



Labixiaoxin Snacks Group Limited 蠟筆小新休閒食品集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1262



Environmental, Social
and Governance Report

2024

Environmental, Social and Governance Report

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1. ABOUT THIS REPORT

1.1 Overview

The Report is the ninth environmental, social and governance report (the “ESG Report”) prepared and issued by Labixiaoxin Snacks Group Limited in accordance with the Environmental, Social and Governance Reporting Code (the “ESG Code”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange. The Report discloses the Company’s responsible practices in relation to its shareholders, customers, employees, partners, the environment, communities and other key stakeholders, as well as its environmental, social and governance (the “ESG”) performance. The Report covers the financial year from 1 January 2024 to 31 December 2024 (the “Reporting Period”), with some important information backdated to previous years.

1.2 Basis of Preparation

The preparation of the Report is based on the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange, with reference to GRI Standards of Global Reporting Initiative, Guidelines on Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0), Chinese Corporate Social Responsibility Report Preparation Guide (CASS-CSR 4.0) – Food Industry (《中國企業社會責任報告編寫指南4.0之食品行業》) issued by Chinese Academy of Social Sciences and ISO 26000: 2010 Guidance on Social Responsibility issued by International Organization for Standardization.

The Report is prepared based on the requirements set out in the abovementioned standards, and proceeded through identifying and ranking major stakeholders, identifying and ranking important ESG-related issues, defining the scope of the ESG Report, collecting relevant materials and data, preparing reports based on the information collected, and the report reviewing process by the Board, so as to ensure the materiality, quantification, balance and consistency of the content in the Report.

1.3 Reporting Scope and Boundaries

The policies and relevant data provided in the Report cover the head office of “Labixiaoxin Snacks Group Limited” (stock code: HK.1262) and its three subsidiaries in Fujian, Sichuan and Anhui, and the scope of the Report is consistent with that of the annual report. For ease reading, some sections of the Report may include information outside the stated period where appropriate. Unless otherwise stated, the currency used in the Report is RMB.

1.4 Statement about Information and Assurance of Reliability

All information and data used in the Report are extracted from the Company’s formal documents, statistics reports and financial statements. Information of the Report is provided by the Group’s employees and partners, intended solely to disclose environmental, social and governance affairs of the Group, but not for commercial use. The Board of the Company undertakes that the Report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.



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1.5 Reporting Specification

"Labixiaoxin", "the Group", "the Company" and "we" in the Report all represent Labixiaoxin Snacks Group Limited.

1.6 Report Languages Available

The Report is publicly available in English and Chinese. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

1.7 Report Confirmation and Approval

The Report was confirmed by management and approved by the Board on 28 March 2025.

1.8 Feedback on the Report

If you have any questions or suggestions on the content of the Report, please contact the Administrative Department of Labixiaoxin Snacks Group Limited through the following means.

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Tel: 2536 9669
Fax: 2536 0690
E-mail: admin@lbxxgroup.com
Website: www.lbxxgroup.com



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2. INFORMATION OF LABIXIAOXIN

2.1 Company Introduction

Labixiaoxin (Fujian) Food Stuff Industry Co., Ltd. was established in 2000. After two decades of development of the Company, it has now become a leading snack food producer in China, exporting to more than 30 countries and regions across Europe, America, Southeast Asia and Africa. The Company's products cover a wide range of more than 300 varieties, which primarily include jelly puddings, popsicles, candies, baked goods, beverage, cooked food, fast food, and other snack food. In December 2011, Labixiaoxin Snacks Group Limited was officially listed on the main board of the Hong Kong Stock Exchange (stock code: HK.1262), becoming the first Jinjiang food corporate to enter into the capital market. Labixiaoxin has adhered to the product philosophy of "health and nutrition" to insist in using high-quality raw materials. The Group has three production bases in Fujian, Anhui and Sichuan and has more than 850 employees.

In more than two-decade development, Labixiaoxin has been improving its equipment level, manufacturing capability, sound supply chain management capability and strict quality assurance system. In terms of products, Labixiaoxin continues to introduce new products and keeps pace with food industry trends. It successively introduced new snack foods such as fruit & vegetable blend jelly, peel-off juice gummy candy and double-protein pudding, which were aligned current consumer preferences and brought consumers more choices of diverse and premium products and formed a diversified product portfolio. In terms of sales, through a mature distribution network, Labixiaoxin's high-quality products are widely available at home and abroad, forming a strong brand influence.

During the Reporting Period, the revenue from principal activities of Labixiaoxin was approximately RMB866.7 million.

2.2 Corporate Culture and Philosophy

Upholding the corporate mission of "creating a great health undertaking and building a century-old brand", Labixiaoxin is committed to providing consumers with healthy and nutritious products by embracing the corporate vision of becoming "a leading brand in China's snack industry", taking the value of "hard working and struggle, innovation-driven, rigorous and self-disciplined, co-creation and co-sharing", enriching its brand concept of "stick to high-quality snacks, every bite is carefully selected" and adhering to the operation philosophy of "reaching and understanding customers' needs is the origin of our management".

Corporate core values:

- Hard working and struggle (new concept): Represent second entrepreneurial concept of establishing the culture of hard working and struggle for all employees; struggle concept of integrating the diligent culture into the organizations; benchmarking concept of forward-looking, down-to-earth and being practical.
- Innovation-driven (new model): Develop new channels to accelerate channel structural reforms; optimize product categories to expand presence of products; adopt innovative sales models to accelerate the exploration of e-commerce marketing methods; enhance brand image and lead the trend of health; improve mechanism construction and adopt innovative ways for system reform.



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- Rigorous and self-disciplined (new motivation): Strengthen the building of leadership among senior management with “top ten key rules”; establish a scientific and rigorous management style for middle management with military management; optimize work methodology and behavioral models with code of conduct.
- Co-creation and co-sharing (new value): Adopt equity co-sharing and undertaking co-creation for senior management; implement platform co-creation and wealth sharing for distributors; implement quality symbiosis and benefit sharing for suppliers; implement project partnership and results sharing for management; implement all staff co-creation and platform fission for marketing.

2.3 Honors of the Company

Social recognition:

- May 2018: MIIT Certification for the Integration of Informatization and Industrialization Management System;
- May 2019: “Outstanding Enterprise” of Bakery & Confectionery Industry at the 40th Anniversary of China’s Reform and Opening-up;
- September 2019: Outstanding Enterprise at the 40th Anniversary of China’s Reform and Opening-up;
- October 2019: Municipal-level Key Leading Enterprise of Quanzhou’s 9th Agricultural Industrialization;
- May 2022: Human Resource Advanced Enterprise of Jinjiang;
- November 2023: First Top 100 Leading Enterprises in the Agricultural Industrialization of Fujian Province;
- February 2025: Top 100 Taxpaying Enterprises in the Private Economy in 2024.

