



ZHONGHONG MEDICAL
STOCK CODE: 300981

2024 Zhonghong Pulin Medical Products Co., Ltd. Sustainability (ESG) Report



About This Report

This is the third Sustainability (ESG) / Social Responsibility Report disclosed by Zhonghong Pulin Medical Products Co., Ltd. Based on the principles of standardization, transparency, objectivity, and comprehensiveness, this report aims to demonstrate Zhonghong Medical's performance and achievements in corporate governance, environmental protection, and social welfare to our stakeholders. We seek to enhance public understanding of our company's sustainability commitments and practices, while continuously driving our improvement in ESG performance.

◉ Preparation Basis

This report is prepared in accordance with the *No. 2 Guidelines on Self-regulation of Listed Companies on Shenzhen Stock Exchange - Standardized Operation of Listed Companies on the ChiNext Board*, the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)* and the *Guidelines No. 3 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies on the ChiNext Board—Preparation of Sustainability Report*, and with reference to the *UN Sustainable Development Goals (SDGs)*, *GRI Sustainability Reporting Standards (GRI Standards)* issued by Global Sustainability Standards Board (GSSB) and other relevant standards. It also draws on the ESG topics required by Wind ESG rating.

◉ Reporting Scope

Unless otherwise specified, the information contained herein is ranged between January 1, 2024 to December 31, 2024. For some information beyond the above time frame, the report may date back to previous years or refer to later years. This report contains information on Zhonghong Pulin Medical Products Co., Ltd. and its subsidiaries and branches.

◉ Data Source

Unless otherwise specified, the data contained herein are from the internal materials, investigation and interview records, and other relevant documents of the Company. The Board of Directors of the Company is responsible for the authenticity, accuracy and completeness of the report and assures that the report is free of misrepresentations or misleading statements. The currency used in this report is Chinese RMB, unless otherwise specified.

◉ Name Abbreviations

For better expression and readability, "Zhonghong Pulin Medical Products Co., Ltd." in this report is referred to as "Zhonghong Medical", "the Company" or "we/our". Subsidiaries involved in this report are:

"Jiangxi Kelun Medical Devices Manufacturing Co., Ltd.", referred to as "Kelun Medical Devices";

"Jiangxi Zhonghong Pulin Medical Products Co., Ltd.", referred to as "Jiangxi Zhonghong";

"Guilin HBM Health Protections, Inc." referred to as "Guilin HBM";

"Shenzhen MedRena Biotech Co., Ltd." referred to as "MedRena".

Branches involved in this report are:

"Tangshan No.1 Branch of Zhonghong Pulin Medical Products Co., Ltd.", referred to as "the First Tangshan Branch";

"Tangshan No.2 Branch of Zhonghong Pulin Medical Products Co., Ltd.", referred to as "the Second Tangshan Branch";

"Tangshan No.3 Branch of Zhonghong Pulin Medical Products Co., Ltd.", referred to as "the Third Tangshan Branch";

"Tangshan No.5 Branch of Zhonghong Pulin Medical Products Co., Ltd.", referred to as "the Fifth Tangshan Branch";

"Tangshan No.6 Branch of Zhonghong Pulin Medical Products Co., Ltd.", referred to as "the Sixth Tangshan Branch";

"Tangshan Color Printing and Packaging Branch of Zhonghong Pulin Medical Products Co., Ltd.", referred to as the "Color Printing and Packaging Branch".

◉ Report Access

You can download the Chinese and English versions of this report from our official website (www.zhonghongmedical.com). In case of discrepancies, the Chinese version shall prevail.

◉ Feedback

Please scan the QR code to leave your feedback.





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Message from the Chairman



We sail forward and embark on a new journey bravely.

The year 2024 marked the 75th anniversary of the People's Republic of China and a pivotal year for achieving the goals outlined in China's 14th Five-Year Plan (2021-2025). Under our corporate mission of "fulfilling the dream of growth for a healthy life", Zhonghong Medical serves the Healthy China strategy and embraces opportunities presented by new quality productive forces. We also accelerate sci-tech self-reliance and self-strengthening at higher levels and drive digital transformation. Answering the call of our times, we fulfill social responsibilities and steer the Company toward high-quality development with sound ESG performance.

We make steady advances in business expansion.

In 2024, committed to our go-global strategy, we strengthened our presence in overseas markets. Our export business witnessed steady growth, with the number of overseas clients increasing by nearly 10% year over year and our products sold to over 80 countries and regions. To explore the "second growth curve", we invested in Wismed Intelligent Technology (Beijing) Co., Ltd., ushering in a new era of digital vital sign management and injecting fresh momentum into our long-term development.

We pursue green development by practicing low-carbon principles.

In 2024, guided by China's 30·60 Decarbonization Goal, we were devoted to a green and low-carbon development path. To address the risks and opportunities posed by climate change, we optimized production processes, enhanced energy efficiency, and reduced pollution and greenhouse gas emissions. We also accelerated our transition toward green production and operations, built "green factories" and "zero-waste factories," and fostered a green workplace. These efforts contributed to the harmony between people and nature.

We make an intensive effort to set a benchmark.

In 2024, our three business segments progressed in synergy. Leveraging our high-quality products and services, we established long-term partnerships with more than 3,000 hospitals. With our excellent strength and industry influence, we have been listed as one of China's top 50 medical device companies for three consecutive years, and we have made it to the "Top 500 Most Valuable Chinese Brands" ranking. We have received 23 prestigious industry awards, contributing our strength to product R&D, healthcare accessibility, and philanthropy.

Looking ahead, Zhonghong Medical will leverage the leading role of innovation and take concrete actions to embed sustainability into every aspect of our operations, advance ESG practices, and unite behind the goal of "becoming the future-leading smart Zhonghong Medical and a trustworthy century-old enterprise," composing a new chapter of corporate responsibility.

Arduous as the journey may be, we will always forge ahead.

Sang Shujun, Chairman

About Zhonghong Medical



► Our History

► Company Profile

Zhonghong Pulin Medical Products Co., Ltd. ("Zhonghong Medical"), founded in 2010, is a core member of Xiamen ITG Holding Group Co., Ltd. (one of Fortune Global 500 companies). Focusing on the healthcare industry, Zhonghong Medical is engaged in the research and development, production and sales of high-quality disposable health protection products, medical sterile equipment, comprehensive life support solutions and other medical consumables and equipment. During the reporting period, we had three major business divisions, i.e, Health Protection, Safe Infusion, and Innovative Incubation, and five production bases in Tangshan in Hebei, Jiujiang in Jiangxi, Yichun in Jiangxi, Guilin in Guangxi, Shenzhen in Guangdong. Our overseas bases are under preparation. We have a R&D system formed by Tangshan Research Institute, Shanghai Research Institute (to be built), Yichun Research Institute, Shenzhen Research Institute, Guilin Research Institute and Hainan Subsidiary. The Company is a national high-tech enterprise, one of the Top 500 Most Valuable Chinese Brands, among the top 50 listed medical equipment companies in China, and is selected among the "the world-class specialized and sophisticated model enterprises". Guilin HBM is selected as a national specialized and innovative "little giant" enterprise.

2010-2014

- Our company was founded.
- We undertook the glove assets and businesses of Tangshan Zhonghong Pulin Group Co., Ltd., including the First Tangshan Branch, the Second Tangshan Branch, the Third Tangshan Branch, the Fifth Tangshan Branch, as well as Tangshan Color Printing Packaging Branch.

2015-2020

- The Sixth Tangshan Branch was established, and the first workshop started construction.
- The Company was renamed as Zhonghong Pulin Medical Products Co., Ltd.
- The United Medical Inc was established.
- Jiangxi Zhonghong Pulin Medical Products Co., Ltd. was established.
- The first phase project of Jiangxi Subsidiary was started, and the second phase project of the Sixth Tangshan Branch was put into operation.
- Continental Medical B.V. was established.
- The Company started the IPO declaration.
- The Company started construction of Jiangxi Base Phase II.

2021

- Zhonghong Pulin Medical Products Co., Ltd. was listed on the ChiNext Board of Shenzhen Stock Exchange (SZSE).



2024

- We held hold equity of Wismed Intelligent Technology (Beijing) Co., Ltd and work to establish a long-term and comprehensive strategic partnership with it.



2023

- The Company acquired Guilin HBM Health Protections, Inc., to develop latex gloves and condom products.
- The Company acquired Shenzhen MedRena Biotech Co., Ltd.
- The Company established Beijing Zhonghong Pulin Reproductive Medical Technology Co., Ltd.




2022

- The Company acquired Jiangxi Kelun Medical Devices Manufacturing Co., Ltd., to expand its business of safe infusion.
- Zhonghong Medical Supplies (Hainan) Co., Ltd. (Hainan Subsidiary) was established as a medical transformation and R&D platform.



► Corporate Culture

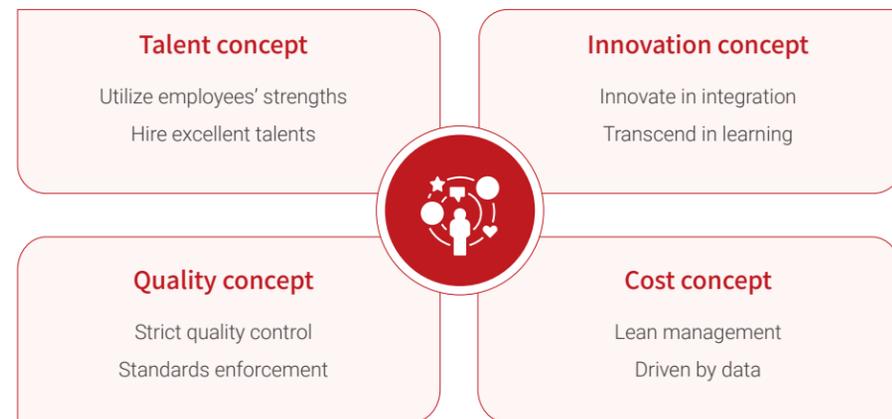
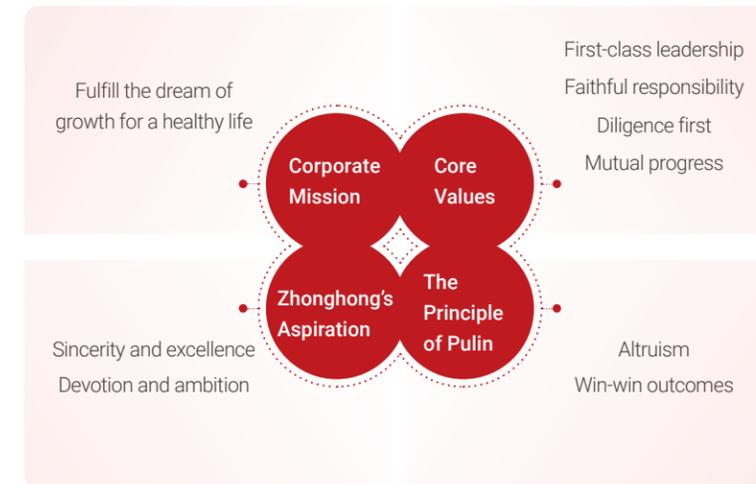
Delving into healthcare industry, Zhonghong Medical is committed to becoming a digital modern enterprise benefiting all stakeholders and leading the industry's future development. We strive to become a healthy and sustainable century-old enterprise that is trusted by customers, employees, partners, shareholders and the society. Guided by the corporate mission, the Company builds a career platform to fulfill employees' dreams of career development and personal growth. We provide the first-class products and services to help the customers create a healthy and quality life. We also operate for good, contributing to the healthy and sustainable development of a better society and creating values for stakeholders constantly.



▶▶▶▶
Becoming the future leading smart enterprise

◀◀◀◀
Become a trustworthy century-old enterprise

- ◉ We strive to build the industry's first-class digital and intelligent management system and operation platform, which will greatly enhance our competitiveness and operational efficiency;
- ◉ After building an industry-leading R&D system across the country, our products and technological innovations will become stronger. With improved innovation sense and ability, we will continue to lead the market and the industry development;
- ◉ Putting people first and going beyond profitability, we are dedicated to creating a positive and sincere energy field of Zhonghong Medical to benefit all stakeholders;
- ◉ We uphold the principle that 'a rising tide lifts all boats,' committed to enabling millions of Zhonghong families to achieve progressive prosperity—from basic sustenance to comfortable living, and ultimately to premium quality of life.
- ◉ Being integrity-oriented, we strive to build long-term mutually beneficial partnerships with stakeholders, and establish deep emotional connections with customers;
- ◉ We will forge a dynamic staff team with top-notch professional competence, build a sound internal training system and talent echelon, and become the preferred development platform for excellent talents;
- ◉ We work to establish an institutional mechanism with Zhonghong characteristics to enhance the risk resistance capacity;
- ◉ Adhering to long-termism, we will steadily realize the long-term goals, expand the scale and efficiency, improve the brand and status, and become an industry-leading and sustainable century-old enterprise.



