



2025

Environmental, Social and Governance (ESG) Report



Huabao Flavours & Fragrances Co., Ltd.

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About This Report

This report is the third Environmental, Social and Governance (ESG) Report issued by Huabao Flavours & Fragrances Co., Ltd. (hereinafter referred to as "Huabao Limited" or "the Company"). It details the Company's practices and performance in economic, environmental, social, and corporate governance responsibilities for 2025. The report aims to facilitate effective communication with all stakeholders and systematically address their expectations and requirements.

Reporting Period

This annual report covers the period from January 1, 2025, to December 31, 2025.

Reporting Scope

This report discloses information on Huabao Limited and its subsidiaries' fulfillment of responsibilities in economic, social, environmental, and corporate governance aspects. The relevant case studies are derived from the Company's affiliated enterprises.

Time Frame

The reporting period spans from January 1, 2025, to December 31, 2025. To enhance comparability and forward-looking relevance, certain content extends moderately into preceding and subsequent years.

Preparation Basis

SSE Self-Regulatory Guidance for Listed Companies No. 17—Sustainability Report (Trial)

SSE Self-Regulatory Guidelines for Listed Companies on the ChiNext Market No. 3 —Preparation of Sustainability Reports

UN Sustainable Development Goals (SDGs)

ISSB GRI Standards

CASS Guidelines on Corporate Social Responsibility Reporting of Chinese Enterprises (CASS-ESG 6.0)

CNIS Guidance on Social Responsibility Reporting (GB/T 36001-2015)

ISO 26000 Guidance on Social Responsibility (2010)

Data Description

Data sources for this report include the Company's operational raw data, publicly available government data, annual financial data, internal statistical reports, third-party questionnaire surveys, and third-party evaluation interviews. Financial data in this report are denominated in RMB. In the event of any discrepancy with the financial reports, the financial reports shall prevail.

Report Reliability Assurance

The Company guarantees that the content of this report is true, accurate, and complete, with no false records, misleading statements, or major omissions.

Nomenclature

For ease of reference in this report:

"Huabao Flavours & Fragrances Co., Ltd." is referred to as "Huabao Limited", "the Company", or "we"

"Huabao International Holdings Limited" is referred to as "Huabao International"

"Yingtian Huabao Flavours & Fragrances Co., Ltd." is referred to as "Yingtian Huabao"

"Guangzhou Hua Fang Tobacco Flavours Co., Ltd" is referred to as "Guangzhou Hua Fang"

"Owada Flavours & Fragrances" is referred to as "Guangzhou Owada"

"Shanghai H&K Flavors Co., Ltd." is referred to as "H&K Flavor"

"Jiangxi H&K Food Technology Development Co., Ltd." is referred to as "Jiangxi H&K"

"Shanghai Yifang Agricultural Technology Co., Ltd." is referred to as "Shanghai Yifang" or "Yifang"

"Jiangxi Yifang Agricultural Technology Co., Ltd." is referred to as "Jiangxi Yifang"

"Huabao Asia Pacific Pte. Ltd" is referred to as "Huabao Asia Pacific"

"PT Huabao Food Technology Indonesia" is referred to as "PT Huabao Food"

"Xiamen Amber Daily Chemical Technology Co., Ltd." is referred to as "Xiamen Amber"

"Hunan Fine Taste Biological Technology Development Group Co., Ltd." is referred to as "Fine Taste Biological Technology"

Access to the Report

Should you have any comments or suggestions regarding the content of this report or the Company's environmental, social, and governance performance, please feel free to contact the Company by phone at 021-67083333 or via email at ir@hbflavor.com.



Chairman's Statement

As the seasons change, a new chapter unfolds. In 2025, amidst a complex and volatile international environment, profound restructuring of global supply chains, and ongoing conflicts and frictions, Huabao Limited responded to the challenging competitive landscape by adhering to its corporate mission to "Green, Nutritious, Healthy". Driven by technological innovation, supported by international expansion, and guided by ESG principles, the Company achieved steady development in its core business segments, including edible flavors, food ingredients, and daily-use fragrances, committing to creating lasting value for consumers and society.

Currently, growing consumer demand for natural products and the concept of sustainable development are accelerating corporate efforts in green raw material R&D and low-carbon process innovation. In 2025, driven by both industry trends and corporate responsibility, Huabao Limited continued to expand into natural flavors, natural ingredients, and healthy foods, providing the market with diversified natural flavor solutions. By deeply participating in the formulation of key standards such as Natural Flavors for Food and Natural Processed Foods, the Company co-led the establishment of the "Shanghai Natural Food Center" and became among the first to obtain authoritative naturalness product certification. The release of the new corporate image video, The Miracle of Nature, marks a strategic shift from product delivery to the promotion of "Symbiosis Between Nature and Technology" values. This evolution transforms the Company from a traditional flavor supplier into a definer and standard-bearer of healthy eating trends, helping establish Shanghai as a national hub for natural food innovation and leading the industry's structural leap from "Basic Satisfaction" to "Natural, Healthy, and Functional."

This confidence stems from the solid R&D capabilities cultivated through relentless dedication. Through technological iteration and process optimization, the Company maintains an industry-leading position in areas such as formulation, encapsulation, popping boba, and functional ingredient extraction. Concurrently, it is accelerating its layout in cutting-edge technologies including synthetic biology, probiotics, sensory and neuroscience, and AI-powered intelligent spectrum analysis, building a well-structured and dynamic R&D matrix. In 2025, the Company independently published papers in SCI-indexed journals, achieving a historic breakthrough. The commercialization of scientific research outcomes has accelerated, with the pilot-scale industrialization base for technologically innovative food ingredients and the food-grade popping boba production line successively completed and commissioned. Construction of the comprehensive food technology base and the grand health industry base in Indonesia is also progressing steadily.

This confidence stems from robust governance built on a commitment to excellence. Actively responding to the national "Dual Carbon" goals, the Company systematically promotes lean production and deeply integrates green, low-carbon concepts, resource circulation, and energy conservation into the entire manufacturing process. Through effective measures such as full-chain cost benchmarking, precision sourcing, and competitive bidding on centralized procurement platforms, the Company's procurement management

has successfully reduced costs and enhanced efficiency. In terms of digital and intelligent transformation, the PLM system, independently upgraded by the Company, has been successfully launched and applied across all business segments. The proprietary AI model developed in-house for the automatic analysis of flavor components has achieved industry-leading technical capabilities in resolving overlapping peaks and identifying natural spices, establishing a high-quality, exclusive spectral database.

This confidence stems from an unwavering commitment to social mission, a responsibility upheld over time. The Company's public welfare student aid brand, the "Flower Growth Program", was further systematized and standardized in 2025. Its reach extended across mountains and seas, continuing to illuminate students' futures, serving as a successful model of the Company's branded operation of public welfare projects. Simultaneously, in active response to the national rural revitalization strategy, the Company officially launched the "Huabao Village Companion Program". Guided by the principles of "continuous support, systematic empowerment, and endogenous development", the Company is exploring replicable models for rural co-construction. These two core projects vividly embody the Company's founding mission to "grow and progress together with society", ensuring that the warmth and strength of Huabao reach every corner in need.

The year 2026 marks the 30th anniversary of Huabao Limited. With a "Reset" mindset and a "Sprint" attitude, the Company will strive toward even grander goals. It will seize the strategic opportunities presented by the development of the grand health sector, cultivate new business growth poles, and comprehensively advance current strategies, including technological innovation and internationalization. Simultaneously, the Company will establish a comprehensive market value management system, systematically clarifying and vigorously promoting strategy implementation to effectively enhance its market value management capabilities.

The road ahead is long and challenging, but perseverance leads to success. Remaining true to its original aspiration and upholding its mission, the Company will continue to deepen its ESG practices. Adhering to its corporate vision of being "A Leader in Delicious Living", it will fulfill corporate responsibilities and create greater value through stricter standards, more pragmatic actions, and more innovative measures. The Company firmly believes that with the concerted efforts of all Huabao employees, the strong support of shareholders, and the collaboration of partners, it will continue to write a new chapter in the sustainable development of Huabao Limited, contributing even more strength to industry progress, social development, and ecological well-being.

XIA Liqun
Chairman

Huabao Flavours & Fragrances Co., Ltd.



About Huabao Limited

Company Profile







Founded in 1996, Huabao Flavours & Fragrances Co., Ltd. was successfully listed on the Shenzhen Stock Exchange in 2018 (Stock Abbreviation: Huabao Limited; Stock Code: 300741). Its subsidiary, Xiamen Amber (833164.NEEQ), is listed on the National Equities Exchange and Quotations (NEEQ). The Company specializes in the R&D, production, sales, and technical services of flavors and food ingredients, dedicated to providing green, nutritious, and healthy flavor solutions to customers worldwide.

Huabao Limited's journey in flavor exploration traces back to 1912 with the establishment of the Continental Chemical Society, China's first domestic flavor and fragrance enterprise. Today, the Company has established a portfolio of renowned brands including "Huabao", "Peacock", "Yifang", "Jiacui", "Hua Fang", "Xideng", "Owada", and "Amber", enjoying a high reputation in the industry. Over the past two decades, Huabao Limited has championed the globalization of national flavor and fragrance brands, seizing opportunities in overseas markets and advancing its internationalization strategy to build a core integrated industrial chain. Its global layout includes R&D centers in Germany, Singapore, and Indonesia. The Company operates a state-certified enterprise technology center, along with multiple enterprise technology centers and laboratories in Hong Kong, Shanghai, Guangdong, Fujian, Jiangxi, and Hunan. Upstream raw material extraction centers cover Guangdong and Botswana, Africa, while production bases are distributed across Guangdong, Jiangxi, Fujian, Hunan, and Hong Kong, achieving full-chain coverage.



Currently, the Company owns **57** subsidiaries across **7** countries worldwide, having grown into a large-scale industrial group with both an international vision and modern operational capabilities, continuously driving technological innovation and industrial upgrading.

Corporate Culture

 <p>Vision</p> <p>A Leader in Delicious Living</p>	 <p>Mission</p> <p>Green, Nutritious, Healthy</p>	 <p>Values</p> <p>Customer First, Value Creation, Shared Success</p>
 <p>Spirit</p> <p>Innovation, Pragmatism, Loyalty, Collaboration</p>	 <p>Talent Philosophy</p> <p>Ethical, Visionary, Capable, and Resourceful</p>	 <p>Public Welfare Mission</p> <p>To promote continuous progress in education and improvement of people's livelihoods through sustainable public welfare projects and charitable funds, thereby earning societal trust and achieving sustainable development</p>

Brand Rejuvenation

In 2025, the Company officially released its new brand image film, The Miracle of Nature, and introduced the core brand philosophy: "Beginning with the End in Mind, Decoding the Miracle of Nature", emphasizing a consumer-centric approach driven by technological innovation and sustainable development to enhance brand value.





Brand rejuvenation represents not only an upgrade in visual identity and communication but also a reflection of the Company's strategic evolution. It integrates technological innovation, product portfolios, global layout, and digital-intelligent operations into brand expression to enhance brand awareness and market influence.

Corporate Strategy

 <p>Strategic Initiatives</p> <p>Institutionalizing Corporate Philosophy, Intelligent Management, Asset Securitization, and Business Globalization</p>	 <p>Strategic Positioning</p> <p>To become a leading listed flavor and ingredient company in China with international influence by leveraging natural technologies as its core to provide global consumers with high-quality, cost-effective flavor and health solutions.</p>
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Implementation of the Grand Health Industry Strategy

Huabao Limited deeply aligns with the "Healthy China" national strategy, establishing the grand health industry as a core growth pole for future development. By integrating global scientific research resources, the Company is committed to a comprehensive transformation from "Flavor Manufacturing" to "Health Empowerment".

 <p>Dual-Core Drive, Nationwide Layout</p> <p>The Company has built a "North-South" collaborative matrix for the grand health industry. Through the organic linkage of R&D, marketing, and supply chain, it has formed an efficient collaborative model of "Front-End Market Traction + Back-End R&D and Manufacturing Support", significantly enhancing overall service efficiency and operational resilience.</p> <ul style="list-style-type: none"> ■ Jinan Northern Base: Focuses on market frontiers and in-depth customer service, achieving rapid response and precise engagement with key clients. ■ Yingtan Southern Base: Leveraging its mature industrial chain foundation, it focuses on deepening product technology, upgrading production capacity, and strengthening the supply chain. 	 <p>Technology-Led, Health-Core</p> <p>Relying on its state-certified enterprise technology center, post-doctoral research station, and global R&D system, the Company continues to achieve key breakthroughs in fields such as natural extraction, enzymatic hydrolysis and fermentation, and functional encapsulation.</p> <ul style="list-style-type: none"> ■ Clean Label: Prioritizes naturally sourced active ingredients and develops low-sugar, low-salt, and reduced-fat formula solutions to help clients create healthy and transparent product labels. ■ Technology Empowerment: Utilizes proprietary technologies such as Probio-Protec crystal ball probiotics to ensure efficient delivery and stable release of health ingredients, making "health" scientifically quantifiable and perceptible.
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百年华宝

History

- 1912**
 Continental Chemical Society was founded in Shanghai, laying the foundation for over a century of development for Peacock Flavours
- 1947**
 Kailong Perfumery Factory was founded, marking the birth of the Peacock brand
- 1996**
 Established Huabao Flavours & Fragrances (Shanghai) Co., Ltd.
- 2004**
 - Acquired "Peacock", a time-honored flavor and fragrance brand in China
 - Huabao (Shanghai) Technology Center was recognized as a "National Enterprise Technology Center"
- 2006**
 - Huabao International was listed on the Hong Kong Stock Exchange (HKEX)
 - Established the Huabao Technology Center Germany in Germany
- 2007**
 Established F&G in Africa
- 2015**
 McKinsey & Company developed a strategic plan for the Company, heralding the commencement of its "second entrepreneurial journey"
- 2016**
 Shanghai Huabao relocated to Lhasa, Tibet, and was restructured into Huabao Limited
- 2018**
 Huabao Limited was successfully listed on the Shenzhen Stock Exchange (SZSE)
- 2020**
 Established Huabao Asia Pacific in Singapore
- 2021**
 Established PT Huabao Food in Indonesia
- 2022**
 Acquired Shanghai Yifang Agricultural Technology Co., Ltd.
- 2024**
 - Joined the United Nations Global Compact (UNGC)
 - Honored as a "Leading Enterprise in China's Fragrance, Flavor, and Cosmetics Industry"
 - Participated in the compilation of the Guidelines for Sustainable Development (Environmental, Social, and Governance) for Fragrance, Flavor, and Cosmetics Enterprises
- 2025**
 - Became the controlling shareholder of Fine Taste Biological Technology
 - Groundbreaking for the integrated food technology base in Indonesia
 - Awarded an Wind ESG AA rating, becoming the only flavor and fragrance enterprise in China to achieve this rating

Major Honors in 2025

2024 Jiading District Worker Pioneer Demonstration Post



2024 Outstanding Labor Union Organization of Jiading Industrial Zone



Achieved an AA rating in the Wind ESG Ratings



ESG Carbon Neutrality Golden Bull Award



Huabao Limited becomes one of the first Chinese companies to join the IFRA-IOFI Joint Sustainability Charter



2024 Shanghai Model Worker Innovation Studio



2025 Top 10 Enterprises in China's Light Industry Flavor and Fragrance Sector

排序	企业名称
1	中国劲霸集团有限公司
2	华宝香精股份有限公司
3	上海百润投资控股集团股份有限公司
4	广州市名花香料有限公司
5	广东铭康香精香料有限公司
6	爱普香料集团股份有限公司
7	浙江绿晶生物科技股份有限公司
8	天津春发生物科技集团有限公司
9	山东天博食品配料有限公司
10	深圳星原科技有限公司

Top 100 Science and Technology Enterprises in China's Light Industry



Successfully selected for the 2025 Collection of Sustainable Development (ESG) Practice Cases in China's Fragrance, Flavor and Cosmetics Industry



Excellent Practice Case of Sustainable Development for Listed Companies



2025 Best Board of Directors Award for Listed Companies



Industrial Structure

The Company's main product portfolio comprises flavors, food ingredients, and fragrances, serving a diverse range of sectors including food and beverage, tobacco, health supplements, catering, daily chemicals, and household care.

Food Ingredients

This segment includes natural extracts, fruit and vegetable powders, flavor sauces, jams, popping boba, crystal spheres, natural colors, functional ingredients, innovative dosage forms, and other specialty flavor products. These offerings are extensively utilized in dairy products, beverages, ice cream, bakery goods, snacks, new-style tea drinks, functional foods, hot pot seasonings, as well as stir-fry and braising sauces for the catering industry.



Fragrances

This segment serves applications in incense and disinfection, laundry and soap, personal care, home cleaning, perfumes and cosmetics, space fragrances, and pet care by providing a wide array of fragrance profiles, including amber floral, fruity, complex floral-fruity, and woody notes.



Food Ingredients

Fragrances



Flavors

Food Flavors

This segment covers extensive series such as fruit and vegetable, dairy, floral, grains and cereals, tea, texture-enhancing, and meat flavors, which are primarily applied in dairy products, beverages, confectionery, bakery goods, meat products, snacks, and new-style tea drinks.



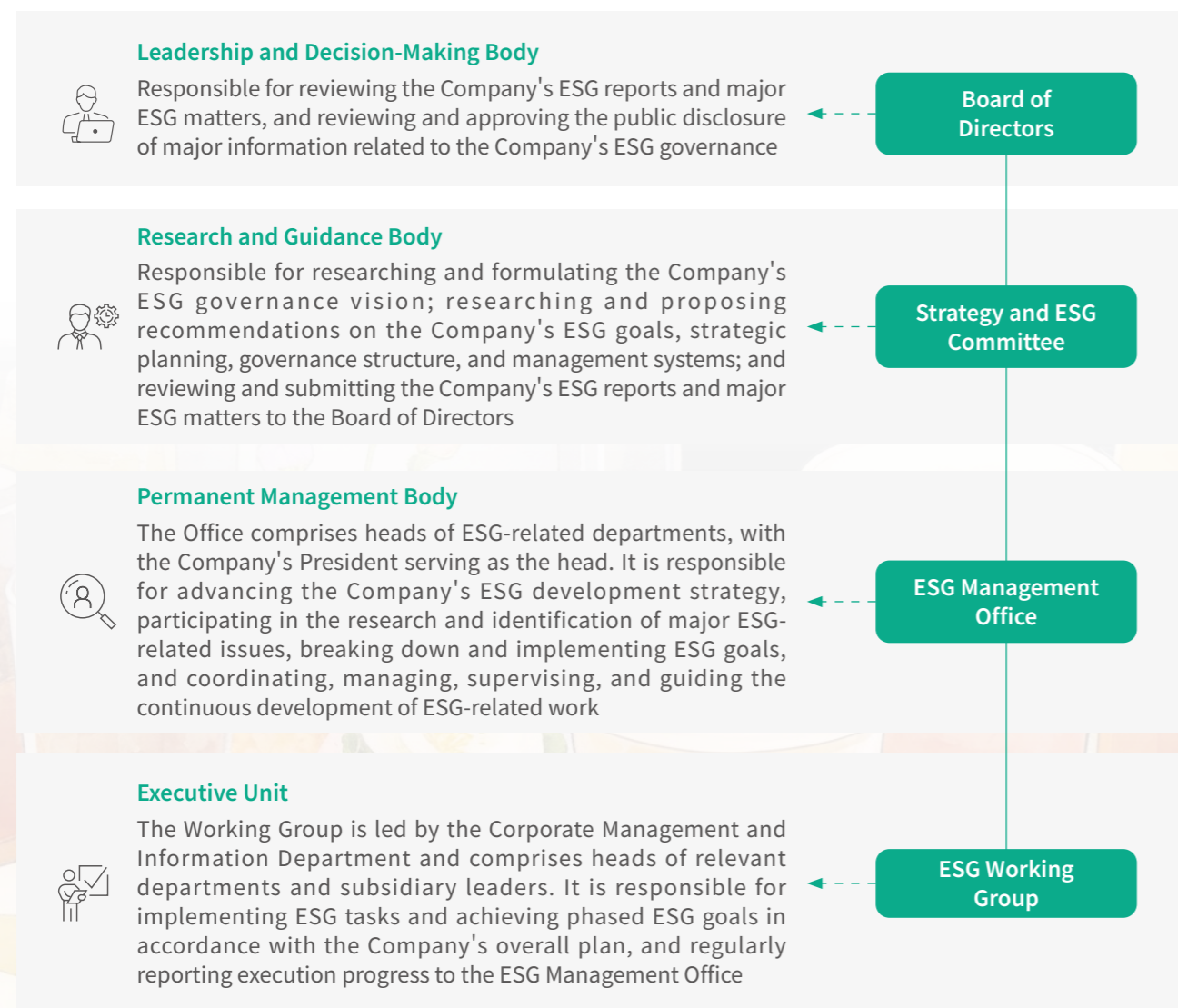
Tobacco Flavors

This segment includes top notes and casing agents for cut tobacco, alongside flavoring solutions for ancillary products such as filter rods and cigarette paper. Featuring diverse profiles ranging from fresh and spicy to fruity and roasted, these products ensure a stable supply for China Tobacco Industrial Companies and renowned international clients.



ESG Governance

Huabao Limited has elevated ESG work to a strategic level, establishing a systematic ESG governance structure with unified leadership from the Board of Directors, specific implementation by management, and broad participation from all employees. The Company has fully integrated sustainability concepts into all aspects of R&D innovation, product application, corporate governance, production operations, and social-humanistic care. It is committed to building a value ecosystem of co-creation, symbiosis, and win-win outcomes with shareholders, partners, society, and employees.



▲ Huabao Limited's ESG Management Structure

At the institutional level, the Company has formulated and implemented the *Working Rules for the Strategy and ESG Committee of the Board of Directors* and the *ESG Management System* to provide clear guidelines for governance. By refining the management structure and institutional framework, the Company is promoting the deep integration of ESG concepts with business strategy at a higher standard, striving to achieve synergistic development of economic and social benefits, and providing solid support for sustainable development goals.

Materiality Assessment

Huabao Limited considers stakeholder expectations and requirements as crucial factors in its ESG management. The Company regularly conducts a double materiality assessment to explore the relevance of ESG issues to its business and the significance of their financial impact, analyzing their dual materiality in both business development and financial aspects. The Company reviews its materiality assessment annually to ensure that the results continue to reflect changes in business development and stakeholder concerns. Through extensive and in-depth communication with various stakeholders via multiple channels, the Company has identified the ESG issues most relevant to its business and of greatest concern to stakeholders through the following three steps.



▲ Materiality Assessment Process

Materiality Matrix



Governance	Social	Environmental
01 Due diligence	06 Innovation-driven development	17 Environmental compliance management
02 Stakeholder engagement	07 Product quality	18 Climate change response
03 Anti-bribery and anti-corruption	08 Customer service	19 Energy utilization
04 Anti-unfair competition	09 Information security	20 Water resource utilization
05 Intellectual property protection	10 Privacy protection	21 Pollutant emissions
	11 Supply chain security	22 Waste management
	12 Fair treatment of SMEs	23 Ecosystem and biodiversity conservation
	13 Employee rights and development	24 Circular economy
	14 Occupational health and welfare	
	15 Social contribution	
	16 Rural revitalization	

Stakeholder Engagement

The Company places great importance on communication with its stakeholders and has established a regular stakeholder communication mechanism to identify and actively respond to the ESG issues they are concerned about. This year, the Company's main communications with stakeholders are as follows:

Key stakeholders	Topics of concern	Communication methods and channels
<p>Government departments and regulatory agencies</p>	<ul style="list-style-type: none"> • Lawful and compliant operation • Standardized operation of a listed company • Tax contribution • Environmental management • Employment promotion • Energy consumption and carbon emissions • Water resource management 	<ul style="list-style-type: none"> • Seminars • Official correspondence • Information disclosure and submission • Regular visits • Tax payment
<p>Shareholders and Investors</p>	<ul style="list-style-type: none"> • Corporate governance • Value creation • Investor relations • Business ethics 	<ul style="list-style-type: none"> • Shareholders' Meeting • Investor communication meetings • Investor hotline • Company visits and research • Stock exchange announcements and official website • WeChat official account
<p>Customers</p>	<ul style="list-style-type: none"> • Customer management • Product quality and safety • R&D and innovation • Information security and privacy protection • Chemical safety 	<ul style="list-style-type: none"> • Customer satisfaction surveys • Email and daily phone communication • Customer mailbox • Responding to customer complaints • Customer visits • Quality management system
<p>Suppliers</p>	<ul style="list-style-type: none"> • Product quality and safety • Responsible supply chain 	<ul style="list-style-type: none"> • Supplier management system • Public bidding • Procurement process
<p>Other Business Partners</p>	<ul style="list-style-type: none"> • Industry communication and cooperation • Business ethics 	<ul style="list-style-type: none"> • Regular communication with business partners • Industry seminars
<p>Employees</p>	<ul style="list-style-type: none"> • Occupational health and safety • Career training and development • Employee compensation and benefits • Employment management 	<ul style="list-style-type: none"> • Company intranet • Training and onboarding • Email and suggestion box • Regular meetings • Employee performance appraisals • Employee activities
<p>Society and the Public</p>	<ul style="list-style-type: none"> • Hazardous waste and emissions • Addressing climate change • Renewable and clean energy • Fulfilling social responsibilities • Supporting rural revitalization • Valuing local community development 	<ul style="list-style-type: none"> • Company website • Social media and response • Charitable donations and volunteer services • Community activities

Special Topic: Decoding the Miracle of Nature, Leading the Upgrade of Natural Flavors

Against the backdrop of a lack of unified industry standards in the natural flavor sector, Huabao Limited has actively responded to industry changes and continued to advance its "Natural, Functional, and Healthy" strategic layout. The Company has extended its R&D investment and business expansion into natural flavors, natural ingredients, and healthy foods. By synergistically advancing technological innovation and product upgrades, the Company continuously enhances its capabilities in providing natural flavor solutions, offering greener, healthier, and more trustworthy product choices for customers and consumers.

Technological Breakthrough: Unleashing Natural Value through Process Innovation

The Company continues to advance the R&D of key processes for natural flavors, improving the utilization efficiency of natural raw materials through technological pathways such as precision extraction, biological enzymatic hydrolysis, and bio-fermentation. This enhances flavor stability and functionality while maintaining natural attributes. Leveraging technological innovations, the Company continuously enriches its natural flavor product system, providing diversified natural flavor solutions to the market.



