药师帮

2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YSB Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9885

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Company Profile

About YSB

As 2025 marked a crucial juncture in the in-depth implementation of the "Healthy China 2030 (健康中國2030)" strategy, the outside-of-hospital pharmaceutical and healthcare industry in China also witnessed structural opportunities of demand upgrade and growing grassroots needs. Against this backdrop, YSB firmly adhered to the driving strategy of "diversified ecosystem + digital infrastructure", systematically improving its product category supply matrix and service fulfilment system, and deeply empowering upstream and downstream users to upgrade their digital operational capabilities.

During the Reporting Period, we had an average number of monthly active buyers ("MAB") of 461,000, representing a year-on-year increase of 6.5%. The average number of monthly paying buyers ("MPB") reached 435,000, representing a year-on-year increase of 8.4%. As user loyalty has significantly increased, our paying ratio, i.e. the proportion of average number of MPB to average number of MAB, remained high at 94%, and the average number of orders per paying buyer per month was around 29.6.

Business Profile

Online Marketplace

As a leading digital service platform for the outside-of-hospital pharmaceutical industry in China, we continued to strengthen the construction of our digital capabilities, optimise user experience, and solidify the platform's service offerings, achieving synergistic improvement in customer loyalty and market competitiveness.

During the Reporting Period, through big data analysis and users' needs insight, we comprehensively improved the diversity of products on our platform to cover a wider range of customer needs and scenarios. In response to the consumption upgrading trend of Traditional Chinese Medicine ("TCM") decoction pieces, our platform has built a comprehensive digital ecosystem spanning the entire process from field breeding to downstream buyers delivery by optimising and promoting Jinfang standards, strengthening user education and coverage, and utilising digital technology innovation.

During the Reporting Period, the average monthly SKUs on the platform continued to increase to approximately **4,200,000**.

We sold to downstream buyers approximately **40,000** tons of TCM decoction pieces, representing a year-on-year increase of approximately **32.8%**.

General Self-operation Business

During the Reporting Period, our Self-operation Business focused on comprehensive advancement in the four core dimensions of "wide selection, fast delivery, superior quality, and cost efficiency". We leveraged our supply chain integration capabilities to continuously accelerate the comprehensive coverage of our Self-operation Business across all product categories, continuously optimised the comprehensive smart supply chain system of "procurement – warehousing – distribution" to achieve efficient fulfilment of pharmaceutical and healthcare products and established a solid foundation of quality through rigorous selection standards and a full-process traceability mechanism to unlock higher value through optimisation for extreme efficiency.

As of the end of the Reporting Period, the suppliers of Self-operation Business exceeded **12,000**.

During the Reporting Period, the average monthly SKUs reached **430,000**.

During the Reporting Period, the on-time delivery rate further improved to **96.70%**.

Targeted Product Launch Business

Leveraging the industry experience and market insights accumulated in Online Marketplace and General Self-operation Business, our Targeted Product Launch Business accurately identifies high-potential products. During the Reporting Period, we focused the strategic layout on expanding the coverage of products under our own brands in downstream pharmacies and primary healthcare institutions, driving the deep penetration of our brand influence.

As of the end of the period, our own brands span multiple high-potential categories such as Chinese patent medicines, gynecological medications, medical devices and consumables, and wellness Chinese herbs. They extensively reach the full spectrum of customer types, including monomer pharmacies, chain pharmacies, and primary healthcare institutions.

As of the end of the Reporting Period, the number of SKUs of our own brands exceeded **1,200**.

During the Reporting Period, the transaction amounts of our own brands reached RMB**1,937 million**, representing a year-on-year increase of approximately **282.8%**.

ClouMinihouse (光譜小屋)

During the Reporting Period, the Company seized opportunities in digital healthcare by continuously refining the comprehensive solutions for "ClouMinihouse (光譜小屋)" primary smart healthcare system. Through "FutureClou" series products, the point-of-care testing and monitoring devices, "Cloud Consultation SaaS (光譜雲診SaaS)", a digital primary healthcare institution management system, and "ClouWiseDoctor", a smart AI doctors-aid system, the Company comprehensively empowered primary healthcare institutions.

As of the end of the Reporting Period, "FutureClou (未來光譜)" series point-of-care testing devices covered more than **22,000** end users with sales exceeding **33,000** units.

The number of paying users of "Cloud Consultation" exceeded **2,800**, and medical insurance functions covered over **100** cities.

YSB eLearn

During the Reporting Period, we continued to further the development of the professional pharmacist service ecosystem. We strengthened the professional knowledge reserves and practical skills of pharmacists through a systematic curriculum system, effectively enhancing the professional service capabilities of end users.

As of the end of the Reporting Period,
we provided online trainings to approximately **327,000** pharmacists and prospective pharmacists.

Other Saas Solutions

Upstream sellers	"CloudComm" SaaS service	"CloudComm" helps upstream sellers digitally upgrade their inventory management, order processing, market analysis, etc. to significantly improve operational efficiency and market responsiveness.

As of the end of the Reporting Period, we provided the service to over **9,600** sellers, with approximately **1,200** new sellers during the Reporting Period.

Downstream buyers	"ePalm" SaaS service	"ePalm" provides pharmacies and primary healthcare institutions with one-stop purchasing, inventory management, sales analysis and other tools to facilitate their efficient operations and accurate decision-making.

As of the end of the Reporting Period, "ePalm" has assisted buyers from **243** cities in connecting with medical insurance departments, and provided the service to approximately **73,000** buyers, with more than **13,000** new buyers during the Reporting Period.

Downstream buyers	"PHDS Pharmacy Health Diagnosis System"	"PHDS Pharmacy Health Diagnosis System" is specially designed for chain pharmacies and leverages data and algorithms to accurately target and identify issues through efficient multi-dimensional analysis and gives optimisation suggestions based on analysis reports, effectively improving the operational efficiency and effectiveness of chain pharmacies.

As of the end of the Reporting Period, "PHDS Pharmacy Health Diagnosis System" served approximately **850** chain headquarters users.

Company Honour

Gelonghui
Excellent Enterprise in ESG Sustainable Development
(ESG可持續發展卓越企業)

Stockstar
2025 Product Responsibility Award
(2025年度產品責任獎)

China Times
2025 Case of Empowering a Better Life
(2025年度賦能美好生活案例)

TMTpost
2025 Best Ecosystem Enterprise of Healthcare Industry
(2025年度最佳健康產業生態企業)

National Business Daily
2025 Listed Company with Outstanding Competitiveness for Great Health
(2025年度大健康卓越競爭力上市公司)

21st Century Business Herald
2025 Listed Company with Innovative Value
(2025年度創新價值上市公司)

Shanghai Securities News
2025 Value Growth Enterprise
(2025年度價值成長企業)

Gelonghui
2025 Value Investment Award
(2025年度價值投資獎)

Ebrun
2025 Industrial Internet Qianfeng Award – Top 60 in Deep Value Chain
(2025年度產業互聯網千峰獎 – 深度價值鏈60強)

Message from CEO

Message

The year 2025 marked an important year for the in-depth implementation of the "Healthy China 2030" strategy and the 14th Five-Year Plan. Facing the new situation of the accelerated digital transformation of the pharmaceutical and healthcare industry, the constant improvement of the regulatory system, and the continuous release of primary healthcare needs, YSB adheres to sustainable development as the orientation, integrates the ESG concept into the Company's process of operation management, and gradually constructs a sustainable development system supported by "steady governance and efficient operation, making quality medical care and good medicine accessible to all, technology empowerment and innovation leadership, "Dual Carbon" goal leading green development, and partnership responsibility and common development", laying a solid foundation for the long-term and stable growth of the enterprise.

In terms of "steady governance and efficient operation", we continuously improve the corporate governance structure and internal control system, incorporate ESG philosophy into the risk management framework, keep strengthening compliance operation and business ethics construction, improve governance transparency and decision-making scientificity, providing a solid guarantee for the sound operation and value creation of the enterprise.

In terms of promoting the commitment of "making quality medical care and good medicine accessible to all", we adhere to the user needs as the centre, continuously improve the quality management system covering the entire life cycle of pharmaceutical products, strengthen supply chain collaboration and compliance control, and promote the penetration of high-quality pharmaceutical resources into primary healthcare institutions. Through the synergic development of the Online Marketplace and the Self-operation Business, we keep optimising the commodity supply structure and service model, making more safe, reliable, and affordable pharmaceutical and health products accessible to a large number of primary healthcare institutions and end-users.

We focus on "technology empowerment and innovation leadership", continuously increase investment in digital platforms, intelligent supply chains, smart healthcare system, and data governance, and promote the in-depth integration of technological innovation and business scenarios. By improving system capabilities and optimizing data security and privacy protection mechanisms, we constantly enhance the operating efficiency and service stability of the platform, injecting continuous impetus into the digital transformation and ecological upgrading of the industry.

We adhere to the strategy of "Dual Carbon' goal leading green development", actively respond to the national "Dual Carbon" goal, and integrate the green concept into the operation management and supply chain construction. Through measures such as promoting digital management, resource conservation, and recycling, we continuously reduce resource consumption and carbon emission intensity in the operation process, and gradually build a low-carbon, efficient, and sustainable operation model.

In terms of "partnership responsibility and common development", we adhere to the people-oriented principle, continuously improve the employee training and support system, and create a fair, diverse and inclusive organisational environment. At the same time, we strengthen supply chain responsibility management, establish long-term, stable, mutually-trusted, and win-win cooperation relationships with partners, and actively participate in public charities and primary healthcare empowerment projects to jointly promote the construction of a healthy industry ecosystem.

Looking back on the past year, YSB remained committed to the long-term development concept, coordinated business growth and responsibility fulfilment, and achieved the coordinated improvement of business quality and sustainable capabilities.

Looking ahead, we will continue to take compliance as the bottom line, technology as the engine, and responsibility as the foundation, continuously improve the ESG governance system, deepen strategic execution capabilities, promote the coordinated progress of enterprise development, social value, and environmental value, and continuously create long-term value for the industry, society and investors.

Buzhen Zhang

Chairman and Chief Executive Officer

Board Statement

The board of directors (the "Board") of YSB is responsible for coordinating, leading and supervising the management of the Company's sustainable development and ESG information disclosure. The Company incorporates ESG factors into strategic decision-making and daily operation management. The Board coordinates the identification of sustainable development trends in the industry, the formulation of sustainable development strategies, and the determination of ESG management priorities. The Board and the management hold regular meetings to supervise and review the relevant work results of ESG.

The Board holds regular meetings every year to listen to the environmental, social and corporate governance committee's (the "ESG Committee") progress report on ESG management, clarifies the Company's ESG management status, and identifies ESG management risks. The Board is responsible for reviewing and approving the annual ESG report and ensuring the yearly ESG work priorities and the Company's sustainable development philosophy are fully disclosed.

The ESG Committee is authorised by the Board to oversee ESG issues and ensure the Company's compliance and sustainable development in these areas. The ESG Committee is responsible for identifying, evaluating, and managing significant ESG issues and reporting progress and results to the Board. The ESG Committee shall determine the materiality matrix of ESG key issues based on the feedback of stakeholders and the results of the materiality assessment. The matrix shall, after being reviewed and confirmed by the Company's Board, serve as the basis for preparing the ESG report.

During the Reporting Period, the Board engaged in assessing and determining the materiality and prioritisation of ESG issues through discussions, questionnaire surveys, and other approaches, provided opinions and recommendations on ESG issues that may impact the Company's long-term sustainable development, and assessed the prioritisation of these issues. Furthermore, the Board reviewed the Company's progress towards ESG-related targets by receiving reports from the ESG Committee, and encouraged the integration of ESG considerations with the Company's overarching business strategy. In addition, the Board has progressively integrated climate-related risks and opportunities into its overall risk management and initially formulated the Company's strategic direction in addressing climate change to ensure that the Company is able to identify potential impacts and take appropriate countermeasures.

We are committed to promoting ESG practices at all levels of YSB to ensure the long-term sustainable development of the Company and the harmonious progress of society. We look forward to working with all stakeholders to contribute to the sustainable development of society and the environment.

The Report discloses in detail and truthfully the progress and effectiveness of the ESG work of YSB in 2025, which was approved by the Board on 23 March 2026.

About the Report

Report Summary

The objective of the Report is to provide an unbiased overview of the Environmental, Social, and Governance ("ESG") performance of YSB Inc. for the year 2025. Throughout the document, the terms "YSB", "the Company", or "we" are used interchangeably to refer to YSB Inc. Our aim in publishing this report is to enhance understanding among all stakeholders regarding YSB's sustainable development policies, strategies, and practices. By doing so, we aspire to foster collaboration and achieve mutually beneficial outcomes for all parties involved.

Scope of the Report

Business scope of the Report: The Report covers the principal businesses and operating entities of the Company that are material to its environmental, social and governance performance during the Reporting Period, including pharmaceutical and healthcare products and services. For details of the Company's business, please refer to the Company's *2025 Annual Report*.

Time period of the Report: The time period covered by the Report is mainly from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "Reporting Period" or "during the Reporting Period"). To improve the comprehensiveness of the Report, some of the contents are beyond the above scope.

Report release cycle: The Report is an annual report, which is the third ESG report issued by YSB.

Reporting Standards

The Report has been prepared with reference to the *Environmental, Social and Governance Reporting Code* (the "ESG Reporting Code") of The Stock Exchange of Hong Kong Limited (the "HKEX" or the "Stock Exchange") and the *United Nations Sustainable Development Goals* (SDGs). A content index of the ESG Reporting Code is provided at the end of the Report for quick reference.

Reporting Principles

"Materiality" principle: Key stakeholders were identified during the preparation of the Report, and the materiality of sustainable development issues was identified through stakeholder communication mechanisms. Targeted disclosures are made in the Report according to the relative materiality of the issues they are concerned with.

"Quantitative" principle: The Report uses quantitative data to present the key performance indicators of the environmental and social aspects. The measurement standards, methods, assumptions and/or calculation tools of the key performance indicators in the Report and the sources of the conversion factors used have been described in the corresponding places.

"Balance" principle: The Report seeks to present the Company's sustainable development performance in a balanced manner, avoiding choices, omissions, or presentation formats that may inappropriately influence the decisions or judgments of the Report's readers.

"Consistency" principle: We adopt a consistent statistical disclosure methodology to make meaningful comparisons of sustainable development data at different stages.

Description of Data and Information

Unless otherwise specified, the data and information in the Report are mainly derived from the Company's internal official documents, internal statistical data and relevant public information. The monetary amounts involved in the Report are measured in RMB.

Report Access

The Report is available in both Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. The Report is published electronically and can be viewed and downloaded from the following websites:

- YSB's official website: https://www.ysbang.cn
- The Stock Exchange's HKEX news website: www.hkexnews.hk

ESG Management

YSB's Response to UN Sustainable Development Goals and Its Strategies

As a leading digital platform in China's healthcare industry, YSB always practices the concept of sustainable development and takes the *United Nations Sustainable Development Goals* (SDGs) as our guide to action. While expanding business, we steadfastly maintain a healthy ecology. We are committed to providing comprehensive healthcare services and health culture to achieve our sustainable development goals. We believe that through continuous innovation and efforts, we can create long-term value for all stakeholders and jointly promote harmonious development of the environment, society, and the economy.

SDGs

Our Strategy

- Provide efficient and cost-effective pharmaceutical product services.
- Improve the allocation of primary health care resources and improve the level of primary diagnosis and treatment.
- Strictly supervise the price fluctuations of pharmaceutical products to ensure fair and reasonable pricing.
- Continuously engage in public charity, and actively respond to rural revitalisation.

Our Strategy

- Promote a fair and equitable employment process with a commitment to equal pay for equal work.
- Commit to eliminating all discriminatory acts and creating a working atmosphere with diversity, equity and inclusion.

Our Strategy

- Commit to improving energy efficiency and reducing energy consumption.
- Advocate paperless office and save paper.
- Develop a complete water resources management system.
- Strictly control energy use.

Our Strategy

- Protect the legitimate rights and interests of employees.
- Vigorously support the training of diversified primary talents.
- Continuously improve the mechanism of personnel training and talent echelon construction.

Our Strategy

- Promote intelligent delivery solutions to provide efficient and cost-effective pharmaceutical product services.
- Provide efficient and convenient digital solutions for the pharmaceutical industry chain.
- Continue to explore new business models.
- Perfect privacy protection and data security management system.
- Attach importance to protecting our and others' intellectual property rights.

Our Strategy

- Establish a digital price monitoring system.
- Control the price fluctuations of pharmaceutical products to ensure fair and reasonable pricing.
- Promote equal and inclusive access to healthcare for all.

Our Strategy

- Committed to popularising medical knowledge.
- Actively participate in social welfare.

Our Strategy

- Establish and continuously improve the safety and quality management architecture.
- Implement a strict supplier management mechanism.
- Carry out comprehensive product safety and quality reviews.
- Strengthen product safety and quality culture construction.
- Ensure the legal compliance of marketing activities.

Our Strategy

- Encourage employees to recycle and reuse packaging materials.
- Develop and implement policies for the management of non-hazardous/hazardous waste.

Our Strategy

- Emphasise the engagement of stakeholders and maintain regular communication.
- Actively respond to the expectations and demands of stakeholders.

Our Strategy

- Establish a governance structure that is clear in responsibility and scientifically efficient.
- Implement a board diversity policy.
- Establish a sound risk identification and management mechanism in a number of key business areas.
- Strictly abide by the laws and regulations related to business ethics.
- Publish and implement a number of internal integrity management rules and regulations.
- Carry out trainings on business ethics and pay attention to the promotion of anti-corruption and integrity awareness.
- Provide a variety of whistleblowing channels and promise to keep the whistleblowers' information strictly confidential.

2025 Sustainable Development Highlights Data

Steady Governance and Efficient Operation

16%
The proportion of female directors in the Board was 16%

100%
The signing rate of the *Anti-Corruption Compliance Commitment Letter* by new employees reached 100%

0 case
0 case of corruption litigation against the Company or its employees

To Make Quality Medical Care and Good Medicine Accessible to All

100%
The rate of acceptance for products received in stock was 100%

90%
Using YSB CertEx for certification exchange helped suppliers save nearly 90% exchange costs

100%
The coverage rate of CertEx reached 100%

165 reviews
A total of 165 internal quality reviews were conducted

76 reviews
A total of 76 third-party external quality reviews were conducted

59 trainings
A total of 59 product safety and quality trainings were conducted

4,189 participants
A total of 4,189 participants attended the trainings

Technology Empowerment and Innovation Leadership

During the Reporting Period, there was **0** information security or customer privacy disclosure incident

As of the end of the Reporting Period, YSB had been granted a total of

208
208 patents

596
596 copyrights

41
41 domains

"Dual Carbon" Goal Leads Green Development

During the Reporting Period, under the Self-operation Business, the paper version of pharmaceutical product test reports was replaced by electronic version through the CertEx for certification exchange,

153 million
With a total of more than 153 million electronic pharmaceutical product test reports being generated

846 tons
Saving about 846 tons of A4 paper

2,961 tons
Reducing about 2,961 tons of carbon emissions

29,613 trees
Equivalent to planting about 29,613 trees

Partnership Responsibility and Common Development

54%
The proportion of in-province purchases of Leyo Pharm Group reached 54%

8.67 hours
The average training hours per employee was 8.67 hours

0 person
The number of work-related fatalities was 0

935 hours
The employee volunteer hours was 935 hours

RMB **1,670,000**
The cumulative investment in funds and materials for public welfare activities reached a total of RMB1,670,000

ESG Governance Structure

YSB has always been committed to the synergic improvement of economic and social benefits, and continues to explore the best practices for the in-depth integration of the ESG concepts and the Company's business growth. The Board assumes overall responsibility for the Company's ESG work, evaluates ESG-related risks and opportunities, and formulates and reviews the Company's ESG strategies and management guidelines, including identifying, prioritising, and systematically managing material ESG issues. The Board approves and issues annual ESG reports, comprehensively demonstrating the Company's continuous progress and responsibility fulfilment in environmental, social and corporate governance.

The Board established an environmental, social and governance committee (the ESG Committee). The members are appointed by the Board, including at least one independent non-executive director, to ensure the independence and objectivity of decision-making. The responsibilities of this committee are clearly defined in the "Terms of Reference of the Environmental, Social and Governance Committee", which cover ESG policy review, key risk control, response to climate-related issues, compliance supervision, and providing improvement recommendations to the Board, ensuring that the Company's governance mechanism in the field of sustainable development is professional, efficient, and traceable.

The ESG Committee continuously monitors emerging environmental and social challenges, oversees the Company's performance in areas such as resource utilisation, data security, employee well-being, and supply chain responsibility. It provides decision-making support to the Board on major matters, promotes the implementation of ESG management requirements, and improves the overall governance level. For the specific responsibilities and duties of the ESG Committee, users can review and download at the Company's official website (https://www.ysbang.cn/investor/companyManager/).

ESG Culture Promotion

In response to the country's "Dual Carbon" goals and high-quality development requirements, YSB has set its sights on the ESG strategic direction and steadily advanced key initiatives such as carton recycling, occupational health and safety, and compliance governance, laying a solid foundation for sustainable development. In 2024, the Group established the annual special award "ESG Pioneer Healthy Development" for the first time, aiming to recognise teams with remarkable achievements that demonstrate exceptional value in environment, society, and governance, and to promote the transformation from "individual excellence" to "full-scale improvement". In 2025, three benchmark teams of this session were selected:

- Leyo Logistics Team: Through two iterations of the "carton recycling" plan, the reuse rate reached 10.6%. A total of 3,408,000 new cartons were reduced throughout the year, and 76.7 tons of carbon dioxide emissions were reduced. One out of every 10 packages used a second-hand carton.
- Leyo Quality Management Team: The team promoted full coverage of electronic qualifications, resulting in a 61% reduction in printing costs and savings of RMB950,000.
- Leyo Liaoning Lexing Team: The team has adhered to the bottom line of gross profit and the red line of compliance for 5 consecutive years. It has implemented green office measures (saving RMB50,000 in electricity costs per year), ensured pharmaceutical products traceability, and provided full-staff safety training, achieving zero work-related injuries and zero accidents, and establishing a benchmark for sustainable operations characterised by "green, compliance, and safety" principles.

The winning teams were awarded honorary certificates and special bonuses. Their performance was included in the annual organisational performance appraisal, serving as an important basis for merit evaluations, incentive distributions and promotions. The exemplary practices were simultaneously included in the Group's case library and promoted nationwide through training and sharing mechanisms to accelerate the replication and implementation of experience and continuously release the value and momentum of ESG.

Stakeholder Communication

YSB maintains communication with stakeholders through methods such as questionnaires, covering diverse groups including customers, employees, shareholders, and investors. It deeply understands the key concerns and expectations of all parties regarding sustainable development, ESG, and corporate social responsibility. At the same time, the Company responds to stakeholders' concerns in a timely manner through annual reports, ESG reports, and official website announcements, and discloses the response strategies and action progress after identifying ESG risks and opportunities, ensuring information transparency and effective responses, and continuously enhancing stakeholders' trust and participation depth.

Stakeholders	Key Concerns	Means of Communication
Customers	• Product safety and quality • Information security and privacy protection • Waste management	• Customer service hotline • Continuous online and offline communication • Daily multi-channel publicity • User survey and satisfaction survey
Employees	• Occupational health and safety • Employee rights and benefits • Talent cultivation and career development • Product safety and quality • Enhancement of user experience	• Telephone and face-to-face communication • Internal business system • Instant messaging systems and email • Communication meeting • Training activities • Appeal mechanism • Online and offline survey feedback
Shareholders and Investors	• Product safety and quality • Information security and privacy protection • Supply chain management • Talent cultivation and career development	• General meeting • Performance conference, exchange meeting • Investor communication meeting • Disclosure of public information • Investor research • Telephone calls, meetings and company visits
Suppliers	• Waste management • Occupational health and safety • Energy and resources management	• Routine procurement • Online and offline communication • Suppliers exchange meeting • Field inspection
Government and Regulatory Agencies	• Information security and privacy protection • Product safety and quality • Business ethics • Waste management	• Daily reporting and communication • Field research and investigation • Occasional industry talks • Supervision and inspection • Government department visits
The Community and The Public	• Product safety and quality • Information security and privacy protection • Employee rights and benefits • Risk management	• Official website • Social media • Public charity • Volunteer activities

Identification and Analysis of Material ESG Topics

Taking full consideration of national policy changes, industry development trends, ESG disclosure standards, capital market concerns, stakeholder demands, its own business development and other dimensions, YSB identified and screened the list of ESG material topics of YSB through peer benchmarking, third-party expert evaluation, stakeholder questionnaires and various other ways.

To ensure that the impact of each ESG topic on stakeholders is fully understood, the following steps were taken to assess and prioritise the materiality of the topics. For highly material topics, we have made targeted disclosures in the Report to better meet the concerns and expectations of stakeholders.

Material Topic Analysis Process

Identification of topics:

The list of material topics was selected based on the comprehensive assessment of national policy requirements, industry development trends, stakeholders' focus, domestic and foreign ESG-related standards, and the Company's own business situation and future strategic planning.

Topic survey:

A questionnaire survey was conducted among internal and external stakeholders, including consumers, employees, shareholders and investors, suppliers, government and regulatory agencies, communities, and the public.

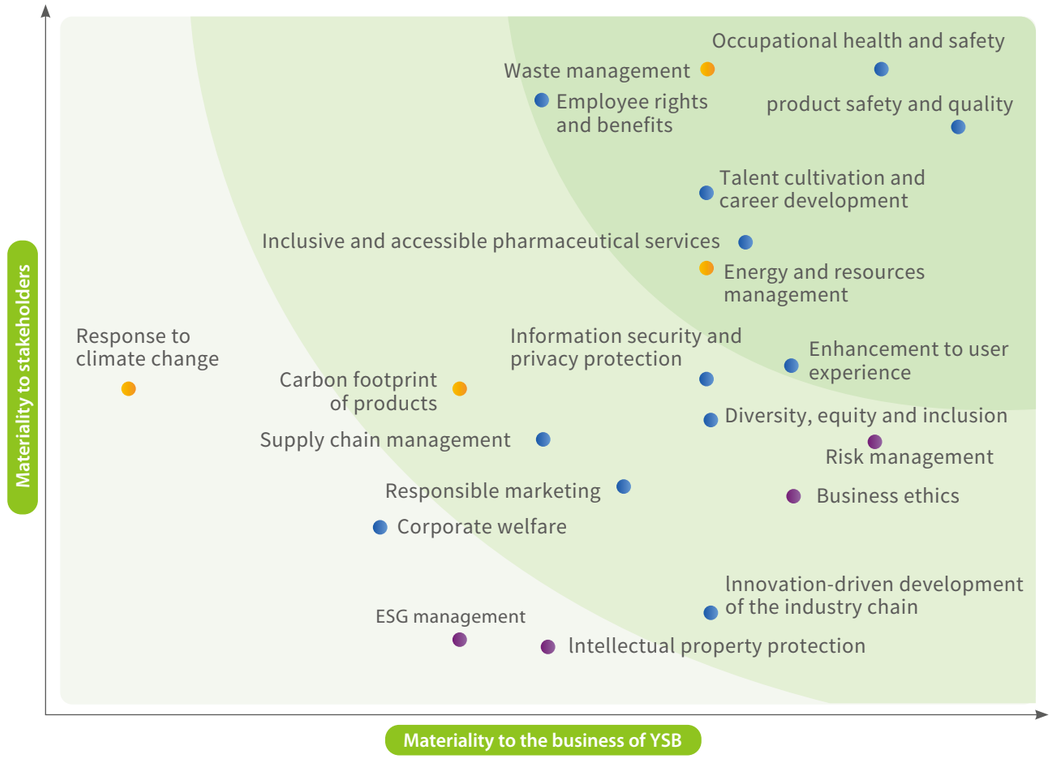
Prioritisation of topics:

Based on the questionnaire survey results, the materiality of topics was prioritised from the two dimensions of "materiality to the business of YSB" and "materiality to stakeholders" to form a material topic matrix for YSB.

Review of topics:

The ESG Committee and external experts reviewed the results of the screening and materiality prioritisation of topics and finally determined the highly material topics, which are highlighted in the Report.

ESG Materiality Matrix of YSB for 2025



Type of Issue	Name of Issue	
Environmental Issues (4 items)	• Waste management • Response to climate change	• Carbon footprint of products • Energy and resources management
Social Issues (12 items)	• Occupational health and safety • Talent cultivation and career development • Employee rights and benefits • Diversity, equality and inclusion • Supply chain management • Product safety and quality	• Responsible marketing • Enhancement of user experience • Information security and privacy protection • Corporate welfare • Inclusive and accessible pharmaceutical services • Innovation-driven development of the industry chain
Governance Issues (4 items)	• ESG management • Intellectual property protection	• Business ethics • Risk management

01

Steady Governance and Efficient Operation

YSB keeps improving its governance system, optimising internal control and compliance mechanisms, and comprehensively manages and controls various types of business risks. The Company adheres to honest business operations, strictly implements anti-corruption requirements, and strengthens the construction of business ethics and a culture of integrity through compliance training, integrity commitments, and supervision mechanisms. At the same time, benchmarking against governance standards of listed companies, it enhances governance transparency and decision-making efficiency, providing a solid guarantee for sustainable development.

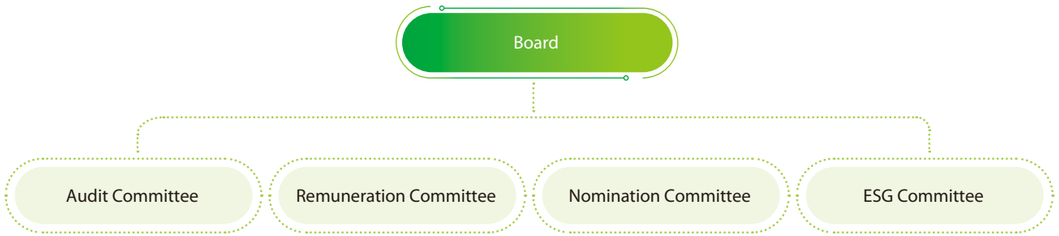
Key issues: Risk management
Business ethics

Key indicators of the HKEX ESG Reporting Code:
KPI B7, B7.2, B7.3

Response to SDGs in this Chapter

Corporate Governance

Governance Framework



YSB has established a scientific and efficient governance structure that is clear in responsibility. In strict compliance with relevant laws and regulations, we have established a governance structure consisting of the General Meeting of Shareholders, the Board, and various specialised committees to safeguard the interests of shareholders and stakeholders. The Board has the core responsibility of formulating the Company's overall development strategy, approving major financial and investment activities, and overseeing the Company's operations, risks and internal controls. To ensure transparency in the Company's operations, the Audit Committee, Remuneration Committee and Nomination Committee under the Board are authorised to oversee the Company's specific affairs.

The Company has also established the ESG Committee to develop sustainability strategies, monitor climate-related risks and opportunities, implement ESG management measures, and regularly review the Company's ESG performance. Information on the Company's governance structure, the terms of reference of the Board and its various committees, and the Board members are available on YSB's official website and the website of the HKEX.

Board Independence and Diversity

In terms of Board independence, the Board of YSB has established four special committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the ESG Committee. For the Audit Committee, the Remuneration Committee, and the ESG Committee, their chairmen shall be independent Directors, and matters within the terms of reference of each special committee shall be submitted to the Board for consideration after being approved by the special committees. As of the end of the Reporting Period, YSB has six Board members, including two Executive Directors, one Non-executive Director, and three Independent Non-executive Directors, including one female Independent Director. Non-executive Directors and Independent Non-executive Directors accounted for 67% of the Board members, ensuring the full play of their professional inputs to their respective special committees.

Percentage of Non-executive Directors and Independent Non-executive Directors

	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee
Chairperson	Independent Non-executive Director	Independent Non-executive Director	Executive Director	Independent Non-executive Director
Member	Independent Non-executive Director Independent Non-executive Director	Independent Non-executive Director Independent Non-executive Director	Independent Non-executive Director Independent Non-executive Director Independent Non-executive Director	Independent Non-executive Director Independent Non-executive Director
Percentage of Non-executive Directors and Independent Non-executive Directors	100%	100%	75%	100%

In terms of Board diversity, YSB is committed to promoting sustainable corporate governance practices and has adopted a board diversity policy to ensure that its composition reflects our commitment to inclusion and diversity. To this end, the Nomination Committee will consider several diversity factors in selecting candidates for Director, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry experience and geographic representation. In accordance with the board diversity policy, the Nomination Committee will periodically discuss and, if necessary, reach a consensus on measurable goals for diversity and present them to the Board for adoption.

Board members of YSB have diverse backgrounds, such as business administration, communications engineering, finance, accounting, and pharmacy, and have extensive experience in business management. Among them, two Independent Non-executive Directors and two Executive Directors are experienced in the Internet industry, one Executive Director is experienced in IT management, and one Non-executive Director is experienced in the pharmaceutical industry.

Board Effectiveness

YSB continuously strengthens the effectiveness of the Board and improves the performance capabilities of Directors. The Company has established a Board independence assessment mechanism to ensure that the independent perspectives and opinions of the Directors can be fully expressed. The Board reviews the implementation and effectiveness of the Board independence mechanism on an annual basis, laying an institutional foundation for ensuring the effectiveness of the Board.

In terms of Board training, in 2025, Directors participated in corporate governance and ESG training in the form of online video training. The Company carried out special trainings on ESG and anti-corruption for all Board members, promoting the Board's systematic understanding of the strategic value of ESG and anti-corruption compliance requirements, consolidating the professional foundation for the Board to perform its supervision duties and formulate sustainable development strategies, and effectively improving the capability of Directors to perform their duties.

In terms of Board performance evaluation, during the Reporting Period, the Board held six meetings, with an average attendance rate of 100%. All Directors actively participated in the review and decision-making of major matters. The special committees under the Board held six meetings, covering issues such as major investment decisions, review of financial reports, internal control effectiveness evaluation, performance assessment of senior management, and appointment and removal of key positions.

In terms of Board skills, YSB is committed to improving the decision-making quality and efficiency of the Board. In the Board selection and succession process, YSB comprehensively considers their cultural and educational background, professional expertise and experience to ensure that they have the knowledge system required for the Company's business operation and management. Meanwhile, the Board attaches great importance to its own capacity building. Through various forms such as online training and self-study, the Board organised Directors to participate in one professional training session, covering key aspects such as ESG governance, interpretation of the *New Climate Requirements* of the HKEX, and anti-corruption compliance, continuously improving the performance of professional expertise and governance effectiveness.

Highlights

During the Reporting Period, YSB held **6** Board meetings,

Director attendance rate reached **100%**,

25 proposals were considered and approved, including the procedural matters in respect of employees' share incentive plans.

Assessment table of the skills matrix of the Board

Skill area	Description	Materiality	Adequacy	Plans for building on strengths and closing skill gaps/obtaining new skills
Strategy	Ability to identify strategic opportunities and threats, and implement plans to achieve corporate goals	E	Adequate	The Board integrates technical and financial, medical expertise. The diverse backgrounds complement each other to enhance the efficiency of strategic identification and implementation
Leadership	Ability to lead corporate teams and implement plans and policies	E	Adequate	The Board complement each other in terms of experience and are equipped with capabilities in operations, capital, industry and supervision, efficiently enabling the implementation of corporate strategies and policies
Industry knowledge and experience	Familiarity with the Company's daily business operations, market development, competitors, technology and innovation	E	Adequate	The Board has industry experience in both industrial operations and professional research, comprehensively supporting business, market, technology and competitive analysis
Financial knowledge/ business acumen	Ability to read and comprehend the Company's accounts, financial information and financial reporting requirements	E	Adequate	A majority of the Board members have experience and professional qualifications in investment banking, audit, and CFO positions with extensive financial experience
Risk management and compliance	Ability to implement, manage, or supervise risk management and internal control systems related to legal and regulatory compliance	E	Adequate	The Board has experience and qualifications in regulation, legal affairs, independent directorship and audit, enabling effective implementation and supervision of compliance risk control and internal control systems
Personnel management experience	Experience of the senior management in personnel management and the successful implementation of reforms	E	Adequate	The Board has experience as director, senior management of group and in corporate management, and excels in personnel deployment and management
Diversity (e.g., age, gender, culture, etc.)	Contributions to Board diversity in terms of age, gender, cultural background, etc.	F	Adequate	The Board covers different age groups, genders, and diverse professional backgrounds, bringing a broad variety of governance perspectives
Emerging issues (e.g., artificial intelligence, climate change)	Understanding and awareness of emerging issues to ensure that the Company has forward-thinking	F	Adequate	The Board has in-depth experience in smart healthcare, AI technology and other sectors, and focuses on sustainable investment, supporting the Company in grasping the forward-looking direction of emerging issues
Qualification	Formal qualifications in relevant fields such as accounting/finance, economics/business, and law, which can assist the Board in decision-making	A/D	Adequate	The Board holds qualifications such as CFA, practicing solicitor and CPA, and has professional backgrounds in accounting, law, etc., strengthening the support for decision-making

Notes:
(a) Relevant knowledge and experience shall be related to the issuer's business objectives and shall be evaluated accordingly.
(b) The description shall enable stakeholders to understand the nature and scope of relevant skills.
(c) "E" = skills that are essential for the Board to possess currently; "F" = new skills to be obtained in the future/in response to expected situations; "A/D" = skills that are non-essential but deemed preferable or ideal if possessed.
(d) The adequacy assessment is based on whether the overall skill matrix of the existing Board members is adequate to support the short-term operations and long-term strategic goals of the Company.