Honors

Zhonghong Medical

- 2024 Best Listed Company Board Practice
—China Association for Public Companies—
- 2024 Guangzhou High-End Medical Device Exhibition's "Special Advisory Unit"
Professional Committee on Innovation Services, China Association for Medical Devices Industry
- 2024 Top 10 Innovative Biotech Company
—Golden Cane Award—
- 2024 CLS Zhiyuan Award – ESG Pioneer Award
—CLS—
- Top 500 Most Valuable Chinese Brands
—The Evaluation Center of Brand Union (Beijing) Consulting Co., Ltd.—
- 2024 Listed Company ESG Value Communication Award
—Shenzhen Value Online Information Technology Co., Ltd—
- Excellent Enterprise in Digital and Intelligent Applications
—Kingdee CIO Achievement Program—
- GoldenBee Excellent Corporate Sustainability Report
2024 Customer Information Disclosure Award
—GoldenBee ThinkTank—
- Hebei Province Manufacturing Single-item Champion Enterprise
—Hebei Provincial Department of Industry and Information Technology—
- 2024 Outstanding Listed Company Board Office Practice
—China Association for Public Companies—
- The sixth place in the "ESG TOP 20 A-Shares Listed Medical Device Companies"
—ESG Task Force, China Association for Medical Devices Industry—
- Top 100 Enterprise in China's Rubber Industry
—China Rubber Industry Association—
- Top 50 Medical Device Companies by Revenue
—Qinshan Pharmaceutical Forum Organizing Committee—
- 2024 Chinese Enterprise ESG Practice Observation Report Outstanding Social Management Practice (S) Case
—China Times—
- 2nd Guoxin Cup ESG Golden Bull Award Top 20 in Governance
—China Securities Journal—

Guilin HBM

- 2024 Quality Benchmark Best Practice
—China Association for Quality—
- Guangxi Smart Factory Model Enterprise
Department of Industry and Information Technology of Guangxi Zhuang Autonomous Region
- Yongfu County 2023 Industrial Vitalization Tax Contribution Award
—CPC Yongfu County Committee & Yongfu County Government—
- Specialized and sophisticated SME in Guangxi Zhuang Autonomous Region
Department of Industry and Information Technology of Guangxi Zhuang Autonomous Region
- Waste-Free Factory in Guilin
—Guilin Bureau of Industry and Information Technology—
- Yongfu County 2023 Industrial Vitalization Employment Encouragement Award
—CPC Yongfu County Committee & Yongfu County Government—

MedRena

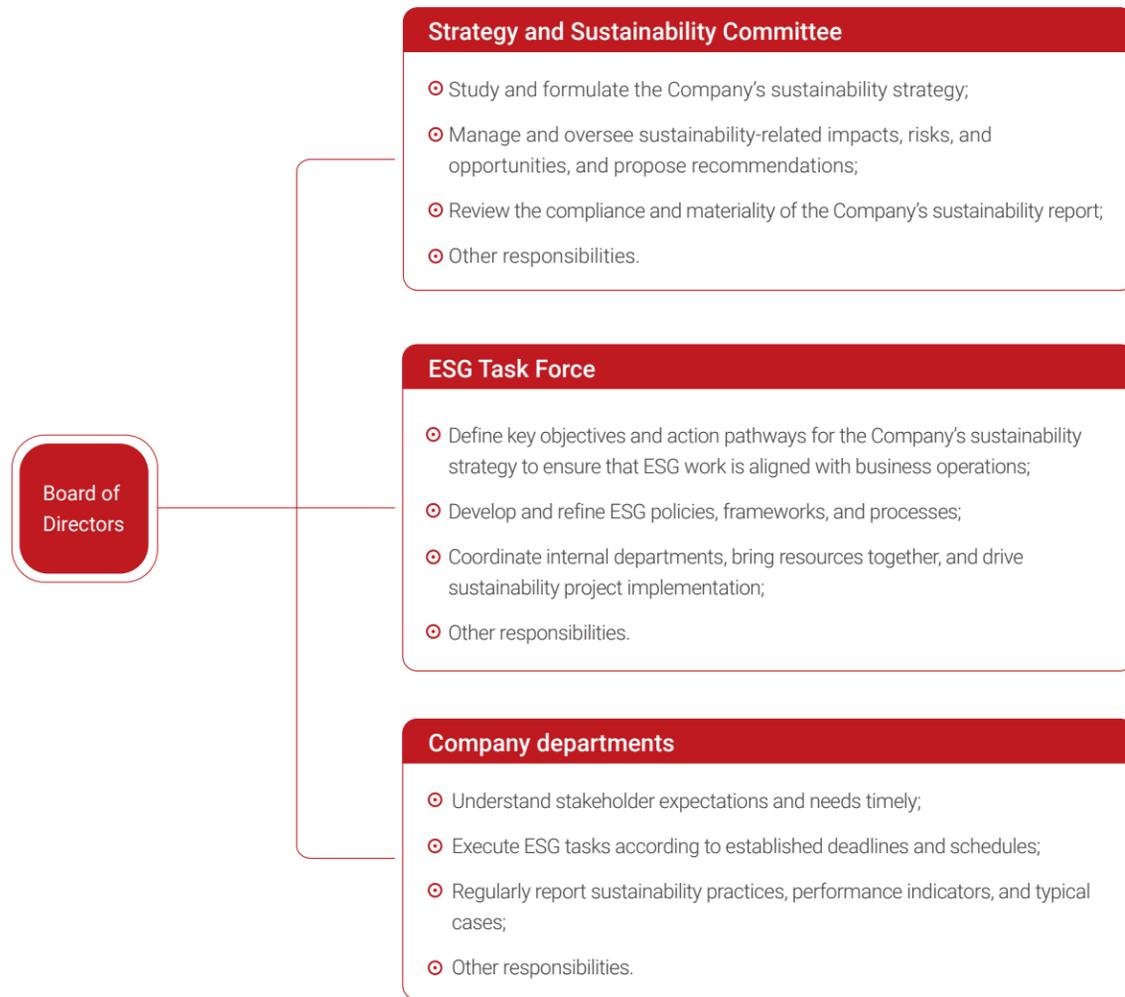
- Specialized and sophisticated SME
—Service Bureau for Small and Medium-Sized Enterprises—
- Innovative SME
—Service Bureau for Small and Medium-Sized Enterprises—
- High-Tech Enterprise
—Shenzhen Science and Technology Innovation Commission—
- 2023 AAA Integrity Enterprise of Shenzhen Pingshan District
—Pingshan District Social Credit System Building and Coordination Office—
- 2024 Top 100 Specialized and Sophisticated Enterprise in Greater Bay Area
—Organizing Committee of the Greater Bay Area Innovation Festival & Shenzhen-Hong Kong-Macao Innovation Conference—
- Title of "National Brand & Domestic Excellence"
—Haopin Youxiang (Beijing) Information Management Service Center—
—China Industry News National Brand Research Center—

Sustainability Management

Under our corporate mission of "fulfilling the dream of growth for a healthy life," Zhonghong Medical embeds sustainability principles into the Company's development strategy and daily operations. We continue to enhance our sustainability management framework, optimize sustainability disclosure mechanisms, and maintain communication with stakeholders to drive high-quality growth while balancing environmental, social, and economic benefits.

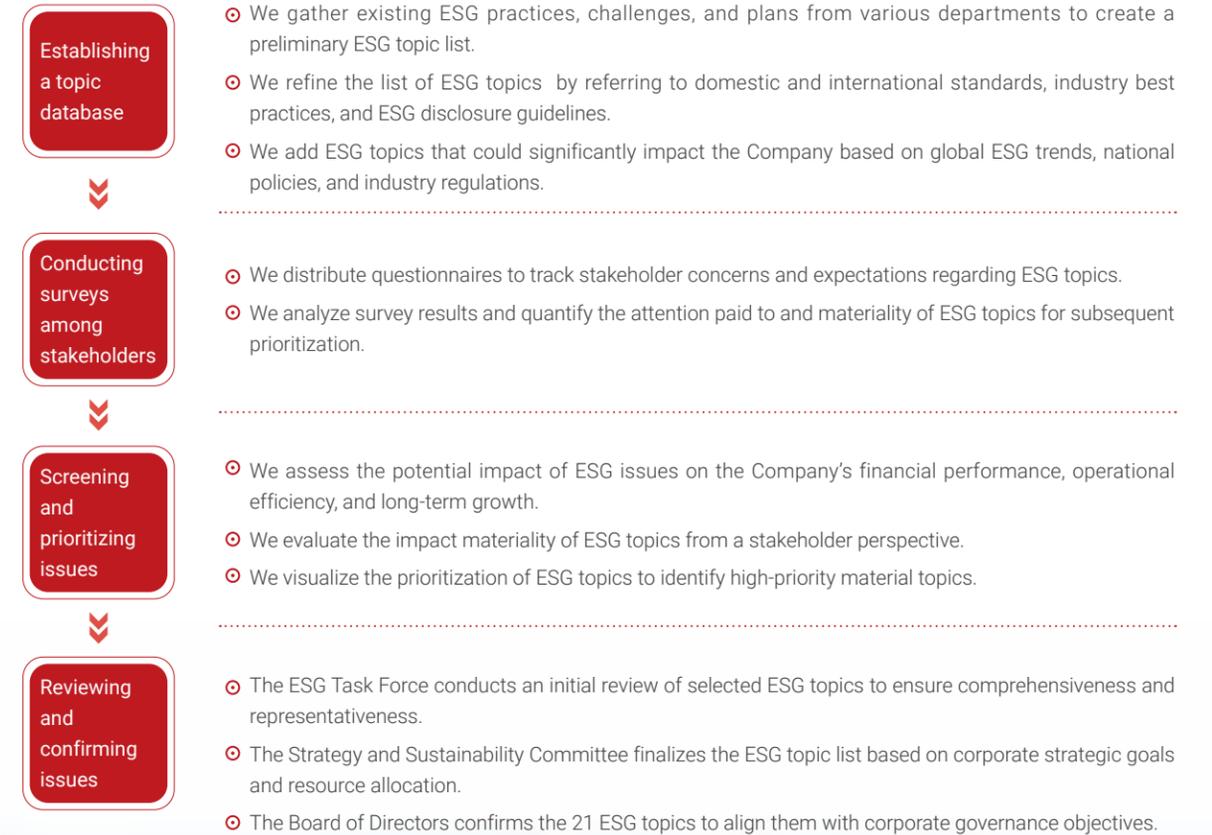
► Sustainability Management Structure

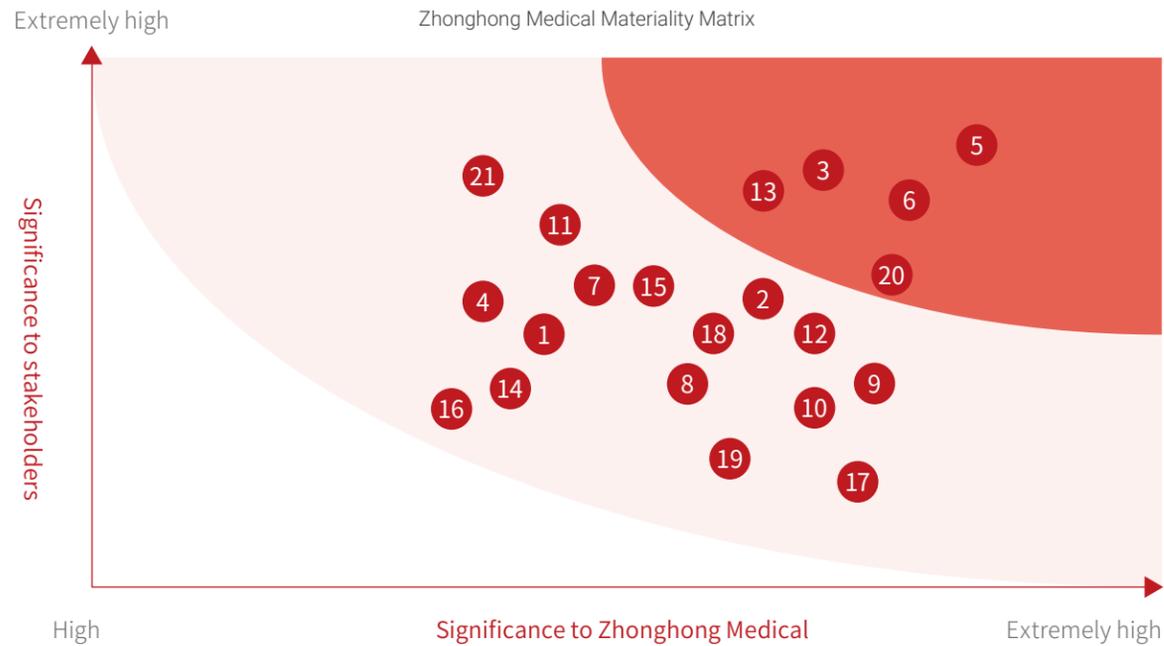
Given our strategic needs, Zhonghong Medical has refined the sustainability framework centering around the Board of Directors. We have established a three-tier structure—decision-making, management, and execution—designating the Board as the highest decision-making body for ESG matters. The Strategy and Sustainability Committee sits under the Board and a cross-departmental ESG Task Force is established to ensure that sustainability principles are integrated into R&D, production, and operations through a top-down collaborative mechanism.



► Materiality Assessment

Zhonghong Medical conducts regular materiality assessments to identify ESG topics of stakeholder concern. In 2024, based on the Company's database of ESG topics, we conducted stakeholder surveys through questionnaires to identify, evaluate, screen, and prioritize ESG topics. Eventually, the 2024 materiality matrix was finalized, which serves as the foundation for this report.





- 1 Climate change and carbon emissions
- 2 Use of resources
- 3 Waste and pollutant discharge
- 4 Green office
- 5 Product quality and safety
- 6 Research, technology, and innovation
- 7 Healthcare accessibility
- 8 Data security and privacy protection
- 9 Responsible marketing
- 10 High-quality customer service
- 11 Equal employment and protection of rights and interests
- 12 Employee training and development
- 13 Occupational health and safety
- 14 Employee care
- 15 Industry development
- 16 Support for community-based charity
- 17 Corporate governance
- 18 Investor relations management
- 19 Business compliance
- 20 Business ethics and anti-corruption
- 21 Building a responsible supply chain

► Stakeholder Communication

Zhonghong Medical upholds an open, transparent, and responsible approach to realizing extensive stakeholder communication. Through structured engagement mechanisms and diverse interaction methods, the Company listens to stakeholder expectations and ensures targeted responses to various concerns. During the reporting period, the Company identified seven key stakeholder groups: government and regulators, shareholders and investors, customers, employees, suppliers and partners, environment, and communities.