Brand reputation:

- May 2020: “Labixiaoxin” brand value amounting to RMB2.941 billion based on the evaluation of China Council for Brand Development;
- January 2021: Provincial-level Key Leading Enterprise of Fujian’s Agricultural Industrialization appraised by the Fujian Provincial Department of Agriculture and Rural Affairs;
- 2023: Internationally Renowned Brand appraised by the Fujian Provincial Department of Commerce.

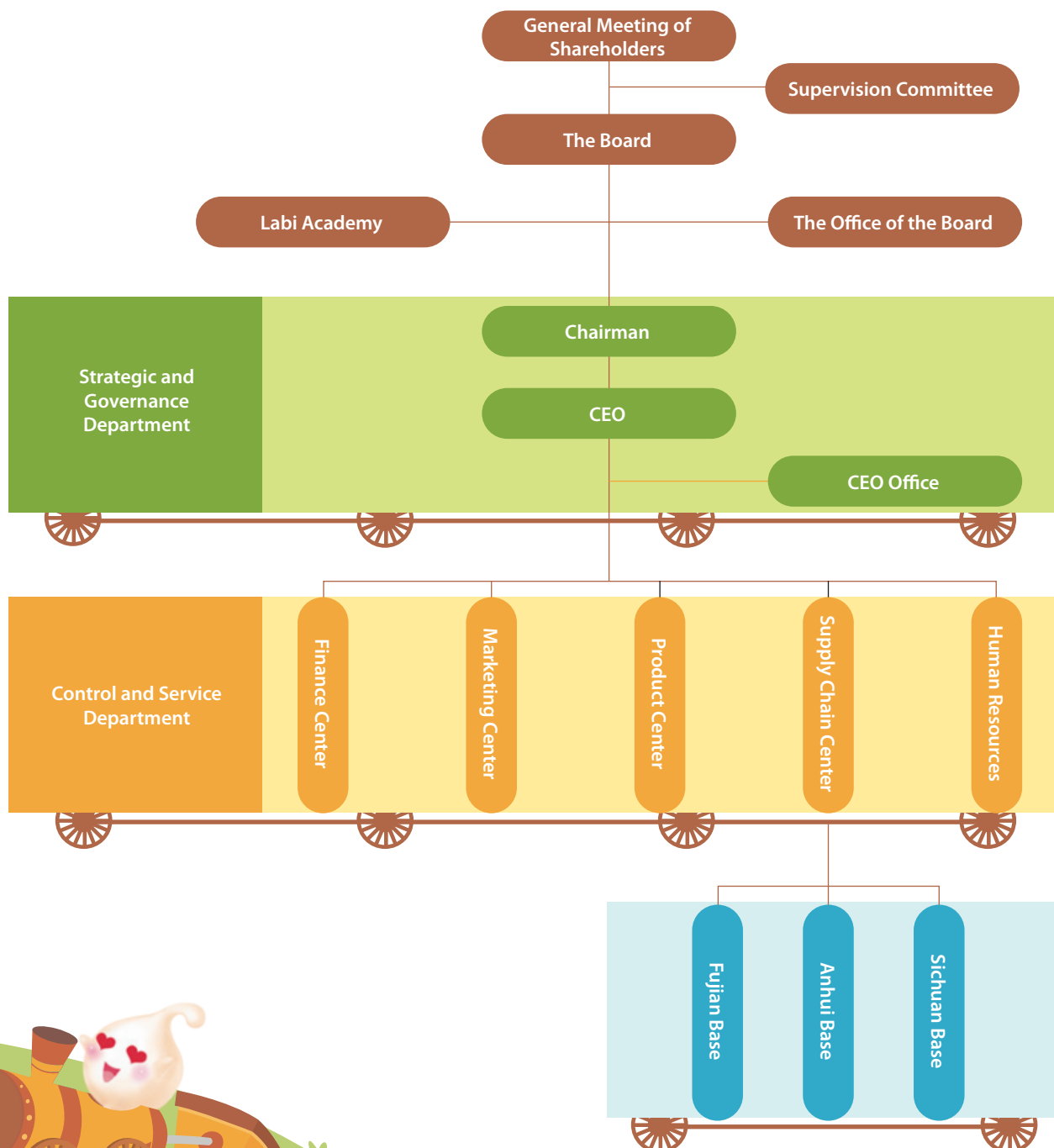


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2.4 Corporate Governance

2.4.1 Corporate Governance Structure

The Group is committed to maintaining a high-standard corporate governance structure in compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Main Board Listing Rules of the Stock Exchange, and Corporate Governance Code and other laws and regulations. The Board of the Company, as the highest authority of the Group, is responsible for all aspects of the Group's strategic planning and the daily operational management, so that the healthy development of the Company and the win-win situation with all stakeholders can be guaranteed. The Board has set up three specific committees, namely the audit committee, the nomination committee and the remuneration committee.



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The Board of the Group currently consists of 7 members (including 1 female director), comprising 3 executive directors, 1 non-executive director and 3 independent non-executive directors.

Executive Directors

Mr. Zheng Yu Huan (*chairman*)

Mr. Zheng Yu Shuang (*chief executive officer*)

Mr. Zheng Yu Long

Non-executive Director

Mr. Li Hung Kong (*vice chairman*)

Independent Non-executive Directors

Mr. Li Biao

Ms. Guo Li

Mr. Chung Yau Tong



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2.4.2 Business Ethics

The Company has always taken business ethics as the cornerstone of business operations and is committed to building an honest and transparent business environment. In order to effectively prevent and crack down on bribery, extortion, fraud, money laundering and other illegal acts, we have established comprehensive anti-fraud mechanism, with special focus on procurement, marketing and other high-risk areas. During the Reporting Period, there was no lawsuit due to the violation of laws and regulations in relation to anti-corruption, anti-bribery, anti-fraud and anti-money laundering.

Anti-corruption Mechanism

Unblocking the reporting channels: Supervision and reporting channels are established, including online reporting, whistleblowing hotline, general manager suggestion boxes, and letters and petitions, to make it clear that employees of Labixiaoxin and parties associated with Labixiaoxin can raise concerns, reporting and investigation procedures for any possible misconduct related to Labixiaoxin. We will take all complaints and whistleblowing seriously and ensure the information security and rights of whistleblowers.

Refining management efforts: The Company has improved its supervision mechanism and enhanced the control over integrity management. For gifts received with a value of RMB100 or above, the Company requires employees to report or hand them in to prevent the transfer of undue benefits. The Company has established an anti-fraud mechanism and conducted regular audits to ensure the reliability and authenticity of financial reports. In terms of anti-money laundering, the Company has signed relevant agreements with suppliers and distributors, which has increased the violation costs, and the relevant data has been directly managed by the senior management so as to ensure the accuracy and security of the data.