▲ Company Products

Standard Leadership: Promoting the Standardized Development of Natural Flavors

Building on its continuous accumulation of technical capabilities, the Company actively participates in standard-setting and further promotes the construction of its certification system. During the reporting period, the Company's subsidiary, H&K Flavors, was awarded the *Product Certification for Naturalness of Food Ingredients* by the China Quality Certification Centre (CQC). Several products have passed the naturalness certification, further enhancing the transparency and traceability of their natural attributes. This provides customers and consumers with clearer and more reliable quality assurance and sets a positive example for the standardized development of the industry.



▲ H&K Flavors' product certification for naturalness of food ingredients

Industrial Synergy: Co-Building an Innovative Ecosystem For Natural Foods

While continuously advancing technological innovation and standard-setting, the Company actively participates in the construction of industry collaboration platforms. In August 2025, the "Shanghai Natural Food Center" was officially inaugurated. Co-initiated by government departments, industry associations, and related enterprises, this platform aims to integrate industrial resources, promote technical exchanges and the transformation of achievements, and help Shanghai become an innovation hub for the natural food industry. The Company actively participates in related technical exchanges and industrial synergy to promote the development of the natural food standard system.



▲ Unveiling Ceremony of the Shanghai Natural Food Center



▲ Shanghai Natural Food Center

Brand Communication: Making Nature Visible

Based on its continuous accumulation in technological R&D, product systems, and industry standard-setting, the Company has further strengthened its brand communication and public education. During the reporting period, the Company released its brand image film, *The Miracle of Nature*, to showcase the technical principles and production processes of natural flavors in a more intuitive and transparent manner, making the scientific logic behind natural flavors more visual and understandable.



▲ Promotional Film *The Miracle of Nature*

The development of natural flavors is not only a key direction for product innovation but also an important path to promote the green and healthy upgrading of the food industry. In the future, Huabao Limited will continue to deepen its research on natural flavor technology, improve its product system, and promote the synergistic development of the natural food industry, creating a greener, healthier, and more sustainable flavor experience for consumers.

01

Innovation Blueprint Technology Leading the Global Journey

Huabao Limited adheres to technological innovation as its core driver, building a full-chain innovation system that integrates R&D, production, marketing, and industry collaboration. Through continuous innovative R&D, global expansion, intellectual property management, digital and intelligent operations, and industry empowerment, the Company promotes the constant upgrading of its products and technologies to enhance its global competitiveness. In this process, the Company not only strengthens its independent innovation capabilities and technological accumulation but also promotes the healthy development of the industrial ecosystem through open cooperation, cross-disciplinary collaboration, and the establishment of industry standards. It aims to achieve comprehensive leadership from technological breakthroughs to commercial value, providing solid support for the Company's sustainable development and the high-quality development of the industry.

Innovative R&D	/23
International Expansion	/29
Intellectual Property Protection	/32
Digital Transformation and Intelligent Operations	/33
Industry Empowerment	/37





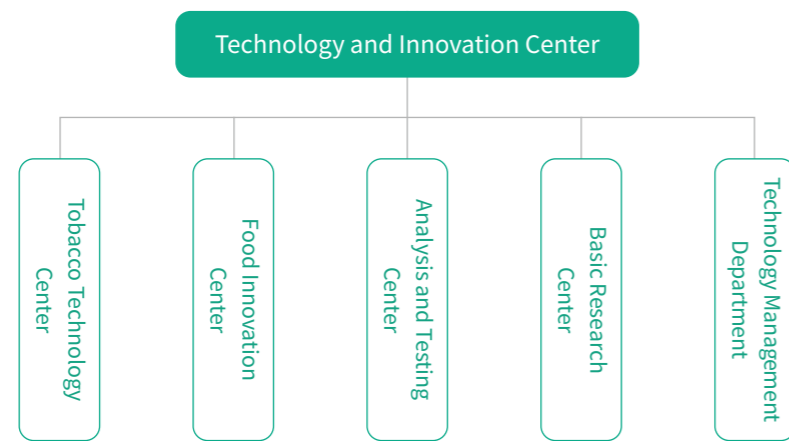
Innovative R&D

Huabao Limited insists on driving corporate development through technological innovation, continuously conducting cutting-edge research and application development centered on its core business. By establishing a systematic R&D framework, improving innovation management systems and project management mechanisms, and integrating global R&D resources, the Company promotes efficient synergy among basic research, application development, and the commercialization of results. On this basis, the Company constantly optimizes its R&D processes and incentivizes innovative talent to enhance its product innovation capabilities and technological competitiveness, laying a solid foundation for high-quality development and global market expansion.



Governance

The Company strictly regulates the management of technological innovation, establishing a sound organizational structure and institutional framework to ensure that R&D activities are conducted scientifically and in an orderly manner. The Technology and Innovation Center comprises five departments: the Basic Research Center, Tobacco Technology Center, Analysis and Testing Center, Food Innovation Center, and Technology Management Department. Each department has clearly defined responsibilities and collaborates efficiently.



▲ Organizational structure of the Technology and Innovation Center

Leveraging its Technology and Innovation Center, the Company has established innovation platforms led by core technical experts. Among them, the Flavored Food Ingredients Innovation Studio, headed by Dr. Hongqiang Wang, Vice President of the Company's Technology and Innovation Center, conducts systematic R&D practices focused on flavor upgrades and healthy food ingredients, and in 2025, the team, was honored as the "2024 Shanghai Model Worker Innovation Studio", reflecting the Company's achievements in building innovative organizations and cultivating research teams.

At the institutional level, the Company has formulated management systems such as the *Measures for Management of Science and Technology Projects*, *Implementation Rules for Rewards and Penalties in Science and Technology Projects*, *Implementation Rules for Patent Management*, and *Management Measures for Group Special R&D Projects*. These provide institutional guarantees for the initiation, execution, assessment, and incentivization of R&D projects. Relying on a comprehensive organization and system, the Company continuously promotes the standardization of R&D work, the refinement of project management, and the efficiency of results commercialization. The recognition of the team as a municipal-level Model Worker Studio reflects the team's professional capabilities and contributions in technological R&D and innovative practices, further motivating the research team to continuously enhance its innovation level.

Strategy



In the Company's three-year development plan, technological innovation is clearly defined as a core strategic direction. The Company adheres to a "Dual-Wheel Drive" innovation model, guided by market demand and supported by technological R&D. It focuses on areas such as flavor upgrades and healthy food ingredients, coordinating the advancement of new product development, technology upgrades, and the commercialization of R&D results.

Simultaneously, the Company systematically identifies risks and opportunities in the technological innovation process by considering ongoing projects, market changes, and technological trends. This provides a reference for R&D decision-making and resource allocation, enhancing the R&D system's responsiveness to market changes.

Based on existing R&D projects, market dynamics, and technological trends, the Company also identifies potential risks and opportunities in the technological innovation process. This analysis of risks and opportunities provides an important reference for the Company's technological innovation strategy, guiding R&D decisions and resource allocation.

Transition Risks	Specific Risk Description	Impact on Business Model	Response Measures and Strategic Response
Policy and Legal Risks	Mismatch between R&D direction and future regulations (e.g., selected products in the biosynthesis direction may not be usable in food for an extended period or may require application).	Sunk R&D costs; products fail to launch or gain market access.	Strengthen pre-emptive compliance review: Establish a compliance pre-assessment mechanism for R&D project initiation, tracking global food safety standards and biotechnology regulations in real-time; adopt a "Diversified R&D Path" to mitigate policy access risks of single products.
Technology Risks	Competition and disruption from technological paths (competitors or new technology routes achieve breakthroughs, rendering the Company's R&D path obsolete).	Loss of technological advantage, erosion of market share; weakening of the business model's value proposition.	Build an open innovation system: Increase R&D investment in cutting-edge technologies; acquire technology reserves through university-enterprise cooperation or industrial chain mergers and acquisitions to maintain a technological generation gap advantage.
Market Risks	Shifts in customer preferences and market demand.	Low market acceptance of R&D outcomes; weak product premium pricing power; damage to brand reputation.	Deepen the "End-to-End" R&D model: Strengthen market insight analysis, feeding big data on consumer preferences directly to the front end of the R&D chain.
Reputation Risks	Negative ESG controversies in R&D activities (e.g., use of controversial biological materials, data privacy issues, excessive carbon emissions).	Public boycott, damage to brand value.	Practice the green R&D philosophy: Establish an ESG evaluation system for the R&D process, strictly screen raw material suppliers; promote the construction of low-carbon laboratories, and conduct ethical reviews and transparent disclosure of biotechnology R&D.

▲ Identified Risks Related to R&D and Innovation

Opportunity Category	Specific Opportunity Description	Impact on Business Model	Response Measures
Efficiency and Cost	Develop more energy-efficient and low-carbon R&D processes.	Reduce R&D operating costs; form green intellectual property; enhance ESG performance in the R&D phase.	Green transformation of processes: Promote the application of low-carbon production processes such as enzyme catalysis and supercritical extraction; reduce the frequency of physical experiments through digital simulation, lowering R&D energy and material consumption.
Products and Services	Create innovative products that meet market demand (e.g., sugar-reduced, salt-reduced, and clean-label products).	Open up new market tracks; gain a leading edge; establish industry standards.	Focus on the "Health + Natural" engine: Continue to invest in the R&D of natural flavors and functional ingredients to capture the benefits of the health consumption upgrade; meet the needs of niche markets (such as vegetarian, specific populations) through a differentiated product matrix.
Market and Brand	Lead industry standards and regulatory frameworks.	Become a rule-setter, build competitive barriers; enhance industry influence and brand leadership.	Enhance industry voice: Actively participate in domestic and international industry associations and the drafting of national standards to establish brand status.
Resilience Enhancement	Accelerate product iteration through digital and intelligent technologies such as AI-powered flavor creation.	Accelerate the speed of R&D iteration; reduce reliance on subjective human factors.	Drive digital and intelligent R&D transformation: Apply AI algorithms to assist in flavor creation and formula optimization; achieve remote R&D collaboration through digital platforms to enhance R&D continuity during supply chain disruptions.

▲ Identified Opportunities Related to R&D and Innovation



Impact, Risk, and Opportunity Management

The Company deeply recognizes the industry opportunities brought by the sensory consumption upgrade. Through continuous technological innovation and R&D investment, it integrates the concepts of "Environmental Friendliness" and "Health and Nutrition" into the core of its products, effectively responding to the risks posed by shifting market preferences. The Company is committed to developing nutritious, environmentally friendly, and resource-efficient products, building a core moat in sensory technology through the constant iteration of its core technologies.

Multi-Dimensional Product Matrix Empowering a Healthy Life

The Company has always adhered to innovation-driven development, committed to deeply cultivating the healthy living sector through cutting-edge technology. Relying on its profound technological expertise in formulation, encapsulation, popping boba, and flavor, the Company has successfully developed the functional nutrient products. By deeply integrating active ingredients with sensory experiences, it precisely meets the diverse needs of consumers for health management and daily nutritional supplementation. In the development of jam products, the Company achieves outstanding product stability by finely controlling physical properties while preserving natural flavors to the greatest extent. Currently, these innovative achievements have been delivered on a large commercial scale, with product quality consistently benchmarked against international client standards. This not only strengthens the Company's technological barriers but also provides global consumers with taste solutions of greater health value.



Nutrient and Food-Grade Popping Boba

Through precise encapsulation technology, functional ingredients and rich flavors are loaded into tiny spheres. The products not only meet consumers' needs for oral health management and deep nutrition but also enable efficient loading and instant release of flavor components for diverse consumption scenarios such as sausages, spicy strips, and chewing gum.



Jam Product Innovation

By precisely controlling physical properties, natural flavors are preserved to the maximum extent. Commercial delivery has exceeded 26 tonnes, with quality consistently meeting international client standards.



▲ Innovative product achievements

▲ Capsule, flavor, and concentrate products

Breakthroughs in Cutting-Edge Key Technologies

Sustained-release microcapsule technology

The Company has successfully broken through microsphere encapsulation technology, achieving a core flavor load of 20-30% with an encapsulation rate stably above 90%. This technology exhibits excellent heat resistance (withstanding 180°C for 20 minutes) and enables sustained release in the oral cavity for over 30 minutes, significantly enhancing product flavor stability and resource utilization efficiency. Currently, this technology is widely applied in fields such as baking, extrusion puffing, and soft drinks.

Improving Innovation Incentive Mechanisms

The Company recognizes that talent and systems are the twin engines driving innovation. By establishing and improving an incentive system that covers the entire R&D lifecycle, it effectively mitigates the risk of insufficient R&D motivation and seizes opportunities to lead the industry.

Strengthening Institutional Guarantees and Standardized Management

The Company has formulated and implemented the *Measures for Management of Science and Technology Projects, Implementation Rules for Rewards and Penalties in Science and Technology Projects, and Management Measures for Special R&D Projects (Trial)*. These documents clarify the full-cycle management process for science and technology projects, from initiation, implementation, and acceptance to rewards, penalties, and intellectual property protection.

Precise Incentives Driving Core Breakthroughs

To build a reserve of cutting-edge industry technologies, the Company has specifically introduced the Incentive Plan for the Construction of the Flavor Module Library (Trial). It has established three types of special awards—development, application, and library-building—to directly incentivize the successful inclusion of new modules into the library and their application effectiveness. This has greatly stimulated the team's enthusiasm for research on foundational flavor raw materials. This incentive-oriented approach not only solidifies the technological foundation of sensory science but also lays a firm institutional basis for the Company to build an intelligent and modular R&D system.

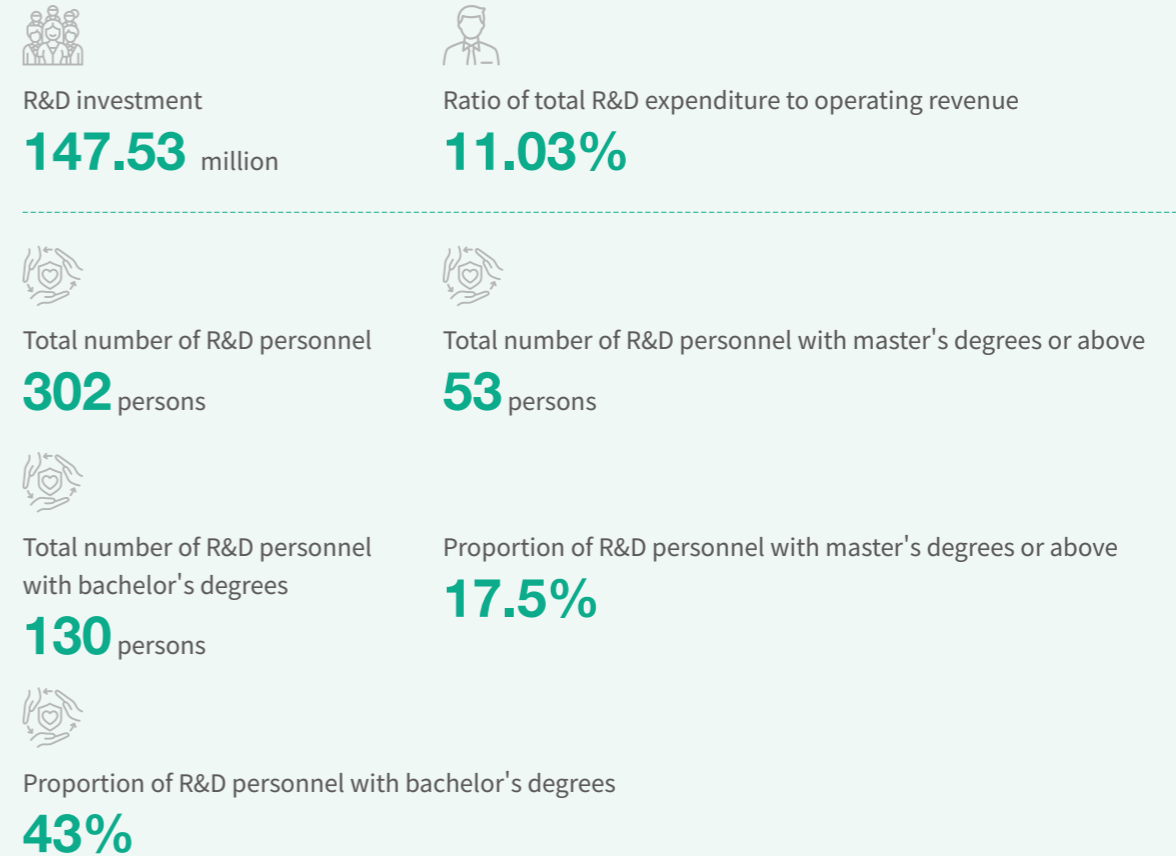
Building on the continuous advancement of technological R&D and system construction, the professional capabilities and innovative achievements of the Company's R&D team have gained authoritative recognition within the industry. In May 2025, the H&K Flavors Technology Center team was awarded the title of "Outstanding R&D Team" at the 2025 China Fragrance and Flavor Science and Technology Conference & China Natural Aromatic Raw Materials Innovation and Development Conference, reflecting the Company's R&D strength and technological influence.



▲ Outstanding R&D team



Metrics and Targets



In 2025, the Company initiated 12 science and technology projects. As of the end of the reporting period, a total of 19 various science and technology projects were in progress, with 9 projects successfully concluded.





International Expansion

As a representative enterprise in the flavor and food ingredients industry with a global presence, Huabao Limited adheres to a global development strategy. Focusing on a full-chain international layout, it coordinates raw materials, R&D, production, and sales to enhance its global market competitiveness and operational efficiency. Through the construction of overseas production bases, global collaboration in its R&D system, and a regionalized sales network, the Company is accelerating its international market expansion, ensuring that its products and technologies can precisely meet the needs of different regions and providing solid support for sustained global business growth.

Overseas R&D System: Technological Innovation Empowering Localized Development

The Company has built an open R&D system based on the principle of "Global Wisdom for Global Service". With its state-certified enterprise technology center and post-doctoral research station as core hubs, it has formed a global collaborative network covering overseas R&D centers and bases in Germany, Singapore, Indonesia, and other locations. At the same time, the Company has multiple enterprise technology centers and laboratories in Hong Kong, Shanghai, Jiangxi, Guangdong, Fujian, and Hunan, China, achieving integrated coordination of domestic and international R&D resources. This system not only supports regional R&D and innovation but also keenly captures cutting-edge global technologies and market demands, creating a synergistic force for collaborative innovation and providing continuous technical support for its international business.



European R&D Outpost

The Holzminden R&D Center in Germany boasts nearly 20 years of technological expertise, focusing on the development of tobacco flavors and heated-not-burn (HNB) tobacco flavor solutions, providing technical support for the global market.



Asia-Pacific Innovation Hub

The Singapore Asia-Pacific R&D Center focuses on food R&D, conducting regional flavor customization, regulatory system development, and digital R&D projects to meet the needs of the ASEAN and Asia-Pacific markets.



Global R&D Collaboration

Leveraging its global collaborative R&D system, the Company has accumulated a certain level of technology and patents. In the future, the Company will focus on advancing R&D and applications in cutting-edge fields such as synthetic biology, sensory and neuroscience, and "AI+", continuously strengthening the technological foundation for its international development.

Global Layout: Building a Full-Chain Competitive Advantage

The Company adheres to a full-chain globalization strategy, building a global supply chain and market network through the synergistic layout of raw materials, production, and sales. Relying on overseas raw material bases, international R&D, and regional production facilities, the Company can quickly respond to different market demands, enhance supply chain resilience and operational efficiency, and form a full-chain competitive advantage from source to end-user, providing strong support for international business expansion and sustainable growth.



Rooted Overseas for Raw Materials

Since 2007, the Company has established a raw material processing base in Botswana. Leveraging local natural resources, it has deeply cultivated extraction processes to ensure the stability of the global supply chain from the source, effectively mitigating the risks of international trade fluctuations and supporting business development in Africa and other overseas markets.



Steady Progress in Production

As a strategic location in Southeast Asia, the comprehensive food technology base in Indonesia broke ground in May 2025. It aims to achieve localized production in Southeast Asia and shorten the supply chain response cycle.



Full-Coverage in Sales

The Company has established a global sales system covering Europe, the Middle East, Southeast Asia, and Africa, forming a mature operational structure of "Global Coordination + Regional Cultivation".

Case: Debuting at SIAL Interfood 2025 in Indonesia to Deepen Localized Services in Southeast Asia



In November 2025, the Company's subsidiaries, PT Huabao Food and Huabao Asia Pacific, jointly participated in SIAL Interfood 2025 in Indonesia. During the exhibition, the Company integrated the strengths of its multiple brands for the first time, delivering systematic solutions from flavor profile design to product implementation, helping local brands shorten their development cycles. Relying on a responsive model of "Global R&D + Localized Service", the Company's products have been successfully introduced into numerous well-known hotels, food service, and bakery channels in Indonesia, marking a new stage of high-quality development for the Company's localization strategy in the core Southeast Asian market.



▲ SIAL Interfood in Indonesia

Case: Rooted in Botswana, Building a Model of China-Africa Economic and Trade Cooperation

In June 2025, the Botswana Investment and Trade Centre (BITC), along with a delegation of 13 mainstream media representatives, conducted an in-depth visit to F&G in Africa. As the Company's strategic fulcrum in a core global raw material region, F&G Africa has, since its establishment in 2007, driven the upgrading of the local supporting industrial chain by exporting advanced intelligent manufacturing equipment and standardized quality inspection systems. In terms of localized operations, the localization rate of the Company's management has reached 90%, and outstanding employees are regularly selected for exchange and study at the China headquarters, effectively enhancing the skill levels of local professional talent. Furthermore, F&G Africa actively fulfills its social responsibilities by creating employment, increasing export earnings, and organizing China-Botswana cultural exchange activities. It has vividly established a positive image of a Chinese enterprise operating steadily overseas and promoting people-to-people bonds, laying a solid foundation for the Company's in-depth expansion into African and global markets.



▲ The Delegation Visits F&G in Africa

Case: Groundbreaking of the Indonesian Integrated Base, Opening a New Chapter in Global Expansion

In May 2025, the groundbreaking ceremony for the PT Huabao Food integrated base was officially held in Jakarta, marking the substantive construction phase of the Company's localized presence in Southeast Asia. This base integrates production, R&D, and office functions, aiming to significantly enhance the Company's product delivery efficiency and comprehensive service response capabilities in the Southeast Asian market. The event received widespread attention and positive coverage from authoritative domestic media such as Xinhua Finance and ifeng.com, as well as local Indonesian media including Antaranews and Foodreview. As another milestone in the Company's deep participation in the high-quality co-construction of the "Belt and Road" initiative, the construction of the Indonesian base has not only won the trust of the local political and business communities and customers but also reflects Huabao Limited's ambition to build a full-chain global network covering "Raw Materials-R&D-Production-Sales" and to realize the vision of "Chinese Flavours Captivating the World".



▲ The Groundbreaking Ceremony

Intellectual Property Protection

The Company strictly complies with national laws and standards such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Enterprise Intellectual Property Management Specification*. It has also formulated internal regulations, including the *Measures for the Publication of Papers and Application for Patents of Huabao Flavours & Fragrances Co., Ltd.* and the *Implementing Rules for Patent Management of Huabao Flavours & Fragrances Co., Ltd.*, to further refine and clarify the creation, protection, and utilization of intellectual property.

Overseas trademark registration

- Strategic layout across 8 countries and 6 categories
- Completed registration of 31 overseas trademarks

Compliance management

- Introduced an intelligent compliance management platform
- Integrated a dynamic regulatory database covering 20+ major global markets

Key Performance



In 2025, the Company published **1** SCI paper.



As of the end of the reporting period, the Company holds **331** patents



including **180** invention patents



utility model patents **145**



design patents **6**

Number of Patents Held	2023	2024	2025
Count	256	268	331



Digital Transformation and Intelligent Operations

Huabao Limited regards digital transformation as a core measure to drive high-quality development and enhance operational resilience. The Company is committed to empowering the entire business chain with information and intelligent technologies to achieve deep collaboration in areas such as R&D, production operations, supply chain management, finance, and human resources. By leveraging a unified management platform, specialized systems, and artificial intelligence applications, the Company has built an intelligent operation system covering R&D innovation, manufacturing, and business operations. This has not only improved business efficiency and resource utilization but also strengthened risk control and information security management, providing solid support for the Company's sustainable development.

Digital and Intelligent Operations

With the goals of improving operational management efficiency, strengthening risk control capabilities, and supporting high-quality development, the Company systematically promotes digital transformation and continuously refines its digital management system around core business processes. Based on a unified business management platform, combined with specialized business systems and intelligent applications, the Company has gradually established a digital operation system covering R&D, production, supply chain, finance and capital, and human resources management.

The Company uses the SAP system as its core enterprise resource planning platform, integrating key business modules such as supply chain, production operations, sales, and finance. It unifies business processes and data standards to achieve collaborative management of the end-to-end business value chain, providing stable and reliable data support for business analysis and management decision-making. On this basis, the Company has introduced multiple specialized management systems for different business scenarios to deepen the vertical management of core business areas.

Using the SAP System as the Core Enterprise Resource

Finance and Capital Management

Launched the BPC system to optimize consolidated reporting and analysis processes, achieving automated processing of financial data; established a unified capital management platform to enhance capital coordination and improve allocation efficiency and transparency through bank-enterprise direct connections and forecasting models.

R&D and Innovation Management

R&D and Innovation Management: Leveraged the PLM R&D management platform to achieve collaborative R&D and data sharing across business segments such as flavors and food ingredients; actively explored intelligent applications and developed an AI flavor creation and intelligent analysis system, using deep learning technology to empower precise product innovation.

Supply Chain and Production Operations

Supply Chain and Production Operations: Implemented a procurement management platform to leverage the advantages of large-scale procurement and enhance supply chain collaboration; deployed a barcode management system and seamlessly integrated it with the SAP system to enable real-time data collection and full-process transparent traceability of materials and production progress.

Compliance and Internal Operations

Compliance and Internal Operations: Established a contract management system to create a closed-loop risk control and compliance review mechanism, integrating it with SAP and capital systems; implemented an EHR system to promote the digitalization and standardization of human resources management in areas such as organization, compensation, and recruitment.



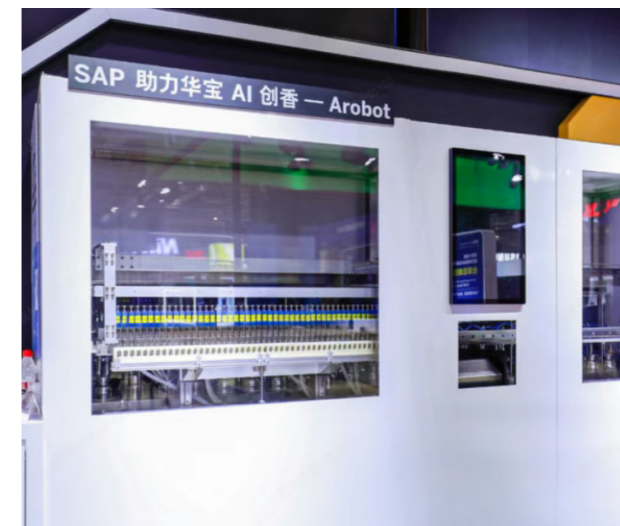
▲ The Company's digital operation system

Through the collaborative construction and integrated application of the above systems, the Company has achieved data sharing and business synergy, continuously improving operational efficiency, resource allocation capabilities, and management refinement. As digital systems are continuously optimized and intelligent applications are progressively deepened, the Company's digital transformation will further empower business development, enhancing overall operational resilience and industry competitiveness.