Stakeholders	Expectations and appeals	Ways of engagement
Government and regulators	<ul style="list-style-type: none"> ○ Compliance with laws and regulations ○ Response to national strategies ○ Standardized corporate governance ○ Anti-corruption and integrity 	<ul style="list-style-type: none"> ○ Implementation of regulatory policy guidelines ○ Participation in survey and visits ○ Daily supervision and reporting ○ Information disclosure
Shareholders and investors	<ul style="list-style-type: none"> ○ Stable business performance ○ Sound corporate governance ○ Transparent information disclosure ○ Comprehensive risk management ○ Protection of stakeholder rights and interests 	<ul style="list-style-type: none"> ○ General meeting of shareholders ○ Periodic reports and information bulletins ○ Investor surveys and communication meetings ○ Roadshows and reverse roadshows ○ Online communication platforms
Customers	<ul style="list-style-type: none"> ○ Responsible marketing ○ Protection of customer rights and interests ○ Improvement of service quality ○ Unblocked service channels ○ R&D of innovative products 	<ul style="list-style-type: none"> ○ Responsible marketing system documents ○ Customer complaint handling ○ Product presentation ○ Customer discussion and return visits ○ Official website, official WeChat account, APP and other communication platforms
Employees	<ul style="list-style-type: none"> ○ Protection of employee rights and interests ○ Promotion of employee growth ○ Occupational health and safety ○ Compensation and benefits ○ Inclusion and diversity 	<ul style="list-style-type: none"> ○ Labor union ○ Employee seminars ○ Internal training system ○ Performance and compensation management system ○ Labor union's cultural and caring activities
Suppliers and partners	<ul style="list-style-type: none"> ○ Consultation on an equal footing ○ Honesty and integrity ○ Complementary advantages ○ Mutual benefits 	<ul style="list-style-type: none"> ○ Exchange and visits ○ Seminars ○ Signing of agreements ○ Industry research
Environment	<ul style="list-style-type: none"> ○ Energy saving and emission reduction ○ Green manufacturing ○ Green operation ○ Green supply chains 	<ul style="list-style-type: none"> ○ Implementation of energy saving and emission reduction policies ○ Environmental data collection and disclosure ○ Digital energy management platform ○ Eco-friendly charity activities
Communities	<ul style="list-style-type: none"> ○ Sudden disaster and accident response ○ Devotion to public welfare ○ Response to social concerns 	<ul style="list-style-type: none"> ○ Emergency response training ○ National thematic public welfare activities ○ Charity fund

CSR Feature

Leading the Digital and Intelligent Medical Care Through Innovation-Driven Development

Upholding the innovation concept of "innovate in integration and transcend in learning", Zhonghong Medical launches high-performance and targeted medical products to satisfy the diversified needs of the market. Meanwhile, the Company leverages digital technologies to realize product R&D upgrade and has developed high-quality and innovative medical consumables and equipment. Our intelligent upgrading of medical products facilitate our transition to a leading innovative intelligent and inclusive medical solution provider in the industry.

Orienting Product R&D to Medical Frontier

Zhonghong Medical has established an all-round R&D innovation management system encompassing the *Reward Measures for R&D Achievements* and the *New Product Development Management Measures*, etc., which standardizes the R&D process and improves R&D efficiency at the institutional level. Each year, the Company invests heavily in building innovation platforms, introducing R&D personnel, and transforming scientific and technological achievements. Close partnerships are also established with several universities and research institutions to ensure the Company's leading position in technology.

In 2024

- RMB **98.3142** million R&D investment
- **516** R&D personnel

Technological breakthroughs

Zhonghong Medical

Zhonghong Medical has developed a way to test the total migration of food-contact nitrile gloves. Through optimization and adjustment of raw materials, formulas, and production processes, significantly reducing the total migration of nitrile gloves to meet food contact requirements.

Guilin HBM

Guilin HBM proposed the technical requirements for "Six-Protection" nuclear radiation protection gloves and conducted a one-year scientific research with the joint R&D team from Guilin University of Technology. Benchmarking the structure and performance of advanced enterprises' anti-radiation gloves, Guilin HBM developed key material systems and forming processes for multi-layer nuclear radiation protection gloves with a chemical protection layer, a white warning layer, a nuclear radiation protection layer, and a wearing inner layer.

MedRena

In response to the clinical needs of products such as nutrition pumps, syringe pumps, infusion pumps, infusion information collectors, and pumps for pets, MedRena conducted technical transformation and upgrading by optimizing product functions, structural design, and appearance, after clinical application training and product performance tests.

Innovation-led changes

Medispo nuclear grade protective gloves

After years of scientific research, Medispo successfully developed nuclear grade protective glovebox gloves, including long-life, high-performance and long-arm nuclear protection gloves, long-life and high-performance chloroprene rubber glovebox gloves, long-life and high-performance butyl rubber glovebox gloves, long-life and high-performance nitrile rubber glovebox gloves, and natural latex glovebox gloves. The outstanding performance of the long-life, high-performance and long-arm nuclear protection gloves can be used to handle harsh conditions such as heavy oil, strong acids, and strong alkalis in extreme nuclear radiation environments. It can also meet operational needs in different conditions, making it the first of its kind in China.



Medispo indicator surgical glove

The unique dual color configuration provides double peace of mind and greatly reduces the perforation rate of gloves. At the same time, utilizing the negative pressure principle of double-layer gloves, once the outer layer leaks, it will quickly develop and improve the recognition rate after perforation. It is applicable to high-risk operations such as AIDS and hepatitis, effectively reducing the risk of occupational exposure, indicator surgical glove provide a dual safety guarantee for surgeons, building a new protective defense for surgical safety.



Intelligent infusion pump

The pump uses advanced algorithms and sensor technology to realize precise control and real-time monitoring of infusion speed; it supports several infusion modes to meet the treatment needs of different patients; it also has a powerful data logger to back up clinical decision-making.

Precise syringe pump

The pump supports multiple injectable drugs and dose settings to ensure precise drug injection; its intelligent alarm system can promptly alert users of any abnormality to guarantee the safety of patients.

Digital body temperature management solution

Based on the clinical needs of the perioperative period and the requirements of anesthesia quality control management, a digital body temperature management solution is developed, mainly consisting of a wireless temperature sensor, an active warming system, and digital quality control software. The combination of the wireless temperature measurement sensor and the active warming system achieves closed-loop management of temperature measurement and warming, while also digitizing temperature data across the whole perioperative period.



Guilin HBM cultivates innovative talents

Case

In January 2024, Guilin HBM's "Li Jingfeng Innovation Studio for Model Workers and Craftsmen Talents" was selected into the list of 2023 Guilin Innovation Studios for Model Workers and Craftsmen Talents. As a fertile ground for innovative talent cultivation, the innovation studio has solved many technical challenges by leveraging its outstanding innovation capabilities and profound technical expertise. It trains talents for the sustainable development of the health industry.



Empowering Corporate Transformation through Digital and Intelligent Upgrading

Zhonghong Medical actively responds to the national intelligent manufacturing strategy and keeps increasing investment in digital transformation. We build advanced digital factories and introduce intelligent production equipment and management systems to achieve automated production and intelligent monitoring. We fully utilize digital technologies to improve efficiency and precision while reducing costs and risks in processes ranging from raw material procurement, product production and quality inspection to packaging and transportation, advancing with big strides on the path to digitization.

Zhonghong Medical wins "Excellent Enterprise of Digital and Intelligent Application" award

Case

In September 2024, Zhonghong Medical won the "Excellent Enterprise of Digital and Intelligent Application" award in the Kingdee CIO Achievement Program. Zhonghong Medical has successfully optimized the entire business process through a series of innovative solutions, making the then complicated work processes smoother and more efficient. Production processes that used to require a significant amount of time and manpower can now be done quickly and accurately, which greatly improves production efficiency and competitiveness while providing valuable insights and new ideas for the overall development of the medical supplies industry.



Guilin HBM, a leader of intelligent manufacturing

Case

In October 2024, Guilin HBM's excellent project of "Guilin HBM Discrete Intelligent Factory" was included in the list of 2024 Guangxi Intelligent Factory Demonstration Enterprises. The project has achieved highly automated, digitized, and intelligent production processes by introducing advanced intelligent manufacturing technologies and management philosophies. It has built a unique intelligent manufacturing ecosystem to significantly improve production efficiency and reduce operating costs, laying a solid foundation for the sustainable development of the Company. The discrete intelligent factory owns the most advanced production control system and high-precision inspection and testing equipment in China's latex industry, 20 fully automated medical glove production lines (including double lines) and 4 condom production lines.



In 2024



MedRena introduced the MES (manufacturing execution system), an intelligent manufacturing system, reaching the third level of maturity in intelligent manufacturing capability.



01

Ecological Protection: Fostering a Green Homeland

Committed to the concept that "lucid waters and lush mountains are invaluable assets," Zhonghong Medical puts sustainability at the core of our corporate strategy. The Company strengthens environmental compliance, tightens pollution prevention, and addresses climate change. To explore energy-saving and carbon-reduction opportunities, we adopt digital and intelligent management and resource recycling for higher resource efficiency while advancing green operations. Pursuing green, low-carbon development, we strive to contribute to a future of harmonious coexistence between humanity and nature.



Contributions to UN SDGs



Environmental Management

In response to call for green development, Zhonghong Medical keeps enhancing its environmental management system, and each subsidiary has established a comprehensive EHS (Environment, Health, and Safety) management system with dedicated personnel responsible for environmental management. Environmental management metrics and targets are integrated into executive performance assessments to ensure high-level environmental management in all aspects. During the reporting period, the Company recorded no environmental administrative penalties, environmental pollution incidents, or major environmental accidents.

► Environmental green certification

In response to national environmental policies, Zhonghong Medical completes supervisory audits of the ISO 14001 environmental management systems by third-party certification bodies, which helps standardize environmental management. As part of our industry-leading "Green Factory" practices, we apply the principles of energy conservation and emission reduction from factory design to equipment selection, adopt efficient, energy-saving equipment, and implement clean production, significantly lowering energy consumption and waste.

Kelun Medical Devices receives the provincial title of "Green Factory" Case

Committed to the strategy of green and sustainable development, Kelun Medical Devices fulfills responsibility for environmental protection. The company explored and implemented green operations, such as energy-efficient upgrades, enhanced resource management, and pollution and emission reduction, to minimize environmental impact. In July 2024, thanks to its progress in green manufacturing, Kelun Medical Devices made it into Jiangxi Province's 2024 green manufacturing list and earned the title of "Green Factory" awarded by the Jiangxi Provincial Department of Industry and Information Technology.



► Environmental emergency management

Zhonghong Medical has developed a *Response Plan for Environmental Emergencies*, which is filed with local ecological and environmental authorities. The Company conducts regular training and emergency drills to enhance environmental risk awareness and response capabilities. Our subsidiaries have also formulated protocols such as the *Identification, Assessment, and Control Procedure of Environmental Factors* and the *Management Review Control Procedure*, with periodic environmental risk assessments and hazard inspections.



Emergency drill for environmental emergencies

Resource Utilization

Dedicated to improving resource and energy efficiency, Zhonghong Medical has developed an industrial Internet platform and applied an intelligent manufacturing execution system (MES) to promote precise, digital energy and carbon management. The Company also carries out energy- and water-saving upgrades and encourages resource recycling to improve green production and operations.

► Energy management

Zhonghong Medical has urged subsidiaries to formulate energy management policies, including the *Energy Conservation Reward and Punishment Management System*, *Energy Conservation Publicity and Training System*, and *Energy Metering Management System*. We have introduced energy-saving equipment and energy-efficient technology upgrades, slashing energy consumption and GHG emissions and achieving substantial environmental benefits.

Indicator	Unit	2024
Total energy consumption	tce	247,903.11
Direct energy consumption	tce	5,401.93
Indirect energy consumption	tce	242,501.18
Coal	ton	1,619.48
Gasoline	L	6,578.66
Diesel	L	59,997.43
Natural gas	m ³	346,615.00
Coke oven gas	m ³	6,026,192.00
Purchased electricity	MWh	363,324.69
Steam	ton	2,019,403.85

Guilin HBM completes steam energy-efficient upgrade for the dual-mode glove production line Case

In 2024, Guilin HBM improved the steam energy efficiency of the dual-mode glove production line, which was put into operation in May of the same year. The upgrade effectively lowered the daily steam consumption of all production lines, maintaining an industry-leading level of energy efficiency.



Leveraging emerging technologies such as the Internet of Things (IoT), Zhonghong Medical has developed an energy management platform to enable the digital, visualized, intelligent, and refined management of energy use and carbon emissions. The Company continues to apply the platform in more factories, where real-time energy consumption data is gathered to develop targeted equipment and process improvements for better energy efficiency.



Zhonghong Medical energy management cloud platform

Water resource management

Zhonghong Medical strictly adheres to China's *Water Law* and local regulations in areas where we operate, with science-based water resource management. The Company encourages subsidiaries to establish the *Water Use Management Policy* and explore measures to improve water management. We step up water protection by integrating water management into all steps of production and operations to build a water-efficient enterprise. We primarily use municipal water supplies and groundwater for production and office operations. Major water-consuming production facilities are located in areas with low water risk levels.

In 2024

- **2,541,786.74** tons
Total water consumption
- **304,806.94** tons
Domestic water consumption
- **2,236,979.80** tons
Industrial water consumption

Guilin HBM implements water-saving upgrades

Case

In 2024, Guilin HBM enhanced the intensive utilization of water resources in the production process through systematic modifications, achieving higher efficiency in wastewater recycling. By addressing the specific characteristics of overflow water resources in certain process segments, an innovative "graded recovery and cascaded utilization" model was designed. Through front-end overflow recycling and back-end resource allocation, the dynamic water balance within the plant helps the plant save 180,000 tons of water annually, providing a reusable water-saving efficiency path for the Company's green transformation.

Materials management

Zhonghong Medical reduces consumption at the source by incorporating green design, replacing outdated equipment, strengthening maintenance, optimizing production processes, and recycling waste. These measures lower the consumption of raw materials and packaging materials. The Company also explores eco-friendly alternatives to conventional materials, adds green certification requirements into procurement, and prefers suppliers with certifications for green products and the ISO 14001 environmental management systems.

