



PHARMESIS INTERNATIONAL LTD

SUSTAINABILITY REPORT 2025

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1. READER'S GUIDE

1.1 About Pharmesis

Listed on the Main Board of the Singapore Exchange in October 2004, Pharmesis International Ltd. (“**Pharmesis**”) specialises in the manufacture of pharmaceutical products, including western medicine and Traditional Chinese Medicine (“**TCM**”). Under our two subsidiaries, Chengdu Kinna Pharmaceutical Co., Ltd and Sichuan Longlife Pharmaceutical Co., Ltd, we specialise in the manufacturing of pharmaceutical products in the form of tablets, granules, pills, etc, including TCM formulated products for the treatment of illnesses relating to the liver and gall bladder, jaundice and clears heat toxic etc. Additionally, our business also includes the research and development, production, sale and marketing of pharmaceutical products.

Our pharmaceutical products are sold in the People’s Republic of China (“**PRC**”) under the “国嘉” brand. Our main products are ATT, Gulin Gansu and Er Ding granules. Our Gulin Gansu is under the National TCM Protection List and also the first TCM formulated products to be awarded the “Product of Designation of Origin and Geographical Indications of the PRC”. Leveraging our strong research and development capabilities and in-house expertise in pharmaceutical products for the treatment of illnesses relating to the liver and gall bladder, we successfully improved the coating technology of ATT tablets and had received several awards in recognition of this achievement.

1.2 Report Scope

The Group issues a Sustainability Report on an annual basis, and had published its Sustainability Report 2025 (“**SR**”) for the financial year ended 31 December 2025 in April 2026. This is the Sustainability Report 2025 published by the Group and will cover the period from 1 January 2025 to 31 December 2025 (“**FY2025**”).

In line with our environmental conservation efforts, hard copies of this Report will not be printed. An electronic version of this report is made available on the SGXNET and company’s website.

1.3 Methodology

This report has been prepared in compliance with Listing Rule 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX**”), and with reference to the Global Reporting Initiative Sustainability Reporting Standards (“**GRI**” Standards) and the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) as set out in Listing Rule 711B on a ‘comply or explain’ basis (other than as required under Listing Rule 711B(2)). The Company will continue to take steps to fully integrate the TCFD recommendations and enhance the disclosures to address the governance, strategy, risk management, and metrics and targets dimensions contemplated by IFRS S1 and IFRS S2 in our report.

The Company has chosen the GRI Standards as they are the most established international sustainability reporting standard. In this report, we focus on the key material issues for our business. Please refer to the GRI Content Index on page 9 and the TCFD Index on page 11 for relevant references. The Sustainability Report is published annually as part of our Report to Shareholders and is available on both SGX website and our website.

We have relied on internal data monitoring and verification to ensure accuracy of this Report. Our Sustainability Report 2025 has been subject to internal review. We have not sought external assurance for our Sustainability Report 2025 but may consider it in the future. The Group endeavours to continuously improve the content and quality of our non-financial disclosures in alignment with the reporting principles of SGX, GRI Standards and TCFD. We welcome feedback from our stakeholders on this report at: enquiry@pharmesis.com

2. SUSTAINABILITY GOVERNANCE

2.1 Board Statement

The Board of Directors (the “**Board**”) of Pharmesis International Ltd has considered sustainability issues as part of its overall strategy formulation and has determined the environmental, social and governance (“**ESG**”) factors identified as material to the business of the Group. The Board has provided direct guidance to the Company’s management (the “**Management**”) in the preparation of this report. Based on the guidelines of GRI Standards, the Board and the Management determined the material ESG factors relevant to the Group. The Management then further assesses, monitors and documents the Group’s efforts in managing the identified material ESG factors. The Board has overseen the management and monitoring of the material ESG factors. The Board and the Management will continue to work closely to ensure that the Group has a structured and functioning sustainability reporting framework. We hope this report will help our stakeholders to understand the Group and its business decisions, and allow the Group to be sustainable in the long run.

Board members have also undergone training on sustainability matters to equip themselves with the right knowledge to lead the Company towards sustainability.

