacement of fuel-powered vehicles with new-energy vehicles, cut fuel consumption, enhance logistics efficiency, and contribute to carbon reduction goals.	Long term
	reputation risk	Investors are increasingly concerned about climate risk response measures taken by investee companies and non-compliance with industry requirements can damage a company's reputation in the investment market.	- Stay informed of key investor concerns and market trends. Guided by our mission of "Caring for Public Health, Creating a Better Life Together," we go beyond providing high-quality health products. We are committed to enhancing public health literacy, shouldering broader social responsibilities, and implementing the "Healthy China" strategy across multiple dimensions. - Regularly identify climate-related risks and opportunities, and refine our response measures. We actively support the climate goals of the Paris Agreement, thoroughly implement the national "dual carbon" targets, and collaborate with upstream and downstream partners to fulfill our shared responsibility for ecological and environmental protection. - Leverage occasions such as World Environment Day, Energy Conservation Awareness Week, and National Low-Carbon Day to conduct awareness campaigns. We actively participate in relevant promotional and training activities organized by government departments and professional associations. The Company also discloses its climate change response information in a timely manner through its official website and platforms like Sina Finance and social media, showcasing CR Sanjiu's positive image in green and low-carbon development.	Long term

Impact, risk and opportunity management

Climate change risk management

Drawing on COSO's internationally recognized risk management framework and combining it with operational needs, we developed a top-down "three lines of defense" risk management framework, which clearly defined the organizational structure and allocation of responsibilities for climate change risk management. Based on documents such as the *China Resources Sanjiu EHS Hazardous Source Management Measures* and the *China Resources Sanjiu Environmental Risk Classification and Grading Evaluation Measures*, we established a standardized climate change risk management. The company conducts risk management through a "six-step approach" of risk identification, risk assessment, risk response, risk monitoring, risk evaluation, and risk reporting and implements a structured management model of "first identification, business self-management, and follow-up audit oversight."

Opportunity management

We identify opportunities for climate change from the perspectives of resource efficiency and energy substitution, and analyze their impacts, as detailed in the table below.

CR Sanjiu 2025 Climate Change Opportunities and Response Strategies

Type of opportunity	Opportunity description	The Impact of opportunity	Time horizon
Resource efficiency	Recycling and reuse of waste to further achieve waste reduction and resource recovery.	Reduce operating costs.	long
	Use the most efficient production technologies and methods.	Increase productivity and increase revenue.	long
	Reusing greywater and reducing water consumption.	Reduce operating costs.	long
Energy substitution	Clean energy and renewable energy alternatives.	To reduce the risk of future increases in fossil fuel prices, reduce reliance on fossil fuels, and reduce operating costs.	By 2060
	Promote experience in developing near-zero/zero-carbon parks and explore CCER project development.	This reduces the risk of greenhouse gas emissions, thereby reducing their sensitivity to changes in carbon trading prices.	By 2060

Carbon peaking initiative

We actively implement national "carbon peaking and carbon neutrality efforts" strategies, and have drafted laws such as the *China Resources Sanjiu Energy Resource Conservation Management Measures* and the *China Resources Sanjiu Carbon Emission Management Measures* to regulate and guide system-related energy consumption and carbon reduction implementations. We encourage all levels of our companies to incorporate carbon efficiency and carbon neutrality into all aspects of business development and production activities, focusing on implementing the "Six Major Actions for Carbon Peaking" and taking more action to address energy conservation and carbon reduction.

Green energy development and alternative uses

Actively promote the development, replacement, and deployment of green energy, and coordinate the development and construction of distributed photovoltaic projects by qualified businesses to improve renewable energy utilization rate. By 2025, we will continue to promote renewable energy development and deployment through facilities such as Chenzhou Sanjiu, Shenyang Sanjiu, Kunming Pharmaceutical Company, China Resources Jinchan, and Guanlan Base through energy storage contracts, photovoltaic (PV) project(s) construction, and grid connections. Currently, photovoltaic (PV) project(s) at Chenzhou Sanjiu, Shenyang Sanjiu, and Guanlan Base have been completed, while those at other facilities are under construction.

In 2025, CR Sanjiu's total renewable energy consumption reached 83.6827 million kWh, of which 12.5813 million kWh was generated and consumed on-site.

Case Study



China Resources Benxi Sanjiu Pharmaceutical Co., Ltd. and China Resources Power have jointly developed a distributed photovoltaic power generation project. The 1712.16kW distributed photovoltaic project was constructed using the roof of one color steel-tile workshop, three concrete roofs, and two parking lots (newly constructed newly built PV carports). It is fully connected to the grid and commissioned in 2025. By 2025, total energy generation reaches 1.79 million kWh, of which 1.72 million kWh is self-generated and self-consumed, achieving an autonomous energy efficiency of 95.81%. This saved 566 tonnes of conventional coal and reduced carbon dioxide emissions by 1,472 tonnes.

We will actively promote the innovative application of low-carbon, zero-carbon and negative-carbon technologies.

This is achieved by continuously intensifying energy-saving and carbon reduction retrofits, which include implementing energy-efficient power system upgrades, enhancing lighting and intelligent control systems, upgrading waste heat recovery systems, phasing out obsolete production capacity, optimizing process technologies, and improving energy management measures. These efforts collectively serve to effectively enhance our energy utilization efficiency.

Case Study



Kunming Pharmaceutical Group has upgraded the hardware and software of air-conditioning units in its oral product line. Through key measures such as replacing valves and steam traps, welding repairs, partial replacement of damaged steam/condensate pipelines of the air-conditioning units, and optimization of the air-conditioning control mode, it achieved energy savings and consumption reduction. Important results: 8% reduction in single regenerative heating power, saving 55,200 kWh of electricity per year (equivalent to 30,000 yuan), reducing daily steam discharge by 0.2 tons, and saving 16,000 yuan in annual heating costs.

Accelerated development of the carbon asset management system

CR Sanjiu actively established and improved its carbon asset management system, designed a systematic carbon emissions management, and comprehensively enhanced the company's carbon emissions management work. Companies in the carbon trading market have been supervised to ensure compliance. Guanlan Base, China Resources Jiuxin, Jiuxing Printing, and Tasly Modern Chinese Medicine completed the preparation and verification of carbon emissions reports in a timely manner, and the quality of the data met the requirements. They also fulfilled their obligations on schedule by prioritizing the use of carbon allowances, coupled with carbon trading. China Resources High-Tech was removed from the list of key emission entities this year.

Case Study



In June 2025, China Resources Sanjiu Zaozhuang Company hired a third-party verification body to perform a comprehensive audit of the company's product carbon footprint (CFP) within its accounting boundary. The CFP audit report was based on a full product life cycle, which assessed the environmental impact of the product throughout its lifecycle and thus enabled corresponding measures to reduce emissions. Through audit and statistical analysis, four of the company's products—Cold Relief Granules, Isatis Root Granules, Children's Cold Granules, and Cold and Fever Relief Granules—met the requirements of ISO 14067:2018.



Ganmaoling Granules Product Carbon Footprint Certificate

Metrics and targets

In response to the country's "carbon peaking and carbon neutrality" strategy, CR Sanjiu has established and routinely implements a greenhouse gas inventory and verification methodology, based on the Science Based Targets initiative (SBTi) approach and relevant national, local, and industry regulations. For several consecutive years, the company has conducted comprehensive carbon emissions data inventory and verification, and has built a traceable and verifiable carbon emissions data system. This provides robust data support for phasing in emissions reduction targets, monitoring the effectiveness of measures, and transparent disclosure of climate information, ensuring that emissions reduction targets are anchored to scientific baselines, actions are measurable, and results are traceable.

Target	Current developments
Between 2021 and 2025, the intensity of carbon dioxide emissions will decrease by 2% per year. By 2025, this index will be 10% lower than the 2020 baseline of carbon dioxide emission intensity.	In 2025, greenhouse gas emission intensity was 0.1398 tCO ₂ e/RMB10,000, which is 39.27% lower than the 2025 target value.
From 2021 to 2025, total energy consumption per additional 10,000 yuan will decrease by 1.6% per year. By 2025, this index will be 8% lower than the baseline of total energy consumption per 10,000 yuan of 2020 value added.	Total energy consumption per 10,000 yuan of value added in 2025 (at normal prices) is 0.1019 (tons of standard coal/RMB10,000), which is 7.2% lower than the 2025 target.
By 2027, CR Sanjiu will further improve the management systems and mechanisms for energy conservation and environmental protection as well as carbon peaking and carbon neutrality, advance green and low-carbon development, make major progress in energy structure adjustment, gradually form green production and lifestyle, and fully complete the energy conservation and emission reduction assessment targets for the 2025–2027 term assigned by the Company.	The Company's energy consumption and emissions benchmark targets for 2025–2027 have been successfully achieved.
The proportion of green factories will reach 45% by 2027–2028; and 60% by 2029–2030.	Currently, there are 9 national-level green factories, 4 provincial-level green factories, and 5 municipal-level green factories.

Improving environmental management

CR Sanjiu strictly complies with the requirements of applicable laws and regulations such as the People's Republic of China Environmental Protection Law, the People's Republic of China's Water Pollution Prevention and Control Law, and the Republic of China's Environmental Impact Assessment Law. It actively implements the Building a Beautiful China strategy, continually improves its environmental management system, establishes an effective full-service control system from source prevention to end-of-pipe treatment, strengthens environmental audits and early risk warning, thereby laying a solid foundation for green development and supporting CR Sanjiu's high-quality sustainable development.

Improve the environmental management system

We are committed to establishing a scientifically sound, systematic, and effective environmental management system, and we encourage our companies to actively pursue certification of environmental management and energy management practices. We strengthen emergency management for environmental

disaster emergencies, coordinate regular emergency drills for environmental incidents, enhance ecological and environmental conservation efforts, reduce environmental damage and pollution losses, and improve our ability to prevent and respond to environmental pollution incidents.

Key performance indicators

At the end of the Reporting Period,

19

subsidiary companies have passed ISO 14001 certification

10

subsidiary companies have passed ISO 50001 certification

18

of our facilities have achieved green facility certification

including

9

at the state level, 4 at the provincial level,

and 5 at the municipal level

Pollutant and greenhouse gas reduction targets for 2020–2025

have been achieved

696

emergency EHS drills were conducted in 2025.



Environmental management partnership structure

We place a high value on ecology and environmental stewardship, establishing a three-tier governance structure: Board of Directors – EHS Committee – EHS Department and other departments, business divisions, and subsidiaries. By 2025, in line with the company's "One Body, Two Wings" strategic plan, we will optimize the EHS management model, enhance the EHS Committee, add appropriate staff from Tasly and Kunming Medical Group, create integrated management.

Environmental management policy

We continue to improve our environmental management system, covering multiple aspects, including EHS program building and quality (including environmental protection), EHS committee management, EHS culture building, legal and regulatory identification and compliance management, EHS risk source management, risk classification and identification control, energy conservation and environmental protection management, pollutant prevention and control, and project implementation management, EHS department "three simultaneities" management, supervision and monitoring, EHS demonstration base management, carbon emission management, risk and incident management, performance evaluation, and more.

Environmental risk management

We have developed and implemented relevant measures such as the "China Resources Sanjiu EHS Hazard Source Management Measures" and the "China Resources Sanjiu Environmental Risk Classification and Grading Evaluation Measures" to strengthen the management of key EHS hazard sources. We monitor each business unit on a monthly basis to ensure accurate compliance with containment requirements, assign top ten risk sources to the critical phase of monitoring based on risk classification management rules, and regularly report on the status of our company's EHS risk source management. At the same time, we have combined "China Resources Sanjiu Pollutant Prevention and Control Management Measures" and "China Resources Sanjiu Energy Conservation and Ecological Environment Protection Supervision and Management Measures" to monitor and regulate our subsidiaries in fulfilling their primary responsibilities front.

Improve emergency mechanisms

To improve environmental incident response performance, we developed and implemented policies such as "China Resources Sanjiu's Comprehensive Environmental Emergency Plan" and "Detailed Rules for EHSQ Incident Management at China Resources Sanjiu." Our subsidiaries, based on central office policies, rules, relevant policies, standards, and policy documents, and in line with their own unique circumstances, developed and submitted their own environmental emergency plans to local ecological and environmental authorities. We conduct regular emergency drills, training, and investigations. By 2025, a total of 696 drills have been conducted, with 18,403 participants, significantly improving the skills of the workforce.

EHS improvement project

We are implementing the EHS basic capacity enhancement project and have developed the "China Resources Sanjiu (Youyang) Pharmaceutical Safety Improvement Support Program (2025)". The annual grant was completed on schedule and results were achieved. Seven units have launched the digital platform for the dual prevention mechanism, strengthening the EHS management foundation and improving the level of EHS management.

Conducted environmental protection training

In 2025, senior managers and employees participated in China Resources Group's 2025 Environmental and Environmental Protection Personnel Capacity Training and Certification Programme. Trainees were supervised to complete the training and certification in a timely manner. There were 115 participants, of whom 110 passed the examination and obtained qualification certificates, with a certification rate of 96.65%.

Environmental audit

To fully improve environmental management and prevent environmental risks, we continuously improve our environmental audit work, develop and implement appropriate environmental audit policies, conduct regular internal and external environmental audits, strengthen construction environmental audit, classify and coordinate environmental risk factors, and use EHS information management system to realize closed-loop tracking of corrective actions for hidden risks through the EHS information management system, thereby we effectively improve the level of risk prevention.

Establish environmental audit policies

To standardize environmental compliance evaluation and potential hazard investigation, CR Sanjiu has formulated an environmental audit system and adheres to the *CR Sanjiu EHS Supervision and Management Measures*, the *CR Sanjiu EHS Hazard Source Management Measures*. It classifies and manages environmental risks in accordance with the *Measures for Classifying and Grading Environmental Risk Assessment Environmental Risk Classification and Grading Evaluation Methodology*. Additionally, subsidiaries and business units have formulated supporting regulations, including the EHS Management Compliance Evaluation System and the *EHS Hidden Risk Investigation and Remediation System*.

Internal environmental audits

We conduct annual internal environmental audits, covering 100% of our production-oriented subsidiaries by 2025. Regarding emergency management, safe operation of environmental protection equipment and facilities, solid waste management, energy conservation and environmental qualification certificates and procedures 10 environmental hidden hazard inspections, and enhances environmental hazard classification and control. We have designed specific environmental remediation measures and warning training for businesses in the business units located in the regions covered by the third round, fourth and fifth batches of Central Environmental Protection Inspections. We have statistically analyzed and guided enterprises on the use of environmental protection equipment and monitoring equipment to ensure the equipment is operating safely and stable. In 2025, the carbon footprint has been included in internal environmental audits. The Compound Dexamethasone Acetate Cream manufactured at the Guanlan plant has been awarded the ISO 14067:2018 product carbon footprint certification, making it the first CR Sanjiu product to receive this relevant international carbon footprint certification.

External environmental audit

In 2025, we conducted external environmental audits covering subsidiaries at all levels, including commissioning third parties to conduct environmental risk assessments and compliance evaluations, providing support in the inspection of automatic monitoring equipment and the management of environmental protection facilities, government-led clean production audits, greenhouse gas emissions report verification organized by the competent ecological and environmental authorities, and online and offline environmental audits with environmental officials at all levels. At the end of Reporting Period, 21 subsidiaries enterprises have conducted cleaner production audits, 15 of which are voluntary.

Environmental protection management of construction projects

We have programs such as "China Resources Sanjiu Energy Conservation and Environmental Protection Monitoring and Control Measures," "China Resources Sanjiu Pollution Prevention and Control Management Measures," and "China Resources Sanjiu Construction 'Three Simultaneities' Maintenance Measures," specifying that new, specifying that new, renovation and expansion projects must conduct environmental analysis, risk assessment and environmental impact assessment, and obtain EIA approval. During project implementation, we conduct "three simultaneities" monitoring, strictly enforce the pollution prevention and control measures outlined in the environmental impact assessment and approval documents, and conduct completion environmental protection acceptance and filing upon completion. We legally obtain all qualifications, licenses, and regulations specified by the local authority, ensuring that they are within their validity cycles. In 2025, we reviewed 11 environmental engineering subprojects and other environmental protection projects covering new, renovated, and expanded projects.

Conduct publicity and education

To solidify the foundation of green development and build consensus on ecology and environmental sustainability among all employees, we adhere closely to eco-culture building requirements, aiming to actively instill environmental ideas in everyone, with regular multi-sector environmental publicity and education. We innovate public outreach and education, improve communication, and closely integrate environmental knowledge with practical action, effectively promote environmental responsibility awareness and the work ethic of all employees, promote the transformation of environmental knowledge into rational action responsibilities of.

Case study: china resources benxi sanjiu pharmaceutical co.,ltd. conducts energy conservation and emissions reduction training



China Resources Benxi Sanjiu Pharmaceutical conducted general knowledge training for its employees, including energy consumption and emission reduction training, achieving 100% employee coverage. This has allowed energy efficiency and environmental education to reach every person, creating a new green and low carbon corporate culture and continuously strengthening employees' knowledge of environmental protection and carbon reduction. On National Low Carbon Day, the company showcased its accomplishments in energy and low carbon performance in recent years, covering aspects such as deploying new energy technologies and completing energy and emissions reduction targets. At the same time, all employees watched the 2025 National Low Carbon Day promotional video, which popularized professional knowledge of energy efficiency and

low carbon practices, and disseminated relevant national policies and procedures and the company's specific energy and low carbon initiatives.



Energy Conservation Training at China Resources Benxi Sanyao

Case study: china resources shunfeng conducts energy conservation report week and low carbon day activities in 2025



From June 23 to June 29, 2025, the company held 2025 Energy Awareness Week and National Low-Carbon Day activities under the themes of "Energy Conservation and Efficiency, Leading the Way and Innovating" and "Carbon Pioneers, Green Future," respectively, creating a strong atmosphere of energy conservation and low-carbon practices and enhancing employees' awareness of ecological and environmental protection. Promotional posters and instructional videos were displayed through the company's LED electronic displays, employee rest areas, employee canteens, WeChat groups, and work groups to broadcast and raise environmental awareness, disseminate environmental concepts, improve energy efficiency, establish and champion the action principle of "breathe together and strive together." cultural, economic, green, and low-carbon chapter policies and lifestyles.



China Resources Shunfeng Industrial Park

Environmentally friendly operations

The harmonious balance of nature is the life giving fertility and survival of countless life forms, and is the foundation for the sustainable development of human civilization. We always hold nature in awe, acutely mindful of our responsibility to protect the ecosystem, follow eco-friendly principles, and through various measures such as optimizing resources, reducing pollution and waste, and conserving biodiversity.

Optimize resource utilization

We place a high value on resource management and are committed to developing a production and operations model that is resource efficient and circular. This happens by promoting waste recycling, managing watersheds, and promoting green

office practices, which maximize the recycling of various resources. By 2025, the proportion of renewable energy in China Resources Sanjiu's total energy consumption increased to 8.19%.

Circular economy

CR Sanjiu focuses on strengthening resource utilization throughout the production process and actively promotes circular economic practices. For various manufacturing resources, such as pharmaceutical herbal residues, packaging waste, and industrial wastewater, it maximizes resource value and reduces environmental impact through scientific measures such as legal cooperation, contract recycling, and recycling, thus helping to create production and operations model based on resource recycling.

Industrial wastewater reuse. The Company reuses treated, compliant industrial wastewater for makeup water in exhaust gas treatment spray tower, collects rainwater for irrigation in plant area, reuses boiler condensate for boiler feedwater, and uses wastewater generated by the purified water production equipment for makeup water in circulating cooling tower and exhaust gas treatment spray tower, thereby maximizing water conservation.



Comprehensive utilization of Chinese medicinal herbal residues. After the production and supply of raw materials, China Resources Benxi Sanjiu Pharmaceutical Company generates remaining herbal residues (herbal dregs). In accordance with the relevant provisions of the *Civil Code of the People's Republic of China* and the *Environmental Protection Law of the People's Republic of China*, an agreement was signed with the Xianwen Family Farm in Hailang Township, Fushun County, to use the residue to feed cattle and sheep. In 2025, 3,804 tonnes of traditional Chinese medicine residues were processed in 2025.

Waste packaging is recycled and reused. China Resources Sanjiu Zaozhuang Company signed a "Paper Box Turnover Box Recycling and Reuse Agreement" with its suppliers, which enables turnover boxes containing medicine boxes to be recycled, sorted and returned to suppliers for post-use, ensuring a green circular operation. This could save nearly 3,200 traditional corrugated paper turnover boxes each year and generate the company 3,200 yuan a year.

Water resources management

We have developed programs such as the *China Resources Sanjiu Energy Conservation and Environmental Protection Monitoring and Control Measures* and the *China Resources Sanjiu Energy Natural Resources Conservation Management Measures*. Each branch has developed detailed manuals based on headquarters documents, applicable laws, policy, standards, and their own unique circumstances to guide management of water and other resource conservation. We have improved watershed recycling rates through a number of measures, including reducing freshwater use, regulating operational water use, and promoting reclaimed water and cooling water recovery and reuse. We have set a target to reduce freshwater consumption per 10,000 yuan of output value by 2% year-on-year, using 2020 (2.4668 t/10,000 yuan) as the baseline. In 2025, we routinely tested rainwater and groundwater, and water quality met standards during the Reporting Period.

Promote green office practices

We actively promote green office practice, and help our companies develop a positive corporate culture of resource and energy efficiency. Through initiatives such as actively promoting paperless office operations, strengthening office asset management, and reducing office energy, we guide employees to incorporate green and low-carbon concepts into their daily routines and lives.

Promote paperless office practices. Actively promote information technology development, develop OA programs, Rmeet videoconferencing, and online training. Most office work can be completed with these systems, greatly improving productivity. Advocate for and promote paperless office processes within the company to reduce paper use and waste; office documents can be edited and emailed.

Strengthen office supplies management. Improve purchasing, ordering and standardizing office supplies to extend their life. Do not use office supplies and equipment made of wood; encourage afforestation; actively carry out factory greening and build a "garden factory" to provide employees with a healthy, green work environment.

Reduce office energy consumption. Turn off computers, printers, fax machines, etc. immediately after work to reduce electrical waste. Replace lighting in low-light areas, such as corridors and hallways, with low-energy lighting, and have property managers turn them off immediately after work to save electricity.

Key performance indicators

At the end of the Reporting Period,

20,283

training participations in environmental protection

Environmental protection training reached

12,071 people



108

participations in environmental public welfare activities

287,018 hours

of environmental protection training

Rmeet has conducted more than

32,900

video conferences

Total meeting duration

492,000 hours

Total participants reached

467,000 person-times

1,212,128

cloud documents created

Reduce pollution and waste discharges

We practice the concept of green development and are committed to managing and reducing wastewater, waste gases, industrial solid waste, noise and new pollutants from production and

operations, so as to minimize the negative environmental impact of our own operations.

Governance

We strictly comply with the *Environmental Protection Law of the People's Republic of China*, the *Law on Air Pollution Prevention and Control of the People's Republic of China*, and the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*. We developed the *China Resources Sanjiu Pollution Prevention and Control Measures* and the *China Resources Sanjiu Energy Conservation and Local Environmental Protection Monitoring and Control Measures*, which are used to guide and regulate pollution prevention and control work by headquarters and facilities at all levels, including industrial solid waste, noise and new pollutants, and avoid environmental pollution.

Strategy

In accordance with the requirements of the *SASAC Notice on Accelerating Green Development of Central Enterprises and Promoting the Building of a Beautiful China and relevent work plans*, we have developed the *CR Sanjiu Work Plan for Accelerating Green Development and Promoting the Construction of a Beautiful China*.

Risks, Opportunities and Potential Impacts Related to Pollution and Waste Prevention and Control

Hazard types and descriptions	Potential economic impact	Opportunity types and descriptions	Potential economic impact
With increasingly stringent environmental regulations, companies may face penalties or legal action for exceeding emissions standards, increasing their costs.	• Market confidence is damaged • Brand value declines • Revenues and profits decrease	Green and environmentally friendly products and corporate images are likely to gain social popularity, thus increasing market share.	Increase operating income and profitability

Impact, risk and opportunity management

We perform pollution prevention and control activities in accordance with relevant regulations and documents such as the *China Resources Sanjiu Pollutant Prevention and Control Management Measures* and the *China Resources Sanjiu Environmental Risk Classification and Grading Assessment Measures*, strictly comply with various management requirements.

Pollution prevention and control. Pollution prevention and control. Headquarters and enterprises at all levels formulate self-monitoring plans at the beginning of each year. Some environmental protection sites are equipped with automated emission monitoring equipment, with monitoring data uploaded directly to the monitoring platform of the competent ecological and environmental authority. Environmental protection facilities that do not have automatic monitoring equipment in their emissions conduct self-monitoring according to a self-monitoring program.

Industrial Solid Waste Management. Common solid waste is divided into recyclable and non-recyclable materials. Recyclable solid waste is sold to processing companies for processing and

reuse; qualified third-party facilities collect and dispose of non-recyclable industrial solid waste.

Hazardous waste management. In managing and managing hazardous waste, we must strictly adhere to compliance requirements throughout the system : disposal must be done by facilities with a hazardous waste management license; the transfer process implements the electronic transfer manifest system to ensure full traceability; at the time of storage, it must be stored in designated facilities properly labeled and administrative documentation established; in the disposal system, devolved entities are required to operate in accordance with the terms of their respective license areas and are strictly controlled to ensure compliance throughout the system .

Disposal of expired medicines. All expired medicines and other waste chemicals are disposed of as hazardous waste in accordance with applicable regulations. We select a third

party with hazardous waste disposal credentials and technical capabilities, sign a hazardous waste disposal contract, and legally and compliantly dispose of expired chemicals.

Case study:guanlan base establishes a comprehensive and advanced pollution prevention and control program



High-efficiency treatment plants for major pollutants are installed at the Guanlan facility. For wastewater treatment, the wastewater treatment plant uses a combined "ABR anaerobic + aerobic contact oxidation" process, which boasts high efficiency and strong impact resistance. Key facilities include high-efficiency air suspension blowers, dissolved air flotation units, and plate-and-frame filter presses, allowing full automated control of the entire process. Effluent quality is monitored in real-time by an in-depth online monitoring system, which consistently meets standards without exceeding prescribed emission limits. For emissions treatment, a variety of processes, including water filtration, bio-trickling filtration, activated carbon adsorption, and UV photolysis, are used to treat volatile organic compounds (VOCs) and particulate manufacturing emissions, resulting in a multi-step cleaning process. All emissions outlets are equipped with online emission monitoring equipment, allowing for full control and 24/7 monitoring. Monitoring data showed that exhaust gas emission concentrations consistently meet national and local emission standard requirements.

Case study:enhancement of environmental protection systems and strict adherence to conservative practice standards



In 2025, all of China Resources Sanjiu's environmental protected facilities were functioning properly, with all pollutants meeting emission standards and all emission indicators complying with national and industry standards. Specifically, COD and ammonia nitrogen concentrations in the wastewater discharge met national standards. However, some businesses have experienced odor dispersion issues in their wastewater treatment plants. To address this, all ponds in the wastewater treatment plants were fully lined with reclaimed membranes, and waste gases were collected via special pipes and centrally treated with a biological deodorization process, significantly reducing odor emissions. Moreover, the existing VOCs treatment facilities of some commercial companies in their laboratories, using the photo-oxidation + activated carbon process, have suffered from fragile UV lamps and difficulties in detecting malfunctions in a timely manner. This affected the effectiveness of treatment and carried the risk of legal sanctions. The treatment process was upgraded to a two-stage activated carbon adsorption, which completely addressed these process deficiencies, ensuring efficient treatment of gas wastes, and reinforcing the plant's lean production and compliant process safeguards.

Metrics and targets

We develop standard requirements for pollution prevention and control, and establish and implement an emission control and verification process based on state and local environmental protection regulations and emission standards for chemical plants. For several consecutive years, we conducted comprehensive pollutant emissions estimation and monitoring, including wastewater and emissions, and built a visible and verifiable emissions data management system to provide robust data support for science planning, implementation and quantitative control of emission reduction goals.