Risk Management

Risk Management Mechanism

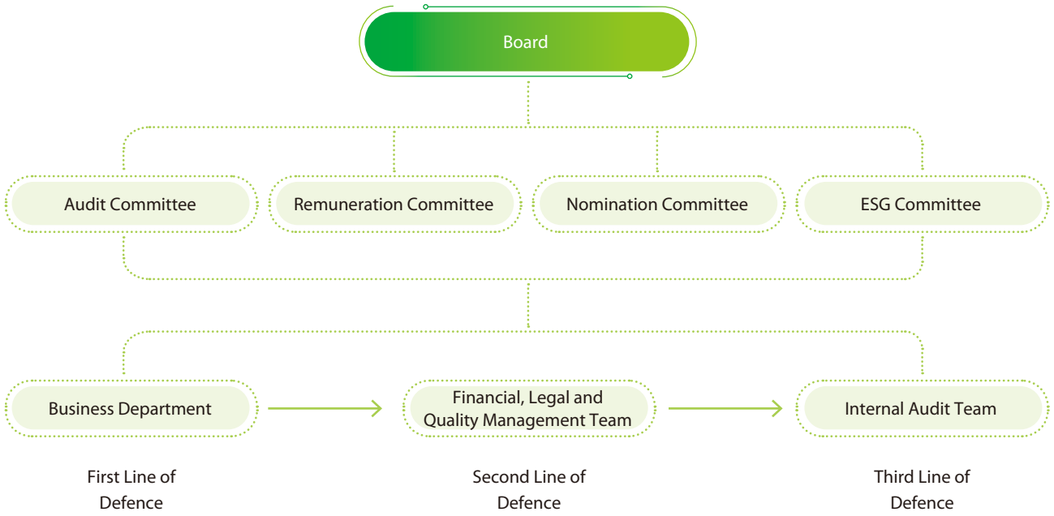
The Board of YSB has established the Audit Committee, the Remuneration Committee, the Nomination Committee, and the ESG Committee to strengthen the foundation of compliance governance and enhance all-dimensional risk control. We have established a compliance management mechanism based on "three lines of defence" to cope with the challenges of legal risks in a reasonable way.

The first line of defence 01
The first line of defence consists of all departments, ensuring strict implementation of the Company's management policies and internal control procedures in daily operations and its compliant and stable business operations.

The second line of defence 02
The second line of defence consists of financial, legal and quality management, and other professional teams, which focus on all aspects of risk management, ensuring the legality and compliance of internal business activities.

The third line of defence 03
The third line of defence is the internal audit team, which provides independent reviews and assessments to regularly supervise and improve the Company's compliance.

Through the "three lines of defence" of risk control, the Company can effectively identify and address major risks, ensuring that its business activities are in compliance with the requirements of the Company's internal control as well as laws and regulations.



Risk Management and Internal Control

Effective risk management and internal controls are of great significance for an enterprise's long-term sustainable development. YSB is dedicated to building and maintaining a set of risk control policies and procedures that meet business demands to ensure we can effectively identify, assess, monitor and respond to potential risks in our operations. We continually review and optimise these systems to adapt to rapidly changing market conditions and regulatory requirements.

Risk Management

Risk Management Process

Risk Identification

Following YSB's long-term strategic planning and business objectives, the Company's management identifies and analyses potential risk events that could affect the achievement of the objectives from several key areas, including strategic risk, market risk, financial risk, operational risk, and legal risk. At the same time, we conduct interviews with the heads of each business department through questionnaires to collect the information on business risk.

Risk Assessment

The Company conducts a detailed assessment of the risks identified and draws a risk map. The assessment adopts a quantitative scoring system to provide a comprehensive measure of risk based on the likelihood of occurrence and the magnitude of its potential impact. Based on the scoring results, we divide the risks into three levels, namely, "high", "medium", and "low", so as to formulate corresponding risk management strategies.

Risk Monitoring

Risk monitoring aims to continuously track and assess the implementation of risk management measures and optimise the effectiveness of internal control systems. To this end, the Company has adopted a dual monitoring mechanism that includes continuous monitoring during routine work and regular independent assessment. The implementation of risk management policies is jointly monitored on an ongoing basis by the Audit Committee, Internal Audit Department, and senior management to ensure that the implementation of the policies is effective and adequate.

Risk Reporting

The Business Department regularly holds meetings with the Company's management and discuss with them the problems in internal control processes and possible solutions. The Internal Audit Department regularly reports their work to the Audit Committee, which is responsible for reviewing reported matters and reporting to the Board as necessary to ensure that the Company can respond promptly and take appropriate actions.

Risk Response

Risk response strategies include risk avoidance, risk transfer, risk mitigation, and risk acceptance. Based on the results of risk identification and comprehensive risk assessment, the management will adopt appropriate strategies and implement corresponding measures to control risks and minimise the negative impact of risks on the Company.

Internal Control

YSB has established a formal, transparent, and independent internal control mechanism to ensure the reliability and effectiveness of the Company in strategic execution, financial reporting, compliance operations, and risk management. The Company has a dedicated internal control team, which closely cooperates with all business departments to conduct risk assessments, propose risk management recommendations, and monitor the effectiveness of internal controls, as well as strive to enhance the Company's overall risk awareness, thereby forming a complete closed-loop that is composed of system design, process execution, supervision and evaluation, and continuous improvement.

Internal control procedures are seamlessly integrated into key areas such as procurement, operations, finance, human resources, and information technology. Through regular check, data verification, authority review, system control, etc., the compliance of various business activities with the Company's policies, management standards, and external laws and regulations is verified to ensure that our business operations are legal and compliant and our management information is true and accurate.

The Board and its Audit Committee, as the highest supervision bodies for internal control, are fully aware of the operation of our internal control system and key findings. For major control deficiencies, systematic risks, or cross-departmental rectifications, the management must make special reports to ensure that those charged with governance are fully informed and can supervise the effectiveness of internal control.

To continuously improve the adequacy and adaptability of the internal control mechanism, the Company conducts risk analysis based on regulatory trends and business changes to evaluate the actual effectiveness of existing control measures. The Internal Audit Department takes the lead in organising a company-wide internal control review annually to systematically examine whether the system design is sound, the process execution is in place, and the supervision mechanism is independent, and to identify areas for optimisation. Based on the review results, the Company promotes system update, process re-engineering and digital upgrading to continuously improve the integrity, stringency and sustainability of corporate governance.

Business Continuity and Crisis Management

YSB has established a business continuity and crisis management mechanism covering the entire process before, during and after a crisis. It includes emergency response plans, resource security, and recovery plans to ensure the stable operation of the supply chain in emergencies. Meanwhile, the Company has specified the availability targets for key business systems and achieved an availability rate as high as 99.98% during the daily active hours from 8:00 to 22:00, based on which it formulates and implements business continuity plans. Every year, the Company conducts emergency drills under multiple scenarios, including cyberattack, operational system outage, and peak-period production capacity stress test to verify the recovery ability of its key businesses and continuously optimise response plans. By collecting drill data, recovery timeliness, and risk assessment results, the Company regularly evaluates the effectiveness of business continuity measures and conducts a special review on an annual basis to identify areas for improvement and promote system improvement and capacity enhancement.

ESG Risk Management

YSB attaches great importance to the potential impact of ESG-related risks and opportunities, and incorporates the identification, assessment and management of ESG risks into the risk management mechanism of the Company. We also improve the identification, assessment and management of risks and opportunities related to climate change, which are conducted in compliance with the *Guidance on Climate Disclosures* of the Hong Kong Stock Exchange with focuses on governance, strategy, risk management, indicators and targets, and disclose risks related to climate change and response measures.

We have established an ESG risk management mechanism with the Board as the highest responsible body. The ESG Committee monitors climate-related ESG risks and opportunities and reports to the Board on a regular basis.

To dynamically identify and respond to ESG-related risks, the Company has incorporated ESG risk management into its overall risk management system. Taking into account industry trends, its development strategy and business execution, the Company systematically conducts ESG risk identification and assessment on an annual basis. During the year, the Company developed an annual ESG risk list of nine ESG risks, conducted quantitative assessment and risk classification based on the degree of impact and probability of occurrence and determined risk issues with high priority. According to the current risk assessment results, none of the ESG risks have been rated as high on the Company's overall risk map, demonstrating that our existing management measures are effective, and relevant risks are under control. In response to ESG risks, the Company formulated a risk map and incorporated it into the risk management reporting process, and identified the four most critical risk issues during the Reporting Period.

Information security and privacy protection

Report section
Technology Empowerment and Innovation Leadership

Type of Risk	Description of Risk	Response to Risk
Legal risk	The operation of online marketplace involves a large amount of user information and transactional data. In the event of any security vulnerabilities or privacy breaches, not only user rights will be harmed but also reputation crises and compliance penalties may occur, affecting the continuous operation of the online marketplace.	• Set up a complete information security management architecture with Chief Technology Officer acting as the person in charge of network security. Each department designates a data security head, who is responsible for the filings in respect of the grading of our business systems' protection levels. • Implement strict data permission management, implement technical means such as two-factor verification and VPN access restriction, and audit database access to prevent the risk of data leakage. • Establish a privacy protection mechanism, follow the principles of least necessity and desensitisation in processing user data, specify the scope of data collection and principles of use in the *Privacy Policy* and protect users' right to know. • Regularly conduct security detection, and on an annual basis, conduct four security tests and privacy compliance tests and one penetration test on the platform to continuously optimise system security. • Develop an information security contingency plan, conduct regular fault drills to strengthen data security trainings for employees, enhance system resilience, and improve the team's emergency response capabilities.

Business ethics

Report section
Steady Governance and Efficient Operation

Type of Risk	Description of Risk	Response to Risk
Legal risk	Business ethics risks such as bribery and corruption may penetrate into various aspects of operations. Inadequate controls over such risks may damage corporate reputation, harm market fairness, and lead to significant economic losses and legal risks, affecting a company's long-term development.	• Establish a comprehensive anti-corruption compliance system, formulate regulations such as the *Anti-Corruption Compliance Policy* and the *Management Measures for Integrity Reporting*, and have the Audit Committee under the Board independently oversee the business ethics risks within the Company. • Strengthen the internal control mechanism and require all employees to sign the *Anti-Corruption Compliance Commitment Letter* and partners including suppliers to sign the *Supplier Integrity Agreement* in order to clarify behavioural red lines. • Develop a multi-channel whistleblowing mechanism, including the integrity whistleblowing platform, monitoring and reporting email address and hotline, to keep the whistleblowers' information strictly confidential and deal with violations seriously. • Conduct regular integrity trainings and specialised anti-corruption trainings for the Board, management and personnel in key positions to strengthen their awareness of business ethics and create a culture of integrity.

Response to climate change

Report section
"Dual Carbon" Goal Leads Green Development

Type of Risk	Description of Risk	Response to Risk
Operational risk	Failure to issue early warnings for possible extreme and severe weather conditions (such as extreme precipitation, floods, etc.) affects the transportation process of procurement and sales operations and causes a decline in delivery quality, timeliness, etc., impacting customer experience and may even leading to the loss of operational advantages.	• Receive extreme weather alerts from meteorological departments, and assign dedicated personnel for manual monitoring and information verification to ensure the timely transmission of early warning information. Through the intelligent management system for abnormal deliveries, promptly follow up on the delivery status of warehouses in various locations, keep track of operational dynamics, and proactively address potential disruption risks. • During the early warning period, quickly inspect and reinforce key facilities such as doors, windows, and drainage systems, and pre-install protective equipment such as sandbags and water pumps. Regularly maintain buildings and infrastructure to enhance disaster resistance. • Issue safety reminders in advance, provide protective equipment, implement a work-from-home policy under extreme weather, and exempt employees from attendance requirements for disasters with yellow-level warnings to mitigate personnel safety risks. • Develop emergency plans for warehouses and workplaces and conduct regular drills. Stockpile sufficient emergency supplies (such as lighting and first-aid equipment) to ensure a rapid response and maintain basic operations in case of emergencies. • Immediately assess losses, repair facilities, and resume operations after a disaster, giving priority to ensuring key services. Summarise experiences through post-event reviews, continuously optimise emergency plans and cooperation processes, and enhance overall resilience.

Occupational health and safety

Report section
Partnership Responsibility and Common Development

Type of Risk	Description of Risk	Response to Risk
Operational risks, legal risks	The Company's business involves scenarios such as the warehousing and logistics of pharmaceutical products, which may expose employees to operational safety hazards and occupational disease risks. In the event of any improper management, the health and safety of employees may be endangered and the normal operation of the Company may be affected, posing both operational and legal risks.	• Improve the health and safety management structure, under which each department head acts as the primary person in charge of the safety in his/her department, HRBPs assume the responsibilities for following up on employee safety and health affairs, and a hierarchical management and assessment mechanism is put in place. • Formulate and implement rules and regulations such as the *Warehouse Safety Management Policy of Leyo Pharm Group*, and the *6S Office Management Measures*, regularly conduct safety inspections, and inspect and rectify all kinds of potential safety hazards in a timely manner. • Maintain employee health records, maintain medical and work injury insurance for all employees, and regularly organise health checkups for employees who handle pharmaceutical products to safeguard their occupational health. • Organise safety trainings and emergency drills, conduct themed activities such as "Safety Production Month", which raise employees' safety awareness through safety knowledge training and accident warning education.

YSB attaches great importance to the compliance management of ESG-related laws and regulations, and regards law-abiding operation as the bottom line and cornerstone of the enterprise's sustainable development. The Company has established a systematic compliance management mechanism covering all aspects of environment, social, and governance to ensure strict compliance with laws, regulations, and other regulatory requirements during its course of operations. Through regular identification and assessment of compliance risks, we have systematically sorted out the potential compliance risks in direct operations, business partners, and the supply chain, and formulated corresponding control measures and response plans to achieve pre-risk management.

The Company maintains a dynamically updated register of laws and regulations, continuously tracks ESG-related laws, regulations, and regulatory guidelines applicable to the digital pharmaceutical and healthcare platform at the national and local levels. The register is reviewed and updated from time to time to ensure that the policy basis is always effective and accurate. The Board and its ESG Committee keep abreast of the latest changes in laws and regulations, regulatory trends, potential legal risks, and compliance implementation through a regular reporting mechanism, ensuring that the governance level is informed and supervises major compliance matters. During the Reporting Period, the Company was not subject to any lawsuits, significant administrative penalties, or payments of large fines due to violations of ESG-related laws and regulations.

Business Ethics

YSB adheres to the core values of "be upright, stay compliant", and upholds a "zero tolerance" attitude towards bribery and corruption of all kind. The Company strictly comply with relevant laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, and the *Interim Provisions on Prohibiting Commercial Bribery Behaviour*, and continuously improves the anti-corruption, anti-monopoly, and anti-unfair competition review mechanism to effectively prevent acts of bribery, corruption, and fraud from occurring, and to maintain a fair and orderly competition environment of the market.

Management System

To ensure the integrity of business operations, YSB has issued and implemented internal rules and regulations on anti-corruption, anti-bribery, such as the *Anti-Corruption Compliance Policy*, the *Management Measures for Integrity Reporting*, the *Guidelines for Red Line Behaviour Operations of YSB* and the *Conflict of Interest Management System*.

The Board bears direct responsibility for business ethics behaviour and has established the Audit Committee to independently oversee business ethics risks within the Company. Additionally, the Company has established a specialised audit department that reports independently to the Audit Committee, regularly assesses the potential risks of corruption and bribery events, monitors unusual transaction behaviours and conducts investigations when necessary.

To ensure the integrity of its employees, YSB has developed an internal regulatory system to prevent corruption, bribery, fraud and other behaviours, which includes the *Guidelines for Red Line Behaviour Operations of YSB*, the *Employee Handbook*, and other documents. We formulate clear and strict policies and guidelines to prohibit any forms of commercial bribery, authority abuse and position encroachment. All employees are required to endorse and sign the *Anti-Corruption Compliance Commitment Letter*, which specifies the policies and rules on integrity management.

Highlights

During the Reporting Period, the signing rate of the Anti-Corruption Compliance Commitment Letter for new employees reached **100%**.

Culture of Integrity

During the Reporting Period, YSB conducted trainings on business ethics and specialised anti-fraud trainings for all Board members. In November, we uploaded anti-fraud training videos for employees on our internal training platform. The videos are accessible to all employees with the aim of strengthening their anti-fraud education. In addition, the Company reminds all employees to pay attention to the risk of conflict of interest and submit reports as required via WeCom Announcements. With an open reminder channel and a standardised reporting process, we promote the standardisation and traceability of employee conduct, and strengthen the foundation of business ethics governance.

For the integrity management of suppliers, the Company has updated the standardised contract template for purchases and sales, clearly listing integrity clauses as an integral part of the contract template. By regulating the cooperation behaviour of suppliers through contractual means, the Company strives to promote supplier integrity development.

Highlights

During the Reporting Period, **0** corruption lawsuit was filed against YSB or its employees.

Whistleblowing Management

YSB is committed to eradicating unethical business practices such as corruption and actively encourages employees and all stakeholders who have direct or indirect business dealings with the Company to report such practices. To provide a transparent and safe reporting environment, the Company has established a comprehensive reporting and complaint mechanism and set up a dedicated integrity whistleblowing platform on YSB's official website. Meanwhile, we made the e-mail and hotline for monitoring and reporting publicly accessible, and supports in-person whistleblowing. This ensures that employees and all sectors of the society can report problems through multiple channels, either anonymously or under their real names. All reporting information is directly supervised by the Audit Committee, which will delegate the independent investigations to the Internal Audit Department to ensure that the process is rapid, objective and fair. We also extend compliance management to value-chain partners by collaborating with relevant parties in joint investigating and handling fraudulent or non-compliant behaviours in external contractual relationships involving suppliers and partners.

The Company firmly protects the rights and interests of whistleblowers. It has formulated the *Management Measures for Integrity Reporting*, which clarifies confidentiality obligations and clauses prohibiting retaliation to seriously hold accountable those who disclose whistleblower information or draw retaliation, effectively safeguarding the safety of whistleblowers. We regularly sort out data such as the number, type, handling progress, and rectification completion status of reported cases, evaluate the effectiveness of existing prevention and control measures, identify process weaknesses and areas for improvement, and continuously optimise the reporting acceptance, investigation response, and result feedback mechanisms to enhance overall governance efficiency.

For proven cases of corruption or fraud, we will take serious disciplinary measures, including but not limited to severe disciplinary actions, economic penalties, restrictions on performance recognition, and termination of labour contracts. If a crime is suspected, it will be handed over to the judicial authorities in accordance with law. Through an institutionalised and closed-loop management mechanism, YSB continuously maintains a clean, transparent, and responsible corporate operating environment.

Highlights

During the Reporting Period, we received **120** whistleblowing tips through various whistleblowing channels, and addressed all relevant issues.

Whistleblowing Channels:

Tel: 020-32643156
Email: jubao@ysbang.cn
Whistleblowing platform website: https://www.ysbang.cn/jubao/
In-person whistleblowing: Building No. 6, Creation West Road, TIT Creative Industry Zone, No. 397 Xingang Middle Road, Guangzhou, Guangdong Province

02

To Make Quality Medical Care and Good Medicine Accessible to All

The year 2025 marks the conclusion of China's 14th Five-Year Plan and a critical phase in advancing the Healthy China initiatives towards high-quality development. The State focused its efforts on penetrating premium medical resources to primary communities, upgraded primary care service capabilities, implemented the pharmaceutical products traceability for medical insurance towards its clearly-defined reform direction of "strengthening primary care, prioritising prevention, and fostering balanced development (強基層、重預防、促均衡)". Against this backdrop, guided by its mission of "to make quality medical care and good medicine accessible to all", YSB utilises its digital platform to construct a robust quality management system spanning the entire pharmaceutical lifecycle. We strengthened compliant operations, promoted safety, efficiency and transparency in pharmaceutical distribution, contributed to the improvement of primary medical care and the popularisation of health knowledge, and practically supported the achievement of the goals of Healthy China 2030.

Key issues:
- Inclusive and accessible pharmaceutical services
- Product safety and quality
- Enhancement of user experience
- Responsible marketing

Key indicators of the HKEX ESG Reporting Code:
KPI B6.4, B8.1, B8.2

Response to SDGs in this Chapter

Product Safety and Quality

YSB always upholds the management philosophy of "user-centred and compliance as the bottom line", and strictly abides by laws and regulations. We have implemented a comprehensive quality management system that encompasses the entire product lifecycle. This system is designed to ensure safety, compliance and traceability of all pharmaceuticals throughout the distribution process.

Product Safety and Quality Management System

We have established a top-down and full-process pharmaceutical product quality and safety management architecture equipped with pharmaceutical technicians in charge of pharmaceutical product quality and safety management and constantly improve the management structure of safety and quality.

Online Marketplace

We strictly abide by relevant laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Provisions for Supervision and Administration of Online Drug Sales,* the *Measures for the Supervision and Administration of Online Trading,* and the *E-Commerce Law*. In line with industry regulatory requirements, we have established a fully integrated platform commodity quality and safety management system covering the entire supply chain. Focusing on key stages including merchant entry, product listing, on-sale monitoring, risk handling and exit management, we have formulated and implemented 24 core quality management systems, such as the *Supervision and Management Policy of Product Quality and Safety on the YSB Platform*, the *Review Standards for Product Listing on the Platform,* the *Detection and Reporting Policy of Adverse Drug Reaction,* the *Suppression and Reporting Policy of Illegal Acts Relating to Product Safety*, and the *Processing Rules for Selling Counterfeit Products*. These systems are consistently implemented across the entire platform operation process, covering scenarios like qualification review, information release, advertising compliance, quality supervision, delisting of problematic goods, reporting of quality issues, coordination of pharmaceutical products recalls, handling of adverse reactions, merchant exit and after-sales complaint response, specifying operational standards and management requirements for each aspect.

The Company has established a dynamic system upgrading mechanism, closely tracking regulatory changes related to online sales of pharmaceutical products and medical devices and continuously optimising internal management systems. In 2025, in accordance with new regulations such as the *Good Supply Practice for Online Sales of Medical Devices*, we revised and improved 30 internal systems, including the *Supervision and Management Policy of Product Quality and Safety on the YSB Platform*, further refining the entry and management requirements for medical device products. Meanwhile, we have updated the *Management Specifications for Prohibited Items and Information on YSB Platform* (《藥師幫平台禁發商品及信息管理規範》) to enhance the ability to identify and intercept non-compliant goods.

For key risk areas, the Company has established specialised management systems and operation procedures. For the risk of "diverted pharmaceutical products", we have established the *Diverted Pharmaceutical Products Control System of YSB Platform* (《藥師幫平台關於回流藥品的管理制度》) and the *Rules for Handling After-Sales Complaints Involving Diverted Pharmaceutical Products* (《回流藥售後投訴處理規則》) on the merchant end, so as to clearly define identification criteria, handling workflows and merchant accountability, and have formulated the supplemental Standard Operating Procedure (SOP) guidelines. Meanwhile, an internal "diverted pharmaceutical products" high-risk product database was established to enable precise control of problematic batches of products. Once diverted pharmaceutical products are identified, the system immediately delists all related product links from the relevant store and initiates traceability investigations and follow-up actions, effectively preventing major quality risks.

For the Online Marketplace, we have established a three-tier quality management structure coordinated and operated by decision-making, management, and executions levels, ensuring clear responsibilities and efficient operation of pharmaceutical products quality management.

Level	Responsible Department	Responsibilities
Decision-making level	Head of the Company	The General Manager of the Online Marketplace serves as the primary responsible person for the quality of pharmaceutical products on the platform, ensuring that the Quality Management Department and its personnel fulfil their responsibilities. This role guarantees that the Company achieves its quality objectives and operates and manages the platform's business in accordance with relevant regulations.
Management level	Head of Quality Management Department	The Head of the Online Marketplace Quality Management Department serves as the responsible person for the quality management of pharmaceutical products on the platform, and is fully responsible for the quality management of pharmaceutical products. He/she independently performs his/her duties and has the authority to make decisions on pharmaceutical quality management within the Company, and continuously reviews the Company's comprehensive quality management system.
Execution level	Quality Management Department	The department is responsible for organising the establishment and operation of the quality management system of the Online Marketplace, drafting quality management policies, exercising the function of quality management, supervising the implementation of quality-related work, and ensuring the quality of pharmaceutical products and services.
	Business Department	The department is responsible for the promotion of the platform and the management of users' operation. It is engaged in related work of pharmaceutical quality management during the service process to ensure that the products and services are up to the standards.

Self-operation Business

In the quality management of our Self-operation Business, we have established a system covering the entire life cycle of pharmaceutical products, and formulated and implemented more than 50 internal rules and regulations such as the *Management Policy of Shelf Stocking and Inventory*, the *Management Policy of Inspection on Incoming Pharmaceutical Products*, the *Management Policy of Receipt of Pharmaceutical Products*, the *Management Policy of Inspection on Returned Pharmaceutical Products*, the *Management Policy of Products Preservation in Warehouse*, the *Management Policy of Warning for Pharmaceutical Products near Their Expiration Dates*, and the *Sales Management Policy*. These policies comprehensively standardised all links, including pharmaceutical products warehousing, storage, transportation, sales, and traceability management, achieving controllability, verifiability, and traceability throughout the processes. To strengthen system implementation, we have equipped warehouse positions with standardised operational tools like the *Job Observation Checklist*, specifying key operation points and quality control standards for each step, ensuring the quality, safety, and compliance of pharmaceutical products when they are in storage.

In 2025, we completed multiple rounds of upgrades and optimisations to the pharmaceutical products traceability system, achieving comprehensive collection and automatic system upload of traceability codes. We concurrently revised the *Pharmaceutical Products Traceability Management System* (《藥品追溯管理制度》) and the *Pharmaceutical Products Traceability Management Operating Procedures* (《藥品追溯管理操作規程》), and organised multiple rounds of specialised training for relevant personnel to improve their operation standardisation and system application capabilities, continuously strengthening the management closed-loop in which pharmaceutical products are traceable either in origin or destination and have accountably attached.

The Quality Management Department of Leyo Pharm Headquarters exercises centralised planning and vertical oversight over all subsidiaries. Through standards benchmarking, regular reporting mechanisms, and closed-loop problem control, it achieved synergy, consistency, and execution effectiveness of the quality management system within the group.

At the subsidiary level, key positions such as the quality head, quality managers, quality controllers, acceptance personnel and preservation personnel are established, forming a quality management organisational structure with clear responsibilities, division of duties, and mutual constraints. Each position undertakes core functions including compliant operation of the quality system, review of pharmaceutical product and supplier qualifications, inspection of inbound goods, in-storage preservation, and quality supervision. Through process integration and position checks and balances, the structure achieves controllability, verifiability, and accountability throughout the quality management process, effectively safeguarding pharmaceutical product quality and safety and ensuring system implementation.

Quality management structure of the Self-operation Business

Product Safety and Quality Review

Online Marketplace

In strict compliance with laws and regulations such as the *Product Quality Law of the People's Republic of China*, the *Drug Administration Law*, and the *Provisions for Supervision and Administration of Online Drug Sales*, we have formulated and implemented internal systems including the *Administrative Measures for Online Drug Sales* (《藥品網絡銷售管理辦法》), the *Quality Management Standards for Online Sales of Medical Devices* (《醫療器械網絡銷售質量管理規範》), and the *Product Recall Management System* (《產品召回管理制度》), establishing a basic system for legal, compliant and standardised quality management. Based on these systems, the platform has established a quality control framework covering the entire product lifecycle, which runs through the entire process of listing permission, on-sale monitoring, and after-sales disposal, and has simultaneously strengthened qualification review and dynamic management of both merchants and purchasing users, promoting the implementation of a collaborative governance mechanism featuring traceable product flow and enforceable principal responsibility.

Product Listing Management

We strictly follow the policy of "review before listing" and adopt a dual-review mechanism of "manual + systematic" to conduct thorough review on various products to ensure the standardisation of information release.

Review scope	Key review points
Product listing review	We strictly implement the *Review Standards for Product Listing on the YSB Platform*. For each pharmaceutical product to be listed, merchants are required to provide detailed product information as stipulated for the industry, such as the registration certificate or filing certificate of the product, and the instruction manual. All products are required to be confirmed by quality reviewers of the platform before being listed. Meanwhile, the platform uses technical means to automatically examine whether the products are compliant according to the certified business scope of platform merchants to prevent any prohibited products from being listed.
Prohibited products management	According to industry policies and quality announcements, we have improved the *Management Standards for Products and Information Prohibited on the Platform* in a timely manner, developed and improved the management mechanism for information of prohibited products, updated the database of prohibited pharmaceutical products in real time, and maintained and revised the catalogue of prohibited pharmaceutical products. The system automatically prevents prohibited products from being listed on the platform according to the catalogue of prohibited pharmaceutical products. Furthermore, we constantly pay close attention to the announcements of the National Medical Products Administration (the "NMPA") on pharmaceutical product quality accidents and deregistered pharmaceutical products, and update the database of prohibited pharmaceutical products in real time to prevent any prohibited products from being listed.
Management of near-expiry pharmaceutical products	We make clear marks on near-expiry pharmaceutical products, and prohibit any sales of pharmaceutical products that are due to expire within less than 30 days.
Quality control over special products	For products with high popularity and subject to frequent counterfeit and shoddy products, the platform requires additional review materials for product listing, such as full-chain input-related documentary evidence or authorised sales documents.

Product On-Sale Management

The implementation of the regular review and quality monitor system featuring "external + internal" and "intelligent + manual" ensures the safety and quality stability of pharmaceutical products on the platform. Through the quality monitor system, the platform identifies and addresses potential quality problems in time to protect the rights and interests of the buyers on the platform.

Sessions of the monitoring system	Introduction
External supervision	Engage quality experts with experience in drug regulatory authorities to closely monitor any updates on the latest industry policies and the legal compliance of our online marketplace operations.
Internal management	An internal quality management team has been established to monitor quality-related policies and announcements of the industry in real time. Systems such as the *Supervision and Management Policy of Product Quality and Safety on the YSB Platform*, the *General Regulations on Quality Random Inspection for Products on the YSB Platform*, and the *Regulations on Quality Random Inspection for TCM Decoction Pieces on the YSB Platform* have also been formulated to monitor listed products, both of which are implemented under the responsibility of our quality management personnel.
Intelligent monitoring	Leveraging big data and the system capabilities, we continuously monitor quality announcements, regulatory policies, and sampling inspection information published by national and local medical products administrations. We use web crawler technology to automatically capture these information and update the status of products on sale in real-time, and promptly delist or restrict sales of high-risk or non-compliant products. At the same time, a counterfeit and shoddy products reporting hotline is publicised on the homepage and product detail pages to actively collect and handle product quality complaints, strengthening social supervision and rapid response mechanisms. This ensures the online marketplace's operating practices are dynamically aligned with regulatory requirements, effectively guaranteeing product quality and safety.
Manual review	The quality management team is responsible for manually reviewing the qualification of onboarding merchants and listing products, monitoring and conducting random checks on the displayed information of products listed from time to time, and handling customer complaints and other routine quality management work.

We have established an efficient quality complaint response mechanism, setting up a dedicated hotline to crack down on counterfeit and substandard products, providing platform merchants and buyers with convenient and unimpeded feedback channels. All complaints are followed up and handled by specialised personnel in dedicated roles, ensuring timely response and proper handling and achieving 100% closed-loop management for quality-related complaints. This effectively prevents the listing of non-conforming products and withdrawn products, continuously safeguarding the legitimacy and quality reliability of the products listed.

For product categories with concentrated after-sales feedback or potential quality risks, we prioritise the initiation of sampling inspection procedures on them in accordance with the *General Regulations on Quality Random Inspection for Products on the YSB Platform*. All samples are sent to nationally accredited third-party testing institutions for authoritative testing. The platform takes corresponding measures based on the test results. For products confirmed to be non-compliant, immediate control actions such as delisting and sealing are executed to ensure that problematic goods shall not be distributed.

Meanwhile, we have implemented a tiered control and accountability traceability mechanism. For products with frequent quality issues, the platform imposes measures such as store sales bans or platform-wide delisting, depending on the severity. Manufacturers with accumulated more than three quality violations will have all their associated products delisted from the platform completely and be added to the platform's onboarding blacklist. For products proactively recalled by manufacturers, the platform promptly notifies relevant merchants, coordinates the delisting of affected products, actively cooperates with recall efforts, and fulfils its primary responsibility as the platform operator.

After-sales Management of Products

The online marketplace has set up a 400 customer service hotline, a quality complaint hotline, and various feedback channels such as after-sales application interfaces, platform intervention interface and online customer service on the buyer end, establishing a multi-channel customer issue intake system. Users can conveniently submit their requests through any channel when they encounter issues such as product quality or qualifications during their purchasing process. The system automatically aggregates these requests and triggers the response workflow. For key customers, the online marketplace assigns dedicated sales representatives to provide personalised service support. Where necessary, on-site follow-ups are conducted to verify the actual execution of after-sales resolutions and reinforce implementation quality.

All complaints involving product quality are immediately escalated to the Quality Management Department, which coordinates investigations and resolutions with relevant parties in charge of functions such as procurement, operations, and warehousing, ensuring rapid problem identification and timely implementation of corrective measures, thereby achieving 100% closed-loop complaint handling.

In the meantime, a quality after-sales monitoring mechanism has been established. Orders with quality-related after-sales requests are systematically analysed on a monthly basis to identify high-risk products and recurrent issues. Timely control measures such as delisting, sales restrictions, or enhanced reviews are then implemented. These measures drive the evolution of quality management from a reactive response model towards proactive prevention.

Standardised Management of Merchants

Focusing on the *Review Policy for Merchant Entry* and the *Management Policy for Merchant Entry*, YSB has established a full-cycle management mechanism covering entry review and ongoing validation. We have strictly implemented qualification review, business scope regulation, and dynamic supervision to ensure the legal and compliant operation of merchants.

Merchant review process	Key review points
Entry review process	• Online Review: Merchants are required to provide relevant certificates and qualifications online, which are then reviewed by the platform's system. During the review process, a combination of automated and manual checks is used. The platform uses authoritative third-party databases such as the National Enterprise Credit Information Publicity System and Tianyancha (天眼查), coupled with intelligent algorithms, to quickly screen all kinds of data and information related to the quality and safety issues of merchants. We verify the authenticity, validity of the merchants' certificates and overall quality and reputation of merchants through the public websites of the Ministry of Industry and Information Technology and the NMPA, providing comprehensive and authentic data and case references for corporate background reviews. • Offline Review: Offline business personnel will personally visit the offices and warehouses of merchants for on-site inspections to ascertain that the merchants have genuine physical premises and to understand their actual operations. A thorough and comprehensive assessment of merchants' qualifications, quality and compliance will be conducted to ensure the consistency and validity of online and offline information. We only move to the agreement signing process when a merchant passes our onboarding review.
Business scope regulation	• After the agreement is signed, the platform commences the store setup process and reviews merchants' business scope against its business licence and permit to ensure that it only list products within its business scope and to prevent it from selling varieties beyond their business scope.
Management of ongoing validation	• After the merchant resides on our platform, its qualifications and safety assurance capabilities, etc. will be checked every six months in accordance with regulations to ensure that its compliance with legal requirements. • When a merchant's qualification is near expiry, the system will issue a renewal reminder to it 30 days in advance. For a merchant who fails to renew its qualification after expiration, the system will automatically lock its right to procurement and retain its qualification files for reference. Furthermore, dedicated personnel will be assigned to liaise with the merchant. Through the combination of "system alerts + manual follow-up", the personnel conduct full-process supervision over key processes such as certificate renewal, order transactions and after-sales services.

