



2025

Environmental, Social and Governance Report

Contents

Words from the Chairman	01
About The Report	02
About LBX Pharmacy	03
ESG Performance Highlights	07
ESG Rating Performance	08

Appendices

Appendix 1. Table of Responsibility Performance	98
Appendix 2. Table of Index to Standards	102
Appendix 3. List of Laws and Regulations	107

1

Sustainability Management

1.1 ESG Governance	10
1.2 Management Strategy	12
1.3 Stakeholder Communication	14
1.4 Assessment of Materiality Issues	15

2

Governance

2.1 Corporate Governance	21
2.2 Compliance Operation	26
2.3 Information Security & Customer Privacy Protection	34
2.4 Party Building Work	38

3

Social

3.1 Quality Control	40
3.2 Supply Chain Safety	46
3.3 Health Services	54
3.4 Innovation-driven	62
3.5 Employee Development	71
3.6 Responsible Citizens	82

4

Environmental

4.1 Environmental Compliance Management	87
4.2 Addressing Climate Change	90
4.3 Use of Energies and Resources	93
4.4 Green Operation	95

Words from the Chairman



Xie Zilong Founder, Chairman and President of LBX Pharmacy

Global climate change, public health challenges and the wave of digital technologies are reshaping the business model of the health industry. In the face of changes and uncertainties, LBX Pharmacy upholds "doing everything for ordinary people" as its business philosophy, deeply integrates ESG governance into its operations management, and continuously promotes the resonance of its commercial and social value with strategic transformation as the engine, digital AI as the support, and accountability as the foundation.

In 2025, with the fighting spirit of "the second venture", we started the transformation of the whole value chain. Focusing on the frontline and customers, we took multiple measures simultaneously to drive steady improvement of our operations. More importantly, with long-term value growth as the core, we were no longer satisfied with the completion of single commodity transactions, but were committed to building long-term stable trusting relationships with consumers and partners to lay a solid foundation for our future development.

For consumers, we expanded and upgraded diversified health services from single drug sales, provided value-added services such as chronic disease management and medication tracking, and extended transactions from "sales closing" to long-term "health companion". For our supply chain partners, we were open and collaborative, jointly built a drug traceability system, carried out the reform of our commercial procurement system, and promoted the win-win development of the industrial chain. For industry partners, we actively shared experience and made our resources openly accessible to empower small and medium-sized chain pharmacies by joining alliances, and promoted the industry from "price involution" to "value upgrade". As a deputy to the 14th National People's Congress, I continuously promoted upgrades based on the development of the industry, as well as people's livelihood and health needs, and actively made suggestions for accelerating the construction of a healthy China. We continuously sustained such "trust" with professionalism, warmth and accountability, making LBX Pharmacy not only like a reliable lamp in the community, but also an ecological community that could stand the test of time and was worthy of the trust of all parties.

In the era of digital intelligence, AI became an important tool for improving the efficiency of ESG actions. In 2025, we established the Group's AI Application Strategy Committee to stabilize our R&D investment, independently develop intelligent agents, promote the exploration and application of AI in various business modules of operation, procurement, merchandising and internal management, and help improve the operational quality and efficiency of the whole value chain. While empowering development with technologies, we also honored our commitment to the ecological environment, drove energy conservation and consumption reduction through technology optimization, increased the application of clean energies, practised green operation, and helped synergistically better our economic and environmental benefits.

In essence, business is humanistic, and the development of enterprises is inseparable from being driven by people. In the past year, we made every effort to promote "merchant" transformation. Our management continuously visited the frontline, listened to the employees' voices, optimized our incentive mechanism, improved our talent training, and fully stimulated all our employees' vitality. We firmly believed that only when employees were more professional and cordial could they better serve customers and care for the society, thus making the Company more accountable. We also continuously received positive feedback. A 90-year-old man's handwritten thank-you letter to LBX's pharmacists for their professional services, tens of thousands of "Love Stations" which became warm harbors for numerous outdoor workers, and 4,231 excellent cases of "altruistic" services that emerged throughout the year... and so on epitomized the daily improvements made by more than 50,000 "LBX members" and were the most vivid annotations of responsibility.

Embracing the future, the state will vigorously develop the real economy, and nine ministries of China will jointly issue documents to support the high-quality development of retail pharmacies. With the further acceleration of aging and the continuous upgrading and expansion of residents' health needs, physical pharmacies will enter a window period for a new round of strategic development. LBX Pharmacy will deeply remain committed to facilitating the development of physical pharmacies. With the overall strategy of building a technology-driven health service platform, we will continue to deepen our reforms around services, technologies, ecology and talents to build a sustainable business ecology in an all-round manner.

What is health? It is the foundation for the happiness of tens of millions of families, the cornerstone of a wonderful life, and the simplest and firmest ESG commitment of LBX Pharmacy. Always show reverence for life which shall be prioritized, and make medical and health services that are not inferior to those in cities available in towns and villages. Enable patients with chronic diseases to obtain scientific medication guidance without frequently going to a hospital, new parents to calmly take care of their children in their daily life, and everyone who works hard for life be healthy... LBX Pharmacy is willing to always make concerted efforts with all parties, promote business improvement with long-term persistent efforts, and create a healthier and more sustainable future together.

About This Report

The Environmental, Social and Governance (ESG) Report 2025 of LBX Pharmacy Chain Joint Stock Company (hereinafter referred to as "this Report") is the eleventh ESG report that has been issued by LBX Pharmacy Chain Joint Stock Company (hereinafter referred to as "LBX Pharmacy", "the Company", "the Group", "we") since its listing (the reports issued from 2015 to 2022 are social responsibility reports, and those issued from 2023 to 2025 are ESG reports). This Report objectively, transparently and completely discloses the Company's ESG concept, practice and performance in 2025 in a standardized manner.

Basis for Compilation

This Report has been compiled mainly with reference to the standards below:

·Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial) (hereinafter referred to as "SSE Sustainability Report Guidelines"), Guidelines for Self-regulation of Listed Companies on Shanghai Stock Exchange No.4 - Sustainability Development Report (hereinafter referred to as "SSE Sustainability Report Guide")

·Corporate Sustainability Disclosure Standards - Basic Standards (Trial) and Application Guidelines for Corporate Sustainability Disclosure Standards - Basic Standards (Trial) issued by the Ministry of Finance of the People's Republic of China

·Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI-Standards 2021) of the Global Sustainability Standards Board

·Guidelines No. 2 International Financial Reporting Sustainability Disclosure Standard - Climate-Related Disclosures (IFRS S2) published by the International Sustainability Standards Board (ISSB).

This Report follows the latest sustainability reporting standards prior to the publication of the current annual report for information disclosure. Due to the continuous revision and update of the reporting standards, the contents of this Report might differ due to iteration of Chinese and English expressions, understandings and versions. We will update it iteratively to continuously improve the quality of our information disclosure.

Reporting Scope and Boundary

This is an annual report, externally disclosed every year.

The reporting entity and reporting period of this Report are the same as those of the Company's annual report 2025. The reporting period extended from January 1, 2025 to December 31, 2025. To enhance the integrity of the report contents, some contents or explanations are appropriately extended forward or backward in time.

Unless otherwise stated, the scope of disclosure in this Report is consistent with that of the Company's financial report and consolidated statements 2025. The environmental performance covers the self-owned pharmacies, medical centers and traditional Chinese medicine factories, as well as logistics centers, employee canteens and offices that LBX Pharmacy has the right to control their operations and operated throughout 2025.

Data Sources and Information Descriptions

The data and case information in this Report are mainly from the statistical reports and related documents of the Company. The operational data disclosed in this Report are all from the Company's annual report 2025. Unless otherwise stated, all monetary amounts included in the report are denominated in RMB.

This Report is made in both Chinese and English. In case of discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Deliberative Process

This Report was approved upon deliberation at the fourteenth meeting of the 5th Board of Directors of the Company, and released. The Board of Directors of the Company undertakes to supervise the content of the report to ensure there are no false records or misleading statements and is responsible for the authenticity, accuracy, and completeness of the content.

Forward-looking Statements

Except for events that have occurred, all possible future events described hereunder fall within the scope of these forward-looking statements, including but not limited to expected objectives, action plans, assumptions of climate change scenarios, climate risks, financial impacts, etc. Due to external risks, uncertainties and other factors beyond our control, the actual future development results or trends of the events mentioned might differ from the forward-looking statements in this Report. The Company does not assume responsibility for updating related statements and events in case that they are not realized.

Acquisition of and Response to This Report

You may obtain more ESG information from LBX Pharmacy or download the electronic copy of this Report through the following methods:

- Official website of LBX Pharmacy: <https://www.lbxdrugs.com>
- Official website of Shanghai Stock Exchange: <http://www.sse.com.cn>

If you want to obtain a paper version of this Report, or have any comments or suggestions about this Report, you may contact us as follows:

Address: Securities Affairs Department, 808 Luohu Road, Kaifu District, Changsha, Hunan Province

Tel.: 0731-84035189

Email: ir@lbxdrugs.com

Your comments and suggestions are important basis for us to continuously promote our sustainability management and practice.

About LBX Pharmacy



A top **500** enterprise in China's service industry

With **14,975** stores all over China

With operating income of RMB **22.237** billion in 2025

LBX Pharmacy (a company listed on the main board of Shanghai Stock Exchange; stock code: 603883) is a leading enterprise in China's pharmaceutical retail industry, a top 100 champion in comprehensive competitiveness among China's pharmaceutical retail enterprises, a top 500 enterprise in China's service industry, and a top 100 enterprise in Hunan Province.

Since its establishment in 2001, the Company has successfully developed 18 provincial markets such as Hunan, Jiangsu, Anhui and Gansu, with about 15,000 stores and nearly 60,000 employees (including franchisees). In 2025, our operating income was RMB 22.237 billion our total assets amounted to RMB 19.845 billion. Our tax payments exceeded RMB 895 million.

Having been deeply ingrained in the health industry for more than 20 years, LBX Pharmacy always maintains its strategic intent. Consistently adhering to its original intention of "doing everything for ordinary people", it is committed to providing professional and warm health management services for ordinary people. In recent years, the Company has made continuous breakthroughs and innovations, continuously deepened the transformation of digital AI, and driven business development. It has accurately empowered small and medium-sized chain and single pharmacies, vigorously built a "large-scale ecosystem" for pharmaceutical retail, vigorously developed the industry's high-standard pharmacy franchise model, alliance model, professional DTP pharmacies, tradition Chinese medicine clinic chains and other business patterns, promoted the full-time, global and full-product integration of new retail, and made every effort to build a technology-driven health service platform. At present, the Company owns subsidiaries such as LBX Health Pharmacy (franchise), Easydrug (alliance), MYLH (wholesale), Baixingtang Famous Medical Clinics, and Fengwoda Logistics, forming a complete pharmaceutical industry ecosystem.

At the same time of its rapid development, LBX Pharmacy has actively participated in public welfare undertakings, conveying social love and warmth with actions. So far, the Company has donated more than RMB 100 million to social welfare such as disaster relief, epidemic prevention, poverty alleviation, education assistance and rural revitalization in collaboration with its partners. The Company has been successively granted several honors, including national honor as "Advanced Group Making Contributions to Complete Construction of a Moderately Prosperous Society", Super Brands in China, and TOP100 Champion in Overall Competitive Strengths among Chinese Drug Retail Enterprises (for 12 times).

Orienting towards the future, LBX Pharmacy will be deeply ingrained in the health industry, firmly build a technology-driven health service platform, provide more professional, smarter and more altruistic services for ordinary people in the silver-haired economy with a more correct healthy lifestyle, and help build a "healthy China".

老百姓 大药房 Brands

Stock Code: 603883

老百姓 百姓缘药房 <small>LEX BUY PHARMACY</small>	老百姓 万仁药房 <small>LEX WREN PHARMACY</small>	老百姓 惠仁堂药房 <small>LEX HUI PHARMACY</small>	老百姓 百信缘药房 <small>LEX BUY PHARMACY</small>
老百姓 百信缘药房 <small>LEX BUY PHARMACY</small>	老百姓 华康药房 <small>LEX HUAKANG PHARMACY</small>	老百姓 泽源药房 <small>LEX ZEYUAN PHARMACY</small>	老百姓 隆泰药房 <small>LEX LONGTAI PHARMACY</small>
老百姓 邻加医药房 <small>LEX LINGJIA PHARMACY</small>	老百姓 普泽药房 <small>LEX PUZE PHARMACY</small>	老百姓 海鹏药房 <small>LEX HAIPENG PHARMACY</small>	老百姓 新千秋药房 <small>LEX XINQIANQIU PHARMACY</small>
老百姓 三品堂药房 <small>LEX SANPIN TANG PHARMACY</small>	老百姓 仁德药房 <small>LEX RENDE PHARMACY</small>	老百姓 百汇药房 <small>LEX BAIHUI PHARMACY</small>	老百姓 人川药房 <small>LEX REN CHUAN PHARMACY</small>
老百姓 济生堂药房 <small>LEX JI SHENG TANG PHARMACY</small>	老百姓 怀仁药房 <small>LEX HUAI REN PHARMACY</small>	老百姓 壹天药房 <small>LEX YI TIAN PHARMACY</small>	

1

Pharmacy chain franchise brand

老百姓 健康药房
LEX HEALTH PHARMACY

1

Third-party pharmaceutical retail alliance service platform

药福单
YAO FU DAN

1

Foreign strategic partners and marketing agencies

名猫龙行
MING MAO LONG XING

1

Traditional Chinese clinic chain brand

百杏堂名医馆
BAI XING TANG MING YI GUAN

4

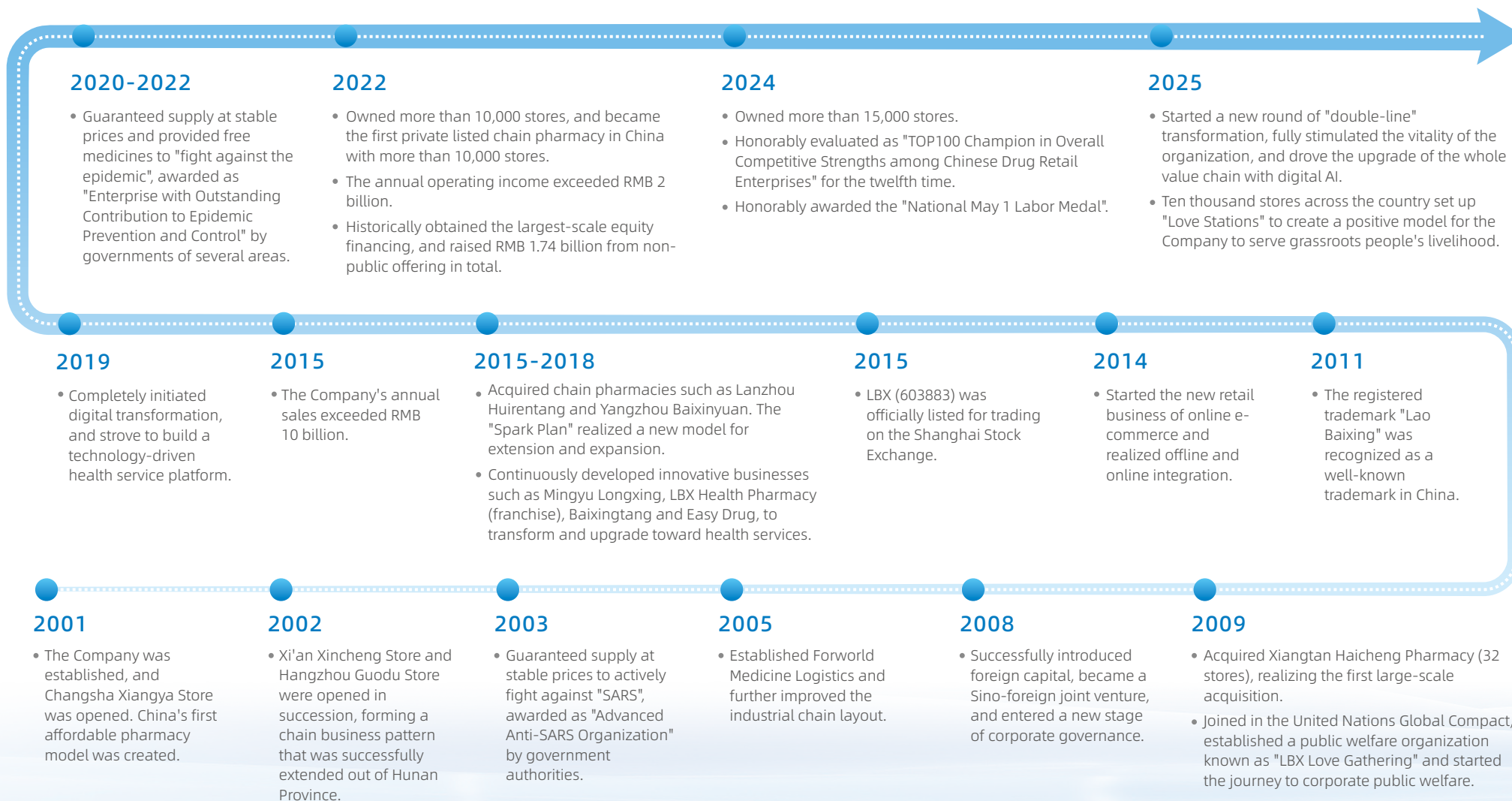
Regional logistics centers

丰沃达
FENG WODA

Corporate Culture

- Corporate mission:** Professional services bring more warmth, and always keep ordinary people healthy
- Corporate vision:** Remain committed to health undertakings and create century-old stores
- Business philosophy:** Do everything for ordinary people
- Core values:** Customer-oriented, simple, efficient, upright, and accountable
- Corporate spirit:** Altruistic, equal, pragmatic and innovative
- Corporate strategy:** Vigorously build a technology-driven health service platform
- Social responsibility concept:** Treat customers, employees and partners kindly
- Four mechanisms:** Incubation mechanism, sharing mechanism, PK mechanism, risk control mechanism
- Talent concept:** Struggle-oriented and merit-based appointment
- Learning concept:** Jointly build a learning organization and make self-improvement
- Communication concept:** Never take anything personally, and tell right from wrong
- Nine redlines:** See page 32

Growth Footprints



Future Strategy

"Vigorously build a technology-driven health service platform"

LBX Pharmacy will insist on being deeply engaged in the health business, and firmly build a technology-driven health service platform by focusing on seven major strategies, namely empowering with digital AI, capturing the blue ocean market of prescription drugs, embracing new retail, advancing into new rural areas, expanding health and social spaces for the elderly, cultivating private brands and exploring diversification. Meanwhile, we will actively undertake our corporate social responsibility and build a sustainable pharmaceutical retail ecosystem.



Empowering with Digital AI

Continuously promote the transformation and innovation via digital AI, further use digital AI tools to empower stores and store clerks, and bring professional and caring service experience to customers; solve pain points and difficulties in work through intelligent tools and information technologies; increase management efficiency at all levels and organizational operation efficiency.



Capturing the Blue Ocean Market of Prescription Drugs

Actively promoting clinics coordination and relying on its resources such as nationally unified high-standard dual-channel stores, DTP stores, outpatient chronic and special disease stores, and the advantage of a relatively high licensed pharmacist staffing rate in the industry, the Company will actively connect with prescription circulation platforms successively launched in different regions to undertake more outflow prescriptions.



Embracing New Retail

Actively create "Internet plus" smart medical and health services, and create differentiated online advantages through digital AI empowerment; integrate private domains with members, and accurately match user needs, to continuously meet users' diversified health service needs, and further increase the accessibility of medical resources.



Advancing into New Rural Areas

While focusing on the advantageous market, we will vigorously develop the lower-tier market, build a three-dimensional expansion network through self-construction, M&A, franchising and alliances, create a large pharmaceutical retail ecology, pool more extensive local resources, take advantage of store management, and practise the strategy for "new rural areas".



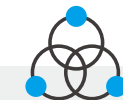
Expanding Health and Social Spaces for the Elderly

Seize the opportunity of "silver-hair economy", and provide professional services such as medication consultation, health consultation, and chronic disease management in stores to improve customer stickiness. Pay attention to the life and emotional needs of the elderly, provide convenience services, silver-hair services, etc., and develop the stores into healthy spaces with social attributes.



Cultivating Private Brands

Focusing on scenarios such as "health management, health preservation, health exercise", build a user-centered product system, take advantage of the Company's "online + offline" omni-channel advantages, build a healthy domestic brand favored by ordinary people, and procure safe, healthy and cost-effective healthy life supplies to enter thousands of households.



Exploring Diversification

Focusing on the healthy life needs of ordinary people, explore diversification around new categories, new services, new images and new minds, in an attempt to become a trusted "Health station" for communities.

Honorary Titles and Awards

Association Qualification ^① Annual Honors

Vice Chairman Unit,
China Association of
Pharmaceutical
Commerce

Chairman Unit,
China Nonprescription
Medicines Association

Chairman Unit,
Hunan Association of
the Pharmaceutical
Distribution Industry

Vice Chairman Unit,
Hunan Pharmacist
Association

01/2025

◆ **8th China Excellent IR**
Best Capital Market Communication Award

07/2025

◆ **Seventh Best Managed Companies Project**
(Deloitte China, HKUST Business School, Harvard Business Review (Chinese Version))
Best Managed Companies (BMC) 2025

03/2025

◆ **Chinese Pharmacy**
TOP 100 Chinese Pharmacy in Value 2024-2025

08/2025

◆ **CPEO 2025**
Champion among Chinese Drug Retail Enterprises in Competitive Strength - Brand Power 2025
TOP100 Drug Retail Champion in Overall Competitiveness 2025
TOP 10 Urban Drug Retail Groups in Competitive Strength 2025

04/2025

◆ **West Lake Award of Wuzhen Health Conference 2025**
Chinese Pharmaceutical Retail Growth Enterprise
Top 20 Leading Digital Pharmaceutical Retail Enterprise
China Specialized Pharmacy Construction Excellence Award 2024

09/2025

◆ **China Enterprise Confederation, China Enterprise Directors Association**
Top 500 Chinese Service Enterprises 2025

10/2025

◆ **Hunan Federation of Enterprises and Industrial Economy**
Top 100 Enterprises in Hunan 2024

11/2025

◆ **Shanghai Stock Exchange**
Rated A in information disclosure work from 2024 to 2025

12/2025

◆ **Government of Hunan Province**
TOP 100 Sanxiang Private Enterprise 2025

CDAPS 2025
Changxing Gold Award · Juxin Award for Chinese Pharmacies 2025

Hunan Provincial Department of Finance
TOP 100 Enterprises with Outstanding Tax Contributions in Hunan Province in 2024

The 21st China Annual Retail Pharmacy Conference and the 6th China Professional Pharmacy Development Forum
(China Association of Pharmaceutical Commerce)
Top Ten in Total Sales among Chinese Pharmaceutical Retail Enterprises in 2024
Best Health Station Pharmacy, Excellent Health Station Pharmacy, Standard Psoriasis Demonstration Store, Standard Thyroid Demonstration Store

Xiding Fair 2025
Outstanding Chinese Pharmaceutical Retail Chain 2024-2025

Healthcare Traffic Conference 2025
Professional Service Award of Healthcare Traffic Conference 2025

China Chain Store & Franchise Association
Best Innovation Practice Case for China's Consumer Products 2025

^① For the list of associations that LBX Pharmacy has joined, see the "Social-Innovation-driven" section.

ESG Performance Highlights

Operating income of
RMB 22.237
 billion

Net profit attributable to the parent company amounting to

RMB 382 million

Tax payments of

RMB 895 million

Governance

- ◆ Rated **A** in annual information disclosure work
- ◆ The total cash dividends in 2025 (including interim dividends) were estimated to be RMB **311** million
- ◆ The coverage ratio of anti-commercial bribery and anti-corruption training among the employees was **100%**
- ◆ **0** major information security incidents

Environmental

- ◆ The consumption of renewable energies increased by **75%** on a year-on-year basis
- ◆ The total annual greenhouse gas emissions declined by **9.28%** on a year-on-year basis
- ◆ The fresh water consumption dropped by **9.33%** on a year-on-year basis
- ◆ The nationwide new energy vehicles for logistics delivery accounted for **69%**

Social

- ◆ The coverage ratio of quality training among the employees was **100%**
- ◆ **0** major quality and safety incidents related to goods and services
- ◆ Customer satisfaction degree at 400 Hotline was **99.7%**
 Annually reviewed **2,083** suppliers
- ◆ The coverage ratio of the Transparent Cooperation Commitment among the suppliers was **100%**
- ◆ Annual R&D investments amounted to RMB **90.1998** million
- ◆ Female employees accounted for **90.02%**; Females accounted for **47%** of the middle and senior management
- ◆ The coverage ratio of training for all employees was **100%**; Annual average training hours were **181**
- ◆ **0** relatively major and more serious safety incidents
- ◆ Annually invested in RMB **13.4635** million in aggregate in charitable donations together with partners



ESG Rating Performance^①

	<p>LSEG ESG</p> <p>61 points</p>		<p>S&P Global CSA</p> <p>21 points</p>
	<p>Wind ESG</p> <p>A</p>		<p>CSI ESG</p> <p>BBB</p>
	<p>SynTao Green Finance</p> <p>B+</p>		<p>CCXGFI</p> <p>AA-</p>

<p>The case of LBX Pharmacy Consolidating ESG Management and Protecting Ordinary People's Health was included in the Annual Report on the Development of China's Pharmaceutical Retail (2025)</p> <p>China Association of Pharmaceutical Commerce</p>	<p>LBX Pharmacy's ESG case was evaluated as "Typical Cases of Corporate Social Responsibility in Hunan Province in 2025"</p> <p>Hunan Federation of Enterprises and Industrial Economy</p>
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^①Performance rating in 2025 (as of December 31, 2025)

01 / Sustainability Management

Persistently upholding "doing everything for ordinary people", LBX Pharmacy integrates the ESG concept into its operations in an all-round manner, continuously improves its ESG system, actively responds to stakeholder demands and expectations, makes unremitting efforts to improve its sustainable development capabilities and business resilience, and creates long-term value.

Contents of This Section

- ESG Governance
- Management Strategy
- Stakeholder Communication
- Assessment of Materiality Issues



ESG Governance

Governance Structure

LBX Pharmacy has integrated its ESG concept into the entire value chain of its operations, established a three-level ESG structure at three levels, i.e. "decision-making - management - execution", clarified the responsibilities of all these levels, constantly reviewed sustainable development practices, and ensured the deep integration of business decisions and sustainability concepts.

As the top ESG management body, the Board of Directors of the Company authorizes the Strategy and ESG Committee to perform its governance functions according to the Rules of Procedure for the Strategy and ESG Committee of the Board of Directors of LBX Pharmacy Chain Joint Stock Company (hereinafter referred to as the "Rules of Procedure"), and be fully responsible for the research, analysis and consideration of ESG-related matters of the Company. To promote the implementation of sustainable development strategy and policy, we have established an ESG Management Committee including senior management. Meanwhile, an ESG Working Group covering different functional departments and subsidiaries has been built to jointly promote the implementation of various specific ESG actions and measures, and continuously improve our ESG performance. The Securities Affairs Department of the Company is responsible for coordinating the preparation of annual ESG reports and controlling the quality and continuity of information disclosure.

Level	ESG subject	Component	ESG responsibilities	Reporting and supervision
Decision-making	Board of Directors	Members of the Board of Directors	Lead, decide on and supervise major issues related to the sustainable development of the Group, and review annual ESG reports.	At least once a year
	Strategy and ESG Committee	Chairman Xie Zilong, Director Zheng Jiaqi, Independent Director Wu Lianfeng	Study the Group's long-term development strategies, major investment decisions, ESG strategies, vision, goals and policies, etc.; monitor the achievement of the Company's ESG objectives and the effectiveness of measures for achieving the objectives; deliberate over the annual ESG reports.	At least once a year
Management	ESG Management Committee	Composed of the Company's senior management	Formulate specific ESG management objectives, indicators and initiatives based on the ESG management strategies; coordinate and promote implementation of ESG projects; perform regular evaluations and report to the decision-making; and constantly improve and facilitate improvement of ESG performance.	At least once a year
Execution	ESG Working Group	The Securities Affairs Department and the heads of functional departments and subsidiaries, as well as business personnel	Divide labor by functions; execute and handle ESG-related matters, including assessment of material issues, daily communications with stakeholders, implementation of specific ESG projects, and participation in the preparation of ESG annual reports, etc.	Daily, irregular

Information Reporting and Supervision Mechanism

The Company has established a top-down ESG supervision mechanism. The Board of Directors is responsible for supervising different ESG governance work, including risk review, strategy and goal formulation, especially the Strategy and ESG Committee and the ESG Management Committee. The ESG Management Committee is responsible for daily overseeing the ESG Working Group.

According to the Company's internal ESG information reporting mechanism, reports shall be made from bottom to top and level by level. The ESG Working Group reports ESG practices to the ESG Management Committee from time to time. The ESG Management Committee reports the progress of ESG actions to the Strategy and ESG Committee and the Board of Directors through irregular work communications. The Strategy and ESG Committee holds regular meetings to review and examine ESG policies, assessment of materiality issues, achievement of goals and other important ESG matters. The Board of Directors of the Company deliberates over the achievement of ESG objectives and the annual report at its annual meeting.

The Company publicly and transparently reports the overall ESG situation and progress to stakeholders by issuing annual ESG reports. Based on the updates of regulatory policies, we continuously standardize our criteria for report disclosure and improve information disclosure.



ESG Performance and Compensation

The Company establishes performance indicators for important ESG issues, including but not limited to governance, commodity and quality management, customer services, supply chain safety, employees, information security, etc., and links these ESG performance indicators with the performance pay and evaluation of relevant officers and business leaders. In the future, we will continue to optimize relevant systems according to the actual situation, improve key performance assessment of ESG, and further promote the deep integration of ESG governance into our strategic operations.

Learning and Communication on ESG

The Company attaches great importance to learning of ESG policies and improvement of management capabilities. In 2025, our officers and ESG execution team members actively participated in 5 special ESG training sessions of the SSE and ESG themed activities organized by external stakeholders. The Company engaged professional third-party organizations for internal ESG policy analysis and training. Members of the ESG Working Group communicated with the heads of functional departments and subsidiaries about the latest policy requirements for ESG, ESG progress and outstanding ESG cases at least every six months, in order to continuously enhance the Company's internal awareness of ESG and professional skills.

The case of LBX Pharmacy Consolidating ESG Management and Protecting Ordinary People's Health was included in the Annual Report on the Development of China's Pharmaceutical Retail (2025)

The Company attaches great importance to the stakeholder demands, actively participates in ESG research and exchange activities of industry associations and related organizations, and joins hands with stakeholders to promote the development in ESG in the industry. The Company values the ESG rating of professional organizations, pays attention to more than 20 ESG rating systems at home and abroad, actively obtains the underlying data of rating agencies, and continuously improves ESG management and information disclosure.







Management Strategy





ESG Concept

LBX Pharmacy consistently remains accountable for corporate citizens. Around the concept of "Everything for the People", creating a bright future together", we are committed to protecting health of the masses through widely accessible health services and strict product quality control. We practise environmental friendliness and social responsibilities through green operation and community welfare. Through responsible compliance operations and win-win development with our employees, customers and partners, we will build a healthy ecosystem for sustainable development, and continue to make solid contributions to the development of a healthy China and the joint construction of a better society.

Sustainable Development Goals (SDGs) and Responses

We actively benchmark against the United Nations Sustainable Development Goals (UN SDGs) and constantly improve our ESG management strategies to create far-reaching social value while ensuring the steady development of our business, and join hands with all stakeholders to move towards a sustainable future.

Category	Issues involved	Our objectives and actions		Responses to the SDGs
 Governance	Corporate governance	<ul style="list-style-type: none"> ◆ Create a sound and effective governance structure, to continuously improve corporate governance ◆ Formulate and implement the "Corporate Value and Return Enhancement Action Plan" and the "Shareholder Return Plan" 	<ul style="list-style-type: none"> ◆ Earnestly fulfill the information disclosure obligation and carry out diversified and positive interactions with investors 	 
	Compliance operation	<ul style="list-style-type: none"> ◆ Establish and improve the risk and internal control systems, and conduct internal and external audits on a regular basis 	<ul style="list-style-type: none"> ◆ Perform corporate governance according to law, protect intellectual property and pay taxes according to law 	
	Anti-commercial bribery and anti-corruption	<ul style="list-style-type: none"> ◆ Strengthen business ethics and compliance management with zero tolerance for corruption, malpractice, fraud and bribery ◆ Have anti-commercial bribery and anti-corruption training cover 100% employees 	<ul style="list-style-type: none"> ◆ Continuously improve the investigation and reporting mechanism and respond to 100% whistleblowing 	
	Anti-unfair competition	<ul style="list-style-type: none"> ◆ Fight against unfair competitions and safeguard orderliness of the market economy 		
	Information security and customer privacy protection	<ul style="list-style-type: none"> ◆ Optimize the information security management system ◆ Strengthen publicity and training on information security awareness, have information security training cover 100% employees 	<ul style="list-style-type: none"> ◆ Annually conduct third-party information security audits, and have major systems pass the third-level protection ◆ Establish a privacy protection mechanism 	
 Social	Product safety and quality	<ul style="list-style-type: none"> ◆ Continuously promote the construction of the Group's quality control system 	<ul style="list-style-type: none"> ◆ Continuously promote the construction of a medicare compliance system 	 
	Health service	<ul style="list-style-type: none"> ◆ Create a nationwide offline and online network to continuously meet customers' diversified health service needs ◆ Implement responsible marketing, standardize the review mechanism for advertising and marketing, and safeguard consumer rights and interests 	<ul style="list-style-type: none"> ◆ Standardize service standards, provide professional pharmaceutical services, chronic disease management services, convenience services, silver-hair services, etc., and diversify services to create a "Health station" around customers ◆ Improve the working mechanism for handling customer complaints. The National Customer Service Center with hotline prefixed by 400 will continue to listen to customers' voices and conduct customer satisfaction surveys 	

Category	Issues involved	Our objectives and actions		Responses to the SDGs
 <p>Social</p>	Supply chain safety	<ul style="list-style-type: none"> Standardize supplier onboarding, evaluation and offboarding procedures and standards, and improve supplier lifecycle management 	<ul style="list-style-type: none"> Regularly identify supply chain risks and response measures to strengthen supply chain resilience 	
	Innovation-driven	<ul style="list-style-type: none"> Attach importance to R&D innovations and stabilize R&D investments 	<ul style="list-style-type: none"> Build an AI Strategy Committee to actively promote corporate digital AI transformation 	
	Industry symbiosis	<ul style="list-style-type: none"> Develop franchises and alliances to empower small and medium-sized chains and single pharmacies 	<ul style="list-style-type: none"> Join in industry associations to provide advice and suggestions, and participate in the formulation of industry and group standards to facilitate the healthy and positive development of the industry 	
	Equal treatment of small and medium-sized enterprises	<ul style="list-style-type: none"> Create a fair competitive environment in terms of market opportunities, resource allocation, etc. 		
	Employees	<ul style="list-style-type: none"> Respect human rights, protect the rights and interests of labor workers and eliminate all forms of discrimination Perform compliant employment, and recruit through diversified channels to enrich the Company's talent reserve Build a learning-oriented organization, achieve coverage ratio of 100% in training for all employees, and create smooth MTP career development channels and mechanism 	<ul style="list-style-type: none"> Improve the remuneration and welfare system, carry out "altruistic" employee projects, and improve employee satisfaction Value the power of women Protect the health and safety of employees, improve site management and conduct safety drills 	
	Rural revitalization	<ul style="list-style-type: none"> Support farmers through industries, entrepreneurship and employment in lower-tier markets under the open franchising model, and sales of agricultural products through online e-commerce 	<ul style="list-style-type: none"> Provide targeted support for the improvement of rural medical and health conditions 	
 <p>Environmental</p>	Environmental management	<ul style="list-style-type: none"> Strengthen the construction of an environmental management system, comprehensively identify environmental risks and reduce the impacts of production and operation activities on the environment 	<ul style="list-style-type: none"> Dispose of wastewater, waste gas and solid wastes in compliance with regulations to reduce the discharge of the wastes; Standardize the management of medical wastes and recycle expired drugs 	
	Use of energies and resources	<ul style="list-style-type: none"> Use photovoltaic clean energies in parks and energy-saving facilities at premises; implement various energy-saving and consumption reduction measures to cut energy consumption 	<ul style="list-style-type: none"> Strengthen water conservation management, and take measures like rainwater recycling to increase water resources utilization rate Use recyclable packages and recyclable logistics vehicles in logistics to reduce carbon emissions 	
	Addressing climate change	<ul style="list-style-type: none"> Carry out climate risk management; assess risks and opportunities; reduce greenhouse gas emissions 		
	Green operation	<ul style="list-style-type: none"> Build green warehouses; use new energies and distribute green power; build a green supply chain Select green raw materials and adopt green processes for private brands to practice green production 	<ul style="list-style-type: none"> Take measures such as environmentally friendly materials for store decoration; vigorously promote degradable plastic shopping and reduce environmental pollution 	

Stakeholder Communication

LBX Pharmacy attaches great importance to its stakeholders, continuously improves its efficient and diversified communication mechanism to enhance mutual understanding and trust, and actively listens to and responds to the expectations and demands of its stakeholders, which are taken as important considerations for optimizing its ESG management strategies and practices.

Stakeholders	Expectations and requirements	Main communication channels
Government and regulatory authorities	<ul style="list-style-type: none"> ◆ Compliance operation ◆ Tax payment according to law ◆ Social contributions 	<ul style="list-style-type: none"> ◆ Institutional research, conferences ◆ Regulatory assessment ◆ Submission of official documents and information ◆ Implementation of standard operating procedures ◆ Information disclosure
Shareholders and investors	<ul style="list-style-type: none"> ◆ Shareholder equity ◆ Return on investment (ROI) ◆ Information disclosure ◆ Corporate governance ◆ ESG management 	<ul style="list-style-type: none"> ◆ Regular reports and announcements ◆ Shareholders' meeting ◆ Roadshows and reverse roadshows ◆ Investor research activities ◆ Performance briefings ◆ Investor hotline, email, website
Customers	<ul style="list-style-type: none"> ◆ Product quality and safety ◆ Medicinal accessibility ◆ Protection of consumer rights and interests ◆ Protection of customer privacy ◆ Responsible marketing 	<ul style="list-style-type: none"> ◆ Store communication ◆ 400 customer service hotline ◆ Customer satisfaction survey ◆ WeChat Mini Program of the Company ◆ Official website and other official We Media platforms of the Company
Employees	<ul style="list-style-type: none"> ◆ Talent recruitment and retention ◆ Laborers' rights and interests ◆ Remuneration, benefits and care ◆ Training and career development ◆ Occupational health and safety 	<ul style="list-style-type: none"> ◆ Employee representatives' meeting and symposium ◆ International communication and feedback platforms ◆ Employee satisfaction survey ◆ Internal complaint channels ◆ Offline visit and condolence ◆ Employees' cultural activities
Suppliers and other business partners	<ul style="list-style-type: none"> ◆ Responsible procurement ◆ Integrity and honesty ◆ Mutual benefit and win-win result 	<ul style="list-style-type: none"> ◆ Business tendering meetings, seminars ◆ Supplier evaluation and management ◆ Daily communications and visits ◆ Eco partners summits ◆ Industry conferences and events
Communities and the public	<ul style="list-style-type: none"> ◆ Provision of jobs ◆ Health services ◆ Community development and well-being 	<ul style="list-style-type: none"> ◆ Recruitment activities ◆ Health services and health education ◆ Charitable activities
NGOs, media and related organizations	<ul style="list-style-type: none"> ◆ Climate change ◆ Company operations ◆ Social contributions 	<ul style="list-style-type: none"> ◆ Daily communications and interviews ◆ Official website and other official We Media platforms of the Company ◆ Regular reports and information disclosure
Natural environment	<ul style="list-style-type: none"> ◆ Environmental management ◆ Climate change ◆ Energy management 	<ul style="list-style-type: none"> ◆ Internal monitoring and evaluation ◆ External supervision and feedback ◆ Green behaviors

Assessment of Materiality Issues

Issue Assessment Methods

LBX Pharmacy continuously carries out annual assessment and analysis of ESG materiality issues. In accordance with the SSE Sustainability Reporting Guidelines, we continuously review and sort out the list of issues, taking into account our industry, our own business characteristics, the concerns of stakeholders and the continuity of the report.

This year, based on the principle of "double materiality", we took into account the materiality of the issues to the economy, society and environment, and to the Company's financial affairs. The assessment results were disclosed after in-depth discussion by the management of the Company and approval by the Board of Directors upon review. As the financial materiality assessment principles and methods were still in the exploration stage, our double materiality assessment for the year mainly focused on qualitative analysis, combined with appropriate quantitative analysis when conditions permitted. In the future, we will continue to optimize our assessment procedures and methods, so as to make the assessment results more scientific and reasonable.

Issue Analysis Procedures

01 Identification of Materiality Issues

Based on the 21 issues under the SSE Sustainability Guidelines, and taking into account factors such as macro policies, ESG standards, requirements of rating agencies, stakeholder demands, characteristics of the pharmaceutical retail industry, strategic development and actual operation of the Company, we finally identified a total of 24 ESG issues, and preliminarily analyzed their related impacts, risks and opportunities. In particular, during the reporting period, the Company was not involved in scientific research and technology development activities in the sensitive ethics of science and technology, so the "ethics of science and technology" was not identified. Four issues, namely "corporate governance", "compliance operation", "industry symbiosis" and "Party building work", were additionally identified.

02 Stakeholder Communication

- Identify 8 major stakeholders based on their industry and business characteristics.
- Perform dual-track surveys, anonymous online questionnaire surveys for all stakeholders on the Company's WeChat official account, one-on-one survey communications for internal officers and key business leaders, and fully take into account the opinions of stakeholders on the impacts of the issues.



03 Double Materiality Analysis and Sorting

- **Impact materiality:** All stakeholders underwent an anonymous questionnaire survey, scored based on the scale, scope, irremediability and likelihood of occurrence. The ESG Working Group collected and analyzed the questionnaires, which were reviewed and confirmed by the Strategy and ESG Committee to form an impact materiality assessment.
- **Financial materiality:** The risks and opportunities that might affect the Company's business operations, financial position, operating results, cash flow, etc. were mainly judged by internal financial experts. A financial materiality assessment was performed from the perspective of occurrence probability and extent of impacts of the issues. Finally, the issues were reviewed and unanimously confirmed by the financial officers, the secretary to the Board of Directors and the Strategy and ESG Committee of the Company.

We ranked the impact materiality and financial materiality of each issue on a scale of 1 to 5. The issues with a score below 2 points were generally material, those with a score of 2 to 3 points "moderately material", and those with a score of 4-5 points "material". The materiality threshold was set as 4 points. Specifically, an issue that was material (4-5 points)" was deemed to have material impacts (with impact materiality or financial materiality).