Implementing sunshine procurement: The Company has launched an information-based intelligent procurement system to reduce human intervention and ensure the transparency and fairness of the procurement process. In addition, we have signed confidentiality and integrity agreements with suppliers and distributors to control risks at source. In January 2024, the Company successfully organized a supplier conference and invited the Economic Crime Investigation Team of the Jinjiang Municipal Public Security Bureau to give lectures on integrity, further strengthening the integrity awareness of the supply chains.



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Integrity Culture Construction

The Company attaches great importance to the cultivation and dissemination of business ethics culture, requires new employees to sign the Letter of Integrity and Self-discipline, and regularly invites experts from the judicial and public security systems to give lectures on integrity, so as to create a clean and upright corporate environment. In 2024, the Company organized a total of 146 anti-corruption training sessions, covering all management personnel, with a 100% signing rate for the Letter of Integrity and Self-discipline. Through the promotion and popularization of the integrity management culture, the integrity awareness of all employees has been significantly enhanced, further consolidating the Company's foundation in business ethics.

We firmly believe that through continuous efforts and improvement, the Company will achieve greater success in the construction of business ethics, which lays a solid foundation for sustainable development of the Company.

2.4.3 Internal Audit Standards

The Company has always regarded business compliance as the core of corporate governance and has continuously enhanced its management level by focusing on risk prevention and control in accordance with the requirements of laws and regulations. We have formulated a comprehensive risk management framework and policy system, and regularly review the effectiveness of the risk management mechanism to ensure the operation of the Company complies with laws and regulations. In addition, to focus on the ESG risk management, the Company has incorporated the ESG factors into its risk management systems.

- **Risk Management Framework:** The Group has formulated an organizational framework for risk management, which is composed of the Board, the audit committee and the senior management of the Group. The Board determines the nature and extent of risks to be undertaken in relation to the achievement of the Group's strategic objectives and is fully responsible for overseeing the design, implementation and overall effectiveness of the risk management and internal control systems. The Board reviews the effectiveness of such systems at least annually through the audit committee.
- **Risk Management Mechanism:** The Group has formulated and adopted risk management policies that provide guidance for the identification, evaluation and management of significant risks. The senior management identifies, at least annually, the risks that could adversely affect the achievement of the Group's objectives and evaluates and prioritizes the identified risks according to a set of standard criteria, with a view to developing risk mitigation plans and assigning risk owners to risks that are considered to be significant.



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- Risk Management Review: The Group has engaged an independent professional advisor to review the Group's risk management and internal control systems as well as internal audit function. The independent professional advisor has identified deficiencies in the design and implementation of internal controls and has made improvement recommendations. The internal audit department is responsible for performing an independent review of the adequacy and effectiveness of the Group's risk management and internal control systems. It reviews key issues relating to accounting practices and all material controls and provides its findings and improvement recommendations to the senior management of the Company. Significant internal control deficiencies will be promptly reported to the audit committee and the Board to ensure that timely remedial actions are taken.

In 2024, the Company further improved its internal control systems by launching internal system construction reviews, adding and updating 11 system documents, and optimizing 123 OA processes to ensure that authorizations were strictly carried out according to online processes. Projects such as infrastructure, technological improvement and research and development of new products were managed in an online closed-loop manner throughout each link from project inception to acceptance, and procedural risks were effectively reduced through the continuous optimization of online processes.

3. ESG MANAGEMENT

3.1 ESG Management Principle

While focusing on production, Labixiaoxin always makes repaying society as the shared core value for its management and employees. We incorporate the concept of sustainable development into the gene of corporate culture. The Group actively fulfils its social responsibilities and is committed to protecting the health of consumers, creating win-win opportunities for shareholders and partners, and contributing to the progress of society.



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Since the establishment of Labixiaoxin, the Group has always adhered to the principles of “Four Persistences”:

- The Group sticks to the “green food” management principle to guarantee the safety, quality, healthiness, and nutritiousness of the products it offers;
- The Group never stops offering care and support to its employees to enhance their sense of recognition and belongings to the Group. It resolutely safeguards employees’ benefits, and builds a working atmosphere that is harmonious and proactive;
- The Group strictly follows low-carbon and environmental friendliness rules in every aspect. It works hard to achieve energy conservation and emission reduction by increasing efficiency, minimize the impact on the environment, and promote sustainable development;
- The Group makes relentless devotion to charity cause, fulfills corporate social responsibility, delivers care and health to communities and the public and contributes to the healthy development of communities and the public.



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3.2 ESG Management Mechanism

To ensure the implementation and execution of the ESG management strategy, Labixiaoxin incorporates ESG management work into its daily operating activities and establishes a three-tier ESG management system, the core of which consists of the Board of the Group, the ESG Management Group and the ESG Working Group.



Organization	Composition	Responsibility
The Board	The Members of The Board	As the top decision maker of the ESG management system of the Group, it is responsible for identifying and assessing ESG related risks;
		It ensures that the Group has set up appropriate and effective ESG risk management system and internal control system;
		It is responsible for reviewing the annual ESG report and work plan.
The ESG Management Group	The Management of the Group	It mainly serves as the supervision function in the ESG management system, and is responsible for monitoring and managing the daily operation of ESG risk management and internal control systems;
		It coordinates the daily work of the ESG Working Group;
		It reports the operation of the systems to the Board on a regular basis.
The ESG Working Group	The Core Departments include the Sales Department, the Human Resources Department, the Procurement Department, the Quality Inspection Department and Production Bases of the Group	It is responsible for executing all ESG related work, including collecting data, preparing report, communicating with stakeholders, arranging exchange and training activities;
		It leads the implementation of ESG work to help the Board and the ESG Management Group to assess whether the Group's ESG management system is appropriate and effective.



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3.3 Communication with Stakeholders

Based on its business scope and nature of production and operation, Labixiaoxin identified stakeholders who have decision-making power and influence on the operational matters of the Group, including the Company's employees, customers, suppliers, investors, local communities, government and non-government organisations. Effective engagement of the stakeholders is crucial to Labixiaoxin's ESG management. Therefore, the Group attaches great importance to the communication with stakeholders and is dedicated to setting up a normalized, open and transparent communication mechanism for stakeholders, which is a key measure for Labixiaoxin to fulfill and promote social responsibility. Through close communication and information sharing with the stakeholders, the Group can further understand stakeholders' expectations and demands on Labixiaoxin's assuming social responsibility. While striving to fulfill the basic social responsibility, the Group endeavors to integrate the demands and concerns of stakeholders into the operation and decision-making process of the Company, thereby achieving a win-win situation with stakeholders.