2.2 Risk Management

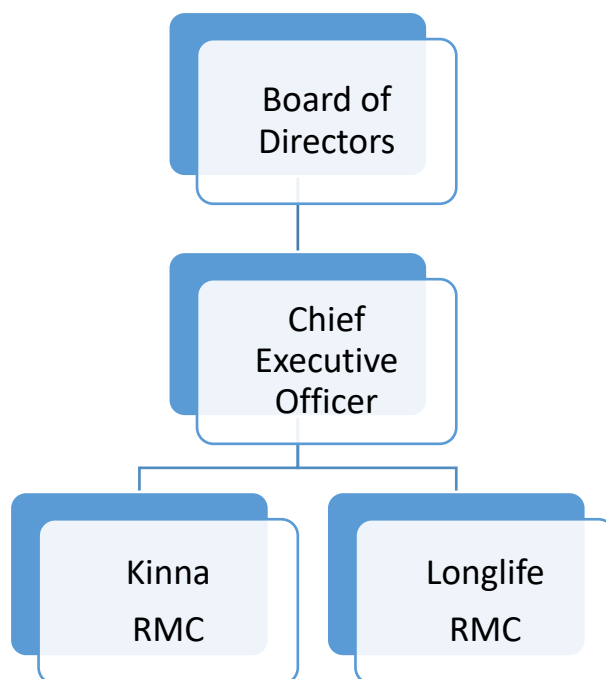
The Risk Management Committee (“**RMC**”) comprising senior representatives from different business units and functions, led by the Chief Executive Officer (“**CEO**”), is responsible to address all risk management issues (including sustainability issues) concerning the Group. The CEO reports to the Board, on the risk management of the Group, including climate-related risks.

The Group’s current risk management process takes into account overall business risks, including climate-related risks. The RMC also keeps abreast of specific emerging risk trends such as climate-related risks.

The RMC conducted an initial risk assessment concerning climate-related risks and their potential impact. The “Climate-related Risks” was entered into the Group’s Risk Register for annual review. The Audit Committee and the Board were updated about Climate-related Risks being added as a new risk under the Enterprise Risk Management framework. Disclosure of climate-related risks and opportunities will be a consideration for our future reports, following a more extensive and in-depth risk assessment.

The RMC will continue to assess the materiality of ESG and related risks to the Group as the ESG landscape continues to evolve.

Figure 1: Pharmesis Sustainability Governance Structure



3. STAKEHOLDERS ENGAGEMENT

Our key stakeholders are our business associates, employees, regulators, and investors.

Key stakeholder Methods of engagement

Our Key Stakeholders	Forms of Engagement	Key Topics
Business Associates	One-on-one meetings Conferences Site visits Email and phone communication Marketing and distribution Manufacturing and product quality	Marketing and distribution Manufacturing and product quality Supply and logistics Financials Business opportunities Market conditions Regulatory landscape
Employees	Goals determination and work plans Messages from management Performance appraisals Team briefings	Work safety awareness Productivity measures Promoting teamwork
Regulators	Email and phone communication Formal applications and approvals	Compliance Permits and licences Regulatory landscape

Investors	AGM / EGM Email and phone communication SGXNET announcements Corporate website	Company performances Future directions
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4. MATERIALITY ASSESSMENT

The Risk Management committee undertook a materiality assessment process based on GRI Standards to identify our material factors that are significant to our businesses and our stakeholders and ultimately form the content of this report.

This process included reviewing our corporate commitments, policies, risks and regulation requirements and engagement with staff and external stakeholders in order to continue to improve our sustainability performance by strategically focusing on material topics which span the ESG aspects over the coming years.

We have worked through GRI's 4 steps of materiality – identification, prioritisation, validation and review – to determine an indicative list of material factors. Pharmesis undertook an internal assessment to better understand the impacts from our business activities, reviewing our internal risk assessments, strategy and policy commitments, and considered the sustainability disclosure of our peers. Senior management and select members of the Board were involved and engaged in this identification and prioritisation process. We have prioritised three Material Factors, Economic Performance, Product Quality and Safety & Occupational Health and Safety.

5. ESG SUSTAINABILITY REVIEW

We believe the following factors are relevant for the long term sustainability of the Group:

Focus	Objective & Target	Policies, Performance and Practices												
<p>Economic Performance</p>	<p>Objective: To ensure the Group is in good financial health and is poised for sustainable generation of shareholder value.</p> <p>Short-term target: To achieve profitability (positive profit before tax) for the current year.</p> <p>Mid-term target: To maintain profitability (positive profit before tax) for 3 years.</p>	<table border="1" data-bbox="863 416 1377 658"> <thead> <tr> <th>(RMB million)</th> <th>FY2025</th> <th>FY2024</th> </tr> </thead> <tbody> <tr> <td>Total revenue</td> <td>43.8</td> <td>67.6</td> </tr> <tr> <td>Profit/(loss) before tax</td> <td>(4.0)</td> <td>8.4</td> </tr> <tr> <td>Total Equity</td> <td>55.5</td> <td>61.6</td> </tr> </tbody> </table> <p>Overall Group revenue for FY 2025 was RMB 43.8 million, a decrease of 35.3% from RMB 67.6 million in FY 2024. This decrease was mainly attributable to the absence of revenue from the Traditional Chinese procurement segment, which contributed RMB 28.9 million in FY 2024.</p> <p>Other income normalized to RMB 2.0 million in FY 2025, comprising mainly rental income and government grants compared to RMB 7.1 million in FY 2024, which was mainly due to one-off reversal of impairment relating to JiangYou Factory.</p> <p>Selling and distribution costs decreased by RMB 1.8 million or 16.6% from RMB 10.9 million in FY 2024 to RMB 9.1 million in FY 2025 corresponding to lower revenue. Administrative costs increased by RMB 0.9 million or 7.4% from RMB 11.2 million in FY 2024 to RMB 12.1 million in FY 2025 mainly due to depreciation associated with the Group's investment property.</p> <p>The Group recorded a loss before tax of RMB 4.0 million for FY 2025 compared to a profit before tax of RMB 8.4 million for FY 2024 which was supported by the one-off impairment reversal of RMB 6.9 million.</p> <p>Did not achieve positive profit before tax in FY2025.</p> <p>Did not achieve positive profit before tax in FY2025 and FY2023. Achieved positive profit before tax in FY2024.</p>	(RMB million)	FY2025	FY2024	Total revenue	43.8	67.6	Profit/(loss) before tax	(4.0)	8.4	Total Equity	55.5	61.6
(RMB million)	FY2025	FY2024												
Total revenue	43.8	67.6												
Profit/(loss) before tax	(4.0)	8.4												
Total Equity	55.5	61.6												

Focus	Objective & Target	Policies, Performance and Practices
<p>Product Quality and Safety</p>	<p>Objective: To ensure that product quality and safety is never compromised.</p> <p>Short-term target: To achieve zero drug safety incident for the current year.</p> <p>Mid-term target: To achieve zero drug safety incident for 3 years.</p>	<p>Product quality and safety are core to our commercial reputation and consumers' expectations. We are committed to responsible sourcing as it helps assure safety and quality of our end products. We have always stressed the importance of drug quality and safety in our operations in each stage of our production process as evidenced by the GMP certifications over our production facilities.</p> <p>Achieved zero drug safety incident in FY2025.</p> <p>Achieved zero drug safety incident in FY2025, FY2024 and FY2023.</p>
<p>Occupational Health and Safety</p>	<p>To ensure that our manufacturing facilities remain free from risk to employees, or any other persons on our premises.</p> <p>Short-term target: To achieve zero workplace injuries for the current year.</p> <p>Mid-term target: To achieve zero workplace injuries for 3 years.</p>	<p>Commitment to the safety of our people and of those we work with.</p> <p>Our safety practices outlines the work procedures such that workers can carry out their jobs effectively.</p> <p>Review of safety practices.</p> <p>Achieved zero workplace injuries in FY2025.</p> <p>Achieved zero workplace injuries in FY2025, FY2024 and FY2023.</p>

We welcome your views and feedback on our sustainability practices and reporting at enquiry@pharmesis.com.

GRI Content Index

The GRI Content Index references the Pharmesis International Ltd’s Sustainability Report 2025 (“SR”), and the Annual Report 2025 (“AR”).

Statement of Use	Pharmesis has reported the information cited in this GRI content index for the period of 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure Title	Page Reference
General Disclosures		
2-1	Organisational details	SR, pg. 2 Annual Report: Corporate Profile, pg. 1, Corporate Information, pg. 16
2-2	Entities included in the organisation’s sustainability reporting	SR, pg. 2
2-3	Reporting period, frequency and contact point	SR, pg. 2
2-4	Restatements of Information	Not applicable
2-5	External assurance	SR, pg. 4
2-9	Governance structure and composition	SR, pg. 4,5 Annual Report: Board of Directors, pg. 12-14, Corporate Information, pg. 15
2-10	Nomination and selection of the highest governance body	Annual Report: Corporate Governance Statement, pg. 17
2-11	Chair of the highest governance body	Annual Report: Board of Directors, pg. 12-14
2-12	Role of the highest governance body in overseeing the management of impacts	SR, Sustainability Governance, pg. 4 Annual Report: Corporate Governance Statement, pg. 17
2-13	Delegation of responsibility for managing impacts	Sustainability Governance, pg. 3 Annual Report: Corporate Governance Statement, pg. 17
2-14	Role of the highest governance body in sustainability reporting	SR, pg. 4, 5, 6
2-15	Conflicts of interest	Annual Report: Corporate Governance Statement, pg. 17
2-16	Communication of critical concerns	Annual Report: Corporate Governance Statement, pg. 17