Average: < 2 points

Moderate: 2-3 points

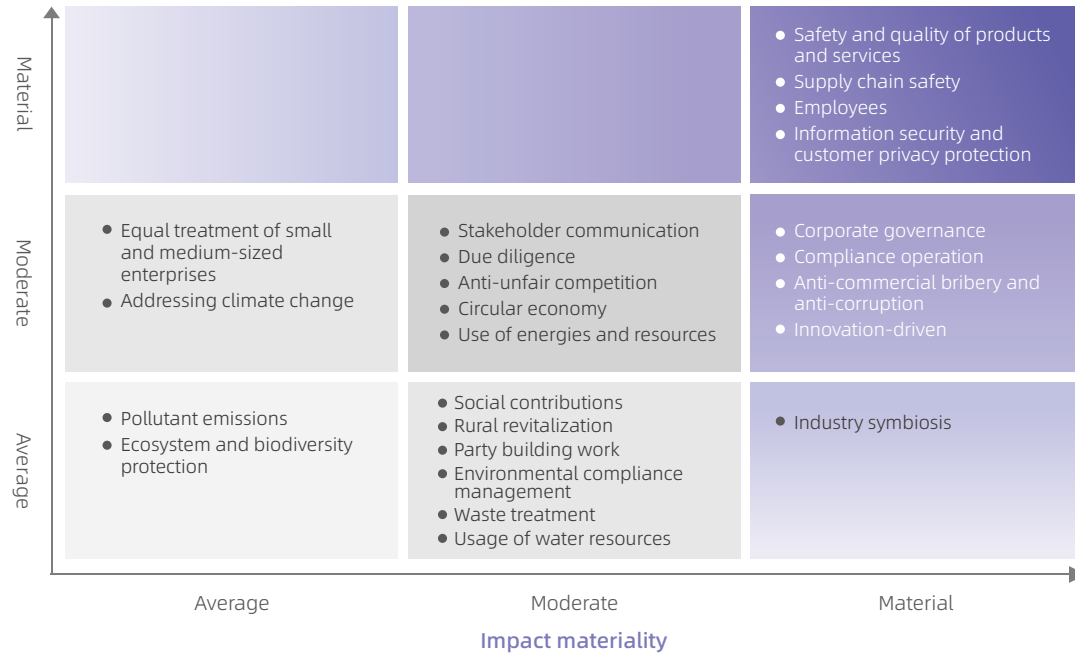
Material: 4-5 points

04 Confirmation and Response

The materiality assessment results on the issues were examined and approved by the Strategy and ESG Committee and the Board of Directors. Besides, we incorporated the materiality assessment results into our risk management process, continuously reviewed the management mechanism for sustainability-related impacts, risks and opportunities, and responded to the concerns of all parties in a targeted manner through the annual ESG report.

Assessment Result

Financial materiality



The double materiality assessment results suggest that the safety and quality of products and services, supply chain safety, employees, information security and customer privacy protection, corporate governance, compliance operation, anti-commercial bribery and anti-corruption, innovation-driven and industry symbiosis are our most material ESG issues, among which: the safety and quality of products and services, supply chain safety, employees, information security and customer privacy protection demonstrate double materiality. Our identification of relevant impacts, risks and opportunities on material issues is set out below. Details of our management and actions are shown in the sections on corresponding issues.

Materiality Issues	Materiality	Affected Stakeholders	Impact	Risks	Opportunities	Time Period ^①	Sections of Management Measures
Safety and quality of products and services	Double materiality	<ul style="list-style-type: none"> ◇ Customers ◇ Government and regulatory authorities ◇ Suppliers and other business partners ◇ Shareholders and investors ◇ Employees ◇ Community and public 	The quality and safety of drugs and services is the lifeline of the pharmaceutical retail industry. Strict drug quality control and professional pharmaceutical services are cornerstones for enterprises to build consumer trust. Besides, they effectively improve the health of all people, and promote the value enhancement of pharmacies and the sustainable development of the industry.	<ul style="list-style-type: none"> ◇ If products and services have safety or quality problems, they might face risks such as regulatory penalties, consumer disputes, and damage to brand reputation. 	<ul style="list-style-type: none"> ◇ By establishing high-standard end-to-end quality control and continuously developing professional advantages of offline retail pharmacies, it is helpful for enhancing consumer trust and loyalty, attracting more potential customers and expanding market share. 	Long-term	<p>Social</p> <p>Quality Control Health Services</p>

Materiality Issues	Materiality	Affected Stakeholders	Impact	Risks	Opportunities	Time Period ^①	Sections of Management Measures
Supply Chain Safety	Double materiality	<ul style="list-style-type: none"> Suppliers and other business partners Shareholders and investors Customers 	The supply chain is the core business link of retail. A safe, stable and efficient supply chain is the lifeline to assure drug availability and quality. It is directly related to health rights and interests of the public, as well as emergency guarantee. Besides, it highly affects the stability of the Company's operations.	<ul style="list-style-type: none"> Any problems with suppliers' product quality and compliance operation might bring about legal risks, reputational losses and supply chain disruptions to the Company; Natural disasters such as earthquakes and floods might cause traffic disruption, affect logistics and transportation, result delay in the supply chain, which, in turn, affect the supply of store terminals. 	<ul style="list-style-type: none"> Establish a strict supplier evaluation and selection mechanism to select high-quality suppliers that conform to ESG standards and reduce risks; Strengthen the supply chain resilience; establish a more transparent supply chain system and a diversified supplier matrix; reduce the risk of disruption. 	Long-term	<p>Social</p> <p>Supply Chain Safety</p>
Employees	Double materiality	<ul style="list-style-type: none"> Employees Community and public 	In the service industry, employees act as bridges between enterprises and market customers. The professionalism and service warmth of the frontline employee team directly affect the experience of end customers. The quality, stability and tenacity of the talent team will also affect the Company's operation quality.	<ul style="list-style-type: none"> Violation of human rights and labor rights might bring about compliance risks and affect corporate reputation and image; If the employee rights and interests are not protected or their remuneration is lower than the market equivalents, the risk of employee turnover might be caused, and it would become impossible to effectively introduce talents, thus affecting the Company's long-term stable development; Occupational health and safety incidents will have direct negative impacts on the employees. Violation of relevant laws and regulations might lead to financial losses such as fines, affecting reputation and image. 	<ul style="list-style-type: none"> By building harmonious labor relations, it is helpful for enhancing the Company's cohesion and centripetal force, the employees' sense of belonging and responsibility, thus promoting the Company's advancement with resilience. Continuously improve the remuneration and welfare system; provide career development opportunities; improve the working environment and other measures to enhance employee satisfaction and loyalty; Advocate transmitting "altruistic cultures" to enhance the employees' sense of job identity and value, and better serve customers. 	Medium-term	<p>Social</p> <p>Employee Development</p>
Information Security and Customer Privacy Protection	Double materiality	<ul style="list-style-type: none"> Customers Employees Government and regulatory authorities Shareholders and investors 	Information technologies play important roles in modern enterprises' operations. Potential data security and privacy protection will directly affect prevention and control of the Company's operational risks and customer trust.	<ul style="list-style-type: none"> If the information system is attacked by hackers, employees operate in violation of regulations, or their permissions are improperly configured, it might lead to data leakage, significant compliance risk and reputational loss, thus causing the crisis of trust; The disclosure of trade secrets will impose adverse impacts on the core competencies of the Company; Corporate information security construction would increase financial costs. 	<ul style="list-style-type: none"> Attach importance to the protection of personal data and user privacy, improve the network security management system and operation mechanism, and enhance the trust with stakeholders. Through certification and third-party audit, continuously consolidate the foundation for information security. 	Short-term	<p>Governance</p> <p>Information Security and Customer Privacy Protection</p>

Materiality Issues	Materiality	Affected Stakeholders	Impact	Risks	Opportunities	Time Period ^①	Sections of Management Measures
Corporate Governance	Impact materiality	<ul style="list-style-type: none"> Shareholders and investors Government and regulatory authorities 	Sound corporate governance is the cornerstone for guaranteeing strategic stability and compliance operation. Timely and accurate information disclosure and positive investor relations communication safeguard the rights and interests of shareholders and investors, stabilize market expectations, and build corporate social credibility and long-term value.	<ul style="list-style-type: none"> Any great or more serious corporate governance loopholes will affect the Company's normal business operations, causing trust problems in the capital market and even regulatory penalties; Poor investor relations management might lead to information asymmetry and the Company's investment attractiveness. As a result, the Company's value will be underestimated. 	<ul style="list-style-type: none"> Sound corporate governance helps the Company prevent risks, improve the quality of the Company's operations and promote the sound development of the market; Positive investor relations management might effectively enhance the Company's trust and recognition in the capital market and facilitate the Company's market value management. 	Long-term	<p>Governance</p> <p>Corporate Governance</p>
Compliance Operation	Impact materiality	<ul style="list-style-type: none"> Shareholders and investors Government and regulatory authorities Employees Customers 	Pharmaceutical retail is a heavily regulated industry, where operating in compliance with laws and regulations and with integrity is helpful for safeguarding the safety of medical insurance funds and consumers' medication safety, enhancing public trust, particularly promoting the fair, impartial and transparent development of the industry.	<ul style="list-style-type: none"> Imperfect risk management might weaken the Company's overall ability to address risks, resulting in some negative impacts such as financial losses, legal issues and reputational risks. Stricter industry regulation might increase the Company's compliance costs. In the event of any violation, the Company will face administrative penalties and reputational risks. 	<ul style="list-style-type: none"> A good compliance system might help the Company capture more business opportunities from the increasing industry concentration; A sound risk management system might effectively enhance the Company's development resilience under a risky environment. better serve customers. 	Medium-term	<p>Governance</p> <p>Compliance Operation</p>
Anti-commercial Bribery and Anti-corruption	Impact materiality	<ul style="list-style-type: none"> Government and regulatory authorities Shareholders and investors Employees Suppliers and other business partners 	strengthening prevention and control of corruption risks, it is helpful for effectively safeguarding corporate assets and operating results, while maintaining fair market competition, gaining regulatory trust and building long-term market trust.	<ul style="list-style-type: none"> commercial bribery and corruption are involved, the Company or its employees might face the risk of legal proceedings, resulting in financial risks, serious damage to the Company's brand image and reputation, a crisis of investor and customer trust and risk of loss. 	<ul style="list-style-type: none"> Establish an anti-commercial bribery and corruption management mechanism covering the whole value chain; consolidate anti-commercial bribery and anti-corruption governance, supervision and punishment; effectively guarantee the Company's operating results; Continuously strengthen the publicity and education on the "Nine-Redline" anti-corruption culture; build a faithful and impartial brand image, and enhance the trust in all parties. 	Short-term	<p>Governance</p> <p>Anti-Commercial Bribery and Anti-Corruption</p>

Materiality Issues	Materiality	Affected Stakeholders	Impact	Risks	Opportunities	Time Period ^①	Sections of Management Measures
Innovation-driven	Impact materiality	<ul style="list-style-type: none"> Shareholders and investors Employees Customers Suppliers and other business partners 	The development of digital AI has profoundly affected all industries. Through the transformation by digital AI, pharmacy retail has realized innovative applications in the supply chain, commodities, marketing and health services, which will not only significantly improve operational efficiency, but also effectively drive the industry to upgrade from traditional drug sales to a comprehensive health service platform to create greater commercial and social value.	<ul style="list-style-type: none"> If the technological iteration is untimely, the Company's operations would be inefficient; Digital and intelligent transformation requires a certain amount of investment, which will increase financial costs. 	<ul style="list-style-type: none"> Through complete technology-driven business upgrading, the Company optimizes its sales, procurement and marketing procedures, empowers business decision-making, and effectively improves its operations; AI empowerment further "reduces burden and increases efficiency" of the employees, while effectively enhances customer experience and stickiness with the help of big data and AI-based personalized health management. 	Medium-term	<p>Social</p> <p>Innovation-driven</p>
Industry Symbiosis	Impact materiality	<ul style="list-style-type: none"> Suppliers and other business partners Government and regulatory authorities 	Healthy competition and experience sharing among peer pharmaceutical retail enterprises, especially the demonstration and empowerment of leading enterprises, will help small and medium-sized chains resist risks, promote the overall standardized development of the industry, and ultimately benefit the health of the grassroots communities they serve.	<ul style="list-style-type: none"> Deterioration of relationships with business partners might lead to loss of cooperation opportunities; The operating risks of franchisees and alliances might affect the Company's reputation and normal business operation; Increasingly tightened industry supervision might increase corporate compliance costs. Market competitions are intensified and operating costs of the Company increase. 	<ul style="list-style-type: none"> By developing desirable business cooperation, it helps improve the Company's business performance and enhance the Company's influence in the industry; Establish unified franchise and alliance business management standards to improve the business compliance of partners; continuously perform empowerment and grow together with partners. Unite industry practitioners to actively promote the formulation of industry standards and the linkage of the entire industry chain to maintain the sound development of the industry. 	Medium-term	<p>Social</p> <p>Industry Symbiosis</p>

①Combined with the industry in which the LBX is, the Company's strategic planning and operation reality, the short-term, medium-term and long-term are defined as follows: short-term (0-1 years); medium-term (1-5 years); long-term (more than 5 years).

02 / Governance

LBX Pharmacy strictly abides by the laws, regulations and regulatory requirements of the locations where it conducts business and related organizations. It continuously improves its corporate governance, optimizes its construction of a comprehensive risk management mechanism and compliance system, creates an honest, clean and fair business environment with stakeholders, and shares its sustainable development and operating results with its shareholders and investors.

Contents of This Section

- Corporate Governance
- Compliance Operation
- Information Security and Customer Privacy Protection
- Party Building Work



Corporate Governance


Governance

System Construction

In strict compliance with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines on the Bylaws of Listed Companies, the Code of Corporate Governance for Listed Companies, the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 - Standardized Operation (2023), other laws and regulations as well as relevant guidelines, the Company actively promotes the optimization of its corporate governance structure, establishes scientific and effective mechanisms for division of responsibilities, checks and balances, and guarantees its transparent and standardized operation.

The Company continuously improves its internal control system. During the reporting period, the Company updated and improved 27 internal governance-related systems, including the Articles of Association, the Rules of Procedure for Shareholders' Meetings, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Strategy and ESG Committees of the Board of Directors, the Rules of Procedure for the Audit Committee of the Board of Directors, the Rules of Procedure for the Nomination, Remuneration and Evaluation Committee of the Board of Directors, the Work System for Independent Directors and the Management Measures for Related Party Transactions, in accordance with the changes in relevant rules of the CSRC and the exchanges.

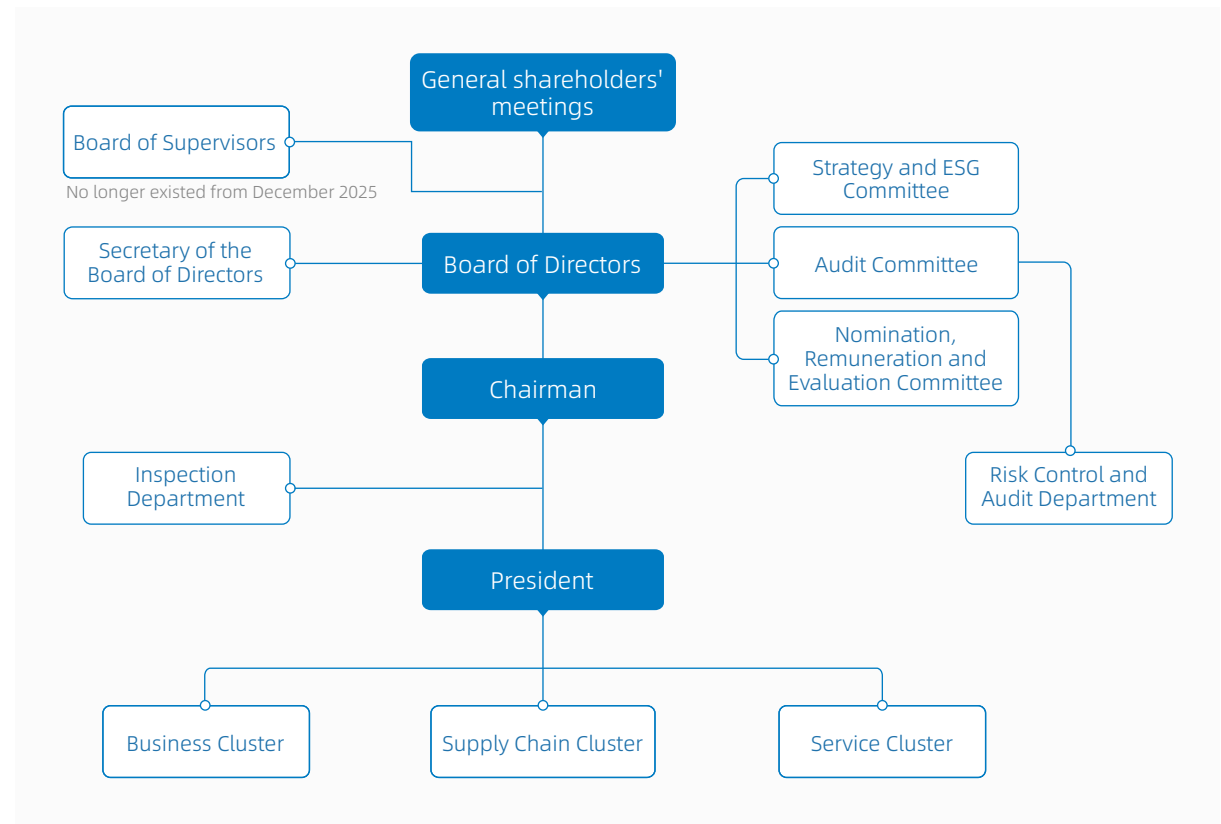
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internal governance systems updated and improved in 2025

Governance Structure

The Company had general shareholders' meeting (which was changed as shareholders' meeting in December 2025), the Board of Supervisors (which no longer existed in December 2025), the Board of Directors, the chairman of the Board of Directors and the president. Under the Board of Directors, the Strategy and ESG Committee, the Audit Committee and the Nomination, Remuneration and Evaluation Committee were set up.



General Shareholders' Meeting of the Company

The general shareholders' meeting of the Company enjoys the right to make decisions as stipulated in the laws, regulations and the Articles of Association, and exercises the right to make decisions on major matters such as the Company's business policies, financing, investment and profit distribution in accordance with the law. In strict compliance with the provisions and requirements of the Articles of Association and the Rules of Procedure for Shareholders' Meetings, the Company regulates the procedures for convening holding the shareholders' meetings and deliberation. At the shareholders' meetings, on-site and online voting is combined. The votes of small and medium-sized investors for major matters are counted separately, thus fully ensuring that all shareholders enjoy equal status and effectively safeguarding the interests of all shareholders, especially minority shareholders. In 2025, the Company held two general shareholders' meetings and deliberated over 16 resolutions.

Board of Directors of the Company

The Board of Directors of the Company is responsible for the general shareholders' meeting. Except for the chairman, other directors do not hold the management positions (i.e. officers) in the Company, thus separating those charged with governance and the management. In 2025, the Company held 6 Board of Directors meetings, and deliberated over 36 resolutions, with the attendance rate of 100% among the members of the Board of Directors.

The Board of Directors of the Company has established three professional committees, namely the Strategy and ESG Committee, the Audit Committee, and the Nomination, Remuneration and Appraisal Committee, to provide advice and recommendations for the Board's decision-making, assist the Board of Directors in performing its supervision and management duties, and promote corporate governance. In 2025, the professional committees of the Board of Directors held 11 meetings, considered 29 resolutions, and the attendance rate of the members of the professional committees was 100%.

Board of Supervisors of the Company

The Board of Supervisors of the Company, which is responsible to the general shareholders' meeting, performs legal and compliant supervision over the financial affairs, major matters, internal control, directors and other officers of the Company in accordance with laws and regulations, so as to safeguard the interests of the Company, shareholders and employees. The fifth Board of Supervisors of the Company consists of three supervisors, including one employee representative supervisor. In 2025, the Company held three Board of Supervisors meetings, and deliberated over 19 resolutions, with the attendance rate of 100% among the members of the Board of Supervisors.

In December 2025, in actively response to the requirements of the new Company Law, and the Company no longer had the Board of Supervisors. The corresponding supervision and management powers of the Board of Supervisors were exercised by the Audit Committee of the Board of Directors.

Management of the Company

The management of the Company, which is responsible for the operations management of the Company, organizes the implementation of resolutions of the Board of Directors, annual plans and investment plans of the Company, formulates specific rules and regulations of the Company, and performs other functions and powers granted by the Articles of Association or the Board of Directors, etc., to ensure the efficient and stable development of the Company. In 2025, the Company had 8 statutory officers, including 3 female officers, accounting for 37.5%.



General shareholders' meeting 2024

Annual Data 2025

2 general shareholders' meetings
16 reviewed proposals

6 Board of Directors meetings
36 reviewed proposals

3 Board of Supervisors meetings
19 reviewed proposals

Management Measures

Construction of the Board of Directors

Independence of the Board of Directors

The Company attaches great importance to the independence of the operation of the Board of Directors, the positions, relationships and decision-making are independent.

Independence of Positions

The Board of Directors has a total of 9 members, 7 of whom are external directors (namely those who don't hold any positions other than directors, including independent directors, and directors appointed by shareholder units) who account for 77.78%.

Independence of Relationships

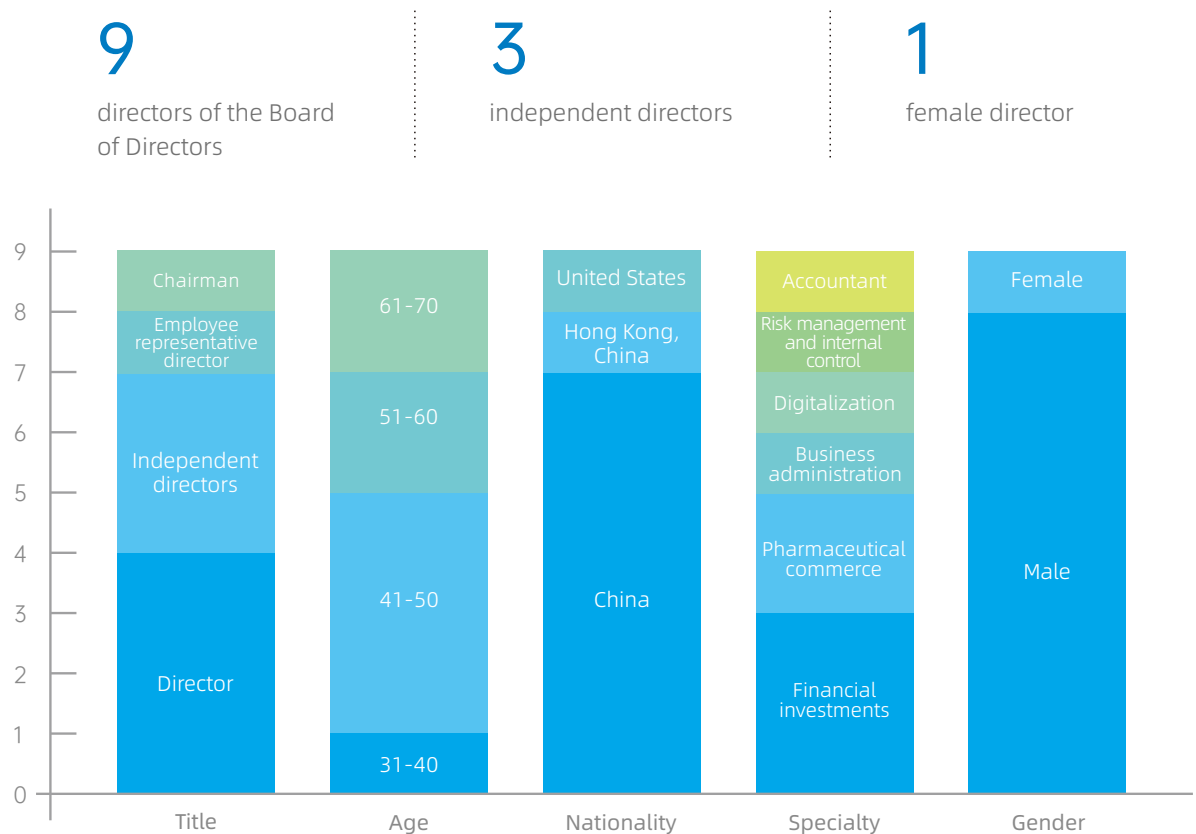
The Company's Working System for Independent Directors clarifies the restrictions on shareholding, appointment and major business dealings of independent directors. The independent directors have no relationships with the Company and its major shareholders that might hinder them from making independent and objective judgments, including but not limited to relatives, business relationships, etc., to ensure that independent directors may objectively perform their duties.

Independence of Decision-making

- For voting of the Board of Directors, one person shall cast one vote, and resolutions made by the Board of Directors must be passed by a majority of all directors.
- When a director is related to a matter to be resolved, such director shall abstain from voting.
- The Company has 3 independent directors, who express independent opinions on major issues such as related-party transactions at the general shareholders' meetings and the Board of Directors meetings. Adhering to the principle of independence, they give full play to their roles in independent judgment and professional guidance, to safeguard the legitimate rights and interests of the Company and all its shareholders.

Diversity and Professionalism of the Board of Directors

The Company strives to build a diverse and professional team of directors, and pays attention to the diversity of the Board of Directors in terms of gender, cultural and educational backgrounds, professional skills and other aspects, so as to ensure that the decision-making by the Board of Directors is scientific. The Company currently has 9 directors, including 3 independent directors and 1 female director. All members of the Board of Directors of the Company have rich professional backgrounds and diverse professional skills, covering pharmaceutical business, financial investment, accounting, digitalization, risk control, management and other fields.



Note: The above data shows the members of the Fifth Board of Directors, who performed their duties in 2025.

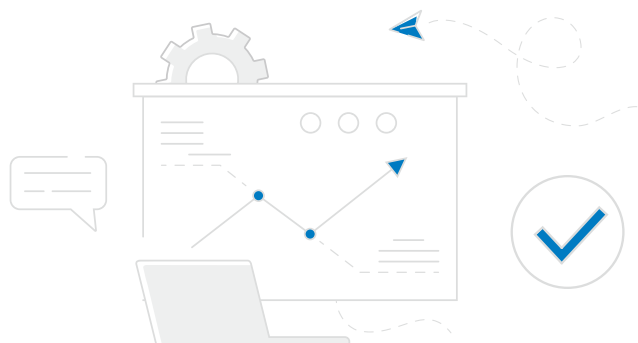
Effectiveness of the Board of Directors

In strict compliance with the laws and regulations, as well as the provisions and requirements of the Articles of Association and the Rules of Procedure for the Board of Directors of the Company, the Board of Directors of the Company diligently and actively performs its duties, implements the resolutions of the general shareholders' meetings, and discloses its annual Work Report, which covers the performance of duties by the Board of Directors and special committees and the work priorities for the next year. Besides, members of the Board of Directors of the Company actively participate in on-site research on key projects and stores of the Company, effectively promoting the implementation of the Company's strategies.

The independent directors of the Company annually conduct self-assessment, report and disclose the annual Independent Directors' Duty Performance Report, which covers their meeting attendance, time and content of on-site work, etc.

Training of the Board of Directors

In 2025, the Company organized directors to attend four relevant training sessions organized by Shanghai Stock Exchange, Hunan Securities Regulatory Bureau and China Association for Public Companies, including "corporate governance and performance of duties by directors, supervisors and officers", "key points of performance of duties and shareholding change management of listed companies", "regulatory policy for information disclosure and situation analysis", "typical cases of disciplinary punishments on directors, supervisors and officers" and "typical cases of administrative violations by directors, supervisors and officers".



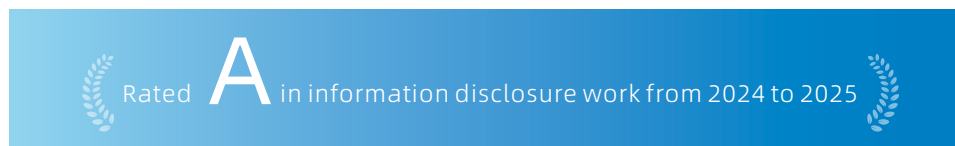
Capital Market Responses

Compliance of Information Disclosure

The Company actively fulfills its information disclosure obligations in strict accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines of Shanghai Stock Exchange for Self-Regulation of Listed Companies and other relevant regulations. It truthfully, accurately, completely, timely and fairly carries out information disclosure work, standardizes information disclosure standards and reporting procedures, shows the Company's business philosophy and achievements to investors, and effectively protects the legitimate rights and interests of investors.

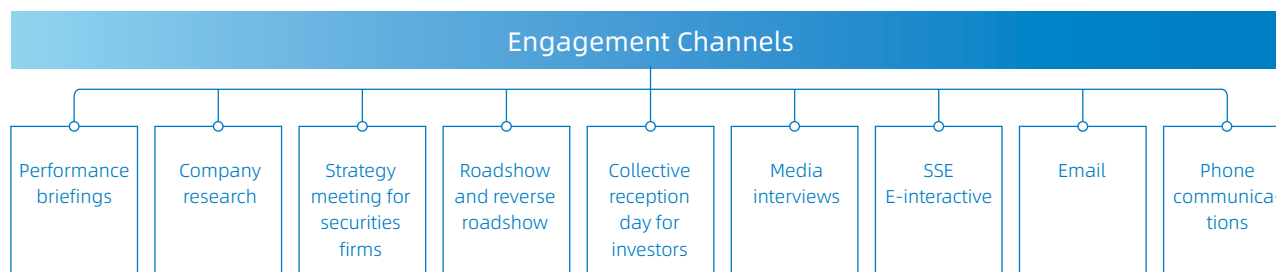
In 2025, the Company implemented and improved its Information Disclosure Management System, clarified the responsible entities and reporting rules, and set limits on amounts for warnings of matters that required cumulative calculations, including external donations, related party transactions, M&A, so as to fundamentally improve the standardization and effectiveness of information disclosure management.

In 2025, the Company issued a total of 126 announcements and related documents, and added a description of operations in its regular report, so that investors could truly understand its development through more standardized and transparent information disclosure. In order to facilitate our investors' deeper understanding of the Company, we posted "infographics" or videos in combination with our regular reports, and took the initiative to publish articles to comprehensively interpret our major announcements. Throughout the year, mainstream media sources published about 1,000 positive reports about the Company.



Diverse Investor Communications

The Company attaches great importance to communications with investors, proactively carries out investor relations management, and protects the legitimate rights and interests of institutional investors, individual investors, minority shareholders and potential investors, such as the right to know. In 2025, in order to promote its benign relationships with its investors as a listed company, the Company revised and improved the Administrative Measures for Investor Relations to clarify the service recipients, principles, purposes and methods of investor relations management. In addition, we continuously strengthened our communications with investors through multiple channels to help them understand our situation more clearly and conveniently, and carefully listened to their feedback and suggestions, which in turn, improved the Company's daily operations.



In 2025, the Company conducted a total of 154 exchanges with institutional investors, covering 1,154 institutional investors in total; 3 performance briefings and 3 telephone conferences for interpreting our periodic reports. We replied to 42 questions from SSE E-interactive, with a response rate of 100%, answered questions and cleared doubts of the investors on the premise of complying with information disclosure rules.



In August 2025, the activity named "I am a shareholder" was carried out in LBX Pharmacy.

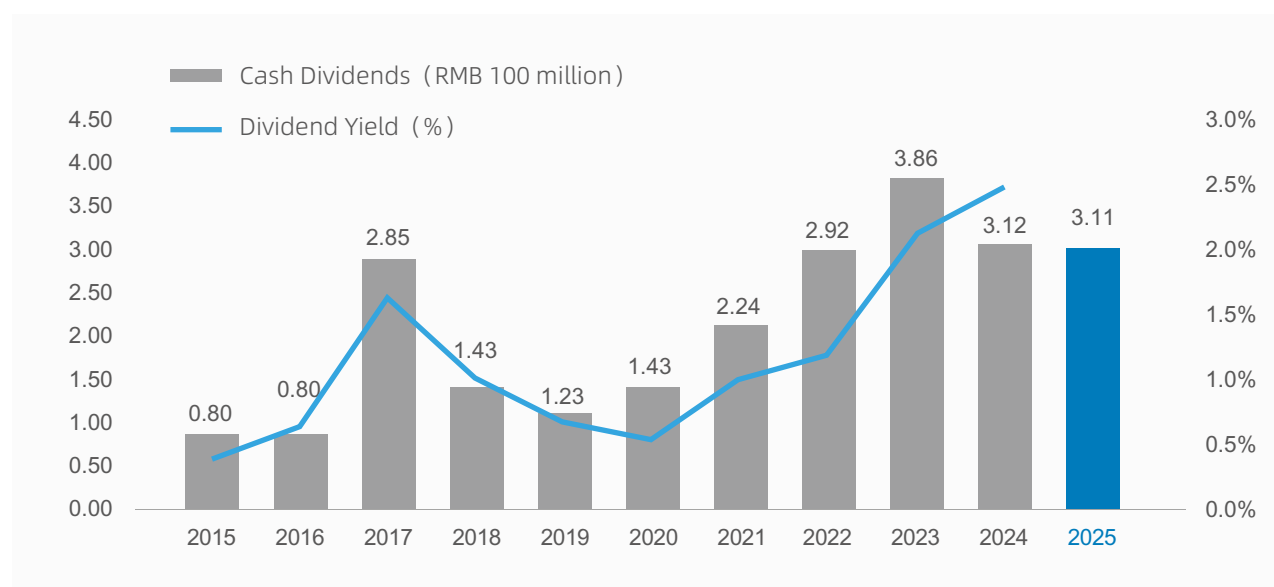
In August 2025, the Company took part in the activity named "I am a shareholder" guided by Shanghai Stock Exchange, Hunan Securities Regulatory Bureau and China Securities Investor Services Center, and hosted by the Securities Association of Hunan Province together with Chasing Securities, a thematic activity for investors to walk into a listed company. More than thirty small and medium-sized investors went into the head office of LBX Pharmacy, and deeply understood the Company's development strategies and operating results by field visits, informal discussions and other forms. In September 2025, the Company took part in the 2025 Collective Reception Day and Semi-annual Results Briefing for Listed Companies in Hunan Province guided by the Office of the Financial Committee of Hunan Provincial Party Committee, guided by Hunan Regulatory Bureau of China Securities Regulatory Commission, and hosted by Hunan Association for Public Companies, to deeply exchange with the investors, and continuously establish friendly, transparent, active investor relations.

Stable and Steady Returns for Investors

Practising the "investor-oriented" development philosophy, the Company is committed to establishing a scientific, sustainable and stable dividend return mechanism, and continuously implements the SSE's action plan for "improving quality, increasing efficiency and emphasizing returns" to actively reward shareholders. Since its listing in 2015, the Company has cumulatively distributed cash dividends of RMB 2.38 billion (including dividend proposal for 2025), which account for 236% of the net funds raised from the IPO.

The Company has formulated and actively implemented the Shareholder Return Plan for the Next Three Years (2024-2026). On the premise of satisfying conditions, it has increased the dividend distribution frequency. In 2025, it was the first time that the Company distributed interim dividends of RMB 106 million for the third quarter. The Company's dividend proposal 2025 intended to distribute total cash dividends of RMB 205 million. In 2025, the total dividends (including the dividend proposal 2025) amounted to RMB 311 million, accounting for 81.48% of the net profits attributed to the parent company in 2025.

Cash Dividends and Dividend Yield of the Company after Its Listing



Dividend yield = total dividend per share within the year / market price per share x 100% (The market price per share is the closing price on the last trading day)

Compliance Operation

Risk and Internal Control Management

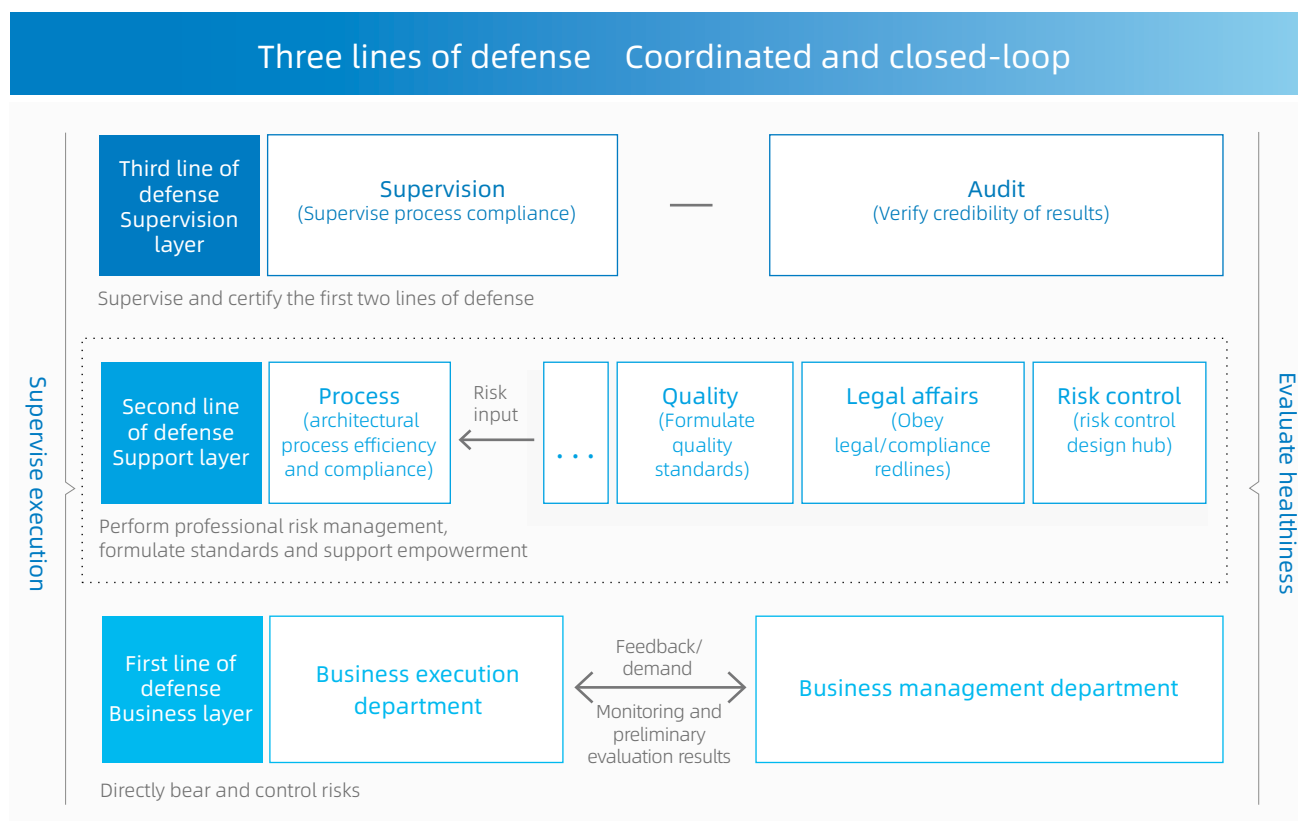
Risk Prevention and Control and Internal Control

With the goal of "nipping troubles in the bud", the Company actively promotes the construction of comprehensive risk management and internal control management systems. We have formulated and issued a series of system documents such as the Yellow Paper on Comprehensive Risk Management, the Work Charter on Comprehensive Risk Management, the Group Risk Compliance Baseline Management Norms and the Internal Control Manual, established a four-tier risk prevention and control and internal control structure that clarified rights and responsibilities, continuously improved the three lines of defense for risk management, built a large coordinated risk control system, and created an internal control cycle mechanism and risk matrix covering the whole chain of operation and all business links, including but not limited to social responsibilities, development strategies, human resources, organizational structure, capital activities, procurement business, R&D, etc.

Risk Prevention and Control, Internal Control and Governance Architecture



Three Lines of Defense for Risk Management and Large Coordinated Risk Control System



Risk Management Initiatives

As at the end of the reporting period, the Company had prepared a risk compliance bottom-line checklist covering 11 major business segments, and continuously widened the business coverage of risk compliance management. We created a risk matrix and established assessment standards for risk levels based on the internal control cycle system, positioned specific risk points in all business links based on the process architecture, improved the risk assessment standards based on the process maturity, and bettered the Company's overall risk identification capability and efficiency.



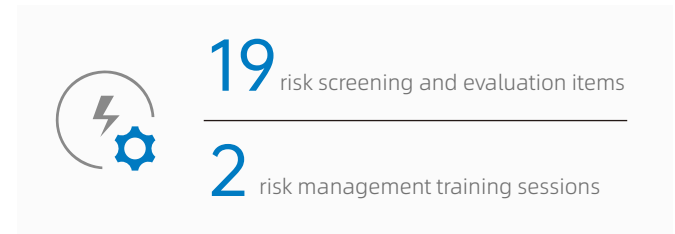
In addition, the Company has built a risk management database, and carried out the collection, summary and special reporting of risk information on a regular basis, thus providing effective support for the optimization of its operations management. We make full use of our historical risk data for review and analysis, to dig deep into potential common risk issues in business growth, and promote the coordinated governance of risk issues.

In 2025, the Company conducted two special risk management training sessions, continuously strengthened all employees' awareness of risk prevention and control and professional capabilities, and promoted the integration of risk culture into its daily operations management.

Case The Company continuously improved its risk management system for public opinions, updated and released the Corporate Crisis Management System for Public Opinions in 2025, established the "Crisis Management Responsibility System for Public Opinions (Responsibility System for Top Leaders)", strengthened public opinion monitoring and warning, effectively prevented and responded to public opinion crises at all levels in accordance with the four-level public opinion handling mechanism and process, and safeguarded its reputation and public image.

Internal Control Initiatives

The department responsible for internal control of the Company annually updates and maintains the Company's internal control manual, organizes implementation of internal control self-evaluation and issues internal control evaluation reports, to guarantee the effectiveness of internal control, improve operational efficiency and effectiveness of the Company, and promote the Company's strategic goal for long-term development. In addition, the Company is subject to the supervision of external third-party organizations. The accounting firm annually conducts independent audits on the effectiveness of the Company's internal control over its financial reporting and issues the Internal Control Audit Report.



Annual Data 2025



Data as of the end of 2025



Site of the Risk Management Training in November 2025



Process Management

In 2025, the Company initiated its transformation and reform. It integrated its organizational functions and stimulated frontline motivation by "streamlining administration and delegating power". Based on the above background, during the reporting period, it upheld "driving business through processes, guaranteeing compliance with systems, and inspiring vitality through authorization" as its management concept. The Company continuously upgraded its processes, systems and authorization systems, enhanced its support for business transformation, and laid a solid foundation for its agile operation and sustainable development.

Continuously iterating its process management system construction, the Company has released and constantly improved its internal system documents such as Group's Process Management Standards, LBX Process Framework, Group's System Management Standards and Group's Process Operations Management Measures. Based on the established 15 core value chain process frameworks, we created and revised systems to address business pain points, and promote the coordination of systems, processes and authorization. Besides, the whole process was optimized after refined analysis, which significantly improved the efficiency of process approval.

Business Empowerment

During the reporting period, the Company focused on seven process optimization projects, which effectively driven business model innovation and operational efficiency improvement through process reconstruction and digitalization, and systematically strengthened the compliance of key business areas through special process optimization.



Organizational Empowerment

Based on the requirements for the Company's transformation and reform, the Company systematically sorted out and optimized the authorities of all business segments, promoted the reasonable delegation of approval authority, effectively empowered frontline business units and enhanced market responsiveness. In addition, we comprehensively publicized and implemented newly released and revised important systems and processes, and continuously created a cultural atmosphere where all employees were aware of the procedures, abided by the systems and emphasized compliance.



Annual Data 2025

127



new and amended systems

Improvement of process approval efficiency by

13.1%



279



new and optimized procedures

Authority optimization items

7



process optimization items

22

core business segments covered

100%



coverage of training on new systems and processes

7 core levels



Compliance Management

Legal Governance

The Company attaches great importance to "legal governance", and abides by laws and regulations of the country and area where its business is conducted, which is regarded by us as a cornerstone and code of conduct for our operations. It actively safeguards legitimate rights and interests of its own and its stakeholders through legal means, improves its legal risk prevention and control mechanism and strengthens its employees' legal awareness. The Company has established and continuously optimized its legal risk prevention, control and governance system, strengthened pre-compliance assessment, process risk warning, and post-event review measures for improving operations management with respect to major projects, strategic decision-making, structural adjustment and other aspects, and realized closed-loop legal risk prevention and control.