In 2024

- **18,533.02** tons
Packaging material consumption

Pollution Prevention

Zhonghong Medical strictly follows Chinese laws and regulations such as the *Atmospheric Pollution Prevention and Control Law*, *Water Pollution Prevention and Control Law*, and *Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes*. We continue to improve the *Hazardous Waste Prevention Responsibility System* and *Wastewater, Air Emission, and Noise Pollution Prevention and Control Procedures*, clarifying pollutant treatment processes, emission standards, and supervision measures. Regular environmental training sessions and inspections of environmental protection equipment ensure that all production links meet environmental requirements.

Pollution prevention measures



Air emissions

Air emissions from coal-fired boilers: The Company employs a "selective non-catalytic reduction (SNCR) + baghouse dust collector + sodium-alkali desulfurization system" to ensure emission compliance. Online monitoring equipment is installed at emission points to upload real-time emission data.

Volatile organic compounds (VOCs): Various subsidiaries adopt pollution control technologies, such as "high-efficiency spray tower—gas-liquid separator—activated carbon adsorption—desorption and catalytic combustion" and "regenerative thermal oxidizer (RTO), UV photolysis, and activated carbon adsorption." Alarm systems are installed at emission points to ensure emissions remain within regulatory limits.



Wastewater

The Company strictly follows environmental impact assessment reports in constructing wastewater treatment plants. Online monitoring systems are installed at discharge points and regularly inspected by environmental authorities.



Solid waste

Non-hazardous waste: Chemical raw material barrels are collected and reused by manufacturers. Rubber scrap generated during production is recycled by certified companies, and certain non-hazardous sludge is sent to brick factories as raw material.

Hazardous waste: The Company strictly adheres to national hazardous waste management regulations and entrusts qualified hazardous waste disposal companies for proper treatment.

Further Reading

For more information on pollutant emissions, refer to the *Zhonghong Medical Annual Report 2024*.

In 2024

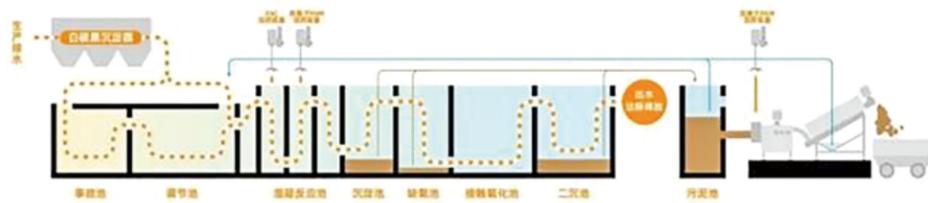
- **2,553,541.44** m³
Total wastewater
- **2,330,200.54** m³
Industrial wastewater
- **223,340.90** m³
Domestic wastewater
- **3,041.05** tons
Total solid waste
- **1,764.40** tons
Non-hazardous waste
- **1,276.65** tons
Hazardous waste

Guilin HBM implements environmental upgrades on production lines

Case

In 2024, Guilin HBM replaced the chlorine-based process with coating technology to reduce chlorine-related environmental impacts. For sterilization, the company switched from ethylene oxide (EO) sterilization to electron beam (EB) sterilization, minimizing EO's environmental impact.

AO biochemical wastewater treatment



Guilin HBM AO biochemical wastewater treatment process

Our Scope 1 emissions primarily result from the combustion of fossil fuels, including coal, gasoline, diesel, natural gas, and coke oven gas. Scope 2 emissions arise from indirect emissions associated with purchased electricity and steam.

In 2024



Total GHG emissions

818,075.31 tCO₂e

GHG emissions intensity

3.3300 tCO₂e/RMB 10,000

Scope 1 GHG emissions

9,453.28 tCO₂e

Scope 2 GHG emissions

808,622.03 tCO₂e

Green Offices

Upholding sustainability principles, we promote a green, low-carbon culture, advocate green commuting, and reduce our operational carbon footprint. Through extensive employee environmental training, we foster employee environmental awareness to create a greener workplace.



Green offices

- We promote electronic contracts and paperless office systems such as the OA system, electronic financial archives, enterprise resource planning (ERP) system, HR management system, and customer relationship management (CRM) system to minimize paper use. When necessary, double-sided printing is encouraged.
- We advocate video conferencing to reduce carbon emissions from business travel.



Electricity saving

- We purchase high-efficiency air conditioners and set the temperature to no lower than 26°C in the summer.
- We enforce strict office electricity management, ensuring lights are switched off after working hours.
- We have upgraded the lighting system with energy-saving and eco-friendly fixtures.



Green commuting

- We have installed EV charging piles at production sites and parks to encourage the use of new energy vehicles.
- We encourage employees to commute via public transportation, shared bicycles, and other green modes of travel.



Green culture

- We organize campaigns on ecological conservation, energy conservation, and carbon reduction and host activities such as tree planting and waste sorting.



Carrying out the "Embracing Low-carbon Development, and a Greener Future" campaign

Case

In May 2024, during China's National Energy Conservation Week, Zhonghong Medical launched activities on low-carbon development and environmental protection in the Company's five major production sites through promotional posters and WeChat account, fostering a strong culture of green development, production, and lifestyles.

02

Customer First: Creating an Outstanding Brand

Putting customers at the center, Zhonghong Medical reinforces product quality control and fosters a responsible supply chain. Through an efficient customer service response mechanism, we elevate customer satisfaction while systematically mitigating potential risks in quality, supply chain, and customer service. Customer needs are translated as a driver for product innovation and service improvement, which helps enhance brand resilience and set a quality benchmark.

Contributions to UN SDGs



Product Quality

Product quality and safety are fundamental to businesses and a solemn commitment to the health of the public. Upholding the quality concept of "strict quality control, standards enforcement," we instill a strong quality awareness in every employee. From raw material procurement and production processes to final product inspection, we take rigorous measures at every stage. Through a series of meticulous quality control measures, we deliver safe, high-quality, and reliable medical products to our customers.

Strict quality management

Following multiple legal requirements, Zhonghong Medical has developed a quality guarantee and management system, including procedures such as the *Product Monitoring and Measurement Control Procedure* and the *Corrective and Preventive Measure Control Procedure*. We leverage digital means to upgrade quality management and seek cooperation with third-party agencies for audits and oversight. We have successfully obtained certifications such as the U.S. FDA certification, EU CE marking, ISO 9001 quality management systems, ISO 13485 medical device quality management systems, and the Medical Device Single Audit Program (MDSAP), guaranteeing full compliance with international product standards. During the reporting period, no major quality incidents occurred.

The Company has implemented the *Medical Device Product Recall Control Procedure*, the *Advisory Notice and Adverse Event Control Procedure*, and the *Product Information Disclosure Control Procedure*. These measures ensure a full-process management mechanism from risk identification and early warning response to traceability and recall. During the reporting period, no product withdrawals or recalls occurred.

In 2024

• 100%

Business operated under the quality management system certification for five consecutive years

• 100%

Pass rate in 52 external quality audits

Guilin HBM recognized for "2024 quality benchmark best practice"

Case

Guilin HBM has developed digital quality management under the "discrete intelligent manufacturing model." By integrating information systems, smart production equipment, and refined management processes, the model has achieved full-process quality monitoring from raw material procurement to finished product delivery. This approach has significantly enhanced product consistency and stability, ensuring reliable quality for customers. In August 2024, Guilin HBM received the national honor of "2024 quality benchmark best practice," setting an industry example with distinctive digital quality management expertise.



Zhonghong Medical

- We partner with pharmaceutical regulators to complete multiple rounds of medical device compliance inspections and promptly addresses identified issues to ensure product safety and compliance.
- We collaborate with quality inspection and management certification agencies to conduct annual risk assessments of internal product quality and compile risk reports according to legal requirements, ensuring continuous improvement in quality management.
- We conduct internal quality audits and management reviews as per the *Internal Audit Control Procedure* and the *Management Review Control Procedure* to maintain the effectiveness and continuous improvement of the quality management system.
- Third-party agencies are hired for 52 product tests as required by customers in China, the U.S., Europe, and Japan, with tests covering multiple international standards and regulations to ensure that our products meet the needs and regulatory requirements of different markets.

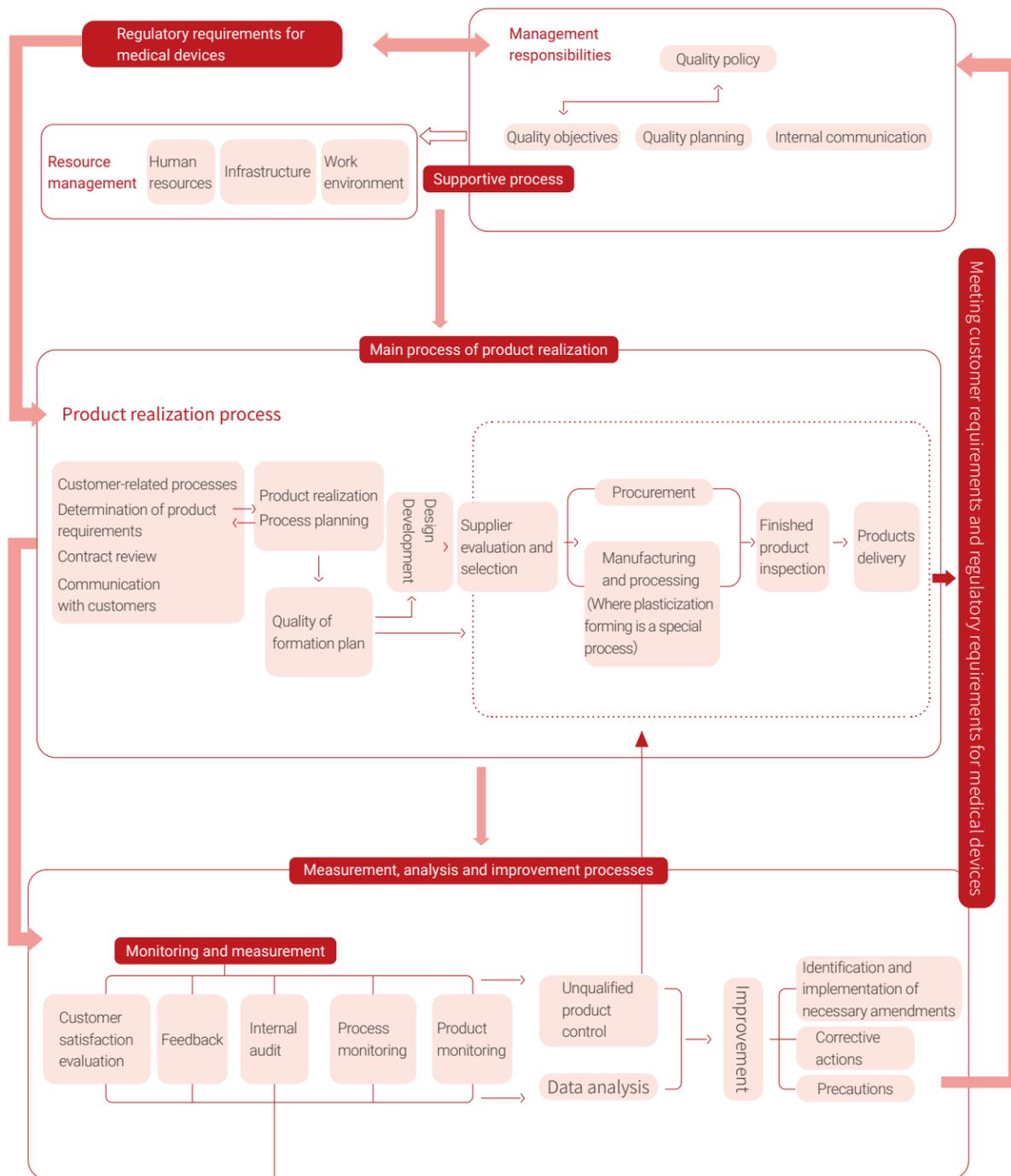
Guilin HBM

- The company has established quality goals and policies and assigned them to the production, R&D, and procurement departments, with dynamic annual performance assessments and clear scope of quality responsibilities to build a full-value-chain quality culture.
- If there are quality issues with the product, the company will designate personnel to resolve issues, investigates causes, and implements targeted measures to improve product quality effectively and track problem resolution.
- The company has developed the *Medical Device Recall Control Procedure* to ensure systematic tracking of defective products, risk warnings, and proactive recalls, ensuring full lifecycle quality monitoring.

MedRena

- MedRena has set up designated quality management positions, such as the quality department manager and management representative, to shoulder responsibility for the quality system, ensuring executive-level support and effective implementation of quality management.
- MedRena has established a set of quality indicators, including the pass rate of raw materials on the assembly line, sample pass rate, annual raw material pass rate, open-box pass rate, annual defect rate, and product direct pass rate, and integrated them into quarterly and annual performance assessments to drive continuous quality improvement and effectiveness.
- MedRena conducts regular internal and external quality management evaluations in line with quality management system requirements, successfully passing two external evaluations during the reporting period.

Zhonghong Medical Quality Management System Flowchart



► Quality training for employees

As a guardian of product quality and safety in the medical industry, Zhonghong Medical enhances employees' quality management skills through systematic training programs, solidifying the Company's quality defense.

Quality management training

► Zhonghong Medical

Zhonghong Medical invites external experts to provide in-depth training on EU medical device regulations and the U.S. 21 CFR 820 regulation, covering topics such as design and development, production control, quality control, and procurement control.

► MedRena

MedRena has formulated quality management training plans covering quality personnel's quality awareness and defect-handling processes to improve employees' expertise in quality management.

► Guilin HBM

Guilin HBM implements thorough product quality management training across the full chain, covering inspector responsibilities, raw material acceptance, production process control, finished product inspections, and customized products. The training emphasizes operation standards, testing techniques, and record integrity to meet the quality management requirements of the medical device industry.