Digital and Intelligent Empowerment

Huabao Limited continues to deepen the integration of digital technology with its core business, accelerating the "AI + Manufacturing" transformation and upgrade. The Company is making simultaneous efforts in both R&D innovation and production manufacturing to shift its business model from "Manufacturing" to "Intelligent Manufacturing".

In terms of R&D and product innovation, the Company is vigorously developing "AI+" intelligent flavor creation applications. Its independently developed artificial intelligence flavorist, Arobot, has been put into use. The Company continues to expand the application of artificial intelligence technology throughout the entire value chain, including fragrance creation and R&D, flavor analysis, formula structure optimization, market trend analysis, and consumer insights. By building a foundational database of flavor chromatograms, the Company achieves high-precision identification and analysis of flavor components, providing data support for product innovation and quality safety, enhancing R&D efficiency and innovation capabilities, and driving the R&D model towards data-driven and intelligent decision-making.



▲ Artificial intelligence flavorist Arobot

In production and manufacturing, the Company has designated Jiangxi H&K as a demonstration unit to advance the construction of smart factories. Relying on the SAP ERP system and automated equipment, it systematically integrates and optimizes processes in production planning, workshop operations, warehousing and logistics, and finished product packaging, achieving digital, automated, and lean management of the production process. By strengthening the synergy between production planning and material supply, ensuring precise control of key processes, and connecting automated packaging with logistics, the smart factory has effectively improved production efficiency, product quality stability, and resource utilization.

<p>Production planning and material management</p>	<p>The SAP MRP system provides unified coordination for production plans and material requirements, enabling automated scheduling and inventory optimization, thereby improving production efficiency and resource utilization.</p>
<p>Workshop production and quality control</p>	<p>The intelligent barcode system supports precise material feeding and process control, reducing production errors and waste, and enhancing production stability and product quality.</p>
<p>Automated packaging and logistics</p>	<p>Automated packaging lines and logistics systems enable rapid conveying, filling, capping, and palletizing of finished products, reducing manual labor intensity while improving operational efficiency and product consistency.</p>
<p>Intelligent and integrated process flow</p>	<p>Real-time data collection and analysis across all production stages provide management with visual monitoring and decision-making support, optimizing production processes and inventory management.</p>
<p>Perfect integration of manual and automated operations</p>	<p>Highly automated equipment frees up the workforce while retaining space for manual intervention, supporting flexible adjustments and quality control to achieve human-machine collaborative management.</p>

▲ Overview of the advantages of the Jiangxi H&K intelligent factory

By applying artificial intelligence to R&D and innovation and supporting large-scale production with digital and intelligent factory construction, the Company has progressively built an intelligent operational system that integrates R&D and manufacturing. This promotes human-machine collaboration and upgrades the refined management model, laying a solid foundation for enhancing core competitiveness and achieving high-quality, sustainable development.

In June 2025, Jiangxi H&K obtained the L6 certification for the digital development level of the manufacturing industry in Jiangxi Province, marking a milestone in the Company's efforts to digitize manufacturing processes, refine management, and enhance operational collaboration, providing strong support for high-quality, sustainable development.

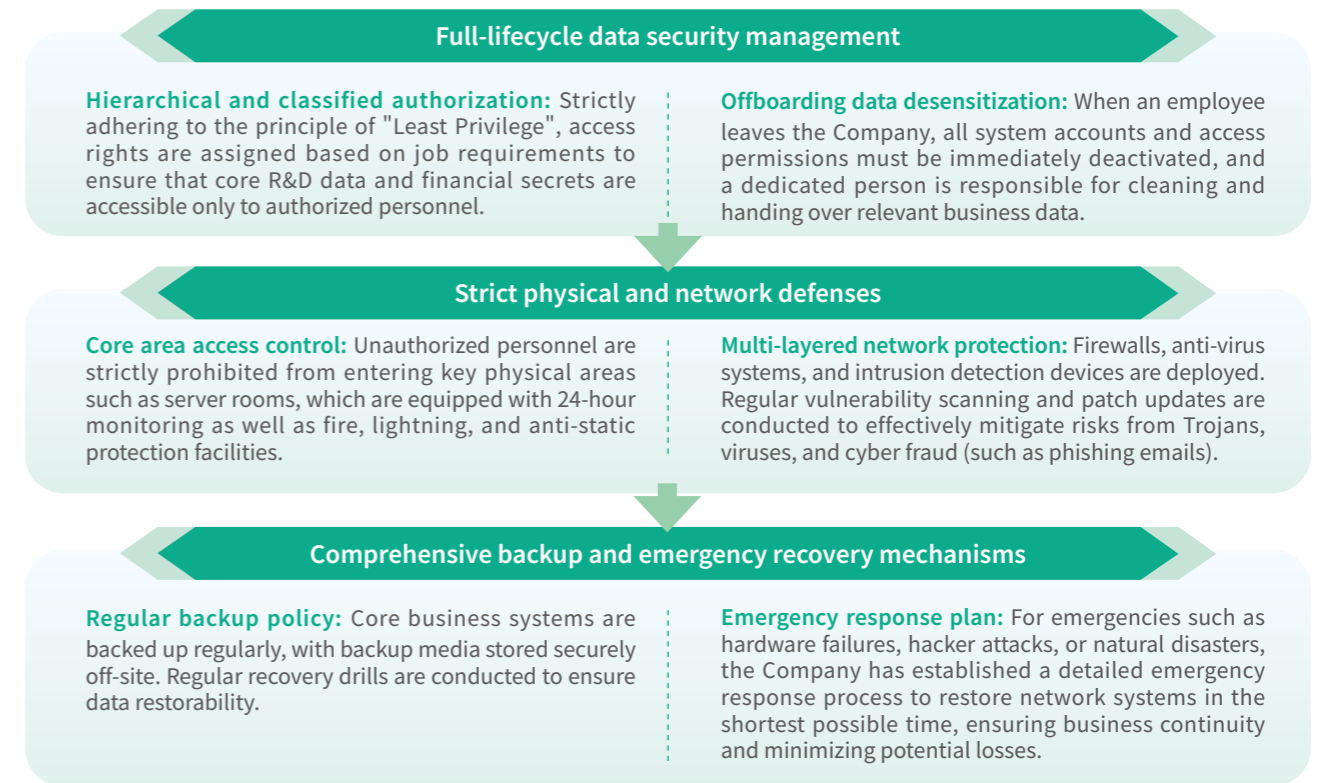


▲ L6 certification for the digital development level of the manufacturing industry in Jiangxi Province

Information security protection

The Company places great importance on information security and data privacy protection, building a strong defense for its digital assets through a rigorous management structure and a comprehensive system of regulations. At the structural level, the Corporate Management and Information Department coordinates overall efforts, while dedicated administrators in each subsidiary handle daily maintenance, data backup and recovery, and security incident response, forming a collaborative defense mechanism of "Centralized Coordination and Local Implementation". At the institutional level, the Company has formulated and strictly enforces the Information Security Management Regulations, which comprehensively regulate physical, network, system, and data security. These regulations cover a full range of scenarios, from employees' daily conduct guidelines to emergency responses for natural disasters, ensuring that information security work is well-documented and rule-based.

In addition, the Company has established a regular security audit mechanism. Annual audits are conducted each year, including internal audits of IT infrastructure and the information security management system. Through in-depth annual assessments of the effectiveness of existing security measures, it continuously optimizes management processes. This not only enhances system stability but also significantly raises the information security awareness of all employees, ensuring that security work is evidence-based and evolves in a closed-loop manner.



▲ The Company's information security protection measures

Key performance

In 2025, the Company had **no** information security incidents and **no** incidents of customer privacy breaches.





Industry Empowerment

Huabao Limited adheres to the concept of open cooperation, continuously promoting the high-quality development and sustainable innovation of the fragrance and flavor industry. The Company actively participates in industry exchanges and technical seminars, collaborating with industry, academia, and research institutions to foster the deep integration of cutting-edge technologies, talent cultivation, and science popularization. At the same time, through the development of industry standards and cross-sector collaboration, it enhances industry transparency and public trust, committed to creating an intelligent, green, and international industry ecosystem and driving the entire industry chain toward high-value-added and sustainable development.

Co-construction of Industry Standards

The Company actively participates in the formulation of group standards and the development of international sustainable development rules, leading the industry's progress through regulations and standards and promoting the fragrance and flavor industry toward standardization, green development, and sustainability.

In September 2025, the Company participated in the formulation of the industry's first group standard, the *Guidelines for Sustainable Development Information Disclosure for Fragrance, Flavor and Cosmetics Enterprises*.



▲ The Company participating in the formulation of the group standard *Guidelines for Sustainable Development Information Disclosure for Fragrance, Flavor and Cosmetics Enterprises*

In December 2025, the Company participated in the formulation of the group standard *Technical Guidelines for the Prevention and Control of Volatile Organic Compounds (VOCs) and Odors in the Fragrance and Flavor Industry*.



▲ *Guidelines for the Control of Volatile Organic Compounds (VOCs) and Odor in the Flavors and Fragrances Industry*

Industry Exchange and Value Advocacy

The Company actively participates in high-level industry forums and technical exchanges, driving the overall fragrance and flavor industry toward high-quality development by sharing experiences, showcasing innovative achievements, and discussing industry trends.



Case: Attending the 11th National Fragrance and Flavor Technology Exchange Conference

In August 2025, the Company attended the 2025 11th National Fragrance and Flavor Technology Exchange Conference, where it chaired an Artificial Intelligence (AI) symposium and delivered multiple technical presentations. The Company engaged in in-depth discussions with academicians from the Chinese Academy of Engineering and industry experts on cutting-edge topics such as biosynthesis, microcapsule sustained-release technology, and enzymatic hydrolysis and fermentation. While showcasing its innovative achievements, the Company's team also conducted extensive tasting exchanges and on-site inspections with enterprises from both upstream and downstream of the industrial chain. Through cross-sector collaboration and resource sharing, the Company is committed to jointly building an intelligent R&D system and green sensory evaluation standards, promoting the industry's high-quality development toward high-value-added and sustainable goals.



▲ The conference venue



▲ Dr. Wang Hongqiang, Vice President of Huabao Limited's Technology and Innovation Center, chairing the AI symposium



Case: Collaborating with industry, academia, and research to innovate industry science popularization and talent incubation models

In December 2025, the Company provided deep support and participation in the "2025 China Fragrance and Flavor Industry Science Communication Forum", hosted by the China Association of Fragrance Flavour and Cosmetic Industries. By sponsoring the "Huabao Cup · 2025 National University Student 'Flavor Elf' Science Popularization Video Contest", the Company collaborated with nearly 20 universities to tap into the creative power of Generation Z, breaking down public misconceptions about the industry. The Company not only dispatched experts to share cutting-edge product commercialization practices, such as black truffle flavor analysis, but also jointly launched the new year's science popularization talent training program with the industry association. Through industry-education integration and science popularization, it continues to enhance industry transparency, contributing to the healthy development and talent pipeline construction of China's fragrance and flavor industry.



▲ 2025 China Fragrance and Flavor Industry Science Communication Forum



▲ The award ceremony for the "Flavor Elves" popular science video competition

Case: Advocating for industry value reshaping and co-building a new world-class industry ecosystem



In September 2025, the Company participated in the 2025 China Association of Fragrance Flavour and Cosmetic Industries (CAME) Annual Conference. At the Entrepreneurs' Forum, it joined renowned domestic and international business leaders to discuss high-quality development paths for the industry. Addressing pain points such as public misconceptions and a lack of brand communication, the Company proposed a consumer-demand-oriented "Beginning with the End in Mind" brand strategy. It also advocated for breaking social prejudices through the development of new quality productive forces, deep integration of global resources, and systematic ESG governance. The Company called on industry peers to adhere to long-termism, work together to reshape industrial value and public trust, and jointly strive to build China's fragrance and flavor industry into a world-class, admirable industry that is respected by society and trusted by consumers.



▲ 2025 China Association of Fragrance Flavour and Cosmetic Industries (CAME) Annual Conference



Industry-academia-research collaboration

The Company continuously explores the frontiers of technology in the fragrance and flavor sector and deepens the development of a collaborative innovation ecosystem integrating industry, academia, and research. By leveraging the academic strengths of renowned universities, it is committed to building a full-chain cooperation model that spans from basic research and application development to the commercialization of results. Through diversified research cooperation projects, the Company continues to strengthen its technological moat, drive the continuous upgrading of product flavors and functional ingredients, and lead the industry's transformation toward high-end and scientific development.



Case: Singapore Polytechnic (SP) and Huabao Asia Pacific establish an industry-academia-research cooperation mechanism

In February 2025, Huabao Asia Pacific signed a memorandum of understanding on industry-academia-research cooperation with the Singapore Polytechnic (SP) to conduct collaborative research and talent cultivation in fragrances, food technology, and related cutting-edge fields. By integrating the university's research advantages with the Company's industrialization experience, both parties are exploring pathways to translate research achievements into practical applications, thereby enhancing the Company's R&D capabilities in green, nutritious, healthy, and natural ingredients.



▲ Signing a memorandum of understanding with the Singapore Polytechnic (SP)

02

Governance Cornerstone

Building the Foundation for a Sustainable Future

Huabao Limited insists on solidifying the foundation for sustainable corporate development through a high-standard, systematic governance framework. It is committed to comprehensively enhancing its management level in areas such as corporate governance, investor relations, risk prevention and control, and business ethics. Through a well-defined governance structure, robust internal control and supervision mechanisms, and transparent, fair, and compliant operational management, the Company not only ensures stable operations and the protection of shareholder rights but also promotes the continuous fulfillment of its environmental, social, and governance responsibilities, laying a solid foundation for long-term value creation and sustainable development.

Corporate Governance	/43
Investor Relations Management	/46
Risk Prevention and Control	/48
Business Ethics	/51



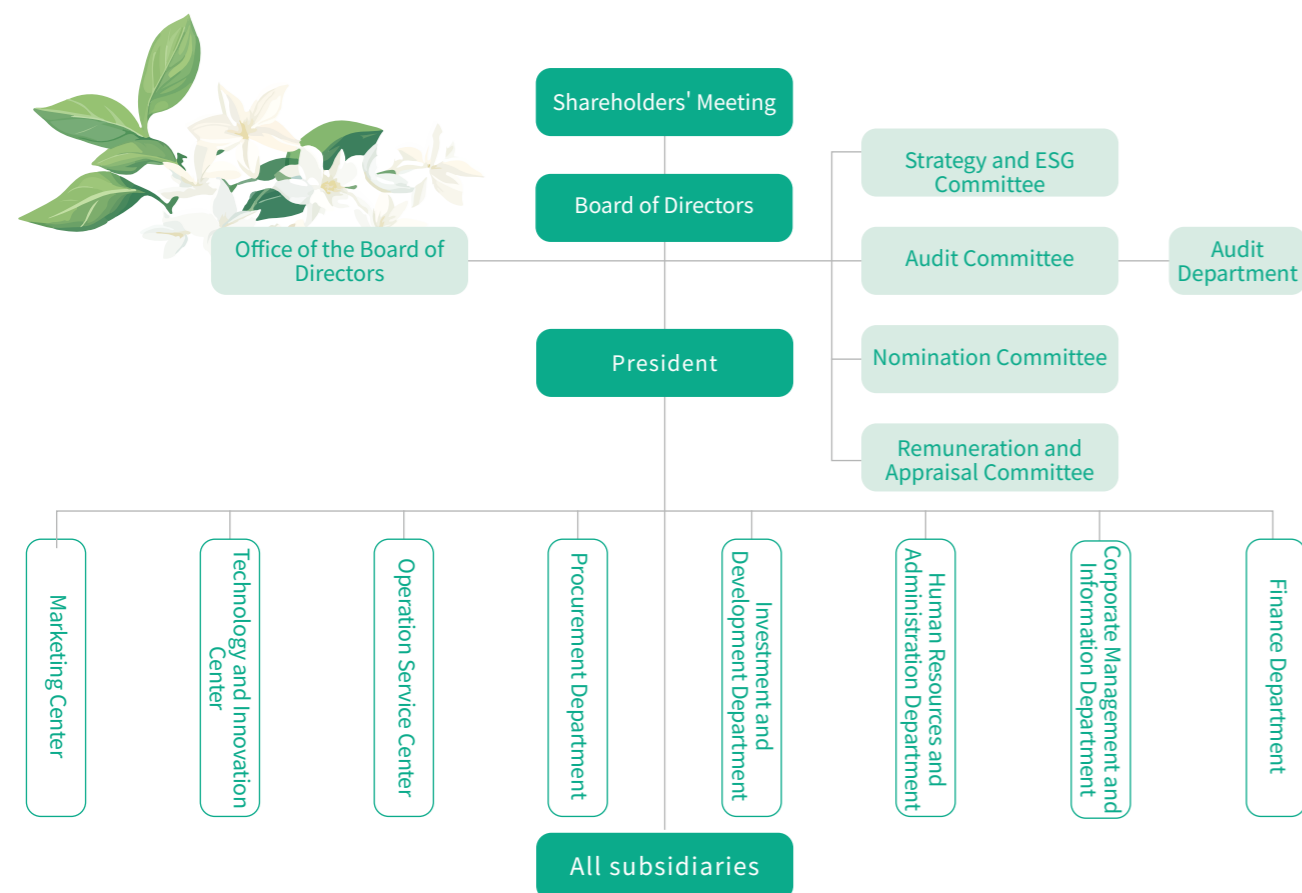


Corporate Governance

Huabao Limited continuously improves its corporate governance system, focusing on enhancing the standardization, transparency, and operational efficiency of its governance structure. The Company strictly adheres to laws and regulations such as the *Company Law* and the *Securities Law*, and aligns with relevant provisions including the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange*, and the *Self-Regulatory Guidance No. 2 for Listed Companies on the ChiNext Market of the Shenzhen Stock Exchange—Standardized Operation of Listed Companies on the ChiNext Market*, constantly refining and optimizing its corporate governance mechanisms.

During the reporting period, in response to the requirements of the new *Company Law*, the Company made significant revisions and improvements to 26 systems, including the *Articles of Association*, the *Management System for Deferred and Exempted Information Disclosure*, the *Management System for Raised Funds*, the *Management System for Shares of the Company Held by Directors and Senior Management and Their Changes*, and the *Subsidiary Management Measures*. It also introduced the *Management System for the Departure of Directors*. Furthermore, the Company optimized its governance organizational structure by incorporating its former supervisory responsibilities into the scope of the Board of Directors' Audit Committee, thereby strengthening supervision and checks and balances through the specialized committee mechanism of the Board of Directors. Through this major reform of its corporate governance system, the Company has formed a governance structure composed of the Shareholders' Meeting, the Board of Directors, and the Senior Management. While streamlining governance levels, this enhances decision-making efficiency and supervisory effectiveness, strengthens the role of independent directors, provides institutional guarantees for the Company's stable operation and sustainable development, reduces governance costs, and optimizes the corporate governance structure.

Company organizational chart



Governance Structure and Operation

The Company has established a governance structure with clearly defined powers and responsibilities and standardized operating mechanisms. The Board of Directors has four specialized committees: the Strategy and ESG Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. To further enhance supervisory effectiveness, the Company's Audit Committee of the Board of Directors exercises the powers of the Board of Supervisors, responsible for the compliance supervision of the Company's finances, major matters, and the performance of directors and senior executives.

The Company clearly defines the division of responsibilities among its governance bodies in terms of decision-making, supervision, and execution. It operates in strict accordance with laws, regulations, and internal policies, continuously enhancing the professionalism of its governance structure to effectively safeguard the legitimate rights and interests of shareholders and other stakeholders.



Shareholders' Meeting

The Shareholders' Meeting is the highest authority of the Company. The Company convenes Shareholders' Meetings in strict accordance with relevant laws, regulations, normative documents such as the *Company Law* and the *Securities Law*, and the Articles of Association, legally guaranteeing shareholders' rights to be informed, participate, and vote on major corporate matters. By reasonably scheduling meetings and providing diverse participation methods, the Company facilitates shareholders in exercising their rights according to law, with special attention to protecting the interests of small and medium-sized shareholders to ensure their legal rights are fully protected.



Board of Directors

The Board of Directors is the Company's operational decision-making body. The Company strictly adheres to the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange*, as well as its *Articles of Association*, *Rules of Procedure for the Board of Directors*, and *Working System for Independent Directors*, to standardize the operational procedures and decision-making mechanisms of the Board of Directors, and to ensure that the Board and all its directors perform their duties with diligence and responsibility.

Board Independence and Diversity

The members of the Company's Board of Directors possess diverse professional backgrounds and industry experience, playing an active role in strategic decision-making, operational supervision, and risk management. The Company continuously focuses on the independence and diversity of its Board. Directors and senior management have comprehensive professional capabilities in areas such as industry experience, finance, law, and management, which helps to enhance the overall judgment and risk response capabilities of the Board. By improving its governance structure and personnel allocation, the Company constantly enhances the prudence and scientific nature of its decision-making, safeguards the legitimate rights and interests of investors, and elevates the professionalism of its corporate governance.

Composition of the Board of Directors

Type	Name	Gender	Professional Expertise		
			Industry Experience	Risk Management	Financial Management
Chairman	Xia Liqun	Male	√	√	√
Non-independent Director	Lin Jiayu	Male	√	√	
Non-independent Director	Yuan Xiaoqin	Female	√	√	
Non-independent Director	Gao Xu	Male	√	√	
Non-independent Director	Li Xiaojun	Female	√	√	√
Non-independent Director	Han Pengliang	Male	√	√	
Independent Director	Quan Ze	Male	√	√	√
Independent Director	Wu Changyong	Male	√	√	√
Independent Director	Yang Jinjian	Male	√	√	

Key performance:

In 2025, the Company's Board of Directors consists of **9** directors, including **3** independent directors, accounting for **33%**; and **2** female directors, accounting for **22%**.

In 2025, the Company held **two** Shareholders' Meetings.

In 2025, the Company held a total of **9** Board of Directors meetings, **1** Strategy and ESG Committee meeting, **5** Remuneration and Appraisal Committee meetings, **5** Audit Committee meetings, and **2** Nomination Committee meetings; the average attendance rate of the Board of Directors was **100%**.



Investor Relations Management

The Company adheres to the principles of compliance, equality, proactivity, and integrity in investor relations management, continuously improving its investor relations management system to enhance the standardization and effectiveness of communication. In strict accordance with the *Securities Law*, the *Guidelines for Investor Relations Management of Listed Companies*, and other relevant laws, regulations, normative documents, and the *Articles of Association*, the Company has formulated and implemented the *Investor Relations Management System* to standardize information disclosure and investor communication processes, ensuring that disclosed information is true, accurate, complete, and timely, thereby effectively safeguarding the order of the capital market and the legitimate rights and interests of investors.

Information Disclosure

The Company values the fundamental role of information disclosure in the operation of the capital market and the protection of investor rights. To standardize information disclosure management, the Company has formulated and implemented the *Investor Relations Management System*, which clearly defines the content requirements, work processes, and division of responsibilities for information disclosure, ensuring that the information disclosed is true, accurate, complete, timely, and fair. By improving internal control and supervision mechanisms, the Company continuously enhances the standardization, transparency, and overall quality of its information disclosure.

Key performance

In 2025, the Company's disclosed information contained no false records, misleading statements, or major omissions; the Company disclosed a total of **127** announcements and related disclosure documents, including **4** periodic reports and **49** ad-hoc announcements.

Investor Communication

The Company continues to strengthen its investor relations management, maintaining communication with investors through various channels and methods, promptly responding to their concerns, and conveying the Company's operating conditions, development strategies, and related information to the market, thereby safeguarding investors' right to know and communicate. The Company also focuses on protecting the rights and interests of small and medium-sized investors, ensuring fairness and accessibility in the arrangement of investor communication activities and mechanisms to guarantee consistent information delivery and smooth communication channels, preventing selective information disclosure.



▲ Investor communication channels

Key performance

In 2025, the Company held a total of **3** investor communication meetings, communicating with **44** investors, issued **3** announcements on investor relations communication records, and responded to **22** investors with a total of **91** replies on the Interactive Easy platform.



Shareholder Rights Protection

While ensuring normal operations and long-term development, the Company protects shareholder rights in accordance with laws and regulations. It strictly adheres to the *Company Law*, the *Articles of Association*, and relevant regulatory requirements, implements the cash dividend policy guidelines for listed companies, and formulates and executes reasonable and prudent profit distribution plans based on its own operating conditions and development plans, ensuring the compliance, fairness, and sustainability of dividend decisions.

The Company maintains a stable cash dividend arrangement. Building on this, in 2025, it further promoted the normalization of interim dividends by formulating and implementing an interim cash dividend plan. The relevant profit distribution plans have undergone the review procedures of the Board of Directors and the Shareholders' Meeting in accordance with the law. While considering the Company's development needs, these plans continuously enhance investor returns, ensure that all shareholders enjoy dividend rights fairly based on their shareholding ratios, and protect the legitimate interests of small and medium-sized investors.

Cash dividend distribution in 2025

Q1 2025	Q3 2025	Full Year 2025 (Proposed)
RMB 30,794,000	RMB 30,794,000	RMB 18,476,400








Risk Prevention and Control

The Company consistently adheres to the principle of "Prevention First, Combined with Control", deeply embedding risk management into the entire process of corporate governance and daily operations. By building a multi-level and comprehensive risk prevention and control system, the Company not only establishes strong defenses in areas such as internal control and tax compliance, relying on the "Huabao Flavors Co., Ltd. Tax Management Policy" to ensure that tax filing, payment, and compliance reviews strictly follow legal and regulatory requirements, but also enhances its organizational resilience to complex external environments through business continuity planning. The Company is committed to proactively identifying potential challenges through regular risk identification, assessment, and early warning mechanisms, ensuring steady business growth and sustainable value creation in a complex and ever-changing market environment.