Communication Mechanism for Stakeholders

Stakeholders	Shared Targets	Communication and Feedback Channels
Shareholders and investors	<ul style="list-style-type: none"> Assets preservation and appreciation Steady growth in return on investment Risk and crisis management Development of new markets and new opportunities 	<ul style="list-style-type: none"> General meeting of shareholders Annual report Special meetings News and announcement published on the website of the Company
Government and regulatory authorities	<ul style="list-style-type: none"> Operation compliance Tax compliance Contribution to local economic development 	<ul style="list-style-type: none"> Supervision and performance evaluation Correspondence Voluntary tax payment Special meetings
Consumers	<ul style="list-style-type: none"> Product safety and quality Smooth feedback channels Customer satisfaction Diverse product choices 	<ul style="list-style-type: none"> "Green food" management principle Customer service hotline WeChat official account/official Weibo Online mall Product quality management system
Suppliers	<ul style="list-style-type: none"> Fair, open and impartial procurement Supply chain management Code of business conduct and anti-corruption Long-term and stable cooperative relationship 	<ul style="list-style-type: none"> Supplier site visits Supplier tendering Supplier meetings Distributor training Supplier strategic cooperation negotiation



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Stakeholders	Shared Targets	Communication and Feedback Channels
Environment	<ul style="list-style-type: none"> • Environmental protection • Energy conservation and emission reduction 	<ul style="list-style-type: none"> • Regular environmental assessment • Technology upgrading • Environmental management plan
Employees	<ul style="list-style-type: none"> • Occupational health and safety • Wages, benefits and security • Employees' rights and interests • Occupational growth platform 	<ul style="list-style-type: none"> • Employee activity • Occupational health and safety management system • Employment and employees' rights • Employee training and development • Labi academy • Enterprise journal
Communities	<ul style="list-style-type: none"> • Public welfare undertaking • Activities for repaying the community • Contribution to local economic development 	<ul style="list-style-type: none"> • Support development of education industry • Products donation and charitable contribution • Be warmhearted to public service • Stimulation of local industrial development

3.4 Analysis of Material Issues

Since its establishment, Labixiaoxin has been keeping sound communication with stakeholders, timely understanding and actively responding to stakeholders' requirements so as to constantly improve the Group's sustainable development ability. On the basis of requirements of the ESG Code of the Hong Kong Stock Exchange and with reference to practices of leading enterprises at home and abroad, Labixiaoxin systematically analyzes, classifies, selects and ranks issues that reflect the Group's economy, the significant environmental and social impact and those have material impact on stakeholders' assessment and decision making, which is taken as the important basis of managing and public disclosure of ESG information.

Identification of Issues

Labixiaoxin focuses on characteristics of its business and key areas of the industry, conducts multi-dimensional analysis of material issues, to complete the identification and updating of the material issues list. The Board is responsible for identifying and assessing the impact and possible risks the Group's businesses may bring to the environment, the society, and the corporate governance, and identifying material environmental, social and operational issues after the consolidation in accordance with the ESG Guide.

- Policy trend analysis: Adhere closely to the national strategy, conduct in-depth research on policies and regulations of the country and various provinces and cities, and in combination with regulatory requirements of the snack food industry, and analyse the sustainable development trends of the industry;
- Company development plan: By taking investment strategies, operational strategies and annual plans into consideration, identify issues that are of significant importance and business relevance to the Company's development;



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- Disclosure standard analysis: Refer comprehensively to the ESG Reporting Code of the Hong Kong Stock Exchange, GRI Standards, Sustainable Development Goals (SDGs), and Standards of Sustainability Accounting Standards Boards (SASB), etc.;
- Capital market analysis: Refer to the material issues covered by ESG-related ratings and indices;
- Peer benchmarking analysis: Refer to the ESG reports of leading domestic and international peers, and identify the issues they focus on;
- Stakeholder concern analysis: Based on the feedback from stakeholders across various channels, identify the key issues they focus on.

During the Reporting Period, we reviewed and appropriately updated and adjusted the issue database and the importance of the issues through the above multi-dimensional analysis.

Scope	Issues	Changes from the previous year
Environment	Climate change response Biodiversity conservation Energy management Water resources management Emissions management	Change "Environmental protection" to "Climate change response" and "Biodiversity conservation", closely following the regulatory trends, and gradually increasing the degree of attention to matters related to climate change and biodiversity. Following the relevant standards, change "Use of resource" to "Energy management" and "Water resources management". Change "Waste treatment" to "Emissions management" with the purpose of extending the connotation of the issues.
Society	Guarantee of employee rights and benefits Employees' occupational health and safety Employee development and training Diversity, equality and inclusion	Change "Employees' salary and benefits" to "Guarantee of employee rights and benefits" with the purpose of extending the connotation of the issues. Introduce the "Diversity, equality, and inclusion" issue and strive to implement the concepts of anti-discrimination, respect, and equality across all business processes.
Governance	Public welfare undertaking Supply chain management Food safety and nutritiousness Product quality management Customer service Intellectual property protection Business ethics Compliance governance	Merge "Public welfare undertaking" and "Community activity" into "Public welfare undertaking" with the purpose of refinement the connotation of the issues. Merge "Promote supply chain to perform social responsibility" and "Supply chain risk management" into "Supply chain management" with the purpose of combination the connotation of the issues. Change "Anti-corruption" to "Business ethics" with the purpose of extending the connotation of the issues. Introduce the "Compliance governance" issue to ensure that enterprises have a stable governance structure to make unremitting efforts to achieve sustainable development.

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Review and Confirmation

Through the abovementioned assessing process, 17 key ESG issues that are important to the Group are identified; by the review of the Board and the ESG management group of the Group, they become the core part of the Report, which means that Labixiaoxin should focus on the monitoring and management of such issues and disclose relevant information.