YSB Promotes the Compliant Construction of Pharmaceutical Product Traceability Codes for Supporting the Implementation of Medical Insurance Supervision

Since 2024, the National Healthcare Security Administration has continuously deepened the application of pharmaceutical product traceability codes in medical insurance supervision, promoting the pharmaceutical industry to gradually achieve "one code for one item with full traceability". As a leading integrated digital service platform in China's outside-of-hospital pharmaceutical industry, YSB actively responds to the requirements of national and local policies. In March 2025, it launched a special project to guide merchants' compliance, focusing on standardising the distribution process of pharmaceutical products, ensuring quality and safety of pharmaceutical products, and strengthening the compliance responsibilities of suppliers.

The platform organised a livestreaming lecture of "Private Sharing Session for Merchants on Pharmaceutical Products Traceability Codes for Medical Insurance (醫保追溯碼商家私享會)", performing policy interpretation with a focus on key contents such as the regulation on diverted pharmaceutical products, the standard operation of scanning for pharmaceutical products inbound and outbound, and the matching of invoice information and scanning records. The livestreaming attracted 2,245 views, helping merchants accurately understand regulatory requirements and improve compliance awareness.

At the same time, the platform sent the *Joint Initiative on Traceability Code Management of Pharmaceutical Products* (《藥品追溯碼管理聯合倡議書》) to all pharmaceutical merchants, clarifying their responsibilities in processes of procurement verification, acceptance scanning, abnormality handling, after-sales response, and guiding them to implement the management requirements of "one code for one box" to prevent fake and counterfeited pharmaceutical products and diverted pharmaceutical products from entering the market. This initiative covered a total of 3,423 pharmaceutical merchants, who have all signed the initiative, achieving full coverage of compliance commitments.

Through this special initiative, the platform further standardised the distribution management process of pharmaceutical products, promoted the effective implementation of the traceability code policy in the outside-of-hospital market, and provided strong support for establishing a safe, traceable and compliant pharmaceutical operation environment.

In addition, to promote the implementation of traceability management, YSB has established a positive incentive mechanism, providing platform traffic resources support to high-quality merchants who are the first to promise and implement outbound scanning. Through the combination of institutional constraints, publicity guidance and incentive promotion, YSB has fulfilled its commitment of over 95% of its listed pharmaceutical products being labelled with traceability codes.

Meanwhile, we further strengthened safety and compliance management of pharmaceutical products, and continuously refined the prevention and control mechanism for diverted pharmaceutical products. The platform publicly announced management regulations such as the *Notice of YSB Platform on Further Prohibiting the Illegal Act of Purchasing and Selling Diverted Pharmaceutical Products* (《藥師幫平台關於進一步嚴禁購銷回流藥品違法行為的通知》) and the *Rules for Handling After-Sales Complaints of Diverted Pharmaceutical Products* (《回流藥售後投訴處理規則》) on the merchant portal, clarifying prohibited behaviours and violation handling measures, and strengthening the binding force and execution effectiveness of these systems.

Standardised Management of Buyers

At the registration stage, buyers need to first submit their personal identification information for identity verification, and then upload relevant qualification documents of their pharmacies. The platform implements a dual review mechanism of "pre-review + final review", combining system verification with manual review, to fully implement the "Five Certificates + Three Elements + Two Reviews" review mechanism, ensuring the authenticity of user identity, consistency of information and validity of qualifications. Furthermore, we have formulated the system verification standards to ensure the continuous and stable operation of the review process when the platform is undergoing upgrades or changes.

After passing the review, our platform conducts systematic marking and permission configuration of the business scope of users based on their *Drug Distribution Licence* and other documents, strictly restricting beyond-scope procurement acts and regulating the procurement order from the source.

To further prevent the risk of diverted pharmaceutical products, the platform reminds purchasing users by using pop-up windows of "Tips for Identifying Diverted Pharmaceutical Products" and "Green Channel for After-Sales Services", strengthening risk alerts and emergency response capabilities, and improving the compliance awareness of users and handling efficiency.

Self-operation Business

Self-operation business involves the receiving, warehousing, storage, transportation and other aspects of pharmaceutical products. Through a sound quality management system, we ensure the safety and quality of pharmaceutical products and their safe delivery to a wide range of downstream buyers.

In the pharmaceutical product variety review process, we implement a triple review system performed by the Quality Management Department of the headquarters, the quality management personnel and quality head of subsidiaries.

Process of receiving pharmaceutical products

We examine the supplier's shipping document, strictly verify the document format and seal information of the supplier's delivery notes, and properly retain relevant evidence to ensure the authenticity and reliability of the supplier.

Process of accepting pharmaceutical products

We also check the inspection report on the arrival of each batch of pharmaceutical products. When signing quality agreements with suppliers, we clearly stipulate the quality standards in the terms of transportation and return. The Quality Management Department is responsible for conducting random checks on products. Its main works are to check whether there are any damages to packaging, and whether there is any precipitation and other quality problems. For any defective products ascertained, we will reject the products immediately and return them to the suppliers for appropriate disposal.

Process of storing pharmaceutical products

We have formulated the *Management Policy of Products Preservation in Warehouse*, which sets out explicit requirements on facilities and equipment, warehousing conditions, storage and display for different categories of pharmaceutical products. We set up a full-time position of pharmaceutical product preservation personnel to carry out graded preservation based on warehouse conditions, external environment and pharmaceutical product quality characteristics. The products with quality problems identified by the preservation personnel will be immediately returned to the supplier for disposal. If a pharmaceutical product cannot be accurately determined, the preservation personnel will immediately lock the inventory in the system to prevent its sale and notify the Quality Management Department for review. The preservation personnel shall closely check the storage of pharmaceutical products in stock. If a pharmaceutical product is damaged or has quality problems, it shall be delisted immediately and reported to the Quality Management Department to prevent its re-listing for sales.

Highlights

During the Reporting Period, Leyo's achievements were:

100% of suppliers passed qualification reviews, and the results are legal and valid.

100% of in-stock products received documentary inspections.

100% of in-stock products were verified as qualified.

The Quality Management Department of the Leyo Pharm Headquarters shall issue the daily safety and quality work plan, which requires the quality managers and the quality head of the subsidiaries to conduct onsite inspections of the warehouse at least weekly and to report the inspection on a regular basis. For every half a year, the headquarters organises subsidiaries to perform cross-check focusing on dynamics such as specific issues, policy updates, and scanning requirements in order to identify and rectify risks timely and continuously improve the effectiveness of quality management. Meanwhile, the headquarters held quarterly cross-departmental coordination meetings in collaboration with teams dedicated to procurement, finance, operation and logistics to jointly optimise business processes and resolve implementation issues.

Highlights

During the Reporting Period, Leyo's achievements were:

It performed **40** crosschecks on subsidiaries with **103** potential risk points identified being fully rectified.

Its subsidiaries received multiple rounds of inspections on the operation of their quality systems by national, provincial, municipal and district regulatory authorities and passed with a rate of **100%**.

Product Traceability and Recall

According to the *Product Quality Law of the People's Republic of China*, YSB has formulated and implemented the *Recall Management Policy*, the *Contingency Plan for Public Health Emergencies or Other Emergencies that Seriously Threaten the Public Health* and other internal rules and regulations, and conducted simulation drills from time to time to enhance its response capability for handling product safety emergencies. We have established and maintained complete purchase and sales record, forming a comprehensive database that can record the distribution of pharmaceutical products and assist pharmaceutical manufacturers in product recalls.

Product Recall Procedures

Initiation of procedures

Based on the recall letters from manufacturers and commercial companies, we will perform self-inspection of the products recalled on our platform to verify and confirm their specific information.

Information release

The recall letters will be published on the website announcement section on the backend of the platform. In addition, we provide the product recall function on the backend for merchants. Merchants may first edit the information on the batches of products to be recalled and then send the information to corresponding buyers via the system in an end-to-end manner, ensuring the accurate delivery of recall information.

Supervision of implementation

The recall letters will be delivered to relevant merchants via telephone calls, emails, and in-system messages, and dedicated personnel will be delegated to follow up and urge manufacturers to cooperate with the product recalls.

Internal coordination

Relevant notices will be circulated to all operations, customer service and other relevant departments of the Company to ask them to cooperate with product recalls, facilitate the communication between merchants and buyers, and follow up on the recall progress. In the meantime, an enquiry hotline has been set up to address enquiries and provide assistance to ensure that pharmaceutical products are returned to relevant manufacturers or designated location in a safe and timely manner.

Follow-up actions

After completing the recalls of pharmaceutical products, we will conduct a comprehensive review to collect the data on the number of pharmaceutical products recalled, number of merchants and buyers involved, and the time taken for the recall, and analyse the problems and deficiencies, and form a report accordingly. Based on the report, we will improve the recall management policy and procedures to strengthen our responsiveness. In addition, the recall information will be filed for future reference and regulatory inspection.

Product Traceability Management

We implement full-process traceability management for pharmaceutical products through an online system, covering the procurement, receipt, inspection and acceptance, storage, review, sales and return. The distribution path and end-side flow of pharmaceutical products are fully recorded, achieving "one code for one item with traceability and accountability" to comprehensively ensure the traceability of pharmaceutical products.

In terms of transaction management, leveraging its digital ERP system and big data technology, YSB has established a full traceability system for pharmaceutical product distribution, enabling automatic synchronisation and full-process record of key information such as batch numbers, expiry dates, and traceability codes. Through system upgrade and rule optimisation, the online marketplace continuously strengthens the capability of transaction compliance control, promotes the normalisation of code scanning management, and improves the overall governance level of source traceability, distribution tracking and accountability of pharmaceutical products.

YSB Organised the "Clear Source (清源)" Governance Campaign Focusing on Traceability Codes of Pharmaceutical Products

To implement the requirements of the *Notice on Strengthening the Collection and Application of Pharmaceutical Products Traceability Codes in the Medical Insurance and Work Injury Insurance Sectors* (《關於加強藥品追溯碼在醫療保障和工傷保險領域採集應用的通知》) issued by the National Healthcare Security Administration with other three government authorities, YSB launched the "Clear Source" campaign in 2025, focusing on traceability code management of pharmaceutical products. It has established a full-process governance system covering "prevention in advance – ongoing monitoring – post-event resolution" to promote the compliance upgrade of the online marketplace and has achieved phased results.

Prevention in advance: Building a robust line of pre-implementation compliance defence

We proactively conducted pre-implementation compliance work before the implementation of the policy. In March 2025, we organised a special training for 3,423 pharmaceutical merchants, during which we comprehensively advocated and implemented the requirements of the traceability code policy, and prompted the signing of the *Joint Initiative on Traceability Code Management of Pharmaceutical Products* (《藥品追溯碼管理聯合倡議書》) by all merchants, clarifying the responsibility of "one code for one box (一盒一碼)". The platform reminds downstream customers to scan the codes for acceptance after receiving the goods via pop-up notifications and has established an after-sales mechanism aiming at making response within one working day. We also improved the institutional system and issued a number of control notices to specify that pharmaceutical products listed must be marked with their traceability code status. In addition, no cooperation will be established with enterprises that have obtained the *Drug Distribution Licence* (《藥品經營許可證》) for less than six months, and enterprises involved in "diverted pharmaceutical products" and their actual controllers will be added to our blacklist and subject to lifetime ban on cooperation.

Monitoring during the incidents: Strengthening full-process dynamic control

Leveraging its ERP system, YSB achieved automatic synchronisation of batch numbers, expiry dates and other information of pharmaceutical products throughout the transaction process, ensuring that 100% of the products listed are marked with batch numbers and the transaction records are fully traceable. The Company assisted regulatory authorities in discovering 2,100 clues of forged purchase records and 820 abnormal cases of unmatched batch numbers. In May 2025, the online marketplace completed a functional upgrade, requiring merchants to mark the traceability code status and add the "traceability code" filter option on the search page to guide upstream and downstream parties to actively scan codes. Meanwhile, a key monitoring list was established for 117 high-risk pharmaceutical products, and dynamic screening was carried out on merchants with a large proportion of high-risk varieties and short business operating time to strengthen process control.

Optimisation afterwards: Improving the closed-loop governance mechanism

Regarding abnormal situations, YSB has established a closed-loop processing mechanism, opening a 24-hour green channel for "diverted pharmaceutical products", and implementing a process of "evidence submission by customers + rapid response by platform (客戶舉證+平台快速響應)". A total of 78 *Letters on Abnormal Traceability Codes* (《追溯碼異常函》) were sent to the NMPA and the market supervision departments. We insisted on randomly sampling 5-10 batches of suspected substandard Traditional Chinese Medicine (TCM) decoction pieces weekly, focusing on products with low prices, inconsistent pictures and descriptions, and frequent after-sales complaints. Since 2025, a total of 319 batches have been sampled, leading to the delisting or rectification of 177 non-compliant products, and 44 *Quality Announcements on TCM Decoction Pieces* (《中藥飲片質量公告》) have been issued, enabling traceability, disposability, and public notification for defective products.

Furthermore, we actively connected with the National Healthcare Security Administration, Guangdong Provincial Medical Products Administration and other departments in order to establish a regular communication mechanism, participate in administrative guidance meetings and on-site inspections, timely report the difficulties in policy implementation, and accurately follow the implementation standards.

Implementation results

As of the end of the Reporting Period,

- ✔ Code scanning coverage for the entire inbound and outbound process of pharmaceutical orders reached **67%**.
- ✔ The number of abnormal traceability code orders decreased **from 138 per month** before the system upgrade **to 8**.
- ✔ Nine non-compliant enterprises and nine actual controllers were **added to our blacklist**, **three high-risk stores were voluntarily closed**, and four enterprises were subject to fund control and warnings.
- ✔ Downstream customers reported 82 clues of illegal pharmaceutical products purchase through code scanning, all of which have been submitted to the regulatory authorities.

The "Clear Source" campaign was circulated to third-party platforms as a representative case by the National Healthcare Security Administration, and relevant practices were reported by media such as People's Daily Online and Xinhua Net, establishing a compliance benchmark for the industry.

Product Complaint Handling

YSB attaches great importance to customer feedback and has established a complaint management system centred on the *Policy for Handling Safety Complaints and Reports on the YSB Platform*, the *Processing Rules for Selling Counterfeit Products on the YSB Platform*, and the *Processing Rules for Transaction Disputes on the YSB Platform*, which covers the whole process of complaint acceptance, classified response, time-limited handling, quality verification, accountability and subsequent management and control, ensuring that complaint handling is rule-based, closed-loop and controllable.

The platform has a dedicated hotline for quality issues so that customers can contact us anytime and get timely response when they encounter problems such as those related to product quality or business qualification. For different types of complaints, a classified handling mechanism is implemented:

General complaints (such as transaction disputes)	The platform requires merchants to respond and handle complaints within 72 hours. In 2025, the complaint mechanism for "urgent shipment" has been further optimised as the time limit for customers to file an application is reduced from 72 hours to 48 hours while the time limit for merchants to handle is shortened to 48 hours to improve the fulfilment efficiency.
Complaints not handled in time	If the merchants fail to respond within the specified time, the platform will take the initiative to intervene and make coordination at the customers' requests to require the merchants to handle the relevant complaints within one to five days.
Complaints involving product quality issues	Once accepted, the complaint will be immediately transferred to the Quality Management Department to take the lead in handling. The Quality Management Department will coordinate with relevant departments such as procurement, warehousing, and compliance departments to jointly conduct an investigation to verify the legality and compliance of the products involved, and take risk control measures at the same time.

For products verified to have quality problems, the platform will take control measures such as delisting and banning sales across the entire store according to the rules to prevent the spread of risks. Meanwhile, the merchant will be urged to compensate the customers in accordance with laws and regulations to protect the rights and interests of consumers. All complaint handling results will be fully documented, and major cases will be included in the quality analysis report for optimising management processes and strengthening risk warning, promoting the formation of a complete closed-loop from complaint acceptance to improvement implementation.

Highlights

During the Reporting Period, the resolution rate of various customer complaints was **100%**, and the resolution rate of various complaints and reports was also **100%**.

Product Safety and Quality Culture Construction

YSB keeps promoting product safety and quality culture, enhances employee awareness on product safety and quality red lines. From employee trainings for controls at source to standardised guidelines on practical operation processes and strengthened enhancement in specialised knowledge, YSB is committed to enhancing the awareness and professional competence of all employees and related partners on product safety and quality in an all-round way and from multiple dimensions in a bid to create a corporate culture that values product safety and quality within the Company.

Product safety and quality training	Training mode
Pre-job training	A pre-job assessment system is in place, requiring employees to pass pre-job professional training and assessment before they carry out their work.
Improvement in job duty performance	The *Employee SOC Handbook of Job Observation Checklist* is formulated to detail the operation process from procurement to receipt and guides employees to continuously accumulate and improve their professional literacy through practice.
Specialised training	We organise product safety and quality training for subsidiaries and suppliers, including reviewing inspection reports and deepening the training effect through examinations to ensure that employees understand and master relevant knowledge in depth.

Highlights

During the Reporting Period, the Company conducted **59** product safety and quality training sessions for employees with a total of **4,189** participants.

Quality Sharing Meetings with the Subsidiaries Of Leyo Pharm Group Subsidiary

In March and August 2025, two quality sharing meetings with subsidiaries were organised to build a collaborative platform between the headquarters and regions and among subsidiaries, promoting the extension of quality concepts from institutional requirements to behavioural habits.

At the meeting, a special publicity campaign was carried out around the update of the quality system documents to ensure unified standards and consistent understanding. After the meeting, the subsidiaries quickly organised training and assessment across all staff to achieve the in-depth implementation of the system at the front-line and ensure the standardised operation of the quality management system. Regarding the risks and hidden dangers in the procurement, storage, sales of pharmaceutical products, as well as the operational difficulties in scanning traceability codes, the meeting used case sharing, group discussions, and other forms to pool ideas and develop practical optimisation solutions, which will be quickly implemented in subsequent practice.

Specialised Capacity Trainings for Safety and Quality of the TCM Division

To strengthen the capability of the TCM Division team to identify safety and quality issues of Chinese medicinal materials, in 2025, we systematically conducted specialised capacity trainings. A total of 42 online training sessions were organised during the year, covering personnel from multiple departments such as operations, commercial affairs, and procurement, with a focus on authenticity verification techniques for key product varieties and the sharing of the latest quality metrics, thereby enhancing quality awareness and professional judgment of our sales persons. At the same time, we continuously promoted the "Veteran Medicine Practitioner Cultivation Programme". By learning industry terms and identification points of one to two varieties online every day, we promoted the daily accumulation of professional knowledge and the continuous improvement of the professional literacy of all employees. The parallel implementation of these two measures effectively enhanced the team's practical capability in TCM quality control.

Affordable Prices and Steady Supply

YSB has always adhered to the corporate mission of "to make quality medical care and good medicine accessible to all". With the power of digital technology, YSB has collaborated with the upstream and downstream partners of the pharmaceutical industrial chain to explore innovation, accelerate the development of primary health care, and help achieve intelligent, equal and accessible medical services.

Pharmaceutical Products at Reasonable and Stable Prices

Affordable Prices

Optimising the supply chain to reduce costs	By streamlining the distribution chain, diversifying supply channels, reducing procurement costs, the platform offers benefits to downstream pharmacies, helping to make pharmaceutical products prices more affordable.
Aggregating buyers to enhance bargaining power	The online marketplace consolidates a large buyer base to form a virtual alliance to achieve scale bargaining. With transparent pricing, buyers can compare prices and make purchases among millions of SKUs on the platform. Downstream buyers can independently choose the optimal price and take the initiative in procurement.
Conducting promotional activities to offer benefits	The platform regularly distributes cash vouchers and launches promotional activities such as free delivery services for low-priced products and group buying to lower the threshold for pharmaceutical products procurement. Through dynamic price adjustment and price review, high-priced varieties are limited to participating to ensure reasonable prices.

Stable Prices

Strategic partnerships to lock the costs	The Company signs long-term agreements with suppliers to lock in the procurement prices and delivery cycles to ensure stable supply. At the same time, a stepwise rebate mechanism is implemented, offering rebates based on the annual procurement volume to encourage suppliers to give priority to ensuring the stability of supply and prices.
Digital monitoring to ensure stability	A digital price monitoring system is established, which sets reasonable product price ceilings for pharmaceutical products and tracks the price fluctuations in real time. When abnormal price increase of individual products is detected due to changes in supply and demand, the system will automatically trigger a warning and implement hierarchical interventions such as restricting the listing of high-priced products, providing guiding price of the platform, and initiating targeted subsidies to guide prices back to a reasonable range.

Stable and Continuous Pharmaceutical Products Supply

YSB has built a multi-level and full-link pharmaceutical products supply guarantee system through Self-operation Business to ensure supply, brand cooperation to stabilise the source, and platform mechanisms to expand the network. Leveraging on data-driven product selection and inventory management, and through accurate forecasting, dynamic inventory adjustment, source collaboration and proactive sourcing, it comprehensively improves the stability and continuity of pharmaceutical products supply, effectively meeting the long-term and reliable pharmaceutical products needs of downstream buyers.

General Self-operation Business: Precise Adaptation to Market Demand

The General Self-operation Business acts as a stabiliser of YSB to provide better services to more customers in a quick and economical manner. Guided by market demand, the General Self-operation Business focuses on core SKUs with higher purchase frequency and demand and maintains a strict quality control throughout the full chain to ensure the quality of pharmaceutical products from the source. During the Reporting Period, it provided an average of 430,000 SKUs per month to downstream buyers, continuously satisfying the diversified primary market demand for pharmaceutical products and providing customers with more abundant and reliable choices.

To ensure the stable supply of core pharmaceutical products, we have established a stock-out management system of "classified management + dynamic warning", where key products are scientifically divided into three categories: JTOP (core sales products), KTOP (core customer products), and TOP 80% (core operating products), and differentiated procurement strategies and inventory configurations are implemented. Relying on the BI data system and combining historical sales data and seasonal fluctuation models (such as the flu seasons and the heat-relieving seasons), dynamic inventory redlines are set for key products, and forward-looking demand forecasting and stocking planning are carried out. When the system detects that the inventory is approaching the safety threshold or there are abnormal fluctuations in market demand, it automatically triggers warning and initiates the replenishment process. In 2025, the inventory satisfaction rate of key monitored products increased by about 25% year-on-year, effectively coping with multiple seasonal demand peaks and effectively fulfilling the responsibility to guarantee the pharmaceutical products supply in the primary market.

At the same time, through the "Golden Bean Programme (金豆計劃)", we systematically expand the product supply ecosystem. Approximately 38,000 new products were introduced throughout the year, and the retention rate at the end of the year reached 85%. The new products contributed cumulative sales of approximately RMB830 million, significantly stimulating the enthusiasm of upstream suppliers to participate and continuously improving the platform's coverage of long-tail products and emerging categories. On the basis of ensuring stable supply, the Self-operation Business has continued to enrich the supply structure, enhancing the overall service resilience and competitiveness of the platform.

Targeted Product Launch Business: Fortifying Cooperation to Ensure Stable Supply

We continue to deepen the Targeted Product Launch Business, establish direct cooperation relationships with pharmaceutical companies, reduce the number of intermediaries, improve the efficiency of supplying products, and ensure the stability of the supply of products. Relying on the sales data of the platform and market insights, combined with the manufacturers' marketing resources and product policies, we accurately match supply and demand, continuously expand the cooperation scale, and achieve mutual benefits and win-win results.

We adopt a sales-based production model by sharing sales forecasts with manufacturers to accurately determine the number of production orders, effectively avoiding the occurrence of inventory backlog and out-of-stock problems, thereby optimising the production pace. In the meantime, the headquarters coordinates the procurement needs of core varieties under the Targeted Product Launch Business of more than 20 subsidiaries, unifies allocation and implements a nearby procurement strategy to speed up the delivery of products and improve the supply response efficiency.

We conduct classified management based on the characteristics of regional customers, formulate differentiated operational strategies to ensure sufficient supply and stable prices of key products. We also conduct quantitative monitoring through indicators such as stockout days and stockout rates to continuously improve supply reliability.

Online Marketplace: "Planned Sourcing" Model

To continuously ensure the stable supply of pharmaceutical products, in 2025, the platform newly launched a "Planned Sourcing" mechanism, which focuses on long-term essential products for pharmacies and bestseller products with stable demand on the platform, and gives priority to high-quality merchants with reliable supply, favourable prices, and sufficient inventory, comprehensively improving the response capability to downstream demand. For top-tier and mid-tier prescription medicines, it actively connects with the advantageous inventory of upstream pharmaceutical commercial enterprises to secure supplies in advance, ensuring that downstream monomer pharmacies and third-terminal customers can continuously obtain a stable and high-quality supply of pharmaceutical products.

Popularisation and Promotion of Good Pharmaceutical Products

Strict Selection of Pharmaceutical Products Across All Categories – Own Brands

Leyaoshi

YSB's own brand, "Leyaoshi", focuses on the field of pharmaceutical products for common-diseases. Through comprehensive category layout, professional selection, and high-standard quality control, it provides cost-effective medication plans for common diseases to downstream pharmacies, clinics and consumers.

Rigorous Selection of Medicinal Materials	We strictly select high-quality medicinal materials and control the quality of pharmaceutical products at the source. **Data highlights**: Covering over **300 types** of medicinal materials, taking quality as the core criterion for selection, with on average 1 supplier out of 123 suppliers being shortlisted.
Rigorous Selection of Processes	The professional team integrates high-quality industry resources and leverages supply chain advantages to rigorously select advanced manufacturing processes. **Data highlights**: **More than 2,000** manufacturers nationwide are being shortlisted, covering source-trackable pharmaceutical products for **15** common diseases. A total of **13** national inventions/utility model patents have been applied to these strictly-selected varieties.
Rigorous Selection of Quality	With strict, high-standard controls and multiple rounds of selection through the whole process, we only select high-quality pharmaceutical products that have been verified by the markets and consumers for many years. **Data highlights**: Before listing, all pharmaceutical products must undergo **5 rounds** of inspection by our team from factories to warehouses.

Data Insight: Anchor Real Demand with the Big Data of the Platform

The product selection strategy of Leyaoshi is rooted in the massive transaction data and industry trend analysis accumulated on the YSB Platform. By deeply exploring the pharmaceutical procurement behaviours of different regions, seasons, and consumer groups, it accurately captures the dynamic needs of the primary market. At the same time, combined with external industry data such as the R&D direction of pharmaceutical companies, the process of pharmaceutical product iterations, and the changes of disease incidence, it comprehensively grasps the market development trend to ensure that the selected products are forward-looking and widely applicable.

Professional Research: Go Deep into the Source to Strictly Control Quality Standards

To ensure the quality of pharmaceutical products, Leyaoshi has set up a professional pharmaceutical expert team. Leveraging its extensive pharmaceutical expertise and industry experience, the team has conducted on-site visits to more than 2,000 pharmaceutical companies nationwide to conduct in-depth investigations on the production process, R&D technology, raw material sources, and quality control system. The team controls every part of the process from the source to ensure that the selected products meet the strict selection standards of "Good Medicinal Materials, Sound Process, High Quality".

Scenario-based Matching: Focus on Clinical Needs and Population Characteristics

During the product selection process, the team conducts refined matching for the treatment scenarios of common diseases such as colds, coughs and fevers, as well as chronic diseases such as hypertension, diabetes and cardiovascular diseases, combining the physiological characteristics and medication habits of people of different ages. The team pays special attention to the safety and palatability of medicines for children, and the convenience and medication adherence for the elderly, truly realising "tailoring to individuals and optimal selection based on symptoms (因人制宜、對症優選)" to provide more thoughtful and reliable medication options for end users.

Highlights

As of the end of the Reporting Period, Leyaoshi has successfully listed products across **15** therapeutic categories of common diseases. A total of **13** national inventions or utility model patents have been applied to these strictly-selected varieties.

The Key Single Product Strategy of Leyaoshi is Steadily Advancing, and the Core Products have Achieved Efficient Penetration

Leyaoshi continues to advance the key single-product strategy, focusing on building benchmark products in high-demand and highly recognizable categories. Leyaoshi Huoxiang Zhengqi Kou Fu Ye (樂藥師藿香正氣口服液), the first strategic single product, has covered **165,000** stores within 2 years of its launch, with a coverage rate of 39.10%. Compared with the leading products in the same industry, the speed of achieving the same scale of coverage has been significantly improved, showing strong market expansion capabilities. In 2025, this single product achieved a breakthrough layout in primary medical terminals, and the sales contribution from primary healthcare institutions accounted for more than 70%.

Based on the successful experience of the first single product, the Company launched the second key single product Leyaoshi Changyanning Kou Fu Ye (樂藥師腸炎寧口服液) in the first half of 2025. This product has an exclusive approval and has differentiated competitive advantages. It has covered over **30,000** monomer pharmacies and primary healthcare institutions in just two months after its launch, quickly opening up the market and further consolidating the influence and service capabilities of the Leyaoshi brand in the primary market.

Our first single product: Leyaoshi Huoxiang Zhengqi Kou Fu Ye

Our second single product: Leyaoshi Changyanning Kou Fu Ye

Own Brands of Yikuai Pharmaceutical

YSB's Yikuai Pharmaceutical focuses on the medication needs in the fields of common and chronic diseases in chain pharmacies and the primary market. It has created a product matrix of own brands, such as "Antaibang (安泰邦)", "Yuandian (元典)", and "Huitai (回泰)", covering 129 core diseases including colds, cardiovascular and cerebrovascular diseases, and gastrointestinal diseases. It is gradually establishing a high-quality, efficient, and cost-effective pharmaceutical products supply system.

In response to high-incidence respiratory infections in the primary market, Yikuai Pharmaceutical has launched cost-effective combinations such as Antaibang Amoxicillin Capsules (「安泰邦」阿莫西林膠囊) and Yuandian Pudilan Xiaoyan Pian (「元典」蒲地藍消炎片). By directly connecting with high-quality manufacturing enterprises and streamlining the distribution process, on the premise of strictly controlling pharmaceutical product quality, the Company has optimised the cost of the entire supply chain. Its own-brand products have helped partner downstream pharmacies reduce the procurement cost of relevant product categories by approximately 10%-15% on average, promoted more affordable end-user retail prices, effectively enhancing the operational competitiveness of pharmacies, reducing the medication burden on patients, and improving the accessibility of essential medicines in the primary market.

Traditional Chinese Medicine ("TCM") Accessible to All – TCM Decoction Pieces

TCM decoction pieces are a key carrier for the inheritance and development of traditional Chinese medicine. Their quality assurance and distribution efficiency of TCM decoction pieces directly affect the public access to medicines and the industry upgrading process. Relying on its innovative platform model and guided by the principle of "more, quicker, better, and economical", YSB continuously expands the supply of TCM categories to help downstream buyers purchase efficiently and optimise their operations. Through the iteration and promotion of the "Jinfang Standard", the platform is establishing a digital quality system covering the entire supply chain of procurement, quality inspection and distribution, driving the TCM supply chain from an experience-led model toward a new stage of high-quality development characterised by standardisation, traceability, and data-driven development.

Strictly Selected Authentic Medicinal Materials and Establishment of a Quality Standard System

YSB focuses on the source quality of TCM decoction pieces, deeply penetrates authentic producing areas across the country, and establishes a strict procurement mechanism to ensure that the medicinal materials are authentic and traceable in source. Through the "direct supply from the places of origin + direct delivery + livestreaming" model, we visually present the growth environment, harvesting process, and processing technology of the medicinal materials through on-site livestreaming at the origin, enhancing the end-users' trust in the quality. Many factories in the places of origin opened factory stores on the platform, enabling direct sourcing from the source, offering price concessions, shortening the distribution chain, and improving supply efficiency.

In terms of quality control, the platform has released 60 "TCM Jinfang (中藥金方)" grade standards that are suitable for online transactions, quantifying key indicators such as colour, size, and fragment rate, and driving the selection of products from "experience-based judgment" to "data-driven decision-making". Relying on the digital platform, it reversely guides the settled merchants to extend the industrial chain to the places of origin, improves the whole-process traceability system from the field to end users, and strengthen the processing specifications and quality control.

Simplification of the Transaction Process and Improvement on Procurement Efficiency

In response to the problems of multiple trading links and low efficiency in TCM transactions, YSB digitally integrates the supply chain, optimises the coordination of information flow and logistics, and significantly improves the procurement response speed. The online marketplace has set up an exclusive section named "Quality TCM Products Collection (中藥品質館)", where a 7-day no-questions-asked return and exchange policy is applicable to all decoction pieces. The policy is to unconditionally support return and exchange for quality issues, regardless of whether the product has been opened, thereby fully safeguarding buyers' purchasing rights.

Adherence to the Principle of Fairness and Assurance of Price Transparency

The platform pays attention to regional price comparison and information disclosure to help users make rational choices. For instance, for common varieties such as Yunnan Poria cocos and Hunan Poria cocos, the platform provides price comparisons under the same specifications to ensure that authentic medicinal materials are high-quality and fairly priced in a transparent manner, and to avoid unreasonable price premiums caused by information asymmetry.

Science Popularisation Activities for the Inheritance of TCM Culture

To enhance professional knowledge and public understanding, The TCM business segment of YSB has launched the "i Jinfang (i金方)" science popularisation column, providing professional content such as medicinal material identification and market dynamics for pharmacies and clinics. For the public, YSB disseminates easy-to-understand TCM knowledge in the form of motion graphics, short videos, and comics. At the same time, YSB operates a TCM video account and a subscription account "Outside-of-Hospital Decoction Pieces Observation (院外飲片觀察)", focusing on policy interpretation and market observation. In 2025, it released more than 150 pieces of content, with the reading volume of a single article exceeding 10,000, becoming an important communication position in the industry.

Highlights

As of the end of the Reporting Period, the platform has listed over **1,600** TCM varieties, an increase of over **200** compared with the previous year, covering thousands of national and local standard product categories, continuously meeting diverse medication needs. In the future, YSB will continue to deepen cooperation with origins, enrich the supply, and optimise the experience, making authentic quality medicines accessible to all and revitalising TCM culture for the contemporary vitality.

Jinfang Poria cocos enters community pharmacies, making good TCM easily accessible

Ms. Luo, the owner of a monomer pharmacy in Huidong County, Guangdong, has been purchasing TCM decoction pieces through YSB for 7 consecutive years. Her pharmacy recently introduced "Jinfang Poria Cocos", which is sourced from the places of origin, Pu'er, Yunnan, and processed under standardised procedures in Jingzhou, Hunan. The product features uniform granules, pure white colour and rich flavour, and has received positive customer feedback. Currently, her pharmacy has launched 8 Jinfang varieties, and the sales of TCM decoction pieces account for nearly 40% of the total, among which, the procurement of Jinfang Tangshen accounts for one-third.

Behind this is the implementation of YSB's "Jinfang standards". To address the problem of non-standard TCM decoction pieces, the platform formulates a grading standard covering quantitative indicators such as authenticity, specifications, colour, and fragment rate, combining distribution data and industry experience. It also enables full traceability through the "origin traceability code + quality inspection traceability code". Taking first-grade Jinfang Poria cocos as an example, its standard requires a side length of 0.8-1.0 cm, an irregular shape rate of ≤10%, and fragment of ≤0.1% to ensure stable and reliable quality.

Through direct supply from the factory and unified platform warehousing and distribution, Ms. Luo has achieved "one-click online ordering and fast nationwide delivery (線上一鍵下單、全國快速達)", significantly improving procurement efficiency. She said, "There is a wide variety of products with complete specifications, real pictures and texts, and convenient returns and exchanges. We feel assured when using the products." Nowadays, more and more primary pharmacies like hers are breaking through resource barriers through YSB's platform, bringing authentic quality medicines into communities and integrating them into people's daily lives.

Accessible to All, Bring Quality Medicines to Every Corner

YSB focuses on the imbalance in primary healthcare resources and the shortcomings in serving special groups. Through three approaches: supply chain penetration, intelligent diagnosis and treatment empowerment, and inclusive design, it systematically improves the accessibility, availability, and usability of pharmaceutical products and healthcare services, contributing to the goal of ensuring that everyone has access to basic health services.

Available to Remote Rural Areas

Addressing the long-standing pain points of pharmacies in remote mountainous areas, such as long delivery cycles, limited variety of pharmaceutical products, and weak services, YSB has shortened the pharmaceutical products delivery time from half a month to 3-4 days through its digital supply chain network and logistics coordination mechanism. The number of available SKUs has increased from several thousand to several hundred thousands, enhancing the availability and diversity of pharmaceutical products at the primary level.

