Hua Medicine
華領醫藥

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2552

2025
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

ABOUT THE REPORT

Hua Medicine (the "Company" or "We") hereby presents the seventh Environmental, Social, and Governance (the "ESG Report"). This report aims to objectively and truthfully reflect the Company's initiatives and achievements in environmental, social and corporate governance aspects in 2025 to government, shareholders, employees, partners, the public, and other stakeholders.

Compliance Reference

This report is prepared in compliance with *Environmental, Social and Governance Reporting Guide* set out in Appendix C2 to the *Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("HKEX Listing Rules"). The content of this report comply with the mandatory disclosure requirements and the" *Comply or Explain*" provisions under the Guide. In addition, to further enhance the completeness and comparability of climate-related disclosures, this report also refers to the relevant disclosure requirements of *IFRS Sustainability Disclosure Standard No. 2 – Climate-related Disclosures*.

The information in this report is derived from the Company's internal statistical reports or related documents.

Report Scope

The disclosure scope of this report is consistent with that of the financial statement released by the Company for the same fiscal year, expect that it excludes the subsidiary Nanjing Ascend Rare Pharmaceutical Technology Co., Ltd. from the disclosure scope considering its relatively small scale and minimal impact on the entire reporting period.

The reporting period of this report is from January 1st, 2025, to December 31st, 2025 (the "**Reporting Period**").

Reporting Principles

This report adheres to the following principles as required by Appendix C2 of the HKEX Listing Rules:

- ✔ Materiality: The Company identifies important ESG issues through a materiality assessment with the involvement of stakeholders and performs disclosure accordingly.
- ✔ Quantitative: The quantitative indicators in this report are accompanied by corresponding measurement caliber and methodology used.
- ✔ Balance: The information and data disclosed in this report are summarized based on the actual situation of the Company, without selective misstatement or omission.
- ✔ Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

Report Availability

The electronic version of this report can be accessed on the official websites of the Company (https://www.huamedicine.com) and HKEX (www.hkexnews.hk). The report is prepared in both Traditional Chinese and English. In case of any ambiguity arising from language differences, the English version shall prevail.

MESSAGE FROM THE PRESIDENT

Dr. Chen Li, Founder and CEO of Hua Medicine

In 2025, the global biopharmaceutical industry navigated a landscape of concurrent opportunities and challenges shaped by technological innovation and policy shifts. The evolving demands for global health are intertwined with the reshaping of ESG value systems, driving progress through resonance. As a leading Chinese biopharmaceutical company, Hua Medicine has consistently seized the pulse of the times with a strategic perspective, building a virtuous cycle of value creation by deepening global innovation-driven development and practicing sustainability. Throughout the year, we remained steadfast in our mission—"Patients First, Innovation Foremost, Quality Medicine for the People"—and guided by our core values of "Honesty and Credibility, Pursuit of Excellence, Continuous Innovation, Courage to Act, Cooperation and Win-win." We have deeply integrated social responsibility into our business practices, continuously refining our governance structure, enhancing operational efficiency, and steadily advancing high-quality innovative development. We prioritize employee diversity and empowerment while actively exploring low-carbon development pathways to fulfill our long-term commitment to sustainability. On behalf of the Company, I am pleased to share how we have embedded ESG principles into our corporate DNA, translating them into concrete actions to create multi-dimensional, sustainable long-term value for our shareholders, employees, patients, and society.

Building an Enduring Foundation through Corporate Governance.

Excellence in corporate governance is the strategic pillar for sustainable development. In 2025, we further refined our ESG governance framework and enhanced board diversity, ensuring our ability to swiftly respond to global environmental changes and industry challenges while maintaining stable operations. As the highest authority in our ESG governance system, the Board of Directors regularly reviews and oversees ESG strategies and performance, embedding ESG principles deeply into corporate governance and decision-making. This ensures Hua Medicine maintains leading ESG management standards and performance within the industry.

Driving Healthcare Inclusivity through Innovation.

Bridging geographical and economic gaps to deliver innovative outcomes is our unwavering pursuit. We firmly believe that true innovation must combine inclusive warmth with technological sharpness to continuously improve accessibility and affordability for patients worldwide. During the Reporting Period, we successfully engaged Hong Kong's innovative drug registration and achieved a key milestone; in September 2025, the Department of Health of the Hong Kong SAR formally accepted the New Drug Application (NDA) for Dorzagliatin which was launched in mainland China in 2022. This marks Hong Kong as a key strategic foothold to serve our diabetes patients into Southeast Asia and rest of world. Simultaneously, we initiated a Phase Ib Multiple Ascending Dose (MAD) clinical trial in the US for our 2nd Generation GKA, successfully dosing the first subject was completed, validating the feasibility of a once-daily oral regimen for patients with Type 2 Diabetes and obesity. Regarding expanding patient accessibility, we are committed to alleviating the financial burden on patient families. Our product, HuaTangNing (华堂宁®), successfully renewed its inclusion in China's National Reimbursement Drug List at the original price, further strengthening guarantees for patient access and affordability.

Conveying the Warmth of Life through Quality.

Hua Medicine regards high quality as our core identity and the key to fulfilling our mission. Centered on patients, we strictly adhere to international quality management standards, establishing a lifecycle quality management system covering R&D and commercial production. We continuously improve animal welfare, protect the rights of clinical trial subjects, and refine production and quality processes to international standards. Through superior quality management and a profound quality culture, we deliver safer, more effective high-quality medicines. Furthermore, we collaborate with upstream and downstream partners to elevate industry-wide quality standards and build a sustainable supply chain, aiming for multi-source supply for all commercial products to ensure stability and reliability for patients amidst complex external environments. In marketing and sales, we uphold responsible business practices to safeguard patient rights and embed quality principles into every stage of the product lifecycle.

Igniting Organizational Momentum through Talent.

The strength of our talent ecosystem determines the height of innovative leap. Hua Medicine strives to be a "great school" where employees grow into their best selves. In 2025, we launched fully independent commercialization of HuaTangNing (华堂宁®) in China with a in house sales team of over 100 products representatives, marking the deep integration of our talent strategy with business growth. We have established robust performance evaluation mechanisms, competitive compensation and benefits, and a comprehensive, multi-level career development and training system to support employees across all functions and stages. Leveraging digital technology, we launched an E-learning platform including GxP regulation, PV and drug information system, and the "GK Brain" AI knowledge Q&A mini-program, significantly enhancing training efficiency and employee capability building.

Safeguarding Our Ecological Future with Green Commitments.

Green development is the foundation of high-quality growth. Hua Medicine practices green sustainability, dedicated to protecting natural resources and the environment. We actively respond to global climate action by analyzing climate-related risks to our operations and implementing effective measures to mitigate our business impact. Integrating green and low-carbon concepts into every aspect of production and operations, we have established a sound EHS governance framework with clear environmental targets to continuously improve performance. In 2025, we further enhanced resource efficiency, achieving continuous reductions in per capita emissions of pollutants and greenhouse gases. Additionally, by optimizing packaging structures, we reduced annual PVDC usage by approximately 181 kg and pharmaceutical aluminum foil by 17 kg, effectively minimizing our environmental footprint and contributing to sustainable development.

Looking ahead, Hua Medicine will remain focused on practicing sustainability and steadily advancing our strategic initiatives. We recognize that true sustainable development requires the resonance of commercial and social value. I extend my heartfelt gratitude to all our partners for their trust and support, and to every employee for their wisdom and dedication. Let us join hands to build a more resilient and compassionate health ecosystem, welcoming a new era where biotechnology benefits humanity.

ABOUT HUA MEDICINE

Hua Medicine (2552.HK) is an innovative drug R&D and commercialization company headquartered in Shanghai, China, with subsidiaries established in the United States and Hong Kong. We focus on unmet medical needs to develop novel therapies for patients worldwide. Hua Medicine brings together high-caliber talent from the global pharmaceutical industry, integrates global innovative technologies, and leverages global superior resources to research and develop breakthrough technologies and products, leading innovation in global diabetes care. The Company's core product, HuaTangNing (华堂宁®) (Dorzagliatin Tablets), targets glucokinase, the glucose sensor, to enhance glucose sensitivity in patients with Type 2 Diabetes (T2D) and improve their dysregulated glucose homeostasis. It received marketing approval from China's National Medical Products Administration (NMPA) on September 30, 2022, for the treatment of adult T2D as monotherapy or in combination with Metformin. For patients with renal impairment, no dose adjustment is required, making it an oral antidiabetic drug suitable for T2D patients with renal damage. Clinical trials show that by repairing impaired glucokinase and restoring glucose sensor function in T2D patients, HuaTangNing (华堂宁®) is expected to restore glucose homeostasis in T2D patients. Following the SEED study, Hua Medicine continues to explore the potential of Dorzagliatin in diabetes remission. During the study period, Dorzagliatin treatment achieved drug-free remission of diabetes, with a 52-week remission rate of 65.2%.

Looking at the present, HuaTangNing (华堂宁®) was officially included in the National Reimbursement Drug List in 2024 and successfully completed its renewal in 2025 with unchanged payment conditions; meanwhile, the drug was selected by the National Healthcare Security Administration as a representative of high-quality innovative products for display, fully reflecting its clinical value and innovative advantages. Looking globally, during the Reporting Period, New Drug Applications (NDAs) for HuaTangNing (华堂宁®) have been submitted in the Hong Kong and Macau regions of China. In addition, the Company's independently developed second-generation Glucokinase Activator (GKA), HMS1005, has successfully dosed its first subject in the Phase Ib Multiple Ascending Dose (MAD) clinical trial conducted in the United States. Looking to the future, Hua Medicine will continue to deepen the global commercialization layout of HuaTangNing (华堂宁®), further expand its innovative product pipeline, benefit diabetes patients and their families, and steadily advance towards becoming an important player in the global biopharmaceutical industry. The RWE sponsored by Hua Medicine (HMM0601) has completed clinical trials with over 2,000 subjects, with average diabetes duration of 7.9 years and above 30% having disease duration more than 10 years.

Corporate Development Strategy

Hua Medicine always upholds the value concept of "China Leading Pharmaceutical Innovation." With innovation-driven development as its core, the Company systematically advances its "1 to 10" 2030 development strategy across three dimensions: new product expansion, global market layout, and new indication development. This strategy aims to solidify the foundation for the Company's long-term sustainable development.

Dimension 3: New Disease Areas From 1 to 10
T1D
Metabolic Diseases, Obesity
Non-Alcoholic Steatohepatitis (NASH)
Neurodegenerative Diseases: AD, PD

Dimension 1: New Products From 1 to 10
Dorzagliation
Fixed-Dose Combination
Long-Acting Formulation
Injectable Formulation

Dimension 2: Global Markets From 1 to 10
China — Asia-Pacific — Europe, US & Japan — Belt and Road Countries

Mission and Vision

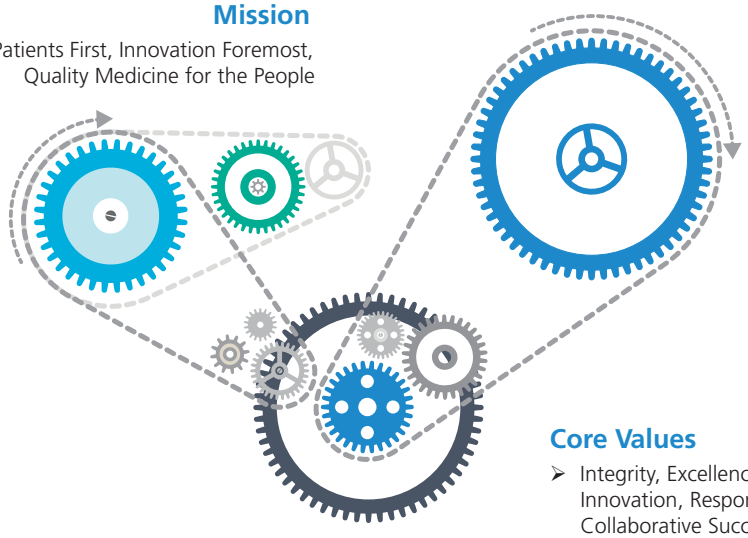
Hua Medicine is internally driven by its "Mission-Core Values-Vision" framework. Through a mechanism of mutual interaction and continuous operation, this framework promotes strategic execution and long-term value creation. The Mission defines the fundamental direction of the Company's existence; the Core Values provide common guidelines for the Company's actions; and the Vision guides the Company's long-term development goals in the field of global innovative medicine. The synergistic operation of these three elements forms the endogenous power driving the Company's sustainable development.

Vision

- High standard High Quality to create High Value to our patients.

Mission

- Patients First, Innovation Foremost, Quality Medicine for the People



Core Values

- Integrity, Excellence, Continuous Innovation, Responsibility, and Collaborative Success.

Honors and Recognition

2025 ESG Highlights

2025 Honors, Awards and Recognition

Hua Medicine

2025 China's Most High-Growth Pharmaceutical Enterprise

Hua Medicine

High and New Technology Enterprise

Dr. Chen Li

Outstanding Figure in Shanghai's Overseas Chinese Community

Hua Medicine

Shanghai Headquarters for Innovative Enterprises

Hua Medicine

China Pharmaceutical Innovation Pioneer Award

Dr. Chen Li

Leading Figure of the 7th Shanghai Industry and Commerce

Hua Medicine

Honored Enterprise in National Adverse Drug Reaction Monitoring and Evaluation for 2024 (the only pharmaceutical company in Shanghai to receive this honor)

"Oral Formulation of Glucokinase Activators and Their Preparation Methods"

Second Prize, Patent Category, 5th Shanghai Intellectual Property Innovation Award

Dr. Zhang Yi

Shanghai Model Worker

Year in Review

Hua Medicine's "Steady Advancement" in 2025

Clinical Trial Progress and Commercialization Progress

At the 27th Academic Conference of the Chinese Diabetes Society, Hua Medicine showcased the research results of its world's first innovative drug, Dorzagliatin, through special sessions, paper presentations, electronic posters, and compilation exchanges.	Hua Medicine is advancing the fully independent commercialization of HuaTangNing® in China with a self-built sales team exceeding 100 members and expanding insurance coverage. During the reporting period, both sales revenue and sales volume of HuaTangNing® increased by more than 90%, reflecting the remarkable results of the Company's fully independent commercialization operations.	Hua Medicine is conducting real-world studies of dorzagliatin covering a broader patient population, continuously providing evidence for the drug's key role in improving glucose-dependent insulin secretion, and demonstrating its efficacy in diabetes prevention, remission, as well as delaying or preventing diabetic complications. Patient enrollment for HMM0701 has been completed, and the clinical trial for HMM0601 has been finalized.	The Company successfully navigated the innovative drug registration pathway in Hong Kong, where the NDA for Dorzagliatin was accepted in September 2025, while the Macau registration application is complete. Leveraging these markets as strategic footholds, Hua Medicine plans to expand its international presence into Southeast Asia and Portuguese-speaking countries.
At the 85th ADA Scientific Sessions, Professor Basu's team (UAB) demonstrated that Dorzagliatin uniquely improves hepatic glycogen metabolism by promoting synthesis and inhibiting breakdown, effectively lowering postprandial and nocturnal glucose.	In December 2025, Hua Medicine launched the Phase Ib Multiple Ascending Dose (MAD) trial for its second-generation GKA in the US, successfully dosing the first subject. This study explores the potential of a once-daily oral regimen for patients with Type 2 Diabetes and obesity.	The company has submitted an IND application for the fixed-dose combination (FDC) of Dorzagliatin and Metformin to the NMPA. In addition, the commercial manufacturing process in compliance with GMP has been successfully implemented, paving the way for the key bioequivalence studies required for the new drug application scheduled for 2027.	Research from The Chinese University of Hong Kong published in Diabetes, Obesity and Metabolism linked GK activation to reduced frailty and extended telomere length, suggesting cardiovascular benefits. Chinese teams also highlighted Dorzagliatin's potential in managing PI3K inhibitor-induced hyperglycemia, expanding its clinical scope.

Academic Research Progress and Innovative Drug Progress

SUSTAINABLE DEVELOPMENT MANAGEMENT

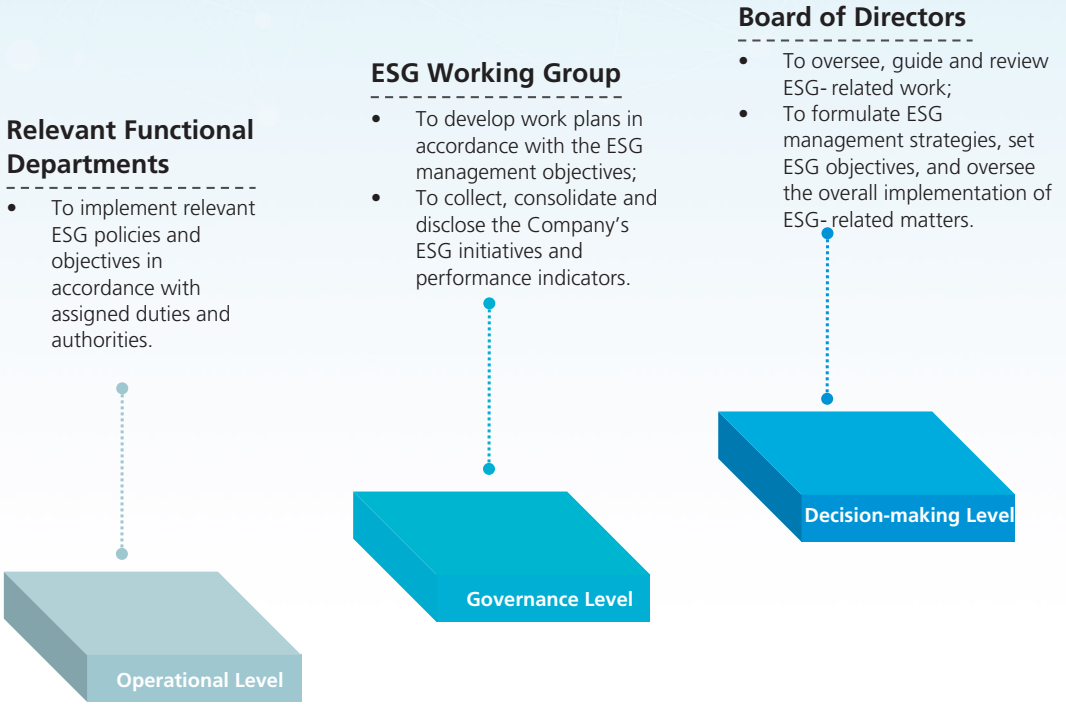
As a company with a strong commitment to corporate responsibility, Hua Medicine consistently integrates the concepts of Environmental, Social and Governance ("ESG") into its core values and daily operations. Upholding the philosophy of sustainable development, Hua Medicine is committed to achieving the integrated development of social and environmental values while creating economic values.

On the environmental front, Hua Medicine adheres to the principles of green and low-carbon development, continuously optimizes its production and operational processes, enhances energy efficiency, and reduces carbon emissions and environmental impacts. While ensuring product quality and safety, Hua Medicine actively explores environmentally friendly technologies and processes, striving to achieve harmonious coexistence between corporate development and ecological sustainability. On the social front, Hua Medicine focuses on product research and development and technological innovation, upholding the philosophy of "*For Patients, Effective Medicines*", and promoting the research, development and clinical application of innovative medicines. Through its operating model of "*Integration of Global Pharmaceutical Research and Development Resources, Joint Innovation and Mutual Benefit*", Hua Medicine not only accelerates the transformation of scientific research achievements, but also endeavors to improve global healthcare standards and contribute to the sustainable development of human health. On the governance front, Hua Medicine is committed to standardized and transparent management, and has established a sound, scientific and efficient corporate governance structure and internal control system to ensure prudent strategic decision-making and effective execution. Hua Medicine continues to strengthen its risk management and compliance mechanisms, providing a solid foundation for its long-term development.

Hua Medicine strives to achieve a balance among economic, social and environmental benefits, continuously empowering the transformation of innovative achievements with globally leading technologies, and enabling more patients worldwide to benefit from high-quality medical products. Hua Medicine remains firmly committed to fulfilling its corporate social responsibilities and contributing to the advancement of human health.

ESG Governance Structure

To further enhance the effectiveness of ESG governance and strengthen the Board's oversight and involvement in decision-making on ESG-related matters, Hua Medicine optimized and adjusted its ESG governance structure during the Reporting Period. Previously, Hua Medicine's ESG governance structure comprised the Board, the Compliance Committee and the ESG Working Group, with the ESG Working Group carrying out relevant work under the overall coordination of the Compliance Committee. During the Reporting Period, Hua Medicine optimized this management model by elevating the management and reporting mechanism of the ESG Working Group, changing its reporting line from the Compliance Committee to direct reporting to the Board. This adjustment further strengthens the Board's overall leadership and supervisory role in ESG matters. Such adjustment helps enhance the efficiency of ESG decision-making, strengthen the alignment between ESG governance and Hua Medicine's overall strategy and operations, and lays a more solid governance foundation for the continuous improvement of Hua Medicine's ESG management system.



To monitor and review the implementation of ESG management strategies, Hua Medicine actively organizes training for members of the ESG Working Group. During the Reporting Period, one ESG Working Group training session was conducted, covering analysis and review of ESG development trends, changes in HKEX ESG policies, the current status of ESG management, and other key ESG matters.

Board Statement

Hua Medicine places great importance on achieving sustainable development. Within our ESG governance framework, the Board is responsible for the decision-making and oversight of ESG governance, and maintains comprehensive oversight of the Company's performance in ESG-related areas.

The ESG Working Group reports to the Board on key matters related to ESG objectives, performance, and emerging trends. The ESG Working Group is responsible for coordinating and advancing the implementation of ESG-related policies and objectives. Relevant functional departments integrate the sustainable development management strategies into their daily operations to enhance the Company's overall ESG performance.

To effectively manage potential risks that may hinder the Company's sustainable development, the Board is responsible for overseeing the implementation of ESG governance policies and strategies.

Stakeholder Identification and Engagement

The opinions and suggestions of stakeholders are of critical importance to Hua Medicine's business decisions and development. Hua Medicine places great emphasis on stakeholders and actively seeks to understand and listen to their expectations regarding Hua Medicine's ESG management strategies and practices, using this feedback as an important consideration for optimizing management strategies and practices. Based on Hua Medicine's own business characteristics and operational conditions, and drawing on the experience and practices of global peers, Hua Medicine has identified key stakeholders, including government and regulatory authorities, shareholders and investors, employees, the medical community, suppliers and partners, communities and the public, and the natural environment. In addition, Hua Medicine regularly monitors stakeholder needs, establishes communication channels suitable for different stakeholder groups, and provides timely responses and follow-up on stakeholder concerns to meet their expectations.

In the stakeholder engagement process, Hua Medicine ensures the provision of comprehensive and impartial information to enable stakeholders to fully understand the assessment background and provide valuable feedback based on accurate and objective insights.