By 2025, China Resources Sanjiu(Not include Tasly) has achieved all our pollution reduction targets, as detailed in the table below.

Setting and Achievement of Solid Waste Emission Targets of CR Sanjiu from 2020 to 2025

No.	Discharges	YearIndicator	2020	2021	2022	2023	2024	2025	The rules for target-setting during the "14th Five-Year Plan" period
1.	SO ₂	Emissions(t)	9.50	3.50	2.66	4.70	3.47	1.25	Based on 2020, reduce by 2% year-on-year (Kunming Pharmaceutical Corporation baseline value was incorporated in 2023).
		Target value (t)	Allowed emissions	9.31	9.12	10.1689	9.9525	9.7535	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
2.	NO _x	Emissions (t)	35.01	35.65	38.44	66.34	47.87	39.41	From 2024 onward, based on 2023, reduce by 2% year-on-year.
		Target value (t)	Allowed emissions	Allowed emissions	Allowed emissions	Allowed emissions	65.01	63.7098	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
3.	Particulate Matter (PM)	PM emissions (t)	6.8796	1.4783	1.44	10.00	8.19	6.44	Based on 2020, reduce by 2% year-on-year (Kunming Pharmaceutical Corporation baseline value was incorporated in 2023).
		Target value (t)	Allowed emissions	6.7420	6.6044	11.5742	11.3279	11.1013	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
4.	Volatile Organic Compounds (VOCs)	Emissions (t)	377.8655	12.1292	11.23	8.87	5.8727	4.8717	Beginning in 2024, the percentage will decrease by 2% per year, based on a 2023 baseline.
		Target value (t)	Allowed emissions	Allowed emissions	Allowed emissions	Allowed emissions	8.69	8.5162	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
5.	Ammonia nitrogen	Emissions (t)	3.04	1.91	1.68	2.39	2.01	2.88	Based on 2020, reduce by 2% year-on-year (Kunming Pharmaceutical Corporation baseline value was incorporated in 2023).
		Target value (t)	Allowed emissions	2.9792	2.9184	4.4390	4.3445	4.2576	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
6.	Hazardous waste	Total generation (t)	488.96	627.63	835.93	1,252.35	1,002.75	2,303.70	All general industrial solid waste and hazardous waste must be disposed of legally and in compliance.
		Target value (t) .	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
7.	General industrial solid waste	Total production (t).	32,214.45	36,250.50	26,094.72	134,557.22	144,237.22	185,830.75	
		Target value (t) .	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	All disposed of legally and in compliance	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	

Adhering to the principles of green development, and jointly painting an ecological home			Upholding integrity and driving innovation to jointly safeguard a harmonious society			Adhering to integrity and clear regulations, and laying a solid foundation for sound operation			
No.	Discharges	YearIndicator	2020	2021	2022	2023	2024	2025	The rules for target-setting during the "14th Five-Year Plan" period
8.	CO ₂ emission intensity (Scopes 1 and 2) ¹	Actual value (tCO ₂ e/10,000 yuan)	0.1649	0.1603	0.1627	0.1451	0.1265	0.1398	Based on the adjusted 2020 emission intensity (i.e., 0.2558 tCO ₂ e/10,000 yuan), reduce by 2% year-on-year.
		Target value (tCO ₂ e/10,000 yuan)	0.2558	0.2507	0.2456	0.2405	0.2353	0.2302	
		Whether the Target is Achieved	Yes	Yes	Yes	Yes	Yes	Yes	
Notes: • 1.Allowed emissions: the total annual allowable pollutant emissions quota granted by the competent ecological and environmental authority where the enterprise is located. • 2.When there are changes in production scale, number of enterprises included in statistics, etc., target values may be adjusted accordingly. • 3.In 2023, as Kunming Pharmaceutical Group was included in the statistical scope, the target values of relevant indicators were adjusted accordingly. • 4.Tasly is a newly acquired entity during the reporting period. To ensure continuity and comparability of target management, during the integration transition period, we will temporarily use the business scope before completion of the acquisition as the baseline. The statistical scope of the 2025 actual emissions values in this table does not yet include Tasly, and remains consistent with the baseline-year statistical scope for targets.									

During the Reporting Period, in light of actual production and operational conditions, we established annual or medium-term targets for waste reduction and recycling based on intensity indicators. In 2025, no environmental violations occurred.

Target	Progress
100% compliance rate for major pollutant emissions	In 2025, the compliance rate for major pollutant emissions was 100%, with no cases of excessive pollutant discharge.
100% lawful and compliant disposal of general industrial solid waste and hazardous waste	In 2025, all general industrial solid waste and hazardous waste generated from production and operations were disposed of lawfully and in compliance with regulations.
Based on 2020 as the baseline, reduce hazardous waste emission intensity by 10% by 2030.	In progress

Biodiversity conservation

We attach great importance to biodiversity conservation, and support and respond to the *Kunming–Montreal Global Biodiversity Framework*. We have made a clear commitment to biodiversity protection and strictly comply with the *Forest Law of the People's Republic of China*, the *Regulations for the Implementation of the Forest Law of the People's Republic of China*, the *Regulations of the People's Republic of China on the Protection of Wild Plants*, the *Wildlife Protection Law of the People's Republic of China*, the *Regulations on Returning Farmland to Forests*, the *Regulations on the Protection and Administration of Wild Medicinal Material Resources*, the *Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)*, and the *United Nations Convention on Biological Diversity*, as well as other relevant laws, regulations, and international conventions. We uphold the authenticity of medicinal biological resources and the conservation of germplasm and seed sources, vigorously promote the development of artificial cultivation bases for traditional Chinese medicinal materials, establish forestry carbon sink demonstration projects for medicinal materials, protect wild medicinal biological resources, foster a new ecological model integrating forest and medicinal material cultivation, advance biodiversity restoration, and work together toward a vision of harmonious coexistence between humanity and nature.

¹ In accordance with the "Guidelines for Greenhouse Gas Emission Accounting and Reporting of Industrial Enterprises in Other Sectors (Trial)," the Scope 1 and Scope 2 carbon dioxide emissions for CR Sanjiu Medical & Pharmaceutical Co., Ltd. in 2025 are calculated as follows: Scope 1 emissions are calculated as the product of fossil fuel consumption, carbon content, carbon oxidation rate, and molecular conversion factor. Scope 2 emissions are calculated as the product of purchased electricity consumption and the corresponding grid emission factor.

Impacts of China Resources Sanjiu's Production, Operations and Products on Biodiversity and Corresponding Action Strategies

Influence type	Impacts of the company's production, services and products on biodiversity	Action strategies
Negative impact	The Company's products are primarily traditional Chinese patent medicines, with raw materials consisting of medicinal biological resources sourced from market procurement and medicinal material cultivation bases. Where the origin of medicinal materials procured from the market is unclear, some raw materials may originate from wild medicinal biological resources. The extent of wild harvesting may be uncertain, potentially causing negative impacts on biodiversity.	- For Chinese medicinal materials procured from the market, we only purchase materials with clear, legal and compliant origins, and require suppliers to reasonably develop medicinal biological resources on the basis of conservation, avoiding biodiversity loss caused by excessive harvesting of wild medicinal materials. - We conduct research on seedling breeding and artificial cultivation technologies for medicinal materials, compile technical guidelines, and vigorously promote the construction of artificial cultivation bases through self-built or jointly established planting bases. We uphold the authenticity of medicinal biological resources and the conservation of germplasm and seed sources, increase the proportion of raw materials supplied by cultivation bases, and promote the sustainable development of the traditional Chinese medicine industry. - The Company dynamically manages sustainability risks within business partners and the supply chain, protects natural resources and maintains ecosystem diversity, strictly complies with national biodiversity conservation policies, and prohibits establishing operational sites, conducting supply chain activities, or engaging in business activities in biodiversity hotspots, ecologically sensitive areas, ecological protection redline zones, and internationally or nationally designated important protected habitats. - We strictly comply with national laws and regulations concerning endangered medicinal species and prohibit the use of wild endangered medicinal species in pharmaceutical production.
		In response to global warming and increasingly frequent extreme weather events such as heat, drought and heavy rainfall, which pose survival risks to medicinal biological resources due to environmental changes, the Company will increase R&D investment, select and cultivate high-quality medicinal varieties with strong environmental tolerance and sufficient medicinal components, and continue to uphold the authenticity of medicinal biological resources and germplasm conservation.
Positive impact	Leveraging technical platforms such as the Research Institute of Chinese Medicinal Resources at the headquarters R&D center, the Medicinal Resource Center of the Pharmaceutical Business Division, and affiliated medicinal material cultivation enterprises, the Company actively researches seedling breeding and artificial cultivation technologies, compiles technical guidelines, and vigorously promotes the construction of artificial cultivation bases. By using medicinal materials with clear origins and increasing the supply proportion from cultivation bases, we uphold the authenticity of medicinal biological resources and the conservation of germplasm and seed sources, promote sustainable raw material development, reduce harvesting of wild medicinal biological resources, prohibit the use of wild endangered medicinal species in pharmaceutical production, and contribute to biodiversity restoration.	

Protection of authenticity and quality sources of raw materials

Through order-based procurement from genuine producing areas, strict raw material quality audits, and self-built or jointly established cultivation bases, we implement a rigorous procurement quality management system to ensure that all medicinal raw materials are legally sourced, compliant, and of high quality at the source, and to prevent medicinal materials of unknown origin from entering the production process.

Construction of medicinal material cultivation bases and germplasm conservation

Medicinal cultivation bases are selected based on suitability of the ecological environment, historical planting experience, and avoidance of protected areas. Through industry–university–research collaboration, we establish seedling experimental areas, strictly control germplasm and seed quality at the technical source, and prevent issues such as germplasm degradation and invasive alien species. Through the construction of demonstration cultivation bases, establishment and promotion of cultivation and origin-processing standards, and joint base-building models, we vigorously promote the development of medicinal planting demonstration bases. In authentic production regions such as Guangdong, Jiangxi and Yunnan, cultivation bases are developed based on traditional planting experience. Organic fertilizers are prioritized to protect soil and vegetation.



Ecological Cultivation of Panax notoginseng

Promoting sustainable development of raw materials

Relying on technical support from the Research Institute of Chinese Medicinal Resources, the Medicinal Resource Center of the Pharmaceutical Business Division, and affiliated cultivation enterprises, we actively conduct research on germplasm resources, cultivation technologies, origin-processing methods and standards, full-process traceability systems, and comprehensive utilization of medicinal resources. These efforts ensure medicinal quality, maximize resource utilization, maintain ecological balance, prevent ecological resource loss, degradation and over-exploitation, and guarantee the sustainable utilization of traditional Chinese medicinal resources.

Establishment of forestry carbon sink demonstration projects for medicinal materials

Through artificial cultivation of medicinal plants and the development of medicinal-material forestry systems, we reduce harvesting of wild medicinal resources, protect endangered wild medicinal species, restore natural biodiversity, and form a new ecological model of artificial medicinal forests. This promotes sustainable development of medicinal materials while increasing potential carbon assets. We will continue to promote the joint development of medicinal forestry carbon sink demonstration projects with relevant organizations where conditions permit.

Construction of medicinal–photovoltaic complementary zero-carbon demonstration projects

By leveraging the differing light spectrum requirements of medicinal plant photosynthesis and photovoltaic power generation, electricity generation and planting can be realized simultaneously. As photovoltaic panels create shading effects, different medicinal varieties can be cultivated according to their light requirements, and different photovoltaic module designs can be installed to meet photosynthetic needs. At the same time, qualified business units are encouraged to install photovoltaic systems in medicinal planting bases and develop medicinal–photovoltaic complementary projects into zero-carbon demonstration projects.



Upholding integrity and driving innovation to jointly safeguard a harmonious society

National requirements

Strengthen the principal role of enterprises in scientific and technological innovation, promote the concentration of innovation resources toward enterprises, support enterprises in taking the lead in forming innovation consortia and undertaking more national key science and technology projects, encourage enterprises to increase investment in basic research, promote the deep integration of innovation chains, industrial chains, capital chains, and talent chains, accelerate innovation in digital and intelligent technologies such as artificial intelligence, and achieve breakthroughs in fundamental theories and core technologies.

From the social perspective, with the goal of continuously improving people's quality of life, implement a health-first development strategy, promote the inheritance and innovation of traditional Chinese medicine, and advance the integration of traditional Chinese and Western medicine.

—Proposal for the 15th Five-Year Plan

Our response

Closely aligning with the requirements of the 15th Five-Year Plan, China Resources Sanjiu fully integrates ESG principles into its corporate strategy and operations. We continuously strengthen innovation capabilities, advance digital transformation, enhance R&D innovation in traditional Chinese medicine, and strategically develop innovative drugs and classical traditional Chinese medicine prescriptions. On the social dimension, we have established a Board-driven ESG governance closed loop, reinforced quality assurance and consumer rights protection throughout the entire lifecycle of pharmaceuticals, embedded ESG principles across the full traditional Chinese medicine supply chain, implemented distinctive public welfare projects supporting the Healthy China initiative and rural revitalization, and continuously improved employee development and care systems, fulfilling the social responsibilities of a central state-owned enterprise through concrete actions.

Contribution to the United Nations Sustainable Development Goals



Responsibility case



Building a new pharmaceutical distribution ecosystem on the foundation of compliance

As a core member of China Resources' Greater Health segment, CR Sanjiu has gained deep insight into regulatory trends and sustainable development requirements in the pharmaceutical industry, and has proactively initiated and led *the Consensus on Compliance in the Pharmaceutical Industry* project. In collaboration with leading industry enterprises and professional institutions, we have shifted from "passive compliance" to "proactive governance," striving to build a pharmaceutical distribution ecosystem characterized by transparency, mutual trust, and shared responsibility. Through strengthened compliance capabilities, we consolidate the foundation for industry development and demonstrate the responsibility of central state-owned enterprises in serving the modernization of national governance.

Strategic commitment anchored in the broader landscape

This project actively responds to major national policies such as "deepening the reform of the medical and healthcare system" and "strengthening anti-unfair competition," and precisely aligns with the requirements of the *Administrative Measures for Compliance Management of Central Enterprises*. By translating macro-level principles into actionable standards in the distribution sector, the project supports the development of "world-class enterprises" through robust compliance risk management. By providing industry public goods and transforming corporate best practices into industry consensus, CR Sanjiu has significantly enhanced its brand influence and rule-advocacy capacity in the pharmaceutical sector, contributing to a more stable development environment for the Group's Greater Health business.



Launch Ceremony of the Consensus on Compliance in the Pharmaceutical Industry

On August 28, 2025, the *Consensus on Compliance in the Pharmaceutical Industry* was officially released at an industry innovation conference, marking a milestone achievement. In collaboration with leading enterprises such as Sinopharm Holding and Shanghai Pharmaceuticals, more than one hundred frontline compliance challenges were analyzed to ensure the practicality and relevance of the Consensus.

From consensus to implementation: advancing together

The Consensus on Compliance in the Pharmaceutical Industry progressed through five stages: "initiative proposal, in-depth research, centralized drafting, discussion and finalization, and official release," achieving a transition from concept to substance. It has now entered the implementation phase of "consensus decoding" and "capacity building," supported by the development of training courses, risk guidance, and self-assessment tools to transform textual standards into practical enterprise capabilities. By unifying the "language of compliance operations," the Consensus reduces compliance system construction costs for small and medium-sized enterprises, shifts from "costs of correction" to "costs of prevention," and enhances overall efficiency and safety across the industry chain. At the same time, it clearly conveys the industry's determination for self-reform, helping restore industry reputation and rebuild public trust, and providing strong support for the Healthy China strategy.

Innovative breakthroughs: opening a new chapter in ecosystem governance

By breaking through the traditional internalized model of compliance, we innovatively propose a new paradigm of "value-chain collaborative governance." We advocate the evolution of compliance management from internal corporate control to ecosystem-wide coordination and mutual trust across the industrial chain. Through consensus, standards, and technological connectivity, we aim to build a transparent, traceable pharmaceutical distribution ecosystem with shared responsibility, while addressing uneven industry development. We also promote innovation in tools and mechanisms, including formulating standardized recommendations for high-sensitivity scenarios such as CSO cooperation and academic promotion, introducing independent third-party evaluation mechanisms, and exploring intelligent compliance tools driven by big data and artificial intelligence, thereby transforming compliance management from labor-intensive to technology-driven models.

Empowering the industry and demonstrating long-term value

Following its release, *the Consensus on Compliance in the Pharmaceutical Industry* has established plans for supporting guideline development, case database construction, and periodic revision mechanisms to ensure alignment with evolving policies and practices. CR Sanjiu will continue to invest resources, deepen implementation, and pursue higher-level objectives, forming a virtuous cycle of "greater participation, greater benefit, and stronger joint safeguarding." The core methodology of the Consensus holds reference value not only for the pharmaceutical industry but also for medical devices, finance, and other highly regulated industries. Its collaborative model of "leading enterprises guiding, multi-party co-creation, and shared outcomes" can be replicated in other ESG areas such as green supply chains and data security, providing practical experience for industry governance.

Future outlook

The Consensus on Compliance in the Pharmaceutical Industry project represents a model case of integrating national strategies, Group planning, industry needs, and the Company's own strengths. It begins with compliance risk management but aims at long-term sustainable value creation; rooted in risk management, it injects "trust capital" and normative momentum into the industry. We will continue to take compliance as our cornerstone and work with industry partners to build a healthier and more sustainable pharmaceutical distribution ecosystem, demonstrating the responsibility and commitment of central state-owned enterprises in the new era.

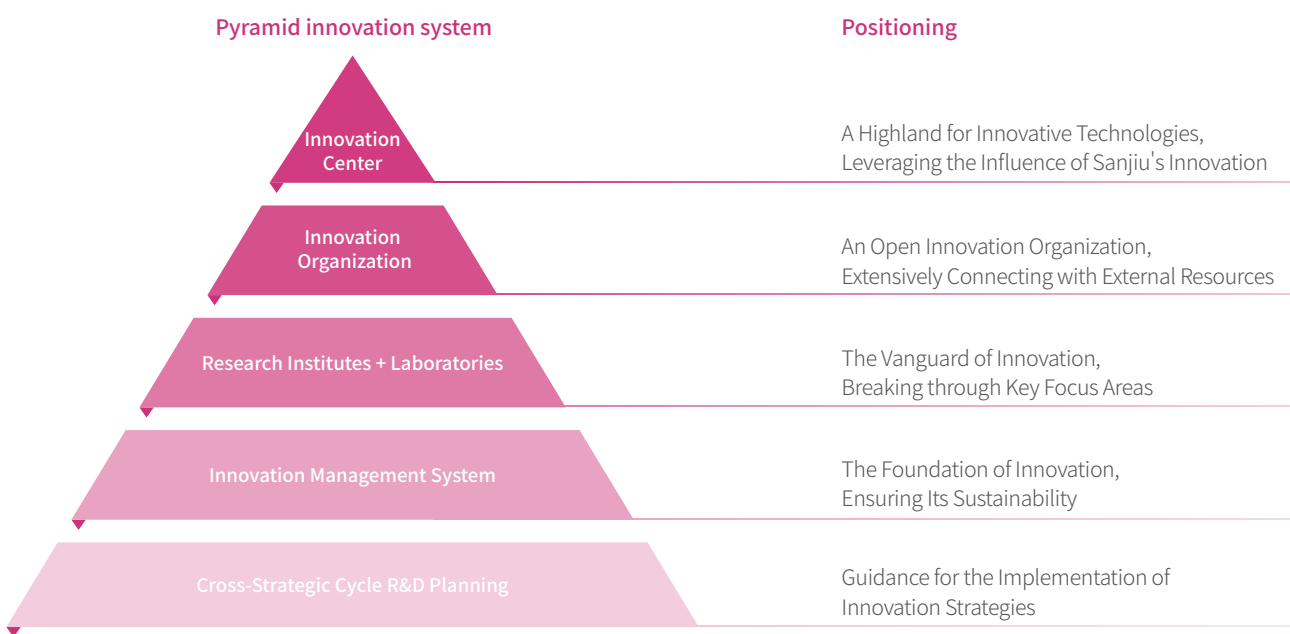


Focus on innovation development

China Resources Sanjiu has upgraded its R&D strategy under the theme of "Integrated Innovation, Smart Future," with the goal of becoming a leading innovator in China's pharmaceutical and healthcare sector through the integration of traditional Chinese and Western medicines with digital and intelligent technologies. Focusing on the Company's core strategy, we continue to increase innovation investment in core pipelines, build advanced technology platforms, establish innovation organizations and talent teams aligned with strategic needs, strengthen coordination mechanisms, and cultivate and develop new quality productive forces.

Governance

We continue to improve the "pyramid"-like structure of innovation, with "focus on initiation, strengthening management, emphasis on monitoring, implementation of incentives, and promoting translation" as key steps. Relying on a three-tier "1+8+N" science and technology innovation model, we optimize a "6E" management system based on project initiation, planning, implementation, evaluation, incentives, and auditing. We continue to improve project-driven decision-making and project-driven management, increase incentives for innovation, and inject strong momentum into innovation and research and development.



Strategy

Innovation is not only our core value but also one of CR Sanjiu's core competencies. The company's vision is to become a leader in pharmaceutical and healthcare innovation in China. We continue to increase R&D investment, focus on core pipelines, build advanced technology platforms, establish innovation organizations and talent teams aligned with strategy, and strengthen coordination mechanisms. We consolidate core capabilities including value assessment, BD introduction, clinical medicine, project management, resource integration, and digital-intelligent applications, thereby safeguarding the achievement of strategic objectives.

Innovation development-related risks, opportunities and potential impacts

Risk Type and Description	Potential Financial Impact	Opportunity Type and Description	Potential Financial Impact
Technical risk: Pharmaceutical R&D cycles are long, investment is high, and success rates are uncertain; breakthroughs in core technologies are difficult.	Loss of R&D investment	Technical opportunity: Breakthroughs in the modernization of classical prescriptions and the establishment of international standards for traditional Chinese medicine.	Accelerated approval and market launch of new products
Policy risk: Stricter regulatory standards for traditional Chinese medicine, adjustments in drug review and approval, medical insurance reimbursement, and centralized procurement policies may restrict product usage demand.	Increased costs or reduced revenue	Policy opportunity: National support for inheritance and innovation of traditional Chinese medicine and development of classical prescriptions; accelerated review and approval; preferential medical insurance policies for high-quality innovative drugs and traditional Chinese medicine.	Shortened time to market, reduced production costs, and increased revenue

Impact, risk and opportunity management

Development of a Scientific and Technological Innovation Platform

We partner with internal and external agencies to build a scientific and technological innovation platform, closely aligned with the strategic needs of the country. Our primary objectives are to develop drugs with outstanding clinical efficacy and safeguarding public health. We focus on the modernization of traditional therapies as a key development to develop modern Chinese medicine and build a critical technological innovation platform to support advanced development.

On September 24, 2025, CR Sanjiu, together with more than 20 organizations including the China Pharmaceutical Industry Supervisory Board and the China Pharmaceutical Control and Regulatory Research Association, jointly launched the "Beijing Future Pharmaceutical Chain Research Center."

China Resource Sanjiu and Zhengzhou University have jointly established the "Zhengzhou University-China Resource Sanjiu Innovative Chemical Research Center." By focusing on common technologies and industry needs, and applying Zhengzhou University's research interests in life sciences, the company will collaborate on key research such as authentic drug development from Henan Province, antiviral drug research and development, and drug safety evaluation.

Cultivating innovative technical talent

We strengthen the recruitment and cultivation of high-tech innovation talents in R&D and intelligent manufacturing, enhance the establishment and management of talent pools, and fully stimulate endogenous drivers of technological innovation through "building platforms, improving mechanisms, and utilizing talent." We focus on production technology challenges and industry-leading technologies to enhance the core competitiveness of marketed products.

Organizational development

In 2025, a new Oral Liquid Dosage Form Technology Research Center was established. Currently, eight dosage form technology research centers have been built to provide professional research platforms for technical personnel. At the same time, intelligent manufacturing coordination groups and production-sales-R&D coordination groups were established to break cross-department barriers and build an efficient collaborative R&D system.

Talent cultivation and exchange

In 2025, focusing on building the innovative R&D talent pipeline, the Company carried out systematic technical exchanges, talent inventory, and targeted cultivation, strengthened R&D-related talent teams in the production system, and realized sharing of internal and external knowledge, technology, and talent resources. We deepened industry-university-research-application collaboration and signed cooperation agreements with four research institutions, including universities, drug regulatory authorities, and equipment enterprises, to conduct joint research in process technology and quality standards, thereby improving R&D personnel's professional capabilities through project-based practice.

Innovation culture development

In 2025, the Production Technology Center organized the 4th CR Sanjiu Process Technology Innovation Award selection to establish benchmarks for production technology innovation. Together with the human resources department, the Company advanced the development of supporting systems for the *Management Measures for Incentives for Technical Innovation Projects in the Production System of CR Sanjiu*, recognizing and rewarding outstanding product engineers, innovative technical projects, and excellent technical sub-centers, improving the innovation incentive system, fully stimulating R&D personnel's innovative vitality, and fostering a talent development atmosphere that values innovation and encourages exploration.

Enriching technological innovation achievements

We continuously strengthen our proprietary innovation capabilities, accelerate change and implementation of innovation successes, accurately identify market opportunities arising from consumption upgrade trends, and deeply mine core consumer needs regarding product functionality and usage scenarios. We promote breakthroughs in the initiation and approval of new product R&Ds, progressively enhance the industrialization process of scientific research results, and continue to enhance the competitiveness of our core products.

Product development

The innovative traditional Chinese medicine drug *Xiao'er Anshen Bunao Granules* was approved and successfully selected into the third batch of "Lingnan Famous Prescriptions."

Technological advances

Address common problems among volatile oil varieties through technical advances, and develop important common engineering solutions. The combined approach of "feed properties + equipment + technology + measurement" will ensure that the volatile components of the product are essentially the same as those of the reference sample obtained by hydrolysis.



Promoting the development of international standards for traditional Chinese medicine

Achieve r&d and innovation results in 2025

Classical prescription field

Two new Category 3 traditional Chinese medicine products were approved, namely Yiqi Qingfei Granules and Banxia Baizhu Tianma Decoction Granules. Five products are in the application stage, and the cumulative number of applications and approvals leads the industry. One Macau classical prescription product was approved—Shaoyao Gancao Granules, authorized to use the "Supervised by Macau" label. Yiqi Qingfei Granules is CR Sanjiu's first Category 3.2 traditional Chinese medicine new drug and the first innovative traditional Chinese medicine formally approved by the National Medical Products Administration specifically for treating comprehensive symptoms during the recovery period of respiratory infections.

Dermatology field

Four new products were approved: Selenium Sulfide Lotion, Minoxidil Topical Solution, Crisaborole Ointment, and Metronidazole Gel. These are important products in the Company's self-care portfolio, and their approvals reflect the Company's continuous improvement of business portfolio and expansion into the full self-care.

Orthopedics field

One new product was approved: Loxoprofen Sodium Gel Patch, the Company's first approved gel patch product, enriching the orthopedics pipeline and improving business portfolio to better meet patient needs.

Gastrointestinal (hepatobiliary) field

One new product was approved: Lactulose Oral Solution, approved by the National Medical Products Administration, used for the treatment of constipation and supporting intestinal health.

Anti-infection field

Four new products were approved: Cefazoxime Sodium for Injection, Fulvestrant Injection, Ertapenem Sodium for Injection, and Cefpirome Sulfate for Injection, further strengthening the anti-infection pipeline and providing more treatment options for patients.