2-17	Collective knowledge of the highest governance body	Sustainability Governance, pg. 3
2-18	Evaluation of the performance of the highest governance body	Annual Report: Corporate Governance Statement, pg. 17
2-19	Remuneration policies	Annual Report: Corporate Governance Statement, pg. 29
2-20	Process to determine remuneration	Annual Report: Corporate Governance Statement, pg. 29
2-25	Processes to remediate negative impacts	Annual Report: Corporate Governance Statement, pg. 34
2-29	Approach to stakeholder engagement	Annual Report: Corporate Governance Statement, pg. 36

Material Topics

3-1	Process to determine material topics	Materiality Assessment, pg. 6
3-2	List of material topics	Materiality Assessment, pg. 6

Economic Performance

3-3	Management of material topics	SR, ESG Sustainability Review, Economic Performance, pg. 7 Annual Report, Operations Review, pg. 9
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Product Quality and Safety

3-3	Management of material topics	SR, ESG Sustainability Review, Product Quality and Safety, pg. 8
417-2	Incidents of non-compliance concerning product and service information and labelling	SR, ESG Sustainability Review, Product Quality and Safety, pg. 8

Occupational Health and Safety

3-3	Management of material topics	ESG Sustainability Review, Occupational Health and Safety, pg. 8
403-9	Work-related injuries	ESG Sustainability Review, Occupational Health and Safety, pg. 8

8. TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

We are in the process of working towards compliance with TCFD requirements and ISSB requirements.

TCFD Pillars	Recommended Disclosures	Page Reference & Remarks
<p>Governance Disclose the organization’s governance around climate-related risks and opportunities.</p>		
	<p>a. Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>Sustainability Governance, pg. 4</p>
	<p>b. Describe management’s role in assessing and managing climate related risks and opportunities.</p>	
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</p>		
<p>The Group recognises that climate change may affect both its current operations and longer-term business outlook. Climate-related risks and opportunities are relevant across the Group’s business activities, particularly in relation to investment property and manufacturing operations.</p> <p>For investment property, physical climate risks may include extreme weather events, site disruption, damage to assets, higher maintenance and insurance costs, and longer-term changes in the attractiveness, resilience or usability of location.</p> <p>For manufacturing operations, climate-related considerations may arise from changing energy costs, evolving consumer expectations, resource efficiency requirements and operational disruptions associated with severe weather or supply chain pressures. At the same time, opportunities may arise from improved energy efficiency, more sustainable operating practices, the incorporation of greener building or fit-out features, and broader alignment with stakeholder expectations on sustainability performance.</p> <p>The Group considers climate-related matters to be relevant to business resilience and long-term value creation. While the financial effects of climate-related risks and opportunities have not yet been separately quantified in detail, the Board recognises that these matters may influence operational performance, cost management, asset resilience and future strategic positioning.</p>		

TCFD Pillars	Recommended Disclosures	Page Reference & Remarks
<p>Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.</p>		
	<p>a. Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>Sustainability Governance, pg. 4 Risk Management, pg. 4</p>
	<p>b. Describe the organization’s processes for managing climate related risks.</p>	
	<p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	
<p>Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>		
<p>FY2025 is the Group’s first year of monitoring climate-related operational indicators, serving as our baseline year for emissions tracking. During FY2025, the Group began monitoring selected climate-related operational indicators across its operations, including natural gas consumption, electricity consumption and greenhouse gas (GHG) emissions.</p> <p>Based on the Group’s FY2025 activity data and emissions calculations, total Scope 1 and Scope 2 GHG emissions amounted to 835.4 tCO₂e, comprising 433.1 tCO₂e of Scope 1 emissions and 402.3 tCO₂e of Scope 2 emissions.</p> <p>Scope 1 emissions for FY2025 arose from natural gas consumption used in operations and fuel used in road transport.</p> <p>Scope 2 emissions for FY2025 arose from purchased electricity consumption.</p>		

TCFD Pillars	Recommended Disclosures	Page Reference & Remarks
	<p>a. Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.</p>	<p>(a) For FY2025, we have disclosed our baseline Scope 1 and Scope 2 GHG emissions as our primary climate-related metrics. We are currently in the process of evaluating appropriate, forward-looking targets to actively manage these emissions and assess broader climate-related risks. The Group is continuously working towards robust, ISSB-aligned climate-related disclosures (CRD) in line with regulatory expectations. Once our strategic evaluation is complete, we will establish and present these formal targets in our future reports.</p>
	<p>c. Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.</p>	<p>(c) As FY2025 serves as our baseline year for tracking Scope 1 and Scope 2 emissions, formal quantitative targets for emissions reduction have not yet been established. The Group will develop and disclose specific targets and track our performance against them in subsequent reporting cycles as our climate strategy matures.</p>