Stakeholders	Expectations	Communication Channels
 **Government/Regulatory**	• Comply with laws and cooperate with government regulatory authorities • Promote industry innovation • Policy response and implementation	• Work Report • Government-Enterprise meetings • Policy consultation
 **Shareholders/Investors**	• Protect shareholders' rights and interests • Conduct operations and management in compliance • Protect the corporate image	• Timely information disclosure • Shareholder meetings • Sound legal risk control system
 **Employees**	• Protect employees' rights and interests • Democratic and empathetic management • Focus on health and safety • Provide training and career development channels	• Policy Issuance • Performance evaluation mechanism • Periodic safety drill • Labor union and employee caring activities • Professional trainings
 **Medical Community**	• Provide safe and high-quality medicines • Improve medicine accessibility • Protect privacy of patients • Listen to feedback from patients	• Innovative medicine research • Product quality control • Personal data protection • Effective helplines, complaint filling channels
 **Suppliers/Partners**	• Adhere to business ethics • Ensure fair competition • Build a sustainable supply chain	• Long-term strategic partnerships • Fair and impartial procurement guidelines • On-site visits • Supplier communication and training • Supplier evaluation
 **Community/Public**	• Promote community development • Drive employment • Public welfare and charity	• Industry forum • Public welfare speeches • Social media
 **Environment**	• Conserve energy and reduce emission • Control waste • Address climate risks	• Advocacy for resource conservation awareness • Declaration and compliant handling of waste • Environmental impact assessments

Materiality Assessment

To effectively address the challenges posed by internal and external changes, Hua Medicine conducted a materiality assessment in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix C2 to the HKEX Listing Rules. Hua Medicine recognizes the impact of material issues on business development and continuously optimizes management strategies to enhance its governance capabilities, enabling it to respond to a rapidly changing business and regulatory environment and meet stakeholder expectations.

During the Reporting Period, Hua Medicine identified potential material ESG issues based on business operations, industry characteristics, and internal and external environmental changes, considering regulatory requirements, industry standards, and consultations with internal and external experts.

- External assessment: With reference to industry materiality maps under standards such as SASB, MSCI and GRI, and incorporating expert opinions.

- Internal assessment: Consolidating evaluations from various departments regarding the relevance of each topic to Hua Medicine.

In brief, we have confirmed that key disclosures will be made on the following issues:

Category	Issues
Environment	Greenhouse Gas Emission Management
	Efficient Utilization of Resources
	Waste Disposal
Social and Governance	Product Safety and Quality Management
	Medicine Accessibility
	Business Ethics
	Supply Chain Management
	Employee Health & Safety
	Employee Development & Training
	Intellectual Property Management

STEADY PROGRESS, GOVERNANCE WITH RESPONSIBILITY AT THE CORE

A sound corporate governance structure is the cornerstone and a key safeguard for the Company's sustainable development. Hua Medicine is committed to promoting sustainable corporate governance aligned with its core values, encouraging directors and senior management to duly fulfill their responsibilities, and continuously enhancing governance transparency. The Company firmly believes that robust governance practices can clarify the allocation of responsibilities and accountabilities, protect shareholders' interests, and enhance corporate value.

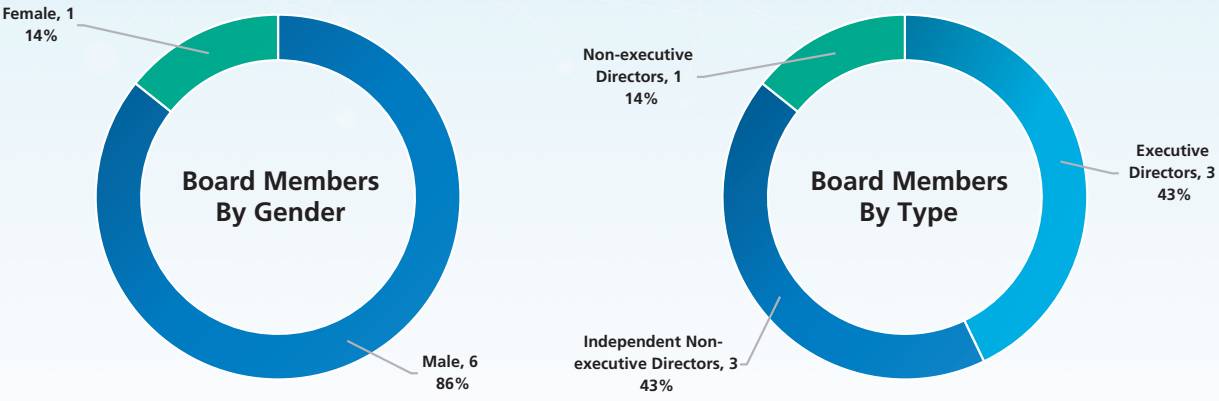
Corporate Governance

Hua Medicine strictly complies with relevant national and industry laws, regulations and regulatory requirements, and continues to enhance its corporate governance system and advance the systematic development of its governance framework. In strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and taking into account its stage of development and operational conditions, the Company has lawfully established the Board, with directors appointed through a standardized and transparent selection process. By establishing a scientific, efficient and stable decision-making and oversight system with long-term mechanisms, the Company clearly defines the respective responsibilities of the Board and management, strengthens checks and balances and internal oversight, safeguards orderly and compliant operations, protects the legitimate rights and interests of the Company and all shareholders, and lays a solid governance foundation for long-term and steady development.

The Board has established specialized committees, including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee, which perform their respective duties within the authority delegated by the Board. These committees provide professional advice and support to the Board on major matters, review and assess relevant management systems and business processes, and monitor the implementation of Board resolutions, thereby fulfilling their oversight and feedback functions and assisting the Board in enhancing the quality of decision-making and the standard of governance.

Hua Medicine has adopted the *Board Diversity Policy* and is committed to continuously building a Board with diverse backgrounds and professional expertise. The Company adheres to a merit-based principle in director appointments and takes diversity as an important consideration, including but not limited to gender, age, cultural background and ethnicity. In selecting candidates, the Board conducts a comprehensive assessment in accordance with the *Articles of Association* and other relevant policies, considering factors such as educational background, industry experience, professional knowledge, skills and length of directorship, to ensure an appropriate balance between diversity and professionalism in the overall composition of the Board.

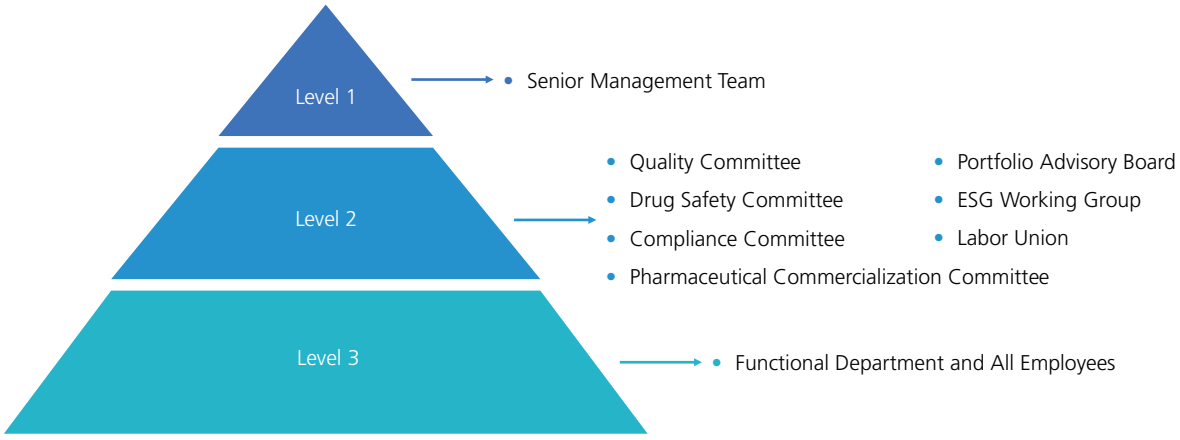
The Company currently has seven directors, all of whom are professionals with extensive experience in fields including life sciences, chemistry, risk management, accounting and law. Among them, half of the directors hold doctoral degrees, reflecting the Board's strengths in depth of professional expertise and industry insight, and providing strong support for the Company's strategic decision-making and long-term development.



Compliance Management System

Hua Medicine strictly adheres to laws, regulations, and regulatory requirements, including the *Company Law of the People's Republic of China* and the *Listing Rules*, and continuously improves its compliance management system. Building upon the mature and stable operation of core institutional frameworks throughout the year – including the *Code of Conduct*, *Code of Conduct Commitment*, *Code of Conduct for Academic Promotion Activities*, and *Code of Conduct for Academic Promotion Activities Commitment* – the Company further issued the *Financial Management Process for Academic Promotion Activities (Trial Version)*. This document refines expense approval and reimbursement requirements for academic promotion scenarios, tightening the compliance management network to effectively safeguard the Company's lawful and compliant operations.

The Company has established a clearly defined three-tier compliance governance structure. The first tier is Senior Management, which holds overall responsibility for compliance and serves as the core for strategic leadership and final decision-making. The second tier consists of the Quality Committee, Drug Safety Committee, Compliance Committee, Pharmaceutical Commercialization Committee, Portfolio Advisory Board, ESG Working Group, and the Labor Union, working together to implement compliance requirements. The third tier covers all functional departments and employees, who participate in compliance management to form a closed loop with clear accountability and seamless top-down alignment, thereby continuously improving the Company's level of lawful and compliant operations.



Hua Medicine Compliance Operation Management System

Internal Audit and Internal Control

Hua Medicine fully recognizes the significance of internal audit mechanisms for the Company's standardized operations. Accordingly, the Company continuously optimizes its internal control management systems, systematically reviewing and implementing relevant management principles, process requirements and key risk control links to ensure the effective execution of internal control measures in daily operations.

Based on the 2024 Risk Assessment Report and the *Global Risks Report 2025* published by the World Economic Forum, the Compliance Committee and internal audit team, under the leadership of the Company's CEO, reached consensus and jointly completed the strategic planning and priority confirmation for the 2025 internal audit work. The Company's internal audit activities are based on the above risk assessment and adopt a risk-oriented planning approach, prioritizing the evaluation of management effectiveness in key risk areas. When formulating plans, the Company comprehensively evaluates risk levels and management maturity, governance and internal control priorities, previous audit findings, and audit resource allocation to ensure balanced and comprehensive coverage. During the Reporting Period, the internal audit team conducted quarterly special audits covering four areas: fixed assets, budget management, compensation management, and R&D expenses, addressing financial compliance and operational efficiency across key business cycles. Simultaneously, the team strengthened daily controls over high risk areas such as travel, entertainment, and commercial promotion. Through periodic sampling and year-round data analysis, the team systematically monitored travel and entertainment expenses, identified anomalous reimbursement behaviors, established a tiered rectification mechanism for non-compliant matters, and continuously tracked remediation progress. The internal audit team regularly compiled audit results and remediation follow-ups to report to the Board of Directors, supporting the Board's ongoing supervision and strategic decision-making regarding the Company's internal control and risk management status. During the Reporting Period, the Company identified no material non-compliance incidents.

Anti-Corruption Management

Hua Medicine strictly implements *the Anti-Bribery* and *Anti-Corruption Procedures*, maintaining a zero-tolerance stance toward any form of bribery and corruption. The Company has established strict prohibitions against the transfer of improper benefits and has clearly defined compliance requirements and behavioral boundaries around key areas, including personnel hospitality, expense reimbursement, recruitment, business interactions, and third-party cooperation management. By continuously improving its anti-bribery and anti-corruption oversight framework, the Company effectively prevents and controls compliance risks arising from employee interactions with government officials, healthcare professionals (HCPs), healthcare organizations (HCOs), and other business partners. During the Reporting Period, the Company was not involved in any legal disputes or regulatory penalties related to bribery or corruption.

To prevent risks of corruption, fraud, and other misconduct, Hua Medicine has established and operates diversified compliance reporting channels. Through policies such as the *Whistleblowing Policy*, the Company clearly defines the procedures for handling compliance reports and provides institutional safeguards to protect the information security and legitimate rights and interests of whistleblowers who submit reports under their real names. The whistleblowing email is managed exclusively by the internal audit team to ensure timely acceptance and verification of reported matters. During the Reporting Period, following on-going monitoring and verification by the internal audit team, no compliance-related reports were received.

Compliance Training

Hua Medicine recognizes that continuous cultivation of employee compliance awareness is essential for driving the effective operation of internal control systems and enhancing risk management capabilities. In 2025, alongside the expansion of the sales team, the Company systematically strengthened its compliance training system. Through high-frequency, comprehensive, and immersive training designs, the Company drove deep penetration of compliance culture into frontline business operations. Moreover, the Company conducts daily communication and regular targeted training to ensure the Board of Directors and employees have thorough understanding of compliance and anti-corruption knowledge, policies, and risk prevention requirements.

The compliance team established a "*bi-monthly regular*" training mechanism, focusing on anti-fraud and anti-corruption as core themes. Five training sessions were conducted, covering 319 total attendances across core business teams including sales, marketing, and operations. Training content was closely linked to typical issues identified through internal audits and actual cases publicly disclosed from market sources. It provided in-depth analysis of potential risks in business scenarios, strengthening employees' risk identification capabilities and reinforcing their compliance baseline awareness.

Meanwhile, the Company strictly implements the new employee compliance admission mechanism, conducting separate compliance training for new hires and incorporating compliance courses into mandatory onboarding content. This ensures that all new employees establish correct compliance concepts and professional ethics from the outset of their employment.

Business Ethics

Fair Competition

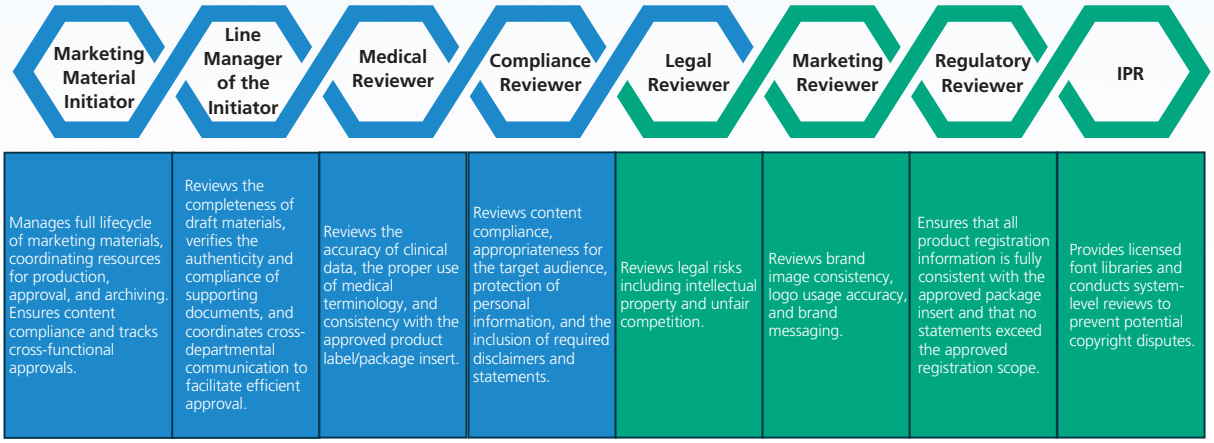
Hua Medicine regards maintaining market competition order as an important component of corporate responsibility. The Company strictly prohibits any employee from obtaining competitive advantages through improper means, particularly intervening in the independent business decisions of distributors or other commercial partners. In accordance with the *Hua Medicine Compliance Code of Conduct*, all business activities must be based on the genuine value of products and services, eliminating false advertising, exclusive arrangements, or other market mechanism-distorting behaviors.

To effectively address potential antitrust compliance risks, the Company has formally established the following non-negotiable red lines for commercial conduct: strictly prohibiting abuse of market position through refusal to deal, imposing tying, discriminatory treatment, or engaging in abnormal pricing (excessively high or low). These requirements apply comprehensively to the Company's internal operations and simultaneously extend to all interactions with competitors, third-party institutions, and business partners.

Responsible Marketing

Hua Medicine consistently adheres to scientific integrity and patient interests as its guiding principles, ensuring all marketing activities operate within a lawful and compliant framework. The Company follows relevant laws and regulations, including the *Drug Administration Law of the People's Republic of China* and *the Advertising Law of the People's Republic of China*, and has systematically constructed marketing compliance internal control standards.

The Company has also established a multi-dimensional review mechanism for marketing and promotional materials. After employees submit marketing material applications, the materials must undergo sequential review by line managers as well as the Medical Affairs, Compliance, Legal, Marketing, and Regulatory Department. Each reviewer independently assesses the compliance and accuracy of materials from their respective professional perspective. Only after receiving approval at all review stages may the materials proceed to the next phase, ensuring that external communications meet the medical evidence, applicable laws and regulations, and industry standards. During the Reporting Period, the Company was not involved in any legal disputes or litigation arising from misleading or inaccurate marketing or promotional activities.



Marketing Materials Review Process

Data Security

Hua Medicine insists on balancing development and security. In advancing its digitalization and information technology initiatives, the Company places information security and personal data protection as top management priorities. The Company strictly complies with the *Personal Information Protection Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, and other laws and regulations. The Company has established a security management system covering the entire data lifecycle and driving deep embedding of information security requirements into its business processes and daily operations. During the Reporting Period, the Company had no incidents of customer privacy leakage or other information security events, maintaining a zero major security incident record.

Information Security Safeguards

In 2025, Hua Medicine completed revision and upgrade of key systems including the *Data Security Management Standards* and *Network Data Transmission Security Management Procedures*, further improving the institutional guaranteed system covering the full data lifecycle. Additionally, the Company has established and continuously manages information and network security in strict compliance with management system requirements such as the *Information Security Policy* and *Cybersecurity Emergency Response Procedures.* The Company has also formulated a tiered response and rapid disposal mechanisms for security incidents, such as data leakage, to ensure manageable and controllable risks, rule-based event response, and efficient and orderly disposal.

Hua Medicine continuously improves information security monitoring and risk prevention systems, regularly conducting cybersecurity assessments and testing. In 2025, the Company carried out comprehensive cybersecurity testing around information system security, covering red team simulated attack exercises, penetration testing, code auditing, and software supply chain security assessment. During the Reporting Period, the Company introduced an internal red team attack simulation mechanism for the first time, effectively identifying and exposing previously undiscovered security risk points. For high-risk and medium-risk issues identified during testing, the Company has promptly completed rectification and repair, further enhancing the overall security protection capability of information systems.

Meanwhile, the Company has established open and accessible channels for information security-related reporting and feedback, encouraging employees to promptly report when discovering potential information security risks or violations. During the Reporting Period, the Company received no reports related to data leakage or information security.

System Management

In 2025, Hua Medicine accelerated information technology construction to empower productivity and risk prevention, further improving operational efficiency and solidifying information security defenses through launching and iterating multiple systems. For daily office operations, the Company has optimized workflows and upgraded functions of the OA system, simplifying business approval processes and information submission processes, significantly enhancing employees' efficiency in information processing and collaborative experience. For customer relationship management, the Company has implemented the principle of least privilege management for the CRM system, applied encryption and desensitization to sensitive data, and conducted regular annual account permission reviews to strengthen security control capabilities for customer data information and business processes.

Information Security Training

Hua Medicine attaches great importance to cultivating employee awareness in information security. The Digital and Information Department systematically organized information security training. For new employees, the Digital and Information Department led 22 information security-related training sessions to ensure they fully understand company information security management requirements and relevant operational standards at the outset of employment, solidifying security admission foundations. In response to sales team expansion amid business development, the Digital and Information Department collaborated with the Human Resources Department to conduct 3 specialized training sessions for relevant sales teams, focusing on strengthening risk prevention awareness regarding customer information protection and data compliant use. In addition, the Company independently conducted phishing email prevention specialized training, setting up simulation exercise, requiring those who failed the simulation tests to re-study until qualified, ensuring proper defense skills for all staff.

To support organizational capability enhancement and compliant business expansion, Hua Medicine has established and operates two types of digital learning platforms, to provide training for all employees and the sales team respectively, with corresponding data security management measures implemented based on different content attributes. The online training platform for all employees primarily sources content from internal materials and publicly available textbooks, uniformly released by the Digital and Information Department. Heads of relevant business departments are responsible for content collection and preliminary review and are required to formally acknowledge data security responsibilities during the approval process to ensure that internal materials are not disclosed. To support sales team professional capability building, the Company has collaborated with external suppliers to specially build a digital learning platform, focusing on product and medical knowledge, delivering structured and targeted training to continuously strengthen employees' medical knowledge and product expertise. This platform adopts a model combining supplier technical support and company autonomous content planning. All uploaded materials are strictly sourced from publicly available medical literature and authoritative guidelines, ensuring no involvement of any undisclosed clinical data or sensitive medical information.

2025 Hua Medicine Information Security Training

INTERNET SECURITY

INTERNET SECURITY

The primary attack vector was phishing websites. Similar to phishing emails, this fraud method tricks users into clicking links that redirect them to spoofed webpages designed to mimic legitimate sites, thereby deceiving users into divulging sensitive information or credentials.

EMAIL SECURITY

EMAIL SECURITY

Phishing emails, attachments containing viruses and Trojans, and fraudulent emails are common email-based attack vectors. For attackers, corporate email systems represent a high-yield target. According to IC3 statistics, from October 2013 to December 2016, attackers profited $5.3 billion through email fraud, significantly surpassing the $1 billion generated by ransomware in 2016 alone.

INNOVATION-DRIVEN GROWTH, SHARED SUCCESS FOR THE INDUSTRY

The steady advancement of pharmaceutical enterprises relies on continuous innovation in products and technologies. Hua Medicine has long been dedicated to biopharmaceutical R&D, leveraging solid drug development capabilities, advanced technology platforms, and industry-leading integrated R&D and industrialization facilities to continuously drive the translation of innovative achievements from the research stage to clinical application and commercialization. The Company actively collaborates with industry chain partners to jointly advance the R&D and commercialization of innovative diabetes therapeutics, committed to providing patients with more clinically valuable treatment options and to continuously improving patients' quality of life and long-term health outcomes.

R&D Progress

Products and Pipeline	Indications	Discovery (Pre-clinical – Phase II) / Development (Phase III) / Commercialization
Dorzagliatin	T2D-Drug Naïve	
	T2D-Metformin Tolerated	
	RWE study for Diabetes Remission	
	MODY-2	
	Diabetes prevention IGT2NGT	
	Frailty	
	Early AD	
	CFRD	
Dorzagliatin and Metformin FDC	T2D	
2nd Generation GKA	Metabolic Disease	
Dorzagliatin add on to GLP-1 Ras	T2D and Obesity	
Dorzagliatin + small molecule GLP-1	T2D and Obesity	
Dorzagliatin+ Empagliflozin	DKD	
Dorzagliatin+ Sitagliptin	T2D	
Dorzagliatin add on to Insulin	Insulin sparing in T2D	
mGLUR5 NAM	PD-LID	
	Drug Addiction	
GK NAM	Metabolic Disease	

Business Overview

The fiscal year 2025 marked a milestone year for us as the Company assumed full responsibility for the commercialization of HuaTangNing (华堂宁®) (dorzagliatin tablets), our global first in-class glucokinase activator for the treatment of Type 2 diabetes. This transition followed the termination of the exclusive promotion service agreement with Bayer (the "Agreement") effective January 1, 2025, and allowed Hua Medicine to consolidate both operational and strategic control over market execution in mainland China.

Sales performance exceeded expectations, with over 4.0 million packs of HuaTangNing (华堂宁®) sold during the Reporting Period, representing a 91% increase over the fiscal year 2024. This growth was achieved at the same price for both periods, underscoring strong demand and successful execution of Hua's commercial strategy. Revenue reached RMB492.9 million, a 93% increase year-on-year, and gross profit increased 125% to RMB280.4 million. Gross margin improved to 56.9%, reflecting increased manufacturing scale and greater cost efficiency. The strong financial performance was further supported by the one-time release of RMB1.24 billion in previously deferred income associated with the Agreement. This resulted in the Company's first reported annual profit of RMB1.11 billion – a key milestone in Hua Medicine's turn towards sustainable profitability.