Key progress in consistency evaluation of generic drugs in 2025

Approved generic drug approvals
Minoxidil Topical Solution, Selenium Sulfide Lotion, Crisaborole Ointment, Metronidazole Gel, Loxoprofen Sodium Gel Patch, Lactulose Oral Solution, Cefprozime Sodium for Injection, etc., were approved for marketing, enriching product portfolios in dermatology, orthopedics, gastrointestinal (hepatobiliary), and anti-infection fields, continuously empowering business development.
Submitted registration applications
Luliconazole Cream, Adapalene Gel, Upadacitinib Sustained-release Tablets, Hydrotalcite Suspension, Polyethylene Glycol 4000 Powder (pediatric), Compound Polyethylene Glycol (3350) Electrolyte Oral Solution, Desloratadine Oral Solution, Desloratadine Tablets, Calcitriol Soft Capsules, Vancomycin Hydrochloride for Injection, Ambroxol Hydrochloride Oral Solution, etc., have been submitted for registration. Generic drug R&D is accelerating and gradually forming a pipeline output.

Intellectual property protection

We strictly comply with the *Trademark Law of the People's Republic of China* and the *Measures for the Administration of Intellectual Property Certification*, and have formulated policy including the *China Resources Sanjiu Brand and Authorization Management System*, *Basic Intellectual Property Management System of China Resources Sanjiu*, *China Resources Sanjiu Patent Management Measures*, *China Resources Sanjiu Management Measures for Publication of Scientific Papers*, and *Management Measures for Intellectual Property Rights Protection and Anti-counterfeiting*. We have established an intellectual property management system centered on trademark rights and covering patents, trade secrets, copyrights, and other dimensions, and commit to respecting and protecting intellectual property rights of both the Company and others. In 2025, the Company did not experience any major intellectual property infringement incidents that had significant impact.

Establish a closed-loop management approach

We proactively implement intellectual property protection measures, establish online and offline infringement monitoring systems, launch patent proposal application and approval processes and scientific paper submission approval processes in the OA system, strengthen intellectual property management, carry out multiple online and offline rights protection activities, safeguard the Company's intellectual property rights, and form a full-process closed-loop management mechanism for intellectual property protection.

Raise awareness of intellectual property rights

We carried out intellectual property awareness activities on World Intellectual Property Day and incorporated intellectual property training modules into 2025 legal compliance training and new employee training to enhance employee awareness and ensure effective protection of intellectual property.

Emphasis on technology ethics

We adhere to the principle of "technology for good, ethics first," deeply integrating technology ethics into the entire process of pharmaceutical R&D and technological innovation, strictly safeguarding the bottom line of life and health, effectively protecting the lawful rights and interests of clinical trial subjects, strictly complying with animal ethics standards and animal protection requirements, and maintaining high ethical standards and scientific conduct in all types of experiments to protect public health through responsible innovation.

Drug clinical trial management	Adherence to animal experiment ethics
CR Sanjiu has established a dedicated pharmacovigilance team for clinical trial drugs and built a full-process control system to comprehensively protect the safety and rights of trial participants. The Company has established a comprehensive pharmacovigilance system, formulated standardized operating procedures, and clarified job responsibilities. At the protocol design stage, risk assessments are conducted in advance, and risks are minimized through scientifically defined indicators and contingency plans. Trial execution procedures are strictly standardized to ensure the scientific integrity of research. The informed consent process is properly implemented to fully safeguard participants' right to be informed and their right to voluntary participation. Serious adverse reactions are reported in a timely manner as required, and periodic safety data aggregation and analysis, as well as dynamic risk control, are carried out. Through rigorous and standardized management, we safeguard the safety baseline of clinical trials.	The Company strictly complies with national laws and regulations related to the management of laboratory animals and ensures that all animal experiments are conducted in a scientific, lawful, and standardized manner. All animal experiments are entrusted to compliant suppliers holding laboratory animal use licenses. Entrusted research institutions strictly comply with the <i>Good Clinical Practice (GCP)</i> , the <i>Declaration of Helsinki</i> , ICH guidelines, and other medical ethics principles and relevant clinical regulations, ensuring that related research activities are conducted in qualified and compliant laboratory animal facilities.

Kunming Pharmaceutical Group adheres to the principle of humane treatment of laboratory animals and strictly follows the "3R" principles of Reduction, Replacement, and Refinement. In accordance with relevant regulations, it has established a systematic laboratory animal management mechanism, set up a Laboratory Animal Management Committee and an Institutional Animal Care and Use Committee (IACUC), and continuously improved management policies and animal welfare ethics review documents. The Company clarifies the responsibilities of various institutions and departments, standardizes laboratory animal production, use, ethical review, and harmless disposal of waste, and incorporates laboratory animal facilities into the quality management system to ensure compliant experimental conduct and protection of animal welfare. In 2025, Kunming Pharmaceutical Group strengthened personnel ethical awareness through training on animal welfare ethics and biosafety, effectively implementing requirements related to animal welfare and humane treatment of laboratory animals.

Metrics and targets

We have always placed R&D innovation at the core of corporate development. To effectively implement the Company's R&D innovation strategy, we have established indicators and targets for R&D innovation and regularly track and evaluate their completion.

Target	Progress
Build innovation highlands, strengthen innovation platform construction, and continue to develop national-level and provincial-level research platforms.	CR Sanjiu, together with more than 20 institutions including the China Pharmaceutical Enterprise Management Association and the China Society for Drug Regulation Studies, jointly initiated the establishment of the "Beijing Future Pharmaceutical Industry Chain Research Institute." CR Sanjiu and Zhengzhou University jointly established the "Zhengzhou University–China Resources Sanjiu Innovative Drug Research Institute."
Strengthen intellectual property protection and continuously improve independent innovation capabilities.	The Company participated in the development of 1 international standard, 13 national standards, and 4 industry standards; In 2025, CR Sanjiu obtained authorization for 211 patents (including 87 invention patents, 71 utility model patents, 50 design patents, and 3 international invention patents).

Deepening digital and intelligent transformation

CR Sanjiu continues to enhance its digital and intelligent transformation. With meeting user and patient needs as the core, the Company promotes business growth, efficiency improvement, and brand development through digital empowerment and platform-based service innovation, and is committed to becoming a leading digital-intelligence enterprise in the pharmaceutical and healthcare industry.

Governance

CR Sanjiu has integrated digital transformation into its governance structure. With a governance approach that combines hierarchical planning, clear responsibilities and authorities, organizational mechanisms, and closed-loop monitoring and evaluation, it lays a solid foundation for the implementation of the "Digital Sanjiu" strategy. This ensures that digital transformation is aligned with the company's development strategy and tightly integrated with business operations, promoting standardized, effective, and sustainable digital transformation development .

Strategy

We adhere to the "Digital Sanjiu" strategy, actively implement digital transformation initiatives, and proactively explore new scenarios and new models for applying emerging technologies such as AI and IoT in the pharmaceutical field. Through measures including business transformation and innovation and the implementation of an industrial digital ecosystem, we aim to achieve the goal of supporting and leading the Company's innovation-driven transformation and development through digitalization and intelligence.

Risks, opportunities and potential impacts related to digital and intelligent transformation

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Technical risk: Rapid iteration of digital and intelligent technologies; difficulty in implementing intelligent manufacturing and R&D scenarios for traditional Chinese medicine, falling short of expectations.	Loss of R&D investment	Technical opportunity: AI and digital-intelligent technologies empower innovative R&D of traditional Chinese medicine and improve R&D efficiency.	Shortened R&D cycles, reduced R&D costs, and improved R&D success rates
Compliance risk: Digital construction, data application, and intelligent manufacturing failing to meet national requirements for data security, cybersecurity, pharmaceutical regulation, and intelligent factory standards, leading to compliance risks.	Increased costs for compliance rectification and penalties	Policy opportunity: Strong national support for digital and intelligent transformation of traditional Chinese medicine and construction of intelligent manufacturing demonstration factories, enabling access to policy subsidies, recognition, and industry demonstration advantages.	Access to policy funding support and reduced transformation investment costs

Impact, risk and opportunity management

Promote digital transformation

Aiming to become the digital standard in the pharmaceutical and healthcare industries, we are fully promoting digital transformation and aggressively integrating digital empowerment into key areas of business operations and management. Focused on user experience and value creation, we have developed digital development strategies and workflows in key areas such as marketing and finance, clarifying the direction of talent mobilization and organizational transformation requirements. Through technological innovation and data intelligence, we drive business model development and improve management performance, fueling new business growth and superior corporate development through digital transformation.

Advancing digital empowerment

Digital marketing

With "user experience at the core, promoting brand development and business growth through digital innovation and data intelligence, and striving to become a digital benchmark enterprise in China's pharmaceutical and healthcare industry," the Company has redefined the core development direction of "people, goods, and channels" in the prevention-treatment-rehabilitation field. Key initiatives and digital capability accumulation directions have been clarified across the entire user journey, digital channels, digital marketing, digital products, and data intelligence, while organizational support and transformation directions have also been proposed to achieve rapid growth of new businesses.

Financial digitalization

A digital strategy centered on "five transformations and eight scenarios" has been established. Digital construction tasks have been carried out and completed in key scenarios including treasury management, business analysis, budget management, and tax management. Tasks assigned by SASAC have been completed with high quality, financial management integration of newly acquired enterprises has been realized, and financial operational efficiency and data analysis capabilities have been improved.

Advancing intelligent manufacturing

To fully utilize the management of the entire TCM industry chain and promote the advanced, intelligent, and green development of the TCM industry, we proposed the vision of "lead TCM intelligent manufacturing" and developed an eight-year intelligent manufacturing strategy. Through key initiatives such as leading and technological innovation, breakthroughs in key technologies, industry development and transformation, advanced systems, and professional training, we will explore new TCM artificial intelligence models, build new TCM artificial intelligence models.

Define the development path



Digital and intelligent technology upgrades

Production intelligent manufacturing upgrade

Benchmark intelligent manufacturing factories have been established to realize digital management across the full pharmaceutical value chain covering raw materials, production, warehousing, quality, and equipment. Intelligent perception, dynamic optimization, and scientific capacity allocation of production operations have been achieved, enabling real-time monitoring of production and equipment operation status. With digital technology empowerment, key operational indicators of the benchmark ointment workshop have been significantly improved.

Digital-intelligent quality control

A digital quality control system centered on the QMS quality management system and LIMS laboratory information management system has been established to realize online closed-loop management of all quality elements and processes, promoting deep integration of quality data and business processes. The first fully automated, unmanned testing equipment system in the traditional Chinese medicine industry has been developed, achieving full automation of weighing, physicochemical pre-treatment, pesticide residue pre-treatment, heat treatment testing, and other processes. Quality testing efficiency increased by 6%, information transmission accuracy reached 100%, and testing consumable usage decreased by 75%. At the same time, paperless quality records and reduced manual inspection operations have been realized, significantly improving the intelligence level and operational efficiency of quality control.

Digital-intelligent green production

An enterprise-level lean energy management platform (PMS) has been established, deeply integrating advanced digital technologies such as cloud computing, big data, IoT, mobile communications, and intelligent algorithms. Supported by this platform, energy-saving technologies such as distributed photovoltaics, chilled water storage, magnetic levitation chillers, and permanent magnet variable-frequency equipment have been implemented. Combined with AI-enabled production operations, overall energy consumption at the Guanlan plant decreased by more than 20%, and the plant was successfully recognized as a national-level green factory, promoting green and low-carbon development of production through digital-intelligent upgrading.

Honors



CR Sanjiu was recognized as one of the first batch of "Outstanding-level Intelligent Factories" by the Ministry of Industry and Information Technology (MIIT).



Seven factories, including China Resources Sanjiu (Zaozhuang), China Resources Sanjiu (Chenzhou), China Resources Benxi Sanyao, Aonuo Pharmaceutical, China Resources Sanjiu (Ya'an), Anhui China Resources Jinchan, and China Resources Jiuxin, were recognized as "Advanced-level Intelligent Factories."



The Company won the Bronze Award in the benchmark competition of the 8th "Blooming Cup" 5G Application Collection Competition organized by MIIT.



The Company received the First Prize for Practical Achievements in Deepening Reform of State-owned Enterprises in 2025 from *Enterprise Management* magazine.



Case:building a qualified enterprise for smart manufacturing



CR Sanjiu promotes digital-intelligent manufacturing operations by transforming business, operational, and management models, exploring new business management models, and advancing the construction of benchmark intelligent manufacturing factories.

CR Sanjiu (Ya'an) has built a full industrial chain digital factory for traditional Chinese medicine and established a "1-system, 3-comprehensive quality management system" and a "digital EHS management model" under the 9S intelligent manufacturing model. Product quality remains stable, with a one-time product qualification rate of 100% and zero quality complaints. It was selected as an excellent intelligent manufacturing scenario by MIIT and a typical case for quality improvement by MIIT.

Talent development

We continue to strengthen the cultivation of professional intelligent manufacturing teams, leverage the coordination role of the Deep Blue Laboratory in intelligent manufacturing initiatives, plan the construction of a unified production and manufacturing platform, coordinate intelligent manufacturing project management across factories nationwide, build benchmark intelligent manufacturing factories and production lines, and establish intelligent laboratories. Through D-Plan learning activities, professional seminars, and specialized training courses, we enhance the knowledge and skills of professional talent.

Case:launch of public utility iot group control project



CR Sanjiu officially launched the "Public Utility IoT Group Control System Project" and jointly organized a training camp with Mushroom IoT to promote the deep application of digital-intelligent technologies in pharmaceutical public utility energy systems, supporting digital transformation and energy conservation and carbon reduction.

The project supports the Company's intelligent manufacturing strategy by integrating IoT, edge computing, and AI algorithms to build a "one-screen overview" public utility IoT group control system, enabling remote equipment control, intelligent fault prediction, and whole-station energy conservation and carbon reduction, continuously improving factory public utility energy efficiency management. The training camp attracted more than 40 participants from relevant positions. Through a combination of theoretical instruction and practical training, core topics including industrial AI and digital-intelligent energy saving were covered, building a professional talent reserve for project implementation.

Metrics and targets

CR Sanjiu anchors its "Digital Sanjiu" strategy and the development goal of "leading intelligent manufacturing of traditional Chinese medicine," and scientifically establishes a systematic target indicator system around core areas of digital-intelligent transformation. Clear indicators and targets guide the orderly advancement and effective implementation of digital transformation, ensuring the Company's gradual realization of the goal of becoming a leading digital-intelligence enterprise in the pharmaceutical and healthcare industry.

Target	Progress
Upgrade the intelligent manufacturing system, build an intelligent manufacturing system covering the entire traditional Chinese medicine value chain, and create benchmark factories in the industry.	Intelligent manufacturing factories including China Resources Sanjiu (Zaozhuang), China Resources Sanjiu (Chenzhou), China Resources Benxi Sanyao, and China Resources Jinchan have been successively recognized with honors such as MIIT and provincial/municipal intelligent manufacturing excellent scenarios, intelligent factories, integration of informatization and industrialization excellence enterprises, and digital transformation benchmark demonstration enterprises.
Build a digital-intelligent professional talent pipeline and establish a composite digital-intelligent talent team to support strategic implementation.	Intelligent laboratories continue to be developed and D-Plan learning activities are conducted to enhance the knowledge and skills of professional talent.

Pursuing excellence in product quality

CR Sanjiu is committed to promoting the heritage and innovation of traditional Chinese medicine, enhancing China's Health system, improving people's well-being, and improving their quality of life. Exploiting the opportunities created by the development of innovation in the new era and addressing the quality and safety risks of chemicals and drugs have become important pillars for the high-quality and sustainable development of CR Sanjiu.

Strengthen quality management

Drug quality and safety are major livelihood and public safety issues, bearing directly on people's health and social harmony and stability. CR Sanjiu has always upheld the quality philosophy of "Integrity and sincerity, craftsmanship in pharmaceuticals," established and improved its quality management system, exercised strict control over drug quality, strengthened quality management across the entire production and operation process, and remained accountable for public health.

Governance

We fully fulfill the principal responsibility for product quality, and strictly comply with *the Drug Administration Law of the People's Republic of China* and *the Implementing Regulations of the Drug Administration Law of the People's Republic of China*, ensuring product quality throughout the entire production process and being accountable for customer health. Centered on the goal of "building an efficient and controllable group-wide unified quality management system," we have established a quality management process of "corporate strategy – quality policy – quality objectives – work indicators – assessment and evaluation." Benchmarking world-class quality management system improvement projects, we continue to deepen the construction of a full product lifecycle quality management system, and achieve continuous quality improvement and enhancement..

Strategy

CR Sanjiu is steadily advancing on the path to becoming a leading enterprise in the industry, benchmarking world-class enterprises and improving its business layout, with its core business expanding into the full spectrum of self-care. We conduct product quality control and, with products delivering a positive experience and high-quality services, meet the full-cycle and multi-level health needs of every family member—from prevention, health maintenance, treatment to rehabilitation—thereby driving CR Sanjiu's innovation-driven development and high-quality development.

Key performance

During the Reporting Period,

24

quality certifications were obtained by CR Sanjiu's subsidiary manufacturing enterprises, including FDA, the EU, and ISO 9001

5

operational sites have passed ISO 9001 certifications

A total of

57

GMP compliance checks were received and passed successfully

Risks, opportunities and potential impacts related to quality management

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Reputational risk: Unstable quality at the source of Chinese medicinal materials, and defects in suppliers' quality systems, may lead to poor product quality consistency, triggering quality complaints and adverse events, and damaging brand reputation.	Increased compliance costs; decline in operating revenue	Market opportunity: Upgraded health consumption and increasing demand for quality medicines; building a high-quality pharmaceutical brand to enhance product competitiveness, customer stickiness, and market share.	Increased brand value and market confidence
Compliance risk: Suppliers' failure to timely align with the Company's quality standards, or tightened industry quality supervision causing upstream supply chain disruption, may affect the supply of production materials and result in insufficient capacity.	Increased procurement costs	Policy opportunity: Closely following national policy directions on drug quality supervision, inheritance and innovation of traditional Chinese medicine, and supply chain security; improving the quality control system and strengthening supplier collaborative management to align with industry compliance requirements and obtain policy support and market access advantages.	Reduced legal and compliance costs

Impact, risk and opportunity management

Improve the quality system

We focus on continuously building a group-wide unified quality management system, strengthening upstream control over Chinese medicinal materials, improving supplier audits and quality traceability mechanisms, enhancing process standardization and quality consistency of Chinese herbal pieces and Chinese herbal formula granules; strictly implementing the principal responsibility of traditional Chinese medicine manufacturers, strengthening post-marketing quality risk monitoring, and reinforcing risk early warning and response in distribution and use to ensure products are safe, effective, and quality-controllable.

We implement the requirements of SASAC's *Guidelines for Comprehensive Risk Management of Central Enterprises, and the Ministry of Finance and four other ministries' Basic Standards for Enterprise Internal Control* and its supporting guidelines, and, in light of CR Sanjiu's actual conditions, have established the *China Resources Sanjiu Detailed Rules for Quality Risk Management*, to continuously promote quality risk management in a deep and orderly manner and further enhance capabilities in risk identification, analysis, and response management. In 2025, the Company continued the group-level control model of the "Top 10 Annual Quality Risks," and implemented a "4+6+N" risk prevention and control mechanism. . All risk control plans were completed 100% on schedule, and overall risks were controllable.

Enhancing quality management

Quality management assessment and evaluation

In accordance with the Quality Policy and Objectives Management Policy, headquarters coordinates the formulation of company-level quality objectives for the next year every fourth quarter, and decomposes them level by level to subsidiaries, departments, and key positions, ensuring "objectives assigned to positions and accountability assigned to individuals." In 2025, headquarters formulated and issued annual quality objectives for each subsidiary across three dimensions deepening quality system construction, preventing quality risks, and promoting quality management innovation"—achieving an organic alignment between strategic orientation and execution.

Quality audits and corrective actions

In 2025, based on national regulatory directions, regulatory priorities, quality audit cycles, and business needs, we formulated the 2025 CR Sanjiu Quality Audit Plan. We continued to promote continuous improvement and enhancement of quality management, strengthen safeguards, and prevent quality and safety risks. In 2025, CR Sanjiu completed quality audits of 46 production units as planned. For weak links, we organized certain production units to carry out special quality improvement actions on topics including effective operation of the quality management system, contract manufacturing management, plant facilities and equipment management, on-site management, and validation and qualification, to further improve quality management, prevent quality risks, and support high-quality development.

Product quality sampling evaluation

Each year, we organize sampling inspection and evaluation of products in market circulation. Internally, preventive testing is used to address newly emerging quality and safety issues, further reducing quality risks. During the reporting period, based on product risk assessments, CR Sanjiu organized internal sampling evaluations for 16 product varieties, and production units completed internal sampling evaluations for 134 product varieties. All evaluation results met quality standard requirements, and product quality and safety were reliable.

Digital quality control

To align with the intelligent transformation trend of the traditional Chinese medicine industry, CR Sanjiu has accelerated the digitalization and intelligent upgrading of manufacturing. We widely promote the application of QMS and LIMS systems to realize centralized management of quality data and real-time monitoring of key indicators, significantly improving quality response efficiency and the scientific basis of decision-making. At the same time, we actively explore applications of new technologies such as AI-assisted testing, Process Analytical Technology (PAT), and traditional Chinese medicine fingerprinting, advance the construction of smart laboratories, and promote a shift in quality control from "post-event inspection" to "process controllability and source prevention".

Promote a quality culture

To further promote company-wide quality action, fully implement the guiding principles of the 20th National Congress of the CPC and the Second, Third and Fourth Plenary Sessions of the 20th CPC Central Committee, and relevant requirements including the CPC Central Committee and the State Council's *Outline for Building a Quality Powerhouse*, CR Sanjiu has built a quality culture led by leadership and participated in by all employees, continued to advance quality culture development, carried out multiple forms of quality culture communication, enhanced the influence, penetration, and coverage of quality culture, improved company-wide quality awareness, and promoted high-quality corporate development.

We further enhanced our political awareness, following Secretary-General Xi Jinping's valuable explanations on productive renewable energy, high-quality development, and food and medicine safety guidelines. We actively carry out the decisions and activities of the Party Central Committee and National Council on rapidly building a welfare state, and conscientiously fulfill our corporate responsibility for welfare, firmly instilling welfare first in all workers. To further strengthen all employees' awareness of quality risks, CR Sanjiu conducts a series of quality-themed training for all employees every year. During the reporting period, subsidiaries carried out various activities including quality training, regulatory salons, and thematic seminars, ensuring employees master core skills and standard requirements for quality control, thereby better fulfilling quality requirements in daily work.

- In combination with CR Sanjiu's business characteristics and actual quality management conditions, and with "Integrity and sincerity, craftsmanship in pharmaceuticals" as the guiding concept, we implemented the quality policy of "customer first, honesty and integrity, improvement and innovation, and excellent quality," and carried out the 2025 "Quality Month" activities..
- We organized quality-themed skills competitions such as thin-layer identification skills competitions, internal trainer selection, and auditor selection, to further improve quality skills and select and cultivate professional technical talent.
- CR Sanjiu and its subsidiaries conduct quality-related training for suppliers each year based on supplier audit results, providing item-by-item defect analysis and corrective action explanations, systematic training for weak modules, and thematic training for suppliers on the newly issued national appendices for pharmaceutical excipients and pharmaceutical packaging materials in 2025, helping suppliers improve their quality system construction in accordance with GMP appendix requirements and continuously improve.



Thin-layer identification quality-themed skills competition

Metrics and targets

In line with regulatory requirements for pharmaceutical quality management and the deployment for building a quality powerhouse, and to effectively implement the Company's quality strategy, CR Sanjiu has established quality-related indicators and targets and regularly tracks and evaluates target completion. In 2025, there were no major liability accidents related to the safety and quality of products and services.

Target	Progress
Improve a standardized quality system and promote the implementation of multi-dimensional quality system certifications.	In 2025, a total of 24 domestic and international quality-related standard system certifications were obtained.
Strengthen end-to-end risk prevention and control for quality and safety, and promote full coverage of ISO 9001 certification for manufacturing enterprises.	In 2025, 5 operational sites obtained ISO 9001 certification.
Deepen multi-level quality management audits, strengthen product quality sampling evaluation and compliance control.	In 2025, CR Sanjiu completed quality audits of 46 production units as planned. Headquarters organized internal sampling evaluations for 16 product varieties, and production units completed internal sampling evaluations for 134 product varieties. All evaluation results met quality standard requirements, and product quality risks were controllable.

Delivering excellent service

CR Sanjiu always places customer needs first and continuously invests effort in improving its customer service system. From optimizing consultation and inquiry processes to accelerating after-sales response times, we strive for excellence in every detail, steadily enhancing customer satisfaction. The Company focuses on strengthening the supply capability of pharmaceuticals and health services and actively promotes the development of primary healthcare, enabling more people to conveniently access high-quality medical services and contributing to the improvement of public health and wellbeing.

Governance

We consistently comply with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and fully respect and protect customers' lawful rights and interests. In daily operations, we regard customer information security and privacy protection as top priorities and work to establish a comprehensive protection system. We actively expand diversified communication channels, ensuring that every customer's voice is heard in a timely manner through hotlines, email, SMS, and interactive communication via social media platforms.

Information security system

CR Sanjiu has established a four-tier information security organizational structure. The Digital and Intelligent Leadership Committee serves as the decision-making layer; the information security management teams at headquarters and each unit serve as the management layer; the information security execution teams at headquarters and each unit serve as the execution layer; and the Digital and Intelligent Leadership Committee simultaneously performs supervisory functions. This forms a closed-loop information security management mechanism with clear responsibilities and layered accountability.

Strategy

We are committed to building a comprehensive consumer complaint feedback mechanism to ensure that every customer request is properly handled. At the service level, we pursue "five-heart" caring services—"reassurance, sincerity, attentiveness, meticulousness, and enthusiasm"—integrating care into every customer touchpoint. By continuously optimizing service processes and improving service quality, we steadily enhance customer satisfaction and inject strong momentum into the continuous improvement of product quality and service standards.

Risks, opportunities and potential impacts related to safeguarding customer rights

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Reputational risk: Violations of the <i>Advertising Law</i> , <i>Personal Information Protection Law</i> , <i>Consumer Rights Protection Law</i> , etc., in marketing promotion, customer information management, complaint handling, or medication education.	Increased compliance penalties, rectification and legal costs	Market opportunity: Market opportunity: Capturing increasing consumer demand for service quality, privacy protection, and medication education under health consumption upgrading; enhancing customer satisfaction and brand loyalty through high-quality omnichannel services and responsible marketing..	Increased brand value and market recognition; expanded market share
Reputational risk: Delayed after-sales response, improper complaint handling, misleading marketing, or privacy protection lapses may directly damage brand reputation and public trust and trigger negative public opinion.	Decline in sales; damage to brand value	Policy opportunity: Aligning with national policies on consumer protection, compliant pharmaceutical marketing, and data security supervision; improving service and compliance systems to meet regulatory requirements and obtain compliance-based competitive advantages.	Reduced compliance risk costs; improved operational efficiency
Technical risk: Technical vulnerabilities or insufficient protection in customer information systems, e-commerce platforms, or customer service systems may result in data leakage or system interruption, affecting customer service and information security.	Potential penalties related to data security		

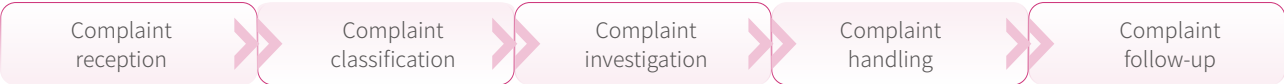
Impact, risk and opportunity management

Customer privacy protection

CR Sanjiu continuously improves its institutional framework. In accordance with the *Cybersecurity Law*, *Data Security Law*, and *Personal Information Protection Law*, the Company has formulated corepolicy including the *CR Sanjiu Information Security Management Measures*, *China Resources Sanjiu Data Security Management Measures*, and *China Resources Sanjiu Data Backup and Disaster Recovery Management Measures*. In e-commerce scenarios, supporting documents such as the *China Resources Sanjiu Membership Rules and Privacy Authorization Agreement* and the *China Resources Sanjiu Customer Service Center Management Manual* standardize privacy protection operations in membership information management, customer consultation, and order processing. Employee behavior in information processing, storage, and transfer is strictly regulated, and unauthorized disclosure or tampering of customer information is strictly prohibited. A data security emergency response mechanism and information security liaison system have been established, clearly defining graded reporting and handling procedures for security incidents. Data security audit rules are formulated, full records are maintained for data access, modification, and deletion on e-commerce platforms, and regular compliance self-inspections and risk assessments are conducted.

