



(Incorporated in Hong Kong with Limited Liability)
(Stock Code: 00570)



China Traditional Chinese Medicine Holdings Co. Limited
2025 Environmental, Social and Governance Report

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China Traditional Chinese Medicine Holdings Co. Limited

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About This Report



Report Overview

This 2025 *Environmental, Social and Governance (ESG) Report* (the "Report" or the "ESG Report") is the 10th ESG Report independently issued by China Traditional Chinese Medicine Holdings Co. Limited. In accordance with the principles of openness and transparency, the Report systematically responds to the expectations and needs of stakeholders, and objectively, standardly and comprehensively discloses the vision, strategy and performance of China Traditional Chinese Medicine Holdings Co. Limited and its subsidiaries in sustainable development, demonstrating their practices in environmental, social and governance aspects.

Scope of the Reporting Entity

Unless otherwise specified, the content of the Report covers China Traditional Chinese Medicine Holdings Co. Limited and its subsidiaries. For the sake of expression and readability, "China Traditional Chinese Medicine Holdings Co. Limited" in the Report is abbreviated as "China TCM", the "Company" or "we", and together with its subsidiaries, as "the Group". In addition, the subsidiaries mentioned in the report are abbreviated as follows:

Company Name	Short Name
Anhui Fengliaoxing Chinese Herbal Co., Ltd.	Anhui Fengliaoxing
Anhui Tianxiang Pharmaceutical Co., Ltd.	Anhui Tianxiang
Guangdong Qifeng Health Industry Co., Ltd.	Qifeng Health
Guangdong Yifang Pharmaceutical Co., Ltd.	Guangdong Yifang
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	Guangxi Yifang
Guizhou Tongjitang Chinese Herbal Co., Ltd.	Tongjitang Herbal
Sinopharm Group Beijing Huamao Pharmaceutical Co., Ltd.	Beijing Huamao
Sinopharm Group Dezhong (Foshan) Pharmaceutical Co., Ltd.	Dezhong Pharmaceutical
Sinopharm Group Fengliaoxing (Foshan) Medicinals & Slices Co., Ltd.	Fengliaoxing Medicinals & Slices
Sinopharm Group Guangdong Medi-World Pharmaceutical Co., Ltd.	Guangdong Medi-World

Company Name	Short Name
Sinopharm Group Guizhou Great Health Industry Development Co., Ltd.	Guizhou Great Health
Sinopharm Group Jingfang (Anhui) Pharmaceutical Co., Ltd.	Jingfang Pharmaceutical
Sinopharm Tianxiong Pharmaceutical Co., Ltd.	Tianxiong Pharmaceutical
Sinopharm Group Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	Tongjitang Pharmaceutical
Sinopharm Group Zhonglian Pharmaceutical Co., Ltd.	Zhonglian Pharmaceutical
Hunan Yifang Tianjiang Pharmaceutical Co., Ltd.	Hunan Yifang
Jiangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	Jiangxi Yifang
Jiangyin Tianjiang Pharmaceutical Co., Ltd.	Jiangyin Tianjiang
Lixian Dahuang Technology Co., Ltd.	Lixian Dahuang
Longxi Yifang Pharmaceutical Co., Ltd.	Longxi Yifang
Shandong Yifang Pharmaceutical Co., Ltd.	Shandong Yifang
Shandong Zhongping Pharmaceutical Co., Ltd.	Shandong Zhongping
Shaanxi Yifang Pingkang Pharmaceutical Co., Ltd.	Shaanxi Yifang
Sichuan Sinopharm Tianjiang Pharmaceutical Co., Ltd.	Sichuan Sinopharm Tianjiang
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	Yunnan Tianjiang Yifang
Zhejiang Yifang Pharmaceutical Co., Ltd.	Zhejiang Yifang
Shanghai Tongjitang Pharmaceutical Co., Ltd.	Shanghai Tongjitang

Release Cycle

This report is an annual report published regularly each year. The previous report was released in April 2025.

Reporting Period

The Report discloses China TCM's ESG management approach and related performance for the period from 1 January 2025 to 31 December 2025 (the "Reporting Period"). Certain content may extend beyond the Reporting Period.

Organizational Scope

The Report covers the Group, which operates across various business segments including the production and operation of Chinese medicinal herbs, TCM decoction pieces, concentrated TCM granules, TCM finished drugs, TCM great health and related businesses.

Data Source

All information and data presented in the Report originates from internal official documents, statistical reports, third-party surveys, and relevant public information. The Company's environmental data reporting boundary includes subsidiaries where: China TCM maintains operational control ($\geq 50\%$ equity ownership) during the Reporting Period; the subsidiary conducts manufacturing operations; and the subsidiary has been operational for a minimum of two years. Unless otherwise stated, the environmental data in the Report covers subsidiaries that meet all three of the aforementioned criteria simultaneously, while social data and all textual data cover the entire Group. All currency amounts in the Report are stated in RMB, unless noted otherwise.

Reporting Standards

Sustainable Development Goals (SDGs) of the United Nations

ISO 26000—*Guidance on Social Responsibility* of the International Organization for Standardization ("ISO")

Sustainability Reporting Standards of the Global Reporting Initiative ("GRI") (GRI Standards)

Appendix C2 ("*Environmental, Social and Governance Reporting Code*") to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (HKEX) (the "Listing Rules")

Guide to Corporate Sustainability Reporting in China (CASS-ESG 6.0) of China Enterprise Reform and Development Society

Quality Assurance

The Report is reviewed by the Management of the Company and released after being deliberated and approved by the Board of Directors. The Company hereby warrants that the Report contains no false records, misleading statements, or material omissions, and assumes full responsibility for the authenticity, accuracy, and completeness of the Report.

Publication of the Report

The Report is published in both traditional Chinese and English. In case of any discrepancy between the two versions, the traditional Chinese version shall prevail. The Report is available in electronic format on the website of HKEX (<https://www.hkex.com.hk>), or the official website of the Company (<https://www.china-tcm.com.cn>). If you have any comments or suggestions regarding the Report, please feel free to share your feedback through the following channels, and we assure you that all information will be kept strictly confidential:

Address: Room 1601, Emperor Group Centre, 288 Hennessy Road, Wan Chai, Hong Kong

Tel.: (852)2854 3393

Fax: (852) 2544 1269

Email: ir@china-tcm.com.cn





Message from the Chairman

Preserving Herbal Essence, Committing to a Sustainable Future.

As a leading enterprise in the traditional Chinese medicine industry, China TCM has always remained committed to sustainable development, integrating ESG principles into our corporate strategy and consistently fulfilling our social responsibilities. Since 2016, we have published the Environmental, Social and Governance Report for nine consecutive years. In 2025, we focused on four key dimensions—R&D innovation, supply chain system, green development and inclusive wellbeing—promoting high-quality development and shared value creation in the traditional Chinese medicine industry.

Upholding Integrity to Strengthen Foundations, Empowering Technological Innovation to Open New Chapters.

Consistently regarding technological innovation as a core driving force, we continuously improve the scientific research management system, revise multiple internal regulations, strengthen research compliance management and the transformation of scientific achievements, and consolidate institutional safeguards for innovation-driven development. In 2025, we further expanded our matrix of research platforms by adding the Guangdong Provincial Engineering Technology Research Centre for Traditional Chinese Medicinal Decoction Pieces, bringing the cumulative number of our provincial and above research platforms to 54 and gathering 1,461 research personnel. In pharmaceutical R&D, we have focused on six key specialities. The registration application for Yushuda Tablets has been filed for inspection, classic formulas such as Peony and Licorice Granules have been accepted for review, and significant progress has been made in the study of traditional Chinese medicine resources.

Connecting Upstream and Downstream, Collaborating to Build Shared Wins

We recognise that the supply chain is the lifeline of the traditional Chinese medicine industry. In 2025, we restructured the supply chain management framework by integrating and establishing the Supply Management Centre to coordinate Chinese medicinal herbs production and operations with supply chain control and to standardise lifecycle management of suppliers. We conduct rigorous on-site audits of suppliers, incorporating assessment criteria relating to the environment, human rights and business ethics. By promoting "green priorities" and "transparent procurement", we lead our partners in jointly building a green, responsible and ethical sustainable supply chain. We are deeply committed to developing the sources of Chinese medicinal herbs, continuously advancing the construction of Good Agricultural Practice (GAP)-certified bases. Our eight new varieties have obtained GAP certification, and the total area of our established production has reached 545,200 mu. In addition, we actively plan and develop zero-carbon demonstration GAP bases, and embed green and low-carbon principles at the source of cultivation, to achieve a win-win outcome for ecological and economic benefits.

Practicing Original Aspiration through Green Development, Promoting Ecological Protection for Mutual Prosperity

We consistently adhere to the development philosophy that "lucid waters and lush mountains are invaluable assets". By establishing a three-tier environmental management system comprising "strategic decision-making – execution and control – local coordination", we have incorporated energy conservation and environmental protection into the performance appraisals of subsidiary managers, to ensure that responsibilities are implemented at every level. In 2025, we invested RMB



19.5665 million in environmental protection, achieved 100% of annual energy conservation and environmental protection targets, and recorded no major environmental incidents. We continued to advance environmental management system certification. We had 1 additional subsidiary obtaining ISO 14001 certification, and received 2 provincial green factory recognitions and 1 municipal green factory recognition. With a total of 13 green factories at all levels, we fulfilled ecological responsibilities through green production. We also continuously promote energy conservation and circular utilisation, and embed the philosophy of green into the entire production and operation process.

Embracing Responsibility to Warm Hearts, Passing Commitment for Generations

We remain steadfast in our commitment to the well-being of the people, and are actively engaged in social welfare initiatives. We have established the 'Colourful Traditional Chinese Medicine' volunteer service brand, formed professional volunteer teams, and organised a wide range of activities such as charitable blood donation, community tree-planting, and visits to local communities, conveying corporate warmth through practical actions. We focus on popularising traditional Chinese medicine culture. Through popular science education bases, study programmes and community outreach activities, we enter communities, campuses and enterprises to disseminate TCM knowledge and health preservation concepts. Nearly 100 popular science and study activities have been carried out, serving more than 10,000 members of the public, enabling TCM culture to integrate into daily life and nourish public health. We continue to fulfil our responsibilities towards rural revitalisation. By developing Chinese medicinal herbs production bases and deepening support for authentic medicinal herb production areas, we drive farmers' income growth through industrial empowerment, thereby contributing to the steady progress of the rural revitalisation initiative.

A single herb carries the sparks of civilization; a steadfast commitment leads us forward on a new journey. China TCM will remain steadfast to its original aspiration, strengthen the industry through technological innovation, protect the ecology through green development, and benefit people's livelihoods through responsible commitment. We will deepen ESG practices and continue to write down glorious new chapters on the grand journey toward building a Healthy China and inheriting China's outstanding traditional culture.

China Traditional Chinese Medicine Holdings Co. Limited
Chairman of the Board of Directors
April 2026

01

About China TCM

Practicing the national TCM development strategy, leading the high-quality development of the TCM industry

Comprehensively building a sustainable, mutually synergistic, and jointly developed full industry chain of TCM healthcare services, and creating an industry-leading TCM healthcare services group.



Company Profile



Culture Philosophy



Corporate Brand



Honours and Awards



Development Strategy



Company Profile

China TCM is the modern TCM platform under China National Pharmaceutical Group Co., Ltd. ("CNPGC") and listed on the Stock Exchange (stock code: 00570.HK). Over the years, the Company has focused on the Chinese medicine industry and upgrading medicinal plant cultivation, TCM products manufacturing, sales, and services. Its core business spans the production and operation of Chinese medicinal herbs, TCM decoction pieces, concentrated TCM granules, TCM finished drugs, and TCM great health.

Culture Philosophy

Mission ▶ Practicing the national TCM development strategy, leading the high-quality development of the TCM industry

Corporate Vision ▶ Comprehensively building a sustainable, mutually synergistic, and jointly developed full industry chain of TCM healthcare services, and creating an industry-leading TCM healthcare services group.

Corporate Brand

China TCM, with "Sino-TCM" as the core brand, reinforces compliance control over trademark usage at three levels: Sinopharm, Sino-TCM, and sub-brands. This systematic approach drives the promotion of both the Company and product brands, continuously elevating the brand image and solidifying a leading industry position. Several of the Company's brands have been recognised as "China's Time-Honoured Brands" and "Beijing Time-Honoured Brands", with brand value and influence continuing to increase.



Beijing Time-Honoured Brand ▶ 



China's Time-Honoured Brand ◀     



Intangible Cultural Heritage ▶   



Well-known Brands ◀ 



Honours and Awards

Ranked 30th on the "China's Top 100 ESG Pioneer Listed Companies"  

Ranked 16th on the "China's Top 100 ESG Pioneer Central State-owned Listed Companies"  

Selected for the Golden Bee 2025 Greater Bay Area Outstanding Enterprise Sustainable Development Report List  

ESG Outstanding Report Award  

Selected as an Outstanding ESG Case Enterprise in Foshan  

Development Strategy

China TCM adheres to the development direction of "comprehensively building a sustainable, mutually synergistic, and jointly developed full industry chain of TCM healthcare services, and creating an industry-leading TCM healthcare services group". To address critical shifts in the business environment, strengthen core competitiveness, and define objectives for each business unit, we have refined our strategic roadmap with optimized business segments and priorities. Our operations now focus on five core pillars: Chinese medicinal herb production and operation, TCM decoction pieces, concentrated TCM granules, TCM finished drugs, and TCM great health products, and we implement a tiered development approach across these segments. Additionally, we increased R&D investment for transformative breakthroughs; efforts are made to advance the construction of traceable sourcing bases with digital platforms to ensure medicinal plant quality control from raw materials to finished products. Furthermore, downstream big health industry development is actively expanded.



Sustainability Management

China TCM deeply recognises the core value of ESG governance in modern development and is committed to building a governance system with clear responsibilities and efficient execution. We integrate ESG principles deeply into our overall development strategy to ensure that the philosophy of sustainable development is embedded throughout the entire operational process. We focus on material topics and set quantitative goals. All functional departments work collaboratively to fulfil their ESG governance responsibilities, driving continuous improvement in ESG performance.



Statement from the Board



ESG Governance System



Stakeholder Communication



Management of Material Topics



Statement from the Board

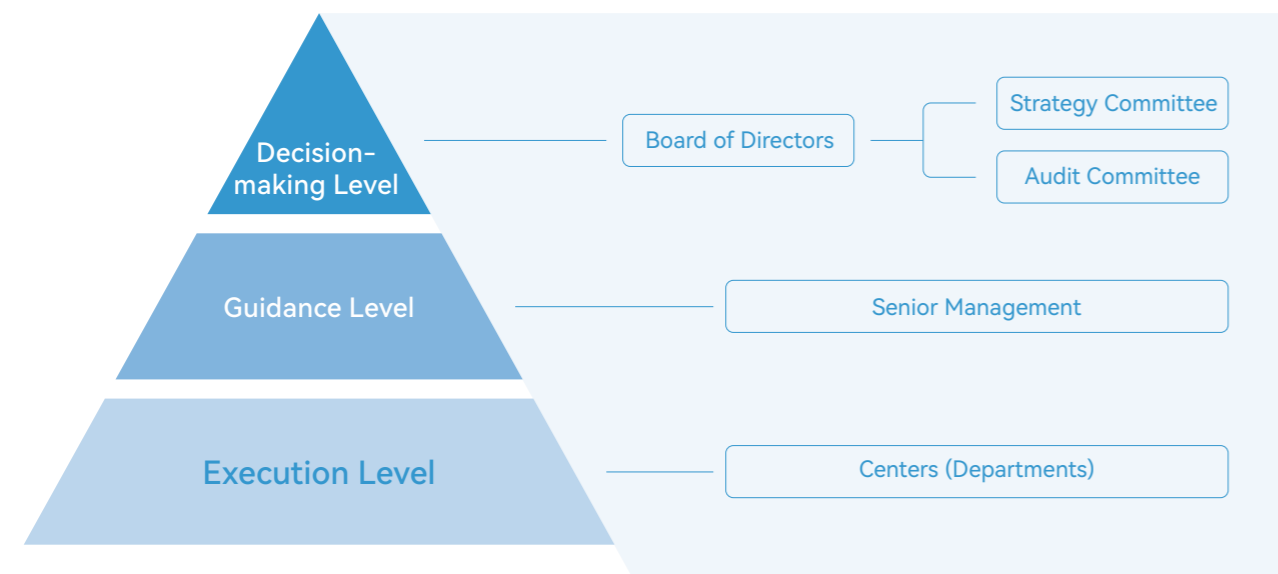
China TCM actively integrates ESG principles with corporate strategy and prioritizes ESG management. The Board serves as the highest decision-making body for ESG governance and has delegated oversight of ESG-related work to the Strategic Committee, which functions as the ESG Governance Committee.

Annually, the Company engages with internal and external stakeholders to identify and assess the impact of ESG-related risks and opportunities on its business and stakeholders. Directors unscheduled participate in both online and offline training sessions led by ESG experts to deepen their understanding of ESG topics, enabling them to more scientifically evaluate risks and opportunities. The Board Office regularly updates information on ESG matters for directors, including updates from the Stock Exchange and professional bodies. Based on annual materiality assessments, the Company promptly refines its ESG management policies and strategies. The Strategic Committee oversees ESG policy formulation and implementation, while the Audit Committee manages internal audits and risk management, supporting ESG risk control. Each center (department) serves as an ESG implementation unit, responsible for planning and executing specific initiatives. All employees are accountable for collectively advancing ESG-related actions.

ESG Governance System

The Company has established a top-down ESG governance structure, clearly defining responsibilities and roles at each level to ensure ESG principles are fully integrated into corporate strategy, operations, and management. The Board, the highest decision-making body for ESG governance, holds ultimate responsibility for ESG performance. Authorized by the Board, the Strategic Committee oversees corporate governance policies and their implementation. Senior management is responsible for embedding ESG objectives into daily operations and ensuring the effective execution of ESG initiatives. Each center (department) is responsible for planning and executing specific ESG-related initiatives. Acting as the ESG coordination hub, the Board Office consolidates and tracks ESG progress across departments, aggregates ESG data, prepares ESG reports, and reports performance updates to the Board and Strategic Committee.

ESG Governance Structure



Sustainability Indicators, Objectives and Progress

The Company has established measurable ESG targets, covering aspects such as product quality, safety production, pollutant release, resource consumption, and greenhouse gas emissions. Executive compensation is tied to ESG performance management for accountability. All product quality and environmental management goals for 2024 have been achieved.

Sustainability Capacity Building

The Company conducts at least one annual ESG-themed training session for employees, covering key departments such as human resources, safety and environmental protection, and social responsibility. Simultaneously, the Company years and accepts ESG- Theme Training Session for the Board.

Stakeholder Communication

China TCM fully recognises the importance of stakeholders to corporate sustainability. The Company has established a regular communication mechanism to maintain good communication with internal and external stakeholders, thus promptly understanding their concerns and suggestions, and actively incorporating relevant suggestions into ESG management practices to enhance management standards. Furthermore, the Company continuously optimises and adjusts communication channels to actively respond to stakeholder concerns and further promote mutual trust and win-win outcomes in sustainable development.



Stakeholders	Topic of Concern	Communication Channels
 Governments/Regulators	<ul style="list-style-type: none"> ESG Governance Energy Management Response to Climate Change Water Resources Management Emission Management 	<ul style="list-style-type: none"> Regular Work Reporting Daily Communication Information Submission
 Shareholders/Investors	<ul style="list-style-type: none"> Compliant Operations Business Ethics Risk Control and Management Anti-corruption Pharmaceutical Innovation and R&D 	<ul style="list-style-type: none"> Publication of Periodic Reports Announcement Issuance Convening of General Meetings of Shareholders Roadshows and On-site Research Online Communication and Interaction
 Employees	<ul style="list-style-type: none"> Protection of Employees' Rights and Interests Employee Development and Training Occupational Health and Safety Diversity and Equal Opportunities 	<ul style="list-style-type: none"> Questionnaire Surveys Seminars Opinion Collection Visits and Tours
 Suppliers/Partners	<ul style="list-style-type: none"> Sustainable Supply Chains Business Ethics Promotion of Industry Development through Pharmaceutical Innovation and R&D 	<ul style="list-style-type: none"> Regular Communication Cooperation and Communication
 Customers	<ul style="list-style-type: none"> Pharmaceutical Innovation and R&D Medicine Quality and Safety Medicine Accessibility and Affordability Protection of Customers' Rights and Interests Responsible Marketing 	<ul style="list-style-type: none"> Information Disclosure Customer Surveys
 Public	<ul style="list-style-type: none"> Medicine Accessibility and Affordability Community Welfare and Development 	<ul style="list-style-type: none"> Public Welfare Activities Volunteer Services Public Information
 Non-profit Organisations	<ul style="list-style-type: none"> ESG Governance Community Welfare and Development Biodiversity Protection Response to Climate Change 	<ul style="list-style-type: none"> Public Welfare Activities Volunteer Services Communication and Exchange

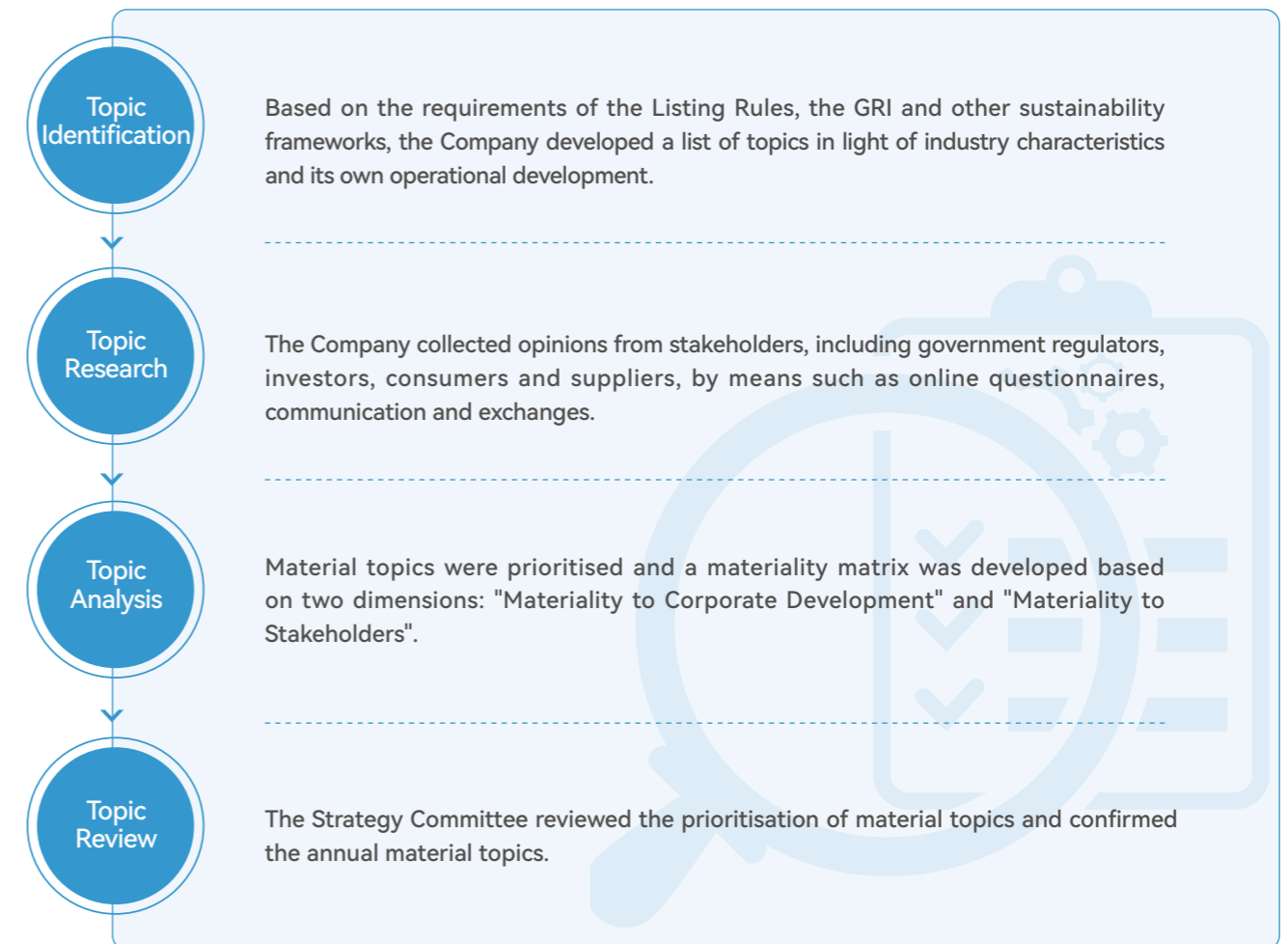
Management of Material Topics

China TCM attaches great importance to the dynamic management of material topics. In 2025, based on the extensive stakeholder survey conducted in 2024 (a total of 5,951 responses), in combination with macro policy trends, the characteristics of the traditional Chinese medicine industry and our operation realities, we carried out a dynamic review of material topics. After collecting stakeholder feedback and conducting internal analysis, the Company confirmed that the existing materiality matrix continues to accurately reflect the core impacts, risks and opportunities currently faced by the Company. To maintain the continuity of the sustainable development strategy, the Company continued to adopt this materiality matrix in 2025 as a guidance for information disclosure and management optimisation, striving to achieve continuous and quantitative performance breakthroughs in core areas and respond to stakeholder concerns.

