



BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島注册成立的有限公司)

Stock Code: 01338

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Environmental, Social and Governance Report 2025 2025年環境、社會及管治報告

* for identification purposes only
僅供識別

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Scope and Reporting Year

This is the tenth Environmental, Social, and Governance (the “ESG”) report for BaWang International (Group) Holding Limited and its subsidiaries (collectively referred to as the “Group”), highlighting its ESG performance, with disclosure reference to the ESG Reporting Guide as described in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and guidance published by the HKEX (“HKEX”).

The Group is principally engaged in the manufacturing and sales of household and personal care products. This ESG report covers the Group’s overall performance in two subject areas or aspects, namely, the environmental and social aspects of its operations in Baiyun District, Guangzhou, the People's Republic of China (the “PRC”) from 1 January 2025 to 31 December 2025 (the “Reporting Year”), unless otherwise stated. The Reporting Scope is the same as for the previous ESG Report, which is determined based on significance of operations to the Group’s revenue.

There has been no change to the methods or key performance indicators (“KPIs”) used or any other relevant factors affecting a meaningful comparison of this ESG report with the Group’s 2024 ESG Report.

The board (the “Board”) of directors (the “Directors”) of the Company acknowledges that it has overall responsibility for the Group’s ESG strategy and reporting and for evaluating and determining the Group’s ESG-related risks. The Environmental, Social and Governance Committee (the “ESG Committee”), which is a sub-committee of the Board, is responsible for reviewing ESG-related issues, advising the Board, and overseeing the Group’s ESG performance. Following comprehensive evaluations conducted by the Environmental, Social and Governance Working Group (the “ESG Working Group”), which is overseen by the ESG Committee, the Board is confident that the Group has established appropriate and effective ESG risk management and internal control systems.

The Group has complied with all the “comply or explain” provisions set out in the ESG Reporting Guide during the Reporting Year.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section entitled “Stakeholder Engagement and Materiality” in the Report.

Quantitative – KPIs have been established and are measurable and applicable to make meaningful comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

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Balance – the Group’s performance is presented in an unbiased and impartial manner. Omissions, if unavoidable, are explained.

Consistency – consistent statistical methodologies and KPI formats are applied to facilitate meaningful historical comparisons.

The Group’s Sustainability Mission and Vision

Due to the improved living standard, people adhere more to a healthy and natural lifestyle. The Group strives to satisfy customers’ needs and differentiates itself from competitors by providing Chinese herbal health and personal care products.

The Group aims to proactively engage with its stakeholders to enhance business performance while reducing environmental and social risks, and to be prepared for future business development and challenges.

Sustainability Governance

The Board has overall responsibility for the Group’s sustainability strategy and reporting. Aside from pursuing business development, the Group assumes its corporate social responsibilities and bears in mind the environmental and social interests. The ESG Committee, a committee of the Board, is tasked with evaluating and offering guidance to the Board on ESG-related matters and supervising the Group’s ESG performance. The ESG Committee currently consists of four members, including three independent non-executive Directors and one executive Director. Staff members from various operational departments are selected to form the ESG Working Group in dealing with the execution of the ESG strategies reviewed and approved by the ESG Committee and the Board. The main duties and responsibilities of the ESG Committee include:

- To review and advise the Board on ESG-related issues;
- To oversee the Group’s ESG performance, particularly in regard to strategy and reporting as well as the governance structure for ESG matters;
- To review and approve ESG strategies, goals, and targets as presented by the ESG Working Group, monitor the progress and make recommendations to the Board for approval as appropriate;
- To oversee the assessment of the Group’s environmental and social impacts and related risks of ESG issues, and report to the Board on any significant issues;
- To identify and evaluate ESG and climate-related risks and opportunities in the context of the Group’s strategic objectives;
- To determine the ESG issues that are material to the Group and report on these issues to the Board;
- To address ESG-related matters escalated to the ESG Committee by the ESG Working Group;

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- To review and endorse any proposed amendments to ESG-related policies submitted by the ESG Working Group on an annual basis;
- To work closely with other relevant committees of the Board, and
- To review the annual ESG Report and recommend it to the Board for approval.

During the Reporting Year, the ESG Committee reviewed and monitored the ESG progress made against targets during the ESG meetings and made recommendations to the Board. Ongoing targets were periodically readjusted in accordance with the guidelines and the practical operating environments. The ESG meetings should be held at least twice a year. The Board reviews ESG strategies, goals, targets as well as ESG issues that are material to the Group once a year during the year-end Board meeting.

Besides that, the Group conducted regular risk assessments of its business by adopting the Sustainability Accounting Standard Board (“SASB”) Standards, which aims to assist companies in disclosing financially material, decision-useful sustainability information to investors. Relevant material issue identified by the ESG Committee and the Board after applying the SASB Standard is Environmental & Social Impacts of the Chinese Herbal Supply Chain. Chinese herbs such as *polygonum multiflorum* are raw materials used in the Group’s production. Change of climate may reduce the supply of Chinese herbs, leading to higher market prices. The Group is therefore exposed to the risk of rising raw material costs. For more information on the mitigation measures, please refer to the section headed “Climate Change Mitigation”. Other issues suggested by the SASB Standard such as water management and supply chain management are considered to have insignificant impacts on the Group’s business.

Targets and Performance Review

During the Reporting Year, the Board and ESG Committee reviewed the Group's environmental targets and formally reset the 2024 baseline, adopting intensity metrics based on production area and thousand production units. These measures better align with our business model. Air emission intensity targets for NO_x and PM have been achieved ahead of schedule, while other improvement measures continue with performance tracked against the updated 2024 baseline. This reset reinforces our commitment to continuous environmental improvement and transparent ESG governance.

Targets and Performance					
Indicator		Baseline (2024)	Target	Reporting Period Performance	Target Status
Air emission intensity	SO _x	0.02 kg/m ²	To achieve 50% reduction by 2030	0.02 kg/m ²	In Progress
	NO _x	42.77 kg/m ²		8.48 kg/m ²	Achieved

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	PM	3.91 kg/m ²		0.56 kg/m ²	Achieved
GHG emission intensity		0.05 tCO ₂ eq./thousand production units	To achieve 5% reduction by 2029	0.07 tCO ₂ eq./thousand production units	In Progress
Energy use intensity		99.41 kWh/thousand production units	To achieve 10% reduction by 2034	161.65 kWh/thousand production units	In Progress
Waste generation intensity	Hazardous waste generation intensity	6.26 kg/m ²	To achieve 30% reduction by 2032	6.52 kg/m ²	In Progress
	Non- Hazardous waste	2.81 kg/m ²		2.09 kg/m ²	In Progress
Water use intensity		2.76 m ³ /thousand production units	To achieve 10% reduction by 2032	3.16 m ³ /thousand production units	In Progress

The Chairman's Statement

On behalf of the Board of the Group, I am pleased to present to you the ESG Report of the Group for the year ended 31 December 2025 ("FY2025"). Our Group's mission is to provide high-quality products to our customers while ensuring we do our part to protect the environment, promote social equity, and maintain strong governance practices.

In FY2024, the implementation of a rooftop photovoltaic power generation plant at our primary production facility was a significant milestone for our Group. This initiative has substantially reduced our reliance on the electricity grid, underscoring our commitment to sustainable operations and a lower carbon footprint.

Building on the foundational success of Phase I, Phase II of our rooftop photovoltaic installation was successfully completed and became fully operational in May 2025. This next phase represents a continued investment in renewable energy and marks a critical step forward in our long-term strategy to enhance energy resilience and accelerate progress toward our decarbonization targets.

Stakeholder Engagement

As an organization, we continued to nurture strong relationships with our employees, customers, suppliers, and local communities. Through various initiatives focused on education and poverty

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alleviation, we have endeavoured to foster a positive and inclusive community in which everyone can thrive.

Governance and Ethics

We continued to uphold high standards of corporate governance and ethics in FY2025. We have incorporated sustainable development management into the corporate governance structure of the Group, from committees at the Board level to operational-level departments and business units. Our commitment to sound governance practices ensures that we maintain the trust and confidence of our stakeholders.

Performance Highlights

The Group has set a target to reduce GHG emissions intensity by 5% in the five years between 2024 and 2029. During the Reporting Year, the Group continued to benefit from its investment in photovoltaic energy, which contributed to effective management of our energy footprint amidst production expansion.

Future Commitments

Looking forward, to tackle future challenges, we will continue to drive our sustainability performance and further incorporate sustainability into our core strategies. This report sets out our sustainability practices and approaches throughout the Reporting Year. We trust this report will provide our stakeholders an overview of our sustainability performance.

Stakeholder Engagement and Materiality

The Group values input and feedback from its stakeholders as they bring potential impacts to the Group's business. Feedback and suggestions from stakeholders help the Group to identify potential ESG risks and continuously improve its ESG management. Stakeholder engagement channels are shown as follows.