On the basis of ensuring "availability of medicines (有藥可用)", Yikuai Pharmaceutical focuses on the actual needs of small and medium-sized pharmacies in counties. It systematically promotes drug development for 124 basic diseases, completing 134 new products throughout the year. These products mainly cover high-frequency diseases such as cardiovascular and cerebrovascular diseases, respiratory diseases, and digestive system diseases. They are fully integrated into the digital solution packages, and precisely targeted at primary pharmacies through intelligent catalogues and promotional materials. Meanwhile, the supporting product knowledge and sales training modules have been launched on the P4 system for retail staff professional development and pharmacy training, covering over 50,000 pharmacy staff. This has achieved the dual implementation of "good pharmaceutical products + good services", effectively improving the professionalism and accessibility of primary-level medication.

Highlights

As of the end of the Reporting Period,

the coverage rate of counties was **98.9%**, and the coverage rate of villages and towns was **91.5%**.

Primary Medical Consultation and Treatment Accessible to All

YSB actively responds to the national development strategy of "Healthy China" and deeply promotes the transformation from medicine to medical care, committed to improving the primary healthcare service system and enhancing the accessibility and professionalism of primary healthcare services. Based on insights into the shortfall of primary healthcare, we have launched the overall smart medical solution of "ClouMinihouse (光譜小屋)", integrating "FutureClou (未來光譜)" series point-of-care testing ("POCT") devices, "Cloud Consultation SaaS system (光譜雲診SaaS系統)", and "ClouWiseDoctor (光譜智醫)", a smart AI doctors-aid system. By focusing on hardware upgrades, system empowerment to service closed-loop, we aim to comprehensively help the primary healthcare institutions improve operational efficiency and enhance diagnosis and treatment capabilities.

In terms of hardware, we have launched the self-developed POCT products of "FutureClou (未來光譜)" series, comprising Clou Immuno Cube (光譜免疫小方盒), Clou Chronic Disease Analyzer (光譜慢病檢測儀), and Clou Micro Hematology Analyzer (光譜微型血球儀). These products are now available for pre-sale and have already reached over 22,000 pharmacies and primary healthcare institutions.

- **Strong adaptability at the primary level:** These devices are small, portable, and easy to operate, supporting multiple scenarios such as immune detection, chronic disease screening, and blood routine tests. Rural physicians can carry them along for daily diagnosis and home visits.
- **Flexible and efficient detection:** Multi-parameter joint detection is supported. Being compatible with detection reagents from multiple manufacturers enhances diagnostic flexibility and cost-effectiveness.
- **Empowered by intelligent systems:** Equipped with a chronic disease management system and an AI chronic disease management assistant, enabling intelligently interpret test results, trend analysis, automatic alerts for critical value and referral recommendations to facilitate early screening and treatment.
- **Full-cycle service guarantee:** We provide support for interpreting reports from medical experts. We implement a warranty policy of "only replacement without repair within one year", and extend the warranty period to three years to significantly reduce the maintenance costs and concerns of the primary users.

A Western Medicine Internal Medicine Clinic in Nong'an, Jilin – Reshaping Grassroots Competitiveness with Precision Testing

After relocation, the clinic relied primarily on symptom-based diagnosis due to a lack of testing equipment, leading to low patient confidence in treatment plans and a gradual shift of patients to nearby healthcare facilities. In October 2025, the clinic introduced POCT devices through YSB, adopting a scientific diagnostic model that integrates symptoms with testing. This enabled more evidence-based medication use and significantly improved patient trust. Leveraging the portability of the devices, the clinic further launched home-based testing services, offering a closed-loop system of "on-site testing – condition assessment – personalised treatment" for elderly individuals with limited mobility and severe patients, addressing healthcare access difficulties for special populations. This service upgrade enhanced the clinic's reputation, leading to a steady return of previous patients and a continuous increase in new visitors. The clinic has successfully transformed into a trusted "community health guardian" right at residents' doorsteps.

A Community Health Service Station in Chaoyang – Breakthrough in the Flu Season from Experience-Based Judgment to Data-Driven Approach

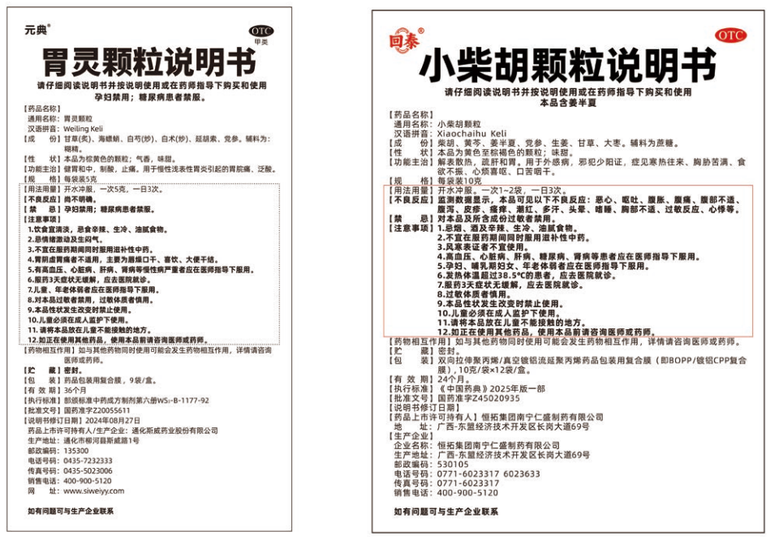
The station originally used colloidal gold reagents, which provided qualitative results with limited sensitivity, making it difficult to capture dynamic changes in patient conditions in a timely manner. Before the flu season, it introduced the "Spectrum Immuno Cube" equipped with quantitative testing capabilities for influenza A and B, Mycoplasma pneumoniae, and CRP/SAA. This enabled precise measurement of biomarkers, allowing doctors to tailor medication plans based on numerical trends. The enhanced testing capabilities significantly boosted the station's diagnostic credibility. Daily testing volume for influenza A and B increased from just a few cases initially to over 30 cases. Patient visits rose from 70-80 per day to a peak of 150, stabilizing at around 100 post-flu seasons. The growth in testing volume drove service upgrades: the station added a full-time nurse position, achieving both greater specialised testing and improved service efficiency.

In terms of software, the "Cloud Consultation (光譜雲診)" SaaS service has covered more than 2,800 clinics. Through AI, it automatically integrates patients' electronic medical records, historical medication records, and real-time test information to form dynamic health files. When prescribing, it also conducts screening for drug incompatibilities, verification of dosage rationality, and matching of allergy histories, significantly improving diagnosis and treatment efficiency. In addition, as of the end of the Reporting Period, the system supports patients in using medical insurance for settlement, with the insurance function covering over 100 cities. Through the establishment of a closed-loop service covering the entire chain of "testing – diagnosis – treatment – management", "ClouMinihouse (光譜小屋)" has effectively improved the precision of medication use and the overall medical service capabilities of primary doctors.

Elderly-friendly and Accessible Design

To better serve the elderly and individuals with disabilities, YSB has deeply integrated the concept of "inclusive accessibility" into the design of products and services, and continuously promoted elderly-friendly and barrier-free transformation. In terms of pharmaceutical packaging and instructions, some own-brand products have adopted large-font typesetting, and key information such as usage, dosage, and contraindications has been bolded for emphasis, significantly improving reading clarity and usage convenience. At the same time, braille labels have been piloted on some commonly used pharmaceutical products to help visually impaired users identify the names and specifications of pharmaceutical products more safely and independently.

Braille is added to product packaging



The font size is enlarged in the usage and dosage section of the instructions

Comprehensive Service Support

YSB has always been guided by meeting the needs of all parties, and continuously explores and innovates the service modes and paths, and strives for perfection from the initial stage of cooperation to various links of product delivery, the guarantee of after-sales services and the performance of industry responsibility. Through the integration of advanced technology and professional team resources, YSB has designed a comprehensive strategic layout and carefully planned service measures, covering various key fields such as improving cooperation efficiency, optimising distribution efficiency, speeding up after-sales response, helping primary medical services and practicing responsible marketing, aiming to establish a solid, reliable, convenient and efficient service support system for partner pharmaceutical companies, merchants, and downstream customers, to jointly develop a new pattern of industry development.

Improving Cooperation Efficiency

Improving the Efficiency of Certificate Exchange

The CertEx for certification exchange is a prerequisite for B2B pharmaceutical transactions. YSB has set up the CertEx for certification exchange for business qualifications, successfully implementing online process of reviewing materials including electronic contracts and qualifications, and greatly improving the efficiency of upstream and downstream customers in verifying each other's qualifications in accordance with orders, and significantly accelerating the speed of order fulfilment. When the downstream pharmacies purchase pharmaceutical products after completing the initial registration on the platform, the platform will automatically provide qualification data to upstream merchants and immediately remind them that the buyers placed their first order, making it easier for merchants and downstream pharmacies to connect and greatly promoting the efficient collaboration between them.

Highlights

As of the end of the Reporting Period, the CertEx has reached a coverage rate of **100%**.

Using the CertEx for certification exchange saves customers nearly **90%** of exchange costs, when situations such as re-sending the omitted information and documents lost during the mailing process are excluded.

Improving the Efficiency of Variety Operation

To support the efficient operation of key brand cooperation varieties, Leyo Pharm Group has built a "listing process monitoring" data dashboard. By visually tracking the progress of brand variety cooperation, inventory management, campaign configuration, etc., it helps the operation team accurately locate bottlenecks and quickly adjust the direction of resource prioritisation. At the same time, in conjunction with the price dimension, it monitors indicators such as the reasonable pricing rate and price competitiveness in real time. Based on costs and market competition, it provides price adjustment suggestions, forming a closed-loop management system of "monitoring-alert-optimisation". This mechanism has effectively improved the listing efficiency and market adaptability, and promoted the collaborative upgrading of the supply chain.

Improving the Efficiency of Procurement Execution

Leyo Pharm Group has established a regular field research mechanism, where the user operations team travels to different provinces and regions across the country for visiting county-level chain pharmacies, monomer pharmacies, and third-terminal medical institutions, thereby systematically collecting operational pain points and service needs in frontline procurement scenarios. The research found that small and medium-sized customers generally face problems such as low efficiency in product matching and complex cross-supplier price comparison when handling multi-variety procurement plans. The average time for a single procurement is one to two hours, which not only affects the transaction conversion efficiency but also increases unnecessary management costs.

In 2025, based on the procurement efficiency pain points discovered through frontline research, the platform optimised both product functions and service processes to comprehensively improve the customer's procurement experience. In terms of product functions, the intelligent ordering capability was upgraded to improve the matching speed and accuracy of product recommendations, helping customers find suitable varieties more quickly. In terms of service processes, we have streamlined and standardised the operational guidelines for the entire process – from submitting a procurement plan to completing an order – and simplified the steps involved in price comparison and product selection, making the entire procurement process smoother and more efficient. After the optimisation, the time for customers to handle procurement plans has been shortened by an average of 30% to 50%, achieving an efficient closed-loop from "plan submission" to "order completion".

Improvement of Procurement Efficiency of a Small and Medium-sized Chain Pharmacy in Huangpu District, Guangzhou

Take a small and medium-sized chain pharmacy in Huangpu District, Guangzhou as an example, its procurement staff originally needed to spend 2-3 hours per week to complete the weekly procurement tasks, involving a large amount of manual product inquiries, page switching, and price verifications. After introducing the intelligent ordering function, the procurement process has achieved automated recommendations and batch confirmation, and the single operation time has been compressed to 30 minutes to 1 hour, with an efficiency improvement of over 50%.

In 2025, to reduce the procurement decision-making costs for primary customers, the platform launched the "Combined Purchase" function, which allows small-scale combinations of multiple products to meet the free shipping requirements, effectively boosting the procurement willingness of small-scale pharmacies. To address the complex calculations resulting from multiple overlapping discounts, self-operated stores on the platform optimised the price display mechanism. The final actual payment price of products is directly shown, and the discount rules have been changed from a manual calculation-based stacking model to an automatic matching model that selects the most favourable option. Meanwhile, by standardising the discount gradients of major coupons, price predictability is enhanced, the decision-making costs for downstream buyers are reduced, and the convenience and efficiency of procurement are improved.

To achieve more scientific replenishment, the platform integrates artificial intelligence technology. Based on historical procurement data, regional sales turnover, and seasonal trends, it dynamically generates personalised replenishment suggestions and supports one-click generation of procurement plans. This effectively reduces the time spent on manual judgment and operational errors, improves the accuracy of supply-demand matching, and helps primary healthcare institutions make their procurement processes more efficient and intelligent, continuously enhancing the collaborative efficiency between the platform and customers.

Upgraded Delivery Efficiency

The Company continuously invests in warehousing and supply chain management, aiming to establish an efficient and intelligent pharmaceuticals distribution system. By intensifying warehousing construction, expanding our self-operated warehouse matrix, and integrating delivery networks such as "9508" system, a logistics and distribution system with wide coverage and rapid response is established to support rapid order fulfilment. The self-developed logistics management system enables full-process digital control, conducting real-time monitoring over warehousing operations and delivery processes to ensure the safe, timely, and accurate delivery of pharmaceutical products.

Digital Supply Chain System

Self-developed Warehousing System

An efficient and intelligent warehousing management system is the key element for an enterprise to enhance competitiveness. Since 2019, YSB has deployed central warehouses in core areas, achieving full-link digitalisation from procurement, warehousing, and logistics to payment through its self-developed smart supply chain system. Leveraging system optimisation and technological upgrades, we have reduced average order processing time to approximately 3 hours – significantly outperforming industry benchmarks. This enables reliable same-day ordering and same-day outbound operations, compresses delivery lead time, and continuously enhances on-time delivery performance and customer responsiveness.

Self-developed Warehousing System

Optimising picking routes	Traditional order picking relies on the pickers' own route planning, which is inefficient and prone to errors. By using the intelligent algorithms and other information such as warehouse layout, our system is able to plan the optimal picking route for employees to increase operational efficiency by 30-40%, shorten the order processing time and to make rapid response during the peak period of orders.
Creating a new "picking while sorting" mode	In view of the tedious process of warehousing in the industry, we launched the "picking while sorting" mode. During the picking process, products are synchronously distributed to various orders, achieving efficient outbound. The average daily outbound volume of a single warehouse reaches 70,000 to 80,000 items, improving warehouse throughput.
Automatic frequency scheduling	To improve the timeliness and accuracy of order processing. The new automatic frequency scheduling function automatically sends orders to pickers, with automatic dispatch accounted for 86%, avoiding human errors and effectively saving labour costs.
Work performance system	We accumulate employee working data to optimise labour costs, arrange job tasks, and optimise the calculation logic for restocking and payroll to motivate employees and optimise labour costs.
Optimal logistics	Transportation prices are reasonably calculated based on package weight, logistics providers and transportation methods to reduce transportation costs. At the same time, based on WDC timeliness coefficient and the timeliness requirements of customers, the most optimal express delivery plan is accurately selected.
Carton selection	When an order is placed, its most suitable carton will be automatically matched to reduce carton consumption, reduce packaging materials costs, improve packaging speed, and quickly calculate costs and expenses.

Leyo Pharm Group continues to upgrade its warehousing network. The Company focuses on efficiency bottlenecks, conducts in-depth analysis of their causes, and actively implements optimisation and improvement measures. During the Reporting Period, a coordinated transformation of 13 warehouses across the country was completed. Through both hardware investment and operational strategy optimisation, warehousing efficiency and order fulfilment capability were comprehensively improved. The transformation focused on four core directions:

Improvement Directions	Improvement Ideas	Improvement Achievements
New automatic conveyor belts	Promote the construction of the conveyor line to automate the flow of goods, reduce manual intervention, and improve the efficiency of outbound operations and the standardization level of the process.	Increase production capacity by 700,000 pieces
Expand shelves and storage locations	Improve space utilisation efficiency, introduce a zoned and categorised management mechanism, strengthen the flexibility of warehousing capacity, and support business growth and accommodate fluctuations in order volume.	Add nearly 30,000 new storage locations Increase inventory by approximately 84 million pieces
Optimise the inventory management strategy	Implement the strategy of "pre-placing popular products and sorting out long-tail products" to improve the response speed of high-frequency products, ensure the supply coverage of low-frequency products, and overall improve inventory turnover and order fulfilment capability.	Increase inventory by 3.5 million pieces
Transform the operation area	Optimise the operation flow path and the layout of functional areas to improve the efficiency of review and packing, and enhance the convenience of operation and the synergy of operations.	Increase production capacity by nearly 7%

In terms of the fulfilment strategy, we leverage the WMS system to tag customers based on the two dimensions of "geographical level" and "timeliness requirements". A priority matrix of "1-4 ring areas + delivery timeliness" is established to clarify the in-warehouse production sequence, achieve precise resource allocation during peak promotion periods, and prioritise the stable fulfilment of orders in high-value areas and high-timeliness orders, comprehensively improving the experience of core customers. In the pilot city of Guangzhou, the Guangdong Dihao warehouse identifies the behavioural preferences of telemarketing customers through system linkage, implements labelled management and a hierarchical shipping strategy to ensure the priority processing and warehouse outbound of key orders. After the implementation of the strategy, the fulfilment rate of the delivery timeliness of telemarketing city orders during large-scale promotions has stably exceeded 95%, verifying the effectiveness and replicability of the priority strategy.

Intelligent Delivery Solution

YSB comprehensively improves logistics efficiency and service quality through the self-developed intelligent delivery solution "Optimal Logistics". In this solution, ten dimensions, such as cost, timeliness, and product damage rate, are considered comprehensively, and the appropriate delivery route, efficient and economical delivery strategies are tailored for each order through precise data analysis and algorithms.

"Optimal Logistics" integrates high-quality logistics resources such as SF Express, JD Logistics, and Cainiao (菜鳥). The most suitable logistics service providers and transportation methods are intelligently selected for each order based on factors such as order requirements, products characteristics, and transportation distance. The system is connected to the carriers' ERPs in real-time to achieve full-process visual tracking, automatic reconciliation, and early warning of abnormal orders, ensuring safe, on-time, and controllable delivery, effectively reducing the logistics cost of downstream buyers and improving fulfilment efficiency.

At the same time, the Company actively promotes the localised procurement strategy, optimises the layout of goods sources, shortens the delivery radius, reduces the turnover days of products, accelerates capital flow, and comprehensively achieves a shorter-chain, more efficient, and more economical supply-chain operation.

Extreme Test of Warehouse Production-capacity Delivery

During the business peak season from November to December in previous years, warehouses faced the dual pressures of a surge in orders and a rise in the personnel turnover rate, which increased the difficulty of delivery guarantee. To cope with the delivery pressure during the business peak season, YSB conducted an extreme test of warehouse production-capacity delivery for the first time in 2025. The team started planning in July, completed preparations in September, and dynamically increased the daily outbound target every week starting from October to gradually release the operational potential. On 3 November, the daily outbound volume of the warehouse reached 1,009,900 lines, a month-on-month increase of 11.8% compared with the historical peak, and all 15 warehouses exceeded their historical highest records. The overall per capita efficiency in November reached 6,500 lines, and the results of the extreme test were remarkable. The Company simultaneously launched a special incentive for breaking the peak, setting up a team award for breaking the peak, an individual pioneer award, and electronic medals, and carried out publicity campaigns, effectively stimulating the enthusiasm of front-line employees. In the high-intensity working environment, the monthly average turnover rate of employees in the Leyo warehouse decreased from 4.2% to 2.5%, which is better than the industry average.

Quick After-sales Response

We have established a dedicated after-sales team consisting of telephone customer service representatives, online customer service staff, quality compliance personnel, etc. Regular team training is provided to ensure that the customer service team is familiar with the platform's functions and industry characteristics, so as to improve product knowledge and service skills. This comprehensively enhances the efficiency and quality of handling various after-sales issues, increases user stickiness, and improves the user shopping experience. To comprehensively improve the platform's after-sales processing efficiency and service quality, the platform has systematically built an after-sales service system from three dimensions: regulatory compliance, incentives and motivation, and auxiliary function, ensuring fast problem response, accurate handling, and excellent user experience.

System Guarantee

The platform has formulated comprehensive management systems and issued a series of regulations such as the *Products Delivery Rules for the YSB Platform,* the *Processing Rules for the After-sales Services*, and the *Dispute Resolution Rules*, explicitly defining the operational standards and time frames for merchants in aspects such as shipping, after-sales response, and dispute resolution. Merchants are required to complete an after-sales request within 72 hours upon receipt. If the merchants fail to handle the problems within the specified time, the platform will make coordination upon buyers' request to require the merchants to handle the relevant problems within one to five days to ensure a quick after-sales response. For special products/categories such as non-medicine products and traditional Chinese medicine (TCM) decoction pieces, in 2025, the *Supplementary Rules for Handling After-sales Disputes of Non-medicine Products* and the *Supplementary Rules for Handling After-sales Quality Disputes of Traditional Chinese Medicine (TCM) Decoction Pieces* were newly added to enhance the professional handling ability.

Incentives and Motivation

The platform guides merchants to continuously optimise after-sales services through an incentive mechanism. The "After-sales Competition" project has been launched, awarding medals and gifts to merchants with a steadily increasing quarterly after-sales processing rate to stimulate the motivation for service improvement. The "9024" service evaluation system has been deepened, incorporating after-sales performance into the overall service score of merchants. High-scoring merchants are prominently displayed on the store homepage to enhance user trust, forming a positive cycle of "good service creates a good reputation, which promotes good business".

Auxiliary Function

The platform continuously upgrades after-sales tools and system capabilities, covering the entire process of communication, handling, refund, and early warning to improve response efficiency and automation levels.

- **Upgrade of the "expediting delivery" function:** Users can urge shipment with one click after placing an order for 48 hours, and merchants must respond with the processing progress within 24 hours. For subjective non-shipment behaviour, an additional compensation mechanism of 30% of the order amount is activated to strengthen performance obligations.

- **Online invoice issuance:** The platform provides an invoicing interface to support merchants in automatic invoice issuance, which is included in the assessment system to improve invoicing efficiency and cooperation, effectively reducing after-sales issues related to invoices.

- **AI customer service support:** An AI customer service system has been introduced, and the problem knowledge base is continuously improved to achieve real-time automatic response to common after-sales issues, improving the service coverage and response speed.

- **Automatic refund function:** The work order system has been iteratively upgraded to achieve instant refund of the unshipped order back to the original payment method without any manual intervention, significantly improving the efficiency of fund return.

- **Proactive early warning mechanism:** Through an automatic reminder robot, the expiration management of licences and certificates is advanced. Proactive SMS reminders are sent to users with approaching expiration dates to reduce the risks of order backlog and business interruption caused by expired licences and certificates.

Through the above measures, we have built a comprehensive after-sales guarantee system ranging from institutional constraints to incentive guidance and then to functional assistance, ensuring swift after-sales response on the platform and providing better shopping services for platform users.

Highlights

During the Reporting Period, through our continuous optimised after-sales services, the platform achieved:

- The processing time for intervening in the resolution of after-sales issues decreased by **23%**,
- The number of complaints decreased by **32%**,
- The average refund time decreased by **27%**,
- The 15-minute response rate reached **100%**.

Leyo achieved:

- The number of complaints decreased by **10%**,
- The average refund time decreased by **22%**,
- The 15-minute response rate reached **97.7%**.

Assisting in Improving Primary Pharmaceutical Services

Guided by the *Healthy China 2030 Initiative*, YSB helps primary pharmacists master health knowledge commensurate with their positions, and establish mechanisms for the dissemination and circulation of health science knowledge. It also aims to spread basic health knowledge among residents, enhance their health concepts and literacy, and contribute to the achievement of the goals set by the Healthy China 2030 Initiative.

Building a Knowledge Learning Platform to the Competencies of Primary Pharmacy Employees

As a designated official platform for licenced pharmacist exam services, the "YSB eLearn" platform plays a key role in enhancing the professional pharmaceutical skills and competencies of primary pharmacy employees, promoting talent development in primary pharmacies and improving primary pharmaceutical services. This platform allows pharmacists and probationary pharmacists in primary pharmacies to elevate their professional skills and obtain practising pharmacist qualifications by participating in online pharmacist exam courses, which helps primary healthcare personnel improve their comprehensive abilities.

Training Content of the "YSB eLearn" Platform

Pre-exam training for licenced pharmacists	Systematic examination preparations on professional knowledge learning for pharmacists and prospective pharmacists in pharmacies
Rural physicians	Professional knowledge training for primary care doctors
Encyclopaedia for pharmacists	Professional skills training courses on diagnosis, treatment, and pharmaceutical services

The "YSB eLearn" Platform continued to update the learning column of "YSB Video Courses (幫幫堂)", providing YSB's sales teams and downstream customers with knowledge trainings on targeted pharmaceutical product launch. In 2025, "YSB Video Courses" launched more than 1,500 learning videos for the Targeted Product Launch Business and produced more than 6,000 videos. Through online sharing, "YSB Video Courses" helped pharmacy operators master professional pharmaceutical knowledge. In addition, in order to accurately meet the demand for POCT in primary healthcare operation, the "Medical Laboratory Technicians (檢驗士)" training page on the "YSB eLearn" Platform produced approximately 500 videos in 2025, which helped doctors and laboratory technicians in over 10,000 primary healthcare institutions to obtain the medical laboratory technicians' qualification certificates, ensuring continuous and compliant performance of on-the-spot testing.

Yikuai Pharmaceutical constructs a full-cycle training system of "practical training – assessment – evaluation – improvement" through the P4 Retail Personnel Professional Capability Improvement and Pharmacy Training System. Focusing on improving the professional capability and service level of pharmacy personnel, it effectively solves problems such as low training efficiency and uneven service in small and medium-sized chain pharmacies. It trains more than 100,000 pharmacy clerks annually. The accuracy of pharmaceutical products identification and the service response speed of clerks have increased by more than 20%, and their professional capabilities in chronic disease management and health consultation have been significantly enhanced, which helps pharmacies gain customer trust and increase repurchase. Through the closed-loop system of "training – assessment – implementation", Yikuai Pharmaceutical promotes service standardization, reduces the difference in service quality between stores, continuously supplies professional talents to small and medium-sized pharmacies, and supports their sustainable development.

P4 Retail Personnel Professional Capability Improvement and Pharmacy Training System

- **Scenario-based practical training:** Set up modules such as 90-day check-in, pharmaceutical products identification, and dispensing practices, simulate daily and emergency scenarios, and realise integrated learning and practice.
- **AI-assisted improvement:** AI Xiaotong supports clerks in answering drug-use consultations and helps clerks practice repeatedly through AI-simulated consultation scenarios, increasing the accuracy of complex case judgment by 20%.
- **Hierarchical and classified training:** Customise courses and provide supporting SOP manuals for new and old employees and different positions such as chronic disease and traditional Chinese medicine, covering core content such as drug knowledge and health consultation, and improve the pertinence and effectiveness of training.

Primary healthcare personnel can flexibly choose learning content based on their needs, and improve their diagnostic and medication skills anytime, anywhere while learning the latest medical information and medication guidelines. Moreover, YSB regularly conducts internal research and learning on specific pharmaceutical products, delivering cutting-edge pharmaceutical knowledge to downstream pharmacies to empower primary pharmacists to better serve consumers.

Exploring Diversified Communication Channels and Popularising Knowledge on Health Science

YSB actively spreads health knowledge through various channels. We regularly publish readily comprehensible and informative articles through the official WeChat account to popularise TCM knowledges to the public and post short videos about case explanations and instrument operation guidance on our video account, delivering health knowledge in an intuitive way. In addition, we regularly collaborate with manufacturers in livestreaming, where they introduce the core pharmacological efficacy, by which means downstream pharmacies can not only sell pharmaceutical products, but also disseminate health knowledges, further expanding the spread of health science knowledges.

Cooperate with Large Chain Pharmacies to Carry Out Safe Medication Training and Empower Frontline Pharmaceutical Services

To improve the professional capabilities of grassroots employees, Yikuai Pharmaceutical jointly carried out the "Special Training on Safe Medication" with Jiangsu Baijiahui Pharmacy, covering more than 100 frontline pharmacy employees. It promoted the implementation of pharmaceutical knowledge through offline lectures. By customizing tabular self-learning materials and explanation PPTs, it focused on content such as rational drug use, chronic disease management, pharmaceutical products classification, and contraindication identification. The on-site interaction was active, and the participation rate of trainees was high. They generally reported significant improvements in professional knowledge and practical skills. The grass-roots pharmacist training is a powerful practice of YSB extending from "pharmaceutical products supply" to "ability assistance" and has been gradually promoted to multiple chain pharmacies, helping to strengthen the improvement of grassroots health service capabilities.

Safe Medication Training for Baijiahui Pharmacy in Jiangsu

In-house trainer class for Jiangnan Pharmacy (江南大藥房)

Store Manager Training Class for Ordos Jingshun Pharmacy (鄂爾多斯京順大藥房)

Store Manager Training Class for Chengren Hall (誠仁堂)

Responsible Marketing

During business expansion and marketing, YSB comprehensively regulates the marketing behaviours of all employees, including outsourcing employees, to ensure legal and compliant marketing in strict accordance with the relevant national laws and regulations, such as the *Drug Administration Law of the People's Republic of China*, the *Anti-Unfair Competition Law*, the *Advertisement Law*, the *Management Measures for Medical Advertising*, the *Interim Measures for the Administration of Internet Advertising*, and the *Notice on Standardising the Use of Drug Names in Drug Advertisements*. In line with the newly issued *Management Regulations for the Labeling of Prepared Slices of Chinese Medicines* and the *Guiding Principles for the Preparation of Labels for Prepared Slices of Chinese Medicines (Trial)* in 2025, the platform further requires merchants to comply with the latest national and local regulatory requirements for label management. Accordingly, the platform has initiated revisions to the *YSB Platform Specifications for the Release of Prepared Slices of Chinese Medicines* to continuously strengthen compliance management in the Chinese medicine category.

Precise Control of Marketing Content

To ensure the accuracy of marketing content, we require the marketing content used by any business development personnel must be displayed in strict compliance with official product instructions and in line with the content on our platform, ensuring that customers receive accurate and reliable information on pharmaceutical products. For specific pharmaceutical products, we ensure that business development personnel have a full and accurate grasp of pharmaceutical product information and promote responsible marketing practices through methods such as creating pharmaceutical product promotional brochures, training videos, and quizzes.

Promote the Efficient Flow of Information

We actively expand diversified internal and external channels for information transmission. Externally, we leverage the strong advantages of online channels like the YSB APP to provide downstream customers with accurate pharmaceutical product information, allowing customers to access the required information conveniently and efficiently. Internally, we use professional tools such as "YSB Video Courses" to provide systematic training to business development personnel across the country, continuously enhancing the team's cognitive level and in-depth comprehension of pharmaceutical product information. We also provide an abundance of promotional materials and other support for business development personnel to comprehensively, accurately convey our product information when communicating with downstream pharmacies and facilitating the efficient flow of information across the industry.

Strengthen the Transparency of Product Information

We highly recognise the importance of information transparency and authenticity in product display. Photos of the randomly inspected pharmaceutical products are displayed on the product detail pages to allow the customers to see the actual look of the products, which may effectively avoid misleading information caused by excessive marketing. In traditional Chinese medicine category, the gram weight information is clearly shown on an easily noticeable space of the product page of each traditional Chinese medicine. In the exclusive section of "Quality TCM Products Collection" on our platform, merchants are deliberately required to upload real-shooting videos of product unpacking, showing the details of the product from all angles. At the same time, for some of the top 20 best-selling products by monthly sales volume, we conduct random inspections and take actual photos, displaying the real images directly on the product detail pages. This multi-dimensional approach enhances information transparency, helping users gain a comprehensive and authentic understanding of the products they purchase, while avoiding misleading information caused by excessive marketing. In addition, some varieties also provide small samples for customers' reference, and for all products offered in this section, a 7-day no-questions-asked return and exchange policy is provided to fully protect the rights and interests of buyers and create an honest, reliable shopping environment for customers.

03

Technology Empowerment and Innovation Leadership

YSB continues to promote R&D and innovation, with "digitalisation, automation, and intelligentisation" as the main lines, deepening the integration of technical capabilities with the outside-of-hospital pharmaceutical distribution scenarios. We continuously strengthen the digital foundation, connect the full-link data of pharmaceutical products from the supply chain to the end users, and establish the data foundation to improve synergetic efficiency. At the same time, we accelerate the implementation of automation, focus on high-frequency and high-response scenarios, promote the automation of task triggering, information transmission, and process execution, reducing manual intervention, and improving efficiency and system stability. Meanwhile, we actively layout and promote intelligentisation exploration, promote the application of artificial intelligence in scenarios such as demand forecasting, intelligent scheduling and risk identification, and accumulate capabilities for the system to evolve from "capable of responding" to "capable of thinking".

Key issues: Innovation-driven development of industrial chain
Information security and privacy protection
Intellectual property protection

Key indicators of the HKEX ESG Reporting Code:
KPI B6, B6.3, B6.5

Response to SDGs in this Chapter

Innovation Empowering Pharmaceutical and Healthcare Ecosystem

Digital Support for Pharmaceutical Distribution

YSB promotes the strategy of "driving medicine accessible to all through technological innovation", and empowers primary healthcare institutions through the systematic solution of "hardware + SaaS + AI", to improve the operation and service efficiency, and strengthen the digital foundation of outside-of-hospital pharmaceutical circulation and primary services.

Under the leadership of the Chief Technology Officer, the Company actively promotes the implementation of AI across various business lines, moving from agile development toward faster iterations integrated with AI. It actively explores and applies AI in areas such as AI-assisted programming, AI business empowerment, AI tool efficiency improvement, and AI organisational training across different business lines, forming an AI innovation application system that combines lightweight business applications with systematic R&D integration.

In terms of the system, the Company has set up incentives for R&D and innovation projects, with incentive directions such as "excellent ideas", "knowledge dissemination", and "benchmark projects". Corresponding incentive plans have been formulated for raising problems, organising learning groups, technological innovation breakthroughs, and business innovation, providing sustained and robust institutional guarantee for technological and business innovation. In addition, the Company has upgraded the "Flash Hero (閃光俠)" timely incentive mechanism, which selects and commends employees on a monthly basis who perform outstandingly in technological breakthroughs, business contributions, and R&D efficiency improvements, stimulating organisational vitality.

Management System Supporting R&D and Innovation

The Company continuously improves and perfects the technological innovation and R&D management system, integrates digital capability development into the overall development strategic framework, clarifying the direction of R&D investment and technological development pathways. To provide a platform for R&D personnel to showcase their capabilities and achieve personal growth, and to stimulate their intelligence and potential, the Company has established the "Flash Hero" innovative R&D incentive mechanism, encouraging employees to propose effective solutions to the difficulties and pain points in their work, such as optimising the system logic flows, introducing new technologies, components, frameworks, or improving the R&D processes. At the same time, the Company has set up an internal innovation evaluation mechanism to commend teams and projects that perform outstandingly in technological breakthroughs and business innovation, continuously stimulating the organisation's innovation vitality and providing a stable and sustainable institutional guarantee for digital transformation. We also encourage the promotion of new knowledge within the team, such as improving the performance and stability of key links, optimising the monitoring and alarm and fault-handling processes, and introducing more efficient technical architectures or R&D practices, to comprehensively improve technical capabilities and operational efficiency.

During the Reporting Period, YSB effectively improved the operating efficiency and business support capabilities of the system by establishing innovative R&D incentive projects, which promoted the practical application of multiple technological achievements in key areas such as core system optimisation, data governance upgrade, and platform performance improvement.

Innovative R&D Incentive Projects

Search and Order Group – Business Contribution Award

Optimisation of pharmaceutical products code-matching capability	To address the problem of insufficient accuracy in code-matching caused by complex specifications and brand aliases, the platform optimised the pharmaceutical products code-matching logic and introduced a matching confidence level mechanism. After optimisation, the AI verification accuracy of the external market pharmaceutical products data set increased from 87.3% to 99.3%, and the impact of incorrect or missed matching was controlled within 1%, effectively supporting the operation of core businesses such as intelligent procurement.