HuaTangNing (华堂宁®) continued to benefit from its inclusion in China's National Reimbursement Drug List (NRDL), which took effect in January 2024. In 2025, dorzagliatin was recognized as national innovation and an effective therapy for chronic disease by the relevant regulatory authorities in China. Accordingly, the same NRDL price was offered for the calendar years 2026 and 2027. Reimbursement coverage under the NRDL has significantly increased accessibility, especially in Tier 2 and Tier 3 hospitals, and played a critical role in accelerating patient adoption. Since its launch in October 2022, HuaTangNing (华堂宁®) has been prescribed to over 500,000 patients through 3,000+ hospitals, community centers, pharmacies and online channels. In parallel with our commercial progress, Hua continued to invest in clinical innovation and scientific validation. The Company has advanced multiple post-marketing studies to generate real-world evidence of dorzagliatin's long-term safety and effectiveness, including, but not limited to its potential impact on several first-in-disease unmet medical conditions, such as cognitive function, diabetes prevention and remission.

In 2025, we also filed regulatory applications for dorzagliatin in Hong Kong and Macau, reflecting a commitment to expanding access outside of mainland China. In February 2026, we received Hong Kong regulatory approval for commercialization and we plan to launch dorzagliatin in Hong Kong by the middle of 2026 under the trade name MYHOMSIS®, 華領片®. We plan to expand new applications and indications of dorzagliatin in Hong Kong and other regions in Asia where the root cause of diabetes is very similar with mainland China.

We have advanced our 2nd generation GKA as a once daily therapy for patients with obesity, leveraging dorzagliatin effects in improved glucose-stimulated GLP-1 secretion in the pancreas and in the intestine. The MAD study of the 2nd generation GKA was initiated in the United States with first-patient-in in December 2025, and we expect to report topline data by the middle of 2026. We continue to accelerate the development of fixed dose combination of dorzagliatin with metformin. Significant progress has been made in the submission of an IND file with the Chinese National Medical Products Administration (NMPA). GMP commercialization manufacturing process has been successfully completed to support the pivotal bio-equivalence study for NDA filing in 2027. In clinical studies, the combination of dorzagliatin with metformin offered better glycemic control in reduction of post-meal glucose levels and managing fasting glucose levels which provide additional opportunity to improve glucose homeostasis endpoints.

Hua Medicine's scientific leadership was further recognized at the 2025 American Diabetes Association (ADA) Annual Meeting and the Chinese Diabetes Society (CDS), where new data on dorzagliatin's mechanism of action and therapeutic potential were presented.

Looking ahead, Hua Medicine remains focused on driving long-term value through disciplined commercial execution, continued expansion of its clinical pipeline, and exploration of new indications that leverage the Company's proprietary glucokinase modulation platform.

Cautionary Statement required under Rule 18A.08(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"): We may not be able to ultimately develop and market our product candidates successfully.

R&D Model

In the drug discovery phase, Hua Medicine adopts the "VIC" R&D model, with VC (Venture Capital), IP (intellectual property), and CRO (contract research organization) as core elements, accelerating the formation and screening of early-stage R&D outcomes through resource integration and collaborative innovation. In the drug development phase, the Company further introduces the "PPR" model, comprehensively considering Policy (policy environment), Practice (clinical practice), and Regulation (regulatory requirements), to drive organic alignment between R&D activities and clinical needs, regulatory orientation, and compliance requirements, enhancing the scientific validity and feasibility of development pathways.

Throughout the entire drug lifecycle management process, Hua Medicine consistently places "Q," namely Quality (quality management throughout the drug lifecycle), at the core, permeating all aspects of drug R&D, clinical research, manufacturing, and commercialization. The Company has established a dedicated Quality Committee to continuously monitor drug safety and quality management, and to implement systematic oversight of partners' experimental design, study execution, and operational management to ensure all work complies with internationally recognized standards and regulatory requirements. Through the above R&D and quality management models, Hua Medicine has enhanced the efficiency of new drug R&D and optimized R&D cost structure, while effectively safeguarding drug quality levels and the scientific rigor, robustness, and reliability of research data.

Data-Driven R&D

Building upon traditional R&D systems, Hua Medicine actively introduces digital technologies such as computer modeling and data analysis to continuously advance the intelligence and scientific rigor of R&D processes. The Company employs computer simulation and PK/PD modeling technologies to systematically analyze drug in vivo processes and pharmacodynamic characteristics, providing scientific foundations for experimental design, dose selection, and clinical protocol optimization, effectively enhancing the accuracy and efficiency of R&D decision-making. Meanwhile, relying on comprehensive analysis of clinical data, genomic data, and comorbidity information, combined with artificial intelligence and big data analytics technologies, the Company continuously deepens its understanding of heterogeneity in Type 2 diabetes patients, achieving patient stratification research to provide data support for individualized treatment and precision medicine. By deeply integrating computer technology throughout the drug R&D process, Hua Medicine continuously improves R&D efficiency and success rates, driving more efficient translation of innovative outcomes to clinical practice and patients.

R&D Management

Hua Medicine leverages the synergy between internal controls and external regulatory oversight to ensure that R&D innovation progresses within a framework of high standards and stringent requirements. The Company strictly complies with domestic and international laws, regulations, and industry standards, including the *Drug Administration Law of the People's Republic of China*, *Good Manufacturing Practice for Drugs – Appendix for Clinical Trial Drugs (Trial)*, and *Guidelines for Quality Risk Management in Co-line Production of Drugs*. We have established and continuously improved a management system covering the entire R&D process, effectively ensuring the safety, compliance, and traceability of R&D activities and products. Meanwhile, the Company continuously strengthens quality management requirements at the R&D stage, adheres to scientific principles and technical standards, proactively accepts on-site guidance and supervision from drug regulatory authorities, and continuously improves R&D compliance management standards.

At the R&D execution level, Hua Medicine provides robust support for innovative R&D through improved project management mechanisms and systematic methodologies. The Company has constructed a standardized, process-oriented R&D project management system that enhances overall efficiency by clearly delineating responsibilities and optimizing project pacing and resource allocation. Each R&D project team holds regular project meetings to conduct thematic presentations and discussions on technical progress, key challenges, and potential risks, coordinating resources and resolving issues in a timely manner to ensure orderly advancement of R&D work.

Regarding talent and team building, Hua Medicine continuously recruits and cultivates R&D talent with innovative capabilities and professional depth, forming an R&D team centered on high-level specialized professionals. The Company relies on a workforce of master's and doctoral-degree holders with rich practical experience in the biopharmaceutical field, providing solid talent assurance and professional support for continuous pipeline expansion and technological innovation.

Academic Exchange and Collaboration

Hua Medicine upholds the core principles of open collaboration and mutual benefit, actively integrating into the industry-university-research collaborative innovation system. By sharing cutting-edge knowledge and innovative technologies with the industry, the Company continuously breaks through R&D bottlenecks and drives the development and commercialization of efficient, safe, innovative drugs. Relying on a sound scientific research cooperation mechanism, the Company has established long-term cooperative relationships with multiple globally renowned universities and research institutions, fully integrating academic resources and industrial experience to accelerate the translation of scientific research outcomes, continuously empowering technological innovation and high-quality development of the pharmaceutical industry.

Researcher	Research Findings
The Team of Professor Anil Basu, Tenured Professor in the Division of Endocrinology, Diabetes and Metabolism at the University of Alabama at Birmingham (UAB)	Dorzagliatin increases total UDP-glucose flux through the direct pathway of glycogen synthesis, suggesting it can improve impaired hepatic glycogen metabolism, with mechanisms to restore hepatic glycogen reserves and effectively reduce postprandial blood glucose in Type 2 diabetes patients.
	Compared to metformin and insulin glargine, dorzagliatin reduces nocturnal glucose production by decreasing glycogenolysis and gluconeogenesis, further demonstrating its unique mechanism of controlling diabetes from the source.
Chu Hsien-I Memorial Hospital & Tianjin Institute of Endocrinology	The RWE study HMM0701 completed enrollment in 2025 (a total of 380 patients with type 2 diabetes). Interim results showed that, in the context of multidrug and partial insulin combination therapy, after 6 months of treatment, patients' glycemic control was significantly improved, with glycated hemoglobin decreasing from 8.1% to 7.3% and TIR increasing to over 70%.
80 Clinical Research Centers in China	The REW study HMM0601 has completed clinical trials with over 2,000 subjects in 2025. The initial results suggest that dorzagliatin is safe and well tolerated in Chinese type 2 diabetes mellitus (T2DM) patients. There were no new adverse effects observed in the study and the incident rate remains as low as what was observed in Phase III clinical trials. Patient adherence was generally high, with a mean adherence rate of approximately 95%.
The Team of Professor Juliana Chan, International Endocrinology Expert at The Chinese University of Hong Kong (CUHK)	Using the hyperglycemic clamp technique, single-dose dorzagliatin restored GK enzyme activity, significantly improving second-phase insulin secretion and β-cell glucose sensitivity in individuals with impaired glucose tolerance (IGT).

Protection of Research Participants Rights

Hua Medicine strictly complies with domestic and international laws and regulations including the *Civil Code of the People's Republic of China*, *Declaration of Helsinki* by the World Medical Association, *Good Clinical Practice (GCP) for Drug Clinical Trials*, and *Guidelines for Ethical Review of Drug Clinical Trials*, effectively standardizing the entry of adverse drug reaction reports, ensuring proper preservation of data during clinical trials, and fully safeguarding research participants rights.

Hua Medicine ensures scientifically rigorous trial design, legally compliant processes, and ethically sound operations, fully protecting the legitimate rights and interests of research participants. During clinical trial implementation, we strengthen the delineation of responsibilities between institutions and sponsors, implementing research participants rights protection measures across multiple dimensions, including privacy protection, informed consent, safety assurance, and financial compensation, and enhance team execution capabilities regarding research participants rights protection and compensation mechanisms through specialized training.

Privacy Protection

The Company has established and implemented research participants privacy protection policies and data security measures, continuously strengthening data protection processes. Meanwhile, internal audits are conducted regarding research participants privacy data protection to ensure proper protection of research participants personal information.

Institutional Safeguards

- Signed privacy protection agreements with hospitals and investigators, with relevant liability clauses clearly specified in supplier contracts
- Established a systematic security incident response mechanism for research participants privacy protection

Oversight and Review

- Conducted rigorous assessment and approval of research participants privacy protection-related protocols and data confidentiality measures prior to clinical trial initiation.

Process Optimization

- In developing clinical trial protocols, multiple measures are implemented to strictly prevent the risk of leakage of research participants' private data.

Informed Consent Protection

Before clinical trial initiation, we explain to research participants the research objectives, methodology, potential conflicts of interest, investigator backgrounds, expected scientific value and potential risks of the study, possible discomfort during the research process, and relevant safeguard measures upon study completion, ensuring each research participants makes informed decisions based on a full understanding of the research project.

All research activities are conducted on the premise that research participants voluntarily sign informed consent forms, which is the cornerstone of safeguarding research participants rights. During the research process, should any key information be updated, we will revise the informed consent form accordingly and, upon approval, promptly notify relevant research participants; if necessary, research participants will need to re-sign the updated informed consent form.

We respect every research participants' autonomous right to choose. Research participants not only have the right to decide whether to participate in the study, but may also freely choose to withdraw at any time during the research period without bearing any form of negative consequence.

Safety and Health Rights Protection

Hua Medicine continuously improves mechanisms and processes for responding to adverse events in research participants. We strictly follow regulatory time limit requirements, conducting standardized handling of Serious Adverse Events (SAEs) and Suspected Unexpected Serious Adverse Reactions (SUSARs) that may occur during clinical trials, promptly submitting reports to relevant regulatory authorities, and rapidly notifying all participating investigators and clinical trial institutions to ensure timeliness and transparency of information transmission.

Animal Welfare Risk Management

Hua Medicine consistently places animal welfare at the forefront of its research activities, upholding the highest ethical standards and scientific standard in animal research. The Company conducts animal experiments prudently only when explicitly required by laws and regulations, or when scientifically necessary for research and drug development and no appropriate alternatives are available. The Company conducts its animal research activities primarily through qualified external service providers, with strict management of compliance and ethical requirements for animal experiments throughout the cooperation process. The Company has established a clear and sound management framework and strict management systems, standardizing animal management and use plans, supplier onboarding and qualification, and ongoing supervision to ensure compliant and orderly conduct of animal experiment-related work and implementation of animal welfare requirements.

Regarding the selection and management of animal experiment suppliers, Hua Medicine adheres to high standards and stringent requirements. On one hand, the Company explicitly requires suppliers to legally obtain all necessary licenses to conduct animal experiments and to employ qualified personnel with laboratory animal professional skills, ensuring they possess foundational conditions meeting industry standards. On the other hand, the Company prioritizes suppliers with established animal ethics review mechanisms, ensuring all animal experiments comply with animal ethics requirements. Meanwhile, the Company gives preference to suppliers accredited by AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care International), and further requires them to establish clear management structures, strictly implement internal policies, operational standards, and supervision mechanisms, safeguarding the standardization, scientific validity, and ethical compliance of animal experiment activities from the source, and continuously improving animal welfare management standards.

Through the systematic advancement of animal welfare assurance measures, Hua Medicine continuously optimizes animal experiment processes, ensures the implementation of animal welfare, and continuously improves living environments and overall quality of life for laboratory animals. The Company integrates animal welfare concepts throughout the entire R&D process, from trial design, process management, to supplier supervision, with specific measures including:

- **Reducing animal use and actively exploring alternatives:** Hua Medicine strictly follows the "3R Principles" (Reduction, Refinement, Replacement) in animal experiments, minimizing the number of laboratory animals used to the greatest extent while meeting scientific research and regulatory requirements. The Company continuously seeks potential alternative methods during R&D to reduce reliance on animal experiments, driving more humane and sustainable R&D practices while ensuring research quality.

- **Requiring suppliers to adhere to equivalent principles:** Hua Medicine extends animal welfare requirements to supply chain management, explicitly requiring all suppliers involved in animal experiments to strictly comply with internationally recognized animal welfare standards and ethical norms, ensuring humane treatment of laboratory animals throughout the entire experimental process. The Company conducts continuous supervision of suppliers' laboratory animal ethics management through periodic reviews, on-site inspections, and professional guidance, with focused attention on key aspects including cleanliness and safety of animal housing environments, scientific nutritional supply, reasonable activity space, and health monitoring and stress management, effectively safeguarding laboratory animal welfare and driving suppliers to continuously improve animal welfare management standards.

Management of Intellectual Property

Hua Medicine, guided by the core principles of "*For Patients, Global Innovation, Effective Medicines*", has established an Intellectual Property (IP) Management System, serving as a key foundation to drive innovation and sustain Hua Medicine's core competitiveness. Hua Medicine strictly complies with domestic laws and regulations, including *the Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and continuously monitoring international IP standards such as the *Patent Cooperation Treaty (PCT)* and its implementing regulations. This ensures that all stages of intellectual property acquisition, maintenance, and utilization adhere to applicable legal and regulatory standards. Within the existing management framework, Hua Medicine continues to leverage its IP management functions to coordinate and oversee IP matters arising in R&D, business operations, and external collaborations, implementing compliance requirements in line with industry practices and regulatory developments.

Internally, Hua Medicine maintains existing institutional arrangements by clarifying IP protection responsibilities during employee onboarding, requiring relevant personnel to sign agreements related to IP protection to standardize the management of service inventions and related outcomes. In addition, Hua Medicine implements incentives and safeguards in accordance with the established "*Reward and Remuneration System for Service Inventions and Creations*", protecting the legal rights of R&D personnel and supporting continuous innovation. In external collaborations, Hua Medicine clearly defines the rights and obligations of all parties regarding intellectual property in collaboration agreements, respecting and protecting the legitimate IP of partners and mitigating potential infringement risks. Furthermore, internal review and risk assessment procedures are applied to all external disclosures and information dissemination involving IP, reducing the likelihood of disputes arising from public communication or citation.

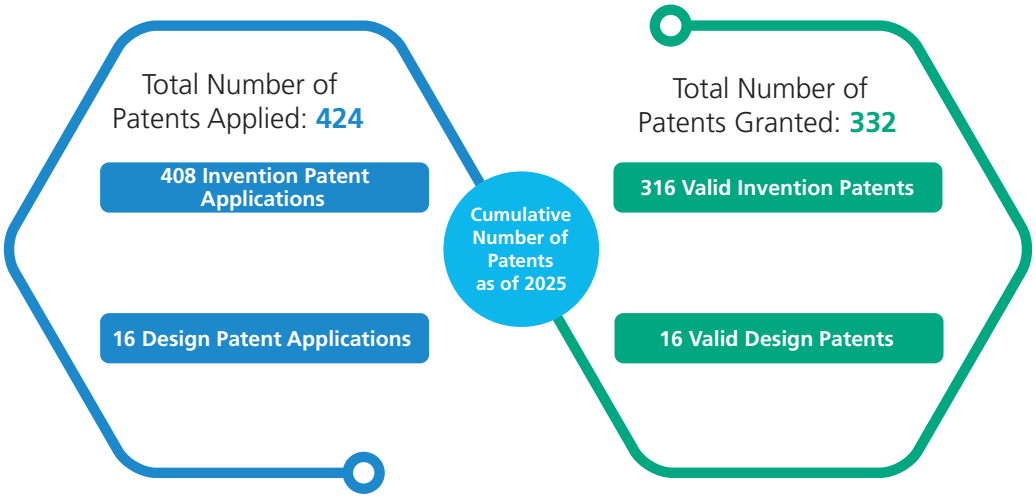
During the Reporting Period, Hua Medicine was not involved in any IP-related litigation or administrative penalties. The Company continues to advance its global patent strategy. As of 2025, Hua Medicine has filed a cumulative total of 33 invention patent applications and obtained 20 invention patent grants. In addition, 128 European patents became effective during the year. Hua Medicine's technological innovations have also earned industry recognition. Specifically, the project "*Oral Formulation of Glucokinase Activator and Preparation Method Thereof*" was awarded the "Second Prize for Patents" at the *5th Shanghai Intellectual Property Innovation Awards*, reflecting the Hua Medicine's sustained R&D investment and intellectual property accumulation in relevant technical fields.

Details of patent grants are as follows:

No.	Patent Type	Invention Title	Granted Countries/Regions
1	Invention Patent	Oral Formulations of Glucokinase Activators and methods of preparation and use thereof	Brazil, Canada, and Europe
2	Invention Patent	Pharmaceutical combinations, compositions and compound preparations containing glucokinase activators and biguanide hypoglycemic agents and methods of preparation and use thereof	Australia and the United States
3	Invention Patent	Pharmaceutical Compositions Containing Glucokinase Activators and K-ATP Channel Blockers, and methods of preparation and use thereof	Australia
4	Invention Patent	Pharmaceutical Compositions Containing Glucokinase Activators and SGLT-2 Inhibitors, and methods of preparation and use thereof	Australia, Israel, China (divisional application), and China Macau (divisional application)
5	Invention Patent	Pharmaceutical Compositions Containing Glucokinase Activators and DPP-IV Inhibitors, and methods of preparation and use thereof	Australia, Canada, Israel, China (divisional application), and China Macau (divisional application)
6	Invention Patent	Pharmaceutical Compositions Containing Glucokinase Activators and PPAR Receptor Agonists, and methods of preparation and use thereof	Australia
7	Invention Patent	Pyrrolidine Derivatives	South Korea
8	Invention Patent	Prodrugs of Pyrrolidone Derivatives as Glucokinase Activators	Europe, Eurasia, and Japan

Photos of Selected Patent Certificates (2025)

As of 2025, Hua Medicine has filed a cumulative total of 424 patents, including 408 invention patent applications and 16 design patent applications. Among these, 332 patents have been granted, comprising 316 valid invention patents and 16 valid design patents.



QUALITY FOUNDATION UPHOLDING HUA MEDICINE CRAFTSMANSHIP

Hua Medicine adheres to a patient-centred approach, integrating drug quality and safety throughout its operations and management process. The Company implements systematic quality management across the entire lifecycle of its products, strengthens control over critical quality risks, and ensures the patient medication safety, thereby fulfilling its corporate mission of "*Effective Medicines*" through concrete actions.

Quality Risk Management System

Hua Medicine regards medicine quality and safety as a fundamental basis for the Company's sound operations and sustainable development. Under its established Quality Risk Management System, the Company promotes the normalization and standardization of quality management by focusing on key processes such as risk identification, assessment, and control. Hua Medicine strictly complies with *the Drug Administration Law of the People's Republic of China*, *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, *Product Quality Law of the People's Republic of China*, and other relevant laws and regulations. In accordance with the requirements of *Good Laboratory Practice (GLP)*, *Good Clinical Practice (GCP)*, *Good Manufacturing Practice (GMP)*, *Good Supply Practice (GSP)*, and *Good Pharmacovigilance Practice (GVP)*, Hua Medicine has established a full lifecycle quality management system to oversee drug quality throughout research, development, production, distribution, and use.

Hua Medicine has established dedicated Drug Quality Committee and Drug Safety Committee, responsible for conducting quality management reviews on the status of the quality system and quality operations to ensure compliance and effectiveness. In parallel, Hua Medicine collaborates with external joint quality committees to oversee and manage drug quality. Through clearly defined responsibilities and robust communication and reporting mechanisms, the Company supports the effective implementation of quality management requirements across all relevant processes. On this basis, Hua Medicine integrates quality risk management requirements into various business stages, including research and development, production, sales, and post-marketing management. Through institutional enforcement and day-to-day operations, the Company enhances its ability to identify and respond to potential quality risks, ensuring the compliance and effectiveness of its Quality Risk Management System.

Furthermore, Hua Medicine actively participates in industry quality associations and professional exchange activities, such as the *Shanghai Pharmaceutical Quality Association*, the *Shanghai Food and Drug Safety Research Association*, and the *Shanghai Pharmaceutical Industry Association*. Drawing on industry experience and best practices obtained through these exchanges, Hua Medicine has developed relatively stringent quality management standards. At the same time, the Company continuously refines its Quality Management System in daily operations, laying a solid foundation for its quality governance and maintaining its leading position within the industry. During the Reporting Period, Hua Medicine's Quality Risk Management System operated smoothly, and no significant quality compliance incidents occurred.

Enhancement of Management Quality

Hua Medicine places risk control at the core and steadily advances the deepening and expansion of its Quality Management System. Led by the Quality and Risk Control Department, the Company has systematically reviewed and updated its core internal quality management procedures, product lifecycle controls, and external quality management standards, further consolidating a preventive and fully controllable quality management mechanism. In terms of quality management procedures, Hua Medicine has updated processes such as *Change Control* and *Annual Product Quality Review*, refining requirements for quality risk identification, assessment, and continuous improvement to support the standardized operation of the Quality Management System. With respect to product lifecycle management, Hua Medicine has clearly defined quality control requirements across the lifecycle of marketed products in procedures such as *Marketed Product Release* and *Drug Return Management,* strengthening the management of quality risks in distribution and the market channels. In the area of external quality management relationships, Hua Medicine has further refined procedures including the *GMP Vendor Qualification and Monitoring Process for Drug Manufacturing* and *Supervision of Qualification and Supervision Procedures for Drug Distribution Service Providers.* Through these improvements, the Company has standardized the qualification verification and ongoing supervision of external partners, extending its Quality Management System to external collaborations and ensuring comprehensive implementation of quality requirements.

During the Reporting Period, the robust operation of Hua Medicine's Quality Management System earned a series of positive external recognitions. The Company was among the first enterprises in 2025 to successfully pass the review and obtain the Drug Manufacturing License (Category B), demonstrating strict compliance with production regulatory requirements. In addition, Hua Medicine has consecutively received an A-level rating for three years in the Shanghai Pharmaceutical Manufacturing Enterprises Comprehensive Credit Risk Assessment. This dual recognition – covering both licensing and credit – objectively validates the Company's solid foundation and long-term excellence in quality system development, process standardization, and compliant operations.