MedRena's training on product quality management

Guilin HBM hosts quality inspection skills competition

Case

In July 2024, Guilin HBM organized a skills competition for 34 product quality inspectors from the quality department. The event combined theoretical knowledge and hands-on practice, significantly enhancing the skills of inspectors to guarantee product quality.



Responsible Supply Chain

Under Zhonghong Medical's supply chain risk management system, the Company identifies risks and implements targeted strategies to improve supply chain continuity, transparency, and resilience. Meanwhile, we accelerate the digitalization and green transition of the supply chain. Through stringent supplier selection, evaluation, and engagement mechanisms, Zhonghong Medical promotes ESG capability-building with upstream and downstream players, fostering a responsible and sustainable value chain.

Supplier management

According to the *Supplier Management Control Procedure*, the Company has established a comprehensive supplier management process, which includes regular supplier qualification reviews, performance assessments, and risk assessments. These efforts guarantee that our suppliers are qualified and perform well, supporting the Company's stable operations and business compliance.

In 2024
• 958
 Total suppliers

Supplier management process

Supplier access

- ◉ We list potential suppliers that meet technical and quality requirements for raw and auxiliary materials as qualified supplier candidates.
- ◉ We conduct on-site evaluations and sample testing of potential suppliers and distribute the *Supplier Survey/Evaluation Form* to verify their qualifications, production capacity, environmental measures, and social responsibility practices. Then, we engage in trial cooperation with tentatively approved suppliers, who, once approved by the Company, will be included in the qualified supplier management file.

Supplier evaluation

- ◉ We conduct specialized audits of suppliers, whose results serve as a reference for supplier assessment and collaboration adjustments.
- ◉ We perform annual supplier evaluations based on supply inspections, supply performance and capability, continuous supply quality, return or exchange situations, and material stability.
- ◉ We conduct comprehensive reviews of qualified suppliers to reevaluate their credentials, quality systems, and problem rectification. The results, combined with the annual evaluation of supply quality, are reflected in the *Supplier Annual Audit Report*.

Supplier retention and exit

- ◉ We continue collaboration with suppliers offering sound materials and services and possessing technological expertise, as they can contribute to the Company's growth.
- ◉ We issue a *Notice on Time-limited Rectification* to suppliers with significant quality or service deficiencies and prepare an evaluation report for suppliers failing to meet the rectification deadline. Following reviews, their contracts will be terminated.



On-site supplier evaluations

Case

In 2024, Zhonghong Medical conducted on-site audits of suppliers' quality management systems, assessing production environments, equipment conditions, and employee practices. During the process, we identified problems and asked suppliers to address them for better supply quality and CSR performance, ensuring supply chain stability and reliability.



Zhonghong Medical requires suppliers to sign the following CSR-containing documents: *Supplier Code of Conduct*, *Suppliers Social Responsibility Audit Checklist*, and *Supplier Commitment for Compliance and Continuous Improvement of Social Responsibility*. Environmental and social responsibility clauses are incorporated into supplier contracts to urge suppliers to shoulder social responsibilities, with specified penalties for non-compliance, reinforcing long-term stable partnerships.

- In 2024
- 0 Potential suppliers disqualified due to social responsibility non-compliance
 - 0 Suppliers with their contracts terminated due to social responsibility non-compliance

Supplier social responsibility requirements



Employee rights

- ◉ Compliance with national and local labor laws, international labor standards, and industry regulations
- ◉ Employment contracts signed with employees
- ◉ Prohibition of child labor and forced labor
- ◉ Reasonable and compliant working hours, wages, and benefits
- ◉ Zero tolerance for workplace discrimination and harassment



Environmental protection

- ◉ Compliance with national and local environmental protection laws and regulations
- ◉ ISO 14001 environmental management systems certification
- ◉ Implementation of energy-saving and emission reduction measures and the promotion of green production
- ◉ Proper handling of medical waste to ensure compliance



Health and safety

- ◉ Compliance with national and local health and safety laws and regulations
- ◉ ISO 45001 occupational health and safety systems certification
- ◉ Emergency response plans for employee health and safety
- ◉ Provision of necessary protective equipment
- ◉ Regular occupational health checkups and safety training

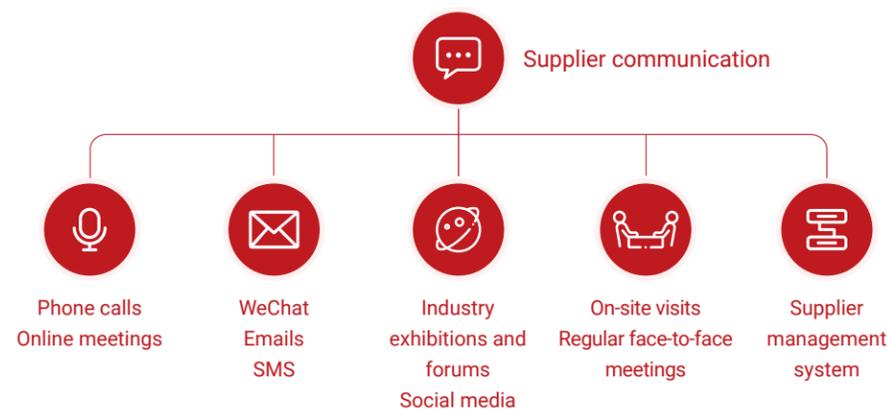
Based on the *Procurement Control Procedure*, Zhonghong Medical implements a transparent and standardized procurement management framework. We integrate procurement governance into the ESG framework and adopt digital means to build a sustainable supply chain. During the reporting period, all procurement personnel signed the *Integrity Commitment*.

Zhonghong Medical's transparent procurement system



Responsible supply chain initiatives

Zhonghong Medical maintains sufficient communication with suppliers to inform them of our demands and expectations accurately. Emphasizing supplier training and guidance, we host regular exchanges and share industry experience and best practices for better supplier management and product quality. Through these efforts, we grow together with suppliers and establish long-term, stable partnerships with them.



By conducting comprehensive supplier training, Zhonghong Medical aims to raise suppliers' technical and management capabilities. The training focuses on quality management, green production, and business compliance. We also promote the sharing of technological resources and supply chain collaborative innovation to improve suppliers' competitiveness and our ESG performance.

Supplier training and guidance



Premium Service

Prioritizing customer communication, Zhonghong Medical has established a customer service system to respond swiftly to customer needs. With dedicated technical support and after-sales teams, the Company delivers all-around, tailored solutions and offers efficient, professional, and considerate services to customers worldwide, contributing to the advancement of healthcare.

Higher service quality and efficiency

To optimize customer service processes, Zhonghong Medical upgrades the customer relationship management (CRM) system and launches extensive distributor training to bolster product consultation services. The Company also equips medical professionals with the correct usage of medical products, ensuring safer healthcare for patients.

In 2024

- 99.87%** Customer satisfaction rate
- 103** Distributor training sessions

Hosting the 2024 product promotion conference

Case

In April 2024, Zhonghong Medical hosted a product promotion conference in Shanghai, bringing together over 150 distributor representatives nationwide. The event recognized and rewarded top-performing distributors for their outstanding contributions to market expansion and customer service. This conference strengthened communication between the Company and distributors, propelling both sides to continue cooperation for high-quality clinical products and services.

Training on medical product usage

Case

Using medical products properly is critical to patient safety and treatment efficacy. In 2024, Zhonghong Medical conducted a training session on the usage and precautions of infusion pumps, demonstrating practical applications and operation procedures. This event helped healthcare professionals use infusion pumps correctly, guaranteeing safe and effective clinical applications.



CRM system enhances customer service capabilities



Data-driven service improvement

The data cockpit provides real-time and accurate statistics related to key customer service indicators. The statistics help us identify service weaknesses and potential issues for timely decisions, enabling ongoing improvement of service processes and quality.



Integrated workflow for greater efficiency

We have combined multiple workflows, including contracts, pricing, stamping, and credit management, which reduces internal communication costs and accelerates response to minimize customer waiting time.



Increased investment in customer service

By integrating the enterprise resource planning (ERP) system accounts and adopting the CRM system, we reduce costs and reallocate money saved to enhance customer services, providing more value-added services to customers and improving overall customer experience.

Protection of customer rights

Zhonghong Medical has established the *Customer Feedback Control Procedure*, *Customer Complaint Control Procedure*, and *Customer Property Control Procedure*. Accordingly, we make continuous efforts to improve the complaint-handling process for the timely resolution of customer complaints. Upholding responsible marketing, we implement customer information protection mechanisms to safeguard customers' legitimate rights and interests.

In 2024
100%
 Customer complaint resolution rate



Responsible marketing

- The Brand Management Department manages information dissemination and oversees communication channels and the departments involved to prevent unauthorized misleading promotions.
- Our rigorous information review mechanism follows the principles of "review before release" and "case-by-case approval." Information is scrutinized based on the scope of information dissemination to guarantee accuracy and prevent false or exaggerated claims.
- We use product information and labeling in accordance with uniform standards, covering brand name, logo, slogan, and packaging design to prevent consumer confusion caused by inconsistent or incorrect labeling.



Customer privacy protection

- A dedicated team oversees the confidentiality of customers' proprietary technologies, software, product specifications, designs, and drawings, ensuring that such information is not disclosed externally without customers' authorization.
- During internal communications, we refer to customers by their abbreviations, and full customer names are not displayed throughout the processes. Additionally, the CRM system restricts access to customer data.



Customer complaint handling

- Multiple complaint channels are available, with dedicated personnel responsible for collecting and documenting customer complaints.
- A transparent and efficient complaint resolution process is in place for the swift investigation of complaint causes and effective rectification. We also issue CAPA (corrective and preventive actions) reports addressing customer grievances.





03 Company-Employee Collaboration Securing a Bright Future

Committed to the talent concept of "leveraging employees' strengths and hiring exceptional talent," Zhonghong Medical regards employees as the driving force of corporate growth. The Company refines human resource management systems to protect fundamental employee rights. We also offer diverse career development opportunities and promotion pathways to attract and nurture top talent. Prioritizing employee well-being and safety, we strengthen democratic management and employee care, which improves employees' cohesion and their sense of belonging.

Contributions to UN SDGs



Employee Rights

Devoted to creating a fair, open, and inclusive workplace, Zhonghong Medical continuously improves the Company's policies on recruitment, compensation, performance assessment, and democratic communication. This helps improve standardized and science-based HR management, fully protect employees' legitimate rights and interests, and better employee retention.

► Compliance in employment

Zhonghong Medical strictly adheres to Chinese laws and regulations, such as the *Labor Law* and the *Labor Contract Law*, and international conventions, including the *International Bill of Human Rights*, the *Universal Declaration of Human Rights*, and the *Convention on the Rights of Persons with Disabilities*. The Company has established internal policies such as the *Employee Recruitment Control Procedure* and the *Employee Handbook* to standardize hiring processes, define recruitment criteria, and expand recruitment channels, ensuring fair, just and transparent hiring practices.

In 2024

• **4,228**

Total employees

• **173**

Ethnic minority employees

Campus recruitment

- ◉ We participate in large-scale job fairs at universities to engage with to-be-graduates and showcase the Company's growth potential, corporate culture, and job opportunities.
- ◉ We host on-campus recruitment sessions to provide a detailed overview of the Company's business, career paths, and benefits, offering students a clearer, in-depth understanding of Zhonghong Medical and attracting those who meet the Company's requirements.

Internship program

- ◉ We select outstanding students through summer internships and university-enterprise collaboration programs, with high-performing interns given priority for full-time job opportunities.

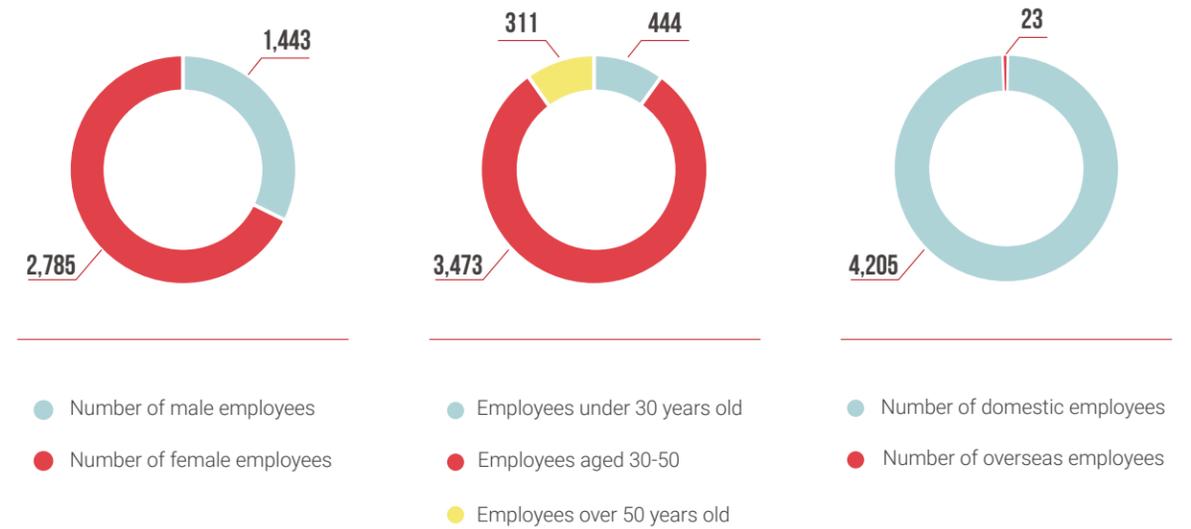
Online channels

- ◉ We have set up a "join us" section on the Company's official website to provide detailed job listings, responsibilities, and qualifications.
- ◉ We employ social media platforms such as WeChat, Weibo, and Douyin to share job postings and corporate culture.
- ◉ We partner with leading job sites and medical industry platforms to publish open positions.

Internal channels

- ◉ We encourage employees to recommend qualified candidates to improve recruitment efficiency.
- ◉ We select and transfer technical and managerial professionals internally.