Database Optimisation Project – Technology Breakthrough Award

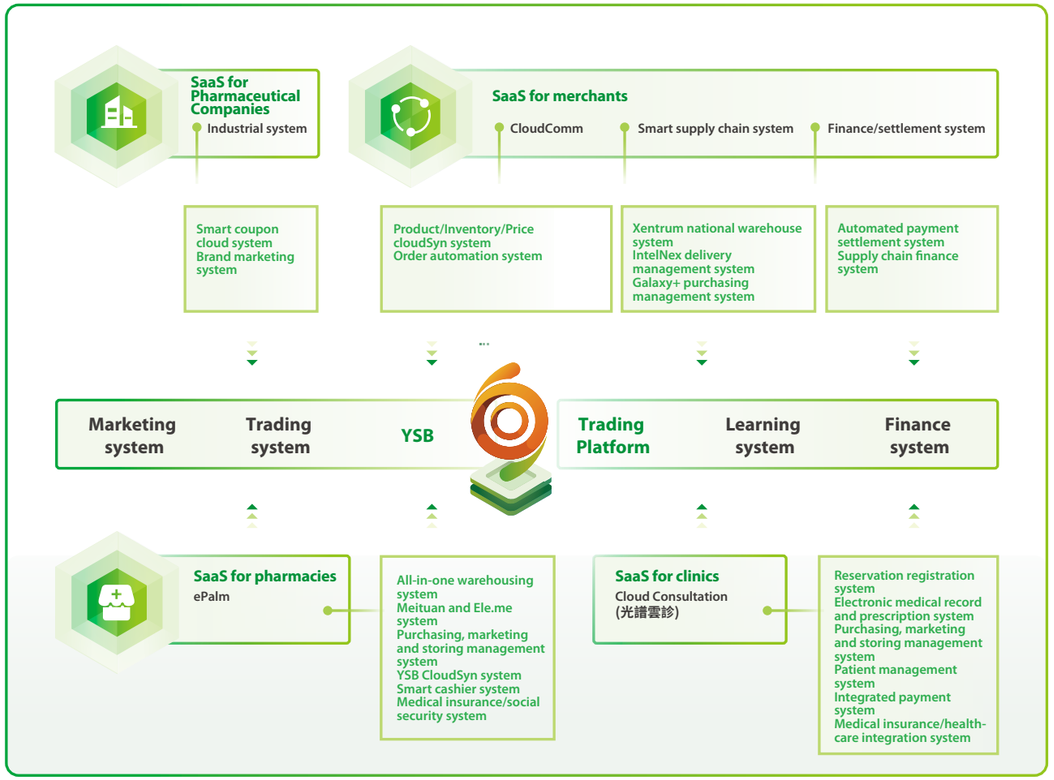
Core database upgrade	The platform introduced OceanBase as its core database, replacing TiDB and part of the MySQL clusters in phases, and achieved a smooth migration through read-write separation and performance optimisation. After the project was completed, the cloud service cost of Huawei Cloud clusters was reduced by over 50%, the system resource usage decreased significantly, and the stability and scalability of the platform were further improved.

Android Group – Technology Breakthrough Award

Application resource optimisation	To address the issue of the continuous growth of APK size, the team implemented systematic governance through resource cleaning, image compression, and compilation optimisation, reducing the APK size by approximately 25%, which effectively improved the user experience of downloading and installation and established a sustainable resource management and control mechanism.

Deepening the Digital Empowerment Application in Multiple Scenarios

YSB continuously improves the SaaS ecosystem of the pharmaceutical industry, builds a digital service network covering pharmaceutical companies, merchants, pharmacies, and clinics, and creates a comprehensive solution that runs through the entire process of procurement, distribution, service, and management through functional modules such as marketing, trading, learning, and finance.



For upstream pharmaceutical suppliers and manufacturers, the YSB Platform continuously develops and applies digital tools through online marketing and operational support to help improve the operational efficiency of suppliers. For downstream pharmacies and primary healthcare institutions, the platform aggregates the long-tail demands of the market and relies on its self-developed SaaS system to support pharmaceutical products and patient management, promoting large-scale transactions and efficient connection in outside-of-hospital pharmaceutical distribution. By empowering all aspects of the industrial chain, YSB promotes the efficiency improvement and standardised development of the pharmaceutical distribution system.

Highlights

During the Reporting Period, there were **1,166** new partner merchants, including 837 pharmaceutical merchants and 329 non-pharmaceutical merchants, on the YSB Platform.

For Merchants: Cloudcomm

We have launched the InstaPrint in CloudComm, providing all-in-one printing service for merchants, realising the all-in-one printing generation and printing of express sheets, VAT invoices, purchase and sale contracts, pharmaceutical product test reports and accompanying documents and seals. Compared with the traditional way of document printing, InstaPrint enables merchants to achieve all-in-one printing through the barcode scanner or manual operation, thereby greatly improving efficiency by sending immediately after scanning and accurately matching documents.

Focusing on the needs of merchants for outbound efficiency and cost control, "InstaPrint Pro" of YSB added a picking list module and optimised the logistics preference function, further improving the efficiency of the order outbound process. During the Reporting Period, 26 new merchants started using the product, and the total number of active merchants reached 54. By simplifying the operation process and lowering the usage threshold for small and medium-sized merchants, the average outbound efficiency of suppliers increased by approximately 30%, improving the user experience.

Shipment Process of "InstaPrint"

Place an order → Sort and review → Pack → Scan the code to issue the order → Sealing and shipping

For Pharmacies: ePalm

YSB's SaaS solution, "ePalm", helps pharmacies with streamlined inventory management which greatly improves downstream pharmacies' ability to update and manage inventory. The solution provides a one-stop automated pharmaceutical product warehousing function, which only requires users to fill out and confirm relevant information.

"ePalm" also features intelligent near-expiry and dynamic sales alert functions, monitoring inventory status in real-time and providing precise inventory management recommendations for pharmacies. In addition to simplifying inventory management, ePalm is also connected to the social security system. As of the end of the Reporting Period, "ePalm" supported users across 243 cities in the connection with social security departments.

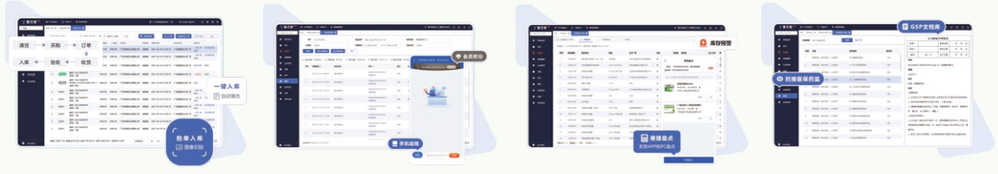
Highlights

As of the end of the Reporting Period, "ePalm" supported users across **243** cities in the connection with social security departments.

We actively responded to the national new medical insurance policies and continued to promote the following initiatives:

01 Assisting pharmacies in efficiently implementing the new medical insurance payment policy by connecting local healthcare security administration through the "ePalm" Pro system. As of the end of the Reporting Period, more than 14,000 pharmacies have completed the connection with the medical insurance system, covering 24 provinces.

02 Through the connection with the Mashangfangxin platform, "ePalm" Pro system has achieved full-chain digital management of pharmaceutical products and medical devices. As of the end of the Reporting Period, 138,000 varieties of pharmaceutical products in the market have been covered by traceability codes, with a coverage rate of 92% for pharmaceutical products on sale, and the total number of traceability codes has reached 650 million, effectively improving the transparency and traceability of the pharmaceutical products distribution process.



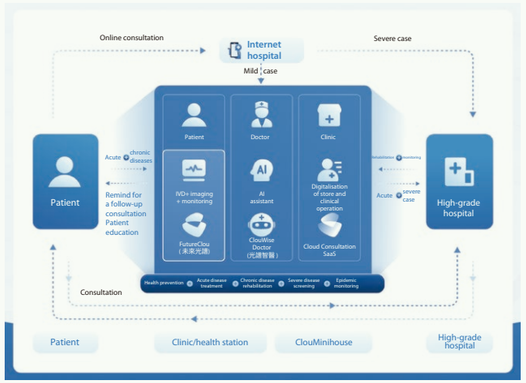
Purchasing | Selling | Inventory | GSP Quality

For Primary Healthcare Institutions: Clouminihouse (光譜小屋)

ClouMinihouse is an innovative brand under YSB, specialising in primary smart healthcare. It focuses on developing comprehensive smart healthcare solutions for primary healthcare institutions. Through in-depth integration of POCT devices, SaaS systems, and AI technology, it rapidly enhances the entire chain service capabilities of primary healthcare institutions in "testing – diagnosis – treatment – management".

FutureClou (未來光譜) series products

It is a cluster of POCT point-of-care testing devices, covering portable devices such as Micro Hematology Analyzer (微型血球儀), Chronic Disease Analyzer (慢病檢測儀), and Immuno Cube (免疫小方盒). It can complete multiple indicator tests with a single blood draw and generate test results within tens of seconds. Relying on the connected large AI model, the system can instantly analyse test data such as blood lipids, uric acid, C-reactive protein, glycated haemoglobin, and influenza A and B, and form a trend analysis in combination with historical records to assist primary care doctors in conducting accurate assessments and dynamic management. As of the end of the Reporting Period, over 30,000 devices have been deployed, covering over 20,000 primary clinics, with an average of over 200,000 tests conducted per month.



"ClouWiseDoctor (光譜智醫)" system

It is an intelligent AI doctor-assisted system that provides primary care doctors with support for the diagnosis and treatment of common diseases and report interpretation. Based on algorithms trained with tens of millions of case data, the system can provide assistance in testing, diagnosis, medication, and health management advice, improving the standardisation and accuracy of primary healthcare and effectively enhancing the diagnosis and treatment capabilities of primary healthcare institutions for common diseases.

"Cloud Consultation (光譜雲診)" SaaS

It is a clinic information management SaaS system for primary clinics and village health stations, which provides a cloud-based integrated management platform covering core modules such as medical record filing, drug management, and treatment processes. It supports primary healthcare institutions in achieving digital and standardised operation management, improving management efficiency and service capabilities. At the same time, this system meets the relevant requirements of national electronic information supervision.

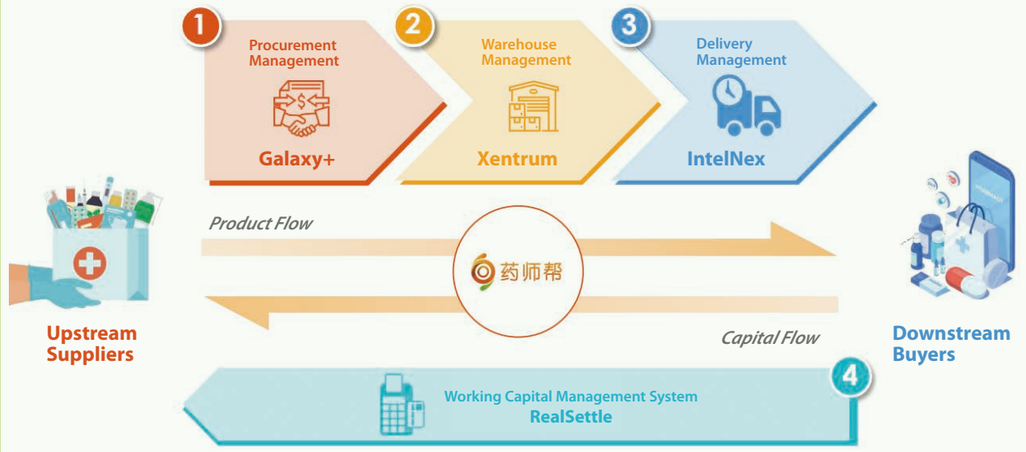
The "Cloud Consultation" Empowers the Service Capabilities of Primary Clinics

A Chinese medical clinic in Gansu province with only one doctor and one nurse has long been facing issues of limited medical consultation and treatment capacity and heavy workload. After introducing the "Cloud Consultation"SaaS system, the clinic expanded the doctor's diagnosis and treatment support capabilities through AI-assisted consultation. The system has a built-in library of over a thousand classic Chinese medicine prescriptions and combines the AI prescription review function to effectively prevent medication errors. At the same time, functions such as intelligent inbound and outbound management and one-click inventory management have streamlined the pharmaceutical procurement and inventory management processes, significantly improving overall operational efficiency.

Smart Supply Chain Management

We combine advanced technologies with supply chain optimisation techniques to integrate the front and back ends of the supply chain and optimise inventory management. Through our self-developed systems such as Galaxy+, Xentrum, and IntelNex, we have solved the problems in splitting, picking and packing for small and medium-sized orders, and realised on-demand stocking and timely delivery.

During the Reporting Period, in the face of the challenges of the rapid growth in demand for flu testing and the concentrated demand for medication, YSB ensured the efficient and targeted delivery of anti-flu pharmaceutical products to primary healthcare institutions by promoting digital management of the supply chain.



Pharmaceutical Supply Chain and Operation Services

Leyo Pharm Group, centred on the pharmaceutical supply chain, utilises the YSB Platform to achieve intelligent operation in procurement, warehousing and logistics through digital technology and efficient warehousing and distribution system, providing one-stop procurement services for downstream pharmacies, primary healthcare institutions, and health stations nationwide. It also provides pharmaceutical companies with pharmaceutical products marketing and distribution solutions directly to the outside-of-hospital market.

During the Reporting Period, Leyo Pharm Group carried out data system updates, label system construction, and AI applications to further enhance its data governance and analysis capabilities, providing more precise and efficient data support for procurement decisions, operation management, and business collaboration.

BI data system	A data dashboard covering core procurement indicators, out-of-stock warnings, and slow-moving inventory monitoring was launched to provide real-time and visual support for procurement and operation. After the system was put into use, the average daily data query and processing time per person of the procurement team reduced by approximately 0.5 hours. The decision-making response speed and accuracy significantly improved, and the out-of-stock handling efficiency increased by approximately 10%.
Product label system	By establishing and applying a multi-dimensional product label system, key varieties are classified and labelled (such as traffic-driving products, high-margin products, and price-sensitive products). This system currently covers approximately 30% of SKUs and contributes nearly 60% of sales and profits, effectively improving the efficiency of product selection decisions and operational deployment.
AI assistant application	The platform launched an AI risk control project to automatically identify and screen risk orders through intelligent models, improving the accuracy and response efficiency of risk control identification. At the same time, the platform promoted the development of an AI procurement assistant, deployed an intelligent interactive portal based on WeCom, utilised large language models to analyse user needs, and integrated with business modules including knowledge query, work order retrieval and processing, providing users with more intelligent and efficient procurement support services.

As a pharmaceutical supply chain and operation service provider, Yikuai Pharmaceutical focuses on providing profit improvement solutions integrating purchase and sale for growth-oriented chain pharmacies. By integrating policy research and judgement, big data analysis, and high-quality direct industrial resources, it builds a differentiated core supply chain capability to meet the key operational needs of growth-oriented chain pharmacies. It has independently developed the DBI data intelligent hub system to provide comprehensive support for management decisions. In response to pain points such as the complex product categories of pharmacies and inefficient inventory turnover, it has built a full-process digital decision-making system covering "data integration-intelligent analysis-dynamic response" to improve the accuracy and response efficiency of operation management.

At the same time, Yikuai Pharmaceutical promotes the intelligence of product planning and operation diagnosis, launching an automatic product diagnosis system, and combining modules such as pharmacy staff training, dynamic sales empowerment, and standardised management to help chain pharmacies optimise product structure, improve operational efficiency, and overall profitability.

For Pharmacies: Pharmacy Health Diagnosis System (PHDS)

The Pharmacy Health Diagnosis System (PHDS) builds an analysis foundation centred on "product diagnosis", analyses the sales performance and market demand of pharmacies, dynamically optimises the three core modules of product structure, product price, and inventory management, and provides targeted adjustments and optimisation suggestions to achieve full-dimensional diagnosis and optimisation of pharmacy operations.

With the in-depth application of the PHDS system, the operation efficiency and benefits of small and medium-sized chain pharmacies have significantly improved. After optimising the product structure, the coverage rate of core product categories has increased, the profit margin has expanded, and the store gross profit margin has increased by approximately 3%. At the same time, inventory management has become more precise, effectively reducing costs related to overstocking and stock-outs, with a reduction of approximately 15% in inventory capital proportion. Relying on data-driven decision-making, the efficiency of problem identification in operations has increased by approximately 50%, and the accuracy of the decision-making and the stability of operation have been continuously enhanced.

Intelligent product management to boost performance

Through the standardised classification system and intelligent category system analysis, a detailed diagnosis and analysis of the enterprise' s product catalogue is carried out to provide professional product management decisions and optimisation suggestions for the enterprise, solving product management problems at the root.

Six-level classification
Designing product structure hierarchy for operating categories based on diseases

Product specification optimisation
Catalogue planning, retention, introduction, and elimination

Catalogue sorting
Providing product variety positioning based on analysis

Ingredient analysis
Checking whether the common names are homogenised and if the product specifications are reasonable

Product specification configuration
Checking the consistency between sales volume and the number of operating product specifications, as well as the rationality of the distribution of each category

Catalogue configuration
Checking the overall product structure of the chain for missing categories and improvement opportunities

For Pharmacy Employees: GECKO P4 APPLET (壁虎P4小程序)

To address the common challenges in improving the professional capabilities of retail pharmacy employees, Yikuai Pharmaceutical has developed the GECKO P4 Training APPLET to provide systematic and practical support for professional capabilities enhancement in pharmacies.

- **Scenario-based training**: By setting up training modules such as a 90-day check-in challenge, pharmaceutical product identification assessments, pharmaceutical product marketing, as well as dispensing practices, simulating daily operations and emergency scenarios, employees are encouraged to consolidate their professional knowledge through actual operations, thus integrating learning with application.
- **AI assistant**: An AI assistant "Xiaotong (小彤)" is introduced to support pharmacy staff in obtaining instant assistance when facing high-frequency professional consultations such as pharmaceutical product interactions, contraindications, and dosage adjustments. Meanwhile, AI consultation scenario drills are carried out. Through repeated training with simulated cases in a low-risk environment, the consultation process and decision-making logic are strengthened. Relevant training has increased the accuracy rate of pharmacy staff in judging complex cases by approximately 20%. As of the end of the Reporting Period, cumulative inquiries exceeded 16,600, covering 485 enterprises. The active enterprise utilisation rate stood at 98.35%, with an average of 5.5 conversations per trainee.
- **Hierarchical and classified training system**: Tailored and differentiated training courses are developed for new and experienced pharmacy staff and different positions such as chronic disease management and traditional Chinese medicine services. These courses cover core content such as pharmaceutical product knowledge, chronic disease management, health consultations, and medical insurance policies, accompanied by standardised operating procedures, to improve the targeting and implementation effectiveness of the training.

Platform systematised courses

Platform courses: 500 excellent courses, providing in-depth knowledge from a professional and marketing and procurement perspective

Progression mode: courses are interconnected for more efficient systematic learning

Enterprise self-scheduling and course uploads

Customised learning sequence: arrange courses based on seasons and business needs to ensure alignment between learning and operations

Support for enterprise course uploads: platform and enterprises work together to make learning more practical and focused on implementation

Dynamic sales function of the products

Dynamic sales knowledge of the products: comprehensive knowledge of top-selling products in stores, combining text, images, videos, etc., covering product efficacy, dosage and administration, combined medication, one-sentence selling points, etc.

Support PPT downloads: facilitates employees' self-learning and internal training of enterprises

Open classes

Fully open: no authentication required, join the classes by direct access of the P4 system

Multiple categories: series of professional courses, operational courses, and dynamic sales courses

Technology Boosts Industrial Development

Pharmaceutical E-Commerce Enlightenment

YSB has launched a series of e-commerce enlightenment and training support activities for traditional offline pharmaceutical suppliers to help merchants quickly establish e-commerce business capabilities and enhance their competitiveness in the context of the accelerating online transformation of the market.

Our training focuses on various aspects such as operation strategy, logistics and distribution, order optimisation, and warehousing management. By leveraging professional tools and resources, we provide free teaching services for business operators to master e-commerce business skills.

Meanwhile, we regularly meet with merchants to discuss new trends and strategies in the e-commerce field and share experiences from Self-operation Businesses or successful cases from third-party merchants. We provide merchants with directions for reference and improvement, assisting them in achieving cost reduction and efficiency enhancement in operational strategies, logistics improvement, order optimisation, warehousing management, and other aspects.

In addition, we also provide professional business consulting and guidance services for new partners, including market analysis and strategic planning, and follow-up on their needs and developments to ensure their business continues to grow steadily. In 2025, the quality director of Leyo Pharm Group was invited to attend the Industry Exchange Conference (行業交流大會) hosted by the Guangxi Pharmaceutical Chamber of Commerce (廣西醫藥商會), and delivered a special speech as a guest. She shared in-depth insights on the *Development Logic of Technological Empowerment and Quality Innovation* (《科技賦能與質量創新的發展邏輯》) with local pharmaceutical enterprises in Guangxi, enhancing the interaction with local industry associations and enterprises, helping the regional pharmaceutical industry jointly improve the quality management level and promote healthy development.

Industry Exchange and Cooperation

YSB exchanges and explores technology applications and service innovation with diverse partners to accelerate the implementation of new technologies in community pharmaceutical service scenarios, making inclusive medical services more convenient and efficient.

YSB Reaches a Strategic Cooperation with DOBOT to Build a New Intelligent Pharmaceutical Ecosystem

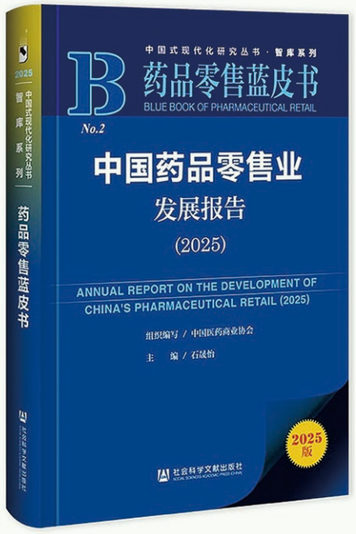
On 3 June 2025, YSB announced a comprehensive strategic cooperation with SHENZHEN DOBOT CORP LTD, a global leader in cobots, stepping into the stage of corporate strategies 4.0. Both parties will integrate the advantages of the pharmaceutical industry ecosystem and robot technology, and jointly promote the large-scale application of intelligent solutions in key aspects such as warehousing management, targeted delivery, real-time retailing and medication services by focusing on the capabilities of pharmaceutical cobots, pharmaceutical AI large models and the IoT of pharmaceuticals. Based on the cooperation framework, the first landing project plan has completed the feasibility study, technical route and programme communication, and selection of suitable deployment environment, and has begun to build a test platform. This cooperation will further strengthen YSB's supply-chain digitalisation capabilities, drive the industry to upgrade to the "human-machine collaboration" model, and continuously promote pharmaceutical services accessible to all.

Participation in Industry Standards

As an online platform for outside-of-hospital pharmaceutical products distribution, YSB actively participates in the research and practical exploration of industry standards related to Internet retail pharmaceutical products, aiming to provide a model and experience for the standardised development of the industry.

Selected for Inclusion in the Industry Blue Book, with Digital Practice Receiving Authoritative Recognition

In August 2025, the *China Pharmaceutical Distribution Blue Book: Industry Development Report (2025)*(《中國藥品流通藍皮書·行業發展報告(2025)》) compiled under the leadership of the China Pharmaceutical Distribution Industry Association was officially released, and the *Innovation of Pharmaceutical Distribution Empowerment Methods under Digital Transformation* (《數字化轉型下的藥品流通賦能方式革新》) submitted by YSB was selected as a typical case. As an important reference material for the pharmaceutical distribution industry, this blue book showcases the industry's development trends and excellent practices.



Facing common problems in the industry such as long-standing information – technology backlogs, low transaction efficiency, and high regulatory difficulty, YSB has innovatively launched a digital empowerment system centred on SaaS tools. Through SaaS tools such as "CloudComm", "ePalm", and the "CertEx for certification exchange for business qualifications", it realises efficient information collaboration between upstream and downstream, and breaks through data silos. The solution helps pharmaceutical companies in the upstream achieve data integration and business empowerment, significantly reduces qualification review costs and improves safety and compliance levels at the platform end, and helps primary pharmacies, clinics, and other buyers in the downstream save order processing time and achieve intelligent inventory management, thus improving the overall efficiency, traceability, and regulatory transparency of pharmaceutical distribution.

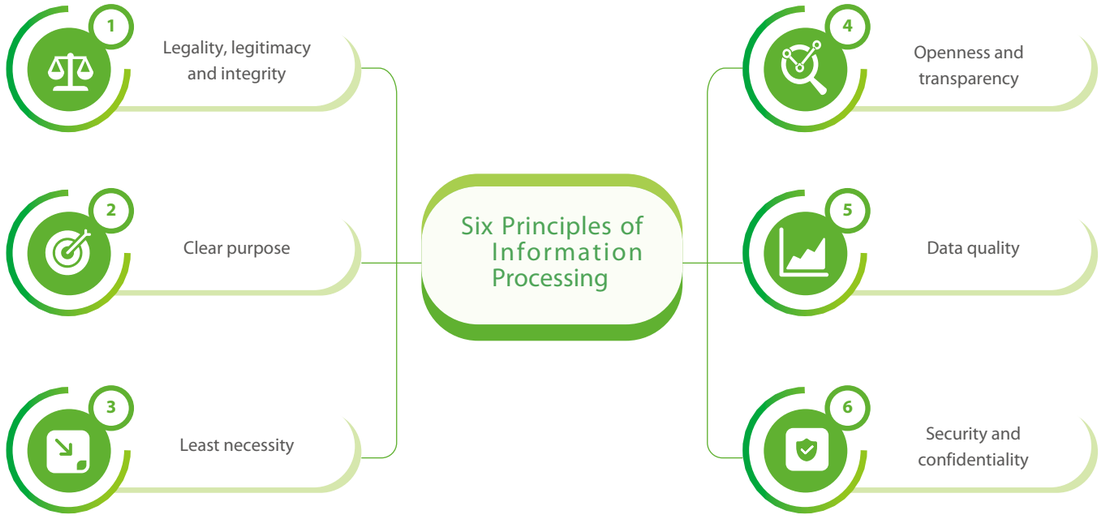
This recognition acknowledges YSB's practical exploration in promoting the digital upgrade of the outside-of-hospital pharmaceutical market. The relevant experience can provide a reference pathway for the digital transformation of the pharmaceutical distribution field.

Data Security and Privacy Protection

YSB adheres to the information management principles of "fitness, compliance, and confidentiality" and continuously improves the security management architecture and institutional system. By enhancing security technology, conducting regular security assessments and emergency drills, it creates a safe and reliable data environment.

Management System

YSB strictly abides by relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China,* the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. We have formulated policies applicable to the whole company, including but not limited to the *Network and Data Security Management Policy*, the *Guidelines for Personal Information Protection Assessment,* the *Supplier Data Protection Management Guidelines*, and the *Information Security Operation Specifications*, so as to define the internal information security technology and measures.



YSB has set up a comprehensive information security management architecture, within which the Chief Technology Officer acts as the person in charge of network security, and is responsible for organising the formulation of network and data security protection plans and for supervising the implementation, and formulating, issuing, implementing and regular updating of policies and relevant plans on data and network security protection. In addition, we also require the principal responsible person for data and network security in each business line to promote the management of internal data and network security in accordance with the above policies.

We have completed the grading and filing of our main business information systems in accordance with the Cybersecurity Classified Protection System of China, including the CertEx for certification exchange, the YSB Platform, ClouDiagnos, ePalm and Yikuai Pharmaceutical. During the Reporting Period, all the systems above had completed re-evaluation.

Safeguard Measures

YSB upholds the principle of "legality, legitimacy, and integrity" in user data processing and strictly protects users' right to know and decide. When using YSB APP, users will be reminded to carefully read and confirm the *YSB Privacy Policy*, which specifies the relevant rules of YSB App regarding the collection, use, external provision and protection of personal information and discloses in detail the scope, purpose, use and processing of personal information collected from third-party suppliers and partners. Users can exercise the right to inquire, delete and correct personal information by following the guidelines in the *YSB Privacy Policy*.

YSB adopts multiple data security and privacy protection measures, such as data desensitisation, approval flow management, and permission setting. We desensitise the daily user operation log data to prevent malicious attacks from obtaining user privacy. We desensitise or hide the commercial information of merchants and downstream pharmacies to protect the commercial information security of upstream merchants and restrict merchants from obtaining sensitive data of downstream pharmacies. In the user agreements we sign with merchants, we clearly define the data fields, extraction methods and effective time, and ensure that the principle of "legality and least necessity" is followed while cooperating with upstream merchants.

In addition, the Company implements minimum permission management for internal personnel. We conduct two-factor verification for operation and maintenance VPN, and only authorised personnel can access sensitive data to ensure that all operations are 100% traceable. In terms of office networks, we require employees to log in with personal accounts and ensure that the complexity of passwords meets the Company's requirements. When accessing the business system, employees need to be authenticated through WeCom scan code. In addition, office computers must be installed with security software to prevent malicious software intrusion. To control computer-use behaviours, we use professional control software to restrict employees to install only the software in the white list.

Yikuai Pharmaceutical encrypts internal files by deploying IP-Guard, enabling files to be opened only on the local machine and preventing external-sent files from being viewed, effectively preventing information leakage.

During the Reporting Period, the Company conducted a special audit on information security, covering its core business systems. The audit focused on checking the full-life-cycle security management and control, infrastructure and network security, and core data protection. Through audit and rectification, the Group further improved the internal authority management level, refined the commercial software deployment plan, and clarified the subsequent direction of information security governance.

Business Continuity

YSB has established emergency response mechanisms for data security risks, such as the *Emergency Response Plan for Network and Personal Information Security Incidents* and the *Overall Disaster Emergency Response Plan for Business Systems*. These mechanisms are used to assess key risks, formulate disaster response plans, and conduct regular emergency drills to ensure business continuity.

During the Reporting Period, YSB organised and completed multiple emergency drill scenarios, including the switch between the computer room and the Huawei Cloud dedicated line, the switch of the ES query database from TiDB to OceanBase, the switch of the intranet DNS to the standby DNS in case of failure, and the handling of network outlet failures in the server room. It also systematically recorded and archived the time nodes, participants, and response actions during the drills to continuously improve the emergency response capability and ensure business continuity.

Data Management and Control

We actively adopted risk management and control measures for data security and privacy protection, continuously maintained and improved data security in terms of operational restrictions, daily monitoring, third-party detection, and employee awareness enhancement, and deployed digital prevention and control tools such as database audit tools, striving to minimise the probability of information security incidents such as data leakage.

To improve the security management and control capabilities of data assets, we implemented a centralised management policy for database access. Yikuai Pharmaceutical has deployed all databases on the intranet, completely blocking direct Internet access. All access requires an approval process and can only be carried out through a security proxy or a bastion host, effectively strengthening data access security.

In the information system, when we display user information in a list format, we will desensitise the data. Only by clicking into the details users can view the complete information, which prevents the bulk leakage of user information. All operation records are traced, and investigations will be launched into any abnormal records.

We employ a built-in, open-source database auditing tool to log database activities in real time across the network, conduct granular compliance audits of database operations, trigger alerts for database-targeted risky behaviours, and block malicious attacks in real time. By recording, analysing and reporting the user's access to the database, the tool generates a compliance report to trace the source of the accident. At the same time, we carry out anti-crawling detection based on user behaviour analysis to detect and block data leakage caused by network crawlers in time.

We monitor the data usage of different business departments, deploy corresponding data views to achieve permission isolation, and introduce a BI system to perform more fine-grained row-and-column-level control over data access permissions, further strengthening data security management.

We invite third-party security service companies to conduct security detection and penetration testing. Every year, we conduct four security tests and privacy compliance tests, and one penetration testing on the YSB APP and optimise the APP according to the test results. Every time before releasing a new version of the YSB APP, we evaluate and check the functions related to privacy protection.

To prevent information leakage caused by employees, we enter into a *Confidentiality Provision* with our employees and have formulated the *Confidentiality Grading Management Guidelines* and the *YSB Employee Handbook* to regulate employee's data operation behaviours. In the event of an information security breach caused by an employee, it will be handled by the Human Resources department.

In addition, we require all employees to regularly participate in data security and privacy protection trainings and regularly conduct specialised trainings on data security management for relevant personnel to continuously improve their awareness and capability on data security management.

Highlights

During the Reporting Period, **3** training sessions on information security and privacy protection for employees were organised, with a total of **2,719** participants.

As of the end of the Reporting Period, a total of **725** people on the YSB Platform participated in the online information security training, with a cumulative **1,043** training hours and an average **1.45** hours per person.

During the Reporting Period, the number of information security incidents and customer privacy leaks was **0**.

Intellectual Property Protection

YSB attaches great importance to intellectual property protection, continuously promotes the patent layout, maintenance, and management of innovative technologies and products, strengthens compliance awareness, and actively prevents the risk of infringement. We strictly abide by the relevant laws and regulations, such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. We have formulated the *Intellectual Property Management Policy for YSB* and established an intellectual property management framework.

Highlights

Accumulated patents granted:
208

Accumulated copyright:
596

Accumulated domains:
41

We use a two-factor authentication mechanism for the code repository to restrict access to core code, effectively protecting the Company's intellectual property rights, and preventing leakage and abuse. We have launched a specialised intellectual property management platform under the YSB Platform, which aims to defend our intellectual property rights against, among others, infringement and fake products to avoid risk of intellectual property right infringement in advance and prevent unnecessary losses. The platform carries out the investigation and verification on its own according to the infringement case reported by users, and if the alleged infringement case is substantiated, necessary measures such as removal, blocking, disconnection, termination of transactions and services will be taken in a timely manner in accordance with the *E-Commerce* Law and other regulations.

Prior to cooperation, Yikuai Pharmaceutical clearly defines the scope and method of the partner's use of the Company's intellectual property, which is limited to the agreed project. Unauthorised modification or sub-licensing is prohibited. The Company also discloses its granted patents, trademarks and copyrights to the partner and explains their supporting roles in the cooperation project. At the same time, the partner is required to promise that the technologies and products they provide do not infringe any third-party rights.

Highlights

During the Reporting Period, there were **26** completed intellectual-property-related lawsuits.

04

“Dual Carbon” Goal Leads Green Development

While promoting business development, YSB integrates environmental factors into business decision-making and the business system. By improving the environmental management mechanism and optimising resource allocation, the Company continuously reduces the environmental impact of its operational activities, contributing to green and low-carbon development.

Key issues: Waste management
Improving resource utilisation efficiency
Emission management
Response to climate change

Key indicators of the HKEX ESG Reporting Code:
KPI A1, A2, A3, Part D

Corresponding to SDGs in this Chapter

Response to Climate Change

YSB proactively monitors the potential impacts brought by climate change in its operation and management. In line with China's carbon neutrality goal, we incorporate relevant considerations into business and office scenarios and explores business models to adapt to and mitigate climate risks.

Governance

In terms of climate-related risk and opportunity management, YSB has formed a three-tier governance structure with the Board as the core decision-making body, the Environmental, Social and Corporate Governance Committee (ESG Committee) as the key execution and supervisory body, and all departments collaborating to implement relevant work:

Level of management	Management Responsibilities
Board	• As the highest decision-making body of the Company, the Board assumes the ultimate responsibilities for climate-related matters. It is responsible for formulating the overall strategic direction of the Company, including the positioning and integration of climate strategy in the Company's overall strategy, to ensure that the Company fully considers climate-related risks and opportunities in its operation and development. • The Board appoints the members of the ESG Committee, delegating the responsibility of monitoring and managing climate-related matters to them, and receives annual reporting from the ESG Committee to make decisions on material matters.
ESG Committee	• The ESG Committee, led by the Board, is the central execution and supervisory body for the management of climate-related risks and opportunities. The members are appointed by the Board, comprising of at least one independent non-executive Director to ensure its independence and objectivity. • It is responsible for the formulation, review, monitoring and implementation of climate-related policies. • It shall continuously monitor climate-related risks and opportunities, assess the impact of energy consumption and extreme weather on the Company's operation, report to the Board in a timely manner, and provide response strategies and recommendations. • It shall coordinate the climate-related affairs among the Company's departments to ensure the cooperation within the Company to facilitate the implementation of climate strategies.
Business Departments	• Under the overall coordination of the ESG Committee, business departments such as the logistics centre and the quality management department implement climate-related work in their daily operations. Business departments accept the supervision and guidance of the ESG Committee and work together to achieve the Company's climate goals.