After-sales complaint handling

The Company has formulated the Customer Complaint Management Operating Procedures to standardize complaint classification, complaint receipt procedures, complaint investigation and handling, and complaint response processes, thereby improving complaint handling effectiveness in a timely and effective manner. A 400-800-0999 customer service hotline has been established to ensure complaints are properly handled while meeting customer consultation needs, continuously improving the customer service system and enhancing consumer satisfaction.



CR Sanjiu Customer Complaint Redressal Procedures

In 2025, CR Sanjiu's e-commerce platform received 94 product and service complaints due to safety and health concerns. The procedures for handling complaints are as follows: First, in cases where misleading advertising results in inappropriate purchase or use, the advertisement is corrected, and the refund is negotiated with customers, taking into account their interests. Second, for adverse experiences experienced by customers, appropriate refunds and compensation were based on photographs or videos of adverse symptoms provided by customers, as well as hospital diagnosis certificates. The customer complaint department has a 100 % response rate, an average response time of 1 to 3 days, and a 100% resolution rate.

Promoting safe medication

We further strengthen safety signal detection, adverse reaction monitoring, revision of drug instructions, and standardized management of GAP labeling. Taking the opportunity of "March 15 International Consumer Rights Day," we carry out medication safety outreach activities in communities and continuously disseminate drug safety knowledge to a broader range of stakeholders.

Implementing responsible marketing

We consistently uphold a consumer-first principle and actively practice responsible marketing and communication, safeguarding customers' right to be informed about product information and ensuring transparency. We also actively explore and establish new marketing models and continuously expand diversified marketing channels.

Responsible marketing and compliant communication

CR Sanjiu continuously improves its responsible marketing management structure and responsibilities to ensure stable system operation. The marketing management department organizes and leads daily responsible marketing activities, while management supervises the implementation of responsible marketing.

The Company expresses advertising content in a truthful, lawful, and healthy manner and strictly prohibits false or misleading promotion. We strictly comply with the Advertising Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China, and the Provisions on the Administration of Drug Instructions and Labels, and remain accountable to consumers. During the Reporting Period, the Company issued the Responsible Marketing Policy, clarifying responsible marketing requirements for internal and external personnel and realizing standardized management of responsible marketing. A responsible marketing review and supervision mechanism has been established. All marketing materials must be approved, and marketing and sales behaviors are regularly inspected to prevent misleading or concealed information.

The Company's audit department regularly conducts audits of e-commerce platform marketing and sales departments, covering areas such as marketing expense management and sales conduct, and requires rectification within specified time limits for identified issues. In 2025, a special audit was conducted on digital marketing business.

To effectively implement responsible marketing practices, regular media knowledge and responsible marketing training are conducted for all marketing personnel. The Company has also established open complaint reporting channels and strictly implements investigation and handling procedures for received feedback, conducting periodic reviews to continuously improve responsible marketing management mechanisms.

New marketing models

We gain insight into the fundamental needs of consumers and conduct innovative marketing activities across platforms and dimensions. Through integrated online and offline marketing centered on holiday themes, cross-industry collaborations, and program IPs, we enhance media communication efficiency, increase customer engagement, and continuously inject vitality into the Company's brand.

999 ganmaoling practicing health education social responsibility through creative marketing

999 Ganmaoling under CR Sanjiu innovatively practices ESG responsible marketing. Centered on winter cold prevention health education, and leveraging public scenarios such as commercial districts and subway stations, the Company customized caring and warming message copy alongside surrounding advertisements without directly mentioning celebrity names or the brand name.

Through light and low-cost creative communication, health protection concepts were delivered in a friendly and engaging manner, gaining wide positive feedback from consumers.

This marketing campaign effectively strengthened 999 Ganmaoling's national brand image and goodwill, integrated health education into daily life, enhanced public awareness of winter cold prevention, and represented a practical model of integrating "creative marketing + health education + social responsibility" within the pharmaceutical industry.

999 Ganmaoling Promotional Advertisement

Metrics and targets

CR Sanjiu consistently adheres to a customer-centric service philosophy. In line with regulatory requirements related to consumer rights protection, and to effectively implement the Company's excellent service development strategy, we have systematically established indicators and targets related to service excellence, built mechanisms for target tracking, dynamic evaluation, and closed-loop optimization, ensured effective implementation of service measures, and continuously improved customer experience and service quality.

Target	Progress
Establish an omnichannel, high-efficiency customer service system and continuously improve customer satisfaction and loyalty.	Complaint service response rate: 100%; average response time: 1–3 days; resolution rate: 100%.
Strictly implement data compliance requirements and achieve full-process security control of customer privacy.	Through improving cybersecurity management, technical and operational safeguard frameworks, establishing data security emergency response mechanisms and information security liaison systems, clarifying graded reporting and handling procedures for security incidents, and continuously strengthening information security risk prevention and control, the Company experienced no data security incidents and no customer privacy leakage events in 2025

Ensure drug safety

We continuously deepen and improve our product lifecycle management system, aiming to "create an efficient and controllable quality control model." From raw material management and drug production to warehousing and transportation, and then to product traceability and pharmacovigilance, we integrate risk management into every stage of the product lifecycle, taking the quality of medicines (efficacy, safety, and quality) as the cornerstone of our company's survival and development, and being responsible for public health.

Source control

The Company extends its quality control system deeply to the upstream of the industrial chain, establishing national seed and seedling bases for Chinese medicinal materials and standardized planting bases for Chinese medicinal materials. It strictly implements the inspection process for Chinese medicinal materials entering the factory, conducts comprehensive quality audits and dynamic risk management of material suppliers, and regularly inspects their planting environment, production and processing, and other core links to build a solid quality defense line for Chinese medicinal materials from the source. For key Chinese medicinal material varieties, the Company simultaneously establishes planting bases in production areas and fully promotes GAP standardized production. At the same time, it builds a supply chain risk management mechanism, conducts regular supply risk assessments and early warnings, identifies and prevents potential risks in advance, and comprehensively improves the resilience of the supply chain while effectively ensuring the stability and quality control of raw material supply.

Pharmaceutical production

The Company continues to increase its R&D investment, steadily promotes the upgrading of product quality standards, and simultaneously improves internal control standards for materials and products; it is building a process technology innovation platform to empower product competitiveness through technology. At the same time, it strictly implements the primary responsibility of the drug marketing authorization holder for drug quality and safety, organizes all subsidiaries to fully implement relevant requirements, strengthens quality supervision and management throughout the entire drug production process, and effectively prevents quality and safety risks in the production process.

Warehousing and logistics

Promote the integrated development of transportation, unify and centrally manage production logistics and sales logistics, establish a set of standardized transportation management processes and standards, and ensure the quality and safety of product transportation.

Drug traceability

The Company has established ERP, WMS, TMS, OMS, and product traceability systems to achieve full-process traceability of warehousing and transportation, ensuring that drug quality and risks are controllable during warehousing and transportation. Simultaneously, by adding automated equipment such as AGVs, elevators, and visual barcode scanners, the Company has achieved automation and intelligence in warehousing operations, improving operational accuracy and drug quality and safety.

Emergency response

An EHS Committee has been established to oversee emergency response efforts related to food and pharmaceutical safety incidents. The company has developed key system documents, including the "Detailed Rules for EHS Incident Management at China Resources Sanjiu" and the "Guidance on Comprehensive Emergency Response Plan for Food and Pharmaceutical Safety Incidents at China Resources Sanjiu", thereby establishing a robust and standardized operational mechanism for responding to food and pharmaceutical safety emergencies. These measures guide and standardize emergency response procedures across all levels of the organization, significantly enhancing the speed of response and the coordination and effectiveness of incident management.

Clear delineation of responsibilities between headquarters functional departments and subsidiary enterprises has been defined, promoting efficient cross-level collaboration. In the event of an incident, an emergency response task force is promptly dispatched to the site to provide on-site guidance and support, ensuring timely, accurate, and effective actions. Through systematic management and practical response drills, the company continues to strengthen its capability in preventing and mitigating pharmaceutical safety risks. This proactive approach minimizes potential impacts on public health and social reputation, firmly safeguarding the safety of food and pharmaceutical products.

In 2025, the company reported no quality or safety incidents, reflecting a stable and controllable overall quality and safety performance, underscoring the effectiveness of its comprehensive risk prevention and control system.

Product recall

The company has established the "China Resources Sanjiu Product Recall Management System," clarifying the handling procedures after adverse drug events in accordance with the national "Drug Recall Management Measures." After collecting relevant information, the company and its subsidiaries promptly organize drug safety hazard investigations and assessments, determine the recall level, formulate and implement recall plans, and generate recall summary reports. All relevant investigations, plans, progress, and handling are reported to the provincial drug regulatory authority as required. The recall summary report must explain the product shipments, recall quantities, and balance. Simultaneously, the company thoroughly investigates the root causes of recall quality incidents, formulates corrective and preventative measures, tracks their implementation, and evaluates their effectiveness. The company and its subsidiaries regularly conduct simulated recalls to ensure that actual recall work is carried out in accordance with regulations. Furthermore, each subsidiary, in accordance with the emergency management requirements for food and drug safety emergencies, revises relevant systems and procedures for product recall, pharmacovigilance, drug traceability, and quality and safety incident management, and simultaneously conducts emergency drills and simulated recall activities for food and drug quality and safety incidents. In 2025, the company did not experience any product quality-related recalls or any general or above-level food and drug quality and safety incidents.

Pharmacovigilance

Strictly adhering to relevant pharmacovigilance regulations, a comprehensive pharmacovigilance system has been established, covering the entire lifecycle of drugs from pre-market clinical trials to post-market use. This system encompasses the entire process of adverse reaction and drug-related issue detection, monitoring, evaluation, identification, assessment, prevention, and control, and is continuously optimized to ensure timely and effective management of drug safety risks and safeguard public medication safety. A multi-channel adverse reaction information collection and feedback mechanism has been established, utilizing channels such as operating companies, medical institutions, customer service hotlines, and academic literature to conduct proactive post-marketing surveillance and collect serious adverse events during clinical trials, as well as SUSAR reporting, achieving comprehensive collection of drug safety information throughout its entire lifecycle. An emergency response mechanism for drug safety incidents has been established, standardizing emergency response procedures to effectively prevent drug safety incidents and minimize their harm to public health and safety. A pharmacovigilance audit and continuous improvement mechanism has been established, conducting regular internal self-inspections and audits to assess the suitability, adequacy, and effectiveness of the system. Active cooperation with external regulatory bodies' GVP inspections is also undertaken; both internal and external inspection results for this year have met requirements, ensuring the pharmacovigilance system's compliance and continuous improvement.

Promoting health accessibility

We remain committed to our original aspiration of safeguarding public health. By optimizing production processes and controlling costs scientifically, we ensure that safe and reliable health products and professional services are accessible to the public at affordable prices. Simultaneously, we deepen collaboration with primary healthcare institutions through diversified initiatives such as medicine donations and medical skills training. These efforts help extend the reach of medical services, fulfill our health responsibilities and social commitments, and expand health benefits to broader populations.

Pharmaceutical R&D for rare and major diseases

Strengthening collaborative research and development and independent innovation, the Company is advancing the development of ONC201 for the treatment of H3K27M-mutant diffuse midline glioma. The Company has obtained exclusive rights for the development, production, and commercialization of this product in Greater China. The locally produced product has completed Phase I clinical trials in China and has been included in the Key Product Service List of the CDE Greater Bay Area Sub-Center, contributing to improving of rare disease prevention and treatment. In 2025, in collaborate with Nanjing Aierpu Regenerative Medicine, we jointly developed HiCM-188, the world's first iPSC-derived cardiomyocyte innovative drug to receive simultaneous clinical trial approval synchronously in China and the US. This addresses the unmet clinical need of severe chronic ischemic heart failure, and the product has now entered Phase II clinical trials in China, helping to solve clinical treatment challenges in the field of heart failure. The Company continues to advance the development of PXT3003 for the treatment of Charcot-Marie-Tooth disease type 1A (CMT1A), which is currently under review by the CDE (Center for Drug Evaluation). As the world's first and only treatment for CMT1A, PXT3003 can significantly improve the limitation of daily activities in CMT1A patients with a favorable safety profile, and is expected to fill the gap in this rare disease treatment area. Meanwhile, CR Sanjiu is conducting drug R&D for major diseases such as stroke and malaria, addressing gaps in disease treatment. At the end of the Reporting Period, the Company had a total of 20 R&D projects targeting 9 rare/major diseases (by indication), among which 10 products for 8 categories of rare/major diseases (by indication) have been approved for marketing.

¹ Major diseases refer to the 20 diseases that impose the heaviest burden of disability-adjusted life years globally.

List of rare and major disease drugs from cr sanjiu

CR sanjiu rare and major disease drugs	Disease area/indications/therapeutic functions	Marketing status
Colchicine Tablets	Familial Mediterranean fever	Marketed
Xuesaitong Series Products	Acute ischemic stroke	Marketed
Puyuek (Recombinant Human Prourokinase)	Stroke	Marketed
Artemisinin, Its Derivatives (APIs and Preparations)	Malaria	Marketed
Wakix® (Pitolisant Hydrochloride Tablets)	Narcolepsy	Marketed
Compound Danshen Dripping Pills	Chest Stiffness (due to qi stagnation and blood stasis), Angina Pectoris of Coronary Heart Disease	Marketed

CR sanjiu rare and major disease drugs	Disease area/indications/therapeutic functions	Marketing status
Qishen Yiqi Dripping Pills	Chest Stiffness (due to qi deficiency and blood stasis), Angina Pectoris of Coronary Heart Disease	Marketed
Huoxiang Zhengqi Dripping Pills	Exogenous wind-cold, internal damp stagnation: headache, dizziness, epigastric/abdominal distension and pain, vomiting, diarrhea, gastrointestinal cold	Marketed
Compound Danshen Dripping Pills (for Diabetic Retinopathy)	Diabetic Retinopathy	Marketed
Yangxue Qingnao Granules/Pills	Headache, dizziness, blurred vision, irritability, insomnia (due to blood deficiency and liver hyperactivity)	Marketed
PXT3003	Charcot-Marie-Tooth Disease Type 1A (CMT1A)	In Research
CMI2402	Primary Biliary Cholangitis	In Research
New Artemisinin Derivative Formulations	Malaria	In Research
KYAZ01-020	Stroke	In Research
B2065 - Adipose-derived Mesenchymal Stem Cell Injection	Acute Ischemic Stroke	In Research
TCM2008 - Qishen Yiqi Dripping Pills (New Indication: Diabetic Nephropathy)	Diabetic Nephropathy	In Research
TCM2501 - Qihuang Yishen Granules	Diabetic Nephropathy	In Research
ONC 201 Capsules	H3 K27M-mutant Diffuse Midline Glioma	In Research
iPSC-derived Cardiomyocyte Innovative Drug HiCM-188	Severe Chronic Ischemic Heart Failure	In Research
TCM1408 - Changkang Granules	Diarrhea-predominant Irritable Bowel Syndrome (IBS-D)	In Research
CMI1203-JS1-1-01	Moderate to Severe Depression	In Research

Construction of a modern logistics system

We are improving a specialized, intelligent, and lean modern logistics system to provide robust support for the safety, stability, and accessibility of medicines from the supply end. We have established a decision-support system for warehouse network planning. Utilizing scientific data models and algorithms, and factoring in business scale, delivery timelines, and logistics costs, it generates real-time suggestions for optimal warehouse network layouts. Our nationwide warehouse network achieves full coverage, effectively improving delivery speed and reducing logistics operational costs while meeting business demands. Warehouse functions are categorized based on product attributes and production-sales regions, employing a "Central Warehouse + Regional Warehouse" operational model to enhance coordination, logistics efficiency, and customer service. We are advancing integrated transportation management by centrally overseeing both production and sales logistics. Standardized transportation management processes and diversified distribution models such as full truckload, less-than-truckload, and express delivery to ensure product quality and safety during transit, catering to various business scenarios. We are deepening lean logistics initiatives, implementing flexible billing models for third-party warehousing and exploring tiered pricing models to reduce storage costs. The development of smart logistics is underway. Systems like ERP, WMS, and TMS enable end-to-end traceability, providing data for operational optimization. Our self-managed warehouses are advancing automation; fully automated unmanned receiving is already operational, while automated equipment like AGVs and visual scanning systems are in testing and integration. Future projects include automated truck loading, continually enhancing the intelligence level of our logistics.

Fair and reasonable pricing

We strictly adhere to laws and regulations, including the *Anti-Monopoly Law of the People's Republic of China and the Guidance on Strengthening Current Drug Price Management*, refraining from interfering with terminal drug prices to protect fair market competition. Pricing is determined for different products in accordance with the *China Resources Sanjiu Marketing Department Product Price Adjustment Management Rules*, ensuring patients have access to medicines at reasonable and fair prices. Furthermore, in different national markets, we establish fair and flexible pricing mechanisms based on local economic conditions and the actual needs and payment capabilities of patients. We actively respond to national policies, continuously promoting the inclusion of our products in the national medical insurance catalog to benefit public welfare with more favorable drug prices. Some products are included in the national medical insurance reimbursement list and centralized procurement programs, and are subject to tiered pricing as per national regulations, allowing patients to enjoy different medical insurance reimbursement ratios for different drug categories. At the end of the Reporting Period, the Company is steadily advancing the online listing and hospital admission of products winning centralized procurement bids as provinces implement the procurement results, fulfilling the requirements for fair and transparent drug pricing through concrete actions.

Combating counterfeits and substandard drugs

We support government authorities in strictly regulating counterfeit and substandard drugs, protecting the legitimate rights and interests of consumers and patients in accordance with the law. Through platforms such as the "Aichuang Regulatory Code" and "Code for Assurance", we have established a comprehensive product informatization traceability system, ensuring the production and distribution path of drugs is queryable and traceable. We strengthen sampling inspections and verification during the design and usage of labels to reduce the risk of counterfeit, substandard, or mislabeled drugs entering the pharmaceutical distribution system.

Expansion in developing countries and emerging markets

Kunming Pharmaceutical Group plans to achieve market access and achieve scaled sales for its key products (such as the Xuesaitong series and artemisinin-based products) in 3 to 5 core emerging market countries by 2027, including target markets such as Kyrgyzstan, Uzbekistan, Zimbabwe and Nigeria. We continuously explore international business cooperation channels and models, promote product approvals and sales, and increase our presence and market share in emerging markets to provide better, more accessible pharmaceutical solutions for patients globally. Additionally, Tasly actively responds to the Belt and Road Initiative, enhancing exchanges and collaborative development with developing countries and emerging markets in areas like drug R&D and registration. It delivers high-quality traditional Chinese medicine (TCM) products and health services to countries along the Belt and Road, using TCM as a bridge to promote inclusive global health. Leveraging platforms such as the SCO Summit in Tianjin, Tasly deepens cooperation with partner countries in traditional medicine research, talent cultivation, and other areas, promoting the international dissemination of TCM culture and health concepts, and contributing to the health and well-being of people in Belt and Road partner countries.

International business is steadily advancing

In 2025

- Sales of artemisinin-based preparations have achieved steady growth in over 30 malaria-endemic countries and regions, including in Africa.
- Cotexin (artemether-lumefantrine), a WHO-prequalified product, has obtained marketing approval from local drug regulatory authorities in 15 countries, including Ethiopia, Tanzania, Malawi, Ghana, Angola, and Zimbabwe.
- Panax notoginseng (Sanqi) products have received marketing approval in Vietnam, Myanmar, Cambodia, Mongolia, Uzbekistan, and Indonesia.
- Huxin Dan (Heart-protecting Pill) and Yangxue Qingnao Granules have obtained herbal preparation re-registration approval from the Nigerian drug regulatory authority (NAFDAC).
- Qishen Yiqi Dripping Pills and their capsule formulation have received traditional medicine re-registration approval from the Malaysian drug regulatory authority (NPRA).
- Huxin Dan (Heart-protecting Pill) has obtained phytomedicine re-registration approval from the drug regulatory authority of the Democratic Republic of the Congo.

Overseas expansion and assistance

Kunming Pharmaceutical Group actively fulfills the international social responsibilities by conducting foreign aid training programs. These programs have covered 226 participants from 26 countries across various professional fields, including infectious disease prevention and control, and traditional medicine. Both ongoing and planned projects have achieved a high level of fulfillment. We focus on promoting the dissemination of TCM culture and medical technologies to Belt and Road countries and nations like El Salvador. Through workshops, on-site practical training, and other formats, we empower local medical talent development and healthcare capacity building, serving as a bridge for cultural exchange and technical collaboration, thereby fulfilling our responsibility in building a global community of health for all. Concurrently, we continue to expand our overseas market presence, with a strategic focus on deepening our footprint in Africa. We are establishing a diversified sales network through cooperation with local distributors, establishing in-house sales teams, setting up subsidiaries (e.g., a local pharmaceutical company in Tanzania), and developing cooperation models tailored for West Africa, ensuring efficient product distribution. We actively engage with public institutions in multiple African countries, such as Ministries of Health and National Malaria Control Programs, and participate in anti-malarial drug tenders issued by local governments and international organizations like the Global Fund. In 2025, we secured a Global Fund procurement order for artemisinin-based anti-malarial drugs covering approximately 1.23 million treatment courses. By supplying high-quality artemisinin-based anti-malarial drugs, we support national malaria control programs, provide accessible and affordable medicines to people in high-burden regions, and contribute to the development of global public health.



Kunming Pharmaceutical Group's training program in Africa



Industry cooperation and win-win

Synergistic cooperation and development

Upholding the principles of openness and win-win cooperation, we actively build a diversified strategic cooperation system, continuously deepen synergy and interaction with our partners, and strive to promote the overall leapfrog development of the industry chain. By collaborating with numerous partners and expanding the breadth and depth of our cooperation, we strive to realize our shared vision of mutual development and mutual benefit.

Developing university-enterprise cooperation

Aligned with strategies for scientific innovation, research commercialization, and talent cultivation, CR Sanjiu and our subsidiary, CR Shunfeng, have established in-depth collaborations with multiple universities, including Zhengzhou University, Shenyang Pharmaceutical University, and China Pharmaceutical University. Leveraging the universities' strengths in scientific research and talent in fields like life sciences and pharmacy, combined with the enterprise's industrial application capabilities, we are building a university-enterprise collaborative innovation ecosystem. Through multi-level cooperation, we deepen the co-cultivation of talent, fostering high-caliber professionals with both theoretical foundation and practical experience. This drives the industrialization of research outcomes, helps establish a benchmark for university-enterprise collaborative innovation, and supports national health strategies.



CR Sanjiu Signs a Strategic Cooperation Agreement with Zhengzhou University

Promoting industry advancement

We are committed to deep strategic collaboration with our partners, regularly holding business negotiations, industry forums, and industry summits to jointly discuss market and technological innovation, achieve resource sharing, and explore new paths for industrial development. Simultaneously, we are building academic exchange platforms, actively participating in industry activities, implementing national policies, and enhancing our industry influence. We proactively participate in and lead the formulation of industry standards, focusing on product quality and production processes to improve the overall quality and operational efficiency of the industry, and promote the innovative development of the traditional Chinese medicine industry.

Key performance

Participated in the formation of
1
international Standard

National Standards
13

Industry Standards
4

Upholding transparent procurement

Suppliers are crucial strategic partners for the company's high-quality development. CR Sanjiu consistently adheres to a core philosophy of mutual benefit and win-win cooperation. We select partners based on scientific and rigorous criteria, strictly follow the CR Sanjiu Supplier Code of Conduct, and have established management specifications such as the *Supplier Quality Management Procedure*. We encourage suppliers to deeply implement sustainable development concepts, thereby strengthening the foundation of the supply chain at its source and building a symbiotic and mutually beneficial supply chain ecosystem.

Key performance

Number of suppliers audited

1,076

Number of supplier partnerships terminated due to non-compliance with sustainability requirements

14

Number of potential suppliers rejected due to non-compliance with sustainability requirements

4

Percentage of suppliers who signed the Sunshine Declaration

100%

Supplier management

CR Sanjiu strictly adheres to the *Supplier Quality Management Procedure*, assigning dedicated personnel to continuously collect and review suppliers' EHS (Environment, Health, and Safety) management status and relevant certifications. We closely monitor regulatory developments, systematically gather and audit suppliers' safety, environmental, and occupational health management systems and certifications. A dedicated role is established to consistently track changes in regulatory policies, industry compliance violations, and significant supplier incidents, ensuring suppliers continuously meet legal, regulatory, and the company's ESG standard requirements.

Supplier anti-corruption

We have developed and continuously improve our *Supplier Code of Conduct*, requiring suppliers and other business partners to commit to compliance with integrity regulations. We require suppliers to establish anti-corruption policies and a compliance inspection system to ensure the effectiveness of their anti-corruption mechanisms.

Supplier performance evaluation

The Company implements tiered and categorized management based on the supplier management system. For suppliers of centrally procured materials, multi-dimensional performance evaluations are conducted quarterly. Led by the procurement department and coordinated with production, warehousing & logistics, and quality management departments, data is collected. Evaluation metrics cover core elements such as quality qualification rate, on-time delivery rate, and service responsiveness. Supplier ratings are determined based on evaluation results, accompanied by differentiated incentives and corrective measures.

Mitigating supplier risks

In an increasingly complex supply chain environment, supplier risks can impact business operations at any time. We regard mitigating supplier risks as a crucial component of supply chain management. By establishing a comprehensive risk response mechanism and implementing precise, effective measures, we ensure the stability and security of the supply chain, safeguarding the Company's sustainable development.

Supply chain risk monitoring

A "Core Material Supply Risk Level" monitoring indicator has been established. This metric gauges the number of core materials potentially facing supply shortages or abnormal price fluctuations within the next 3-6 months. The risk level for each individual material is indicated by a traffic-light system: a yellow light signals a potential general supply risk, and a red light signals a potential significant supply risk.

Supplier quality audits

The Company and our subsidiaries conduct comprehensive quality evaluations of direct suppliers and material suppliers in accordance with established procedures. Key evaluation dimensions include on-site audit scores and the rate of qualified supplied materials. At the beginning of the year, suppliers are dynamically assessed and rated based on their audit cycle scores and the qualified supply rate from the previous year. Differentiated audit and risk control strategies are then developed according to the rating results. During on-site audits of Tier-1 suppliers, CR Sanjiu concurrently extends the review to examine their management documentation, implementation records, and quality audit records concerning their own Tier-2 suppliers. Any identified issues are documented as audit deficiencies with follow-up for corrective actions, ensuring the compliance of Tier-2 suppliers' quality systems and product quality. In 2025, the company completed the scheduled periodic audits of Tier-2 suppliers as planned. All audit conclusions were "Pass", with continuous tracking of subsequent corrective actions.

Supplier product safety and quality training

The Company and our subsidiaries conduct annual audits of all suppliers according to the annual audit plan. The audit team leader organizes targeted training for key personnel of the audited suppliers, focusing on deficiencies and weaknesses identified during the audit. The training outcomes have met expectations. During the Reporting Period, the Company and our subsidiaries organized various supplier drills, covering over 6,700 participants from supplier organizations and totaling more than 42,000 person-hours. This ongoing effort continuously enhances suppliers' compliance awareness and competency in product safety and quality management.

Case: cr sanjiu conducts specialized supplier compliance training



In 2025, aligned with the GMP annex requirements for pharmaceutical excipients and packaging materials issued by the National Medical Products Administration, CR Sanjiu organized specialized video training on quality management and compliance for suppliers of pharmaceutical raw materials, excipients, and packaging materials. This initiative strengthened the suppliers' understanding and implementation capabilities regarding regulatory requirements and key quality control points.