Contract Management

Sticking to the "contract-abiding and credit-honoring" principle, the Company has continuously standardized its contract signing and performance procedures. In 2025, we updated 48 contract templates on procurement, sales, lease, franchising, employment, human resources, etc., issued 2 contract review standards involving procurement and leasing matters, organized our relevant employees to learn, increased our employees' legal awareness during contract negotiations, and reduced the risk of contract disputes. In 2025, 100% of the Company's contracts passed the legal review.

48

contract templates updated

2

review standards issued

100%

contracts passed the legal review

Annual Data 2025

Intellectual Property Protection

The Company actively respects and safeguards intellectual property. As of the end of the reporting period, the Company had owned 754 valid trademarks (with trademarks deployed in 10 overseas regions), 159 copyrights (including 108 computer software copyrights) and 70 patents. In 2025, the brand "LBX" was officially included in the list of key trademarks in Hunan Province. We continuously safeguarded our intellectual property in accordance with the law, cooperated with relevant departments to severely crack down on illegal activities in the fields of trademarks, patents, etc., and cleaned up business environment of the market.

754

valid trademarks

159

copyrights

70

patents

Data as of the End of 2025

Tax Payment According to Law

The Company firmly implements tax laws, regulations and policies, truthfully declares taxes, pays taxes on time, continuously strengthens tax compliance control, and makes its due contributions to social and economic development. In 2025, it paid taxes of RMB 895 million.

The Company has always adhered to the tax management principle of complying with tax laws and strengthening control, prudently reviewed the terms of business contracts, and strictly controlled tax treatment to ensure the compliance and accuracy of tax accounting and declaration. We actively monitor the changes in national tax regulations and policies, evaluate and analyze their impacts on our business, formulate response measures in a timely manner, and actively conduct standardized tax management. For major tax matters, advice from external professional agencies is duly introduced. We discuss plans with internal expert panels and make prudent tax decisions.

Besides, the Company attaches great importance to its digital financial and tax management, actively constructs and updates its financial and tax digitalization systems, strengthens the control over VAT invoices through the tax system, prevents invoice management risks, and builds a fair, healthy and orderly tax ecology through concerted efforts under the rule of law.



RMB 895 million

taxes paid in 2025

Legal Popularization

The Company attaches great importance to the employee education and training on their compliance awareness. In 2025, it organized two legal knowledge training sessions regarding contract signing and anti-fraud criminal compliance to enhance the employees' compliance awareness and capabilities, improve its compliance management, and provide strong support for employees to settle their high-frequency legal problems and risks encountered in their daily lives.

In 2025, as the "Grassroots Legislative Contact Point" awarded by the Justice Department of Hunan Province, the Company extensively collected legislative opinions and suggestions from the grassroots, formed seven written amendment suggestions for key areas such as data management, statistical supervision, platform anti-monopoly and open economy, and strove to build a three-dimensional opinion collection network system (for instance, adding feedback channels using digital tools such as smart dual screens in stores) to give full play to the role of grassroots legislative contact points as channels for expressing public opinions.



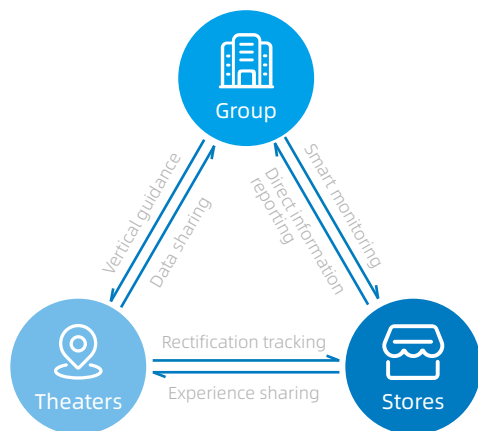
Site of Training on Procurement Risks in August 2025

Medicare Compliance

The Company attaches great importance to medicare compliance management, strictly obeys medicare-related laws, regulations and policies of the state and different regions, including the Regulation on the Supervision and Administration of the Use of Healthcare Security Funds and the Interim Measures for the Administration of Medical Security in Retail Pharmacies, continuously constructs and improves an all-round end-to-end medicare insurance compliance management system to ensure that the whole process of medical insurance operations is compliant and controllable, and guarantee the safety of medicare funds.

Medicare Compliance Management System

The Company has built a medicare compliance management structure at three levels - "coordination by headquarters-supervision by theaters-execution by stores", forming a full-level end-to-end compliance control network. The medicare compliance management system aims at "traceability of the whole process, warning of all risks, and full coverage of all personnel". It covers five core modules: system construction, process standardization, digital control, training, self-examination and rectification to ensure that the whole link of medicare operation meets the requirements of medical insurance policies.



Medicare Compliance Management System

Medicare Compliance System

In 2025, the Company actively responded to the decision-making and deployment of National Healthcare Security Administration on "comprehensively establishing a drug traceability mechanism and strictly supervising medicare funds", revised and issued the Group's Medicare Management System, focused on improving the relevant content of traceability code management, clarified the division of responsibilities for traceability code management, standardized system maintenance and development requirements, strengthened the standards for code scanning in stores, explicitly prohibited relevant violations, and further consolidated the foundation for compliance management of drug traceability.

Medicare Compliance Training

In order to enhance all employees' awareness of and professional competence for medicare compliance, the Company has established a hierarchical and classified medicare compliance training system to carry out targeted training for personnel at varying levels and in different positions. The training has covered interpretation of the medicare policy, medicare case studies, medicare service practice, upload specifications for traceability codes, etc.

9



training sessions of the headquarters

Mainly for employees of all business lines of the headquarters, 9 online and offline training sessions were conducted in 2025 to enhance the headquarters employees' understanding and mastery of the medicare policy.

250



training sessions of subsidiaries

Mainly for frontline medicare service personnel such as business district managers, store managers and licensed pharmacists, a total of about 250 training sessions were held in 2025 to enhance frontline employees practical skill in medicare services and ensure the compliance in the whole process of front-line medicare services.

Medicare Compliance Self-inspection

The Company internally carries out special inspection campaigns with "full coverage and deep penetration" for medicare compliance self-inspections. The inspections cover 14 core modules such as medicare settlement specifications, prescription review and retention, drug purchase, sales and inventory consistency, and traceability code collection. In 2025, a total of 10,835 medicare self-inspections in self-operated stores were performed.

Empowering Medicare Compliance with Digital Intelligence

In 2025, the Company comprehensively promoted the construction of a medicare compliance system and code platform system, and constructed a digital control system for "collection of all codes-medicare verification-risk warning" to achieve accurate identification and efficient handling of medicare compliance risks.

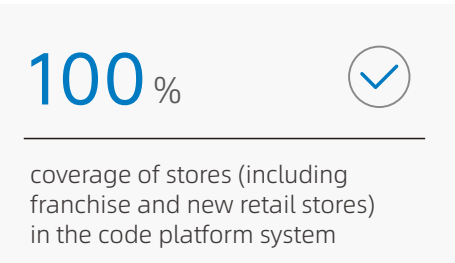
Medicare Compliance System

The Company has built its own medicare compliance system to consolidate the foundation for medicare compliance operations. The system contains knowledge bases for medicare and medical rules, etc., performs real-time medicare compliance verification on store orders, and automatically intercepts illegal orders placed beyond quantity, gender, age, restrictive conditions and indications, and those involving repeated medication, etc.

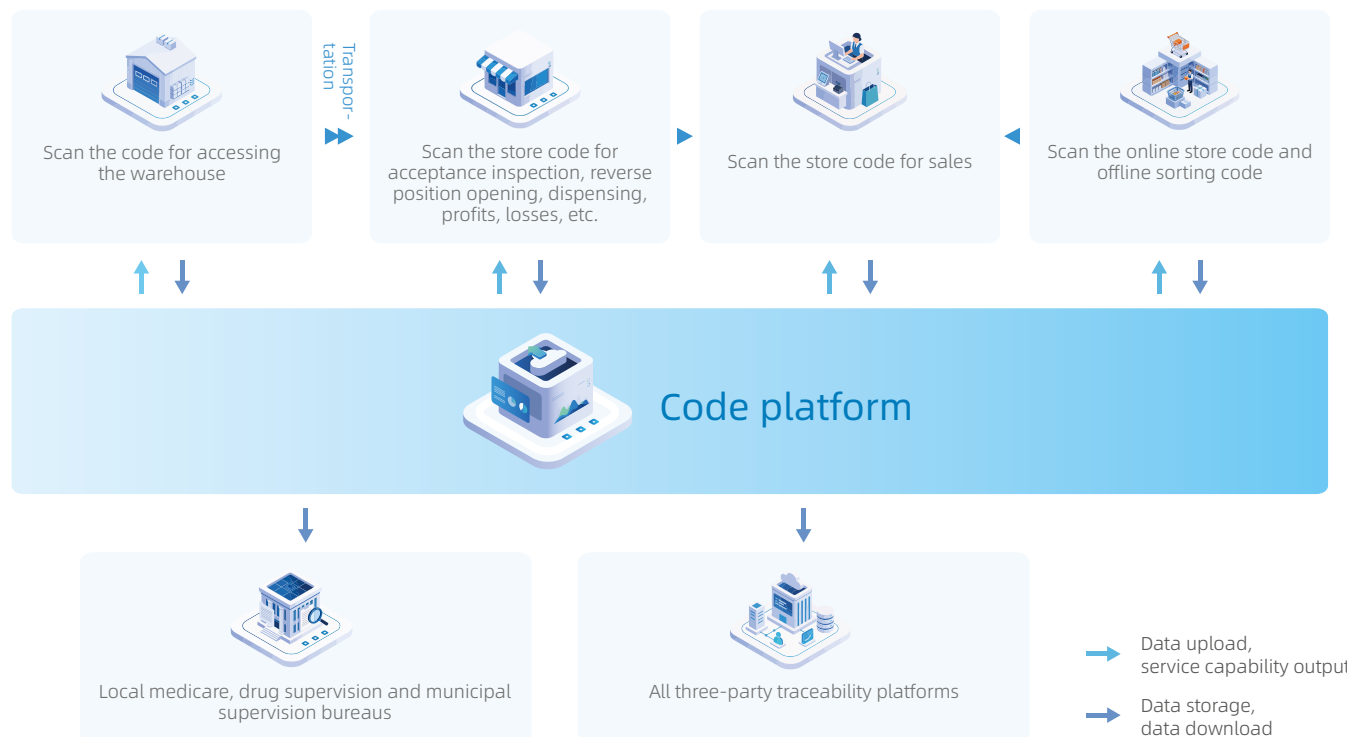


Code Platform System

To improve the management of drug traceability codes, in June 2025, the Company built its own online code platform system, covering all stores of the Group (including franchise and new retail stores). Relying on the code platform system, it constructed a drug lifecycle traceability system with "one code for one item", and established a closed loop of digital traceability in the whole process from drug warehousing to terminal consumption, thus making "sources traceable, destinations searchable, and responsibilities accountable". It effectively prevented and controlled drug return, wash sales, repeated sales, serial coding and other acts. On the other hand, through functional integration, the system combines the functions for collecting cashier scanning and medical insurance traceability codes, reducing the employees' repeated operations, easing the burden and increasing the efficiency for frontline operations.



Data as of the end of 2025



Practising of Business Ethics

Adherence to business ethics is the foundation for the Company's long-term development and the code of conduct for all acts of the Company. Consistently adhering to the principle of good faith, fairness and integrity, LBX Pharmacy builds trust with the market and the consumers in reliance upon good business ethics.

Anti-unfair Competition and Anti-monopoly

Attaching great importance to the construction of compliance in anti-unfair competition and anti-monopoly fields, the Company is committed to maintaining a fair and honest market environment and protecting the legitimate rights and interests of consumers. We strictly abide by the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, the Administrative Measures for Combating Unfair Competitions, other relevant laws and regulations. We stick to the principle of fair competition, opposing all acts of unfair competition, monopoly or commercial bribery.

The Company has formulated the Administrative Measures for Combating Unfair Competitions, the Administrative Measures for "Trust and Integrity Enterprise Alliance", and other management systems, and implemented the system requirements in the details of our operations management, including commercial publicity, customer relations, tendering, bidding, and intellectual property protection.

In terms of value chain, the Company reflects the "anti-unfair competition clauses" in the contract terms signed with suppliers, lists the 24-hour whistleblowing hotline, and includes this "prohibited item" in the Nine Redlines of LBX Pharmacy. We actively maintain the orderliness of market competitions, encourage healthy competitions among enterprises, and help create a clean and healthy industry development environment. In 2025, the Company did not commit any acts that harmed the legitimate rights and interests of other operators or disrupted the social and economic order.

Anti-commercial Bribery and Anti-corruption

The Company strictly abides by all applicable anti-commercial bribery laws and regulations in its place of business, and prohibits bribery and corruption that is intended to acquire or retain business or obtain any other illegitimate benefits. According to the Charter of Corporate Supervision and Audit, the Group's Supervision Department and Risk Control and Audit Department independently carry out internal audit and supervision work, establish mechanisms for whistleblowing investigation, special spot checks, off-office audit management, confidentiality management, etc., and embed pre-control nodes in key processes such as procurement and business information confidentiality, exercise internal supervision power, and give full play to their roles in promoting and guaranteeing internal supervision and audit in strengthening internal control, improving the operations management, and increasing economic benefits. When performing their duties, they carry out their work under the direct lead of the chairman and his authorized agents, to guarantee independence of business.

The Company makes unremitting efforts to deeply promote its integrity and anti-commercial corruption work from the perspective of system construction, spot audit checks, cultural construction, impacts on the value chain, etc.

System Construction

The Company has formulated the Integrity Management System and the Nine Redlines of LBX Pharmacy, to strictly urge all employees to be honest and self-disciplined, and eliminate corruption. We have formulated the Management System for the Group's Blacklisted Suppliers was newly issued to standardize the management of blacklisted suppliers and related personnel, emphasizing compliance and transparency in the process of cooperating with the suppliers. The Company has established an Employee Reward and Punishment System and Implementation Rules of Nine Redlines for All Employees to punish the internal employees involved according to its internal rules.

"Nine Redlines" of LBX Pharmacy

- 1 Commit any manual cashier behaviors that violate the rules.
- 2 Sell commodities not delivered by the Company in the stores.
- 3 Misappropriate business revenues, reserves and other revenues, and privately set up small treasuries.
- 4 Commit frauds, including inflated performance, non-firm offer of cash, non-firm offer of inventories, false accounting and other kinds of fraudulent acts, including but not limited to false promotions for obtaining fees, and obtaining rewards by false means.
- 5 Commit any acts involving briber acceptance, including accepting gifts from manufacturers, agents and organizations with business dealings.
- 6 Personnel at varying levels privately reach sales agreements with suppliers, or agree on incentive policies and related fees, etc.
- 7 Illegally misappropriate the access to information not in one's own position and operate without permission.
- 8 Divulge data, plans, reports and other confidential documents of the Company.
- 9 Including but not limited to all other acts that infringe on the interests of the Company as set out in the above 8 paragraphs.

Spot Audit Checks

In 2025, the Group's Inspection Department and Risk Control and Audit Department conducted 139 inspections and audits, and reported 42 violations of regulations and disciplines according to the annual supervision and audit plan. Besides, the Company conducted all-round inspections of its stores through irregular random inspections, monthly special regional random inspections, store monitoring and supervision, and big data analysis. The supervisions and audits covered 100% direct-sale stores.

The Company actively participated in the "Trust and Integrity Enterprise Alliance" (the first autonomous industry anti-corruption organization for Chinese Internet companies), and promptly uploaded the blacklist of illegal employees to the database of the "Trust and Integrity Enterprise Alliance" as required by the alliance. In 2025, the Company additionally blacklisted 2 persons.

Cultural Construction

During the reporting period, the Company continuously publicized integrity, and carried out the seventh "Nine-Redline Day" activities in September 2025, covering all of its employees. The activities included online taking of a program known as "Keeping Redlines in Mind and Acting in Compliance" by all employees, signing the "Commitment Letter of Never Violating the Nine Redlines", setting the 99 Redline Day computer desktop and the poster for opening APP "Bai Xing Tong". In addition, in 2025, the Company organized 1 online integrity education program on "Keeping Redlines in Mind and Acting in Compliance", and published 4 WeChat tweets advocating integrity.

Impacts on the Value Chain

In terms of the value chain, the Company requires all suppliers and partners who have formally contracted with it to sign the Trust and Integrity Commitment, which clarifies the business code of conduct, supplier management requirements and its internal control mechanism. It also guarantees the applicability and validity of the Trust and Integrity Commitment through internal audit and regular updates.

Annual Data 2025

139

inspections and audits conducted

42

notified violations of regulations and disciplines

100%

direct-sale stores covered by the inspections and audits

100%

employees covered by the "Nine-Redline Day" activities

1

thematic program on "Keeping Redlines in Mind and Acting in Compliance"

Whistleblowing Investigation System

We encourage our employees and stakeholders to report any misconducts that violate business ethics, laws or regulations. While keeping the whistleblowers' personal information confidential, we strictly crack down on any retaliation and actively maintain open reporting channels. In 2025, we effectively handled 100% reported matters.

Whistleblowing Method

No restriction is imposed on whistleblowing and complaining. Complainants may whistleblow/complain by telephone, business WeChat, email, letter and face to face, entrust others to whistleblow/complain.

Whistleblowing Email

jtdcb@lbxdrugs.com

Whistleblowing Hotline

13975122000

Internal Whistleblowing

LBX Pharmacy Business WeChat Bench - Joint Integrity Construction - Whistleblowing and Complaint

Visit and Correspondence Address

Supervision Department, 15/F, LBX Pharmacy Group Building, 808 Qingzhu Road, Kaifu District, Changsha, Hunan Province, 410005

Our Commitments

The Supervision Department of LBX Pharmacy undertakes to reply to a whistleblower/complainant regarding whether his report/complaint is accepted within 3 business days (for information collection, preliminary verification and supplementation of relevant evidences) after receiving a real-name report/complaint. To reject the report/complaint, an explanation will be given to the whistleblower/complainant on the reason. For any report/complainant not within the jurisdiction, inform the competent department or unit, and reply to the whistleblower/complainant. If the content whistleblown is true, the whistleblower will be given a cash reward.

Information Security and Customer Privacy Protection

Governance

Governance Structure



System Construction

LBX Pharmacy strictly abides by relevant laws and regulations such as the Data Security Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China. Meanwhile, it closely pays attention to the updates of relevant laws and regulations, adjusts its corporate information security management strategy in a timely manner, and ensures that its corporate information security compliance system keeps pace with national regulatory requirements.

Guided by national laws and regulations, the Company has built an information security system covering the whole business process, and formed a horizontal and vertical system control network. We have 7 core systems, including the Group's Data Security Management System, the Group's Information Security Vulnerability Management System and the Group's Information System Security Emergency Response Management System, which clearly and respectively specify key links such as data lifecycle management, security vulnerability investigation and repair, and emergency response.

In 2025, to further strengthen data security control, the Company formulated more detailed data security standards for key links such as data display, storage, processing and transmission, and issued end-to-end supervision and management procedures. Through the deep integration of systems and procedures, dynamic monitoring and risk prevention and control of the data application were realized throughout the process, ensuring that all data operations were well-documented, and a strong information security defense line was built from the institutional level.

Risk Management

End-to-end Risk Monitoring

In view that all business links of the Company, including its operation, procurement, merchandising and sales, are digitalized, the Company has established an information security risk monitoring mechanism covering all procedures of the whole value chain to guarantee the cybersecurity and data security of all key business links. For the digital and intelligent applications and systems developed by us, we integrate risk prevention and control into our development, application, operation and offline, in order to guarantee the safety and controllability of the whole lifecycle of relevant applications from R&D to decommissioning.

By deploying a professional risk monitoring system, we perform real-time monitoring and warning of potential risks such as cyberattacks, data leakage and system failures for early detection, identification and disposal of risks. Besides, we regularly carry out comprehensive risk assessment, investigate and sort out risks in information systems, business processes, personnel operations and other dimensions, prepare risk lists such as vulnerability ledger, emergency incident handling list and component risk ledger, and formulate targeted prevention and control measures.

Core Protective Measures

In order to enhance its risk resiliency, the Company has deployed multi-level security protection technologies and facilities: Firstly, it has established a complete disaster recovery and backup system to back up core business data and systems on an off-site and regular basis, so as to ensure that data and services are quickly restored in case of sudden failure or disaster; Secondly, it has deployed cybersecurity protection equipment such as firewall, intrusion detection system and anti-virus software, and built a cybersecurity DiD system to effectively resist external cyberattacks; Thirdly, it has monthly strengthened system security reinforcement, scan and repair security vulnerabilities, to block potential security hazards in time.

Emergency Response System

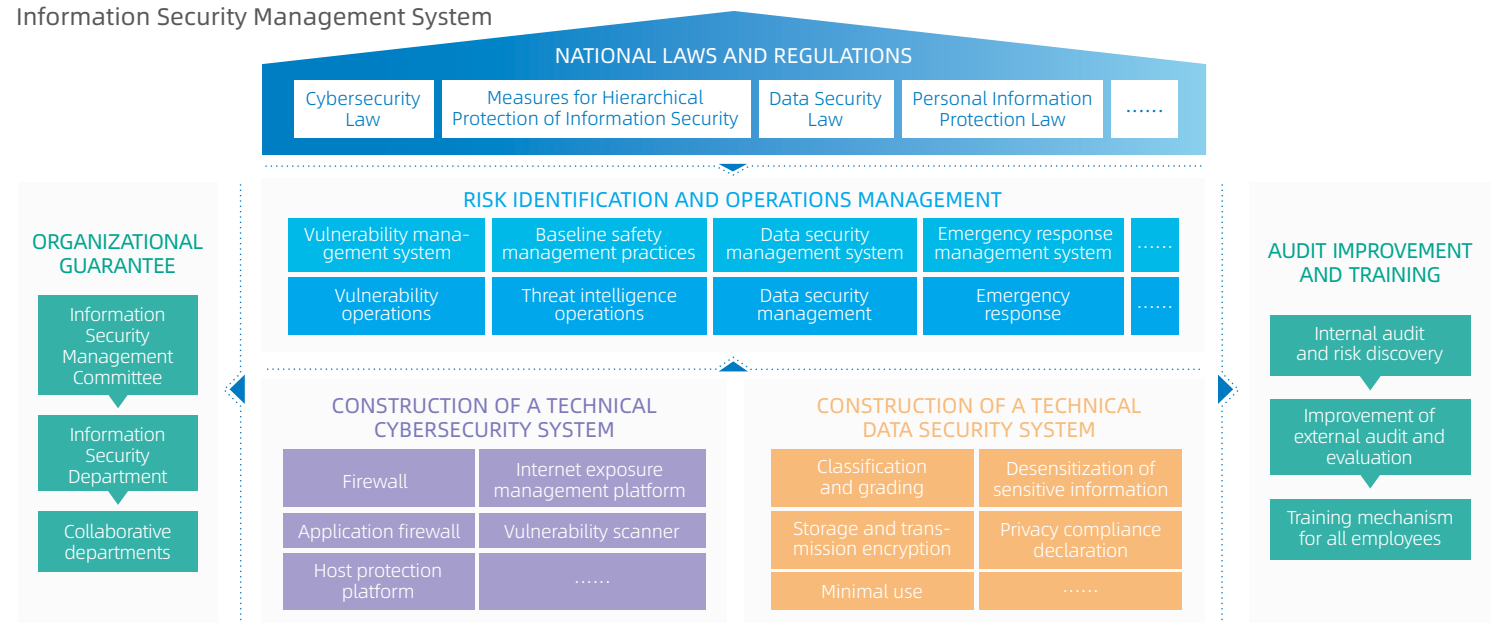
The Company has established a standardized emergency response system, clarified components and responsibilities of emergency response organizations, drafted emergency response plans for different incident levels, and clarified emergency response procedures, division of responsibilities and response time limits based on the Group's Information System Security Emergency Response Management System.

Meanwhile, by regularly organizing emergency drills at all levels and simulating various emergency security incidents such as cyberattacks and data leakage, a response mechanism has been tested and optimized in practice. After the drills, we have continuously improved our emergency response plans and response procedures by summarizing the problems and shortcomings through review, so as to ensure that when real safety incidents occur, we can realize rapid responses, efficient disposal and rapid service recovery, for the purpose of minimizing the impacts of the incidents.

Strategic and Management Initiatives

The Company has always placed information security and privacy protection at a strategic level. Adhering to the core principle of "prevention foremost, comprehensive governance, end-to-end control, and continuous optimization", we comprehensively identify information security risks and potential data leakage dangers that might arise in the course of our operations, and constantly improve our information security management capabilities by constructing a sound management system, technical defense line and organizational structure.

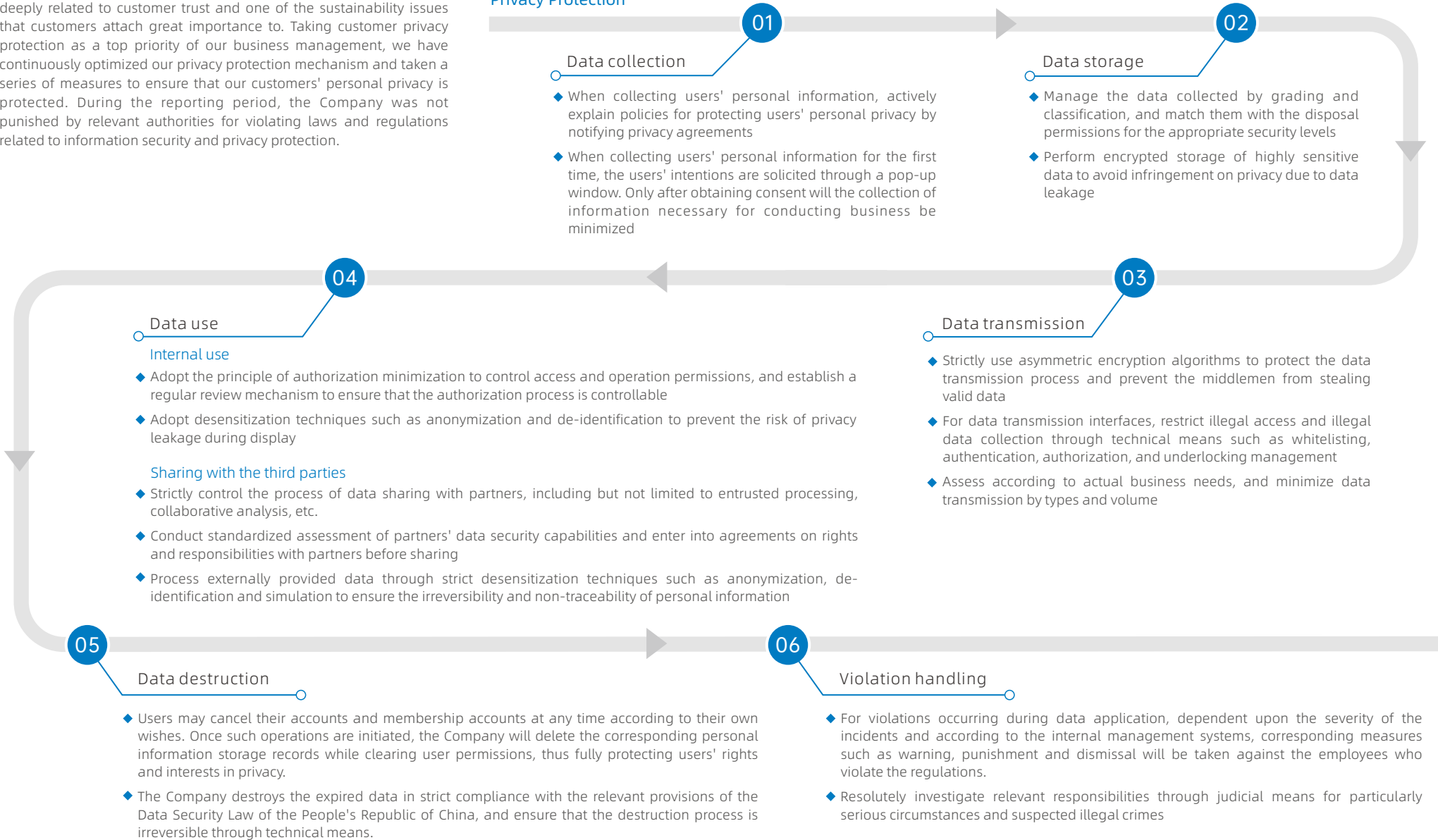
Information Security Management System



Data Security and Customer Privacy Protection

As pharmaceutical retailer, we are well aware that privacy security is deeply related to customer trust and one of the sustainability issues that customers attach great importance to. Taking customer privacy protection as a top priority of our business management, we have continuously optimized our privacy protection mechanism and taken a series of measures to ensure that our customers' personal privacy is protected. During the reporting period, the Company was not punished by relevant authorities for violating laws and regulations related to information security and privacy protection.

Six Links of Data Security and Privacy Protection

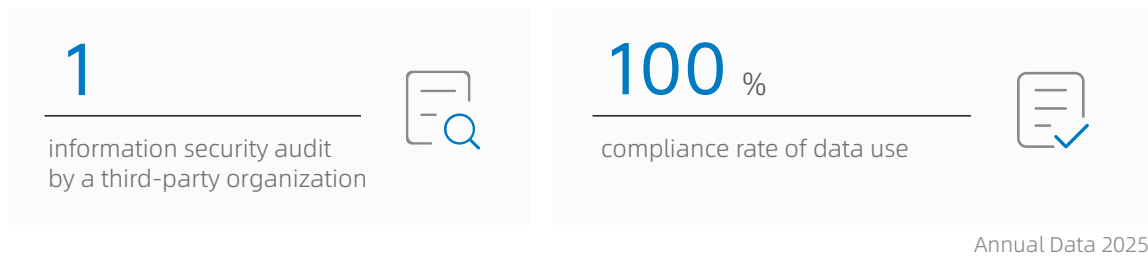


Information Security Audit Mechanism

To ensure effective implementation of the information security and privacy protection system, and timely identify and solve problems and omissions in the implementation of strategies and measures, the Company has established a mechanism for "internal review + external evaluation" to promote the continuous improvement of the governance system through internal and external collaboration.

In terms of internal review, the Company organizes the Information Security Department and the Risk Control Department to jointly carry out internal review from time to time, covering various dimensions such as cybersecurity, data security, system implementation and technical protection. Through internal review, a list of problem rectification is prepared, clarifying the rectification responsibilities and time limits, and closed-loop management is implemented. In 2025, the Company conducted three internal key special cybersecurity reviews, and more than 60 special data security reviews.

With respect to external review, to ensure that the review results are objective and authoritative, the Company invites third-party authorities to conduct annual external information security reviews. Third-party organizations comprehensively evaluate the Company's information security management system, technical protection capabilities and compliance level using professional evaluation methods and tools, and put forward professional suggestions for improvement. The Company attaches great importance to the results of external reviews and regards them as important basis for optimizing the governance system, so as to promote the continuous improvement of information security management.



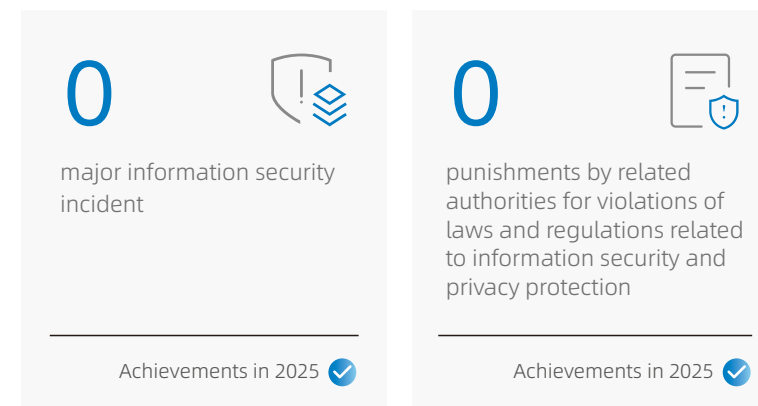
Information Security Culture Building

The Company has attached great importance to information security culture building, established a normalized training mechanism, regularly organized special trainings covering all employees and relevant external partners, comprehensively strengthened relevant internal and external personnel's awareness of information security, and effectively enhanced its practical capability of risk prevention. In 2025, the training covered several core modules such as emergency response procedures, anti-phishing skills, privacy protection specifications, security development standards, and knowledge on anti-fraud.



Objectives and Indicators

In the future, the Company will continue to promote its information security and privacy protection subject to higher standards and stricter requirements: Firstly, based on our strategic planning and actual business needs, we will further enhance the standardization and internationalization of our information security governance system; Secondly, we will continuously strengthen technology R&D, introduce advanced technologies such as artificial intelligence and big data, and make risk monitoring, prevention and control more intelligent; Thirdly, we will deepen our information security culture building, enrich the content and form of training, and further improve the security literacy of all our employees; Fourthly, we will continuously optimize our emergency response system and improve our ability to deal with complex security incidents.



Based on the actual business needs, continuously carried out information security management system certification to improve information security governance.

As of 2025, the core application systems involving user data (CRM system, Power system (POS cashier system) of LBX Pharmacy, LBX-Lingyun ERP system, and medicare platform management system) have all been recognized by the state.

Three-level hierarchical protection certification

2025年

Party Building Work

As the first private pharmacy in China's pharmaceutical retail industry to set up a party organization, LBX Pharmacy attaches great importance to party building work, writes it into the Articles of Association, procures Party Organization members to enter the Board of Directors and management through legal procedures, guarantees party building work from institutional, ideological and organizational aspects, actively explores non-public Party building, resolutely performs the main responsibility for comprehensively and strictly governing the Party, continuously promotes the integrated development of party building and its operation, and transforms the political advantages of the Party into its competence.

In 2025, the Party Committee of LBX Pharmacy focused on creation of service-oriented, innovative and learning-oriented organizations, thoroughly implemented the general requirements for Party building in the new era and the organizational line of the Party in the new era, and promoted the deep integration of Party building work with business growth and mutual promotion for joint development. The Party Committee of LBX Pharmacy was awarded the title of "Non-public Party Building Benchmark Party Organization 2025" by the Corporate Committee of Changsha Jinxia Economic Development Zone of the Communist Party of China.

Enhance Organization Construction

The Company continuously consolidates its organizational foundation for Party building. As of the end of the reporting period, all members of the Party Committee were officers of the Company, and all branch secretaries were middle and senior managers. We had 1 second-level Party Committee and 26 Party branches under our jurisdiction, 366 Party members directly managed by us and more than 800 mobile Party members. During the reporting period, the Company promoted the synchronous promotion and optimization of Party organization construction and corporate institutional establishment, and added three demonstration sites for grassroots Party building throughout the year.

The Company conscientiously implemented the Several Guidelines on Political Life within the Party under the New Situation, further improved the systems of democratic life meeting, organizational life meeting, heart talk, and democratic appraisal of Party members, formulated and issued Party building work plans, guided all general branches (branches) of the Party to carry out political activities within the Party in a standardized manner, strictly carried out prescribed actions, and encouraged innovative and self-selected actions and ensured that Party building work was well-documented, rule-based and orderly.

Strengthen Ideological Construction

The Party Committee of the Group has always regarded ideological and political construction as a top priority, insisted on taking in-depth study of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as its primary political task, continuously innovated its ideas and measures for ideological and political construction, procured the Party's innovative theories to be rooted in people's brains and hearts, constantly improved its political position, and gathered strength for advancement.

During the reporting period, the Company deepened its online and offline integrated learning model by regarding a thematic Party day activity known as "One Class, One Video and One Practice per Month" as a key initiative. We normally distributed more than 2,000 volumes of theoretical readings such as the Compilation of Documents of the 20th National Congress of the Communist Party of China and the Selected Readings of Xi Jinping's Works to the Party members. We made full use of the staircase library of our Party and Mass Service Center to provide Party members with rich and diverse learning materials and learning scenarios. We pushed learning materials online on a weekly basis, carried out prize-winning competitions for learning quiz groups, and encouraged Party members to study independently and learn for life.

Case

Thematic Activity Named "July 1 Celebration for the 104th Anniversary of the Founding of the Communist Party of China"

In July 2025, in order to warmly celebrate the 104th anniversary of the founding of the Communist Party of China and vigorously carry forward the great spirit of Party founding, the Party Committee of the Company made overall arrangements, and all Party branches under the Company made positive responses, carefully planned and orderly carried out a series of colorful activities with the theme of "July 1 Celebration for the 104th Anniversary of the Founding of the Communist Party of China". Party members from all over the country drew their strengths from the activities filled with a sense of ceremony, and gathered their strong synergy with our officers to start their own businesses.



Case

Collective Watching of the Film Known as Dead to Rights

To solemnly commemorate the 80th anniversary of the victory of the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascist War, on August 18, the Party Committee of LBX Pharmacy organized a film Party class activity named "Memorizing the History with Lights and Shadows; Upholding Peace with Original Intentions", which guided all Party members to deeply remember history, cherish peace and create the future by watching the patriotic education film titled Dead to Rights.



Brand Building for Party Construction

In combination with the characteristics of its own and the industry, the Party Committee of LBX Pharmacy integrates brand building for Party construction with health services and public welfare undertakings to create a characteristic brand model of "Party building + public welfare + health", further polish the background of Party building in a non-public enterprise and highlight its brand influence as a benchmark Party organization.

In terms of public welfare activities, in 2025, the Party Committee and all Party branches of the Company actively participated in public welfare undertakings, and carried out more than 120 public welfare activities for rural revitalization, charitable donation, health science popularization, etc. throughout the year. Among the key projects, the Party Committee of the Company donated medical materials to Fengning, Hebei Province for the fifth consecutive year. These materials were specially used to enhance the medical capacity of 12 local rural clinics, and continuously support Fengning's "healthy village" construction. Baixingtang Party Branch made persistent efforts to deepen the Party building and co-construction activity known as "TCM Brainstorming", and carried out 105 public welfare activities on "Benevolent Free Medical Consultation, Famous Doctors' Door-to-door Health Services" throughout the year, benefiting 35,000 people.

In terms of brand dissemination for Party building, the Party Committee of the Company focused on cultivating the Party affairs publicity platform known as "Party Building e-Home", which integrated Party member education, news reports, interactive communications, Party affairs disclosure and other functions, with special columns such as "Theme Education", "Dissemination of Excellent Party Members' Deeds" and "Q&A on Party Affairs". In 2025, different types of information were pushed for 42 times, with cumulative pageviews of more than 65,000. These columns effectively reached Party members and employees, widely spreading red positive energy.

03 / Social

LBX Pharmacy is committed to becoming a trusted health management expert around community residents. We have constructed a highly standard product quality and service safety system, consistently upheld being innovation-driven, and continuously promoted high-quality health accessibility. As a responsible corporate citizen, the Company has actively created an equal, inclusive and healthy development environment for employees, supply chain partners and the communities, impetus for the sustainable development of its own and the industry, and built a beautiful home with all stakeholders.

Contents of This Section

- Quality Control
- Supply Chain Safety
- Health Services
- Innovation-driven
- Employee Development
- Responsible Citizens



Quality Control

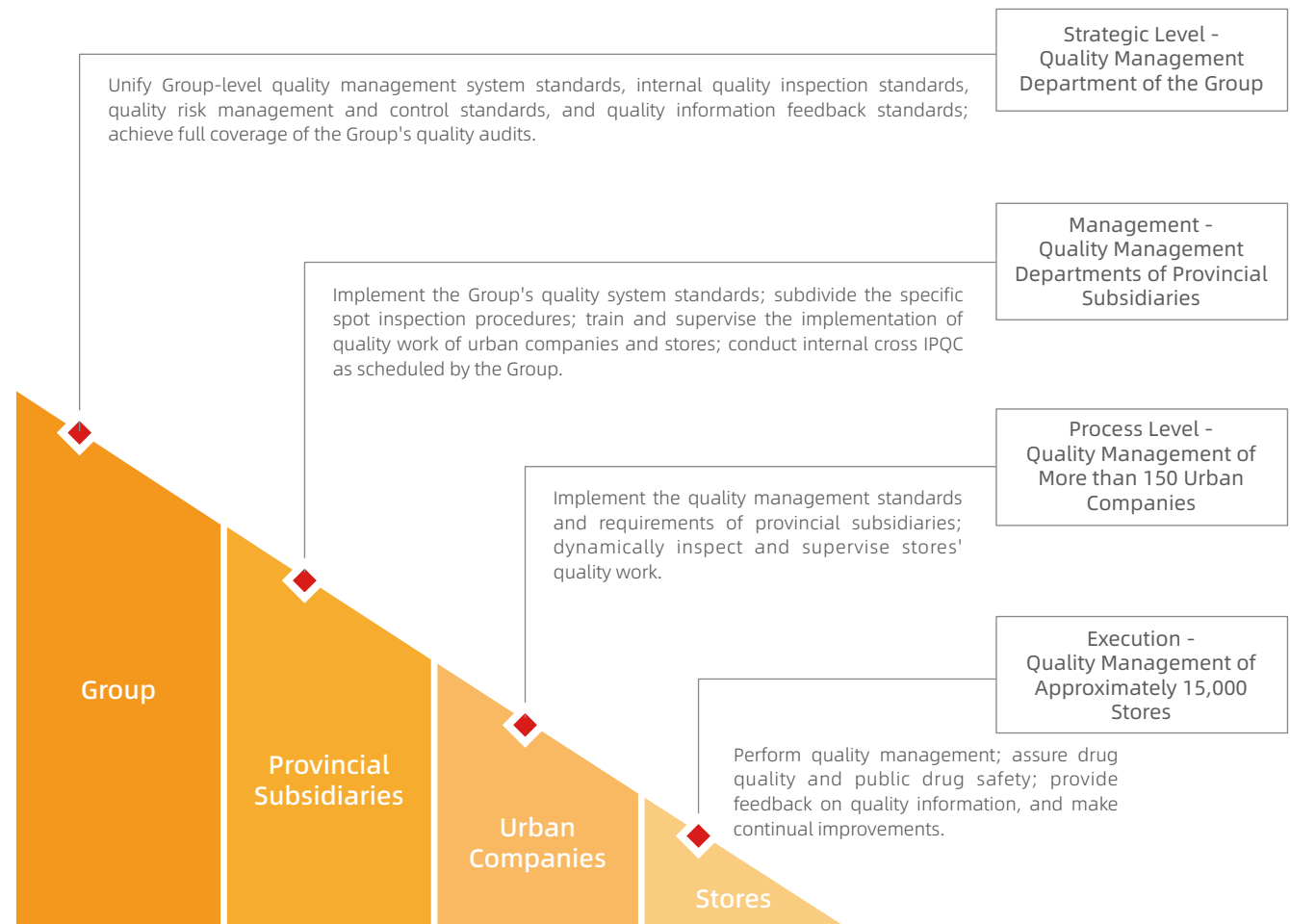
Following the quality policy of "quality first, customer foremost", LBX Pharmacy has constructed a quality assurance system covering the whole chain of drug merchandising to effectively protect medication safety of the public in reliance upon its sound governance structure, clear strategic orientation, systematic risk management and solid management measures

Governance

In order to achieve the quality management objectives of transparent decision-making, efficient execution and powerful supervision, the Company has constructed a scientific and perfect quality management structure, especially a quality management system at four levels: "Group - provincial subsidiaries - urban companies - stores", a sound hierarchical organizational management system and a quality responsibility mechanism for all employees, forming a full-link quality control pattern with clear hierarchy, definite rights and responsibilities, and implementation by all employees.