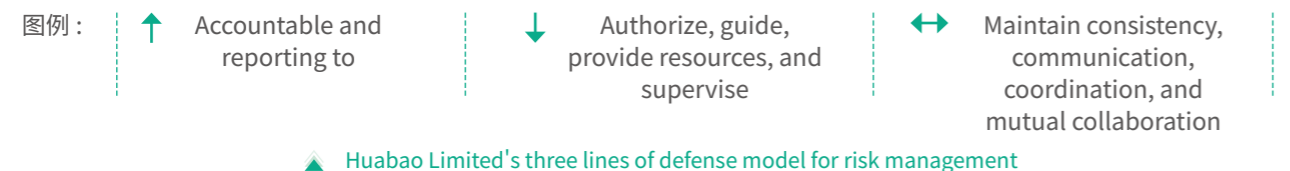
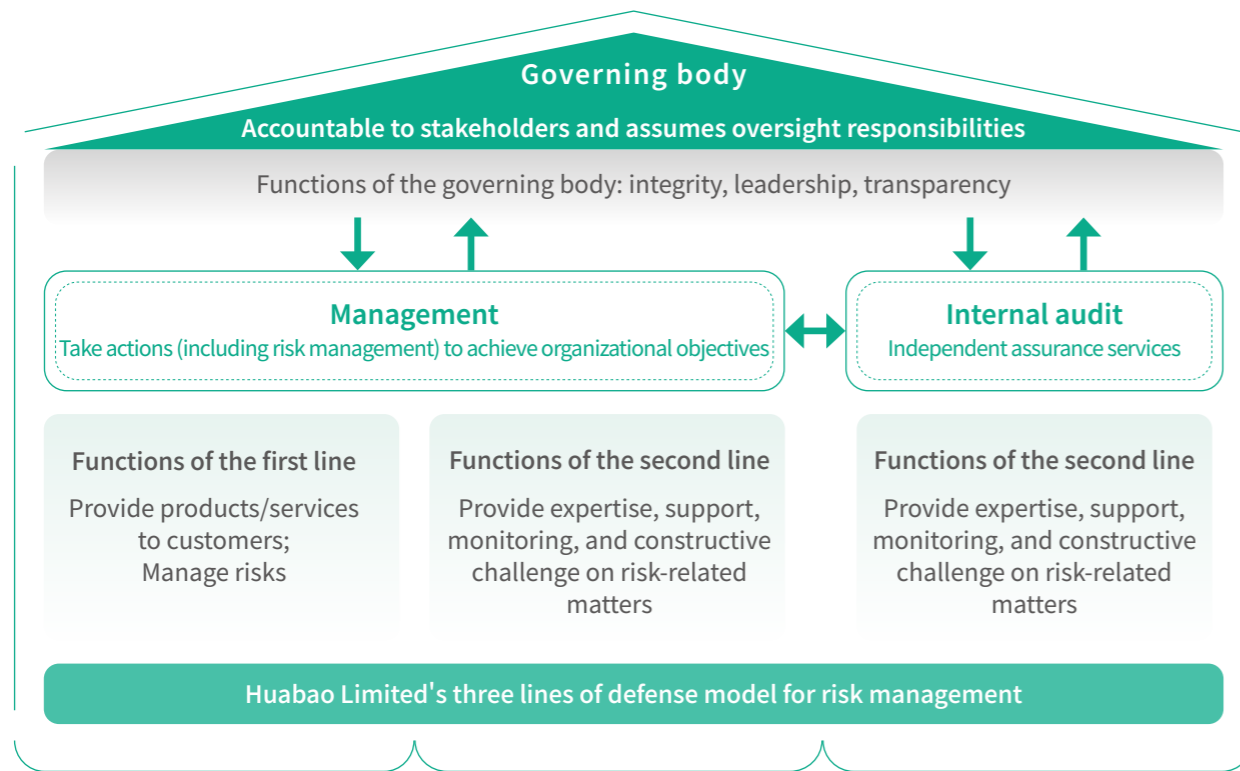
Comprehensive Risk Management

The Company strictly complies with regulatory requirements such as the Self-Regulatory Guidance No. 2 for Listed Companies on the Shenzhen Stock Exchange—Standardized Operation of Listed Companies on the ChiNext Market and the Basic Standard for Enterprise Internal Control. Guided by its development strategy, the Company continuously optimizes its Comprehensive Risk Management Measures and Internal Control Manual. Leveraging the three lines of defense model for risk management, the Company has established a "Three-in-One" risk prevention system with clear responsibilities and a well-defined division of labor. Through annual risk identification, analysis, assessment, and inspection mechanisms, it ensures that risk control requirements are thoroughly implemented in all business segments.

During its operations, the Company dynamically updates its enterprise risk inventory and flexibly adopts response strategies such as acceptance, reduction, transfer, and avoidance for identified risks, continuously improving operational efficiency and management effectiveness. By building a dynamic, closed-loop risk control system that covers the entire business chain, the Company is committed to effectively creating and protecting shareholder value, ensuring stable operations in a complex market environment.

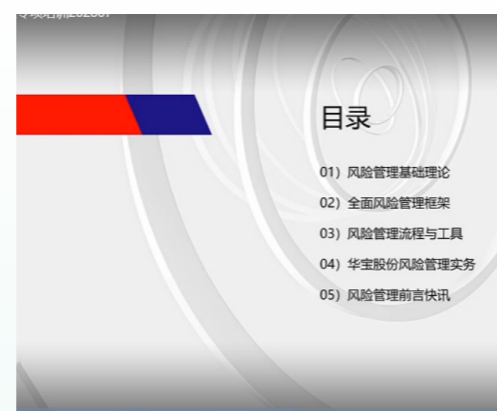
- 
▶ To keep risks within a tolerable range that is compatible with the Company's development strategy
- To ensure that the Company's internal and external information communication is true and reliable

- 
▶ To ensure the Company's compliance with national laws, regulations, and policies, and to guarantee that its operations are lawful and compliant
- To improve the efficiency and effectiveness of business activities and reduce the uncertainty in achieving business objectives

- 
▶ To establish a comprehensive risk management system that aligns with the Company's overall objectives, avoiding major losses due to catastrophic risks or human error

▲ Overall objectives of the Company's comprehensive risk management



Case: Special Training on Total Risk Management to Enhance Compliance and Risk Control Awareness Among All Employees

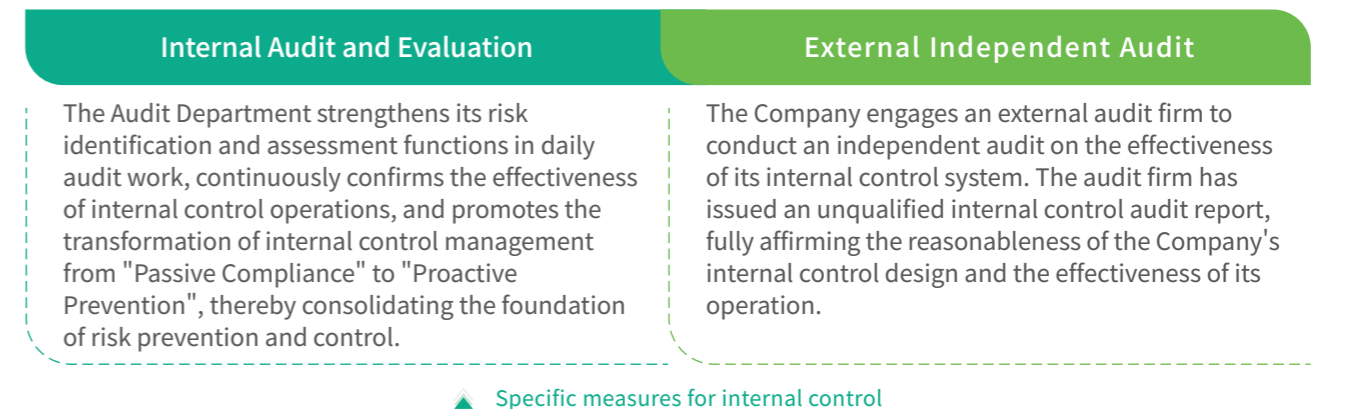
In July 2025, the Company organized the "Special Training on Total Risk Management" through an online platform, achieving full employee coverage. The training covered systematic knowledge including basic risk management theories, the total risk management framework, processes, and management tools. It also provided in-depth interpretations by combining Huabao Limited's risk management practices with the latest industry information. Through this special initiative, the Company has integrated a risk prevention and control culture into its daily operations, enhancing the ability of all employees to identify, assess, and respond to risks, thereby building a solid talent guarantee and awareness defense for the Company's stable operation.



▲ Training framework

Internal Control Management

The Company is committed to building an internal control network that covers all business processes and runs through all stages of decision-making, execution, and supervision. The Company has formulated and issued the *Internal Control Manual*, which, with total risk management at its core, embeds key prevention and control requirements such as anti-fraud and anti-bribery into business processes and management systems, solidifying the bottom line and red line to ensure the achievement of overall internal control objectives.



Business Continuity Management and Plan

The Company has established and continuously improves its business continuity management system to enhance its ability to recover critical business operations in the event of emergencies or external shocks, thereby safeguarding the fundamental rights and interests of customers and relevant stakeholders. Centered around the *Business Continuity Plan Management Procedures*, the Company has developed supporting policy documents such as the *Incident and Emergency Response Management Regulations*, *Business Impact Analysis and Risk Assessment Control Procedures*, and *Business Continuity Strategy Management Procedures*, and has formulated corresponding emergency plans for different business scenarios. Through regular emergency drills and business impact analyses, the Company verifies the applicability and effectiveness of its plans and continuously identifies and manages potential risks.



By implementing the business continuity plan, the Company can effectively reduce the impact of unforeseen events on its business operations, enhance its overall risk resilience, and further ensure its sustainable development and market competitiveness.



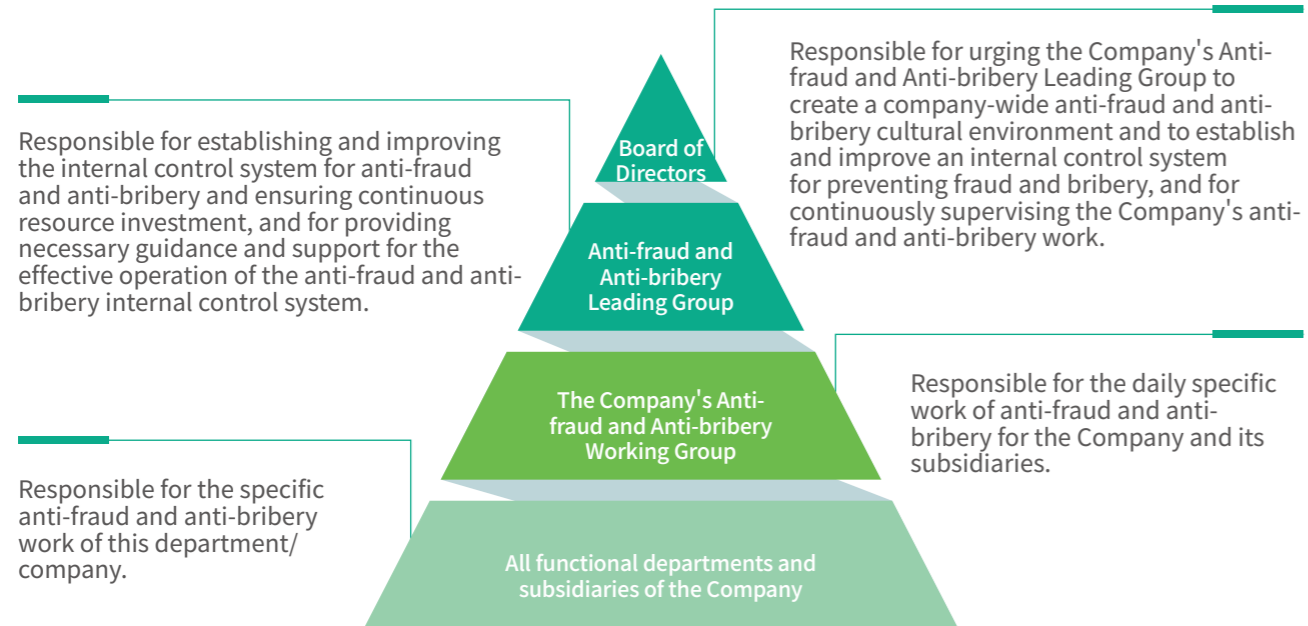
Business Ethics

Huabao Limited adheres to the principles of legal compliance and integrity in its business activities, conducting responsible business practices according to high standards and strictly managing behaviors such as fraud, bribery, and unfair competition. The Company has established a robust business ethics management system and has obtained ISO 37001 Anti-bribery Management System certification. It has made clear provisions on the compliance obligations of its employees and their relatives, subsidiaries, and business partners in business dealings, requiring them to strictly abide by laws and regulations related to anti-commercial bribery, anti-corruption, and anti-unfair competition. Through institutional constraints and systematic management, the Company continuously prevents the risks of benefit transfer and improper conduct, maintaining the compliance and transparency of its business activities.

Integrity Building

The Company has always regarded integrity in business as the core of its corporate culture, committed to shaping a "Fair, Transparent, and Compliant" business ecosystem by building a rigorous integrity management system. The Company clearly defines anti-fraud and anti-bribery as the red line for building business ethics, with its core purpose being to regulate professional conduct, enhance compliance awareness among all employees, and establish moral standards of integrity, self-discipline, diligence, and dedication. The Company integrates integrity requirements throughout the entire process of business management and commercial dealings, guiding employees and external partners to jointly abide by the code of integrity and effectively prevent various compliance risks.

The Company places great importance on anti-fraud and anti-bribery control and has established a clear organizational structure and division of responsibilities at the governance level. The Company has set up an Anti-fraud and Anti-bribery Leading Group led by the Board of Directors, with the President as the group leader, to coordinate and lead the Company's anti-fraud and anti-bribery related work and to make decisions and provide guidance on major issues. At the same time, the Company has established an Anti-fraud and Anti-bribery Working Group, which is responsible for the specific organization, implementation, supervision, inspection, and handling of issues related to anti-fraud and anti-bribery work, and for promoting the implementation of relevant management requirements in various business units.



▲ Huabao Limited's anti-commercial bribery and anti-fraud management system architecture

In terms of system building, the Company continuously improves its system around anti-fraud and anti-bribery management and has formulated and implemented a number of management systems such as the *Anti-fraud, Anti-bribery, and Whistleblowing Management System, Anti-fraud and Anti-bribery Management Measures, Working Rules for the Anti-fraud and Anti-bribery Working Group, Detailed Rules for Receiving and Giving Gifts, and Detailed Rules for Prohibiting Private Agreements*. These systems make clear provisions on codes of conduct in business dealings, prevention of conflicts of interest, management of gifts and entertainment, and reporting, investigation, and handling of violations, providing an institutional guarantee for the standardized and institutionalized operation of anti-fraud and anti-bribery work.

Anti-bribery Objective	Achievement Status
Comply with all applicable anti-commercial bribery laws and regulations in the locations of business operations, maintain a "Zero Tolerance" attitude towards corrupt practices, and achieve zero bribery incidents throughout the year.	Achieved

▲ Achievement of anti-bribery objectives in 2025



▲ Huabao Limited's ISO 37001 Anti-bribery Management System certification

Integrity Training

The Company considers business ethics training an important part of its anti-fraud and anti-bribery efforts. By conducting regular thematic training, it guides employees to follow professional ethical standards of integrity, fairness, and probity in their decision-making and actions, strengthens their compliance and self-discipline awareness, and fosters a corporate culture of integrity and uprightness.

Case: Conducting Special Training on Anti-fraud and Anti-bribery

During the reporting period, the Company, utilizing its enterprise micro-classroom platform, had the Audit Department organize an online course titled *2025 Anti-fraud and Anti-bribery Training*, which was open to all employees. The training content covered the latest typical cases of anti-bribery and interpretations of relevant laws and regulations, a basic theoretical overview of fraud and bribery, and an introduction to the Company's anti-fraud and anti-bribery management requirements and working mechanisms. After the training, the Company also organized an online exam to test the learning outcomes, promoting consensus and standardization of anti-fraud and anti-bribery requirements at the employee level.



Indicator	Unit	2025
Average duration of anti-commercial bribery and anti-corruption training per person	Minutes	60
Anti-commercial bribery and anti-corruption training coverage rate	%	100%
Anti-commercial bribery and anti-corruption training coverage rate for directors	%	100%
Signing rate of employee anti-commercial bribery and anti-corruption commitment letters	%	100%
Signing rate of supplier integrity agreements	%	100%
Number of confirmed corruption incidents	Cases	None

▲ Business ethics training performance

The Company has set clear behavioral boundaries for employee integrity, requiring all employees not to participate in or be involved in bribery, kickbacks, illegal transactions, or other forms of improper benefit transfer. At the same time, the Company extends the principles of integrity and fairness to the entire process of business cooperation, explicitly requiring all business dealings and partners to follow open and transparent business conduct norms, prevent conflicts of interest, and maintain the independence and impartiality of the decision-making process.

Basic Requirements for Employee Management



- When signing their labor agreements, new employees must also sign the Integrity and Self-Discipline Commitment Letter, which includes a promise to unconditionally cooperate with the Company's investigations into anti-fraud, anti-bribery, and other related matters during their employment and for 5 years after their resignation/dismissal/retirement;
- Employees shall not engage in "Fraud" and "Bribery" behaviors as defined in the Company's Anti-fraud and Anti-bribery Management Measures;
- When employees resign, the Company conducts special departure audits for senior management, department heads, or other personnel designated by the leading group;
- The Company should mark and conduct targeted background checks on prospective senior management, department heads, or other personnel designated by the leading group;
- Employees should regularly undergo integrity assessments within their departments. For department heads or the leadership management team, fraud and bribery behaviors within the department or by external business partners they engage with will be an assessment scoring item.

Basic Requirements for Business Partner Management



- The Company's relevant departments conduct background checks on business partners based on different business types and cooperation situations;
- Before establishing and while maintaining cooperative relationships with business partners, the Company's relevant departments should conduct compliance evaluations of them, using the results as an important basis for determining their qualification;
- When signing business contracts with customers, suppliers, service providers, contractors, and other business partners, the contracts should contain clear integrity clauses or a separate integrity agreement should be signed;
- The working group organizes the establishment of a dynamic supervision mechanism for business partners to screen and maintain them. Relevant departments should fill out the Business Partner Black and White List based on background checks and compliance evaluations, and ensure the list is updated in real time;
- According to the special circumstances or requirements of business partners, the Company's anti-fraud and anti-bribery commitment letter should be provided as an attachment to the bid or contract.

▲ Huabao Limited's basic anti-fraud and anti-bribery management requirements



Reporting and Protection Mechanism

The Company has formulated and implemented the *Anti-fraud, Anti-bribery, and Whistleblowing Management System* to provide standardized and accessible reporting and complaint channels for employees and business partners. Relevant parties can report fraud, bribery, or other improper conduct and suspicious matters they discover in the Company's business activities. The Company explicitly promises in the system to strictly keep the identity and personal information of whistleblowers confidential and clearly prohibits any form of retaliation. Within the scope of its duties and authority, the Company ensures that whistleblowers and investigation participants are not subjected to discrimination, adversarial measures, or other adverse effects due to their reporting.



Reporting channels

-  Inform the immediate superior; if the fraud case involves the immediate superior, you can bypass them and inform a higher-level person
-  Inform the Company's Anti-fraud and Anti-bribery Leading Group or members of the working group
-  Whistleblowing email: jubao@hbflavor.com
-  Whistleblowing hotline: 021-67083261
-  Whistleblowing website: Huabao Limited website - Integrity at Huabao - I want to report (<http://180.166.253.249:8006/report.aspx>)
-  Mailing address: Anti-fraud and Anti-bribery Working Group, Huabao Flavours & Fragrances Co., Ltd., 1299 Yecheng Road, Jiading District, Shanghai

▲ Reporting channels for fraud and bribery incidents

Business Ethics Risk Audit

The Company considers the business ethics risk audit an important part of its anti-fraud and anti-bribery management. By conducting relevant audits periodically or aperiodically, it assesses the operation and effectiveness of the anti-bribery management system. During the audit process, it focuses on key business links such as procurement, sales, partner management, and financial operations to identify potential compliance risks and management weaknesses. For issues found during the audit, the Company promptly communicates with relevant departments, analyzes the causes, and promotes the formulation and implementation of corrective measures.

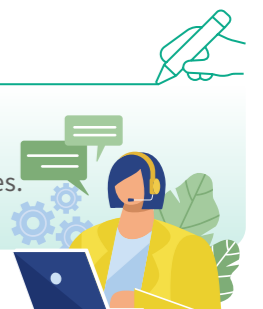
During the reporting period, the Company conducted internal audits of the anti-bribery management system, compliance function reviews, management reviews, and governance body reviews as scheduled to ensure the achievement of the Company's anti-bribery policy and objectives, and the suitability, adequacy, and effectiveness of the anti-bribery management system. For the issues identified in the audits, the Company has clarified the requirements and deadlines for rectification and continues to track the implementation of corrective actions to promote the continuous improvement of business ethics management requirements.

Anti-unfair Competition

The Company strictly abides by relevant laws and regulations such as the *Anti-Unfair Competition Law* and the *Anti-Monopoly Law*, adheres to lawful and compliant business operations, and explicitly prohibits obtaining competitive advantages through unfair means such as false advertising, commercial bribery, and infringement of trade secrets. In terms of business cooperation management, before establishing cooperative relationships with partners, the Company clarifies the anti-unfair competition requirements that all parties should follow in the cooperation process by signing documents such as the *Integrity Agreement* and *Integrity Commitment Letter* to jointly maintain a fair, just, and transparent market competition order.

Key Performance

In 2025, the Company had **no** unfair competition lawsuits or administrative penalties.



03

Synergistic Win-Win

Building an Ecosystem of Excellent Quality

Huabao Limited values partnerships and develops in synergy with its suppliers, striving to build a sustainable supply chain. The Company is committed to meeting customer needs with high-quality products, services, and strong innovation capabilities, forming a green and harmonious industrial ecosystem, and jointly fulfilling corporate social responsibilities.

Supply Chain Management	/59
Quality Assurance	/62
Customer Co-creation	/67



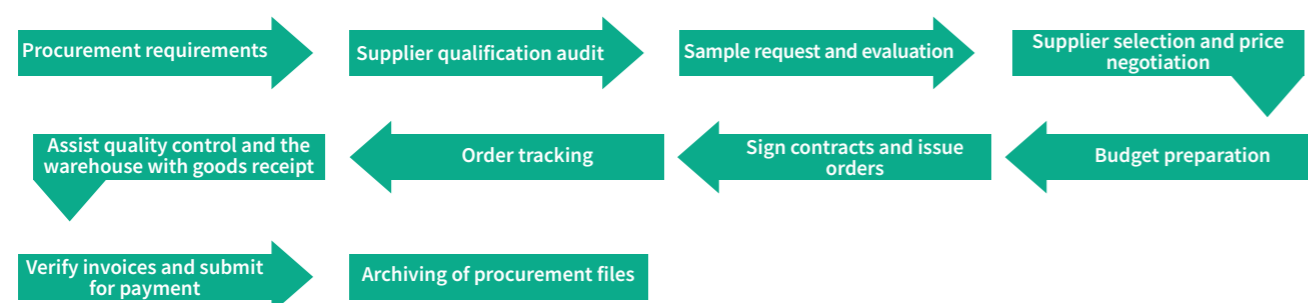


Supply Chain Management

Adhering to the philosophy of "Fairness and Justice, Synergistic Win-Win, and Green and Low-Carbon", Huabao Limited has built a full-process, standardized supply chain management and control system. Through strict supplier management, green procurement practices, resilience building, and fair cooperation mechanisms, it creates a responsible, efficient, and sustainable supply chain ecosystem.

Supplier Assessment and Management

The Company incorporates supplier management into its overall corporate development, formulating a supplier management strategy of "Compliance First, Quality-Oriented, Dynamic Optimization, and Synergistic Development". By establishing standardized access, evaluation, and exit mechanisms, it cultivates a group of high-quality core suppliers and promotes synergistic improvement with the Company in areas such as quality, compliance, and ESG. At the same time, the Company strengthens its transparent procurement mechanism, requiring procurement personnel to sign the "Employee Integrity and Self-Discipline Commitment Letter" and signing an "Integrity Agreement" with suppliers to ensure the fairness and transparency of the procurement process. By building long-term and stable strategic partnerships, it ensures the stability and sustainability of the supply chain.



▲ Huabao Limited's procurement workflow

Key Performance

During the reporting period, **100%** of suppliers signed the Integrity Agreement.

The Company specifies the admission criteria for qualified suppliers and has formulated the *Supplier Evaluation and Selection Control Procedures*. The Company explicitly requires its partners to have complete qualifications, no major violation records in the past three years, sound financial status, and to pay taxes in accordance with the law. The materials they supply must comply with national and industry standards, pass the Company's sample testing and evaluation, and meet the requirements for product formulation compatibility, usage safety, and compliance. If a supplier is rated as unqualified (score <70) in a routine ad-hoc evaluation or annual evaluation, or is involved in a major quality and safety incident with significant industry impact, or engages in illegal or non-compliant business practices, the Company will revoke its qualified supplier status through the corresponding approval process and promptly remove it from the *List of Qualified Suppliers*.

The Company integrates ESG requirements into the entire supplier evaluation process, building an evaluation system that covers dimensions such as environment and labor practices. It conducts due diligence on all suppliers

to assess their compliance in business operations, quality management, and fulfillment of social responsibilities. In the environmental dimension, priority is given to suppliers certified with an environmental management system, and their energy-saving and emission-reduction measures, waste disposal compliance, and environmental qualifications are inspected. In the labor practice dimension, the Company verifies suppliers' records of social security fund payments in accordance with the law to ensure a sound labor management system and protect employees' legal rights and interests. For Class A core suppliers, a more focused assessment is conducted based on the "Survey Form for Environment, Occupational Safety and Health, and Labor Rights of Relevant Parties". This forms a full-cycle ESG supplier evaluation mechanism covering environmental, social, and governance aspects, achieving a closed-loop management of "admission review - annual tracking - continuous improvement" and promoting continuous improvement in suppliers' ESG performance.

The Company has established a tiered and classified on-site audit mechanism to strengthen on-site control over high-risk and core suppliers. The audit content includes production site conditions, configuration of production and testing equipment, quality control processes, and compliance of operations. After the on-site audit, a *Supplier On-site Evaluation Form* is created, which serves as an important basis for supplier classification, partnership adjustments, and subsequent management, ensuring that the suppliers' actual operations are consistent with cooperation requirements.