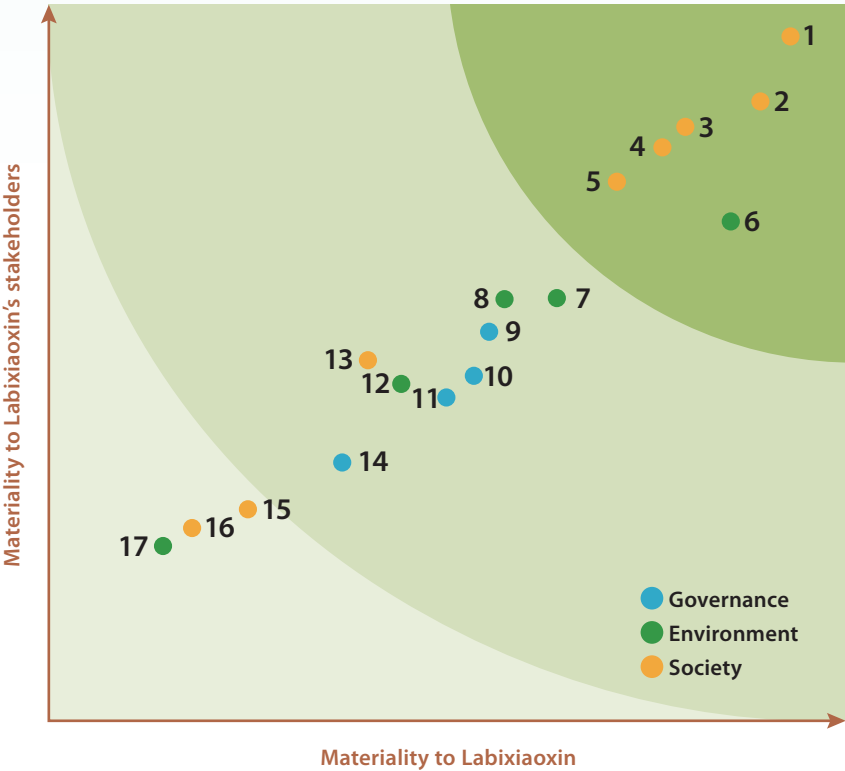
Labixiaoxin's ESG Material Issues

Issues	Ranking	Importance degree
Product quality management	1	Higher Importance
Food safety and nutritiousness	2	
Employees' occupational health and safety	3	
Customer service	4	
Guarantee of employee rights and benefits	5	
Energy management	6	Medium importance
Emissions management	7	
Water resources management	8	
Intellectual property protection	9	
Business ethics	10	
Supply chain management	11	
Climate change response	12	
Employee development and training	13	
Compliance governance	14	Importance
Diversity, equality and inclusion	15	
Public welfare undertaking	16	
Biodiversity conservation	17	



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ESG Materiality Issues Matrix of Labixiaoxin in 2024



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4. CONTINUOUSLY EMBRACE INNOVATIONS AND KEEP MOVING FORWARD

4.1 Diversified Product Portfolio

Since its establishment in 2000, Labixiaoxin has always been consumer-centric, focusing on the snack food industry, and has accumulated more than 20 years of experience in the industry. In the face of increasingly diversified and personalized consumer demands, the Group has insisted on improving the taste of its products through technological innovation and satisfying the needs of various consumer groups with product innovation, and has built up a rich and mature product portfolio of leisure snacks, including jelly puddings, popsicles, candies, cooked food, beverages and others.

The Company has always been guided by market demand. While strictly controlling product quality, ensuring product safety, optimizing nutritional composition and keeping innovating in research and development, the Company actively expands the diversified product portfolio to meet the varied demands of consumers. During the Reporting Period, thanks to accurate market insights and investment in research and development, the Company has successfully rolled out a series of new products, further enriching our product lines.

To meet the market demand, Labixiaoxin has launched the following featured product series:

- Jelly pudding series: greengage konjac jelly, greengage konjac & coconut jelly, fruit-flavored jelly, fruit & vegetable blend jelly, Fresh Q (鮮Q) mixed jelly bucket, creamy coconut milk pudding, double-protein pudding;
- Popsicle series: yogurt ice cream flavored pudding, crushed fruit ice milk stick, probiotic smoothie popsicle, smoothie popsicle;
- Candy series: Meiqu (美趣) peel-off juice gummy candy, coconut candy, shaped gummy candy, shaped gummy candy grab bag, creamy milk crisp, black truffle cocoa cereal crisp;
- Cooked food series: hot pot shrimp slider, boneless chicken feet, shrimp cakes with fruits and vegetables, low-fat shredded konjac;
- Beverage series: Fresh Q (鮮Q) vitamin C juice tea, mango pomelo sago beverage, passion fruit & pineapple beverage, high-fiber juice blend, drinkable white fungus botanical beverage.

In 2024, to meet the ever-growing and diverse needs of consumers, the Company introduced 2kg large-sized jelly product that is ideal for sharing, which gained great popularity in the market. Meanwhile, with a focus on the nutritional value of products, the Company rolled out new konjac jelly products with added nutrients to enhance their health benefits. In addition, the Company has increased the juice content of certain products through technological upgrades, and added multiple flavors such as mixed berry, double orange, and double pomelo, further enhancing the market competitiveness of our products.



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4.2 Iterative Product Innovation

Guided by consumer needs, we keep delving into market insights, and firmly adhere to the strategic policy of “leading the market with products and driving development with innovation”. While continuously upgrading product quality, we pay special attention to the health and nutritional features of our products, actively responding to the elevated demands of modern consumers for food quality. Through constant exploration and innovation, we are devoted to developing top-notch products that match the current trends and consumers’ preferences. Our aim is to produce leisure food that offer both health benefits and wonderful tastes, ensuring that every consumer can savor a delightful flavor and enjoy health safeguards.

Our product research and development adheres rigorously to scientific standards keeps up with the modern health trends. In 2024, in response to the national plan for nutrition and chronic disease prevention, we introduced a range of healthy foods with reduced sugar and fat, as well as zero-sugar and zero-fat products, to satisfy the healthy dietary needs of certain groups. We also strive to solidify our dessert identity and positioning as the “master in healthy flavor puddings”. Through collaborative research and development with international experts, we have established a whole new lineup of pudding products, including steamed milk pudding, fresh milk pudding, probiotic pudding, creamy coconut milk pudding, double-protein pudding, ice cream pudding, and cheese pudding.

In terms of raw materials, the steamed milk pudding and fresh milk pudding products are made from premium milk powder imported from New Zealand, and treated with high-temperature sterilization to eliminate harmful pathogenic bacteria in milk, while ensuring that the nutrients and flavor of the fresh milk remain undamaged.

In terms of product formulations, the steamed milk pudding products have 30% less sugar, and the fresh milk pudding products contain no gelatin or trans fats in the production. Thus, consumers can enjoy high-quality puddings that are both delicious and trendy, as well as healthy and nutritious. We keep refining the product formulations, cutting down on the use of food additives and increasing the fruit juice content, so as to live up to consumers’ hopes for healthier food options.



Cheese Pudding



Fresh Milk Pudding



Double-protein Pudding

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4.3 Omni-channel Product Operation

As a modern enterprise stick to “online + offline” omni-channel integrated development, we dedicate focused efforts in traditional offline channels by building a nationwide sales network, and also actively expand our presence on online e-commerce platforms to form a complementary and symbiotic marketing pattern, which enables our products to penetrate the market efficiently and reach target consumers precisely. The Company has set up an in-house short-video production and operation team, dedicated to creating short videos tailored for different groups and conducting targeted promotion based on various platforms and products. During the Reporting Period, Labixiaoxin had a large sales network of thousands of distributors and tens of thousands of retail terminals, covering 33 provinces, cities and special administrative regions across China.

Offline channels

We keep our focus on diverse offline sales networks including large retail supermarkets and snack chain stores, covering a broad range of regions from first-tier cities down to lower-tier markets. We have established and worked on solidifying long-term and stable cooperation with our offline channel partners, and collaborated with them to explore models such as “online ordering and offline pickup” or “offline sampling and online repurchase”, aiming to improve consumers’ experience. During the year, we achieved remarkable progress in snack mass-selling channels and e-commerce platforms, and reached profound cooperation with major leading brands in the snack mass-selling sector. As of the end of the Reporting Period, our distributor network has extended to 354 partners, laying a solid foundation for the extensive availability of our products.