As principal in charge of quality management of the Company, the corporate legal person promotes the core work of strategic quality management planning, major decision-making and risk prevention and control in a coordinated manner. As a special executive agency, the Quality Management Department of the Group is fully responsible for the daily operation of the quality management system. In reliance upon the full-link management path covering four levels from the Group's headquarters to stores, it promotes the penetration and effective performance of quality responsibilities. Each subsidiary has built a leading quality management group, with the person in charge of the subsidiary as the team leader, who leads the implementation of various work requirements for the Group's quality management. The quality leaders of the subsidiaries, who serve as executive team leaders, are responsible for the drug quality management of the subsidiaries. They can independently exercise their discretionary power for quality management to ensure that drug quality control is authoritative and effective. Each urban company is staffed with full-time quality management personnel for dynamic inspection and supervision of store quality work. As the minimum execution units of quality management, the persons in charge of store quality are specifically responsible for store quality management. They ensure that the control requirements are implemented in place at terminals.

Meanwhile, the Company has established and improved a quality responsibility mechanism for all employees, deeply embedded quality responsibilities into the core work scope of all departments and positions, clarified the quality performance standards and requirements for all positions, and procured all employees to take responsibilities and perform their duties, so as to integrate quality responsibilities into all aspects of daily operations.



Upholding "customers first, quality foremost" as its quality policy, LBX Pharmacy always prioritizes drug quality and drug safety. We strictly abide by laws, regulations and territorial regulatory policies, including the Drug Administration Law, the Implementation Rules for the Drug Administration Law, the Good Manufacturing Practice for Drugs, and the Measures for the Quality Supervision and Administration of Pharmaceutical Trading and Use. We have formulated and efficiently implemented systems, job responsibilities and operating procedures covering the whole process of quality management, to give full play to the exemplary and leading roles of the Company as a leading pharmaceutical retailer.

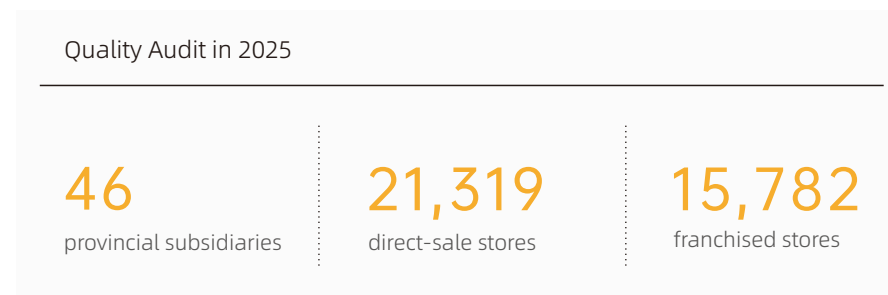
In 2025, we revised our internal systems and operating procedures such as the Pharmaceutical Quality Acceptance Management System, the Management System for Class II Psychotropic Drugs, the Management System for Compound Preparations Containing Special Drugs, the Management System for Computer System Data Backup and Storage, the Management System for Unqualified Drugs, the Management System for Qualification Review of Suppliers and Purchased Varieties, the Management System for Supplier Review and Quality Review of Purchased Drugs, the Management System for Entrusted Drug Storage and Transportation, the Drug Risk Control System, the Management System for Seven Unified Aspects of Drug Retail Chains, and the Management Procedures for Dispensing among Drug Stores, to constantly improve quality.

Besides, for quality management personnel, we have established the Personnel Training and Assessment Management System to continuously make personnel's quality management more self-motivated and further improve our quality management business. The Company uses APP "Bai Xing Tong" to develop monthly training programs, which cover laws, regulations, professional pharmaceutical knowledge and skills, quality management system, job responsibilities, operating procedures, etc. We incorporate key quality indicators such as commodity quality, pharmacotoxicity incidents, expiration date management and compliance operation into our quarterly and annual KPIs, which are linked to salary performance. Major violations are handled in accordance with the Employee Reward and Punishment System, to foster all employees' awareness of the quality and bottom line, and enhance teams' quality management capabilities.

Risk Management

The Company has formulated the Internal Audit System of the Quality Management System and the Drug risk Control System. We have established a fully closed-loop quality risk management system for "identification - assessment - disposal - review", which integrates forward-looking prediction and retrospective analysis to systematically identify, scientifically assess and control quality risks at different levels. In the daily quality management work, a standardized risk classification model has been built. Risks are divided into high-frequency high risks, high-frequency low risks and low-frequency high risks in accordance with specific management standards, prevention and disposal measures, so as to effectively avoid quality risks and ensure the safety of people's medication. In 2025, the Company did not have any major quality and safety liability accidents related to goods and services.

In 2025, the Quality Department of the Group conducted quality audits on 46 provincial subsidiaries. Provincial subsidiaries and urban companies inspected 21,319 frontline direct-sale stores and 15,782 franchised stores, and controlled operational risks through quality supervision and audit at all levels to continuously improve the overall quality management.



Quality Management Risk Assessment Process



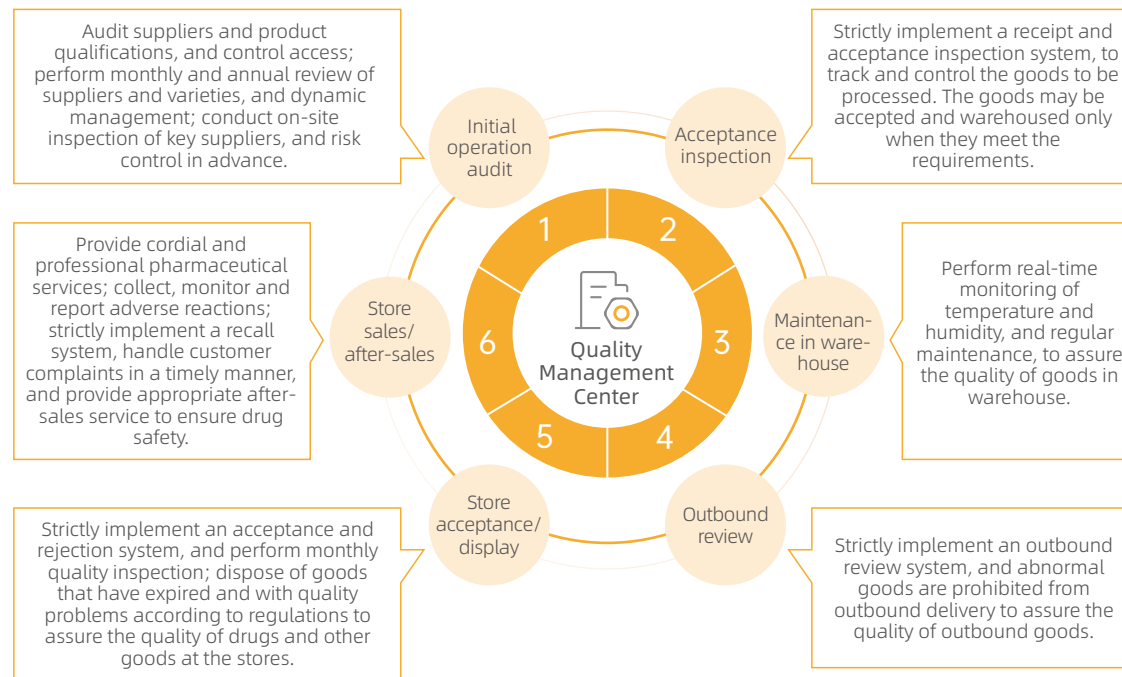
Strategic and Management Initiatives

Adhering to highly standard quality and safety lifelines, the Company has established a full-link quality management system covering supplier management, end-to-end control over purchase, sales and inventory, as well as prediction and disposal of quality risks in strict compliance with the Drug Administration Law, the Good Manufacturing Practice for Drugs, and the Measures for the Quality Supervision and Administration of Pharmaceutical Trading and Use, to make definite regulations available for compliance in terms of quality control.

The Company makes unremitting efforts to strengthen the building of licensed pharmacist teams. We have built a high-quality professional talent echelon through systematic training, assessment and incentive mechanisms. We deepen the management of safe medication, provide professional pharmaceutical services such as medication guidance, health consultation, and adverse reaction monitoring for customers, and realize the coordinated development of quality, safety and health services.

The Company improves the closed-loop "full participation and full accountability", and subdivides the quality responsibilities of all departments and positions. We enhance all our employees' quality awareness through regular training and assessment. We have actively organized a number of quality activities, and cultivated the cultural atmosphere where "everyone values quality, everyone creates quality, everyone enjoys quality".

◆ Six Major Links of Quality Control



* Initial operation audit: Audit the first partners (the manufacturers or enterprises with which the Company has established the supply-demand relationships) and the first varieties (commodities purchased by the Company for the first time).

◆ Three Major Quality Assurance Systems

Modern logistics operation system

Including temperature and humidity monitoring and regulation system, and transportation management system (TMS). The Company has 5 large-scale logistics centers, equipped with modern logistics facilities and equipment for drug warehousing, conveying, sorting, shelving, and delivery, to efficiently accommodate the storage and distribution needs for drugs and other commodities. Our cold chain facilities are well-equipped. Our verification, calibration, cold chain management system and emergency plan are perfect. Our temperature control system monitors in real time, 24 hours a day. Our temperature control, monitoring and regulation system ensures the safe storage and transportation of drugs and other commodities.

Computer management system

Our computer system consists of SAP, MDM system, WMS, ERP system, POS system, CRM system, EPS, etc., which realizes the full coverage of procurement, inspection, warehousing, sales, distribution, after-sales and retail links, ensuring the quality control and auxiliary business services of the computer system in the whole process of procurement, sale and storage.

Drug traceability system

Attaching great importance to the construction of a drug traceability system, the Company has developed and launched an internal data acquisition platform online. We connect the traceability platform and code scanning equipment to our computer system to meet the traceability requirements, in order to ensure the traceability of drug quality, purchase, sale and storage information.

◆ Strict Control over Quality Sources

The Company has built an independent and professional quality management team to conduct onboarding audit and dynamic control of suppliers and commodity varieties, and prepared institutional documents, including the Quality Risk Management System, the Supplier Evaluation Management System and the Supplier Site Inspection and Evaluation Standard. The professional team conducts field surveys on suppliers to control drug quality from the source. In 2025, the Quality Management Department of the Group cumulatively conducted field surveys of 75 suppliers and annually reviewed 2,083 suppliers. The elimination mechanism for high-risk suppliers was initiated according to the process, and 155 suppliers were eliminated in 2025.

The Group's Management System for Blacklisted Suppliers has been established to dynamically control suppliers whose abnormal operations or behaviors harm the Company's interests during the cooperation, or with which the Company cannot cooperate or the cooperation needs to be discontinued. As of the end of the reporting period, a total of 63 suppliers were included in the blacklist of LBX Pharmacy.

In addition, in order to standardize and strengthen the supplier and product safety management of the "dropshipping" business via online new retail mini programs, the Company additionally established a "dropshipping" supplier screening and evaluation mechanism in 2025, clarifying the onboarding standards for qualification, quality and contract performance. We also established a risk control mechanism for sampling inspection of "dropshipped" products, and performed normalized quality supervision over the dropshipped goods through random sampling, third-party inspection and result traceability, to effectively prevent quality risks in the circulation link.



◆ Real-time Monitoring of Commodity Quality Information

The Company has a drug quality information sharing platform, and special personnel are responsible for inquiring about the quality information of 118 regulatory websites across the country, for the purpose of daily inquiry, daily transmission and daily processing. The computer systems of more than 10,000 stores across the country can be locked to suspend their sales of the varieties with quality risks and remove them from the shelves within 30 minutes.

◆ Quality Complaints

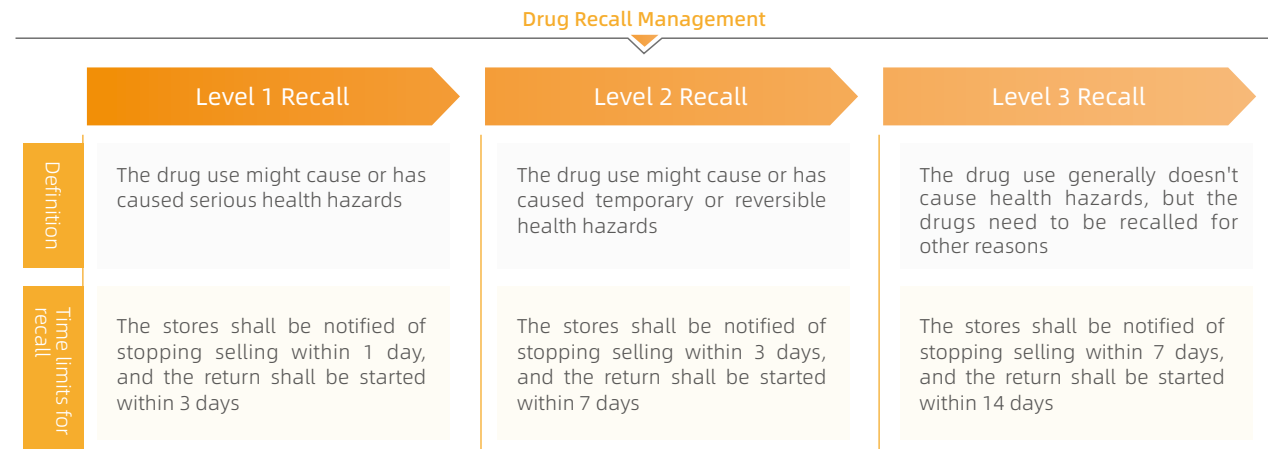
In our stores, we have publicized our complaint hotline 12315 of the regulatory drug administration and our customer service hotline 400-6252-888. We have also posted the Customer Opinions in conspicuous positions of our stores. The Company has made online complaint channels accessible. No matter whether through customer service hotline prefixed by 400 or social platforms such as WeChat official account and mini program, all customer complaints are handled by special personnel to ensure that responses are made to customers' opinions and complaints in a timely and satisfactory manner.



◆ Drug Recall Management

According to the Management Measures for Drug Recall issued by the National Medical Products Administration, the Company has formulated the Drug Recall Management System, divided the drug recall into three levels according to the severity of drug quality and safety hazards, and set different recall time limits. Our subsidiaries and stores in different provinces are required to stop selling immediately after receiving a recall notice, recall and recover the problematic drugs within the time limits, and report to the drug supervision and administration department and the marketing authorization holder according to the regulations.

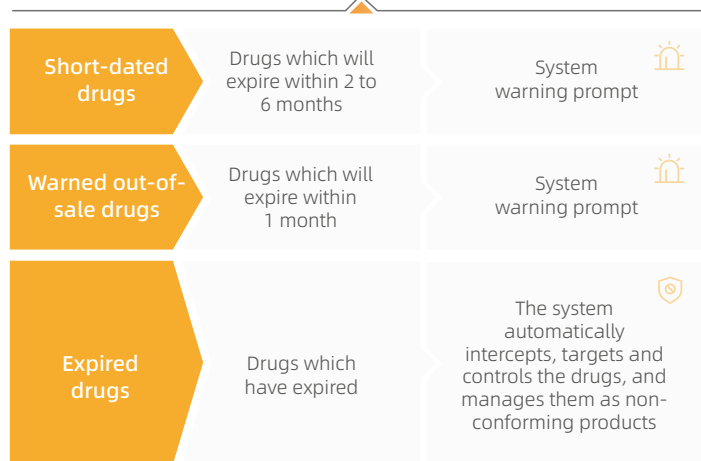
The Quality Management Department of the Group tracks, guides and monitors the drug recall throughout the process to ensure timely and thorough recall. We subsequently dispose of the recalled drugs according to different results confirmed by the drug supervision and administration department.



◆ Drug Expiry Management

The Company strictly manages drug expiry and nonconforming drugs. We systematically track and control the expiry date of drugs, and give warnings on "short-dated drugs" and "warned out-of-sale drugs". Our system automatically intercepts, targets and controls the "expired drugs". Expired drugs and other drugs with quality problems are managed as nonconforming products. For the management of nonconforming products, the links for identifying, reporting and destroying nonconforming products are managed. We entrust a company that specializes in destruction of hazardous wastes to destroy the nonconforming products without causing any harm. The Company regularly carries out public welfare activities for the recycling of expired drugs from households, in order to prevent the expired drugs from causing environmental pollution, or resulting in social harm for flowing into illegal channels, and ensure the medication safety of the public.

Drug Expiry Management



◆ Safe Medication Management



Pharmacovigilance Management

The headquarters and stores of the Company appoint specialists to be responsible for pharmacovigilance, timely evaluate and analyze adverse drug reactions and drug damages, collect and monitor them, report them to the national adverse reaction monitoring system, and maintain information communications with the drug supervision and administration department to ensure drug safety.



Reasonable Medication Management

We actively employ digital intelligence technologies to promote reasonable medication management, and strictly control high-risk varieties through prescription control, quantity restriction on purchase and real-name registration. We have also launched a reasonable medication system to supervise medication level by level in combination with the identification of compatibility contraindications, cashier interception and licensed pharmacists' manual reviews. We assess the risks of high-alert drugs on a quarterly basis, and dynamically adjust the control catalogue to ensure drug safety.



Pharmaceutical Service Guidance

As an important window for the public to obtain drugs and health services, we establish a unified pharmaceutical service guidance system. All pharmacy-related promotional materials are audited by the Quality Management Department and Legal Department, to put an end to exaggerated and false propaganda. Our stores are staffed with licensed pharmacists to review prescriptions, guide the customers on medication, manage chronic diseases, popularize science education and healthcare knowledge, advocate rational drug purchase and medication, avoid promoting expensive medicines or medicines unrelated to symptoms, and help the customers "buy the right medicines with less money".



Publicity of Safe Medication

In reliance upon the core scenarios of its offline stores, the Company has built a team of professional pharmacists. Under the guidance of regulatory authorities at all levels, we have actively carried out thematic publicity activities such as "National Safe Medication Month", and reminded the dosage, contraindications, compatibility risks and storage methods by distributing health knowledge manuals, answering questions on site and in other forms. We have also taken the initiative to walk into communities, schools, and homes for the elderly, organized public welfare lectures and free clinics, and figured out medication misunderstandings based on real cases. In 2025, the Company carried out offline safe medication publicity activities covering 67,080 people and distributed 4,471 copies of materials.

◆ Construction of a Quality Culture

During the reporting period, the Company continuously deepened the construction of quality cultures, actively participated in and organized several internal and external activities, built a broad learning and communication platform for licensed pharmacists (pharmacists), and created a favorable atmosphere where "everyone values quality, everyone creates quality, and everyone enjoys quality".

Quality Talent System

The Company attaches great importance to building a professional team of licensed pharmacists, and has more than 15,000 licensed pharmacists. By constructing an education system for licensed pharmacists (pharmacists), building a training base for licensed pharmacists (pharmacists) within the city, formulating quality demonstration standards for teaching and training new licensed pharmacists (pharmacists), we enhanced the overall quality control awareness and professional service capabilities of our frontline store staff.

Quality Management Training

By integrating online and offline high-quality resources, the Company has carried out comprehensive and systematic quality training. The training has covered laws, regulations, professional knowledge and skills, quality management system, job responsibilities, and operating procedures, etc. In 2025, the monthly quality training for all employees achieved a coverage rate of 100%.



Internal Online Quality Training Program in APP "Bai Xing Tong" in 2025

Laws and regulations

- Training on drug laws and regulations
- Laws and regulations related to medical devices
- Regulatory management of online drug sales
- Management requirements for major defects in GSP
- Training on food and other non-pharmaceutical related regulations
- ...

Professional knowledge and skills

- Identification and maintenance management of traditional Chinese medicine decoction pieces
- Anti-drug knowledge and specialized drug management
- Disease knowledge training
- Basic knowledge training on commodities
- First aid knowledge training
- ...

Quality management system documents

- Quality management systems, duties and operating procedures
- Management requirements for drug storage and transportation
- Management standards and risk prevention for high-risk drugs
- Cold chain and specialized drug management
- Drug traceability management
- ...

Quality Honors

The Company actively organized its stores and employees to participate in various pharmaceutical retail case collection, skills competition and other activities carried out by industry associations and regulatory authorities, and won a number of honors and recognitions. In July 2025, at the 21st China Annual Retail Pharmacy Conference and the 6th China Professional Pharmacy Development Forum, 22 stores affiliated to LBX Pharmacy were honorably titled the "Best Health Station" and "Excellent Health Station" respectively. In October 2025, Jiangsu company of LBX Pharmacy won the second group prize in the "Yangzhou Vocational Skills Competition for Traditional Chinese Medicine Dispensing Employees". The Company continuously consolidated the quality foundation and jointly built quality and safety cultures.



Objectives and Indicators

Based on the Management System for Quality Policies and Objectives, at the end of each year or at the beginning of the following year, the Company annually reviews the quality policies and quality objectives. We are responsible for inspecting, assessing and summarizing the implementation of the quality policies and objectives, carefully analyzing the problems existing in the whole process of implementing the quality objectives, and putting forward revision opinions on the quality policies and objectives. Through the review, the new quality policies, objectives and decomposed objectives of all departments are determined.

Annual Quality Objectives

No illegal, counterfeit or shoddy drugs



No major quality and safety incidents related to goods and services



Achievements in 2025 ✓

Acceptance rate of

100 %



Outbound review rate of

100 %



Achievements in 2025 ✓

Error rate in outbound review

≤ 1/100,000



Achievements in 2025 ✓

Supply Chain Safety

Supply chain is the core business link of the retail industry and the cornerstone for the Company's stable operation. LBX Pharmacy regards "supply chain safety" as its key management issue. We have constructed an efficient, compliant and responsible modern supply chain system in three business dimensions, namely supplier management, commodity management and logistics operation, so as to effectively ensure the reliability of commodity sources, quality safety and efficient delivery. In addition, the Company actively procures suppliers to jointly fulfill their ESG responsibilities. We are committed to establishing long-term, stable and sustainable cooperation with suppliers and other value chain partners.

Governance

With the independence, professionalism and compliance of the supply chain as the core, the Company has established a collaborative and efficient supply chain governance system with definite rights and responsibilities, covering three major centers - commodity center, procurement center and logistics operation center, as well as secondary and tertiary organizations such as supply chain regions. Besides, the functional boundaries of commodity management and procurement departments are clarified and kept independent. The control is balanced with operational efficiency through a normalized collaborative mechanism.

The Company implements a parallel and classified management model for commodity and non-commodity procurement to accurately match its business needs. In 2025, we focused on implementing comprehensive reforms and adjustments in commodity procurement from team organization to business control, and divided professional lines according to commodity categories, including pharmaceuticals, non-pharmaceuticals, novel special medicines, traditional Chinese medicines, etc. Each business line was coordinated with the corresponding assortment planning, quality control, supplier management and performance evaluation. The whole process from introduction of commodities to after-sales was tracked, in order to manage not only the procurement, but also the sales. In addition, the Company built a hierarchical procurement model for "the Group's centralized procurement + subsidiaries' supplementary procurement". Some subsidiaries built local category procurement teams for purchasing regional specialty products and making emergency responses. Hierarchical and refined commodity procurement jointly achieved the stability, high efficiency and high quality of the supply chain while effectively integrating resources and reducing procurement costs.

For non-commodity procurement (e.g. IT, engineering, administrative services, etc.), the Group implemented a centralized management model, with the Non-commodity Procurement Department of the headquarters managing IT in a unified and centralized manner. The Business Demand Department, the Non-commodity Procurement Department, the Finance Department and the Supervision and Audit Department jointly participated in the procurement process, forming a closed loop of "demand - execution - audit - supervision", and established an internal control mechanism for hierarchical decision-making and mutual checks and balances to ensure the transparency, fairness and compliance of the whole procurement process.

To ensure the stability and reliability of the supply chain, the Company has formulated and implemented systems and norms, including the Supplier Management System, the Operating Guidelines for Supplier Onboarding, the Management System for Supplier Review, the Evaluation Standards for On-site Supplier Surveys, and the Quality Risk Management System, to guarantee product quality and supply safety.

Risk Management

To strengthen supply chain security, we regularly conduct risk identification and reinforce response measures, enhancing the resilience and protective capacity of the supply chain to ensure its continuity and stability. Additionally, we actively leverage intelligent digital technologies to optimize procurement, logistics, inventory, and other segments, minimizing detailed risks in the supply chain.

Supply chain risks	Potential impacts	Countermeasures
<ul style="list-style-type: none"> Disruptions in commodity supply Risk of rising procurement costs 	Suppliers might disrupt the supply of raw materials or finished products due to factors such as production abnormalities, natural disasters and economic fluctuations, which might lead to the suspension of production in the pharmaceutical industry and the blockage of commercial distribution of pharmaceuticals, and impairment of customer relationships, brand reputation and market share.	<ul style="list-style-type: none"> Establish a refined supplier risk assessment mechanism based on "factory brands" to dynamically identify related parties' abilities to perform contracts; Build a diversified supply matrix to reduce dependence on single sources; In reliance upon the supplier collaboration platform, predict the stocking demand, give supply risk warnings, optimize procurement plans and arrival schedules, and enhance supply resilience.
<ul style="list-style-type: none"> Commodity quality problems 	If the quality of the products provided by a supplier is substandard, product recalls, customer complaints or regulatory penalties might be caused, which might impair the credibility of corporate brands and consumer trust.	<ul style="list-style-type: none"> Build an independent quality management team to formulate strict quality standards covering all categories; Perform regular and hierarchical quality audits and inspections on suppliers; Strictly carry out incoming inspections, "never tolerate" nonconforming products, and reject them; Optimize the inventory turnover strategy, effectively control the proportion of short-dated commodities, and guarantee medication safety at terminals.
<ul style="list-style-type: none"> Logistics distribution risks Risks of high inventory levels 	Due to natural disasters or public transportation problems, etc., problems in logistics distribution of commodities might be caused, resulting in untimely delivery; or short-term changes of certain diseases (for example, concentrated outbreaks of influenza, etc.) would be caused, including insufficient stocking, which would lead to loss of market opportunities, and excessive stocking might cause high inventory level.	<ul style="list-style-type: none"> Build a national logistics distribution network. Provincial warehouses and store warehouses may be efficiently and flexibly allocated; Adopt advanced logistics technologies to improve delivery efficiency; Empower identification of abnormal inventories with AI technologies, and use intelligent replenishment systems to optimize inventory turnover; Encourage technological innovations by suppliers to jointly enhance overall supply chain resilience.
<ul style="list-style-type: none"> Compliance risks 	If a supplier violates environmental protection laws and regulations, laborers' rights or business ethics, the supplier might be subject to joint liability, public opinion crisis or regulatory penalties;	<ul style="list-style-type: none"> Incorporate ESG performance into the supplier onboarding and classified evaluation system, and perform comprehensive scoring in different dimensions, including governance structure, social responsibilities and environmental management; Strengthen due diligence on supplier onboarding, and implement "one-vote veto" for qualifications, compliance records and negative public opinions; For suppliers with material violations, breach of trust or moral hazard, immediately trigger the relationship reexamination mechanism, terminate cooperation and initiate alternative options if necessary.

Strategic and Management Initiatives


Aiming at a safe and efficient sustainable supply chain, the Company strengthens its supply chain resilience and risk resistance, incorporates supplier management into its corporate ESG strategy and comprehensive risk management system. We have established a full lifecycle management system covering supplier onboarding, risk assessment and performance monitoring through strict management mechanisms and processes. In addition, we have clearly defined "onboarding as responsibility, cooperation as co-governance". Through digital intelligence empowerment and collaborative innovation, we have promoted the transformation of suppliers from "transaction partners" to "value partners", and jointly built a sustainable supply chain system.

Supplier Management System


Supplier Onboarding

Regarding supplier onboarding as the first line of defense for supply chain risk management, the Company upholds "prioritizing quality and being compliance-oriented" as the core principle, resolutely abandons the "pure price-oriented" cooperation logic, and firmly builds a cornerstone for supply chain safety from the source.


To improve the efficiency of supplier onboarding and risk control, the Company fully implemented the "system + platform + redline" model for supplier onboarding in 2025, achieving the organic unity of standardization, digitalization and rigid constraints.



Institutional guarantee
With the Supplier Management System, the Operating Guidelines for Supplier Onboarding, etc. as the core, establish an end-to-end institutional system covering qualification audit, on-site audit, risk assessment, classification and grading, etc. Take the Transparent Cooperation Commitment as a required annex to the purchase contract, and achieve 100% coverage.











Platform support
In reliance on the digital recruitment platform, all links are completed online, with data traces and traceable operations throughout the process, effectively avoiding the risks of human intervention and information tampering, and ensuring the openness, fairness and compliance of the onboarding process.



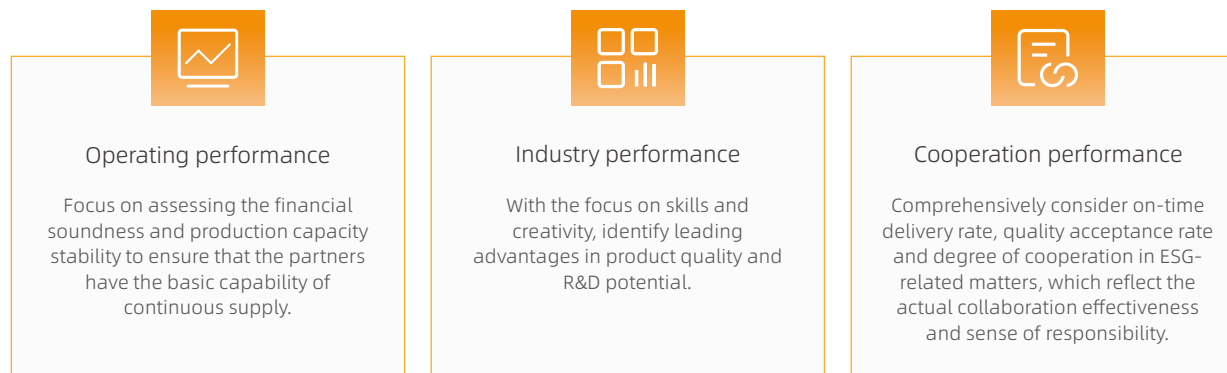
Redline constraints
Fully implement the Eight Key Principles for Suppliers, and clarify eight untouchable bottom lines of compliance. Any behaviors crossing the redlines will directly lead to the termination of onboarding or cooperation, and "one-vote veto" will be implemented.

Eight Key Principles for Suppliers

 <p>Quality Assurance</p> <p>It is necessary to ensure that the products meet the national and LBX Pharmacy's quality standards, ensuring the safety and efficacy of the products.</p>	 <p>Stable Supply</p> <p>It is necessary to ensure the continuity and stability of supply to guarantee uninterrupted business operations.</p>	 <p>Fair Competition</p> <p>It is necessary to adhere to the principles of fair competition and refrain from obtaining contracts or business through improper means.</p>	 <p>Rejection of Bribery</p> <p>It is forbidden to offer any form of bribes or kickbacks to employees of LBX Pharmacy or their families.</p>
 <p>Compliance with Law</p> <p>It is required to strictly comply with relevant national and local laws and regulations, and do not engage in any illegal or non-compliant activities.</p>	 <p>Integrity in Operations</p> <p>We must provide truthful, legitimate, and compliant products and services, and avoid any false advertising or fraudulent behavior.</p>	 <p>Information Confidentiality</p> <p>We must keep the commercial secrets of LBX Pharmacy obtained during the collaboration strictly confidential, and do not disclose them to any third party.</p>	 <p>Others</p> <p>It includes but is not limited to all other actions that infringe upon the Company's interests beyond the aforementioned seven principles.</p>

◆ Supplier Classification Management

To solve the management complexity and blind spots of quality control caused by the model of "several factories for one business, and multiple subsidiaries for the Group", the Company innovatively implemented the "factory brand mechanism" in 2025, and decentralized the management unit from the Group level to the actual coordinated legal brand entity, so as to realize accurate penetration and refined management of product quality, supply capacity and performance. In this mechanism, independent management files were maintained by legal brand entities, and divided into five ratings: AAA, AA, A, B and C according to unified standards. The rating system focused on three core dimensions: operating performance, industry performance and cooperation performance.



All brand rating results are dynamically managed and annually updated. They directly serve as the core basis for formulating procurement strategies, determining the frequency of quality monitoring and defining the depth of cooperation. Accordingly, the Company performs differentiated management, including granting incentives such as preferred cooperation qualification, larger purchase share and better days payable outstanding to Class AAA brands; including Class AA and A brands in the improvement coaching plan, and driving their continuous improvement through regular communication and support; strengthening intervention with management of Class B and Class C brands on the basis of existing cooperation. In view of the higher purchase shares for Class AAA, AA and A brands, the Company has simultaneously established a more efficient and rigorous supporting audit mechanism to ensure that high trust is matched with high requirements, and to institutionally guarantee the stable supply of high-quality resources and quality controllability.



◆ Supplier Assessment and Management

To be equal, objective and impartial, we have established a supplier performance appraisal mechanism. All departments collaboratively carry out regular and irregular inspections on suppliers, which cover quality, price, supply, qualification, safety, environment, service behavior and other dimensions. In addition, we draft refined supplier management plans based on our business characteristics, including frequency of communication with suppliers and depth of brand co-construction. Through promotion, demolition and elimination management, the Company continuously assures the quality of suppliers. In 2025, we launched an elimination mechanism for high-risk suppliers according to our procedures, and eliminated 155 suppliers.



◆ Supplier Communication and Capacity Building

The Company attaches great importance to communication and collaboration with suppliers. Through regular communication and special empowerment activities, we procure our supply chain partners to consolidate their sustainable development capabilities, build a stable green supply chain ecosystem, and jointly promote the sustainable development of the whole industry chain.

In 2025, our strategic synergy with our suppliers was further deepened. Through more than 100 in-depth exchanges throughout the year, we constantly consolidated our mechanism for regular communication with our strategic and core suppliers, and injected new ideas into our business synergy and growth. In terms of knowledge sharing, we held 10 supplier seminars and special training sessions focusing on sustainable development, covering more than 500 people, sharing practical experience in the whole process of drug traceability, green environment-friendly packaging, warehousing and energy management, etc. Besides, we conducted 13 brand co-building and joint marketing activities with our key suppliers to deepen our strategic synergy.

We continuously conducted supplier satisfaction surveys, covering compliance management, communication, service response, handling of after-sales problems, cooperation transparency, etc. Our supplier satisfaction survey in 2025 suggested that the scores for partners' satisfaction with LBX Pharmacy in terms of "cooperation transparency" and "process efficiency" significantly increased on a year-on-year basis.



On September 9, 2025, the "100-day War" of LBX Pharmacy was initiated, where we joined hands with more than 40 supplier representatives, sounding the horn of the charge in the fourth quarter.



On July 3, 2025, LBX Pharmacy and China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. convened the strategic matchmaking meeting 2025, and drew a new blueprint for the coordinated development of the pharmaceutical and health industries.



On October 22, 2025, LBX Pharmacy and Dong-E-E-Jiao Co., Ltd. carried out a traceability livestreaming activity, so that nourishment and health preservation could become parts of thousands of households in a more affordable and convenient way.

◆ Equal Treatment of Small and Medium-sized Enterprises

Small and medium-sized enterprises, which play indispensable roles in the pharmaceutical industry chain, are important forces for promoting industry innovation, guaranteeing drug supply, and serving the grassroots. Committed to building an equal, impartial and transparent cooperation environment, the Company works hand in hand with small and medium-sized enterprises to jointly promote the ecological prosperity of the pharmaceutical industry.

The Company has established a fair and transparent cooperation mechanism to protect the rights and interests of small and medium-sized enterprises. The LBX product procurement platform is open to all suppliers for login, registration, review, and bidding. The platform implements strict regulatory mechanisms to ensure fair competition and transparent operations during the cooperation. The Company also publishes a reporting hotline, email address, and mailing address, sincerely inviting people from all walks of life to supervise potential improper practices in the cooperation.

In 2025, the Company did not have any overdue or outstanding payments due to small and medium-sized enterprises.



Product Management System

◆ Construct a System for Products with Complete Varieties and High Quality

As one of pharmacy chains with the most complete varieties of medicines in China, LBX Pharmacy has consistently upheld being "consumer-centered" as its core concept. In reliance upon our nationally and globally collaborative procurement network, we have built a pharmaceutical supply system with wide coverage, diversified varieties and stable supply, to consolidate the foundation of people's livelihood protection for medical accessibility.

Complete varieties

As of the end of the reporting period, 24,700 varieties of commodities merchandised by the Company had covered the medication needs for more than 610 common diseases and recurrent diseases, including more than 9,800 varieties in the medical insurance catalogue, effectively protecting the drug rights and interests of the insured groups. We innovatively launched the services known as "Original Medicine Zone", "Old Medicine Zone" and "Scarce Medicine Purchasing Agent", and solved store shortage through the "one-click search and purchase" function of our mini program, so as to respond to customers' personalized drug purchase needs anytime and anywhere, and enhance the inclusiveness of our medical services with diversified supplies.

High quality

Insisting on being "quality-oriented", the Company establishes strategic cooperation with a number of Top 100 pharmaceutical companies, and carefully selects genuine good medicines from the source. We have built a pioneering national drug quality information sharing platform, constructed a closed-loop management system for end-to-end quality risk control, realized traceability of quality problems, warning of risks, and closed-loop rectification, and protected the "medication safety" of the masses (a core bottom line of people's livelihood) with actual actions.

Preferential prices

Aiming to enable ordinary people to "buy the right medicines with less money", and relying upon our "procurement scale up to tens of billions" to consolidate our bargaining power, we have continuously increased the sales proportion of unified commodities, and lowered our terminal prices. In 2025, our sales from unified procurement accounted for 75.9%, representing a year-on-year increase of 3.5%.

◆ Promote "Cost-effective Projects"

In 2025, the Company comprehensively promoted "cost-effective projects", carried out a new product selection strategy based on the cost performance of products, and made efforts in three key dimensions: "what to sell, how to buy and how to sell". By optimizing the marketing, procurement and sales procedures, we provided our customers with more cost-effective products, and achieve a win-win situation between corporate benefits and consumer satisfaction.

What to Sell



Focusing on Core Varieties and Optimizing Product Mix

Focus on the core varieties with high frequency, rigid demand and high trust. Strengthen the ability to guarantee the supply of key varieties. Ensure that customers can quickly and accurately obtain the medicines they need when they need them. Truly achieve the health goal of "buying the right medicine", and consolidate the product foundation for the long-term steady operation of the Company.

How to Buy



Strengthening Strategic Procurement and Improving Cost Effectiveness

Continuously deepen strategic procurement. Through variety negotiation, centralized tendering, new product introduction/evaluation and other means, effectively lower intermediate costs on the premise of ensuring product quality and supply stability, help customers "spend less", and achieve a win-win situation among corporate benefits, people's livelihood and well-being.

How to Sell



Being Intensively Engaged in Terminal Operation and Guaranteeing Value Delivery

In terms of terminal sales, the Company strives to build a refined price control system, and implements precise management and dynamic adjustment of price differences in different regions, stores and categories. By opening up key links such as inventory allocation, store display, employee training and practical empowerment, we have created an efficient and collaborative closed loop of product merchandising. Regular review and iterative strategies guarantee stores' accurate supply, improve customer satisfaction, and increase single stores' benefits.

◆ Promote Introduction of Drugs from National Centralized Procurement into Stores

In recent years, the policy for centralized volume-based drug procurement organized by the state has taken root. LBX Pharmacy has taken the initiative to introduce drugs from centralized drug procurement, bringing consumers all-round health services featured by affordable prices, convenient drug purchase, diversified choices, reliable quality and continuous medication.

At present, 95% of the nationwide direct-sale stores of LBX Pharmacy have made drugs from centralized procurement available, including 385 generic SKUs, which account for 78.41% of the generic names in the national centralized procurement catalogue, covering 1,489 types of common drugs, drugs for chronic diseases, anti-tumor drugs, antibiotics and other core varieties to fully meet the daily medication needs of different patients.

After the drugs from national centralized procurement are available in the stores, consumers needn't travel to and from hospitals or queue in long lines to buy cheap centralized purchased drugs. In addition, extra registration fees are saved. By relying on the "doorstep" pharmacy services, the convenience for drug purchase is greatly improved. What's more, the stable supply of centralized purchased drugs and the professional convenient services of our stores have effectively ensured the continuity of medication for patients with chronic diseases and subject to postoperative rehabilitation, facilitated their smooth health management, and effectively improved their living standard, and enhanced their sense of health gain.



Centralized Drug Procurement Zone in Xi'an North Street Store of LBX Pharmacy Shaanxi Company

◆ Build a New Ecology of Diversified Healthy Living

Deeply focusing on segmented users' diversified healthy living needs, LBX Pharmacy is committed to becoming a healthy living management expert for community residents. Focusing on the three cores - "preventively treating diseases, improving quality and enjoying life", the Company has built a matrix of "good but inexpensive" non-pharmaceutical products, covering nutrition, health care, healthy dietary supplements, health care equipment, household daily necessities, personal care and other varieties to meet consumers' diverse healthy living needs. In 2025, the Company introduced more than 300 non-pharmaceutical SKUs.

Furthermore, the Company actively explored function upgrade of stores, and created special zones with themes such as "cosmetology and personal care", "home essentials", "home care equipment" and "dietary supplements" in its pilot stores to provide one-stop healthy living solutions for community residents.

◆ Build Cost-effective Private Brands

Based on the development principle of "saving money for consumers and reassuring ordinary people", our own brands have been built around scenarios such as "health management, health preservation, and healthy exercise". Gaining in-depth insight into user needs and reshaping our user-centered product system, we select safe, healthy and cost-effective healthy living goods for consumers. Our private brands cover Chinese and Western patent medicines, health-preserving Chinese medicines, health foods, general foods, personal care products, daily necessities, etc., with more than 700 SKUs in sale.

Our private brands directly deal with manufacturers without intermediate links, surrendering profits to consumers. In terms of varieties, our private brands have intensively created pharmacy scenarios and built a healthcare matrix that covers all scenarios. In terms of model, we stick to independent innovations in our whole link, independently study non-pharmaceutical products from formula to packaging, directly solve pain points, reject OEM, and ensure product uniqueness and experience. Regarding quality control, we strictly control quality by supervising the whole chain, and prefer drugs that have passed the consistency evaluation, health foods with leading formulas, and personal care products exceeding national standards. With the mission of "making our products preferred by ordinary people, good but inexpensive", we provide cost-effective health products.



Special Zone for Cosmetology and Personal Care



Special Zone for Home Essentials



Special Zone for Dietary Supplements



Special Zone for Home Care Equipment

Case

Products of LBX Private Brands Recognized by International Authorities

In order to accurately accommodate user needs, the private brand teams of LBX Pharmacy aim at the pain point that paper tissues available from the market are soft but chippy. For the purpose of making the tissues "both soft and tough", we have developed "Vitastic red nose tissues" using imported virgin wood pulp, French cream moisturizing factors and three-layer lamination technology, realizing the goal of "wiping repeatedly without redness and rubbing without scrap in a more assuring manner". In March 2025, the "Vitastic red nose tissues" won the "MUSE Design Awards 2025". This honor does not only recognize the aesthetics and practicality of the outer product packages, but also an international professional recognition of LBX Pharmacy's concept of "innovation driven by user needs".



Logistics Operation System

Committed to building an industry-leading and efficient smart pharmaceutical logistics operation system, LBX Pharmacy has created a direct store distribution network of "1 national +3 regional +18 distribution centers", with a total storage area of over 320,000 m².

Complete Business Management System

Our logistics operation covers three core processes - ordering, warehousing and transportation. We deeply utilize advanced intelligent systems to effectively improve our operation efficiency and delivery timeliness.



Highly Adaptable Automation Technologies

During its construction and upgrading of a logistics system, the Company has continuously introduced automated facilities, equipment and technologies to improve human efficiency and reduce labor intensity, deeply empowered warehousing, sorting, distribution and other operations, fully realized intelligent, efficient and standardized logistics management, and provided solid support for the efficient and stable operation of the supply chain.

Stocking:

By building an automated three-dimensional warehouse access system, we have greatly improved the storage density and space utilization of products through three-dimensional warehouse design. Relying on the end-to-end automated operation technologies, we have reduced traditional manual access, effectively cut our labor costs, and improved our operation efficiency and delivery accuracy.