The Board of YSB attaches great importance to climate-related risks and opportunities, and focuses on climate-related risks and opportunities through the annual board meetings to ensure the Company's compliance in its climate work. The ESG Committee, with members appointed by the Board and chaired by the independent non-executive Directors, is responsible for formulating and reviewing climate strategies, coordinating cooperation among departments and reporting the latest climate issues and the progress of climate risks and opportunities to the Board annually, so as to provide basis for decision-making. In order to supervise the performance of the ESG Committee, the Company sets quantitative targets such as resources recycling for the management every year to assist the Board in evaluating the effectiveness of the strategies.

Strategy

We are fully aware of the complicated and systematic linkages between climate-related risks and opportunities. For instance, the policy changes due to climate change and extreme weather exert pressure on our production and operation, while bringing new opportunities for technological innovation and green transition for the Company. In this connection, we comprehensively assess the impact of climate factors on the Company's businesses and financial planning after taking into account the macroeconomic analysis, climate policy analysis, industry analysis and historical business results, and then based on the analysis results, we determine the strategic direction and response strategies for climate change, and make timely adjustments.

Preliminary Identification Results of Climate Change Risks of YSB

Type of risk	Climate-related risk	Impact on business model	Impact on the value chain
Physical risks	Extreme high temperature	• Potential increase in difficulties of pharmaceutical products storage and possible adjustment for the warehousing layout and the investment in temperature control equipment result in higher operating costs. • Prolonged extreme heat increases the health risks for outdoor workers.	• Warehouse temperature affects the pharmaceutical products quality. • Additional temperature control equipment in transportation and storage is required for ensuring the pharmaceutical products quality, which increases operating costs.
	Extreme low temperature	• Increased requirements for transportation and storage heating demand upgrades of thermal insulation equipment and technology. • Increased health risks for outdoor workers.	• More resources are required for maintaining a low temperature environment in storage, which increases operating costs.
	Flooding (including river flooding, coastal flooding)	• Damage to warehouses and logistics hubs may result in the suspension or relocation of operations. • Disruption of logistics distribution results in re-planning of distribution routes and schedule. • Potential damage to traditional Chinese medicine planting bases affects the supply of raw materials.	• Warehouses and logistics hubs are flooded, which results in supply chain disruption and reduced production capacity. • Logistics distribution is disrupted, which affects the delivery of products among upstream and downstream enterprises. • Warehouses and logistic facilities are damaged, which results in high repair or reconstruction costs and affects the operating costs.
	Hill fire	• Disruption to the production capacity of Chinese medicinal materials results in a shortage of supply on the platform.	• Short-term supply of raw materials is disrupted, which results in lower sales and output.
	Extreme precipitation	• Damage to pharmaceutical products in warehouses results in higher costs of goods storage and management. • Logistics distribution impeded by ponding delays the delivery.	• Pharmaceutical products shall be re-examined or declared unusable, which results in reduced output. • Logistics distribution is affected, which results in supply chain disruption and reduced production capacity.
	Typhoon	• Damage to warehouse buildings and business suspension results in urgent transfer of materials. • Disruption of logistics transportation due to road problems results in disorder of business processes.	• Supply chain is disrupted and production capacity is reduced. • Abnormal weather affects distribution, which results in lower service standard achievement rate and affects products delivery and customer satisfaction.

Type of risk	Climate-related risk	Impact on business model	Impact on the value chain
Transition risks	Policies and regulations	• As the world proactively responds to the *Paris Agreement*, China has built a Dual Carbon "1+N" policy system. When facing the challenge of green and low-carbon transformation, enterprises shall invest in upgrading equipment and technology to meet the compliance requirements of low-carbon management, which may change the existing production and operation models.	• The suppliers shall adjust the production process, which may lead to a decrease in production capacity. • Logistics companies shall upgrade transportation tools, which increases transportation costs.
	Technology	• The adoption of green packaging, construction of green warehouses, implementation of energy-saving transformation for better energy efficiency and application of renewable energy and other emission reduction technologies require additional cost investments.	• The supply chain may face challenges of balancing rising costs and efficiency in the short term due to the application of emission reduction technologies.
	Market	• With the advance in climate transition process, consumers have been increasing aware of environmental protection and health and their choice of pharmaceutical products may change.	• Changes in pharmaceutical products demand shall be captured in a timely and precise manner, which requires adjustments in procurement, product listing and marketing strategies.
	Reputation	• As the developed countries and some regions in the world have tightened regulatory policies on climate-related information disclosure, increasing disclosure requirements are expected in the future. Failure to meet the disclosure requirements by enterprises may affect their reputation.	• Additional resources may be required for improving disclosure and reputation, which results in the increase of operating costs.

At the climate mitigation level, following the Carbon Mitigation Hierarchy strategy, we regularly carry out specific carbon reduction measures across five categories: Avoid, Reduce, Replace, Recycle and Offset to reduce the negative impact on our productions and operations on climate change and implement low-carbon transformation.

Climate Mitigation Plan

Level	Direction	Specific measures
Avoid	• Making business process available online • Making office process available online	• Realise complete online processes of business initiation and renewal through CertEx for certification exchange and electronic contracts. • Develop online management of internal business processes and promote paperless office. For more measures, please refer to the sections headed "Green Operations" and "Green Value Chains".
Reduce	• Reduce energy consumption • Reduce water waste • Reduce the use of packaging materials	• Optimise the energy consumption of lighting, air conditioning and other equipment in office and storage areas, such as replacing with LED lights, setting timed light off, cleaning and maintenance. • Replace with water-saving faucets, inspect and maintain water pipes, post water-saving signs and check water use regularly. • Optimise the self-designed cartons, match the packing box types and orders through the intelligent system. For more measures, please refer to the section headed "Green Operations"
Replace	• Energy saving and environmental protection equipment, product transformation and replacement • Renewable energy alternatives	• Prioritise procuring energy-saving and environmentally friendly products such as fluorine free batteries and rechargeable batteries, and advocate leasing environmentally friendly laser printers. • Carry out heating transformation with ventilating machine in eligible warehouses to reduce the heating dependence in the logistics park. For more measures, please refer to the section headed "Green Operations".
Recycle	• Packaging materials recycling • Office waste recycling	• Formulate relevant rules and policies to encourage the recycle of second-hand cartons and the recycle and procurement of cartons originally used for packaging. • Reuse and recycle the office waste, including reselling and donating fixed assets, recycling waste paper, recycling and handling electronic wastes. For more measures, please refer to the section headed "Green Operations".
Offset	• Afforestation	• Arrange afforestation to help ecological restoration by absorbing carbon dioxide and sequestering carbon.

At the climate adaptation level, to protect our business from exposure to physical climate risks, we closely monitor climate change and have deployed protective equipment and emergency devices for proactive response. Additionally, we conduct annual emergency drills to ensure the effectiveness of our emergency mechanisms.

Response Plan for Extreme Weather

Objectives of the plan: To ensure the continuous business operation of Company, safeguard employees, minimise property damage, and maintain normal business order and customer service levels under extreme weather conditions such as typhoons, rainstorms and high temperatures.

Management links	Specific measures
Early warning and monitoring	• Intelligent warning system: We have accelerated the testing and refinement of the abnormal delivery intelligent management system to ensure it can stably subscribe to extreme weather warning information from meteorological departments, receive real-time severe weather alerts, and automatically notify the personnel from key departments such as operations and warehousing, enabling rapid information dissemination and precise notifications. • Manual monitoring and verification: We have assigned dedicated personnel to monitor daily weather updates as a supplementary measure to the intelligent warning system. After a warning is issued, the warning information will be manually verified and promptly communicated to relevant departments and personnel, so as to ensure no such information is missed.
Facility protection and maintenance	• Emergency protective measures: Upon receiving an extreme weather warning, we will promptly organise personnel to inspect critical locations and potential risk points such as doors, windows, drainage systems and roofs, take preventive actions such as placing sandbags, reinforcing doors and windows and clearing drainage outlets, to prevent water backflow and facility damage. • Regular maintenance: We have established a regular facility maintenance mechanism to conduct comprehensive inspections and upkeep of drainage systems and building structures (such as roofs, doors, windows and exterior walls). We will clear rainwater pipes, test drainage pumps, repair roof cracks and replace damaged doors and windows, ensuring facility safety and stability during extreme weather. During the Reporting Period, the Company initiated internal renovation and maintenance of buildings at the Group's headquarters.
Employee safety and support	• Safety alerts and protection: We will issue safety reminders to our employees via internal communication systems, emails or other channels before the extreme weather hits, advising them to avoid going out and adopt necessary protective measures. For employees who must go out, safety gear such as raincoats, umbrellas and helmets will be provided, and outdoor safety precautions and emergency rescue procedures will be clearly outlined. • Flexible office arrangement: We have implemented a flexible work policy to encourage employees to apply for home office when they encounter extreme weather. We have provided technical support and work guidance in advance to ensure employees can perform their duties remotely and reduce risks from going out in adverse weather conditions. • If meteorological disasters such as heavy rain, heavy snow or heavy fog (above yellow warning) occur in the city where the warehouse is located, relevant employees can be exempted from attendance records on that day.
Business operations assurance	• Emergency plan development and drills: We have developed detailed emergency plans for office areas and warehouses to cope with extreme weather, specifying the responsibilities and tasks of departments and personnel in emergencies. We regularly organise emergency drills, so that employees are familiar with emergency procedures and evacuation routes, enhancing their response capabilities and coordination. • Emergency supplies reserve and management: We have established an emergency supplies reserve for extreme weather to stock items such as sandbags, water pumps, emergency lighting, first-aid medicine and drinking water. We have established an emergency supplies management system to conduct regular inspections, maintenance and updates on emergency supplies, such as charging tests, trial runs and expiration checks, while maintaining proper supplies inspection records to ensure supplies are always available.
Business recovery and evaluation	• Business recovery: After extreme weather, we will promptly organise personnel to inspect and assess the facilities, equipment and business systems of the Company, repair damaged facilities and equipment in a timely manner to resume operations, and prioritise the restoration of critical functions before gradually recovering other operations. • Lessons learned and improvement: We will summarise and evaluate the response process when facing the extreme weather, analyse issues and shortcomings, and propose improvements and recommendations. The response plan of the business and emergency plan will be continuously refined to enhance the Company's ability to handle extreme weather events.

Case Study: Reasonable response to Typhoon "Ragasa" to ensure business continuity

On 23 September 2025, affected by Typhoon "Ragasa" in Guangzhou, express package collection was temporarily suspended, with a total of 258 orders affected in that afternoon, and the on-time delivery rate for the First Ring Road area on that day was 61%. The logistics centre of Leyo Pharm Group issued a warning immediately, organised the Guangdong warehouses to carry out safety reinforcement and risk investigation. Considering the limited collection capacity of carriers and the decline in store sales, the package cutoff time on that day was advanced from 20:00 to 16:00. Employees were arranged to leave work early, and the unfinished orders were centralised for processing on the next day, so as to ensure the safety of personnel and operations.

In terms of transportation assurance, the warehouses communicated with carriers in advance to increase the collection frequency, maintained real-time communication during the typhoon, and coordinated to dispatch more vehicles and personnel after the typhoon to speed up the shipment of stranded goods. At the same time, customer service informed customers of the estimated arrival time of the affected orders to reduce the risk of customer complaints. Finally, there were no safety accidents among employees, no damage to the goods in the warehouse due to moisture, and the delivery efficiency returned to normal on 26 September.

In addition, YSB identifies and seizes climate-related opportunities and integrates them into business optimisation and value chain upgrading to continuously enhance long-term development resilience.

Preliminary Identification Results of Climate-related Opportunities of YSB

Type of opportunity	Climate-related Opportunities	Impact on business	Response Strategy
Opportunity	Climate-resilient products and services	• Changes in the incidence and prevalence areas of certain diseases caused by climate change (e.g. heatstroke due to high temperature) may increase the demand for pharmaceutical products with climate resilience accordingly. • Climate change may lead to local supply shortage of pharmaceutical products and medical devices in some regions, and replenishment demand in some regions may increase accordingly.	• Increase the investment in research and development to develop and optimise relevant pharmaceutical products for diseases caused by climate change. • Use the big data of the platform to establish a sound market research mechanism, track the market demand dynamics in real time, and have flexible adjustment of the layout of product supply.
	Digital services	• In the process of addressing climate change, there is growing demand for digital services such as telemedicine and online health consultation. Leveraging on its own platform advantages, YSB can expand digital services, break the geographical restrictions, provide convenient medical services for wider base of patients, as well as reduce the carbon emissions of patients' travel during their offline medical treatment.	• Improve the coverage of the CertEx for certification exchange for business qualifications and electronic contracts, and continue to optimise the functions of digital tools such as SaaS. • Continue to enhance the user feedback mechanism, and constantly optimise platform functions based on user needs.
	Efficiency of resource utilisation	• In terms of storage, more pharmaceutical products can be stored with an optimised space layout. • In terms of recycling, adopt reusable packaging materials and recycle the transfer boxes to reduce the use of disposable resources during the packaging process.	• Introduce intelligent warehousing management system and have precise space planning of the warehouse to improve storage density. Use big data analysis for optimising logistics distribution plans to realise the full-loaded transportation of vehicles. • Establish incentive mechanisms for packaging materials recycling, conduct periodic evaluation of the efficiency of resource utilisation, set targets for improvement and maintain constant optimisation of the processes.

Type of opportunity	Climate-related Opportunities	Impact on business	Response Strategy
	Development of green supply chain	• As consumers and partners are attaching more importance to green supply chain, the construction of a green supply chain covering the whole process of pharmaceutical raw material procurement, production and distribution, will help enhance the market competitiveness of enterprises and attract more quality customers and partners.	• Use intelligent algorithms to optimise logistics distribution routes, give priority to green and environmentally friendly logistics suppliers for cooperation, and reduce the carbon emissions during transportation.

Seize climate opportunities to unleash the seasonal growth potential of No. 1 key single product Huoxiang Zhengqi Shui

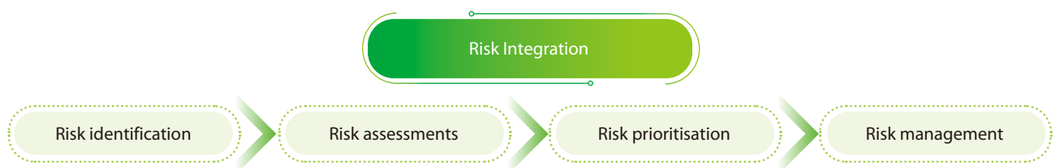
In recent years, with the frequent occurrence of high-temperature and humid weather, Huoxiang Zhengqi Shui (藿香正氣水), a classic pharmaceutical product for summer heat and humidity, has shown an obvious seasonal growth trend in market demand. Keenly capturing this climate-related health demand, YSB systematically identified and actively seized the "high temperature + health" market opportunity in 2025, making efforts in multiple dimensions from market promotion, channel empowerment to consumer education around product accessibility and brand influence, so as to revitalise the value of traditional drugs in modern scenarios.

- **Enhance climate-health scenarios and upgrade brand communication**: The advertisement content of CCTV was optimised by adding typical scenarios of summer heat and humidity such as "outdoor travel" and "abdominal pain and diarrhea" to precisely address the highly frequent health issues of the public in high-temperature environments. The placement period of the advertisements was extended to the end of the year to continuously strengthen the brand association of "essential for preventing heatstroke and removing dampness".
- **Build a multi-channel access network to enhance public awareness**: On the basis of traditional CCTV advertisement placement, we expanded the combination of diverse media such as solar term marketing, popularisation of science by short videos on new media, and outdoor advertisements at subways and transportation hubs. We provided climate-health reminders around key solar terms such as "Minor Heat", "Major Heat", and "Dog Days" to guide the public to establish the preventive awareness of "preparing medicines for high temperatures".
- **Empower downstream buyers and sales to bridge the "last kilometre" of implementation**: We delivered 10,000 exclusive display stands and 30,000 promotional posters for Huoxiang Zhengqi Shui to our cooperation channels across the country to enhance the in-store display and exposure in pharmacies and improve purchase visibility. We simultaneously promoted the AI coach training programme to enhance the professional capability of front-line sales staff to explain the applicable scenarios of the product and facilitate precise recommendations.

YSB responds to the health needs brought by the climate in a simple, direct, and effective way, giving full play to the medicinal value of traditional medicines.

Risk Management

We have established a standardised process for identification, assessment and management of climate risks with reference to the IFRS S2 Climate-related Disclosures of the International Sustainability Standards Board (ISSB). The ESG Committee is responsible for periodical review of climate change risks, alignment of climate change risks based on changes in internal and external environments as well as updates on our own business plans, and on-going optimisation of our management processes and refinement of response strategies, so as to enhance our climate risk management capabilities.



Climate risks have been officially incorporated into the Company's overall risk management process. We systematically sorted out climate-related risks and had identified a total of ten, including six physical risks and four transition risks, to establish a climate risk list. Based on the likelihood and impact of risks, we quantitatively evaluated and prioritised each risk. At the same time, we formulated targeted risk response strategies taking into account the risk tolerance and existing response measures of the Company to enhance climate resilience and strengthen the scientific basis and effectiveness of management decisions.

Type of risk	Business segments mostly affected	Risk response strategies
Physical risk: extreme precipitation	Online Marketplace, Self-operation Business	• Optimise intelligent early warning system for extreme weather to improve response efficiency. • Develop a business continuity plan for extreme weather. • Formulate emergency plans for extreme weather and conduct regular drills.
Physical risk: flooding		

We have integrated such climate risks under the operational risk category within our comprehensive risk management framework. Internal safety management policies such as the *Warehouse Safety Management Policy of Leyo Pharm Group* as well as extreme weather emergency plans are in place to ensure the effective implementation of climate change adaptation or mitigation policies. At the same time, we conduct periodical risk assessments to see if our risk tolerance is in need of updating.

Indicators and Goals

Climate change has become a critical issue that cannot be ignored in the long-term development of enterprises. In active response to the national goals of achieving "carbon peak and carbon neutrality", YSB will continuously improve the low-carbon management level at the operational level based on the nature of its business with reference to carbon reduction concepts of the industry and practical experience.

Indicators	Unit	2024	2025
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO_2e	13,599.01	13,969.57
Direct greenhouse gas emissions (Scope 1)	tCO_2e	11.64	39.13
Indirect greenhouse gas emissions (Scope 2)	tCO_2e	13,587.37	13,930.43
Greenhouse gas emission intensity (Scope 1 and Scope 2)	tCO_2e/operating income (RMB10,000)	0.008	0.007

Indicators and relevant statements	
Internal carbon pricing	In view of the business characteristics of YSB, as of the end of the Reporting Period, we have not established or implemented any internal carbon pricing mechanism, nor have we formally adopted internal carbon prices in investment evaluations, procurement decisions or performance appraisals. Currently, YSB primarily incorporates carbon-cost-related factors into business management and decision-making references through non-price indicators such as energy utilisation efficiency and emission reduction performance. In the future, YSB will continue to evaluate the applicability and feasibility of internal carbon pricing tools in combination with regulatory requirements, the progress of carbon reduction in the supply chain, and business development.
Climate-related factors and compensation policies	As of the end of the Reporting Period, YSB has not directly included climate-related performance indicators in the compensation or performance appraisal mechanisms for directors and senior management. Currently, when the board of directors and relevant management formulate business objectives, review annual performance and make major decisions, we mainly focus on the impacts of extreme weather at operational levels such as logistics, warehousing and energy costs. In the future, YSB will continue to evaluate the applicability and feasibility of gradually incorporating climate-related factors into performance management and incentive mechanisms in combination with regulatory development trends, corporate governance practices and actual business conditions.

The above arrangements are intended to support the Group in identifying and managing potential climate-related impacts and do not constitute a commitment to adopt specific management tools or implement schedules in the future.

Green Operations

Energy Management

YSB practices the concept of sustainable development in daily operations. Through the optimisation of the workplace and operational environments, YSB improves energy utilisation efficiency and reduces energy consumption, balancing business benefits and environmental performance. Our energy consumption mainly includes the purchased electricity generated in the process of office work and pharmaceutical product storage.

Energy and Resources Management Structure of Self-operation Business

Management level	Management responsibilities
Top management	The general manager of Leyo Pharm Group serves as the top management of the Self-operation Business regarding the use of energy and resources, and is responsible for: • Controlling the overall strategy and direction of the Company's utilisation of resources, establishing long-term goals and policies, and ensuring that resource utilisation aligns with the Company's business strategy and sustainable development goals. • Coordinating the allocation and utilisation of resources among various departments, and deciding on and approving significant resource utilisation projects.
Business departments	The Logistics Centre, as the main department in charge of warehouse resource utilisation and management, is responsible for: • Optimising warehousing process to improve efficiency and resource utilisation, thereby reducing warehouse production costs and energy consumption. • Organising warehouse production equipment and human resources in a rational manner to ensure the smooth operation of warehouse production activities. • Recycling and reusing waste generated during warehouse production to reduce resource waste and environmental pollution.
Support departments	• Quality Management Department: It ensures that warehouse operations, such as temperature and humidity, are in line with GSP regulations. • Human Resources Department: It is responsible for providing human resource support for resource utilisation projects, arranging employee training and development programmes to improve employees' professional skills and awareness of resource utilisation, as well as establishing and improving the performance appraisal and incentive mechanisms to encourage employees' active engagement in activities regarding resource utilisation.

In order to further enhance the rational use of energy and resources, Leyo Pharm Group has formulated the *Reward Plan for Cost Reduction and Efficiency Improvement in Offices and Warehouses of Leyo Pharm Group* (《樂藥集團辦公室及倉庫降本增效獎勵方案》). Through performance management, we have established an appraisal mechanism that links energy and resource usage with the compensation of general managers of subsidiaries. The performance appraisal of general managers of subsidiaries takes net profit as the core indicator, the calculation scope of this indicator includes the utilities for offices and warehouses, as well as other operational costs.

Management Initiatives

We regularly assess the operational energy consumption of the Company, establish equipment maintenance and management standards such as the SOC for air conditioning maintenance, and implement lean management of lighting, air conditioning and other power consuming equipment in offices and warehouses.

Lighting	Energy-saving improvements: LED energy-saving lights are generally used in offices and warehouses to reduce lighting energy consumption, and renovate the old lighting circuits in warehouses. Smart control: Implement a timed light-off system that automatically turns off the lights when no one is at work at night. Introduce an inductive lighting system in warehouses to enhance energy utilisation efficiency. Green promotion: Post "Energy-saving Tips" and "Save Energy" signs in public areas to advocate employees to turn off lights when leaving and use electricity reasonably, and promote the formation of good energy-saving habits.
Air conditioning	Standards for use: Close office doors and windows when using air conditioners in summer, and avoid additional energy consumption due to continuous cooling of the air conditioners. Turn off air conditioners in time when the office is unoccupied based on the principle of "machine stop and power off when people leave". Equipment maintenance: Set the air conditioners to turn off automatically on a schedule in summer, and remind employees to turn off the air conditioners when they leave. Regularly clean and maintain air conditioners and air conditioning pipes to improve their operational efficiency and extend their service life. Intelligent temperature control: Use a temperature and humidity monitoring system that meets GSP requirements in the warehouse, and strengthen the manual monitoring of the warehouse temperature and humidity by preservation personnel.
Equipment	Energy-saving mode: Switch to "energy-saving" or "standby" mode for office equipment such as printers and computers immediately after use. Energy-saving function must be enabled for new devices (such as new model printers) to ensure that they start when in use and automatically cut off the power and turn off the lights when idle. Power management: Require the responsible person to power off computers when they are idle for a long time. After work every day, all external power supplies for the host, monitor, printer, router and other devices must be turned off to avoid standby power consumption.
Transportation	Vehicle transportation: Use electric forklifts instead of diesel forklifts for all operations at Yikuai Pharmaceutical's warehouses, effectively reducing fossil fuel consumption and related emissions. Self-operated Logistics: Prioritise the use of self-operated Sudao Logistics at Leyo Pharm Group, reducing reliance on traditional fossil fuels as compared to its previous use of gasoline and diesel vehicles from external carriers.
Inspection	Energy consumption control: Set up a specialised inspection position and conduct regular comprehensive inspections, focusing on the lighting and equipment usage in unoccupied areas. Specifically designate responsible persons for energy management for each building, and implement a daily after-work inspection mechanism. Daily office inspections shall be strengthened to remind employees to turn off air conditioners and various electrical equipment before leaving, effectively reducing energy consumption in unoccupied areas.
Procurement	Green Procurement: Adhere to green procurement principle throughout the procurement process and prioritise energy-efficient and environmentally friendly products to reduce energy consumption from the source.

One Team Idea Proposal of Leyo Logistics: Improving energy efficiency through the internal wall insulation transformation of the warehouse

In 2025, Hefei Warehouse actively participated in the One Team Idea Project of Leyo Logistics, proposed an optimisation plan, and carried out energy management practices to promote energy-saving renovation in warehouse operations.

To address the issue of high energy consumption caused by west exposure in summer due to the lack of insulation on approximately 5,000 square metres of wall surface on the second floor of the warehouse, Hefei Warehouse implemented interior wall insulation renovation during the Reporting Period. A 5 cm grid aluminium foil insulation wool was installed on the interior wall surface to reduce heat exchange and improve the warehouse's thermal insulation performance. The project covers approximately 960 square metres, with a cumulative investment of approximately RMB36,000.

After the renovation, under the same environmental conditions, the average daily electricity consumption of the warehouse decreased by approximately 1,000 kWh, and the monthly electricity cost savings were no less than RMB30,000. It is expected that the annual cost reduction will exceed RMB100,000 in the high-temperature season. The One Team Idea Proposal of Leyo Logistics provides replicable practical experience for energy-saving renovation in warehouse scenarios.

Installing insulation wool on the wall

Call for One Team Idea in Leyo Logistics

Water Resource Management

Water resources used by YSB mainly include domestic water consumption in the office and warehouse areas. Water is mainly supplied by the municipal water system, and there is no issue in sourcing water. We promote water conservation and regularly check our water consumption indicators, with the management objective of reducing the intensity of water consumption. In order to put water conservation concepts into practice, the Company has implemented a series of measures:

Responsibility implementation

A responsible-person system has been established for each building. The responsible person shall conduct daily inspection of water facilities, promptly report leaks for maintenance, and regularly check the water usage in the office to avoid waste.

Equipment upgrade

Water facilities are regularly inspected and updated, with outdated taps being replaced by water efficient ones. Specialised personnel are assigned to check the water pipelines and repair leaks promptly in order to reduce water wastage.

Standards for water use

Employees are required to turn off the tap in time to prevent "long-time water consumption". The use of drinking water in office areas shall be standardised, with barrelled water prioritised for daily use and bottled water limited to special occasions such as meetings and receptions.

Publicity and education

Water-saving slogans are posted in restrooms and tea rooms to nurture a water-saving atmosphere, strengthen employees' water conservation awareness, thereby fostering a culture of water conservation among the employees.

Packaging Material Management

The packaging materials used in YSB's operations mainly include plastic and paper-based express packages. We continue to improve the packaging materials management system. Based on the actual business situation, we have formulated various packaging material management systems and standards, such as the *Management Rules for Warehouse Consumables of Leyo Pharm Group*, the *Reward Policy for Recycling Used Cartons of Leyo Pharm Group* and the *Reward Guidelines for Recycling Used Cartons of Leyo Pharm Group*, to maximise the utilisation efficiency of consumables and effectively reduce resource waste.

Leyo Headquarters is responsible for supervising the implementation of subsidiaries. In accordance with the *Reward Policy for Recycling Used Cartons of Leyo Pharm Group*, the specifications of the cartons are under strict inspection during the carton recycling process to ensure they meet the current standards for cartons used in warehouses. The current incentive scheme has been in place for four years, and employees have gradually developed good habits for recycling.

In the process of storage and transportation, the Logistics Centre of Leyo Pharm Group is responsible for overall resource management, and warehouse managers are responsible for specific works. For the packaging material management, we assign specialised personnel to monitor the use of packaging materials every week to ensure the effective implementation of the *Management Rules for Warehouse Consumables of Leyo Pharm Group*, thereby improving the recycling level of packaging materials and other consumables.

Lean management of warehouse packaging materials

Operation optimisation

Establish the standard operating procedures (SOCs) for packing and verification to unify packing operation standards, standardise packing actions, and effectively reduce packaging material waste.

Design optimisation

Adopt self-developed carton design to make the packaging structure better adapt to product characteristics and transportation requirements.

Intelligent matching

Use the intelligent warehousing system to accurately match the most suitable packing box types based on order details and product sizes, enabling precise control over packaging material usage.

Encouragement for recycling

Set scientifically-based reward thresholds and incentive conditions according to the monthly actual utilisation rate of used cartons, specifying the recycling goals for the storage and transportation team and effectively motivating employees to practice low-carbon and environmentally friendly initiatives.

Personalised order aggregation strategy for optimising and improving resource utilisation efficiency

In order to improve logistics efficiency and reduce resource waste, Leyo Pharm Group aggregates multiple orders from the same customer into one order by formulating a personalised order aggregation strategy, reducing the number of packages, picking truck trips, and replenishment items.

As of the end of the Reporting Period, this strategy has cumulatively reduced 1.346 million cartons, 193,000 picking trips, 1.227 million replenishment items, and variable logistics cost decreased by 0.044%, improving operational efficiency, reducing logistics costs, and making a positive contribution to environmental sustainability.

Highlights

During the Reporting Period:

The number of used cartons was approximately **3.61** million, with **1** used carton per **10** packages.

The recycling rate of second-hand packaging materials was **10.09%**.

We continue to encourage upstream suppliers to innovate in their processes and actively cooperate with third-party logistics companies to explore better packaging design and improve the efficiency of logistics and packaging material utilisation.

Key Indicators of Packaging Materials

Indicators	Unit	2024	2025
Plastic packaging	Tonne	381.00	406.00
Paper packaging	Tonne	4,196.09	4,913.00
Packaging intensity	Tonne/business revenue (RMB10,000)	0.003	0.003

Waste Management

YSB strictly abides by the principle of resource recovery and has formulated detailed waste management guideline. At the same time, we have established a recycling reward mechanism to promote the efficient recycling and reuse of various recyclable materials, such as active promotion of the classification and reuse of used cartons.

In terms of management structure, the management of office waste is carried out by human resources specialists in the administrative position, who are responsible for ensuring the sorting, collection and proper disposal of daily office waste. The disposal of pharmaceutical waste is conducted under the strict supervision of the Quality Management Department to ensure safe and compliant disposal. Additionally, 6S office management has been incorporated into the monthly performance indicators for administrative positions, driving the effective implementation of waste management.

YSB's business operations does not involve gas emissions or discharge of waste water. The main wastes generated during our operations include solid waste generated from office and operations, including hazardous waste (lamp tubes, toner cartridges and used pharmaceutical products) and non-hazardous waste (printed receipts, office paper and waste packaging materials).

Pharmaceutical Product Waste Management

YSB strictly abides by laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), the *Administrative Measures for the Transfer of Hazardous Wastes* (《危險廢物轉移管理辦法》), and the *Regulations on the Administration of Medical Waste* (《醫療廢物管理條例》). It has formulated internal policies such as the *Pharmaceutical Products Safety Management Policy*, the *Management Policy of Warning for Pharmaceutical Products near Their Expiration Dates*, and the *Management Policy for Pharmaceutical Products in the Area for Non-qualified Goods* to undertake comprehensive waste management for pharmaceutical products generated during our operations, covering classification, collection, storage, transportation, and safe disposal, to reduce the negative impact on the environment and natural resources. Waste pharmaceutical products will be classified based on their properties, centrally collected, and then be transferred to an accredited third-party agency for safe and environmentally friendly disposal.

Office Waste Management

In the field of office waste management, YSB adheres to the 4R1D principle, namely Reduce, Reuse, Recycle, Replace, and Dispose, integrates the concepts of sustainable development and resource recycling into its daily office operations, active promoting scientific and effective waste management strategies.

Management Strategies | **Management measures**

Reduce

- Paperless office: Encourage electronic office to reduce paper usage. Set double-sided printing by default for printers, and adjust printing paper size for reimbursement vouchers and invoices from A4 to A5 to save paper and printing consumables. Leyo Pharm Group introduced the Yuque tool, significantly reducing the printing and circulation of paper documents.
- Paperless logistics and storage: Except for the accompanying documents, invoices and initial supplier documentation required by the NMPA, the rest of product related data are all made available online, effectively reducing paper usage.
- Source control in procurement: Prioritise the procurement of fluorine-free batteries. Equip Public devices such as microphones and air conditioner remote controllers in conference rooms with rechargeable batteries. This measure is scheduled to extend to the daily use of employees in the future in order to reduce the consumption of disposable batteries.

Reuse

- Reuse of fixed assets: For fixed assets that are no longer in use, such as office desks, chairs and computers, extend their useful life through internal resale or donation.
- Reuse of equipment and packaging materials: Establish standards for the retirement of obsolete equipment. Repair and redistribute faulty equipment for use, and reserve usable devices with lower configurations as backup devices for meetings. Reuse packaging boxes from the procurement of computers, mobile phones and photography equipment for daily express delivery.

Recycle

- Paper and recyclables recycling: Recycle waste paper and printed receipts. Guide the standardised placement of kitchen waste. Collect cartons and other recyclables on a periodic basis by cleaning staff, and hand them over to professional agencies for disposal, thereby achieving resource recycling. Meanwhile, implement card-swiping-based printing to reduce paper waste, encourage the secondary use of waste paper, and improve the utilisation rate of used printing papers.
- Electronic waste recycling: Waste toner cartridges produced by printers will be centrally collected by our cooperative service company for harmless treatment. The materials after processing can be recycled for production.

Replace

- Replacement with environmental materials: Actively seek and use environmentally friendly materials to replace harmful or non-degradable materials during our procurement of office equipment and supplies. For instance, replace fluorine-containing batteries and disposable batteries with fluorine-free batteries and rechargeable batteries in battery procurement. Gradually promote the use of refillable cartridges and degradable document folders in our daily operations to reduce the negative impact of waste on the environment.

Dispose

- Hazardous waste disposal: Set up a "waste battery recycling bin" at the front desk of each office. Collect all disposable batteries used by employees at the end of each month and sent them to the collection point of hazardous waste designated by the property management company, which will handle these waste over to an accredited agency for centralised disposal to ensure proper disposal of hazardous waste and prevent environmental pollution. Waste mice and keyboards are handed over to the Administrative Department for unified recycling and processing, and electronic waste such as hard drives and memory sticks are handed over to the IT Department for disassembly and storage.

Green Value Chains

YSB integrates the green philosophy into its operation and management. By promoting the digitalisation of the pharmaceutical products distribution business and guiding employees to participate in environmental protection practices, it continuously promotes the construction of green value chains.

Green Transition of the Pharmaceutical Products Distribution Industry

YSB promotes the online and paperless operation of key business processes through technology innovation. While continuously improving operational efficiency, it reduces resource consumption and contributes to green and low-carbon development.

In the traditional pharmaceutical products distribution industry, the exchange of qualification documents for initial transactions usually relies on paper documents and logistics. Leveraging CertEx for certification exchange, the entire business initiation and renewal processes are able to be conducted online. Coupled with the extensive use of electronic contracts, YSB has significantly reduced paper usage and related emissions generated in the printing and mailing processes, promoting the transition of its business operations towards a greener and more sustainable model.

Highlights

Taking the electronic pharmaceutical product test reports provided in our Self-operation Business through the CertEx for certification exchange as an example, during the Reporting Period:

More than **153** million electronic pharmaceutical product test reports were provided,

Around **846** tons of A4 paper were saved.

Around **2,961** tons of carbon emissions were successfully reduced,

The resulting environmental benefits were equivalent to planting **29,613** trees.

Encourage Employees to Participate in Green Practices

In the era of green development, recognising everyone's important role in the green transition, the Company actively fosters a green office and green living environment, and encourages employees to start with small things around them and put green development philosophy into practice in their daily life to jointly build a green home. We continuously strengthen employees' awareness of environmental protection, ensuring that every staff is able to become a green office practitioner.

YSB provides employees with various equipment, including refrigerators and microwaves, and encourages them to bring their lunches and dine in at our canteen to avoid takeout. Currently, at Leyo Headquarters' office, nearly one-third of the colleagues bring their lunches, effectively reducing the generation of takeout packaging waste.

The Company takes the initiative to guide its employees in practising the concept of low-carbon travel. We have established the Sudao Technology Welfare Association and organised various welfare activities, such as charity hiking for mountain clean-up, to clean up the garbage left in the mountains through outdoor hiking, which protect the natural environment and make contribution to preserving the beauty of nature, demonstrating our social responsibility and environmental protection commitment.