Quality Review

The Quality Committee mechanism serves as the core platform for the operation of Hua Medicine's Quality Management System. The Quality Committee holds regular meetings to systematically conduct quality reviews and assessments. On the one hand, each quarter Hua Medicine conducts comprehensive reviews of key areas – including staffing, material management, production management, and quality control and assurance – focusing on product quality performance and system operation, while performing targeted analyses on audit issue remediation. On the other hand, the mechanism undertakes regulatory tracking responsibilities, ensuring that updates to regulatory requirements, such as the *Pharmacopoeia of the People's Republic of China (2025)*, are timely and accurately integrated into Hua Medicine's testing activities and quality practices.

Building on this framework, Hua Medicine extends the quality review mechanism to external collaboration management by establishing an External Joint Quality Committee, which conducts quarterly quality assessments with key suppliers. Through these evaluations and ongoing monitoring, Hua Medicine effectively fulfills its production oversight responsibilities, ensuring that quality management requirements are consistently implemented across both internal operations and external collaborations.

Quality Audit

Hua Medicine has established a multi-dimensional evaluation mechanism for the operation of its Quality Management System by conducting regular and special Quality Audits, combined with day-to-day supervision, external audits, and regulatory inspections. This mechanism ensures that all business activities comply with applicable laws, regulations, and industry standards. Hua Medicine places high importance on issues identified in various audits and promptly implements corrective and preventive actions to drive continuous system improvement.

From a risk management perspective, Hua Medicine carries out quality assessments throughout the entire supplier management process, covering from supplier selection and onboarding to performance monitoring and evaluation. This ensures that supplier information is maintained accurately and in a timely manner, material quality and supply-related issues are properly addressed, and changes are implemented strictly in accordance with regulatory and procedural requirements. The assessments specifically include supplier qualification documentation review, material evaluation, and supplier Quality Audits. Regarding supplier Quality Audits, Hua Medicine selects appropriate audit methods based on risk assessment results, including on-site audits, remote audits, desk reviews, or a combination of these methods. During the Reporting Period, Hua Medicine completed audits for 24 suppliers as planned, and the results indicated that all audited suppliers met the Company's quality management requirements.

In terms of external quality inspections, Hua Medicine successfully passed the on-site inspection conducted by the Shanghai Municipal Drug Administration during the Reporting Period, with no observations identified, and received recognition from the regulatory authority.

Enhancement of Customer Service Quality

Hua Medicine regards long-term customer trust as a key foundation for its sustainable and robust development. The Company continuously listens to customer feedback and optimizes service processes to safeguard customers' legitimate rights and interests, consistently delivering stable, reliable, and trustworthy customer service.

Quality Inquiry Handling

Hua Medicine regards the protection of consumer rights and medication safety as a key component of its routine quality management. By leveraging a standardized Pharmacovigilance System and Drug Distribution Quality Management System, Hua Medicine ensures that all adverse event reports and quality feedback are effectively addressed. Hua Medicine maintains multiple channels for collecting customer feedback, including the official website, dedicated email, and a customer service hotline, enabling timely follow-up for each feedback received. For feedback related to quality inquiries, Hua Medicine conducts analysis and evaluation strictly in accordance with internal management procedures. Where the Quality Department determines that a market corrective action is required, Hua Medicine will promptly initiate the corresponding product recall procedures in compliance with established protocols.

During the Reporting Period, Hua Medicine's quality inquiry and complaint handling mechanism operated efficiently, maintaining a 100% timely response rate. Upon assessment, all feedback and inquiries were confirmed not to involve product quality issues, and no quality complaints were confirmed by Hua Medicine during the Reporting Period.

In addition, although no product recalls were required, Hua Medicine proactively conducted mock recall drills to validate the feasibility of procedures and adequacy of resources, demonstrating its forward-looking risk management awareness and preparedness.

Counterfeit Drug Risk Management

During the Reporting Period, the Company received feedback regarding the presence of counterfeit drugs in the market. In response, the Company placed high priority on this issue and promptly established a dedicated task force composed of personnel from Quality, Commercial, Legal, and Production departments to conduct centralized analysis, investigation, and follow-up on relevant leads. The task force conducted reviews and evaluations on a quarterly basis. Based on dimensions such as sales volume, customer distribution, circulation channels, and shipping origins, the team systematically analyzes the information collected, and formulates interim assessments and improvement recommendations. These findings are submitted to the Company's internal Quality Committee for deliberation and reported simultaneously to senior management. Thanks to this mechanism, the Company has achieved significant progress in curbing the illegal circulation of related products, with a notable decrease in the number of suspected counterfeit drug cases monitored in the second half of the year.

Regarding client feedback related to counterfeit drugs, Hua Medicine has refined its customer service procedures, standardizing response content and handling protocols upon receipt of feedback. The *Standard Response Archive for Quality Complaints* clearly defines the handling principles, requiring that during customer interactions, consumers are guided to contact local drug regulatory authorities or use official platforms to verify the authenticity of drugs and purchase channels, enabling customers to protect their rights through official channels.

Throughout the overall response process, Hua Medicine adheres to a principle of supporting and cooperating with regulatory authorities. The Company has proactively implemented national pharmaceutical traceability requirements and facilitated the adoption and application of the drug traceability code system, effectively reducing the risk of diverted or counterfeit drugs entering legitimate distribution channels. At the same time, Hua Medicine steadily advances the optimization of its own anti-counterfeit management measures, further enhancing product identification and risk prevention capabilities, thereby safeguarding patient medication safety and protecting their legal rights.

Protection of Customer Privacy

Hua Medicine incorporates customer privacy and personal data protection into its overall quality management and compliance framework. Within the existing data security and privacy management system, Hua Medicine has clearly defined management requirements for personal information of both clinical trial subjects and general customers. Hua Medicine strictly complies with relevant laws and regulations, including the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, and aligns with ethical standards such as the *Helsinki Declaration* to regulate the scope of collection, use, and management of personal data. Furthermore, policies such as the *Standard Response Archive for Quality Complaints* clearly specify the standard handling of customer personal information and the protection of clinical trial subjects' privacy. In addition, Hua Medicine implements strict access control measures to ensure that these policies and procedures are effectively enforced, thereby continuously mitigating the risk of information leakage. During the Reporting Period, no incidents occurred that compromised the privacy of customers or clinical trial subjects due to personal data breaches.

Quality Culture Development

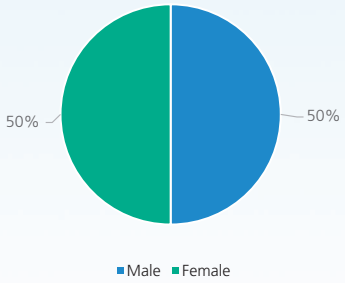
Hua Medicine consistently regards quality and safety as the core foundation of its operations and views systematic quality training as a key means of implementing quality management requirements. Hua Medicine has established and continuously improved a comprehensive training system covering the entire drug lifecycle. This system is role-oriented and targets key personnel responsible for quality and safety, as well as all employees involved in R&D, production, non-clinical/clinical studies, pharmacovigilance, operations, and product usage processes (referred to as GxP employees), with tailored training procedures developed for each group. Training is delivered through a combination of role-specific onboarding and continuing education. Standardized processes are applied to the planning, execution, effectiveness assessment, and annual review of training programs, ensuring that training content is closely aligned with the requirements of the Quality Management System.

In 2025, Hua Medicine strictly implemented professional development and competency assessments for key quality and safety personnel. All critical roles, including the Legal Representative, the Person in Charge of the Enterprise (i.e., the Principal Person in Charge), the Head of Production, the Head of Quality, the Qualified Person (QP), and the Qualified Person Responsible for Pharmacovigilance (QPPV), completed 100% of continuing training on relevant pharmaceutical laws, regulations, and policies, and successfully passed periodic assessments to ensure a precise understanding of regulatory requirements. For all GxP employees, Hua Medicine effectively executed the internal training management process and training plans. This ensured that each employee completed both role-specific training and continuing education, thereby enhancing professional competence and compliance awareness across all stages of the drug lifecycle.

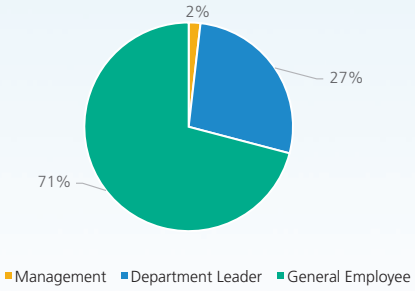
During the Reporting Period, Hua Medicine conducted various quality training sessions as planned, including 87 sessions on procedural documents, 19 sessions on laws and regulations, and 15 sessions on technical documents. All training programs were completed as scheduled, achieving an overall completion rate of 100%, providing a solid foundation for the effective operation of the Quality Management System.

In 2025, GxP training participation is illustrated in the figure below.

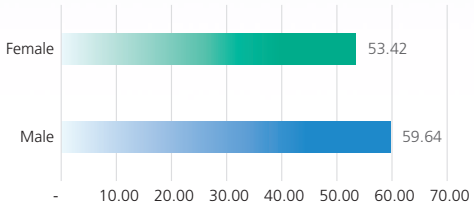
EMPLOYEE TRAINING STATUS BY GENDER



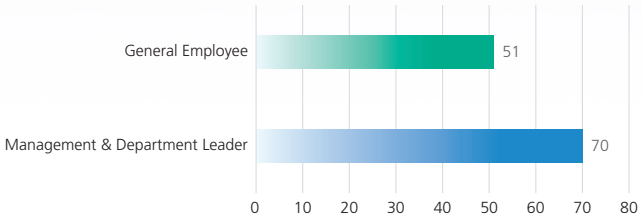
EMPLOYMENT TRAINING STATUS BY LEVEL



AVERAGE HOURS OF EMPLOYEE TRAINING BY GENDER (HOURS)



AVERAGE HOURS OF EMPLOYEE TRAINING BY LEVEL (HOURS)



Note: GxP training statistics refer exclusively to compliance training conducted in accordance with relevant laws and regulations, excluding professional skills enhancement or general employee development training.

Building a Responsible Supply Chain

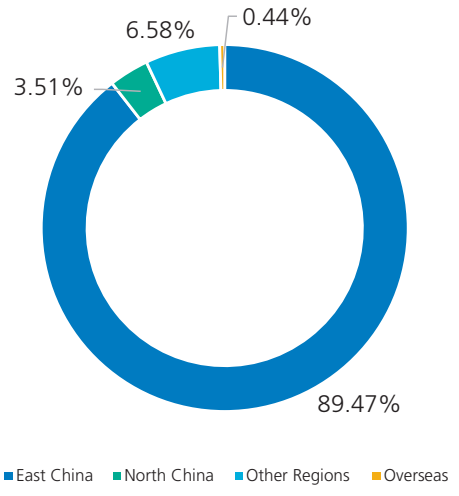
Supply chain management is a critical component of company operations, playing a vital role in ensuring product quality, enhancing R&D efficiency, and strengthening market competitiveness. Hua Medicine continuously optimizes supplier management systems by improving management policies, enhancing audits and inspections, and promoting responsible sourcing, to steadily enhance supply chain management efficiency. Meanwhile, through supplier exchange meetings, the Company progressively improves overall supply chain compliance and risk management capabilities, steadily driving high-quality industry development.

Supplier Management System

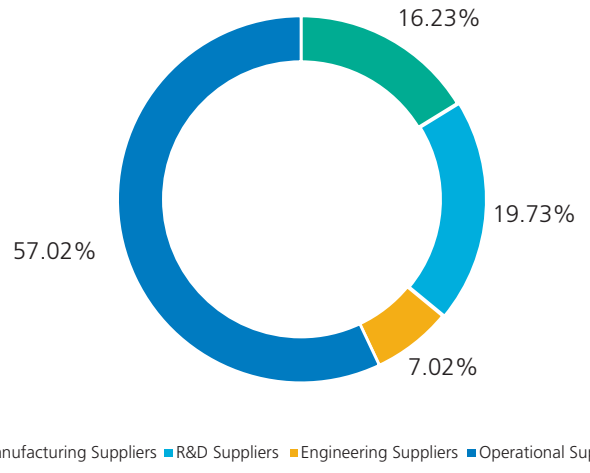
Hua Medicine consistently adheres to relevant national laws, regulations, and industry regulatory requirements, continuously refining and improving its supplier management system. The Company implements a systematic and tiered management mechanisms across the entire supplier lifecycle, covering multiple stages including entry assessment, qualification review, contract performance monitoring, periodic review, and performance evaluation. This approach enables ongoing monitoring and assessment of suppliers' compliance, contract fulfilment capability, and potential risks. Through strengthened process control and dynamic supervision, the Company effectively prevents and mitigates supply chain-related risks, continuously enhancing supply chain stability, security, and sustainability to provide robust support for steady business development.

As of the end of the Reporting Period, we had 288 suppliers, with breakdowns by service type and region as follows:

Suppliers by Region



Suppliers by Type

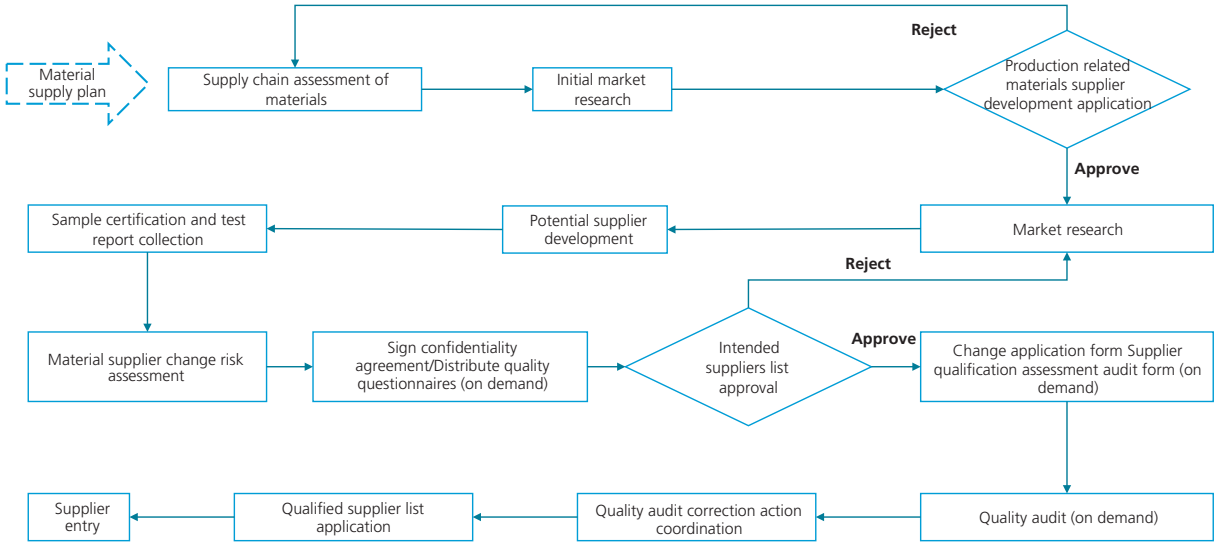


Supplier Entry

Hua Medicine maintains rigorous and standardized supplier entry review mechanisms. Through issuing the *Supplier Information Inquiry Questionnaire* to potential suppliers, the Company systematically collects and comprehensively understands key information including financial status, production capacity, service experience, corporate governance structure, and quality management systems. On this basis, the Company conducts multi-dimensional and rigorous qualification reviews of suppliers, with focused verification of business licenses, production permits, product registration materials, and various statutory qualifications and certifications related to compliant production. This ensures that suppliers possess foundational legal and regulatory prerequisites to conduct business.

Regarding ESG, Hua Medicine further integrates sustainability requirements into supplier entry management, requiring suppliers to provide environmental impact assessment reports, environmental certifications, and other supporting materials to evaluate their performance and effectiveness in environmental protection and compliant operations. The Company comprehensively reviews the above information and qualification documents, conducts systematic supplier assessments, and accordingly standardizes and improves supplier entry management processes, laying the foundation for building a compliant, stable, and sustainable supply chain system. Meanwhile, the Company proactively strengthens communication and collaboration with third-party pharmaceutical logistics service providers. During the Reporting Period, Hua Medicine held ESG-focused communication meetings with these providers, requiring them to introduce their group-level ESG management systems and related work plans. This initiative further enhances mutual understanding on sustainable development goals, management requirements, and future improvement directions, jointly advancing ESG management development of the pharmaceutical supply chain and fostering continuous interaction and collaborative improvement.

Production-related Materials Supplier Admission Process:



Assessment and Audit

To ensure that key material suppliers' operations comply with internal management standards and industry regulatory requirements, Hua Medicine implements tiered supplier management based on risk-oriented principles. According to different risk levels, the Company defines corresponding audit frequencies and methods, implementing differentiated and targeted supervision measures.

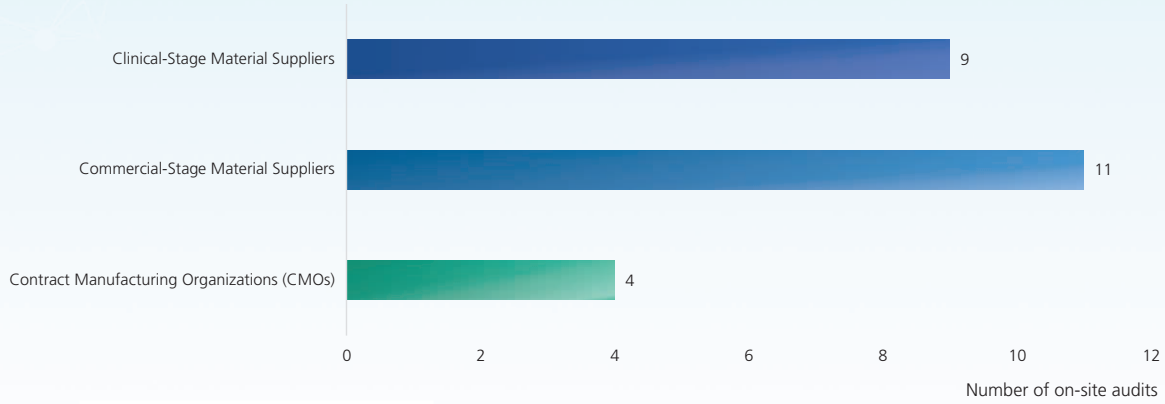
For high-risk suppliers such as contract manufacturers and major material producers that occupy critical positions in the supply chain and significantly impact product quality and business continuity, Hua Medicine adopts a comprehensive supervision model centered on on-site audits supplemented by field inspections. The audits cover key areas including safety and compliance of production equipment, technical personnel capabilities, rationality of production processes, the standardization of operating procedures, and completeness and effectiveness of quality control systems. During the audit process, the Company proposes clear rectification recommendations for identified issues and continuously follows up on the implementation of corrective actions, encouraging suppliers to improve management systems and enhance their operational standards.

When audit results indicate major or persistent non-conformities, Hua Medicine will, based on the severity of the issues and their potential impact on product quality and supply stability, take management measures in accordance with applicable laws and regulations. Such measures may include requiring rectification within a specified timeframe, suspending cooperation, or terminating supplier's qualification. These actions are intended to effectively mitigate supply chain risks and ensure the stability and high-quality operation of the supply chain system.

In 2025, Hua Medicine conducted 24 on-site audits, with all relevant suppliers passing successfully. During the same period, the Company completed 238 field visits, further strengthening continuous understanding and dynamic management of supplier operating conditions.

Beyond supervision and audits, Hua Medicine also emphasizes enhancing overall supply chain capabilities through capacity building. The Company organizes quality and technical exchange sessions, as well as thematic programs, to assist suppliers improve operational efficiency and quality management capabilities while promoting knowledge sharing and technological innovation. During the Reporting Period, Hua Medicine conducted 165 supplier training and technical exchange activities. These initiatives not only effectively reduced supply risks and improved delivery timeliness and product quality stability, but also further consolidated long-term cooperative relationships with suppliers, creating greater value for building a safe, stable, and sustainable supply chain system.

Number of On-site Audits by Auditee Type



Clinical Phase Material Suppliers On-site Audit

Conduct an on-site audit of the supplier of the active pharmaceutical ingredient (API) metformin hydrochloride for the FDC project.

CDMO Suppliers On-site Inspection

Conduct on-site visits to prospective CDMO suppliers to assess their manufacturing processes, facility location and scale, as well as equipment and testing capabilities.

Periodic Review

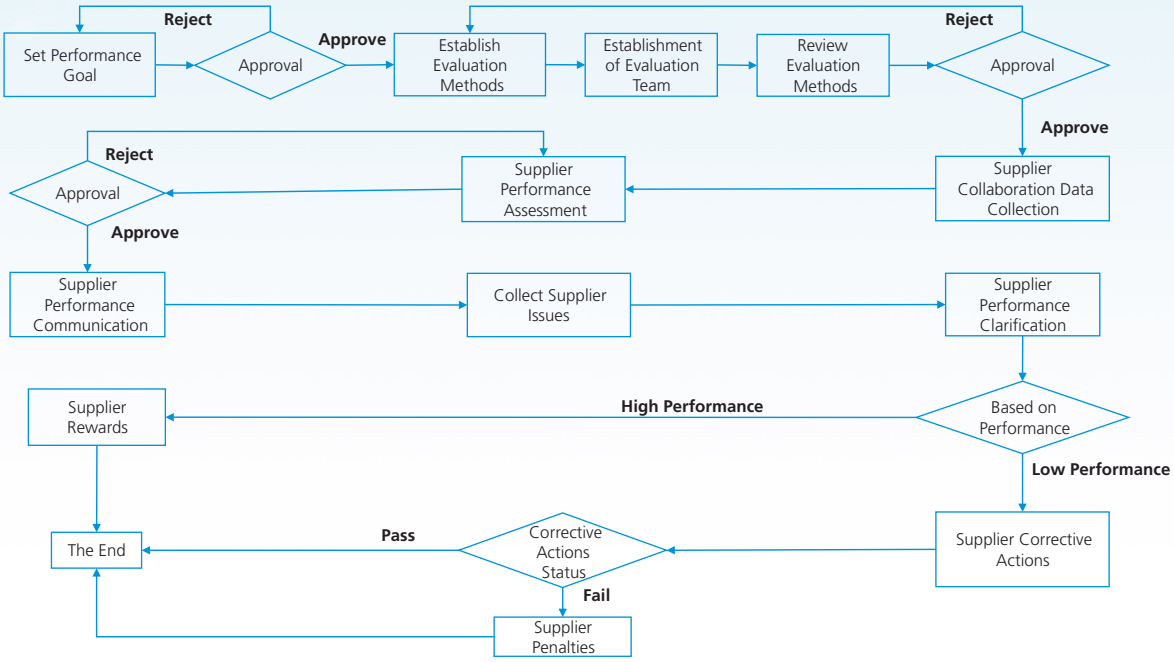
In addition to on-site supervision and periodic audits, Hua Medicine has established normalized and institutionalized online communication mechanisms with its key suppliers. The Company regularly organizes online meetings to confirm project requirements, track preparation progress, and monitor key equipment operating status, enabling timely grasp of project execution. During communications, both parties engage in thorough discussion on various issues arising during project advancement, deeply analyze root causes, and jointly explore practical solutions to ensure that projects progress steadily in line with planned schedule.

Meanwhile, Hua Medicine consistently applies full lifecycle drug management concepts throughout the supply chain management process, conducting systematic assessments of cooperation through quarterly review meetings. Based on a ten-key management framework, the Company starts from material procurement sources to comprehensively review actual production operations, identify and analyze deviations and potential risks, and systematically summarize and review various audit and assessment results. Through continuous optimization of supply chain management processes and collaboration mechanisms, the Company continuously improves material quality stability and production efficiency, further strengthen synergy and cooperation with suppliers, and ensures the efficient and stable supply chain operation, thereby providing robust support for product quality and business continuity.