Sorting:

Introduced intelligent equipment such as DPS (Digital Picking System), latent AGV (Automated Guided Vehicle) + seeding and sorting system, and outbound delivery and temporary storage systems for shuttle buses, to build an end-to-end intelligent sorting system, efficient coordinate inbound and outbound delivery of products, and significantly improve sorting accuracy, operation efficiency and delivery timeliness.

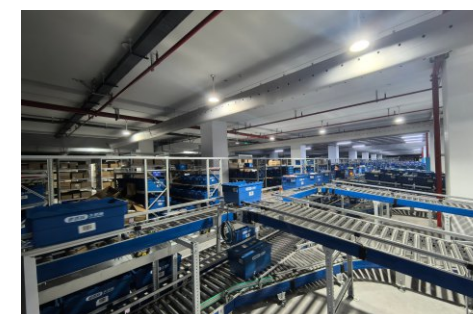
Case

Changsha and Yangzhou Logistics Centers' Use of Automated Stackers for Accessing the Warehouse, Realizing Unmanned Access and Saving Manpower by 50%.



Case

Yangzhou Logistics Center adopted latent AGV + digital picking and distribution technologies. AGV improved human efficiency by more than 80% through the combined application of kiva (logistics robot) racks + seeding and sorting benches.



◆ Digitalization and AI-based Exploration of Logistics

To optimize customer experience, eliminate operational risks and strengthen safety management, the Company has strengthened digitalization and AI-based exploration of logistics to help improve operational efficiency.



■ Objectives and Indicators

The coverage ratio of the Transparent Cooperation Commitment among the suppliers

100 %



Achievements in 2025 ✓

Newly introduced suppliers' pass rate in the qualification compliance review

100 %



Achievements in 2025 ✓

Continuously shortened the days sales of inventories by

6 days



Days sales of inventories in 2025 : 88 days ✓

No overdue or outstanding payments due to small and medium-sized enterprises



No overdue payments in 2025 ✓

Health Services

LBX Pharmacy actively responds to the "Healthy China" strategy. With the promotion of health equity as the core, we have continuously optimized our national store network, promoted the extension of high-quality medical and health resources to a wider area, and improved the accessibility and balance of health resources. We have created a closed loop of end-to-end services integrating online and offline services, efficiently accommodated customer demands, and relied on professional pharmaceutical services to provide customers with accurate and effective health management plans to help improve the health of all people.

Health Accessibility

LBX Pharmacy has continuously optimized the network layout of its retail stores on a nationwide basis, promoted equal access to regional high-quality pharmaceutical resources, provided customers with end-to-end health management services, and fully met people's growing diversified health needs.

Create a Three-dimensional Retail Network

In 2025, we made remitting efforts to promote the development of our offline retail network "focusing on the lower-tier market". Besides, we actively innovated our new online retail channels. Through our "offline + online" model, we created grassroots wide-coverage and high-density health service touchpoints, and effectively improved the health accessibility of grassroots residents.

◆ Deep Engagement in Offline Retail

In 2025, we accurately deployed our offline store network according to the changes in different regional markets. On the one hand, we optimized our stores in areas where pharmaceutical retail resources were relatively saturated, and consolidated our regional market advantages by improving our store services and operational quality; On the other hand, we promoted the exact expansion of key areas in order, and met the health needs of people in different markets by promoting the comprehensive coverage of regional markets.

Based on the differences in the regional distribution of pharmaceutical resources in China, our offline stores further focused on the lower-tier markets, namely the 3rd-5th tier prefecture-level cities, where the aging was faster, high-quality pharmaceutical resources were relatively scarce, and high-quality pharmaceutical resources and professional health management services were more urgently needed. As of the end of the reporting period, the Company had built an offline store retail network covering 18 provincial administrative regions, more than 150 prefecture-level cities and above, and 437 county-level administrative regions (excluding municipal districts) on a nationwide basis. We had a total of about 15,000 stores nationwide (excluding alliance stores), including 78% stores in prefecture-level cities and below, and 45% stores in counties and towns.

Data as of the End of 2025 (Excluding Alliances)

14,975

stores on a nationwide basis



18

provincial markets covered



150+

prefecture-level cities and above covered



437

county-level administrative regions (including municipal districts) covered



78%

stores at the prefecture level and below

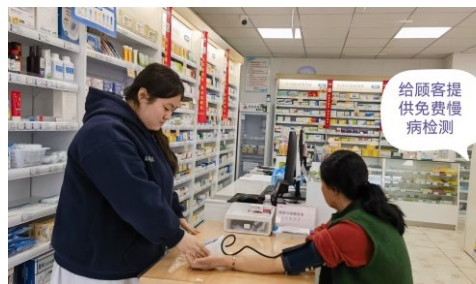
45%

stores in counties and towns

Case

Diving into Lower-tier Markets and Building a Solid Line of Defense for Chronic Diseases in Townships

The incidence of chronic diseases was high among township residents, especially middle-aged and elderly groups. Due to the relative lack of medical resources and inconvenience of medical treatment, the need for chronic disease management needed to be urgently met. In January 2025, LBX Pharmacy opened a pharmacy in Tuchengzi Town, Naiman Banner, Tongliao City, Inner Mongolia Autonomous Region, serving more than 12,000 township residents around it. The pharmacy focused on common chronic diseases such as hypertension, diabetes, coronary heart disease, osteoarthritis, etc. It provided full-chain services such as medication supply and guidance, health management for chronic diseases, knowledge publicity and follow-up, etc. Equipped with emergency medicines to effectively solve the pain points of chronic disease management in townships and villages - "long distance, difficulty and slowness", it firmly built a health protection net.



◆ Online New Retail Deployment

The Company has made unremitting efforts to innovate its new online retail channels and services. We have actively built a new ecosystem of health services through O2O, B2C and private domain mini programs. Through digital empowerment and integration of physical resources, we provide services such as door-to-door drug delivery and night drug sales, bridging the "last mile" of health services, and enabling consumers to conveniently access medicines and health services without leaving home.

Data as of the End of 2025

12,352

O2O stores



730

24-hour stores



100+

online B2C stores



63,000,000+

customers served online in 2025



O2O&B2C

Taking the resources of physical stores with wide offline coverage and the deployment advantages of national logistics distribution as the cornerstones, our O2O and B2C stores have fully settled in online mainstream platforms such as Tmall, Taobao, ele.me, JD.COM, Pinduoduo, Douyin and Kuaishou. This has made it convenient for customers to place orders anytime and anywhere. Goods can be delivered to customers as fast as 30 minutes.

In 2025, we comprehensively upgraded contract performance efficiency and service quality of our online business, launched a traceability code system and established a full-dimensional service quality evaluation system to further enhance customer experience and comprehensively ensure medication safety. As at the end of the reporting period, the Company had 12,352 O2O take-out service stores, 730 24-hour stores and more than 100 B2C stores, meeting the needs of full-time medical and health scenarios.



Private domain mini program

We continuously upgraded the private domain mini program named "LBX Pharmacy Healthy Door-to-door Drug Delivery", optimized the online purchase link around the user experience, made it more convenient to find drugs and enhanced timeliness of delivery. We further enriched our varieties, launched the original drug zone, added global shopping business scenarios, opened up cross-border product trading links, and met customers' diversified needs for health products.



Deepening Professional Pharmacy Affairs

Being centered around customer needs, LBX Pharmacy is committed to providing more professional, comprehensive and safer health management services. We attach great importance to improving our professional pharmacy service capabilities, and continuously procure our stores to obtain medical insurance, outpatient coordination qualifications and professional pharmacy qualifications, so as to effectively improve the accessibility and convenience of medication for patients. We optimize our allocation of licensed pharmacists, train chronic disease experts, customize personalized health management plans for patients, and accurately protect health. We carry out safe drug use and health science popularization on a regular basis, to help the public to enhance their health and safety awareness, build a strong line of defense for health, and enhance the value of health services in multiple dimensions.

Professional Pharmacies

Medical insurance service qualification is an important foundation for ensuring that the masses enjoy convenient medical services and health accessibility is achieved. The Company attaches great importance to the deployment of its medical insurance service network and continuously improves its capacity for performing medical insurance services. As of the end of the reporting period, 13,411 of our stores had medical insurance qualifications, and our designated medical insurance pharmacies were widely distributed. This allows more people to enjoy high-quality and compliant medical insurance and pharmaceutical services nearby.

The Company has actively responded to national policies and actively promoted the implementation of outpatient coordination qualifications. As at the end of the reporting period, the Company owned 4,511 outpatient coordinated stores, which were deployed at the doorsteps of pharmacies. We have made expedient coordinated settlement services available to the insured. Meanwhile, we further reduced the burden of outpatient burdens of hospitals, and enhanced drug accessibility.

Besides, the Company has constantly built professional pharmacies up to high standards. As at the end of the reporting period, we owned 317 dual-channel stores to guarantee the accessibility of key drugs such as special diseases and negotiated drugs. We had 1,725 outpatient stores for chronic and special diseases, providing long-term and stable medical service support for patients with chronic and special diseases. We made every effort to meet the most urgent and professional pharmaceutical service needs of patients with chronic and severe diseases.

With extensive deployment of various professional pharmacies, the Company has built a medical insurance service network covering urban and rural areas, with distinct levels and complete functions. The network has effectively improved the accessibility and convenience of medical services, effectively ensured the medication needs of the insured, and laid a solid foundation for grassroots medical services for promoting the construction of a healthy China.



(LBX Pharmacy Shaanxi Headquarters Evaluated by the Medical Security Administration of Weiyang District, Xi'an as "Advanced Organization in Medical Security Work")

Professional Medication Guidance

Professional medication guidance is the core cornerstone of professional pharmaceutical services, and licensed pharmacists are the key support for these services. LBX Pharmacy has continuously introduced and trained a team of high-quality pharmacists. More than 15,000 licensed pharmacists across the country strictly review prescriptions to provide consumers with professional and standardized medication guidance. In addition, we deeply integrate digital intelligence tools and AI technologies to promote the intelligent upgrade of our pharmaceutical services. Our self-developed "Intelligent Drug Recommendation" system has a built-in complete drug knowledge base with five core functions. Relying on AI algorithms, we perform personalized pharmaceutical services, and update the base in real time according to seasonal changes and the latest pharmaceutical research results to ensure the timeliness and accuracy of information, and efficiently empower the frontline to comprehensively improve the quality and efficiency of their pharmaceutical services.

"Intelligent Drug Recommendation" System Independently Developed by LBX Pharmacy

Express delivery of new products
Latest products



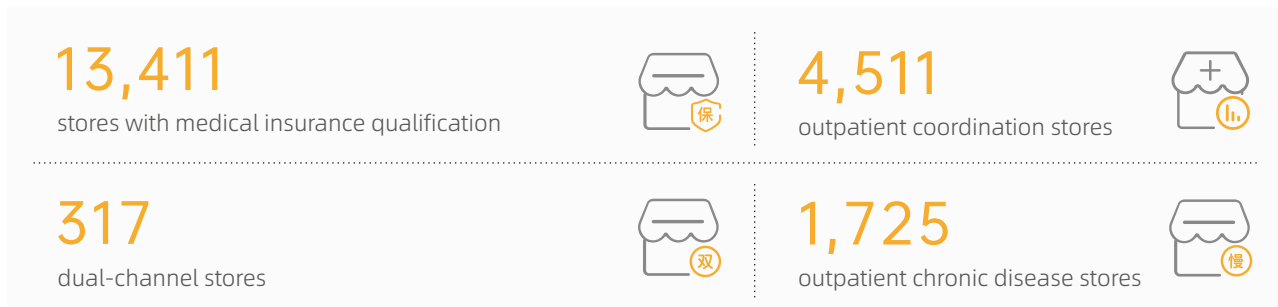
Disease/symptom solutions
Combined medication and reasons



Symptomatic medication
Decision support for disease diagnosis/treatment and medication



Pathological knowledge query
Disease knowledge base



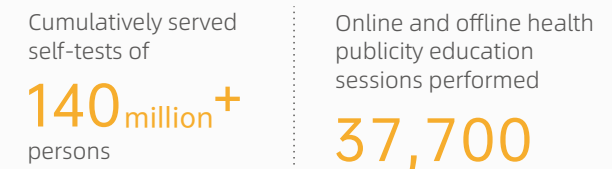
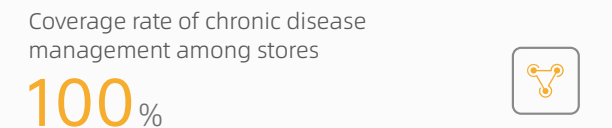
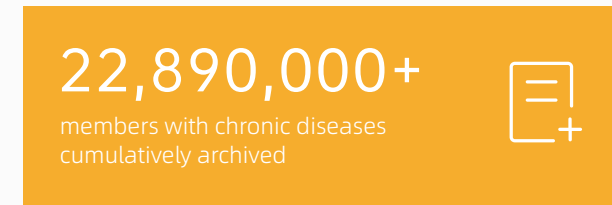
Data as of the End of 2025

◆ Professional Chronic Disease Services

With the acceleration of population aging in China, chronic diseases have become important factors affecting public health. The state has been promoting the chronic disease management model of "prevention first, hierarchical diagnosis and treatment". Retail pharmacies, as important supplements to grassroots medical services, shoulder key social responsibilities. Since 2018, LBX Pharmacy has set up the "Chronic Disease and Health Management Center", which has gradually built and iteratively upgraded an industry-leading full-link and full-course chronic disease management system to provide tailored professional health care for its members with chronic diseases.

As of the end of the reporting period, the Company had equipped 10,000 stores across the country with intelligent Bluetooth devices for self-testing of blood sugar, blood pressure, heart rate, blood uric acid, blood lipids and blood oxygen saturation for chronic diseases, arranged licensed pharmacists and chronic disease experts to provide patients with medication guidance, health self-testing and other professional services. We integrated digital intelligence tools and AI technologies to realize dynamic updating and abnormal warning of electronic health records. Besides, we accurately analyzed patients' historical medication records, test results, lifestyle habits and other health data through algorithms, and output personalized health management plans. As of the end of the reporting period, the Company had registered more than 22.89 million members with chronic diseases, served more than 140 million self-tests, followed up on more than 42.8 million persons, and carried out 37,700 online and offline health education sessions.

Data as of the End of 2025



Case

Chronic Disease Knowledge Grand Prix

Since 2020, LBX Pharmacy has annually carried out chronic disease knowledge grand prix. We have improved our employees' professional service skills through the "contests instead of training". Synchronously, we have set customer health self-testing clocking challenges and funny interactions known as "healthy enthusiasts' journey", to encourage customers to take the initiative to pay attention to their own health and cultivate good health management habits. In the Chronic Disease Knowledge Grand Prix 2025, 25,000 employees of direct-sale stores in total participated in the competition. More than 1.01 million customers participated in the self-test clocking, with a year-on-year increase of 843,000.



◆ Care for Disease Types

Focusing on the core needs of critically ill patients, LBX Pharmacy is deeply engaged in performing professional pharmaceutical services for multiple diseases. In reliance upon the deployment of professional DTP pharmacies nationwide, we actively carry out care actions for breast cancer, skin diseases, hemophilia, leukemia, lung cancer and other diseases. The Company has created a variety of doctor-patient and patient-patient communication scenarios with "care for disease types" as the link, promoted communications between pharmacists and patients, and among patients, and constructed a rich "patient-friendly group ecology". We normally perform offline free volunteer clinic activities and online live science popularization activities, integrate life and health topics or salon activities based on follow-up medication guidance, and help patients and their families build confidence in overcoming diseases through continuous professional services.

Case

Empowering Health with Popular Sciences and Supporting Patients Self Management

To help improve long-term self-health management abilities, on June 13, 2025, the New Specialty Medicine Service Center of Xiangya Store, LBX Pharmacy, and Dr. Chen Junchen, Department of Dermatology, Xiangya Hospital, Central South University, organized a special health popular science lecture. With the core concept of "scientific cognition, standardized treatment, and end-to-end management", the activity helped patients with atopic dermatitis realized the transformation from "passive response" to "active prevention", improved patients' long-term self-health management ability through professional guidance, and empowered patients and their families to scientifically respond to disease challenges.



Customer Services

LBX Pharmacy upholds being "customer-centered" as its service concept and abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. We have established pre-sales, sales and after-sales service systems covering the whole online and offline processes to efficiently respond to and properly handle customer feedback and complaints. We stick to responsible marketing, effectively protect consumers' rights and interests, and continuously improve service experience and customer satisfaction.

Customer Service System

In 2025, we further focused on customer needs and comprehensively promoted the transformation of store customer service from being "transaction-based" to be "relationship-based". That was, the Company changed from a traditional drug trader to a professional health management partner around customers. We have built a three-dimensional service system with deep online and offline integration, covering all scenarios, and conveying professionalism, warmth and convenience to all users.

Service Principle

- Service concept:** Be customer-centered, transforming from being "transaction-based" to "relationship-based"
- Store operation rules:** affordable and full range; cordial services; tidy and bright; first in, first out

Affordable and full range



We supply a full range of affordable products so that customers "can spend less money and buy the right medicine".

Affordable services



Based on cordial services, we provide customers with caring and considerate services.

Tidy and bright



Keep stores clean and bright to enhance customers' shopping experiences.

First in, first out



Ensure that drugs are sold according to the principle of "first in, first out", so that customers can feel assured to buy and use them.

Member Services

The Company has continuously maintained and improved omnichannel membership operations. We conduct refined operations through private domains such as WeCom, official accounts, communities and mini programs, so as to seamlessly connect online and offline services, deepen user interactions and enhance value. As of the end of the reporting period, the Company had nearly 110 million members.

We have established a seven-level membership growth system. Under this system, members enjoy corresponding benefits according to different membership levels, including member discounts, point-based benefits, and different exclusive monthly, annual and birthday gifts. We also regularly interact with our members, provide one-on-one medication guidance and follow-up, and improve our members' healthy life quality.



Seven-level Member Growth System



◆ **Omni-Channel Listening to Customers' Voices**

In addition to offline stores, the Company has continuously improved its online service channels. Our 400 National Customer Service Center is guided by customer needs. We continuously listen to our customers' voices through our national customer service hotline - 400-6252-888, WeChat official account and WeChat mini program.

In 2025, LBX Pharmacy served 144,600 customers via its National Customer Service Hotline prefixed by 400, with a satisfaction rate of 99.7%. A total of 4.299 million people consulted with us online. We provided our customers with a number of services, including healthy medication consultation, store and product inquiry, consultation on commercial insurance business, customer complaints and suggestions, consultation on platform orders, consultation on franchising business, etc.

◆ **Responsible Marketing**

Sticking to the bottom line of drug compliance publicity, LBX Pharmacy considers both marketing activities and responsibility fulfillment. Adhering to the concept of satisfying consumers, employees and the society, we have maintained orderly competition and harmonious development. All our stores strictly follow the principle of seeking truth from facts, truthfully introduce the efficacy, adverse reactions, contraindications, etc. according to drug instructions, and strictly prohibit false propaganda that exaggerates the efficacy and reduces risks.

All our marketing materials comply with the Advertising Law of the People's Republic of China and the Drug Administration Law of the People's Republic of China. Their contents are true and objective. Drug advertisements may be published after approval, and posted on regular platforms after approval by the Quality Management Department and the Legal Department upon review. In 2025, the Company comprehensively summarized the advertising and marketing approval procedures and common problems, formulated advertising review standards in accordance with relevant laws and regulations, optimized three advertising review procedures, covering all online and offline marketing scenarios, and ensured that the publicity was compliant and in line with core values.

In 2025, the Company did not commit any major violations related to product and service information, identification and marketing. We built a strong line of defense in compliance with rigorous procedures, effectively safeguarded consumers' rights and interests and industry order, and continuously enhanced our brand image and social reputation.

■ **Safeguarding Consumer Rights and Interests**

◆ **Customer Satisfaction**

Focusing on customers' end-to-end experiences, LBX Pharmacy does not only pay attention to customers' front-end medication needs, but also attaches importance to customers' after-sales feedback on services and products. The Company regularly conducts customer satisfaction surveys and collects user feedback through multiple channels. In 2025, we cumulatively collected feedback from more than 12 million people, and our NPS was as high as 99.8%, fully demonstrating the high recognition by the market and consumers. We also established a review mechanism for survey results to improve our service standards in a targeted manner and consolidate the cornerstone of customer satisfaction.

In order to gain a deeper understanding of customer demand, in 2025, the Company started the business transformation from "a tradesman" to "an itinerant merchant", and constructed a visit mechanism at three levels - "headquarters coordination, regional deep engagement and store opening". The management team of the Company took the lead in regularly visiting the terminal market, listening to consumer demands, exactly solving problems, continuously improving service quality and enhancing customer satisfaction.

◆ **Handling of Customer Complaints**

In 2025, our national customer service centers took multiple measures to optimize our service system. On the one hand, the mechanism named "High-rise Through Train for Customer Voices" was established to collect real feedback from customers throughout the process. After the monthly key events and hot issues were reported by the "High-rise Through Train", the Chairman's Office supervised the business departments to solve them specially; On the other hand, we promoted independent customer service operation throughout the process, designed the survey link from the perspective of consumers, and deeply explored customer needs through questionnaires, telephone calls and on-site interviews, so that the customers acted as our "intelligence officers", thus creating a complete closed loop of "collection-feedback-solution" for customer voices.

Besides, our Customer Service Center actively coordinated with all business departments to improve the efficiency of complaint handling. Our customer service hotline rang for 8 seconds on average (the system prompted the waiting time of incoming customers), and our customer service specialists responded within 3 seconds on average (when the system prompted an incoming call, it answered within 3 seconds on average), so as to realize a closed-loop handling process of response to customers, verification, rectification, and customer satisfaction follow-up within 2 hours. In 2025, our National Customer Service Center handled 1,922 customer complaints, and 100% of customer complaints were handled in a closed loop.



Diversified Services

Diversified Store Services

In 2025, we integrated the concept of "altruism" into our store services, actively expanded the social functions of our pharmacies, and built approximately 15,000 stores across the country into health stations and social spaces for communities. Our stores provided 5 health self-testing services, 7 professional pharmaceutical services and 6 convenient and heartwarming services to continuously meet residents' needs for disease prevention, medication safety and convenient living services.

老百姓 大药房 **少花钱 买对药**
Healthy living steward at the doorstep

10000+ STORES PROVIDE PROFESSIONAL AND CONSIDERATE SERVICES

CHRONIC DISEASE SERVICES	Pharmaceutical Services	Convenience Services
<ul style="list-style-type: none"> Help you monitor regularly and protect your health Self-measurement of blood pressure Self-measurement of uric acid Self-measurement of blood oxygen Self-measurement of blood glucose Self-measurement of Helicobacter pylori 	<ul style="list-style-type: none"> I am here helping you Traditional Chinese medicine slicing Traditional Chinese medicine powder grinding Traditional Chinese medicine chopping/gelatin making Traditional Chinese medicine decoction Usage and dosage tips Replacement of expired drugs Free debrisement 	<ul style="list-style-type: none"> Don't worry, we can help you Convenience services for the silver hair Free tea Printing services Parcel collection Free temperature measurement Convenient restrooms

Kind Reminders:

- Supplementary notes on health self-check: The instruments used in health self-check services are all household testing instruments. The test results are for reference only and cannot replace professional diagnosis and treatment. If you feel unwell, please seek medical attention in time. Under special circumstances, it is inadvisable for you to carry out health self-check. Our store clerks will give you tips and explanations. You are sincerely invited to choose a day to experience our services. For self-measurement of uric acid and Helicobacter pylori, consumables may be separately purchased. Please consult with our store clerks about the price of the consumables.
- The right to exchange expired drugs may be separately purchased. For the detailed prices, please consult with our store clerks.
- If related services are temporarily unavailable due to the restrictions of store business conditions or other special circumstances, our store clerks will give tips and explanations to you. Please understand! We will continue to upgrade our store services, in hope of providing you with more considerate health services.
- Please consult with our store clerks for detailed service. During rush hours, you might have to wait for a while. Wish you a happy life!

In 2025, we made 2,820 convenient restrooms open in all our direct-sale stores, meeting the printing needs of 64,652 customers. This year, 4,231 excellent cases of "altruistic" services, including 121 first aid cases, sprang up in our stores. Behind the figures were the consistent professional commitments and responsibilities of our employees.

Case

Warm and Caring Support, a Handwritten Thank-you letter from a 90-year-old Customer

In March 2025, Mr. Huang, a 92-year-old customer, mailed a handwritten thank-you letter to a store of LBX Pharmacy in Wuling East Road, Taoyuan, Hunan Province. Mr. Huang, who suffered from several chronic diseases, was a frequent visitor of the store. Store Manager Yan Li and the clerk not only provided him with professional medication guidance, health tracking and other services, but also often took the initiative to greet to him and deliver medicines to him on door to door. This made him feel at ease. Mr. Huang was moved and said that they were just like his own children.



Case

A LBX Store Clerk Awarded the Title of "a Courageous Model" for Saving a Person on the Street

On March 21, 2025, Liu Fang, the store manager of LBX Pharmacy's store in Chaohu North Road, encountered a syncopal patient on the street. In the moment of crisis, she did not hesitate to lend a helping hand, quickly carried out cardiopulmonary resuscitation with two nurses from Chaohu Hospital of Anhui Medical University, and saved the patient's life. In May, Liu Fang's good deed was recognized by the Committee of Political and Legal Affairs, Chaohu Municipal Committee of the Communist Party of China to be "courageous".

关于拟确认陈忠霞、吕小霞、刘芳同志见义勇为行为的公示

为弘扬社会正气、鼓励见义勇为行为，根据《安徽省见义勇为人员奖励和保障条例》相关规定，经巢湖市见义勇为评审委员会评议，拟确认陈忠霞、吕小霞、刘芳三位同志的救人行为为见义勇为行为。现予以公示。

人员信息：
陈忠霞，女，1980年8月出生，安徽大附属巢湖医院新生儿病区主管护师。
吕小霞，女，1983年9月出生，安徽大附属巢湖医院护理部干事。
刘芳，女，1985年4月出生，老百姓（领加惠）大药房巢湖北湖店工作人员。

事迹概述：
 2025年3月21日下午，巢湖市巢湖北湖一名女子突发疾病倒地，生命体征危急。陈忠霞、吕小霞、刘芳迅速联合施救，实施心肺复苏及穴位按压等急救措施，成功使患者恢复意识，并协助联系家属，配合120完成转运。患者经医院治疗后平安出院。
 公示时间为2025年5月15日至5月21日。公示期内，请广大群众进行监督评议。任何单位和个人有情况需要反映的，请实名以电话、书面等形式向市委政法委反映。联系电话：82185079 邮箱：chszzb@126.com。

中共巢湖市委政法委员会
2025年5月15日



Chaohu Women's Federation Condolled with Liu Fang, and Praised Her Extraordinary Courage and Professionalism at Critical Moments. Source: Hefei Evening News

◆ Commercial Insurance Services

To help the country build a more perfect, efficient and multi-layer medical security network, so that more protection and choices will be available to ordinary people in the face of diseases, LBX Pharmacy has actively promoted commercial insurance business, promoted and publicized its commercial health insurance products such as Huiminbao and replacement of expired drugs, and guided more customers to participate in commercial insurance plans and get more health protection. As of the end of the reporting period, the Company had a total of more than 12,000 stores that enabled business cooperation on commercial insurance payment, especially stores in prefecture-level cities and below that enabled commercial insurance business, so that people in county towns and villages could also conveniently enjoy the commercial insurance for drug purchase, claim settlement and other services.

In addition, relying on the Group's professional resources, the Company also provided professional services such as special drug distribution, chronic disease management and medication guidance for commercial insurance members, contributing to the diversified development of the national medical security system.

◆ "Pharmacy +" New Scenarios Meeting Customers' Diversified Needs

To satisfy consumers' diversified needs, LBX Pharmacy has promoted business innovations of its franchising business, coordinated with well-known brands such as 7-11 and Meiyijia to create a "pharmacy + convenience store" model, constructed a diversified ecology integrating health management, convenient shopping and life services, and jointly built a "Health station" for communities.

Through the dual-track "pharmacy +" model, we continuously enrich consumer service scenarios and make health services closer to consumers' daily life: "+ pharmacy" implants daily consumption scenarios such as convenience stores and supermarkets into medical and health service sectors so that consumers can easily obtain professional health support when shopping in convenience stores. "Pharmacy +" introduces convenience goods and diversified life services into pharmacies. Consumers' daily shopping needs will be satisfied during their drug purchase. Their sense of experience and gain is enhanced with one-stop life-oriented services.



LBX Health Pharmacy in Wangjiali Middle Road, Changsha, Pharmacy + "7-11"



LBX Health Pharmacy in Jinkunyuan, Changsha, "Meiyijia"+ Pharmacy

Stores' Enabling of the Medical Insurance Business to Make It Convenient for People to Purchase Drugs through the Commercial Insurance



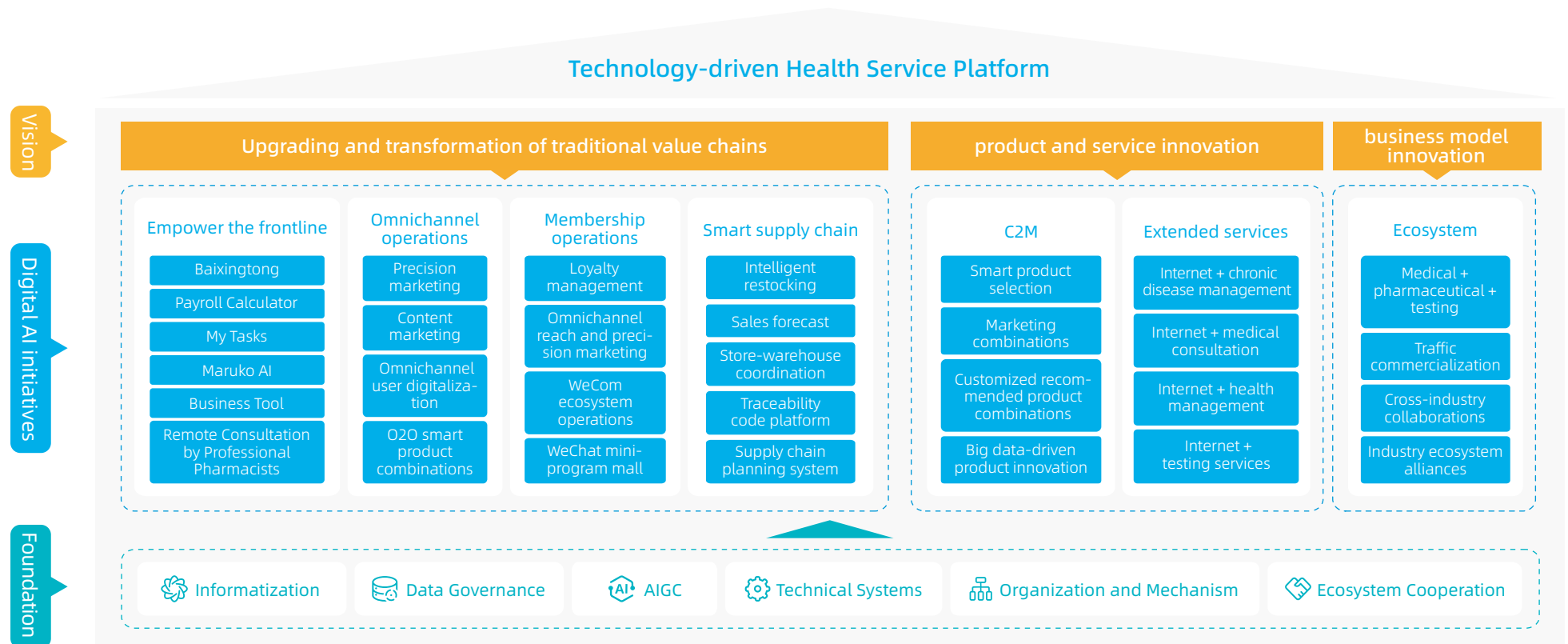
Innovation-driven

intelligence, and uses digital AI technologies and tools to drive efficiency improvement of the whole business chain. We vigorously promote development of our franchising and alliance businesses, empower the development of small and medium-sized chains and single pharmacies, actively participate in the co-governance of industry associations, and promote the healthy and sustainable development of China's pharmaceutical retail industry chain.

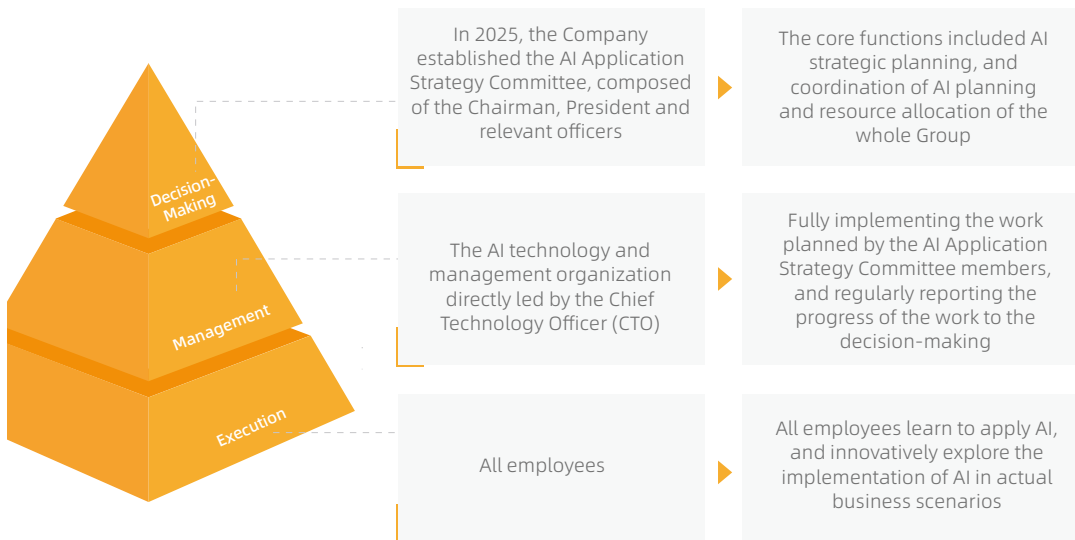
Digital AI

LBX Pharmacy adheres to the overall strategy for "building a technology-driven health service platform", and "digital AI empowerment" is one of its seven supporting strategies. As a pioneer in digital intelligence in the industry, the Company has made unremitting efforts to build and consolidate the digital intelligence system of the whole business chain, and actively fostered "new quality productive forces" through comprehensive upgrading of business driven by technologies. In 2025, based on deepening the transformation of digital intelligence, we fully embraced AI transformation, entered the AI track in three core dimensions: strategy, scenario implementation and improvement of AI organizational capabilities, and fully empowered us to improve our operational efficiency and optimize our health services for end customers.

In May 2025, the Company established the AI Application Strategy Committee, which was personally headed by the Chairman of the Board of Directors, to regularly discuss and promote major AI projects and plans.



◆ AI Structure



◆ R&D Investments

In 2025, we made unremitting efforts to rationally allocate capital resources based on our own operating conditions to ensure the sustainability of investments in scientific and technological innovations and maximize the benefits of capital use. We introduced and trained professionals from the field of digital intelligence to provide intellectual support for the implementation of digital intelligence strategy. We also continuously deepened the application of digital intelligence around our supply chain, operation, human resources and other modules to help improve our operational efficiency and optimize customer experiences.

Annual R&D investments amounted to RMB **RMB 90.1998** million



325
R&D workers

0.41%
Ratio of R&D investment to revenue



Deepening of the Supply Chain with Digital Intelligence

In 2025, the digital and intelligent construction of the supply chain focused on "full-link connectivity" and "intelligent efficiency improvement", and achieved a key leap from "online process" to "intelligent decision-making".



Supplier Collaboration Platform

Completed major upgrades; integrated the whole module, including tendering, bidding, order and financial collaboration (including online invoice submission and automatic AI-based identification); achieved full-link and real-time digital monitoring of suppliers' purchase, sale and inventory data, and built an efficient and transparent new collaborative ecology.



Logistics Sector

Achieved closed-loop control over the whole link of contract fulfillment, reduced operating costs and significantly improved the timeliness of contract fulfillment and decision-making efficiency; comprehensively strengthened the management of traceability codes, and successfully combined the traceability code and the 69 code into one, thus significantly improving the efficiency of warehousing and store operations, while ensuring the compliance and traceability of product flow, so as to improve both management compliance and operational efficiency.



Supply Chain Plan

Optimized decision-making strategies and expanded multi-dimensional rule identification and verification capabilities; assisted in identifying risks and optimizing space with an intelligent system, to enhance the accuracy and timeliness of procurement and transfer documents, and optimize inventory turnover.



Data Governance

Strengthened the management of commodities as core information carriers, unified and consolidated the master data on products; provided standardized business support for the whole link covering contract management, procurement plan, inventory management and sales analysis, and ensured data consistency and traceability.

Digital Empowerment of Transformation into "an Itinerary Merchant"

In 2025, the Company initiated transformation of its business line from "a tradesman" to "an itinerary merchant", optimized its business model, and strove to improve its services and customer experiences. Based on the above background, we independently developed and launched the intelligent tool "Itinerary Merchant Assistant" in September, including functional modules "Itinerary Merchant Management" and "Call for Gunfire", so as to rapidly respond to and efficiently satisfy frontline needs.



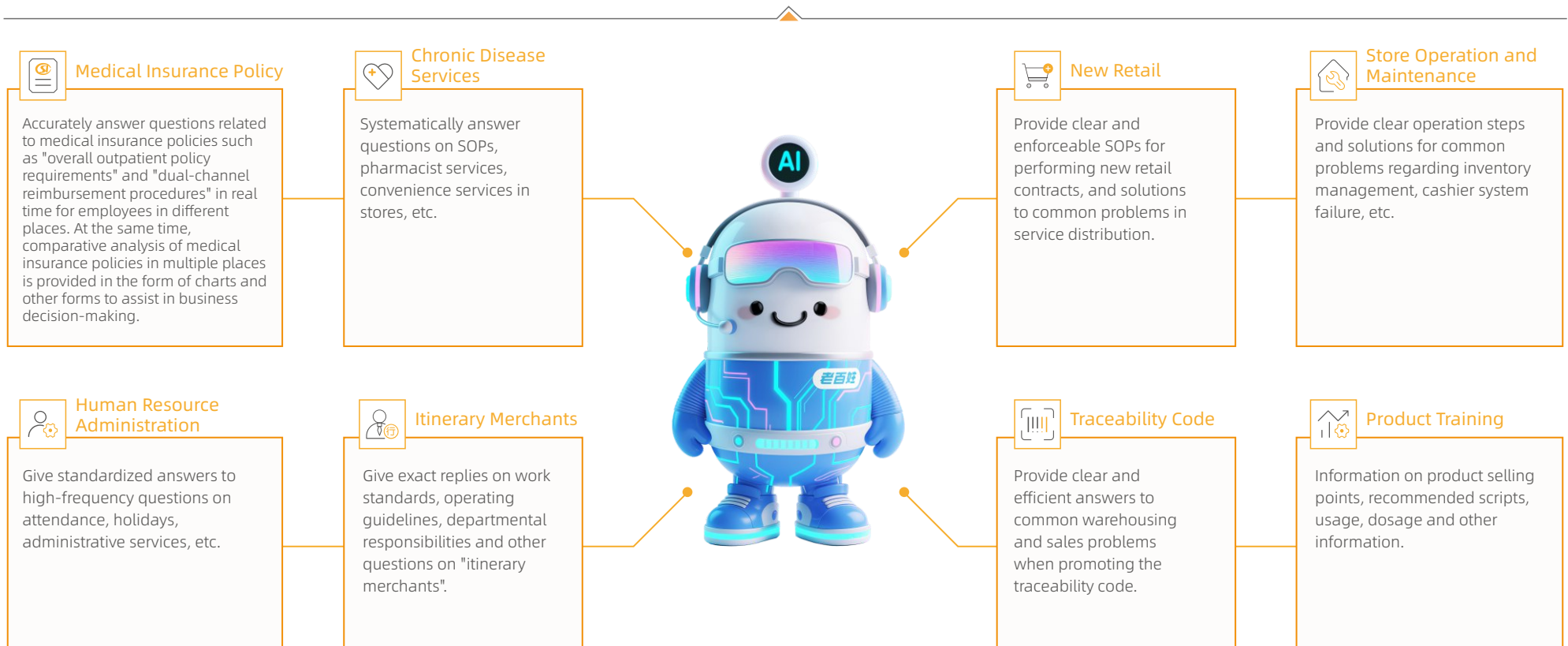
Vigorous Promotion of AI Application

To fully promote the operation truly empowered by AI, in 2025, we actively procured the in-depth application of AI in various business scenarios such as marketing, procurement, marketing, human resources and administrative management, so as to improve our operational efficiency and promote our intelligent transformation and development.

◆ "LBX Maruko AI" Agent

In August 2025, LBX Pharmacy independently developed an AI-based comprehensive Q&A agent-"LBX Maruko AI", covering eight core business scenarios, strengthening internal synergy efficiency, and empowering frontline employees with professional pharmaceutical service capabilities, thereby enhancing customer experiences. During the reporting period, "LBX Maruko AI" was iteratively upgraded nonstop, achieving 7×24-hour real-time response, with an accuracy rate of over 95% in knowledge Q&A, and the average response time was shortened to 3 seconds. This AI agent completely changed the traditional communication mode of "offline consultation + level-by-level reporting" and significantly improved the efficiency of organizational collaboration.

LBX Maruko AI



◆ **Pilot Application of Smart Agents in "Health Pharmacies"**

Focusing on the pain points such as "irregular operations, weak professional capabilities, and difficulties in obtaining resources" in small and medium-sized stores in the pharmaceutical retail industry, the Company promoted the application of smart agents in its "health pharmacies" on a pilot basis in 2025, transforming its own mature practical experience in product management, business diagnosis, pharmaceutical services and other fields into a pilot AI agent system. As at the end of the reporting period, the pilot AI agent system covered more than 200 franchise stores.

The pilot AI agent could effectively help franchisees solve their pain points and avoid empiricism from the perspective of business health evaluation, business catalog diagnosis, and intelligent product replacement. Through intelligent analysis of large models, franchise stores were scientifically empowered to improve their business efficiency.

◆ **Enhancement of All Employees' AI-based Organizational Capabilities**

To procure all employees to adapt to the pace of digital and intelligent transformation, in 2025, the Company systematically promoted the "AI Learning and Talent Training" program, and created online AI learning platform and offline practical training camp as a dual-track model in the establishment of a learning system.

It covered course modules such as basic AI application, intelligent tool operation, data interpretation ability, etc. More than 100 AI courses and learning materials were provided. Employees could independently choose their learning paths according to their job needs. Offline, the Company launched the "AI Innovation PK Competition", set AI-related practical topics, attracted over 2,000 employees to participate, and generated more than 20 cases.

Besides, the Company created a hierarchical and classified AI talent matrix, and internally implemented a certification system at three levels - "AI Application Specialist - Technical AI Backbone - AI Application Expert". Those who passed the certification could receive special incentives and promotion inclination. That year, more than 100 employees passed the intermediate and above certification, becoming the core backbones of the Group's digital and intelligent transformation, and injecting inexhaustible impetus into the continuous innovation into the organization.

Data as of the end of 2025

100+



AI courses provided online

2,000+



persons participated in the AI innovation PK competitions

20+



cases generated



Cost Reduction and Efficiency Improvement

Optimizing Resource Allocation

During the reporting period, the Company continuously addressed resource allocation issues from a strategic perspective while emphasizing refined management in daily operations. This approach aimed to minimize unnecessary resource wastage, consistently lower operational costs, and enhance operational efficiency, thus enabling the Company to steadily advance through long-term market competitions.