Stakeholder Groups	Engagement Channels
Clients and Customers	<ul style="list-style-type: none">- Annual and Interim Reports- Company Website- News Media- Customer Hotline- Scheduled Visits- Financial Verifications- E-commerce platforms: Taobao, Wechat, Vipshop, Pinduoduo, Kuaishou, Tencent Video, JD, TikTok, Xiaohongshu, Dongfang Zhenxuan, Bank loyalty points
Shareholders	<ul style="list-style-type: none">- Shareholder Meetings- Annual and Interim Reports

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	<ul style="list-style-type: none"> - Company Website - Postal correspondences, emails or telephone communications - News Media - Disclosures on HKEX
Employees	<ul style="list-style-type: none"> - Employee Training Sessions - Employee Activities - Work Unions - Satisfaction Surveys
Suppliers	<ul style="list-style-type: none"> - Email/Phone Communication - Scheduled Visits - Satisfaction Surveys - Financial Verifications
Government and Regulatory Organisations	<ul style="list-style-type: none"> - Annual and Interim Reports - Scheduled Visits - Daily Communication
Non-Governmental Organisations	<ul style="list-style-type: none"> - Annual and Interim Reports - Scheduled Visits
Local communities	<ul style="list-style-type: none"> - Communal Activities - Public Welfare Activities

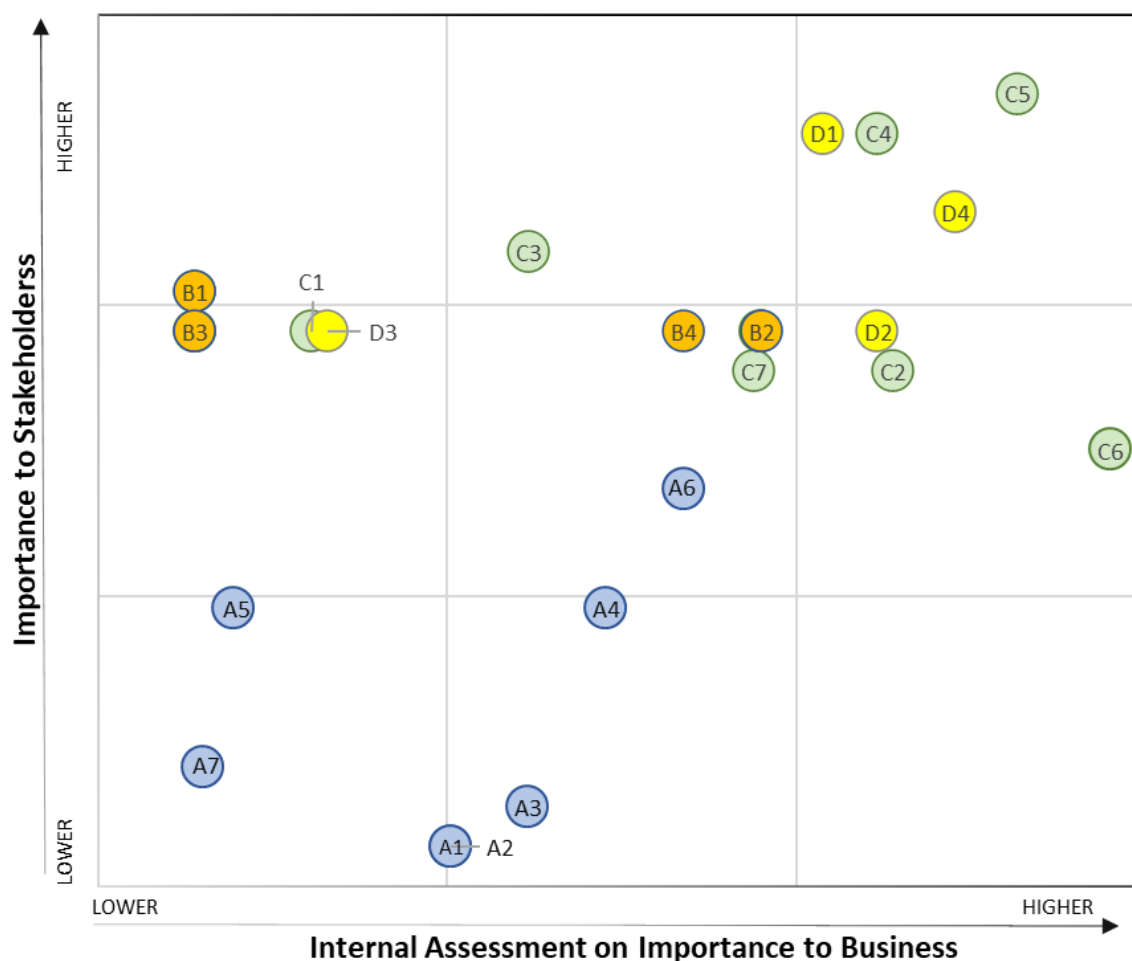
During the Reporting Year, the Group has specifically engaged members of the Board, shareholders, customers, managers, employees, business partners and suppliers to gain further insights on material aspects and challenges on its ESG matters via interviews and questionnaires.

In addition to the above, the Group has also incorporated the concept of double materiality into its materiality assessment process for the Reporting year. Double materiality comprises impact materiality, which considers actual and potential positive or negative impacts on people and the environment connected to the Group's operations, products, services, and value chain; as well as financial materiality, which considers sustainability-related risks and opportunities that could reasonably be expected to influence the Group's financial position, performance, cash flows, access to finance, or cost of capital over the short, medium, and long term. In line with the European Sustainability Reporting Standards ("ESRS"), this assessment shall cover the Group's own operations, as well as its upstream and downstream value chain.

The Materiality Matrix below shows the result of the materiality assessment process:

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Materiality of Different Topics from Stakeholder Engagement



A. Environmental		C. Operational	
Energy	A1	Supplier Management	C1
Water	A2	Intellectual Property	C2
Air Emission	A3	Data Protection	C3
Waste and Effluent	A4	Customer Service	C4
Other Raw Materials Consumption	A5	Product/Service Quality	C5
Environmental Protection Measures	A6	Anti-corruption	C6
Climate Change	A7	Community Investment	C7
B. Employees		D. Other	
Employment	B1	Product Health and Safety	D1
Occupational Health and Safety	B2	Product Labelling	D2
Development and Training	B3	Promotion of Community Healthy Living	D3
Labour Standards	B4	Online Shopping	D4

Apart from engaging the Group’s stakeholders and incorporating double materiality in the materiality assessment process, the Board and the management of the Group have assessed the actual and potential impacts that could have on the Group’s operations. This assessment is based on external

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professional's advice, the Materiality Finder of SASB Standards, and the list of sustainability matters in ESRS 1 AR 16. The assessment also considered the financial implications of identified impacts, dependencies, and regulatory developments, evaluating their potential effects on financial performance, cash flows, and cost of capital over short-, medium-, and long-term horizons.

Among the environmental and social aspects, the following topics are identified as the most important material issues based on stakeholder engagement and Board assessment:

- Product/Service Quality
- Customer Service
- Product Health and Safety
- Online Shopping
- Water & Wastewater Management
- Packaging Lifecycle Management

The Group strictly complies with the statutory requirements in respect of the above identified material aspects. These aspects were strictly managed through the Group's policies and guidelines. The Group will continue to improve its ESG management and performance by actively communicating with its stakeholders and constantly improving its internal policies.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with the Group via email at ecomm@bawang.com.hk.

Accreditations and awards



During the Reporting Year, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the Group. The Group also strives for the best industrial practices, especially promoting environmentally friendly and healthy and personal care products. As

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a result of continuous improvement on the management excellence, the Group has the following highlighted achievements during the Reporting Year:

Accreditation/Certificate	Issuing Organization	Validity Period
Specialized Unique Innovative Small and Medium Enterprise (專精特新中小企業)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)	January 2027
Permit for Production of Cosmetic Products	Guangdong Provincial Food and Drug Administration	May 2027
New Hi-Tech Enterprise (高新技術企業)	Department of Science and Technology of Guangdong Province, Guangdong Provincial Ministry of Finance, Guangdong Provincial Tax Service of the State Taxation Administration	November 2027
The 2024 Elite High-Tech Products in Guangdong Province (2024 年度廣東省名優高新技術產品)	Guangdong Hi-tech Enterprise Association (廣東省高新技術企業協會)	January 2028
ISO 14001:2015 & ISO 45001:2018 Certification	SGS	March 2028
ISO 9001:2015 Certification	SGS	April 2028
US FDA CFSAN Compliance Certification	SGS	July 2028
ISO 22716:2007 Certification	SGS	July 2028
Torch Taxpayer Trophy	Guangzhou Municipal Tax Service of the State Taxation Administration	—

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A. Environmental

The Group aims at improving its environmental performance by implementing various green initiatives that promote the sustainable use of natural resources and the reduction of emissions in the Group's operations and raise employees' environmental awareness. During the Reporting Year, the Group has complied in all material respects with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to:

- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the PRC;
- Soil Pollution Prevention and Control Law of the PRC;
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
- Regulations on Environmental Protection in Guangdong Province;
- Discharge Limits of Water Pollutants (DB44/26-2001);
- Emission Standard of Air Pollutants for Boilers (GB13271-2014);
- Emission Limits of Air Pollutants (DB44/27-2001);
- Emission Standard of Cooking Fume (GB18483-2001); and
- Emission Standard of Noise at Boundary of Industrial Enterprises (GB 12348-2008).

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges of pollutants into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Year.

A1. Emissions

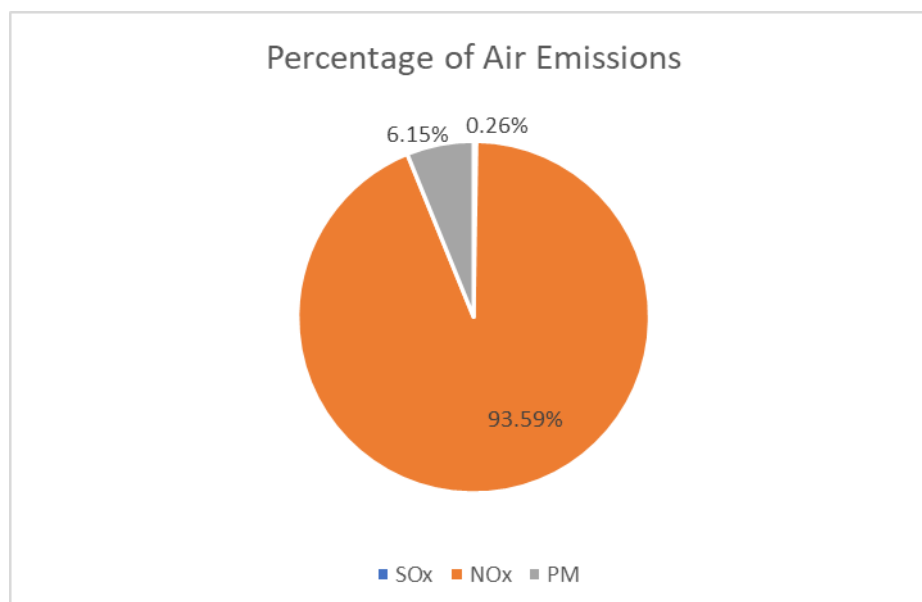
A1.1 Air Emissions

Light, medium, and heavy goods vehicles that consume petrol and diesel fuel have been used for daily business operations. Their combustion generated several air emissions, including nitrogen oxides (NO_x), sulphur oxides (SO_x) and respirable suspended particulate matter (PM).

Air Emissions from the vehicle operations	2025	2024
NO _x (kg)	322.32	1,625.01
SO _x (kg)	0.88	0.75
PM (kg)	21.18	148.67

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Note: Emission factors for calculations on environmental parameters throughout the report were made reference to Appendix C2 to the Listing Rules and their referred documentation as set out by the HKEX, unless stated otherwise.