Employee number by gender, age, and region



► Labor rules

We have formulated the *Human Resource Management Measures* and the *Control Procedure of Prohibiting Forced Labor*, and oppose discrimination based on gender, age, ethnicity, region, marital status, or religious beliefs. The Company says no to child labor, forced labor, and workplace harassment or abuse while upholding the principle of equal pay for equal work and protecting women's right to fair employment. In overseas markets, we hire local people and comply with local labor laws and regulations in recruitment and HR management to protect the rights of local employees. During the reporting period, there were no significant labor disputes or human rights-related complaints.

In 2024

- Passed the factory inspections by **BSCI**
- Passed the **SMETA** audit for supply chain social responsibility
- Obtained the **WRAP** certification for social responsibility



WRAP gold certification

Zhonghong International implements localized employment overseas Case

In 2024, Zhonghong International achieved localized employment by hiring residents in project regions. All new hires in the United States, Kazakhstan, Chile, Tunisia, Thailand, and Malaysia were locals.

► Compensation and benefits

Zhonghong Medical offers competitive salaries, accompanied by robust mechanisms for incentives and restrictions. The Company has implemented the *Employee Evaluation Management Measures*, *Employee Incentive Program*, and *Management Measures for Compensation Assessment of Middle-level Managers*. Under our performance assessment system, employees' salaries are aligned with their position, capability, and performance. Employees are entitled to remuneration, work safety, social insurance, other benefits, and a full range of statutory leaves, including sick leave, personal leave, marriage leave, maternity and paternity leave, and parental leave.

► Democratic management

Zhonghong Medical respects employees' rights to freedom of association and collective bargaining. Under the *Democratic Management System*, the Company promotes democratic management underpinned by the Workers' Congress to engage employees in democratic management and supervision. We have set up a labor dispute arbitration and mediation committee, with mediation and supervision offices, to collect, report, and address issues on human rights, performance, and career advancement. Employees are encouraged to engage in corporate decision-making and management. A labor union has been formed and reached formal agreements with the Company on working conditions, compensation and benefits, and occupational health and safety, with a collective contract signed with all employees.

► Employee care

Zhonghong Medical's employee management pivots around improving employee well-being and satisfaction. Each year, the Company assists staff in need through the Presidential Fund and pays a visit to employees on holidays. We organize a variety of team-building activities, offer psychological counseling, and put in place the "Staff Home," enriching employees' lives and supporting their physical and mental health.



Development and Training

Zhonghong Medical has introduced a set of internal policies, including the *Employee Evaluation Management Measures*, *Career Development Management Rules*, *Training Management Measures*, and *Performance Assessment Management Measures*. We also optimize the employee training system and team-building to help employees improve their skills. Additionally, our fair and just evaluation system and incentive mechanism and clear career pathways for employees, drive the shared growth between individuals and the Company.

► Employee training

Zhonghong Medical has revised the *Training Management Measures*. Given the Company's development strategies, we have created a diversified training framework that includes orientation, professional skills enhancement, and management improvement. Supported by internal lecturers and external experts, a multi-tiered, multi-channel online learning platform delivers both online and offline training on leadership development, professional skills, and general knowledge for all business sectors and staff at all levels.

- In 2024
- RMB **224,800**
Total training investment
 - **403** Training sessions
 - **66.84%** Training coverage

New employee orientation

案例

In September 2024, Zhonghong Medical launched a new employee orientation camp themed "Gathering Talent at Zhonghong, Leading the Future." The training program spanned key business areas such as brand management, corporate culture, strategic planning, compliance, safety, HR policies, and professional image and conduct. It aimed to familiarize new hires with the Company and corporate culture quickly and improve their professionalism.



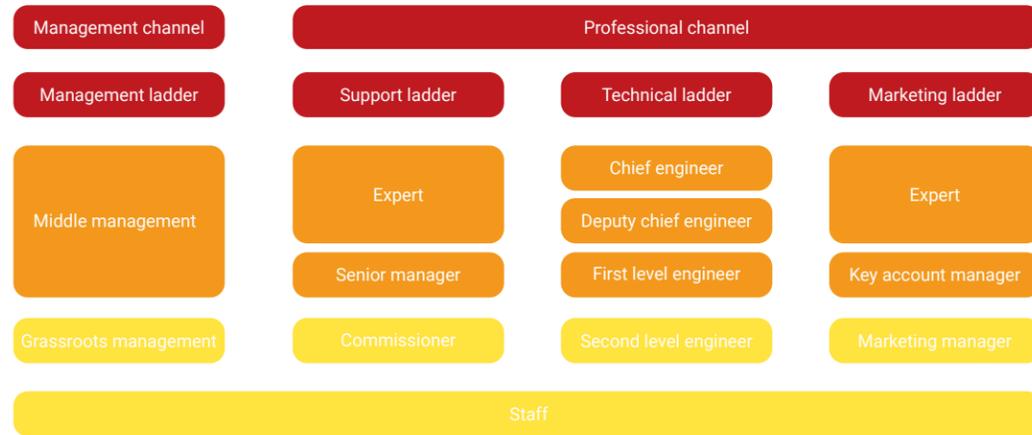
Chairman delivers the opening speech of the training camp

► Career advancement

Given the Company's development strategy, Zhonghong Medical has built a "dual-channel" career development model closely aligned with the personal growth of employees. Such a complete career promotion mechanism fully recognizes and motivates employees, further reinforcing our talent team.

In terms of talent selection, the Company identifies and recommends young professionals. We have formulated the *Job Descriptions for Zhonghong Medical Subsidiaries and Departments* to clearly define the responsibilities of each position and provide clear guidance for talent selection and training. At the same time, we have finalized science-based and rigorous selection rules such as the *Frontline Official Selection Methods* and the *Management on Selection and Appointment for Middle-Level Management Posts* to explore, train, and appoint front-line and middle management talent, which supports the Company's high-quality development.

Zhonghong Medical's "dual-channel" career development



Occupational Health and Safety

Putting employees' health and safety first, the Company strengthens the occupational health and safety management system, launches safety culture campaigns and education programs, and implements safety management on occupational diseases and hazardous chemicals to prevent and address risks. During the reporting period, no major safety incidents were reported.

► Safeguarding occupational health

Following the *Law on the Prevention and Control of Occupational Diseases* and other Chinese laws, Zhonghong Medical has formulated the *Occupational Disease Prevention System* and *Occupational Disease Hazard Warning and Notification System*. These policies form a robust occupational health and safety framework to identify, control, and eliminate occupational health hazards, ensuring employees' health.

In 2024
 Guilin HBM was awarded the title of **"Occupational Health Champion of Guilin"**.

- ◉ We conduct training sessions on occupational health knowledge and campaigns on occupational disease prevention.
- ◉ We fully assess occupational health hazards in our production process, including annual evaluations of occupational disease hazards and classification of risk factors, and produce the *List of Occupational Diseases by Position Exposure* to help improve working conditions.
- ◉ We provide pre-job, on-the-job, and exit health checkups for employees exposed to occupational hazards, with individual occupational health records. Targeted control measures are developed based on health checkup results.



► Work safety

In strict compliance with Chinese laws, such as the *Law on Work Safety* and *Fire Control Law*, the Company enforces accountability for work safety with the *Measures for the Management of Work Safety* and the *Three-Year Action Plan for Fundamental Work Safety Improvement (2024–2026)*. We have implemented a dual-control mechanism combining risk classification and hazard identification to maintain a safe workplace for employees.

Strengthening organizational structure

We have formed a work safety leadership team, a dual-prevention system building task force, and an occupational health management arm.

Ensuring accountability

We have signed the 2024 safety responsibility agreement with all departments, adopted a "dual responsibility per role" policy, and incorporated the number of work injuries, occupational diseases, and safety accidents into management performance assessments.

Identifying risks and hazards

We have formulated the *Risk Classification and Control Plan* and *Emergency Response Manual for Special Equipment Accidents* and hold regular hazard identification. Before holidays and during the Safety Month, we carry out work safety inspections and work safety compliance checks.

Fostering a safety culture

We organize at least one company-wide safety training session each year to ensure all employees are equipped with safety knowledge and skills, which improve their safety awareness and emergency response.

Enhancing protection

We have formulated the *PPE Management Policy*, distributed protective gear, and conducted regular inspections and maintenance of protective equipment.

In 2024

- RMB **1.9895** million Investment in employee work injury insurance
- **23,116** Total participants involved in safety training
- **79,554** Total hours of safety training
- **51** Emergency drills
- **10,922** Total participants in safety drills
- **0** Work-related fatalities over the past three years
- **0** % Work-related fatality rate over the past three years

04

Social Contribution: Sharing Development Fruits

Shouldering the new missions of the new era, Zhonghong Medical leverages its strength to expand the accessibility of medical products, promote industry cooperation and development and undertake social responsibilities of giving back to communities and contributing to harmonious community building. The Company takes concrete actions to share development fruits with society and drives high-quality sustainable development.



Contributions to UN SDGs



Medical Accessibility

Advocating the concept of inclusive health, Zhonghong Medical is poised to meet the protection needs of the medical industry and strives to be the most all-round supplier of medical gloves in China. Taking into consideration the local economy, market, and medical levels, the Company is committed to improving the accessibility and affordability of medical products. As a V-level customer rated by China Export & Credit Insurance Corporation, we contribute more quality products and better services to the world.

Expanding our presence

In 2024

- **80+**
Countries and regions where our products are sold, including North America, Europe and Japan, etc.
- **3,000+**
Hospitals with newly established and stable cooperation in China (including national or provincial benchmark hospitals)
- approx **450**
Overseas clients



In response to the China's bulk-buying policy, Zhonghong Medical with its excellent product quality and reasonable pricing strategies, has been engaged in several bulk-buying projects nationwide and established cooperation with several new hospitals. To address the challenges brought by the elimination of price difference in national bidding and purchasing subsystems, we attract more potential customers through innovative products and services, further enhancing our product presence. In 2024, 10 new products were launched, including food-contact nitrile gloves, sterile dispensing syringes, and precision filter light-proof infusion sets, in an effort to benefit people around the globe with more innovative medical products.

Implementing overseas self-construction projects Case

To improve supply stability, Zhonghong Medical, after long-term research and investigation, finally decided to build the glove production line in the Southeast Asia region. These projects will enhance our cooperation with local partners and improve our position in the industry, while helping improve the local medical device industry and increasing product accessibility in the world.

Product accessibility



Product portfolio

Health protection	Safe infusion	Innovative incubation
<ul style="list-style-type: none"> • Medical examination gloves • Medical surgical gloves • Medical radiation protection gloves • Non-medical protective gloves • Polyisoprene gloves • Condoms • Finger cots • 	<ul style="list-style-type: none"> • Infusion sets • Syringes • Indwelling needles • Blood collection tubes • Nasal oxygen cannula • Sterilized connectors • Disposable nebulizers • 	<ul style="list-style-type: none"> • Infusion pumps • Syringe pumps • Enteral nutrition pumps • Medical sensor consumables and lead wires • DS50 Series workstations • Digital temperature management solutions • Disposable medical temperature sensors •

► Focusing on specific needs

To satisfy the needs of specific groups and scenarios, Zhonghong Medical has developed several medical products that fill the technological void in China, offering safe, practical, and economical medical devices through its outstanding sci-tech innovation capabilities.

Medispo protein non-detectable

The gloves use the industry's advanced decomposition and detachment technology of protein to fully reduce allergens and lower risks for people allergic to latex.

Medispo radiation protection gloves

With high performance in radiation protection, the gloves are suitable for radiation intervention and diagnostic procedures, protecting healthcare professionals from radiation exposure.



Medispo KBD gloves

The gloves use the positive charge generation technology to protect healthcare professionals while reducing incision infections. They are suitable for high-risk surgeries susceptible to infection.

Medispo polyisoprene gloves

The gloves are made of ultra-soft polyisoprene, no natural rubber latex, suitable for people allergic to latex.

Huadum high barrier Condom

With a three-layer protection structure, it effectively prevents HIV penetration and transmission.

► Reducing medical costs

While ensuring product quality, Zhonghong Medical saves raw materials and reduces costs through automation and technological transformation, which enhances the price competitiveness of our products to better meet the needs of customers in different markets. Sales of gloves and condoms have achieved year-on-year growth. In light of overseas market conditions, per capita income, and healthcare levels, we have set differentiated and reasonable prices that align with local conditions. We submit bids for projects from local governments and with affordable product pricing, with an aim to enhance health awareness of people in emerging markets and developing countries. In 2024, protection gloves were sold in several markets, including North America, Europe, Asia, South America, Oceania, and Africa.

► Promoting health concepts

Zhonghong Medical participates in various academic exchanges and industry forums, etc., where we share our successful experience and conduct in-depth discussions with scholars to help improve the industry's medical services. We push health knowledge to the public through our official website, WeChat official account, and other media platforms, promoting standardized use of medical devices and health protection concepts.

In 2024

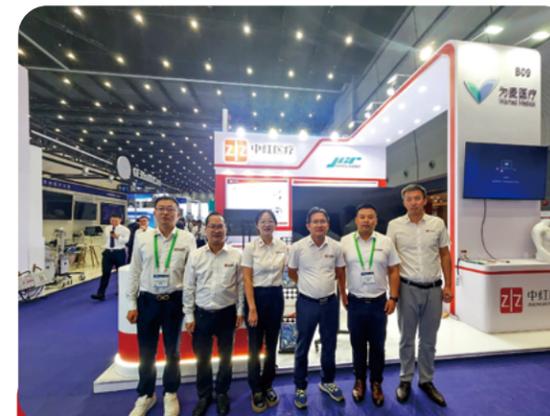
- **15** WeChat articles and **3** videos on WeChat Channels posted on average every month
- Covering diverse health knowledge including the standardized use of medical devices, asthma prevention and treatment, nasal health, and allergy tips



In March 2024, we attended the 2023 Congress of Chinese Association of Anesthesiologists to exchange with top domestic and international experts in anesthesiology



In August 2024, we participated in the 28th Operating Room Nursing Academic Conference of Chinese Nursing Association, responding to the new requirements from the Healthy China initiative for the development of nursing



In September 2024, we joined the 29th Annual Meeting of Chinese Society of Anesthesiology to share academic achievements



In October 2024, we participated in the Medical Japan Tokyo to discuss future trends in the healthcare industry with our peers

Open Cooperation

Zhonghong Medical maintains close contact with well-known universities and research institutions in China and helps organize various academic exchange activities, building bridges for industry-university-research cooperation; we highly value the development of a digital ecosystem and actively establish digital connections with partners to achieve information sharing and deep business collaboration. Additionally, we participate in domestic and international exhibitions, positively contributing to technological innovation, industry standards, and market channels. We also assist in formulating and improving industry standards to ensure the development of the industry in a standardized and orderly way.