On the one hand, the Company actively strengthened its communications with store tenants and reduced rental expenses based on regional market dynamics, stores' operating performance and long-term cooperation visions. On the other hand, the Company continuously revitalized and reused the existing space resources. In view of the area redundancy or unreasonable layout of some stores, through internal functional reorganization, we introduced the originally inefficient or idle physical spaces into diversified health products to improve the space utilization, and leased some idle areas to reduce operating costs.

Strengthening Financial Control

During the reporting period, the Company adopted a sustainable development approach, formulating a series of key strategies and measures for cost reduction and efficiency enhancement based on identifying financial materiality issues and associated risk-opportunity factors.

In combination with the advantageous financing products of different banks, the Company compared the interest rates and repayment terms of different channels, and gave priority to replacing high-interest liabilities to reduce financial expenses, thus effectively reducing the comprehensive borrowing interest rate. We also made rolling fund forecasts, reasonably arranged the financing periods according to the capital demand, and avoided the tight capital chain and additional interest expenses caused by short-term loans and long-term investments. The Company continuously strengthened the refinement of cash flow forecasts, focused on key milestones such as purchase payment and medical insurance payment cycles, and reserved reasonable and safe funds to ensure the stable and efficient operation of the capital chain.

In addition, the Company actively used digital tools to establish a financing cost monitoring system, dynamically tracked and optimized the financing structure of the Company, and monitored the fund flow and financial expenses in real time throughout the process, so as to avoid all unreasonable expenses.



Industry Symbiosis

As a witness and participant in the development of China's pharmaceutical retail industry, LBX Pharmacy has always adhered to its original intention of symbiosis and co-prosperity with the industry, spared no effort to promote the sustainable development of the pharmaceutical and health industries, built a community of industrial ecological destiny, and made sound contributions to the realization of the goal of "Healthy China".

Facilitation of the Industry Development

At present, the pharmaceutical retail industry has entered a critical period of high-quality development and transformation. The acceleration of industry clearing and chain integration have become the main tasks. LBX Pharmacy actively gives full play to the driving effects of leading enterprises, relying on its sales network with a broad coverage and its good reputation accumulated for more than 20 years. For the purpose of "win-win and altruism", the Company takes its two business models - "franchising" and "alliance", as the starting points. It integrates various ecosystems inside and outside the industry, empowering brands, management, supply chain, etc. of more pharmacy peers in an all-round manner. At present, the Company has created an ecological pattern centered around its retail business (direct sale system), where "LBX Health Pharmacies", the franchising sector, and "Easy Drug", the alliance sector, make concerted efforts.

◆ Franchising: Integrating the Existing Market and Delving into Lower-tier Markets

In 2025, LBX Health Pharmacy adhered to the development concept of "industrial symbiosis and value co-creation". Practising the development policy of "brand empowerment, compliance foundation building, digital drive, and delving into lower-tier markets", we provided our franchisee partners with standardized system outputs and full-link empowerment support, to help franchise stores develop with high quality, and play a leading role in standardizing industry order, activating industrial vitality, and protecting the health of the grassroots. In 2025, our "health pharmacy" franchise business achieved further development. During the reporting period, a total of 5, 243 stores joined in LBX Health Pharmacy, with an increase of 791 stores newly opened during the year. Our distribution sales approximately amounted to RMB 2.412 billion, representing a year-on-year increase of 6%.

Innovative Development Initiatives for LBX Health Pharmacy in 2025

Deepened Integration of Existing Markets	Efforts for Delving into Lower-tier Markets	Building of an Industry Collaborative Ecology	Optimization of the Hierarchical Operation Strategy
With the focus on supporting the re-franchising of old stores and project franchising, we launched targeted measures such as subsidies for upgrading old stores and special support for compliance transformation in 2025.	Held the "March 18 Franchising and Investment Promotion Livestreaming Festival" and "December 16 Ecological Cooperation Conference"; focused on the county-level township markets, launched special support policies for returning home to start businesses, and encouraged migrant workers, veterans and other groups to return to their hometowns to open pharmacies.	Joined hands with upstream pharmaceutical companies and local industry associations to carry out the campaign named "health Services for the Countryside", and organized a team of professional pharmacists to provide in-store guidance for franchise stores.	Established a hierarchical store operation system according to the stores' locations (cities/counties/townships) and business scale, and matched differentiated product supply, training content and marketing support.

Case

Franchisee Case: 14 Small Chain Pharmacies in Anhui Province Joined as a Whole to Optimize Inventory and Increase Gross Profit

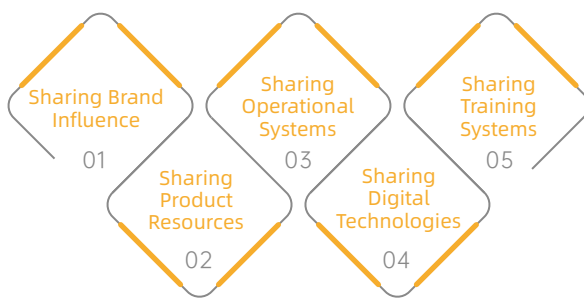
14 small pharmacies affiliated to Baixiu Chain in Wuhu, Anhui Province faced problems such as internal store quality management compliance risks and chaotic commodity structure in the process of their operation. In August 2025, this enterprise joined in LBX Pharmacy to optimize its product mix, adjust its marketing strategy, and improve its management efficiency with the aid of LBX Pharmacy's intelligent diagnostic tools. Besides, our intelligent replenishment system was used for accurate and efficient stocking. Compared with the situation before its joining, as of the end of the reporting period, the enterprise's days sales of inventory had been shortened by more than 20 days, greatly improving the inventory turnover efficiency. From August to December 2025, the enterprise achieved a year-over-year increase in sales by 3.9%, year-over-year increase in gross profit by 5.6% and year-over-year increase in gross profit margin by 1.8%.

◆ Alliance: Cooperative Sharing of Five Major Resource Advantages

Through Collaboration LBX Pharmacy's 'Easy Drug' alliance business is positioned as a 'third-party comprehensive empowerment service platform', adhering to the principles of 'co-integration, co-creation, and sharing'. Focusing on pharmaceutical retail market operation services and product output as its core business, LBX Pharmacy provides full-category product output, supply chain integration, professional training and management consulting services for small and medium-sized chain pharmacies. By leveraging platform advantages, it helps alliance members lacking procurement resources and operational expertise improve their overall management capabilities.

As at the end of the reporting period, our alliance business had covered 29 provinces and cities, with 22,491 alliance stores (not included in the total number of the Company's stores). In 2025, the Company realized distribution sales of RMB 440 million, with a year-on-year growth of 4.26%. Besides, as of the end of the reporting period, the Company had participated in shareholding in 225 alliance partners, corresponding to 11,078 stores, and the corresponding retail scale was RMB 13.056 billion.

Sharing Five Major Advantages with Alliance Partners



Case Alliance Case: Henan Medium-sized Chain Franchise, Growing Customer Flow

A medium-sized pharmacy chain in Sanmenxia City, Henan Province faced problems such as declining customers and low gross profit margin in the process of its operation. In February 2025, the company chose to become an alliance partner of LBX Pharmacy. While cooperating with LBX Pharmacy in the commodity supply chain, it adjusted its product mix and catered to customer needs through the consulting services and intelligent diagnostic tools of LBX Pharmacy. Its pharmacies' customer flow continued to grow. From February to December 2025, the number of visitors increased by about 8% on a year-on-year basis, and the gross profit margin grew by 3% on a year-on-year basis.

Industry Co-construction

◆ Participation in Industry Associations

LBX Pharmacy actively participates in the co-construction of industry associations to promote industry standardization and high-quality development. By the end of the reporting period, LBX Pharmacy and its subsidiaries had joined in more than 60 national, provincial and municipal industry associations.

Xie Zilong, Chairman of the Company, as a deputy to the 11th, 12th and 14th National People's Congress, honorary president of China Medical Pharmaceutical Material Association, vice president of China Association of Pharmaceutical Commerce and president of Hunan Association of the Pharmaceutical Distribution Industry, has actively made suggestions through in-depth grassroots research, field research, organization of seminars and symposiums for industry associations over the years. He has participated in the formulation of the industry's Self-discipline Convention and taken the lead in undertaking to abide by it. He has played positive roles in promoting the healthy and orderly development of the industry and protecting consumers rights and interests. All theaters of the Company have actively participated in meetings and activities organized by local industry associations, provided suggestions for formulating and improving industry norms, procured the industry to strengthen its self-supervision mechanism, and promoted the common progress of the industry.

Associations/Societies Participated by LBX Pharmacy (Group & Provincial Subsidiaries)

- China Association of Pharmaceutical Commerce
- China Nonprescription Medicines Association
- China Association for Public Companies
- China Federation of Logistics & Purchasing Pharmaceutical Logistics Branch
- Hunan Province Pharmaceutical Circulation Industry Association
- Hunan Association for Public Companies
- Hunan Pharmacist Association
- Hunan Provincial Consumer Rights Protection Committee - Consumer Rights Protection Service Station
- Anhui Province Pharmaceutical Industry Innovation Association
- Anhui Province Pharmacist Association
- Gansu Province Longyao Industry Association
- Gansu Province Medical Insurance Research Association
- Gansu Province Licensed Pharmacists Association
- Guangxi Retail Pharmacy Association
- Guangxi Pharmacist Association
- Guangxi Medical Merchant Association
- Guangxi Medical Insurance Research Association
- Zhejiang Pharmaceutical industry Association
- Jiangsu Pharmaceutical Commerce Association
- Shandong Province Retail Pharmacy Association
- Shaanxi Province Pharmaceutical Retail Industry Association
- Shaanxi Province Licensed Pharmacist Association
- Shanghai Pharmaceutical Commerce Industry Association
- Shanghai Traditional Chinese Medicine Industry Association
- Tianjin Pharmaceutical Industry Association
- Tianjin Single Purpose Prepaid Card Association
- Tianjin Medical Insurance Research Association
- Tianjin Pharmaceutical Retail Industry Association
- Inner Mongolia Pharmaceutical Association
- Inner Mongolia Pharmaceutical and Medical Equipment Industry Association Shanxi Pharmacists Association
- Hubei Province Pharmaceutical Industry Association
- Changsha Pharmaceutical Circulation Industry Association
- Zhuzhou Pharmaceutical Industry Association
- Hefei Pharmaceutical Industry Association
- Wuhan Medical Insurance Research Association
- Wuhan Pharmaceutical Industry Association
- Wenzhou Medical Insurance Research Association
- Yiwu Medical Insurance Association
- Jinhua Pharmaceutical and Health Association
- Hangzhou Food and Drug Safety Association
- Changzhou Pharmaceutical Quality Management Association
- Yangzhou Pharmaceutical Association
- Yangzhou Biopharmaceutical Industry Association
- Yangzhou Medical Security Research Association
- Wuxi Health Food and Cosmetics Safety Association Jingjiang Pharmaceutical Industry Association
- Zhangjiagang Medical Insurance Association
- Wuxi Pharmaceutical Distributors Association
- Jiangyin Food Safety Industry Association
- Linyi Medical Insurance Pharmacy Association
- Linyi Medical Insurance Research Association
- Nantong Pharmaceutical Chamber of Commerce
- Nantong Pharmaceutical Association
- Nantong Pharmacist Association
- Nantong Federation of Industry and Commerce (General Chamber of Commerce)
- Nantong Information Network Security Association
- Hai'an Medical Security Research Association
- Nantong Medical Security Research Association
- Xi'an Medical Insurance Research Association
- Tongliao Inner Mongolia TCM Industry Association

◆ Participating in Industry Standard Formulation

LBX Pharmacy has actively participated in the discussion and drafting of group standards, contributing professional wisdom and innovations to the standardized development of the industry. Since 2020, it has participated in formulating a number of important standards of China Association of Pharmaceutical Commerce: including 13 health management and service specifications such as the Pharmaceutical Network Operation Quality Management Practices, the Retail Pharmacy Health Station Service Guidelines, the Retail Pharmacy Specialist Pharmacist Pharmacy Service Capability Evaluation Guidelines, the First Electronic Data Exchange Standard, and the Health Management Practices for Common Minor Diseases in Retail Pharmacies.

During the reporting period

- ◆ The Quality Management Department of LBX Pharmacy participated in the formulation of the Guidelines for the Evaluation of Pharmacy Service Capabilities of Specialist Pharmacists in Retail Pharmacies, the Guidelines for Health Station Services in Retail Pharmacies, the Full Course Co-management Standards for Patients with Diabetes, Hypertension and Dyslipidemia, the Health Management Standards for Common Minor Diseases in Retail Pharmacies, the Pharmacy Service Standards for Contraceptive Drugs for Women of Childbearing Age in Retail Pharmacies and the Service Standards for Special Disease Drugs in Retail Pharmacies by China Association of Pharmaceutical Commerce.
- ◆ LBX Pharmacy Chain (Shanghai) Co., Ltd. participated in the compilation of the Guidelines for Quality Management of Individual Safety Reports of Pharmaceutical Retail Enterprises and the Guidelines for Compliance Management of Pharmaceutical Advertising and Science Popularization of Retail Enterprises by Shanghai Pharmaceutical Trade Association.

The Company has continuously deepened its construction of the health service system. It is committed to building professional, digital and diversified demonstration stores to give full play to the benchmarking effects of its demonstration stores. In 2025, Changsha Xiangya Store won the honorary title of "Psoriasis Standard 'Demonstration Store' awarded by China Association of Pharmaceutical Commerce. Changsha Xiangya Store, Changsha Xinmin Lukou Store, Changsha Dongtang Store, Xi'an North Street Store, Xi'an Xingqing Store and Xi'an Jinhua North Road Store won the honorary title of "Thyroid Standard' Demonstration Store" from China Association of Pharmaceutical Commerce, committed to providing patients with professional, standardized and full-process pharmaceutical services and health support. Under the leadership of the demonstration stores, the Company continuously improved its overall store services. In addition, we shared our service concepts and experiences with our industry peers through industry exchanges, and jointly promoted the improvement of the overall services of the pharmaceutical retail industry.



Operation of LBX Pharmacy Changsha Xiangya Store as Psoriasis Treatment Drug Demonstration Pharmacy in 2025



2025 AstraZeneca Retail DTP Strategic Cooperation Award & AstraZeneca Store Critical Illness Management Award-Lung Cancer



Employee Development

LBX Pharmacy has consistently upheld that "talents are the foremost resources" as its development concept. Adhering to the principle of compliant employment, we have actively created a diversified, fair and inclusive workplace environment. We have established a scientific talent reserve and promotion mechanism, and a training system covering all employees and competitive remunerations and benefits. We attach importance to our employees' physical and mental health and occupational safety, procure our employees to better serve customers, and ultimately achieve mutual benefit and win-win results with our, and jointly move towards a sustainable future.

Governance

Human Resources Management System

The Company has established a human resources governance structure at three levels - "decision-making - management - execution" to ensure the systematic and standardized promotion of its human resources work. As the decision-making level, the Nomination, Remuneration and Appraisal Committee of the Board of Directors incorporates the human resources governance results into our sustainable development strategy, considers major strategic human resources matters, and supervises the implementation, to ensure the matching of resource investment and strategy. The Human Capital Center of the Group, as the overall responsible department for human resources work, consists of the Organizational Development Department, the Remuneration and Performance Department, the Talent Development Department and the HRBP Department. Our subsidiaries in different areas have set up human resources departments or appointed full-time personnel to carry out relevant work according to the specific conditions of their locations, so as to fully protect the rights and interests of employees.

The Company has improved its system for guaranteeing its human resources system. We have formulated several systems, including the Group's Labor Relations Management System, the Group's Training Management System, the Group's Internal Promotion Management System, and the Group's Administrative Measures for Relief Fund for Tens of Millions of Difficulties, which cover recruitment, promotion, remuneration incentives, training, development, rights and interests protection, etc. to protect the legitimate rights and interests of employees.

Risk Management

Retail pharmacies belong to one of the labor-intensive industries. On the one hand, the state has continuously strengthened the policy of staffing licensed pharmacists for retail pharmacies. The staffing and practicing in key positions such as licensed pharmacists are related to corporate compliance risks; On the other hand, the Company's employee scale in 10,000 stores all over the country, complex labor relations, and employees' "selection, retention and elimination" also fully test the Company's human resources management capability. LBX Pharmacy attaches great importance to human resources risk management, regularly sorts out human resources risks, establishes risk assessment and management mechanisms, focuses on core dimensions such as compliant employment, training, development, remunerations, benefits, health and safety. It has continuously strengthened identification of risks related to human resources and opportunity management, effectively protected the legitimate rights and interests of employees, and promoted its common growth with its employees.

Risks	Potential impacts	Countermeasures
Policy and legal risks	If the Company violates labor laws and regulations, labor arbitration and litigation disputes might be caused, and the Company would be fined and criticized by regulatory authorities.	<ul style="list-style-type: none"> Special personnel track the latest labor laws and regulations, and conduct regular training on labor laws and regulations; Improve the compliance employment management system, conduct compliance audits on all aspects of employee management, and protect the rights and interests of employees; Jointly establish a compliance self-examination mechanism with the Legal Department, regularly carry out special inspections on employment compliance, rectify potential hidden dangers in a timely manner, and effectively protect the rights and interests of employees.
Operational risks	Failure to staff qualified licensed pharmacists might affect normal operations. The loss of employees in key positions might lead to project interruption and affect product/service stability. The employees' lack of professional skills will affect work efficiency and impair customer trust.	<ul style="list-style-type: none"> Based on the local regulatory policies, recruit personnel for key positions such as licensed pharmacists to support store operations; organize employees to participate in the national licensed pharmacist examinations and related training to increase the pass rate of examinations; Establish a talent reserve system, build a multi-level talent echelon, clarify the training objectives and paths for the echelon, and reduce the risk of core talent drain; Strengthen the construction of an employee training system to improve the professional skills of employees; Provide a competitive remuneration and welfare system to attract and retain talents; Improve the employee career development system, formulate clear career promotion paths for employees, and realize the resonance between employee growth and the development of the Company.
Reputational risks	Negative events and low satisfaction of employees easily arouse concerns and doubts among the capital market, regulatory authorities, partners and the public, reducing market trust and impairing brand reputation. Negative events in industrial relations might lead to less attractive talents of the Company and restrict the long-term development of the Company.	<ul style="list-style-type: none"> Establish a sound employee communication mechanism, conduct regular employee satisfaction surveys, and respond to reasonable demands of employees in a timely manner; Protect the legitimate rights and interests of employees, standardize remunerations and benefits, career development, and enhance employees' sense of belonging; Draft emergency plans for employees' negative public opinions, handle various negative events in a timely manner, and resolve public opinion risks; Practise social responsibilities, carry out employee charity, health assistance and other activities in combination with the characteristics of the pharmaceutical industry, pay attention to the physical and mental health of employees, and enhance employee loyalty.

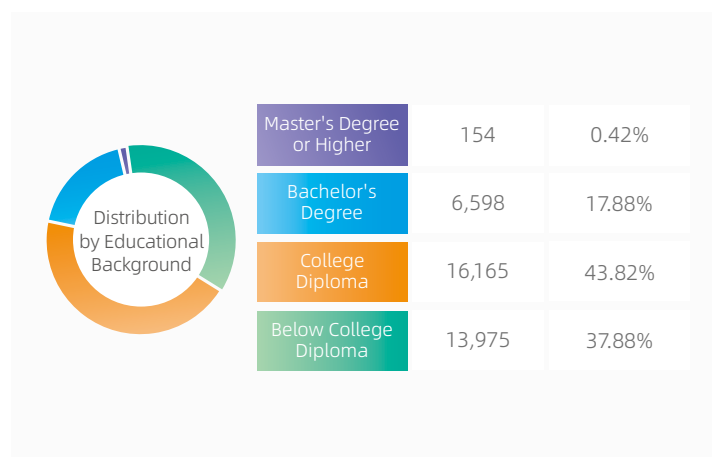
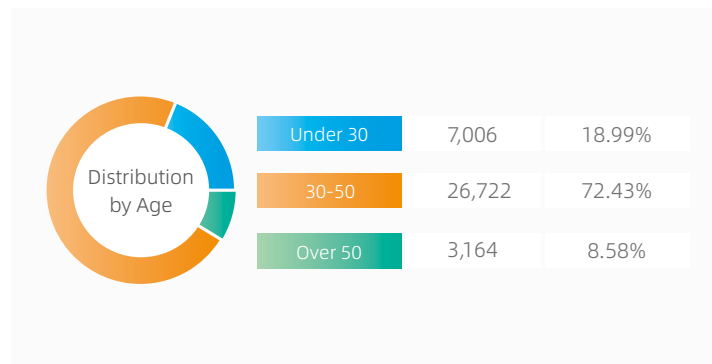
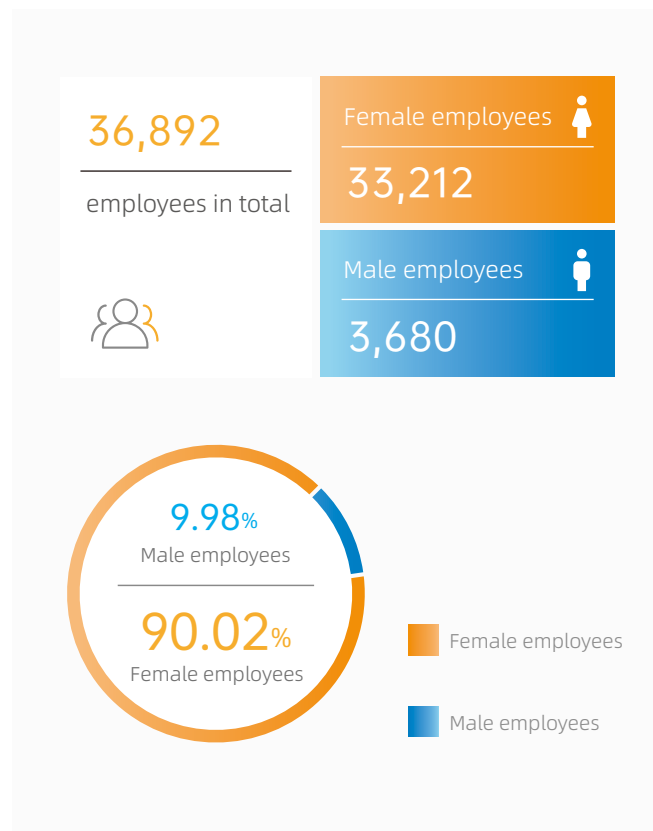
Strategic and Management Initiatives

LBX Pharmacy takes "building a diversified, fair and equal sustainable workplace, and empowering employees to grow together with the enterprise" as its core human resources strategy. In combination with the characteristics of the pharmaceutical retail industry, we clarify four major development orientations: Firstly, optimize the talent structure, carry out diversified recruitment, and consolidate the talent echelon. Secondly, build a learning-oriented organization, which focuses on the needs of professional capability improvement and career development, a hierarchical and classified training system and a fair and an equitable promotion and performance management mechanism to support employees' career development. Thirdly, deepen the "altruistic" culture, integrate employee care and corporate culture, and enhance employees' sense of belonging. Fourthly, strengthen health and safety management to safeguard the physical and mental health and safety of employees. We continuously enhance employees' sense of belonging and cohesion through an open, inclusive, fair, safe and humanistic workplace environment, and drive employees to serve customers and create value under a better state.

Employment Management

LBX Pharmacy attaches great importance to employment management, strictly abides by the bottom line of compliance, follows national labor regulations and international labor standards, upholds the principle of fairness, transparency and non-discrimination, and effectively protects the legitimate rights and interests of employees. The Company has continuously improved its remuneration incentive and welfare system, created an inclusive and diversified workplace environment, built a sustainable talent team, and promoted its sustainable development together with its employees.

Employee Structure



Labor and Human Rights

We strictly abide by internationally recognized human rights standards such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Labor Contract Law and other labor laws and regulations, as well as the labor protection system. We resolutely oppose any form of discrimination, harassment, bullying or retaliation. Integrating the spirit of respect and protection of human rights into our corporate management, we actively create a healthy and favorable working atmosphere, and provide employees with fair, reasonable and decent working conditions and treatment. During the reporting period, we did not commit any violation of laws and regulations such as child labor or forced labor.

Legal Employment

The Company has formulated the Group's Employment Management System. We enter into, perform, change, rescind or terminate labor contracts with our regular employees according to law, and conclude corresponding labor contracts with personnel who have labor relationships such as post-retirement re-employment, internships, etc. The contract signing of all companies in the Group has been fully managed online, and employees will sign electronic contracts as soon as they join the Company, with a signing rate of 100%. Reasonably standardize the procedures for employee onboarding, replacement, transfer, resignation and handover, and continuously improve the basic work standards and human resources procedures at the headquarters and subsidiaries of the Group. Pay wages on time, five insurances and one provident fund. Timely follow up on the labor dynamics of employees such as retirement, maternity and work-related injuries, so as to fully protect employees' legitimate and reasonable rights and interests.

Diversification

To be "simple, efficient", "upright, selfless", "equal" and "pragmatic" is the DNA of the corporate culture of LBX Pharmacy. Committed to building a diversified talent team, we strive to create a diversified, equal and inclusive workplace environment and a warm working atmosphere for employees all over the country, in order to inspire everyone to better give full play to their expertise and advantages. At work, we avoid discrimination and prejudice due to differences in age, gender, nationality, race, complexion, religious beliefs, marriage, etc. For our subsidiaries covering different regions across the country, we pay attention to retaining local talents, actively formulate talent retention plans and promote their implementation in accordance with the law.

Proportion of female employees

90.02%



Proportion of female middle and senior management

47%



Employees of minority groups

3,667



Case

Women's Power

LBX Pharmacy pays full attention to women's power, and its female employees account for 90%. We ensure the protection of women employees' rights, strictly complying with relevant laws and regulations such as the 'Law of the People's Republic of China on the Protection of Rights and Interests of Women'. Moreover, we strengthen protections for women employees during pregnancy, maternity leave, and breastfeeding. We respect their equal rights to development and aspirations for career progress, encouraging women to utilize their intelligence and potential to excel in various positions.



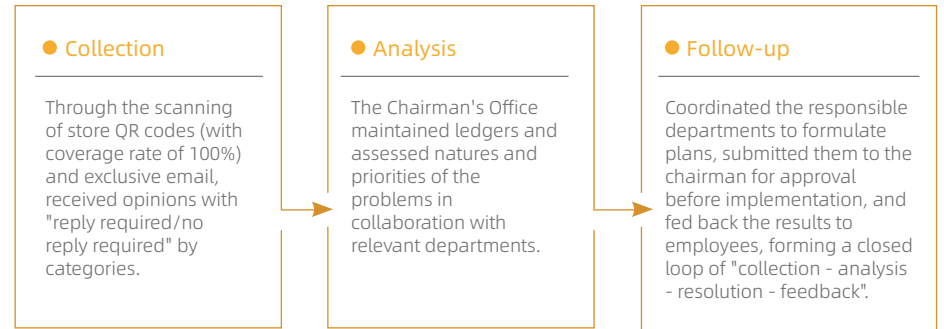
Internal Communications

The Company attaches great importance to the employees' voices and establishes a normalized and multi-channel internal communication mechanism to ensure two-way information transmission and safeguard employees' rights and interests. We have built platform named "Hard Gold" where all employees can put forward their suggestions, encouraging employees to actively make "golden suggestions" on operations management, service improvement, process optimization, risk prevention and control, and valuable suggestions are rewarded. Since its establishment in 2020, "Hard Gold" has established more than 150 golden suggestions and good questions raised by employees, rewarded and commended nearly 500 employees who raised high-quality questions, thus improving employee satisfaction and promoting the innovation and sustainable development of the organization.

Case

Chairman's Through Chain

In March 2025, the Company initiated the "Chairman's Through Train" mechanism, which aimed to build a direct communication bridge to the senior management, truly listen to employees' demands, promote problem-solving, and realize management decentralization and organizational empowerment. As of December 2025, a total of 783 opinions were collected, of which 521 were required to be replied, with an adoption rate of 70%. 100% of all opinions were followed up, achieving "response to and settlement of all problems", which effectively enhanced employees' sense of participation and improved problem-solving efficiency.



Collection

Through the scanning of store QR codes (with coverage rate of 100%) and exclusive email, received opinions with "reply required/no reply required" by categories.

Analysis

The Chairman's Office maintained ledgers and assessed natures and priorities of the problems in collaboration with relevant departments.

Follow-up

Coordinated the responsible departments to formulate plans, submitted them to the chairman for approval before implementation, and fed back the results to employees, forming a closed loop of "collection - analysis - resolution - feedback".

Privacy Protection and Protection against Workplace Sexual Harassment

The Company has formulated a number of systems, including the Group's Confidentiality Management System and the Notice on Legal Matters Required for Providing or Obtaining Personal Information, to strictly protect the privacy of employees and prohibit intentional or unintentional disclosure of employee privacy to non-relevant staff. In order to prevent and reduce the risk of sexual harassment in the workplace, the Company has formulated the Management Regulations on Prevention of Workplace Sexual Harassment and developed complaint channels to encourage employees to report relevant behaviors in a timely manner. After verification, the behaviors will be graded according to the natures and severity of violations.

◆ Trade Union Guarantee

We fully respect and safeguard employees' right to freely associate. The Trade Union of the Company carries out independent work in strict compliance with the Trade Union Law of the People's Republic of China and the Articles of Association of the Trade Union of China, constantly improves the democratic management mechanisms such as workers' representative conferences and factory affairs disclosure, fully protect the rights of employees to know, participate and supervise, efficiently performs its basic functions in safeguarding employees' legitimate rights and interests, and build a strong communication bridge between the Company and employees.

In 2025, the Company held two Workers' and Employees' Congresses, completed the election of employee directors in accordance with the law, and reviewed and approved nine regulations related to employees' vital interests. We promoted employee skills improvement training on a regular basis, enriched the forms of Trade Union membership activities, comprehensively deepened the construction of a multi-level employee care system, continuously established harmonious and win-win labor relations, and empowered our high quality and sustainable development by protecting our employees' rights and interests.



Workers' and Employees' Congress



Organizing Employees to Participate on Employee Sports Meetings Held by Hunan Provincial Federation of Trade Unions

◆ Talent Recruitment

Guided by actual needs, LBX Pharmacy formulates its annual talent demand plan, clarifies key positions and talent portraits, carries out recruitment work in accordance with the principle of openness, fairness and impartiality, and accurately and efficiently introduces professionals from different fields through diversified recruitment channels and methods, continuously consolidating its talent pool and supporting its sustainable development.



In 2025, driven by employer brand building and ecological talent cultivation, LBX Pharmacy won a number of awards such as "China Preferred Employer of the Year", "Top Human Resources Management Award" and "Award for the Employer Showing the Most Love for Employees", which provided a strong endorsement for the Company's practice of "talent sustainability" in the social dimension of ESG.

Recruitment of Licensed Pharmacists

Licensed pharmacist talents are essential for stores' compliance management and improvement of professional pharmaceutical service capabilities. The Company attaches great importance to the introduction and cultivation of licensed pharmacist talents. In 2025, we built 145 external licensed pharmacist communication groups through livestreaming of licensed pharmacist recruitment, flagship store open day and other activities, and continuously reserved the talent pool for our key positions of licensed pharmacists.



"School-enterprise Cooperation" Project

Based on the pharmaceutical and health industries, the Company has carried out various forms of school-enterprise cooperation such as modern apprenticeship projects, co-construction of employment internship bases, and targeted talent training with 65 medical and health vocational colleges such as Hunan Traditional Chinese Medicine Vocational College and Hunan Food and Drug Vocational College, to efficiently introduce and cultivate professional talents. In 2025, we recruited and introduced more than 2,000 fresh graduates who were medical professionals.



"Home Return Plan" Project

In 2025, the Company initiated the "Talent Home Return Plan". Through innovative omni-channel communication of employer brands, optimization of the care mechanism for departed employees, WeChat community building and provision of targeted "return" channels, 180 talents were successfully attracted to actively submit "return" applications. After strict screening, 23 highly matched talents successfully rejoined the Company, effectively reducing recruitment costs and strengthening organizational resilience.

Veteran Recruitment

The Company actively fulfilled its social responsibilities and continuously carried out special recruitment for veterans to provide them with broad career development opportunities. In 2025, we recruited a total of 34 veterans to support their career transformation and value enhancement with practical actions.

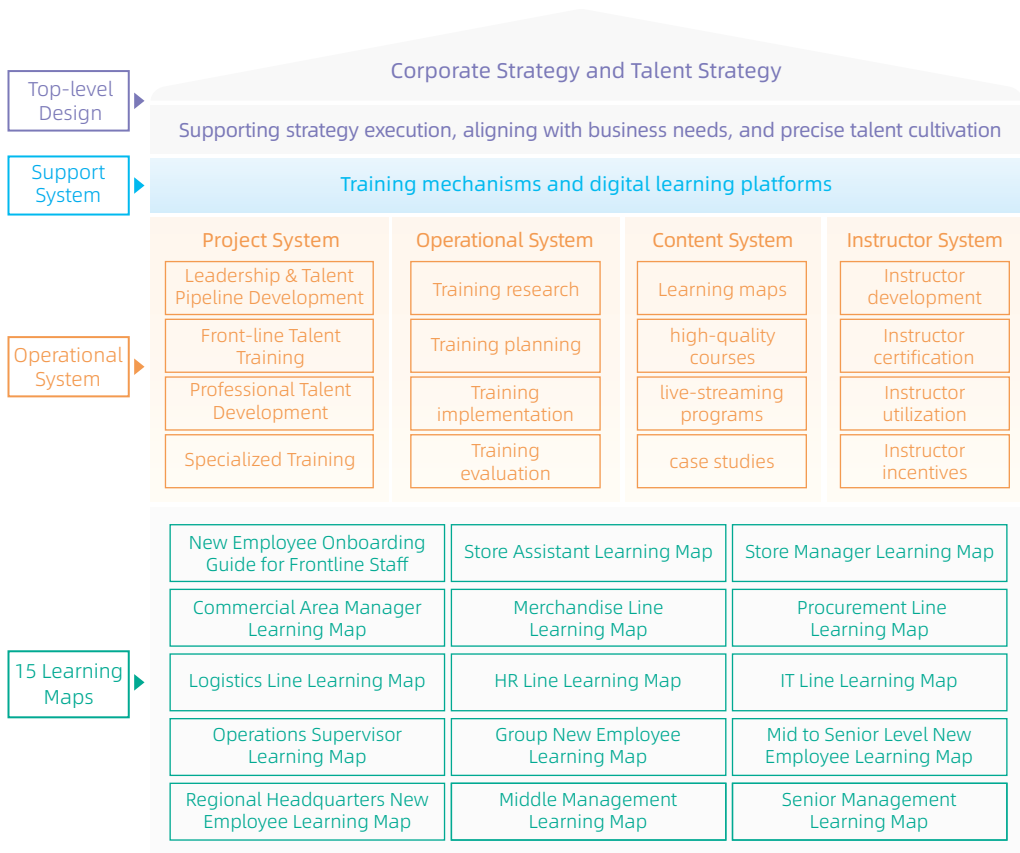
Talent Development

LBX Pharmacy attaches great importance to employees' career development and personal value realization. Adhering to the learning concept of "jointly building a learning organization and making self-improvement", we promote the two-way upgrading of organizational learning culture and teaching culture: On the one hand, we motivate our employees to "take the initiative to learn" instead of "being forced to learn", and wake up their motivation for autonomous learning; On the other hand, we advocate lecturers should "take the initiative to teach" rather than "be forced to teach", to strengthen their sense of responsibility and enthusiasm for teaching, and form a benign ecology for facilitating both teaching and learning.

◆ Training and Learning

After years of development and practice, LBX Pharmacy has formed a relatively complete, strategic and business-oriented talent training system. In face of current rapidly changing market and industry environment, the Company has kept on improving its overall organizational capabilities through measures such as constructing a full-cycle career management system, systematically implementing training for key positions and echelons, and deepening the special training for professional talents.

Training System



2025 Learning Big Data



Note: The 2025 learning big data includes various types of training and learning scenarios both online and offline.

Talent Development for Functional Lines

149



talents in key positions trained

72



mid to senior management personnel trained

40



management trainees trained

Annual Data 2025

Talent Training for Key Positions

The Company attaches great importance to the sustainable development of talents in key positions. In reliance upon the special plans for "training business acquisition echelons" and "training for B positions", we regularly select reserve talents for key positions on a nationwide basis every year. In 2025, the Company cultivated 149 talents for key positions.

Training of Management Talents

The Company continuously improves its hierarchical and classified leadership training system. We comprehensively carry out diversified training activities such as online learning, offline training, salon seminars, action learning and quality development, in an attempt to build a management team with pioneering spirit and business thinking. In 2025, the Company cultivated 72 management talents.

Training of Management Trainees

The Company adopts the combined model of "centralized training + outward bound + chain rotation + store practice" to systematically forge the overall vision, strategic thinking and cross-departmental coordination capability of management trainees, so that they can quickly grow into the backbones for the Company's future management. In 2025, we trained 40 management trainees.

Frontline Talent Development

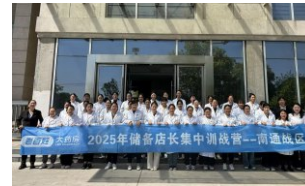
● Frontline Reserve Talent Development

Frontline reserve personnel	Number of trained individuals	Number of qualified individuals	Qualification rate
Store clerks	2,564	2,556	99.7%
Store managers	1,143	1,131	99.0%
Business district managers	92	92	100%

Annual Data 2025



Centralized Training Camp for Front-line New Employees



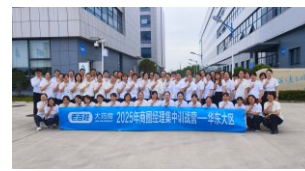
Centralized Training Camp for Reserve Store Managers

● On-the-Job Talent Development

To help frontline employees continue to grow and realize their self-worth, we graded employees in different positions and adopted the method of "online + offline, combined training and practice" to train them. In 2025, we conducted 77 sessions of centralized training camps and trained 3,469 trainees including 63 sessions for store managers that trained 3,065 trainees; 14 sessions for business district managers that and trained 404 trainees.



Centralized Training Camp for Store Managers



Centralized Training Camp for Business District Managers

Professional Talent Development

● Licensed Pharmacist Development

The Company has continuously strengthened the training of licensed pharmacists, improved the examination assistance mechanism for licensed pharmacists, provided paid leave and full tuition reimbursement subsidies, encouraged employees to actively participate in the national licensed pharmacist qualification examination, and consolidated its licensed pharmacist team. In 2025, 1,078 people of the Company passed the licensed pharmacist examination, with an overall pass rate of 37.5%, which was 19.81% higher than the national pass rate.

● TCM Skills Competition

The Company attaches great importance to the cultivation of Chinese medicine talents, and annually organizes a TCM skills competition to help first-line stores improve their professional capabilities through online learning and practical skills competitions. In 2025, the online TCM skills training covered more than 9,000 people, and 2 practical training sessions were organized offline, selecting 39 traditional Chinese medicine experts.



Altruistic Emergency Training

The Company systematically promotes the construction of the first aid capability system for employees. In 2025, we popularized first aid knowledge for over 30,000 people through our online learning platform, and effectively improved our employees' first aid skills: The selection activity named "Looking for the Most Beautiful First Aid Pioneers" is held every six months to commend employees who courageously have provided assistance in emergencies and protected their lives with professional first aid skills, so as to fully motivate all employees to practice the "altruistic" culture and fulfill their social responsibilities.



◆ Promotions and Performance

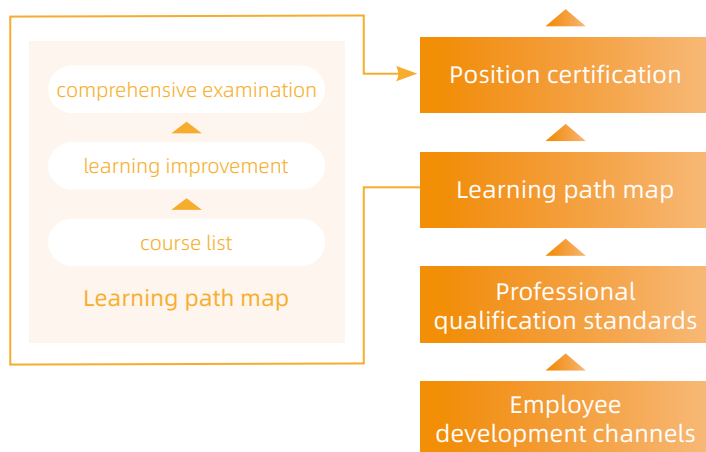
The Company focuses on building a fair and transparent talent development ecosystem. On the one hand, we establish diversified promotion paths in three dimensions: management, professionalism and skills, so that employees with different backgrounds and characteristics can match their growth directions and plan their career paths; On the other hand, scientific performance appraisal standards are formulated. Openness and fairness are integrated into the whole evaluation process. We not only guide our employees to improve their abilities with clear evaluation dimensions, but also motivate them to optimize their efficiency with fair results, and ultimately achieve a win-win with individuals.

Career Promotion

The Company continuously improves its fair and smooth career development channel and promotion mechanism. We have created the MTP career development channel and the Internal Promotion Management System, which includes three sequences: management, professionalism and skills. In 2025, a total of 4,159 employees were promoted by the Company, among whom 44 employees were promoted from the middle and senior management, and 1,190 employees were promoted from grassroots management.

The Company has established a perfect qualification management system, expanded the scope of its qualification system, and identified and motivated high-potential talents more fairly and impartially. In 2025, in line with our strategies, we iteratively upgraded the appointment standards for store managers and business district managers. In addition, we newly developed the appointment standards for urban general managers. In 2025, a total of more than 9,000 employees participated in the certification. Among them, 2,396 employees were promoted to store managers; 97 employees were promoted to business district managers and 4 employees were promoted to urban general managers.

Qualification Management System



Performance Management

The Company has formulated and updated the Group's Performance Appraisal Management System to objectively, fairly, scientifically and reasonably evaluate the work performance of its departments and employees. We guide our employees to constantly improve their work efficiency and quality around the Company's operations management indicators. We not only strive to create a benign mechanism with clear rewards and punishments to mobilize our employees' enthusiasm, but also fully take into account our employees' actual situation, establish a solid basic guarantee for them, and lay a solid foundation for improving the overall performance of the organization.

In addition, the Company pays attention to performance coaching. We specify the performance interview cycle, interview format and interview content in detail to ensure that our employees' work will not deviate from our strategic objectives, and improve their performance and long-term competence during the performance cycle. The Company uses "Salary Calculator" as a digital tool to provide "T +1" performance progress tracking for employees in front-line stores, ensuring transparency, efficiency and predictability of salary accounting, and effectively safeguarding the legitimate rights and interests of employees.

Performance Management System



Performance Planning 01

- ◆ Establish annual assessment indicators and overall targets based on the Company's strategies
- ◆ Decompose assessment indicators and targets
- ◆ Determine individual performance plans



Performance Execution and Coaching 02

- ◆ Perform ongoing monitoring and coaching
- ◆ Regularly track progress on targets
- ◆ Provide mid-term feedback



Performance Appraisal and Feedback 04

- ◆ Department performance summary and review
- ◆ Performance appraisal and result communication
- ◆ Performance interview and improvement plan



Application of Performance Results 03

- ◆ Compensation incentives
- ◆ Promotion and development
- ◆ Training and development

Altruistic Employees

LBX Pharmacy has integrated the concept on "altruistic employees" into its daily management. We actively improve our remuneration and welfare system and build harmonious labor relations. In addition, we care for our employees' physical and mental health, carry out rich cultural and sports activities, and conduct employee satisfaction surveys to continuously enhance employees' sense of happiness and belonging.