Green Procurement

The Company practices the concept of green development, integrating environmental protection requirements throughout the entire procurement process to promote the green transformation of the supply chain. It gives priority to cooperating with suppliers who are certified with the ISO 14001 environmental management system and have green production capabilities. In material selection, the Company focuses on promoting the procurement of environmentally friendly and renewable raw materials and prioritizes packaging and storage materials and auxiliary materials that are low-pollution and recyclable. This reduces the environmental impact of the procurement process from the source. At the same time, the Company conveys the concept of green production to suppliers during cooperation, encouraging them to optimize production processes, improve energy efficiency, and reduce pollutant emissions. Through collaborative efforts, the Company works to enhance the overall environmental performance of the supply chain, contributing to the realization of the "dual carbon" Dual Carbon".

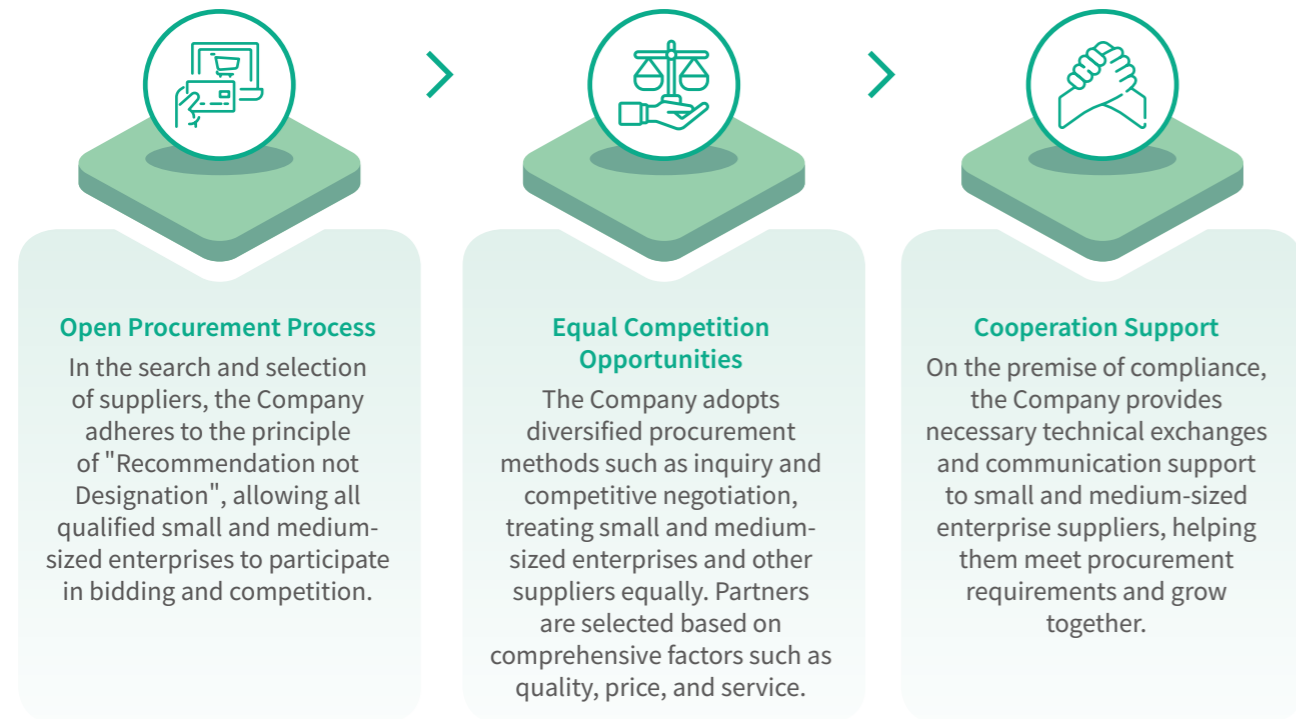
Supply Chain Resilience

The Company has established a supply chain risk early warning and response mechanism, focusing on key dimensions such as supplier delivery capacity, quality stability, and compliance risks. Through the Record Form for Daily Supplier Abnormalities, it tracks issues like material shortages, quality non-conformance, and delivery delays in real time. A strict backup supplier development system is implemented. If a supplier is evaluated as unqualified, its qualified supplier status will be revoked, and a backup supplier will be activated or a new supplier will be developed simultaneously to ensure that production and operations are not affected, thereby maintaining the continuous and stable operation of the supply chain.

The Company has established a multi-dimensional and regular supplier communication mechanism to ensure smooth and efficient information transmission. For core materials such as additive ingredients, the procurement department organizes technical exchanges between suppliers and user departments to clarify quality requirements and formulation compatibility standards. During daily cooperation, any problems in the supply process are promptly recorded and fed back, and suppliers are urged to make corrections within a specified time limit. At the annual evaluation stage, the evaluation results are fully communicated with suppliers to clarify the direction for improvement and rectification requirements, forming a closed-loop communication mechanism of "Problem Feedback - Rectification Implementation - Effect Verification". This continuously optimizes cooperation quality and enhances supply chain collaboration efficiency.

Fair Treatment of SMEs

The Company adheres to the procurement principles of "Fairness, Justice, and Openness", providing equal competition opportunities for small and medium-sized enterprises.



▲ The Company's measures for fair treatment of SMEs

Key Performance

During the reporting period, the Company had **no** overdue payments to small and medium-sized enterprises (SMEs).



Quality Assurance



Governance

Huabao Limited continuously strengthens its foundation of quality governance, having built a comprehensive quality management system with a clear structure, complete regulations, and extensive certifications. To effectively implement quality management, the Company has established a flexible and layered quality management structure. Under this overall framework, each subsidiary independently establishes and perfects its own quality management structure based on its business characteristics and operational needs. Each subsidiary has a dedicated quality management department or position responsible for formulating quality policies and objectives that align with its specific circumstances, and for ensuring that the processes required for the quality management system are established, implemented, and continuously improved, thereby comprehensively enhancing the Company's overall quality management level.

In terms of institutional support, the Company strictly adheres to the ISO 9001:2015 standard and has formulated a series of system documents, including the Quality Manual, Internal Quality System Audit Procedures, Risk and Opportunity Response Control Procedures, Product Quality Traceability Management Procedures, and Nonconforming Output Control Procedures, which provide an operational basis for all business segments.

During the reporting period, the Company obtained ISO 9001 quality management system certification. Its subsidiaries, Jiangxi H&K and Jiangxi Yifang, have both obtained ISO 9001 quality management system certification and ISO 22000 food safety management system certification.



▲ Huabao Limited's quality management system certification



▲ Jiangxi H&K's quality management system and food safety management system certifications



▲ Jiangxi Yifang's quality management system and food safety management system certifications

Strategy

The Company deeply practices the quality management policy of "Quality First, Pursuit of Excellence" and integrates its quality strategy into the overall corporate development. Based on the Risk and Opportunity Response Control Procedures, the Company has developed targeted response strategies by identifying uncertain events in external policies and internal operations.



Risk Type	Risk Description	Response Measures
Legal and Compliance Risks	Updates to domestic and international food safety standards or industry regulations may lead to a lag in product compliance.	Establish a dynamic regulatory tracking mechanism and conduct regular product compliance reviews to ensure that formulas and processes meet standards in real time.
R&D and Design Risks	Inadequate assessment of sensory stability or safety during the new product development process.	Strictly implement pilot-scale verification procedures; products can only be put into production after multiple rounds of safety assessments and consumer sensory tests.
Supply Chain Risks	Quality fluctuations from raw and auxiliary material suppliers affect the stability of finished product quality.	Implement strict supplier access reviews and annual assessments, and establish a diversified supply system for core raw materials.
Production Process Risks	Aging production equipment, process deviations, or human operational errors lead to non-conforming products.	Strengthen visual management on the production site, conduct regular equipment maintenance, and monitor key processes in real time.

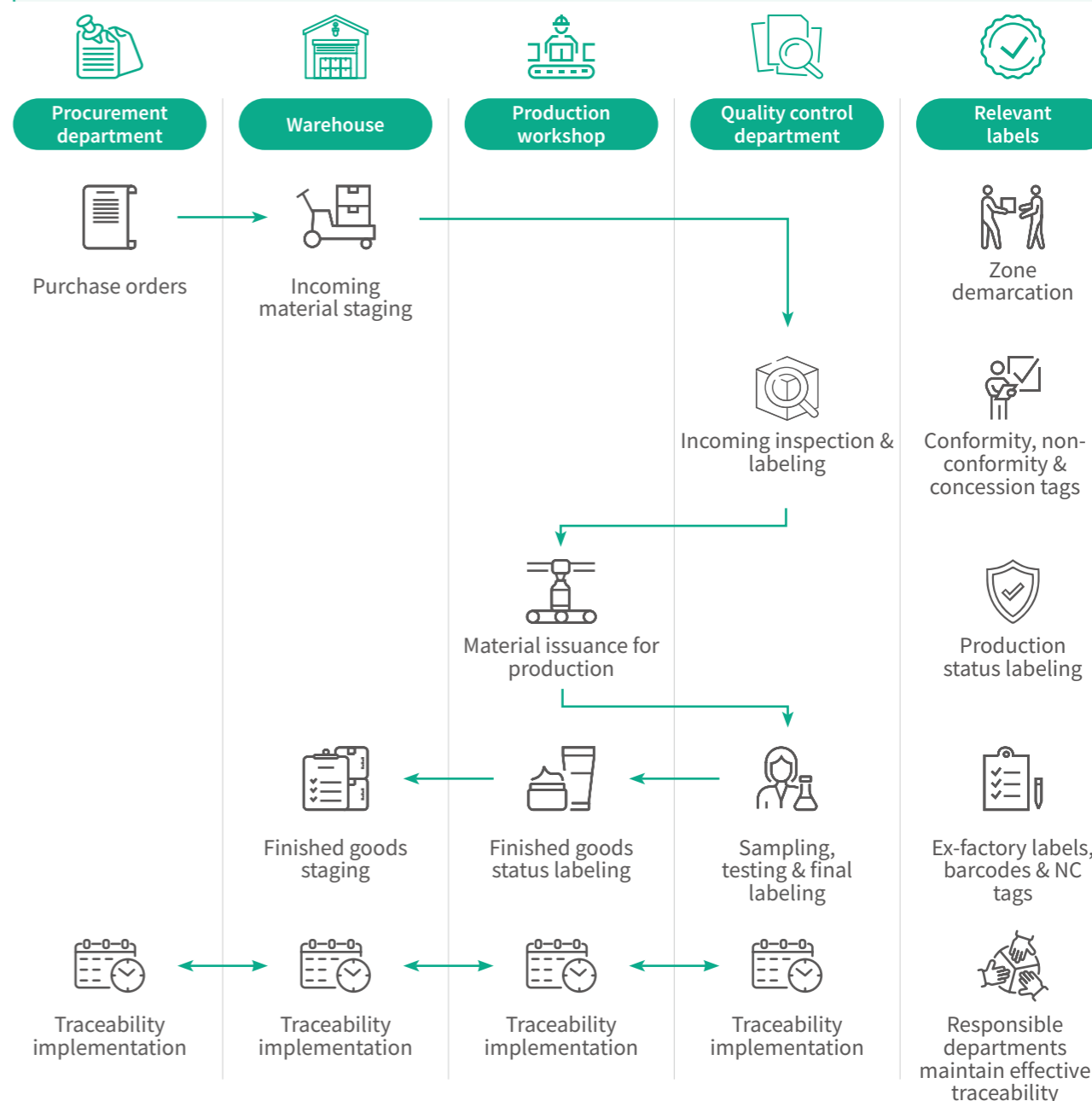
▲ Identified Quality-Related Risks

Opportunity Type	Opportunity Description	Response Measures
Technological Innovation Opportunities	The application of cutting-edge technologies such as AI-assisted flavor creation, microcapsule encapsulation, and biosynthesis is maturing in the industry.	Continuous Improvement: Increase R&D investment, integrate new technologies into the quality management system processes, and use advanced technologies to enhance product stability and flavor performance.
Market Consumption Upgrade Opportunities	Explosive growth in end-consumer demand for "Natural, Healthy, and Clean Label" food ingredients.	Resource Allocation: Actively promote "Naturalness Product Certification"; optimize green extraction processes; leverage the national-level enterprise technology center platform to accelerate the commercialization of natural products.
Standardization and Certification Opportunities	The industry is gradually establishing more stringent quality and naturalness testing standards, presenting an opportunity to lead industry norms.	Management Innovation: Deeply participate in the formulation of industry standards; align with advanced international system certifications (such as ISO 22000) in advance; enhance brand premium and market trust through authoritative third-party certifications.
Supply Chain Digital and Intelligent Opportunities	The popularization of digital and intelligent traceability systems can significantly enhance supply chain transparency and operational efficiency.	System Upgrade: Improve the Product Quality Traceability Management Procedures and build a digital full-lifecycle traceability platform where "Origin Is Traceable and Destination Is Verifiable" to strengthen collaboration across the entire chain.

▲ Identified Quality-Related Opportunities

Impact, Risk, and Opportunity Management

The Company has formulated the Product Quality Traceability Management Procedures to build a full-lifecycle traceability system where "Origin Is Traceable, Destination Is Verifiable, and Responsibility Is Accountable". From the receipt of raw and auxiliary materials, workshop production, and finished product warehousing to factory delivery, complete records are kept at each stage. Through multiple identifiers such as purchase orders, inspection labels, and barcode labels, the entire process of material flow and production is fully traceable. Relevant departments implement traceability requirements according to regulations, ensuring that products can be accurately traced at any stage, providing solid support for quality control and risk response.



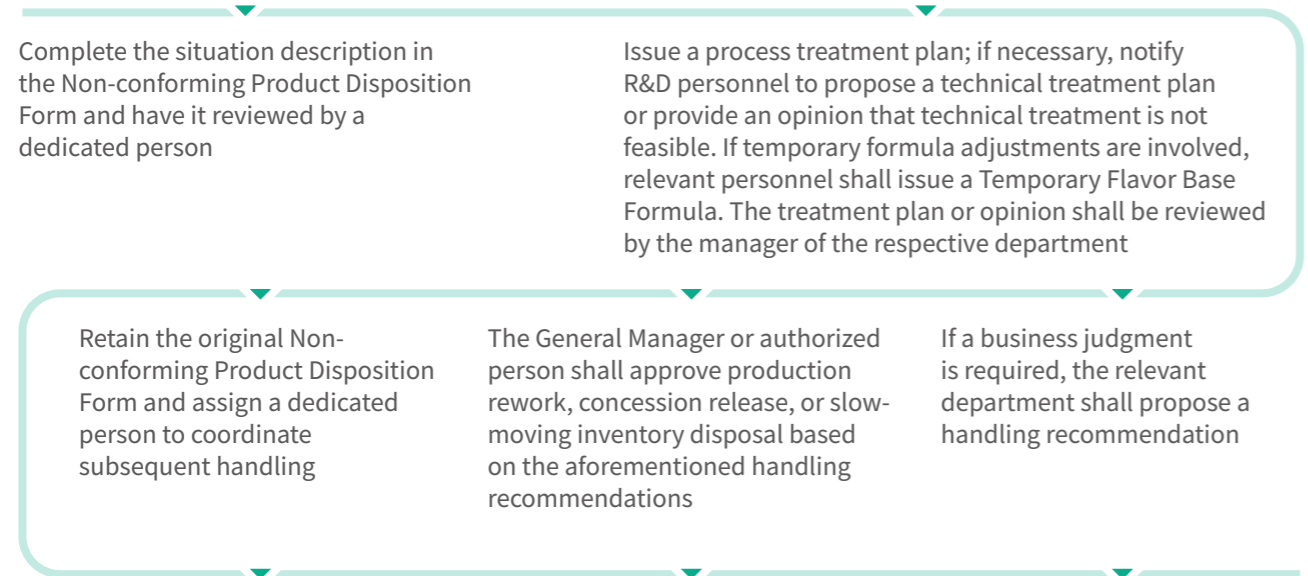
▲ Product identification and traceability flowchart [Please design and enhance the visual]

| Product Safety

The Company has built a full-chain product safety management system from R&D to sales, embedding safety requirements into every business link. The R&D stage strictly follows the innovative product iteration mechanism, conducting formula optimization and safety verification through the pilot-scale base for the industrialization of technologically innovative food ingredients. The procurement stage implements a strict incoming material inspection system and issues exclusive inspection labels. The production process strengthens workshop environment and process control, implementing visual kanban management and production status identification standards. The sales stage establishes a comprehensive logistics tracking mechanism to ensure that the product circulation process is safe and controllable.

The Company places great importance on domestic and international food safety regulations and has established a "Triple Protection Network" for dynamic quality risk management. It has created a closed loop for risk response by formulating the "Notification and Recall Control Procedures" and Non-conforming Output Control Procedures. It conducts special analyses of collected non-conforming product information and assesses the scope and depth of recalls based on the degree of hazard to ensure that product withdrawals or recalls are rapid and effective.

Handling process for Type II non-conforming products (finished products, ex-factory products, and re-inspected products that do not meet the Company's inspection standards)



▲ Type II Non-conforming Product Handling Process

| Lean Production

The Company fully implements the lean production philosophy, continuously improves its management system, and promotes the implementation of various lean initiatives. By encouraging employees to participate in continuous improvement activities, propose optimization suggestions, and use innovative methods and scientific means to eliminate waste and enhance resource utilization efficiency, the Company continuously advances the transformation of its production methods towards being more efficient and sustainable. This series of measures has not only significantly improved product quality and production efficiency but also further strengthened the Company's core competitiveness, providing solid management support for achieving high-quality development goals.

Case: Launching "Quality Month" Activities to Promote the Implementation of Lean Production



In 2025, Yingtan Huabao organized a "Quality Month" event with the theme "Improving Quality through Precision Engineering, Reducing Costs with Craftsmanship". Focusing on the goals of enhancing product quality and cost control, the event guided all employees to integrate lean production concepts into their daily production and management processes. By strengthening quality awareness, promoting problem rectification, and solidifying best practices, the Company continuously optimized its production processes and management mechanisms, transitioning quality management from a periodic activity to a normalized operation, laying a foundation for improving operational efficiency and high-quality development.



▲ "Quality Month" activity

Indicators and Targets



Key Performance



During the reporting period, the Company had **no** major liability accidents related to product or service safety and quality.



Customer Co-creation

Huabao Limited has always adhered to the "customer-centric" business philosophy, responding to customers' personalized needs through in-depth services, and building a foundation of trust with a strict privacy protection mechanism to achieve long-term, win-win success with clients.

In-depth Service

Leveraging the R&D advantages of its national-level enterprise technology center, the Company has established a full-process customized service system covering "Needs Assessment - Solution Design - Technical Implementation - Iterative Optimization". It conducts precise demand research based on the product characteristics and market needs of different clients, providing tailored solutions through formula optimization, process adjustments, and other methods. In the production stage, special production plans are formulated according to customer order requirements to ensure the quality stability and timely delivery of customized products. At the same time, it promotes the quality assurance activity of "Treating Upstream and Downstream Processes as Each Other's Customers", incorporating customer satisfaction into the quality objectives of all departments to drive quality control throughout the entire customized service chain.

The Company has established a standardized customer service process, with the Operation Service Center as the core liaison department, coordinating all aspects of customer communication, order processing, and feedback response. In the early stages of cooperation, the Operation Service Center organizes relevant departments to conduct contract reviews to clarify customer requirements and post-delivery service commitments. During cooperation, it maintains real-time communication through various channels such as telephone and the OA system to promptly handle requests like order changes and technical consultations.

The Company has always prioritized customer service and experience, formulating the *After-Sales Management System*, *Customer Communication Control Procedures*, *Customer Satisfaction Assessment Procedures*, *Corrective and Preventive Action Procedures*, and *Risk and Opportunity Response Control Procedures*. While consistently providing safe products that meet applicable legal and regulatory requirements and customer needs, it also ensures a rapid response and proper handling of various issues reported by customers, thereby enhancing customer satisfaction. In 2025, through the effective operation of its customer complaint and satisfaction control procedures, the Company specifically optimized products and services, conducted an annual customer satisfaction survey and issued an evaluation report, deeply analyzed areas of customer dissatisfaction, proposed corresponding improvement measures, and organized employee training on customer service to jointly promote the Company's sustained and steady development.

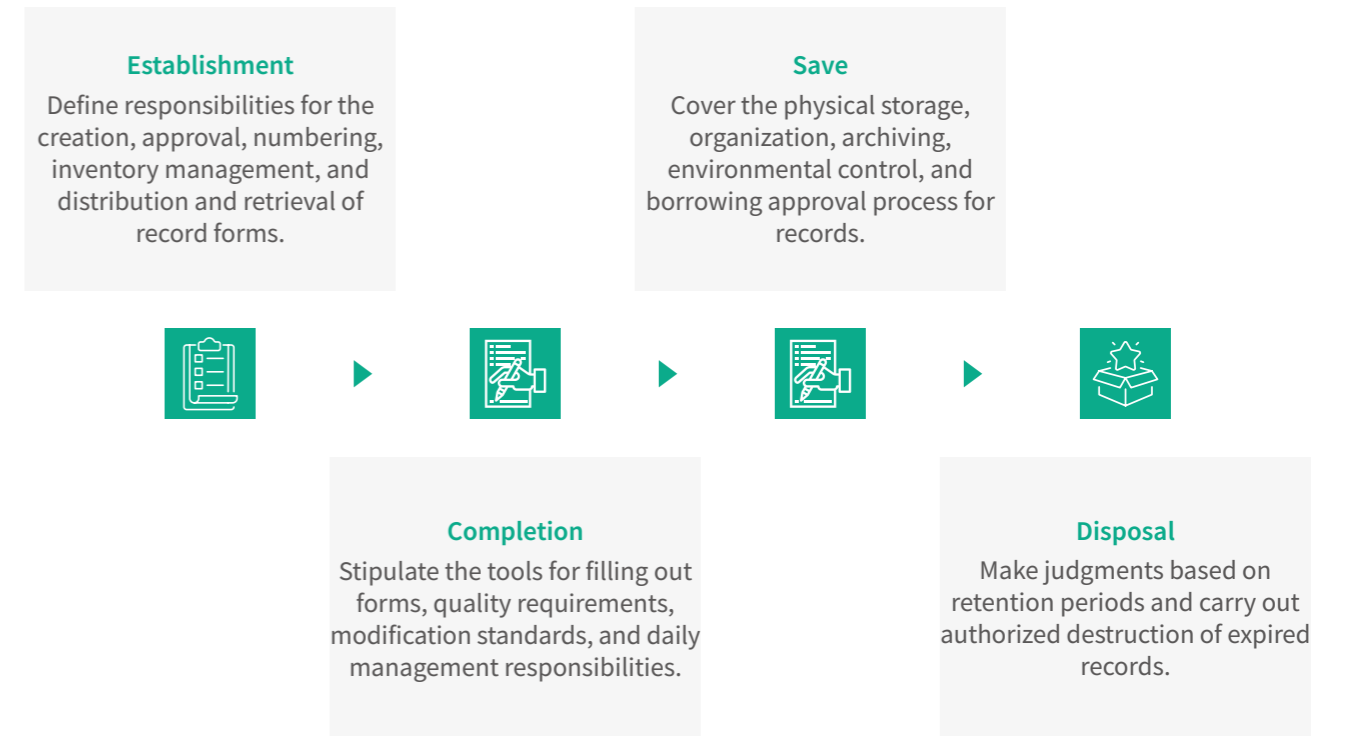
Key Performance



During the reporting period, the Company's customer satisfaction rate was **96.8%**

Customer Privacy

The Company incorporates customer data protection into its quality management system, specifies the department responsible for safeguarding customer information, and implements special management for assets such as technical materials and business information provided by customers. In accordance with the Record Control Procedures and Data Analysis Management Procedures, customer-related information is classified and archived, establishing a management mechanism of "Dedicated Personnel, Hierarchical Authorization, and Full Traceability" to ensure data is used only within authorized scopes. Meanwhile, the Company standardizes the process for transmitting customer information, using encrypted channels like the OA system for data circulation to prevent information leakage, loss, or tampering.



▲ Flowchart of the Record Control Procedure

The Company has established and improved an information security management system to implement full-process security control over the storage, processing, and transmission of customer information. In terms of physical security, protective measures such as access control and surveillance coverage are implemented in areas where customer information is stored, such as warehouses and office areas. In terms of technical security, electronic media files are regularly backed up, and access passwords and tiered permissions are set to prevent risks like network attacks and data breaches. The Company regularly supervises and inspects the management of customer information security to ensure that all protective measures are effectively implemented, thereby genuinely safeguarding customer information security.



04

Talent Engine Igniting Vibrant Organizational Innovation

Huabao Limited has always regarded its employees as the Company's core assets, comprehensively building a diverse, equal, and inclusive workplace ecosystem. By establishing a comprehensive career development system, the Company provides employees with a multi-level and multi-dimensional platform for capability enhancement. At the same time, it focuses on the physical and mental health and well-being of its employees, committed to creating a platform where every employee can fully realize their potential and achieve their career aspirations.

Employee Rights and Development	/71
Employee Health and Safety	/78
Employee Care and Diversity & Inclusion	/85





Employee Rights and Development

Huabao Limited is committed to building a fair, transparent, and diverse workplace environment. By establishing a comprehensive system for protecting employee rights, multi-dimensional career development paths, and a holistic health and safety management system, the Company continuously stimulates employees' creativity and sense of belonging.



Governance

The Company has established a management structure coordinated by the headquarters' Human Resources and Administration Department, with efficient collaboration from various functional departments and subsidiaries. In terms of system development, the Company strictly adheres to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the core conventions of the International Labour Organization, and has formulated internal management systems such as the *Employee Handbook and the Recruitment Management Policy*. By embedding compliance requirements into the entire process of recruitment, onboarding, employment, and departure, the Company has built a systematic and standardized closed-loop employment management system, ensuring that human resources management practices operate soundly within the legal framework.

Compliant Employment

The Company adheres to the principles of equality and fairness in employment, and at the institutional level, it resolutely prohibits illegal practices such as child labor and forced labor, and strictly protects the rights of underage workers. In talent acquisition, the Company implements a differentiated talent strategy, focusing on building a talent pipeline for R&D innovation and composite management. By establishing diverse recruitment channels and a mechanism for attracting mid-level management elites, the Company continuously strengthens its talent foundation. At the same time, through deepening school-enterprise cooperation and special training programs for fresh graduates, it builds a talent reserve for strategic positions, providing a continuous driving force for the Company's sustainable innovation.

Compensation and Benefits

The Company strictly complies with national and local regulations regarding wage payment and welfare benefits, implementing internal systems such as the Compensation Management Regulations and the Employee Performance Appraisal Management Measures. It has established a competitive compensation system based on job value and guided by performance. The Company has established a performance management and evaluation system covering both individuals and teams, combining goal setting with team performance assessment. Performance evaluations are conducted at least annually to ensure that the results objectively reflect the actual performance of employees and teams.