▶ We participated in 49 domestic and international exhibitions and academic conferences, reaching out 4,000+ customers.

▶ We launched the first 2024 Zhonghong Medical Product Promotion Conference, establishing cooperative relationships with multiple domestic and international business partners.

▶ We led the drafting of the industry standard *The Quota of Energy Consumption per Unit Products for Latex*, which passed the review by the China Rubber Industry Association.

▶ We participated in the formulation of the recommended national standards *Natural Rubber Latex Cleanroom Gloves*, *Nitrile Cleanroom Gloves*, *Single-use Rubber Gloves for General Applications* and the obligatory national standard *Medical gloves safety technology requirements*.



The 49th ARAB HEALTH in January 2024



China International Medical Equipment Fair (CMEF) in April 2024



MEDICA in Germany in November 2024



RUSSIAN HEALTH CARE WEEK in December 2024

Industry association	Membership
China Rubber Industry Association	Standing council member
Chinese Chemical Society	Member
Hebei Emergency Industry Alliance	Vice chairman member
Safety and Health Protection Products Committee of China Textile Business Association	Member
Malaysian Rubber Glove Manufacturers Association (MARGMA)	Member

Charity

Zhonghong Medical continues to fulfill its social responsibilities through disaster relief and material donations, etc. We encourage employees to actively participate in community volunteer activities, caring and helping community residents through practical actions.

Zhonghong Medical supports 2024 college graduates from Luannan, Tangshan for themed practice Case

In February 2024, Zhonghong Medical supported more than 40 representatives of 2024 college graduates from Luannan, Tangshan, to carry out the practice themed "Young Geese Return to Build Luannan". Through on-site visits and introduction, they got to know the production process of nitrile gloves and truly felt our booming development and nice working environment. We hope to guide more young people to find a job in their hometown, thus contributing to the development of a young and prosperous city.



05

Governance Improvement: Laying a Solid Foundation of Development

Strong corporate governance is the core safeguard for sustainable corporate development, and it is also a critical element in navigating the complexities of the market environment and earning stakeholder trust. Zhonghong Medical upholds the bottom line of business ethics and compliance, continuously enhancing governance mechanisms. We strengthen internal controls and risk management, improve operational transparency and accountability, and also track and respond to stakeholder expectations. These initiatives ensure the steady and high-quality growth of the Company.

Contributions to UN SDGs



Corporate Governance

Zhonghong Medical strictly adheres to Chinese laws and regulations, including the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, and the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*. Accordingly, we build a transparent, responsible, and efficient governance mechanism to continuously enhance the effectiveness of corporate governance.

► Governance structure

Zhonghong Medical has established a management structure comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Management, in accordance with the *Articles of Association*, *Rules of Procedure for the General Meeting of Shareholders*, and *Rules of Procedure for the Board of Directors*. The General Meeting of Shareholders is the highest authority of the Company, while the Board of Directors is the highest governance body, reporting regularly to the former. The Board of Supervisors oversees the lawful operation of the Company and the performance of duties by management. Each body performs its respective functions and operates in a coordinated manner. The Board of Directors has established specialized committees, including the Strategy and Sustainability Committee, the Remuneration Appraisal and Nomination Committee, and the Audit Committee, which are responsible for internal tasks related to sustainability management, evaluation, decision-making, and auditing of company development matters. During the reporting period, the Company revised and updated the *Articles of Association* and its appendices, procedural rules for specialized committees and other regulations, in accordance with the *No. 3 Guideline for the Supervision of Listed Companies—Cash Dividend Distribution of Listed Companies (Revised 2023)*.

Zhonghong Medical governance structure



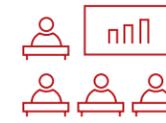
The Board of Directors consists of nine members, including three independent directors and two female directors. The directors have extensive experience in fields such as industry, finance, law, and corporate management, and possess the necessary knowledge, skills, and qualities to perform their duties. Their selection considers various factors, including age, gender, educational background, and professional experience, ensuring scientific decision-making and governance. The Board of Directors and the Nomination Committee regularly review, evaluate, and report on the Board's independence. Independent directors issue special meeting review opinions on significant company matters and submit a *Performance Report*. The number of Board members, as well as their composition and qualifications, comply with legal regulations and the requirements of the *Articles of Association*. Board members attend Board meetings and General Meetings of Shareholders in compliance with regulations, regularly participate in training to learn about the latest legal and regulatory requirements, exercise their powers lawfully, and make prudent decisions.

Further Reading

For more information about company governance and financial information, please read the *Zhonghong Medical Annual Report 2024* or visit our Company website:

<https://www.zhonghongmedical.com/list-49-1.html>

In 2024



- We convened **4** Extraordinary and annual General Meetings of Shareholders, **8** Board meetings, and **7** Meetings of the Board of Supervisors.
- We convened **2** Strategy and Sustainability Committee meetings, **4** Remuneration Appraisal and Nomination Committee meetings, and **14** Audit Committee meetings.

All meetings were in compliance with the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange* and the rules of procedure within their scope of authority.

► Investor relations

Zhonghong Medical is committed to standardized operations and works to establish a sound internal management systems related to information disclosure. The Company has revised and issued the *Investor Relations Management System* and the *Information Disclosure Management System*. We maintain open communication channels through online calls, emails, meetings, and the Shenzhen Stock Exchange's "Easy IR" platform. The Company also organizes offline roadshows, investor meetings, and on-site visits, proactively releasing important information about the Company's strategy, major issues, operational status, and financial performance. Following a long-term, stable, and transparent profit distribution policy, we actively protect the rights to information and returns for shareholders, especially minority shareholders.

In 2024

- We have published **155** reports, announcements, and other documents released on the Shenzhen Stock Exchange.



Prudent Operations

Zhonghong Medical deeply implements the principle of governing the enterprise according to the law, and strictly adheres to the requirements of the *Company Law*, the *Anti-Monopoly Law*, the *Anti-Money Laundering Law*, the *Anti-Unfair Competition Law*, and other relevant Chinese laws and regulations. The Company strengthens the synergistic role of compliance, auditing, and risk control in governance to achieve deep integration of business development and compliance management.

► Compliance, internal control, and risk management

Zhonghong Medical integrates legal compliance and risk prevention throughout its main line of production and operations, and reconstructs the risk and compliance management system, to promote high-quality corporate development.

Compliance management

- The Company tracks the latest legal and regulatory requirements, strictly conducts business within the scope defined by the *Articles of Association*, and registers accordingly to ensure that its operations always remain within the bounds of the law.
- In line with the principles of honesty, mutual benefits, and fair competition, the Company internalizes external regulations, establishes clear boundaries and thresholds, aligns job responsibilities and review processes, and opposes any form of unfair competition or other violations. Throughout the year, there were no major legal compliance risk events or significant lawsuits or administrative penalties resulting from unfair competition.
- We embed compliance requirements into process controls, supporting business decisions based on compliance reviews. We coordinate specialized support in specific areas such as legal affairs, tax, capital operations, and data compliance to ensure that all necessary reviews are conducted. This ensures that the Company's decisions are legal and compliant, supporting lawful operations and rights protection.
- We continuously optimize compliance management assessments and evaluations, enforcing strict accountability and supervision. We clarify the reporting and response requirements for legal compliance risk events and major compliance risk events and strengthen compliance monitoring.

Risk management

- Focusing on key risks in compliance, investment, and operations, the Company has restructured our risk management organizational framework and formulated five core risk management systems, including the *Comprehensive Risk Management System* and *Compliance Risk Management Guidelines*, to solidify the top-level design of risk management.
- The Company strengthens the risk management process and accountability mechanisms, standardizing pre-event, in-event, and post-event control mechanisms. We have established a "three-level, 28-category" risk database and reviewed, optimized, and re-engineered 82 processes covering key areas such as sales, procurement, expenses, and contracts, thereby integrating risk management with business process workflows.
- The Company emphasizes closed-loop management of risk assessment, monitoring, early warning, and response. We optimize the monthly risk monitoring report mechanism and continuously enhance the Company's risk resilience by expanding sales channels, extending production bases, strengthening quality management, and organizing compliance risk training.
- The Company strengthens digital empowerment by integrating digital control measures into key processes, gradually advancing the graphical and visual representation of risk controls, thereby effectively enhancing the effectiveness of risk management.

Compliance awareness and education

- Each year, directors, supervisors, and senior management participate in compliance training organized by regulatory bodies. The Company organizes company-wide training on legal compliance management and the restructuring of the risk control and compliance system. External lawyers are invited to conduct legal education, organize legal seminars, and analyze typical cases, enhancing our risk control and compliance awareness and performance capabilities.

Audit control

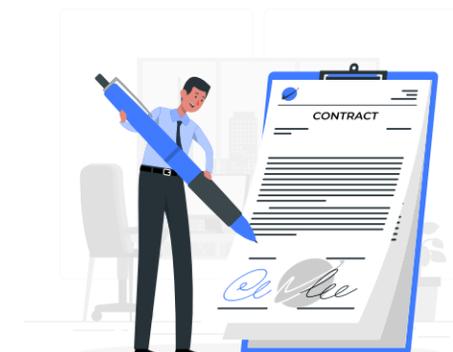
- The Board of Directors has established an Audit Committee to lead and supervise internal audit work, reviewing the internal audit work reports and work plans each quarter. The Company has conducted seven internal audit projects and undergone four external audits and inspections. We strictly implement the audit rectification system, emphasizing root cause management, increasing follow-up and supervision efforts, and incorporating rectification results into performance evaluations to continuously improve the effectiveness of addressing audit findings.
- The Company maintains an internal control mechanism where each party performs its duties, assumes its responsibilities, and provides mutual checks and balances. We increase testing efforts in key business areas and critical processes. At least once a year, the Company conducts a self-evaluation of internal controls, issues an *Internal Control Evaluation Report*, and submits it to the Board and the Audit Committee for review.
- The Company regularly maintains internal control documentation and has revised the *Internal Control Management Manual (2024)*. We optimize control standards and procedures, improve operational efficiency, and strengthen cross-departmental compliance reviews to prevent and mitigate operational risks.

IPR protection

Zhonghong Medical consistently implements the requirements of Chinese laws and regulations, such as the *Trademark Law* and the *Patent Law*, respecting and protecting the intellectual property rights (IPRs) of others while ensuring that our own IPRs are properly managed and maintained. The Company standardizes the development of our IPR management system, promptly registers patents for latest research achievements, and ensures that the use of trademarks, fonts, software, and other elements complies with contractual authorization requirements. During the reporting period, WE did not encounter any major infringement or IPR disputes. Regular IPR training is conducted for employees, and warning emails are sent to regulate employee behavior and prevent infringement risks.



Hengbao Health passes the review of the GB/T 29490-2013 Intellectual Property Management System certification.



In 2024

- **225** Patents obtained in total, including
- 63** Invention patents
- 120** Utility model patents
- 42** Design patents

Business Ethics

Zhonghong Medical adheres to the principles of fairness and justice, regulating its business conduct according to codes of commercial ethics. The Company organizes a variety of integrity culture activities to ensure that the ethos of honesty, responsibility, and integrity supports the Company's steady and long-term development.

▶ Anti-corruption

Integrity building is an essential element for a company to achieve coordinated, stable, and high-quality development. Zhonghong Medical strictly complies with anti-corruption and anti-commercial bribery laws and regulations. In accordance with the *Employee Code of Professional Ethics* and the *Integrity Risk Prevention Manual*, the Company enhances its management systems and policies related to integrity, prohibits employees from engaging in any form of bribery, and strengthens the constraints and supervision of power implementation to prevent incidents of corruption, embezzlement, and bribery. An open reporting email and hotline are available, encouraging customers, employees, suppliers, and others to report misconducts to the Supervision Office via email, letter, or face-to-face meetings, ensuring the confidentiality and proper handling of whistleblowers and their reports.

Zhonghong Medical places great emphasis on building a culture of integrity. Externally, the Company establishes fair and positive cooperative relationships with partners, industry associations, and other external organizations, strengthening the prevention and control of integrity risks in key areas. All purchasers are required to sign the *Integrity Commitment Letter*. Internally, the Company fosters an atmosphere of integrity through various means, such as sending internal emails and official notifications, distributing educational materials on integrity, organizing integrity warning education activities, and encouraging employees to sign integrity commitments and recite family values that promote integrity. These efforts continuously enhance employees' ability to identify corruption risks and their awareness of business integrity.



"Promoting Integrity in Family Values, Building Goodwill Families" integrity education activity

▶ Information security

Zhonghong Medical strictly adheres to the *Law on Guarding State Secrets*, *Cybersecurity Law*, *Consumer Rights Protection Law*, and other relevant laws and regulations concerning information security and personal privacy protection. The Company implements its *Network and Information Security Management Regulations* and strengthens organizational leadership in network security work. We also regularly organize inspections and evaluations, and have established a comprehensive accountability mechanism. Besides participating in cybersecurity drills, we regularly conduct security vulnerability scans and risk assessments of network equipment and systems, and continuously monitor the operational status of security devices such as firewalls and intrusion detection systems. The Company has developed an emergency response mechanism for security incidents, which enables a regular backing up and storage of important data, with detailed data recovery plans in place. The Company strictly prohibits sharing or transferring important business information and personal privacy data to other companies, organizations, or individuals without regulatory approval and consumer consent. Through cybersecurity knowledge training, the Company promotes basic network knowledge, virus prevention, and information confidentiality, enhancing employees' ability to identify, prevent, and handle network security risks.