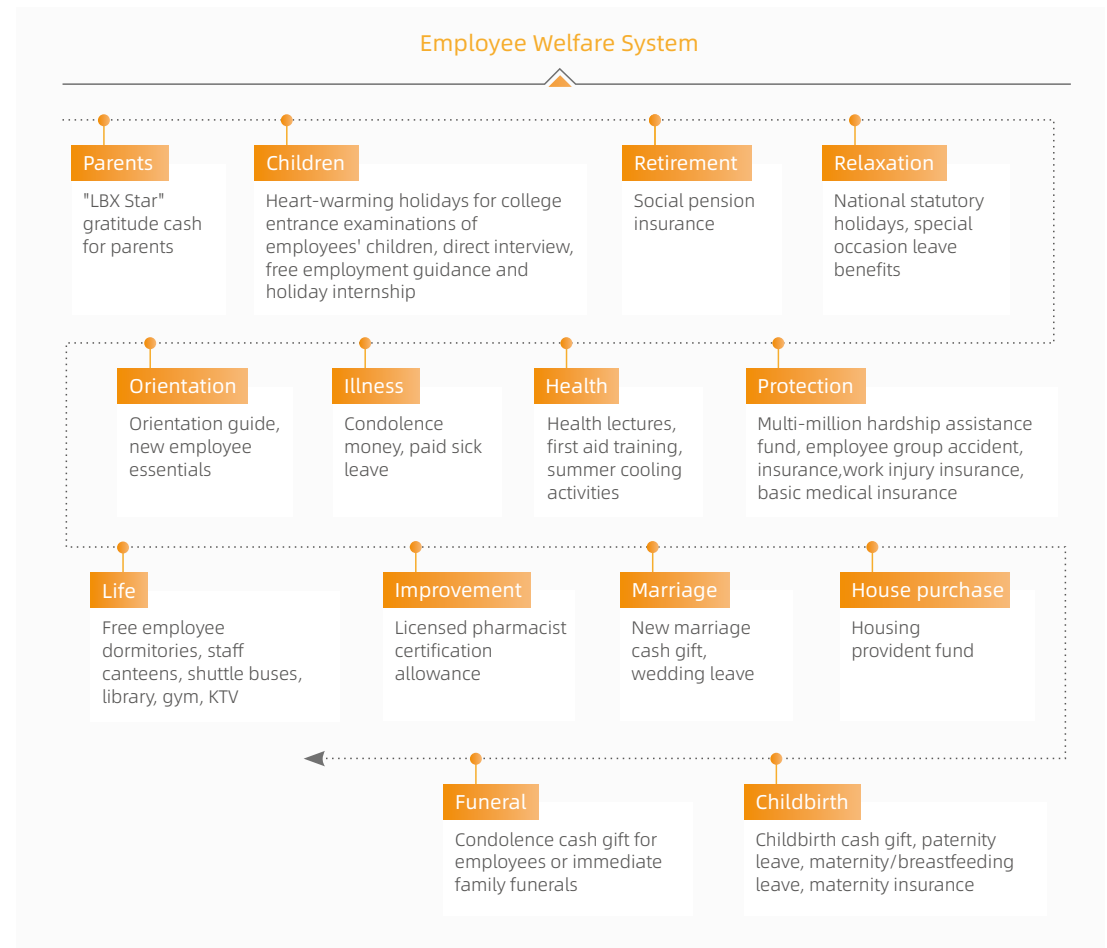
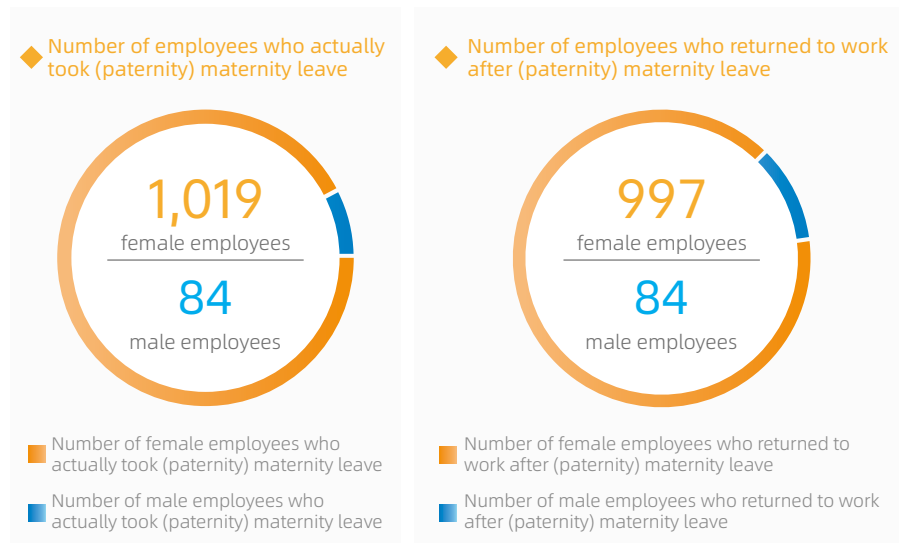
◆ Fair and Competitive Remuneration

LBX Pharmacy continuously improves a fair and competitive remuneration system. We advocate the philosophy of "sharing success with achievers and sharing value with value creators". We implement a broadband remuneration system based on qualifications and job ranks, combining competence and performance. Employee remuneration covers basic salary, quarterly and annual performance bonuses. Besides, benefit sharing mechanisms such as "Innovative Partner" scheme and "Red Koi" scheme are established to stimulate employees' enthusiasm and centripetal force, encourage employees to grow together with us and share development results.

◆ Employee Benefits with Warmth

The Company strictly complies with national and local laws and regulations, ensures timely payment of social insurances and housing provident fund, and guarantees paid leave entitlements such as statutory holidays, annual leave, maternity leave, paternity leave, marriage and bereavement leave, breastfeeding leave, and home visit leave. Additionally, to enhance employees' sense of belonging and happiness, we provide commuting shuttles, employee dormitories, staff cafeterias, meal benefits, libraries, gyms, and other living services. Various cultural and sports activities such as family events, birthday parties, holiday celebrations, and team-building activities are organized. Furthermore, to meet personalized needs, the Company offers specific care for eligible employees or their families, including rewards for certifications, consolation gifts, gratitude cash for parents, incentives for children's college entrance achievements, and a multi-million hardship assistance fund for difficulties. Additional supplemental insurance coverage like accidental injury and critical illness insurance is provided for employees in specialized positions.

2025 Employee Maternity (Paternity) Leave Information



Employee Aid Program

In 2025, the Company continuously promoted the smooth implementation of the "Multi-Million Hardship Assistance Fund", and provided timely assistance to employees and families who were in difficulties and urgently needed assistance. During the year, the "Multi-Million Hardship Assistance Fund" supported 90 employees' families, with a total amount of RMB 1,823,780. In addition to personal medical insurance, commercial insurance and other reimbursements for employees (and their families) who encountered major illnesses, we also provided self-paid reimbursement support for employees, with a maximum reimbursement ratio of 60%. In 2025, our maximum assistance amount for a single employee was up to RMB 48,320.

Number of employees assisted

90



Total assistance amount

RMB 1,823,780



"Benefiting" Employee's Children's Program

In 2025, the Company continuously optimized the "Benefiting" Employee's Children's Program: On the one hand, we launched a warm-hearted holiday for children to take the college entrance examination and enter the university, and accurately matched the exam leave and school leave for a total of 124 employees, so as to ensure that employees could accompany their children to take the college entrance examination and enter the university through flexible holidays; On the other hand, focusing on children's employment needs, by performing services in three dimensions: "employment assistance and guidance + enterprise interview through train + holiday internship supply", we built a transition bridge from campus to workplace for employees' children and convey our care.

Recognition of "LBX Stars"

In 2025, the Company organized a selection campaign named "LBX Stars", and finally selected 110 outstanding employees. We held a grand award ceremony on 27 October. In addition to recognizing the award-winning employees, the Company also attached great importance to caring for our employees' families, and the parents of employees who were awarded the "LBX Stars" received exclusive family gratitude gifts.



Comfortable Work Environment

We make unremitting efforts to create a healthy, safe and humane working environment for our employees, and constantly upgrade the spaces and facilities of our office premises. While ensuring that the basic environment is spacious, bright and ventilated, we actively improve the living facilities in the park, equipping multi-functional spaces such as rest areas, gymnasiums, reading rooms, basketball courts, yoga rooms and KTV to enrich our employees' amateur life.

In 2025, we further optimized our employee experience and living facilities: We opened a new 1,200m2 indoor employee sports venue in the office park of our headquarters, launched an exclusive VIP room for mommies, and mounted a boiler system to ensure hot water supply in winter, so as to effectively satisfy the living needs of our employees. The park was additionally equipped with 120 electric vehicle charging interfaces and electric vehicle awnings to facilitate green commuting. In addition, the park introduced well-known brands such as Luckin Coffee and Ningji to provide employees with more high-quality and convenient dining and living options. We are committed to creating a more dynamic and warm working atmosphere through continuous improvement of details.



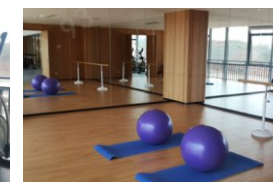
Library



KTV



Gym



Yoga Room

Case

Renovating and Upgrading Dining Areas with "Ten Altruistic Actions"

In 2025, LBX Pharmacy continuously promoted "ten altruistic actions". Among them, for altruistic employees, we tailor-made dining areas according to the actual store space, provided dining supplies and facilities such as tables and chairs, microwave ovens and mini-refrigerators, and improved the dining environment. In 2025, we gradually completed the renovation of dining areas in over 1,000 stores.



◆ Employee Satisfaction Survey

The Company places great emphasis on enhancing employee satisfaction, continuously listens to employees' opinions, and ensures fluent communication channels. Each year, we conduct regular employee satisfaction surveys in our subsidiaries and national stores, aiming to strengthen our employees' team spirit and sense of belonging.

In 2025, the Company conducted a survey on the satisfaction with "wall demolition" among its subsidiaries and Group departments in the first half of the year, and a total of two surveys throughout the year. Employee satisfaction surveys in stores nationwide were conducted on a quarterly basis, with a total of four surveys throughout the year. Among them, a total of 120,164 employee satisfaction questionnaires were distributed and 39,465 were collected, with an employee participation rate of 32.84%. The overall employee satisfaction slightly increased compared with previous year, with an increase of 2.6% in the fourth quarter.

◆ Premises Safety

In the park of the Group's headquarters and business premises of the headquarters and stores of all subsidiaries, we fully perform fire safety management, reasonably allocate firefighting equipment and regularly maintain them. The Engineering Department of the Group's headquarters conducts spot inspections of firefighting facilities in the office areas of subsidiaries nationwide on a quarterly basis. In addition, before important holidays such as May Day, November 11 and Spring Festival, special safety inspections are organized to comprehensively investigate hidden dangers and ensure the safety and reliability of offices and business premises.

In 2025, based on the equipment testing and evaluation results, the park in the Group's headquarters systematically completed the renewal plan for firefighting equipment, and replaced 1,162 sets of equipment in total, including 4kg dry powder fire extinguishers, 3kg carbon dioxide fire extinguishers and 35kg trolley fire extinguishers, where approximately RMB 60,000 was specially invested. In addition, nearly RMB 60,000 was annually invested in professional systematic fire maintenance to ensure that all fire protection facilities were immediately usable.

To protect employees' health and work safety, we entrust professional third-party organizations to conduct regular safety inspections on drinking water quality, elevators and other facilities in our office areas, and issue formal inspection reports to ensure that all facilities meet safe use standards. In October 2025, the Company hired a professional third party to carry out comprehensive cleaning and disinfection of a secondary water supply system in the park where its headquarters was located, and conducted sampling and testing of the terminal water. The results conformed to the standards. In September, all elevators in the park underwent the annual inspection and maintained good operating conditions. Besides, we have equipped first aid kits and AEDs in the park to enhance our professional rescue capabilities in the event of emergencies.

Regarding safety management of our logistics centers, we have built a full-time safety protection team to perform daily safety inspections. We strictly implement the Detailed Management Rules for Personnel Entry and Exit of Logistics Centers, separate the flow of people from logistics channels, and strengthen access control management. In 2025, we comprehensively reviewed and upgraded the video surveillance system of the national warehouse network, installed an access control alarm system, and realized centralized monitoring in the Group. Through systematic management and control, no safety accidents occurred in our logistics centers throughout the year, effectively ensuring the safety and stability of warehousing operation.

Occupational Health and Safety

LBX Pharmacy attaches great importance to the health and safety of employees, strictly follows the requirements of relevant laws and regulations, including the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We have established and continuously improved our safety management and occupational health management systems to protect the health and safety of our employees. We carry out regular safety risk assessment and emergency drills to enhance our employees' safety awareness and ability to respond to emergencies. In 2025, the Company did not have any major safety accidents throughout the year.

◆ Safety System

To build a strong line of safety defense, the Company has established a systematic safety governance structure and responsibility system, and a fire safety management committee. We have formulated a series of regulations and systems, including the Work Safety Management System, the Fire Safety Management System, and the Group's Logistics Safety Accident Management System. In accordance with the principles of "territorial management" and "safety responsibility", all subsidiaries of the Company have established and improved their emergency management mechanisms, signed the Fire Safety Objective Responsibility Statement level by level, and incorporated the performance into normal supervision and performance appraisal, forming a complete management closed loop of "deployment - commitment - execution - appraisal".

Architecture of the Fire Safety Management Committee



◆ Occupational Health and Safety

The Company attaches great importance to the occupational health of employees, and strictly follows the relevant requirements of laws and regulations, including the Law on the Prevention and Control of Occupational Diseases, the Administrative Measures for Occupational Health Examination, and the Good Manufacturing Practice for Drugs. We regularly organize our employees to participate in health examinations, conduct regular occupational health training, enhance our employees' health awareness, and ensure that our employees' health and working environment meet occupational health standards. In addition, we regularly organize personnel in direct contact with pharmaceutical positions such as quality management, acceptance, maintenance and storage to conduct pre-job and annual health checks, and maintain health records.

In addition, the Company continuously increases its investments in systematically constructing a comprehensive employee health support system: By building new comprehensive indoor bodybuilding venues and upgrading professional bodybuilding equipment, we encourage our employees to strengthen physical exercises. We establish TCM clinics and special health care for our employees. We also innovatively launch the "TCM Diet Day" in the canteens to promote the diet and health culture and effectively protect our employees' physical and mental well-being.

◆ Work-related Injury Management

We purchase work-related injury insurance for all our employees. The Company strictly executes the reporting and handling process for work-related injuries. In the event of work-related injuries, emergency plans will be immediately activated to ensure that the injured employees will receive timely medical attention, and applications for recognition of work-related injuries will be submitted in accordance with legal requirements to protect the legitimate rights and interests of employees. Furthermore, we conduct thorough investigations into all work-related injury incidents to analyze the root causes, and take targeted corrective measures to prevent recurrence.

◆ Creation of Safety Cultures

We actively coordinate external professional resources to organize fire evacuation drills, practical training on firefighting equipment, emergency rescue drills for elevator accidents and first aid training for employees, in order to continuously enhance our employees' safety awareness and emergency response skills. We also launch safety courses on the Company's self-developed "Baixingtong", an employee platform, requiring all employees to study and pass examinations, continuously strengthening employees' safety awareness, and creating a good atmosphere where "everyone learns about safety and knows about safety".



Fire Safety Drill

Indicators and Targets

Signing rate of electronic labor contracts

100 %



Achievements in 2025 ✓

Coverage rate of training among all employees

100 %



Achievements in 2025 ✓

0

major and more serious safety incidents



No occurrence in 2025 ✓

Responsible Citizens

Be healthy and positive, making concerted efforts to be better. LBX Pharmacy has always taken steadfast actions to improve people's livelihood and protect people's health. We have supported rural revitalization through agricultural industry assistance and infrastructure construction. We have built "health stations" in tens of thousands of stores across the country, and carried out a variety of charitable donations and special group care public welfare activities with ecological partners, We have continuously organized "journeys to healthy communities" to improve grassroots medicine and health, so as to contribute to the promotion of "common prosperity" and the construction of a healthy China.

Rural Revitalization

Industrial revitalization is an important part of rural revitalization. LBX Pharmacy gives full play to its own industrial advantages, to support the development of the rural pharmaceutical retail industry and the improvement of medical conditions through the franchising, the main model, and paired assistance. We support the rural pharmaceutical retail industry to increase income and profits by empowering their procurement of traditional Chinese medicines and e-commerce, and comprehensively promote the construction of beautiful rural areas.

Facilitating the Development of the Pharmaceutical Retail Industry in Lower-tier Markets through Franchising

Continuously taking franchising business as the "main force" for serving the health of people in counties and towns, we extend our mature brands, supply chain resources, operating system and compliance management experience to rural pharmaceutical markets through our standardized franchising model, to effectively settle the dilemma of the rural pharmaceutical retail industry which is "scattered, small and weak". This initiative not only directly creates rural entrepreneurship and employment opportunities, but also further promotes the availability of high-quality medical and health resources, so that rural residents can easily access affordable and safe medicines and health services. This also facilitate the construction of a sustainable rural pharmaceutical retail ecosystem.

5,243



franchised stores nationwide

15,000+



entrepreneurship and employment opportunities provided

Data as of the end of 2025

Continuous Improvement of Rural Health Conditions

We have continuously responded to the "paired assistance" work and supported the improvement of rural health conditions. On August 4, 2025, the Company donated medical materials worthy of RMB 250,000 to Fengning Manchu Autonomous County, Hebei Province to support the construction of 12 rural clinics in the county. Fengning County is the key contact county under the impaired assistance of China Democratic National Construction Association. As a member enterprise of Hunan Democratic Construction Association, LBX Pharmacy has supported the construction of rural clinics in Fengning County for five consecutive years, and the cumulative value of donated materials has exceeded RMB 1.2 million.

Promoting Sales of Agricultural, Rural Areas' and Farmers' Products

Actively aiming at "agriculture support and revitalization", we have procured characteristic landmark products such as Qinghai fresh cordyceps, Zhaotong fresh gastrodia elata and Yanling yellow peach out of the mountains through e-commerce in our mini program to help farmers broaden their sales channels. In 2025, our e-commerce platform facilitated the sales of agricultural products exceeding RMB 5.8 million. YST Pharma, our production factory of traditional Chinese decoction pieces, strongly supports the rural traditional Chinese herbal medicine planting industry. On the premise of assuring the quality and authenticity of the traditional Chinese herbal medicine, 90% of the raw materials purchased by YST Pharma in 2025 came from farmers' products planted, harvested and processed, of which raw traditional Chinese herbal medicines of more than RMB 10 million were purchased directly from farmers' cooperatives in the production areas.

Case

E-commerce Empowering Gastrodia Elata Sales in Xiaocaoba Town, Yiliang County, Yunnan Province

In 2025, we provided targeted assistance in Xiaocaoba Town, Yiliang County, Yunnan Province, and built an "online empowerment + source traceability" model to promote Xiaocaoba gastrodia elata with local characteristics all over the country, enhanced the brand awareness of Xiaocaoba gastrodia elata, and supported local industry development and steadily increased farmers' income.

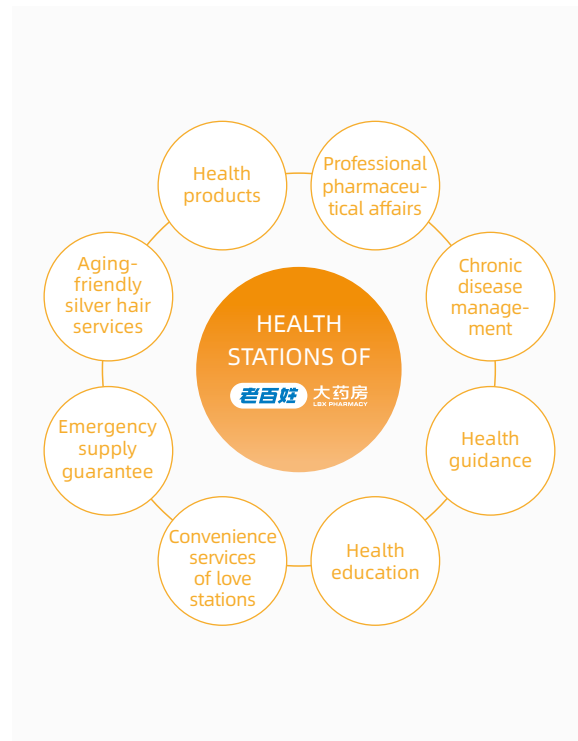


Social Contributions

Having always integrated social responsibility into its corporate development, LBX Pharmacy actively pays attention to the social needs in its place of business. From building "health stations" all over the communities, to disaster relief, charitable donations, and caring for special groups at critical moments, we have always stood on the front line of public welfare, let warmth and love infiltrate people's hearts, help people improve their livelihood and enhance social well-being.

Health Stations

As an important part of the national health system, the state strongly encourages pharmacies to transform from traditional drug retailers to comprehensive "health service centers". As a head chain, LBX Pharmacy always adheres to the concept of "serving ordinary people, prioritizing health". We have continuously improved grassroots medical and health services through convenience pharmacy service stations, community health journeys, love stations, public welfare brand activities, etc., and actively built trustworthy "health stations" around residents.



◆ Opening "Love Stations" in Tens of Thousands of Stores Nationwide

In 2025, we established "love stations" in 10,000 stores across the country. As the first chain enterprise in China that built 10,000 "love stations", LBX Pharmacy owned numerous standardized stations with a wide coverage, and acted as a positive model for enterprises to serve grassroots people's livelihood, widely recognized by the government authorities at varying levels, mainstream media and the public.

All "love stations" of LBX Pharmacy are uniformly marked and equipped with equipment. They provide six free convenience services for outdoor workers and citizens, including "rest seats, free tea, emergency charging of mobile phones, microwave oven use, free self-measurement of body temperature/blood pressure, and free debridement". The station services are also connected to rider bags of the take-out platform and Amap. Besides, some stores also make their convenient restrooms open and provide "aging-friendly" services, making the small "love stations" be warm harbors around new employment groups and community residents.



LBX Pharmacy's "Love Stations" Were Praised by Authoritative Media, Including People's Daily and CCTV News

◆ 18,012 Activities Named "Community Health Journey" Performed Nationwide

In order to enhance the masses' awareness of scientific and safe drug use and improve the quality of their healthy life, in 2025, we visited 10,000 communities across the country and performed a total of 18,012 public welfare activities known as "Community Health Journey" in our direct-sale stores. The activities included providing community residents with services such as free health self-examination/testing, reasonable medication consultation, popularization of chronic disease knowledge, family medkit sorting, and recycling of expired drugs, so as to deliver health care with professionalism and warmth and help build healthy communities.



◆ Construction of Convenient Pharmaceutical Service Stations

In 2025, we actively responded to the deployment and call of the local government for building "convenient pharmaceutical service stations" and opening up the "last mile" of health services. In Changzhou, Jiangsu Province, Heping Road Store and Sun City Store of LBX Wanren Pharmacy have become pharmaceutical "medicine" safety service stations licensed by Changzhou Administration for Market Regulation, Jiangsu Province, providing 23 pharmaceutical services, including free medication guidance, medication consultation, door-to-door medication delivery and health consultation for community. The stations annually carry out 35 special activities and serve more than 20,000 people in total, becoming intimate "health stations" around community residents. In Hefei, Anhui Province, LBX Pharmacy entered into assistance agreements with four communities in Baiyan Center, Hefei City, and professional pharmacists came to provide home pharmaceutical services for the elderly living alone and the elderly with chronic diseases under its jurisdiction, so as to protect the life and health of the elderly.



◆ Public Welfare Clinics

BXT Pharma, a traditional Chinese medicine clinic affiliated to the Group, has continuously carried out free public welfare clinics on a regular basis. In 2025, it organized a total of 130 free clinics in enterprises, campuses and communities. The activities included health lectures, free health tests, traditional Chinese medicine-based health consultation and other services. The free clinics visits cumulatively received more than 3,000 people, and the publicity covered 30,000 people.



Charity and Public Welfare

In 2025, we cumulatively made charitable and public welfare donations of RMB 13.4635 Million to the society. In addition, LBX Pharmacy was listed as influential in Changsha Fifth (2024) "Changsha Charity List" for its positive contributions to charity.

◆ Flood Relief in Guizhou and Shaanxi

In July 2025, a flood happened in Rongjiang County, Guizhou Province. The Guizhou Company of LBX Health Pharmacy took quick actions, and jointly allocated materials such as heat-clearing, detoxification, antibacterial, anti-inflammatory, and stroke prevention drugs with supplier partners. The total value of the materials was RMB 540,000, fully guaranteeing the health needs of the affected people.



In August 2025, Yuzhong and other places in Lanzhou, Gansu Province suffered from continuous heavy rainfalls, causing severe mountain torrents. LBX HRT Pharmacy, together with its supplier partners, jointly allocated materials with a total value of more than RMB 500,000 (covering medicine, daily necessities, food, etc.) to support the disaster areas immediately, effectively meeting the urgent needs of the affected people in terms of daily necessities, food security, medical care and epidemic prevention.



◆ Caring for Special Groups

Support for Education

In April 2025, the Guangxi Company of LBX Pharmacy and D-cal carried out the charitable donation activity known as "Height Advancement Plan for Chinese Children", and donated sports equipment and calcium products for children to local schools in Dahua Yao Autonomous County, Guangxi, aiming at creating better exercise conditions for children and providing necessary nutritional support.



◆ Caring for Special Groups

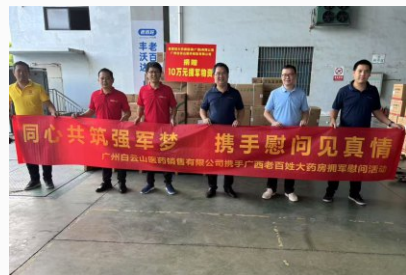
Care for Outdoor Workers

In July 2025, Hunan Party Branch of LBX Pharmacy joined hands with the Party Group of Kaifu District Medical Insurance Bureau of Changsha to carry out the condolence activity named "Medical Services for Cooling the Summer", conveying summer cooling comfort and health care to outdoor workers such as frontline sanitation and garden workers. The materials donated were worthy of RMB 20,000 in total.



Support for the Army and Patriotism

In July 2025, Guangxi Company of LBX Pharmacy donated heatstroke prevention materials worthy of RMB 100,000 to officers and soldiers of local training and combat troops, and performed the responsibilities for supporting the army and patriotism with practical actions.



Dissemination of the "Healing" Culture

As an active practitioner of the "Healthy China" strategy, LBX Pharmacy has always taken "healing" and "altruism" as its core value anchors, committed to building a warmer and healthy living ecology for people. We have continuously carried out colorful brand cultural activities, and multi-channel health science popularization, and actively supported the cultural health activities for communities, so as to support the construction of a "Healthy China" with practical actions.

◆ Innovative Brand Culture Activities

In 2025, our headquarters organized a total of 13 large-scale brand culture activities. Relying on our diversified communication strategies with "in-depth coverage of all online platforms + precise penetration of offline scenarios", we had our brands exposed for more than 71 billion times throughout the year, making accessible to and popularizing scientific health knowledge among high-frequency and multi-dimensional users, and integrating the concept of healthy healing into every corner of people's healthy life.



Metro "Emotional Transition Station" Providing Citizens with a Emotional Release Space and a Scientific Stress Relief Program



Stores' Health Training Camp Named "Healthy Illustration · Juvenile Role Models' Journey"

◆ Creation of an Omni-channel Health Science Popularization Matrix

We have always focused on the pain points of public health awareness and all life scenarios, and created a health science popularization matrix. In 2025, the Company created a total of 12 healthy life science popularization columns, deeply integrating core contents such as health knowledge popularization, guidance for chronic disease management, and interpretation of the medical insurance policy to form a health service ecology covering the whole population, with over 264 million exposures in aggregate, helping all people improve their health literacy.



◆ Support for Performance of Mass Cultural And Health Activities

We actively advocate the concept of healthy living and encourage mass cultural events. In 2025, we supported Changsha Xiangjiang Marathon, Nanning Marathon, Xi'an Marathon and other events, providing free health supplies for participants, setting up emergency medical supply points along the routes, and arranging professionals to conduct health consultations. We also extensively organized and carried out various mass cultural activities such as mountaineering, walking, community square dance, karaoke, sports meetings, etc., to inject fresh energy into communities.



04/ Environmental

LBX Pharmacy has deeply integrated the green and low-carbon concept into the whole process of its business growth. By continuously strengthening pollution emission control, building a clean and low-carbon energy system, and advocating a green and healthy lifestyle, we have promoted the green transformation of the pharmaceutical retail industry with practical actions and helped build a wonderful world where the mankind and nature coexist harmoniously.

Contents of This Section

- Environmental Compliance Management
- Addressing Climate Change
- Use of Energies and Resources
- Green Operation



Environmental Compliance Management

Environmental Management

Governance

In strict compliance with the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Environmental Impact Assessment, LBX Pharmacy continuously builds and improves its environmental management system during production and operation, and assigns environmental management responsibilities to relevant functional departments based on its business natures. In 2025, the Company's investments in environmental protection totaled RMB 1,065,900.

In the logistics and office parks, the Company has established an environmental management system for parks covering planning, design, construction, operation and maintenance, where the park planning and engineering construction are managed by the Engineering Construction Department, and the daily environmental management of park offices is performed by the Administrative Department. The headquarters of the Company has formulated the Group's Environmental Management System for offices. This system clearly defines the management responsibilities of the Group's Department of Administrative Services, relevant departments of each subsidiary and other business departments. It establishes comprehensive and detailed standards ranging from site selection for offices, change and facility configuration, to use specifications for office areas and public area management, etc. A supervision and assessment mechanism that combines self-inspection with inspection at the headquarters of the Group has been established, so as to provide systematic and complete compliance guidelines for the Company's office environment management.

During the production, YST Pharma, a manufacturer of traditional Chinese medicine decoction pieces affiliated to the Company, has formulated the Environmental Sanitation Management System, established an Environmental Management Committee with the general manager as the core leader, set up special departments and appointed full-time personnel for environmental sanitation management, clarified environmental management responsibilities of other departments at varying levels, and earnestly done a good job in environmental management in the course of production and operation.

Risk Management

The Company attaches great importance to prevention and control of environmental risks, and continuously improves its abilities to control of environmental emergencies and make emergency responses. In view of specific environmental risks such as leakage of chemicals leakage and hazardous wastes, YST Pharma has prepared the Emergency Plan for Hazardous Wastes and the Emergency Plan for Production Safety Incidents, classified all kinds of possible emergencies, defined the emergency rescue team and responsibilities, equipped emergency facilities, and conducted regular emergency drills to effectively ensure emergency responses to emergencies.

Strategic and Management Initiatives

Regarding environmental compliance as the core foundation for green and sustainable development, the Company adheres to the environmental management principle of "carbon reduction, recycling and co-governance", strictly controls key links such as energy consumption indicators, pollutant emissions and waste disposal in the production and operation process, and continuously improves its standardized environmental management. We also continuously publicize the awareness of environmental protection in our daily work, and constantly enhance all our employees' emphasis on environmental protection work.

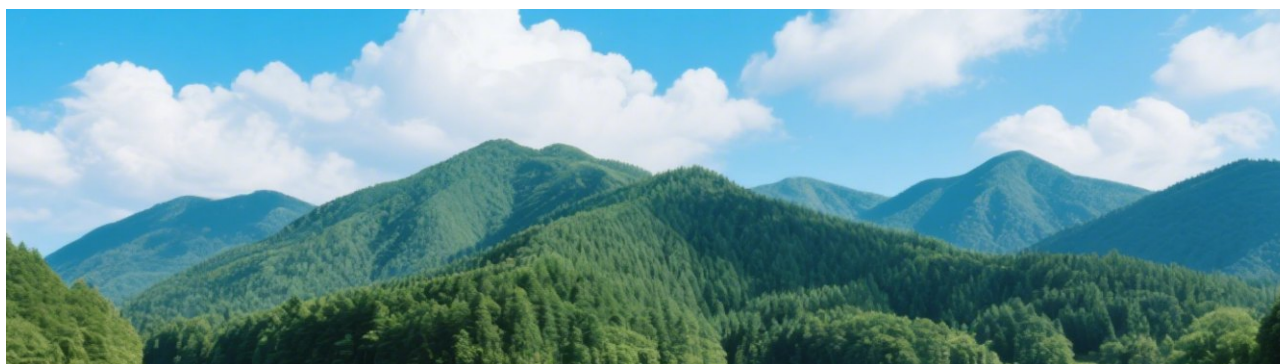
Objectives and Indicators

0



Environment-related violations during the reporting period

Achievements in 2025 



Emissions and Waste Management

LBX Pharmacy strictly abides by the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, and other laws and regulations. According to the principle of "source control, efficient collection, and scientific treatment", it has established a full-chain emission control system, regularly monitored pollutant discharge, continuously reduced pollutant discharge and mitigated negative impacts on the environment.

Wastewater

In 2025, the wastewater of the Company was mainly domestic sewage, BXT Pharma medical sewage and YST Pharma production wastewater. The wastewater discharge rate was 100%, and no direct sewage discharge into natural water bodies occurred.




The sewage discharge of YST Pharma in 2025 is as follows:

Wastewater type	Unit	2025
Total wastewater discharge	ton	13,842
Total chemical oxygen demand (COD) emissions	ton	0.24
Discharge of suspended solids (SS)	ton	0.37
Ammonia nitrogen emissions	ton	0.09

Waste Gas

The Company's waste gas mainly comes from YST Pharma's boiler waste gas and production dust. Among them, the boilers are natural gas boilers. Natural gas is clean energy, and the concentration of pollutants in the discharged gas fume is low. The boiler waste gas is treated by a waste gas treatment device to obtain clean gas and then enters a 15m chimney for direct discharge. YST Pharma is equipped with exhaust fans and baghouse dust collectors. After treatment, the production dust is discharged by 15m exhaust pipe up to standard. Besides, the production lines of YST Pharma use fully automatic dust removal and recovery units and environmentally friendly inkjet coding technology to reduce the amount of waste gas generated from the sources and protect the working environment.

Category of boiler waste gas	Unit	2025
Nitrogen oxides/NOx	ton	0.32

Sewage and wastewater type	Specific treatment measures
 Domestic sewage	<ul style="list-style-type: none"> Discharged into the urban domestic sewage treatment pipeline.
 Production wastewater (YST Pharma)	<ul style="list-style-type: none"> Formulate the Sewage Treatment System, and regularly conduct internal and external inspections of the master sewage outlet. After all kinds of sewage and wastewater in the factory area are treated by septic tanks, grease traps, sump pits, equalization tanks and other sewage treatment facilities up to standards, they will be conveyed to Changsha Changshanyuan Sewage Treatment Plant through the sewage pipeline of the park.
 Medical sewage (BXT Pharma)	<ul style="list-style-type: none"> BXT Pharma has established the "Sewage Disinfection Management System," and equipped with automatic medical sewage disinfection devices to ensure compliance before discharging into the municipal network.

Case

Special Cleaning of Smoke Exhaust Pipes by YST Pharma

From March to April 2025, YST Pharma focused on the demand for cleaning smoke exhaust pipes in the medicine frying rooms of the production workshops, and hired a professional third-party organization to carry out special cleaning work. In view of the characteristics of the pipelines where dust accumulated in the workshops, the working team performed fine cleaning through professional processes such as high-pressure cleaning and oil-stain separation to thoroughly remove oil and impurities from the pipelines. After cleaning, the smoke exhaust efficiency and heat dissipation capacity of the smoke exhaust pipelines were significantly improved, which not only reduced the energy consumption of equipment and pollutant residues, but also eliminated hidden fire hazards of the fume pipelines.



Solid Waste

Most of the Company's solid waste is domestic waste, in addition to a small amount of construction waste, general industrial waste and hazardous waste. The solid waste treatment follows the principle of "reduction, resource utilization and harmless treatment". All kinds of solid waste are collected by classification. Active efforts are made to explore source reduction and recycling to build an industrial ecology and circular economy system. In addition, the Company has formulated the Group's Operation Management System for Realizable Waste to standardize the management of realizable waste in distribution centers, clarify the rights and responsibilities, as well as requirements for contractor introduction, management, supervision and assessment.

Solid waste emissions (including Changsha headquarters par, BXT Pharma, and YST Pharma) of the Company in 2025 are as follows:

Category of solid waste	Unit	2025
Total non-hazardous wastes	ton	671.00
Non-hazardous waste density	ton/RMB million	0.03
Total hazardous waste	ton	176.12
Hazardous waste density	ton/RMB million	0.01
Total solid waste emissions	ton	847.12



Type of Solid Waste	Specific treatment measures
 Domestic Waste	<ul style="list-style-type: none"> ◆ Conduct routine "waste sorting," establish household waste collection points, collect household waste at fixed intervals and locations, and use specialized enclosed waste transportation vehicles for disposal. Kitchen waste is uniformly reclaimed by the municipal kitchen waste center.
 Construction Waste	<ul style="list-style-type: none"> ◆ Develop and implement a construction site waste management plan, classify waste on-site, separate recyclable construction waste, and either directly reuse it in the construction process or deliver it to recycling manufacturers for reprocessing.
 Hazardous Waste	<ul style="list-style-type: none"> ◆ Expired drugs in logistics centers: In strict compliance with the relevant laws and regulations on the legal disposal of expired drugs, formulate the Group's Operating Procedures for Logistics Substandard Products and Destruction. Regularly check the shelf life of drugs, and implement risk assessment and control, as well as hidden danger investigation and management during the disposal process. Ensure that expired drugs are managed in place and properly handled. In 2025, the Company's logistics distribution center handed over 174.86 tons of expired drugs to professional environmental protection companies for destruction. ◆ Hazardous waste from the production of traditional Chinese medicine decoction pieces: YST Pharma adopts the post responsibility system for special hazardous wastes warehouse management personnel, builds a leading group for prevention and control of hazardous waste pollution led by its general manager, strictly controls hazardous waste throughout the process of their generation, storage, transportation and disposal, and entrusts qualified third-party organizations to dispose of hazardous waste to ensure their safe and compliant disposal.
 Medical Waste	<ul style="list-style-type: none"> ◆ BXT Pharma has developed the Medical Waste Management System and the Hazardous Waste Management System to clearly classify medical waste with proper labeling, and the use of yellow bags with warning labels. It requires the completion of tripartite documentation for the transfer of medical waste (within 48 hours of collection) and mandates that the temporary medical waste storage site strictly adhere to specialized operational guidelines.

Addressing Climate Change

LBX Pharmacy proactively responds to climate change and actively identifies the issues for "addressing climate change". It takes targeted response measures in combination with internal and external environmental changes to enhance its climate resilience in its own operations and value chain, and facilitate green, low-carbon sustainable development.

Risk Management

The impacts of climate change on the Company mainly include physical risks such as interruption or delay of drug supply and damage to goods caused by extreme weather, as well as transition risks such as strict policy supervision and consumers' increased environmental awareness. Risks often arise with opportunities. For instance, by adopting environmental protection measures and using clean energies, the Company's reputation and market competitiveness can be effectively enhanced. In assessing the risks and opportunities associated with climate change, LBX Pharmacy selected the low emission scenario (SSP1-2.6, temperature rise not exceeding 2.0°C) and the high emission scenario (SSP5-8.5, temperature rise close to or exceeding 4.4°C) in the shared socio-economic pathway (SSP) scenario in the AR6 Synthesis Report: Climate Change 2023 of the United Nations Intergovernmental Panel on Climate Change (IPCC) to assess the physical risks. Based on the "Net Zero Emissions by 2050 Scenario (NZE, temperature rise not exceeding 1.5°C)" and the "Stated Policy Scenario (STEPS, temperature rise exceeding 3°C)" to assess the transition risks and climate-related opportunities.

Risk and opportunity classification	Impact pathway	Financial impact	Countermeasures	Impact analysis under different climate scenarios					
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Physical risks				SSP1-2.6		SSP5-8.5			
Acute risks	The occurrence of extreme weather such as earthquakes, typhoons, thunderstorms, and heavy fog might disrupt or obstruct transportation, make product delivery challenging, decreasing employees' work efficiency, damage infrastructure, and so on.	Increased operating costs for equipment maintenance and employee health and safety, etc., reduced revenue and asset impairment losses resulting from restricted transportation	<ul style="list-style-type: none"> Strengthen meteorological monitoring and warning to promptly notify all subsidiaries of extreme weather disasters, reserve emergency supplies in advance and deploy emergency equipment, including adding a central heating hot water tank (20m³) for low-temperature weather, and purchasing industrial salt and non-slip cloth bags for rainy and snowy days; Promote the diversification of suppliers, deploy substitute suppliers in advance, formulate transportation emergency plans, adjust transportation strategies in a timely manner, and ensure commodity supply; Develop contingency plans for extreme weather, and organize periodic training or emergency drills for employees to better prepare for such conditions; Formulate seasonal construction assurance measures based on the climatic characteristics of each season, and consider how to respond to extreme weather during the design phase; Carry out daily infrastructure maintenance, and install lightning rods and grounding devices in parks and factories to protect buildings and facilities. 	High	High	High	High	High	High
Chronic risks	Chronic risks such as extreme high temperatures, droughts, rising sea levels, and intensified El Niño phenomena impact the health and safety of employees, potentially increasing costs associated with utilities, equipment wear, and overall operational expenses.	Increased operational costs	<ul style="list-style-type: none"> Improve energy use efficiency, adjust energy use structure, and expand the proportion of renewable energy used; Enhance the insulation capability of buildings, such as adding insulating materials to cope with extreme cold or scorching hot weather. 	Low	Medium	Medium	Medium	High	High

Transition Risks and Climate-related Opportunities				NZE			STEPS		
Policy risks	The government's introduction of policies supporting low-carbon transition and stricter emission reduction measures may increase costs for green operations or carbon trading costs of the company.	Increased operational costs	<ul style="list-style-type: none"> Pay close attention to policy changes, comply with laws and regulations, and ensure legal and compliant operations; Continue to explore and innovate sustainable operational models. 	Low	Medium	Medium	Low	Low	Low
Market risks	Suppliers might face increased operational costs due to carbon reduction policies, leading to a rise in raw material prices and a subsequent decline in the Company's profit margins.	Profit margins declined	<ul style="list-style-type: none"> Strengthen the ability to respond to supply chain risks and build a sustainable supply chain. 	Medium	Medium	High	Low	Low	Medium
Reputational risks	Stakeholders are increasingly concerned about the company's performance in addressing climate change. Without proactive climate action, the company might fail to meet stakeholders' expectations, potentially leading to damage to the company's image and reputation.	Revenue decline	<ul style="list-style-type: none"> Proactively respond to stakeholders' concerns regarding the Company's climate-related actions, improve performance, and enhance information transparency. 	Medium	Medium	High	Low	Low	Medium
Technological risks	The company needs to enhance the energy efficiency standards of its operational equipment due to the implementation of stricter environmental policies by the government, which may require additional investments for energy-saving and environmental protection upgrades.	Increased operational costs	<ul style="list-style-type: none"> Continuously monitor environmental policies and implement timely environmental upgrades in line with the company's actual circumstances. 	Low	Medium	High	Low	Medium	Medium
Reputation opportunities	Consumers tend to choose environmentally friendly products and services. The Company's initiatives in low-carbon and environmental protection help enhance consumers' trust and recognition.	Increased revenue	<ul style="list-style-type: none"> Keep paying attention to and actively participate in climate actions; build a good brand image. 	Low	Medium	Medium	Medium	High	High
Technological opportunities	Through technology R&D, process optimization, and management upgrades, the company comprehensively identifies and explore technological opportunities to improve operational efficiency.	Lower operating costs	<ul style="list-style-type: none"> Conduct timely production technology R&D and iterations in alignment with the Company's overall strategy and operational conditions. 	Low	Medium	High	Medium	Medium	High

Notes 1. Time dimension: Identified potential impacts of climate change on its business segments across short-term, medium-term, and long-term time scales;
 2. Degree of impact: Using a qualitative assessment to rank those identified risks as 'low,' 'medium,' or 'high' based on the probability of occurrence, impact, adaptability, and resilience.