A1.2 Greenhouse Gas (GHG) Emissions

During the Reporting Period, the Group's GHG emissions were contributed by:

- Scope 1 – Direct Emissions from operations that are owned by or controlled by the Group;
- Scope 2 – “Energy indirect” emissions resulting from the generation of purchased or acquired electricity consumed within the Group; and
- Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

Furthermore, while the scale of operations continues to expand, the Group is establishing better channels to collect, trace, and monitor the total amount of GHG emission emitted. As to gain a more comprehensively understanding of Scope 3 emissions connected to the Group's value chain, the Group shall also disclose 15 reporting categories of Scope 3 emissions where applicable to the Group's operations from this Reporting Period onward.

The Group has selected its measurement approach, inputs, and assumptions for calculating GHG emissions based on a principle of alignment with established regulatory frameworks and authoritative sources to ensure consistency, comparability, and reliability. The approach has been chosen to:

1. **Comply with Regulatory Expectations:** The Group primarily references the methodologies and emission factors set out by the HKEX, including Appendix C2 of the Main Board Listing Rules and their referred documentation, to ensure adherence to local disclosure requirements and to enable valid comparisons under appropriate conditions.
2. **Utilize Internationally Recognized Standards:** For Scope 3 emissions, the Group aligns its reporting with the "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", which is a globally accepted framework for value chain emissions

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accounting. The Group has also referenced the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by the Greenhouse Gas Protocol to calculate its Scope 3 GHG emissions.

3. **Apply Credible and Geographically Relevant Data Sources:** Where HKEX-published factors are unavailable, the Group uses authoritative sources specific to its primary region of operation (Mainland China). These sources include the Ministry of Ecology and Environment of the People's Republic of China (which provides the emission factor for purchased electricity from the National Grid of the PRC), the IPCC for global warming potential values, and the International Civil Aviation Organization ("ICAO") Carbon Emission Calculator for business air travel emissions. These sources are selected for their scientific credibility, public availability, and relevance to the Group's operational context, thereby increasing the accuracy of its emissions inventory. For Scope 1 emissions from extinguishing agents, the 100-year Global Warming Potential (GWP 100) values of CO₂ are made with reference to the IPCC Fifth Assessment Report (AR5).

During the Reporting Year, the Group's business operation contributed to the GHG emission of 3,787.71 tonnes of carbon dioxide equivalent. The overall intensity of the GHG emission for the Group was 0.10 tCO₂eq./m² in terms of total floor area, 0.07 tCO₂eq./thousand production units, or 0.01 tCO₂eq./RMB'000 revenue.

The table below summarises the GHG emissions of the Group from different emission sources.

Scope of GHG emissions ¹	Emission sources		2025 (in tCO ₂ e)	Total GHG Emission
Scope 1 Direct emission	Combustion of fuels in stationary sources ²	Natural Gas	1,005.68	30.61%
		Combustion of fuels in mobile sources	60.71	
		Diesel	27.80	
	Release of refrigerants from the operation of equipment and systems		69.88	
	Assimilation of carbon dioxide	Tree planting	-4.76	
Scope 2 Energy indirect emission ³	Purchased electricity ⁴		1,170.87	30.91%
Scope 3 Other indirect emission ^{5,6}	Category 2: Capital goods		944.38	38.48%
	Category 3: Electricity used for processing fresh and sewage water by government departments/third parties		70.22	
	Category 5: Paper waste disposed at landfills		3.59	

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	Category 6: Business air travel by employees ⁷	10.97	
	Category 9: Downstream transportation and distribution services	428.37	
Total ⁸		3,787.71	100%

Note 1: Emission factors were referred to Appendix C2 to the Listing Rules and their referred documentation as set out by the Stock Exchange unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.

Note 2: Emission for the combustion of natural gas in stationary source was calculated with emission factors from Greenhouse Gas Protocol Calculation Tool – GHG Emissions from Stationary Combustion (Chinese fuel).

Note 3: The emission from natural gas consumption was calculated in scope 1 emissions and thereby removed from scope 2 emissions.

Note 4: According to The Ministry of Ecology and Environment of People’s Republic of China: Emission factor of 0.5777 tCO₂eq./MWh was used for purchased electricity from the National Grid of the PRC in 2025; Emission factor of 0.5366 tCO₂eq./MWh and of 0.5703 tCO₂eq./MWh were used for purchased electricity in China in 2024 and 2023, respectively.

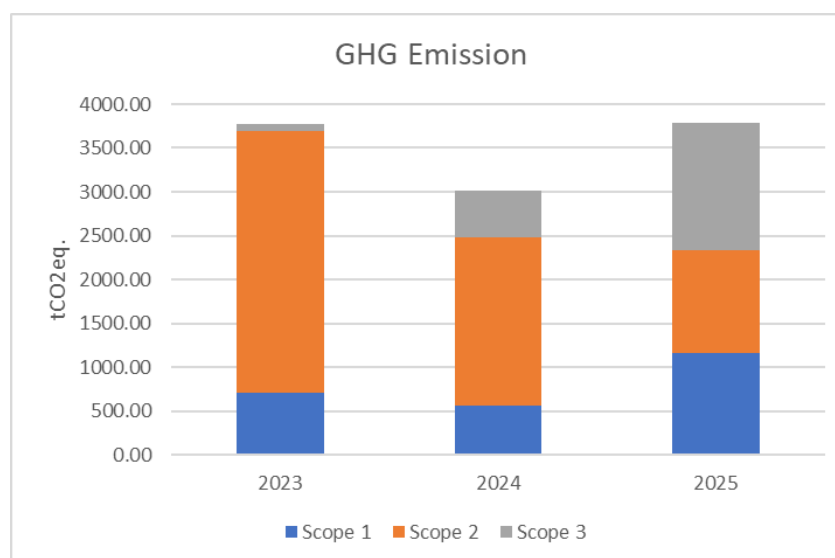
Note 5: Scope 3 GHG emissions were calculated based on available emission factors referred by Appendix 2 of “How to Prepare an ESG Report” set out by the Stock Exchange, as well as based on the “Technical Guidance for Calculating Scope 3 Emissions (version 1.0)” published by Greenhouse Gas Protocol, unless stated otherwise.

Note 6: Data for other categories of scope 3 emissions have not yet been collected, and the Group currently does not have the capability to conduct data collection for these categories; however, the Group shall endeavour to dedicate resources to complete scope 3 emissions disclosure in due time.

Note 7: CO₂ emissions from the Group’s business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.

Note 8: Total GHG Emissions may not equal total sum of emission sources due to rounding errors.

The figure below illustrates the annual changes for each scope: Scope 1 – direct GHG emissions, Scope 2 – energy indirect GHG emission and Scope 3 – other indirect GHG emissions.



A1.3 Hazardous Waste

The business operation of the Group generated 247.71 tonnes of hazardous waste during the Reporting Year. The hazardous waste production intensity was calculated at 6.52 kg/m² of floor space, 4.46 kg/thousand production units or 0.90 kg/RMB’000 of revenue. Hazardous waste generated consisted of sludge, waste packaging drums, laboratory waste liquids, waste mineral oil, waste light

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tubes and waste activated carbon. Designated areas with signages have been arranged for temporary storage of hazardous waste, which is then collected by registered recyclers.

Hazardous waste	Annual waste amount	Unit
Sludge	247,040	kg
Waste packaging drums	200	kg
Waste activated carbon	200	kg
Waste mineral oil	170	kg
Laboratory waste liquids	100	kg

A1.4 Non-hazardous Waste

The Group generated a total of 79.43 tonnes of non-hazardous waste during the Reporting Year. The non-hazardous waste production intensity was 2.09 kg/m², 1.43 kg/thousand production units or 0.29 kg/RMB'000 revenue. Non-hazardous waste was mainly cardboard, tape, wood and wax paper. They were all collected by recyclers for downstream recycling.

Non-hazardous waste	Annual waste amount	Unit
Cardboard	37,220	kg
Tape	14,940	kg
Wood	12,520	kg
Wax paper	10,270	kg
Waste paper	3,780	kg
Iron	700	kg

A1.5 Measures to Mitigate Emissions

The Group is mindful of the emissions generated from its operation. Certain measures have been implemented to control emissions:

- Centralised the production process and optimised manufacturing efficiency;
- Commenced the construction of electric vehicle charging stations at the production facility to support green transportation;
- Maintained extensive greenery with numerous trees planted with an aim to contribute to carbon sequestration and provide a pleasant working atmosphere for employees;
- Arranged shuttle bus service for employees to travel to metro stations, encouraging the use of public transport; and
- Reduced the number of business trips through utilising electronic communication such as video conferences and online meetings.

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Photo: Construction of electric vehicle charging stations.



Photo: Extensive greenery and trees planted.

In addition to the above operational measures, the Group has developed a comprehensive plan to achieve low-carbon production. Our approaches include:

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- **Energy Management and Improvements:** The Group has made energy improvements by switching from diesel to a cleaner fuel source such as natural gas, for its boiler fuel. This switch reduces GHG emissions because natural gas has a lower carbon content and emission compared to diesel or heavy oil. The Group will continuously upgrade its production equipment and adopt energy-saving technologies to improve energy utilization efficiency and reduce GHG emissions.
- **Renewable Energy Adoption:** The Group has installed distributed photovoltaic (solar) panels across 11 factory buildings inside the Bawang Industrial Complex, significantly increasing the proportion of renewable energy in its energy mix. By the end of 2025, the combined output of Phase I and Phase II solar installations reached 4,646,200 kWh, reducing carbon dioxide emissions and the Group's reliance on the power grid.
- **Supply Chain Carbon Reduction:** The Group integrates low-carbon criteria in supplier selection and works with partners on energy-saving and emission-reduction projects to promote sustainability across the value chain.
- **Circular Economy and Sustainable Branding:** The Group actively promotes circular economy practices and builds sustainable brands to support its herbal/green eco-friendly products image that contribute to carbon neutrality goals.

Through these coordinated efforts, the Group aims to continuously reduce energy consumption and GHG emissions in production, to enhance operational sustainability, and to contribute to a low-carbon future. The Group's objective is to reduce GHG emissions intensity by 5% between 2024 and 2029. The Board and the management have reviewed the progress made against the emission reduction targets during the Reporting Year. The GHG emission intensity (per thousand production units) is being monitored against the new baseline.