YSB climbed Tiantangding (天堂頂), the highest peak in Guangzhou, and carried out the theme activity of "Public welfare hiking and team-building empowerment".

In early 2025, YSB carried out the theme activity of "Public welfare hiking and team-building empowerment" at Tiantangding, the highest peak in Guangzhou. Employees got close to nature by hiking to the summit. While checking in at natural landscapes along the way, they practiced the concept of low-carbon travel and felt the importance of ecological environment protection. After reaching the summit, everyone carried out team-cooperation games and conducted skill exchanges and sharing around department business scenarios, achieving two-way empowerment of public welfare concept dissemination and team ability improvement. The activity was equipped with professional outdoor support personnel to ensure the safe and orderly conduct of the activity.

This activity combines public welfare hiking with team-building, spreads the environmental protection concept of "low-carbon travel and respecting nature", and creates a positive green outdoor atmosphere. At the same time, it promotes employees to strengthen communication and cooperation in practice, effectively improving team cohesion and business synergy. In addition, the civilised hiking behaviour of employees also sets a good example for tourists along the way, fully demonstrating the positive image of the enterprise in actively fulfilling its social responsibilities.

The team poses for a group photo at Tiantangding

05

Partnership Responsibility and Common Development

We are committed to building a deeply collaborative partner ecosystem, working with all parties to share social responsibilities, and promoting value co-creation and sustainable development. We deepen cooperation with suppliers, strengthen the foundation of pharmaceutical product quality, and ensure the resilience of the supply chain. By improving the management system, deepening local procurement, promoting integrity management and empowering partners, we jointly create an open and win-win future for the industry. We effectively safeguard the legitimate rights and interests of employees, focus on employee care and growth, develop a simple corporate culture of mutual trust, and strive for mutual achievement and common growth with employees. We actively participate in community public welfare and rural revitalisation, and practice social responsibilities with practical actions to promote the accessibility of medical services.

Key issues:

- Supply chain management
- Occupational health and safety
- Talent cultivation and career development
- Employee rights and benefits
- Diversity, equality and inclusion
- Social responsibility and public welfare

Key indicators of the HKEX ESG Reporting Code:
KPI B1, B2, B2.3, B3, B4, B4.1, B4.2, B5, B5.2, B5.3

Responds to SDGs in this Chapter

Supply Chain Management

YSB adheres to the management philosophy of "quality first, legal operation, standardised management and continuous improvement", and is committed to strengthening cooperation with suppliers, minimising intermediate processes and improving supply chain efficiency.

The Company strictly abides by relevant laws and regulations, such as the *Company Law of the People's Republic of China*, the *Law of the People's Republic of China on Bid Invitation and Bidding*, the *Drug Administration Law, the Good Supply Practice for Pharmaceutical Products*, and the *Provisions for Supervision and Administration of Online Drug Sales*. It has also formulated a range of internal policies for supplier management based on its business conditions, such as the *Procurement Management Policy*, the *Supplier Admission Requirements,* the *Management Policy for First Commercial Enterprises*, the *Audit and Management Policy for First Commercial Enterprises*, the *Finance and Legal Blacklist Requirements on Supplier Quality* and the *Qualification Audit Management Policy for Salesmen from Suppliers*, covering various aspects of the admission, review, cooperation and supervision of suppliers.

Supplier Management System

YSB has adopted a supplier management system that allows two-way management. Each subsidiary of Leyo Pharm Group has set up a Quality Management Department, which receives unified technical guidance from its counterpart at the headquarters. The Quality Management Department of the subsidiary is responsible for implementing the subsidiary's internal quality management system, including formulating and introducing relevant quality management policies, supervising supplier quality, controlling pharmaceutical product quality, and handling quality-related complaints. Furthermore, the Quality Management Department at Leyo Headquarters supervises the implementation of quality management in each subsidiary to ensure that each subsidiary operates strictly in accordance with the requirements of the quality management system.

To ensure pharmaceutical product quality and supply chain stability, the Company has formulated *the Quality Review Management Policy for Pharmaceutical Products Procurement*, which clarifies the responsibilities of each department. In the process of supplier management, all departments take part in formulating the elimination mechanism to ensure timely elimination of unqualified suppliers and pharmaceutical products.

Departments	Responsibilities
Procurement Department, Operations Department	Jointly formulating the elimination mechanism for suppliers and pharmaceutical products to ensure timely identification and removal of unqualified suppliers.
Finance Department	Establishing an internal risk monitoring and elimination mechanism for the accuracy and timeliness of supplier invoices and advance payment matters to prevent financial risks.
Storage and Transportation Department	Formulating an internal elimination mechanism for the delivery and services of suppliers to ensure quality logistics services.
Quality Management Department	Formulating a pharmaceutical product quality elimination mechanism to strictly control pharmaceutical product quality.

Supply Chain Lifecycle Management

Supplier Management Processes	Requirements
Supplier admission	• Admission red line: The supplier shall have been established for more then two years with a registered capital of more than RMB1,000,000. The business licence, drug distribution or production licence held by the company shall all have a validity period of more than 1 month. • Admission reference: The supplier shall have no records of major penalties related to quality issues or litigation on any public platform. • Special approval: Special approval will not be granted if both the admission red line and the admission reference are violated simultaneously. For suppliers of specific products, such as TCM suppliers, more stringent review measures will be implemented, including specimen inspections, checks on plantation areas and assessments of traceability capabilities. • Settlement risk assessment: For suppliers adopting the prepayment settlement model, information such as their credit records, legal and regulatory compliance, and credit performance status will be retrieved through system docking to conduct a quantitative assessment of prepayment performance risks. Suppliers with a high-risk level are strictly prohibited from using the prepayment settlement method.
Supplier review	• Nine SOCs: The SOC for tasks relating to the retrieval of first commercial varieties, the SOC for reviewing registration certificates, the SOC for examining quality standards, the SOC for reviewing specifications, the SOC for reviewing labels and packaging, the SOC for approving first commercial varieties, the SOC for reviewing the general information of first commercial enterprises, the SOC for reviewing the procurement information of first commercial enterprises, and the SOC for reviewing first commercial enterprises. • During the process of first commercial pharmaceutical products review, the traceability code printed on the packaging is the key for review approval. When pharmaceutical products are received for acceptance and warehousing, all products without traceability code will be rejected, while barcode scanning verification will be completed by the computer system.
Supplier evaluation and elimination	• Dynamic non-periodic review: Suppliers are monitored and evaluated in real time to ensure that their quality and services consistently meet the requirements. For the problems found in on-site audits, suppliers are required to submit corrective action and preventive action (CAPA) plans and rectification plans in a timely manner, and continuously track the progress of rectification. • Annual periodic review: A comprehensive evaluation of suppliers is conducted at the end of each year. A 10-point scale is used in the evaluation process, with a score below six indicating poor performance. • Elimination mechanism: Suppliers with a score of less than six shall be eliminated and blacklisted. • Re-admission process: If an eliminated supplier seeks re-admittance, the supplier admission process shall be restarted, including information submission and review.
Supplier traceability management	• Optimisation of the Supplier Relationship Management (SRM) platform: By establishing and improving the platform, the Company achieves information integration and management of upstream manufacturers, distributors and other users in the supply chain. • Product tracking system: The platform can form an integrated product tracking system to disclose the suppliers' receiving status and other information in real time. • Pharmaceutical product batch traceability: The platform includes the function of traceability according to the lowest granularity batch of pharmaceutical products, which helps to ensure traceability and quality safety of pharmaceutical products.

Promoting Quality Improvement of Suppliers Through On-Site Audits

In September 2025, the Quality Management Department of Yikuai Pharmaceutical conducted an on-site audit of suppliers, mainly evaluating their production management and quality control. It found that the management of some key operating documents of the suppliers was incomplete, and the actual operation processes were not timely included in the standard operating procedures. Deviation and anomaly investigations were superficial and lack of root cause analysis, with insufficient use of investigation tools, and the conclusions were not rigorous and standardised.

In this regard, Yikuai Pharmaceutical required the suppliers to take immediate rectifications. Currently, the suppliers have initiated corresponding corrective measures, including improving operation documents, conducting root cause analyses, standardising the laboratory investigation process, and setting specific deadlines for rectification. Subsequently, the improvement effects will be continuously monitored based on information such as product acceptance and customer feedback. Aiming to identify problems and drive improvements, this audit helped suppliers strengthen their quality awareness and implementation capabilities through practical communications and closed-loop management.

Supply Chain Management Objectives of Leyo Pharm Group

Supply Chain ESG Risk Management

For the supply chain management, YSB attaches importance to the ESG risks in the supply chain and actively implements a comprehensive evaluation mechanism. We have established a professional evaluation system to comprehensively evaluate the sustainable development capabilities of suppliers from multiple aspects, such as compliance qualifications, operational standards, environmental responsibilities, and product quality and safety, identifying risk factors that may affect long-term cooperation.

In the supplier admission stage, strict compliance review processes are implemented to verify their key qualification documents such as business licences and industry permits so as to ensure legal and compliant operations. Meanwhile, integrity cooperation requirements are incorporated into contract management to fulfil our responsibilities of anti-corruption and anti-bribery, and proper contract registration and process documentation are maintained.

For existing suppliers, we implement a dynamic management mechanism and conduct regular risk assessments. Once any ESG-related negative impact is detected, we will promptly initiate response measures, adopt restrictions in our business system, and assist suppliers in developing rectification plans to prevent, mitigate and eliminate such negative impact, thus promoting the stable and sustainable development throughout the supply chain. For key suppliers with stable cooperation relationship and good performance, we establish a regular communication mechanism to strengthen collaboration and mutual trust. For example, we provide green access support during warehousing to improve delivery efficiency.

Based on the identification results of sustainability risks, we have established a tiered and hierarchical supplier management, formulated management requirements covering product quality and safety, compliant operations and responsible procurement, and clearly communicated expectations for cooperation through regular training, supplier conferences and other daily interactions. For high-risk areas or key parts, more targeted supervision and guidance are provided to continuously enhance the overall sustainable development level of the supply chain.

To address the impact of extreme weather or force majeure events (such as typhoons) on the supply chain, Yikuai Pharmaceutical has established an efficient emergency response mechanism to ensure the stable supply of pharmaceutical products. In terms of organisational support, an "Emergency Management Committee" composed of the heads of commodity, logistics, procurement, quality and core business departments has been established to enable quick decision-making and cross-departmental collaboration. Additionally, it adopted a mechanism of AB suppliers and optimised the hierarchical supplier management system, assigning primary suppliers (A) and backup suppliers (B) for key varieties such as emergency drugs and chronic disease medications, ensuring continuous supply in case of emergencies.

During the Reporting Period, despite multiple extreme weathers, the order fulfilment rate of the Company's core pharmaceutical products still remained above 98%. There were no customer complaints due to stock shortages, effectively ensuring the availability of pharmaceutical products in disaster-stricken areas and surrounding regions, demonstrating the continuous improvement of the supply chain resilience and the Company's emergency response capabilities.

Local Procurement

YSB always regards the optimisation of its procurement strategy as an important measure to enhance corporate competitiveness and service level, with particular focus on promoting the development of the local supply chain. By actively building a local procurement model, we strive to realise the dual improvement of supply chain efficiency and effectiveness.

The local procurement model has significant advantages for effectively improving transport efficiency, reducing the turnover time of products and accelerating capital recovery. This not only helps to reduce logistics costs, but also more accurately meets the demands of the local market and provides better and more efficient services to downstream customers.

In 2025, YSB established a regular communication mechanism with local suppliers and promoted the organisation of "Cooperation Forum for Key Provincial Suppliers" by regional companies at least once each year. Through highly frequent face-to-face exchanges, market trends and procurement strategies are aligned, and suppliers' demands and challenges in production capacity, logistics and new product promotion are thoroughly understood. This has established a strategic dialogue platform featuring transparency, mutual trust, and win-win cooperation.

Meanwhile, we have innovated the incentive mode and improved the cooperation mechanism to promote long-term cooperation. On the one hand, we have signed tiered rebate agreements based on the annual purchase amount with several core suppliers in the province. By directly linking the procurement scale with the level of incentives, we have effectively motivated suppliers to give priority to ensuring the supply of products, price stability and distribution services for the Company, and promoted the transformation of the cooperation relationship from a transaction-based model to a long-term value co-creation model. On the other hand, we have established and improved a mechanism for identifying and evaluating local suppliers. In the process of introducing new suppliers and tendering for existing categories, we have specifically set up "local supply capacity" as a core evaluation dimension. On the premise that the quality, price and service meet the same standards, we give priority to selecting qualified local suppliers to strengthen the foundation of the local supply chain at the source.

For local core suppliers that meet the requirements of the quality system and have advantages in R&D or production capacity, we further deepen the cooperation level and prefer to sign long-term strategic cooperation agreements. We support their scaled development with stable orders. At the same time, we jointly plan the warehousing layout and optimise the logistics links to continuously shorten the delivery cycle and improve the response efficiency of the supply chain.

Highlights

As of the end of the Reporting Period, the Group had a total of **17,352** suppliers.

The proportion of local purchase has been included in the performance assessment indicators, and the proportion of in-province purchases of Leyo Pharm Group reached **54%**.

Integrity Development of the Supply Chain

YSB attaches great importance to integrity development and is committed to fostering a clean and upright business environment. The Company has formulated internal management policies such as the *Anti-Corruption Compliance Policy*, the *Management Measures for Integrity Whistleblowing* and the *Guidelines for Red Line Behaviour Operations of YSB*. Additionally, an integrity whistleblowing platform, email address and hotline for reporting have been established, opening up the supervision channels and encouraging all parties to actively participate in the integrity supervision.

To comprehensively strengthen the management of anti-corruption and anti-bribery among suppliers, we require all parties engaged in business with the Company to strictly adhere to the requirement of anti-corruption compliance. Meanwhile, we require suppliers and other partners to recognise the integrity clause included in the contract at the time of signing and to file it for future reference. The Company actively conveys anti-corruption and anti-bribery requirements to all business partners to ensure that the entire cooperation is in line with the Company's integrity expectations.

We encourage suppliers and other partners to actively participate in the Company's business ethics promotion to ensure that they operate with integrity. If a supplier violates relevant commitments, the Company will, depending on the severity of the violation, take measures such as revoking the supply qualification and terminating the contract. In serious cases, legal responsibilities will be pursued in accordance with the laws.

Supplier Empowerment

YSB has established a transparent and open communication channel for suppliers to share with them the latest update on industry standards and provide them with necessary support in their daily operations. We also organise regular strategic, technical and business meetings with suppliers to assist in improving their delivery efficiency and quality.

Supplier System: Smart Supply Chain System to Improve Operational Efficiency

YSB pioneered in realising the comprehensive implementation and efficient operation of the supply chain system with RealSettle system in the industry. Compared to traditional models such as prepayment and cash on delivery, the RealSettle system can realise automated and smart management of receivables collection based on payment terms, which fundamentally alleviates the suppliers' financial pressure, optimises the structure of their cash flow and significantly improves the operational efficiency. Through the self-developed ERP supplier system, suppliers can accurately track their products in real time and monitor the logistic status of products during the whole process with the help of IoT technology. Once downstream customers receive the products, suppliers only need to click settlement easily in the system to receive payment promptly. Relying on the smart contract technology to ensure the safety and efficiency of fund settlement, it significantly shortens the upstream working capital turnover cycle and leads a revolutionary improvement of supply chain operation efficiency in the pharmaceutical industry. In 2025, the Company focused on the initiation of the research and development of the sourcing function for the SRM system. By promoting the automation transformation of the procurement process and optimising the interaction mechanism with suppliers, the system improved the procurement operation efficiency, reduced manual operation workload and helped upgrade the supply chain collaboration efficiency.

Supplier Training: Enhanced Training Support to Ensure Product Quality and Safety

Product Quality and Safety Training

We prioritise product safety and quality training for our suppliers, which covers the interpretation of the Good Manufacturing Practice (GMP) and the Good Supply Practice (GSP) and other relevant regulations, as well as the key points of quality control in the entire process from raw material procurement, production process control to finished product inspection, and assist suppliers in understanding and following the stringent quality standards, so as to effectively prevent quality risks.

Supplier Collaboration: Online-Offline Collaboration to Help Manufacturing Suppliers Deliver Good Medicine

YSB emphasises on supplier empowerment and provides specialised one-stop marketing and channel integration services for the manufacturers in strategic cooperation. Relying on the platform's years of operation and Self-operation Business experience, we can accurately select products with sales potential, such as pharmaceutical products with high demand but low popularity, pharmaceutical products that are popular in hospitals but under-promoted outside hospitals, and pharmaceutical products that are popular in certain regions but have limited national expansion. We jointly customise promotion plans with pharmaceutical companies to help facilitate the conversion of market opportunities into actual sales volume.

In respect of the supply chain cooperation practice during the Reporting Period, YSB adhered to the concept of open cooperation and innovation-driven development. Through close cooperation with partners, digital empowerment, optimisation of the supply chain network and improvement of distribution efficiency, we built an efficient, transparent and responsible pharmaceutical supply chain system, which provided strong support for the efficient accessibility of high-quality pharmaceutical products and helped manufacturing suppliers deliver good pharmaceutical products to end customers.

Assisting YaoPharma in Promoting the Cravit Levofloxacin Tablets

In 2025, Leyo Pharm Group collaborated with Chongqing YaoPharma to promote Cravit Levofloxacin Tablets relying on the digital and intelligent supply chain capabilities of the YSB platform. Through the coordination of online and offline channels, data-driven operations, and professional service support, they effectively improved the accessibility and usage standardisation of the product at retail terminals, achieving a year-on-year increase of 248% in product box sales and a repurchase rate of 83%.

- Digital empowerment to enhance accessibility: Through multi-dimensional exposure means such as the "Popular Categories Zone", "Recommendations for Frequently Purchased and Searched Items", "Advanced Product Detail Pages" and product videos, we enhance the transparency of product information and downstream customers' awareness, and assist primary pharmacies in efficient product selection and procurement.
- Professional services to deepen end-user support: Implementing a "customer-centric" consultative sales model, the manufacturers' representatives conduct professional visits to clinics and pharmacies, covering 64,000 downstream buyers. Combining the "7-step Sales Visit" and the "6-step Clinical Diagnosis and Treatment", they provide scientific medication guidance and personalised solutions for professionals in healthcare.
- Refined operation to promote fair participation: The telemarketing team implements tiered management of and precise reach to customer. Combined with inclusive marketing activities such as the "Group Buying Battles (百團大戰)" and the "UnionPay Daily Group Buying (雲閃付天天拼)", and with manufacturer subsidies and platform discounts, it lowers the procurement threshold for small and medium-sized pharmacies and promotes the construction of an inclusive and sustainable pharmaceutical distribution ecosystem.

Omnichannel traffic exposure on online platforms

Telemarketing product promotion deployment

Assisting Da Ren Tang in Expanding the Suxiao Jiuxin Pills Into the Primary Market

Leyo Pharm Group carried out a national exclusive distribution cooperation with Da Ren Tang, a time-honoured Chinese brand, for the "Suxiao Jiuxin Pills (速效救心丸)". Relying on the digital and intelligent capabilities of the YSB platform, it promotes the accessibility and standardised development of this classic emergency TCM in the primary market. In 2025, the sales exceeded RMB200 million, representing a year-on-year increase of 7.5 times. The product covered 89,000 downstream buyers, representing a year-on-year increase of 47%, with average transaction value increasing 2.8 times and product category market share growing by 4 percentage points.

- Scientific strategies to promote market penetration: Based on market insights, we implement the strategy of "wide coverage for monomer pharmacies and in-depth penetration for chain pharmacies", accurately matching downstream needs, and improving overall operational efficiency.
- Unified management to maintain brand value: Through unified management and standardised visual presentation, combined with the investment of the platform's core resources, we strengthen the genuine product image and market recognition of the product.
- Omni-channel collaboration to improve coverage: By integrating online traffic resources and offline telemarketing product promotion, we have achieved multi-channel collaborative promotion and enhanced the access to primary downstream buyers.
- Data-driven to achieve precise empowerment: By relying on real-time terminal data, we can dynamically adjust strategies, improve response capabilities, and assist TCM brands in sustainable development.

Deployment of core platform resources

Unified management of operations

Empower Each Other for Mutual Growth

Protecting the Legitimate Rights and Interests of Employees

Compliant Employment

YSB always adheres to relevant laws and regulations, such as the *Company Law of the People's Republic of China* and the *Labour Law of the People's Republic of China*, and has continuously improved internal policies, such as the *Human Resources Management Policy* to safeguard the legal rights and interests of employees and applicants in aspects such as recruitment, compensation, promotion opportunities and working hours, etc.

We follow international guidelines such as the *United Nations Universal Declaration of Human Rights* and the core conventions of the International Labour Organisation, firmly opposing all kinds of employment discrimination. We have established a sound anti-discrimination and diversity management system and special policies. In recruitment, onboarding, training, promotion, and rewards, we treat employees fairly and justly regardless of gender, age, ethnicity, region, religious belief, and cultural background, and clearly stipulate the requirements of anti-discrimination and diversity in the *Human Resources Management Policy*, following international guidelines such as the *United Nations Universal Declaration of Human* Rights and the core conventions of the International Labour Organisation.

We strictly prohibit the employment of child labour, forced labour, and labour enslavement and resist any form of violence, intimidation, bullying, and harassment. After candidates pass the interview, with their consent and in compliance with personal privacy and information security, we conduct background checks on candidates to verify the authenticity of their qualifications. To ensure that all aspects of the employment process are in compliance with the law, we encourage relevant staff to report any non-compliance to their designated HRBPs (Human Resources Business Partners) in the departments or supervisors in a timely manner for investigation and action. In the event of any violation, we immediately conduct investigations and take corrective actions as necessary.

In 2025, the Company did not experience any incidents related to forced labour, employment of child labour, or employee complaints related to human rights. Furthermore, we strictly comply with laws and regulations regarding working hours, compensation and benefits, and leave protection, safeguarding employees' basic rights and interests.

We practice the concept of democratic management, safeguard the rights and interests of employees' freedom of association and continue to improve the employee participation mechanism. We support employees to participate in and form trade unions and other associations in accordance with the law, and actively promote the optimisation of labour standards and the protection of rights and interests.

The Company has always attached great importance to and effectively safeguarded the privacy and security of employees during work. Through improving the privacy protection system, implementing strict information encryption storage and transmission controls, strengthening trainings and management on privacy protection for internal personnel and other multi-dimensional initiatives, we constructed all-round privacy protection for employees to safeguard the privacy of employees in the workplace.

Talent Recruitment

We adhere to the recruitment principles of fair and professional, and implement a multi-round interview mechanism involving direct supervisors, department heads and HR to ensure that the talent selection process is fair and transparent. Regular comprehensive evaluations are conducted upon employees joining the Company to continuously ensure the quality of person-job fit. At the same time, we attract outstanding talents through diversified channels such as cooperation with recruitment platforms, campus recruitment, and internal referrals.

Focusing on business strategies and organisational development needs, YSB continuously optimises its recruitment system. With "precise matching, agile response, and forward-looking layout" as the core, it promotes the upgrade of talent introduction from meeting needs to leading development. For the BD positions, it has implemented three standardised tools, namely resume screening, structured interviews, and trial-post management, which are applied throughout entire recruitment process to improve professionalism and consistency. In cooperation with the talent development team, an AI interview system has been introduced to assist in the precise selection of management positions, and an "AI coach" has been launched to provide personalised guidance for new employees, improving the integration efficiency and retention rate and achieving dual-wheel drive of technology and process.

Achieving precise matching based on standards

During the Reporting Period, the Company reviewed the talent standards for key positions, clarified the core competency model, and promoted the shift from "experience-oriented" to "competency-oriented" recruitment. Adhering to both "timeliness" and "accuracy", the Company precisely introduced 188 employees throughout the year to fully support business development. By unifying the talent profile, the Company has achieved "the right hire, the precise match", significantly improving the efficiency of the match between employees and positions and the organisational fit.

Achieving agile response guided by demand

In response to the needs of accelerating business pace and exploring new business, the recruitment team proactively shifts forward and responds rapidly. In cooperation with HRBPs, the "930"recruitment project was launched, concentrating resources to advance the staffing for business development team. The full-staffing rate nationwide was increased from 92.86% to 98.4% within one month, efficiently supporting front-line operations. The initial team of the telemarketing department was established from 0 to 1, and an incentive plan was designed accordingly to help the new business model start and be verified quickly. The key account service team was successfully expanded from 66 to 80 members, achieving 100% of the annual staffing target. Through structural optimisation, team capabilities were continuously enhanced to better address market competition challenges.

Strengthening the management team based on development

By reviewing key positions and focusing on organisational capacity building, we have strengthened the talent layout of key management positions. We completed the recruitment and optimisation of 8 provincial-level managers in the sales system, focusing on core qualities such as "learning ability, diligence, and team-leading ability" to ensure that managers can not only deliver results but also develop teams. Through strict selection and systematic evaluation, the quality of front-line management has been comprehensively improved, laying a solid leadership foundation for efficient business execution and rapid response.

Remuneration and Performance

YSB always adheres to the principles of fairness, impartiality, and transparency in compensation, strictly implements relevant national laws, regulations, and management norms, formulates and implements relevant compensation policies, and follows the principle of equal pay for equal work regardless of gender. We promise that employee remuneration will not differ due to factors unrelated to work experience and performance, such as gender, age, or ethnicity.

Under the premise of employees providing normal labour, we provide corresponding compensation based on the *Labour Contract* and the *Compensation Confirmation Form* signed by both parties and provide benefits such as meal subsidies, high-temperature subsidies, communication subsidies, transportation subsidies, and housing subsidies to alleviate employees' life pressures as much as possible. Additionally, we have offered marriage and childbirth bonuses to send blessings and care to employees at their important moments in life.

We have established a sound compensation adjustment mechanism, conducted regular assessments of the market and industry environments, employee performance, and the personal growth of employees, and set targeted adjustment strategies for employees of different types. For example, considering the characteristics of sales positions, the Market Sales Department employees are offered opportunities for quarterly salary adjustments and promotions to provide them with timely incentives and competitive compensation and benefits. In 2025, we adjusted the salary structure for employees at the headquarters of the Group, linking part of the fixed salaries with performance results to strengthen the incentive orientation of "more pay for more work and better pay for better performance".

Furthermore, according to the 2025 share incentive plan, employees who meet the tenure requirements and demonstrate outstanding performance have the opportunity to be granted share incentives. We hope to inspire employees' enthusiasm about long-term dedication, thereby truly achieving "Empower Each Other for Mutual Growth".

We have established a standardised, clear and transparent performance management process, and conducted communication and coaching based on employees' performance semi-annually to promote the team's overall excellent efficiency.

Performance Management System of YSB

Setting up performance objectives

We tailor performance evaluation metrics for employees at different levels based on their career development paths and past work performance, to ensure that the assessment goals align with both the individual growth needs and the Company's overall strategic objectives.

Management of performance process

We comprehensively track and monitor employees' progress in achieving their performance goals through diverse approaches such as specialised supervision, professional training courses and practical tool guidance, to promptly identify issues and provide support to ensure the smooth advancement of performance objectives.

Assessment of performance

We integrate multi-dimensional feedback channels, including supervisor evaluations, subordinate feedback surveys and peer reviews, to conduct a comprehensive and objective assessment of employee performance for every half a year. The results cover various aspects such as work achievements, work competence and team collaboration, accurately measuring employees' overall work performance.

Interview on performance and improvement

We promptly provide employees with feedback on their results and conduct one-on-one targeted interviews and professional guidance to help employees identify their strengths and weaknesses, develop personalised performance improvement plans and support their continuous enhancement of performance after the performance evaluation.

Highlights

During the Reporting Period, **100%** employees received performance reviews on a regular basis.

Employee Communication

YSB promotes flat management and actively listens to the voices of employees. The Company has established multiple feedback channels to ensure that employees' opinions and suggestions can be addressed in a timely and effective manner. Each department has HRBPs, and employees can report problems to HRBPs for help. In the interview with supervisors in the semi-annual and annual performance appraisal process, employees can summarise their work periodically and understand the level of recognition from their supervisors during the interview to help team development and self-improvement.

The Company clearly states in the *YSB Employee Handbook* that employees have both the right and the obligation to report behaviours that violate the Company's code of conduct and regulations. Publicly available whistleblowing channels, such as hotline, email, and website, are provided to receive employee feedback, whether anonymous or real-name reporting. We will protect the whistleblowers' information and handle the reported content seriously, ensuring a 100% closed-loop rate for reporting.

Yikuai Pharmaceutical Establishes a Regular Interview Mechanism to Promote Talent Development

In 2025, Yikuai Pharmaceutical established a regular employee interview mechanism led by the human resources department. Through various forms such as contract renewal interviews and targeted development interviews, in-depth communication in the form of "talent portrait" is carried out. In each communication, the HR team first fully communicates with the department head to comprehensively understand employees' performance, contributions to the position, and future development potential. Then they communicate face-to-face with the employees themselves, listen to their career development demands, work status, and actual difficulties and challenges. Finally, it promotes two-way feedback and continuously follows up on key issues to ensure that the communication is not just a formality and the suggestions are effectively implemented. During the Reporting Period, 6 special follow-ups were carried out under the mechanism, effectively enhancing the understanding and trust between the organisation and employees. At the same time, it identifies and promotes the solution of many bottleneck problems and process optimisation needs in front-line operations, achieving a positive cycle from "caring about people" to "improving things".

Occupational Health and Safety

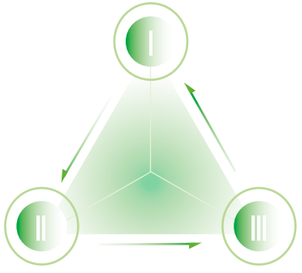
According to the relevant national regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the occupational safety management system issued by the International Organisation for Standardisation (ISO), YSB has formulated a series of occupational health and safety management systems such as the *Warehouse Safety Management Policy of Leyo Pharm Group*, and the *6S Office Management Measures of Leyo Pharm Group*, achieving comprehensive coverage of all warehouses of the Company.

In addition, we have established a comprehensive safety management system, and formulated the *Warehouse Safety Management Policy of Leyo Pharm Group* to strictly regulate the safety management of warehouses. There is a safety management project team in each warehouse, which is responsible for implementing and supervising the safety management of the warehouse. The safety of the warehouse is managed at different levels by the general manager of the subsidiary, the warehouse manager, and the logistics manager. The health and safety performance within the scope of their responsibilities is linked to their performance, and the safety and health responsibilities are implemented to specific positions. In addition, all departments and provincial regions have designated HRBPs, who are responsible for employees' safety and health care. Once sick leave and work-related injuries occur, HRBPs will promptly pay attention and follow up to ensure that employees' legitimate rights and interests are protected.

In the business operations of YSB, the Company places great emphasis on safety management in workplace such as warehouses. It has established a comprehensive and scientific mechanism for workplace hazard identification, risk assessments and accident investigation, and conducts safety inspections regularly.

Hazard identification

- Pharmaceutical products storage: The risk of chemical exposure due to the leakage of pharmaceutical products, potential health hazards caused by the degradation of pharmaceutical products due to improper storage, and the risk of potential injury due to improper use of equipment such as forklifts.
- Office area: Focusing on identifying safety hazards such as aging electrical equipment and blocked fire exits.
- Logistics transportation: Potential health and safety threats to employees posed by extreme weather and transportation accidents.



Risk assessments

- Evaluate the level of occupational health and safety risks associated with various hazard factors, and based on such evaluation, formulate subsequent management and improvement measures to serve as a reference for risk control.

Accident handling and investigation

- Emergency response: The emergency mechanism is immediately activated after an accident occurs. First-aiders will provide necessary treatment according to the injury situation, or the emergency response team will send the injured to the designated hospital.
- Accident investigation: Establishing a cross-departmental investigation team to complete and sign the *Accident Investigation Report* and the *Work-related Injury Application Form*, identifying the responsible department and confirming corrective action plans.
- Closed-loop rectification: Clarifying the responsible department for the improvement plan of work-related injury accidents, incorporate the improvement measures into the standardised management process, and carry out training for all employees to effectively prevent similar accidents from happening again.

YSB effectively ensures the safe and stable operation of its business, creating a secure and reliable working environment for employees through a comprehensive workplace hazard identification, risk assessments and accident investigation mechanism.

We implement mitigation measures to manage the occupational health and safety risks, and adopt appropriate control levels to eliminate hazards in workplace. In accordance with the requirements of national GSP management, we set up health records for employees in contact with pharmaceutical products and conduct annual physical examinations. We have complete records of employee physical examinations and GSP-related trainings. Fire drills are conducted regularly in the warehouse to enhance employees' emergency escape ability, and we have established a small fire station in the warehouse, equipped with fire-fighting and protective equipment. In order to further reduce the incidence of work-related injuries, the Company will continue to pay attention to and improve the occupational health and safety management system in an effort to achieve the goal of zero work-related injuries.

Leyo Pharm Group Successfully Held the Third "Safety Month" Event

In June 2025, Leyo Pharm Group successfully held the third "Safety Month" event, systematically promoting safety culture construction around five themes: "Creating a safety atmosphere", "Safety oath-taking", "Safety knowledge training and assessment", "Safety inspection", and "Safety vision". During the event, the "Safety performance" rating results of each subsidiary were simultaneously announced, creating a good atmosphere of competition among organisations, further strengthening all employees' awareness of production safety and enhancing their enthusiasm for participation.

Focus on commuting safety and strengthen protection

In response to traffic safety hazards in recent years, such as most employees commuting by electric bicycles, frequent traffic of trucks around the logistics park, and insufficient night lighting, the Group uniformly distributed practical supplies such as Safety Month handbooks, electric-bicycle helmets, and reflective stickers to 22 warehouses across the country during the "Creating a safety atmosphere" session, effectively ensuring the safety of employees' commutes. At the same time, a special commuting safety training programme was organised, covering 870 employees across the country. The passing rate of the first assessment reached 99%, and 100% of all employees passed after the make-up exam. The number of safety accidents throughout the year decreased compared with the previous year, and the level of safety awareness was steadily improved.

Deepen the inspection mechanism and promote the accumulation of experience

In the "Safety inspection" session, the quality management department is urged to conduct cross-warehouse inspections to enhance the ability of identifying issues and making rectifications in closed-loop. Through the "Safety vision" activity, each warehouse is organised to shoot high-quality safety promotion videos, transforming practical experience into replicable and inheritable knowledge assets. The results of the activity are officially integrated into the teaching video of *Warehouse Safety Guidelines of Leyo Pharm* and uploaded to the Electronic Human Resource (EHR) Management System, serving as the standardised "First safety lesson" for new employees' onboarding and annual retraining, achieving long-term and institutionalised safety education.

The Promotional Poster for the Third Safety Month Event

Employee Care and Development

Talent Training and Career Development

YSB attaches great importance to the development of talent and is committed to building a high-quality and efficient talent team. We continue to improve the mechanism of talent training and echelon construction, as well as reserve and cultivate talents purposefully and systematically. During the Reporting Period, we continued to implement the *Digital Talent Review System*, aiming to identify, focus on, and develop talents. Through talent review, the core competitiveness of employees is enhanced, and the future management team is cultivated to ensure that the growth rate of talents exceeds the business development rate.

We have established and improved the organisational structure for employee development and training matters. The human resources department is the dedicated department responsible for employee training and development, and a human resources director is set up to comprehensively manage employee-related matters at the management level. The compensation and appraisal committee under the Board is responsible for formulating the Company's compensation appraisal system and supervising its implementation.

The employee development and training policies of YSB include the *Human Resources Policy*, the *Management Measures of the Position and Rank Policy* and the *YSB Digital Talent Review Policy (Trial)*. According to the *Human Resources Policy*, the Company shall formulate training plans according to actual needs, and make appropriate arrangements for training purposes, trainees, training time, training methods and training budget, to ensure that employees' professional knowledge and business capabilities meet the requirements of their positions. In addition, the Company has also established a multi-level and tiered training system to provide corresponding training resources according to employees' career development stages and job requirements.

To continuously improve employee capabilities and organisational competitiveness, the Company systematically formulated employee development plans during the Reporting Period, covering multiple dimensions such as skill improvement, professional qualification training, and leadership development. The employee development plan is guided by business strategy, combines job requirements and individual development willingness, and carries out diversified training through online and offline methods.