Greenhouse Gas Emissions

The greenhouse gas emissions of LBX Pharmacy mainly come from the consumption of electricity, natural gas, gasoline, diesel and other energy sources. Among them, the use of natural gas and fuel oil is included in Scope 1 greenhouse gas emissions, namely direct greenhouse gas emissions, and purchased electricity is included in Scope 2 greenhouse gas emissions, namely indirect greenhouse gas emissions. The greenhouse gas emission data are presented in terms of carbon dioxide equivalent.

The total greenhouse gas emissions in 2025

declined on a year-on-year basis by

9.28 %

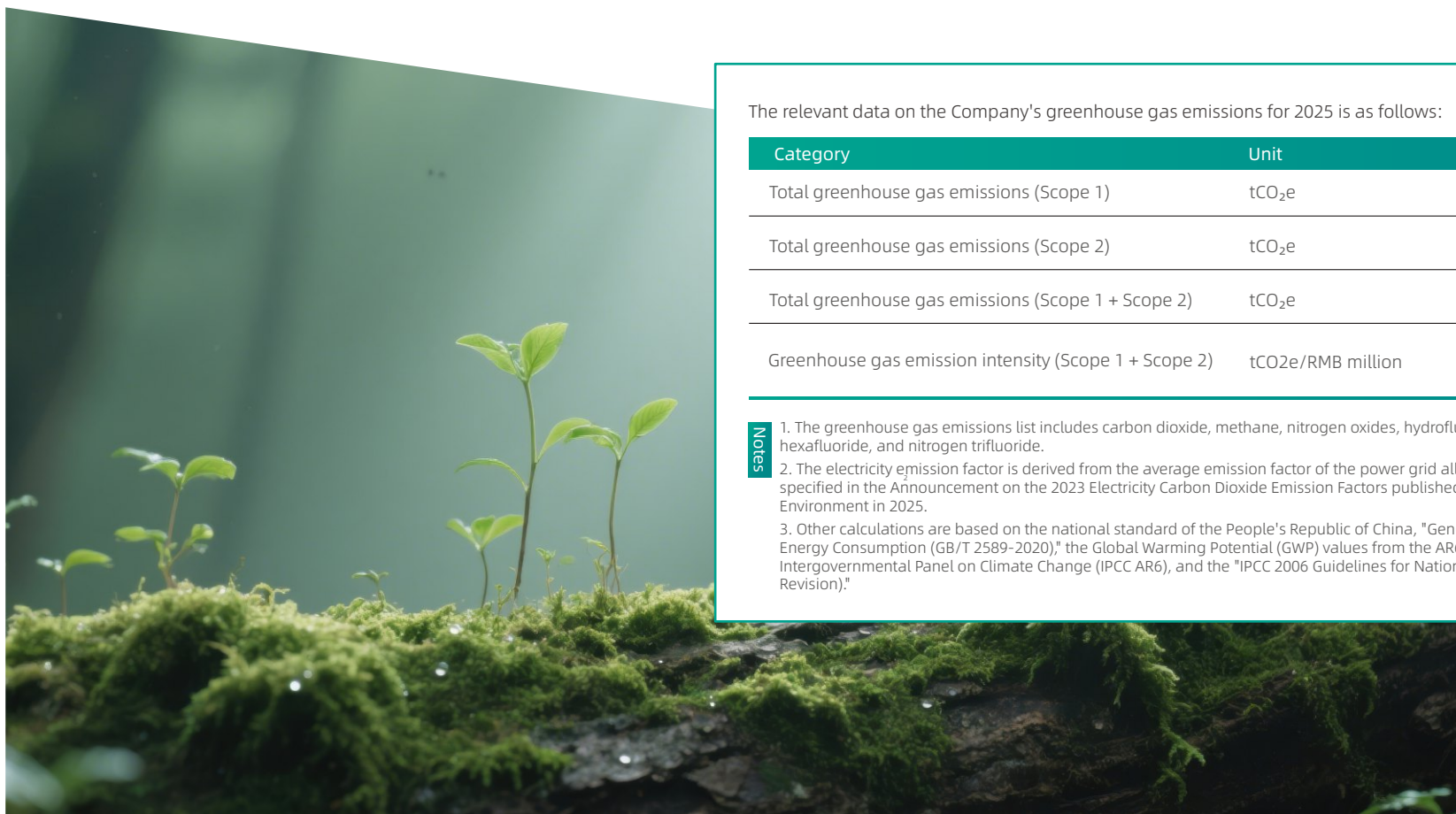


The relevant data on the Company's greenhouse gas emissions for 2025 is as follows:

Category	Unit	2025
Total greenhouse gas emissions (Scope 1)	tCO ₂ e	1,006.49
Total greenhouse gas emissions (Scope 2)	tCO ₂ e	66,736.34
Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO ₂ e	67,742.83
Greenhouse gas emission intensity (Scope 1 + Scope 2)	tCO ₂ e/RMB million	3.05

Notes

1. The greenhouse gas emissions list includes carbon dioxide, methane, nitrogen oxides, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.
2. The electricity emission factor is derived from the average emission factor of the power grid all over China, 0.5306 t CO₂/MWH, as specified in the Announcement on the 2023 Electricity Carbon Dioxide Emission Factors published by the Ministry of Ecology and Environment in 2025.
3. Other calculations are based on the national standard of the People's Republic of China, "General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)," the Global Warming Potential (GWP) values from the AR6 Synthesis Report: Climate Change of Intergovernmental Panel on Climate Change (IPCC AR6), and the "IPCC 2006 Guidelines for National Greenhouse Gas Inventories (2019 Revision)."



Use of Energies and Resources

Governance

The Company advocates conservation and safe use of electricity, and fulfills its responsibility for green development through refined energy control. For store operations, our headquarters has formulated the SOP for Standard Use of Water and Electricity in Stores. Its Development Center manages energy consumption of each store, clarifies the energy management responsibilities, energy conservation targets and assessment standards of all departments, and incorporates energy consumption indicators into the annual performance appraisal of all business units, forming a responsibility system for energy conservation that advocates "a shared responsibility for all and level-by-level implementation". In its production operations, YST Pharma has drafted the Energy Conservation and Cost Reduction Plan, built a leading energy conservation group, set up a subordinate office, divided the responsible areas, designated responsible persons of departments, implemented daily inspection and irregular spot check mechanisms, and clarified reasonable suggestions and target incentives for energy conservation and cost reduction to ensure the achievement of energy conservation goals.

Risk Management

In the field of energy, the Company focuses on identifying risks such as fluctuations in power grid electricity prices and regional power supply instability (especially affecting the constant temperature of cold chain in logistics centers, operation and maintenance of photovoltaic equipment). In the field of resources, we concentrate on rising prices of disposable packaging materials and recycled materials, as well as risks such as imbalance in regional deployment of circular logistics carriers and excessive loss rate. For various potential risks in energy and resource utilization, we dynamically track energy costs and resource reserves, construct a circular logistics vehicle and green packaging system, strengthen closed-loop management of resources, comprehensively improve our risk resistance in terms of energy and resource utilization with multi-dimensional measures, and ensure the continuity and stability of our operations.

Strategic and Management Initiatives

Energy Conservation and Consumption Reduction

The Company actively promotes energy conservation and consumption reduction work, equip the offices of the Group/regional headquarters and some stores with intelligent induction control systems, starts and discontinues lighting and water supply on demand. We implement a monthly inspection system, formulate a time switch system for door signs and store lights, and reduce electric load during non-business hours. We strictly control the set temperature of air conditioners and clean air conditioner filters on a regular basis to improve the operating efficiency of equipment and cut the power consumption. In addition, the Company carries out extensive electricity-saving publicity and posts reminder slogans to guide employees to develop a good habit of turning off lights and standby equipment.

Case

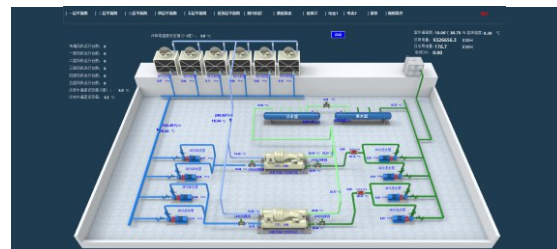
Continuously Promoting the Modification Process of Flat Panel Lights in Direct-sale Stores to Reduce Power Consumption

Based on the results of the special energy consumption assessment on flat panel lights in direct-sale stores in 2024, the Company continuously promoted the energy-saving renovation project of the terminal lighting system. In 2025, 74.45% energy-saving flat panel lights in direct-sale stores were replaced. With the large-scale application of high-efficiency energy conservation technologies, the cumulative electricity consumption was saved by 9,924,271.31 kWh throughout the year, and the lighting energy consumption was effectively reduced.

Case

Equipping Logistics Distribution Centers with Intelligent Electricity Consumption Equipment for Energy Conservation and Consumption Reduction

In 2025, the logistics distribution centers were equipped with variable-frequency equipment, automatic control system and energy consumption management platform to realize refined control of air-conditioning equipment, automatically adjust the operation of equipment according to on-site temperature and humidity data acquisition, and create a constant temperature field to control temperature, humidity and energy consumption of equipment. By the end of the reporting period, this initiative had saved 451,000 kWh of electricity.



Clean Energy

The Company actively explores the use of clean energy, and put them into use by "self-generation for self-use and surplus power connection to the grid". We have built photovoltaic power generation rooftops in residential buildings and logistics warehouses of our headquarters park, Jiangsu Yangzhou Logistics Center and YST Pharma Factory. In 2025, our total installed photovoltaic capacity was 4,528.64 kWp, our total annual power generation was 5,016.05 MWh, our total electricity consumption was 3,636.46 MWh, and our use of renewable energy increased by 75% compared with 2024, which was equivalent to reducing greenhouse gas emissions by 3,189.54 tons of CO2 equivalent.



Photovoltaic Rooftop at the Headquarters Park



Photovoltaic Rooftop of Yangzhou Logistics Distribution Center

Our use of renewable energy in 2025

increased on a year-on-year basis by

75%



Usage of Water Resources

The Company strictly adheres to laws and regulations such as the Water Law of the People's Republic of China, upholding water conservation and environmental protection in its operations. By comprehensively promoting intelligent water meters, strengthening daily inspection, operation and maintenance of water facilities, scientifically optimizing our water allocation scheme, promoting "one water for multiple uses" and rainwater recovery, we systematically enhance our employees' awareness of water conservation and help build resource-saving enterprises. During its operation and production, the water used by the Company comes from the local municipal water supply system, and no difficulty is encountered in obtaining suitable water sources. In 2025, approximately 3,700 tons of rainwater were recycled and reused in the headquarters park of the Company.

Recyclable Packaging Materials

The Company has set up a logistics distribution center as a functional department for comprehensive management of various raw materials and packaging materials, formulated the Management Regulations for Turnover Boxes of the Logistics Distribution Center, clarified the responsibilities of all departments for managing handover of turnover boxes, and focused on the reuse of recyclable logistics carriers and outer packaging materials, so as to make the best use of materials and save resources.

The Company recycles logistics carriers such as pallets and turnover boxes to reduce the consumption of resources required for the production of new carriers, prolong the lifecycle of carriers, and avoid idling of self-purchased carriers. The Logistics Distribution Center promotes the recycling of outer packages and waste cartons. It recycles the outer packages and cartons after unpacking and delivery of raw materials, packaging materials and finished products for production, storage and transportation or recycling by third-party companies. In 2025, the Company recycled and reused 3,124 tons of waste cartons.



Standard Turnover Boxes and Pallets in the Logistics Distribution Center



Carton Recycling

Use of packaging materials	Unit	2025 (cumulative amount as of the end of the reporting period)
Cumulative standard turnover boxes	ton	812.15
Cumulative standard pallets	ton	1,526.59

Case


Use of Recycling Cartons for Allocation between Warehouses, to Reduce the Use of Disposable Cartons

In order to deepen the practice of circular economy and optimize allocation between warehouses, a link of logistics, in 2025, the Company upgraded its green carriers for such allocation, and invested the first batch of 7,000 standardized recycling cartons, covering the warehouse-to-warehouse allocation business on a nationwide basis. It was estimated that this measure could reduce the use of 90,000 disposable cartons throughout the year, effectively replace the traditional disposable cartons, and build a warehouse-to-warehouse carrier allocation system for reuse and closed-loop circulation.



(Note: Warehouse-to-warehouse allocation refers to allocation of commodities from Hunan Forworld Logistics Center to regional logistics/distribution centers.)

Objectives and Indicators

Objectives in 2025	Achievement in 2025
 <p>To reduce water and electricity bills by 2.29% on a year-on-year basis in 2025</p>	<p>Water and electricity bills declined by 16.32% on a year-on-year basis in 2025</p> <p>The fresh water consumption dropped by 9.33% on a year-on-year basis in 2025</p> <p>The consumption of the purchased electricity decreased by 16.37% on a year-on-year basis in 2025</p>

During the reporting period, the Company's energy and resource consumption is as follows:

Category	Unit	2025
Energy consumption		
Natural gas	m ³	132,950.00
Petrol	litre	44,375.86
Diesel	litre	284,200.00
Purchased electricity consumption	Kwh	125,775,233.08
Total consumption of non-renewable energy	tons of standard coal	16,013.38
Total consumption of renewable energy	tons of standard coal	446.92
Total energy consumption	tons of standard coal	16,460.30
Intensity of energy consumption	tons of standard coal/million	0.74
Consumption of water resources		
Freshwater consumption	ton	563,057.34
Consumption intensity of water resources	ton/RMB million	25.32

Note: The standard coal coefficient is derived from the General Rules for Calculation of Comprehensive Energy Consumption of the National Standard of the People's Republic of China (GB/T2589-2020); (GB/T2589-2020)

Green Operation

Taking the whole chain's green operation as its core strategy, LBX Pharmacy coordinates the promotion of green actions in all links, builds a low-carbon operating system covering all links, including production, circulation and consumption, fulfills its ecological responsibility with practical actions, and supports the green transformation of the industry.

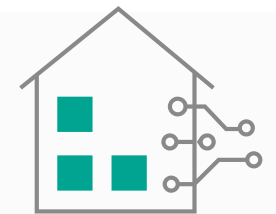
Green Logistics

The Company has deeply integrated the green development concept into the construction of transportation and warehousing systems, developed an integrated green transportation pattern for "on-site green operation and off-site low-carbon distribution", and continuously reduced carbon emissions in logistics links.

Green Warehousing

The Company builds logistics distribution centers in accordance with GSP standards, as well as environmental protection and energy conservation requirements, and promoted the upgrading to green warehousing in terms of architectural design, energy supply, rational utilization of warehousing space, etc.

- ◆ By combining building warehouses with automated three-dimensional warehouses, we make full use of automated access equipment to improve storage efficiency and reduce the consumption of land and human resources.
- ◆ The buildings use thermally insulated brick partition walls. Their exterior walls are decorated with thermally insulated decorative materials. The buildings are equipped with automatic central air conditioning, temperature and humidity monitoring systems. Temperature control equipment is started according to external temperature changes, to meet the temperature requirements of different reservoir areas.
- ◆ Photovoltaic power generation equipment has been installed on the roofs of warehouses, thus saving more electric energy by more than 40% during the warehouse operation, and effectively reducing energy consumption.



Green Distribution

The Company has formulated the Management System for Self-owned Vehicles of Logistics Distribution Centers, to standardize the management of self-owned vehicles in the distribution centers and reduce the Company's operational risks and transportation costs. In on-site transportation, all our forklifts consume electrical energy. In off-site transportation, the Company promotes the use of new energy vehicles, and builds a green transportation system of "on-site and off-site collaboration" for the use of new energy vehicles within ≤300KM.

On a nationwide basis, more than 99% of our delivery vehicles are shared social vehicles. We take advantage of the differences in transportation and distribution time and routes in different industries to reduce the operation of vehicles under no load. We also actively utilize digital and intelligent systems to optimize transportation routes, cut costs and reduce energy consumption. In 2025, through the delicacy management by the TMS (Transportation Management System), intelligent dispatch and automatic vehicle arrangement, the logistics distribution centers optimized their distribution routes and loading volume, increased their loading rate by 7%, decreased the dispatch of vehicles by 4,000, and effectively reduced the carbon emission footprint of the distribution link.

41

electric forklifts in the logistics plant

Data as of the end of 2025



Use of new energy vehicles for nationwide logistics distribution

Data as of the end of 2025

143 vehicles

Annually increased by

58 vehicles

Data in 2025

44,000 dispatches

Accounted for

69%

Green Production

YST Pharma strictly controls the compliance, traceability and safety of raw material sources. It adopts environmentally friendly processes in the safe production process to provide consumers with safer and more environmentally friendly healthy traditional Chinese medicine decoction pieces.

Green Raw Materials

The multi-dimensional conductive harm of pesticide pollution not only causes continuous damage to soil, water and other ecosystems, but also might affect human health through the enrichment of agricultural products into the food chain. YST Pharma has reconstructed the raw material procurement and control modes from the source, given priority to suppliers with bases for large-scale planting, and supervised the prohibition of raw materials with pesticides throughout the process by heading to frontend bases and monitoring the growth period.

Eco-Friendly Processes

YST Pharma innovatively integrates environmentally friendly processes throughout the whole production chain, and promotes the green transformation of production links through "external supply chain collaboration + internal technology upgrading". In terms of external cooperation, we prioritize the selection of suppliers that adopt green energy drying technology, and comprehensively promote the electric heating and low-temperature drying processes for raw materials of Chinese medicinal materials such as monk fruits and roses, so as to reduce exhaust emissions and energy consumption from the source. During our internal production, we have upgraded our key production facilities, introduced an automated production line for jujube sorting, and innovatively realized the continuous sorting and internal packaging processes, in order to reduce the generation of packaging waste.



Green Stores

Adhering to the principle of benefiting people, saving energy, protecting environment and guaranteeing safety, the Company has actively constructed a green system covering store space and daily services. In its store design process, the Company uses an energy-saving intermittent lighting system to maximize the use of natural light and reduce power consumption while realizing the lighting effect. During its construction of stores, the Company has formulated the Store Decoration Project Management System, the Fifth Generation Store Decoration Standard and other systems, scientifically standardized its operation process, utilized environmentally friendly new materials and technologies, continuously optimized its decoration plan, and implemented the construction specifications that do not disturb residents and guarantee zero pollution, in order to create environmentally friendly and healthy spaces for consumers.

During its operation of stores, the Company has integrated the environmental protection concept into the terminal links of daily services to help create a green consumption scenario. Since 2023, we have fully promoted the use of photodegradable eco-friendly shopping bags that may be quickly and thoroughly decomposed into harmless substances under the natural environment in stores on a nationwide basis, effectively promoted plastic reduction and carbon emission reduction from the source. In 2025, the Company made remitting efforts to deepen the use of photodegradable shopping bags, optimized the specification system for shopping bags, set three subdivided sizes: large, medium and small, achieved "on-demand access and accurate adaptation", reduced resource waste from consumer terminals, and increased the use of photodegradable shopping bags to 38.01 million, representing an increase of 10% compared with the use in 2024.

Case

LBX Puze Pharmacy's Action for "Reducing Plastics in Exchange for Green"

From March to April 2025, LBX Puze Pharmacy carried out the event for "Reducing Plastics in Exchange for Green" in its stores. During the event, consumers received the "plastics reduction seal card" in any store. Whenever a consumer rejected a plastic bag and recycled 2 empty medicine bottles/boxes, the consumer would get a "green seal", and exchange for a blind box of seeds of mint, tomato or other plants with 3 green seals that already been collected. Meanwhile, a "seed growth clocking" link was set. In this link, consumers could clock in the community for 21 consecutive days after planting, which could be exchanged for YANGDESIGN natural soap. This action not only drove the reduction of plastic use by stores, but also conveyed the concept of sustainability through seed planting, and transmitted environmental protection practice and health concept.



Green Office Practices

Reduced Paper Use

- ◆ The Company comprehensively promotes electronic approval and online collaboration platforms. Our contract signing, financial reimbursement, document circulation and other businesses are totally paperless. Besides, the Company vigorously advocates double-sided printing, black-and-white printing, paste paper-saving reminders in the printing areas, and prepare secondary paper storage boxes.
- ◆ Our logistics distribution centers vigorously promote paperless distribution, cancel paper packing lists and replace them with electronic lists. As at the end of the reporting period, reduced paper use had been promoted in a total of more than 7,000 stores, thus reducing the paper consumption by 6 million pieces. It is estimated that the paper consumption would be reduced by 8.75 million pieces per year in the future.

Green Commuting

- ◆ The headquarters of the Group provides employees with 13 new energy buses (7 self-owned buses and 6 rented buses), which transport more than 800 employees per day in single trips. According to the actual situation, the shuttle bus routes are grouped as a whole to reduce the carbon emissions of employees' commuting. In addition, the Company has mounted 18 charging piles for new energy vehicles in the headquarters park to provide convenient support for green commuting.

Asset Conservation

The Company has established the Physical Asset Management System, conducted regular asset inventories with submission of inventory reports, and launched an online asset management system to digitally manage the assets throughout their lifecycle from procurement to scrapping, so as to increase its asset management efficiency and asset recycling rate.

Grain Saving

The Company arranges special personnel at the recycling window of the canteen in the park to supervise the food waste behaviors and eliminate food waste. We set up publicity slogans on the "Clean Plate Initiative" and supervision posts to encourage employees to fulfill the "Clean Plate" commitment and create an office atmosphere of "cherishing food, advocating green low-carbon".

Ecological Protection

The Company takes practical actions to protect the healthy development of the ecology. Externally, we actively carry out green public welfare practices such as recycling of expired drugs, warm winter charity donations, Arbor Day initiative, publicity of firework prohibition, and empty box recycling. Internally, we upgrade the office park of the headquarters with the goal of "activating the inner courtyard space", prioritize the selection of local plants to create landscapes to be consistent with regional ecological characteristics, reduce maintenance costs, create a near-natural working environment for employees, and improve both eco-friendliness and spatial experience.



Arbor Day Initiative



Publicity for Firework Prohibition

Case

LBX HRT Pharmacy's Public Welfare Activity Themed "Safe Drug Use, Green Recycling" for Recycling Expired Drugs

On March 5, 2025, LBX HRT Pharmacy, in conjunction with Baiyin Administration for Market Regulation, carried out the public welfare activity themed "Safe Drug Use, Green Recycling" in Jingyuan Community. Focusing on the prevention and control of harms of expired drugs and ecological protection, the staff popularized the hazards of expired drugs, the production of toxic substances and the willful discarding of polluted soil and water sources to residents, guided standardized treatment, and set up recycling and exchange points for expired drugs and discarded medical devices on the spot. This event demonstrated both environmental and health significance, as well as corporate responsibility.



Case

LBX HRT Pharmacy's Public Welfare Action Named "Conveying Warmth in the Warm Winter · Jointly Keeping the Blue Sky Blue"

On November 23rd, 2025, LBX HRT Pharmacy, together with Linxia Medical Insurance Bureau and Beijing Scrianen Pharmaceutical, carried out public welfare donation activities in Qijia Village Party and Mass Service Center, donating 25 electric heaters and 25 electric blankets respectively to promote environmentally friendly and clean energy heating, which not only accommodated the villagers' heating needs in winter, but also reduced atmospheric pollution.



Appendix 1. Table of Responsibility Performance

Governance Performance

	Category	Unit	2025	2024
Operating Status	Operating income	RMB 100 million	222.37	223.58
	Net profit attributable to parent company	RMB 100 million	3.82	5.19
	Profit distribution (cash dividend) ¹	RMB 100 million	3.11	3.12
Corporate Governance	Annual general shareholders' meeting	times	2	4
	Board of Directors meeting	times	6	7
	Board of Supervisors meeting	times	3	6
	Investor communication activities	sessions	154	260
Compliance Operation	External third-party financial audit (including information security audit)	times	1	1
	Percentage of employees participating in anti-corruption and anti-bribery training	%	100	100
	The supervision and audit coverage of direct-sale stores	%	100	100
	Major cybersecurity incident	times	0	0
	Percentage of employees participating in information security training	%	100	100

Environmental Performance

	Category	Unit	2025	2024
Environmental Protection Input	Total investment in environmental protection	RMB 10,000	106.59	123.14
Consumption of Renewable Energy	Natural gas	m ³	132,950	130,852.33
	Petrol	litre	44,375.86	36,818.69
	Diesel	litre	284,220	284,295
	Purchased electricity	Kwh	125,775,233.08	150,388,141.71
	Total consumption of non-renewable energy	tons of standard coal	16,013.38	19,027.64

	Category	Unit	2025	2024
Consumption of Renewable Energy	Renewable energy electricity consumption	Mwh	3,636.46	2,076.46
	Renewable energy consumption	tons of standard coal	446.92	255.2
Total energy consumption	Total energy consumption	tons of standard coal	16,460.30	19,282.84
	Intensity of energy consumption	ton standard coal/ RMB million	0.74	0.86
Greenhouse Gas	Scope 1 greenhouse gas emissions	tCO ₂ e	1,006.49	985.32
	Scope 2 greenhouse gas emissions	tCO ₂ e	66,736.34	73,690.19
	Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO ₂ e	67,742.83	74,675.51
	Greenhouse gas emission intensity (Scope 1 + Scope 2)	tCO ₂ e/RMB million	3.05	3.34
Solid Waste	Total waste emissions	ton	847.12	808.97
	Total hazardous waste	ton	176.12	199.19
	Total non-hazardous wastes	ton	671	609.78
	Hazardous waste density	ton/RMB million	0.01	0.01
	Non-hazardous waste density	ton/RMB million	0.03	0.03
Waste Gas ²	Nitrogen oxides/NO _x	ton	0.32	0.29
Wastewater ³	Wastewater discharge	ton	13,842	12,687
	Chemical Oxygen Demand (COD) emissions in wastewater	ton	0.24	0.15
	Discharge of suspended solids (SS) in wastewater	ton	0.37	0.18
	Ammonia nitrogen discharge in wastewater	ton	0.09	0.08
Water resource	Freshwater consumption	ton	563,057.34	621,006.18
	Consumption intensity of water resources	ton/RMB million	25.32	27.78

Social Performance

	Category	Unit	2025	2024
Health Services	Total stores	/	14,975	15,277
	※ Dual-channel stores	/	317	329
	※ Stores with outpatient-specific disease categories and designated chronic diseases for outpatient care	/	1,725	1,728
	※ 24h stores	/	730	694
	Product SKU count	types	24,700+	25,800+
	Archived chronic disease members (cumulative)	10,000 people	2,289+	1,812+
	Customer satisfaction	%	99.7	99.1
Employee Profile	Total number of employees	person	36,892	40,132
	※ By gender			
	Female	person	33,212	35,825
	Male	person	3,680	4,307
	※ By age			
	30 and below	person	7,006	9,194
	30-50	person	26,722	27,884
	50+	person	3,164	3,054
	※ By education			
	Postgraduate and above	person	154	230
	Bachelor's Degree	person	6,598	6,369
	Associate Degree	person	16,165	16,217
	College and below	person	13,975	17,316
	※ By job level			
	Employees not in senior management	person	33,475	36,270
Grassroots management	person	2,932	3,291	
Middle management	person	397	467	
Senior management	person	88	104	
Diversified personnel	Number of female executives	person	230	269
	Proportion of female executives	%	47	47
	Number of female employees in key positions	person	610	542
	Ethnic personnel	person	3,667	3,850

	Category	Unit	2025	2024
Talent Development	Employee training participation rate	%	100	100
	Average learning hours per person ⁴	hours	181	245
	Employee promotion	person-times	4,159	2,649
Health and Safety	Major and more serious safety incident	times	0	0
Employee Care	Total amount of assistance from the "Multi-Million Hardship Assistance Fund"	RMB	1,823,780	1,555,852
Social Donations	Charitable and public welfare donations ⁵	RMB 10,000	1,346.35	314.23

Explanation:

1. Profit distribution (cash dividends): The 2025 figure includes both the interim dividends for 2025 and the 2025 proposal, which requires approval by the Company's shareholders' meeting.
2. Wastewater: Refers to the industrial wastewater discharged by the company's subsidiary, YST Pharma, during the production of traditional Chinese medicine.
3. Waste gas: Refers to the exhaust gas data from the boiler of the company's subsidiary, YST Pharma.
4. Average learning hours per person: Includes both online and offline training hours.
5. Charitable and public welfare donations: Includes various charitable donations conducted by LBX Pharmacy and its partners, with the amount being the total value of cash and materials.

Appendix 2. Table of Index to Standards

Usage Instructions: LBX Pharmacy has prepared this report in accordance with the Shanghai Stock Exchange Sustainability Reporting Guidelines and the GRI Standards (2021 edition) for the period from January 1 to December 31, 2025.

Table 1: Index of Shanghai Stock Exchange Sustainability Reporting Guidelines

Disclosure Content		Corresponding Section in the Report
Chapter 1	Article 4, Article 6	About This Report
	Article 5, Article 9, Article 10	Sustainability Management
Chapter 2	Article 11, Article 12	Sustainability Management
	Article 14	Environmental Compliance Management
Chapter 3	Article 21, Article 22, Article 24, Article 26, Article 27, Article 29, Article 30, Article 31, Article 32, Article 34, Article 35, Article 36, Article 37	Environmental Compliance Management, Use of Energies and Resources, Addressing Climate Change, Green Operations
	Article 33	During the reporting period, the company has not been subject to significant administrative penalties or criminal liabilities by relevant departments such as ecological environment authorities due to environmental incidents.
Chapter 4	Article 38, Article 39, Article 40	Responsible Citizens
	Article 42, Article 44, Article 45, Article 46, Article 47	Innovation-driven, Supply Chain Safety, Quality Control, Health Services During the reporting period, the balance of the Company's accounts payable (including notes payable) didn't exceed RMB 30 billion, or account for over 50% of the total assets.
	Article 48	Corporate Governance, Information Security and Customer Privacy Protection
	Article 49, Article 50	Employee Development
Chapter 5	Article 51	Sustainability Management, Corporate Governance
	Article 52	Sustainability Management, Innovation-driven, Supply Chain Safety
	Article 53	Sustainability Management
	Article 54	Corporate Governance, Quality Control
	Article 55, Article 56	Corporate Governance
Chapter 6	Article 57	Appendix 2

Table 2: Index of GRI Standards (2021 Edition)

GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
	GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
The organization and its reporting practices	GRI 2-1	Organizational details	About LBX Pharmacy
	GRI 2-2	Entities included in the organization's sustainability reporting	About LBX Pharmacy
	GRI 2-3	Reporting period, frequency and contact person	Preparation Instructions
Activities and workers	GRI 2-6	Activities, value chain and other business relationships	Innovation-driven, Supply Chain Safety
	GRI 2-7	Employees	Employee Development
Control	GRI 2-9	Governance structure and composition	Corporate Governance, Annual Report
	GRI 2-10	Nomination and selection of the highest governance body	Corporate Governance, Annual Report
	GRI 2-11	Chair of the highest governance body	Corporate Governance, Annual Report
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Management, Corporate Governance
	GRI 2-13	Delegation of responsibility for managing impacts	Sustainability Management
	GRI 2-14	Role of the highest governance body in sustainability reporting	Sustainability Management
	GRI 2-16	Communication of critical concerns	Sustainability Management
	GRI 2-17	Collective knowledge of the highest governance body	Sustainability Management, Corporate Governance, Annual Report
	GRI 2-18	Performance appraisal of the highest governance body	Sustainable Development Management, Annual Report
	GRI 2-19	Remuneration policy	Annual Report
GRI 2-20	Process to determine remuneration	Annual Report	
Strategy, policies and practices	GRI 2-22	Statement on sustainable development strategies	Words from the Chairman, Sustainability Management
	GRI 2-23	Policy commitments	Corporate Governance, Employee Development
	GRI 2-24	Integration of policy commitments	Corporate Governance, Innovation-driven
	GRI 2-25	Procedures for remediation of negative impacts	Corporate Governance
	GRI 2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance, Employee Development
	GRI 2-27	Compliance with laws and regulations	Appendix 3
	GRI 2-28	Membership associations	Innovation-driven
GRI 2-29	Approach to stakeholder engagement	Sustainability Management	

GRI 3: Material Issues 2021 2021

GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
GRI 3-1	Process to determine material topics	Sustainability Management
GRI 3-2	List of Substantive Issue	Sustainability Management
GRI 3-3	Management of Material Topics	Sustainability Management

Economy

	GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed	Data of 2025, Annual Report
	GRI 201-2	Financial impacts brought by climate change and other risks and opportunities	Addressing Climate Change, Environmental Compliance Management
	GRI 201-3	Defined benefit plan obligations and other retirement plans	Employee Development
GRI 203: Indirect Economic Impacts 2016	GRI 203-1	Infrastructure investments and services supported	Quality Control, Health Services, Responsible Citizens
	GRI 203-2	Significant indirect economic impacts	Innovation-driven, Responsible Citizens
GRI 205: Anti-corruption 2016	GRI 205-1	Operations assessed for corruption risks	Compliance Management
	GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance Management
GRI 206: Unfair competition practices 2016	206-1	Legal actions for unfair competition behavior, anti-trust, and anti-monopoly practices	Compliance Management
GRI 207: Tax 2019	GRI 207-1	Tax management approach	Compliance Management
	GRI 207-2	Tax governance, control, and risk management	Compliance Management, Annual Report
	GRI 207-3	Engagement with stakeholders and management of tax-related issues	Compliance Management

Environmental

	GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
GRI 301: Materials 2016	GRI 301-1	Materials used by weight or volume	Environmental Compliance Management, Green Operations
	GRI 301-2	Recycled feedstock used	Environmental Compliance Management, Green Operations
	GRI 301-3	Recycled products and their packaging materials	Environmental Compliance Management, Green Operations

	GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	Environmental Compliance Management, Use of Energies and Resources
	GRI 302-3	Energy intensity	Environmental Compliance Management, Use of Energies and Resources
	GRI 302-4	Reduction of energy consumption	Environmental Compliance Management, Use of Energies and Resources
	GRI 302-5	Reducing the energy demand of products and services	Environmental Compliance Management, Use of Energies and Resources
GRI 303: Water and Wastewater 2018	GRI 303-2	Management of water discharge-related impacts	Environmental Compliance Management, Use of Energies and Resources
	GRI 303-4	Water discharge	Environmental Compliance Management, Use of Energies and Resources
	GRI 303-5	Water consumption	Environmental Compliance Management, Use of Energies and Resources
GRI 305: Emissions 2016	GRI 305-1	Direct (scope 1) greenhouse gas emission	Use of Energies and Resources, Addressing Climate Change
	GRI 305-2	Energy indirect (scope 2) greenhouse gas emission	Use of Energies and Resources, Addressing Climate Change
	GRI 305-4	Greenhouse gas emission intensity	Use of Energies and Resources, Addressing Climate Change
	GRI 305-5	Reduction of GHG (greenhouse gas) emissions	Use of Energies and Resources, Addressing Climate Change
	GRI 305-7	Nitrogen oxides (NO x), sulfur oxides (SO x), and other significant air emissions	Use of Energies and Resources, Addressing Climate Change
GRI 306: Effluents and Waste 2020	GRI 306-1	Waste generation and significant impacts related to waste	Environmental Compliance Management, Green Operations
	GRI 306-2	Management of significant waste-related impacts	Environmental Compliance Management, Green Operations
	GRI 306-3	Waste diverted from disposal	Environmental Compliance Management, Green Operations
GRI 308 Supplier Environmental Assessment 2016	GRI 308-1	New suppliers screened using environmental criteria	Supply Chain Safety, Green Operations
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Safety, Green Operations

Social			
	GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
GRI 401: Employment 2016	GRI 401-1	Recruitment rate of new employees and employee turnover rate	Employee Development
	GRI 401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Employee Development
	GRI 401-3	Parental leave	Employee Development
GRI 402: Labor/Management Relations 2016	GRI 402-1	Minimum notice period for operational changes	Employee Development

	GRI Standard Disclosure Item Number	Disclosure Content	Corresponding Section in the Report
GRI 403: Occupational Health and Safety 2018	GRI 403-1	Occupational health and safety management system	Employee Development
	GRI 403-3	Occupational health services	Employee Development
	GRI 403-4	Occupational health and safety issues: worker participation, consultation, and communication	Employee Development
	GRI 403-5	Worker training on occupational health and safety	Employee Development
	GRI 403-6	Promotion of worker health	Employee Development
	GRI 403-8	Workers covered by an occupational health and safety management system	Employee Development
	GRI 403-9	Work-related injuries	Employee Development
GRI 404: Training and Education 2016	GRI 404-1	Average hours of training per year per employee	Employee Development
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development
	GRI 404-3	Percentage of employees who regularly undergo performance and career development assessments	Employee Development
GRI 405: Diversity and Equal Opportunity 2016	GRI 405-1	Diversity of governance bodies and employees	Employee Development
GRI 406: Anti-Discrimination 2016	GRI 406-1	Discrimination incidents and corrective actions taken	Employee Development
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 407-1	Operational points and suppliers at risk of violating freedom of association and collective bargaining rights	Employee Development
GRI 408: Child Labor 2016	GRI 408-1	Operations and suppliers at significant risk of child labor incidents	During the reporting period, LBX Pharmacy had no operations or suppliers at significant risk of child labor incidents.
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	During the reporting period, LBX Pharmacy had no operations or suppliers at significant risk of forced or compulsory labor incidents.
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Responsible Citizens
GRI 414: Supplier Social Assessment 2016	GRI 414-1	New suppliers that were screened using social criteria	Supply Chain Safety
	GRI 414-2	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Safety
GRI 416: Customer Health and Safety 2016	GRI 416-1	Assessment of the health and safety impacts of product and service categories	Quality Control, Health Services
GRI 417: Marketing and Labeling 2016	GRI 417-1	Requirements for product and service information and labeling	Compliance Operation, Quality Control, Health Services
GRI 418: Customer Privacy 2016	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the reporting period, LBX Pharmacy received no verified complaints involving the infringement of customer privacy or the loss of customer information.

Appendix 3. List of Laws and Regulations

Report Section	Compliance with Laws and Regulations	Internal Policies and Systems of the Company	
Governance	Criminal Law of the People's Republic of China	Articles of Association	Integrity Management System
	Criminal Procedure Law of the People's Republic of China	Rules of Procedure for the Shareholders' Meeting	Inspection and Audit Work Manual
	Civil Code of the People's Republic of China	Rules of Procedure for the Board of Directors	Internal Control Manual
	Company Law of the People's Republic of China	Constitution for the Comprehensive Risk Management Comprehensive Risk Management Yellow Book	Whistleblowing and Complaint Management Measures
	Interim Provisions on Banning Commercial Bribery	Group's Legal Affairs Management System	LBX Pharmacy "Blacklist" Management Measures
	Supervision Law of the People's Republic of China	Group System Management Norms	Measures for Combating Unfair Competition
	Labor Law of the People's Republic of China	Group Process Management Norms	Group Data Security Management System
	Law of the People's Republic of China on Public Security Administration Penalties	Group Risk Compliance Baseline Management Norms	Group Information System Security Emergency Response Management System
	Anti-Monopoly Law of the People's Republic of China	Group's Public Opinion Crisis Management System	Group Information System Authority Management System
	Anti-Unfair Competition Law of the People's Republic of China	Group and Theater of Operations Authority Manual	Group Information Security Vulnerability Management System
	Data Security Law of the People's Republic of China	Intellectual Property Management System	
	Cybersecurity Law of the People's Republic of China	Group Confidentiality Management System	
	Patent Law of the People's Republic of China		
	Trademark Law of the People's Republic of China		
	Social	Pharmaceutical Administration Law of the People's Republic of China	Member Data Management System
Good Supply Practice for Pharmaceutical Products		Medical Insurance Management System Compilation	Customer Complaint Management System
Supervision and Administration Measures for the Quality of Pharmaceutical Operation and Use		Quality Management System	Membership Management System
Supervision and Administration Measures for the Online Sale of Pharmaceuticals		Pharmaceutical Procurement Management System	Group Product Price Compliance Management System
Regulations on the Supervision and Administration of Medical Devices		Pharmaceutical Quality Acceptance Management System	Self-Media Platform Content Publishing Management System
Good Supply Practice for Medical Device Operation		Pharmaceutical Expiry Management System	Supplier Inspection Work Procedures
Regulations on the Supervision and Administration of Cosmetics		Pharmaceutical Transportation Management System	Supplier Quality Review Criteria
Food Safety Law of the People's Republic of China		Pharmaceutical Sales Management System	Product Procurement Contract Management System
Product Quality Law of the People's Republic of China		Pharmaceutical Recall Management System	Group Non-Product Bidding and Procurement System
Law of the People's Republic of China on the Protection of Consumer Rights and Interests		Quality Complaint Management System	Group Blacklist Supplier Management System
Price Law of the People's Republic of China		Measures for the Administration of Adverse Drug Reaction Reporting and Monitoring	Administrative Measures for Combating Unfair Competition
Advertising Law of the People's Republic of China		Nonconforming Pharmaceuticals and Destruction Procedures	
Anti-Monopoly Law of the People's Republic of China		Operational Fundamentals Execution Standards	

Report Section	Compliance with Laws and Regulations	Internal Policies and Systems of the Company
<p>Social</p>	<p>Anti-Unfair Competition Law of the People's Republic of China Bidding and Tendering Law of the People's Republic of China Trade Union Law of the People's Republic of China Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Fire Control Law of the People's Republic of China Law of the People's Republic of China on Work Safety Law of the People's Republic of China on Emergency Response to Sudden Incidents Road Traffic Safety Law of the People's Republic of China Measures for the Administration of Emergency Response Plans for Production Safety Accidents Law of the People's Republic of China on Special Equipment Safety Regulations on Emergency Response to Production Safety Accidents Regulations on Reporting, Investigation, and Handling of Production Safety Accidents Regulations on Work-related Injury Insurance Charity Law of the People's Republic of China</p>	<p>Group Trade Union Work Management Measures Employee Representative Assembly Management Measures Group Labor Relations Management System Group Employment Management System Group's Recruitment Management Regulations Group Training Management System Group Performance Assessment Management System Group Internal Talent Mobility Management Regulations Group Internal Promotion Management System Group's Management Regulations for Salaries, Benefits, Trade Union Fees and Supplier Resources Group Satisfaction Plan Group's Administrative Measures for the Multi-Million Hardship Assistance Fund Management Regulations on Preventing Sexual Harassment in the Workplace Work Safety Management System Fire Safety Management System Group Logistics Safety Accident Management System Warehouse Fire Emergency Response Plan Work Safety Hidden Danger Investigation and Rectification System Outward Donation Management System</p>
<p>Environmental</p>	<p>Environmental Protection Law of the People's Republic of China Solid Waste Pollution Environmental Prevention and Control Law of the People's Republic of China National Catalogue of Hazardous Wastes Water Pollution Prevention and Control Law of the People's Republic of China Air Pollution Prevention and Control Law of the People's Republic of China Soil Pollution Prevention and Control Law of the People's Republic of China Environmental Noise Pollution Prevention and Control Law of the People's Republic of China Energy Conservation Law of the People's Republic of China Water Law of the People's Republic of China Regulations on the Administration of Waste Discharge Permit</p>	<p>Group's Operation Management System for Realizable Waste Regulations on the Management of Hazardous Waste Sites Hazardous Waste Management System Environmental Sanitation Management System Wastewater Treatment Center Management System Energy Conservation and Consumption Reduction Operation Manual SOP for Standard Use of Water and Electricity in Stores Office Environment Management System</p>



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