On-site View of the Specialized Compliance Video Training

Ensuring supply and logistics quality

We actively advance the construction of a modern logistics system characterized by specialization, scale, and integration. We are committed to meeting the pharmaceutical and medical needs of consumers and patients with high quality and efficiency, ensuring medicines reach a broader population in a more timely manner.

Warehouse network planning

We have established a decision-support system and scientific data models for warehouse network planning. Utilizing algorithms that factor in business scale, delivery timelines, and logistics costs, the system generates real-time recommendations for optimal warehouse network layouts.

Warehouse categorization

Warehouses are categorized based on product attributes and production-sales regions. A "Central Warehouse + Regional Warehouse" operational model is employed to achieve multi-warehouse synergy, enhancing logistics operational capabilities and customer service levels.

Integrated transport development

We implement unified and centralized management of production and sales logistics, establishing standardized transportation management processes. The system supports various distribution modes, including full truckload, less-than-truckload, and express delivery, meeting the needs of different business scenarios and ensuring the quality and safety of product transportation.

Lean logistics development

We are transitioning third-party logistics warehousing services to a flexible billing model and exploring tiered pricing models to reduce storage costs. A fixed transport capacity pool model has been created, establishing fixed round-trip transportation routes through network planning to achieve full truckloads. This improves transportation efficiency while reducing costs.

Smart logistics development

Systems such as ERP and WMS are utilized to achieve end-to-end traceability of the logistics process, providing data support for logistics operations and optimization. Our self-managed warehouses continue to advance automation; fully automated unmanned receiving has been implemented, and an automated truck loading project will be promoted in the future.

Logistics emergency management

We have formulated regulations such as the CR Sanjiu Logistics Supplier Procurement Management Rules and established an emergency logistics support mechanism for unexpected events. Guided by the *Logistics Emergency Management Operational Guidelines*, we respond promptly to emergencies like pandemics and natural disasters to ensure the stable operation of logistics activities.

Win-win cooperation with suppliers

We highly value win-win cooperation with our suppliers. Through a series of effective systems and measures, we continuously strengthen the capacity building of our supplier partners. We provide them with professional technical guidance to enhance their ability to fulfill responsibilities. By offering on-site technical guidance and information sharing to key raw and auxiliary material suppliers, we continually bolster the sustainable development capabilities of the supply chain.

Key performance

Supplier audit rectification completion rate of

100%

by 2025

In 2025, the Company and our subsidiaries organized various drills for suppliers totaling over

6,700

participants

The total number of trainees exceeded

42,000 hours

Case:strengthening quality through standards, achieving synergistic wins: cr shenlu conducts supplier training⁵



In August 2025, CR Shenlu hosted a communication conference for medicinal material suppliers under the theme "Pharmacopoeia as the Guideline, Internal Control as the Safeguard; Win-Win Cooperation, Shared Development." The event focused on discussing core issues of medicinal material quality improvement and supply security. The training systematically communicated the Company's latest raw material quality standards and quality management requirements to suppliers. It deepened the shared awareness of quality control between the supply and demand sides, effectively broke down information barriers to collaboration, facilitated smoother and more efficient future cooperation, strengthened the frontline defense for drug raw material quality, and solidified the foundation for mutually beneficial supply chain collaboration.

⁵ China Resource Shenlu

Creating a harmonious workplace

CR Sanjiu adheres to a "people-oriented" development philosophy, considering talent the cornerstone of the Company's high-quality development. We are committed to fostering a respectful, inclusive, and collaborative work environment, focusing on employees' growth needs, and their physical and mental well-being, ensuring every contribution is seen and every dream can grow. In 2025, we conducted a satisfaction survey focusing on dimensions such as employee care and health check-ups, covering 100% of employees. The satisfaction rate regarding employee care initiatives reached 82.2%. To further enhance employee satisfaction, CR Sanjiu has identified areas for improvement and is continuously optimizing and tracking various management measures.

Protecting employee rights and interests

We strictly comply with the requirements of relevant laws and regulations such as the *Labor Law of the People's Republic of China* and also refer to international standards like conventions of the International Labour Organization (ILO) to regulate management in recruitment and dismissal, compensation and promotion, working hours and leave, thereby safeguarding the legitimate rights and interests of our employees.

Safeguarding fundamental rights

We strictly adhere to relevant national laws and regulations such as the *Labor Law of the People's Republic of China* and *the Provisions on the Prohibition of Child Labor*, legally and compliantly protecting employee rights. We sign formal labor contracts with employees, establish reasonable working hours and leave systems, and fully ensure that employees' legitimate rights are not infringed upon. Comprehensive compensation and employment policies are in place to ensure the compliance, openness, and transparency of recruitment and promotion processes. In 2025, there were no incidents of discrimination, employment of child labor, or forced labor.

Upholding equal employment

We consistently advocate for a diverse, equal, and people-oriented work atmosphere, adhering to a zero-tolerance principle towards discrimination, and fostering an honest, trusting, diverse, and inclusive work environment. In recruitment, compensation, training, promotion, and other areas, we do not discriminate against or treat employees unfairly based on religion, race, gender, educational background, appearance, age, nationality, etc. The Company also actively provides employment opportunities for disadvantaged groups, creating an equal, inclusive, and harmonious work environment.

Strengthening democratic management

We have improved the system for Workers' Congresses, promoting the establishment of these congresses at all levels where applicable, and have built a multi-level Workers' Congress system from the corporate headquarters to grassroots enterprises. In 2025, the Company's Workers' Congress reviewed and approved significant matters concerning employees' vital interests, such as adjustments to the enterprise annuity scheme, and listened to and discussed the business operation report, enabling employee representatives to deeply participate in the Company's major decision-making processes.

Ensuring unobstructed grievance channels

The Company has established formal employee grievance channels, ensuring they are unobstructed and that the reasonable demands of complainants are effectively resolved, while strictly maintaining the confidentiality of grievance information and its content. We provide employees with diverse and convenient communication platforms, such as the "Sanjiu Forum", "Green Mailbox/ Discipline Inspection Complaints", "Run Work" and the "Employee Voice Platform " for internal communication, sharing views, and handling complaints, fostering a positive and transparent corporate culture. The Company has established a Labor Dispute Mediation Committee and formulated corresponding mediation procedures. Applicants can file a labor dispute mediation request, and if it falls within the scope of mediation and the other party is willing, a mediator will conduct the mediation. The grievance handler should correct any non-compliant behavior based on investigation findings and impose penalties such as warnings, demerits, or termination of labor contracts; illegal activities should be transferred to judicial authorities. The grievance handling result should be promptly communicated to the complainant, who may file another appeal if dissatisfied with the outcome.

Securing compensation and benefits

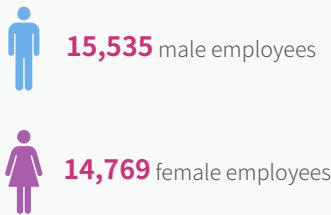
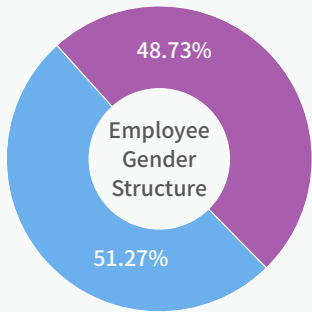
We have improved the compensation management system. For existing business, we enhance workforce efficiency through various management methods; for new business, we provide high-stimulus incentives. This achieves consistency between "responsibility and benefit, capability and value, and performance and reward" in employee compensation distribution.

Perfecting the welfare system

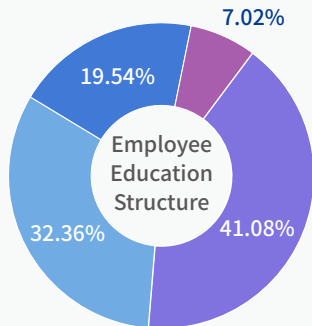
We provide all employees (including full-time, part-time, and contractors) with a rich array of non-salary benefits. We insist on legally and compliantly contributing to social insurance and housing provident fund for employees, and have established an enterprise annuity scheme and purchased supplementary commercial insurance to provide more comprehensive security for employees' healthcare and retirement. CR Sanjiu has issued policies such as the *CR Sanjiu Employee Relations and Personnel Management Measures*, which stipulate that employees with children born in compliance with laws and regulations are entitled to 10 days of annual parental leave until the child reaches three years of age. This series of policies covers all employees of CR Sanjiu, including full-time, part-time, and contractors.

Key performance

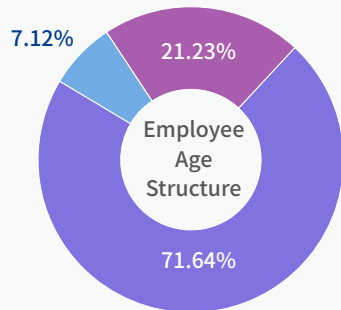
The labor contract signing rate reached 100% .	Trade union employee coverage reached 86% .	The total number of employees was 30,304 .	The number of new employees added during the year was 2,801 .
The proportion of female managers was 44% .	Women accounted for 56.17% of junior management positions.	Women accounted for 18.30% of senior management positions.	Women held 50.85% of management positions in revenue-generating functions.
			Women held 60.36% of STEM-related positions.



- 2,128 people hold master's degrees or above
- 12,450 undergraduate students
- 9,806 students had associate degrees
- 5,920 students had a high school education or below



- 6,433 people were 29 years old or younger
- 21,711 people were aged 30-50
- 2,160 people were 51 years of age or older



Safeguarding employee safety

We place high importance on employees' occupational health and safety, consistently upholding a "people-oriented, safety-first" development philosophy. The life, health, and rights of our employees are prioritized in our operations and management. We fortify safety defenses through systematic institutional development, weave a tighter protection network with precise risk control, foster a culture of care through normalized health safeguards, and solidify the foundation for the company's sustainable development with robust safety management effectiveness.

Governance

In accordance with the country's relevant safety management requirements and considering the characteristics of the pharmaceutical industry, we continuously optimize and improve our EHS management system. We have organized revisions to CR Sanjiu's environmental, health, and safety management regulations, the EHSQ incident management rules, and the annual assessment implementation rules. EHS management system audits are conducted in conjunction with the annual safety inspection campaign.

Strategy

We steadfastly adhere to the safety policy of "Safety First, Prevention Foremost, Comprehensive Management". We are committed to building a systematic and standardized occupational health and safety management system and fostering a healthy and safe work environment. By establishing and improving the safety responsibility system, strengthening full participation and scientific management, the company continuously enhances safety production measures to ensure the effective execution of all safety management tasks. Simultaneously, the Company focuses on cultivating employees' awareness of safety and occupational health, promoting a deeply ingrained safety culture. This aims to minimize safety risks to the greatest extent and provide solid assurance for the smooth conduct of production and operational activities.

Employee safety-related risks, opportunities, and potential impacts

Risk types and descriptions	Potential financial impact	Opportunity types and descriptions	Potential financial impact
Safety Risks Failure to provide effective occupational health and safety protection to employees, threatening their health, which may lead to legal penalties.	Increased compliance costs; medical and compensation expenses for work-related injuries/occupational diseases; productivity losses due to work stoppages; reduced production efficiency.	Policy Opportunities work-related injuries/occupational diseases; productivity losses due to work stoppages; reduced production efficiency. Enhancing Occupational Health and Safety Management Improve the occupational health and safety management system, optimize protective measures, and elevate the level of employee occupational health protection, aligning with compliance requirements of the pharmaceutical industry.	Reduced risk of compliance penalties and costs associated with workplace injuries/occupational diseases; decreased losses from production interruptions; enhanced corporate compliance image.

Impact, risk and opportunity management

We have established a comprehensive, systematic risk and hazard management system, forming two robust lines of defense: "Prevention at Source" and "Control during Process." This approach aims to control risks before they become hazards and eliminate hazards before they cause incidents, thereby moving the safety production checkpoint forward. This solidifies a strong safety barrier for the company's stable operation and high-quality development.

Safety production management

Emergency management system

Adhering to the principle of "Prevention First, Combining Prevention with Emergency Response" and focusing on the construction of the "One Plan, Three Systems" framework, we have built a systematic and complete emergency management system. We routinely conduct drills and emergency training as required by regulations, effectively strengthening the emergency preparedness of all personnel, comprehensively fortifying their emergency awareness, and tangibly enhancing the capability to prevent and respond to incidents and emergencies.

Conducting hazard identification

We formulated the CR Sanjiu Work Safety Hazard Investigation and Management System, actively urging all subsidiaries to carry out hazard identification, rectification, and implementation. This effectively prevents and mitigates major safety risks and promptly eliminates various potential accident hazards.

Diverse communication and training

We emphasize safety production culture development and the competency enhancement of all personnel. We conduct multi-level, regular education and training, fostering a strong cultural atmosphere where everyone learns about safety, pays attention to safety, and values safety. This tangibly improves the safety awareness, risk identification capabilities, and emergency response skills of all employees, building a solid ideological and competency foundation for work safety.



Specialized Work Safety Knowledge Training for CR Sanjiu Laboratory Personnel



Guanlan Base Holds a "I Report Hazards for Safety" Initiative Launch and Training Meeting

Occupational health management

Care and protection for special groups

We provide special care measures for female employees, pregnant women, new mothers, and breastfeeding employees, such as ergonomic protective equipment, adjusted work arrangements, and designated rest areas. For employees with disabilities, we assign roles with simpler operational requirements and comprehensively install assistive facilities like handrails and ramps in living areas such as dormitories, cafeterias, and restrooms to eliminate potential safety barriers.

Occupational health training

We regularly organize occupational health and safety education and training. This helps employees proficiently master the operational standards for protective equipment, clearly understand job-related risks and emergency response procedures, tangibly enhance their self-protection awareness and capabilities, and effectively reduce occupational health and safety risks.



Benxi Sanjiu Occupational Health and Safety Management System Certificate



CR Shunfeng Occupational Health and Safety Management System Certificate

Metrics and targets

Adhering to the core principle of "People-oriented, Safety First" and closely following occupational health and safety regulations and industry management standards, CR Sanjiu has established specific metrics and targets for employee safety to ensure the solid implementation of related strategic plans. We sign EHS responsibility documents with our production subsidiaries, set quantitative occupational health and safety targets, and regularly track and assess the completion status.

Target	Progress
Occupational Health & Safety	19 business units have obtained ISO 45001 certification. 100% declaration of occupational disease hazard items. Zero new cases of occupational disease.
Production Safety	100% coverage of safety education for all employees; 100% certification rate for special operation posts. Zero general or above-level accidents causing casualties.

Supporting employee development

We uphold a talent philosophy of "Strengthening the Enterprise with Talent, Achieving Mutual Development through Growth." We are committed to building unobstructed career development paths and a comprehensive skill enhancement system, supporting employees in improving their professional skills and overall competencies. We also guide employees in their personal career planning, further unleashing their potential, invigorating the organization, and fostering a win-win situation for both employee career growth and the company's operational development.

Governance

The Human Resources Center is fully responsible for promoting and implementing talent cultivation and development. We have established and enforce regulatory documents such as the *CR Sanjiu Training and Development Management Regulations*, the *CR Sanjiu Employee Promotion Management Measures for Headquarters and Guanlan Base*, and the *CR Sanjiu Measures for Promoting the Flexibility of Cadre Appointments and Removals*, providing solid institutional safeguards for employees' career development.

Strategy

We continuously improve and optimize the system supporting innovative business, strengthen the acquisition, assessment, and incentivization of core talent, enhance the capabilities of the workforce, and stimulate employee potential and value, thereby providing strong support for the company's high-quality development.

Employee safety-related risks, opportunities, and potential impacts

Risk types and descriptions	Potential financial impact	Opportunity types and descriptions	Potential financial impact
Operational Risk Insufficient career development channels leading to attrition of talent in key positions.	Increased recruitment costs.	Reputational Opportunity Well-defined career development channels foster a positive corporate culture, attracting more outstanding talent to join proactively and enhancing the company's talent competitiveness.	Improved operational efficiency and profit margins.

Impact, risk and opportunity management

We continuously refine the talent recruitment and cultivation systems, striving to build a high-quality workforce with a rational structure, excellent capabilities, and vitality. This injects a continuous stream of talent impetus into the Company's sustainable development.

Talent inventory and demand forecasting

In 2025, the Company conducted a talent review for mid-level managerial staff, comprehensively assessing the talent pool to provide strong support for talent reserves and corporate development strategy. Concurrently, focusing on strategic directions such as smart manufacturing upgrades and the silver health industry, the Company utilized digital tools for systematic predictive analysis of campus recruitment needs. Through industry-education integration and joint training programs, we strengthened cooperation with key universities to pre-identify outstanding graduates in critical fields, dynamically optimized recruitment strategies, and provided forward-looking talent supply for the Company's strategic transformation.

Talent pool development

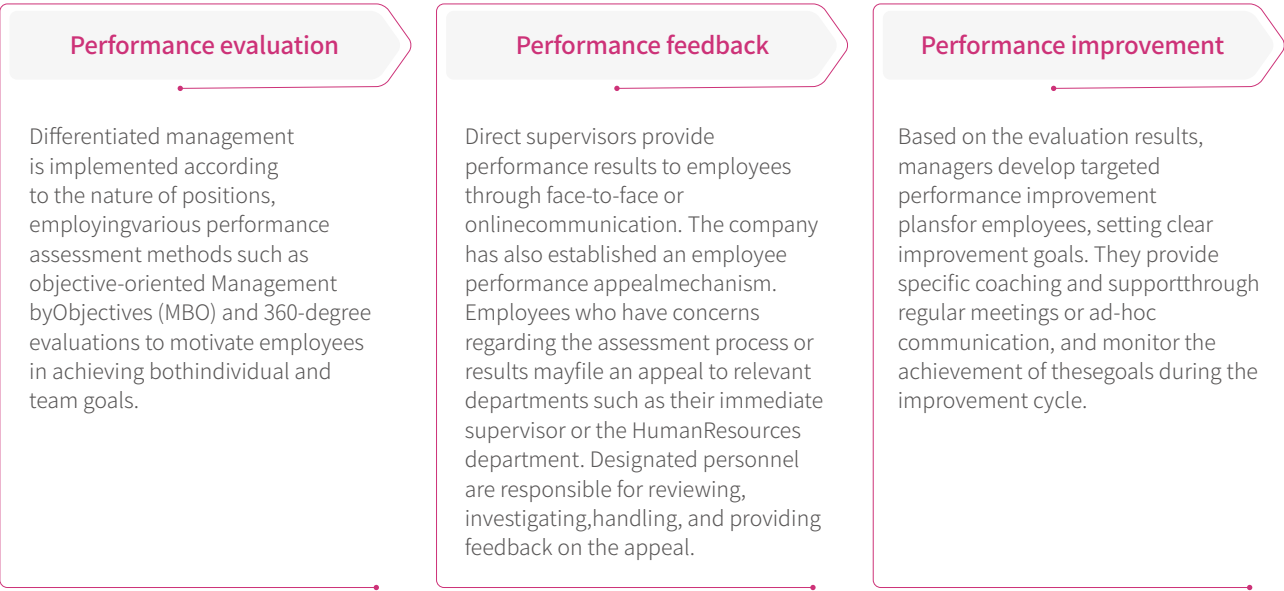
The Company has established a categorized talent pool system for areas such as R&D, technical skills, major supervision, finance, and intelligent digitalization, with a dynamic update mechanism. We focus on strategically key talents including core R&D personnel, skilled technical experts, digital backbone talent, and young reserve cadres, implementing differentiated development paths to provide a solid talent pipeline for executing corporate strategy.

Clear promotion pathways

Employees are provided with a dual-path promotion mechanism encompassing management tracks and professional/technical tracks. When management positions become vacant, internal recruitment is prioritized to select and promote suitable candidates. Simultaneously, the Company conducts unified assessments based on employees' competencies and performance, facilitating promotions for outstanding individuals, thereby offering clear growth paths for employees with different career aspirations.

Performance evaluation improvement

In 2025, CR Sanjiu optimized and revised the CR Sanjiu Employee Performance Management Regulations and established a closed-loop "Evaluation-Feedback-Improvement" performance management mechanism covering 100% of employees. This provides guidance and support for enhancing employees' professional competencies and career development.



Performance Closed-Loop Management Mechanism

Talent development system

Fully leveraging its unique advantages in the pharmaceutical industry, the Company has thoroughly executed the "Green Lotus Plan" under the "three types" of talents development plan, providing targeted empowerment for core talent. Labor skills competitions are continuously organized, and cross-functional technical exchange platforms are established to promote learning and practice through competition, comprehensively enhancing employees' technical proficiency and innovative problem-solving capabilities.

Management and operation talent development programs

- CR Xuechuang: Deputy Class of Directly Managed Cadres of CR Group
- CR Xuechuang: The Way of CR Manager Training, Excellent Young Cadre Class
- CR Sanjiu: Leader Program (general manager class)
- CR Sanjiu: Industrial Chain Senior Talent Development Class

CR Sanjiu Lighthouse Program

- CHC Business Group Elite Talent Development Program
- Production System Elite Talent Development Program
- Headquarters Function Elite Talent Development Program
- Various Business Division Elite Talent Development Programs

- Various Business Division/Business Unit Pipeline Talent Development Programs
- Frontline Manager Bootcamp / Sword Sharpening Program (Production System)
- New Manager Bootcamp

Science and technology talent development

Intelligent Manufacturing Plan D

Metamorphosis Camp for R&D Innovation Project Managers

Digital Talent Development

Professional skills talent development

R&D Professional Training

Functional Professional Training

Production Professional Training

Marketing Professional Training

Grassroots Employee Job Training

Grassroots Employee Skill Competition

CR Sanjiu "Three Types" of Talents Development Plan

Continuously building the management talent pipeline

Targeted at all employees, including senior, middle, and frontline leaders (covering full-time, part-time, and contract staff), the company has conducted and completed various leadership training programs: the Flagship Program (for General Managers), the Advanced Industrial Chain Talent Development Program (Phase III) (for Directors and Assistant General Managers), the Lighthouse Program (for middle and senior managers), and the Forge Program (Phase IV) (for frontline production system managers), accelerating the selection and development of outstanding young reserve leaders.

Continuously promoting the science and technology talent pipeline

Primarily targeting high-tech innovation talents in R&D and smart manufacturing, the Company has launched initiatives like the R&D Innovation Project Manager Transformation Camp and the Smart Manufacturing Talent Development D-Plan, providing more learning and development opportunities for our scientific and technical personnel.

Continuously strengthening professional skills talent development

The Company is committed to cultivating dedicated professionals with excellent skills, innovative mindsets, and a pursuit of excellence. To achieve this, it has implemented talent projects such as the Mangrove Plan (at CR Benxi Sanjiu, CR Sanjiu (Huangshi), and Guanlan Base) and the Master Craftsman Program. We actively organize activities including, but not limited to, the CR Sanjiu Skills Cup, Quality Promotion Month, and Focus Topic workshops.



CR Sanjiu Flagship Program Fifth Intensive Training and Graduation Ceremony



CR Sanjiu Advanced Industrial Chain Talent Development Program, Phase III



CR Sanjiu Intelligent Manufacturing Plan D 14th Five-Year Summary Meeting

New employee development

CR Sanjiu hosted the CR Group "Future Star" Training Camp (Pharmaceutical Track), adopting a mentorship model. The program accelerates new employees' integration into the CR culture through workplace fundamentals training, including courses on Party education, corporate culture, business operations, and workplace communication. On-the-job practical training is implemented to enhance their role-specific competencies.



CR Group 2025 "Future Star" New Employee Training Camp

The deepening university-enterprise collaboration

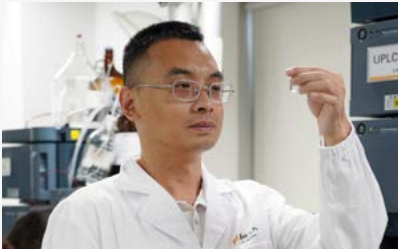
The Company values lifelong learning for all employees (including full-time, part-time, and contractors), providing support for both degree and non-degree educational development (professional degree programs and certifications). We actively create opportunities for advanced academic studies. Focusing on the "recruitment" and "cultivation" of scientific and technological talent, we have established collaborations with universities like Fudan University and Northwest A&F University in fields such as biomedicine, and are engaged in collaborative training programs for master's and doctoral engineering students. This further deepens the co-cultivation of talent, aiming to develop high-caliber professionals with both solid theoretical foundations and rich practical experience.

Case:CR sanjiu fosters fertile ground for growth, empowering employee advancement

CR Sanjiu deeply cultivates the employee development dimension of its ESG practices. Upholding a "people-oriented, talent-driven enterprise" philosophy, it closely links employee growth with the company's high-quality development. The company has established an integrated talent cultivation system encompassing mentorship ("passing on, helping, guiding"), dual-path career progression, R&D resource support, and systematic capability training, earnestly fulfilling its responsibility for employee development.

The growth journey of Zhang Yanbin, a National Model Worker and Chief Engineer of the R&D Center, serves as a vivid testament to the system's effectiveness. Since joining the Company as a campus recruit, supported by this comprehensive talent cultivation system, he has progressed from a novice in TCM R&D to a versatile core technical expert. He has led the development and launch of several key products, guided his team in overcoming technical challenges for a novel COVID-19 rehabilitation treatment drug—filling a domestic industry gap—and actively taken on the role of mentoring newcomers, contributing to talent pipeline development.

CR Sanjiu achieves a two-way empowerment: enhancing employees' personal value while strengthening the company's R&D innovation capabilities. This not only cultivates a high-caliber professional workforce but also solidifies the talent foundation for the enterprise's sustainable development.



Zhang Yanbin during an R&D experiment

Case:CR sanjiu conducts the forge program (phase iv) at guanlan base

From March to June 2025, the CR Sanjiu Human Resources Center conducted the Forge Program (Phase IV) training project at the Headquarters. The program focused on enhancing the capabilities of frontline managers in the production system, delivering a series of empowerment trainings centered on three core themes: "Qualities of an Effective Manager," "Operational Excellence Systems," and "Innovation Design and Smart Manufacturing." Thirty-seven frontline managers from the production systems of 24 business units participated in and successfully completed the training. The program deeply implemented a tripartite talent development model involving "trainees, mentors, and professional coaches". We also organized benchmarking enterprise exchange activities, allowing participants to gain immersive learning in the practical applications of smart manufacturing. Through this multi-dimensional, systematic empowerment, the program enhanced the comprehensive management acumen and professional competencies of CR Sanjiu's frontline production managers, helping the company build a frontline management team capable of keenly discerning trends, making efficient and scientific decisions, and exercising excellent leadership in a complex future development environment.



2025 CR Sanjiu Forge Program, Phase IV

Metrics and targets

CR Sanjiu closely aligns with the requirements of its high-quality development strategy and talent development plan. To ensure the solid implementation of all employee development initiatives, we have established specific metrics and targets, regularly tracking and assessing their completion.

Target	Progress
Employee Training & Development	In 2025, the company continued to conduct diverse training programs. The total annual investment in various employee trainings reached RMB 21.9488 million.

Caring for employees

We adhere to the corporate spirit of "Care, Responsibility, Excellence", continuously organizing and implementing various initiatives under the employee care program, fostering a "Happy Work, Healthy Life" environment to strengthen employee cohesion and sense of belonging.

Enriching employee life

We organize diverse activities in five categories: holiday care, family care, youth networking, physical & mental wellness, and sports competitions. Employees are encouraged to participate based on their interests. These activities not only enrich employees' personal lives but also promote communication, mutual understanding, and team cohesion.

Caring for female employees

We thoughtfully care for female employees on maternity leave. Subsidies provided by the government to alleviate employers' financial pressure during maternity leave are fully disbursed to the employees themselves. In 2025, the Company supported 85 employees in claiming maternity allowances totaling RMB 3.11 million. The Company actively implements the parental leave policy, granting 10 days of parental leave annually until the child reaches three years of age. Additionally, nursing rooms are provided, offering a warm and private space for working mothers.