- Large-scale retail supermarkets: Our partners include Walmart, Carrefour, Yonghui and RT-Mart, etc.. Besides, we have set up “Special Area for Labixiaoxin” in some supermarkets, aiming to enhance brand recognition and consumer experience through a unified brand image and themed presentation. By rolling out new products via supermarket channels, we rapidly break into the market by virtue of high passenger flows and consumers’ trust in supermarkets.
- Snack chain stores: Our partners include Bestore, Lyfen, Busy for You and Super Ming, etc.. Our products are marketed under the concept of “healthy leisure snacks”, and are mainly in small packages which are convenient to carry, catering to certain consumers’ desire for snacks that can be bought and eaten right away. We also join forces with some snack stores to release co-branded products, creating unique consumption experiences with the distinctive features of both brands.



Offline-end Promotion

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2024 Distributors' Conference: "In the Name of Spring, Meeting Friends with Inscribed Memories"

We continuously enhance our collaborative consensus with offline distributors. During the year, we successively held New Year partner meetings with distributors in cities such as Jinjiang, Chengdu and Hefei, at which we affirmed our firm commitment to omni-channel operation, the development of top-notch products and the cultivation of key customers. The conference has enhanced the communication with our customer partners, and helped us have a better understanding of market demands and feedback. We will persist in upholding the "consumer-centric and quality-based" principle, constantly improving our products and services to offer consumers premium, healthy and delicious food items.



Offline Distributors' Conference

Online channels

In terms of online channels, Labixiaoxin has made a full-scale strategic arrangement on major e-commerce platforms and social e-commerce platforms, reaching out to consumers through methods such as live-streaming sales promotion, KOL promotion and private domain traffic operation. With the clear positioning as a provider of healthy snacks, the Company rapidly launches new products. Through data-driven approaches, it refines its operation strategies to optimize the online-offline coordination. As a result, Labixiaoxin has successfully boosted brand exposure and user loyalty, laying a solid foundation for continuous growth.

- Layout on mainstream e-commerce platforms: Labixiaoxin has settled in Tmall, JD.com, Pinduoduo, Douyin Mall, Kwai Shop and other major e-commerce platforms, covering a large number of online consumers and actively engaging in large-scale e-commerce promotion activities.
- Social e-commerce and new retail: Labixiaoxin has opened official accounts on social platforms including WeChat Mini Programs, Xiaohongshu, Douyin and Kuaishou. By live streaming, releasing short-videos and posting notes, we carry out content marketing and interactive campaigns to draw in young consumers. We initiated topic discussions like "Top Picks of Healthy Snacks" and "Childhood Memory Surge" on these social platforms, aiming to strengthen the emotional bond between our brand and consumers.

Through delicate channel management and distinctive marketing strategies, we have successfully increased our brand influence and market share. The coordinated development model involving multiplied channels not only streamlines our operations but also sets a strong groundwork for the sustainable development of the Company.

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4.4 Patent-driven Innovation

Labixiaoxin always takes innovation as the core driving force and is committed to promoting the upgrading and development of China's leisure snack industry. By relying on the National Health and Production Commission Functional Food Research Institute (全國健康產委功能食品研究院) and the self-built technology research and development center, the Group has set up a comprehensive technology research and innovation system. By leveraging the intellectual resources from the National Health and Production Commission and the Secretariat of the Functional Food Association, as well as the technical expertise of universities and scientific research institutes, the Group has established a talent development model that combines "attracting high-end talents with internal cultivation". Building on this foundation, Labixiaoxin has fully utilized its strengths in patent innovation to continuously launch high-quality and diverse new products, meeting the market's demand for healthy leisure snacks.

Patent certificates and awards in recent five years:

- September 2019: First Class Prize of Fujian Provincial Technological Progress Award 2018;
- November 2022: Third Class Prize of Fujian Provincial Technological Progress Award 2021;
- 2022: A total of 7 patents have been applied for and accepted;
- 2023: A total of 7 patents have been applied for and accepted;
- 2024: A total of 5 patents have been applied for and accepted.

4.4.1 Intellectual Property Management System

The Company highly values intellectual property protection, and views it as the cornerstone of an enterprise's sustainable development. We strictly abide by relevant laws and regulations including the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, and the Anti-Unfair Competition Law of the People's Republic of China. Referring to international standards and best practices, we actively protect our own intellectual property rights while fully respecting those of others, and comprehensively strengthen the management of intellectual property rights.

Protect Our Intellectual Property Rights

We place a high premium on safeguarding our intellectual property. We earnestly implement the requirements under intellectual property laws and regulations, and make sure that in the course of our innovation endeavors, our legitimate rights and interests are comprehensively safeguarded through means such as patent applications, trademark registration and litigation for rights protection.

Respect Others' Intellectual Property Rights

We hold respect for the intellectual property of others. We take steps to prevent and firmly ban all types of infringement acts, protect the legitimate rights and interests of others from being encroached upon, and strive to build an innovative environment that respects intellectual property and promotes fair competition.



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"Innovation is the primary driving force behind development, and protecting intellectual property is synonymous with protecting innovation". Based on this core idea, the Company has adopted a series of effective measures to ensure the comprehensive protection of its intellectual property, and minimize and address potential risks as much as possible. During the Reporting Period, the Company did not record any lawsuit related to intellectual property, which fully showcases the effectiveness of our intellectual property protection strategy and our unwavering commitment to its execution.

5. FULL NUTRITION AND ASSURED QUALITY

In strict compliance with a series of laws and regulations on food production and operation, food package, food safety and utilization of food additives, including the Food Safety Law of the People's Republic of China, GB14881-2013 National Standard of Food Safety – General Hygienic Regulation for Food Production (《GB14881-2013食品安全國家標準食品生產通用衛生規範》), Food Hygiene Supervision Procedures (《食品衛生監督程序》), GB12695-2016 National Standard of Food Safety– Hygienic Regulation for Beverages Production (《GB12695-2016食品安全國家標準飲料生產衛生規範》) and GB7100-2015 National Standard of Food Safety – Cookies (《GB7100-2015食品安全國家標準餅乾》), Labixiaoxin prioritized consumer interests, ensured strict adherence to relevant laws and regulations during the process of production and processing, packaging, storage and transportation and resolutely guaranteed product quality and safety, aiming to provide consumers with high-quality, safe and nutritious foods and striving to make contribution to public health.

In the development of our quality management system, we began at the supply chain source by implementing a rigorous supplier selection and evaluation system. Through comprehensive supplier audit management, we ensured the safety and stability of raw materials. During production, we strictly adhered to relevant laws and regulations and quality management system (QMS) requirements. By employing scientific production process and technology and standardized operational procedures, we guaranteed that every stage of the product lifecycle meets high-quality specifications. To maintain system efficacy, both management and staff of the Company have undergone quality-related legal education and professional training on quality management and regular internal audits and self-inspections of the QMS are conducted.