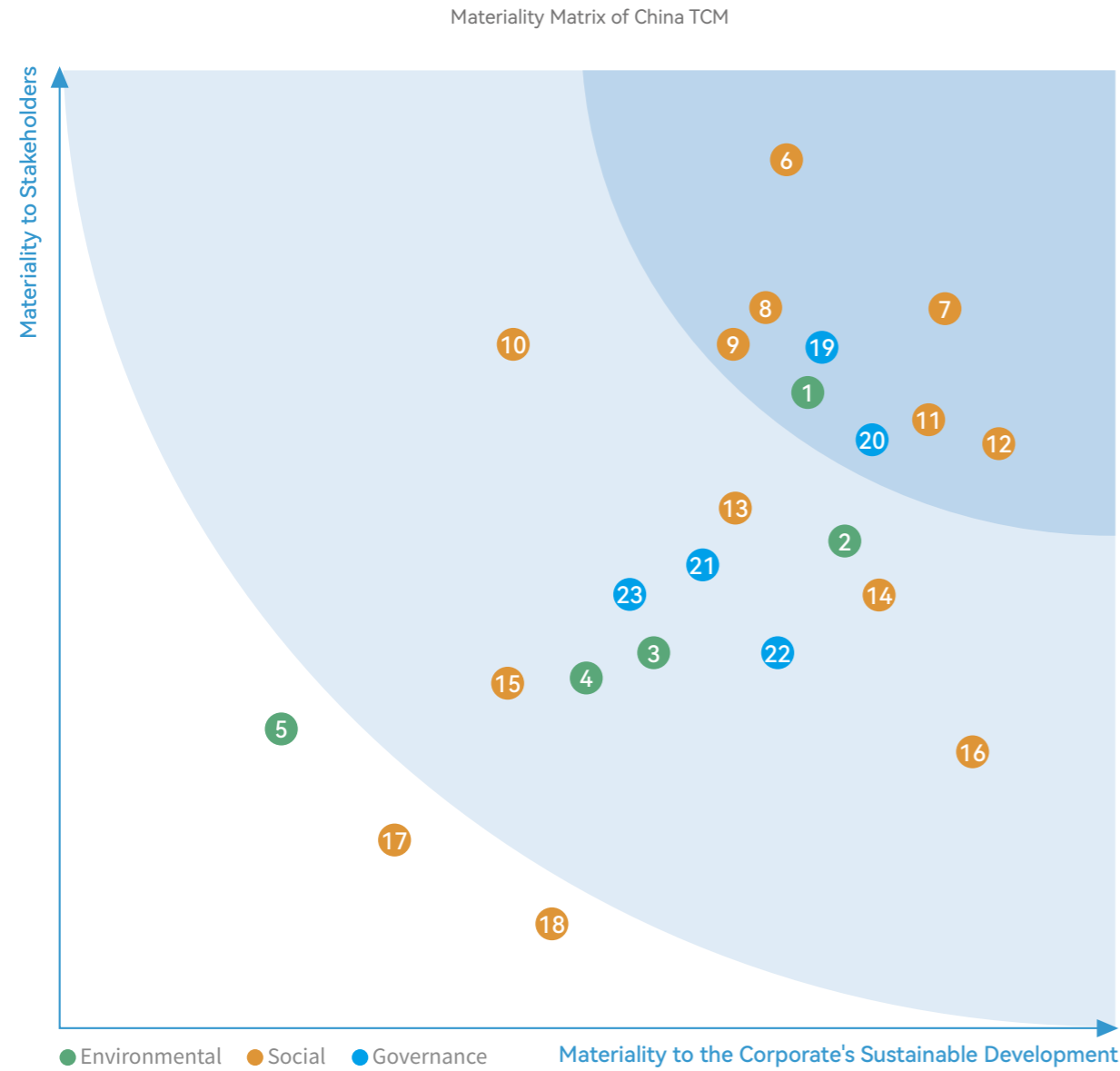
Materiality Analysis Process

The Company has improved the analysis and assessment process for material topics to accurately understand and respond to topics of concern to stakeholders, thereby more effectively identifying and managing its own risks and opportunities.

Materiality Analysis Process



Results of Material Topics



Environmental

- 01 Energy management
- 02 Response to Climate Change
- 03 Water Resource Management
- 04 Emission Management
- 05 Biodiversity Protection



Social

- 06 Medicine Quality and Safety
- 07 Protection of Employees' Rights and Interests
- 08 Medicine Accessibility and Affordability
- 09 Occupational Health and Safety
- 10 Responsible Marketing
- 11 Pharmaceutical Innovation and R&D
- 12 Protection of Customers' Rights and Interests
- 13 Protection of Intelligent Property Rights
- 14 Diversity and Equal Opportunities
- 15 Sustainable Supply Chains
- 16 Employees Development and Training
- 17 Community-based Public Welfare and Development
- 18 Promotion of Industry Development



Governance

- 19 Business Ethics
- 20 Anti-corruption
- 21 Compliant Operations
- 22 Risk Control and Management
- 23 ESG Governance



03

Integrity Adherence: Strengthening Governance Foundations

China TCM firmly believes that excellent corporate governance is the cornerstone of sustainable and long-term development. We continue to improve our Board-centred governance structure, deepen our compliance operations and risk management systems, and adhere to the highest standards of business ethics. By building a governance ecosystem with clear responsibilities, efficient execution and strong oversight, we are committed to safeguarding the rights and interests of all stakeholders and injecting sustained momentum into the Company's sustainable and high-quality development.



Governance



Compliant Operations



Business Ethics

SDGs Responded in this Chapter



Key ESG-Related Material Topics Covered in this Chapter

- Business Ethics
- Anti-corruption
- Compliant Operations
- Risk Control and Management
- ESG Governance



Governance

China TCM strictly complies with laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as well as the relevant requirements of the Hong Kong Securities and Futures Commission and HKEX, and continues to improve its internal governance system. The Company has established a comprehensive, professional and effective governance framework to safeguard the independence, diversity and professionalism of the Board of Directors, ensure the timely and accurate disclosure of relevant information, protect the rights and interests of investors, and enhance corporate value.

Governance Structure



● General Meeting of Shareholders

During the Reporting Period, the Company held 2 General Meetings of Shareholders, at which 13 resolutions were deliberated and approved.

● Board of Directors

China TCM actively explores the diversity of Board members. When selecting and appointing Board members, the Company, in line with compliance requirements, fully considers business models and operational needs, takes into account members' regions, age, cultural and educational backgrounds or professional experience, and appropriately balances the skills and experience among Board members. Current members possess extensive experience across multiple fields, including administrative leadership and strategic planning, pharmaceutical industry insights and operations management, financial management and capital operations, legal affairs, compliance, and risk management, technological innovation and digital transformation, which helps enhance the Company's management efficiency.

During the Reporting Period

held General Meetings of Shareholders

2 times

Considered and approved

13 resolutions

Composition of the Board of Directors

Indicator	Unit	2025
Number of Board Members	Person	12
By Gender		
Male	Person	11
Female	Person	1
By Type		
Independent Directors	Person	4
Non-independent directors	Person	8

Experience and Skills of Board Members

Directors' Experience and Skills	Executive Leadership and Strategic Planning	Pharmaceutical Industry Insight and Operations	Financial Management and Capital Operations	Legal, Compliance and Risk Management	Technology Innovation and Digitalization
Description	A capability to identify strategic opportunities and risks and to lead large organisations in formulating and implementing medium- to long-term strategies, which ensures that the Board can define direction for the Company amid industry transformation and promote sustainable growth.	A deep understanding of the core business logic, technological evolution, market competition dynamics and international development trends across the entire traditional Chinese medicine industry chain, which forms the basis for the Board to make key decisions that are aligned with the characteristics of the industry.	Professional knowledge of financial accounting, experience in capital markets and capabilities in capital operations, which enable the effective oversight of the Company's financial performance, internal controls and optimisation of capital structure, supporting strategic investments and mergers and acquisitions, and creating value for shareholders.	Proficiency in corporate governance, commercial law and pharmaceutical regulatory requirements, and the capability to establish and supervise a comprehensive compliance and risk control system, which are essential to ensuring the Company's stable operations under a stringent regulatory environment.	Understanding of key technologies in pharmaceutical R&D (particularly TCM innovation), intellectual property management and pathways for industry digitalisation and intelligent transformation, which enables the Board to effectively oversee R&D innovation strategies and digital transformation investments.
Yang Jun	✓	✓		✓	
Li Hongjian	✓	✓		✓	
Peng Li	✓	✓		✓	✓
Liu Haijian	✓	✓		✓	
Li Xiangrong	✓	✓	✓	✓	✓
Zu Jing	✓	✓	✓	✓	
Xu Jinghui	✓	✓	✓	✓	
Huang Hao	✓		✓	✓	
Xie Rong	✓		✓	✓	
Yu Tze Shan Hailson	✓	✓	✓	✓	✓
Qin Ling	✓	✓		✓	✓
Li Weidong	✓			✓	
Proportion of Total Directors	100%	75%	50%	100%	33%

Investor Relations Management

Information Disclosure

In strict accordance with the *Guidelines on Disclosure of Inside Information* issued by the Hong Kong Securities and Futures Commission, China TCM has formulated internal systems such as the Measures for the Management of Information Disclosure and the *Measures for the Management of Investor Relations* to ensure truthful, accurate, complete, timely and fair disclosure of information.

During the Reporting Period, the Company published 66 announcements on designated information disclosure platforms, including annual and interim reports and related documents, announcements relating to General Meetings of Shareholders and Board meetings, and other voluntary announcements. There were no violations of fair information disclosure requirements.

Communication with Investors

China TCM has established diversified communication channels and engages in in-depth interpretation and exchanges with investors regarding development strategies and operational conditions through various channels, including telephone, email, results briefings, on-site receptions and general meetings of shareholders. The Company actively responds to investor concerns, continuously improves the timeliness and transparency of interaction, strengthens industry influence, safeguards investor rights and interests, and promotes mutual development with investors.

During the Reporting Period, the Company conducted 36 investor reception activities, and participated in 48 additional investor engagement activities.

During the Reporting Period

the Company published announcements on designated information disclosure platforms

66 times

During the Reporting Period

the Company conducted investor reception activities

36 times

participated in additional investor engagement activities

48 times

Compliant Operations

China TCM consistently regards compliance and risk management as the lifeline of sustainable corporate development, strengthens the philosophy of compliance management, and provides solid support for the Company's stable operations and high-quality development.

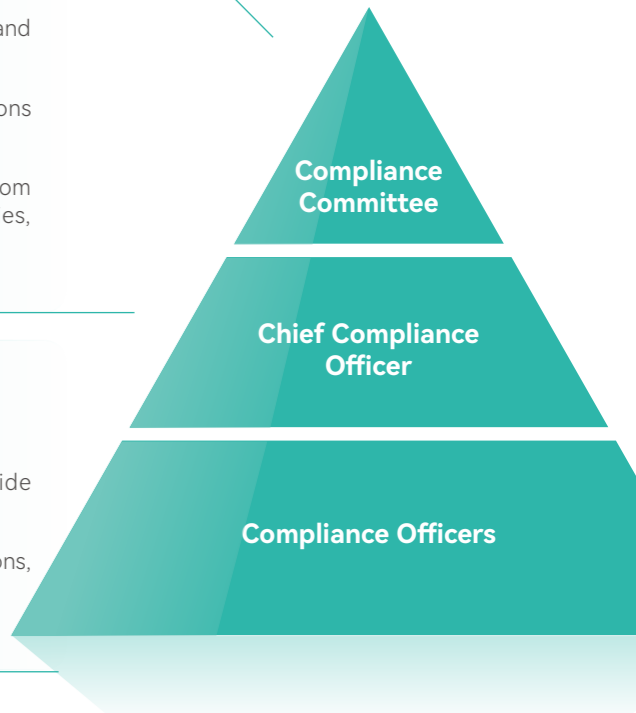
Compliance Management System

China TCM has established a multi-level compliance management system, and clarified compliance responsibilities across departments and positions to ensure accountability is assigned to individuals. Through the mechanisms such as the Compliance Committee, the General Counsel (Chief Compliance Officer) and part-time compliance officers, a top-down compliance oversight network has been formed to ensure that compliance risks are identified and addressed in a timely manner.

- Undertake overall coordination of compliance management work;
- Convenes meetings regularly to study and resolve key and difficult issues.

- Report major compliance management matters;
- Lead the compliance management department in carrying out its work and guide affiliated enterprises in strengthening compliance management;
- Strictly implement legal review of rules and regulations, major decisions and major economic contracts;
- Takes the lead in responding to major compliance risk events arising from violations, including major legal disputes, major administrative penalties, criminal cases, or sanctions imposed by international organisations.

- Organise compliance training;
- Monitor and report compliance risks and promptly report risk events;
- Assist in compliance reviews and document preparation and provide feedback on institutional improvement suggestions;
- Participate in the supervision of key business activities, support inspections, and take the lead in enhancing compliance awareness through learning.



China TCM regularly reviews and updates existing compliance management systems to ensure alignment with the latest laws, regulations and industry standards. In accordance with regulatory requirements, the Company has comprehensively reviewed and guided all subsidiaries in revising their *Articles of Association* to further enhance corporate governance standards. As at 31 December 2025, a total of 71 subsidiaries had completed the revisions to their *Articles of Association*.

Focusing on compliance in seven critical compliance areas—market transaction, EHS (Environment, Health & Safety), product quality, labor and employment, tax, finance & asset, intellectual property, and cross-border operations—the Company has implemented targeted systems, including *Marketing Compliance Guidelines*, the *Procurement Compliance Guidelines for Wild Protected Species*, the *Legal Compliance Guidelines for Brand Authorization and Collaboration*, and the *License Management Guidelines (Trial)*, to ensure all business activities adhere to established rules.

China TCM uses Qixinhuiyan (qixin.com, a third-party risk monitoring platform) to monitor and flag compliance risks, providing real-time alerts regarding litigation exposures, operational risks, and public sentiment of the Company and its subsidiaries. This system enables dynamic tracking of compliance risks across all subsidiaries. A compliance early-warning mechanism is embedded in the "Law in Action" column, which distributes tailored compliance alerts to headquarters leadership, relevant departments, and subsidiaries based on risk type and urgency, thereby expanding the reach and coverage of compliance communications. As of 31 December 2025, the Legal and Compliance Department had issued a total of 15 compliance alerts. These alerts required the affected entities to complete the Compliance Information Feedback Form within 3 days upon receipt and report details on the basic circumstances, causes, response measures, outcomes and follow-up plans, thereby establishing a closed-loop management system for risk resolution.

China TCM has established structured and sustained training mechanisms that integrate legal education with awareness initiatives. Through a blended approach—including in-person sessions, e-learning platforms, and multimedia tools, the Company delivers regular compliance training programs covering topics such as anti-monopoly compliance, anti-commercial bribery, administrative penalties relating to concentrated TCM granules, common disputes and foreign-related rule-of-law matters. This ensures employees understand and comply with the Company's compliance objectives and requirements.

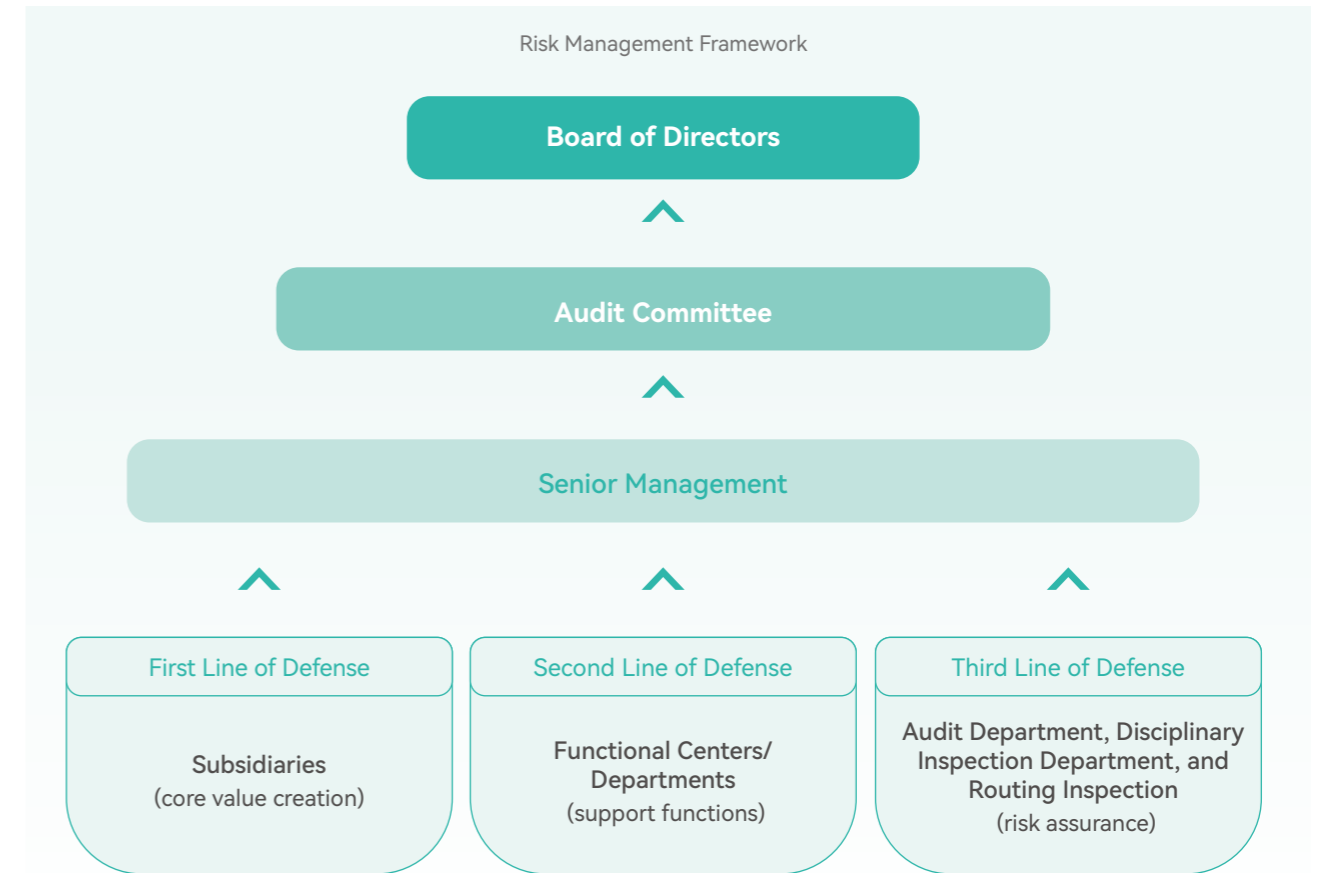
Risk Management and Internal Control

Guided by the "Three Lines of Defence" in risk management, China TCM has established a comprehensive risk management framework to achieve efficient coordination and synergy among the governance level, management level and execution level, and clarify and reinforce departmental responsibilities. The Company continuously improves control mechanisms over directly managed subsidiaries, and deepens the development of a management system featuring "centralised guidance from headquarters + step-by-step implementation by subsidiaries". We have established an integrated management model featuring "horizontal coordination and vertical control", and formulated dedicated contingency plans to comprehensively strengthen ex-ante risk prevention capabilities and effectively prevent risk events.



As of 31 December 2025

the Legal and Compliance Department had issued a total of **15** compliance alerts.



"Three Lines of Defence" Model of Risk Management

Implementing a major risk prevention and control mechanism featuring "annual assessment + quarterly monitoring", China TCM realizes the effective evaluation and timely tracking of major risks, as well as tiered management and response to secondary major risks, thereby comprehensively strengthening risk prevention and control efforts from multiple perspectives. The Company has launched its 2025 comprehensive risk evaluation, with inputs from 19 headquarters centers (departments) and 60 key subsidiaries, alongside an analysis of macro-policy and internal/external environmental factors. This process identified the top 5 enterprise risks, for which targeted mitigation measures have been developed to systematically strengthen risk management capabilities.

The Company continues to promote the integration of risk prevention and control concepts throughout the entire chain of operational management, adheres to a forward-looking prevention approach, and establishes a tiered risk management training system. During the Reporting Period, the Company and its subsidiaries organised 167 specialised risk management training sessions, continuously strengthening employees' risk awareness and bottom-line thinking.

During the Reporting Period
the Company and its subsidiaries organised **167** specialised risk management training sessions

Business Ethics

China TCM upholds the development philosophy of integrity, honesty, and fair competition, implementing comprehensive business conduct policies applicable to both workforce and suppliers. These codes clearly define moral guidelines and red lines, fostering a clean and righteous business environment.

Standardising Business Conduct

The Company strictly complies with all applicable laws and regulations, including the *Criminal Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and has implemented complementary measures covering all workforce, such as the *Prohibited Items List for Implementing the Eight-Point Directive of the CPC Central Committee* and the *Positive and Negative Lists Regarding Improper Entertainment and Treatment*. The Company has established the Gifts, Cash and Voucher Registration and Handover Policy, to firmly opposes illegal and non-compliant activities, including commercial bribery, money laundering, monopolistic practices, and unfair competition. The Company has established a Comprehensive Review Office and a Supervision and Discipline Enforcement Office under the Commission for Discipline Inspection, working in conjunction with functional departments such as the Audit Department, the Finance Department and the Legal Department to form a concerted supervisory effort. Through supervisory mechanisms including internal audits, special inspections and whistleblowing, we maintain routine oversight of key positions and critical processes, ensuring that integrity requirements are embedded throughout the entire business workflow and building a robust integrity defence for the enterprise.

In accordance with regulations such as the *Measures for the Audit of Economic Responsibilities of Key Management Personnel* and the *Measures for the Management of Internal Control Evaluation*, China TCM employs substantive oversight measures—including internal control evaluations and audits of economic responsibilities at subsidiary companies—to translate business ethics requirements into institutional constraints. We conduct regular internal control effectiveness assessments of subsidiaries and link audit results with management performance evaluations, ensuring that power operates under compliant and transparent mechanisms, and establishing a full-chain business ethics management system covering awareness, behaviour, systems and execution. In accordance with relevant requirements, the Company conducts at least one rotational audit of each subsidiary every five years. During the Reporting Period, the Company conducted financial responsibility audits on 14 subsidiaries.

During the reporting period, the Company did not engage in any money laundering, fraud, or other conduct in violation of business ethics, and no corruption-related lawsuits were filed against the Company or its employees.

Development of Integrity Culture

China TCM continuously deepens the development of an integrity culture, building an internal and external joint defence line integrating integrity awareness and accountability implementation. Internally, the Company enhances self-discipline across all employees through training and communication, and implements accountability at the individual level by requiring management to sign the *Commitment to Integrity*. Externally, the Company actively extends integrity management to the supply chain by requiring suppliers to sign the *Integrity Agreement*, clarifying the integrity obligations of all stakeholders. We are committed to building a clean and upright value chain to ensure compliant and transparent business operations.

2025

The Company's management personnel have signed the *Party Conduct and Integrity Commitment Document*

100%

Suppliers have signed the *Integrity Agreement*

100%

Strengthening Integrity Publicity and Education

China TCM continues to expand the coverage of its integrity-at-work promotional efforts. Through channels such as offline training sessions and online WeChat Official Account, the Company provides timely and accurate policy guidance to the Board of Directors, employees and suppliers.

Enhancing Cadres' Integrity Awareness

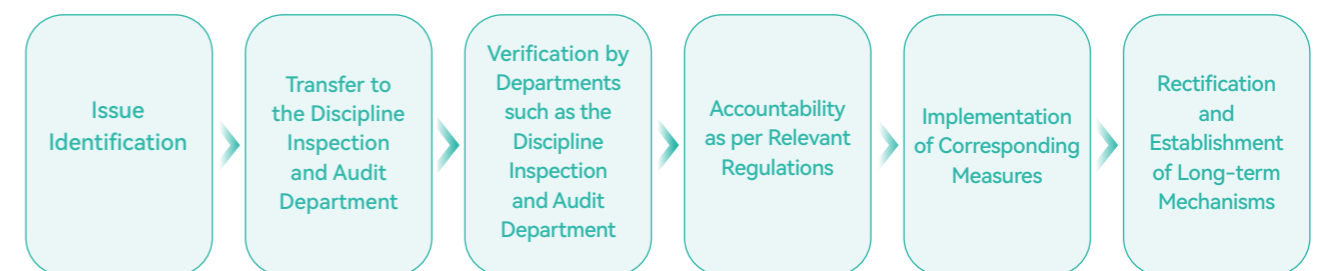
China TCM remains steadfast in advancing anti-corruption initiatives, intensifies integrity education to reinforce ethical professional conduct and builds a robust ideological defense against corruption. During the Reporting Period, group integrity discussions were conducted with senior management from relevant departments and subsidiaries of the Company, engaging 108 participants. The discussions strengthened leaders' awareness of integrity and self-discipline.

Training Participants	Training Methods
Directors, middle-level and above management, and general employees	The Company organizes and offers specialised training sessions on integrity and anti-corruption.
Suppliers	The Company publishes policies and typical cases relating to business ethics and integrity through columns "TCM Compliance Insights", "TCM Discipline Guidelines", and "ABC of Integrity at Work".