Key Performance Table

Economic

Indicator	Unit	2024
Revenue	RMB million	2,456.6507
Total assets	RMB million	7,230.3608
Owner's equity	RMB million	5,620.6856
Total profit	RMB million	-66.9034
Net profit	RMB million	-85.8304
Net profit attributable to shareholders of the parent company	RMB million	-87.1289

Environmental

Indicator	Unit	2024
Total investment in environmental protection	RMB million	10.0882
Total GHG emissions	tCO ₂ e	818,075.31
Scope 1 GHG emissions	tCO ₂ e	9,453.28
Scope 2 GHG emissions	tCO ₂ e	808,622.03
GHG emission intensity	tCO ₂ e/RMB 10,000	3.3300
Total wastewater discharged	m ³	2,553,541.44
Total industrial wastewater	m ³	2,330,200.54
Total domestic wastewater	m ³	223,340.90
Total waste	ton	3,041.05
Total hazardous waste	ton	1,276.65
Intensity of hazardous waste	ton/RMB 10,000	0.0052
Total non-hazardous waste	ton	1,764.40
Intensity of non-hazardous waste	ton/RMB 10,000	0.0072
Total energy consumption	tce	247,903.11
Coal consumption	ton	1,619.48
Gasoline consumption	L	6,578.66

Indicator	Unit	2024
Diesel consumption	L	59,997.43
Natural gas consumption	m ³	346,615.00
Consumption of coke oven gas	m ³	6,026,192.00
Purchased electricity	MWh	363,324.69
Steam consumption	ton	2,019,403.85
Direct energy consumption	tce	5,401.93
Indirect energy consumption	tce	242,501.18
Energy intensity	tce/RMB 10,000	1.0091
Clean energy usage	MWh	3,751.00
Total water consumption	ton	2,541,786.74
Domestic water consumption	ton	304,806.94
Industrial water consumption	ton	2,236,979.80
Water resource utilization intensity	ton/RMB 10,000	10.3466

Social

Indicator	Unit	2024
Total employees	headcount	4,228
Male	headcount	1,443
Female	headcount	2,785
< 30 years old	headcount	444
30-50 years old	headcount	3,473
> 50 years old	headcount	311

Indicator	Unit	2024
Employees from ethnic minorities	headcount	173
Investment in work-related injury insurance for employees	RMB million	1.9895
Coverage rate of work-related injury insurance	%	97.28
Work-related fatalities over the past three years	headcount	0
Work-related fatality rate over the past three years	%	0
Employee training expenditure	RMB	224,800
Employee training sessions	time	403
Total employees trained	headcount	2,826
Employee training coverage rate	%	66.84
Total hours of employee training	hour	13,219.80
Total tax payment	RMB million	46.7684
Total suppliers	-	958
Percentage of products that need to be withdrawn and recalled due to health and safety reasons	%	0
Customer complaint resolution rate	%	100
R&D investment	RMB million	98.3142
Proportion of total R&D investment to main business revenue	%	4.00
R&D personnel	headcount	516
Proportion of R&D personnel	%	12.20
Total invention patents	-	63
Number of invention patent applications	-	10
Number of authorized invention patents	-	6
Number of valid patents	-	225

Note: The Company pays work-related injury insurance for all employees, except for retired and rehired employees.

Governance

Indicator	Unit	2024
Total directors	headcount	9
Total female directors	headcount	2
Total independent directors	headcount	3
Stock pledge ratio	%	0
Shareholders' meetings held	time	4
Announcements and reports, etc. released on the exchanges	-	155
Amounts involved in data security incidents	RMB million	0
Number of major litigation, arbitration and other risk events involved	-	0
Percentage of directors trained in anti-commercial bribery and anti-corruption	%	100
Percentage of management personnel trained in anti-commercial bribery and anti-corruption	%	100
Percentage of employees trained in anti-commercial bribery and anti-corruption	%	100

Index

GRI Content Index

Statement of use	Zhonghong Medical has prepared this report in accordance with the GRI Standards for the period from January 1, 2024 to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosures	Page/remark
GRI 2: General disclosures 2021	2-1 Organizational details	3
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	No restatements of information during the reporting period
	2-5 External assurance	Lack of information/incomplete (No external assurance)
	2-6 Activities, value chain and other business relationships	3-6、31-36
	2-7 Employees	39-40
	2-8 Workers who are not employees	39-40
	2-9 Governance structure and composition	55
	2-10 Nomination and selection of the highest governance body	55
	2-11 Chair of the highest governance body	55
	2-12 Role of the highest governance body in overseeing the management of impacts	55
	2-13 Delegation of responsibility for managing impacts	55
	2-14 Role of the highest governance body in sustainability reporting	9
	2-15 Conflicts of interest	See Zhonghong Medical Annual Report 2024 for details
	2-16 Communication of critical concerns	55
	2-17 Collective knowledge of the highest governance body	55
	2-18 Evaluation of the performance of the highest governance body	55
	2-19 Remuneration policies	55
	2-20 Remuneration policies	55
	2-21 Annual total compensation ratio	Confidentiality restrictions (Trade secrets)
	2-22 Statement on sustainable development strategy	2
	2-23 Policy commitments	19、39、55
	2-24 Embedding policy commitments	56
	2-25 Processes to remediate negative impacts	31-36、41
	2-26 Mechanisms for seeking advice and raising concerns	41
	2-27 Compliance with laws and regulations	56-58

GRI Standard	Disclosures	Page/remark
GRI 2: General disclosures 2021	2-28 Membership associations	51
	2-29 Approach to stakeholder engagement	11-12
	2-30 Collective bargaining agreements	41
GRI 3: Material Topics 2021	3-1 Process to determine material topics	10-11
	3-2 List of material topics	11
Economic		
GRI 205 Anti-corruption 2016	3-3 Management of material topics	59
	205-1 Operations assessed for risks related to corruption	59
	205-2 Communication and training about anti-corruption policies and procedures	59
	205-3 Confirmed incidents of corruption and actions taken	59
GRI 206 Anti-competitive Behavior	3-3 Management of material topics	56
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	56
Environmental		
GRI 301 Materials 2016	3-3 Management of material topics	21
	301-1 Materials used by weight or volume	21
	301-2 Recycled input materials used	21
	301-3 Reclaimed products and their packaging materials	21
GRI 302 Energy 2016	3-3 Management of material topics	20
	302-1 Energy consumption within the organization	20、60-61
	302-2 Energy consumption outside of the organization	Lack of information /incomplete (No data and will improve in the future)
	302-3 Energy intensity	61
	302-4 Reduction of energy consumption	20-21
	302-5 Reductions in energy requirements of products and services	20-21
GRI 303: Water and Effluents 2018	3-3 Management of material topics	21-23
	303-1 Interactions with water as a shared resource	21-23
	303-2 Management of water discharge-related impacts	22-23
	303-3 Water withdrawal	21
	303-4 Water discharge	22、60
	303-5 Water consumption	21、61

GRI Standard	Disclosures	Page/remark
GRI 305: Emissions 2016	3-3 Management of material topics	22
	305-1 Direct (Scope 1) GHG emissions	23、60
	305-2 Energy indirect (Scope 2) GHG emissions	23、60
	305-3 Other indirect (Scope 3) GHG emissions	Lack of information /incomplete (No data and will improve in the future)
	305-4 GHG emissions intensity	23、60
	305-5 Reduction of GHG emissions	Lack of information /incomplete (No data and will improve in the future)
	305-6 Emissions of ozone-depleting substances (ODS)	N/A (No ODS emissions)
GRI 306: Waste 2020	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	See Zhonghong Medical Annual Report 2024 for details
	3-3 Management of material topics	22
	306-1 Waste generation and significant waste-related impacts	22
	306-2 Management of significant waste-related impacts	22
	306-3 Waste generated	22、60
GRI 308: Supplier Environm	306-4 Waste diverted from disposal	22、60
	306-5 Waste directed to disposal	22、60
	3-3 Management of material topics	32
GRI 308: Supplier Environm	308-1 New suppliers that were screened using environmental criteria	32
	308-2 Negative environmental impacts in the supply chain and actions taken	32-34
Social		
GRI 401: Employment 2016	3-3 Management of material topics	39
	401-1 New employee hires and employee turnover	Confidentiality restrictions (Due to confidentiality requirements, disclosure is omitted)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	41
	401-3 Parental leave	41
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	43
	403-1 Occupational health and safety management system	43
	403-2 Hazard identification, risk assessment, and incident investigation	43-44
	403-3 Occupational health services	43-44
	403-4 Worker participation, consultation, and communication on occupational health and safety	43-44
	403-5 Worker training on occupational health and safety	44
	403-6 Promotion of worker health	43-44
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43-44
403-8 Workers covered by an occupational health and safety management system	43	

GRI Standard	Disclosures	Page/remark
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	44
	403-10 Work-related ill health	43
	3-3 Management of material topics	42
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	62
	404-2 Programs for upgrading employee skills and transition assistance programs	42-43
	404-3 Percentage of employees receiving regular performance and career development reviews	42-43
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	39
	405-1 Diversity of governance bodies and employees	39-40
	405-2 Ratio of basic salary and remuneration of women to men	Confidentiality restrictions (Trade secrets)
GRI 406: Non-discrimination 2016	3-3 Management of material topics	40
	406-1 Incidents of discrimination and corrective actions taken	No related cases
GRI 408: Child Labor 2016	3-3 Management of material topics	40
	408-1 Operations and suppliers at significant risk for incidents of child labor	No related cases
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	40
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No related cases
GRI 413: Local Communities 2016	3-3 Management of material topics	52
	413-1 Operations with local community engagement, impact assessments, and development programs	52
	413-2 Operations with significant actual and potential negative impacts on local communities	52
GRI 414: Local Communities 2016	3-3 Management of material topics	32
	414-1 New suppliers that were screened using social criteria	32
	414-2 Negative social impacts in the supply chain and actions taken	32-34
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	34
	416-1 Assessment of the health and safety impacts of product and service categories	34-35
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No related cases
GRI 417: Marketing and Labeling 2016	3-3 Management of material topics	36
	417-1 Requirements for product and service information and labeling	36
	417-2 Incidents of non-compliance concerning product and service information and labeling	No related cases
GRI 418: Customer Privacy 2016	417-3 Incidents of non-compliance concerning marketing communications	No related cases
	3-3 Management of material topics	36
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related cases

Content Index of the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Dimension	No.	Topics	Corresponding terms	Page
Environmental	1	Climate response	Articles 21 to 28	23
	2	Pollutant discharge	Article 30	22
	3	Waste disposal	Article 31	22
	4	Ecosystem and biodiversity protection	Article 32	N/A
	5	Environmental compliance management	Article 33	19
	6	Energy utilization	Article 35	20-21
	7	Water resources utilization	Article 36	21
	8	Circular economy	Article 37	21、 24
	9	Rural vitalization	Article 39	N/A
	10	Social contributions	Article 40	47-52
Social	11	Innovation	Article 42	13-16
	12	Ethics of science and technology	Article 43	N/A
	13	Supply chain security	Article 45	31-34
	14	Equal treatment of SMEs	Article 46	55
	15	Product and service safety and quality	Article 47	27-30、 34-35
	16	Data security and customer privacy	Article 48	36、 59
	17	Employees	Article 50	39-44
Sustainability-related governance	18	Due diligence	Article 52	31-32、 56-58
	19	Stakeholder engagement	Article 53	11-12
	20	Anti-commercial bribery and anti-corruption	Article 55	59
	21	Fair competition	Article 56	56-57

Outlook for 2025

In 2024, Zhonghong Medical made solid progress in ESG management and received several authoritative ESG awards in recognition of our outstanding performance. Looking forward, we will deepen our ESG strategy, align with UN SDGs, and explore pathways to high-quality development, steering the medical industry toward a more responsible future.

We will leverage the leading role of innovation to invigorate the medical industry.

In 2025, we will continue to build a full-value-chain digital management platform, enabling smart monitoring of production processes and optimized resource allocation. Based on our R&D system formed by Beijing Research Institute, Shanghai Research Institute (to be built), Yichun Research Institute, Shenzhen Research Institute, Guilin Research Institute, and Hainan Subsidiary, we will focus on cutting-edge fields such as advanced materials and smart medical devices. We will also strengthen partnerships with universities, deepen industry-university-research-healthcare collaboration, and develop AI-assisted medical devices to accelerate the commercialization of research outcomes.

We will embrace a low-carbon transition to set a new industry benchmark.

In 2025, we will deepen our dual-carbon practices by piloting assessments of climate-related risks and opportunities. Comprehensive energy-efficient upgrades will be rolled out at our five major production sites in Tangshan, Jiujiang, Yichun, Guilin, and Shenzhen. We will expand the use of renewable energy, enhance waste recycling, and strengthen pollutant management. These efforts are intended to promote green operations and minimize the lifecycle environmental impact of our products.

We will build a shared ecosystem and expand collaboration networks

In 2025, we will foster a harmonious and caring workplace to strengthen team cohesion. We will tighten suppliers' ESG management and build a more resilient and responsible supply chain. Deeper cooperation with domestic and international partners will help us deliver high-quality medical products and services to a broader population. We will also contribute to social charity and community development as a responsible corporate citizen.

We will cement our corporate foundation to support future growth

In 2025, we will refine our ESG management framework and system. This includes enhancing corporate governance structures, formulating a sustainability strategy, improving communication with investors, fostering a culture of internal control and compliance, and reinforcing our risk management mechanisms. Upholding business ethics, we will elevate our corporate governance.

In 2025, a year when China concludes its 14th Five-Year Plan, Zhonghong Medical will remain steadfast in delivering ESG principles. Through innovation, green practices, governance reform, and cooperation, we will unlock new quality productive forces and create lasting value for our shareholders, employees, customers, and society.

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