Product Quality Management System

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5.1 Supply Chain Management

In supply chain management, we strictly comply with laws and regulations encompassing business ethics, environmental protection, and human rights governance. We continuously refined supplier qualification criteria, enhanced our supply chain management system, and actively assisted suppliers in improving product quality. Through qualification audits, supervision and inspection, capacity-building initiatives, and responsible supply chain practices, we implemented multi-tiered verification mechanisms to jointly establish a sustainable and responsible supply chain system.

During the Reporting Period, Labixiaoxin established sound cooperative relationships with 411 suppliers of raw materials, auxiliary materials and packaging materials, including 195 suppliers from local production bases (in Fujian province, Anhui province and Sichuan province) and 216 non-local suppliers, with local suppliers accounting for 47.4%.

Regional Distribution of Suppliers

Province	2024 (number)	Percentage (%)
Beijing	5	1.22%
Tianjin	4	0.97%
Hebei	6	1.46%
Liaoning	3	0.73%
Shanghai	17	4.14%
Jiangsu	22	5.35%
Zhejiang	24	5.84%
Anhui	25	6.08%
Fujian	141	34.31%
Jiangxi	8	1.95%
Shandong	15	3.65%
Henan	14	3.41%
Hubei	11	2.68%
Shanxi	1	0.24%



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Province	2024 (number)	Percentage (%)
Guangdong	67	16.30%
Guangxi	2	0.49%
Hainan	7	1.70%
Sichuan	29	7.06%
Chongqing	2	0.49%
Yunnan	1	0.24%
Shaanxi	2	0.49%
Gansu	2	0.49%
Inner Mongolia	3	0.73%
Overseas	0	0.00%
Total	411	100%

Pre-qualification of Suppliers

The Company has established a rigorous pre-qualification review mechanism. It has formulated the Supplier Management Regulations (《供應商管理規定》), stipulating the adoption of the procurement management strategy of group centralized procurement and the selection of high-quality suppliers through open tenders. At the same time, through the form of separation of power and responsibility management, the procurement of materials, such as cartons and other items that are of minor market variations and do not directly affect the product, was delegated to each production base for independent purchasing, which has effectively reduced procurement costs and risks while enhancing procurement efficiency. Under equal quality conditions, the Company prioritized locally sourced raw materials to support regional economies, fostering long-term partnerships with local suppliers. These collaborations drove the development of related industrial chains and elevate local industry standards.

We have incorporated ESG-related factors such as environmental management and employee rights management into our supplier evaluation criteria. This ensured that all approved suppliers meet our stringent qualification requirement while continuously advancing their social responsibility commitments. Environmentally conscious suppliers were prioritized and required to submit valid certification documents for verification. We actively promoted the adoption of eco-friendly products and services among suppliers, conducting regular audits and appraisals to ensure their compliance with sustainability requirements. Additionally, our procurement department collaborated with the group's quality control department to conduct factory inspections of small business suppliers with reference to external systems and oversee their corrective actions such as environmental upgrades.

Supplier Supervision Mechanism

We continued to implement quality assessment, unannounced inspection and tiered supplier management. To ensure the quality of procurement, the Group has fully implemented a policy of on-site inspection of suppliers, and has conducted detailed and comprehensive surveys on suppliers covering a wide range of dimensions, including technical standards, quality inspection standards, equipment conditions, brand recognition and quality assurance methods, etc..



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Enhancement of Supplier Capabilities

To further enhance the overall standard of suppliers, the Group's quality control department and procurement department regularly conducted on-site audits on key suppliers. For underperforming suppliers, resident engineering team provided targeted support to improve their environmental protection and quality and safety capabilities. In 2024, the overall performance of suppliers was good, and some outstanding suppliers were graded as "Gold Medal Suppliers" and "Outstanding Suppliers", and procurement shares were adjusted in alignment with their performance results.

Supplier Exclusion

The Group assesses suppliers based on the four dimensions of quality, price, delivery and service, and classifies them into A-C grades based on assessment results. Labixiaoxin will continue to establish stable partnerships with excellent A-grade suppliers and provide them with preferential policies, propose improvement measures to potential B-grade suppliers, provide coaching and support to qualified C-grade suppliers, and remove unqualified suppliers, in order to ensure the high quality of raw materials for its products.

5.2 Product Quality Management

Labixiaoxin integrates product quality management throughout the entire life cycle of its business, covering quality system construction, process control, product testing, warehousing and transportation up to the end of sales and recall management, etc. Through standardized operating procedures, advanced testing technology and digital traceability systems, we ensure that our products are monitored and traceable throughout the process, so as to protect food safety and quality in all aspects and provide consumers with a safe and healthy experience of snack foods.

The Company has always prioritized product quality management, adhering to the "quality and brand supremacy" business philosophy, and established a comprehensive product quality and safety management system. During the Reporting Period, we consistently maintained multiple international and domestic authoritative certifications including ISO 9001 Quality Management System, HACCP Food Safety Management System, BRC Global Food Safety Standard, Indonesian Halal Certification, and 4P Certification to ensure our products meet high-quality standards.

5.2.1 Control and Management on Production Process

To ensure quality control in production processes, Labixiaoxin strictly complies with relevant laws and regulations and quality management system requirements. Based on its operational realities, Labixiaoxin fully implements control mechanisms and standards including the HACCP Program and Sanitation Standard Operating Procedures (SSOP) throughout production. By integrating information technology, it guarantees efficiency, standardization and professionalism of the production process, techniques and operations. This approach enhances scientific rigor and standardization in production management while comprehensively safeguarding product safety and protecting consumer rights.



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Production Control System

- HACCP Program (Hazard Analysis and Critical Control Point for Food Safety)

The HACCP Program serves as both a framework and the regulatory document for the Group's food safety management, which stipulates the organizational structure of the food safety team of Labixiaoxin, product description, production process flow chart, production process description, hazard analysis worksheet, HACCP plan table, corrective procedures and verification procedures. It defines the process composition, the process sequence, and the interaction between processes necessary for the HACCP Program, and the guidelines and methods for effective control of critical control points. Through monitoring, measurement and analysis, it takes necessary improvement measures to ensure the implementation of Labixiaoxin's food safety policies and objectives.

- Hygiene Standard Operation Procedures

Hygiene Standard Operation Procedures are the basis and guarantee of the Group's HACCP Program, which set out the standards of performing cleaning, disinfection and hygiene procedures in the course of food processing, and clarifies the monitoring of eight key production elements, i.e. water quality monitoring, food contact surface monitoring, cross contamination monitoring, disinfection and hygiene monitoring, pollutant monitoring, toxic chemical monitoring, employee health and hygiene monitoring, and insect pest monitoring, therefore further ensuring the healthiness and hygiene of products.

Control with Informatization Technology

Furthermore, Labixiaoxin has achieved intelligent quality control across the entire product process through an information system, and the risk of product quality is managed in an informatized way from four dimensions, namely raw material inspection, production process, product delivery and SOP testing, with each functional department controlling the risk of different dimensions. Through the quantitative indicators of the system, Labixiaoxin can rapidly access real production information and promptly address critical issues. In response to the problems found, Labixiaoxin will facilitate inter-departmental information sharing and set up a quality improvement team as soon as possible according to the procedures, and the task force will execute 8D quality improvement projects to analyze and investigate the causes of the problems found, and then formulate and implement strategic solutions.