Supplier Performance Management

Hua Medicine attaches great importance to stable production line operation and refined supply chain management. Based on different cooperation models, business attributes, and risk levels, the Company has constructed differentiated supplier performance evaluation processes, ensuring all suppliers are assessed and managed within a fair and reasonable framework. In 2025, building upon the existing supplier performance management system, the Company continuously optimized and improved the performance management mechanism for suppliers involved in pharmaceutical production. Combining commercial development goals, suppliers' criticality within the supply chain, and their market position, Hua Medicine further refined and adjusted its management objectives and assessment methods. The Company has also gradually expanded the scope of performance management from core suppliers to a broader range of business-related parties, including suppliers of raw and auxiliary materials, packaging material suppliers, and production service suppliers, and driving supply chain management toward broader coverage and higher standards.

Supplier Performance Management Process



In terms of performance evaluation, the Company has further strengthened supplier compliance and quality management, in addition to its existing evaluation criteria such as delivery timeliness, warehousing management level, material quality stability, and after-sales service responsiveness. Through this enhanced framework, the Company conducted a comprehensive evaluation of suppliers' overall performance to form more comprehensive and objective assessment results.

Meanwhile, Hua Medicine is progressively planning and advancing a alternative supplier management mechanisms. By establishing a diversified and substitutable supply system, the Company aims to reduce reliance on single suppliers. In this process, it is also further standardizing supplier management requirements and continuously enhancing the supply chain stability, resilience, and overall operational efficiency.

At the performance management execution level, supplier management personnel are responsible for timely feedback of evaluation results to suppliers, conducting thorough communications on evaluation details and improvement recommendations, and collecting supplier opinions and feedback. When necessary, the Company verifies and confirms through on-site visits to ensure accuracy and fairness of evaluation results. For suppliers with excellent performance, Hua Medicine provides corresponding incentives to encourage the sustained maintenance of high operational standards. For suppliers whose performance falls short of requirements, the Company issues corrective action requests within a specified timeframes. If a supplier fails to complete rectification as required, the Company will take further management measures in accordance with laws and regulations based on severity of issues.

During the Reporting Period, Hua Medicine conducted comprehensive performance evaluations of 11 key production suppliers. Evaluation results showed most suppliers met or exceeded company management requirements, with only 3 suppliers scoring below standards. For these cases, the Company promptly required relevant suppliers to implement rectification. Currently, all 3 suppliers have completed the rectification, effectively safeguarding overall supply chain quality and operational stability.

Supply Chain Risk Management

To effectively manage supply chain risks, Hua Medicine actively engages in strategic cooperation with international key material producers to solidify supply foundations at the source, ensuring stability and timeliness of material supply. Meanwhile, the Company vigorously advances localization and substitution of major production materials, continuously enhancing supply chain autonomous controllability.

In inventory management, Hua Medicine has innovatively established a collaborative inventory management model with multiple suppliers. Through information sharing and joint inventory planning, the Company could monitor inventory dynamics in real time, enable precise replenishment and inventory structure optimization, effectively reducing supply interruption and shortage risks, and ensure continuous, stable, and efficient product and service supply.

In 2025, building upon the above foundations, Hua Medicine further strengthened supply chain risk response capabilities, focusing on advancing several key initiatives:

- Continuously expanded supply sources by introducing multiple alternative suppliers, reducing dependence on a single supply channel and enhancing resilience against external uncertainty risks;
- Signed long-term supply agreements with key material suppliers in Germany and established domestic safety stock mechanisms to provide medium – to long-term assurance for core material supply;
- For key products from Finnish suppliers, added their U.S. facility as an alternative supply source on top of existing cooperation, while simultaneously advancing introduction and evaluation of domestic suppliers to further enhance supply flexibility;
- For materials still subject to single-source risks, the Company has initiated testing and trial use of domestic suppliers. Relevant preparatory and validation work is progressing steadily, with some projects have already completed and with remaining projects being carried out according to plan.

Through these initiatives, Hua Medicine continuously improves multi-source, multi-tier supply assurance systems, enhancing supply chain stability, security, and risk resistance capabilities, providing solid support for business continuity and high-quality development.

Supply Chain Sustainability

To promote the sustainable development of its supply chain, Hua Medicine continuously integrates ESG principles into its supplier management system. The Company issues the "*Hua Medicine Code of Conduct for Manufacturing Suppliers*" to key production suppliers, clearly outlining fundamental requirements regarding business ethics, labor rights, occupational health and safety, environmental protection, and R&D ethics. The company requires suppliers to strictly adhere to applicable laws and regulations as well as internationally recognized sustainability standards in their business operations. Suppliers must conduct business legally and in compliance, uphold the principles of fair competition and integrity, and prohibit any form of commercial fraud, corruption, or conflicts of interest.

In terms of social responsibility, Hua Medicine places a strong emphasis on suppliers' protection of employees' legitimate rights and interests. Suppliers are required to provide a safe, equitable, and respectful working environment, prohibit forced labor, child labor, and any form of discrimination or inhumane treatment, while ensuring employees' rights to compensation, working hours, and freedom of association. Additionally, the Company emphasizes that suppliers should establish comprehensive occupational health and safety management systems. Through risk assessments, safety training, and emergency drills, suppliers are expected to effectively safeguard the health and safety of their employees and other relevant parties.

In terms of environmental responsibility and R&D ethics, Hua Medicine encourages suppliers to minimize the environmental impact of their business operations by promoting energy conservation and emissions reduction, efficient resource utilization, and waste reduction at the source, thereby continuously improving environmental management performance. For suppliers involved in research and development activities, the Company further emphasizes adherence to scientific research ethics and animal welfare standards. Suppliers are required to implement the "*Replacement, Reduction, Refinement (3R)*" principles, ensuring that R&D activities comply with ethical standards and support sustainable development.

To further strengthen sustainable supply chain management, Hua Medicine has gradually introduced quantitative assessment and responsibility agreement mechanisms into its supplier management. In 2025, the Company issued an "*ESG Questionnaire*" to key suppliers, evaluating them across five dimensions: environment, carbon management, labor and human rights, sustainable procurement, and cooperation commitments. This data-driven approach supports scientific supplier management and continuous improvement.

At the same time, the Company signed "*ESG Supplementary Agreements*" with key logistics suppliers, clearly defining their responsibilities regarding ESG data provision, project implementation, continuous improvement plans, and audit cooperation. It helps to promote the practical implementation of sustainability management across all segments of the supply chain.

LOW-CARBON DEVELOPMENT FOR A SUSTAINABLE GREEN FUTURE

Hua Medicine attaches great importance to environmental protection and has established a sound governance structure to ensure strict compliance with relevant laws and regulations at operating locations, to effectively control and manage environmental matters, and promote effective implementation and continuous improvement of the environmental management system. This supports our management and oversight of key environmental priorities, including energy conservation and carbon reduction, emission management, resource allocation, ecological and biodiversity protection, and circular economy development. Grounded in an effective environmental governance system, Hua Medicine embraces responsibility with commitment and translates it into action, practicing the concept of sustainable development through tangible measures.

Address Climate Change

Hua Medicine recognizes climate change as a material consideration in its sustainable development strategy. The Company references relevant guidance from the Task Force on Climate-related Financial Disclosures (TCFD), along with industry development trends, operational characteristics, and climate and weather conditions at major operating locations, to progressively identify, assess, and address the potential impacts of climate change. Through continuous refinement of management measures and response capabilities, Hua Medicine is committed to strengthening business resilience and long-term sustainability, while actively supporting global climate action and mitigation goals.

Climate Risk Governance

At the governance level, the Board of Directors of Hua Medicine bears ultimate oversight responsibility for climate change-related matters, integrating climate-related risks and opportunities into the Company's ESG governance framework for coordinated management. The Board is responsible for reviewing the Company's objectives and targets related to carbon emissions management, energy consumption control, and other climate-related matters, as well as their implementation progress, and regularly discusses the potential impact of climate-related risks and opportunities on the Company's medium- and long-term development. In fulfilling its oversight duties, the Board keeps abreast of the latest progress on climate-related issues through management reports and thematic communications, and refers to external professional opinions when necessary to support its judgment and decision-making on such matters.

When supervising the Company's overall strategy, major business decisions, and risk management arrangements, the Board gradually incorporates climate-related risks and opportunities as one of the consideration factors, prudently assessing relevant potential impacts while balancing business development and sustainable development goals. The Board also pays attention to the formulation and advancement of climate-related objectives and targets, and supervises the implementation progress of relevant objectives through regular reviews of management reports. Currently, the Company has not yet incorporated climate-related performance indicators into the management remuneration policy. Relevant arrangements will be evaluated and optimized in a timely manner based on the Company's business development stage and regulatory requirements.

Under the authorization of the Board, senior management and relevant functional departments are responsible for driving the specific implementation of climate change management initiatives, including gradually carrying out the identification and conducting preliminary assessments of climate-related risks and opportunities within the existing operational and risk management framework. Management plans to conduct daily monitoring and follow-up of climate-related issues through existing internal management processes, maintain coordination with relevant functional departments such as Legal, Quality, and Internal Audit, and explore the gradual integration of climate-related management requirements into the Company's daily operations and management activities. Management will report to the Board in a timely manner on the progress of identifying climate-related risks and opportunities and response measures, assisting the Board in fulfilling its oversight responsibilities.

Climate Risk Management Strategy

Climate change presents challenges while also creating new development opportunities for the Company. By continuously improving resource utilization efficiency and advancing energy-saving and consumption-reduction initiatives, Hua Medicine has effectively reduced operating and production costs, further strengthened green operations and resource conservation concepts, and actively responded to and implemented national ecological and environmental protection policies. On this basis, the Company continues to build an environmentally friendly operating model, proactively fulfills environmental responsibilities, supports long-term stable development, and continuously enhances its positive reputation in capital markets and society.

The Company's climate change management system is still in a continuous improvement and deepening stage and quantitative analysis of climate-related risks and opportunities involves multiple business processes and upstream and downstream value chain segments, placing high demands on the coverage, comparability, and reliability of underlying data, as well as assessment methodologies and scenario parameter settings. As of this Reporting Period, relevant data systems and analysis methods are still in the gradual validation process. The Company has not yet reached a level of maturity sufficient to systematically conduct quantitative assessments and scenario analyses of climate-related risks and opportunities across all businesses and the value chain.

For the above reasons, during this Reporting Period, the Company has not yet made quantitative disclosures regarding the potential impact of climate-related risks and opportunities on cash flows, financing channels, or capital costs in the short, medium, and long term, nor has it provided quantitative explanations of the time horizons and financial impacts of different types of climate-related risks, including both physical and transition risks. Additionally, the Company has not yet established a unified and sufficiently mature methodology and data foundation for assessing climate-related risks. As a result, it has not yet undertaken a formal assessment to prioritize climate-related risks relative to other types of risks. Accordingly, the Company is currently not in a position to comprehensively analyze the concentrated impacts of climate-related risks and opportunities on its business model, value chain, asset distribution and operating activities across different regions, nor to quantify the amount and proportion of assets or business activities vulnerable to climate-related physical or transition risks, the scale of assets or business activities associated with climate-related opportunities, or the capital expenditure, financing or investment amounts allocated to climate-related risks and opportunities. Furthermore, the Company's relevant business activities do not currently involve internal carbon trading, so an internal carbon pricing mechanism has not yet been introduced, nor have carbon pricing parameters for assessing greenhouse gas emission costs been established.

The Company recognizes the importance of quantitative analysis of climate-related risks and opportunities. It will systematically review the climate strategy and assess the preparedness and feasibility of phasing in formal climate scenario analysis when conditions are mature, so as to gradually align with evolving regulatory expectations.

Climate Risk Identification and Management

Hua Medicine attaches great importance to the risks and opportunities that climate change may bring to the Company's operations and long-term development. The Company has conducted prudent examinations of relevant impacts from both physical risks and transition risks related to climate change, and has gradually formulated corresponding response measures to enhance the Company's ability to address climate change and business resilience.

Regarding **physical risks**, Hua Medicine's laboratories are primarily located in Shanghai Zhangjiang Hi-Tech Park, an area not prone to extreme weather events such as heat waves, earthquakes, typhoons, or floods. The overall level of climate-related physical risks is relatively controllable. Nevertheless, the Company maintains a prudent attitude and continues to implement necessary prevention and response measures. The Environment, Health, and Safety (EHS) department closely monitors weather changes, promptly issues risk alerts and safety guidelines before extreme weather such as heavy rain or severe convection that may pose potential impacts on employee travel and safety, and flexibly arranges remote or work-from-home options based on actual conditions to ensure employee safety and operational continuity. Meanwhile, the supply chain management department continuously pays attention to the potential impacts of climate change and geographic environmental factors on key suppliers' production capacity, delivery stability, and price levels, proactively identifies supply disruption risks arising from extreme weather or regional climate changes, and maintains stable supply chain operations.

Regarding **transition risks**, given that Hua Medicine has not yet commenced large-scale production activities, its overall energy consumption and greenhouse gas emissions are relatively low. Climate-related transition risks arising from policy, regulatory, technological, market, or reputational factors are relatively limited in the short and medium term. Nevertheless, the Company continuously monitors regulatory policy developments related to climate change, energy conservation, emission reduction, and environmental protection at national and local levels, and closely tracks the potential impacts of commercialization progress and business scale expansion on total greenhouse gas emissions and emission intensity across the value chain. On this basis, the Company has begun discussions with certain partners on feasible pathways for value chain emission reduction to lay the foundation for addressing long-term transition risks. Additionally, as an important measure to enhance business continuity and supply chain resilience, the Supply Chain Management department is systematically advancing the localization and substitution of key production materials. By building a diversified supply system and optimizing supply structure, the Company is gradually reducing dependence on single overseas supply sources, thereby effectively enhancing the stability, autonomous controllability, and risk resilience of the supply chain.

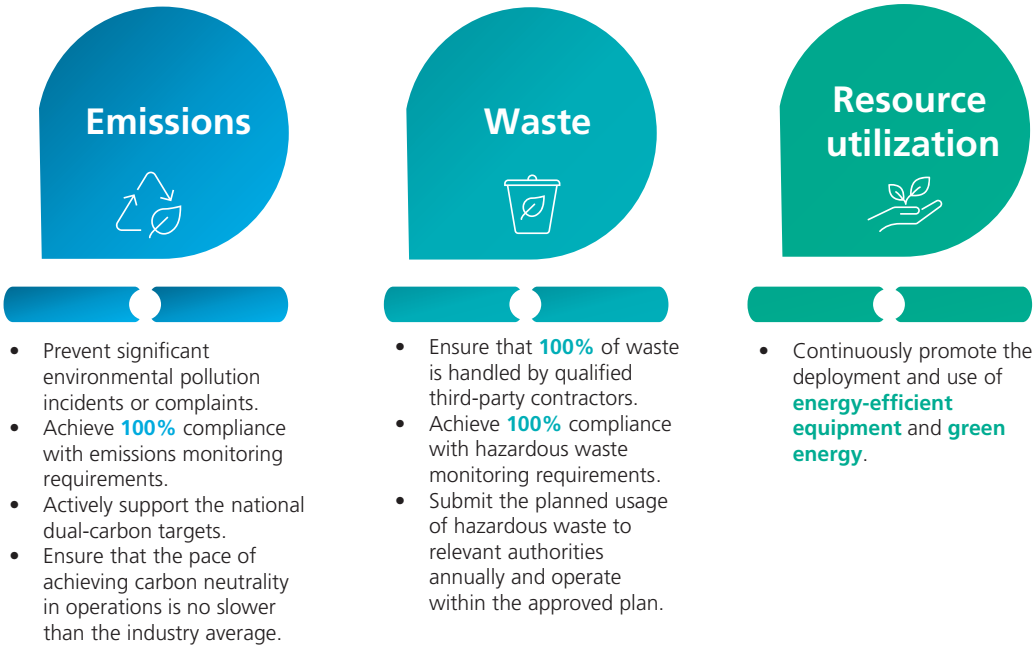
The Company does not currently have a formal climate-related transition plan and has therefore not identified the key assumptions or dependencies associated with such a plan. Nevertheless, Hua Medicine fully recognizes the importance of climate change-related risks and opportunities to the Company's medium and long-term development, operational resilience, and capital market performance. Looking ahead, the Company will gradually establish processes for identifying and assessing climate-related risks and opportunities in line with regulatory requirements, industry development trends, and its own business characteristics, explore the introduction of qualitative analysis and scenario analysis methods within appropriate scopes, and promote their integration with the Company's overall risk management system. Once relevant foundational work becomes practicable and relatively stable methodologies are formed, the Company plans to gradually enhance the depth and completeness of disclosures regarding climate-related risks and opportunities, their potential financial impacts, and response strategies in subsequent ESG reports.

Sustainability Goals

During the Reporting Period, the Company continued to review and track the implementation progress of its established environmental objectives and, in line with its day-to-day operations, timely reviewed, refined and updated the relevant management policies and measures. These efforts aim to strengthen ongoing oversight and dynamic improvement of ESG management practices, ensuring that Hua Medicine's environmental management system can effectively adapt to the evolving business environment and market requirements.

It is worth noting that, during the Reporting Period, Hua Medicine's sales team expanded significantly, and the personnel structure underwent a temporary adjustment, which had certain impact on the calculation of carbon emission-related indicators, resulting in temporary fluctuations in related data. Hua Medicine has duly considered the impact of these changes on environmental performance assessment and sustainability objectives.

To enhance the accuracy and comparability of disclosed data and to lay a solid foundation for future performance management, Hua Medicine established quantifiable carbon emission targets at the end of 2025. Hua Medicine plans to formally disclose the relevant quantitative carbon emission targets and management progress in the 2026 ESG Report, using 2025 as the baseline year.



Hua Medicine regularly reviews and monitors the implementation of its sustainability goals by assessing ESG-related data and maintaining ongoing communication with senior management and various business units. Relevant targets are dynamically refined and optimized in accordance with actual operational conditions. A comprehensive review of the sustainability goals established was conducted by the end of 2025, with the details as follows:

- Emissions Management: During the Reporting Period, Hua Medicine did not experience any significant environmental pollution incidents or related complaints. In addition to routine monitoring by third-party regulatory agencies, Hua Medicine proactively conducted emissions testing during the year. By appropriately increasing testing frequency, Hua Medicine strengthened dynamic monitoring and management of emissions to continuously mitigate environmental risks.

- Waste Management: Hua Medicine completed the submission of the Hazardous Waste Management Plan in January 2025. The quantity of hazardous waste generated during the Reporting Period was fully within the approved plan. After proper collection, the relevant hazardous waste was handled in compliance by qualified third-party service providers, ensuring adherence to applicable laws, regulations, and management requirements.

- Resource Utilization: Hua Medicine continues to implement measures to conserve resources and improve efficiency. These include regular cleaning of the fresh air system to enhance operational efficiency, optimizing public area lighting through automatic timing and audiovisual controls, and fully upgrading office paper to FSC-certified paper to reduce impact on forest resources, further enhancing resource utilization.

Going forward, Hua Medicine will continue to track the implementation of its sustainability goals and further enhance them based on business development and changes in the external environment. Hua Medicine will further take proactive actions in energy conservation, emission reduction, green operations, and environmental protection to fulfil its long-term environmental commitments.

Environmental Management System

Hua Medicine is committed to environmental management and fulfilling corporate environmental responsibilities. We integrate environmental principles deeply into every aspect of company operations and continuously advance green, low-carbon development. The Company strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China (PRC)*, the *Air Pollution Prevention and Control Law of the People's Republic of China (PRC)*, the *Water Pollution Prevention and Control Law of the People's Republic of China (PRC)*, and the *Soil Pollution Prevention and Control Law of the People's Republic of China (PRC)*. We have established a comprehensive environmental management system for all-round, rigorous monitoring and management of environmental impacts. Through continuous optimization of management processes and elevation of technical and operational standards, Hua Medicine consistently strengthens environmental management capabilities, dedicated to building an environmentally friendly biopharmaceutical enterprise that contributes to sustainable social and ecological development.

Internal Management

A sound environmental management structure and system is the core foundation for driving green development. During the Reporting Period, Hua Medicine continued to apply and optimize a series of robust management systems, including the *Hazardous Waste Management System of Hua Medicine R&D Centre, Hazardous Waste Management Policy of Hua Medicine Biomedical Laboratory, Laboratory EHS Management Regulations, Chemical Management Procedures, and EHS Policy,* ensuring the Company practices environmental principles throughout its operations and fulfills corporate social responsibility. To enhance the Company's capability to respond to various environmental emergencies, *Hua Medicine Emergency Response Plan for Environmental Incidents* clarifies the emergency organizational structure and responsibilities at all levels, conducts comprehensive environmental risk analysis, and establishes sound internal early warning, emergency response, post-incident handling, emergency support, and supervision mechanisms to effectively prevent or minimize environmental impacts from emergencies. This emergency plan has been filed with the Shanghai Pudong New Area Ecology and Environment Bureau. Additionally, to standardize office environment, health, and safety (EHS) management and safeguard employee safety and health, we issued the *Office EHS Management Regulations*. Through timely identification and elimination of safety hazards, tracking of various incidents, and continuous improvement, we ensure office staff work in a safe and healthy environment, providing solid support for the Company's green operations and sustainable development.

External Management

Hua Medicine's R&D model involves close collaboration with numerous third-party pharmaceutical R&D partners in drug development and production. We are committed to integrating sustainability throughout supply chain management, presenting ESG management initiatives to suppliers, and jointly building a transparent, accountable, and mutually beneficial supply chain. At the outset of cooperation, we require external service providers to sign the *EHS Management Agreement* or include relevant clauses in contracts to ensure clear delineation of safety management responsibilities. To mitigate risks of hazardous waste leakage to the environment, we engage professional industrial hazardous waste disposal service providers for waste transfer and issue the *EHS Management Procedures for External Service Providers* to standardize supplier emergency response and incident management processes. Through safety performance feedback and evaluation, we conduct comprehensive assessments of suppliers to ensure strict adherence to company systems and procedural requirements in daily operations.

Regarding supplier management, the Supply Chain department assumes full-chain environmental management responsibilities. Through questionnaires, document review, and on-site inspections, the department conducts comprehensive evaluations of suppliers' environmental management systems and requires suppliers to provide environmental management system certification and pollution discharge permits. The Supply Chain department continuously monitors suppliers' environmental compliance performance. For suppliers with serious environmental pollution or safety risks during production, timely rectification requirements will be issued, and cooperation may be terminated, if necessary, thereby ensuring the green, compliant, and sustainable development of Hua Medicine's supply chain.

2025 Hua Medicine Environmental Performance

- **Zero** major environmental pollution incidents
- **Zero** environmental complaints or administrative penalties
- Proactively accepted external environmental inspections with **zero compliance violations** identified
- Conducted laboratory emergency response drills with **no major findings**; achieved **100% rectification** of identified issues

Hua Medicine continuously enhances EHS management standards while actively conducting internal environmental assessments and accepting external audits. During the Reporting Period, the Company's EHS-related management activities included:

Pollution Prevention and Control

Hua Medicine strictly complies with relevant laws and regulations at operating locations, fully implements the environmental management system in line with departmental business characteristics, and continuously optimizes waste management measures. The Company rigorously enforces all emission and treatment regulations to ensure 100% compliant treatment of wastewater, exhaust gas, and various wastes. Through sound monitoring mechanisms, regular inspections, and continuous improvements, the Company effectively reduces the potential environmental impact of operations, demonstrating a strong commitment to environmental protection and sustainable development.