Anti-Corruption Training				
Indicator	Unit	2023	2024	2025
Number of Anti-Corruption Training Sessions	Session	23	27	20
Coverage Rate of Anti-Corruption Training	%	100	100	100
Including:				
Number of Directors Participating in Anti-Corruption Training	Person	/	/	7

Improving Supervision Mechanism

China TCM regards integrity-based operations as the bottom line of enterprise development and has established and improved supervision mechanisms for business ethics and anti-corruption. The Company has broadened whistleblowing channels and publicly disclosed whistleblowing telephone numbers, email addresses, and mailing/visiting addresses on the official website. The Company is committed to safeguarding the legitimate rights and interests of whistleblowers. Handling departments must strictly maintain confidentiality regarding whistleblowers' identities and report contents. All received reports—whether by phone or mail—are processed by designated personnel. Following standard procedures, including the *Letter of Petition* and the *Handover Receipt of Materials from the China TCM Party Committee Inspection Team*, the cases reported are transferred to the relevant organizations for handling according to the management authority.



Anti-Corruption Reporting Process

04

Quality Inheritance: Building Industry Benchmarks

In the principle of "Honoring Heritage, Advancing with Innovation", China TCM continuously increases R&D investment, strengthens quality management across the entire industrial chain, and builds a responsible supply chain system. We continuously optimise our products and services to meet the health needs of our customers and patients, whilst actively promoting technological advancement and higher standards within the industry to drive sustainable development.



Innovation-Driven Development



Strengthening Product Quality



Strengthening Product Responsibility



Deepening Academic Engagement



Responsible Supply Chain

SDGs Responded in this Chapter



Key ESG-Related Material Topics Covered in this Chapter

- Medicine Quality and Safety
- Medicine Accessibility and Affordability
- Responsible Marketing
- Pharmaceutical Innovation and R&D
- Protection of Customers' Rights and Interests
- Protection of Intelligent Property Rights
- Sustainable Supply Chains
- Promotion of Industry Development

Innovation-Driven Development

R&D Management System

Taking "Honoring Heritage, Advancing with Innovation" as its core philosophy, China TCM has continuously refined innovation systems, which integrate decision-making and coordination with technological R&D and the commercialisation of research outcomes. The Company has revised internal regulations such as the *Measures for Science and Technology Management*, the *Management Measures for Science and Technology Expert Committee*, and the *Management Measures for Procurement of Scientific Research Fixed Assets*, strengthening end-to-end control of scientific research, reinforcing compliance management of technology assets, and ensuring efficient implementation of R&D activities. During the Reporting Period, the Company's R&D investment totalled RMB 511.47 million.

During the Reporting Period

The Company's R&D investment totalled RMB

511.47 million

R&D and Innovation Platforms and Achievements

R&D Platforms

China TCM continues to establish research platforms covering multiple sectors such as TCM finished drugs, concentrated TCM granules, TCM resources and TCM decoction pieces. This year, one new Guangdong Provincial Engineering Research Centre for TCM Decoction Pieces (Fengliaoxing Medicinals & Slices) was established. This centre is dedicated to the research of key technologies, process innovation and the enhancement of quality standards for TCM decoction pieces.

As at 31 December 2025, China TCM possessed

Laboratories and Technical Platforms Recognised by Provincial or Higher Authorities	including National Engineering Laboratories	National Enterprise Technology Centres	National Industrial Technology Infrastructure Public Service Platform
54	2	2	1
Studios of National Masters of Traditional Chinese Medicine	Academician Expert Enterprise Workstations	Postdoctoral Research Workstations	CNAS-accredited laboratories
3	2	4	10
Provincial Key Laboratories	Provincial Engineering Technology Research Centres	Provincial Engineering Research Centres	Provincial Enterprise Technology Centres
2	8	2	17
Provincial Industrial Design Centre	Provincial Technical Standards Innovation Base for Concentrated TCM Granules	Provincial High-tech Enterprise R&D Centre	High-tech Enterprises
1	1	1	26

providing robust support for the Company's high-quality development in scientific and technological innovation.

The Company continues to expand its R&D talent pool. As of 31 December 2025



R&D Achievements

The Company focuses on well-defined research directions, encompassing six major specializations: orthopedics, respiratory medicine, mental health, dermatology, oncology, and metabolic diseases, along with other clinical fields demonstrating strong outcome predictability. Leveraging the unique strengths of its subsidiaries, the Company engages in the development of new traditional Chinese medicine drugs and the secondary development of existing products. This ongoing effort aims to enhance the Company's R&D capabilities and enrich its portfolio of research achievements.

R&D Innovation Achievements	
Category of Pharmaceuticals	R&D Achievements
Innovative TCM Drugs	<ul style="list-style-type: none"> The registration application materials of Yushuda Tablets have been submitted, accepted by CDE, and passed clinical and pharmaceutical on-site inspections.
Classic TCM Formulas	<ul style="list-style-type: none"> Registration application of Shaoyao Gancao Granules and Kaixinsan Powder have been accepted. Taohe Chengqi Granules and Shaoyao Gancao Granules have completed development and on-site inspection.



The Company's scientific research projects have received multiple awards and wide recognition. During the Reporting Period:

the Company received provincial science and technology award

1

silver medal in a provincial patent award

1

awards from industry associations

2

2025 Technology Innovation Awards of China TCM

Project Name	Award Level	Award Type	Award Grade
An Extract of a Compound Formula for Relieving Dryness and Itchiness and the Preparations thereof	Provincial/ Ministerial	Provincial Patent Award of Guizhou	Silver Prize
Development and Application of a Standardised Production Technology System for High-Quality Ziziphus Jujuba Seed	Provincial/ Ministerial	Science and Technology Progress Award	Third Prize
Full-Chain Quality Improvement and Industrial Application of Chinese Medicinal Herbs with Different Medicinal Parts	Others	Science and Technology Innovation Award – Innovation Achievement Award from China Industry-University-Research Institute Collaboration Association	Third Prize
Evidence-Based Evaluation and Mechanism of Action of Qingda Granules in the Treatment of Hypertension	Others	Science and Technology Award from China Academy of Chinese Medical Sciences	Second Prize

Protection of Intelligent Property Rights

China TCM attaches great importance to intellectual property and patent protection. Based on the GB/T 29400-2023 *Enterprise Intellectual Property Compliance Management System - Requirements*, the Company guides subsidiaries to establish intellectual property management systems and standardised workflows with risk prevention and control mechanisms. As of 31 December 2025, six subsidiaries had obtained intellectual property management system certification.

The Company has revised the *Patent Management Measures and the Science and Technology Management Measures* to clarify the lifecycle management processes, including patent application, maintenance, transactions, and licensing. In addition, the Company has engaged third-party legal institutions to conduct compliance reviews on intellectual property ownership, validity and transaction legality throughout the entire process of TCM new drug transactions. Through a dual assurance mechanism of "asset valuation + legal review", the Company effectively safeguards intellectual property rights.



Guangdong Medi-World

Key Indicator for Intellectual Property Rights

Indicator	Unit	2023	2024	2025
Authorised Patents	Item	189	126	207
Invention Patents	Item	100	68	128
Utility Model Patents	Item	86	54	51
Design Patents	Item	3	4	28

Furthermore, the Company actively organised specialised training on intellectual property to comprehensively enhance employees' awareness of intellectual property protection, further strengthening the standardisation and operability of IP management.



During the Reporting Period

the Company completed the preparation of the Intellectual Property Analysis SOP and conducted specialised training sessions

2 times

for 200 participants

Industry Co-development

China TCM extensively collaborates with leading domestic and international universities and authoritative research institutions to promote academic exchange and build a multi-level industry-university-research cooperation matrix. The Company jointly cultivates high-level scientific and technological talent suited to industry development, including more than 20 postdoctoral researchers trained through postdoctoral research stations and over 150 graduate students jointly trained through Guangdong provincial postgraduate joint training bases and other institutions, thereby bolstering the industry's talent pool.

Committed to leading high-quality industry development, the Company actively focuses on frontier industry trends, deeply integrates into the industrial chain ecosystem, and participates in the formulation of national and industry standards, guiding regulated industry development through standardisation.

Key Indicators for Standard Formulation				
Indicator	Unit	2023	2024	2025
New Participation in Standard Formulation	Item	53	46	41
Group Standards	Item	17	12	2
National Standards	Item	36	34	39

Digital and Intelligent Development

China TCM actively promotes the comprehensive digital and intelligent transformation of the traditional Chinese medicine industry. On one hand, we have established a quality traceability system covering the entire industry chain, ensuring full traceability from source to end and consolidating the foundation of quality and safety. On the other hand, we have developed a smart TCM service platform, reshaping service processes through intelligent technologies to improve efficiency and accessibility.

CASE Smart Traditional Chinese Medicine · Shared Centre SaaS Platform

During the Reporting Period, China TCM comprehensively upgraded the Smart Traditional Chinese Medicine · Shared Centre SaaS Platform, aiming to provide partner hospitals with standardised, visualised one-stop services for the decoction and delivery of traditional Chinese medicine. The new platform adopts full-stack domestic technology to establish a comprehensive digital management system covering the entire process from "prescription receipt – prescription review – decoction – delivery", and has been successfully piloted at three distribution centres of Fengliaoqing Medicinals & Slices. Through the integration of automated decoction equipment and AI large-model-assisted prescription recognition and business processing, our prescription handling capacity and dispensing efficiency have been significantly improved, with an annual prescription processing volume exceeding 8 million. As of the end of 2025, our decoction and delivery service network has been connected to and operates steadily in over 500 hospitals across 24 provinces, including many tertiary hospitals and primary community healthcare institutions, with a significant annual increase in patient service volume.

CASE TCM Industry Chain Quality Traceability Data Platform

The Company has driven the integration of the TCM Industry Chain Quality Traceability Data Platform with systems at both the cultivation and industrial ends, achieving digital traceability from the field to the end-user. The cultivation-end system covers modules including basic information, base construction, standards and regulations, Chinese medicinal herb production, inventory, sales, traceability code generation and data dashboard visualisation, and supports convenient operation via mobile mini-programs, enabling growers to record and manage data in real time. The industrial-end system focuses on procurement management, quality management, inventory management, production management and sales management, enabling precise control and seamless information integration across all stages from raw material procurement to the dispatch of finished products. Data is shared between these two systems, ensuring that traditional Chinese medicines are "traceable in origin, trackable in destination, and accountable in responsibility". As of the April 2026, the platform services had covered 31 provinces and municipalities nationwide, serving 232 manufacturers (both domestic and international) and 341 production units. It covered 138 types of Chinese medicinal herbs and 575 production bases, with a total cultivation area of 990,000 mu, and had generated over 6,000 batches of TCM traceability codes.

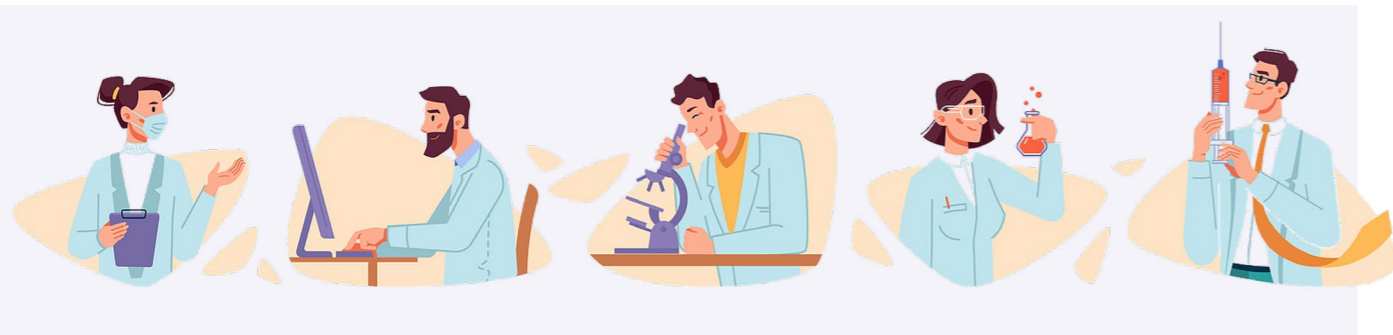


TCM Industry Chain Quality Traceability Data Platform



Strengthening Product Quality

China TCM is committed to building and improving a quality management system covering the entire industry chain and product lifecycle, embedding strict quality standards into every link from field to workshop, and continuously enhancing product quality. The Company has established systematic management measures and clear quality objectives, with a focus on effectively identifying and rectifying potential quality risks. We actively foster a quality culture involving all staff to ensure product quality and safety, thereby safeguarding public health.



Product Quality Management System

In strict accordance with laws and regulations such as the *Product Quality Law of the People's Republic of China*, the *Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practice (GMP) for Drugs*, and the *Good Supply Practices for Drugs*, China TCM has formulated institutional documents including the *Quality Supervision and Management Measures*, the *Internal Quality Audit Management Measures*, and the *Operating Procedures for Internal Quality Audit*. All subsidiaries establish annual quality objectives, and 100% signed the *Commitment to Quality Management Objectives* to formalize their commitments.

During the Reporting Period, all production and distribution subsidiaries of China TCM obtained a 'Drug Manufacturing Licence' or a 'Drug Distribution Licence' and organised their production and distribution activities in accordance with GMP/GSP requirements, establishing a comprehensive quality management system. The subsidiaries of China TCM's—Tianxiang Pharmaceutical, Shandong Yifang, Guangxi Yifang, Tongjitang Pharmaceutical and Guizhou Great Health—all have obtained ISO 9001 certification for their quality management systems.

Product Quality Risk Management Process

Adhering to a prevention-oriented principle in quality risk management, China TCM has formulated the *Post-marketing Adverse Reaction Information Collection Management Procedures* and the *Product Quality Incident Emergency Response Plan*. Through a combination of preventive quality testing, routine quality audits and dynamic special inspections, it carries out full-process product quality management to reduce the risk of quality incidents.

Governance Audit and Rectification

In 2025, the Company conducted internal quality audits on 29 subsidiaries and identified 552 quality risks and hidden hazards. Corresponding rectification measures were formulated for these issues, with a rectification completion rate of 100%.

Product Quality Sampling and Evaluation

The Company accepted various types of external sampling inspections and evaluations conducted by drug regulatory authorities, including supervisory sampling, evaluative sampling, national sampling, provincial sampling and special sampling inspections.

Traceability and Follow-up of Quality Issues

The Company promptly followed up on sampling inspection matters and, in the event of non-compliance, promptly identified the root causes of production quality issues.

Indicator	Unit	2023	2024	2025
Number of Hidden Defects Identified in Internal Quality Audits	Item	414	418	552
Rectification Rate of Hidden Defects Identified in Internal Quality Audits	%	100	100	100

Strengthening Quality Culture

China TCM attaches great importance to the development of quality culture. By conducting a variety of quality-related activities on an ad hoc basis, we integrate quality management principles into our daily operations. The proportion of staff in quality inspection and sales roles who have participated in quality training stands at 100%, thereby enhancing the Company's product quality standards.

Authentication Training

The Company continued to conduct training on the identification of Chinese medicinal herbs and TCM decoction pieces, to strengthen the capability of key positions in authenticity identification. In 2025, 48 training sessions were held, with over 20,000 participants.

Longyin Classroom - Quality Management Knowledge Learning Platform

We will continue to refine the online learning platform, curate specialised online training programmes, and organise a knowledge quiz on the *Chinese Pharmacopoeia* (2025 edition).

Quality Month

The Company organised a Chinese medicinal herb quality competition to assess the quality management capabilities of participating subsidiaries in terms of both laboratory skills and 'QC standard operations'.

Strengthening Product Responsibility

China TCM integrates product liability into the core of its corporate DNA, by establishing a comprehensive end-to-end responsibility system and a dynamic closed-loop management mechanism, propelling the traditional Chinese medicine industry to achieve leadership in responsibility, moving beyond mere safety assurance.

Drug Accessibility

In an effort to enhance drug accessibility, the Company actively promotes the coverage of medical institutions and retail markets, ensuring that more patients have access to affordable medication. By optimising the development of modern logistics systems, the Company has improved supply efficiency in remote areas and reduced the time taken for medicines to reach patients.

Medical Institutions

The Company gained market access for key clinical products in over **3,000** additional Tier 2 and Tier 3 hospitals. Currently, our products cover **97.9%** of tertiary hospitals nationwide, and **80.3%** of secondary hospitals, ensuring the fulfillment of essential clinical medication needs.

Retail Market

In the retail market, the Company actively partners with chain pharmacies to maintain high product availability on shelves. Currently, our key retail products achieve **98%** coverage in the top 100 national chains, **61%** in regional chain stores, and **62%** in independent pharmacies, ensuring reliable access to essential medications for patients.

China TCM remains committed to benefiting the public. We conduct comprehensive assessments of product life cycles and sets reasonable prices based on comparable market products, the Company's initial investment, the unique characteristics and advantages of the medicines, and the prices of similar products in national centralised procurement schemes.

Pharmacovigilance

In strict accordance with the requirements of regulations such as the *Drug Administration Law of the People's Republic of China* and the *Good Pharmacovigilance Practice (GVP)*, China TCM has established a pharmacovigilance management system covering the entire lifecycle of medicinal products, ensuring that risks associated with medicinal products remain under Quality Management and are assessable and subject to early warning.

Collection of Adverse Reaction Information	The Pharmacovigilance Department proactively collects adverse reaction information through multiple channels, including telephone hotlines, clinical projects, literature searches, consultations and complaints, and reports it to the national system.
Analysis of Adverse Reaction Information	The Company regularly downloads adverse reaction data from the National Marketing Authorisation Holder Direct Reporting System for consolidation and analysis, and submits periodic safety update reports to the National Adverse Drug Reaction Monitoring System.
Revision of Product Instructions	Based on analysis results, the Company revises product instructions in a timely manner to inform the public of the types and severity of adverse reactions, ensuring medication safety.

Product Recalls

China TCM has established a management model of "centralised control by headquarters + implementation by subsidiaries", forming a rigorous institutional system. The Company has formulated policies such as the *Product Quality Information Management System for Products in the Market (Revised in 2020)*, the *Product Quality Incident Emergency Response Plan (Revised in 2020)*, and the *Post-marketing Adverse Reaction Information Collection Management Procedures (Revised in 2020)*. Each subsidiary has also formulated documents such as the *Product Recall Management Measures*, *Product Quality Incident Emergency Response Plan*, *Product Recall Control Procedures*, *Non-conforming Product Control Procedures* and *Product Return Management Procedures*. Taking into account product types and risk levels, the Company specifies evaluation methods and frequencies for assessing the effectiveness of the recall system, thereby strengthening product quality safety and standardising emergency handling and recall procedures.

Handling of Product Recall				
Indicator	Unit	2023	2024	2025
Product Recall	Case	5	6	8
Percentage of recall due to quality of TCM decoction pieces (in kilograms)	%	0.017	0.017	0.006
Percentage of recall due to safety of TCM decoction pieces (in kilograms)	%	0	0	0
Percentage of recall due to quality of concentrated TCM granules (in packets)	%	0.00004	0.00001	0.0004
Percentage of recall due to safety of concentrated TCM granules (in packets)	%	0	0	0
Percentage of recall due to quality of TCM finished drugs (in boxes)	%	0.00042	0.0029	0.0009
Percentage of recall due to safety of TCM finished drugs (in boxes)	%	0	0	0

Deepening Academic Engagement

China TCM safeguards customers' legitimate rights and interests by establishing a full-chain customer service management system covering pre-sales, in-sales and after-sales stages. We fulfil responsible marketing practices, maintain smooth communication channels, and protect customer privacy, thereby continuously enhancing customer satisfaction and medication safety.

Responsible Marketing

● Compliant Marketing

China TCM practises responsible marketing and complies with the *Advertising Law of the People's Republic of China*, the *Drug Administration Law of the People's Republic of China*, and the *Regulations on the Administration of Drug Labels and Instructions*. Marketing activities are conducted in accordance with internal regulations such as the *Advertising Management Measures of China Traditional Chinese Medicine Holdings Co. Limited.* and the *Marketing Compliance Guidelines of China Traditional Chinese Medicine Holdings Co. Limited.*, and we resolutely eliminate any concealment, exaggeration or misleading advertising.

The Company strictly adheres to regulations in its marketing and promotional activities. All pharmaceutical advertisements undergo a three-tier review mechanism, and advertisements that have not been approved are strictly prohibited from being released to the public. In addition, the Company regularly conducts compliance training across the entire business chain, focusing on the authenticity and compliance of advertising and the boundaries of academic promotion, thereby enhancing compliance awareness and professionalism among marketing personnel.

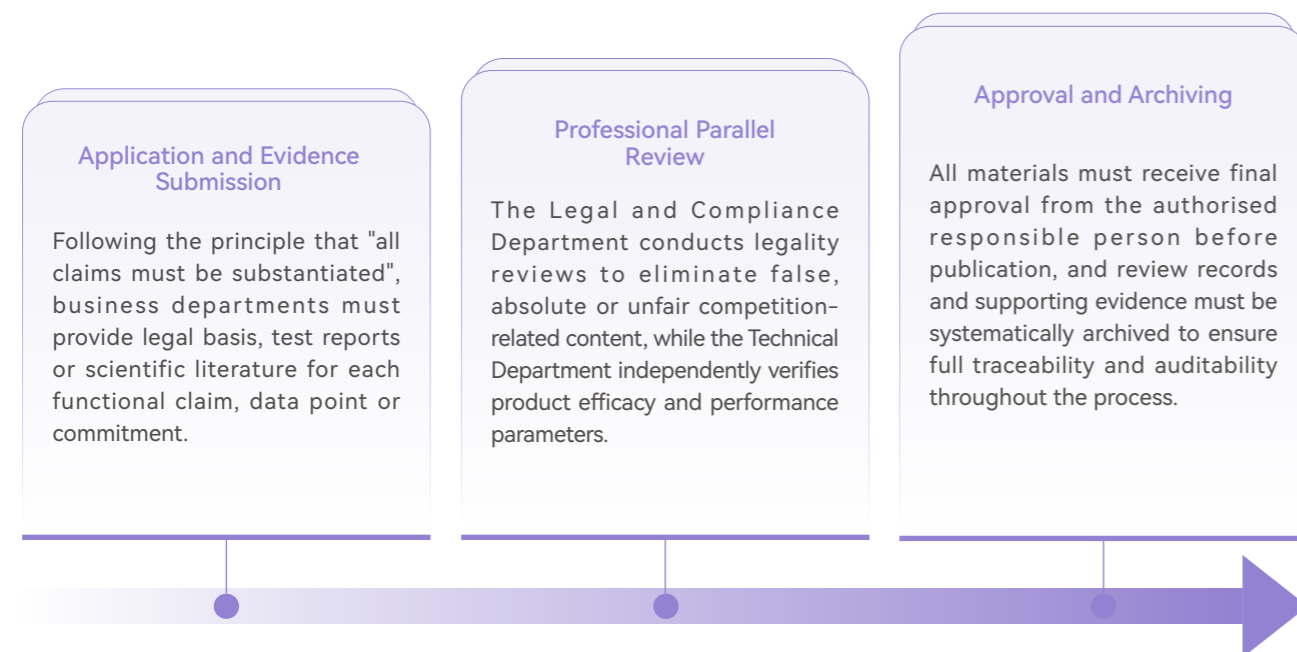
During the Reporting Period

the Company organised compliance training sessions

27 times

covering key business lines, including clinical, distribution channels, agents and OTC

with a total of **910** employees attending the training



Three-tier Review Process for Pharmaceutical Advertising Materials

CASE

Operational Compliance Training to Strengthen Responsible Marketing

In January 2025, the Finished Drug Marketing Centre conducted specialised compliance training for all staff in the Operations Department. The training focused on in-depth interpretation of media advertising policies, strengthening standardised review capabilities and compliance awareness at the source of marketing management.

● Publicity and Empowerment

China TCM continuously deepens academic promotion and medical education on concentrated TCM granules. With academic exchange conferences organized by academic societies and associations as key platforms, the Company has carried out multi-dimensional exchanges and training programs to educate healthcare professionals on clinical application standards and technical essentials of concentrated TCM granules, thereby supporting improvements in clinical diagnosis and treatment capabilities. In addition, the Company regularly organizes free clinics and consultations, and provides face-to-face professional medication guidance, to effectively enhance the public awareness of concentrated TCM granules and rational medication capabilities and fulfill the mission to promote the inheritance and innovation of traditional Chinese medicine.

By 2025

the Company had conducted nearly **2,800** academic exchange

training sessions for over **110,000** healthcare professionals

more than **110** free medical consultations

patient education activities for over **8,000** patients

CASE

Focusing on Pediatric Diagnosis and Treatment to Promote Innovative Applications of Concentrated TCM Granule Dosage Forms

In September 2025, the Company participated in the 5th Conference on the Integration of Traditional Chinese and Western Medicine for Children's Health, and delivered an academic presentation titled the "Concentrated TCM Granules — Dosage Form Innovation and Research Progress in the Modern Application of Pediatric TCM". This provided pediatrician with precise medication guidance and helped standardize the clinical application of concentrated TCM granules in pediatrics.