Also, the Group's objective is to reduce the overall air emission intensity by 50% by 2030. During the Reporting Year, the Board and the ESG Committee have reviewed the progress made against the air emission reduction target. With the 2024 baseline reset, significant progress has been made, and the targets for NO_x and PM intensity have already been achieved ahead of schedule. The Group will continue its efforts to reduce the intensity of GHG and air emissions on an ongoing basis.

A1.6 Wastes Reduction and Initiatives

The Group has incorporated the 3R-Principles (Reduce, Reuse and Recycle) in its operation procedures in the workplace and pledges to promote environmentally friendly behaviours among employees to improve overall waste management. Various initiatives have been implemented to reduce waste generation, including:

- Conducted sales through the digital sales channels, which allows electronic confirmations, receipts, and newsletters through e-mail and/or other electronic accounts to reduce paper consumption;
- Encouraged employees to use double-sided printing;
- Placed recycling facilities in the office and factory for waste separation ;
- Posted waste reduction posters throughout the office and factory;

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- **Engaged** qualified contractors for collecting recyclables;
- Used only durable food containers, cutlery and cups in the canteen; and
- Promoted food waste minimisation in the canteen and kitchen.

The Group's objective is to reduce overall waste generation intensity by 30% between 2024 and 2032. The Board and the ESG Committee have reviewed the progress made against the waste reduction targets during the Reporting Year. Compared to the 2024 baseline, the Group has reduced the intensity of non-hazardous waste but has seen a slight increase in hazardous waste intensity. The Group will continue its efforts to reduce the discharge and intensity of both hazardous and non-hazardous waste on an ongoing basis.

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources. To meet the Group's environmental commitments, various efficiency initiatives have been implemented to minimise the use of energy, water consumption and use of packaging materials.

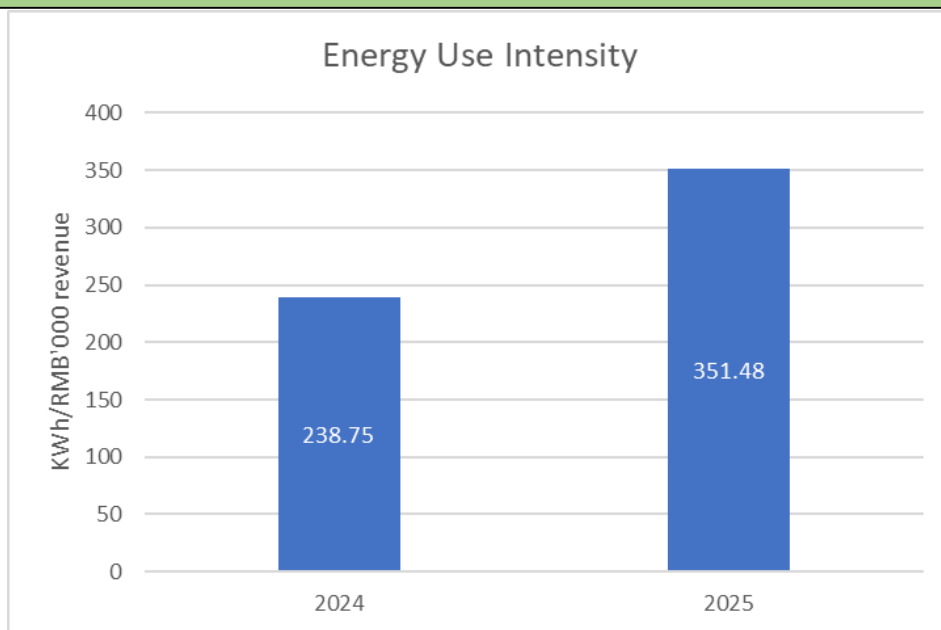
A2.1 Energy Consumption

During the Reporting Year, the Group's total energy consumption increased by approximately 47.2% compared to 2024. This increase was primarily driven by a significant surge in natural gas consumption, reflecting that natural gas became the sole stationary energy source in 2025 with the complete elimination of diesel for stationary use.

The detailed energy consumption is summarized in the table below.

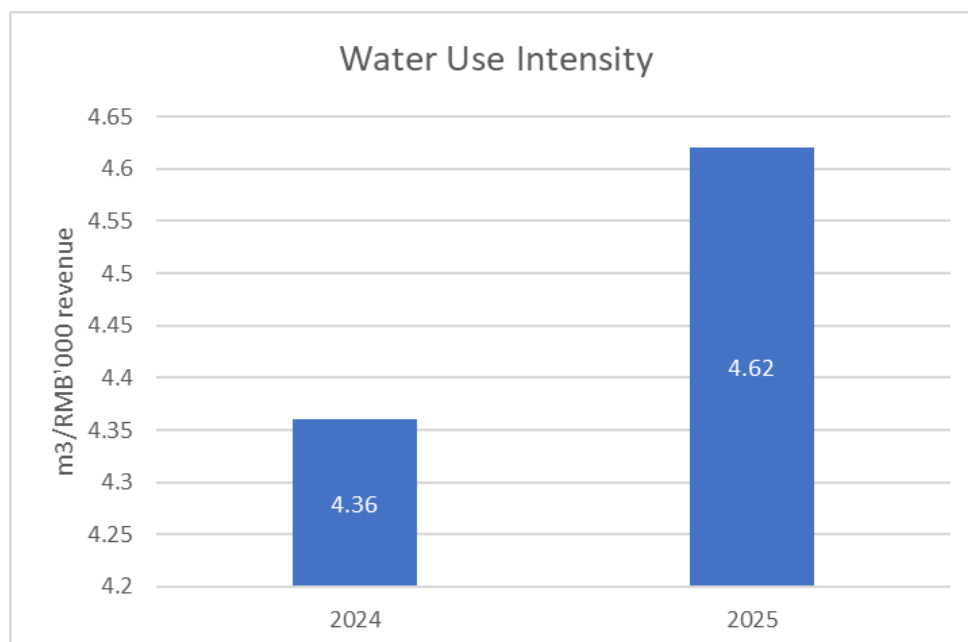
Energy Consumption Sources	2025 Direct Consumption	2025 Consumption (in kWh)	2024 Consumption (in kWh)
Natural Gas (Stationary)	493,699.00 m ³	6,582,653.33	1,381,835.45
Petrol (Mobile)	22,750.00 L	251,725.69	287,549.85
Diesel (Stationary)	0.00 L	0.00	615,696.92
Diesel (Mobile)	10,268.00 L	121,652.98	102,660.74
Electricity	2,026,771.32 kWh	2,026,771.32	3,586,719.00
Self-generated electricity	4,372,600.00 kWh	4,372,600.00	3,097,364.00
TOTAL		13,355,403.32	9,071,825.96
Energy Use Intensity (kWh /m²)		351.48	238.75

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A2.2 Water Consumption

During the Reporting Year, the total water consumption for the Group was 175,563.00 m³, with an intensity of 4.62 m³/m² of floor space, and 0.64 m³/RMB'000 revenue. Freshwater consumed was sourced from the Guangzhou Water Supply Company. The increase in consumption is primarily attributed to water usage associated with office renovation activities in 2025. No water supply issues were reported during the Reporting Year.



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A2.3 Water Use Efficiency Initiatives

Water is a critical resource for the household and personal products industry, serving as a key product ingredient. Global water scarcity is driven by population growth, urbanization, and climate change. It poses operational and financial risks including increased costs and regulatory constraints. In this context, the Group recognizes the importance of preserving precious water resources and has implemented initiatives to minimize water consumption. The Group encourages the use of greywater for flushing toilets after onsite wastewater treatment. Water saving signage is placed in bathrooms to remind employees to conserve water. Cracks and leaks in hoses and water pipes are repaired promptly.

The Group's objective is to reduce overall water use intensity by 10% by 2032. During the Reporting Year, the Board and the ESG Committee have reviewed the progress made against the water use reduction target. The overall water use intensity (per thousand production units) increased compared to the 2024 baseline. This is primarily due to water usage associated with office renovation activities. Moving forward, the Group will continue its ongoing efforts to control water usage intensity.

A2.4 Wastewater Management

During the Reporting Year, the total wastewater generated for the Group was 114,476.00 m³, with an intensity of 3.01 m³/m² of floor space, and 0.42 m³/RMB'000 revenue. All wastewater generated from operations was treated onsite through a comprehensive treatment system utilizing dissolved air flotation, anaerobic, and contact oxidation processes.

The Group maintains a dedicated team of trained wastewater treatment operators who strictly adhere to environmental regulations and internal management protocols. Operators conduct routine inspections of all treatment equipment at least four times per shift. Any equipment irregularities are promptly reported and addressed to maintain optimal treatment efficiency and ensure continuous compliance.

A preventative maintenance programme is rigorously implemented for all mechanical and electrical equipment, including pumps, fans, valves, and aeration systems. Maintenance activities follow a scheduled plan based on manufacturer specifications, with regular lubrication, parts replacement, and performance testing to achieve equipment uptime of 95% or above. All maintenance records are systematically documented to support traceability and continuous improvement.

The Group maintains strict housekeeping and hygiene standards within the treatment facility. Operators are responsible for daily cleaning of equipment and work areas, ensuring that all surfaces remain free of oil residue and dust. Solid waste generated during treatment processes is segregated and disposed of in accordance with environmental regulations, with hazardous waste promptly transferred to the hazardous waste storage area.

Various wastewater indicators such as pH, total suspended solids, chemical oxygen demand, biochemical oxygen demand, and sulphide etc. were measured. The monitoring reports confirmed that all effluents during the Reporting Period were within the permissible level of the Discharge Standard of Water Pollutants. The Environmental Monitoring Station of Guangzhou Baiyun District also monitors the effluent generated by the Group. No exceedances were observed during the Reporting Year.

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The Group is committed to maintaining rigorous wastewater management practices to protect local water resources, comply with all applicable regulations, and support the Group's overall environmental sustainability objectives.



Photo: Onsite wastewater treatment system.

A2.5 Energy Use Efficiency Initiatives

The Group continues to implement initiatives for promoting efficient energy consumption. It has swapped to LED lighting in the factory, offices and car parks to save energy. The Group ensures rational use of energy resources. All employees shall turn off air-conditioners, printers, computers and monitors before leaving the workplace. Idling electrical appliances shall also be switched off. If there is serious violation of energy-saving practices, the involved department will be subject to appropriate performance assessment measures.