Supporting employees in need

The trade union leads in establishing special files for employees facing difficulties, strictly adhering to the principles of one file per person and dynamic management. Through a closed-loop mechanism involving regular visits by frontline supervisors and verification by grassroots union groups, the actual situations and support needs of these employees' families are accurately identified. In 2025, the CR Sanjiu trade union visited, offered condolences, and provided assistance to 316 employees in need, disbursing consolation funds totaling RMB 870,200.

Focusing on mental health

We innovatively launched a "Theme Month" service model, offering dedicated consultation sessions monthly on topics frequently raised by employees. A sleep lecture was organized for all staff to alleviate workplace stress. A special event at CR Sanjiu (Zaozhuang) was held to help frontline employees address psychological concerns. A team of "CR Sanjiu Heartcare Ambassadors" was formed and systematically trained, and the CR Sanjiu (Chenzhou) Employee Care Service Station was established, strengthening grassroots mental health support capabilities. In 2025, 12 one-on-one on-site psychological counseling sessions were conducted, serving 72 employees, comprehensively safeguarding their mental well-being.



CR Sanjiu Dragon Boat Festival Activity



CR Sanjiu Family Open Day



CR Sanjiu Youth Networking Activity



CR Sanjiu Annual Health Check-up



CR Sanjiu Badminton Competition



CR Sanjiu Football Match

Building harmonious communities

CR Sanjiu actively engages in social welfare initiatives, responding to national strategies with concrete actions and contributing to rural revitalization. Leveraging our strengths in the pharmaceutical and healthcare sector, the Company proactively participates in social services, empowers community development, and promotes local economic growth and social progress.

Fostering warm and caring communities

The Company places high importance on communication and interaction with neighboring communities, focusing on establishing and maintaining smooth communication channels. Utilizing platforms such as the Longhua District Guanhu Sub-district People's Congress, we have carried out over 90 responsibility activities, helping to resolve local traffic issues, effectively reducing employee commute times, and facilitating travel for community residents.

Focusing on key areas like transportation optimization around the industrial park, improvement of commercial amenities, enhancement of living and working environments, industrial support, R&D innovation, and smart manufacturing, the Company actively provides suggestions and tracks the implementation progress of each proposal. By contributing to the improvement of the regional road network, easing traffic circulation, and enhancing community living and working conditions, we empower high-quality regional economic development. These efforts tangibly increase the sense of gain, happiness and security among community residents, fulfilling the Company's community responsibility through practical action.



Chairman of Longhua District CPPCC Conducts Research



Inspection of Traffic at Guanlan High-Tech Park

Practicing philanthropy and public welfare

Guided by our mission of "caring for public health and creating a better life together", CR Sanjiu consistently upholds and practices the spirit of giving back to society. Since 2008, the Company has built the "999 Caring Angels" responsibility brand. For seventeen years, we have remained true to our philanthropic original aspiration, spreading care, and have become a pioneer in philanthropy within the pharmaceutical industry. By connecting "corporate resources + external organizations + employee participation," we systematically implement a five-pronged support model covering educational assistance, industrial support, and CR Hope Village projects. This integrates social responsibility deeply with corporate development, creating tangible public welfare practices with professionalism and warmth, and solidifying our responsibility brand. In 2025, the Company's charitable donation expenditure was approximately RMB 4.7044 million. Volunteer activities involved 239 participants, contributing a total of 821 volunteer service hours.

Co-creating prosperous and beautiful villages

CR Sanjiu actively responds to national strategic deployments, unwaveringly implementing rural revitalization policies. The Company focuses on the comprehensive development of local industries, talent, culture, and ecology, with industrial support and educational support projects as key investment areas. We aim to achieve comprehensive rural revitalization through precise measures. We actively establish resource-sharing platforms with various stakeholders, fully integrating advantageous resources from all parties to contribute to industrial upgrading, talent cultivation, cultural preservation, and ecological protection in rural areas.

Education revitalization

Education is a vital cornerstone for national rejuvenation and social progress, a moral and political project benefiting both present and future generations. For many years, CR Sanjiu, upholding a strong sense of social responsibility, has actively engaged in rural education, helping to revitalize local education and talent through practical actions.

Case:CR sanjiu (ya'an) continuously carries out student aid activities



To support rural education, CR Sanjiu (Ya'an) continuously conducts student aid activities. We have completed cultural co-building projects for 8 Sanjiu Schools, covering over 4,000 teachers and students, promoting CR culture in schools and passing on the "red gene". In 2025, with the strong support of various teams, the "999 Aonuo Hope Project Science and Technology Innovation Laboratory" was established at the Sanjiu School in Yanchang Town, Ya'an. This philanthropic donation practices the strategies of "Rejuvenating the Country through Science and Education" and "Healthy China," helping to enhance the scientific literacy of youth and demonstrating corporate responsibility. It is a vivid example of the Company's deep commitment to ESG practices and empowering rural education.



Inauguration Ceremony of the 999 Aonuo Hope Project Science and Technology Innovation Laboratory



CR Sanjiu (Ya'an) Student Aid Activity

Case:fulfilling responsibility with love, spreading warmth with knowledge



To practice ESG social responsibility and support rural education, CR Sanjiu organized the "Pass on Love, Pass on Knowledge" used book donation drive around the 30th World Book Day. The activity collected over 3,600 quality books of various genres. After sorting and packing, the books were sent to the Jinzhai CR Hope Primary School and the Tonghua CR Hope Village, helping rural children broaden their horizons and ignite their dreams. This initiative aligns with CR Sanjiu's corporate culture, achieving the reuse of employees' idle book resources in a light-handed manner. It demonstrates the Company's humanistic care and sense of responsibility, serving as a vivid example of its deep commitment to ESG practices and spreading social warmth.

Case:"unceasing steps, love fills mountains and rivers" student aid activity



On October 27, 2025, the "Unceasing Steps, Love Fills Mountains and Rivers - 999 Healthy China Warm Action" student aid activity, organized by the OTC Business Unit of CR Sanjiu, was successfully held in Alxa, Inner Mongolia. Organized by CR Sanjiu, co-organized by the Medical League, and hosted by the Alxa League Education and Sports Bureau, the program had previously provided support to 6 schools in Gansu and this time extended benefits to 4 schools in Alxa Left Banner. During the event, CR Sanjiu and the Medical League presented donated supplies like stationery and teaching aids to the recipient schools. Attending leaders delivered speeches emphasizing the activity's significance in providing both material support and spiritual guidance for rural education. Through multidimensional public welfare actions including educational aid and health care, the company earnestly practices our corporate responsibility, assisting the improvement of rural education and the development of a Healthy China.

Industrial revitalization

Based on our full industrial chain development strategy, CR Sanjiu deeply integrates the development of the Chinese herbal medicine industry with the rural revitalization strategy. Covering the entire chain from seed selection and breeding, standardized cultivation, to fresh processing at the origin, the company vigorously develops standardized cultivation through models like "contract farming" and "company + cooperative + farmer," using a "demonstration base + radiating base" approach. This helps resolve rural employment, improves agricultural industry structure, and aids rural revitalization.

In 2025, CR Sanjiu established Chinese herbal medicine cultivation bases for 51 varieties across nearly 140 counties in 22 provinces, encompassing over 900 villages. The promoted cultivation area exceeded 447,000 mu. CR Sanjiu built or co-built 20 origin processing bases, processing nearly 10,000 tons of herbs. The initiatives involved over 50 local cooperatives and village collective companies, engaging thousands of farming households.

Key performance

In 2025, CR Sanjiu promoted the establishment of **444,700 mu** of herbal medicine

planting bases constructed **20** self-built or jointly-built primary processing bases

Drove the development of **over 50** local cooperatives and village committee companies

Case:revitalizing agriculture with artemisia industry, linking farmers to prosperity



The production base of CR Sanjiu Youyang Company, under Kunming Pharmaceutical Group, focuses on building the Youyang artemisia brand. It co-established a high-quality seed breeding center with universities and research institutions, formed an industrial consortium, and implemented the "company + cooperative + farmer" contract farming model. The stable annual cultivation area is approximately 20,000 mu, involving nearly 2,000 farming households across 13 townships, providing employment for 190 people. This helps increase villagers' income and promotes local economic development, demonstrating the leading role of the enterprise and achieving a win-win in both economic and social benefits.



CR Sanjiu Youyang Company High-Quality Seed Breeding Center

Health support

CR Sanjiu actively engages in rural health assistance, continuously gathering resources from various sectors and building broad consensus. By promoting the downward flow of high-quality medical resources, it continuously improves the fairness and accessibility of health services, enhances the level of primary healthcare services, and solidifies the health foundation for rural revitalization. Since 2020, CR Sanjiu has continuously participated in the "China Resources Healthy Villages" public welfare project, donating RMB 1.5 million in cash and goods worth approximately RMB 800,000 annually through the China Women's Development Foundation. As of 2025, it has cumulatively donated RMB 9 million in cash and goods worth RMB 4 million, totaling RMB 13 million.

CR Sanjiu actively conducts rural health support initiatives, continuously gathering strength from multiple parties and building broad consensus. By promoting the high-quality medical resources, we continuously improve the equity and accessibility of health services, enhances grassroots medical service capabilities, and solidifies the health foundation for rural revitalization. Since 2020, CR Sanjiu has continuously participated in the "CR Healthy Village" public welfare project. Annually, we donate RMB 1.5 million in cash and materials worth approximately RMB 800,000 through the China Women's Development Foundation. By 2025, the cumulative donation reached RMB 9 million in cash and RMB 4 million in materials, totaling RMB 13 million.

Case: bringing warmhearted free clinics to islands, collaborating for revitalization



In August 2025, the "Island Health, Walking Together" free clinic initiative, organized by the OTC Business Unit of CR Sanjiu, brought together multiple parties to provide services such as health checks and medication education to over 150 residents in Yuhuan's Haishan Township and visited 5 elderly individuals living alone. Addressing the inconvenience of purchasing medicine, CR Sanjiu pledged to donate automated medicine dispensers. By linking government and enterprise efforts, we help fill the shortcomings in rural health services and aids rural revitalization.

Case:revitalizing agriculture with artemisia industry, linking farmers to prosperity



CR Sanjiu's Professional Brand Division joined hands with the Bethune Foundation, visited the revolutionary old district in Tonghua. We invited 5 senior experts from Beijing and Shanghai in fields like cardiovascular and rheumatology-orthopedics to conduct multidisciplinary free clinics and health education for patients, benefiting over 300 local villagers. The division also donated home medicine kits, precisely addressing the daily medication needs of grassroots populations. This brings high-quality medical resources to the rural frontline, delivering professional medical care to villagers.



Senior Experts Providing On-site Health Consultations for Residents at the CR Hope Town in Tonghua

Consumption support

Conducting consumption support is a major decision and deployment by the CPC Central Committee and the State Council. It is an important measure for coordinating regular assistance and continuously consolidating and expanding the achievements in poverty alleviation. In 2025, SASAC actively encouraged central enterprises to carry out consumption support initiatives like the "Gathering Strength Action", "Prosperous Agriculture Week" and "Spring Welcoming Action". Through methods like procurement assistance, strengthening foundations and empowerment, and exchanges, we supported the assisted counties. During the campaign period, we organized the procurement of agricultural products over RMB 1.54 million. Throughout the year, the total procurement of Chinese herbal medicine agricultural products reached RMB 330 million.



Adhering to integrity and clear regulations, and laying a solid foundation for sound operation

National requirements

During the 15th Five-Year Plan period, enterprises should continuously improve their corporate governance systems, deeply understand the fundamental role of corporate governance in ESG, and strengthen ESG risk and opportunity management. They should promote the establishment and improvement of corporate governance mechanisms that are legally defined, transparent, coordinated, and effectively balanced, thereby improving corporate governance structures, enhancing disclosure quality, and strengthening regulatory oversight.

—National "15th Five-Year Plan" Recommendations

Our responses

CR Sanjiu continuously improves its corporate governance structure, establishing a sound modern corporate governance mechanism with clearly defined responsibilities, coordinated operation, and effective checks and balances. The Company strictly adheres to laws, regulations, and market supervision requirements, strengthens comprehensive risk management and internal control systems, promotes ethical conduct and integrity in business operations, continuously improves the quality and transparency of information disclosure, and actively safeguards the rights and interests of shareholders, employees, customers, and other stakeholders, thereby driving the Company's high-quality and sustainable development through high-level governance.



Contribution to the united nations sustainable development goals



Responsibility case



Strengthen the foundation of governance and build an efficient operating mechanism of the board of directors

CR Sanjiu dynamically tracks changes in the *Company Law of the People's Republic of China* and regulatory policies, advancing the systematic revision and formulation of the Company's articles of association and related systems. It continuously strengthens the institutional foundation of corporate governance. The Company consistently enhances the construction of the Board of Directors by optimizing its composition and promoting the inclusion of employee representatives. The Company emphasizes standardized management of Board meetings, refines the resolution follow-up mechanism, and improves the reporting system for authorized matters. Furthermore, it strengthens communication with directors through multiple channels, fully supporting them in fulfilling their duties. Strictly adhere to the lifeline of information disclosure and accurately convey corporate value.

Strictly adhere to the lifeline of information disclosure and accurately convey corporate value

We have established and improved rigorous information disclosure processes. Building upon the lawful and compliant fulfillment of statutory disclosure obligations, we actively advance higher-quality and more comprehensive voluntary information disclosure, enhancing the depth and breadth of transparency. Thanks to its solid information disclosure work, the Company has received the highest rating of A (Excellent) in the Shenzhen Stock Exchange's information disclosure assessment for 11 consecutive years.

Promoting ESG management and enhancing sustainable development capabilities

we assist in building a top-down, clearly defined sustainability ESG governance framework of the Board of Directors, the management, and the working group, introduce external professional institutions to enhance the team's professional capabilities; and we continuously optimize the quality of ESG information disclosure. In 2025, the Company's MSCI ESG rating jumped from BB to A, and the Wind ESG rating was upgraded to AA for the first time, and it has won several honors, including the "Top 50 Central SOEs in the ESG Golden Bull Award", consolidating its responsible image in the capital market.

Innovate investor relations communication to build long-term relationships based on two-way interaction and shared values

We have established a diversified, collaborative, and efficient two-way communication mechanism with investors. The 2024 Annual Performance Briefing innovatively introduced a digital human avatar for the first time, attracting over 130,000 viewers. This initiative has earned us the China Listed Companies Association's 'Best Practices in Annual Report Briefings' award for four consecutive years. In 2025, we co-hosted the Half-Year Results Briefing with our subsidiary companies, Kunming Pharmaceutical Group and Tasly Pharmaceutical Group. Through diverse formats—including earnings briefings, conference calls, online/offline research sessions, roadshows, and reverse roadshows—we continuously expand communication channels and build a multifaceted investor engagement platform. Our efforts have been recognized with multiple capital market accolades, including the 'Best Practices in Investor Relations Management' award and the 'Tianma Award for Investor Relations Excellence'.

Future outlook

Through systematic practices, we promote the deep integration of corporate governance and business development, building a "transparent, stable, and responsible" corporate image for the Company, serving as a link between the Company and the capital market, and helping the Company achieve high-quality, stable, and sustainable development.



Strengthening the cornerstone of corporate governance

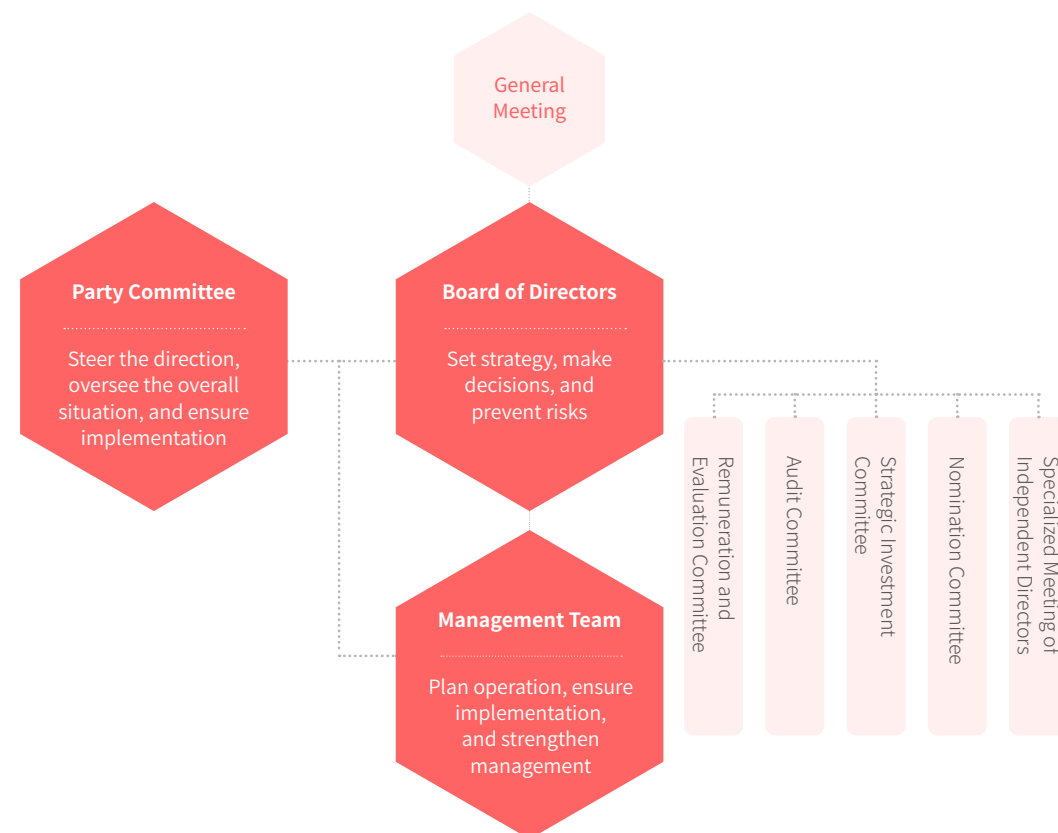
CR Sanjiu strictly abides by the requirements of laws and regulations, continuously strengthens its corporate governance mechanism, improves its internal control system and compliance operation management system, ensures the steady development and value creation of its business, promotes the construction of a modern enterprise system with Chinese characteristics and Sanjiu characteristics, adheres to integrity in enterprise management, coordinated operation and transparent management, and helps the Company achieve high-quality development.

Continuously strengthen corporate governance

We comply with relevant national laws and regulations, continuously strengthen the corporate governance institutional framework, and enhance the level of scientific decision-making; we assist the Board of Directors in continuously optimizing its operational mechanisms and improving operational efficiency; we effectively safeguard the legitimate rights and interests of all stakeholders, foster a positive corporate image, and underpin the Company's steady and long-term development.

Optimizing the governance structure

We strictly adhere to 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*, and the *Listing Rules*, among other relevant laws and regulations. We have revised the *Articles of Association*, continuously optimized the corporate governance structure, and steadily improved governance standards to drive higher quality and efficiency in the Company's operations. We strengthen the decision-making system, refine authorization management, and establish a governance structure with clearly defined rights and responsibilities, thereby comprehensively enhancing the Company's operational efficiency.



Shareholders and shareholders' meetings

The convening and holding procedures of all previous shareholders' meetings, the qualifications of attendees, and the voting procedures at shareholders' meetings have complied with the provisions of the *Company Law of the People's Republic of China*, the *Rules for Shareholders' Meetings of Listed Companies*, the *Articles of Association*, and other relevant laws and regulations. The Company has provided online voting for the matters deliberated at shareholders' meetings to facilitate shareholders' exercise of their rights.

Directors and the board of directors

The election and replacement of directors are carried out in strict accordance with the legal and the *Articles of Association*-stipulated procedures for director selection. The Company's directors attend Board and shareholders' meetings with a diligent and responsible attitude, and correctly perform their duties in line with the provisions of the *Articles of Association*. The Company gives full play to the roles of the Board's specialized committees and independent directors, ensuring the objectivity of independent directors.

The Board of Directors fully performs its role of "set strategy, make decisions, and prevent risks," and has established the Audit Committee, the Remuneration and Appraisal Committee, the Strategic Investment Committee, the Nomination Committee, and the Independent Directors' Special Meeting, continuously enhancing governance effectiveness.

The Company continues to optimize the structure of the Board. The Board members feature a balanced age distribution and diverse professional backgrounds, integrating multi-dimensional expertise in finance, strategic planning, human resource management, and more. Focusing on the development of specialized committees, the Company strictly standardizes the deliberation of proposals. The specialized committees provide professional advice for the Board's decision-making, while the Board conducts scientific and rigorous analysis combined with such advice before making decisions, ensuring both the scientific nature and efficiency of its decisions.

Board diversity

- Adhere to the principle of "optimized allocation + diversity," emphasizing professional alignment with the Company's development strategy, and selecting directors comprehensively from perspectives such as gender, age group, and professional background.

Board independence

- Establish the Independent Directors' Special Meeting, revise the *Working System for Independent Directors* and the rules of procedure for specialized committees.
- Regularly disclose the performance of independent directors through the *Annual Report on Independent Directors' Performance*.

Board professionalism

- Board members possess relevant industry experience and professional knowledge, balancing professional leadership, innovation drive, and risk control capability to enhance the scientific rigor and effectiveness of corporate governance.
- Organize directors and senior management to actively participate in professional training, promoting continuous improvement in theoretical knowledge and performance of duties.

Key performance

The Company has a total of
4 independent directors,
accounting for

36.36% of the Board

There are
2 female directors
representing

18.18% of the Board

In 2025, a total of
8
shareholders' meetings

15
Board meetings were held

Among these
6
meetings of the Audit Committee

8
meetings of the Remuneration and Evaluation Committee

4
meetings of the Strategic Investment Committee

3
meetings of the Nomination Committee were convened

Honors and awards

2025 Best Practice Case for Listed Company Boards



2025 Best Practice Case for Listed Company Board Offices

by the China Association for Public Companies

Further reading

For more information on the responsibilities of the Board and shareholders' meetings, member details, and specific remuneration payments to directors and senior management, please refer to the *CR Sanjiu 2025 Annual Report*.

Optimizing the equity structure

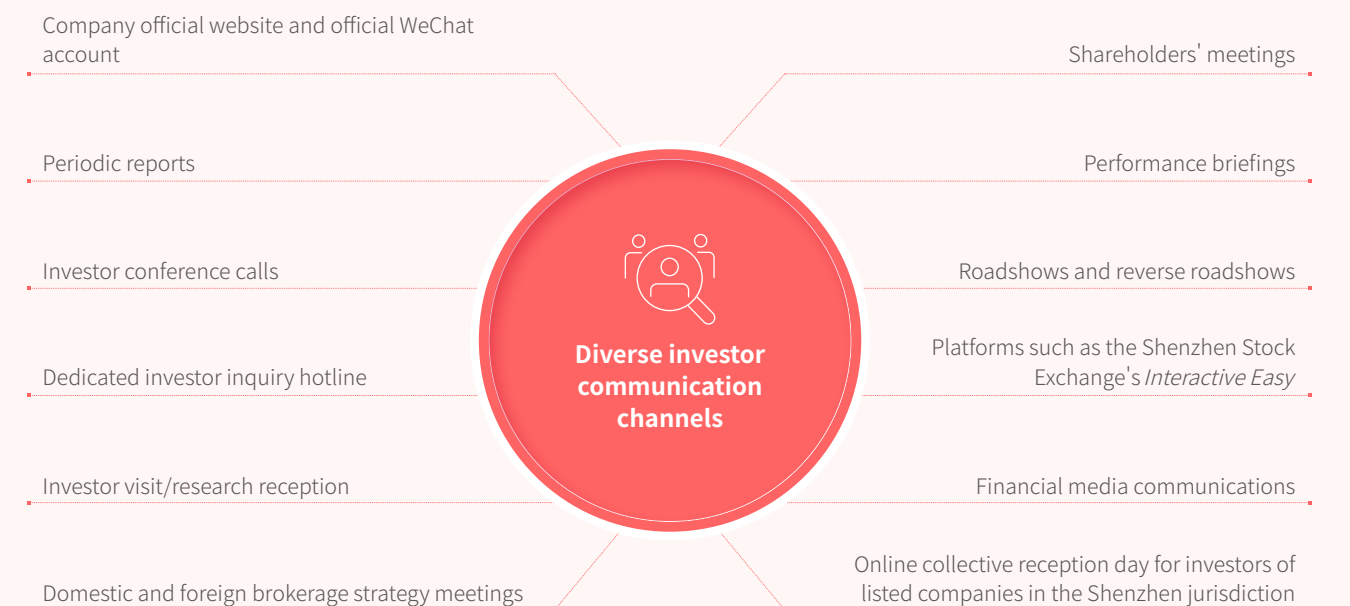
In accordance with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and other relevant laws, regulations, and normative documents, we have established a clear, balanced, and rational equity structure. The Company operates with independent business operations and autonomous management capabilities, maintaining independence from the actual controller and its related parties in terms of business, assets, finance, personnel, and organizational structure. Major decisions of the Company are made by the shareholders' meeting in accordance with the law, and the controlling shareholder exercises its shareholder rights in a proper manner, with no actions that harm the interests of the Company or its shareholders.

Information disclosure and investor relations

We strictly comply with the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Guidelines for Investor Relations Management of Listed Companies*, and other relevant regulations. In 2025, we revised the *Investor Relations Management System*, the *Information Disclosure Management System*, and the *Insider Information and Insider Management System*, establishing a rigorous and well-defined information disclosure process and accountability framework to ensure the truthfulness, accuracy, and completeness of disclosed information, while continuously strengthening insider information management and confidentiality. In 2025, the Company did not incur any penalties for violations of information disclosure regulations.

On the basis of continuous lawful and compliant fulfillment of statutory information disclosure obligations, we continuously explore and develop voluntary information disclosure that is oriented toward investor needs and supports investors in making value judgments and investment decisions, increasing the depth and breadth of our disclosures. Regarding ESG issues of growing concern to investors, we respond to the attention and expectations of various stakeholders through regular report releases, "one-picture summaries," and similar formats.

We have developed a multi-tiered investor relations management system. We innovatively hold high-quality performance briefings, where the Chairman of the Board and the management team interact with investors, industry analysts, and media representatives, engaging in thorough communication on topics of concern such as the Company's operating results, business development, high-quality and sustainable development, and future growth plans. Adopting a multi-channel, multi-angle, and multi-level communication strategy, we use diverse methods and platforms—including performance conference calls, brokerage strategy meetings, investor hotlines, and the Shenzhen Stock Exchange's Interactive *Easy* platform—to build an efficient communication bridge with investors and actively convey the Company's value.



Key performance

- In 2025, the Company released **2** periodic reports and **92** interim announcements.
- Held **4** batches of performance conference calls for periodic and quarterly reports.
- Participated in **over 90** online and offline research visits and roadshow/reverse roadshow events.
- Attended multiple brokerage strategy meetings, involving **hundreds of** investors.
- Participated in the collective reception day for listed companies in the Shenzhen jurisdiction **once**.
- Responded to more than **230** inquiries on Interactive Easy platform.

Honors and awards

Received the highest rating of "A" in the Shenzhen Stock Exchange's information disclosure assessment for eleven consecutive years

Awarded the China Association for Public Companies' "Best Practice for Investor Relations Management of Listed Companies 2024"



Won the China Association for Public Companies' "Best Practice for Annual Report Performance Briefings" for four consecutive years

CR Sanjiu was rated "Five-Star" social responsibility report by the Chinese Academy of Social Sciences for three consecutive years, and received the "Five-Star Plus" rating for two consecutive years

Case:innovatively hosting high-quality performance briefings

In March 2025, the Company held its 2024 annual performance briefing themed "Starting with the End in Mind, Forging Ahead with Determination." The Chairman of the Board and the management team engaged in thorough exchanges with investors, industry analysts, and media representatives on the Company's operating results, business development, and future plans. To facilitate participation by more retail investors, the Company has adopted a hybrid format combining on-site communication with live streaming for its annual performance briefings for four consecutive years since 2021.