Exhaust Gas Management

Exhaust gas pollutants generated during Hua Medicine's experimental and testing processes primarily originate from the volatilization of small quantities of chemical and organic reagents. The Company strictly complies with laws, regulations, and industry standards, including the *Emission Standard of Air Pollutions for Pharmaceutical Industry*, the *Discharge Standard of Pollutants for Bio-pharmaceutical Industry of Shanghai, Integrated Emission Standard of Air Pollutants, Emission Standards for Odor Pollutants*, ensuring compliant treatment and discharge of exhaust gas. Laboratory exhaust gas is collected through fume hoods, then transported via exhaust pipelines to activated carbon adsorption devices installed by the property management for purification, effectively removing hazardous substances and preventing atmospheric pollution.

During the Reporting Period, our exhaust gas emissions were primarily from vehicle emissions, with specific conditions as follows:

In 2025, Hua Medicine's exhaust gas emission performance continued to improve. Emissions of nitrogen oxides (NO_x), sulfur oxides (SO_x), and particulate matter (PM) all decreased compared to 2024. This improvement was primarily attributable to optimization measures in transportation and travel management. During the Reporting Period, the Company effectively reduced official vehicle usage frequency through optimized travel routes and strengthened vehicle fleet management. The mileage and fuel consumption of three official vehicles both declined year-over-year, thereby reducing related atmospheric pollutant emissions from fuel combustion. This demonstrates the Company's continued progress in emission reduction and green travel management in daily operations.

Hua Medicine Exhaust Emissions Data

KPI	Unit	2023	2024	2025	Trend
Nitrogen Oxides (NO_x)	Kg	49.547	58.711	52.511	↓
Sulfur Oxide (SO_x)	Kg	0.072	0.083	0.075	↓
Particulate Matter (PM)	Kg	4.748	5.626	5.032	↓

Note: Reference data sources for emission factors include *EMFAC-HK Vehicle Emission Calculation and Vehicle Emission Modeling Software of the United States Environmental Protection Agency*.

Waste Management

Hua Medicine generates waste primarily including domestic waste, general industrial solid waste, liquid waste, and hazardous waste. The Company strictly complies with the *Environmental Protection Law of PRC*, *the Law of PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, and relevant Shanghai regulations and industry standards on hazardous waste management. The Company continuously strengthen full-process waste management, reduce hazardous waste generation and environmental risks, and ensure proper utilization and harmless disposal of waste. During the Reporting Period, Hua Medicine continued implementing the *Hua Medicine R&D Centre Hazardous Waste Management System*, clarifying classification, collection, declaration, and disposal requirements for laboratory hazardous waste. Per these regulations, laboratories complete the annual *Hazardous Waste Management Plan* declaration through the "Shanghai Hazardous Waste Management Information System" by the end of February each year, prior to hazardous waste generation. The Company completed the 2025 hazardous waste management plan declaration in January 2025, with all hazardous waste generated during the Reporting Period within the declared scope.

In daily management, laboratories strictly enforce hazardous waste classification, collection and standardized storage requirements, strictly prohibiting mixing hazardous waste with domestic waste or casual disposal. All hazardous waste is equipped with dedicated collection containers by category, posted with standardized labels, and centrally stored. Meanwhile, the Company's *Laboratory EHS Management Regulations* and *Chemical Management Procedures* clearly stipulate that experimental waste liquids must be collected in accordance with hazardous waste management requirements and are prohibited from direct discharge into drainage systems. All hazardous waste is uniformly transferred and disposed of by qualified professional institutions. Post-cleaning wastewater from laboratories, constant temperature water bath discharges, and domestic sewage are connected to municipal sewage networks and sent to wastewater treatment plants after necessary pretreatment. During the Reporting Period, the Company had no incidents of non-compliant water resource extraction or use beyond the authorized scope.

Additionally, Hua Medicine regularly commissions qualified third-party organizations to conduct occupational hazard factor testing in laboratories, identifying potential risks in the experimental environment, assessing personnel exposure, and inspecting the safety of relevant equipment and protective facilities to continuously ensure safe management of hazardous materials and laboratory working environments. In office areas, the Company strictly implements waste sorting requirements. Used batteries from office premises must not be mixed with other domestic waste and are to be collected through standardized waste sorting procedures for unified recycling by property management, further reducing potential environmental impacts.

During the Reporting Period, our waste discharge conditions were as follows:

In 2025, Hua Medicine's hazardous waste generation showed an overall downward trend. The total generation of experimental waste liquid, experimental waste, and obsolete samples all decreased compared to 2024. This change was primarily related to adjustments in the Company's business structure and R&D activity phases. As the Company's products gradually entered the commercialization stage, the volume of related experimental activities correspondingly decreased. Meanwhile, based on overall strategic arrangements, the Shanghai biological laboratory was shut down during the Reporting Period, further reducing the total hazardous waste generated from experimental processes. Regarding battery usage, total battery usage in 2025 remained stable, while per capita battery usage decreased year-over-year, primarily due to the expansion of the Company's sales team and increased employee headcount during the Reporting Period – with total volume remaining essentially unchanged, per capita usage levels correspondingly declined. Overall, the improvement in hazardous waste-related indicators reflects the Company's comprehensive achievements in business structure optimization, refined management of R&D activities, and enhanced resource use efficiency. Hua Medicine will continue to reduce hazardous waste generation intensity through standardized management and source-reduction measures, promoting the sustainable development of operational activities.

Hua Medicine Hazardous Waste Data

KPI	Unit	2023	2024	2025	Trend
Total Experimental Waste Liquid	Tonne	0.375	0.190	0.050	↓
Density of Experimental Waste Liquid	Tonne/CNY 1b Revenue	4.895	0.742	1.015	↑
Total Experimental Waste	Tonne	0.215	0.100	0.075	↓
Total Experimental Waste	Tonne/CNY 1b Revenue	2.806	0.391	1.522	↑
Total Scrapped Samples	Tonne	0.005	0.020	0.000	↓
Density of Scrapped Samples	Tonne/CNY 1b Revenue	0.065	0.078	0.000	↓
Total Battery Usage	Tonne	0.007	0.008	0.008	–
Battery Usage Per Capita	Kg/person	0.056	0.062	0.033	↓

Note: The above battery data includes the Shanghai office only.

Hua Medicine Hazardous Waste Data

In 2025, Hua Medicine's total non-hazardous waste generation, including both residual and recyclable waste, increased slightly compared to 2024, while per capita generation decreased overall. These changes were primarily attributable to the expansion of the Company's workforce. During the Reporting Period, with the continued growth of the sales team, the number of active employees increased significantly, driving a corresponding expansion in office and daily operational activities, thereby increasing total non-hazardous waste generation. Meanwhile, despite the increase in employee headcount, per capita generation of residual waste, household food waste, and recyclable waste all declined year-over-year, reflecting the effectiveness of the Company's management in office waste sorting, resource conservation, and employee environmental awareness enhancement. Through continuous advancements in waste sorting management, promotion of green office practices, and improvement of efficiency of resource utilization, Hua Medicine has effectively reduced waste generation intensity per employee, driving daily operations toward more intensive, low-carbon development.

Hua Medicine Non-hazardous Waste Data

KPI	Unit	2023	2024	2025	Trend
Total Residual Waste	Tonne	5.429	5.580	5.609	↑
Residual Waste Per Capita	Kg/Person	43.087	45.738	23.082	↓
Total Household Food Waste	Tonne	1.755	1.977	1.910	↓
Household Food Waste Per Capita	Kg/Person	13.929	15.385	7.860	↓
Total Recyclable Waste	Tonne	3.595	3.611	3.703	↑
Recyclable Waste Per Capita	Kg/Person	28.532	29.598	15.239	↓

Note: Waste from our U.S., Hong Kong, Wuhan (closed mid-2025), and Beijing offices is handled uniformly by property management, making precise quantification difficult. Given the relatively small scale of these offices, they are excluded from the above statistics. To ensure rigorous analysis of per capita waste generation, personnel from offices where indicators are not applicable are excluded from total headcount calculations.*

Noise Management

Noise primarily originates from laboratory equipment such as fume hoods, and from environmental protection facilities for wastewater and exhaust gas treatment. We strictly comply with the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution* and other relevant laws and regulations. Laboratory equipment is selected for low-noise, low-vibration environmental performance, and high-noise equipment employs vibration-isolation foundations or sound-insulation measures such as non-rigid pads and shock-absorbing pads to minimize noise impacts on employees, residents, and the urban environment. During the Reporting Period, the property management at the Company's operating location engaged a professional third-party organization to conduct noise monitoring in the vicinity of the office building, with results meeting applicable standards.

Resource Utilization

Hua Medicine closely monitors energy and water use efficiency, strictly complies with relevant laws and regulations at operating locations, including the *Energy Conservation Law of the People's Republic of China and the Water Law of the People's Republic of China*, and has established a sound resource management system to continuously improve comprehensive resource utilization rates.

Resource Management

In 2025, Hua Medicine's resource use structure demonstrated the characteristic of "simultaneous optimization in total volume and use intensity." Total gasoline and water consumption decreased compared to 2024, consistent with the aforementioned travel management and operational structure adjustment measures.

Against the backdrop of a growing workforce, per capita gasoline consumption, per capita water consumption, and per capita electricity consumption all declined year-over-year, demonstrating positive achievements in resource use efficiency and refined management. Although total electricity consumption increased with business expansion, electricity use intensity decreased significantly, reflecting continuous improvement in office energy management and intensive resource utilization.

Hua Medicine Resource Consumption Data

KPI	Unit	2023	2024	2025	Trend
Total Executive Gasoline	Liter	4,875.000	5,637.000	5,133.000	↓
Executive Gasoline Per Capita	Liter/Person	30.469	38.088	16.452	↓
Total Executive Electricity	kwh	682,750.000	698,099.000	754,915.000	↑
Executive Electricity Per Capita	kwh/Person	4,433.442	4,716.885	2,419.599	↓
Total Executive Water	Tonne	1,210.000	1,801.000	1,644.000	↓
Executive Water Per Capita	Tonne/Person	9.603	14.762	5.269	↓

Note: The above gasoline, water, and electricity data include our Shanghai, Wuhan (closed mid-2025), and Beijing offices, but exclude U.S. and Hong Kong offices, as water and electricity services at these offices are provided uniformly by property management, making accurate quantification difficult. Additionally, these offices are relatively small in scale with no dedicated official vehicles, and are therefore excluded from the above statistics. To ensure rigorous analysis of per capita consumption, personnel from offices where indicators are not applicable are excluded from total headcount calculations.*

Greenhouse Gas Emission Measurement Methods and Assumptions

To accurately and comparably reflect the Company's greenhouse gas (GHG) emissions, Hua Medicine calculates Scope 1 and Scope 2 emissions in accordance with internationally recognized methodologies and adapted to the Company's actual operational conditions. All emission are reported in carbon dioxide equivalents (tCO_2e).

1) Measurement Methods, Input Data, and Key Assumptions

Scope 1 Greenhouse Gas Emissions

Scope 1 GHG emissions primarily stem from fuel consumption by company vehicles and the use of refrigerants in cooling equipment during operations. These emissions cover carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and refrigerant leaks. The specific measurement methods are as follows:

- **CO_2 emissions from gasoline combustion:** Calculated based on the Company's annual gasoline consumption using an unleaded gasoline emission factor of 2.36 kg CO_2/liter.
- **CH_4 emissions from gasoline combustion:** Calculated using a methane emission factor of 0.000253 kg CH_4/liter, multiplied by the Global Warming Potential (GWP) of methane (21), based on gasoline consumption.
- **N_2O emissions from gasoline combustion:** Calculated using a nitrous oxide emission factor of 0.001105 kg N_2O/liter, multiplied by the Global Warming Potential (GWP) of nitrous oxide (310), based on gasoline consumption.
- **Refrigerant emissions:** The Company uses R22 refrigerant, which has a GWP of 1,500. Assuming approximately 40 kg of refrigerant stock in air conditioning systems with an average service life of 10 years, annual refrigerant emissions are estimated by amortizing the stock over its average lifespan.

Note: Gasoline-related emission factors reference the default emission factors for road transport fuel combustion in the IPCC "2006 Guidelines for National Greenhouse Gas Inventories." The GWPs for methane and nitrous oxide from gasoline combustion reference the IPCC Fourth Assessment Report (AR4). The GWP for refrigerants references the IPCC "Guidelines for National Greenhouse Gas Inventories – Refrigerants and Fluorinated Gases."

Scope 2 Greenhouse Gas Emissions

Scope 2 GHG emissions arise from the Company's purchased electricity. Emissions in carbon dioxide equivalents are calculated using China's national GHG emission factor of 0.6101 kg CO_2e/kWh, based on the Company's actual electricity consumption during the Reporting Period.

Note: The emission factor for purchased electricity references the national average grid emission factor published by China's Ministry of Ecology and Environment/National Development and Reform Commission.

2) Basis for Selection of Measurement Methods, Input Data, and Assumptions

The above calculation methods and emission factors are based on GHG accounting standards widely adopted at the national and industry levels, offering strong applicability and comparability. They authentically reflect the Company's GHG emission levels under its current business model. Relevant input data are primarily sourced from internal operational records and energy usage statistics with traceability and verifiability. For refrigerant emissions, the Company estimates based on equipment technical specifications and reasonable service lifespans, facilitating a prudent assessment of related emissions in the absence of direct measurement conditions.

3) Location-Based Methodology and Contractual Information for Scope 2 Emissions

The Company calculates Scope 2 GHG emissions using the **location-based** method. During the Reporting Period, the Company did not enter into any renewable energy power purchase agreements (PPAs) or other contracts related to market-based electricity emission factors, nor did it utilize green electricity certificates or similar instruments. Consequently, Scope 2 GHG emissions are not disclosed using the market-based method.

In 2025, the structure of Hua Medicine's GHG emissions underwent phased changes. Scope 1 emissions decreased compared with 2024, consistent with the continued effectiveness of the Company's transportation and travel management measures. Driven by changes in electricity demand, Scope 2 emissions and total Scope 1 and 2 emissions increased compared to the previous year. Against the backdrop of a growing workforce, the Company's GHG emissions per capita decreased year-on-year, indicating effective control over carbon emission intensity per employee. Overall, while total GHG emissions fluctuated with business scale, Hua Medicine made positive progress in improving operational efficiency and managing carbon emission intensity, laying a solid foundation for further advancing energy conservation, emission reduction, and low-carbon operations in the future.

Hua Medicine Greenhouse Gas Emission Data

KPI	Unit	2023	2024	2025	Trend
Greenhouse Gas Emissions (Scope 1)	Tonne	19.201	21.264	19.899	↓
Greenhouse Gas Emissions (Scope 2)	Tonne	416.546	425.910	460.574	↑
Total Greenhouse Gas Emissions (Scope 1 & 2)	Tonne	435.747	447.174	480.473	↑
Total Greenhouse Gas Emissions Per Capita	Tonne/Person	2.723	2.903	1.540	↓

Given the significant challenges in collecting data for certain Scope 3 greenhouse gas emission categories during the Reporting Period – which would require substantial human resources and time investments – and acknowledging that the completeness and comparability of current data still need improvement, the Company has not disclosed Scope 3 GHG emission data in this report. The Company has formulated a clear, forward-looking work plan. Starting in 2026, it intends to systematically review the specific categories involved in Scope 3 emissions. Based on a comprehensive assessment of data availability, quality, reliability, and business relevance, the Company will gradually align data standards and management requirements with upstream and downstream stakeholders. The goal is to establish a sustainable data collection and management mechanism, and to disclose Scope 3 GHG emission information in phases in future ESG reports.

Packaging Materials Management

Hua Medicine's packaging materials are primarily used in product manufacturing, transportation, sales, and storage, categorized by purpose into inner packaging materials and outer packaging materials. Inner packaging materials mainly include PVDC and aluminum foil laminates; outer packaging materials mainly include cartons, bundling film, and corrugated boxes. The Company consistently adheres to the principles of "cherishing resources, reducing energy consumption, and promoting sustainable development" in packaging materials management, strictly complies with relevant laws and regulations at operating locations, and continuously optimizes material management and use strategies to improve packaging resource utilization efficiency.

Currently, manufacturing and transportation of Hua Medicine's HuaTangNing (华堂宁®) are primarily handled by external partners. To minimize the potential environmental impacts of packaging materials during use, transportation, and disposal, the Company requires partners to provide environmental packaging qualification documents when establishing cooperation relationships. The Company also strengthens resource conservation and environmental orientation during packaging design and selection phases, urging partners to implement environmental packaging policies and management measures, such as promoting corrugated box recycling, to reduce resource consumption and waste generation from the source.

During the Reporting Period, the Company achieved positive progress in refined packaging materials management and collaborative optimization. In Q3 2025, due to anti-counterfeiting packaging material transition requirements, approximately 120,000 packaging boxes were originally projected for disposal per the planned material requirements and production schedule, posing a significant resource waste risk. In response, the supply chain team adjusted aluminum foil supply timing with suppliers based on actual production conditions and optimized production batch transitions with formulation teams. Through these measures, packaging box disposal was ultimately controlled to approximately 20,000 units, reducing disposal by nearly 100,000 boxes compared to the original plans, effectively lowering resource waste and generating cost savings for the Company. Meanwhile, overall packaging material utilization efficiency improved, with PVDC utilization increasing by approximately 1% and aluminum foil utilization increasing by approximately 0.7%. Calculated based on annual production volume, this reduced usage by approximately 181 kg of PVDC and 17 kg of medicinal aluminum foil, demonstrating the Company's continuous improvement in resource utilization efficiency and refined management, as well as effective implementation of ESG principles in production operations.

Additionally, the Company is continuously advancing the structural optimization of packaging materials. Currently, the transition from aluminum-plastic (Alu-Alu/PVC) packaging to all-aluminum (Alu-Alu) packaging is underway. Related R&D and production work has been completed, and the project has entered the stability study phase. Compared to traditional aluminum-plastic packaging, all-aluminum packaging offers superior sealing performance, enhancing product protection against external environmental factors. Moreover, metal materials are easier to recycle, and the weight of material required per unit of packaging is reduced. This helps lower overall material usage and reduces the consumption of non-degradable plastics. Upon completion, this initiative is expected to further reduce the environmental impact of the packaging process, driving product packaging toward higher standards of sustainability.

During the Reporting Period, Hua Medicine's packaging materials usage was as follows:

Hua Medicine Packaging Material Usage Data

KPI	Unit	2023	2024	2025	Trend
Total PVDC	Tonne	2.247	14.056	21.182	↑
Total Aluminium Foil Cover	Tonne	0.813	1.883	2.872	↑
Total Plastic Tape	Tonne	0.097	0.581	0.887	↑
Total Medicine kit	Tonne	3.577	22.794	33.521	↑
Total Paper Packaging Box	Tonne	2.813	12.624	19.443	↑
Total Product Packaging	Tonne	9.547	51.938	77.905	↑
Density of Product Packaging	g/Kit Unit	20.313	24.674	19.423	↓

Energy Conservation and Green Office

Hua Medicine comprehensively advances energy-saving and consumption-reduction management policies throughout its operations, integrating resource conservation and emission reduction concepts into daily management and employee conduct standards. The Company continuously guides all staff to practice green work and lifestyle habits that conserve resources and reduce waste. We strictly comply with applicable laws and regulations, including the *Energy Conservation Law of the People's Republic of China (PRC)* and relevant requirements from government authorities, and reference standards such as *Energy Management Systems – Requirements with Guidance for Use (GB/T 23331-2020)* to systematically conduct energy use management and continuously improve energy utilization efficiency.

In practice, Hua Medicine actively promotes green office concepts through standardized management of energy-consuming equipment in office areas to implement energy-saving measures. The Company exercises refined management over lighting, computers, and other electrical equipment in office premises, and reduces unnecessary electricity consumption through posting energy-saving reminders and strengthening employee energy conservation awareness. Meanwhile, the Company continues advancing paperless office initiatives, optimizing office workflows, and reasonably controlling lighting and air conditioning operations in public areas such as staff cafeterias during non-meal periods to effectively reduce energy waste. Through combining institutional guidance with employee participation, Hua Medicine continuously strengthens energy management foundations, laying solid groundwork for advancing low-carbon operations and implementing various energy-saving improvement measures.

Air Conditioning Component Replacement

Replaced 32 plate filters and over 70 bag filters in the fresh air system. Improved ventilation conditions reduced operating resistance, boosting equipment energy efficiency by approximately 20% based on motor current measurements.

Office Paper Upgrade

Office paper has been 100% switched to Forest Stewardship Council (FSC)-certified paper, supporting responsible forest management and reducing negative impacts on ecosystems.

Posting Conservation Reminders

Posted signs in office areas promoting water and electricity conservation and "turn off lights when leaving," reinforcing energy-saving awareness through visual reminders and cultural engagement.

Express Packaging Box Recycling and Reuse

Centralized collection and sorting of corrugated express delivery boxes were implemented to enable secondary reuse—for example, using recycled large boxes for subsequent shipments. This approach reduces disposable packaging consumption, lowers delivery trip frequency, and enhances resource recycling levels.

RECRUITING TALENT, ADVANCING TOGETHER

Hua Medicine regards talent as the foundation of its development. By providing competitive compensation and benefits and fostering an inclusive and safe workplace, we effectively safeguard employee rights, respecting and empowering every committed employee. Simultaneously, the Company is committed to building a comprehensive talent development system. Through systematic training and diverse career paths, we support continuous employee growth, achieving a mutual journey where personal value and corporate development reinforce each other.

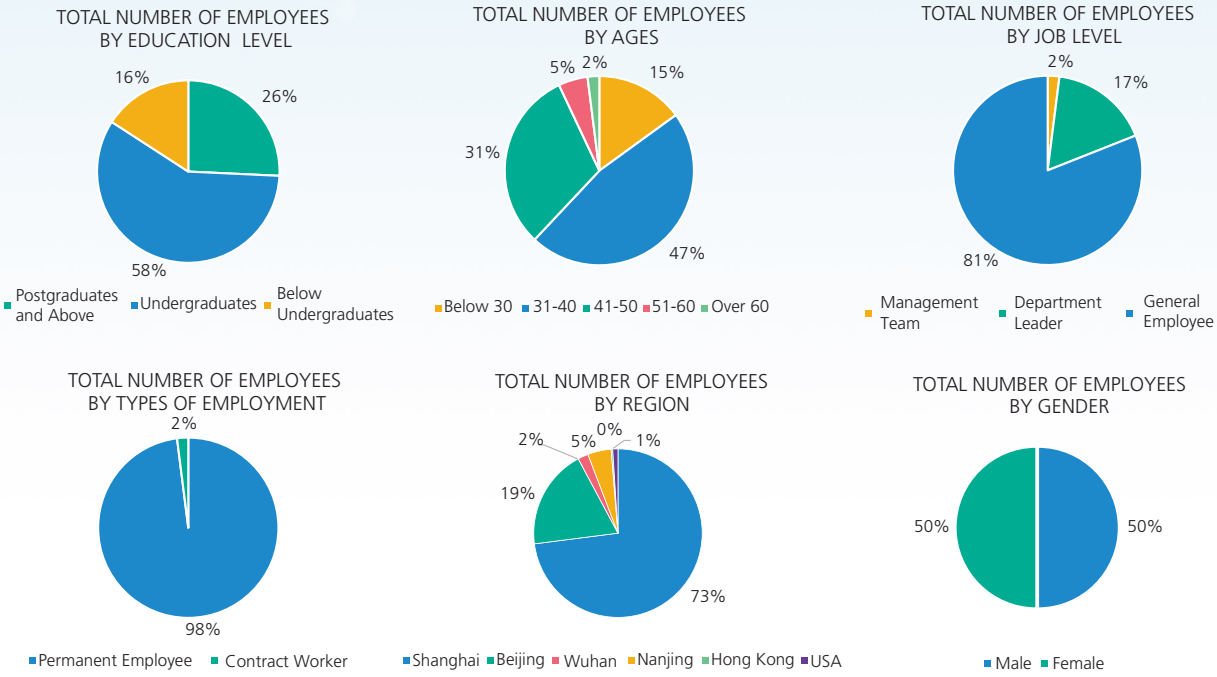
Equal Workplace Environment

Hua Medicine embeds "respect for individuals, inclusion of differences" deep in its organizational culture, committed to building a workplace ecosystem where every employee receives dignity and fair treatment. The Company strictly follows requirements of the *Labor Law of the People's Republic of China (PRC), the Labor Contract Law of the PRC*, and the *Social Insurance Law of the PRC*, and other laws and regulations, continuously improving internal human resource management norms based on actual operational conditions to ensure all employment practices are legally compliant and properly regulated.