On top of legally required contributions to "Social Insurances and One Housing Fund", the Company has built a multi-layered benefits plan that includes statutory benefits, special allowances, and corporate care initiatives.

While improving short-term compensation and welfare benefits, the Company continues to enhance its medium- and long-term incentive mechanisms. In 2025, the Company implemented a restricted stock incentive plan, granting a total of 18.10 million restricted shares to 135 incentive recipients for the first time. The recipients include directors, senior management, and core management, technical, and business personnel of the Company (including its holding subsidiaries). The relevant incentive arrangements are linked to the Company's operating performance and individual performance appraisals, aiming to strengthen the performance-oriented approach and align employees' personal development with the Company's long-term strategic goals.

By continuously optimizing its compensation and incentive mechanisms and creating a warm and supportive work environment, the Company is committed to enhancing the happiness and sense of belonging of its employees, achieving steady and shared growth for both employees and the enterprise.

Composition of employee compensation



Strategy

The Company regards talent as its most core strategic resource, not only focusing on the immediate protection of employee rights but also incorporating the long-term career lifecycle management of talent into its overall development plan. Through the continuous optimization of its talent structure and the dynamic iteration of organizational capabilities, the Company is committed to ensuring an ever-improving match between its talent pool and business development in a complex and changing market environment. This supports the steady operation of its main business and the enhancement of its innovation capabilities, thereby providing customers with continuously reliable flavor solutions.

To more systematically identify and address challenges in the human resources field, the Company conducts in-depth analysis of internal and external factors related to employee rights and development and has formulated targeted response measures.

Risk Type	Risk Description	Explanation of Financial Impact on the Company	Response Measures
Risk of Core Talent Loss	The Company's flavor formulations and new product development rely on core technical and managerial talent. As industry competition intensifies and the Company's performance pressure increases year by year, this may lead to the loss of core talent, affecting R&D progress and business stability.	In the short term, this increases recruitment and training replacement costs. In the medium to long term, it leads to a decline in revenue growth due to R&D delays and the loss of customer resources, as well as a decrease in the return on R&D investment.	1. Optimize the vesting and assessment mechanism for equity incentives, setting scientific and challenging performance targets to adapt to the industry's long-term development cycle. 2. Improve the employee compensation and benefits system to retain core talent with benefits above the market average. 3. Enhance the construction of the talent pipeline, systematically cultivating core key personnel and a reserve force.
Risk of Macroeconomic Fluctuations	If performance targets are not met due to fluctuations in the macroeconomy or industry sentiment, the failure of the incentive plan will dampen employee morale and lead to team instability.	The failure of the incentive plan may lead to the loss of core employees, which in turn could result in insufficient momentum for R&D and market expansion, exacerbating the risk of performance decline.	1. Break down performance targets to various departments and implement phased incentive measures to hedge risks. 2. Strengthen market analysis and product innovation, focusing on new product promotion to ensure revenue.
Risk of Lagging Skill Iteration	The Company is advancing its dual-engine strategy of "Digital and Intelligent R&D + Data-Driven Operations". With the widespread application of PLM systems, BI systems, and AI flavor creation technology, if existing employees cannot quickly master the operation of intelligent equipment, low-carbon processes, and digital tools, it will lead to a decline in production efficiency and products that do not meet green standards.	Inability to meet customers' green demands, leading to loss of orders and lagging returns on digital investments.	Formulate a systematic training management system to provide precise empowerment for employees at different positions and levels.

▲ Identified Talent-Related Risks

Opportunity Type	Opportunity Description	Explanation of Financial Impact on the Company	Implementation Measures
Opportunity to Enhance the Cohesion of Core Talent	Leverage the 2025 Restricted Stock Incentive Plan to align core management, technical, and business personnel with the Company's long-term development, stimulate employee innovation, and strengthen R&D and market expansion capabilities, in line with the technology-driven nature of the flavor industry.	Reduce the turnover rate and replacement costs of core talent, accelerate the R&D and launch of new products, increase market share, drive revenue and profit margin growth, and simultaneously improve the return on R&D investment.	1. Strictly implement the equity incentive plan and timely fulfill the incentive rights; 2. Establish a scientific promotion channel, clarifying the promotion standards and procedures for each sequence.
Opportunity for Employee Skill Upgrading	In line with the Company's new product R&D (microcapsule flavors, fragrances for daily chemical and personal care products, etc.) and information security management needs, carry out specialized skills training to enhance employees' professional capabilities and digital skills, and optimize production and operational efficiency.	Skill upgrades in the production process can reduce the loss rate of raw materials, enhanced R&D skills can shorten the time-to-market for new products, and information security training can reduce losses caused by human error, thereby improving overall operational efficiency and reducing unit costs.	Improve the classified and graded training system to ensure that employees' capabilities support the achievement of established performance goals through precise empowerment.
Opportunity for Employer Brand Image	Improve the employee rights and interests protection system (compensation and benefits, occupational health, equity incentives, etc.), enhance the performance of employee-related topics in the ESG report, boost the employer brand influence, and attract high-quality talent.	The introduction of high-quality talent can enhance R&D innovation capabilities and market competitiveness, and reduce the premium costs of recruiting high-end talent.	1. Regularly disclose the progress of employee rights and interests protection, and build a welfare system that is above the industry average; 2. Participate in outstanding employer brand awards to strengthen external publicity; 3. Establish an employee feedback mechanism to continuously optimize the working environment and the rights and interests protection system.

▲ Identified Talent-Related Opportunities



Impact, Risk, and Opportunity Management

The Company deeply embeds talent management measures into every node of its business operations. Through institutional innovation and resource investment, it has built a closed-loop management mechanism from "Precise Talent Attraction" to "Multi-dimensional Empowerment", effectively addressing various identified talent risks and capturing industry development opportunities.

Fair Employment and Diversity & Inclusion

Huabao Limited adheres to the core employment standards of "Moral, Visionary, Capable, and Resourceful", and is committed to creating a diverse and inclusive workplace ecosystem. The Company conducts fair talent selection through multiple channels such as online recruitment platforms and offline job fairs, strictly prohibiting any discrimination based on nationality, gender, age, race, or religious beliefs throughout the recruitment and decision-making process to ensure equal opportunities.

To strengthen its compliance baseline, the Company has established a rigorous onboarding review mechanism. By conducting background checks on prospective employees to verify their identity, work experience, and age compliance, it prevents the hiring of child labor and forced labor from the source. The Company is dedicated to building a diverse team with different backgrounds and complementary perspectives, thereby enhancing organizational collaboration and market competitiveness, and injecting a continuous stream of inspiration and vision into its global innovation.

Employee training and capacity building

The Company places great importance on the continuous appreciation of its talent assets and has established a systematic employee training and skill enhancement system. The Company offers various types of training for different job functions and career stages, including onboarding training, redeployment training, job-specific skills training (internal and external), and training for special types of work. At the same time, the Company offers online learning through its WeCom platform, "Huabao Cloud Academy", providing employees with flexible and convenient learning channels to support the continuous development of their professional skills and overall capabilities anytime and anywhere.

To ensure the effectiveness of this empowerment, the Company has established a comprehensive assessment and evaluation mechanism to dynamically track and assess the achievement of training objectives, helping employees achieve all-round growth in both the breadth and depth of their expertise, and building a highly competitive pool of versatile talent for the Company's global business layout.

Onboarding training



All new hires are required to undergo pre-employment training to familiarize themselves with the Company's corporate culture, organizational structure, rules and regulations, and code of conduct, as well as their specific job responsibilities, skills, relevant work guidelines, and workplace safety protocols.

Redeployment training



If the transferred position differs significantly from the original one, training on the new knowledge and skills required for the new position is mandatory.

Job-specific skills training



In accordance with the Company's development plan and the operational needs of each department, employees receive job-specific skills training based on their professional specialization. Such training is categorized into internal training and external training, which may be conducted jointly depending on actual circumstances.

Training for special types of work

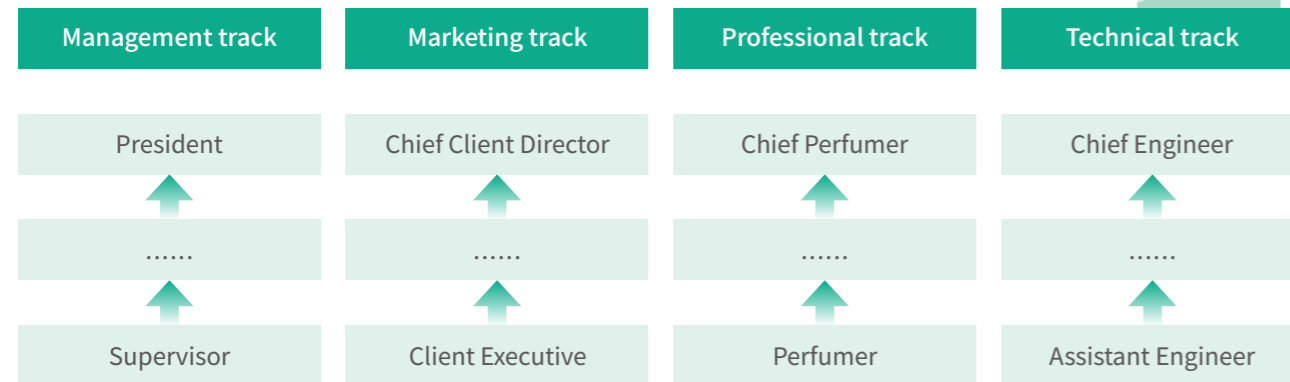
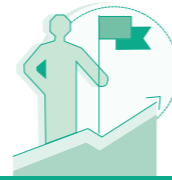


Personnel in special trades (e.g., electricians) and special positions (e.g., inspectors, warehouse keepers, internal auditors) must undergo professional training, pass relevant assessments, and obtain corresponding qualifications before working with certification.

▲ Types of Company training

Diversified Career Development Channels

The Company is committed to building a barrier-free career advancement environment. By establishing comprehensive vertical promotion channels and horizontal development incentive measures, it aligns employees' personal aspirations with the Company's strategic goals.



▲ Multi-sequence promotion channels

Democratic Management

The Company is committed to building harmonious labor relations. By establishing diversified democratic management and communication channels, it ensures that employee demands are responded to efficiently.



Smooth Communication Channels

The Company has set up whistleblower boxes, suggestion boxes, and rationalization proposal boxes to actively solicit employee opinions and feedback on company operations and management.



Bridging Role of the Labor Union

As a joint organization democratically elected by employees, the labor union regularly collects employee demands and suggestions and promptly reports them to the management, effectively safeguarding the will and interests of employees.



Closed-Loop Satisfaction Management

The Company conducts an annual employee satisfaction survey to systematically collect genuine feedback from employees on aspects such as workplace health and working environment. For items with lower satisfaction, the Company implements targeted rectifications and provides feedback on the results, continuously optimizing the corporate cultural atmosphere and enhancing organizational cohesion.

▲ The Company's Democratic Management Measures

Case: Deepening Democratic Management, Huabao United Labor Union Congress Successfully Held



In February 2025, the Second Session of the Third Congress of the Huabao United Labor Union was successfully held, with 41 member representatives attending and participating in decision-making. The congress heard and approved the annual work report and budget plan of the labor union, ensuring the transparency and compliance of its work. By commending outstanding representatives such as the "Huabao Craftsmen" and actively encouraging representatives to offer suggestions, the labor union effectively fulfilled its role of serving employees and acting as a communication bridge. While safeguarding employees' right to democratic participation, it also gathered talent momentum for the Company's high-quality development.



▲ The member representative congress

Case: Guangzhou Owada Successfully Holds Employee Representative Congress



In February 2025, Guangzhou Owada, a subsidiary of Huabao Limited, successfully held its employee representative congress, with all 15 employee representatives attending and participating in decision-making. The congress focused on the in-depth implementation of production safety responsibilities, appointing members of the production safety committee and safety officers at all levels on site, and approved the annual labor union financial budget. By building a direct and extensive communication platform, the Company actively listened to representatives' opinions and suggestions on corporate culture construction and daily operations. While safeguarding employees' right to democratic participation, it further strengthened the foundation of grassroots safety management, achieving an alignment between corporate development and employee interests.



▲ The employee representative congress scene

Metrics and Targets



Key performance



In 2025, the Company had a total of **1,296** employees



male employees **805**



female employees **491**



The Company employed **31** ethnic minority employees



and **14** employees with disabilities.



The Company achieved a **100%** social security coverage rate for its employees. During the reporting period, there were no confirmed incidents of discrimination, forced labor, or child labor.



The Company conducted a total of **57** training sessions



with an annual training investment of RMB **0.52** million



The employee training coverage rate reached **100%**



with a total of **1,296** employees trained



and an average participation of **15.58** hours per person



Employee Health and Safety

Safety is the prerequisite for development, and health is the foundation for employees. Huabao Limited, based on its business characteristics, places employee health and safety management as an operational priority. The Company strictly adheres to relevant laws, regulations, and industry standards to effectively protect the physical and mental health and occupational safety of every employee. The Company consistently upholds the policy of "Safety First, Prevention Foremost" and ensures the stable operation of its production and business activities by setting the following annual goals:

Work Safety Goals

Prevent major and severe work safety liability accidents and strive to achieve the goal of **"Zero Fatalities"** for the year.



Occupational Health Goals

Maintain a **100%** occupational health examination coverage rate for employees in positions with occupational hazards.



Capability Enhancement Goals

Maintain a **100%** work safety training coverage rate for all employees and ensure that all employees hold a certificate (education card) to work.



Work Safety

The Company strictly complies with national laws and regulations related to work safety and continuously improves its work safety management system, centered on core policies such as the "Work Safety Management Regulations" and the "Work Safety Responsibility System". By establishing a safety management committee and specialized working groups, the Company has formed a management structure with coordinated planning and hierarchical responsibility, ensuring that work safety responsibilities are implemented at all levels and in all positions. The Company has built a safety management network covering all employees, organized the signing of the "Employee Work Safety Responsibility Letter", and, under the unified guidance of the headquarters, promoted the establishment of standardized management guidelines in all subsidiaries. It strictly enforces three-level safety education, ensuring that frontline personnel can only start work after passing an assessment, thereby solidifying the foundation of safety management from the source.

In daily management, the Company continuously strengthens its risk prevention and control philosophy of "Prevention Foremost" through regular safety training, daily inspections, and special checks. At the same time, it has developed and regularly drills emergency response plans for key risk scenarios such as fires and mechanical injuries, constantly enhancing employees' safety awareness and emergency response capabilities. The Company is committed to creating a safe and stable production and operational environment. To date, the Company's headquarters, Shanghai branch, and subsidiaries Yingtan Huabao, Guangzhou Hua Fang, and Fine Taste Biological Technology have all obtained ISO 45001 Occupational Health and Safety Management System certification.



Case: Reinforcing the Safety Red Line, Jiangxi H&K Launches a Special Campaign for Safety Helmet Inspection and Rectification

In 2025, Jiangxi H&K strictly implemented its primary responsibility for work safety and launched a six-month special campaign for safety helmet inspection and rectification in key areas such as forklift and warehouse operations. The Company established a special team with the primary person in charge as the first responsible person. Based on national standards, the team conducted a comprehensive check of the safety helmets' "Two Certificates and One Label", product quality, and service life, and strictly prohibited frontline personnel from using counterfeit and substandard protective equipment. By establishing a dynamic management ledger for safety helmets and providing specialized user training, the Company further standardized the procurement, distribution, and disposal processes for labor protective equipment, effectively ensuring the head protection safety of its employees and enhancing the Company's intrinsic safety level.



Case: Four-Location Coordinated Emergency First Aid Skills Training

In June 2025, the Company simultaneously conducted employee emergency first aid skills training at its four production bases in Jiading and Songjiang in Shanghai, and Yingtan and Ji'an in Jiangxi. The event featured internationally certified instructors who systematically taught employees cardiopulmonary resuscitation (CPR), the use of automated external defibrillators (AED), and basic first aid skills through a "Theory + Demonstration + Practical Assessment" model. Employees mastered key emergency operations through hands-on practice in simulated scenarios. This multi-base coordinated training significantly enhanced the on-site emergency response capabilities of the production frontline. It is a concrete action by the Company to build a "Safe and Secure Workplace for Employees" and implement its occupational health and safety management goals, effectively strengthening the life safety assurance system for employees.



▲ Emergency First Aid Skills Training

Training Courses and Content

- Maintenance Operation Skills Training
- Return-to-Work Training
- Confined Space Safety Training
- Company-Level Three-Level Safety Education
- Huabao Limited's Safe and Secure Workplace Creation - CPR AED First Aid, First Aid
- Safe Use of Power Tools Training
- Occupational Disease Health Training
- Safety Warning Film Education for All Employees
- Special Equipment Safety Management Training
- Corporate Fire Safety Knowledge
- Company Rules and Regulations



▲ Jiangxi H&K's work safety training courses

Case: Guangzhou Hua Fang Conducts 2025 Annual Fire Emergency Drill

In November 2025, Guangzhou Hua Fang organized its annual fire emergency drill, with 28 employees participating. The drill simulated emergency evacuation and fire extinguishing operations after a fire alarm. All personnel evacuated safely and orderly to the designated area in just 1 minute and 11 seconds. At the drill site, they completed training on the use of fire extinguishers and gas masks, with practical corrections. This drill effectively verified the rationality of the emergency plan and further enhanced the fire safety awareness and self-rescue capabilities of frontline employees in the event of an emergency.



▲ Guangzhou Hua Fang's Fire Drill

Key Performance



In 2025, the Company achieved a **100%** employee health check coverage rate and conducted **11** emergency drills for production safety.



Occupational Health Management

The Company and its subsidiaries strictly comply with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations. They continuously improve the occupational health management system to promote the institutionalized and standardized operation of occupational health work. Focusing on occupational health risk identification, prevention, and improvement, the Company has established a closed-loop management mechanism covering system development, risk monitoring, and protective measures implementation.

In terms of system development, the Company and its subsidiaries have formulated and implemented the *Employee Health Management System* and the *Occupational Disease Prevention Management System*, clarifying the occupational health management requirements and protective responsibilities for different positions, providing a clear institutional basis for occupational health management. In terms of risk control, the Company regularly commissions qualified third-party organizations to conduct occupational hazard factor testing, focusing on monitoring potential risk factors such as dust, noise, and chemicals, and generating specialized testing reports to provide scientific support for the continuous improvement of the working environment.

For identified high-risk positions, the Company provides employees with standard-compliant occupational disease protective equipment, including protective clothing, dust masks, earplugs, and protective gloves. It also conducts regular inspections and replacements to ensure the effectiveness of the protective equipment. At the same time, all subsidiaries and production bases are equipped with standardized fire cabinets and first-aid kits, stocked with necessary emergency supplies and common medicines, to provide support for emergency response and medical assistance in case of sudden incidents.



▲ Jiangxi H&K's AED Device, Fine Taste Biological Technology's Fire Cabinet

Chemicals Management

The Company strictly adheres to national and applicable international laws and regulations, continuously improving its chemical safety management system and standardizing the safety and compliance management of chemicals throughout their entire life cycle. Centering on the usage characteristics and risk profiles of chemicals, the Company has formulated and implemented multiple internal management systems and operating procedures, including the *Standard Operating Procedures for Laboratory Waste Disposal* and the *Management System for Precursor Chemicals*. These systems systematically manage all stages of chemicals, from procurement, transportation, and storage to use and disposal, clarifying management responsibilities and operational requirements, and are supported by corresponding emergency response measures.



Access Control

- Suppliers must provide Material Safety Data Sheets (MSDS).
- Relevant personnel shall be proficient in applicable regulations and possess the requisite competency for the safe handling and operation of hazardous chemicals.



Storage

- Operations shall strictly adhere to the Company's Administrative Measures for Precursor Chemicals.
- Usage must comply strictly with product instructions; records of solution preparation shall be maintained, and materials stored in designated locations.



Usage

- Operations shall be conducted in a standardized manner with items placed in designated areas.
- All procedures must strictly follow prescribed usage protocols.
- Incompatible substances shall not be co-stored.



Disposal

- The Safety Officer is responsible for coordinating and managing waste disposal activities.
- Daily supervision shall be conducted, with periodic handover to authorized entities.
- Hazardous waste shall be segregated and stored by category.

▲ Chemical Safety Management Measures

Comprehensive Health Care

In terms of health protection, the Company provides all employees with an annual physical examination benefit, with additional specialized check-ups for employees in specific positions. It has established an Employee Assistance Program (EAP), setting up both online and offline psychological counseling channels and a 24-hour psychological support hotline. The Company organizes specialized training and group counseling sessions on topics such as emotional and stress management and workplace interpersonal communication. It also conducts regular "Psychological Check-Ups" for all employees, creating a "Safe Harbor" for their mental well-being and strengthening the line of defense for mental health.

Case: Huabao United Labor Union Holds an "Immersive Mindfulness Experience" for Physical and Mental Empowerment



In May 2025, the Huabao United Labor Union invited a professional instructor to conduct a special training session on "The Application of Mindfulness Training in Emotional and Stress Management." As a key component of the "Huabao Happy Workplace" employee care ecosystem, this initiative aims to put the philosophy of being a "Promoter of a Healthy Lifestyle" into practice. Through mindfulness meditation exercises and interactive sharing, the event guided employees to learn methods for regulating emotions and relieving stress amidst their fast-paced work. While enhancing employees' mental health and workplace happiness, it also fostered a positive and uplifting work atmosphere within the Company.



▲ The event venue

Case: "Saying Goodbye to Tech Neck and Phubbing" Employee Occupational Health Training



In May 2025, the Company's united labor union organized a health training session focused on preventing "Tech Neck". The event featured a professional health instructor who, through a combination of theoretical explanations and practical exercises, provided an in-depth analysis of the dangers of poor posture and

shared methods for daily prevention and relief of neck and shoulder discomfort. Employees actively participated in on-site training and interactive Q&A sessions, effectively enhancing their health awareness and self-protection abilities. This event reflects the Company's response to common occupational health risks in the modern workplace and is a concrete measure to improve its health management system and care for the physical and mental well-being of its employees. It helps reduce the incidence of work-related diseases and improves employee well-being and work efficiency.



▲ The employee occupational health training event

Case: National Intangible Cultural Heritage "Zhu's Tuina" Comes to Huabao



In June 2025, with the support of the higher-level labor union, the Company's united labor union invited Professor Zhu Dingcheng, an inheritor of the national intangible cultural heritage "Zhu's Tuina", to conduct an event at the Company. The event included a lecture on *TCM's 'Preventive Treatment' and Workplace Health Management*, and also offered on-site Tuina massage experiences and a session on making wellness moxa-grass hammers. Professor Zhu explained the concept of TCM prevention and demonstrated simple Tuina techniques, allowing employees to experience intangible cultural heritage up close and learn practical health care skills. This event innovated the form of health management, directly helped employees alleviate work fatigue, and enhanced their health awareness and self-care abilities. It is a concrete practice of the Company enriching its employee care initiatives and building a positive and healthy workplace culture.



▲ The National Intangible Cultural Heritage "Zhu's Tuina" Comes to Huabao Event



Employee Care and Diversity & Inclusion

Adhering to the "People-Oriented" philosophy, the Company continuously enhances employee happiness, sense of belonging, and cohesion by formulating a series of care initiatives and diverse, equitable mechanisms. This builds a harmonious and symbiotic workplace ecosystem, achieving synergistic growth for both the Company and its employees.

Employee Care

The Company is dedicated to building a multi-dimensional, full-cycle "Huabao Happy Workplace" employee care ecosystem. By deeply integrating traditional holiday courtesies with regular welfare benefits, it ensures that the warmth of the Company's development reaches every employee. During important festivals like the Spring Festival, the Company transforms holiday wishes into a tangible sense of belonging by distributing festive gifts. At the same time, the Company pays attention to employees' needs at different stages of life and provides more human-centered support through measures such as parental leave and the provision of nursing rooms, fostering an inclusive and friendly work environment.

Additionally, the Company actively organizes a variety of cultural and sports activities and physical and mental empowerment programs. While advocating for a healthy lifestyle, it also provides an interactive platform for employees to relax, enhance communication, and help them strike a balance between personal growth and family warmth, achieving a harmonious resonance between work and life.



Case: Spring Festival Employee Care and Welfare Distribution

In January 2025, the Company's united labor union organized a Spring Festival welfare distribution for all employees. The union carefully selected festive gifts, including New Year pastries and fruits, to convey holiday greetings and appreciation to the employees. This initiative is a concrete practice of the Company's "People-Oriented" philosophy and its commitment to strengthening employee care. It aims to build a more harmonious and inclusive work environment, unleash the potential of every employee, and jointly promote the sustainable development of the Company and society.



▲ Spring festival employee care and welfare distribution



Case: Themed Team-Building Activities to Enhance Employee Cohesion and Happiness

In October 2025, Huabao Limited organized an autumn employee team-building event with the theme "Autumn Harvest in the Fragrant Fields, Fun Together". Through team collaboration projects, group interactive experiences, and cultural check-ins, the event guided employees to enhance communication, release stress, and strengthen their sense of cooperation in a relaxed and pleasant atmosphere. The event featured segments such as ice-breaking and collaboration, fun competitions, group dining, and cultural experiences, covering diverse participation scenarios. This fully mobilized employees' enthusiasm and sense of involvement, effectively promoting cross-departmental communication and team integration. By creating a positive, inclusive, and trusting work atmosphere, the Company continuously enhances employees' sense of belonging and happiness, solidifying the talent foundation for its long-term stable development.



▲ The team-building event



Case: Family Day Activity Builds Harmonious Employee Relations

In May 2025, the Company's united labor union held its annual family day event with a "Dopamine · Spring Market" theme on the Company campus. Over 100 employees and their families gathered to participate in diverse activities, including market games, IP creative surveys, handicraft experiences, and interactive prize draws. The event aimed to build a communication bridge between the Company and employees' families and enhance family members' understanding of the Company's culture. It is a concrete measure for the Company to implement its "People-Oriented" philosophy, create a positive and harmonious workplace atmosphere, and fulfill its commitment to employee care.



▲ The "Dopamine · Spring Market" Theme



▲ Baduanjin activity, Huabao Asia Pacific employee birthday party



▲ Shanghai Yifang's summer cool-down activity

Diversity and Inclusion

The Company provides equal employment opportunities for all employees and prohibits any discrimination against employees based on factors such as gender, age, race, religious belief, or disability. These requirements are incorporated into the Employee Handbook, and their effective implementation is ensured through regular training.