CASE

Based on Standardized Construction, Highlight the Innovative Value of Traditional Chinese Medicine

In September 2025, the 2025 Guangdong Academic Conference on Dermatology and Venereology of Integrated Traditional Chinese and Western Medicine, hosted by the Guangdong Association of Chinese Integrative Medicine and organized by its Dermatology and Venereology Professional Committee, was successfully held. At the conference, the Company delivered a thematic presentation titled Promoting Innovation and Development of Traditional Chinese Medicine through Standardization, systematically demonstrating the precision control technologies and rigorous quality management system applied to concentrated TCM granules, further enhancing participants' understanding of their clinical application.

CASE

Exploring the Value of Classical Prescriptions and Interpreting the Highlights of the Development and Clinical Application of Concentrated TCM Granules

In October 2025, the Company attended the 2025 Annual Academic Conference organized by the China Research and Promotion of Traditional Chinese Medicine Association, and delivered a thematic academic presentation titled Development of Taohe Chengqi Decoction Formula Granules and Reflections on Their Clinical Application, introducing the R&D and production process of the granules and enhancing participants' understanding of their clinical use.

Through campaigns promoting rational drug use and patient education clinics, China TCM advances the practice of rational drug use, enhances patients' understanding of health management and disease prevention, and leverages its own strengths to improve medication management capabilities for both healthcare professionals and patients, thereby empowering primary care.

During the Reporting Period

the Company held **63** educational conferences and academic annual meetings for doctors and pharmacists

organised **1,057** patient education and free consultation activities

CASE

Joint Free Medical Consultations to Address Diverse Public Health Needs

In March 2025, the Company jointly organized a free medical consultation activity with the Baicheng Central Hospital. During the activity, more than 100 community members were provided with TCM consultations, health guidance, and medication consultation services related to concentrated TCM granules, with a particular focus on the management and prevention of geriatric and chronic diseases.

In September 2025, the Company jointly organized a free medical consultation activity with Hefei Second People's Hospital. The activity served approximately 100 community members, effectively bringing high-quality medical resources directly to the community. It also promoted the convenience and precision of concentrated TCM granules, and enhanced public health management awareness and rational medication capabilities.

In December 2025, the Company conducted a free medical consultation activity through collaboration with oncology specialists from Hubei Provincial Hospital of Traditional Chinese Medicine. The activity promoted the awareness of the advantages of concentrated TCM granules, issuing prescriptions on site and preparing selected herbal pastes, serving approximately 120 members of the public.

CASE

"Inheriting Classics – Caring for Liver Health at the Grassroots" Public Welfare Initiative

In 2025, China TCM actively responded to the *Action Plan for the Prevention and Treatment of Viral Hepatitis (2025–2030)* and, in collaboration with the China Hepatitis Prevention and Control Foundation, launched the "Inheriting Classics – Caring for Liver Health at the Grassroots" public welfare project in five provinces including Hubei and Shandong. The project adopted a three-pronged approach of "expert charity clinics + case rounds + academic seminars" to precisely address weaknesses in primary healthcare.

Professional diagnosis and treatment services were provided to more than 300 patients and distributed over 1,000 pieces of educational materials, effectively promoting early screening and early diagnosis of liver diseases. Additionally, through expert-led mentoring and academic exchanges on the integration of traditional Chinese and Western medicine, the initiative aims to tangibly enhance the clinical management capabilities of grassroots doctors in treating complex liver diseases, thereby demonstrating through concrete actions the commitment of state-owned central enterprises to the integration of medical care and disease prevention, as well as the preservation of traditional Chinese medicine.



"Inheriting Classics – Caring for Liver Health at the Grassroots" Public Welfare Project

Customer Service Management

Customer Service Management System

Focusing on the protection of customer rights and the enhancement of service quality, China TCM has established and continues to optimise a comprehensive customer rights protection system covering pre-sales, during-sales and post-sales stages, systematically improving the timeliness and effectiveness of customer service.

Optimisation of Customer Service

- Ensure smooth communication with customers through channels such as hotlines, email, online platforms, regular interviews and the organisation of business matchmaking events.
- Continuously optimise customer service processes, strengthen personnel training and technical support, and improve the efficiency of the supply chain, warehousing and logistics to enhance service response times and first-time resolution rates.
- Establish a routine service evaluation mechanism, regularly review customer complaints and quality cases, identify root causes and implement continuous improvements.

Information Management

- Implement the *Cybersecurity Management Measures of China Traditional Chinese Medicine Holdings Co. Limited.* by deploying dedicated lines, SSL certificate-based HTTPS encrypted access and zero-trust systems to dynamically verify all channels, terminals and links accessing customer data.
- Deploy data and log auditing systems, as well as system operation and maintenance bastion hosts, and record and audit sensitive data operations to ensure that customer privacy access records are traceable and auditable.
- Adopt the "Security Operations Platform" and "Endpoint Security Management System", monitor endpoint security status in real time, distribute security policies, and aggregate alert logs to achieve precise identification and automated response to malicious intrusions and unauthorised remote access.

After-sales Support and Complaint Handling

- Follow the *Pharmaceutical Quality Complaint Management System* and the *Pharmaceutical Quality Incident Emergency Response Plan Management System*, establish dedicated after-sales hotlines and online consultation platforms, enable patients to report issues and requests at any time, and build a complaint handling mechanism covering response, handling and prevention.
- Actively respond to and assist with returns and exchanges regarding product quality and transport damage, and establish a mechanism for reviewing returns and exchanges.
- Implement a "Receipt—Assessment—Investigation—Feedback—Resolution" process for quality complaints, implement a mechanism for timely resolution and reporting, initiate cross-departmental emergency response, product control measures and reporting to the drug regulatory authorities to minimise risk in the event of major quality incidents.

In 2025, the Company recorded no incidents of customer privacy breaches.

During the Reporting Period, the customer complaint resolution rate was **100%**.

• Customer Satisfaction

China TCM has collaborated with business units to establish a customer satisfaction monitoring and evaluation system. Through a systematic and scientific feedback mechanism, we gain precise insights into market demands and continuously optimise the user experience.

CASE Customer Satisfaction Survey Conducted by Guangdong Yifang

The Concentrated TCM Granules segment of Guangdong Yifang conducted customer satisfaction surveys in accordance with the *Customer Satisfaction Survey Management Procedures* through a third-party institution. The survey covered dimensions such as brand image, product quality, product specifications and marketing strategies, with an average satisfaction score of 94.33.

• Training on Customer Service

China TCM attaches great importance to the dissemination of drug information and rational drug use. We actively participate in industry exchange activities, disseminating basic drug information through exhibition booths and academic seminars. In addition, we have established professional teams to conduct rational drug use training and safety education at medical terminals and retail pharmacies, ensuring timely and accurate delivery of drug information.

Customer Information Dissemination

At Medical Terminals

A professional team of more than 2,700 personnel delivers basic product information to physicians, pharmacists and drug management staff, and disseminates information on the essential medicines system, clinical application guidelines and formularies to promote rational drug use.

At Medical Terminals

A professional team of over 800 employees collaborates with pharmacy chains to provide employee training to ensure the timely and accurate delivery of drug information.



Responsible Supply Chain

China TCM is committed to establishing a transparent, stable and sustainable supply system. We continuously refine our supply chain management systems, deepen partnerships with suppliers, identify environmental and social risks across all stages of the supply chain—from suppliers of Chinese medicinal herbs, TCM decoction pieces, active pharmaceutical ingredients (APIs), excipients and packaging materials—and promote the implementation of responsibility concepts throughout the entire chain.

Supply Chain Management System

China TCM has formulated the Management Measures for Centralised Procurement (Trial) and the Management Measures for Chinese Medicinal Herb Reserve to standardise supplier admission, classification, evaluation and exit across the entire lifecycle, and clearly define supplier assessment based on quality, cost and service indicators.

The Company has established a supply chain management framework characterised by "headquarters-based coordination, clear responsibilities and collaborative advancement". In 2025, the former Chinese Medicinal Herbal Resource Centre and the Centralised Procurement Centre were merged and restructured into the Supply Management Centre which coordinates the production and operation of Chinese medicinal materials, centralised procurement and supply chain management.

During the Reporting Period

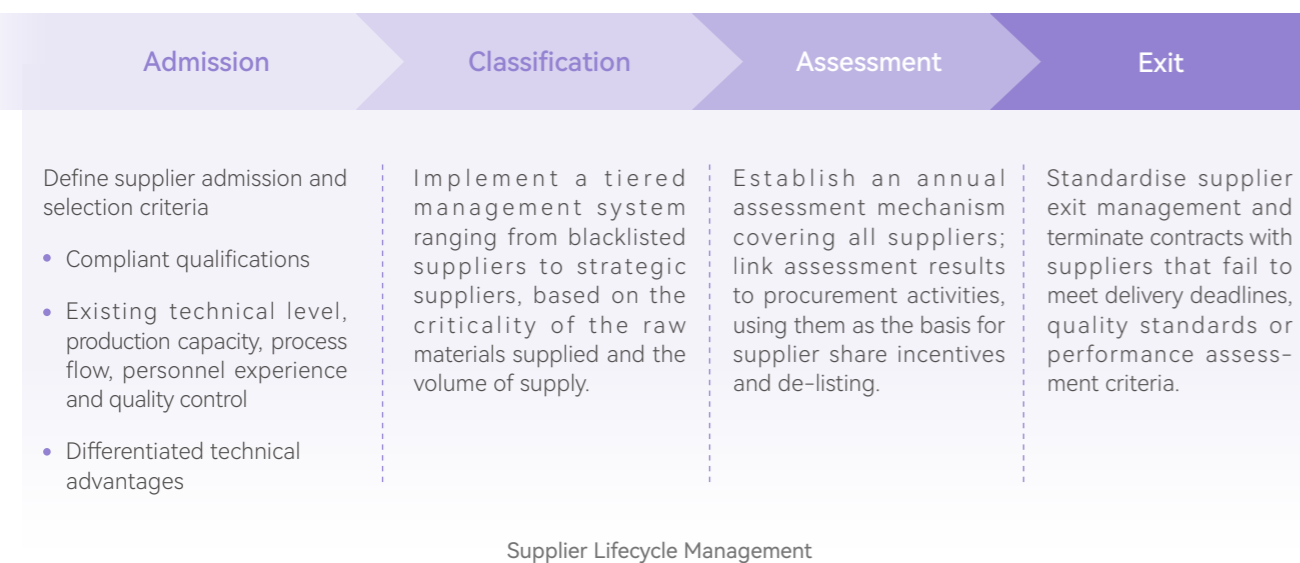
the Company completed on-site audits of

35 suppliers

These audits focused on the completeness, authenticity and validity of suppliers' qualification documents, as well as the compliance of their warehousing conditions.

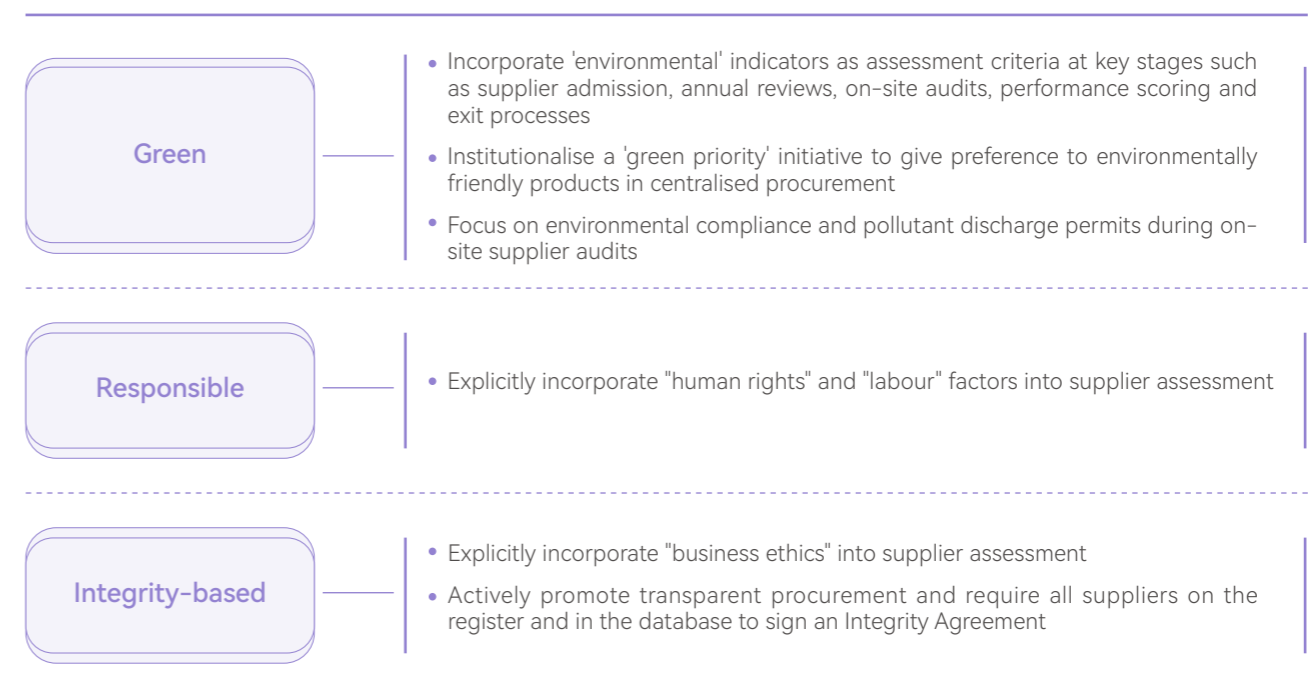
Supplier Lifecycle Management

In the principles of 'fairness, impartiality and transparency', China TCM strictly controls the full lifecycle management of suppliers—including admission, classification, assessment and exit—to ensure the effectiveness of supplier management.



Sustainable Supply Chains

China TCM has embedded the philosophy of sustainable development into every aspect of supply chain management, leading partners in jointly building a green, responsible and ethical supply system.



CASE Construction of GAP-Certified Chinese Medicinal Herb Production Bases

China TCM has always adhered to the principle that "quality originates from the source", treating the construction of Good Agricultural Practice (GAP) certified bases for Chinese medicinal herbs as a core initiative within the supply chain to ensure the sustainable production, stable supply and high quality of raw materials. The Company has also undertaken a research project titled 'A Study on the Integration Pathways of GAP and ESG of Chinese Medicinal Herbs'.

- Enhancing Raw Material Supply Resilience: The yield and quality of Chinese medicinal herbs are highly influenced by climate and geographical factors. Through the development of GAP bases, the Company transforms external procurement risks into internal standardised self-management, ensuring a stable and high-quality supply of raw materials.
- Building a Community of Shared Social Responsibility: Through the "order + price guarantee" model, the Company reduces the risk faced by farmers and cooperatives from market fluctuations. We provide GAP technical services to seven external companies, driving standardised upgrades across the entire industry chain.
- Moving towards a Green and Low-Carbon Future: The Company plans to establish "zero-carbon demonstration GAP bases" in each of the seven major production regions, further reducing energy consumption per unit of medicinal materials by 15% and integrating green and low-carbon concepts into the cultivation source.



Corydalis GAP Base in Chenggu County, Shaanxi Province

As of the end of the Reporting Period

a total of 112 varieties of Chinese medicinal herb

across 545,200 mu of production bases had been established

and 31 varieties covering 35,800 mu had passed GAP certification

with 8 new varieties newly certified.



05

People-Centric Approach: Building a Harmonious Workplace

China TCM adheres to a talent-driven strategy, safeguards employees' basic rights and interests, improves remuneration and performance evaluation mechanisms, and strengthens employee care and assistance. We also enhance talent recruitment and development systems, maintain smooth democratic communication channels, and build a diverse, inclusive and safe working environment to attract and utilise outstanding talent from all sectors.

-  Compliant Employment
-  Diversity and Equality
-  Remuneration and Benefits System
-  Employee Development
-  Safeguarding Health and Safety

SDGs Responded in this Chapter



Key ESG-Related Material Topics Covered in this Chapter

- Protection of Employees' Rights and Interests
- Occupational Health and Safety
- Diversity and Equal Opportunities
- Employees Development and Training



Compliant Employment

China TCM strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Prohibition of Child Labour*, and the *Employment Ordinance of Hong Kong*, and has formulated the *Recruitment Management Measures*, *Labour Contract Management Measures* and *Headquarters Labour Employment Management Measures* to standardise recruitment procedures and clarify circumstances under which candidates will not be recruited. The Company has developed a labour employment compliance management checklist and supervises subsidiaries in conducting self-inspections and rectifications in accordance with the checklist, mitigating labour employment risks from multiple aspects including recruitment information, pre-employment background checks, employee onboarding and departure management, and employment categories. We utilise an intelligent talent management system to manage our workforce and ensure compliance with employment regulations.

China TCM adheres to the principle of "appointing personnel based on merit and integrity". In accordance with the Recruitment Management Measures, the Company formulates tailored recruitment strategies aligned with business development needs, reasonably sets job positions, establishes diversified talent recruitment channels, and attracts and selects high-quality and skilled professionals.

During the Reporting Period

The Company recorded no employment-related legal proceedings.

University-Enterprise Cooperation



- Continuously deepen university-enterprise collaboration, reaching consensus with higher education institutions on the recruitment of fresh graduates and long-term partnership arrangements.
- Actively build bridges for talent matching between industry and academia, organise campus roadshows and open days, and participate in graduate recruitment fairs at higher education institutions.

Government-Enterprise Cooperation

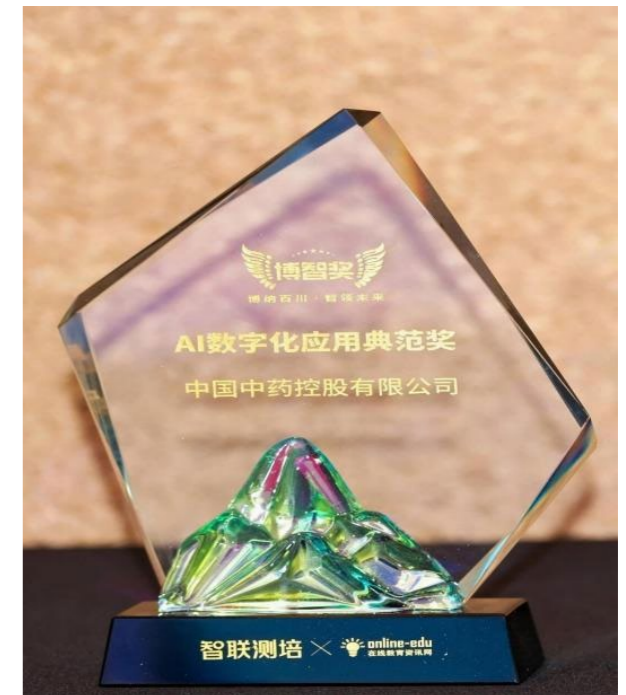


- Actively participate in various talent cooperation and exchange activities, as well as specialised talent recruitment and intelligence-gathering initiatives organised by universities and government agencies.
- Serve as an important external window for Foshan in attracting talent from Hong Kong, and participate in government-led overseas talent exchange initiatives.

During the Reporting Period, the Company's recruitment efforts received widespread recognition and won five employer branding awards. These included three national employer branding awards, such as the HRoot 2025 Excellence in Human Resources Management Practice, the Zhaopin AI Digital Application Exemplar Award, and the 51Job 2026 Outstanding Human Resources Management Award, which effectively enhanced the Company's talent appeal and recruitment competitiveness.



HRoot 2025 Excellence in Human Resources Management Award



Zhaopin AI Digital Application Model Award

Diversity and Equality

The Company upholds the principles of diversity, equality, and inclusion, committed to promoting equal employment opportunities. We foster a diverse and equitable workplace environment, treating employees of different ages, genders, races, religions, nationalities, and marital statuses with fairness and impartiality. Moreover, we actively promote diversity in hiring and fully implement inclusive employment practices for special groups, including women, ethnic minority employees and employees with disabilities.

During the Reporting Period

the Company employed **106** employees with disabilities maintained a **5.93%** minority workforce representation and achieved **39.31%** female representation in management roles

Employee Composition				
Indicator	Unit	2023	2024	2025
Total Number of Employees	Person	17,303	16,753	14,846
Male	Person	8,613	8,481	7,487
Female	Person	8,690	8,272	7,359
Employees of Ethnic Minorities	Person	1,024	948	880
Employees with disabilities	Person	117	132	106



Remuneration and Benefits System

Remuneration and Benefits

Adhering to the principles of "legality and compliance, fairness and impartiality, and incentive-based management", China TCM has formulated the *Measures for the Remuneration and Performance Management in the Headquarters*, the *Measures for Employee Attendance Management in the Headquarters* and the *Measures for the Senior Management Remuneration and Appraisal Management*, thereby establishing a scientific and differentiated remuneration management system. The Company pays employees' wages in full and on time, ensures equal pay for equal work between men and women, and establishes a multi-level performance evaluation mechanism to strengthen positive incentives through assessment and distribution. Each year, the Company signs the Commitment to Targets with the management and subsidiaries, linking performance assessment targets with business objectives. Assessment dimensions include energy conservation and environmental protection, unit energy consumption, production safety, product quality and R&D investment, ensuring alignment between corporate development and social responsibility goals.

The Company continuously improves the employee benefits system. During the Reporting Period, we revised the *Guiding Opinions on Employee Benefits Management* and the *Headquarters Employee Benefits Management Measures*, establishing a three-tier employee benefits mechanism covering statutory benefits, caring benefits and incentive benefits.

Employee Benefits System

- Mandated Benefits**: Social insurance (including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing provident fund and various statutory leave entitlements
- Welfare Benefits**: Meal allowances/work meals, high-temperature allowances, health check-ups and occupational safety expenses, etc.
- Incentive Benefits**: Benefits for outstanding employees, housing allowance, transport allowance, communication allowance, supplementary commercial insurance, corporate pension schemes and local benefits, etc.

Employee Benefits				
Indicator	Unit	2023	2024	2025
Coverage Rate of "Five Social Insurances and One Housing Fund"	%	100	100	100
Coverage Rate of employee health check-up	%	100	100	100
Average number of paid leave days per employee	Day	6.57	8.11	9.85

Employee Care

China TCM regards employee care as an important part of its corporate culture. Through employee assistance programmes, care for female employees, physical and mental wellbeing support and diversified cultural and sports activities, it continuously enhances employees' sense of belonging and wellbeing.



Employee Care

Employee Mutual Assistance Fund

The trade union has established an employee mutual assistance fund under the purpose of "providing timely support and building a caring mutual assistance platform" to assist employees in need.

As of the end of the Reporting Period, **55** subsidiaries had joined the employee mutual assistance fund. Since its establishment in 2012, the fund has provided RMB **3.925** million in assistance. In 2025, assistance was provided to **345** employees, amounting to RMB **652,000**, while assistance for employees in difficulty (including in-kind assistance converted into monetary value) reached RMB **343,200**.

Care for Female Employees

- Strict implementation of maternity leave and childcare leave benefits;
- Paid leave during pregnancy, maternity and breastfeeding periods, and annual female-specific health check-ups;
- Facilities such as mother-and-baby rooms and yoga rooms;
- Special themed activities such as women's health awareness classes.

Cultural and Sports Activities

"Colourful Chinese Medicine" series activities, including fun sports meetings, healthy hiking activities, labour skills competitions and traditional Chinese medicine intangible cultural heritage activities;

Festival-themed activities, including Mid-Autumn Festival events and Children's Day parent-child activities.

During the Reporting Period, the Company organised **270** "Colourful Chinese Medicine" activities, with **18,276** participants.

CASE

Welcoming Spring and Celebrating Women's Excellence: Anhui Fengliaoxing Organised International Women's Day Activities

In March 2025, to celebrate the 115th International Women's Day, the trade union of Anhui Fengliaoxing organised a themed activity entitled "Colourful Chinese Medicine · Fragrance Like Herbal Aroma, Women Shine Bright", with participation from all female employees. The activity consisted of three segments: visiting the Traditional Chinese Medicine Culture Museum to learn to identify herbal specimens; writing and hanging blessing cards with health tea provided on site; and sharing festive cakes followed by a barbecue and traditional stew gathering at an ecological campsite equipped with bubble houses, hammocks and other leisure facilities. The activity aimed to promote the physical and mental wellbeing of female employees through cultural experiences and team interaction, enhance team cohesion and reflect the Company's emphasis on employee care and the development of a harmonious workplace culture.



Women's Day Event of Anhui Fengliaoxing

CASE

Healthy Together, Energetic Sinopharm: Shanghai Tongjitang Held a Fun Sports Meeting for Employees

In September 2025, in response to the Sinopharm Group employee health initiative series and to promote scientific weight management concepts and improve employees' physical and mental wellbeing, the trade union of Shanghai Tongjitang organised the "Healthy Together, Energetic Sinopharm" employee fun sports meeting. The event began with warm-up exercises led by an instructor, followed by four competitions: the "Nutrition Express" relay race, the "Let Go of the Burden" paired ball-carrying race, the "Light Leap" skipping relay and the "United as One" fun tug-of-war competition. These activities integrated health concepts into enjoyable sports and effectively promoted employee interaction and team cohesion.