The Company adheres to the principle of equal opportunity, focusing on talent capability and job fit, committed to providing fair development platforms for employees from diverse backgrounds, eliminating any discriminatory differential treatment based on gender, age, ethnicity, sexual orientation, marital status, or physical condition. This principle is fully reflected in our workforce composition, with women accounting for 34% of middle and senior management. Meanwhile, the Company continuously strengthens compliant employment management, preventing irregular employment risks through standardized onboarding review and information verification processes, and firmly opposes child labor and any form of forced labor. Upon identifying any such violations, the Company will immediately activate emergency response mechanisms and handle the situation in strict accordance with internal policies and national laws. Prioritizing the protection of victims' rights, the Company will simultaneously pursue accountability and implement rectification measures to ensure a fully compliant closed-loop process in employment management. Regarding workplace environment construction, Hua Medicine highly values employees' sense of respect and security, explicitly opposes inappropriate workplace behaviors, strictly prohibits any form of harassment, coercion, or improper exchange of benefits, and promotes a workplace atmosphere of mutual respect and rational communication through institutional constraints and internal communication mechanisms. The Company is committed to providing a safe, healthy, and inclusive work environment, supporting employees to achieve personal development and career growth in an environment of mutual respect and fair competition.

The Company strictly observes laws and regulations against child labor, forced labor, discrimination, and harassment, with no employment non-compliance incidents occurring during the Reporting Period.

As of December 31, 2025, Hua Medicine had 333 employees, with a balanced gender structure and relatively high overall education levels.



Note: Due to business adjustments, the Wuhan office ceased operations in 2025, with staff integrated into Shanghai management.

Talent Development and Empowerment

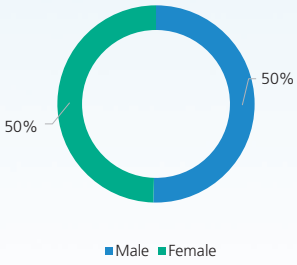
To activate organizational talent potential, Hua Medicine has established a normalized, tiered, and categorized employee development platform. The Company customizes training programs based on different position characteristics, enhancing employees' comprehensive capabilities and professional competence through systematic learning while deepening cultural cohesion.

For new hires, the Company has designed a systematic onboarding program, helping them integrate into teams swiftly and clarify their roles through the promotion of corporate culture, explanation of policies and procedures, and on-site assessments; For the newly formed sales team, a "Red vs. Blue" training series has been specifically introduced, simulating real-world market competition to hone the team's market insights and on-the-spot adaptability; Meanwhile, given the particularities of the pharmaceutical industry, the Company places compliance training at the core. Through regular case studies and assessments, it ensures that all employees deeply understand and strictly adhere to laws, regulations, and promotional codes of conduct, internalizing compliance awareness as a professional standard.

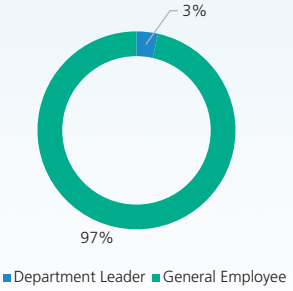
Furthermore, the training system extends to multiple dimensions, including leadership development for management and the enhancement of professional skills. Through diverse formats such as internal and external training and online platforms, it meets the personalized growth needs of employees at different levels and across various sequences, fostering an organizational atmosphere of continuous learning and collective progress, thereby providing solid talent support for business growth.

In 2025, 343 employees participated in relevant training, with cumulative training hours of 6,100. Related training data is as follows:

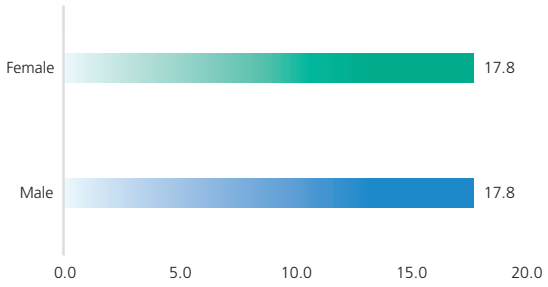
EMPLOYEE TRAINING STATUS BY GENDER



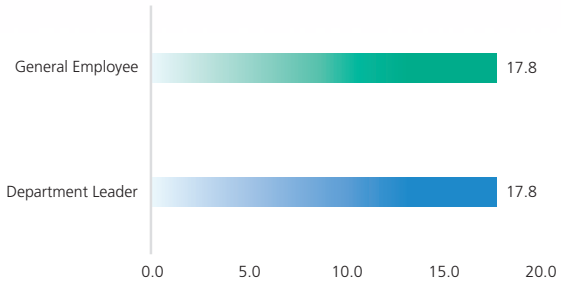
EMPLOYMENT TRAINING STATUS BY LEVEL



AVERAGE HOURS OF EMPLOYEE TRAINING BY GENDER (HOURS)



AVERAGE HOURS OF EMPLOYEE TRAINING BY LEVEL (HOURS)



Note 1: The above training statistics cover both vocational skills training funded by the Company and internal training sessions, such as new hire orientation and compliance training.

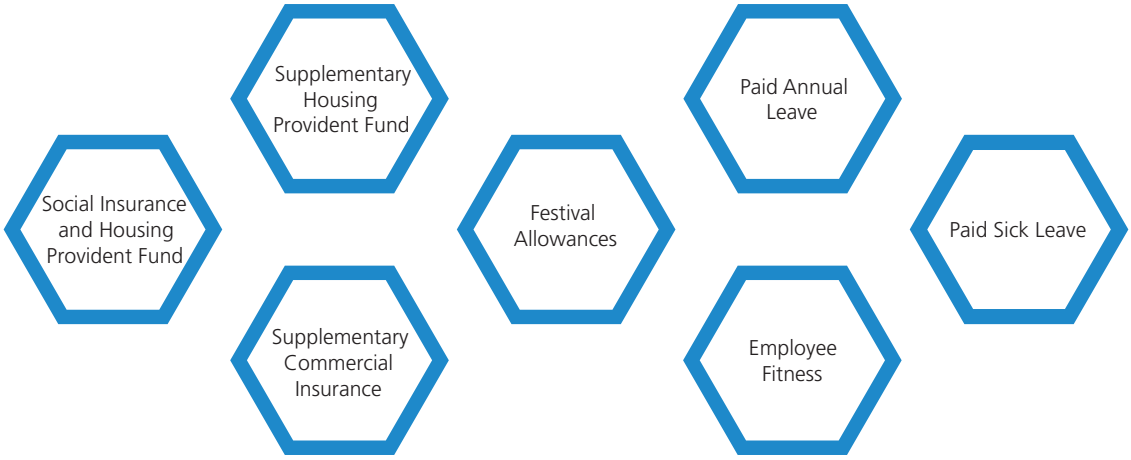
Note 2: Percentage of Employees Trained = (Number of employees trained in the category during the Reporting Period/Total number of employees trained) × 100%.

Note 3: Average Training Hours per Employee = Total training hours for employees in the category during the Reporting Period/Total number of employees trained in that category.

Compensation and Benefits

Hua Medicine is committed to building a competitive compensation and benefits system. On a compliant basis, we provide stable and sustainable security arrangements to support employees' long-term development and foster a harmonious, win-win corporate culture. The Company strictly adheres to relevant laws and regulations, including *China's Social Insurance Law* and *Regulations on the Management of Housing Provident Funds*. We legally contribute to pension, medical, unemployment, work-related injury, and maternity insurance, as well as the housing provident fund for all employees, ensuring the full implementation of statutory benefits. Beyond these mandates, the Company offers supplementary benefits such as commercial medical insurance, annual health check-ups, meal subsidies, and fitness facilities. During the Reporting Period, we adjusted our commercial insurance service provider to further optimize coverage arrangements; the specific impacts and effectiveness of these changes will be continuously evaluated and refined through ongoing operations.

Regarding working hours and leave management, the Company complies with national labor laws, implementing a combination of standard and flexible working hour systems while discouraging an overtime culture. Employees are entitled to all statutory public holidays. Additionally, the Company offers a tiered paid annual leave scheme based on tenure: starting at 12 or 15 days and increasing with years of service up to a maximum of 20 days. Employees are also eligible for other statutory leaves, including sick leave, marriage leave, maternity leave, paternity leave, bereavement leave, and parental leave.



Employee Care

Guided by a people-centric philosophy, Hua Medicine continuously advances employee care initiatives across emotional support, physical and mental well-being, and life security, fostering a warm and supportive work environment.

The Company pays close attention to employees' emotional needs during key festivals and personal milestones. Through the trade union, we provide gifts and blessings during the Spring Festival, International Women's Day, Mid-Autumn Festival, and on employees' birthdays. Additionally, we offer necessary care and support to employees facing special circumstances, thereby enhancing their sense of belonging and organizational identity. The company has also set up nursing rooms on every floor, giving female employees a greater sense of security and belonging as they balance work and family. This initiative further cultivates a supportive workplace environment that cares for women and encourages childbirth.

2025 Hua Medicine Employee Birthday Gifts

2025 Hua Medicine Commitment to Female Employee Rights and Seasonal Care

The Company remains committed to employees' physical health and daily life security, fostering a work environment conducive to healthy development through various measures. On one hand, we provide fitness facilities and supporting spaces, organize cultural and sports activities such as table tennis team tournaments and snooker challenge matches, and distribute summer cooling care packages during high-temperature seasons. These initiatives encourage employees to maintain healthy lifestyles outside of work, promoting team collaboration and physical-mental balance. On the other hand, focusing on daily dietary safety and nutritional health, the Company replaced its canteen service provider during the Reporting Period and further strengthened related management and supervision. We conducted systematic qualification audits of the new supplier and organized administrative staff to perform on-site inspections of critical links such as the central kitchen, cold storage management, and seasoning storage. In daily management, the Company implements a quarterly evaluation mechanism for canteen services to continuously track improvements and conducts multiple unscheduled on-site inspections annually to ensure meal safety and service quality for employees.

2025 Hua Medicine Sports Day

Building on its efforts to support employee health and well-being, the Company also encourages participation in community initiatives. During the Reporting Period, employees took part in the Zhangjiang Charity Run, promoting a healthy lifestyle while supporting local charity activities. The initiative also helped strengthen team cohesion and reflect the Company's commitment to social responsibility.

2025 Hua Medicine Charity Run

Sales Team Development

To support business growth and the ongoing expansion of pharmaceutical market coverage, Hua Medicine further strengthened its sales organization in 2025, systematically expanding the size and capacity of the sales team.

Team Structure and Layout

During the Reporting Period, the Company established a professional and lean sales team. With extensive industry experience and solid operational capabilities, the team provides a stable talent foundation for market expansion and customer service. In terms of organizational structure, the sales team is scientifically deployed by region, with Regional Managers responsible for regional management and execution. In addition, functional director positions such as Marketing, Sales, Operations, and SFE are in place, forming a "regional management + functional coordination" matrix structure that enhances execution efficiency and operational collaboration within the sales system.

Professional Capability Building and Development

The sales team demonstrates a high level of professional maturity. In 2025, the Company's training program emphasized not only the improvement of sales skills but also the deepening of medical knowledge and product expertise. To further enhance training resources through digital support, the Digital and Information Department launched the "GK Brain" AI mini program, integrating publicly available medical literature and disease management knowledge. This tool allows sales personnel to conveniently access reference materials in daily work, enabling continuous, digitally supported professional development.

Alongside the establishment and integration of the sales team, Hua Medicine strengthened systematic training programs, starting with compliance awareness and understanding of internal policies. During the Reporting Period, the Company organized regular online and offline training sessions covering all employees. Training content included pharmaceutical support, pharmacovigilance, quality management, regulatory compliance, and financial requirements, with ongoing learning initiatives to reinforce training outcomes. For newly onboarded sales personnel, the HR and Sales Departments conducted multiple induction training sessions, each followed by an assessment, with all participants successfully passing the evaluations.

In addition, the Company enhanced practical learning through diverse training formats. In 2025, Hua Medicine organized the marketing series "Red vs. Blue Team Challenge" in Shanghai, Hangzhou, Tianjin, and Shenzhen. The activities were tailored to the business characteristics of each region and used a team-based competitive format to engage frontline staff in discussions and problem-solving around regional marketing strategies and challenges. These activities not only promoted experience sharing and teamwork but also strengthened team cohesion and deepened employees' understanding and recognition of the Company's product marketing philosophy and corporate culture.

By integrating medical knowledge enhancement, compliance capability building, and practical exchange into its training approach, Hua Medicine's sales personnel deepened their understanding of medical background and clinical needs within a compliance framework, steadily improving their professional competence. Moving forward, the Company will continue to advance medical-focused training programs to further strengthen the expertise of its sales team.

Talent Incentives and Retention Mechanisms

Hua Medicine has established a dedicated talent development and incentive framework tailored to the professional characteristics and business requirements of its sales team. In terms of talent development, the company emphasizes internal cultivation and prioritizes promotion opportunities for existing employees, supporting capable individuals to advance within their current roles. Regarding incentive mechanisms, compensation is aligned with job responsibilities and business functions, and performance-based evaluations are conducted to adjust incentives dynamically. This approach strengthens team stability and motivates employees through fair and targeted rewards.

Employee Care and Team Building

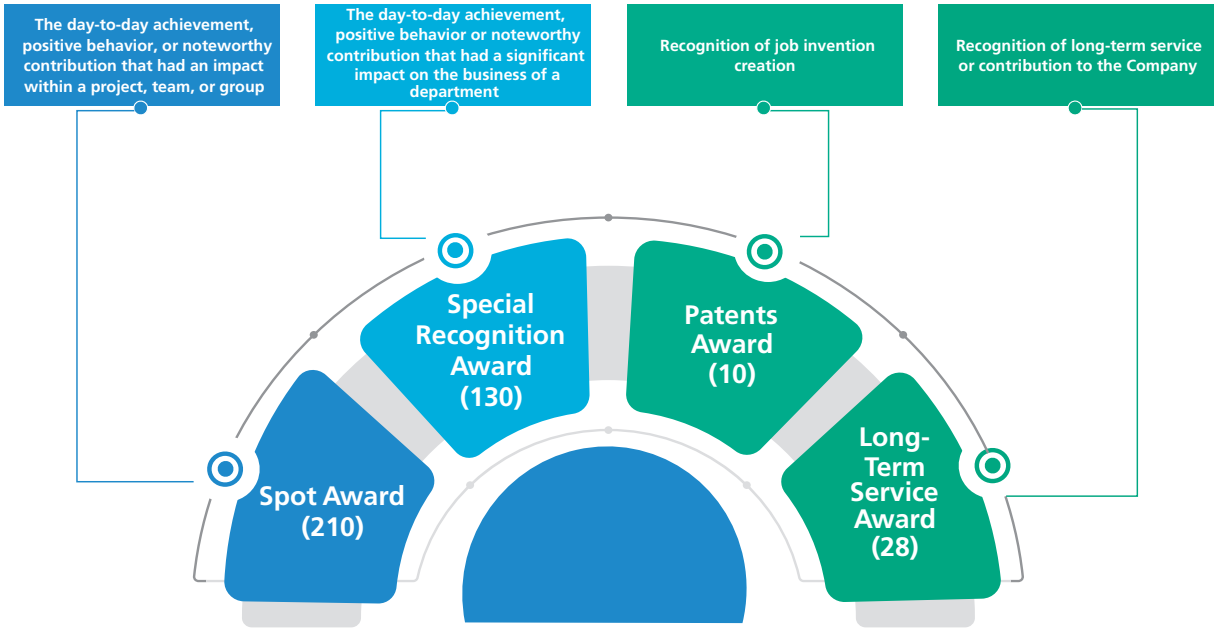
The company values team cohesion and employee well-being, fostering a culture of frequent, face-to-face communication. The sales team regularly participates in offline exchanges and academic activities aligned with business and professional needs. Team-building initiatives are organized periodically under the coordination of regional managers to enhance collaboration and team spirit. For employee feedback, Hua Medicine has implemented a structured, multi-tier communication system. Feedback is collected through routine departmental meetings, informal face-to-face interactions, and semi-annual performance reviews to gain insights into employee development needs. To address the fast-paced nature of sales operations, a monthly communication and review mechanism has been added, enabling rapid identification of frontline requirements and timely response to employee concerns. The company continuously monitors employee satisfaction and strives to create an open, trusting work environment that supports professional growth and development.

Employee Satisfaction and Talent Retention

Hua Medicine always regards employee appeals as an important cornerstone of organizational management, focusing on building comprehensive, multi-level communication bridges. Through normalized listening mechanisms, the Company deeply understands employees' genuine expectations regarding career growth, office environment, and compensation and benefits. Relying on diverse channels including digital platforms, opinion hotlines, and face-to-face communication, the Company encourages employees to actively contribute suggestions. For collected feedback, the Company has established cross-departmental collaborative processing workflows, formulating and implementing improvement plans in a timely manner through field research and data analysis to continuously optimize the workplace environment and employee experience.

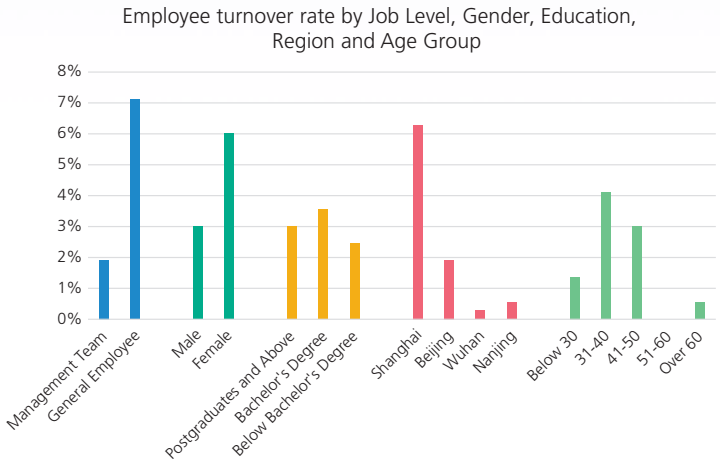
Additionally, the Company continuously builds a comprehensive, scientifically transparent, fair, and equitable compensation and performance management system covering all employees. Based on business development strategy and talent growth needs, the Company regularly organizes comprehensive assessments and prudent reviews, dynamically optimizing employee grade and compensation structures. Department heads provide timely, targeted feedback and development recommendations to employees based on evaluation results. The Company adheres to an affirmation and incentive-oriented approach, supporting employees to achieve career value and driving mutual growth of individuals and the enterprise through reasonable compensation structures and clear promotion pathways.

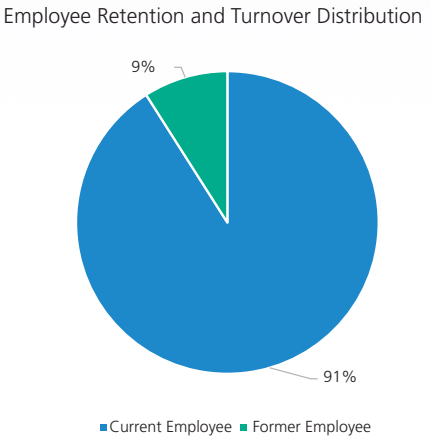
In 2025, Hua Medicine continued employee recognition efforts around motivating excellence and establishing role models, acknowledging and rewarding teams and individuals with outstanding work performance, business achievements, and organizational contributions. Information regarding employee recognition awards for this year is as follows:



Meanwhile, the Company highly values talent team stability and cohesion building. As of December 31, 2025, the Company's employee turnover rate was 9%, slightly higher than previous years. This was primarily due to the rapid expansion of the sales team, during which the department simultaneously refined its performance management mechanism and made reasonable adjustments for personnel not meeting position expectations; such passive departures constituted the main source of personnel changes. Notably, the sales team's voluntary turnover rate remained low, demonstrating that competitive compensation and benefits and clear career development channels effectively retained core talent. Apart from the sales team, employees in other functions and core positions remained generally stable. Going forward, Hua Medicine will continue improving employee communication and feedback mechanisms, committed to building a development platform where employees can work with peace of mind and grow continuously, solidifying the talent foundation for the Company's sustainable development.

During the Reporting Period, the Company's employee turnover rate was classified by job level, gender, education level, region, and age group, as illustrated in the chart below:





Health and Safety

Employees are Hua Medicine's most valuable asset, and safeguarding their health and safety is the Company's foremost responsibility. Based on this commitment, we rely on a sound governance system, strictly adhere to the *Work Safety Law of the People's Republic of China (PRC)*, the *Labor Law of the People's Republic of China (PRC)*, and the *Occupational Disease Prevention and Control Law of the People's Republic of China (PRC)* and relevant regulations. We continuously improve EHS management to fortify safety defences and ensure every employee can contribute in a reliable, healthy, and orderly environment.

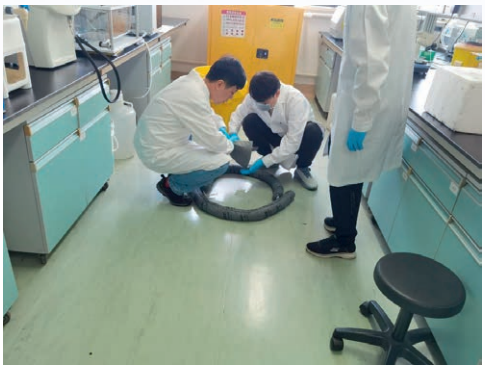
Regarding occupational health and safety management, the Company continuously implements systems including the *Laboratory EHS Management Regulations*, the *Chemical EHS Management Regulations* and the *Hazardous Waste Management Plan*, conducting standardized management of laboratory operations and related high-risk processes. During the Reporting Period, the Company completed its annual routine update of the hazardous waste management plan and upgraded the environmental emergency response plan, further strengthening the applicability and effectiveness of relevant management measures. For high-risk processes such as contractor management and work at heights, the Company established strict pre-operation review and on-site supervision mechanisms. Taking outdoor high-altitude signage maintenance as an example, the Company conducted comprehensive pre-operation reviews of contractor qualifications, construction plans and safety emergency arrangements prior to commencement of work, and performed on-site readiness inspections. During the operation, dedicated personnel were assigned to supervise the work on site to ensure all safety measures were properly implemented and activities remained safely controlled. During the Reporting Period, under the supervision and guidance of regulatory authorities, the Company actively cooperated with on-site safety inspections. No major issues affecting safe operations were identified. The Company has also continued to follow up on and implement various safety management measures in line with regulatory requirements, maintaining overall operations in a safe and controllable state.

During the Reporting Period, Hua Medicine had no incidents of non-compliance with occupational health and safety-related laws and regulations, nor any work-related injuries or fatalities.

Safety Awareness Enhancement and Communication

Hua Medicine continuously values safety awareness and safety culture building. Through a combination of training, emergency drills and communication mechanisms, the Company continuously enhances employees' understanding of occupational health and safety risks as well as their response capabilities. During the Reporting Period, the Company conducted safety training and emergency drills for new employees and for various positions and operational scenarios, strengthening relevant personnel's safety responsibility awareness, risk prevention and control capabilities, and emergency response capabilities in unexpected situations. Meanwhile, the Company has maintained a direct safety feedback mechanisms with employees, encouraging them to proactively report unsafe behaviors or potential risks, to continuously improve the closed-loop safety management operation.