During this briefing, the scenario short film Friends produced by the Company embodied the corporate mission of "caring for public health and creating a better life", delivering heartwarming stories to investors and the general public and enhancing the investor experience.



CR Sanjiu Earnings Presentation

Steadiness creates value

In 2025, the Company continued to deepen its "Four Restructurings," consolidating its foundation and optimizing its business, strengthening R&D and innovation, promoting mergers and acquisitions, steadily advancing integration, building a competitive advantage across the entire industry chain, achieving both quantitative and qualitative growth, and steadily improving performance and capabilities, thus completing the "14th Five-Year Plan" targets ahead of schedule. In 2025, the Company achieved operating revenue of 31.603 billion yuan, a year-on-year increase of 14.43%. The Company achieved net cash flow from operating activities of 5.513 billion yuan, a year-on-year increase of 25.23%. Net profit attributable to shareholders of the listed company was 3.421 billion yuan, a year-on-year increase of 1.58%. Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses was 3.134 billion yuan, a year-on-year increase of 0.52%.

Honest and compliant business operations

CR Sanjiu strictly adheres to legal and regulatory requirements, continuously strengthens its corporate governance mechanisms, and improves its internal control systems and compliance operation management systems to ensure steady business development and sustained value creation. The Company is dedicated to building and refining a modern corporate system that reflects both Chinese characteristics and Sanjiu's unique attributes. Upholding integrity in corporate governance, ensuring coordinated operations, and maintaining transparent management, CR Sanjiu is committed to driving high-quality corporate development.

Governance

CR Sanjiu has established a clearly defined and hierarchical internal control and risk governance structure. The Board of Directors, as the highest decision-making body, is responsible for promoting the construction and implementation of the internal control and risk management system; its Legal Construction and Risk Control Compliance Committee, chaired by the Chairman, coordinates internal control supervision and system improvement. The Company has constructed a "three-line defense" risk management mechanism: business departments serve as the first line of defense, undertaking basic risk management responsibilities; the Legal and Compliance Department, as the second line of defense, led by the Chief Compliance Officer, is responsible for system coordination, compliance review, and risk response; and the Audit Department, as the third line of defense, independently conducts internal control audits and supervisory evaluations. Furthermore, the Legal and Compliance Department has a complaint management function and promotes the extension of compliance management organizations to the grassroots level, establishing compliance ambassadors in each business unit and operational unit to ensure that risk control and compliance requirements are implemented at the front line of business.



CR Sanjiu Risk Control System

Strategy

CR Sanjiu adheres to its mission of "Caring for Public Health and Creating a Better Life" and its vision of "Becoming a Leader in the Public Pharmaceutical and Healthcare Industry." Guided by the principles of law-based governance and compliant operation, the Company continuously improves its internal control and compliance management system. The Company systematically promotes system construction and process optimization, formulating and implementing core systems such as the *Compliance Management System* and the *Anti-Monopoly Compliance Management Measures*, building an integrated management mechanism covering law, compliance, internal control, and risk. Through annual internal control self-assessments, supervisory evaluations, and special inspections, the Company achieves full coverage of business processes and solidifies processes and improves management efficiency through its internal control and compliance platform (ICCP system). Regarding risk management, the Company has established a normalized risk assessment mechanism, identifying a list of major risks and developing response plans annually, strengthening risk review in key areas such as procurement and marketing. Simultaneously, through compliance training, awareness month activities, and the signing of business conduct codes, the Company cultivates a compliance culture among all employees, promoting the transformation of compliance management from control to empowerment, supporting the Company's sound operation and sustainable development.

Comprehensive risk management system

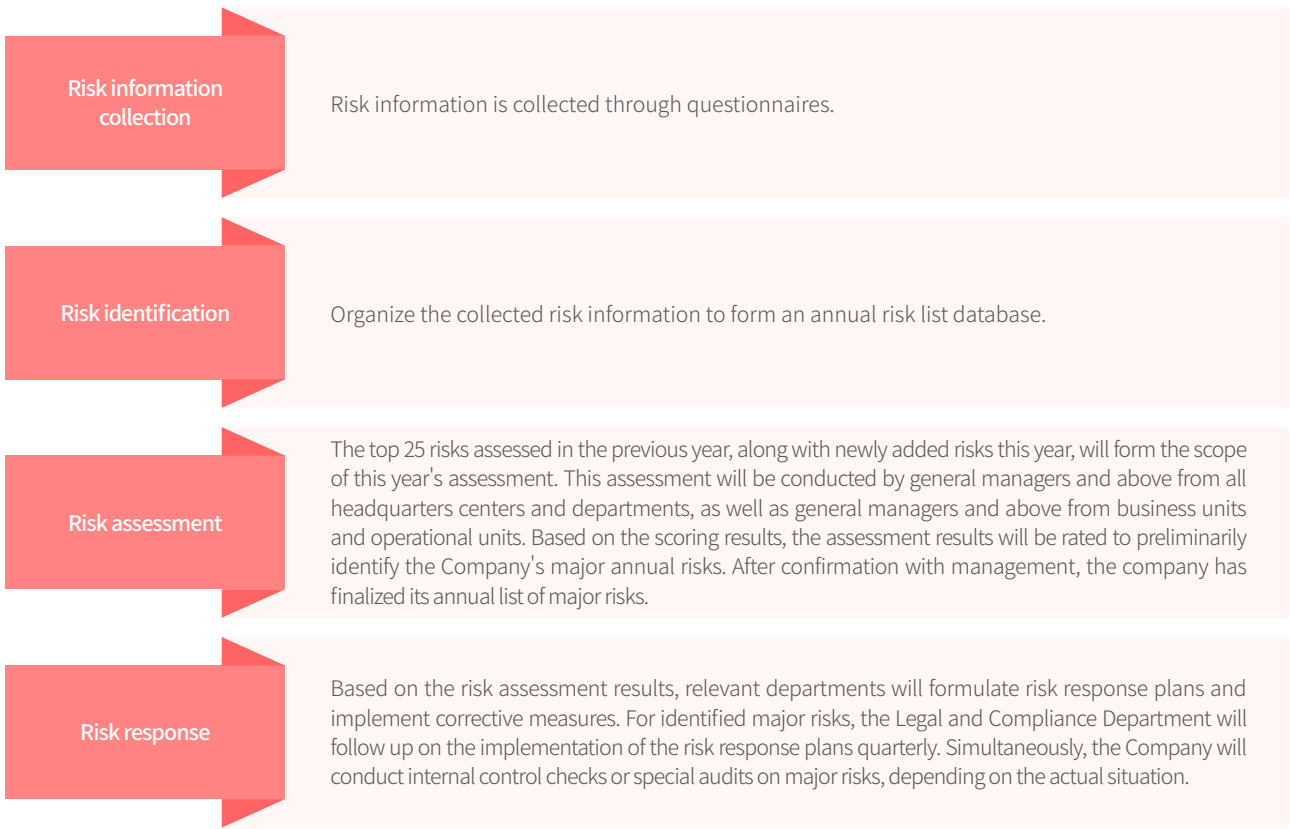
The Company continuously promotes to deeply integrate risk, internal control, and legal and compliance measures, adhering to a focus on risk governance and a key emphasis on risk prevention. It has strengthened its institutional foundation in areas such as strategic risk, operational risk, market risk, financial risk, and legal risk, and continuously strengthened its risk and compliance management system. The Company regularly conducts major risk assessments and classifies and reports on major operational risks to ensure its sound operation. In 2025, the Company did not experience any major operational risk issues.

Risks and descriptions	Potential financial impact	Opportunities and descriptions	Potential financial impact
Compliance Risks Risks Comp liance Some enterprises have problems such as incomplete EHS (Environment, Health, and Safety) organizational structure, weak safety management foundation, and aging equipment and facilities, which leads to a continuous increase in safety risks.	• May result in safety incidents causing direct economic losses including casualty compensation, equipment damage, and production interruptions. • Exposure to regulatory penalties and increased rectification costs.	Governance opportunities The Company continuously improves its legal affairs framework, issuing multiple policies to build a practical compliance management system that effectively prevents legal risks.	• Reduces violation risks and avoids potential fines and litigation costs. • Enhances management efficiency and reduces operational disruption losses caused by non-compliance. • Strengthens investor and partner confidence, enhancing corporate valuation.
Safety Risks Safety Risks There are deficiencies in safety risk identification and hazard investigation and management, resulting in a failure to effectively control safety risks.	• Frequent incidents leading to direct economic losses and compensation. • Regulatory penalties and losses from production suspension for rectification.	Brand opportunities The Company continuously strengthens brand building and intellectual property protection. In 2025, the "999" and "Sanjiu" trademarks were recognized as well-known trademarks, and the "Sanjiu" enterprise name received renowned designation, with core product packaging and decoration protected by judicial decisions, significantly enhancing brand value and market competitiveness.	• Enhances brand premium capability and increases product market share. • Reduces brand infringement losses and lowers rights protection costs. • Increases brand intangible asset value and strengthens investor confidence.

Impact, risk and opportunity management

Optimize and improve the risk assessment process

Establish and improve a long-term mechanism for the management and control of major risks, and efficiently advance the risk assessment process. Conduct focused inspections of the sales operations of each business unit, paying attention to regulatory hotspots and risks such as employee conflicts of interest and bid-rigging in procurement. Regularly conduct internal control inspections or special audits of major risks, and focus on inspecting the management of self-operated business, procurement compliance, and production operations of production units to effectively improve risk response capabilities. Conduct risk identification and assessment work annually to ensure timely detection of potential problems and swift implementation of control measures.



Sustainable development risk identification and management measures

Risk	Response measures	Results
Some enterprises have problems such as incomplete EHS (Environment, Health, and Safety) organizational structure, weak safety management foundation, and aging equipment and facilities, which leads to a continuous increase in safety risks.	• Provide support to enterprises with weak EHS management foundations and develop specific improvement action plans for key weak links. • We will continue to carry out basic capacity-building projects, such as the construction of a dual prevention mechanism, the improvement of emergency response capabilities, and the establishment and application of EHS training materials, to solidify the foundation of EHS management.	• We launched an EHS capability enhancement initiative and a dual prevention mechanism to deepen operation and maintenance projects, identified and categorized weak facilities, equipment, and operations in factory areas, and established a risk database. • Complete the EHS training material development and application project, and launch the emergency response capability enhancement project.
There are deficiencies in safety risk identification and hazard investigation and management, resulting in a failure to effectively control safety risks.	• We will continue to develop a digital platform for the dual prevention mechanism, which will enable unified filing of hazardous sources, real-time tracking of hazard investigation, and real-time feedback on risk control and management.	• The fourth phase of the construction of the digital platform for the dual prevention mechanism has been launched, and the seven planned implementation units have completed their self-acceptance.

Internal control management

We strictly adhere to the provisions of the *Basic Norms for Enterprise Internal Control* and its supporting guidelines, updating and improving our internal control system to form a scientifically designed, simple, applicable, and effectively operating internal control system. We conduct regular annual internal control assessments and system optimization projects to ensure the effectiveness of the internal control system's design and implementation, achieving improved system completeness, standardization, process optimization, and full execution. We have established an internal control compliance platform (ICCP system) to gradually solidify internal control workflows and tool templates, improving the quality and efficiency of internal control evaluation.

Internal control assessment work

- Internal control self-assessment: In accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission (SASAC), a comprehensive internal control self-assessment was conducted, achieving 100% coverage of all subsidiaries. The self-assessment scope included 12 key business processes such as procurement, R&D, investment, and sales. In 2025, Kunming Pharmaceutical and its subsidiaries all conducted internal control self-assessments as required. Simultaneously, for any internal control deficiencies identified, the responsible departments were actively organized to implement corrective measures.
- Internal control supervision and evaluation: In accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission (SASAC), the Legal and Compliance Department carried out internal control supervision and evaluation of its subsidiaries. The evaluation scope included important business processes such as procurement, asset management, sales, and contract management. A total of 38 subsidiaries were evaluated in 2025, and the evaluation scope met the SASAC's requirement of "full coverage in three years".

Case:holding risk control and compliance training and risk control project kick-off meeting

From April 24th to 25th, 2025, the 2025 Risk Control and Compliance Training Conference & Risk Control Kick-off Meeting of CR Sanjiu was held at its Shenzhen headquarters. Themed "Compliance as the Foundation, Risk Control as the Shield, Steady Progress for the Future," the conference was attended by over 110 people. The training covered risk management, the China Resources CRCL system, compliance management, and integrity and compliance. It also analyzed key points and cases related to the internal control supervision and evaluation of central enterprise groups. Through the training, employees learned advanced risk control and compliance concepts and case knowledge, further enhancing their practical abilities and laying a solid foundation for optimizing the Company's risk control work and achieving higher goals.



Risk Control and Compliance Training Meeting

Case:conducting constitution publicity week and compliance publicity month

December 18th, the Company organized activities for the 2025 Constitution Publicity Week and Compliance Publicity Month under the theme of "Abiding by Laws and Regulations, Achieving Steady Progress and Long-Term Development." These activities, targeting employees of CR Sanjiu, Kunming Pharmaceutical, and Tasly, included distributing brochures and legal booklets, holding a quiz with prizes, providing legal compliance consultations, conducting legal education and training, and signing and training on the Group's Code of Conduct for Business Conduct. These efforts aimed to safeguard the healthy development of CR Sanjiu. The brochures



Legal compliance training

distributed during the training reached over 800 people, and the quiz with prizes saw over 1,800 participants.

Metrics and targets

CR Sanjiu adheres to the bottom line of honest and compliant operation, closely follows the requirements of laws and regulations and management requirements around core areas such as intellectual property, procurement system, investment and M&A, compliance management, and dispute resolution. We have established a tracking and evaluation mechanism to promote the implementation and effectiveness of compliance management with quantitative indicators and consolidate the compliance foundation for the Company's sound operation.

Target	Progress
Intellectual property management Explore and build a full-process intellectual property management model suitable for CR Sanjiu.	Assist the investment center and R&D center in carrying out patent support work for specific projects; Draft a classification method for the Company's invention patents
Procurement system upgrade Strengthen the two-tiered management and execution organization system for procurement, and continuously improve the concentration of procurement.	Public disclosure rate = 98%; centralized procurement rate= 93%; e-procurement rate = 98%.
Investment and m&a support Enhance professional capabilities to enable legal services to support investment and M&A throughout the entire process.	Participated in 12 investment and M&A projects, providing relevant legal support for these projects. Participate in the post-evaluation of the Company's investment projects in 2025.
Compliance management Promote the upgrading and optimization of the Company's compliance management system.	Exploring the implementation of the CRCL system in the field of fair competition compliance management.
Dispute resolution Optimize the case management mechanism of "unified management, classified guidance, and hierarchical responsibility"; strengthen the allocation of litigation resources and enhance risk prevention and control for important and major cases; and carry out case-based management promotion work.	Case success rate > 90%
Intelligent digital applications Objective: Digital and intelligent procurement: Build a unified procurement management system (SRM); upgrade the contract system.	Complete the construction of the contract management system and continuously keep upgrading.

Party's leadership

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CR Sanjiu closely aligns with the Company's overall strategic development, fully leveraging the core role of Party organizations in "setting the direction, managing the overall situation, and ensuring implementation." Emphasis is placed on top-level design and overall planning, effectively integrating Party building into all aspects of corporate governance. Through forward-looking planning and systematic implementation, the Company has achieved remarkable results in strengthening ideological and political guidance, consolidating the organizational foundation, promoting cultural integration, expanding publicity, and uniting the efforts of mass organizations and the united front. This has powerfully promoted the deep integration of Party building and business, providing a strong political and organizational guarantee for the Company's high-quality development.

Political guidance

We earnestly implemented the "First Agenda" system, conducting 10 study sessions throughout the year and developing 24 measures for implementation, including in-depth study and dissemination of the spirit of the Fourth Plenary Session of the 20th CPC Central Committee. We implemented the central group study system, organizing 12 centralized study sessions and producing 10 special research reports; we conducted a "July 1st" themed Party Day activity, with the Party Secretary delivering a special Party lecture to unite our efforts.

Organizational development

Regular Party building work meetings were held to promote the deep integration of Party building with production and operations. Throughout the year, supervision was provided for the re-election and supplementation of 28 directly managed Party organizations, and guidance was given to 7 units to establish Party organizations. The "Strengthening Reform and Aiming for Targets" themed campaign resulted in 86 measures, using Party building to guide the post-investment integration of Tasly, promoting the smooth transition of newly acquired enterprises, and steadily integrating them into the overall development of the Company. Party affairs training was conducted at different levels to fully leverage the exemplary role of Party members.

Cultural promotion

Strictly implement the main responsibility for ideology and improve the "three-review and three-proofreading" mechanism. Carry out positive publicity around the central tasks, formulate a cultural enhancement plan for 2025-2027, and promote the integration of Kunming Pharmaceutical Group and Tasly Group's culture; create a "1+X" Party building brand system and cultivate the "Three Lives, Nine Loves" Party building brand.

The Power of Mass Organizations

We standardized efforts in union work, held 103 staff congresses, launched the CR Sanjiu "Skills Cup" labor competition, implemented 96 "I Do Practical Things for the Masses" initiatives, and carried out more than 30 care activities. Two employees were awarded the title of "National Model Worker." We adhered to the principle of Party building leading Youth League building, established 10 youth commando teams, and conducted the "Two Reds and Two Excellents" selection, stimulating the vitality of mass organization cadres.

Case:using party building to promote post -investment integration at tasly



Advancing the "Post-Investment Integration" Work at Tasly. Using the "Four Synchronizations and Four Alignments" approach, we are advancing key tasks of the "100-Day Integration, One-Year Integration, and Three-Year Integration" of Party building in a way that suits local conditions. On March 27th, the handover day, the Tasly Pharmaceutical Group Party Committee was established, improving the Company's governance system, incorporating Party building requirements into the Company's Articles of Association, and strengthening the Party's overall leadership during the merger and acquisition integration process; optimizing the Party organization structure, reviewing and optimizing the structure of Tasly's 30 Party organizations, and continuously consolidating the foundation of Party building; strengthening the construction of Tasly's Party and mass work teams, and ensuring sufficient and capable Party affairs personnel; and incorporating the Tasly Party Committee into the CR Sanjiu Party building assessment system to achieve joint assessment of Party building and business operations, focusing on promoting the efficient integration of Tasly's Party building and business. Meanwhile, leveraging the advantages of joint Party building, the Party branch of CR Sanjiu Guanlan Base and the Party branch of Tasly Zhijiao Pharmaceutical jointly organized a year-long "joint construction" activity. Through methods such as "jointly learning theoretical knowledge, sharing activity venues, sharing technical resources, and jointly planning business development," they continuously promoted "integration and vitality" with "Party building synergy," thus empowering the Company's high-quality development.



Tasly "Party Building and Culture" Integration Work Conference

Promoting responsible operation

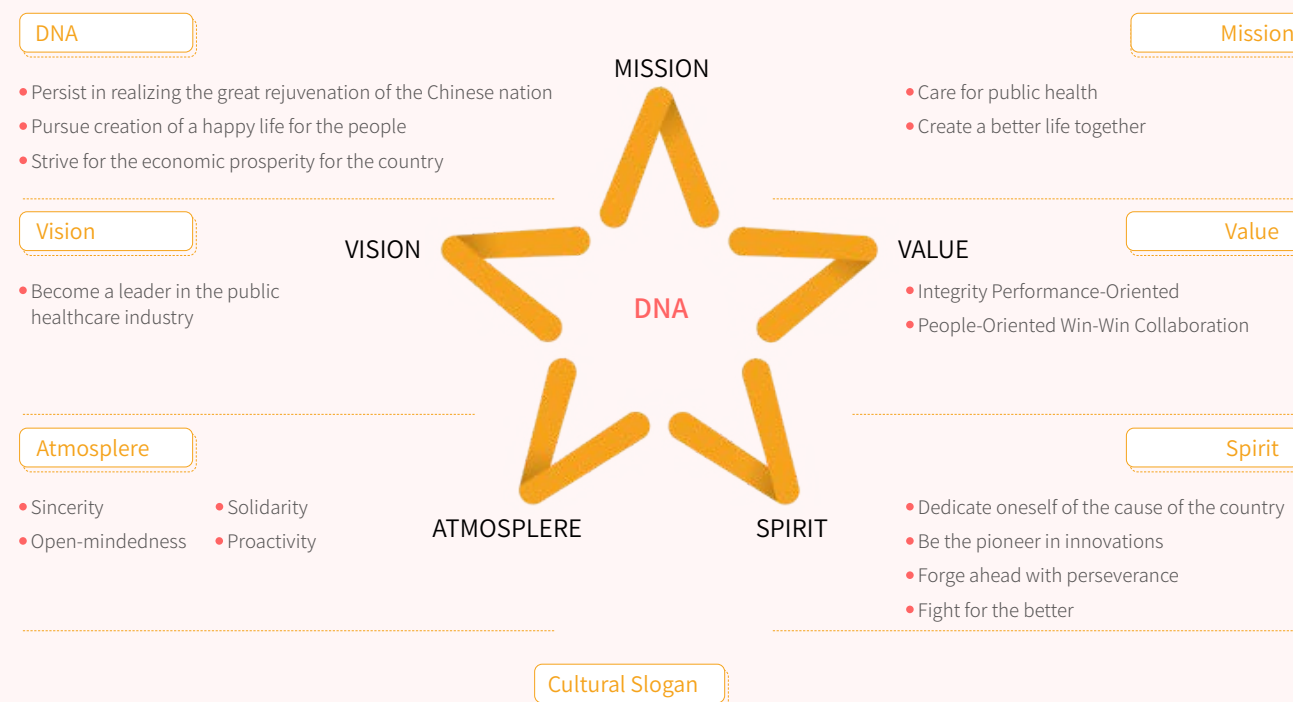
CR Sanjiu always keeps original aspiration firmly in mind, forging ahead with determination. Guided by the mission of "Caring for Public Health and Creating a Better Life," we strive towards the goal of becoming a "leader in China's public health industry," serving every member of Chinese families and committed to becoming China's No. 1 pharmaceutical and healthcare brand. The Company continuously enhances employees' pride, sense of belonging, and cultural identity through diverse cultural activities, ensuring that corporate care and personal value resonate in unison. Simultaneously, relying on its "1+N" brand strategy, it innovatively utilizes AIGC technology to create communication content to vividly convey the Company's brand philosophy and comprehensively showcase CR Sanjiu's brand image and responsibility as a leader in the pharmaceutical and healthcare field.

Corporate culture building

We continuously strengthen our corporate culture, based on our cultural philosophy system. Our corporate culture development is guided by the principles of "Care, Responsibility, and Excellence," deeply integrating cultural soft power into our corporate development strategy and daily operations. The Company not only builds internal consensus through a clear mission, vision, and value system, but also promotes the implementation of our culture through an organizational atmosphere of "Sincerity, Unity, Openness, and Progress." In practice, the Company emphasizes the transmission and resonance of our culture with stakeholders, continuously carrying out impactful cultural projects.

2025 is the year for concluding the Company's 14th Five-Year Plan and planning the 15th Five-Year Plan. At this important juncture, the Company launched a three-year "Cultural Enhancement Campaign" to actively promote the upgrading and expansion of its corporate culture concepts. Simultaneously, it actively promoted the integration of Kunming Pharmaceutical and Tasly's cultures, achieving consistent implementation of China Resources culture and accelerating collaborative development. It continued to promote the special project of inheriting the red gene, improved the management system and mechanism for corporate culture construction, and strengthened the dissemination of the group and company's corporate culture through new employee training, specialized training, and corporate culture self-inspection and rectification, promoting consistent implementation. The Company organized a quiz activity commemorating the 80th anniversary of the victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War, with 3,164 employees participating. The average score ranked 9th, and 10 employees ranked among the top 500 individually.

Corporate culture



The Cultural Philosophy System of CR Sanjiu

Awards and honors



CR Sanjiu was named one of the "Top 100 Chinese Brands for Internationalization"

Became a standing director unit of the China Enterprise Culture Research Association

Case:cultural resonance and the warmth of home: seamless integration of "small family" and "large family"

From July 31st to August 1st, 2025, CR Sanjiu held an open day for employees and their families at its Guanlan base in Shenzhen, themed "Ao Nuo Together, Protecting the Future of Bone Health." The event, jointly organized by the Company's labor union, youth league, and other departments, attracted over 60 employee families from the Shenzhen headquarters. During the event, family members gained a direct understanding of China Resources' spirit, its revolutionary heritage, development history, the construction of its traditional Chinese medicine industry chain, its long-term plans, and its mission and vision through vivid graphic displays. In front of the innovation laboratory and intelligent production line, family members experienced firsthand the Company's technological strength and innovative culture.

The event featured family photo shoots and a fun-filled carnival, along with interactive games such as "Medicine Weighing Expert" and "Parent-Child Craft Workshop," integrating corporate elements into family fun and conveying health concepts through games. This not only allowed family members to gain a deeper understanding of the Company's culture and business but also strengthened employees' sense of belonging and pride in the Company, demonstrating CR Sanjiu's systematic investment in corporate culture and humanistic care in promoting its vision of "becoming a leader in the mass pharmaceutical and health industry."



CR Sanjiu 2025 Employee Family Open Day

Building a responsible brand

We consistently place brand building at the core of our corporate strategy, adhering to a consumer health-oriented approach and systematically constructing and continuously implementing our "1+N" brand strategy. This strategy centers on the well-known "999" brand, extending to cover health needs across the entire life cycle, including colds, gastrointestinal issues, dermatology, orthopedics, pediatrics, chronic diseases, and traditional Chinese medicine wellness, forming a clearly defined and synergistic brand matrix. Under the guidance of the brand strategy, the Company is not only committed to consolidating its leading position in the CHC (Consumer Health) field, with "999 Cold & Flu Spirit Cold" maintaining its leading position in the cold medicine category and "Piyanning" in the dermatology market, but also deeply integrating brand building with social responsibility, actively fulfilling our corporate mission of "Caring for Public Health and Creating a Better Life."

With "warmth and care" as our emotional core, we closely link product services, brand communication, and social value creation through innovative responsible brand communication and robust public opinion management. This systematically enhances our brand influence, competitiveness, and credibility, steadily moving towards our vision of "becoming a leader in the mass healthcare industry." Through systematic brand building and responsible practices, CR Sanjiu has not only improved its brand influence and market competitiveness but has also gradually constructed a responsible brand ecosystem based on "Care, Responsibility, and Excellence" and grounded in consumer trust.

Deep integration of content marketing and popular culture

Innovative product placement in top-tier dramas such as "Folding Back" and variety shows such as "Infinite Beyond Class" has generated numerous trending topics on Weibo, accumulating hundreds of millions of exposures and successfully inspiring user co-creation and emotional resonance.

Leveraging cutting-edge technologies to lead communication trends

Extensive use of AIGC technology to create advertising content, enhancing creative efficiency and format innovation; conducting content marketing on platforms such as Douyin, with related videos for Cold & Flu Spirit accumulating over 5 billion views, effectively solidifying a youthful and fashionable brand image.

Creating immersive offline experiences

Successfully held events such as the CR Sanjiu Brand Day dual-venue market, allowing consumers to perceive the brand's warmth and health philosophy through interactive activities such as intangible cultural heritage handicrafts and health games.

Infusing public welfare attributes and fulfilling social responsibility

Continuously carrying out public welfare activities such as "999 Health Day" to inject warm social value into the brand and realize the unity of commercial brand and social responsibility brand.

Innovative and Responsible Brand Communication

We continuously build our public opinion management system, focusing on capacity building to create a favorable public opinion environment for business development. We actively improve our public opinion management mechanisms and organizational structure, constructing a closed-loop management system covering the entire process from routine monitoring to crisis response. We strengthen our daily monitoring and early warning response capabilities to ensure the Company can effectively prevent, steadily respond to, and

handle various risks in complex public opinion environments, safeguarding the Company's long-term reputation. Simultaneously, while continuously strengthening the management of public opinion platforms, we organize relevant training and simulation exercises to continuously improve all employees' awareness of public opinion risks and emergency response capabilities, fostering a culture of "reputation management for all."