During the Reporting Year, the operation of our rooftop photovoltaic installations delivered significant environmental and operational benefits. The Phase I system generated 3,918,600 kWh, while the Phase II expansion, commissioned in May, contributed a further 727,600 kWh by year-end. The combined renewable electricity output of 4,646,200 kWh not only reduces the electricity price but also reduces grid reliance. This initiative has further increased the proportion of our operations powered by renewable sources, marking significant progress in our long-term energy transition strategy.

The Group has target to reduce overall energy use intensity by 10% between 2024 and 2034. During the Reporting Year, the Board and the ESG Committee have reviewed the progress made against the

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energy reduction target. The energy use intensity (per thousand production units) increased compared to the 2024 baseline, primarily due to the significant increase in natural gas consumption for production. The Group will continue to explore opportunities to enhance energy efficiency.



Photo: Rooftop photovoltaic installations

A2.6 Packaging Lifecycle Management

The household and personal care products industry utilizes significant quantities of packaging materials, which represent a substantial portion of operational expenses and have direct implications for transportation costs through packaging weight and volume. The Group also recognizes growing pressure from consumers and retailers to address the environmental externalities associated with packaging, including material extraction and waste disposal. In response, the Group is committed to managing the sustainability characteristics of its product packaging including the use of recyclable materials and optimizing packaging design to minimize environmental impact, control costs, and align with evolving regulatory expectations.

A total amount of 2,050 tonnes of packaging materials were consumed during the Reporting Year. The Group has replaced the old packaging materials with polyethylene (PE) or polyethylene terephthalate (PET), which are recyclable materials, for packaging.

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Packaging materials	Annual consumption (in tonne)
Packaging bottle & attachments	1,050
Carton and paper board	500
Graphic carton and label	380
Plastic wrapping	120

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group's operations did not cause significant adverse impacts on the environment and natural resources. The Group monitors air emission, wastewater discharge, and noise level, and also takes into consideration the environmental impacts from materials used in our operations. For example, the packaging materials used in our products are biodegradable or recyclable in accordance with relevant hygienic standards for cosmetics. During the Reporting Year, the Group did not receive any complaints from the community regarding air pollution, odour, noise, or light nuisance.

A4. Climate Change Mitigation

A4.1 Governance

Climate change poses a huge threat to all businesses including the Group. With the support of the ESG Committee, the Board has the ultimate responsibility for the oversight of climate-related matters. The ESG Committee reports to the Board at least once a year on sustainability matters, covering climate-related issues, climate-related risks and opportunities, the integration of climate considerations into strategies, major transaction decisions and risk management processes, as well as progress on climate-related policies implementation. In response to climate change and its associated impacts, the ESG Working Group identified climate-related risks and opportunities, which were subsequently reported to the ESG Committee. The ESG Committee conducted a thorough assessment of these risks and opportunities, formulated corresponding strategies and targets to address climate change, and provided regular updates to the Board on progress and developments.

To ensure effective execution, the Board, on the recommendation of the ESG Committee, lays down clear governance responsibilities to the operating departments for climate-related matters. This includes performing scenario analyses to assess physical and transition risks and formulating risk management frameworks accordingly. The Group also tracks progress and effectiveness of carbon reduction initiatives through reviewing the greenhouse gas (GHG) emissions accounting system for emissions data.

Both the Board and the ESG Committee have sufficient knowledge of climate-related issues and the impacts of such issues on the Company's business and operations. To ensure that, our Board, the ESG Committee and all employees remain informed and that their knowledge is up to date, we provide regular training and materials on climate-related topics.

The Group has not incorporated climate-related performance indicators into its remuneration policies, meanwhile the Group will explore the feasibility of enhancing our remuneration policies.

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A4.2 Strategy and Risk Management

To address the evolving implications of climate change, the Group continues to advance its approach to climate-related risk and opportunity management by embedding climate-related considerations into our overarching sustainability risk governance, which enables the systematic identification and management of climate-related physical and transition risks, as well as the evaluation of climate-related opportunities across the Group's operations and value chain.

The ESG Committee has identified the following climate-related risks, their time horizons, risk levels, current and anticipated impacts on financials, value chain and business model, and current and anticipated adaptation and mitigation efforts.

Time horizon	Year	Definition
Short-term	1-5	During a period characterized by severe and rapidly evolving climate risks, the Group must concentrate on short-term strategies aimed at mitigating the most critical threats and implementing quick recovery measures.
Medium-term	5-10	In this timeframe, the Group needs to strengthen its short-term climate risk management efforts and enhance their influence across the value chain and business operations.
Long-term	Longer than or equal to 10	During this period, the Group needs to tackle long-term climate risks effectively by making structural changes for mitigation and adaptation.

Risk Management

The Group's risk management process is designed to identify, assess, prioritise, and monitor climate-related risks and opportunities in an integrated manner. The following outlines the specific processes and related policies in place.

(a) Processes for Climate-Related Risks

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Identification

The Group identifies climate-related risks through a combination of methods. Inputs and parameters include: (i) analysis of internal data covering the Group's operations, as well as its value chain (e.g., Chinese herbal raw material supply, production, logistics, and distribution); (ii) review of external scientific reports on climate projections, including those from the IPCC; (iii) monitoring of regulatory developments via government websites (e.g., China's Ministry of Ecology and Environment) and industry associations; and (iv) engagement with key stakeholders, including suppliers and customers, to understand their exposure and concerns.

Informing Identification with Scenario Analysis

The Group has performed a qualitative climate scenario analysis based on the turquoise and brown scenarios as outlined in the HKEX guidance on climate disclosures (see the scenario table in this Section A4.2). This analysis informs the identification of physical risks (e.g., extreme weather events affecting supply chains) and transition risks (e.g., regulatory changes, technology shifts, market preferences). The Group will continue to enhance its scenario analysis in future reporting periods, including the use of quantitative climate models where feasible.

Assessment of Nature, Likelihood, and Magnitude

The Group assesses the nature, likelihood, and magnitude of each identified risk using a three-level risk scale (**High, Medium, Low**). This assessment uses a combination of qualitative factors (e.g., expert judgment from the Board and ESG Committee, analysis of market sentiment) and, where available, quantitative thresholds. The definitions for these levels are:

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. It is highly likely that there will be some impacts to the Group and hindrance for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

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Risk	Description	Time Horizon	Risk Level	Current and Anticipated Impacts and Potential Improvement areas			Current and Anticipated Adaptation and Mitigation efforts
				on Financials	on Value Chain	On Business Model	
Physical Risks							
Extreme Weather Events	The severity of extreme weather events is increasing	Short-term	Low	Negatively affect the revenue of the Group; rise in the cost of raw materials. These disruptions and increased maintenance and insurance costs pose risks to stable cash flow by affecting business continuity and increasing expenditures.	-Disruption in the logistic and warehouse systems may affect production schedules and cause delays in product delivery; -Reduction in the supply of Chinese herbal medicine may cause increased production costs;	-May need to upgrade logistic and warehouse systems; -May need to find sustainable alternatives to raw materials;	-Regular checks on its warehouses to ensure that there is no roof leakage, and rainwater drainage is not blocked; -To build long-term stable relationships with suppliers, which may strengthen its bargaining power regarding the reliability of supply and services in case the risk is materialized; -Formulation of a business continuity plan; -Enhancing supply chain climate adaptability to reduce raw material shortages and production interruptions, thereby stabilizing cash inflows and outflows.
Extreme Weather Events	Long-term changes in climate	Long-term	Medium	Rise in the cost of raw materials, negatively affect the revenue of the Group;			
Transition Risks							
Change of Technologies	The cost of transitioning to low-emission technologies	Short-term	Low	Increase in the capital investments for the adaptation of new processes, increase in the R&D expenditures;	-Consumers may become more environmentally conscious, current products may not fully satisfy customer' needs, resulting in lower demand and lost of market share;	-Upgrade the production line to meet the growing consumer demands for sustainable goods; -Redesign products using eco-friendly materials and packaging to meet the regulatory	-Ownership of distinctive core technologies; -Stable R&D teams who would make improvements to products according to the market needs and regulation and policy changes. -Enhance product line with innovative low-carbon solutions
Regulatory and Policy Changes	The implementation of new environmental and carbon-related regulations	Long-term	High	Increase in production costs, leading to lower revenue;			
Reputation	Shift in the consumer preference	Medium-term	High	Reduction in the demand of products, leading to lower	-The necessity of introducing new products to		-Innovate production processes, optimize

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Risk	Description	Time Horizon	Risk Level	Current and Anticipated Impacts and Potential Improvement areas			Current and Anticipated Adaptation and Mitigation efforts
				on Financials	on Value Chain	On Business Model	
				revenue.	comply with the new environmental regulations.	requirements.	logistics operations, and improve storage efficiency to reduce carbon emissions and operating costs.

(b) Processes for Climate-Related Opportunities

The Group identifies, assesses, prioritises and monitors climate-related opportunities using a process parallel to that for risks, as outlined below.

Identification

Climate-related opportunities are identified through: (i) market research on consumer trends; (ii) regulatory tracking of government incentives for renewable energy and energy efficiency; (iii) internal innovation and R&D activities; and (iv) benchmarking against industry peers.

Opportunity	Time Horizon	Current and Anticipated Impacts			Current and Anticipated strategies/responses to address the opportunity
		on Financials	on Value Chain	On Business Model	
Explore new market segments for Chinese herbal products due to the shift in consumer preferences for trendy natural products which suit their lifestyle.	Long-term	Yield higher revenue for the Group in the future.	-Increase the market share and strengthen the brand value.	-May take the opportunity to transition itself into a more sustainable enterprise.	-R&D team continues to innovate and develop new products; -Implemented various resource efficiency policies such as GHG emission control, and water and energy saving initiatives, which are expected to lower the operating costs in the long term.

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Monitoring

The ESG Working Group is responsible for the ongoing monitoring of climate-related risks and opportunities. This monitoring through formal meetings, during which the team brings attention to ESG concerns and offers solutions that can be applied across the Group. The monitoring process includes: reviewing the latest regulatory updates; tracking weather patterns that could impact supply chains and logistics (e.g., typhoon warnings affecting Guangzhou operations); and assessing the Group's progress on mitigation activities, such as energy efficiency initiatives (e.g., the rooftop photovoltaic system performance, annual cleaning and maintenance of air conditioning units) and the reduction of packaging materials. The outcomes of this monitoring are reported directly to the ESG Committee and, through it, to the Board.