2025 Hua Medicine Laboratory Drill



GIVING BACK TO SOCIETY, BUILDING A BETTER FUTURE TOGETHER

While advancing innovative drug R&D and business growth, Hua Medicine remains committed to aligning corporate growth with broader social progress. We continuously explore ways to leverage our professional expertise to serve public health and meet societal expectations. The Company strives to ensure that every patient can access necessary medications at affordable costs, while also actively giving back to society through practical actions. Through these efforts, Hua Medicine aims to contribute to a healthier and more prosperous community and build a better shared future together with society.

Inclusive Healthcare

Hua Medicine firmly believes that the value of innovative medicines lie not only in clinical efficacy, but in their ability to bridge geographic and economic gaps and reach every patient in need. The Company anchors its value creation in inclusive healthcare, prioritizing drug accessibility and affordability. By stabilizing insurance prices to reduce patient costs, expanding domestic channels to strengthen the supply network, and steadily exploring global markets to extend its reach, The Company ensures its innovations truly benefit a broader population and effectively address public health needs.

Reducing Burden via Medical Insurance

In 2025, the Company successfully renewed its inclusion in the updated National Reimbursement Drug List (NRDL) at the original price and was selected by the National Healthcare Security Administration as a representative of high-quality innovative product for exhibition. Upholding its market access strategy, the Company maintained a stable pricing system to effectively reduce patients' financial burden, while further consolidating the outcomes of inclusive healthcare supported by the national insurance system.

Expansion and Penetration of Domestic Channels

In terms of channel layout, HuaTangNing (华堂宁®) has achieved extensive nationwide coverage, extending to the Hong Kong and Macao regions, while continuing to expand its multi-tier medical institutions and retail terminals. During the Reporting Period, the coverage of medical institutions carrying HuaTangNing® continued to increase, further refining both medical and retail terminal networks. The expansion of coverage within medical institutions enables more patients to access medication support through standardized medical and insurance systems, thereby enhancing the drug's affordability and sustainable accessibility. Meanwhile, the Company has established a diversified supply system that integrates online and offline channels through retail pharmacies and mainstream platforms such as JD.com and Alibaba, further improving the convenience for patients to obtain medications.

2025 Hua Medicine Distribution Channels

To further extend terminal coverage, the Company has deepened its strategic partnerships with core distributors like Sinopharm and Shanghai Pharma. Through signing special agreements and establishing incentive mechanisms, the Company accelerated entry into retail pharmacies. At the same time, the Company continues to address the "last mile" of patient access to medication by dynamically adjusting regional strategies based on the distribution of healthcare resources in different regions and accelerating the extension of its network to grassroots medical institutions. Since August 2025, full community-level coverage has been achieved in Pudong New Area, Shanghai. In Beijing, HuaTangNing (华堂宁®) has been introduced into more than 90 community health service centers, covering approximately 50% of local communities. Relevant practical experience from these initiatives is being gradually replicated and promoted nationwide. Supported by the continuous expansion of channel coverage and the optimization of the supply system, the actual supply scale of HuaTangNing (华堂宁®) has increased significantly.

In 2025, the product's actual shipment volume reached approximately 4 million boxes, representing an increase of about 89% compared with 2.1 million boxes in 2024, effectively supporting the medication needs of a larger patient population. Regarding the improvement of the national marketing network, the Company has established a nationwide logistics and distribution system covering the entire country. This system enables medicines to be delivered to remote regions within 7 days and to major first-tier cities within one to two days, effectively ensuring the stable and orderly supply of HuaTangNing (华堂宁®) across various sales channels. During the Reporting Period, no drug shortages or market supply tensions occurred due to product supply or distribution reasons.

Exploration of Overseas Channel Accessibility

While continuously strengthening its domestic channel network and enhancing accessibility in grassroots healthcare institutions, Hua Medicine also adopts a long-term approach to exploring cross-regional drug accessibility. Focusing on the high-quality development of its domestic business, the Company has not yet launched substantive overseas commercial operations. Instead, it has actively conducted market research, engaged in preliminary discussions with potential partners, and evaluated compliance and feasibility in prospective international markets.

During the Reporting Period, the new drug Mulaglitin's marketing authorization application was officially accepted by the Department of Health of the Hong Kong Special Administrative Region, China, and the marketing registration application in the Macao Special Administrative Region, China has been completed. These steps lay a foundation for subsequent lawful and compliant advancement of regional business collaborations and enhanced patient access. Meanwhile, the Company continues to monitor healthcare demand and regulatory environments in Southeast Asia and countries along the Belt and Road countries, steadily advancing exploratory collaborations under a framework of compliance and controlled risk.

Giving Back to Society

Contributing to society through expertise and safeguarding health with knowledge. Hua Medicine consistently transforms its pharmaceutical innovations into public health knowledge through science communication, academic exchanges, and industry collaboration. Meanwhile, Hua Medicine is actively dedicated to the cause of women's health, collaborating with the Women's Federation and other social organizations to conduct diverse publicity campaigns. The Company ensures its corporate development progresses in tandem with social advancement, jointly building a healthier and brighter future for all.

Health Science Communication

Hua Medicine continues to leverage its pharmaceutical expertise to actively participate in public health education, disseminating medical knowledge to society through various formats to enhance public health awareness. In 2025, the Company conducted online lectures, educational interviews, and short videos focused on blood glucose management and disease awareness, reaching over 510,000 people. Among these initiatives, the "Evolution of Stable Glucose Management" science lecture series invited experts from top-tier hospitals to educate the public on scientific glucose management. The thematic science interview "*Sweetness Without Surrender, Smart Tips for Blood Glucose Control*" interpreted common glucose-control questions through clinical practice and was simultaneously disseminated through platforms such as WeChat Video, Xiaohongshu, and Weibo. Additionally, the Company launched the "New Paradigm of Stable Glucose Management" short video series, featuring expert perspectives from the ADA International Academic Congress. Presented in an accessible and concise format, these videos help the public better understand refined glucose management concept.

Academic Exchange

While focusing on innovative drug R&D, Hua Medicine actively builds a multi-level academic exchange system, deeply participating in international academic conferences, domestic industry summits, and grassroots medical education initiatives. Through these efforts, the Company promotes the sharing of cutting-edge research findings and the dissemination of clinical knowledge, facilitates the extension of high-quality medical resources to grassroots levels, and supports industry diagnosis and treatment standards as well as public health improvement.

At the 85th American Diabetes Association (ADA) Scientific Sessions, Hua Medicine presented the latest research findings on dorzagliatin. Studies showed that dorzagliatin combined with DPP-4 inhibitor sitagliptin outperformed monotherapy in improving blood glucose levels, promoting insulin secretion, and enhancing GLP-1 secretion. Blood biochemical analysis also indicated the combination therapy may provide potential benefits in improving liver function and reducing blood lipid levels, particularly LDL cholesterol.

In China, Hua Medicine also actively participates in industry summits. Dr. Li Chen, Founder and CEO of Hua Medicine and a distinguished representative of the Shanghai's overseas Chinese community, was invited to attend and deliver a speech at the event the "*Linking Overseas Chinese Across the Five Continents • CIIE in Shanghai — Advancing with China's Opportunities*". During the event, Dr. Chen demonstrated to attending guests the rapid rise of China's innovative pharmaceutical sector amid both opportunities and challenges. He also highlighted the novel mechanism of Hua Tang Ning®, which aims to "restore glucose homeostasis and fundamentally treat diabetes," highlighting the clinical value and global competitiveness of China's original innovative drugs.

At the *3rd Pujiang Biomedical Source Innovation Conference*, Dr. Li Chen participated in academic exchanges under the theme of "Breaking and Establishing: Advancing the Ecosystem of Source Innovation." During the conference, participants discussed topics including building collaborative mechanisms among research institutions, clinical practice, and industry driven by real clinical needs, strengthening early validation and real-world evidence accumulation, advancing multi-center research and data sharing. The discussions also explored pathways to enhance the translation of innovative achievements and to foster international cooperation. Dr. Chen joined multiple industry representatives in exchanging views on relevant topics, sharing perspectives on the importance of source innovation ecosystem construction and clinical collaboration, supporting the effective exchange and practical translation of medical research outcomes within standardized frameworks.

2025 Hua Medicine Summit and Forum Discussions

In addition to participating in high-end academic conferences, Hua Medicine systematically supports grassroots medical education and professional exchanges through various initiatives. Centered on the academic concept of GKA "restoring sensing, reshaping glucose homeostasis," the Company organized multi-level academic exchange activities through online and offline formats. These include departmental meetings and academic exchange sessions conducted for medical institutions. Such activities cover healthcare institutions at different levels across hospitals and regions, bringing together numerous clinicians to share insights and engage in discussions, and attracting medical professionals from endocrinology and related fields to participate. Through continuous medical exchanges, Hua Medicine facilitates the dissemination and sharing of medical knowledge and clinical experience, expands the reach and accessibility of academic resources, and promotes the extension of high-quality medical knowledge to grassroots healthcare institutions, thereby supporting the enhancement of primary-level diagnostic and treatment capabilities.

2025 Hua Medicine Sales Academic Promotion Meetings

Empowering Her Power

In May 2025, the company's representative initiated and debuted at Pudong Women's Federation's "She Says" series, sharing her journey from clinician to pharmaceutical executive and entrepreneur. The Company will continue supporting such initiatives in 2026 to foster an enabling ecosystem for women in science and technology.

CONTENT INDEX OF ESG REPORTING CODE APPLICABLE FOR THE REPORTING PERIOD

ESG Item	Descriptions	Related sections
A. Environment		
A1	**Emissions**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to emissions of waste gas and greenhouse gas, discharge into water and land, generation of hazardous and non-hazardous waste	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Pollution Prevention and Control
		Chapter 8 Low-Carbon Development for a Sustainable Green Future-Resource Utilization
A1.1	The types of emissions and respective emissions data	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Pollution Prevention and Control
		Metrics Table
A1.2	Consolidated to Part D: Climate-Related Disclosures	Chapter 8 Address Climate change
A1.3	Total hazardous waste produced and, where appropriate, intensity	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Pollution Prevention and Control
		Metrics Table
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Pollution Prevention and Control
		Metrics Table
A1.5	Description of emissions target(s) set, and steps taken to achieve them	Chapter 4 Sustainable Development Management-Board Statement
		Chapter 8 Low-Carbon Development for a Sustainable Green Future-Environmental Management System
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	Chapter 4 Sustainable Development Management-Board Statement
		Chapter 8 Low-Carbon Development for a Sustainable Green Future-Pollution Prevention and Control

ESG Item	Descriptions	Related sections
A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Resource Utilization
		Metrics Table
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Resource Utilization
		Metrics Table
A2.2	Water consumption in total and intensity	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Resource Utilization
		Metrics Table
A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them	Chapter 4 Sustainable Development Management-Sustainability Goals
		Chapter 8 Low-Carbon Development for a Sustainable Green Future-Resource Utilization
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	Chapter 4 Sustainable Development Management-Sustainability Goals
		Chapter 8 Low-Carbon Development for a Sustainable Green Future-Resource Utilization
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Packaging Materials Management

ESG Item	Descriptions	Related sections
A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Chapter 8 Low-Carbon Development for a Sustainable Green Future-Environmental Management System
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	
A4	**Climate Change**	
General Disclosure	Consolidated to Part D: Climate-Related Disclosures	Chapter 8 Address Climate change
A4.1	Consolidated to Part D: Climate-Related Disclosures	
B. Social		
B1	**Employment**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 9 Recruiting Talent, Advancing Together-Equal Workplace Environment
		Chapter 9 Recruiting Talent, Advancing Together-Compensation and Benefits
B1.1	Total workforce by gender, employment type, age group and geographical region	Chapter 9 Recruiting Talent, Advancing Together-Equal Workplace Environment
B1.2	Employee turnover rate by gender, age group and geographical region	Chapter 9 Recruiting Talent, Advancing Together-Employee Satisfaction and Talent Retention
B2	**Health and Safety**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 9 Recruiting Talent, Advancing Together-Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Chapter 9 Recruiting Talent, Advancing Together-Health and Safety
B2.2	Lost days due to work injury	Chapter 9 Recruiting Talent, Advancing Together-Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Chapter 9 Recruiting Talent, Advancing Together-Health and Safety

ESG Item	Descriptions	Related sections
B3	**Development and Training**	
General Disclosure	Policies on enhancing the knowledge and skills of employees to perform duties. Describe training activities	Chapter 9 Recruiting Talent, Advancing Together-Talent Development and Empowerment
B3.1	The percentage of employees trained by gender and employment type	Chapter 9 Recruiting Talent, Advancing Together-Talent Development and Empowerment
B3.2	The average training hours completed per employee by gender and employment category	Chapter 9 Recruiting Talent, Advancing Together-Talent Development and Empowerment
B4	**Labor Standards**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child labor or forced labor	Chapter 9 Recruiting Talent, Advancing Together-Equal Workplace Environment
B4.1	Description of measures to review employment practices to avoid child and forced labor	Chapter 9 Recruiting Talent, Advancing Together-Equal Workplace Environment
B4.2	Description of steps taken to eliminate such practices when discovered	Chapter 9 Recruiting Talent, Advancing Together-Equal Workplace Environment
B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Building a Responsible Supply Chain
B5.1	Number of suppliers by geographical region	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Building a Responsible Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Building a Responsible Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Building a Responsible Supply Chain Chapter 8 Low-Carbon Development for a Sustainable Green Future-Environmental Management System
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Building a Responsible Supply Chain

ESG Item	Descriptions	Related sections
B6	**Product Responsibility**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Quality Risk Management System
		Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Enhancement of Management Quality
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Enhancement of Customer Service Quality
B6.2	Number of products and service-related complaints received and how they are dealt with	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Enhancement of Customer Service Quality
B6.3	Description of practices relating to observing and protecting intellectual property rights	Chapter 6 Innovation-Driven Growth, Shared Success for the Industry-Management of Intellectual Property
B6.4	Description of quality assurance process and recall procedures	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Enhancement of Customer Service Quality
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Chapter 7 Quality Foundation Upholding Hua Medicine Craftsmanship-Enhancement of Customer Service Quality

ESG Item	Descriptions	Related sections
B7	**Anti-corruption**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 5 Steady Progress, Governance with Responsibility at the Core-Compliance Management System
		Chapter 5 Steady Progress, Governance with Responsibility at the Core-Anti-Corruption Management
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	Chapter 5 Steady Progress, Governance with Responsibility at the Core-Anti-Corruption Management
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Chapter 5 Steady Progress, Governance with Responsibility at the Core-Anti-Corruption Management
B7.3	Description of anti-corruption training provided to directors and staff	Chapter 5 Steady Progress, Governance with Responsibility at the Core-Compliance Training
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	Chapter 10 Giving Back to Society, Building a Better Future Together-Inclusive Healthcare
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport)	Chapter 10 Giving Back to Society, Building a Better Future Together-Giving Back to Society
B8.2	Resources (e.g., money or time) contributed to the focus area	Chapter 10 Giving Back to Society, Building a Better Future Together-Giving Back to Society

ESG DATA SUMMARY

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data	FY2025 Data
Environment	Total Experimental Waste Liquid	Tonne	0.375	0.190	0.050
	Density of Experimental Waste Liquid	Tonne/CNY 1b Revenue	4.895	0.742	1.015
	Total Experimental Waste	Tonne	0.215	0.100	0.075
	Density of Experimental Waste	Tonne/CNY 1b Revenue	2.806	0.391	1.522
	Total Scrapped Samples	Tonne	0.005	0.020	–
	Density of Scrapped Samples	Tonne/CNY 1b Revenue	0.065	0.078	–
	Vehicle Mileage	km	55,985.000	66,340.000	59,334.000
	Total Executive Gasoline	Liter	4,875.000	5,637.000	5,133.000
	Executive Gasoline Per Capita	Liter/Person	30.469	38.088	16.452
	Nitrogen Oxides (NO_x)	Kg	49.547	58.711	52.511
	Sulfur Oxide (SO_x)	Kg	0.072	0.083	0.075
	Particulate Matter (PM)	Kg	4.748	5.626	5.032
	Refrigerant Stock	Kg	40.000	40.000	40.000
	Total Executive Electricity	kwh	682,750.000	698,099.000	754,915.000
	Executive Electricity Per Capita	kwh/Person	4,433.442	4,716.885	2,419.599
	Total Executive Water	Tonne	1,210.000	1,801.000	1,644.000
	Executive Water Per Capita	Tonne/Person	9.603	14.762	5.269
	Greenhouse Gas Emissions (Scope 1)	Tonne	19,200.830	21,264.224	19,899.460
	Greenhouse Gas Emissions (Scope 2)	Tonne	416.546	425.910	460.575
	Total Greenhouse Gas Emissions (Scope 1 & 2)	Tonne	435.747	447.174	480.473
	Total Greenhouse Gas Emissions Per Capita	Tonne/Person	2.723	2.903	1.540
	Total Battery Usage	Tonne	0.007	0.008	0.008
	Battery Usage Per Capita	Kg/person	0.056	0.062	0.033
	Total Residual Waste	Tonne	5.429	5.580	5.609
	Residual Waste Per Capita	Kg/Person	43.087	45.738	23.082
	Total Household Food Waste	Tonne	1.755	1.977	1.910
	Household Food Waste Per Capita	Kg/Person	13.929	15.385	7.860
	Total Recyclable Waste	Tonne	3.595	3.611	3.703
	Recyclable Waste Per Capita	Kg/Person	28.532	29.598	15.239
	Environmental Pollution Incidents or Complaints	Cases	–	–	–

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data	FY2025 Data
Social	Male	Person	72.000	67.000	165.000
	Female	Person	88.000	87.000	168.000
	Postgraduates and above	Person	74.000	69.000	85.000
	Undergraduates	Person	71.000	71.000	196.000
	Below Undergraduates	Person	15.000	14.000	52.000
	Percentage of board members with a doctoral degree	%	43.000	43.000	50.000
	Percentage of R&D personnel in total employees*	%	N/A	33.000	18.000
	Percentage of R&D personnel with a master's degree or higher	%	N/A	98.000	64.000
	Below 30	Person	11.000	8.000	50.000
	31-40	Person	82.000	76.000	156.000
	41-50	Person	48.000	51.000	103.000
	51-60	Person	14.000	13.000	18.000
	Over 60	Person	5.000	6.000	6.000
	Management Team	Person	7.000	6.000	6.000
	Department Leader	Person	6.000	5.000	57.000
	General Employee	Person	149.000	143.000	270.000
	Permanent Employee	Person	160.000	152.000	328.000
	Contract Worker	Person	1.000	2.000	5.000
	Number of Employees in Shanghai Office	Person	126.000	122.000	243.000
	Number of Employees in Beijing Office	Person	24.000	22.000	64.000
	Number of Employees in Wuhan Office	Person	4.000	4.000	5.000
	Number of Employees in Nanjing Office	Person	–	–	15.000
	Number of Employees in Hong Kong Office	Person	2.000	1.000	1.000
	Number of Employees in US Office	Person	4.000	5.000	5.000
	Male Departing Employee	Person	2.000	5.000	11.000
	Female Departing Employee	Person	8.000	4.000	22.000
	Number of Departing Employees with Postgraduates or Higher	Person	5.000	7.000	11.000
	Number of Departing Employees with Undergraduates	Person	4.000	2.000	13.000
	Number of Departing Employees with Undergraduates or below	Person	1.000	–	9.000
	Number of Departing Employees Under 30	Person	–	2.000	5.000
	Number of Departing Employees Aged 31-40	Person	4.000	3.000	15.000
	Number of Departing Employees Aged 41-50	Person	3.000	1.000	11.000
	Number of Departing Employees Aged 51-60	Person	3.000	2.000	–
	Number of Departing Employees Above 60	Person	–	1.000	2.000
	Number of Departing Employees in Management Positions and above	Person	1.000	1.000	7.000
	Number of Departing Employees in General Positions	Person	9.000	8.000	26.000

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data	FY2025 Data
	Number of Departing Full-Time Employees	Person	10.000	9.000	31.000
	Number of Departing Contract Workers	Person	–	–	2.000
	Number of Departing Employees in Shanghai Office	Person	9.000	7.000	23.000
	Number of Departing Employees in Beijing Office	Person	–	2.000	7.000
	Number of Departing Employees in Wuhan Office	Person	1.000	–	1.000
	Number of Departing Employees in Nanjing Office	Person	–	–	2.000
	Number of Departing Employees in Hong Kong Office	Person	–	–	–
	Number of Departing Employees in US Office	Person	–	–	–
	Number of Work-Related Fatalities	Person	–	–	–
	Number of Workdays Lost Due to Occupational Injuries	Person	–	–	–
	Number of Male Employees Trained	Person	7.000	4.000	173.000
	Number of Female Employees Trained	Person	22.000	16.000	170.000
	Number of Trained Employees in Management Team Positions	Person	9.000	5.000	12.000
	Number of Trained Employees in General Positions	Person	20.000	15.000	331.000
	Total Training Hours Completed by Male Employees	Hours	192.000	114.000	3,077.000
	Total Training Hours Completed by Female Employees	Hours	689.000	695.000	3,023.000
	Total Training Hours Completed by Management Team	Hours	167.000	154.000	213.000
	Total Training Hours Completed by General Staff	Hours	714.000	655.000	5,887.000
	Number of Male Employees GxP-Trained	Person	–	–	55.000
	Number of Female Employees GxP-Trained	Person	–	–	55.000
	Number of GxP-Trained Employees in Management Team Positions	Person	–	–	32.000
	Number of GxP-Trained Employees in General Positions	Person	–	–	78.000
	Total GxP-Training Hours Completed by Male Employees	Hours	–	–	3,280.000
	Total GxP-Training Hours Completed by Female Employees	Hours	–	–	2,938.000
	Total GxP-Training Hours Completed by Management Team	Hours	–	–	2,240.000
	Total GxP-Training Hours Completed by General Staff	Hours	–	–	3,978.000
	Production	Item	19.000	21.000	37.000
	R&D	Item	40.000	44.000	45.000
	Engineering	Item	16.000	16.000	16.000
	Operational	Item	133.000	123.000	130.000
	Total PVDC	Tonne	2.247	14.056	21.182
	Total Aluminium Foil Cover	Tonne	0.813	1,883.000	2.872

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data	FY2025 Data
	Total Plastic Tape	Tonne	0.097	581.000	0.887
	Total Medicine kit	Tonne	3.577	22,794.000	33.521
	Total Paper Packaging Box	Tonne	2.813	12,624.000	19.443
	Total Product Packaging	Tonne	9.547	51.938	77.905
	Density of Product Packaging	g/Kit Unit	20.313	24.674	19.423
	GMP supplier audit	Times	27.000	9.000	24.000
	CRO Service Audit	Times	1.000	N/A	N/A
	Number of Supplier Quality Agreements Signed	Copy/Document	15.000	8.000	19.000
	Number of Supplier Training Sessions	Times	2.000	6.000	–
	Supplier Awards Received	Person/Time	N/A	20.000	36.000
	Supplier On-Site Audits	Times	5.000	265.000	238.000
	Supplier Communication and Training Meetings	Times	163.000	110.000	165.000
Governance	Reported Cases of Corruption and Bribery	Cases	–	–	–
	Number of Employees Involved in Corruption or Bribery Litigation Cases	Person	–	–	–
	False Marketing Claims Incidents	Cases	–	–	–

Note:* The percentage of R&D personnel in total employees includes both permanent employees and contracted workers in the denominator.