Fun Sports Meeting of Employees at Shanghai Tongjitang

Democratic Communication

China TCM attaches great importance to employee communication and feedback mechanisms and is committed to building a fair, transparent and people-oriented democratic management system. With the staff representative congress at its core, the Company actively safeguards employees' legitimate rights and interests, ensuring that every employee's views can be fully expressed, heard and addressed. As of the end of the Reporting Period, the Company had established 43 trade union organisations. Through a well-structured organisational framework, democratic management is implemented across all aspects of operations.

The Company has established diversified communication mechanisms covering the entire employee lifecycle from onboarding to employment and departure. Through regular satisfaction surveys and diversified feedback platforms, it accurately listens to employees' voices.

Communication Levels	Channels and Measures	Specific Practices and Value
Institutionalised Communication	Staff Representative Congress	Held regularly as the highest form of democratic management to deliberate major matters related to employees' interests.
Routine Feedback	Suggestion boxes, satisfaction surveys	Physical suggestion boxes are installed and company-wide satisfaction surveys are conducted regularly to comprehensively collect and analyse employee opinions.
New Employee Integration Period	New employee questionnaires	Surveys are conducted among employees approaching confirmation to understand their perceptions of corporate culture and working environment and facilitate rapid integration.
Departure Care Period	Exit interviews, exit interview record forms	Underlying causes of resignation are analysed and improvement suggestions collected to provide solid data support for optimising human resource management and improving retention rates.

Employee Development

Talent Training

The Company actively explores and practises a talent development model with characteristics of traditional Chinese medicine and has established the "Five Elements Famous Prescriptions" talent development system, implementing layered and categorised training programmes. In 2025, the Company revised the *Training Management Measures of China TCM Holdings Co., Ltd.*, strengthening the institutional foundation for training quality. Targeted training was provided for outstanding young cadres, newly recruited employees, identification professionals for Chinese medicinal materials and decoction pieces, and organisational and personnel practitioners. During the year, the Company headquarters organised 51 training sessions covering more than 22,600 participants.

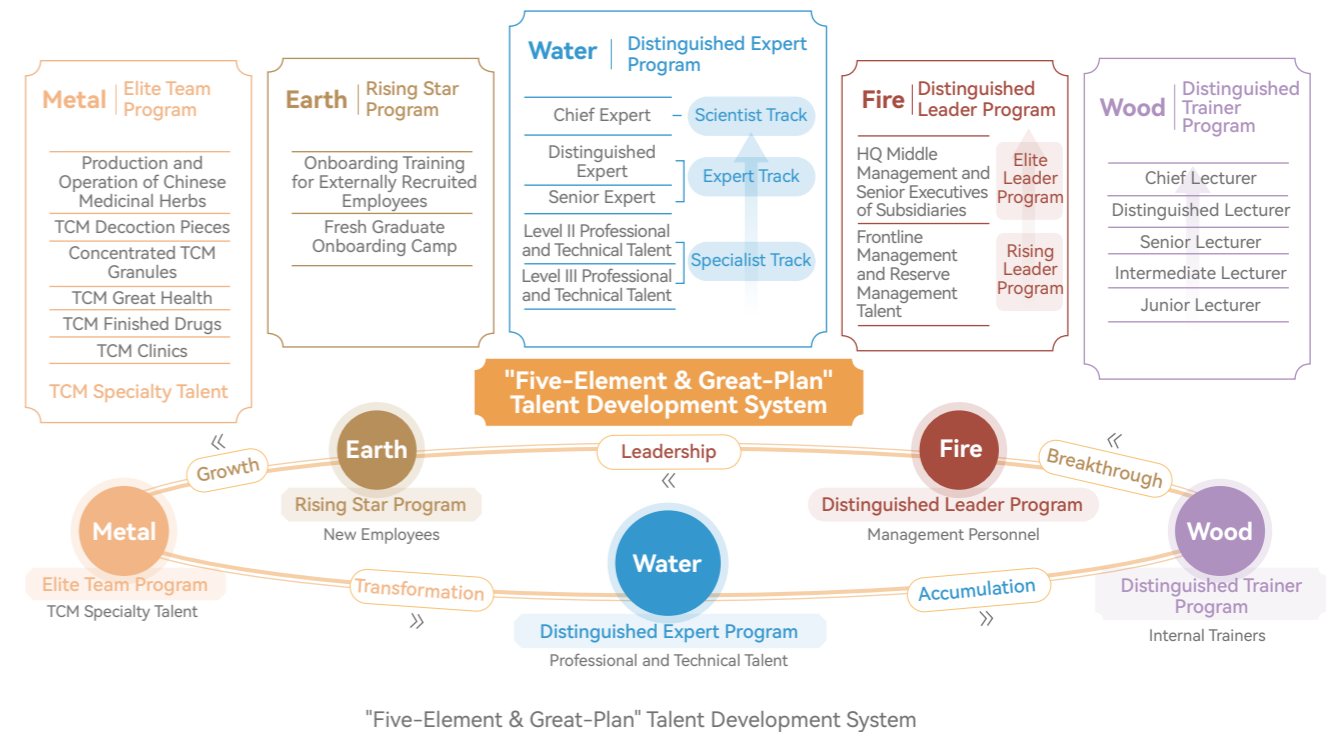
2025

the Company headquarters organised **51** training sessions

covering more than **22,600** participants.

Building the "Five-Element & Great-Plan" Talent Development System

China TCM enhances the effectiveness of talent cultivation programs by strengthening institutional mechanisms, integrating internal and external resources and innovating training models.



● Cultivation Mechanisms

We conduct a comprehensive analysis of human resource needs, with our Human Resources Center spearheading the development of a 5-year strategic plan. Our multi-modal training approach combines on-site practical sessions, centralized workshops, and digital learning platforms to deliver four core programs: new employee onboarding, foundational job training, specialized skill development, and thematic professional education. During the Reporting Period, the total investment in employee training amounted to RMB 6.7639 million, with cumulative training participations reaching 148,360.

Training System and Programs



Indicators of Average Training Hours per Employee		
Indicator	Unit	2025
Average number of hours of vocational training received by employees (by gender)		
Female Employees	Hour	23.3
Male Employees	Hour	23.6
Average Number of Hours of Vocational Training Received by Employees (by Job Grade)		
Senior Management	Hour	31.4
Middle Management	Hour	9.6
Frontline Employees	Hour	22.9
Average Number of Hours of Vocational Training Received by Employees (by Functional Category)		
Marketing	Hour	14.5
Production	Hour	31.8
Management	Hour	20.9
R&D	Hour	34.6



"Star Programme" Onboarding Training for Employees

● Training Programme



"Brigadier Programme" Phase II Rotational Training Class



"Labour Employment Compliance" Specialised Training

Career Development

The Company has formulated documents such as the *Measures for the Evaluation and Incentives for Professional Titles, Professional Qualifications and Academic Advancement of Headquarters Employees (Revised in 2022)*, the *Implementation Rules for Talent Pipeline Development (Revised in 2023)* and the *Training Management Measures* to optimise talent pipeline development and achieve mutual growth with employees.

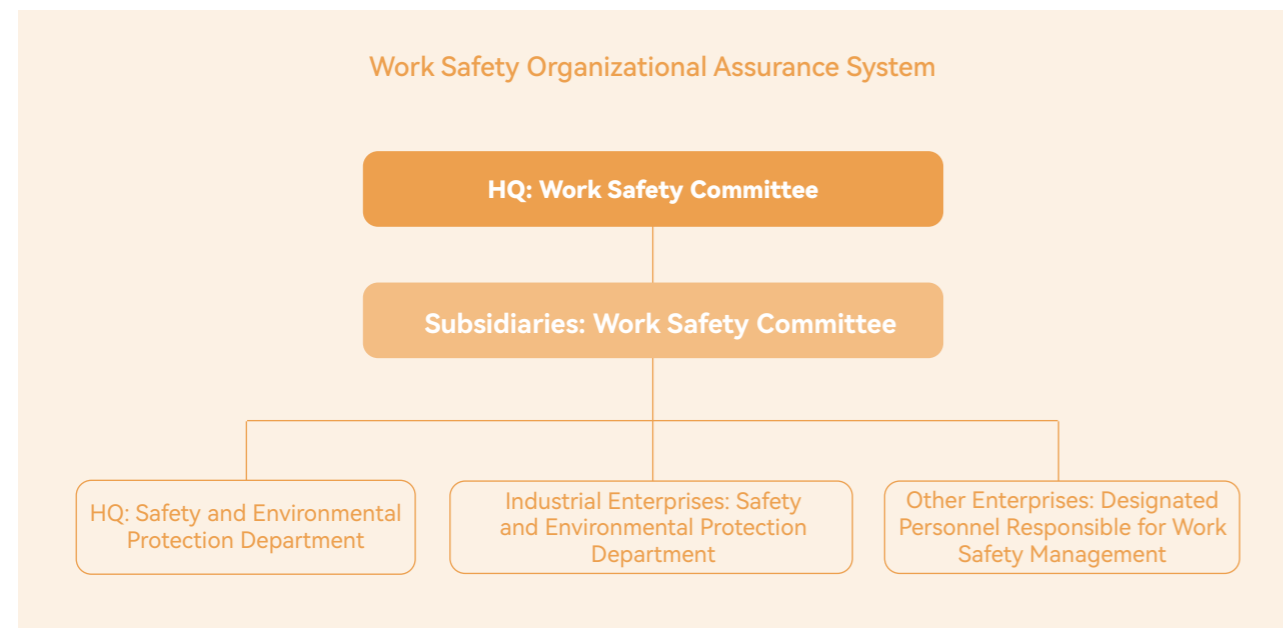
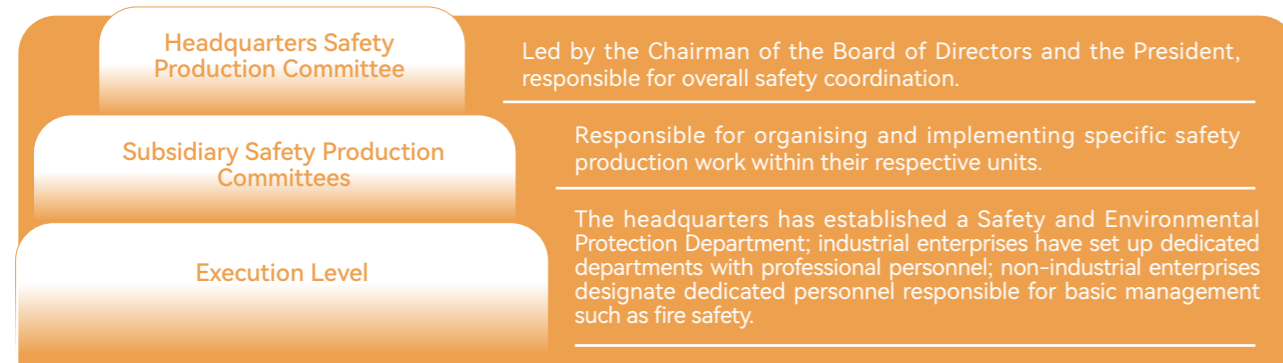
Safeguarding Health and Safety

Safety Governance System

China TCM consistently adheres to the principle of "safety first". By improving management systems, optimising organisational structures, promoting system certification and clarifying control objectives, it has established a comprehensive closed-loop safety production management system.

The Company continuously strengthens top-level institutional design. During the Reporting Period, it newly formulated the *Safety Production Committee Meeting System of China TCM Holdings Co., Ltd.* and the *Management Measures for Handling Non-production Safety Incidents of China TCM Holdings Co., Ltd.*, and revised the *Working System of the Safety Production Committee of China TCM Holdings Co., Ltd.*, further ensuring that safety management work is well-grounded and supported by institutional frameworks. Provisions for handling safety incidents outside production lines were also added.

The Company has established a clearly structured three-tier safety production organisational framework to ensure that safety responsibilities are implemented at all levels and comprehensively covered.



The Company has established a red-line control mechanism. Through the signing of safety production target responsibility agreements, safety objectives are refined and assigned to subsidiaries at all levels. During the Reporting Period, safety production targets were achieved at 100%.

Indicators in Safety Production Target Responsibility Agreements & Achievements in 2025

- ✔ No major or above-level production safety accidents occurred
- ✔ No production safety liability accidents resulting in a cumulative total of three or more fatalities occurred
- ✔ No production safety liability accidents resulting in a cumulative total of ten or more serious injuries occurred
- ✔ No production safety liability accidents resulting in direct economic losses of RMB 20 million or more occurred
- ✔ No production safety incidents causing significant adverse impact occurred

The Company actively promotes professional certification among its subsidiaries to enhance intrinsic safety levels. During the Reporting Period, 30 subsidiaries passed safety production standardisation certification, including one subsidiary that achieved Level I certification, with coverage among industrial enterprises reaching 81%.



Anhui Fenglixing

Anhui Tianxiang

Dezhong Pharmaceutical

Beijing Huamao

Safety Risk Management

China TCM always regards safety risk prevention and hidden hazard management as top priorities in production and operations. Through standardised process development, routine hazard inspections, professional emergency drills and full-process management of hazardous chemicals, it strengthens the Company's safety defence line.

● Safety Risk Control Procedures

The Company prepared and implemented the Implementation Plan for Special Activities on Risk Identification and Standard Operating Procedures (SOP) for High-risk Positions, organising subsidiaries at all levels to comprehensively review operational positions. A total of 28 high-risk operational positions were identified, and 251 sets of standard operating procedures (SOP) and supporting instructional videos were developed accordingly. A shared database of SOPs for high-risk positions has been established to create a "co-learning, co-sharing and co-creation" safety platform, promoting overall improvement in safety management levels across subsidiaries and operational procedures.

● Safety Hazard Identification

The Company formulated the *Management Measures for the Investigation and Rectification of Hidden Hazards in Production Safety Accidents (Revised in 2024)*. In combination with the three-year action plan for strengthening safety production at the source, it focused on fundamentally addressing major accident hazards and regularly carried out routine, comprehensive, seasonal and special inspections during key periods and holidays.

Supervision and Inspection of Safety Hazards

Headquarters Supervision and Self-inspections	During the Reporting Period, the Company conducted 62 on-site supervision inspections of enterprises including Tongjitang Pharmaceutical, Guangdong Yifang, Zhonglian Pharmaceutical and Tianxiang Pharmaceutical, identifying 133 hazards with a rectification completion rate of 99.25% .
Subsidiary Self-inspections	During the Reporting Period, subsidiaries at all levels identified 5,405 hazards through self-inspections, of which 5,379 were rectified, achieving a rectification completion rate of 99.52% .

CASE "Thunder Action" Safety Hazard Inspection Initiative

In 2025, to further strengthen the safety foundation, China TCM launched the "Thunder Action" initiative to inspect and rectify safety hazards. The Company carried out special supervision inspections on five enterprises including Tianxiang Pharmaceutical, Zhongba Aconite and Dezhong Pharmaceutical, identifying 30 hazards in total, all of which were rectified with a completion rate of 100%.

● Emergency Response Plans and Drills

The Company established emergency organisational structures and rescue teams and formulated documents such as the *Management Measures for Emergency Response Plans for Production Safety Accidents* and the *Special Emergency Rescue Plan for Fire Accidents at Headquarters*. Emergency response plans were developed for incidents such as fires, electric shocks, heatstroke and hazardous chemical leaks, and regular drills were conducted.

2025, subsidiaries of China TCM actively carried out various specialised emergency response drills covering confined space emergency rescue drills, hazardous chemical leakage emergency drills, fire emergency rescue drills, vehicle-related injury emergency drills, lift accident emergency drills, on-site scald emergency response drills, and on-site mechanical injury emergency response drills. During the Reporting Period, subsidiaries conducted 266 safety emergency drills, with 9,705 participants.

During the Reporting Period

subsidiaries conducted **266** safety emergency drills

with **9,705** participants.



Confined Space Emergency Drill of Tianxiang Pharmaceutical



Fire Emergency Drill of Guangdong Medi-World



Fire Emergency Drill of Guangdong Yifang



Emergency Drill of Tongjitang Pharmaceutical



Fire Emergency Drill of Zhonglian Pharmaceutical



● Control of Hazardous Chemicals

The Company and its subsidiaries at all levels have formulated a series of policies and procedures, including the *Implementation Measures for the Supervision and Management of Hazard Sources*, *Regulations on the Management of Hazardous Chemicals*, *Safety Management Procedures for Precursor Chemicals*, *Explosive Precursor Chemicals and Hazardous Chemicals*, *Chemical Reagent Management Procedures*, *Safe Operating Procedures for the Handling of Hazardous Chemicals in Storage Areas*, and *Standard Procedures for the Warehousing and Issuance of Chemical Reagents*. Dedicated management personnel have been appointed to standardise and implement safety control throughout the entire process of hazardous chemical procurement, storage and use.

Hazardous Chemicals Control Measures

Dedicated management and standardised storage

- Dedicated management and inspection: Dedicated personnel are assigned to manage hazardous chemical warehouses, with regular inspections conducted to identify potential hazards and strengthen safety control throughout the procurement, storage and use of hazardous chemicals.
- Classified and zoned storage: Chemicals are stored strictly in accordance with their hazard characteristics to ensure safe and compliant storage environments.

Digital Monitoring and Dynamic Tracking

- Dynamic Management of Electronic Ledgers: Each production department maintains electronic ledgers for chemicals, utilising digital management to monitor stock levels, flow and usage status in real time.
- IoT Environmental Monitoring: Utilise IoT technology to monitor temperature, humidity and gas concentrations in storage environments in real time, enhancing environmental early warning capabilities.

Equipment Provision and Emergency Response

- Adequate emergency facilities: Storage areas are equipped with sufficient anti-leakage materials (such as absorbent materials and collection containers) and emergency equipment (such as fire extinguishers, sand and eye-wash stations).
- Plan development and drills: Special contingency plans have been developed for leakage, fire and poisoning incidents, with regular training and drills organised to comprehensively enhance employees' emergency response capabilities.

Compliant Disposal

- Professional third-party disposal: Qualified third-party institutions are engaged for compliant disposal to ensure that waste disposal processes meet regulatory requirements and comprehensively strengthen the safety management framework.



- ① Alkali Storage Room
- ② Acid Storage Room
- ③ Eye Wash Station
- ④ Emergency Drill for Hazardous Chemical Spill
- ⑤ Fire Extinguishers and Fire Sand

Construction of Safety Culture

China TCM is committed to embedding the concept of safe development at the frontline level by preparing plans such as the *Special Improvement Plan for the Standardised Demonstration Safety Management Team Construction* and the *Special Improvement Plan for Safe Electricity Management*, carrying out targeted improvement initiatives and safety knowledge training to enhance employees' safety awareness and risk prevention capabilities. During the Reporting Period, the Company conducted a total of 1,199 safety production training sessions, accumulating 112,520 training hours and involving 56,760 participants.



During the Reporting Period

the Company conducted a total of **1,199** safety production training sessions

accumulating **112,520** training hours

involving **56,760** participants.

CASE Standardised Safety Management Team Construction

In 2025, the Company deepened the construction of standardised safety management teams, gradually expanding from pilot demonstration teams to subsidiaries across the Group, promoting the upgrade of safety management from "basic compliance" to "standardised improvement with deeper advancement". This initiative covered 304 teams and 5,085 employees. A total of 1,485 safety training sessions were conducted, involving 41,686 participants; 182 emergency drills were organised with 3,130 participants; 761 standard operating procedures (SOPs) were reviewed, revised or newly established; and 212 safety management systems were newly established or revised. These efforts effectively achieved standardisation and normalisation of team-level safety management and strengthened the Company's frontline safety production defence.



Pre-Shift Learning Sessions of Zhonglian Pharmaceutical and Jiangyin Tianjiang



Team Training of Tianxiang Pharmaceutical and Guangdong Medi-World



Guangdong Yifang and Tianxiang Pharmaceutical emergency drills

CASE Work Safety Month

In 2025, China TCM used the 24th National "Work Safety Month" as an opportunity to organise diversified cultural activities across subsidiaries under the theme "Everyone Talks About Safety, Everyone Knows Emergency Response — Identifying Safety Hazards Around Us". Through launch ceremonies, themed reading sessions and centralised briefings, each unit studied important discussions on work safety in depth. A total of 53 activities were conducted with 4,664 participants.

In terms of practical implementation, the Company organised 235 hazard identification training sessions and encouraged full staff participation in hazard management through the "Hazard Exposure" column and the "Snapshot Safety Hazard Reporting" initiative. A total of 74 emergency drills on topics such as fire response and electric shock response were conducted. Combined with online knowledge competitions, 7,721 participants enhanced emergency response skills. In addition, through 45 "Safety Promotion and Consultation Days" and visual management improvement initiatives, warning signs and cultural display boards were updated to realise visualised management, successfully promoting a shift in safety awareness from "being required to be safe" to "wanting to be safe", thereby strengthening the safety foundation.



Tianxiang Pharmaceutical Work Safety Month promotion booth and Guangdong Yifang Safety Month garden activity



Safety Knowledge and Firefighting Skills Competition of Guangdong Yifang; First Aid Training of Guangdong Medi-World



Work Safety Month Launch Ceremony of Tongjitang Pharmaceutical and Confined Space Emergency Drill of Dezhong Pharmaceutical

Occupational Health Protection

China TCM adheres to the principle of "prevention first, combining prevention and control", places strong emphasis on employees' occupational health, strictly implements occupational health management measures, and establishes a comprehensive occupational health protection system through system certification, health monitoring, publicity and protective measures.



Anhui Fengliaoxing



Anhui Tianxiang



Guangxi Yifang



Guangdong Yifang

During the Reporting Period

a total of 19 subsidiaries obtained ISO 45001 Occupational Health Safety Management System certification

representing a coverage rate of 51%

Occupational Health Management Measures

Health Check-ups and Records

Across all subsidiaries, a total of 2,989 employees engaged in work involving occupational disease hazards received full occupational health examinations, with employee health records established. The medical examination coverage rate reached 100%, and the occupational health management record establishment rate reached 100%.

Personal Protective Equipment

Employees working in positions involving occupational disease hazard factors are provided with compliant protective masks, noise-reduction earplugs and other protective equipment.

Occupational health training

Taking advantage of the "Occupational Disease Prevention and Control Law Publicity Week", multiple rounds of specialised occupational health training were organised covering interpretation of the *Law on the Prevention and Control of Occupational Diseases*, proper use of protective equipment and emergency response to sudden occupational hazards. During the Reporting Period, subsidiaries at all levels conducted a total of 73 themed publicity activities, reaching 8,492 participants.



Noise Monitoring at Workplace of Tongjitang Herbal



Dust Monitoring at Workplace of Tongjitang Herbal



Occupational Disease Prevention and Control Awareness Session at Anhui Fengliaoxing



Occupational Disease Prevention Publicity Week of Guangdong Yifang



Free Medical Consultation Event of Tongjitang Herbal



Occupational Health publicity billboard at Zhongba Fuzhi

06

Green Development: Building a Compliant Pharmaceutical Enterprise

In response to the challenges posed by global climate change and resource and environmental constraints, China TCM actively implements its green development strategy by integrating environmental protection across all operations. Relying on a robust environmental management system, continuous energy efficiency and emission reduction retrofits, circular economy practices and biodiversity protection, we are advancing the low-carbon transition of the TCM value chain. We regard compliant operations as the foundation of our business and technological innovation as a key enabler for reducing our environmental footprint, striving to become a resource-efficient and environmentally responsible enterprise.

-  Environmental Compliance Management
-  Optimization of Resource Utilization
-  Standardized Materials Management
-  Response to Climate Change
-  Biodiversity Protection

SDGs Responded in this Chapter



Key ESG-Related Material Topics Covered in this Chapter

- Energy Management
- Response to Climate Change
- Water Resources Management
- Emission Management
- Biodiversity Protection

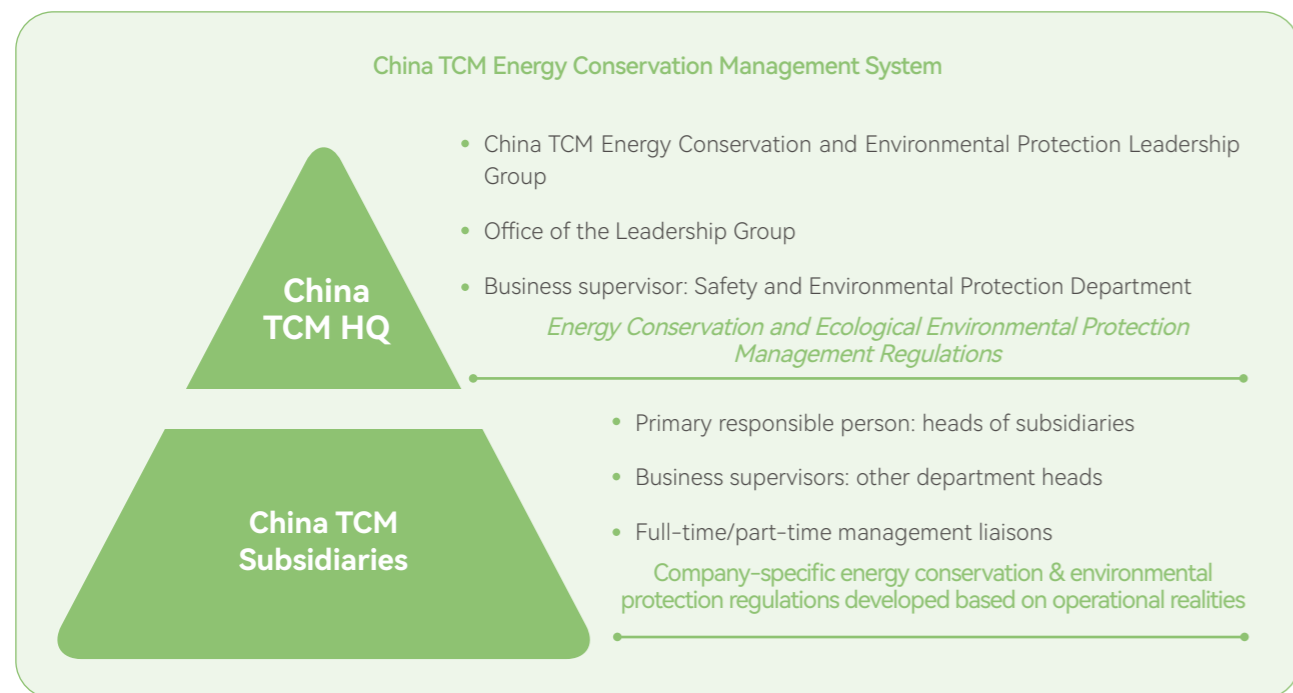


Environmental Compliance Management

China TCM strictly complies with applicable laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, and the *Regulations on the Administration of Construction Project Environmental Protection*. In line with our operational needs, we've formulated the *2025 Priorities for Ecological and Environmental Protection and Carbon Peaking Management*, proactively advancing environmental pollution control, ecological and environmental risk management, as well as Carbon Peaking and Carbon Neutrality initiatives, while standardizing requirements for energy conservation and environmental protection management. During the Reporting Period, we invested RMB 19.5665 million in environmental protection initiatives. No material environmental incidents or related public controversies occurred, and all the 2025 targets related to energy conservation and environmental protection were achieved.