Changes to processes

During the Reporting Year, there were no material changes to the processes used by the Group to identify, assess, prioritise, and monitor climate-related risks. The Group maintains a consistent approach to ensure comparability of information over time. Any future changes will be disclosed in the relevant reporting period.

As climate-related risks and opportunities continue to grow, the Group expects to steadily increase capital investment in climate adaptation and mitigation measures over the coming years to reduce potential impacts on the Group. During the Reporting Period, the Group has yet to allocate budget to climate-related works. The Group has adopted capabilities relief for the disclosure of anticipated financial effects from climate-related risks and opportunities for the Reporting Period, and will provide quantifiable financial information in the future.

In alignment with China's national "dual-carbon" goals and the global climate initiatives set out in the Paris Agreement, The Group has formulated a comprehensive climate strategy committed to increasing renewable energy use, promoting circular economy practices, and building sustainable brands to support a green transition. To execute this strategy, The Group is initiating carbon reduction programs across the entire value chain, including selecting low-carbon suppliers, innovating production processes, optimizing transportation and logistics, improving storage efficiency, and working with suppliers to measure and reduce their emissions. The ESG Committee will ensure that appropriate steps are carried out to monitor these risk areas on an ongoing basis, and that the findings are disclosed in the Group's annual ESG report.

The Group makes reference to the scenario analysis outlined in the HKEX guidelines¹ to evaluate the major impacts on consumer goods industry.

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Scenario	Global Mean Temperature Increase	Global Mean Sea Level Increase	Major Impacts
Turquoise Scenario	About 1.7°C by 2060 and 1.8°C by 2100	Likely at 0.3m by 2065 and 0.50m by 2100	-Shift towards green production; -A large increase in the use of renewable energy;
Brown Scenario	About 2.4°C by 2060 and 4.4°C by 2100	Likely at 0.4m by 2065 and 0.80m by 2100	-High probability of flooding that may disrupt the supply chain; -Increase in frequency of extreme weather which cause the rise of production costs

Note 1: HKEX. (2021). Guidance on climate disclosures. https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_climate_disclosures.pdf

The Group has adopted capabilities relief for the in-depth assessment and analysis of its strategy and business model to climate-related changes, developments, and uncertainties for the Reporting Period, and will perform a detailed climate-related scenario analysis in the future.

The ESG Committee oversees the management of climate-related risks to ensure operational resilience. Our process begins with a structured risk assessment, which involves collecting and analysing historical data on the frequency and impact of severe weather events such as typhoons, floods, and earthquakes that have affected our business locations in recent years.

For risks identified as material, the Committee will implement targeted preventative and mitigating measures to minimize potential disruptions. Furthermore, we conduct regular business impact analyses to identify critical functions and establish recovery time objectives. These analyses directly provide input to help formulate our business continuity plans, which are reviewed and updated regularly to ensure the Group can maintain essential operations should a significant climate event occur.

All risk management procedures and continuity plans are subject to annual review by the ESG Committee. Mitigation measures are also tested periodically to validate their effectiveness and ensure our preparedness.

During the Reporting Year, an ESG Committee meeting was held to address the latest climate-related disclosures issued by the HKEX. This meeting was designated to ensure that all committee members fully understand the new regulations related to the climate change.

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Moving forward, the ESG Committee will develop and implement corresponding climate-related policies to effectively address and mitigate the impacts of climate change and intends to formulate a smooth climate-related transition plan.

A4.3 Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors relevant metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO₂eq.), total GHG emissions (in tCO₂eq.) and the GHG emission intensity regularly. The GHG emission data and information about target setting are shown in the section headed "A1. Emissions" of this report.

The target is informed by the latest international agreement on climate change, including the Paris Agreement, an international accord to limit global warming, as well as the national target of carbon neutrality by 2060. This target has not been validated by a third party. It is a gross target for the reduction of emissions without taking into account potential offsets further reducing the net impact. Although the Group does not need to rely on carbon credits to hit its targets, a future implementation of those would further reduce the impact.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks and climate-related physical risks. The Group will provide quantifiable financial information on the above-mentioned disclosures, including amount and percentage of assets or business activities vulnerable to risks in the future.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities. The Group will provide quantifiable financial information, including amount and percentage of assets or business activities aligned with opportunities in the future.

During the Reporting Period, the Group has yet to deploy capital expenditure, financing, or investment towards climate-related risks and opportunities.

As of the end of the Reporting Period, the Group does not apply a carbon price in its decision-making process, nor does the Group factor climate-related considerations into its remuneration policy.

The Group has yet to include industry-based metrics, nor applied cross-industry metrics for its disclosure topics.

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B. Social

1. Employment and labour practices

The Group stringently complies with the national and local laws and regulations concerning employment and labour practices, including but not limited to:

- Labour Law of the PRC;
- Labour Contract Law of the PRC;
- Law of the PRC on the Protection of Rights and Interests of Women;
- Law of the PRC on the Protection of Minors;
- Law of the PRC on the Protection of Disabled Persons;
- Trade Union Law of the PRC;
- Social Insurance Law of the PRC;
- Regulation on Paid Annual Leave for Employees; and
- Provisions on the Prohibition of Using Child Labour.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Year.

B1. Employment

Employment Policies

During the Reporting Year, there were no major changes in employment policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination and other benefits and welfare for the Group.

The Group prescribes the policies and procedures relevant to employee benefits, welfare and compensation. Working hours are arranged in accordance with the law and the individual employee's job position.

Compensation and Benefits Package

The Group offers competitive remuneration packages to the employees in accordance with their performance, relevant skills, experience and contribution. The Group also offers other benefits including statutory holidays, high-temperature allowance, basic social insurance and housing provident funds. Employees can apply for compensatory leave for overtime work.

The Group fully realises the value of talent which is the core driver of productivity, thus placing a great importance on the improvement of working environment and working conditions for employees. Accommodation, free meals, shuttle bus services and annual check-ups are provided to employees. The Group also endeavours to continuously develop its education and training mechanism in order to meet the needs of professional development for individuals.

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In the case of layoffs, the Group will provide appropriate compensation for those who are made redundant.

Award and Penalty System

The appraisal, promotion, and reward and penalty systems are outlined in the Employment Contract and Employee Handbook. The Group carries out annual performance appraisal for employees according to the work assignments and duties, which mainly focuses on two areas: (1) result — meeting the target; and (2) process — in alignment with the Group’s policies, values and requirements/expectations stated in the Employment Handbook. Bonus distribution, salary adjustment, training, promotion, and transfer of job position may be considered and discussed in line with individual employee’s work performance. The Group offers opportunities for career advancement for its employees. Employees are notified and given priority for application when job vacancies arise. The Group’s Promotion Management System provides standardised terms and conditions regarding promotion.

Equal Opportunity

Believing in the concept of “Work in Harmony Despite Differences”, the Group encourages diversity among the workforce. The principle of equal opportunities is applied in all employment policies, in particular to recruitment, training, career development and promotion of employees. The Group promotes fair competition and prohibits discrimination or harassment against any employee on their gender, age, marital status, religion, race, nationality, disability or any status protected by law.

Communication

The Group encourages communication between the management team and employees. During the Reporting Year, the Group regularly organised birthday parties and staff meetings, and arranged tea parties from time to time. Gifts were prepared for employees during the public holidays and monthly internal discounts were offered, allowing staff to purchase any products produced by the Group. In addition, a basketball court has been put up for employees and basketball matches were held from time to time which enhanced communication among the teams.

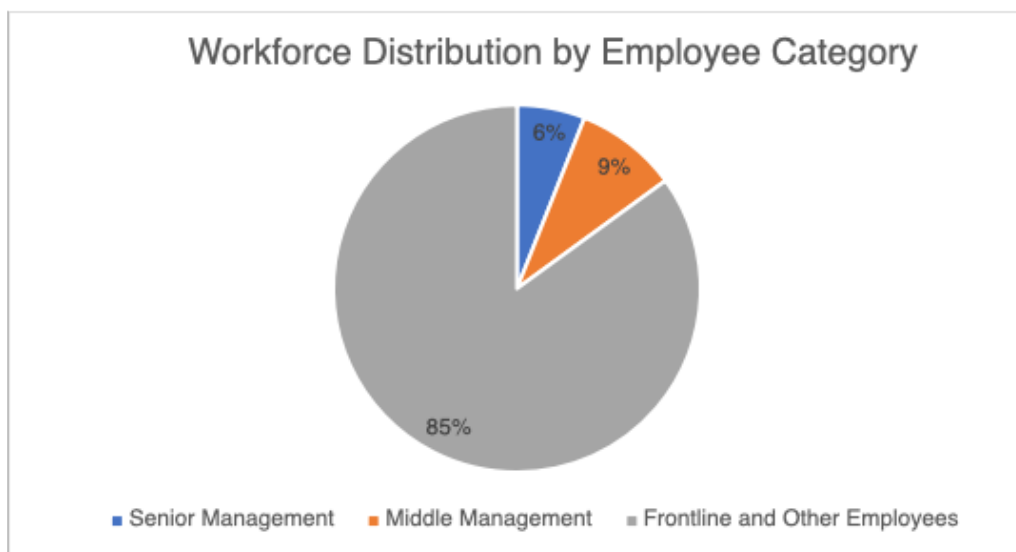
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Photo: Basketball courts.

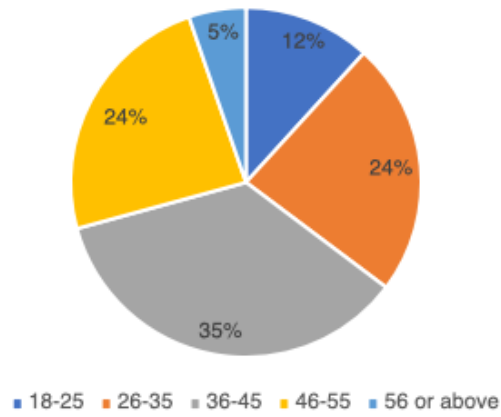
Workforce

The Group had a total number of 417 employees as of 31 December 2025, all of whom were full-time employees. The charts below present the distribution of workforce.