Case: Huabao's International Women's Day "Guardian of Her Power" Campaign



In March 2025, on the occasion of International Women's Day, the Company organized a special care activity with the theme of "Guardian of Her Power". Through internal publicity and cultural activities, the Company advocates respect for women's diversified career and life choices, and recognition of their unique values and contributions. The event conveys the corporate culture concepts of inclusivity and equality, and is committed to creating an organizational atmosphere that supports the development of female employees and breaks stereotypes, enhancing the sense of belonging of female employees. It is an important part of the Company's efforts to promote equal hiring and employee care.



▲ Guardian of "Her" strength campaign

05

Green Commitments

Safeguarding the Planet's Ecological Future

As a responsible corporate citizen, Huabao Limited has integrated the concept of ecological civilization into its development strategy and built a scientific and systematic environmental governance system. The Company has adopted "Governance – Strategy – Impact, Risk and Opportunity Management – Indicators and Targets" as the framework for environmental information disclosure to promote the in-depth integration of green transformation and sustainable development.

The Company is committed to transforming environmental protection into an internal driving force for enterprise development, realizing the organic unity of economic and environmental benefits through an institutionalized management system, professional execution capability, and a continuous improvement mechanism. In the future, Huabao Limited will continue to lead the industry in green transformation with high environmental protection requirements and contribute to the construction of a better future in which human beings and nature coexist harmoniously.

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Environmental Management

Governance

Huabao Limited has always regarded ecological environmental protection as the foundation of sustainable development. The Company actively practices the concept of green development, firmly fulfills its corporate environmental responsibility, and systematically builds an environmental governance system covering the whole business chain. Through continuous improvement of the management system, strengthening risk prevention and control, and advancing energy saving and carbon reduction, the Company is committed to minimizing the impact on the environment in the whole process of operation and realizing the harmonious coexistence between the enterprise and nature.



Environmental management

The Company has established an environmental management structure with clear responsibilities and comprehensive coverage, forming a three-tier management system under the unified leadership of the headquarters, the synergistic cooperation of all functional departments, and the specific implementation of subsidiaries and production parks, systematically promoting environmental risk management, compliant operation, and performance improvement.

Environmental Risk Management

The Company has constructed a comprehensive library of environmental laws and regulations and an internal control standard system, and has formulated and implemented system documents such as the Environmental and Occupational Health and Safety Management Handbook and the Eight Rules for Environmental Protection to ensure that environmental protection requirements are effectively transformed into management actions. Each production unit regularly carries out the identification, assessment, and prevention and control of environmental risks, and organizes drills based on the filed emergency response plan to effectively enhance the ability of emergency response to environmental emergencies.

Environmental Management System Certification and Operation

As of the end of the reporting period, the main operating units of Huabao Limited and its Shanghai Branch, Yingtan Huabao, Guangzhou Owada, Jiapin Technology and etc. have passed the ISO 14001 environmental management system certification and have established systematic environmental control procedures with this framework. The Company controls environmental factors in its operations in all aspects through the implementation of the system, the standardization of processes, monitoring and feedback, and continual improvement, so as to promote the enterprise's green transformation and sustainable development with practical actions.



▲ Huabao Limited, Shanghai Branch, Yingtan Huabao, Fine Taste Biological Technology ISO 14001 Environmental Management System Certification



Strategy

The Company regards environmental protection as an important pillar of sustainable development. Through the systematic construction of an environmental risk identification and management system, the green development strategy is deeply integrated into all aspects of business operations. The Company identifies possible risks in environmental management and promotes the implementation of the strategy through the three dimensions of institutionalized management, digital empowerment, and full life cycle construction. It is committed to minimizing environmental impacts while achieving operational excellence to create a green enterprise benchmark with industry demonstration value.

Dimension	Risk Type	Risk Event	Risk Factors and Impacts	Response Measures
Environmental Compliance and Operations	Policy and Legal Risks	Tightening Environmental Regulations and Raising Emission Standards	The introduction of stricter national or regional environmental protection regulations puts companies under pressure to comply, which may increase operating costs or face the risk of penalties	Established a library of environmental laws and regulations, formulated internal systems such as <i>the Environmental and Occupational Health and Safety Management Manual</i> and <i>the Eight Rules for Environmental Protection</i> , and regularly conducted environmental compliance assessments and emergency plan drills
	Operational Risks	Environmental Accidents During Production and Operation	Improper management of wastewater, exhaust gas, noise, hazardous waste, and other emissions may lead to environmental pollution, damage to employee health, or disruption of production	Set up a full-time safety and environmental management organization, implement the ISO 14001 environmental management system, carry out environmental risk identification and assessment, and strengthen daily monitoring and emergency response capability
	Technology Risks	Malfunctioning or Outdated Environmental Protection Facilities	Failure or inefficiency of waste gas treatment facilities, sewage treatment systems, etc., affects emission compliance and increases environmental risks	Regularly inspect and maintain environmental protection facilities, promote the use of high-efficiency purification equipment, and implement technological upgrades and process optimization
Green Operations and Awareness Raising	Market and Reputational Risks	Lack of Employee Environmental Awareness and Slow Advancement of Green Practices	A weak internal environmental protection culture makes it difficult to fully implement green office, energy saving, and consumption reduction measures, affecting the image of sustainable development of enterprises	Carry out environmental protection publicity and training, implement paperless office and electronic process approval, post energy-saving logos, promote video conferencing, and enhance the participation of all staff in environmental protection
	Technology and Management Risks	Low Degree of Informatization and Digitization	Traditional office and meeting methods consume a lot of paper and have low process efficiency, which is not conducive to the realization of green operation goals	Promote the use of digital office platforms (e.g., Feishu), implement e-invoicing and e-approval, and advocate double-sided printing and waste paper utilization

Environment and Operation Full-Cycle Management Framework

Management of the Environmental Impact Phase of a Project Throughout Its Life Cycle

- **Pre-construction:** Mainly preparatory activities with low environmental impacts
- **Construction period:** Noise, air quality degradation, traffic interference; short-term impacts requiring control of construction pollution
- **Operation period:** Wastewater, exhaust gas, noise, hazardous waste, employee health and safety
- **Post-operation:** Post-operation: Environmental restoration, security management, order maintenance; requires implementation of post-tracking and restoration

Green Operations and Digital Office Practices

- **Videoconferencing rollout**
Yingtian Huabao organized more than 10 video conferences throughout the year
Guangzhou Hua Fang prioritizes online formats for training and conferences
- **Environmental Advocacy and Awareness Raising**
Guangzhou Hua Fang lobby cycles environmental protection videos
Posting energy-saving signs and environmental protection posters
- **Paperless and Digital Office**
Jiangxi H&K uses Feishu for meeting minutes to achieve paperless operations
Jiangxi Yifang implements WeChat Work for process approvals to reduce paper printing
Advocating the use of waste paper for printing and changing reimbursement vouchers to A5 size
Guangzhou Hua Fang implements electronic invoices and electronic approval processes

Environmental Risk Control and Emergency Management

- **Plan Formulation and Filing**
Formulating the Emergency Plan for Environmental Incidents
Clarifying risk substances, control measures, and receptor protection
- **Implementation of Emergency Drills**
Fine Taste Biological Technology conducts two environmental incident emergency drills annually
The emergency plan has been filed with the environmental protection department to enhance practical response capabilities

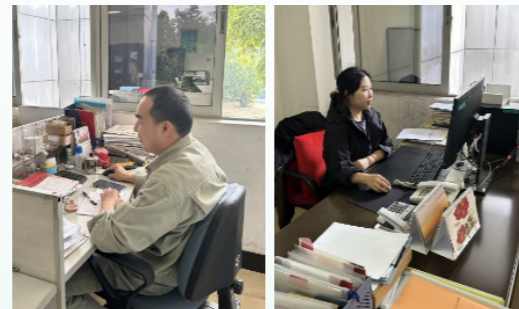
▲ Environment and Operation Full-Cycle Management Framework

Case: Guangzhou Owada's Special Training on "Environmental Protection Knowledge" to Strengthen Employees' Environmental Responsibility Awareness



In November 2025, Guangzhou Owada organized a special online training on "Environmental Protection Knowledge". The training covered the legal and regulatory framework for environmental protection, common environmental issues in enterprises and their coping strategies, and practical guidelines for environmental standards and norms. It focused on interpreting core regulations such as the "Environmental Protection Law" and the "Water Pollution Prevention Law", and provided in-depth explanations combined

with practical content like pollutant discharge standards, environmental monitoring specifications, and operational requirements for environmental protection facilities. Through systematic training, the environmental responsibility awareness and compliance operation capabilities of the participants were further strengthened, enhancing their professional competence in identifying and responding to environmental risks. This provided solid support for the Company to continuously improve its environmental management processes and promote the coordinated development of production, operation, safety, and environmental protection.



▲ Special Training on "Environmental Protection Knowledge"

Impact, Risk, and Opportunity Management



The Company adheres to national and international standards and mainstream international climate disclosure requirements to systematically identify and manage environmental and climate-related risks. Through policy tracking, meteorological monitoring, industry report analysis, and internal assessments, the Company comprehensively identifies physical and transition risks that may affect its assets and operations. It then classifies, prioritizes, and formulates contingency plans, creating management reports that are sent to relevant decision-making and business departments to ensure a systematic and forward-looking approach to risk response.

Management Process

The Company has established a full-process environmental risk management mechanism covering "Identification-Assessment-Response-Monitoring". Each plant regularly analyzes its geographical location and surrounding environment to systematically identify various environmental risks, including fires, explosions, accidental emissions of waste gas and wastewater, chemical leaks, and natural disasters, and formulates corresponding prevention and emergency plans. By clarifying departmental responsibilities, equipping emergency supplies, forming rescue teams, and conducting scenario drills and employee training, the Company has built an efficient emergency response system to minimize the likelihood and impact of environmental accidents.

PT Huabao Food

The Company conducts systematic risk identification work from the initial stage of the project. According to the project plan, the main environmental impacts identified during the construction phase include construction wastewater, decreased air quality, and dust pollution. Through targeted measures such as installing temporary septic tanks, entrusting qualified third parties for clearance, standardizing transport vehicles, and regular environmental monitoring, the relevant environmental impacts are effectively controlled, ensuring that all construction activities comply with environmental regulations and reflecting a closed-loop management from identification to response.

Guangzhou Hua Fang

The Company has established a comprehensive environmental emergency plan system and conducts regular, thorough risk assessments. By systematically identifying various potential environmental risks, formulating targeted preventive measures, and closely integrating emergency plans with daily operations, the Company organizes regular drills and training to comprehensively enhance its risk prevention and emergency response capabilities, ensuring the effective implementation of environmental risk management.

Guangzhou Owada

The Company has established a scientific and systematic environmental risk management process. Based on the *Risk Assessment of Environmental Incidents*, it comprehensively identifies and quantitatively assesses various environmental risk substances involved in production and operations. By calculating the ratio of the quantity of risk substances to their critical thresholds, the Company scientifically determines the risk level of sudden environmental incidents. On this basis, the Company has established a risk prevention and control system covering emergency material management, improving interception and leak prevention measures, regular emergency training and drills, and building external communication mechanisms. It also conducts regular assessments and improvements, forming a closed-loop management process from risk identification and level assessment to measure implementation, effectively enhancing its environmental risk prevention capabilities.

Fine Taste Biological Technology

The Company has established an environmental risk management process based on a closed-loop management mechanism of "Identification-Evaluation-Control-Update". Through systematic methods such as production route analysis, on-site observation, and the input-output method, it comprehensively identifies environmental factors in the Company's activities, products, and services. It then uses the yes-no judgment method and multi-factor evaluation method, combined with dimensions like environmental compliance and business impact, to evaluate the identified environmental factors, determine a list of significant environmental factors, which is then reviewed by the management representative and distributed to relevant departments for control implementation.

Prioritization and Integration into Internal Processes

Environmental and climate risks have been integrated into the Company's overall risk management system and are one of the key management topics for the year. Through risk assessment methods, the Company comprehensively ranks the identified risks based on their probability of occurrence and degree of impact, clarifying management priorities. The control measures are integrated into daily operations, investment decisions, and performance appraisal processes. Each subsidiary regularly reports its environmental risk status and improvement progress to the headquarters, forming a closed-loop management system.

PT Huabao Food

In project environmental management, the Company prioritizes various environmental impacts during the construction period based on a risk matrix, listing construction wastewater treatment and dust control as high-risk priority management items. Corresponding control measures have been integrated into the project construction plan and daily management processes, serving as key performance indicators to ensure the systematic and effective management of environmental risks.

Guangzhou Hua Fang

The Company manages identified environmental risks by classifying them according to their probability of occurrence and degree of impact. High-risk items such as chemical leaks and fire explosions are included in the annual key control list. Corresponding preventive and emergency measures have been integrated into the daily operating procedures and performance appraisal systems of each department, achieving the normalization and institutionalization of environmental risk management.

Guangzhou Owada

The Company deeply integrates environmental risk management into its internal management processes. On the basis of scientifically assessing risk levels, the Company further prioritizes risks according to dimensions such as the severity of consequences, the likelihood of occurrence, and the urgency of control.

Fine Taste Biological Technology

The Company directly integrates the evaluated significant environmental factors into its objective management and daily operational decision-making processes, ensuring that the prioritization of environmental risk control is systematically reflected and dynamically adjusted in resource allocation, management reviews, and major decisions.

Case: Jiangxi H&K's Systematic Environmental Risk Prevention System Construction



Jiangxi H&K has established a comprehensive and systematic environmental risk prevention system. By developing and implementing the *Safety Risk Grading and Control 'Three Lists' Bulletin Board*, it covers a full range of risk identification and control, from natural disasters (such as floods and lightning) to production operations (such as power distribution safety, mechanical operations, chemical management, high-altitude work, and forklift transport). The Company has formulated clear preventive measures and emergency plans for various risk points (such as clearing combustibles in power distribution rooms, equipment maintenance, sewage pool leakage protection, confined space operation management, and boiler safety inspections), assigning control responsibilities to specific departments and individuals.

Through regular emergency drills, enhanced employee safety training and education, implementation of an equipment inspection and maintenance system, installation of safety warning signs, and establishment of safe operating procedures, the Company has built a full-chain environmental risk prevention and control mechanism covering risk identification, assessment, control, and emergency response, effectively enhancing its ability to respond to environmental and safety emergencies.

Case: Fine Taste Biological Technology's Environmental Factor Monitoring and Evaluation System Construction



To strengthen environmental factor management, Fine Taste Biological Technology has established a systematic *Environmental Factor Identification and Evaluation Control Procedure*. This system clarifies a responsibility structure with the Administration Department as the coordinating management unit and all project departments as collaborating executors, comprehensively covering the monitoring and evaluation processes for environmental elements such as air, water, solid waste, and noise.

The system's content specifically includes: standardized monitoring and disposal requirements for exhaust emission outlets and generation points, a full-process water quality monitoring mechanism for production wastewater, underground pipe networks, and main discharge outlets, classified labeling, standardized storage, and resource management procedures for solid waste, as well as systematic monitoring methods for noise control, chemical management, and resource consumption.

By formulating standardized monitoring processes, abnormal situation handling procedures, and an annual commissioned monitoring mechanism by environmental protection departments, the Company fully integrates environmental compliance requirements into daily operations, providing a solid institutional guarantee and operational guidance for effectively controlling significant environmental factors and achieving environmental management goals.



Case: Jiangxi Yifang's Sudden Environmental Risk Assessment System Construction



To comprehensively identify and control environmental risks in its operational processes, Jiangxi Yifang systematically conducted a risk assessment for sudden environmental incidents in March 2025. Through in-depth research and analysis of the socioeconomic structure, current environmental quality, and environmental risk receptors around the Company's location, combined with potential environmental risk scenarios in all aspects of production operations (including production facility areas, chemical warehouses, exhaust gas treatment facilities, and sewage treatment stations) such as leaks, fires, equipment failures, and extreme weather, the Company scientifically assessed its environmental risk level according to the *Method for Grading Risks of Enterprise's Sudden Environmental Incidents* and formulated corresponding risk prevention, control, and emergency measures.

The assessment clarified the diffusion pathways of risk substances, established an emergency resource system covering emergency material management, emergency team building, and internal and external communication mechanisms, and ultimately formed a structurally complete and detailed *Sudden Environmental Incident Risk Assessment Report*, providing systematic guidance for daily risk prevention and control.

Indicators and Targets



During the reporting period, the Company's environmental performance was stable, with no major environmental safety accidents and no administrative penalties for ecological and environmental issues. It has protected lucid waters and lush mountains with practical actions, contributing its corporate strength to the construction of a Beautiful China.

Environmental Management Indicator Category	2025 Target	2025 Actual Achievement	2026 Target
System certification coverage rate	100% of major subsidiaries pass ISO 14001	Achieved	Maintain 100% certification
Environmental violation incidents	Zero major penalties	Achieved	Maintain zero major penalties
Environmental training coverage rate	All employees receive annual training ≥ 1 time	Achieved	Increase training duration by 20%
Emergency drill frequency	Each subsidiary conducts annual drills ≥ 2 times	Achieved	Improve drill practicality



Energy and Resource Utilization

Huabao Limited attaches great importance to the efficient utilization and sustainable management of resources. By building a systematic governance system and differentiated management practices, it is committed to achieving the vision of "Maximizing Resource Efficiency and Minimizing Environmental Impact".

Energy Management

Guided by advanced international and domestic standards, the Company has established a systematic management system. In accordance with the ISO 50001:2018 *Energy Management System* standard, the Company has formulated and implemented a series of special regulations, including the *Energy Management System*, *Electricity Saving Management System*, and *Regulations on Resource and Energy Conservation*, providing institutional guarantees for energy conservation and consumption reduction. By forming a special working group and conducting regular training, the Company continuously enhances the resource conservation awareness of all employees, ensuring that energy-saving and consumption-reducing measures are implemented in every aspect of production and operation. In addition, the Company's annual audits include energy audits covering energy-saving and consumption reduction matters. Through audit evaluations and the implementation of optimization measures, the Company further enhances the systematicness and effectiveness of its energy management.

Huabao Limited's energy management and energy-saving measures



Daily Electricity Management

- ◎ The Company actively advocates for electricity conservation, requiring employees to turn off lights when leaving and shut down personal computers and desktop office equipment during non-office hours to reduce standby consumption.
- ◎ Promote the use of energy-saving lamps and energy-saving control devices.
- ◎ The lighting system uses sectional control switches for partial activation, avoiding large-area lighting waste.
- ◎ Five minutes before work and after work, the department head is responsible for turning on or off lighting and electrical appliances, such as air conditioners, fans, lights, and computers, to prevent power waste when no one is working.
- ◎ During the lunch break, all lighting and electrical appliances must be turned off, except in special circumstances.



Air Conditioning Usage Management

- ◎ Air conditioners are uniformly set to standard temperatures, no lower than 26 ° C in summer and no higher than 20° C in winter.
- ◎ When the room temperature is below 25° C, opening windows for ventilation is encouraged to avoid turning on the air conditioner.
- ◎ Maintenance personnel regularly check the operating condition of air conditioners to ensure timely repairs.



New Equipment Selection

- ◎ When purchasing new equipment, all departments should prioritize power-saving and water-saving equipment under the same conditions.
- ◎ Water and electricity should be used reasonably during use, and equipment maintenance should be done well.



Energy Management and Monitoring

- ◎ Responsible for the provision and maintenance of the Company's water and electricity meters, and conducts monthly metering statistics.
- ◎ Regularly optimize energy supply and transmission lines, and conduct regular maintenance to ensure their normal operation.
- ◎ Strengthen electricity management and strictly control the electricity consumption of each department

Water resource management

At the water resource management level, the Company's strategy focuses on systematic water conservation and recycling. By formulating and implementing the *Water Resource Management System*, it has achieved a transformation from simple water saving to comprehensive water efficiency management. Each subsidiary, closely combining its own production process characteristics, actively explores alternative and reuse pathways for water resources by setting clear energy efficiency targets and implementing multi-level process optimization and technological transformation. Through a series of in-depth, on-the-ground practices, the Company has successfully transformed its macro-level green management strategy into measurable and replicable green productivity, achieving significant water-saving results.



Fine Taste Biological Technology
Wastewater reuse:
 The concentrated water generated from the pure water preparation system is transported to the workshop's cooling water tower circulation system through dedicated pipelines for reuse as make-up water. Based on purification ratio calculations, the estimated annual water savings amount to 3,224 tons.



Guangzhou Owada
Water Resource Recycling:
 1. Rainwater harvesting and utilization: A rainwater collection system has been built to use rainwater for cleaning the park grounds, maintaining the parking lot, and irrigating green spaces.
 2. Wastewater treatment: Wastewater is purified and reused through treatment technology.
 3. Metering and monitoring: Regular inspections of water meters in the park are conducted, and data analysis is used to optimize water management.



Jiangxi H&K
Condensate recovery:
 Steam condensate generated during the production process is recovered and reused, saving water resources and energy.



Jiangxi Yifang
Comprehensive Water Conservation:
 1. Target management: Clear water conservation targets have been set (reducing water consumption per ton of product from 18 tons to 16 tons).
 2. Process optimization: Water is conserved through various methods, such as blocking the cleaning nozzles for popping pearls, optimizing the cooling water supply for the boiling line, reusing cleaning water from the aseptic line, and optimizing the coconut rehydration process (reducing RO water usage). Among these, the coconut rehydration optimization project is expected to save 14,112 tonnes of RO water annually.
 3. Water resource substitution: Tap water is used instead of RO water in jam production and workshop cleaning.

▲ Water Conservation Practices of Each Subsidiary

Key Performance


Energy Use-Related Indicators	Unit	2025
Gasoline	Liters	53,240.94
Diesel	Liters	48,840.29
Natural gas	m ³	586,316
Electricity	MWh	13,296.57
Purchased Steam	m ³	843,133
Liquefied Petroleum Gas	kg	5,231
Renewable Energy	kWh	23,313.5

Water Resource Use-Related Indicators	Unit	2025
Total Water Consumption	Tonnes	473,448.96


Waste Management and Circular Economy

Huabao Limited steadfastly implements the principles of "Resource Recovery, Reduction, and Harmlessness", strategically focusing on advancing the value evolution from "Compliant Disposal—Source Reduction—Resource Regeneration". The Company not only ensures that all waste is handled in accordance with laws and regulations but also transforms environmental responsibility into resource value through innovative practices such as recycling packaging materials and developing high-value by-products, thereby building a closed-loop circular economy model. The Company has established a rigorous waste management system, formulating and implementing the Waste Management Control Procedures and the Hazardous Waste Management System to ensure that waste management is well-documented and compliant.


Relying on unified management standards, the Company encourages its subsidiaries to carry out innovative practices tailored to local conditions, ensuring the solid implementation of reduction and resource recovery goals. Through technological innovation and process optimization, each subsidiary has achieved efficient waste utilization and reduction. At the same time, the Company's annual audits include waste audits to identify opportunities for improving waste management performance, continuously enhancing the systematicness and effectiveness of its waste management.




Yingtian Huabao
Hazardous Substance Treatment:
 1. Activated carbon application: Using activated carbon to treat hazardous substances.
 2. Compliant disposal: Centralizing hazardous waste and entrusting its treatment to qualified third parties.



Guangzhou Owada
Resource Recycling Practices:
 1. Classified collection system: Setting up classified recycling bins in office areas and on each floor to implement waste sorting at the source and guide employees on proper disposal.
 2. Green office for waste reduction: Promoting double-sided printing and digital office practices to reduce paper consumption; carrying out a toner cartridge recycling program to prevent secondary pollution.



Guangzhou Hua Fang
Standardized Disposal:
 1. System guarantee: Formulated the Solid Waste Management Regulations and declares hazardous waste through a platform.
 2. Compliant outsourcing: Entrusting the collection, transportation, and disposal of hazardous waste to qualified third parties.



Jiangxi H&K
Reduction and Resource Recovery:
 1. Hazardous waste treatment: Signing annual contracts and entrusting the treatment of hazardous substances to third parties using a "Triplicate Form" model.
 2. Packaging reduction: Replacing some single-use plastic barrels with reusable 304 stainless steel barrels.
 3. Packaging material recycling: Reusing 50kg large white barrels.



Fine Taste Biological Technology
Full-Process Control and Resource Recycling:
 1. Hazardous waste treatment: Centralized collection and signing contracts with qualified third parties for regular transfer.
 2. General waste treatment: Formulating control procedures for the centralized collection and treatment of non-hazardous waste.
 3. Packaging material recycling: Cleaning and sterilizing empty plastic barrels, lining them with PE bags, and using them for product transfer to achieve secondary use.
 4. High-value utilization of by-products: Developing products from poultry and livestock bone residues for sale, turning waste into value. A total of 57.6 tonnes of chicken bone residue was recovered and utilized throughout the year.



Jiangxi Yifang
Classified Recycling and Treatment:
 1. Classified Disposal: Jiangxi Yifang has formulated the internal management system Procedures for Receiving and Storing Raw Materials, which applies to the entire process from the entry of raw and auxiliary materials (including raw materials and packaging materials) to the delivery of the final product. The Company signs recycling and disposal agreements with suppliers for general waste such as cardboard and iron drums.
 2. Internal Recycling: Recycled cardboard boxes are used for the storage of raw materials and semi-finished products.

▲ Waste Management Practices of Each Subsidiary

By clarifying job responsibilities and conducting on-site drills, each subsidiary ensures that waste management is implemented on the production frontline.

Case: Guangzhou Owada's Hazardous Waste Management System Construction



Guangzhou Owada has established a systematic and comprehensive hazardous waste governance system. In accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the Company has formulated the *Hazardous Waste Management System*, which covers the entire process of hazardous waste generation, collection, storage, transfer, and disposal. This system defines a four-tier management responsibility structure, from the Company's decision-making level to the executive level, and establishes a clear division of powers and responsibilities: the primary person-in-charge is responsible for overall decision-making, the management head coordinates implementation, daily management personnel supervise execution, waste-generating departments control at the source, and ledger specialists maintain standardized records.

Through system construction and accountability, the Company strictly implements management requirements such as hazardous waste classification labeling, standardized storage, and transfer manifests. It also regularly organizes environmental protection training and emergency drills to continuously improve the compliance level and risk prevention capabilities of hazardous waste management. This governance practice fully integrates the responsibility for preventing and controlling hazardous waste pollution into the Company's daily operations, providing a solid institutional guarantee for building a safe and environmentally friendly production environment.

Case: Guangzhou Owada's Hazardous Waste Environmental Emergency Drill Strengthens All Employees' Emergency Operation Skills



In November 2025, Guangzhou Owada organized a hazardous waste environmental emergency plan drill. The drill simulated a hazardous waste handling and leakage scenario, covering the entire disposal process, including emergency reporting, alarm activation, and on-site control. The drill effectively tested the feasibility of the emergency plan, enhanced employees' emergency response and coordinated disposal capabilities, and laid a practical foundation for preventing environmental risks and ensuring production safety.