Environmental Compliance Governance System

We have established a three-tier environmental management system encompassing "strategic decision-making, execution control and local implementation". The Energy Conservation and Environmental Protection Leadership Group, chaired by the Chairman of the Board of Directors, serves as the supreme governing body responsible for coordinating the top-level design. An independent Safety and Environmental Protection Department oversees daily operational management, while subsidiary-level counterparts operate under a dual-reporting mechanism to both China TCM HQ and subsidiary-level leadership groups.



During the Reporting Period

we invested RMB **19.5665** million in environmental protection initiatives

No material environmental incidents or related public controversies occurred

all the 2025 targets related to energy conservation and environmental protection were achieved

We have established an energy conservation and environmental protection assessment system in accordance with the *Management Measures for Energy Conservation and Ecological Environmental Protection*, implementing reward and penalty mechanisms for subsidiaries to effectively advance related initiatives. We integrate energy conservation and environmental protection performance into the operational evaluation system for subsidiary leaders, directly linking it to their remuneration. Annually, we sign the *Energy Conservation and Environmental Protection Target Responsibility Agreements* with subsidiaries to update and implement yearly targets and responsibilities, followed by year-end closed-loop assessments.

We continue to strengthen the environmental management system certification. Subsidiaries conduct regular internal environmental audits annually, while third-party certification bodies perform surveillance audits and ISO 14001 recertification reviews in accordance with relevant requirements. During the year, one additional subsidiary, Shanghai Tongjitang, obtained ISO 14001 certification. As of December 31, 2025, a total of 25 Group companies had obtained ISO 14001 environmental management system certificate, representing an industrial enterprise coverage rate of approximately 80.6%.

As of December 31, 2025

total of **25** Group companies had obtained ISO 14001 environmental management system certificate

representing an industrial enterprise coverage rate of approximately **80.6%**

Environmental Management System Certificates of Selected Subsidiaries



Shanghai Tongjitang



Tongjitang Pharmaceutical



Yunnan Tianjiang Yifang



Sichuan Sinopharm Tianjiang



Fengliang Medicinals & Slices





Guangdong Medi-World— "Municipal-level Green Factory"

China TCM also continued to advance green factory development during the year, adding 2 provincial-level green factories—Anhui Tianxiang and Guizhou Great Health—and 1 municipal-level green factory (Guangdong Medi-World). As of December 31, 2025, we had obtained certifications for six national-level green factories, five provincial-level green factories, and two municipal-level green factories.



Anhui Tianxiang — "Provincial-level Green Factory"

As of December 31, 2025

we had obtained certifications for **6** national-level green factories

5 provincial-level green factories

2 municipal-level green factories

In 2025, subsidiaries of China TCM achieved significant progress and delivered strong results in environmental management.



Beijing Huamao — "Four-Star Green Credit Enterprise"



Guangdong Medi-World — "Zero-Carbon Factory"

Environmental Compliance Risk Management

China TCM places a high priority on environmental risk management. Through environmental factor identification and environmental hazard inspections, it proactively identifies and effectively controls potential environmental risks arising from production and operational activities, significantly reducing the likelihood of environmental incidents.

● Environmental Monitoring and Hazard Identification

In accordance with *the Detailed Rules for Environmental Factor Identification and Evaluation* and *the Key Points for Special Investigation and Rectification to Enhance Environmental Protection*, China TCM issued notices including the *Notice on Conducting Special Investigation and Rectification of Illegal and Non-compliant Water Intake, Water Use and Discharge*, as well as the *Notice on Issuing the Overall Plan for Special Investigation and Rectification to Enhance Environmental Protection*. Through special inspections, routine inspections and subsidiary self-assessments, we continuously strengthen environmental hazard identification and remediation. All issues identified during inspections are subject to timely rectification through a closed-loop management approach.

In 2025, we conducted environmental factor identification and evaluation activities and identified a total of 1,456 environmental factors, including 1,299 general factors and 157 significant factors. All identified factors were effectively controlled through technical and management measures.

● Environmental Emergency Response Plans and Drills

During the Reporting Period, subsidiaries conducted a total of 38 environmental emergency drills, involving 1,711 participants.

Dezhong Pharmaceutical

Dezhong Pharmaceutical organized an emergency drill simulating a scenario in which abnormal operation of the wastewater treatment system caused wastewater discharge indicators to exceed target thresholds. The exercise covered key response procedures, including incident reporting, pollution source investigation and containment, and activation of emergency pumping systems. Through the drill, the company validated the effectiveness and practicality of its emergency response plan, strengthened cross-functional coordination in responding to water pollution incidents, and enhanced its ability to respond rapidly and effectively to unexpected environmental events.

Anhui Tianxiang

Anhui Tianxiang organized specialized training and a practical emergency drill for laboratory hydrochloric acid leakage response. The drill was conducted in strict accordance with environmental emergency response plan requirements and simulated an accidental hydrochloric acid spill in a laboratory setting. The exercise focused on source control, scientific handling procedures, prevention of secondary contamination, and follow-up emergency support measures, further strengthening coordination and rapid response capabilities and reinforcing laboratory safety management.



Enhancement of Green Operations

China TCM strictly complies with applicable laws, regulations and regulatory requirements, including the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. We oversee emissions compliance across our subsidiaries, requiring them to strictly implement pollutant discharge permit systems and develop relevant internal procedures based on their operational needs. Effective control measures are adopted to manage wastewater, air emissions, solid waste, noise, vibration, radiation and other environmental impacts generated during operations. In 2025, all subsidiaries achieved compliance targets for the lawful treatment and discharge of pollutants.

● Wastewater Management

China TCM strictly complies with relevant laws and regulations and actively promotes the implementation of internal policies by subsidiaries, including the *Wastewater Treatment Station Operation Management System*, *Wastewater Monitoring Management System*, *Water Pollution Management System*, and *Procedures for Rainwater and Wastewater Drainage System Management*. Wastewater generated during operations primarily consists of production wastewater and domestic sewage. Depending on site-specific conditions, production facilities adopt different treatment approaches, including self-built wastewater treatment facilities, centralized treatment through nearby wastewater treatment stations, or pre-treatment before discharge into municipal sewer systems connected to centralized wastewater treatment plants. These measures ensure that wastewater discharge complies with applicable national and local standards and support the Company's responsibility for protecting water resources.

Key Indicators for Wastewater Management				
Indicator	Unit	2023	2024	2025
Wastewater Discharge Volume	10,000 tons	193.3	230.3	249.6
Chemical Oxygen Demand (COD)	Ton	102.1	108.5	93.4
Ammonia nitrogen	Ton	2.4	2.2	3.4 ¹

¹ The increase in ammonia nitrogen emissions in 2025 was primarily attributable to a change in the calculation methodology. In previous years, ammonia nitrogen emissions were calculated based on on-site discharge concentrations; in 2025, they were calculated based on the effluent concentrations of centralized wastewater treatment plants, i.e., indirect discharge concentrations.

Measures to Reduce Wastewater Discharge

Anhui Jingfang

- A new wastewater treatment station was constructed with a treatment capacity of **500** tons per day, representing a threefold increase over the previous capacity.
- An "automated adjustment + remote control" management model was adopted to improve the convenience of equipment adjustment and maintenance, reduce reliance on manual operations, and enable dynamic system control.

Zhonglian Pharmaceutical

- An oxidation tank facility upgrade was conducted to improve aeration efficiency and reduce wastewater discharge.

● Waste Gas Management

China TCM strictly complies with applicable air pollutant emission standards and requires subsidiaries to establish internal procedures such as *Air Emissions Management and Control Procedures*, *Air Emissions Management System*, and *Air Emissions Monitoring Management System* to regulate emissions generated during operations. The Company's air emissions primarily consist of boiler emissions, including nitrogen oxides and sulfur oxides, as well as process emissions, including suspended particulates. Boiler emissions are discharged only after desulfurization and denitrification treatment to ensure compliance with applicable standards, with certain facilities also applying low-nitrogen combustion technology. Process emissions are treated through dry or water-film treatment systems and deodorization measures prior to discharge, thereby ensuring compliance with applicable standards and minimizing environmental impacts.

Key Indicators for Waste Gas Management				
Indicator	Unit	2023	2024	2025
Nitrogen Oxides	Ton	80.4	68.6	73.7
Nitrogen Oxides Emission Intensity	kg/RMB 1,000 of Operating Revenue	/	/	0.0050
Sulfur Oxides	Ton	45.2	35.1	44.6
Sulfur Oxide Emission Intensity	kg/RMB 1,000 of Operating Revenue	/	/	0.0030
Suspended Particulates	Ton	7.9	6.6	8.2
Suspended Particulate Emission Intensity	kg/RMB 1,000 of Operating Revenue	/	/	0.0006

Measures to Reduce Exhaust Emissions

- Guangdong Yifang**
 - The company completed low-NOx retrofit projects, reducing nitrogen oxide (NOx) emission concentrations to below 50 mg/m³ and achieving a reduction of more than 50% in NOx emissions.
- Longxi Yifang**
 - The company upgraded its dust collection systems to reduce particulate emissions generated during herbal cutting, crushing and processing operations. These improvements also minimized dust leakage incidents and effectively reduced overall dust emissions.
- Dezhong Pharmaceutical**
 - The company established a new processing area equipped with odor control and dust removal functions. By adopting an integrated "water-film dust collector + photocatalytic oxidation purifier" system, the facility can efficiently remove smoke, dust and odors, ensuring compliant emissions.
- Longxi Yifang**
 - The company completed a secondary waste gas treatment project for its Chinese herbal decoction piece workshop. Spray purification devices were installed at the exhaust outlets of three production processes—stir-frying, steaming and drying. As a result, odor concentrations were reduced by **91.2%**, **8.8%** and **86.4%**, respectively, compared with pre-treatment levels.
- Zhonglian Pharmaceutical**
 - The company completed a secondary waste gas treatment project for its Chinese herbal decoction piece workshop. Spray purification devices were installed at the exhaust outlets of three production processes—stir-frying, steaming and drying. As a result, odor concentrations were reduced by **91.2%**, **8.8%** and **86.4%**, respectively, compared with pre-treatment levels.

● Waste Management

China TCM strictly complies with applicable laws and regulations and requires its subsidiaries to establish waste management systems tailored to their operational needs, including the *Waste Disposal Management System*, *General Industrial Solid Waste Management System*, *Herbal Residue Disposal Procedures*, and *Hazardous Waste Management System*. Waste generated during production is managed through compliant disposal channels in accordance with the principles of emission reduction, recycling and eco-friendly disposal.

Waste generated during the Company's production processes includes both hazardous and non-hazardous waste, such as herbal residue, coal slag/coal ash, sludge and other waste materials. The resource utilization rate for non-hazardous waste reached 96.6%.

Waste Disposal Measures

Hazardous Waste ⚠

- The Company formulates hazardous waste management plans, standardizes temporary storage and transfer procedures at waste-generating sites, entrusts qualified third-party service providers for disposal, and discloses information related to waste generation and transfer in a timely manner.

Non-hazardous Waste ✓

- Herbal residue: externally reused as organic fertilizer, feed additives, and fuel for power generation
- Coal slag: externally reused as construction materials
- Sludge: externally reused as organic fertilizer

CASE Recycling of Wet Herbal Residue at Shanghai Tongjitang

During the Reporting Period, Shanghai Tongjitang actively advanced the recycling of production-related solid waste by supplying wet herbal residue generated during manufacturing to livestock farms for use as ecological feed for Hu sheep. This initiative enabled both harmless disposal and value-added reuse of herbal residue, creating synergies between industrial production and ecological farming.

Key Indicators for Waste Management

Indicator	Unit	2023	2024	2025
Hazardous Waste				
Total Hazardous Waste Generated	Ton	144.3	182.6	243.5 ²
Hazardous Waste Generation Intensity	kg/RMB 1,000 of Operating Revenue	0.008	0.011	0.017
Total Hazardous Waste Disposed	Ton	210.1	185.8	241.4
Non-hazardous Waste				
Total Non-hazardous Waste Generated	Ton	84,017.3	83,510.8	74,028.9
Non-hazardous Waste Generation Intensity	kg/RMB 1,000 of Operating Revenue	4.6	5.1	5.0
Coal Slag/Ash	Ton	/	8,519.5	7,732.7
Sludge	Ton	/	4,017.5	4,728.0
Herbal Residue	Ton	/	70,525.6	61,294.9
Others	Ton	/	448.2	273.4
Non-Hazardous Waste Disposal Methods				
Third-party Recycling	Ton	77,333.9	79,157.7	66,090.5
Landfill Disposal	Ton	1,943.5	544.3	195.8
On-site Incineration	Ton	4,740.0	3,273.6	5,347.0
Fertilization	Ton	0	0	0
Outsourced Eco-friendly Disposal	Ton	63,703.8	66,716.8	66,286.2

² In 2025, Sinopharm Group disposed of 48 tons of expired pharmaceuticals, resulting in an increase in the total volume of hazardous waste generated.

● Noise Control

China TCM strictly complies with applicable laws and regulations and requires its subsidiaries to establish Noise Management Measures. The primary sources of noise are various types of production equipment. To address this issue, we continue to implement equipment upgrades aimed at reducing noise pollution at the source.



Noise Control Measures

Zhonglian Pharmaceutical

- Existing Roots blowers in wastewater treatment stations were replaced with screw blowers to reduce operating noise levels.

Sinopharm Plant (Qinghai)

- Noise reduction measures were implemented in the dust collection rooms to effectively mitigate noise pollution.

● Environmental Protection Training

China TCM continues to strengthen environmental training to enhance employees' environmental awareness and capabilities. We organize multi-level and multi-format training and awareness activities covering energy conservation and environmental management systems, environmental laws and regulations, and day-to-day environmental management practices. We also actively promote awareness of ecological civilization principles, the vision of building a "Beautiful China", and the concept that "lucid waters and lush mountains are invaluable assets", thereby encouraging broader participation in environmental protection initiatives. During the Reporting Period, we steadily advanced our Dual Carbon Action Plan and organized 139 internal energy conservation and environmental protection training sessions, covering 11,729 employee participations, as well as 23 external training sessions, covering 40 employee participations.

In addition, we actively conducted environmental awareness campaigns, including themed activities such as National Energy Efficiency Promotion Week and World Environment Day. Centered on themes such as "Improving Energy Efficiency Through Innovation" and "Pioneering a Low-Carbon Path for a Greener Future", these initiatives used presentations, training sessions, and knowledge quizzes to engage employees, reaching 7,732 employee participations.

During the Reporting Period

we steadily advanced our Dual Carbon Action Plan and organized **139** internal energy conservation

environmental protection training sessions, covering **11,729** employee participations

23 external training sessions

covering **40** employee participations

Optimization of Resource Utilization

China TCM actively responds to China's "Dual Carbon" initiative and has formulated and implemented the *Energy Conservation and Ecological Environment Protection Management Measures*. These measures standardize the management and use of energy and water resources, optimize energy and water consumption structures, promote energy- and water-saving retrofits, and support the long-term sustainable development of both the economy and the environment.

Resource Management System

China TCM actively advances Energy Management System certification. During the Reporting Period, 2 additional subsidiaries—Guangdong Medi-World and Zhejiang Yifang—obtained ISO 50001 Energy Management System certification. As of December 31, 2025, a total of nine enterprises within the Group had obtained ISO 50001 certification, with industrial enterprise coverage reaching approximately 29%.

The Company has fully achieved its annual targets: the comprehensive energy consumption per RMB 10,000 of output value and carbon dioxide emissions decreased by 0.5% compared with 2024; the proportion of high-efficiency energy-saving motors with in-operation energy efficiency Level 2 or above among industrial enterprises increased by 1.5% year-on-year. Actual performance: The comprehensive energy consumption per RMB 10,000 of output value decreased by 1.23% against 2024; carbon dioxide emissions dropped by 2.65% year-on-year; and the proportion of high-efficiency energy-saving motors increased by 1.57%.

Energy Management System Certification for Selected Subsidiaries



Zhejiang Yifang

Zhonglian Pharmaceutical

Key Energy Management Indicators

Indicator	Uni	2023	2024	2025
Total Energy Consumption	MWh	746,110.8	644,676.5	586,347.4
Energy Consumption Density	kWh/RMB 1,000 of Operating Revenue	41.2	39.1	39.8
Purchased Electricity	kWh	164,487,176.8	137,159,390.6	126,540,734.3
Purchased Steam	MKJ	620,342.6	541,766.1	514,029.9
Coal	Ton	26,555.7	28,008.9	23,268.6
Natural Gas	m ³	23,491,993.4	18,930,996.52	16,729,572.6976
Renewable Energy	kWh	/	6,594,700.0	11,549,103

Energy-saving Management Measures

● Energy Substitution

China TCM has accelerated the utilization of non-fossil energy, implemented renewable energy substitution initiatives, and promoted the large-scale application of clean energy. As of December 31, 2025, photovoltaic (PV) power stations had been installed and put into operation across 14 subsidiaries, with a total installed capacity of 18.75 MW—approximately eight times the capacity recorded in 2023. Over the past three years, cumulative PV power generation reached 16.5743 million kWh, equivalent to a reduction of 8,873.75 tons of CO₂ emissions. In addition, three subsidiaries procured green electricity totaling 28.1793 million kWh, further advancing the establishment of a green manufacturing system.

CASE

Photovoltaic Power Installation at Zhonglian Pharmaceutical

During the Reporting Period, Zhonglian Pharmaceutical installed a photovoltaic power system in its newly constructed boiler facility, with an installed capacity of 10 kW and average monthly generation exceeding 2,000 kWh.



Photovoltaic Power Generation at Zhonglian Pharmaceutical

● Energy Conservation Measures

China TCM continues to strengthen energy conservation management by phasing out outdated equipment and processes and promoting the application of "four new" green and low-carbon technologies and equipment (new technologies, new processes, new materials, and new equipment), thereby improving overall energy efficiency.

Fengliaoqing Medicinals & Slices

- The company completed optimization of the paste preparation workshop production process, reducing the operating time of electric heating kettles and lowering energy consumption by 0.2 kWh per batch of medicinal paste.

Dezhong Pharmaceutical

- The company replaced boiler heat exchangers to recover waste heat from flue gas, increasing boiler feedwater temperature and saving approximately 63,726 m³ of natural gas annually.
- It also upgraded granulation and tablet compression air handling systems by adopting low-temperature molecular sieves instead of conventional high-temperature molecular sieves, reducing the operating temperature of rotary dehumidifiers and thereby lowering overall energy consumption.

Sinopharm Plant (Qinghai)

- The company implemented intermittent operation of ventilation fans, reducing electricity consumption by more than 60% and saving approximately 260 kWh per day.

Guangdong Yifang

- The company completed a waste gas recovery retrofit for spray drying equipment to recover and reuse waste heat.

● Water Resource Management

China TCM places strong emphasis on water conservation and requires subsidiaries to establish and implement internal systems such as the Water Conservation Management Measures, Water Use Quota Incentive and Penalty System, and Water Use Statistics System. We actively promote circular water use practices, including reclaimed water reuse, wastewater recycling and condensate recovery, to ensure sustainable water resource utilization. As of December 31, 2025, a total of five subsidiaries had obtained Water-Saving Enterprise certification.

As of December 31, 2025

a total of 5 subsidiaries had obtained Water-Saving Enterprise certification.

Measures to Reduce Water Consumption

Sinopharm Plant (Qinghai)

- The company recycled production water, saving more than 800 tons of water annually.

Longxi Yifang

- The company implemented water recycling systems with a daily reuse volume of 16 tons, saving 2,400 tons of water annually and generating economic benefits of approximately RMB 40,000.

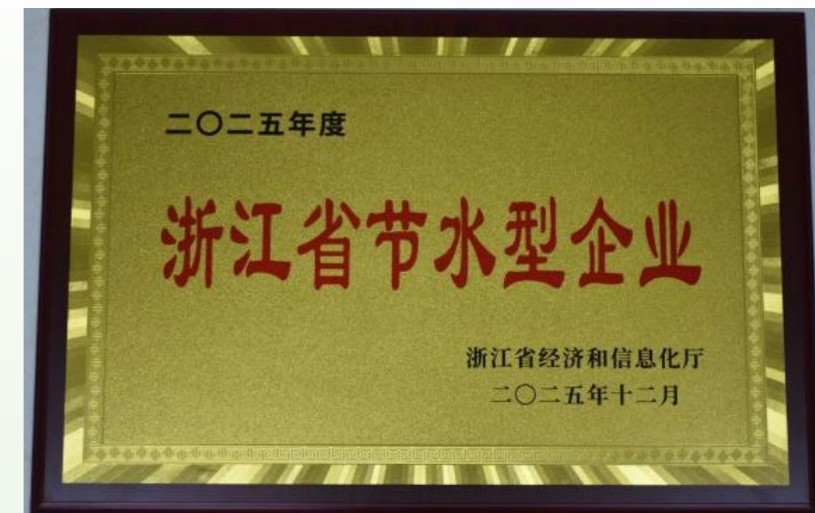
Zhonglian Pharmaceutical

- The company installed a new hot water tank in the extraction workshop to further recover steam condensate heat and hot water, saving approximately 600 tons of steam and 4,500 tons of water annually.

Jiangyin Tianjiang

- The company upgraded purified water reuse systems, redirecting concentrated water after separation back to the filtration tank of the water-film dust collection system in the extraction workshop.

Water-saving Enterprise Certificates of Selected Subsidiaries



Zhejiang Yifang

Key Water Resource Utilization Indicators

Indicator	Unit	2023	2024	2025 ³
Freshwater Consumption	Ton	3,996,813.9	4,057,155.0	4,465,867.0
Water Consumption Intensity	tons/RMB 1,000 of Operating Revenue	0.22	0.25	0.30

³ Water consumption increased year-on-year, primarily due to higher production output in the second half of 2025 and the commissioning of the new plant of Anhui Tianxiang.

Standardized Materials Management

China TCM consistently upholds the principles of sustainable development and actively promotes packaging material reduction initiatives. Through technological innovation and packaging simplification, we achieve a balance between cost efficiency and environmental performance, while advancing our plastic reduction and carbon reduction objectives.

Material Management Measures

Zhonglian Pharmaceutical

- The company replaced traditional woven packaging bags with cardboard boxes, thereby reducing carbon emissions associated with packaging materials.

Guangdong Medi-World

- The company changed the packaging format of Chai Shi Antipyretic Granules and Compound Psoralea Corylifolia Granules from three-side seal packaging to strip packaging, reducing unit packaging material usage by **12%**.
- It also reduced the packaging size of Nifedipine Sustained-Release Tablets (III) and Nifedipine Sustained-Release Tablets (I) for an elderly-friendly design, reducing unit packaging material usage by **28%** and **12%**, respectively.
- In addition, the size of Shengmai Capsules bottle labels was reduced, reducing unit packaging material usage by **14%**.
- Product instructions were integrated into carton packaging, reducing the need for separate instruction leaflets and saving **1,680** instruction sheets.

Fengliaoqing Medicinals & Slices

- The company adopted unprinted fiber bags and Longyin fiber bags as outer packaging materials to enable recycling and reuse, achieving an annual recovery of **190,000** fiber bags.