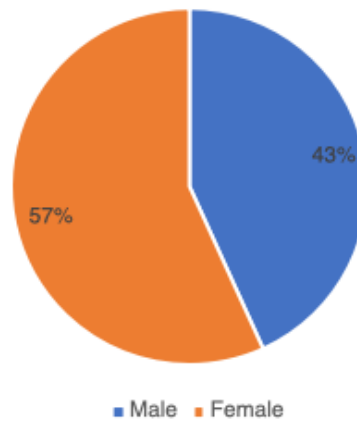


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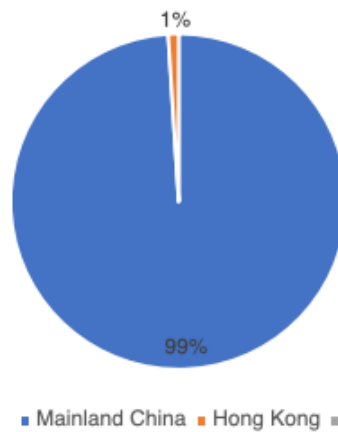
Workforce Distribution by Age Group



Workforce Distribution by Gender



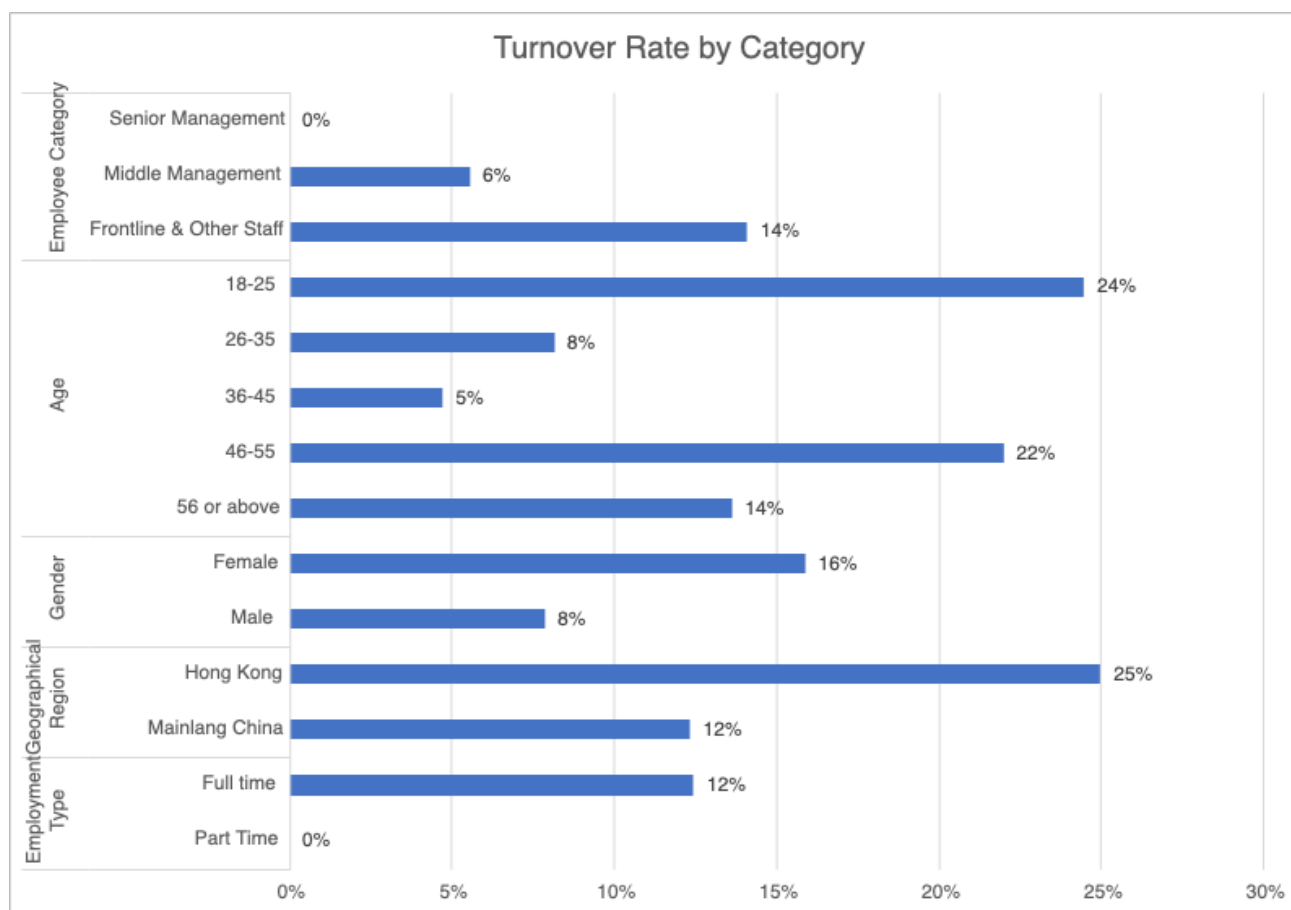
Workforce Distribution by Geographical Region



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Turnover

During the Reporting Year, 52 employees left the Group, representing a turnover rate of 12.47%. The details of turnover rate are shown in the table below.



Note: The percentage of turnover rate was calculated by (Total no. of turnover employees during the Reporting Period/no. of employees in the same category as of 31 December of the Reporting Period) *100%.

B2. Occupational Health and Safety

The Group is committed to providing a healthy and safe working environment for all employees. The Group undertakes to safeguard the health and safety of its employees and requires all employees to strictly observe the health and safety measures stated on the Employment Handbook.

It promotes safety practices and enhances employees' awareness through regular training and safety drills. Employees are familiarised with the Group's Health and Safety Policy, system operation, operating procedures, and emergency responses. Health and safety standards are given prime consideration in operation and regulatory compliance is strongly upheld. Appropriate measures are taken to continuously improve the health and safety in the workplace.

During the Reporting Year, the Group has continued to carry out occupational health and safety supervision with a focus on the management and control of personal unsafe behaviour and promoted

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standard working procedures among its employees to reduce unsafe behaviour. In addition, the Group has organised regular health inspections for its employees at hospitals, with testing focusing on occupational disease hazards such as noise, butanone, acetone etc. At the same time, the Group has also performed work hazard analysis, with core safety concerns placed on machinery operations that violate safety protocols, safe use of electricity, fire prevention, risk assessment, and hidden workplace hazards. The Group has conducted monthly targeted safety inspections of the workshops to detect the operational risks of each operation flow, and appropriate safety precaution measures were implemented as per results of the inspections.

During the Reporting Year, the Group complied in all material respects with relevant laws and regulations, such as the Law of the PRC on the Prevention and Control of Occupational Diseases, Fire Protection Law of the PRC, and Law on Safety Production. No material non-compliance of laws and regulations relevant to health and safety of employees was found.

Occupational Health and Safety Data

	2025	2024	2023
Number of work fatalities	0	0	0
Fatality rate	0%	0%	0%
Cases that contributed to >3 lost working days	0	0	0
Work injury cases that contributed to ≤3 lost working days	0	0	0
Lost days due to work injury	0	0	0

B3. Development and Training

The Group provides comprehensive career development and training to employees. Training needs are identified through various channels such as performance evaluation and employees' feedback is also assessed from time to time to ensure that current development and training activities are effective in upgrading employee skills. During the Reporting Year, the Group has provided various training sessions for staff members and Directors. Each new employee would receive orientation training at the company level and on-the-job training at the departmental level. Different departments arranged regular internal and external training for staff members on a variety of topics including anti-bribery, occupational health and safety, quality control, new product introduction, etc. Those staff members who have participated in external training would conduct an internal sharing session on what they have learnt.

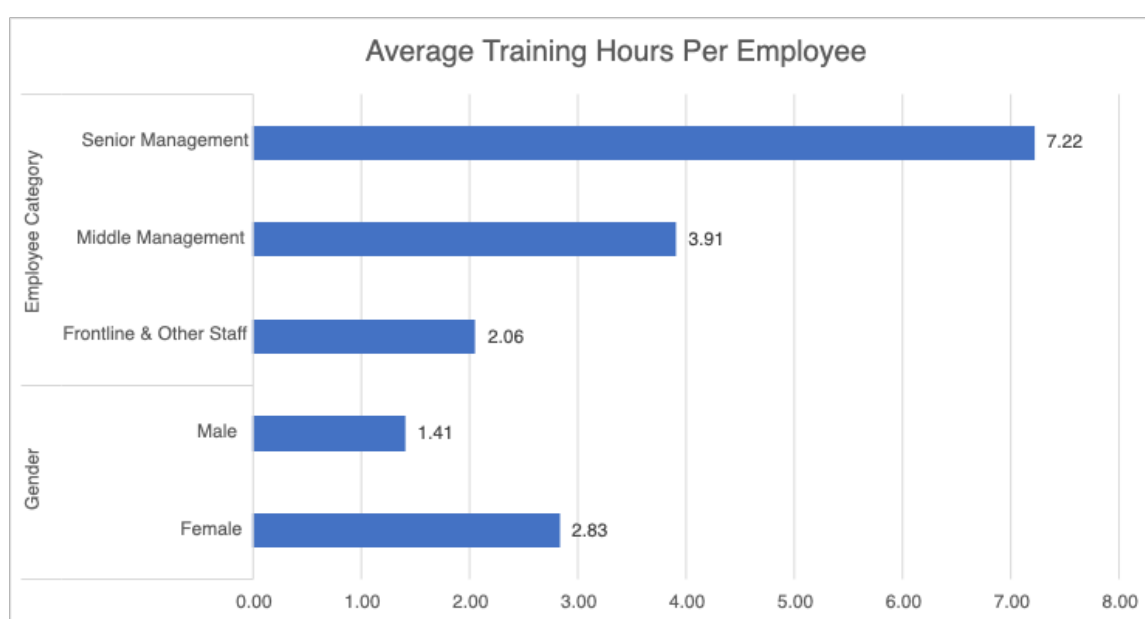
In addition to the career development provided for employees, the Group continues to invest in the professional developments for Board members to ensure that their contribution to the Board remains informed and relevant, and that they are kept abreast of the latest development of the rules and regulations which are applicable to their duties as Directors. The Board receives regular updates on the Group's business and operations, director's obligations and duties, risk management and internal

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control, corporate governance and ESG matters, and participates in the Directors' training internally and/or offered by external professional bodies or institutions. The framework for Director's training will regularly be reviewed by reference to the latest Listing Rules and guidance published by the regulatory authorities.