▲ Hazardous Waste Environmental Emergency Drill

Key Performance

Waste Emission-Related Indicators		Unit	2025
Non-hazardous waste	Domestic and commercial solid waste	Tonnes	48.30
	Industrial solid waste	Tonnes	2,094.29
Hazardous waste	Hazardous solid waste	Tonnes	92.56



Addressing Climate Change



Governance

The Company has established a climate governance mechanism with the decision-making level providing overall coordination, the management level handling coordination, and the executive level implementing the work. The decision-making level sets the strategic direction for the Company's climate governance and oversees its overall performance. The management level is responsible for translating strategic requirements into specific implementation plans and coordinating cross-departmental resources to promote climate actions. On this basis, the Company has set up an ESG Climate Project Working Group as the executive body, responsible for collecting and managing carbon emission data, promoting the practical application of energy-saving and emission-reduction technologies in production and operations, continuously tracking climate policies and industry development trends, organizing climate-related training and capacity building, and advancing climate information disclosure in accordance with regulatory requirements to continuously improve the Company's climate governance system.

In 2025, the Company actively responded to the national "Dual Carbon" goals, integrating the concept of green and low-carbon development throughout its entire production and operation process, and is committed to building an environmentally friendly enterprise. In addressing climate change, the Company's ESG Climate Project Working Group has continued to advance climate risk projects, launched Scope 3 carbon emission accounting for the first time to comprehensively inventory carbon emissions across all scopes, and based on this, has preliminarily formulated carbon reduction targets for 2030 and corresponding response strategies to promote carbon reduction across the entire industrial chain.

Professional Support

By formulating climate change management-related policies, the Company has institutionalized its climate governance, established a regular communication mechanism for climate issues, and holds regular special working meetings to ensure that climate issues receive continuous attention and effective implementation in strategic decision-making and operational management.

Meanwhile, the members of the Company's ESG Climate Project Working Group have rich practical experience in fields such as energy conservation, emission reduction, and clean production. Through continuous learning and professional exchanges, the Working Group constantly enhances its professional capabilities in areas such as greenhouse gas management, analysis of emission reduction technology pathways, and climate risk identification, providing solid technical and management support for the Company's climate governance.



Strategy

The Company regards addressing climate change as a key strategic direction for its sustainable development and has systematically built a climate governance system adapted to its business characteristics, referencing mainstream international climate governance frameworks. The Company is committed to steadily advancing carbon reduction efforts through various pathways, including technological innovation, management optimization, and supply chain collaboration, to enhance its adaptability and competitiveness in the context of climate change.

At the implementation level, each subsidiary actively practices climate governance concepts. Through measures such as equipment upgrades, process optimization, and energy structure improvements, they continuously enhance energy efficiency in their operations. At the same time, the Company incorporates climate risk considerations into its supply chain management and business decision-making processes, promoting the establishment of a greener, lower-carbon operating model and contributing to the sustainable development of the industry.

Currently, the Company's analysis of climate-related risks and opportunities covers their impact on the value chain and the Company itself, and corresponding response measures have been formulated accordingly.

Risk Category	Risk Description	Impact Period	Response Measures
Physical Risks	Acute Risks Increased frequency and intensity of extreme weather events such as heavy precipitation, high temperatures, and typhoons, affecting the stability of Company operations and supply chains, and causing damage to fixed assets	Short, Medium, and Long Term	<ul style="list-style-type: none"> For foreseeable acute climate risks such as extreme high temperatures and heavy precipitation, regularly inspect and reinforce relevant facilities to ensure measures like rain protection are in place, and use meteorological monitoring platforms to adjust production plans in a timely manner Reasonably arrange employee work schedules during high-temperature periods and provide necessary heatstroke prevention and cooling facilities and supplies Formulate emergency plans for extreme weather events such as heavy precipitation, and explore flexible operational and delivery models
	Chronic Risks Increased hours of high temperatures and rising water stress lead to higher energy and resource consumption and equipment maintenance costs for the Company; abnormal fluctuations in the procurement prices of natural raw materials due to global climate anomalies affect supply chain stability	Short, Medium, and Long Term	<ul style="list-style-type: none"> Adhere to water and energy conservation in operations to enhance the Company's resilience to chronic climate risks Strengthen employees' awareness of climate risks, improve their emergency response capabilities through training, and enhance their awareness of climate change mitigation
Transition Risks	Policy and Legal Risks Countries or regions introduce stricter climate policies, such as imposing carbon emission limits on the Company or implementing carbon pricing mechanisms, leading to increased investment costs	Medium and Long Term	<ul style="list-style-type: none"> Continuously conduct greenhouse gas emission accounting and consistently reduce emission levels Closely monitor developments in industry regulations and make advance preparations for compliance
Transition Risks	Technology Risks In the low-carbon transition, technological upgrades in energy, information, and other areas may require the Company to update the products and services it purchases, leading to increased technology investment	Short, Medium, and Long Term	Continuously enhance its own digitalization level and equipment energy efficiency to build a green and low-carbon supply chain
	Market Risks Increased consumer demand and higher requirements for services related to the low-carbon transition necessitate continuous product innovation and service quality improvement by the Company	Short, Medium, and Long Term	<ul style="list-style-type: none"> Pay attention to consumer demand for low-carbon products and continuously optimize the Company's products and services; expand into the low-carbon food ingredients sector, promote the R&D and application of low-carbon technologies, use enzymatic hydrolysis to produce low-carbon products, and actively explore the potential applications of synthetic biology Prioritize the use of renewable raw materials and packaging Strengthen the marketing of low-carbon products to increase consumer awareness
	Reputation Risks External stakeholders have higher expectations for the Company's climate-related governance performance and information disclosure. Failure to meet these expectations could damage the Company's reputation, leading to the loss of consumers and investors	Short, Medium, and Long Term	<ul style="list-style-type: none"> Maintain close communication with stakeholders and improve climate-related information disclosure Establish an ESG management system to enhance sustainable development performance

Time Horizon Definition: Short-term (0-3 years), Medium-term (3-10 years), Long-term (over 10 years)

▲ Climate Risk Identification and Response

Opportunity Category	Opportunity Description	Impact Period	Response Measures
Promote Market Growth for Green and Healthy Products	Global market demand for low-carbon food ingredients is steadily growing, and consumer awareness of health and environmental protection has significantly increased, giving low-carbon products like natural flavor bases clear market prospects. The Company has already invested in the R&D of enzymatic hydrolysis and synthetic biology technologies, providing technical support for the green upgrading of its products	Short and Medium Term	Deepen R&D in enzymatic hydrolysis technology, explore applications of synthetic biology, advance the production of environmentally friendly flavor base products, and accelerate the industrial layout of green products
Develop Clean Production and Green Processes	Stricter international environmental policies are driving innovation in production processes. Green processes can reduce export compliance risks and enhance appeal to international customers. Subsidiaries like Xiamen Amber have already verified their commercial value and attractiveness to international clients	Short and Medium Term	Transform high-energy-consumption production links, improve energy efficiency management, promote the application of green and low-carbon technologies, and establish a benchmark for clean production in the flavor industry
Enhance Brand Value and Customer Loyalty	Leading food and beverage enterprises prioritize suppliers with excellent ESG performance. Green-certified products help gain a competitive market advantage, and investors' attention to companies leading in climate management continues to increase	Medium and Long Term	Strengthen ESG information disclosure, enhance brand influence through publicity and promotion, and deepen cooperative relationships with key customers
Expand International Markets	Green-certified products have significant market access advantages in the EU and Southeast Asian markets. The global demand for low-carbon products is growing, and products that meet carbon footprint requirements are more likely to enter international markets and attract high-end customers. The layout of overseas production bases provides support for market expansion	Medium and Long Term	Leverage the Indonesian production base to advance international certifications, develop an export product portfolio that complies with mainstream environmental standards, and enhance competitiveness in overseas markets
Optimize Supply Chain Stability	Climate anomalies lead to annual price fluctuations for natural raw materials such as sweet orange oil. Diversified procurement and cooperation with green suppliers can enhance supply chain resilience and reduce the impact of climate-related risks	Short and Medium Term	Collaborate with suppliers to promote sustainable procurement, establish a green supply chain management system, and ensure the stability and low-carbon development of the supply chain
Enhance Corporate Resilience and Competitive Advantage	Climate risk management capability has become one of the core competencies in the industry. Enterprises with excellent ESG performance demonstrate stronger resilience in financing channels and market competition	Long-term	Improve the climate risk management system, establish mechanisms for climate risk identification, assessment, and response, and integrate climate factors into corporate strategy and operational decisions

²Time Horizon Definition: Short-term (0-3 years), Medium-term (3-10 years), Long-term (over 10 years)



Impact, Risk, and Opportunity Management

Based on a systematic identification of major risks and opportunities in the climate domain, the Company has established a comprehensive response mechanism at both strategic and operational levels. By creating a scientific and systematic risk classification management system, the Company translates various risks and opportunities into specific action plans and integrates them into the regular responsibilities of each department. At the same time, the Company continuously adjusts its response strategies based on changes in the internal and external environment, ensuring that while addressing risk challenges, it effectively seizes green transition opportunities and continuously enhances its operational resilience.



Indicators and Targets

Climate-Related Indicators	Unit	2025
Total greenhouse gas emissions	Tonnes of CO ₂ equivalent	9,571.99
Carbon emission intensity	Tonnes of CO ₂ equivalent/ RMB 10,000 of output value	0.07
Scope 1 (direct emissions)	Tonnes of CO ₂ equivalent	1,531.32
Scope 2 (indirect emissions from energy)	Tonnes of CO ₂ equivalent	8,040.67



06

Responsibility for Good

Achieving Shared Social Value

Huabao Limited has always upheld the core philosophy of "Responsibility for Good, Symbiotic and Win-Win", practicing social responsibility through concrete actions. Through various initiatives such as public welfare donations, targeted assistance, and rural revitalization, the Company conveys corporate warmth and demonstrates the responsibility and commitment of a new-era enterprise by helping vulnerable groups, supporting regional development, and safeguarding people's well-being.

Rural Revitalization /111

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Rural Revitalization

Amidst the national push for the rural revitalization strategy, Huabao Limited actively fulfills its social responsibilities and engages in rural construction. Leveraging its industrial advantages, the Company explores sustainable development paths in multiple dimensions, including vitalizing villages through industry, stabilizing them through employment, and assisting them through education. Since relocating to Lhasa, Tibet in 2016, the Company has been deeply involved in frontier construction, building a modern headquarters base in Lhasa and contributing over RMB 700 million in local taxes. It has also carried out various public welfare activities tailored to local conditions, such as student and poverty aid, livestock farming assistance, disaster relief donations, public welfare construction, and ecological protection, achieving remarkable results and carving out a path for rural revitalization with plateau characteristics.



Case: The "Huabao Village Companion Program" for Rural Revitalization Officially Launched in Ji'an County

In December 2025, the Company officially launched the "Huabao Village Companion Program", a public welfare project for rural revitalization, in Chipo Village, Antang Township, Ji'an County, Jiangxi Province. The project is led by the local government, with the Company acting as a collaborative partner and villagers as the main participants. The Village Companion Program focuses on rural talent incentives, community co-construction, and ecological industry development. By establishing a special public welfare fund, it provides incentives for agricultural stars, subsidies for green micro-actions, and awards for ecological industries, supporting the cultivation of endogenous motivation in rural areas in a "lightweight and platform-based" manner. This initiative effectively directs social resources to the grassroots level, not only assisting in local community building and stable industrial development but also exploring a new path for enterprises to fulfill their social responsibilities in a sustainable model.



▲ The "Huabao Village Companion Program" for rural revitalization

Key performance

In 2025, the Company invested RMB **1.65** million in rural revitalization

Since establishing its presence in Tibet, the Company has paid a cumulative total of RMB **715** million in taxes, with RMB **3** million paid in 2025.



Social Welfare

Huabao Limited has always adhered to a social value orientation. While conducting its business operations steadily, it actively fulfills its corporate social responsibilities and continuously participates in public welfare practices across various fields, including educational support, ecological protection, emergency rescue, and community development. Focusing on education as a key public welfare direction, the Company has gradually developed and promoted the long-term "Flower Growth Program", a public welfare student aid project, making it an important part of its systematic and branded public welfare practice. The Company continues to cultivate this program in regions like Tibet, forming a matrix of public welfare projects with continuity and demonstration effects. On this basis, the Company coordinates its efforts through diversified public welfare actions to promote resource sharing and sustainable social development, striving to contribute to the coordinated progress of society, the environment, and the industry.



Case: The "Flower Growth Program" Helps Dreams Take Flight

Originating from Jinzhai, the "Blooming Futures Program" carries Huabao Limited's deep commitment to educational public welfare. Huabao Limited firmly believes that dedicating itself to education is the best way for the Company to give back to society.

In its public welfare practice, the Company not only focuses on building a material foundation—increasing the number of sponsored teaching sites to three by 2025 and ensuring the precision and effectiveness of donations through a dedicated annual research mechanism—but is also committed to spiritual empowerment through innovative forms. In August 2025, the Company organized the "Riding the Mountain Wind, Chasing the Sea Dream" themed study tour in Shanghai. Thirteen students from Jinzhai, Anhui were invited to participate in a 5-day immersive study journey. The students not only visited the Company's Shanghai campus but also explored renowned institutions such as the Volvo Car R&D Center, the East China Sea Research Station of the Chinese Academy of Sciences' Institute of Acoustics, and the Shanghai Natural History Museum. They also visited Fudan University and Shanghai Jiao Tong University to experience the academic atmosphere. This immersive and inspiring experience opened a door to a wider world for the children and is a direct reflection of the Company's efforts to deepen its commitment to educational public welfare and support educational development through innovative means.



▲ The "Riding the Mountain Wind, Chasing the Sea Dream" Themed Study Tour



▲ "Flower Growth Program" in Nyemo County, Lhasa, Tibet

In September 2025, the donation ceremony for the "Blooming Futures Program" public welfare student aid project was held at Nyemo County Middle School in Lhasa, Tibet. A Company representative presented grants and scholarships to the sponsored and award-winning students. This donation not only reflects the Company's commitment to corporate social responsibility and public welfare but also serves as a vivid testament to the east-west collaboration and joint efforts in promoting educational development.

The "Flower Growth Program" Helps Dreams Take Flight



In September 2025, the "Beautiful Qinghai, Pure Beauty" charity donation ceremony was held at the Sanjiangyuan Ethnic Middle School in Xining, Qinghai. The event was hosted by the China Association of Fragrance Flavour and Cosmetic Industries and co-organized by the China Women's Development Foundation. Leaders from the Qinghai Provincial Medical Products Administration and the provincial government attended the ceremony. The Company, along with over twenty other corporate representatives including BASF China and Symrise, participated in the donation. The school is a fully residential ethnic middle school dedicated to serving the ecological protection of the Sanjiangyuan region, with over 90% of its students being children of Tibetan farmers and herders. This donation provides resources for students on the plateau, helps the children of ecological migrants access quality education, and promotes educational equity and the inheritance of ethnic culture.



▲ "Beautiful Qinghai, Pure Beauty" Charity Donation Ceremony in Sanjiangyuan

The "Blooming Futures Program" not only reaches distant areas but also cultivates roots in the local community. In June 2025, the Company's technical experts visited Nanyuan Middle School in Jiading District. In October of the same year, they brought lively and engaging science popularization courses to over 250 students at the Fifth Jiading Experimental School affiliated with Shanghai Normal University. As a member of the Jiading Industrial Zone Education Council, the Company actively promotes "Home-School-Community-Enterprise" collaboration. Through continuous school-enterprise cooperation and science popularization activities, it aims to plant the seeds of science in the hearts of young people.



▲ "Flower Growth Program" enters the campus

Case: Targeted Donations to Support Plateau Ecological Protection and Anti-Poaching Actions



In January 2025, the Company made a special donation to the Nailang Ecological and Cultural Protection Center in Lhasa, Tibet Autonomous Region, to support plateau ecological restoration, biodiversity conservation, and community environmental education in the Nailang Valley area. This donation effectively ensured the smooth execution of the joint anti-poaching patrol in the Nailang Valley Nature Reserve during the winter of 2025. The patrol results showed a significant reduction in the number of poaching snares and traces of human activity compared to the same period last year, safeguarding the habitats of important species such as the snow leopard.



▲ A Conceptual Diagram Illustrating Support for Ecological Restoration in the Nailang Valley Area

Case: Donation to Support Earthquake Relief Efforts in Dingri, Shigatse



In January 2025, a 6.8-magnitude earthquake struck Dingri County, Shigatse City, Tibet. As a socially responsible enterprise, the Company responded immediately by donating RMB 100,000 through the Shigatse Charity Federation for emergency rescue, resettlement of affected residents, and post-disaster reconstruction. Upholding its philosophy of giving back to society, the Company has previously contributed funds and materials to support targeted poverty alleviation and rural revitalization in Tibet, continuously demonstrating corporate warmth and responsibility through practical actions.

Key Performance



In 2025, Huabao Limited invested a total of RMB **2.097** million in public welfare and charitable causes.

While continuously developing its business, the Company has always regarded charitable and public welfare projects as a key corporate responsibility and social mission. The Company encourages employees to participate in social welfare activities and will devote broader efforts to addressing social needs and challenges.



Key Performance

Indicator	Unit	2024	2025	
Business Indicators				
Operating revenue	Ten thousand yuan	135,679.36	133,783.42	
Total assets	Ten thousand yuan	743,711.33	734,512.37	
Governance Indicators				
Business ethics	Proportion of directors covered by anti-commercial bribery and anti-corruption training	%	100	100
	Proportion of employees covered by anti-commercial bribery and anti-corruption training	%	100	100
	Signing rate of employee anti-commercial bribery and anti-corruption commitment letters	%	100	100
	Signing rate of supplier integrity agreements	%	100	100
	Number of confirmed corruption incidents	Cases	0	0
	Incidents of money laundering and insider trading violations	Cases	0	0
	Incidents of conflict of interest violations	Cases	0	0
Environmental Indicators				
Greenhouse gas emissions	Scope 1 greenhouse gas emissions	Tonnes of CO ₂ equivalent	1,575.00	1,531.32
	Scope 2 greenhouse gas emissions	Tonnes of CO ₂ equivalent	5,765.00	8,040.67
	Total greenhouse gas emissions	Tonnes of CO ₂ equivalent	7,340.00	9,571.99
	Greenhouse gas emission intensity	Tonnes of CO ₂ equivalent/RMB 10,000	0.05	0.07
Exhaust gas emissions	Sulfur oxides	kg	4.10	14.14
	Nitrogen oxides	kg	450.44	1,613.37
	Particulate matter	kg	1,760.37	1,244.03
	Others	kg	/	81.28

Note: Due to the standardization of reporting scopes for subsidiaries in 2025, some indicators may show significant differences compared with previous years.

Indicator	Unit	2024	2025	
Non-hazardous waste	Domestic and commercial solid waste	Tonnes	1,028	48.30
	Industrial solid waste	Tonnes	115	2,094.29
	Wastewater	Cubic meter	398,345	105,523.00
Hazardous waste	Hazardous solid waste	Tonnes	10	92.56
	Hazardous wastewater	Cubic meter	/	259,989.37
Energy use	Electricity	kWh	10,742,966	13,296,573.77
	Diesel	Liters	24,125.65	48,840.29
	Natural gas	Cubic meter	662,218	586,316.00
	Gasoline	Liters	35,874.22	53,240.94
	Coal gas	Cubic meter	/	390.00
	Purchased steam	Cubic meter	/	843,133.00
	Liquefied petroleum gas	kg	/	5,231.00
Water resource use	Renewable energy	kWh	/	23,313.50
	Water	Cubic meter	475,742	473,448.96
Paper recycling	Recycled paper	kg	432.50	4.50
Water resource recycling	Total wastewater recycled/reused	Cubic meter	130,600	141,266.30
Solid waste recycling	Total plastic recycled	Tonnes	51.71	56.68
	Total metal recycled	Tonnes	18.48	32.24
Social Indicators				
R&D	R&D investment amount	Ten thousand yuan	13,652.40	14,752.55
	Proportion of R&D investment to operating revenue	%	10.06	11.03
	R&D technical personnel	Persons	301	302
	Proportion of R&D personnel	%	24.57	23.30



Index of Indicators

Indicator		Unit	2024	2025
Employee employment	Total number of employees	Persons	1,225	1,296
	Number of female employees	Persons	456	491
	Number of male employees	Persons	769	805
	Employee turnover/attrition rate	%	/	18
	Proportion of female employees in management	%	43.64	43.64
Employee rights and benefits	Employee social security coverage rate	%	100	100
	Confirmed discrimination incidents	Cases	0	0
	Confirmed forced labor incidents	Cases	0	0
	Confirmed child labor incidents	Cases	0	0
Employee training	Total training hours	Hours	15,000	20,192
	Average training hours per person	Hours	15.5	15.58
	Total number of training sessions for the year	Times	65	57
	Annual training expenditure	Ten thousand yuan	50	52
	Employee training coverage rate	%	92	100
Occupational health and safety	Days lost due to work-related injuries	Persons	32	238
	Number of work-related fatalities	Persons	0	0
	Total investment in work safety	Ten thousand yuan	/	60.95
	Occupational disease incidence rate	%	0	0
	Occupational health examination coverage rate	%	100	100
	Duration of occupational health training	Hours	/	854
	Number of production safety emergency drills	Times	/	11
Social welfare	Investment in public welfare and charitable causes	Ten thousand yuan	24.11	209.70
Information security	Total number of information security vulnerabilities	Pcs	0	0
	Total number of customers, and employees affected by non-compliance	Persons	0	0

Primary topics	Secondary topics	Relevant sections
Climate change tackling	① Management of risks and opportunities related to climate change	Addressing climate change
	② Assessing the adaptability of the Company's strategy and business model to climate change	Addressing climate change
	③ Transformation plans, measures, and progress in addressing climate-related risks and opportunities	Addressing climate change
	④ Providing greenhouse gas emissions across different scopes by category	Addressing climate change
	⑤ Providing greenhouse gas emissions by category	Addressing climate change
	⑥ Methodology for greenhouse gas emissions accounting	Addressing climate change
	⑦ Greenhouse gas reduction practices	Addressing climate change
	⑧ New technologies, products, and services conducive to reducing carbon emissions and achieving carbon neutrality	Addressing climate change
Pollutant discharge	① Pollutant discharge information	Key Performance
	② Pollutant discharge treatment	Environmental management
	③ Emission reduction targets	Undisclosed
	④ Impact on communities	Undisclosed
	⑤ Administrative penalties	Environmental management
Waste disposal	① Waste volume	Key Performance
	② Treatment status	Energy and resource utilization
	③ Emission reduction targets	Energy and resource utilization
Ecosystem and biodiversity protection	① Exit activities	Not applicable
	② Protective measures within the region	Not applicable
	③ Protection and restoration measures	Not applicable
	④ Biological genetic resources	Not applicable
	⑤ Product life cycle impact	Not applicable
Environmental compliance management	① Risk management	Environmental management
	② Emergency incidents	Environmental management
	③ Administrative penalties	Environmental management
Energy usage	① Usage status	Energy and resource utilization, Key Performance
	② Clean energy	Energy and resource utilization
	③ Conservation targets	Undisclosed

Primary topics	Secondary topics	Relevant sections
Usage of water resources	① Usage status	Energy and resource utilization
	② Conservation targets	Energy and resource utilization
Circular economy	① Target plans	Undisclosed
	② Specific measures	Waste management and circular economy
	③ Progress and outcomes	Waste management and circular economy, Key Performance
Rural revitalization	① Corporate strategy	Rural revitalization
	② Specific measures	Rural revitalization
	③ Achievements	Rural revitalization
Contributions to the society	Contribution status	Social welfare
Innovation-driven	① Strategic objectives	Innovative R&D
	② Specific details	Innovative R&D
	③ R&D achievements	Innovative R&D
	④ Innovation impact	Innovative R&D
Ethics of science and technology	① Fields of engagement	Not applicable
	② Internal management	Not applicable
	③ Violations	Not applicable
	④ Training and awareness	Not applicable
Supply chain security	① Risk management	Supply chain management
	② Safeguard measures	Supply chain management
	③ Improvement measures	Supply chain management
Equal treatment of small and medium-sized enterprises	① Outstanding payments	Supply chain management
	② Specific details	Supply chain management
Safety and quality of products and services	① Management system	Quality assurance
	② Quality certifications	Quality assurance
	③ Major incidents	Quality assurance
	④ After-sales service	Customer co-creation
	⑤ Accessibility	Customer co-creation
Data security and customer privacy protection	① Management system	Digital transformation and intelligent operations
	② Security incidents	Digital transformation and intelligent operations
	③ Customer privacy protection	Digital transformation and intelligent operations
	④ Data breach incidents	Digital transformation and intelligent operations

Primary topics	Secondary topics	Relevant sections
Employees	① Employee recruitment	Employee rights and development
	② Occupational health and safety	Employee health and safety
	③ Career development and training	Employee rights and development
Due diligence	Due diligence implementation	Materiality assessment
Communication with stakeholders	① Communication mechanisms	Stakeholder engagement
	② Feedback channels	Corporate governance
Anti-Commercial Bribery and Anti-Corruption	① Management system	Business ethics
	② Risk assessment	Business ethics, Supply chain management
	③ Training effectiveness	Business ethics
	④ Incidents occurred	Business ethics
Anti-unfair competition	① Management system	Business ethics
	② Administrative penalties	Business ethics



Reader Feedback Form

Dear Readers,

Thank you for taking time off to read the 2025 Environmental, Social and Governance (ESG) Report of Huabao Flavours & Fragrances Co., Ltd. In order to better prepare the Report and enhance the responsibility-fulfilling ability and level of the Company, we sincerely value your valuable advice and suggestions on the Report so that we can make further improvements.

1. For Huabao Flavours & Fragrances, the category of stakeholders you belong to is

- Government Customer Employee Partner Environmental related organization
 Community and the public

2. What is your overall impression of the Report?

- Very good Good Average Poor Bad

3. What do you think of the structural arrangement of the Report?

- Very reasonable Relatively reasonable Average Poor Bad

4. What do you think of the layout of the Report?

- Very reasonable Relatively reasonable Average Poor Bad

5. Do you think that the Report is readable?

- Very good Good Average Poor Bad

6. Do you think that the Report can reflect the Company's material impact on the economy, society and environment?

- Yes Average No idea

7. How clear, accurate and complete do you think the information, data and indicators disclosed in the Report are?

- High Relatively high Average Relatively low Low

8. How do you think the Company is doing in serving customers and protecting stakeholders?

- Good Average Poor No idea

9. Do you have any valuable advice or suggestions on the preparation of the Report or the responsibility-fulfilling practices of the Company?