Key Indicators for Material Usage

Indicator	Unit	2023	2024	2025
Sustainable Packaging Materials ⁴	Ton	/	10,948.3	8,669.7
Paper Products	Ton	9,626.5	12,168.5	8,400.8
Plastic	Ton	2,964.4	4,031.3	2,780.1
Composite Film	Ton	3,501.6	3,692.3	3,467.0
Glass	Ton	932.7	1,831.7	1,569.4
Metal	Ton	369.1	366.9	268.8
Others	Ton	126.3	619.1	399.1
Total Volume of Packaging Materials Used	Ton	17,520.6	22,709.7	16,885.3
Packaging Material Usage Intensity	kg/RMB 1,000 of Operating Revenue	0.79	0.97	1.16
Total Volume of Packaging Materials Recycled	Ton	/	653.83	510.9

⁴ Include reusable warehouse packaging, green logistics packaging, etc.

Response to Climate Change

According to the World Meteorological Organization (WMO), 2024 marked the first time the global average temperature exceeded the pre-industrial threshold of 1.5 °C. As a result, extreme weather events and resource scarcity have become long-term global risks. In response to the urgent challenges posed by climate change, China TCM recognizes the strategic importance of green development, actively addresses climate-related risks, and steadily advances its transition toward green and low-carbon operations.

Governance

To align with China's "Dual Carbon" initiative, we've established a carbon peaking and carbon neutrality governance framework led by the HQ Energy Conservation and Environmental Protection Leadership Group and have formulated a *Carbon Peaking and Carbon Neutrality Action Plan*. We advance decarbonization through coordinated efforts across five key dimensions—energy transition, resource efficiency, circular economy transformation, digital intelligence enhancement and capability building—translating carbon reduction pathways into concrete management actions and supporting the industry's green transformation.

Strategy

Based on relevant guidelines and standards, China TCM proactively identifies climate-related risks and opportunities across medicinal material cultivation, manufacturing operations, low-carbon transition and consumption trends, and develops corresponding mitigation measures.

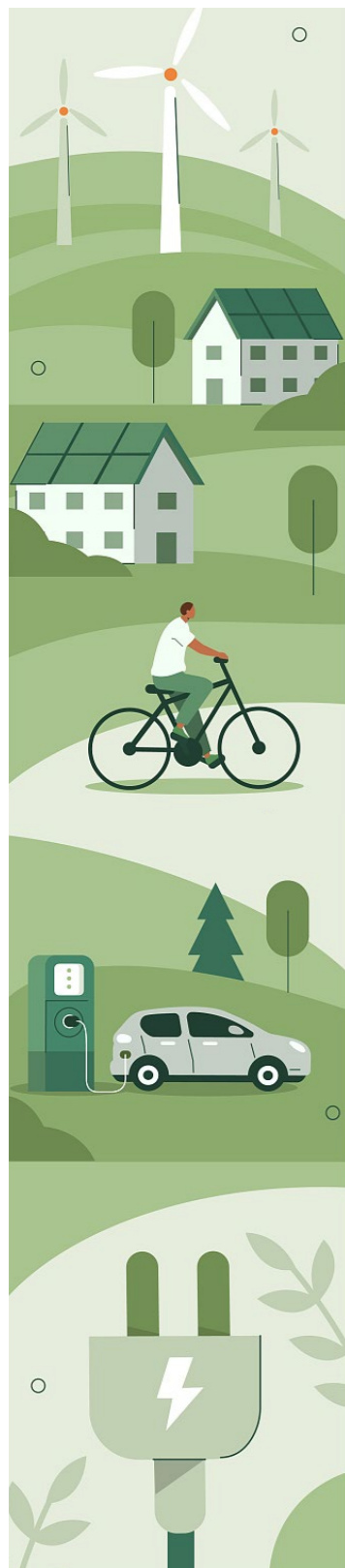
Climate Change-related Risk Identification and Assessment

Risk Type	Risk Description	Time Horizon of Impact	Value Chain Segment Affected	Potential Financial Impact	Mitigation Measures
Physical Risks	Acute Risks Acute risks, such as extreme precipitation and tropical cyclones, may directly affect medicinal herb cultivation, raw materials and products.	Short and medium term	Upstream Operations Downstream	Cost increase	The Company strengthens flood prevention and preparedness measures, closely monitors meteorological changes, and ensures emergency response readiness to safeguard employee health and safety
	Chronic Risks Chronic risks, including sea level rise, rising temperatures and increased aridity, may alter cultivation environments for medicinal herbs, affecting quality, reducing yields, and impacting production and operations.	Long-term	Upstream Operations Downstream	Cost increase Revenue decrease	The Company conducts regular hazard identification and rectification activities and systematically manages natural disaster risks to mitigate long-term impacts.
Transition Risks	Policy Risks More stringent environmental requirements for existing products and tightening regulations may lead to increased costs, including asset obsolescence and higher investment in low-carbon technologies.	Long-term	Operations	Cost increase	The Company has formulated a Dual Carbon Action Plan and actively implements new energy-saving and environmental protection technologies, processes, materials and equipment to meet evolving regulatory requirements.
	Technical Risks Failure to achieve low-carbon transformation may weaken product competitiveness in the market, while investments in new technologies may increase production costs.	Medium-to long-term	Operations	Cost increase	The Company has made significant progress in intelligent and digital transformation, continuously enhancing energy efficiency and production management capabilities.
	Market Risks Climate change may lead to increases in raw material costs and supply constraints, thereby driving up production costs.	Medium term	Upstream Operations	Cost increase	The Company actively pursues technological innovation by undertaking wild cultivation, artificial propagation, and development of substitutes for rare and endangered traditional Chinese medicinal materials, thereby safeguarding medicinal resource
	Reputational Risk Stakeholder attention to ESG matters or negative feedback may pose reputational risks to the Company, potentially resulting in revenue decline.	Short term	Operations Downstream	Revenue decrease	The Company discloses climate-related risks and opportunities through its ESG reporting and has established energy and carbon emission targets, continuously strengthening its ESG management capabilities.

Climate Change-related Opportunity Identification and Assessment

Opportunity Type	Opportunity Description	Time Horizon of Impact	Value Chain Segment Affected	Potential Financial Impact	Mitigation Measures
Transition Opportunities	Resource Efficiency By reducing product carbon footprints and promoting waste recycling and reuse, the Company can improve resource efficiency, enhance production capacity and increase revenue.	Medium- to long-term	Operations	Revenue Increase	The Company develops secondary value-added utilization of traditional Chinese medicine residues and enhances unit resource efficiency through technological innovation.
	Energy substitution By actively promoting energy substitution initiatives, the Company increases the share of renewable energy use with the aim of reducing greenhouse gas emissions.	Long-term	Operations	Cost reduction:	The Company is actively developing photovoltaic power generation projects, promoting the use of clean energy, and adopting measures such as solar drying rooms to replace conventional energy consumption.
	Market Demand Climate change may have certain impacts on public health, potentially increasing demand for pharmaceuticals and creating opportunities for market expansion.	Medium term	Downstream	Revenue Increase	The Company continuously monitors market demand, focuses on multiple specialty therapeutic areas, and enhances product competitiveness through exchanges, collaborations and participation in industry conferences.





Impact, Risk and Opportunity Management

To address escalating climate risks, China TCM actively conducts climate risk identification and prevention activities to minimize the potential operational impacts of extreme weather events. The Company integrates natural disaster risk prevention into its annual key priorities, conducts timely assessments of seasonal disaster risks, ensures preparedness through contingency planning and resource allocation, and implements an early warning and response mechanism for imminent disasters to effectively manage sudden climate events. In addition, a flood prevention and preparedness reporting channel has been established to ensure timely monitoring of subsidiaries' preparedness status and disaster impacts.

CASE Carbon Emission Reduction in Transportation

In response to the geographically dispersed distribution of customers, Fengliaoqing Medicinals & Slices optimized its distribution routes by integrating customer delivery schedules and geographic locations to implement dynamic route optimization. A sequential delivery model was adopted to reduce cross-regional backtracking and unnecessary mileage. In addition, cargo allocation was optimized based on demand to improve vehicle load efficiency, thereby reducing carbon emissions from transportation activities. Through these measures, diesel consumption was reduced by 5,000 liters in 2025, resulting in fuel cost savings of RMB 32,000 and a corresponding reduction of 13.27 tons of carbon dioxide emissions.

Metrics and Targets

To effectively advance carbon peaking and carbon neutrality initiatives and implement the dual control system for total carbon emissions and emission intensity, we formulated and issued the *2025 Priorities for Ecological and Environmental Protection and Carbon Peaking Management*, clarifying objectives and tasks and guiding subsidiaries in advancing carbon peaking and carbon neutrality efforts while controlling greenhouse gas emissions.



2025 GHG Emission Reduction Targets

2025 GHG Emission Reduction Targets

0.5% reduction in CO₂ emissions per RMB 10,000 of output value compared with 2024 ↓

Actual Performance

2.65% reduction in CO₂ emissions per RMB 10,000 of output value compared with 2024 ↓

In 2025, the company will expand the scope and depth of its carbon emission management efforts, further refining the statistical framework for greenhouse gas emissions. Building upon its existing carbon emission statistics, the company has introduced an additional inventory of greenhouse gases under Scope3, for the first time incorporating employee commuting-related carbon emissions into the calculations. During the reporting period, the company's employee commuting carbon emissions amounted to 6,048.0 tCO₂e.

Indicator	Unit	2023	2024	2025
Direct Emissions (Scope 1)	tCO ₂ e	106,562.2	140,425.2	84,529.4
Indirect Emissions (Scope 2)	tCO ₂ e	232,231.4	133,194.0	122,544.7
GHG Emissions (Scope 1 + Scope 2)	tCO ₂ e	338,793.6	237,619.2	207,074.1
GHG Emission Intensity (Scope 1 + Scope 2)	tons CO ₂ e/RMB 1,000 of Operating Revenue	0.019	0.014	0.014
GHG Emissions (Scope 3)	tCO ₂ e	/	/	6,048.0
GHG Emission Intensity (Scope 3)	tons CO ₂ e/RMB 1,000 of Operating Revenue	/	/	0.00041

Biodiversity Protection

China TCM strictly complies with the *Wildlife Protection Law of the People's Republic of China and the Regulation of the People's Republic of China on Wild Plants Protection*, actively protects wild medicinal resources, and firmly opposes the illegal collection, trade, purchase, processing, or destruction of nationally protected wild plant species and their habitats. In accordance with the *Drug Administration Law of the People's Republic of China and the Law of the People's Republic of China on Traditional Chinese Medicine*, the Company actively carries out protection, breeding and related research on rare and endangered medicinal wild flora and fauna, and develops multi-dimensional ecological cultivation systems tailored to local conditions. In 2025, through innovation in ecological cultivation models, conservation of rare species, customized procurement strategies and technological empowerment, we strengthened biodiversity protection across multiple dimensions, promoting the coordinated advancement of industrial development and ecological conservation.

Biodiversity Protection Measures



Innovative Ecological Cultivation Models to Build Ecological Corridors

Based on the land characteristics of medicinal herb cultivation bases, China TCM promotes three ecological cultivation models: wild-simulated cultivation, crop intercropping, and assisted wild cultivation. These models currently cover 49 traditional Chinese medicinal plant species, reducing the ecological impact of human intervention.

Special Protection of Rare Varieties to Safeguard Species Continuity

For rare medicinal species, China TCM adopts a combined approach of wild-simulated cultivation and artificial planting to advance domestication and cultivation efforts. We promote pilot research and application of rare and endangered medicinal materials, including *Cibotium barometz*, *Drynaria fortunei*, *Bletilla striata*, and *Lithospermum erythrorhizon*, ensuring the sustainable utilization of germplasm resources.

Technology Empowerment and Standards Leadership to Reduce Ecological Impact

China TCM has fully implemented the GACP (Good Agricultural and Collection Practices) base management system and adopted an industrial park plus production consortium model for base construction. IoT devices have been deployed across 26 GAP bases to monitor environmental parameters such as temperature, humidity and soil moisture in real time, providing data support for scientific cultivation and reducing ecological damage caused by non-scientific input practices.

Customized Procurement Strategy to Promote Green Production

In accordance with the *Technical Guidelines for the Evaluation of Traditional Chinese Medicine Resources*, China TCM conducts multi-dimensional research and assessment of medicinal materials, including product characteristics, scarcity and resource reserves, and implements differentiated procurement controls. For key varieties, we adopt a "centralized negotiation-centralized procurement-centralized sales" model, prioritizing procurement from GAP-certified bases and ecological cultivation bases. For general varieties, we implemented a "centralized negotiation-distributed procurement-distributed sales" model, encouraging subsidiaries to procure locally cultivated ecological products, thereby stimulating regional green production momentum.

CASE Patchouli-Rice Rotation + Grain-Medicine Intercropping Model

Through a "six-month patchouli + three-month rice" crop rotation system, China TCM regulates rhizosphere microbial communities, while maize canopy temperature regulation is used to improve seedling survival rates from 30%-50% to 95%. The application of chemical fertilizers and pesticides is reduced by 40-50%, respectively. At the same time, the model produces 80 tons of wet rice grain and 100,000 cans of corn juice, forming a diversified agricultural system that integrates "stable grain production, increased medicinal output and diversified income generation".

CASE Research and Application of Artificial Cultivation Technology for *Cibotium barometz* (National Grade II Protected Plant)

During the Reporting Period, China TCM completed the filing for artificial cultivation of this nationally protected wild plant species and carried out research on domestication and cultivation technologies for protected wild plants. Experiments were conducted on key factors in artificial cultivation, including base fertilizer application, planting density, transplanting season and transplanting treatment. A 30-mu forest-based simulated wild cultivation base in Guilin and a 20-mu base in Xincheng were established, effectively alleviating harvesting pressure on wild resources.

07

Cultural Heritage: Sharing Social Responsibility

China TCM actively fulfills its corporate citizenship responsibilities and integrates its development into national and societal priorities. Leveraging its strengths in the traditional Chinese medicine industry, the Company supports rural revitalization through multiple initiatives, including medicinal herb industry assistance, education support, and consumption-based agricultural support. At the same time, we actively engage in public welfare and charitable initiatives, promote TCM culture and are committed to enhancing community well-being, thereby contributing to society through practical actions.

Key ESG-Related Material Topics Covered in this Chapter

- Community-based Public Welfare and Development



Rural Revitalization



Social Public Welfare

SDGs Responded in this Chapter



Rural Revitalization

China TCM places strong emphasis on rural revitalization and deeply integrates the development of the TCM industry with the rural revitalization strategy. Building on successful experience recognized as a "Typical Case of Social Responsibility Empowerment for Rural Revitalization", the Company further expands and enhances its TCM-based rural revitalization model through the establishment of medicinal herb cultivation bases, brand value enhancement, strengthened technical training, and consumption-based agricultural support. In 2025, we invested RMB 29.2365 million in rural revitalization initiatives, covering Jilin, Xinjiang, Tibet, Qinghai, Sichuan and other regions.

Industrial Support

China TCM focuses on enabling the full industrial chain and relies on close value-linkage mechanisms with cultivation partners. Through diversified support measures such as production-sales coordination, brand cultivation and technical transfer, we promote upstream-downstream collaboration and win-win outcomes, helping local industries improve quality and increase income.

In 2025, we established 118 new co-built production bases for traditional Chinese medicinal materials nationwide, covering a total area of more than 17,800 mu.

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Production-sales Coordination and Base Procurement Support

By establishing clear buy-back mechanisms and standardized contract templates, we have created a closed-loop system from 'field to factory', thereby safeguarding growers' income.

Brand Development and Certification Support

We accelerate cross-regional deployment of GAP technical services and smart agricultural equipment to improve industry standardization and expand regional production capacity channels.

Technology Empowerment and Industrial Upgrading Support

In seven major production regions, we promote models such as simulated wild cultivation and grain-medicine intercropping. Combined with IoT deployment, we provide farmers with real-time monitoring services for soil moisture, temperature and humidity.

Demonstration Base Construction and Employment Support

Dezhong Pharmaceutical established a patchouli (Southern Chinese medicinal herb) cultivation demonstration base in Sihui City, Zhaoqing, and regularly employs local farmers for field management work, supporting rural employment and income generation.

Education Support

China TCM focuses on rural quality education and, leveraging the cultural characteristics of traditional Chinese medicine, integrates "education empowerment" with "cultural heritage transmission". In 2025, in addition to providing financial support for education assistance initiatives, we also leveraged our professional employee volunteer teams to introduce TCM knowledge, advanced technologies and quality education into rural classrooms.

CASE

Tongjitang Pharmaceutical "Colorful TCM" Teaching Volunteer Team — Practice of Educational Empowerment and Cultural Heritage

In 2025, Tongjitang Pharmaceutical further strengthened the "Colorful TCM" Volunteer Teacher Team initiative, guided by the core educational philosophy of "cultivating character, developing skills, setting aspirations and fostering dreams". Through organizational optimization and curriculum innovation, the Company established a professional and systematic public welfare teaching support framework, comprehensively advancing education assistance efforts.

In terms of team development, the organizational structure was upgraded and the team size expanded, forming a professional cross-functional team characterized by "mentorship between experienced and new members". The team includes professionals from multiple departments, and the *Management Measures for Volunteer Teacher Team Operations* was revised to improve operational efficiency. In curriculum innovation, the Company established a "six elective courses + one thematic course" teaching model, integrating TCM culture, AI technology, and industrial chain awareness, achieving a transition from knowledge transfer to capability development.

In 2025, the volunteer teachers had conducted 9 teaching support activities, benefiting 139 students, with a cumulative 92 hours of volunteer service. Through immersive teaching, the initiative effectively broadened students' knowledge horizons and stimulated scientific inquiry interest and career development potential, demonstrating innovative public welfare practices by a TCM enterprise in the education sector.

CASE

Dezhong Pharmaceutical — Enhancing Childhood Well-being Through Physical and Mental Development

Dezhong Pharmaceutical established the "Xuri (Sunrise)" volunteer teacher team. In 2025, the team conducted four in-depth teaching support activities, contributing to the improvement of rural quality education and promoting the integration of industrial development and cultural enrichment in rural revitalization.

- Integration of sports and arts to strengthen physical fitness: The Company introduced traditional exercise methods such as "Baduanjin" into schools to enhance health awareness and physical fitness among rural youth.
- Cultural enlightenment to stimulate interest: Through interactive demonstrations and experiential learning, the Company conducted educational activities on medicinal herb identification and music appreciation.
- Humanistic care for left-behind children: Focusing on left-behind children, the program combined music education and TCM cultural exposure to enhance their understanding of traditional culture and enrich their spiritual development.

Consumption-based Assistance

The State-owned Assets Supervision and Administration Commission of the State Council actively encourages enterprises to participate in the "Consumer-based Assistance Initiative", supporting poverty-alleviation counties through product procurement, capacity building and knowledge exchange. In 2025, we actively participated in consumption-based assistance programs and organized the procurement of agricultural products totaling RMB 283,600.

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Social Public Welfare

Practicing Charity and Public Welfare

China TCM actively develops the "Colorful TCM" volunteer service brand and has established professional teams such as the "Colorful TCM" Volunteer Service Team and the "Colorful TCM" Volunteer Teacher Team. We continuously and effectively encourage employees to participate in various volunteer service activities, fulfilling corporate social responsibility through concrete actions. We encourage and support employee participation in social volunteer activities, establish a long-term volunteer engagement mechanism, and maintain a stable volunteer service team. A range of public welfare activities has been organized, including tree planting, free medical clinics and charitable donations.

CASE Voluntary Blood Donation Activities

During the Reporting Period, subsidiaries including Guangdong Yifang, Jingfang Pharmaceutical and Jiangyin Tianjiang actively organized voluntary blood donation activities, demonstrating their commitment to corporate social responsibility in the new era.



Public Welfare Blood Donation Activity at Jiangyin Tianjiang



Jingfang Pharmaceutical Employees Participating in Hematopoietic Stem Cell Donation Activities

CASE Community-based Public Welfare Activities for the Dissemination of TCM Culture

In 2025, to promote the popularization of TCM culture and the dissemination of health knowledge, Zhonglian Pharmaceutical, a subsidiary of China TCM, carried out diversified community-based public welfare initiatives. Key activities included:

Thematic Community Engagement: Centered on the theme "Bringing TCM Culture into Communities, Protecting Everyone's Health and Well-being", Zhonglian Pharmaceutical organized a series of outreach activities, including TCM decoction piece identification (covering commonly used materials, characteristics and efficacy) and traditional skill experiences such as sachet making and moxa stick rolling. These initiatives translated professional TCM knowledge into practical, accessible life skills for community residents.

Public Benefit Initiatives: The Company organized a TCM Culture Promotion Week and the "Hundred Cities, Thousand Counties" public benefit campaign. Interactive programs such as a "Herbal Tea Experience Zone" were established, cumulatively reaching over 10,000 residents. These activities helped disseminate TCM knowledge and health management concepts, contributing to the Healthy China initiative.



Community-based TCM Culture Public Welfare Activity

CASE Tree-Planting Public Welfare Activity

During the Reporting Period, the Youth League Branch of Fengliaoxing Medicinals & Slices, together with youth cadres from Zumiao Subdistrict, carried out a voluntary tree-planting activity and jointly established a "Youth Forest". The initiative translated green development concepts into practice and contributed to ecological civilization development.



Tree-planting Activity

CASE Community Outreach and Care Initiative

During the Reporting Period, Fengliaoxing Medicinals & Slices implemented the themed initiative "Colorful TCM · Practicing the Spirit of Lei Feng". Youth Party members and League representatives, guided by the spirit of Lei Feng, visited elderly individuals living alone. Through health-related care services and warm engagement, the initiative conveyed the humanistic values and warmth of TCM culture.

Science Popularization of TCM Culture

China TCM fully recognizes the profound significance of Traditional Chinese Medicine as a key heritage of outstanding traditional Chinese culture and is committed to its preservation and promotion. Leveraging exhibitions, museums, modern digital technologies, and public education outreach, we promote the inheritance and continuity of TCM culture in contemporary society.

CASE Strengthening Grassroots Science Communication and Promoting TCM Concepts

China TCM has established multiple professional volunteer service teams to promote TCM health concepts within communities and daily life, supporting the integration of TCM into everyday living.

Guangdong Medi-World has established a TCM Culture Science Popularization and Education Base, which received **1,533** public visits in 2025. Leveraging this platform, its volunteer teams conducted "TCM Culture into Communities" public welfare activities at the grassroots level. These initiatives not only disseminated TCM knowledge but also helped residents develop herbal identification skills and improve health literacy.

The Fengliaoqing Medicinals & Slices Volunteer Service Team regularly conducts community outreach activities to promote herbal identification and health preservation knowledge. In 2025, Fengliaoqing Medicinals & Slices carried out **3** health education sessions, serving **200** residents, and distributed warming herbal soup products, bringing the warmth of TCM into households.

As an educational base for primary and secondary schools in Chancheng District, Fengliaoqing Medicinals & Slices organized **6** study tours and autumn learning activities in 2025. These programs enabled students to understand the production process of Chinese patent medicines, engage in sachet-making activities, and provided free access for nearly **300** students, alongside educational sessions on TCM culture.

Zhonglian Pharmaceutical organized initiatives including the "Future Lecture Series on TCM Health Knowledge" and the "Fragrant Herbs Welcoming the Dragon Boat Festival—TCM Culture into Campus" program. Through immersive interactive experiences, students were able to appreciate the cultural richness of TCM and develop awareness of traditional medicine.

CASE TCM Health Services Integrating Health and Wellness

- Tongjitang Pharmaceutical integrated seasonal health practices based on the 24 solar terms with occupational disease prevention. It conducted targeted TCM health service activities at institutions including Guiyang Campus of Beijing International Bilingual Academy, Guiyang Municipal Tobacco Monopoly Bureau and multiple banking institutions, addressing diverse health needs across population groups. The program cumulatively served over **800** individuals.
- Representatives of Party members and youth employees from Fengliaoqing Medicinals & Slices visited Longtian Village, Hetang Town, Pengjiang District, Jiangmen City—the hometown of Fengliaoqing—to carry out the themed activity "Carrying Forward Ancestral Aspirations with Benevolence, Bringing Medicine to Benefit the People". The initiative provided free medical consultations and intangible cultural heritage experience activities for local communities.





Future Prospect

Standing at the intersection of the conclusion of the 14th Five-Year Plan and the commencement of the 15th Five-Year Plan, China TCM will remain committed to its founding mission, driving transformation through innovation and strengthening its brand through core capabilities. Looking ahead to 2026, we will build on existing achievements while advancing a deeper transition toward green and low-carbon development.

We will continue to strengthen technological innovation as a core driver, further improve our R&D management system, expand our scientific research platforms and talent pool, and accelerate the development and transformation of innovative TCM drugs and classical prescriptions.

We will upgrade the quality traceability and smart TCM service platforms across the entire industrial chain with digital intelligence technologies, and promote the high-quality development of the TCM industry through the adherence to both tradition and innovation.

We will fully fulfill our commitment to drug accessibility, optimize the supply chain and logistics systems, and ensure that high-quality TCM benefits a broader population.

We will deeply implement ESG principles, comprehensively promote ecological cultivation models, and reduce resource consumption and environmental footprint.

We are committed to transforming green development into a core competitive advantage and building a circular economy for the TCM industry that fosters harmony between humans and nature.

We will comprehensively advance the construction of a modern TCM production system, utilize big data and IoT technologies to consolidate and expand full-lifecycle traceability coverage from raw herbal materials to end products. Upholding a people-centered approach, we safeguard employees' rights and interests, support their professional development, and protect patients' health and medication safety. Guided by the well-being of the people, we will anchor industrial development at the primary level and serve rural communities. By leveraging the strengths of the TCM industry, we will boost rural employment, improve healthcare, and drive economic development, forging a new path for rural revitalization that integrates the welfare of the people with industrial growth.