Case: dual venue collaboration revitalizes brand, health market conveys warmth during the coldest period of winter



From December 17th to 18th, 2025, during the China Resources Group Brand Day, CR Sanjiu innovatively adopted a "dual-venue linkage" style, focusing on core brand values and simultaneously holding brand day market activities at the group's main market and its Shenzhen headquarters. At the China Resources Group Brand Day market, the focus was on core brand values, showcasing the core product matrix of the three major brands: 999, Tasly, and Kunming Pharmaceutical Group. On-site activities such as an intestinal maze and interactive "Third Uncle" IP activities attracted widespread participation, effectively enhancing brand affinity and memorability. Simultaneously, the CR Sanjiu headquarters brand market opened, featuring "six distinctive stalls + immersive experiences" as its core highlights. It cleverly integrated cultural experiences such as intangible cultural heritage lacquer fans, rubbings, and DIY sachets, deeply linking health knowledge popularization with the brand's emotional message of "warmth and care."

At the event, professional staff provided participants with product knowledge explanations and hands-on workshops. Leaders, guests, and media reporters visited various booths to experience and interact with the products, gaining a detailed understanding of the brand culture and product advantages. They highly praised CR

Sanjiu's innovative approach of conveying health concepts and practicing brand warmth through a market format. The event not only comprehensively showcased the Company's brand connotation of "caring for public health" and its innovative vitality, but also strengthened the emotional connection with consumers and stakeholders through diverse communication methods. It successfully transformed brand culture into a tangible and interactive warm experience, achieving a dual enhancement of brand value and public recognition.



CR Sanjiu's "Dual Venue Linkage" - Participating in the Group's Brand Day Market Event

Key performance

In 2025, the Company's overall public opinion situation was healthy and controllable, with information primarily consisting of objective and neutral data, accounting for approximately **99.16%**.

Awards and honors



- "999" received a special course recording from the State-owned Assets Supervision and Administration Commission.
- Listed among the "2025 Asia's 500 Most Influential Brands"
- "Top 100 Chinese Brands for Internationalization"
- Ranked 29th in the "Ipsos 2025 China Brand Influence Index"



Adhering to to business ethics

Governance

CR Sanjiu deeply implements the requirements of comprehensively and strictly governing the Party, and deeply integrates business ethics governance into the Company's strategy and daily operations. The Audit Committee regularly reviews and supervises matters related to business ethics and reports to the Board of Directors. We have established the CR Sanjiu Legal Construction and Risk Control Compliance Committee to implement the *China Resources Group Code of Business Conduct*, regulating the recommended and prohibited behaviors in key management areas such as anti-monopoly, anti-commercial bribery, overseas compliance, and business partners for all employees. We strictly comply with the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Money Laundering*

Law of the People's Republic of China, among other applicable laws and regulations. We adhere to the *CR Sanjiu Code of Business Conduct* and consistently uphold the *CR Sanjiu Clean Employment Regulations* and the *CR Sanjiu Five Commandments for Compliance*. Meanwhile, we continuously refine the *CR Sanjiu Provisional Measures for the Management of Conflicts of Interest*, and the *CR Sanjiu Measures for the Management of Anti-Money Laundering*, effectively preventing any form of corruption, embezzlement, bribery, fraud, money laundering, extortion, and unfair competition. We require suppliers to comply with the *CR Sanjiu Supplier Code of Conduct*, commit to clean business practices, and undergo regular assessments of their business ethics performance.

Strategy

CR Sanjiu strictly adheres to its internal management systems. By streamlining the four-pronged reporting channel (letters, visits, online, and telephone) and rigorously investigating and punishing violations, we strengthen the deterrent effect of "not daring to be corrupt." We have carried out the "4+2" reform of its disciplinary inspection institutions, optimizing the supervisory structure; and issued 28 targeted disciplinary inspection recommendations to address shortcomings, improve systems, and tighten the "cage against corruption". Through

holding warning education conferences, innovatively carrying out the "Everyone Speaks on Integrity" activity, and improving the regular and long-term integrity education mechanism, we continuously strengthen the ideological bulwark of employees' "not wanting to be corrupt," embedding integrity requirements into the entire business process.

CR Sanjiu focuses on key areas, key tasks, and key groups, optimizes the "comprehensive supervision" mechanism, and continuously fosters a clean and honest corporate atmosphere.

Impact, risk and opportunity management

Strengthen the institutional foundation

- The Company has formulated and strictly implemented core systems such as the *CR Sanjiu Integrity Provisions* and the *CR Sanjiu Five Commandments for Compliance*, clearly defining bribery and corruption as inviolable red lines.

- We build a comprehensive supervision system with intra-party supervision as the mainstay, and integrate the oversight forces of discipline inspection, inspection, and auditing through mechanisms such as joint meetings, information sharing, and the transfer of clues.

- The Company issued regulations such as the *Working Methods of the "Comprehensive Supervision" System of CR Sanjiu* and the *Management Rules for Party Conduct and Integrity Supervisors of CR Sanjiu*, clarifying responsibilities, procedures, and requirements, and providing a solid institutional and organizational guarantee for business ethics management.

- We have formulated and implemented the *CR Sanjiu Procurement Management System*, requiring suppliers to sign a *Letter of Commitment to Integrity and Compliance* during the procurement process, and publishing the supplier blacklist rules through the Integrity Platform.

Business ethics-related risks, opportunities, and potential impacts:



Risks and Descriptions

Reputational risks

Serious violations of business ethics may lead to legal problems, reputational damage, and loss of customers and investors.



Potential financial impact

- Brand value and market confidence damaged
- Failure to promptly detect and stop violations resulted in direct economic losses and compliance fines.



Opportunities and description

Reputation Opportunities

Maintaining high standards of business ethics helps attract the trust of potential investors, win the trust of customers, and enhance the Company's reputation.

Policy Oppotunity

Anti-bribery and anti-corruption efforts help companies establish sound internal management systems and processes, optimize internal management, and improve management efficiency and transparency.



Potential financial impact

- Brand value and market confidence growth
- Improve company operational efficiency and achieve significant cost savings through process optimization, while mitigating potential governance losses.

Strengthen moral supervision

We will focus on key areas and key positions to implement precise supervision, strengthen daily supervision of leading cadres and key personnel, and move the supervision checkpoint forward through integrity talks and personal matters reporting (covering business activities, related transactions, etc.).

In 2025, CR Sanjiu routinely conduct business ethics and anti-corruption audits across all of the Company's subsidiaries to assess compliance with the *Code of Business Conduct* and anti-corruption policies. Based on the audit findings, we recommend corrective actions to address any identified issues, ensuring the effective implementation of business ethics principles, including anti-corruption and anti-bribery measures.

Specialized supervision was strengthened in areas with high risks of corruption. In 2025, special inspections were organized on issues such as violations of the spirit of the Eight-Point Regulation of the Central Committee and infrastructure projects, and 18 clues to problems were discovered.

We will promote the extension of supervision to the grassroots level, strengthen the grassroots team of Party conduct and integrity supervisors, and enhance front-line supervision capabilities by arranging for them to participate in special training and supervision inspections.

Preventing unfair competition

The formulation of specific operational guidelines, such as the *Anti-Monopoly Compliance Management Measures*, the *Anti-Monopoly Compliance Guidelines*, and the *Guidelines for Compliance of Concentration of Undertakings Declarations*, provides a complete institutional basis and code of conduct for anti-monopoly compliance.

The *Anti-Monopoly Compliance Management System Organizational Structure* establishes a clear "three-line defense" responsibility and coordination mechanism from the Company headquarters to the business units, clarifies the control boundaries between the compliance management department and various business departments, and ensures that management responsibilities are implemented at each level and that horizontal coordination is effective.

"Compliance Ambassador" has been set up in each business unit and marketing business line. They are responsible for the promotion, review, consultation and inspection feedback of anti-monopoly compliance in front-line business, so as to ensure that compliance requirements penetrate to the front end of the business and realize the implementation of risk prevention and control.

Standardize the reporting procedure

- Establish and publicize diversified reporting channels, including dedicated telephone numbers, email addresses, mailing addresses, and an online "one-click reporting" platform, to accept both real-name and anonymous reports.

- Strictly implement the *Detailed Rules for Handling Reports and Accusations by the Discipline Inspection and Supervision Institutions of China Resources*, inform you of the acceptance status of real-name reports within 15 working days, and advocate giving priority to real-name reports.

- We strictly adhere to confidentiality regulations, protect whistleblower information, establish and improve whistleblower protection systems, ensure smooth channels for reporting and complaints, effectively safeguard the rights and interests of whistleblowers, and conduct investigations in accordance with regulations such as the *Rules for Supervision and Discipline Enforcement by the Discipline Inspection Organs of the Communist Party of China* to ensure the effectiveness and credibility of the reporting mechanism.

- The Company's reporting email address CR999-SJB-TS@999.com.cn and the Discipline Inspection Commission's reporting email address cr999-jcb-ts@999.com.cn are publicly available. The reporting platform "99 'Rules' 1" and the "Clean 999" WeChat official account and "Runwork Runyue" account stipulate anonymous reporting methods and strictly enforce the discipline of handling letters and visits reports.

Cultivating a culture of integrity

In 2025, we organized multiple training and awareness campaigns on business ethics and anti-corruption for all company employees (including interns, part-time employees, and contractors). These campaigns were conducted through various means, including a Compliance Awareness Month event, promotional publications, WeChat official account updates, and offline specialized drills. Create a clean and upright green business environment.

By innovating methods, we promoted integrity education to the core of people's minds and hearts, and created the "Clean999" online publicity platform, publishing 71 articles on integrity news and knowledge throughout the year.

We innovatively launched the "Everyone Speaks on Integrity" series of activities, adopting a "learning, speaking, and competition integrated" model to encourage employees to shift from "passively listening" to "actively speaking." In 2025, we collected 76 entries.

We standardized efforts in union work, held 103 staff congresses, launched the CR Sanjiu "Skills Cup" labor competition, implemented 96 "I Do Practical Things for the Masses" initiatives, and carried out more than 30 care activities. Two employees were awarded the title of "National Model Worker." We adhered to the principle of Party building leading Youth League building, established 10 youth commando teams, and conducted the "Two Reds and Two Excellents" selection, stimulating the vitality of mass organization cadres.



Warning Education Conference



Party Conduct and Integrity Building Work Conference

Metrics and Targets

CR Sanjiu adheres to the business principles of upholding business ethics and promoting integrity. Focusing on core tasks such as anti-corruption review and supervision, and the cultivation of a culture of integrity, it has scientifically formulated relevant indicators and targets, and established a dynamic tracking and effectiveness evaluation mechanism to guide the implementation of various tasks related to business ethics construction with clear indicators.

Target	Progress
Continuously enhance the intensity of anti-corruption review and supervision	2 corruption and bribery cases have been concluded.
	1 lawsuit concerning embezzlement, commercial bribery, etc.
	The incidence of corruption incidents was 0.006%.
Continuously strengthen the cultivation of a culture of integrity	Throughout the year, 883 anti-corruption education and awareness activities were held, reaching 72,803 person-times.
	The total training time for anti-corruption among employees is 145,606 hours.
	The "Everyone Speaks on Integrity" event was held, collecting 76 works, and 71 articles were published through the "Integrity 999" online platform.

Outlook for 2026

2026 marks the start of the "15th Five-Year Plan" and is also a crucial year for thoroughly studying and implementing the spirit of the Fourth Plenary Session of the 20th CPC Central Committee. CR Sanjiu, standing at a new starting point for high-quality development in the pharmaceutical and healthcare industry, will continue to implement ESG principles in operations, fulfill our mission of serving the nation's major needs, shoulder the responsibility of innovative development in the traditional Chinese medicine industry, and further promote the implementation of the "Health-first Development Strategy," continuously striving forward on the path of revitalizing traditional Chinese medicine and safeguarding people's well-being.

Focus on full-chain collaboration and activate the innovative momentum of traditional Chinese medicine. We will continue to deepen the dual-engine approach of "innovation + brand," refine our product R&D and innovation capabilities, and strictly adhere to the bottom line of drug quality and safety. We will proactively embrace the wave of digitalization, accelerate the empowerment and upgrade of AI technology in all aspects of R&D and production, and safeguard public health with high-quality traditional Chinese medicine products and services, thus building a solid line of defense for people's health.

Dedicate ourselves to low-carbon transformation and build an ecological pharmaceutical system. We will resolutely implement the national "dual-carbon" strategy, take green production as our guideline, optimize the ecological planting model of medicinal herbs, deepen the construction of near-zero carbon emission parks, reduce the carbon footprint of production through technological innovation and clean energy, and improve the mechanism for the resource utilization of waste, so as to achieve a win-win situation for industrial development and ecological protection.

Focusing on improving people's livelihoods and deepening our social responsibility practices, we will leverage the advantages of the traditional Chinese medicine industry chain to support rural revitalization, conduct training in medicinal herb cultivation techniques, expand sales channels for agricultural products, and promote industrial efficiency and increased farmer income. We will also dedicate ourselves to public health initiatives, organizing expert teams to conduct science popularization and free clinics in communities, donating commonly used medicines and medical supplies, and safeguarding people's well-being through diverse public welfare actions. This will deepen collaboration between enterprises and communities and jointly build a healthy future.

Improve our governance system and solidify the foundation of ESG values. We will set Party building as our guideline to upgrade ESG governance, optimize cross-departmental collaboration mechanisms, refine the construction of ESG indicator control and information disclosure systems. We will continuously build a regular communication platform for stakeholders, and promote the deep integration of ESG concepts into the entire process of corporate operations and decision-making, thereby consolidating the governance foundation for the sustainable development of the Company.

The tide of the times surges forward, and the blueprint for development inspires us to forge ahead. Standing at the new starting point of the "15th Five-Year Plan", we will be driven by the modernization and innovative research and development of traditional Chinese medicine, focusing on our core pharmaceutical and healthcare business. We will adhere to the "One body, two wings" strategy to create a new chapter, fully integrate into the "Healthy China" strategy, continuously promote the "AI+" intelligent and digital transformation, strengthen supply chain collaboration and green operation, and focus on optimizing organizational efficiency and upgrading the governance system. Upholding our original aspiration in pharmaceutical manufacturing and fulfilling our social responsibilities, we will work hand in hand with all sectors to build a healthy ecosystem, safeguarding public health with compassionate and responsible practices, and writing a higher-quality development chapter in serving the national economy and people's livelihood.



Key performance table

Economic performance

Indicators	Unit	2025	2024	2023
Total revenue	RMB 10,000	3,160,257.76	2,761,661.18	2,473,896.33
Total assets	RMB 10,000	5,880,467.87	4,008,197.23	4,014,845.59
Total profit	RMB 10,000	486,407.92	459,361.07	375,445.32
Net profit attributable to shareholders of listed companies	RMB 10,000	342,100.12	336,788.90	285,293.17
Total taxes	RMB 10,000	392,000.00	289,861.48	292,896.93
Total investment in R&D	RMB 10,000	173,350.71	95,297.63	88,895.12

Market performance

Indicators	Unit	2025	2024	2023
Pass rate of drug sampling tests	%	100	100	100
Number of complaints received about products and services	Piece	151	117	198
Complaint handling rate	%	100	100	100
Product and service satisfaction	%	99.8	100	100
Responsible purchasing ratio	%	100	100	100
Rate of suppliers passing quality, environment and occupational health and safety system certification	%	100	100	100

Social performance

Indicators	Unit	2025	2024	2023
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Number of paid vacation days per capita per year	Day	7.2	8	7.9
Number of new employees	Person	2,801	2,322	2,286
Total number of employees	Person	30,304	20,031	20,318
—By gender				
Male employees	Person	15,535	10,733	10,894
Female employees	Person	14,769	9,298	9,424
—By employment type				
Full-time employees	Person	30,304	20,031	20,318
Part-time employees	Person	0	0	0

Indicators	Unit	2025	2024	2023
—By age				
29 years and under	Person	6,433	4,684	5,004
30-50 years old	Person	21,711	13,735	13,679
51 years and older	Person	2,160	1,612	1,635
—By educational background				
Graduate and above	Person	2,128	1,289	1,048
Undergraduate	Person	12,450	8,054	7,404
Junior college	Person	9,806	5,641	6,067
High school and below	Person	5,920	5,047	5,799
Comprehensive employee turnover rate	%	10.54	10.54	13.5
Number of ethnic minorities	Person	2,588	1,846	810
Percentage of female managers	%	44	36.7	35
Number of employees with disabilities	Person	163	121	5
Employee satisfaction	%	82.2	84.2	98.04
Total annual training attendance	Person-time	786,835	308,876	306,922
Employee training coverage	%	100	98.68	95.77
Annual per capita training hours	Hour	35.14	30.32	14.11
Annual investment in employee training	RMB 10000	2,194.88	1,043.2	776
Health checkup rate of all employees	%	100	100	100
Occupational health examination rate	%	100	100	100
Number of work-related deaths	Person	0	0	0
Number of deaths due to occupational diseases	Person	0	0	0
Investment in helping employees in difficulty	RMB 10000	87.02	78.915	21.12
Investment in production safety	RMB 10000	6,425.197	5,831	4,947
Number of full-time safety management personnel	Person	216	229	339
Employee safety training hours	Class hours	355,434	650,100	566,273
Safety training hours of relevant parties	Class hours	27,647	34,711	15,819
EHS emergency drill attendance	Person-time	18,403	16,687	16,720
Number of EHS emergency drills	Person-time	696	617	465
Extraordinarily major accidents	Item	0	0	0
Major accident	Item	0	0	0
Serious accidents	Item	0	0	0
General accidents	Item	1	2	0
Number of fatal accidents	Time	0	0	0
Number of fatalities in safety accidents	Person	0	0	0
Lost time rate of employees in million man-hours	Person/ million hours	0.29	0.52	0.12
Lost workdays due to work-related injuries	Day	642	187	168

Environmental performance

Indicators	Unit	2025	2024	2023
Total Investment in Environmental Protection	RMB 10,000	6,657.18	4,234	4,368
Investment in Energy Saving	RMB 10,000	1,254.35	663	562
Number of people trained in environmental protection	Person-time	20,283	17,380	14,006
Number of people covered by environmental protection training	Person	12,071	10,942	8,567
Environmental protection training hours	Class hours	287,018	273,214	111,723
Number of participations in environmental public welfare activities	Time	108	96	98
Total wastewater emission	10,000 tons	482.84	268.02	299.86
Total emission of waste gas	10,000 cubic meters	1,082,414.56	863,248.98	765,540.25
Total COD emission	Ton	117.48	60.02	67.14
COD emission intensity	Ton/RMB 10,000	0.00004359	0.000034	0.000035
Total ammonia nitrogen emissions	Ton	5.00	2.01	2.39
Ammonia nitrogen emission intensity	Ton/RMB 10,000	0.000002	0.000001	0.000001
Total NO _x emission	Ton	50.23	47.87	66.34
NO _x emission intensity	Ton/RMB 10,000	0.000019	0.000027	0.000035
Total SO ₂ emission	Ton	2.12	3.47	4.70
SO ₂ emission intensity	Ton/RMB 10,000	0.000001	0.000002	0.000002
Total emissions of particulate matter (PM)	Ton	7.10	8.19	10.00
Emission intensity of particulate matter (PM)	Ton/RMB 10,000	0.000003	0.000005	0.000005
Total emissions of volatile organic compounds (VOCs)	Ton	15.13	5.87	8.87
Emission Intensity of Volatile Organic Compounds (VOCs)	Ton/RMB 10,000	0.000006	0.000003	0.000005
Total amount of medical waste (HW02) generated	Ton	346.01	125.75	128.27
Total amount of waste pharmaceuticals (HW03) generated	Ton	254.48	201.69	340.86
Total amount of other hazardous wastes generated	Ton	2,578.40	675.31	783.22
Total hazardous waste generation	Ton	3,178.89	1,002.75	1,252.35
Intensity of hazardous waste generation	Ton/RMB 10,000	0.001180	0.000566	0.000657
Amount of hazardous waste disposal	Ton	3,199	1,116.85	1,171.47
Total amount of general industrial solid waste generated	Ton	205,317.80	144,261.22	134,557.22
General industrial solid waste generation intensity	Ton/RMB 10,000	0.0762	0.0815	0.0706
Comprehensive utilization of general industrial solid waste	Ton	203,213.30	139,452.47	133,831.03
Recycling rate of general industrial solid waste	%	98.96	96.65	99.44
Total industrial solid waste generation	Ton	208,496.69	145,263.97	135,809.57
Gasoline consumption	Ton	80.12	50.08	59.61
Diesel consumption	Ton	154.14	167.40	171.72
Purchased electricity consumption	10,000 kWh	34,875	21,660.55	23,331.43
Purchased steam consumption	Million kilojoules	1,029,434.60	536,173.38	791,759.19
Natural gas consumption	10,000 standard m ³	4,063.99	2,525.49	2,647.83
Thermal energy consumption	Million kilojoules	1,029,434.6	536,173.38	791,759.19
Clean energy consumption	Ton of standard coal	10,796.25	5,136.68	5,788.57

Indicators	Unit	2025	2024	2023
Total comprehensive energy consumption	10,000 Tons of standard coal	13.19	8.0838	9.4754
Comprehensive energy consumption per RMB 10,000 of added value (comparable price)	Ton of standard coal/RMB 10,000	0.1019	0.0981	0.1100
Comprehensive energy consumption per RMB 10,000 of production value (comparable price)	Ton of standard coal/RMB 10,000	0.0554	0.0456	0.0497
Comprehensive energy consumption per RMB 10,000 of total revenues	Ton of standard coal/RMB 10,000	0.0417	0.0293	0.0383
Consumption of toxic and hazardous materials	Ton	1,181.199	1,412.90	5,421.11
Consumption intensity of toxic and harmful materials	Ton/RMB 10,000	0.0004	0.0008	0.0028
Total GHG emissions	Ton of CO ₂ e	284,864.38	222,120.65	276,450.88
Scope 1 - direct GHG emissions	Ton of CO ₂ e	61,349.81	55,312.19	58,235.73
Scope 2 - Indirect Greenhouse Gas emissions	Ton of CO ₂	223,514.57	166,808.46	218,215.15
GHG emission per RMB 10,000 of production value (comparable price)	Ton of CO ₂ e/RMB 10,000	0.1398	0.1254	0.1450
GHG emission per RMB 10,000 of total revenues	Ton of CO ₂ e/RMB 10000	0.0901	0.0804	0.1117
Total industrial water usage	Ton	27,436,200.00	29,929,123.40	29,444,432.50
Industrial water intensity	Ton/RMB 10,000	10.1808	16.9010	15.4461
Freshwater usage in industry	Ton	5,543,537	4,224,132	4,971,951
Freshwater usage per RMB 10,000 of industrial output value (at comparable prices)	Ton/RMB 10,000	2.0570	2.3854	2.6082
Industrial circulating water consumption	Ton	21,892,708	25,704,991	24,472,481.50
Industrial water reuse rate	%	79.79	85.89	83.11
Total industrial water savings	Ton	21,892,708	25,704,991	24,472,481.50
Office and domestic electricity consumption	kWh	40,751,177.59	23,125,158.11	20,791,860.35
Office and domestic water consumption	Ton	417,975.07	372,936.57	2,629,996.67
Office and domestic wastewater generation	Ton	376,177.56	326,540.57	2,488,536.13
Office paper usage	Piece	25,974,914	19,882,033.93	29,917,207
Office waste disposal volume	Ton	2,984.19	2034.52	621.81
Total packaging material usage by weight	Ton	246,775.77	71,123	98,047

Governance performance

Indicators	Unit	2025	2024	2023
Percentage of female directors on the Board of Directors	%	18.18	18.18	18.18
Number of shareholders' meetings held	Time	8	7	6
Number of board of meetings held	Time	15	24	13
Issuance of regular reports	Item	2	2	2
Issuance of temporary announcements	Item	92	131	67
Coverage of anti-corruption training	%	100	100	100
Hours of employee anti-corruption training	Hour	145,606	160,500	53,435
Convening of company warning and education conference	Time	6	2	3
Percentage of employees receiving ethics training	%	100	100	100

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Report Catalog		Corresponding Indicators of China Corporate Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Reference Indicator System for ESG Special Reporting of Listed Companies Controlled by Central Enterprises
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Feedback

Dear reader,

Thank you very much for taking the time to read this report. In order to gain a deeper understanding of your expectations and needs regarding the sustainable development and ESG efforts of CR Sanjiu, and to continuously improve the quality of our work, we are conducting this survey. We sincerely invite you to participate. Your opinions and insights are vital to us. We deeply appreciate your valuable feedback and suggestions!

1. Your identity in relation to CR Sanjiu:
- ☐ Employee

☐ Consumer/Patient

☐ Partner

☐ Investor

☐ Regulator

☐ Other Government Department

☐ Media

☐ Other
2. Are you satisfied with the overall content of this year's report?
- ☐ Yes

☐ No

☐ Average
3. Has the information you are concerned with been covered in this year's report?
- ☐ Yes

☐ No

☐ Average
4. What are your expectations or suggestions for next year's sustainable development report?
- ☐ Innovative report themes

☐ Innovative structure and approach

☐ Broader application of sustainability standards

☐ Other (Please specify)
5. Do you have any suggestions or expectations for our sustainable development work?
- ☐ Develop a long-term sustainability plan

☐ Strengthen the management of sustainability initiatives

☐ Broaden external communication efforts

☐ Plan new impactful public welfare projects

☐ Include sustainability-related performance in management assessments

☐ Other (Please specify)

You can communicate your feedback through the following channels.

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About this report

This report is the 17th annual sustainability and ESG report published by China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. since 2009. The report, themed "Striving Forward Now, Healthy Future", reflects the Company's efforts and achievements in economic, social, environmental, and governance aspects in 2025, responding to the expectations and concerns of stakeholders.

Time period

This report covers the period from January 1, 2025 to December 31, 2025, consistent with the annual report. Some content has been extended for better comparability and forward-looking insights.

Scope of the report

This report covers China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. and its subsidiaries and affiliates. The subject disclosed in this report is consistent with the annual report.

Terminology

For ease of expression and readability, "China Resources Sanjiu Medical & Pharmaceutical Co., Ltd." is referred to as "CR Sanjiu," "the Company," or "we" in this report.

Data explanation

All data in this report comes from internal documents and information systems of China Resources Sanjiu Pharmaceutical Co., Ltd.

Report commitment

CR Sanjiu guarantees that the contents of this report are free from any false records, misleading statements, or material omissions, and takes full responsibility for the authenticity, accuracy, and completeness of the content.

Reference standards

This report was prepared with reference to the *Guidelines for Social Responsibility of Central Enterprises* issued by the State-owned Assets Supervision and Administration Commission (SASAC), the *Shenzhen Stock Exchange Self-Regulatory Guidelines No. 3 – Preparation of Sustainable Development Reports for Listed Companies*, *Shenzhen Stock Exchange Self-Regulatory Guidelines No. 17 – Sustainable Development Reports for Listed Companies (Trial Implementation)*, and with reference to the *Global Reporting Initiative (GRI) Standards*, and the *CASS-ESG 6.0 Pharmaceutical Manufacturing Guidelines* by the Chinese Academy of Social Sciences. It also references the *ESG Reporting Indicator System for Central State-Owned Enterprises' Listed Companies* by SASAC.

Preparation process

The preparation process for this report follows the requirements of the above standards, including industry benchmarking, surveys, information collection, review, report writing, management review, report rating, and report assurance to ensure completeness, materiality, authenticity, and balance.

How to access

This report is available in both electronic and paper formats. You can download and view it from the Social Responsibility section of the CR Sanjiu web operational site at <https://www.999.com.cn>.



China Resources Sanjiu Medical & Pharmaceutical Co., Ltd.