Career Development

YSB is committed to providing employees with broad career development opportunities so that every employee can realise his or her personal value in the right position. We have formulated the *Management Measures of the Position and Rank Policy*, clarify the competence standards of employees, and provide a clear development direction for employees. We have also tailored career growth paths for employees, set clear phased targets and promotion criteria and stimulated employees' potential through the dual-track development model of management and professional paths based on individual characteristics and the Company's development needs.

In order to stimulate the internal vitality of the enterprise and maintain our competitiveness, we have implemented a timely job rotation system to provide opportunities for employees to hone their skills and improve their abilities in different positions, thus fostering a healthy talent competition internally. We comprehensively assess the performance of employees in a fair and impartial manner. According to the past performance, abilities and willingness of employees, combined with various assessment methods such as employee self-assessment and 360 all-around assessments, the dual talent assessment and promotion appraisals are conducted by the human resource department and the head of the department where the employee works. This ensures that employees' career development is fully concerned and guaranteed.

YSB has established a multi-level and tiered training mechanism to provide corresponding training resources based on employees' career development and job requirements, which include induction training for new employees, leadership training for management candidates as well as job-specific skills training and general skills training. In terms of sponsorship or assistance programmes for education and skill improvement, the Company will gradually explore relevant support mechanisms in the future, combining business development needs and employee research results, to help employees maintain their employability and long-term development.

Employee Training

Horizontal system development

Clearly define the promotion stages of employees from meeting standards to being proficient then to being excellent, so as to form a job-specific learning map to ensure talent development aligns with job requirements.

Vertical talent development

Establish a training upgrade channel to support employees in progressing step-by-step and achieving growth from their current roles to higher levels.

In terms of online operations, we have developed the YSB training platform "Cloud Academy", which covers various training courses such as project management, sales management, industry knowledge, and workplace efficiency. At the same time, we updated the training management system and introduced the AI coach learning platform. Core product knowledge and core store-entry ability courses for 2.0 and 3.0 businesses are practiced in simulated scenarios on the AI coach to improve the practical ability of sales staff before entering the store. In terms of offline, we carry out external expert lectures and practical operation projects to improve the training effect.

In 2025, for candidates trying out the BD position with a ready-to-use package, the Company specially developed a ready-to-use learning map. The course content covers core modules such as corporate culture, new customer development skills, knowledge of high-quality products, and practical paired training on the seven-step method for boutique store entry. It systematically helps candidates consolidate their business foundation, master the core skills of the position, and effectively improve their practical ability and assessment results during the trial period with a ready-to-use package.

Building a Learning-driven Organization: Value Alignment, Integration of Gaoqi Culture, Business Strategic Planning, Leadership Enhancement, Professional Skills Development and System Promotion

New Hire Growth program	Management Development Program (Sales Line)	Professional Training	Comprehensive Advanced Training
Sales Line: Bang Embarkation 180-day development program	Dandelion Academy - Trainings for new managers	Golden House Empowering professional procurement employees	The Seven Habits of Highly Effective People
Headquarters: New Hire face-to-face & new hire 90-day program Empowering newly hired employees at headquarters	Dandelion Academy - Three - Ax approach	Success story meeting Empowering KA team	Cultural values
	High Potential Talent Cultivation Program - Sunflowers	Dragon Chronicles Empowering Targeted Product Launch team	Network & information security
	HRBP Training Camp	Product Research Lecture Hall Empowering product and research tram	Finance-related trainings
	Cultivation programs in provincial regions		Other general courses: Cloud Academy

Online Learning Platform: Cloud Academy

YSB Online Learning Platform "Cloud Academy"

During the Reporting Period, our talent development efforts focused on enhancing the capabilities of key positions and inheriting organisational experience, and multiple special training and intensive training programmes were carried out. The key aspects include:

- Regional manager training camp: A total of 4 sessions were held throughout the year, covering 280 participants. The training focused on themes such as market strategies, team management, business review, and innovative practices, which strengthened the practical abilities and collaborative awareness of front-line sales staff by case studies, scenario simulations, and cross-regional exchanges and other forms.
- Performance management system empowerment project: In line with the implementation of the new evaluation system, promotion of the concepts of overall performance management and tool training were conducted to ensure effective implementation of the system.
- New employee integration and growth plan: Accelerating new employees' competency and integration through mentorship, on-the-job skill path learning, and regular review meetings.

In addition, we also regularly evaluate the training effects and adjust the training content based on the feedback to ensure the effectiveness and pertinence of the training investment.

Key Training Programmes

The "Grade 8" project

Class 1 and Class 2 of Grade 8 are Sudao Technology's "Strategy – Organisation – Culture Action" learning and training programmes. Through the course "Think Like a CEO (像CEO一樣思考)", students are guided to think from a global perspective of the Company, and combine different development stages and business cycles to simulate the enterprise operation scenarios from multiple dimensions. The course "Organisational Efficiency Improvement (講透組織提效)" is conducted to strengthen organisational management capabilities, and the cultural activity of "Chasing the Light for a Hundred Miles at Night (追光者百里夜行)" is organised to promote team integration. In 2025, a round table meeting for Class 2 of Grade 8 was added to regularly share excellent business cases and promote common learning and progress.

Picture: Group Photo of Middle and Senior Management Training in the Grade 8

Navigator programme

We have launched the "Navigator Programme" for the core business team in middle and senior management positions, covering a population from business development teams to the middle and back-office teams. In 2025, sales management courses were introduced into the business development sales system to enhance the operational perspective of provinces and regions. In the back-office system, courses on "Outdoor Leadership (戶外領導力)" and "Team Management Leadership (團隊管理領導力)" have been conducted to enhance the business collaboration and non-authority influence of back-office managers.

Training for R&D and Operations

Professional and comprehensive trainings, including "User Insight and Demand Management (用戶洞察與需求管理)" and "DISC Workshop (DISC工作坊)", were organised for core members of R&D and Operations to help them master methodologies such as user insight, user segmentation and demand analysis, and to strengthen their business communication skills through DISC.

Picture: Group Photo of Training for R&D and Operations

Lingyun programme (淩雲計劃)

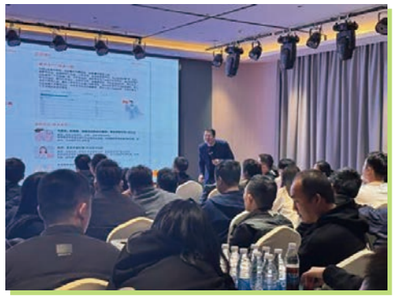
The "Lingyun Programme" was launched for sales management personnel nationwide, including job promotion competition and leadership training. A total of 13 sessions were held in 2025, with 60 management positions participating in the competition, and 28 people advancing to larger markets and positions through the "Lingyun Programme".

Sunflower programme phase 02

The "Sunflower Programme" was launched for high-potential talents holding sales management positions nationwide, including courses such as *From Strategy to Execution with Customer Perspective* (《以客戶觀為原點的從戰略到執行》), *Multiplying Leaders* (《乘法領導者》), and the *Four Principles of Efficient Execution* (《高效執行四原則》), so as to reserve talents for future managers in provincial regions and department heads. In 2025, the programme will continue to cultivate high-potential talents in the national sales department management positions through the Sunflower Class, reserving talents for provincial manager roles. In terms of enhancing team leadership, one offline training session was organised, and 8 Sunflower students were promoted to provincial managers.

Dandelion project

In the performance growth project, we took Hunan province as a pilot and conducted systematic empowerment training. The training covers all BDs and management positions, with content spanning the entire chain of "Cognition – Methods – Practice": from reshaping the 2.0 business sales logic, to in-depth analysis of the "High-Quality Store Entry 7-Step Method (精品進店七步法)" and conducting intensive drills. It is ultimately supplemented by on-the-job coaching and supervision. This initiative aims to comprehensively promote the team's transformation from the 1.0 to the 2.0 business, achieving a fundamental upgrade from thinking to practical execution.



HRBP training camp

HRBP training camp was organised for HRBP personnel nationwide, providing in-house trainings on specialised courses such as "From Strategy to Execution (從戰略到執行)" and "Performance Improvement (績效改進)". In 2025, one offline training session was organised to enhance the facilitation ability of HRBPs, encouraging them to apply what they learned in their work and apply for facilitator certification.

Building an Internal Innovation Atmosphere

We encourage exploration, tolerate trial and error, value practice, and pursue value, integrating innovation into our internal culture to create an open, co-creative, and continuously evolving innovation ecosystem.

Logistics: "Golden Idea" Innovation Mechanism Ensures Recognition and Realisation of Good Ideas

To encourage all employees to participate in improvement, Leyo Pharm Group launched a logistics "Golden Idea" innovation project, focusing on multiple innovation directions such as innovation in operation methods, management methods, and process optimisation. Front-line wisdom is collected on a quarterly basis. The project has established a scientific review mechanism, conducting a comprehensive evaluation from four dimensions: innovation, implementability, profitability, and scalability. Excellent solutions are included in the promotion plan to achieve the value transformation from "idea to practice".

R&D: Promoting Innovation Through Learning, Promoting Application Through Competitions

For the R&D system, the R&D department of the platform adheres to the principle of "learning-driven innovation", forming three special learning groups for search, big data, and AI. It breaks down the learning path around key technology areas to systematically improve the team's professional capabilities. At the same time, it continuously strengthens the development of the algorithm and data talent team, deepening the team's understanding and application of data.

During the Reporting Period, two special training sessions on "AI Product Design" and "AI Technology Principles" were conducted by external experts, covering approximately 100 people, and internal training transfer was organised after class to expand the scope of knowledge dissemination. The learning results were effectively transformed through an internal innovation competition. The AI innovation competition attracted 30 teams to submit 35 proposals, covering various business segments such as the platform, Leyo, Clou, and Yikuai Pharmaceutical. Many subsidiaries actively participated in the competition, demonstrating broad engagement across operations and strong alignment with practical scenarios. As of the end of the Reporting Period, 11 teams entered the pre-finals. The projects cover high-value applications such as intelligent contract recognition, AI procurement assistant, business travel assistant, intelligent customer service, medical record voice recognition, and sales coaching, effectively transforming technological capabilities into business efficiency improvement.

Employee Care

YSB advocates the concept of "healthy life, happy work" internally. The Company strictly abides by the *Labour Law of the People's Republic of China* and provides attendance benefits such as sick leave, personal leave, bereavement leave, paid annual leave, marriage leave and maternity leave on the basis of statutory holidays to balance the work and life of employees.

Employee Benefits

YSB has established a comprehensive employee welfare management structure and responsibility framework. The administrative team of the human resources and administration department is responsible for event planning for major festivals, such as Dragon Boat Festival and Mid-Autumn Festival activities. The HRBP team is responsible for daily work related to employees' birthdays, weddings, birth subsidies, and welfare.

In 2025, YSB further improved the *YSB Employee Handbook*, revised and added specific implementation rules for "parental leave" and "caregiver leave", clarifying the application conditions and procedures. At the same time, additional welfare benefits such as marriage leave allowance,maternity allowance, and bereavement leave allowance were introduced. The handbook also provided a detailed interpretation of equity incentive-related policies and updated information on employees' rights-protection channels and relevant support channels to help employees better understand their rights.

In addition, YSB has carried out health-care activities to enhance mutual medical support. In 2025, Yikuai Pharmaceutical organised a traditional Chinese medicine free-medical consultation activity to improve employees' health awareness and preventive ability. At the same time, it organised employees to participate in the trade-union medical mutual-assistance activities. Through company promotion, application guidance, and process assistance, such activities effectively alleviated the economic pressure on employees due to illness. During the Reporting Period, Yikuai Pharmaceutical successfully applied for mutual-assistance funds for 3 employees with serious illnesses, effectively playing the role of providing mutual-assistance support.

Time nodes	Employee benefits	
Anniversaries	• Company anniversary celebration	• Programmers' Day
Exclusive benefits for important moments	• Onboarding celebration • Employee birthday party	• Wedding/birthday gifts, blessing posters • Parents' meeting leave
Holiday celebrations	• Celebration activities for major festivals such as International Women's Day, Dragon Boat Festival, Mid-Autumn Festival and Thanksgiving Day	
Various subsidies	• Data traffic subsidy, travel subsidy, relocation subsidy, high-temperature subsidy • Meal subsidy, team building allowance	

Balancing Work and Life

YSB values the physical and mental health of employees and offers a variety of cultural and sports activities, such as yoga, table tennis, badminton, basketball, etc. YSB also encourages employees to actively participate in such activities through establishing an "activity points exchange for gifts" system.

Leyo's Health (健康樂藥) Series of Activities

In 2025, to better meet the health needs of employees, enhance the activity participation experience, optimise resource allocation, and reduce resource waste, the Group upgraded the "Leyo's Health" activity to a more sustainable and flexible organisational form, the "Leyo's Healthy Club". It has sub-clubs such as yoga, badminton, basketball, and mental health clubs to enrich employees' spare time with diverse activities. As of December 2025, more than 500 participants have joined in such clubs, actively responding to the 2025 national "Healthy China Initiative".

YSB attaches great importance to employees' mental health. YSB has identified psychological risk factors in the workplace, such as workload, role stress, and challenges in remote collaboration, and incorporated them into the Company's overall occupational health management system. At the same time, we implement policies to promote work-life balance and encourage employees to make reasonable use of paid annual leave, parental leave, paternity leave, and other entitlements.

Mental Health Club of Leyo Pharm Group

To truly care about employees' mental health and relieve their physical and mental stress, Leyo Pharm Group established the "Emotional Healing Centre" mental health club in April 2025. The club has launched four characteristic activities: the writing therapy workshop to relieve emotions through writing, the photography vision workshop to capture healing moments with the camera, the mental cinema salon to conduct psychological discussions in combination with movies, and the round-table reading club to read books on psychological philosophy together. As of the end of the Reporting Period, a total of 9 activities were organised, effectively relieving employees' stress and strengthening the emotional connection within the team.

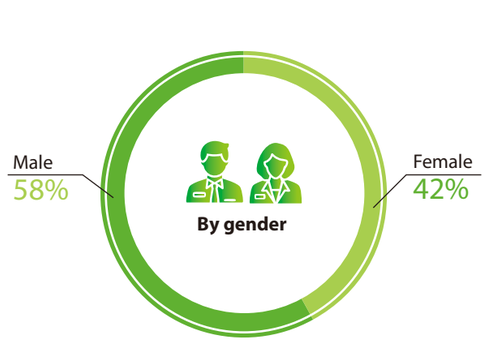
Create a Workplace With Diversity, Equity and Inclusion

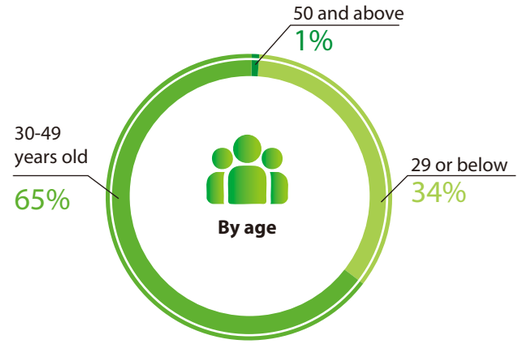
YSB actively promotes flat management, advocates gender equality, respects individual differences, and strives to cultivate a diversified talent pool to create a workplace culture with diversity, equity, and inclusion.

We uphold the principle of equity and ensure fairness in hiring, compensation incentives, and promotions without discrimination based on race, colour, ancestry, age, gender, sexual orientation, religion, disability, ethnicity, national origin, military service status, marital status, pregnancy, etc. In the recruitment process, we require interviewers to follow the principles of fairness and impartiality and avoid asking questions involving personal sensitive information. We are committed to eliminating all forms discriminatory behaviours and arbitrary dismissals of employees and continuously improving the inclusiveness of the work environment.

If employees find any workplace bullying, discrimination, harassment or other improper workplace behaviour, they can directly report it to the department's HRBPs or provide feedback anonymously or with their real names through the reporting email. We strictly maintain confidentiality regarding the whistleblowers and the reported content and assign dedicated personnel to investigate and follow up.

Diversified Talent Structure





Highlights

As of the end of the Reporting Period, the number of minority employees was **340**.

Equal Workplace Culture

At YSB, we always adhere to an equal and open workplace culture, which is centred on respecting the individual value of each employee and eliminating any form of identity barriers, and we actively encourage employees to express their diverse opinions during the Company meetings and through the Company's Video Channel. We promote a flat management structure, and our CEO, Mr. Buzhen Zhang, leads by example and advocates for addressing each other by name rather than using hierarchical titles like "boss". This move not only breaks the traditional concept of hierarchy but also intangibly shortens the distance between employees and leaders, making communication smoother and closer.

In scenarios such as performance appraisal and promotion, the Company has clear and fair evaluation criteria. In addition, the Company has established a sound upward feedback channel, allowing employees to freely communicate and provide feedback to their superiors to solve work-related problems in a timely manner. During the interview session of the performance appraisal process, employees can summarise their work periodically and understand their superiors' recognition of their work, which effectively promotes team development and employees' self-improvement. The Company also has a special reporting hotline and reporting email, which helps employees supervise each other and create a healthier work environment.

Highlights

- Build a diverse and rich system of employee interest clubs, such as basketball, badminton, and football clubs, to break down barriers of hierarchy, business, age, and gender, and encourage all employees to actively participate.
- Introduce the special training course "*The Seven Habits of Highly Effective People*", covering middle and senior managers, all employees at the headquarters, and new employees at the headquarters, advocating respect for individual differences and encouraging the expression of diverse viewpoints.
- Carry out Thanksgiving-themed activities, organise cross-business, cross-regional, cross-hierarchical, and cross-age activities of sending gratitude cards to each other to deepen the awareness of all employees' diverse integration in an interactive form.

Organised a "Small Acts of Kindness" event for Thanksgiving

Women's Development Support

We focus on the needs of women in the workplace and are committed to providing equal opportunities and support at every stage of women's career development. We prioritise economic empowerment as a key direction to support women's development by creating more jobs for women and helping housewives return to the workplace to increase women's sense of achievement.

Diverse Care and Support for Female Employees

To create a workplace atmosphere of respect, care, and inclusiveness, the platform's headquarters and regional teams provide diverse care and support to female employees during important festivals and key career moments.

Festival care: During International Women's Day, the headquarters prepares festival gifts for all female employees and organises celebration activities. Female employees can enjoy a half-day holiday on weekdays. Many regions implement care measures according to local conditions. Teams in Shandong, Jiangsu and other places also offer a half-day holiday. Teams in Jiangxi, Liaoning, Inner Mongolia and other places convey blessings by distributing festival red envelopes.

Maternity support and return-to-work care: Before female employees go on maternity leave and when they return to work, the headquarters and each team hold small celebration parties and give commemorative gifts to enhance the sense of ritual and organisational belonging. In particular, the Jiangxi team further provides support for employees returning to work. The first month after returning from maternity leave is set as an "adaptation period", during which employees are not included in the performance appraisal, helping them make a smooth transition and integrate into work with peace of mind.

International Women's Day Event Poster

Commitment to Social Welfare

Community Public Welfare Activities

YSB actively practices social responsibility and carries out various public welfare activities in grassroots communities. From ecological construction, community health to rural revitalisation, we have fully combined our professional advantages in the field of medicine and health to give back to the society and serve the people's livelihood with practical actions. During the Reporting Period, YSB actively responded to the initiative of the public welfare project "Gather the power of love and carry on the spirit of Lei Feng" jointly launched by the China Medical Supplies Association and the Lei Feng Foundation, and actively donated funds to support the project, fulfilling its social responsibility with practical actions.

Donate Influenza Prevention and Control Supplies to Support Grassroots Health Protection

The influenza situation remains severe in winter, increasing the pressure on grassroots community health protection. As a domestic digital integrated service platform for the outside-of-hospital pharmaceutical industry, YSB actively fulfils its social responsibility and donates 300 packages of Leyaoshi Compound Ganmaoling Granules to Zhuguang Street, Yuexiu District, Guangzhou, injecting warm-hearted power into grassroots health protection with practical actions.

In addition, YSB donates a batch of "Two Fevers (兩熱)" prevention and control care supplies to Shayuan Street, Haizhu District, Guangzhou, including Leyaoshi Huoxiang Zhengqi Kou Fu Ye (樂藥師藿香正氣口服液), mineral water and epidemic prevention supplies, bringing care and protection to front-line street workers and residents in the jurisdiction.

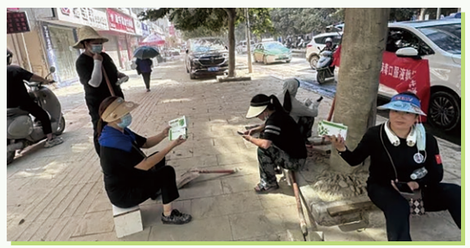
YSB's charitable donation supports the prevention and control of "Two Fevers"

Donate Pharmaceutical Supplies to Support Guizhou in the Flood Disaster

In late June 2025, Rongjiang County, Guizhou Province, suffered a major flood, and there was an urgent need for post-disaster epidemic prevention. As a leading digital platform in the outside-of-hospital pharmaceutical industry, YSB quickly launched an emergency response and donated RMB100,000 worth of essential anti-heatstroke and epidemic-prevention drugs to precisely support front-line flood-fighting personnel and affected people.

Relying on the advantages of the grassroots pharmaceutical network, the Company uses the "centralised distribution & pharmacy split-pack dispensing" model to efficiently distribute supplies, ensuring that the drugs reach the destination quickly. This action continues the public welfare tradition of supporting the flood-affected areas in Huaiji County, Zhaoqing, demonstrating the Company's social responsibility. In the future, YSB will continue to fulfil its mission of "to make quality medical care and good medicine accessible to all" and use digital power to help emergency medical resources reach the grassroots level.

YSB's donated drugs arrive in Rongjiang County



Frontline workers collect Huoxiang Zhengqi Kou Fu Ye

"Cool Summer Care (夏日送清凉)" Public Welfare Activity – Commit Social Responsibility to Share Corporate Warmth

YSB carried out the "Cool Summer Care" public welfare activity, presenting Leyaoshi Huoxiang Zhengqi Kou Fu Ye (樂藥師藿香正氣口服液) and anti-heatstroke drinks to frontline groups such as the Lei Feng Motorcade, sanitation workers, demolition teams and police stations. This activity fulfilled the Company's social responsibility with practical actions, brought care to workers who stuck to their posts in high-temperature weather, conveyed social warmth, and enhanced the Company's social image.

In addition, we sent 200 cases of mineral water to sanitation workers, law enforcement officers, and volunteers who were on duty in the Canton Tower area. Through these practical actions, we paid tribute to the frontline workers in the city and demonstrated the Company's care and social responsibility.

The "Cool Summer Care" Activity Team

Highlights

During the Reporting Period, YSB invested a total of RMB **1,670,000** in the field of public welfare and charity.

Rural Revitalisation

In response to the national rural revitalisation strategy, YSB has actively fulfilled social responsibilities by contributing to rural development through various means such as aid donations, industry support and scholarships. In recent years, we have participated in rural revitalisation initiatives, focusing on assisting disadvantaged groups and donating pharmaceutical and healthcare supplies. During the Reporting Period, in response to the call of "630" rural revitalisation activity initiated by the Science, Industry, Commerce and Information Technology Bureau of Haizhu District, Guangzhou, we acted promptly and made generous donations, demonstrating our commitment to charitable endeavours through practical actions.

Meanwhile, we focus on revitalising rural industries by exploring local pharmaceutical-related industrial projects, establishing connections with upstream and downstream partners and facilitating financing to address surrounding employment issues.

YSB places strong emphasis on the development of rural education. We have established a long-term partnership with the Green & Shine Foundation. During the Reporting Period, the Company made quarterly donations to the Foundation, with total contributions amounting to RMB100,000 for the year. The funds were specifically allocated to support teachers in rural areas and enhance student competencies.

Highlights

During the reporting period, we invested over **200,000** RMB in public welfare projects related to rural revitalization, covering initiatives such as education support and agricultural assistance. These efforts have effectively promoted educational development and agricultural economic growth in impoverished areas.

Appendix

ESG KPI Disclosure

Data List

Indicators	Unit	2024	2025
Environmental Indicators			
Greenhouse gas emissions and intensity[1]			
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO_2e	13,599.01	13,969.57
Greenhouse gas emissions (Scope 1)[2]	tCO_2e	11.64	39.13
Greenhouse gas emissions (Scope 2)[3]	tCO_2e	13,587.37	13,930.43
Greenhouse gas emission intensity (Scope 1 and Scope 2)	tCO_2e/operating income (RMB10,000)	0.008	0.007
Hazardous waste			
Waste fluorescent tube	Tonne	0.29	0.37
Discarded printer cartridge	Tonne	1.03	0.89
Medical waste including waste pharmaceutical products	Tonne	22.00	24.00
Total hazardous waste	Tonne	23.32	25.25
Hazardous waste intensity	Kg/operating income (RMB10,000)	0.013	0.012
Non-hazardous waste			
Discarded office paper	Tonne	6.96	1.07
Discarded packaging materials – Plastic used for express packages	Tonne	381.00	406.00
Discarded packaging materials – Paper used for express packages[4]	Tonne	4,196.09	4,913.00
Waste printed receipt	Tonne	32.00	34.68
Total non-hazardous waste	Tonne	4,616.05	5,354.75
Non-hazardous waste intensity	Tonne/operating income (RMB10,000)	0.003	0.003

Indicators	Unit	2024	2025
Total energy consumption and intensity			
Petrol	Litre	5,122.62	17,218.84
Purchased electricity	kWh	20,038,213.10	20,902,028.40
Purchased heat	GJ	25,771.51	25,816.51
Total energy consumption	MWh	20,084.03	21,056.02
Total energy consumption intensity	MWh/operating income (RMB10,000)	0.011	0.010
Water consumption and intensity			
Office and domestic water consumption	Tonne	39,145.78	44,523.80
Water consumption intensity	Tonne/operating income (RMB10,000)	0.022	0.021
Social Indicators			
Total number of employees			
Total number of employees	Person	6,763	6,950
By form of employment			
Number of full-time employees	Person	6,706	6,880
Number of part-time employees	Person	57	70
By gender			
Total number of male employees	Person	3,912	4,029
Total number of female employees	Person	2,851	2,921
By age			
Total number of employees aged 29 and below	Person	2,483	2,346
Total number of employees aged between 30 and 49	Person	4,233	4,552
Total number of employees aged 50 and above	Person	47	52

Indicators	Unit	2024	2025
By rank			
Total number of senior management employees	Person	4	4
Total number of middle management employees[5]	Person	944	766
Total number of primary employees	Person	5,815	6,180
By region			
Number of employees from Chinese Mainland	Person	6,758	6,944
Number of employees from Hong Kong, Macau and Taiwan	Person	5	6
Employee turnover rate[6]			
Employee turnover rate	%	26.50	24.88
By gender			
Turnover rate of male employees	%	31.13	26.76
Turnover rate of female employees	%	20.13	22.29
By age			
Turnover rate of employees aged 29 and below	%	31.45	34.70
Turnover rate of employees aged between 30 and 49	%	23.84	19.86
Turnover rate of employees aged 50 and above	%	4.26	21.15
By category			
Turnover rate of management employees	%	18.57	11.69
Turnover rate of primary employees	%	27.79	26.52
By region			
Turnover rate of employees from Chinese Mainland	%	26.52	24.88
Turnover rate of employees from Hong Kong, Macau and Taiwan	%	0	16.67

Indicators	Unit	2024	2025
Work-related injury and fatality			
Number of work-related fatalities in the past three years[7]	Person	0	0
Number of work-related injuries	Number	17	9
Total number of lost days due to work-related injury	Day	434	223
Employee training			
Total number of trained employees	Person	6,724	6,950
Trained employees as a percentage of total employees	%	99.42	100
Total training hours of employees	Hour	92,372	60,260
Average training hours of employees	Hour/person	13.66	8.67
By gender			
Percentage of trained male employees	%	58.74	57.23
Percentage of trained female employees	%	41.26	42.77
Average training hours of male employees	Hour/person	12.32	8.03
Average training hours of female employees	Hour/person	15.49	9.56
By rank			
Percentage of trained management employees	%	22.59	16.52
Percentage of trained primary employees	%	77.41	83.48
Average training hours of management employees	Hour/person	21.83	12.28
Average training hours of primary employees	Hour/person	12.33	8.22
Number of suppliers			
Total number of suppliers	Number	14,836	17,352

Indicators	Unit	2024	2025
By region			
Total number of suppliers from Chinese Mainland	Number	14,792	17,297
Total number of suppliers from Hong Kong, Macao and Taiwan and overseas	Number	44	55
Product liability			
Product and service complaints	Number	4,388	3,892
Resolution rate of product and service complaints	%	100	98.43
Internal product quality review	Number	165	165
External product quality review	Number	64	76
Number of product safety and quality trainings for employees	Number	21	59
Number of participants in product safety and quality trainings for employees	Person	2,593	4,189
Number of products recovered for safety and health reasons	Number	692	937
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0.1	0.2
Number of responsible marketing trainings for sales personnel	Number	18	69
Number of information security and privacy protection trainings for employees	Number	4	3
Number of participants in information security and privacy protection trainings for employees	Person	2,340	2,719
Information security incident	Number	0	0
Privacy breach incident	Number	0	0
Product research and development			
Cumulative number of patents granted	Number	108	208
Cumulative number of copyrights	Number	469	596
Cumulative number of domains	Number	41	41

Indicators	Unit	2024	2025
Community investment			
Public charity investment	RMB10,000	143.85	167.00
Volunteer service hours of employees	Hour	848	935
Governance Indicators			
Anti-corruption			
Number of anti-corruption trainings for the board of directors and employees	Number	6	3
Number of corruption cases initiated or concluded	Number	0	0
Total anti-corruption training hours of directors	Hour	3	4
Total anti-corruption training hours of employees	Hour	842.9	1,251.7
Number of directors participated in anti-corruption trainings	Person	6	8
Number of employees participated in anti-corruption trainings	Person	2,907	4,694

>>Notes

1. The primary emissions of YSB are greenhouse gas emissions, which are generated from vehicle fuels and the purchase of electric power produced from fossil fuels.

2. Direct carbon dioxide emissions from petrol are calculated with reference to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Public Building Operation Units (Enterprises) (Trial)* issued by the General Office of the National Development and Reform Commission. During the Year, full-year data of "Yikuai Pharmaceutical" have been included, resulting in increased petrol consumption and Scope 1 emissions due to its relatively large number of official vehicles.

3. Indirect carbon dioxide emissions from purchased electricity and heat are calculated with reference to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Public Building Operation Units (Enterprises) (Trial)* issued by the General Office of the National Development and Reform Commission. The power emission factors refers to the standard of the *Notice on the Release of 2023 Electricity Carbon Dioxide Emission Factors* (《關於發佈2023年電力二氧化碳排放因子的公告》).

4. Due to the growth in Leyo's business, the number of packages increased by 8%. Additionally, some subsidiaries shifted from having packaging provided by carriers to self-procurement, resulting in a corresponding rise in waste paper from courier packaging.

5. Middle-level management includes department heads, project managers, regional and subsidiary heads, and some junior management roles, such as managers and team leaders. In 2025, the number of middle-level management decreased as compared to same period last year due to the organisational restructuring of the Online Marketplace towards a flatter structure.

6. Employee turnover rate = The number of full-time regular employees who left voluntarily / the number of full-time regular employees at the end of the year. The statistics on the number of departures include employees who voluntarily left and terminated their employment relationship, and do not include employees who left during the probationary period.

7. The number of work-related fatalities in the past three years (including the reporting year) is 0.

ESG Reporting Code Content Index

Aspect	Key Performance Indicators	Corresponding Sections of the Report
A1	**Emissions**	
General disclosure	Information on: (a) the policies; and (b) compliance with the laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	"Dual Carbon" Goal Leads Green Development
A1.1	The types of emissions and respective emissions data.	ESG KPI Disclosure
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A1.5	Description of emission target(s) set and steps taken to achieve them.	"Dual Carbon" Goal Leads Green Development
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.	"Dual Carbon" Goal Leads Green Development
A2	**Use of Resources**	
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	"Dual Carbon" Goal Leads Green Development
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG KPI Disclosure
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	"Dual Carbon" Goal Leads Green Development
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.	"Dual Carbon" Goal Leads Green Development
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	"Dual Carbon" Goal Leads Green Development
A3	**The Environment and Natural Resources**	
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	"Dual Carbon" Goal Leads Green Development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	"Dual Carbon" Goal Leads Green Development
B1	**Employment**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Partnership Responsibility and Common Development
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	ESG KPI Disclosure
B1.2	Employee turnover rate by gender, age group and geographical region.	ESG KPI Disclosure
B2	**Health and Safety**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Partnership Responsibility and Common Development
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG KPI Disclosure
B2.2	Lost days due to work injury.	ESG KPI Disclosure
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Partnership Responsibility and Common Development
B3	**Development and Training**	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Partnership Responsibility and Common Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG KPI Disclosure
B3.2	The average training hours completed per employee by gender and employee category.	ESG KPI Disclosure

Aspect	Key Performance Indicators	Corresponding Sections of the Report
B4	**Labour Standards**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Partnership Responsibility and Common Development
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Partnership Responsibility and Common Development
B4.2	Description of steps taken to eliminate such practices when discovered.	Partnership Responsibility and Common Development
B5	**Supply Chain Management**	
General disclosure	Policies on managing environmental and social risks of the supply chain.	Partnership Responsibility and Common Development
B5.1	Number of suppliers by geographical region.	ESG KPI Disclosure
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Partnership Responsibility and Common Development
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Partnership Responsibility and Common Development
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	"Dual Carbon" Goal Leads Green Development Partnership Responsibility and Common Development
B6	**Product Responsibility**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	To Make Quality Medical Care and Good Medicine Accessible to All Technology Empowerment and Innovation Leadership
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG KPI Disclosure
B6.2	Number of products and service related complaints received and how they are dealt with.	ESG KPI Disclosure
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Technology Empowerment and Innovation Leadership
B6.4	Description of quality assurance process and recall procedures.	To Make Quality Medical Care and Good Medicine Accessible to All
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Technology Empowerment and Innovation Leadership

Aspect	Key Performance Indicators	Corresponding Sections of the Report
B7	**Anti-corruption**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Steady Governance and Efficient Operation
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.	ESG KPI Disclosure
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Steady Governance and Efficient Operation
B7.3	Description of anti-corruption training provided to directors and staff.	Steady Governance and Efficient Operation
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.	To Make Quality Medical Care and Good Medicine Accessible to All
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	To Make Quality Medical Care and Good Medicine Accessible to All
B8.2	Resources contributed (e.g. money or time) to the focus area.	To Make Quality Medical Care and Good Medicine Accessible to All ESG KPI Disclosure

Part D: Climate-related Disclosures		
(I) Governance		"Dual Carbon" Goal Leads Green Development: Response to Climate Change - Governance
(II) Strategy	Climate-related risks and opportunities	"Dual Carbon" Goal Leads Green Development: Response to Climate Change - Strategy
	Business model and value chain	
	Strategy and decision-making	
	Financial position, financial performance and cash flows	
	Climate resilience	
(III) Risk Management		"Dual Carbon" Goal Leads Green Development: Response to Climate Change - Risk Management
(IV) Metrics and Targets	Greenhouse gas emissions	"Dual Carbon" Goal Leads Green Development: Response to Climate Change - Metrics and Targets
	Climate-related transition risks	
	Climate-related opportunities	
	Capital deployment	
	Internal carbon prices	
	Remuneration	
	Industry-based metrics	
	Climate-related targets	
	Applicability of cross-industry metrics and industry-based metrics	

Feedback Form

Thank you for reading this Report. We sincerely hope that you can comment on this Report and make valuable comments to help us continue to improve.

If you have any comments or suggestions on the ESG of YSB, please fill in the form below and email esg@ysbang.cn to submit your valuable opinions or you can directly scan the QR code on the left for online feedback.

Feedback Form for the 2025 ESG Report of YSB Inc.

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Email Address _____

Your comments on this Report: (Please tick the corresponding boxes)

	Very good	Good	Satisfactory	Poor	Very poor
Do you think this Report highlights important information about the environmental, social and governance aspects of YSB?	☐	☐	☐	☐	☐
Do you think the information and indicators disclosed in this Report are clear, accurate and complete?	☐	☐	☐	☐	☐
Do you find the organisation and style of this Report helpful for your reading?	☐	☐	☐	☐	☐

Which part of the content are you most interested in?

_____

What else do you think you need to know but is not reflected in this Report?

_____

Do you have any suggestions for our future ESG reports?

_____

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