Guided by the "Healthy China" strategy, China TCM will continue to uphold its responsibilities as a state-owned enterprise and contribute TCM wisdom to public health governance.



Laws and Regulations

In relation to different aspects of sustainable development, China TCM strictly complies with applicable laws and regulations as set out in the table below:

Aspect	Applicable Laws and Regulations	Compliance Statement
Emissions	<i>Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning air emissions and greenhouse gas emissions, discharges into water or land, or the generation of hazardous and non-hazardous waste that would have a material impact on the Company.
	<i>Law of the People's Republic of China on the Prevention and Control of Water Pollution</i>	
	<i>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes</i>	
	<i>Law of the People's Republic of China on the Prevention and Control of Soil Contamination</i>	
	<i>Law of the People's Republic of China on Clean Production Promotion</i>	
	<i>National Catalogue of Hazardous Wastes</i>	
	<i>Integrated Emission Standard of Air Pollutants</i>	
Resource Utilization	<i>Energy Conservation Law of the People's Republic of China</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning compensation, dismissal, recruitment, promotion, working hours, holidays & leaves, equal opportunity, anti-discrimination, prevention of child labor and forced labor, and other benefits and welfare that would have a material impact on the Company.
	<i>Circular Economy Promotion Law of the People's Republic of China</i>	
	<i>Environmental Protection Law of the People's Republic of China</i>	
	<i>Environmental Protection Law of the People's Republic of China</i>	
Employment	<i>Labour Law of the People's Republic of China</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning compensation, dismissal, recruitment, promotion, working hours, holidays & leaves, equal opportunity, anti-discrimination, prevention of child labor and forced labor, and other benefits and welfare that would have a material impact on the Company.
	<i>Labour Contract Law of the People's Republic of China</i>	
	<i>Regulations on Prohibiting the Use of Child Labour</i>	
	<i>Law of the People's Republic of China on the Protection of Minors</i>	
	<i>Employment Ordinance (Hong Kong)</i>	

Aspect	Applicable Laws and Regulations	Compliance Statement
Health and Safety	<i>Law of the People's Republic of China on Work Safety</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning the provision of a safe working environment and the protection of employees from occupational hazards that would have a material impact on the Company, nor were there any cases of work-related fatalities or occupational diseases.
	<i>Labour Law of the People's Republic of China</i>	
	<i>Special Equipment Safety Law of the People's Republic of China</i>	
	<i>Fire Control Law of the People's Republic of China</i>	
	<i>Regulations on Work-Related Injury Insurance</i>	
Labour Standards	<i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i>	During the Reporting Period, no violations related to child labor or forced labor occurred in the Company.
	<i>Regulations on Prohibiting the Use of Child Labour</i>	
Product Responsibility	<i>Law of the People's Republic of China on the Protection of Minors</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning the health and safety of products and services, advertising, labelling, privacy, and remedial measures that would have a material impact on the Company.
	<i>Good Supply Practice</i>	
	<i>Good Manufacturing Practice</i>	
	<i>Law of the People's Republic of China on Product Quality</i>	
	<i>Pharmaceutical Administration Law of the People's Republic of China</i>	
	<i>Good Pharmacovigilance Practice</i>	
	<i>Regulations on the Administration of Annual Reports on Drugs</i>	
	<i>Measures for the Administration of Drug Recall</i>	
	<i>Good Agricultural Practice (GAP) for Chinese Crude Drugs</i>	
	<i>Patent Law of the People's Republic of China</i>	
<i>Trademark Law of the People's Republic of China</i>		
Anti-corruption	<i>Copyright Law of the People's Republic of China</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning bribery, extortion, fraud, and money laundering that would have a material impact on the Company, nor were there any corruption cases.
	<i>Civil Code of the People's Republic of China</i>	
	<i>Criminal Law of the People's Republic of China</i>	
	<i>Anti-Unfair Competition Law of the People's Republic of China</i>	
	<i>Prevention of Bribery Ordinance (Hong Kong)</i>	
Anti-corruption	<i>Supervision Law of the People's Republic of China</i>	During the Reporting Period, the Company was not aware of any non-compliance with applicable laws and regulations concerning bribery, extortion, fraud, and money laundering that would have a material impact on the Company, nor were there any corruption cases.
	<i>Law of the People's Republic of China on Governmental Sanctions for Public Officials</i>	
	<i>Law of the People's Republic of China on Governmental Sanctions for Public Officials</i>	

ESG Key Performance

Environmental Performance

Indicator	Unit	2023	2024	2025
Investment in Environmental Protection				
Investment in Environmental Protection	RMB 10,000	2,051.5	1,703.4	1,956.7
Waste Gas Pollutant Emission				
Nitrogen Oxide	Ton	80.4	68.6	73.7
Nitrogen Oxides Emission Intensity	kg/RMB 1,000 of Operating Revenue	/	/	0.0050
Sulphur Oxides	Ton	45.2	35.1	44.6
Sulfur Oxide Emission Intensity	kg/RMB 1,000 of Operating Revenue	/	/	0.0030
Suspended Particulates	Ton	7.9	6.6	8.2
Suspended Particulate Emission Intensity	kg/RMB 1,000 of Operating Revenue	/	/	0.0006
Wastewater Pollutant Emissions				
Wastewater Discharge Volume	10,000 tons	193.3	230.3	249.6
Chemical Oxygen Demand (COD)	Ton	102.1	108.5	93.4
Ammonia Nitrogen	Ton	2.4	2.2	3.4 ¹
Greenhouse Gas (GHG)				
Direct Emissions (Scope 1)	tCO ₂ e	106,562.2	104,425.2	84,529.4

Indicator	Unit	2023	2024	2025
Indirect Emissions (Scope 2)	tCO ₂ e	232,231.4	133,194.0	122,544.7
GHG Emissions (Scope 1 + Scope 2)	tCO ₂ e	338,793.6	237,619.2	207,074.1
GHG Emission Intensity (Scope 1 + Scope 2)	tCO ₂ e/RMB 1,000 of Operating Revenue	0.019	0.014	0.014
GHG Emissions (Scope 3)	tCO ₂ e	/	/	6,048.0
GHG Emission Intensity (Scope 3)	tCO ₂ e/RMB 1,000 of Operating Revenue	/	/	0.00041
Hazardous Waste				
Total Hazardous Waste Generated	Ton	144.3	182.6	243.5 ²
Hazardous Waste Generation Intensity	kg/RMB 1,000 of Operating Revenue	0.008	0.011	0.017
Total Hazardous Waste Disposed	Ton	210.1	185.8	241.4
Non-hazardous Waste				
Total Non-hazardous Waste Generated	Ton	84,017.3	83,510.8	74,028.9
Coal Slag and Ash	Ton	/	8,519.5	7,732.7
Sludge	Ton	/	4,017.5	4,728.0
Herbal Residue	Ton	/	70,525.6	61,294.9
Others	Ton	/	448.2	273.4
Non-hazardous Waste Generation Intensity	kg/RMB 1,000 of Operating Revenue	4.6	5.1	5.0

Indicator	Unit	2023	2024	2025
Non-Hazardous Waste Disposal Methods				
Third-party Recycling	Ton	13,630.1	12,440.9	66,090.5
Landfill Disposal	Ton	1,943.5	544.3	195.8
On-site Incineration	Ton	4,740.0	3,273.6	5,347.0
On-site Composting	Ton	0	0	0
Outsourced Eco-friendly Disposal	Ton	63,703.8	66,716.8	66,286.2
Use of Resources				
Purchased Electricity	kWh	164,487,176.8	137,159,390.6	126,540,734.3
Purchased Steam	MKJ	620,342.6	541,766.1	514,029.9
Coal	Ton	26,555.7	28,008.9	23,268.6
Natural Gas	m ³	23,491,993.4	18,930,996.5	16,729,572.7
Gasoline	Litre	207,337.2	196,690.4	214,027.9
Diesel	Litre	167,003.5	201,155.7	193,530.8
Total Energy Consumption	MWh	746,10.8	644,676.5	586,347.4
Energy Intensity	kWh/RMB 1,000 of Operating Revenue	41.2	39.1	39.8
Renewable Energy	kWh	/	6,594,700.0	11,549,103.0
Freshwater Consumption	Ton	3,996,813.9	4,057,155.0	4,465,867.0 ³

Indicator	Unit	2023	2024	2025
Water Use Intensity (Water Consumption Intensity)	tons/RMB 1,000 of Operating Revenue	0.22	0.25	0.30
Consumption of Packaging Materials				
Sustainable Packaging Materials	Ton	/	10,948.3	8,669.7
Paper Products	Ton	9,626.5	12,168.5	8,400.8
Plastic	Ton	2,964.4	4,031.3	2,780.1
Composite Film	Ton	3,501.6	3,692.3	3,467.0
Glass	Ton	932.7	1,831.7	1,569.4
Metal	Ton	369.1	366.9	268.8
Others	Ton	126.3	619.1	399.1
Total Packaging Material Consumption	Ton	17,520.6	22,709.7	16,885.3
Packaging Material Consumption Intensity	kg/RMB 1,000 of Operating Revenue	0.97	1.38	1.16
Total Volume of Packaging Materials Recycled	Ton	/	653.8	510.9 ⁴

¹ The increase in ammonia nitrogen emissions in 2025 was primarily attributable to a change in the calculation methodology. In previous years, ammonia nitrogen emissions were calculated based on on-site discharge concentrations; in 2025, they were calculated based on the effluent concentrations of centralized wastewater treatment plants, i.e., indirect discharge concentrations.

² In 2025, Sinopharm Group disposed of 48 tons of expired pharmaceuticals, resulting in an increase in the total volume of hazardous waste generated.

³ Water consumption increased year-on-year, primarily due to higher production output in the second half of 2025 and the commissioning of the new plant of Anhui Tianxiang.

⁴ Include reusable warehouse packaging, green logistics packaging, etc.

Social Performance

Indicator	Unit	2023	2024	2025
Employee Data				
Total Number of Employees	Person	17,303	16,753	14,846
Employee Numbers by Gender				
Male	Person	8,613	8,481	7,487
Female	Person	8,690	8,272	7,359
Employee Numbers by Job Grade				
Senior Management	Person	/	203	196
Middle Management	Person	/	2,238	1,961
Frontline Employees	Person	/	14,312	14,131
Number of Employees by Region				
Chinese Mainland	Person	17,299	16,749	14,842
East China	Person	4,988	4,729	4,250
South China	Person	3,849	3,861	3,489
North China	Person	951	960	876
Central China	Person	2,570	2,463	2,196
Northwest China	Person	1,447	1,429	1,172
Northeast China	Person	654	621	553
Southwest China	Person	2,840	2,690	2,306
Hong Kong	Person	4	4	4

Indicator	Unit	2023	2024	2025
Number of Employees by Educational Education				
Bachelor's Degree or Above	Person	10,657	10,937	10,397
Below Bachelor's Degree	Person	6,646	5,816	4,449
Number of Employees By Function				
Marketing Personnel	Person	5,811	5,700	4,907
Production Personnel	Person	6,529	5,982	4,580
Management Personnel	Person	3,624	3,611	3,949
R&D Personnel	Person	1,329	1,460	1,410
Number of Employees by Ethnicity				
Han Nationality	Person	16,279	15,805	13,966
Employees of Ethnic Minorities	Person	1,024	948	880
Number of Employees by Employment Type				
Full-time Employees	Person	/	15,835	14,537
Part-time Employees	Person	/	918	309
Number of Employees by Age				
<30	Person	5,311	4,763	4,481
30-50	Person	11,031	11,053	9,475
>50	Person	961	937	890
Others				
Number of Disabled Employees	Person	117	132	106
Proportion of Female Employees in Management	%	38.9	40.7	39.3

Indicator	Unit	2023	2024	2025
Employees' Rights and Interests				
Signing Rate of Employment Contracts	%	100	100	100
Coverage Rate of "Five Social Insurances and One Housing Fund"	%	100	100	100
Coverage Rate of Employee Health Checkup	%	100	100	100
Average Number of Paid Leave Days per Employee	Day	6.6	8.1	9.9
Employee Care				
Employee Mutual Assistance Fund	RMB 10,000	48.2	55.1	65.2
Number of Employees in Difficulty Receiving Assistance	Person-time	231	123	359
Investment in Assistance for Employees in Difficulty (including in-kind contributions)	RMB 10,000	69.7	17.3	34.3
Percentage of New Employees				
Percentage of New Employees by Gender				
Male	%	23.14	15.40	6.34
Female	%	22.55	14.11	5.99
Percentage of New Employees by Age				
<30	%	43.49	31.49	14.73
30-50	%	14.87	8.11	2.69
>50	%	5.72	3.37	0.11
Percentage of New Employees by Region				
Chinese Mainland	%	23.14	14.76	6.17
East China	%	22.35	14.12	6.07

Indicator	Unit	2023	2024	2025
Percentage of New Employees by Region				
South China	%	37.67	17.35	4.47
North China	%	15.25	12.14	9.93
Central China	%	18.60	13.19	7.15
Northwest China	%	12.30	13.70	3.16
Northeast China	%	14.53	15.84	13.02
Southwest China	%	19.23	14.90	6.46
Hong Kong	%	25.00	0.00	0.00
Employee Turnover Rate⁵				
Employee Turnover Rate by Gender				
Male	%	21.13	18.15	16.18
Female	%	20.79	18.85	14.36
Employee Turnover Rate by Region				
Chinese Mainland	%	20.96	18.81	4.71
East China	%	22.45	19.97	4.73
South China	%	31.56	17.72	3.60
North China	%	17.88	15.28	7.70
Central China	%	15.8	20.82	5.48
Northwest China	%	13.41	13.28	2.15
Northeast China	%	12.54	18.04	9.55

⁵ In 2025 the calculation method was updated to Employee Turnover Rate of a Specific Category = Total Number of Resigned Employees (by Category) / [Total Number of Employees at the Start of the Year (by Category) + Total Number of New Hires During the Year (by Category)].

Indicator	Unit	2023	2024	2025
Employee Turnover Rate by Region				
Southwest China	%	15.49	18.84	4.67
Hong Kong	%	25	0	0
Employee Turnover Rate by Age Group				
<30	%	29.74	24.56	18.31
30-50	%	16.73	14.06	13.21
>50	%	21.02	37.93	22.28
Employee Training				
Investment in Employee Training	RMB 10,000	988.4	702.5	676.4
Number of Employees Participating in Training	Person-time	459,181	148,360	334,390
Number of Employee Training Sessions	Session	10,212	6,783	14,721
Average Training Duration per Employee	Hour	/	18.1	23.5
Percentage of Employees Receiving Training by Gender⁶				
Male	%	81.52	52.53	49.64
Female	%	80.04	47.47	50.36
Percentage of Employees Receiving Training by Job Grade⁷				
Senior Management	%	/	1.10	1.34
Middle Management	%	/	4.75	4.76
Frontline Employees	%	/	94.15	93.90

⁶ In 2024 the calculation method has been updated to reflect the percentage of male/female employees receiving training in total trained employees.

⁷ In 2024 the calculation method has been updated to reflect the percentage of employees at different job grades receiving training in total trained employees.

Indicator	Unit	2023	2024	2025
Percentage of Employees Receiving Training by Function⁸				
Marketing Personnel	%	90.15	27.61	23.45
Production Personnel	%	96.31	42.89	41.45
Management Personnel	%	87.5	16.33	20.96
R&D Personnel	%	81.36	13.17	14.15
Average Training Duration per Employee by Gender⁹				
Male	Hour	37.5	14.2	23.3
Female	Hour	42.8	17.6	23.6
Average Training Duration by Job Grade				
Senior Management	Hour	/	12.6	31.4
Middle Management	Hour	/	29	9.6
Frontline Employees	Hour	/	16.5	22.9
Average Training Duration by Function				
Marketing Personnel	Hour	26.0	29.0	14.5
Production Personnel	Hour	25.9	18.2	31.8
Management Personnel	Hour	85.2	15.6	20.9
R&D Personnel	Hour	35.1	10.2	34.6
Number of Employees Supported in Education and Professional Certification Programs	Person	/	409	387
Number of Participants in Training on Leadership	Person-time	/	731	1,923

⁸ In 2024 the calculation method has been updated to reflect the percentage of employees at different job grades receiving training in total trained employees.

⁹ In 2024 the calculation method has been updated: average training duration per employee = total training duration of employees in a specific category / number of employees in that category.

Indicator	Unit	2023	2024	2025
Occupational Health and Safety				
Total Investment in Work Safety	RMB 10,000	1,541.5	1,104.8	1,671.0
Number of Work-Related Injury Incidents	Incident	0	2	1
Number of Work-Related Injuries	Person	0	2	1
Number of Work-Related Deaths	Person	0	0	0
Lost Workdays due to Work-Related Injury	Day	0	76	32
Number of New Occupational Diseases	Disease	0	0	0
Total Duration of Training on Occupational Safety and Health	Hour	89,940	140,120	113,520
Coverage Rate of Training on Occupational Health and Safety	%	100	100	100
Number of Participants in Training on Occupational Safety and Health	Person-time	44,970	70,060	56,760
Number of Work Safety Emergency Drills	Time	207	449	472
Number of Participants in Work Safety Emergency Drills	Person-time	40,368	49,551	44,095
Coverage Rate of Work Safety Emergency Drills	%	100	100	100
Suppliers				
Chinese Mainland	Supplier	195	191	206
East China	Supplier	54	50	59
South China	Supplier	24	21	30
North China	Supplier	25	28	23
Central China	Supplier	27	27	25
Northwest China	Supplier	22	22	24

Indicator	Unit	2023	2024	2025
Northeast China	Supplier	12	12	9
Southwest China	Supplier	31	31	36
Total Number of New Suppliers	Supplier	/	38	44
Number of Suppliers Assessed for ESG Performance	Supplier	27	18	/
Number of Suppliers Identified as Having Actual or Potential Significant Negative Social Impacts	Supplier	/	0	0
Number of Suppliers Identified as Having Actual or Potential Significant Negative Environmental Impacts	Supplier	/	0	0
Number of Suppliers Terminated Due to Non-compliance	Supplier	0	0	0
Number of Potential Suppliers Rejected Due to Non-compliance	Supplier	0	0	0
Product Quality				
Product Recalls				
Number of Product Recalls	Case	5	6	0
Percentage of Recalls due to the Quality of TCM Decoction Pieces (in Kilograms)	%	0.017	0.017	0.006
Percentage of Recalls due to the Safety of TCM Decoction Pieces (in Kilograms)	%	0	0	0
Percentage of Recalls due to the Quality of Concentrated TCM Granules (in Packets)	%	0.00004	0.00001	0.0004
Percentage of Recalls due to the Safety of Concentrated TCM Granules (in Packets)	%	0	0	0
Percentage of Recalls due to the Quality of TCM Finished Drugs (in Boxes)	%	0.00042	0.0029	0.0009
Percentage of Recalls due to the Safety of TCM Finished Drugs (in Boxes)	%	0	0	0

Indicator	Unit	2023	2024	2025
Number of Complaints Related to Products and Services				
Total Complaints	Complaint	175	277	414
Quality-related Complaints	Complaint	28	26	44
Packaging and Appearance-related Complaints	Complaint	75	125	211
Product Information Inconsistency-related Complaints	Complaint	13	3	7
Adverse Reaction-related Complaints	Complaint	26	45	73
Others Complaints	Complaint	33	78	79
Customer Complaint Resolution Rate	%	100	100	100
Internal Quality Audit				
Number of Potential Hazards and Defects Identified	Item	414	418	552
Rectification Rate of Potential Hazards	%	100	100	100
Innovation and R&D				
Standards Development				
Number of Standards (Group Standards) Contributed to	Standard	16	11	2
Number of Standards (National Standards) Contributed to	Standard	36	34	39
Innovation and R&D				
Number of Clinical Trial Incidents	Incident	0	0	0
R&D Expenditures	RMB 100 million	6.86	5.96	5.11
Proportion of R&D Expenditures	%	3.8	3.6	3.5

Indicator	Unit	2023	2024	2025
Percentage of R&D Personnel	%	7.1	8.7	9.5
Number of Innovative Drugs Launched	Drug	0	1	0
Authorized Patents	Item	185	126	202
Information security				
Number of Internal Information Security Audits (or Information Security Risk Assessments) Conducted	Time	1	1	1
Number of Third-party Information Security Assessments Conducted	Time	1	1	1
Communities Engaged				
Investment in Rural Revitalization	RMB 10,000	3,316.8	2,815.2	2,923.7
Investment in Public Welfare	RMB 10,000	1,445.5	1,443.7	820.7
Percentage of Employees Joining the Trade Union (HQ)	%	100	100	100

Governance Performance

Indicator	Unit	2023	2024	2025
Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Issuer or its Employees by the Regulators	Case	/	0	0
Number of Business Ethics Audits (or Economic Responsibility Audits) (including subsidiaries)	Session	/	23	/
Number of Anti-corruption and Anti-bribery Incidents Reported	Session	/	0	0
Number of Anti-Corruption Training Sessions	Session	23	27	20
Coverage Rate of Anti-Corruption Training	%	100	100	100

Index

The content index of this Report is based on the Global Reporting Initiative *Sustainability Reporting Standards* (GRI Standards) and Appendix C2 (“Environmental, Social and Governance Reporting Code”) to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

The Content Index for the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)

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Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT A1: EMISSIONS		
General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental Compliance Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Compliance Management
KPI A1.2	[Repealed 1 January 2025]	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Enhancement of Green Operations
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Enhancement of Green Operations
KPI A1.5	Description of emission reduction target(s) set and steps taken to achieve them.	Enhancement of Green Operations
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Enhancement of Green Operations
ASPECT A2: USE OF RESOURCES		
General disclosure Policies on the efficient use of resources including energy, water and other raw materials.		Green Development: Building a Compliant Pharmaceutical Enterprise

Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT A2: USE OF RESOURCES		
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource Management System
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resource Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Optimization of Resource Utilization
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Standardized Materials Management
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES		
General disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Environmental Compliance Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Compliance Management
ASPECT A4: CLIMATE CHANGE		
[Repealed 1 January 2025]		

Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT B1: EMPLOYMENT		
<p>General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.</p>		People-Centric Approach: Building a Harmonious Workplace
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Diversity and Equality
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance
ASPECT B2: HEALTH AND SAFETY		
<p>General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>		Safeguarding Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Key Performance
KPI B2.2	Lost days due to work injury.	ESG Key Performance
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safeguarding Health and Safety

Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT B3: DEVELOPMENT AND TRAINING		
<p>General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>		Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	ESG Key Performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Development
ASPECT B4: LABOUR STANDARDS		
<p>General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>		Compliant Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Compliant Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Compliant Employment
ASPECT B5: SUPPLY CHAIN MANAGEMENT		
<p>General disclosure Policies on managing environmental and social risks of supply chain.</p>		Responsible Supply Chain

Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT B5: SUPPLY CHAIN MANAGEMENT		
KPI B5.1	Number of suppliers by geographical region.	ESG Key Performance
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain
ASPECT B6: PRODUCT RESPONSIBILITY		
General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Quality Inheritance: Building Industry Benchmarks
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Recalls
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service Management ESG Key Performance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation-Driven Development

Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT B6: PRODUCT RESPONSIBILITY		
KPI B6.4	Description of quality assurance process and recall procedures.	Strengthening Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Service Management
ASPECT B7: ANTI-CORRUPTION		
General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
KPI B7.3	Description of the anti-corruption training provided to chairperson and staff.	Business Ethics
ASPECT B8: COMMUNITY INVESTMENT		
General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Cultural Heritage: Sharing Social Responsibility

Major Categories, Aspects, General Disclosure and Key Performance Indicators		Disclosure Section
ASPECT B8: COMMUNITY INVESTMENT		
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sports).	Cultural Heritage: Sharing Social Responsibility
KPI B8.2	Resources contributed (e.g., money or time) to the focus area	Cultural Heritage: Sharing Social Responsibility

Section D	Major Categories	Disclosure Section
Climate-related disclosure	(I) Governance	Response to Climate Change
	(II) Strategy	Response to Climate Change
	(III) Risk management	Response to Climate Change
	(IV) Metrics and targets	Response to Climate Change

Feedback

Dear Readers,

Hello! Thank you for reading the 2025 Environmental, Social and Governance Report of China Traditional Chinese Medicine Holdings Co. Limited. We highly value and look forward to hearing your feedback on this Report. Your insights and suggestions are crucial for our ongoing improvement in ESG management and practices. You may copy and complete the questionnaire below and return it by email or fax. We sincerely welcome and thank you for your valuable feedback!

Multiple-choice Questions (Please tick “√” in the appropriate box)

- Do you think this Report reflects the significant economic, social and environmental impacts of China TCM?
 Yes Average No
- Do you think the identification of stakeholders and the analysis of their relationships with China TCM in this Report are accurate and comprehensive?
 Yes Average No
- Do you think the information disclosed in this Report is comprehensive?
 Yes Average No
- Do you think the information disclosed in this Report is readable?
 Yes Average No

Open-ended Questions

- What additional information would you like to see in this Report?
- What part of this Report do you think could be further improved?

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