During the Reporting Year, the Directors received an aggregate of approximately 201.5 hours of training in various fields, representing an average of approximately 40.30 hours of training per Director.

During the Reporting Year, all employees received training, and the average training hour per employee was 2.35 hours.



B4. Labour Standards

The Group strictly observes relevant laws and regulations such as the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Provisions on the Prohibition of Using Child Labour. The Group has established policies relating to child labour and forced labour prevention.

The Group requires all applicants to provide true and accurate personal information. The Human Resources Department strictly verifies the information provided against documents that include identity card and academic certificates, during the recruitment process to guard against child labour. No teenagers under 16 years old shall be employed by the Group according to the recruitment guideline of the Group. Any employee caught with a borrowed ID will be reprimanded or dismissed from his/her job, depending on the situation.

The Group prohibits unauthorised overtime work. It states clearly the number of working hours on the employment contract. Employees working overtime must get prior approval from line managers and they are eligible for compensation in the form of compensatory leave in lieu. When any overtime work or forced labour is discovered, the Group would act immediately to stop such violation and investigation procedures will be commenced immediately.

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The Group did not note any cases of material non-compliance relating to labour laws and regulations that have a significant impact on the Group during the Reporting Year.

2. Operating Practices

B5. Supply Chain Management

The Group believes that the suppliers' responsible practices are critical to its business excellence. To ensure the suppliers' capabilities in providing qualified raw materials, the Group's supply chain management system assesses both the product and service quality and social responsibility of the suppliers. Suppliers are required to provide certificates and samples for investigation and quality check.

The Group has no standardised policy on managing the environmental and social risks of the supply chain. Nevertheless, the Group encourages suppliers to maintain a high standard of business ethics and conduct, with satisfactory environmental and social performance. To this end, the Group carries out unscheduled visits to inspect the environmental and social performance of its suppliers and assess any environmental and social risks in its supply chain. The Group selects and evaluates distributors and suppliers with designated assessment criteria with a view to engaging only qualified partners. For instance, The Group screens out vendors who are known to employ child or forced labour in their operations.

The Group also gives preference to suppliers that are more environmentally friendly. The Group has implemented procurement policies for purchasing products or materials with environmental certification, as well as choosing suppliers which have been certified under ISO14001 or other equivalent certifications. Finally, the Group conducts an annual assessment of its suppliers.

During the Reporting Year, the Group has engaged with 189 suppliers from various provinces and municipalities in the PRC to supply raw materials, packaging materials and transport services, of which details are as follows:

Supplier Region	Numbers
Guangdong	166
Shanghai	7
Zhejiang	4
Beijing	2
Guangxi	2
Hunan	2
Henan	2
Jiangsu	2
Shandong	1
Shaanxi	1

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B6. Product Responsibility

Product Labelling and Advertising

The Group provides clear and reliable information regarding its products, such as information on the Chinese herbal medicine ingredients, safe consumption advice and inspected shelf lives on product labels. Product details are also available in printed promotional materials and on its website.

The Group strictly follows applicable laws and regulations such as the Advertising Law of the PRC, Trademark Law of the PRC and Anti-unfair Competition Law of the PRC. No non-compliance with relevant laws and regulations relating to product labelling and advertising that have a significant impact on the Group had been identified during the Reporting Year.

Product Quality Assurance

The household and personal care products industry faces increasing consumer and regulatory scrutiny over the use of chemicals of concern, including persistent, bioaccumulative, and toxic (PBT) substances, as well as carcinogenic, mutagenic, or teratogenic chemicals. Regulatory frameworks and major retailers increasingly restrict or ban such substances, placing pressure on companies to reformulate products. Entities that proactively identify and manage emerging chemical risks, implement rigorous safety testing, and adopt green chemistry principles are better positioned to comply with evolving regulations, meet changing consumer preferences, and gain competitive advantage.

Producing safe and high-quality products is one of the primary considerations of the Group. Its production plants in the PRC are ISO22716 Cosmetics - Good Manufacturing Practices certified. Adhering to a strict quality control approach, the Group has also established a quality control system for constantly examining and testing products by scientific methods, ensuring product quality. Measures and procedures for product quality and safety control include:

- The Group strictly monitors the use of Chinese herbs in the health and personal care products based on the Cosmetics Safety Technical Specification (2015 Edition);
- The Group conducts tests and risk assessments on the active ingredients, pesticide residues, and heavy metals of raw materials according to the Chinese Pharmacopoeia;
- The Group sends final products to the third-party testing organisations (government designated) for inspection and product registration under the National Medical Products Administration.

As for product recall procedures, the Group has implemented three stages of product recall based on the level of severity to public health and safety. For the lowest stage (product only contains labelling violations), the Group shall recall products that have been shipped out to dealers. For the middle stage (products contain dangers or defects that may cause temporary health issues to consumers), the Group shall recall products that have been shipped to retailers and/or placed on shelves. For the highest stage (product contains dangers or defects that may cause severe harm or death to consumers), the Group shall recall products that have been sold to consumers, as well as publish a

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recall announcement in news media. During the Reporting Year, the Group did not recall any products because of safety and health reasons.

The Group did not have any material non-compliance of the relevant laws and regulations regarding product safety and health. In addition, the Group received no material complaints related to health and safety. All product and service-related complaints were promptly and fully resolved during the Reporting Year.

Data Protection

The Group understands that it has an indispensable responsibility for personal data privacy protection. The Group highly respects personal data privacy and is firmly committed to preserving the following data protection principles:

- Only collect personal data that is believed to be relevant and required for its business operation;
- Using personal data only for the purpose for which the data is collected or for a directly related purpose, unless consent by the data owner is obtained;
- Not transferring or disclosing personal data to any entity that is not a member of the Group without consent from the data owner, unless it is required by law; and
- Maintaining security systems and implementing measures to prevent unauthorized access to personal data.

Due to the extensive expansion of e-commerce, the Group has established control schemes to protect customer data privacy:

- Anyone who needs to access the back end of the database to extract customer information should apply by submitting a form to the Department Head and fully explain the reasons. Each entrant has a corresponding account number for tracing purposes in case of any information leakage found; and
- The Group provides information security training to all employees, especially new employees, to raise their awareness of customer data protection.

There was no non-compliance case noted in relation to data privacy that had a significant impact on the Group during the Reporting Year.

Intellectual Property

The Group extensively invests in Research & Development activities and prides itself on introducing innovative health and personal care products. As of 31 December 2025, the Group has obtained a total number of 40 patent rights, regarding invention, utility model, and design patents. During the Reporting Year, the Group was granted 4 new patent rights. As of 31 December 2025, the Group held a total of 202 officially registered trademarks, 162 of which were registered in the PRC and 40 of which were registered in Hong Kong or overseas. During the Reporting Year, the Group had registered 3 new trademarks in the PRC.

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As stated in the Employment Contract, disclosure of operation-related management and technology, market or financial information, confidential information of customers, products, business operations, designs, inventions, services, and any other trade secrets are strictly prohibited. All new employees must sign the Non-Disclosure and Confidentiality Agreement together with the Employment Contract.

B7. Anti-corruption

The Group stresses maintaining high ethical standards and integrity in its business operations. It strictly follows the Anti-unfair Competition Law of the PRC, Company Law of the PRC, Criminal Law of the PRC, and other laws, regulations and regulatory documents related to commercial bribery.

As stated in the Employment Handbook, all employees are required to carry out the Group's business operation with integrity. Potential or actual bribery, extortion, fraud and money laundering are strictly prohibited. Employees violating such prohibition will be subject to warnings and disciplinary action, including dismissal. In addition to the code of conduct on anti-bribery and anti-corruption mentioned in the Employment Handbook, the Group has issued relevant whistle-blowing channel for stakeholders to report any suspected fraudulent actions to the Group's management directly.

If any employee or third party suspects any misconduct within the Group, they are encouraged to report promptly to the Chairman of the Group Audit and Risk Management Committee. Reports can be made in writing or via email. Upon receiving reports of impropriety, fraud, or violations, all business units must escalate them to the Chairman for appropriate action. Certain business units may have internal reporting channels, which will be periodically forwarded to the Chairman for review.

Furthermore, the Group has implemented the following preventive measures to fight against anti-bribery and anti-corruption in the workplace:

- clear business management and approval process;
- specific guidelines on gifts and entertainment;
- convenient whistle-blowing procedures, and
- declaration of conflict of interest.

As one of the preventative measures for bribery and money laundering, the Group prepares relevant documents as requested by relevant banks as well as the BVI Registered Agent on an annual basis. These documents are signed, sealed and delivered to them for record keeping.

To combat corruption in the business operations and avoid any misconduct incidents, the Group acknowledges the significance of providing anti-corruption training to its employees. During the Reporting Year, all staff members including all Directors were mandated to attend anti-corruption training. The training covered essential topics including HKEX implementation guidance on climate disclosures and anti-corruption culture, Listing Rules enforcement briefings on loans and lending activities, conflict management, workplace strategies under the Prevention of Bribery Ordinance, and business ethics for listed companies.

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To avoid conflicts of interest, the Group has enforced relevant rules in the selection of staff members and/or Directors in dealing with related party transactions. These transactions are reviewed and audited by internal auditors twice a year.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering had been identified during the Reporting Year. During the Reporting Year, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There were no proven legal cases regarding corrupt practices brought against the Company or its employees during the Reporting Year.

B8. Community Investment

The Group endeavours to implement corporate social responsibility and proactively participates in public welfare activities to promote public health. When making contributions or donations, the Group gives priority to the fields of education and poverty alleviation. In the case of hiring staff, priority is given to those who live nearby, for the purpose of promoting the employment in the local community.

During the Reporting Year, the Group has participated in two community engagement events.

Activity Highlight in the Reporting Year

Events	Details
"Bawang Hair Care - Caring for Dadong" Charity Event	Collaborated with the Dadong Street Social Work Service Station in Guangzhou to provide hair care gift packs to over a hundred needy families in the district. The Group was awarded the "Caring Enterprise" plaque.
Sponsorship for "Welcome the 15th National Games · Happy Run on Bio-island"	Partnered with the Guangzhou Federation of Industry and Commerce and the Financial Promotion Association to appear at the launching ceremony of the sports events. The Group offered specially customized BaWang brand sports-specific care packages to the participants.

Understanding that promoting public health is a material issue to its stakeholders, the Group will consider putting more resources in to further enhance its performance in the coming years.