In 2024, Labixiaoxin collaborated with Huawei Cloud and Heihu Zhizao (黑湖智造), utilizing digital technologies to fully digitize the production processes. Paper-based documents were replaced with digital information, and backend systems directly aggregated data, eliminating the need for multi-layered inquiries. This enabled rapid adjustments to production plans, effectively mitigating the high waste and labor costs associated with small-batch production.



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5.2.2 Product Inspection

Regarding product quality verification procedures and processes, we have implemented a multi-layered strict control system. From incoming raw material inspections to intermediate checks during production, and finally the final inspection of finished products, each stage undergoes rigorous quality screening

In terms of product quality inspection, we employ multiple control measures. Starting with raw material inspections, followed by in-process inspections during manufacturing, and concluding with the final testing of finished products, every step is subject to stringent quality control checks.

- Inspection and Testing on Raw Material

Labixiaoxin requires that raw materials must be delivered together with a delivery inspection report provided by relevant vendor. The Group will gather samples from incoming shipments for testing in accordance with the requirements, and raw materials that do not meet the standards shall be returned immediately.

- Inspection in the Production Process

QC staff shall carry out comprehensive pre-production inspections in accordance with relevant requirements, including inspecting billboards, equipment, machine hygiene and various production resources, as well as verifying ingredient mixing processes, parameters, main materials, auxiliary materials and filtering devices.

In the production process, QC staff shall provide respective positions with inspection guidelines. Each position shall implement multi-tiered supervision measures, including self-inspection, inspections and real-time monitoring in accordance with the guidelines to ensure compliance with process requirements in both production and disinfection processes.

- Final Product Inspection

Inspectors are responsible for sampling and documentation of semi-finished products or finished goods in accordance with the Group's Product Outgoing Inspection Management System. The testing lab performs random inspections on each batch of finished products, covering microbiological indicators, raw material visual inspection, and professional physicochemical property testing, and provides corresponding test reports to ensure all finished products comply with national standards and the Group's quality requirements.

To ensure the objectivity and accuracy of testing, the Company has engaged a third-party professional testing agency to conduct independent verification of all product quality metrics. This comprehensive series of rigorous testing procedures and measures ensure the reliability of product quality, thereby providing a solid foundation for the sustainable and healthy development of the enterprise.



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5.2.3 Warehousing and Logistics

To ensure product quality and safety, the Company has implemented rigorous standards and procedures in warehousing and logistics management. Products stored in the warehouse are strictly stacked following the “off-floor and off-wall” principle, maintaining a clean storage environment that is rodent-proof, moisture-proof, and temperature-controlled to preserve product quality. Additionally, the Group engages external professional teams monthly to conduct risk inspections and eliminate potential hazards, ensuring optimal storage conditions.

In the logistics processes, the Company has implemented multiple measures to ensure the safety and efficiency of transportation. The logistics department conducts rigorous inspections of vehicle hygiene conditions and driver qualifications prior to transportation, allowing only vehicles and personnel that have passed inspections to handle transportation tasks. The Company performs annual qualification reviews of logistics service providers and ensures high-quality services through customer satisfaction surveys with consignees. Should any issues arise during transportation, the Group will proactively coordinate with logistics service providers to investigate and resolve them, guaranteeing timely problem resolution.

To enhance logistics efficiency, the Company has optimized transportation strategies by adjusting delivery radii of shipping area to reduce cargo handling cycles. In 2024, inventory turnover days were shortened by 6 days compared to 2023, thereby lowering freight costs and risks of goods damage. Additionally, the logistics department has introduced a vehicle arrival reservation system, which significantly reduces vehicle waiting times and loading durations, markedly improving overall logistics efficiency.

5.2.4 Product recalls

The Company has established a comprehensive Product Traceability Management System to ensure product quality and safety can be traced. In the event of product recalls due to safety or health reasons, the Company has mature withdrawal and recall procedures in place to address such situations. Notably, no sold or distributed products were recalled for safety or health reasons during the reporting period from 2022 to 2024, reflecting the high safety standards and reliability of the products.

In terms of product safety and health, the Company has comprehensive quality management regulations and operational manuals to ensure every process complies with established standards. Regarding the product recall mechanism, although it was not adjusted in 2024, the Company has established a robust recall procedure to respond promptly when necessary. In 2024, the Company achieved a 100% compliance ratio in food safety and a product qualification ratio exceeding 99%, fully demonstrating the effectiveness of the Company’s quality management system and the high safety standards of products.



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Product Quality Data for 2022-2024

Year	Product qualification ratio	Food safety compliance ratio	Percentage of total products sold or distributed subject to recalls for safety and health reasons
2022	99.85%	100%	0%
2023	99.88%	100%	0%
2024	99.82%	100%	0%

5.3 Customer Service

The Company has always placed customer service at its core and has committed to building a comprehensive customer service system that integrates both online and offline services, ensuring full protection of consumer rights. Through a nationwide unified customer service hotline, WeChat official account, official Weibo account, and e-commerce platform customer service channels, we provide consumers with diversified service options. Additionally, the Company maintains offline sales outlets across the country, ensuring that consumers can access services promptly.

The Company places high importance on consumer feedback and complaint resolution. Through professionally trained customer service specialists and the implementation of the Customer Complaint Management System (《顧客投訴管理制度》), we are able to handle client complaints and suggestions promptly and appropriately. The Company strictly enforces customer privacy protection measures to ensure the security of consumers' personal information, with all employees signing confidentiality agreements to safeguard client privacy.

In 2024, the Company's customer service system achieved remarkable results, with a product supply guarantee rate exceeding 99% and an on-time delivery rate reaching over 85%, demonstrating highly efficient service capabilities. Additionally, all received customer complaints were properly resolved within the Reporting Period. To further improve customer satisfaction, the Company plans to optimize the organizational alignment between production and sales in 2025, strengthen order response and processing, and ensure continuous service quality enhancement.



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As a responsible enterprise, the Company has always been grounded in professionalism and institutionalized mechanisms, dedicated to protecting consumer rights and enhancing service convenience. We will continue to enrich our customer service system, explore new service models, continuously optimize service processes, and uphold higher service standards to drive the continuous improvement of consumer experiences.

Year	Number of product complaints	Complaint rate
2022	51	1.24 times/kiloton
2023	720	0.92PPM
2024	1,760	0.94 PPM

5.4 Responsible Marketing

The Company has always adhered to responsible marketing concept, strictly complying with relevant laws and regulations including the Advertising Law of the People's Republic of China, ensuring all market communication activities meet regulatory requirements. Regarding the process of publishing advertisements through official corporate channels and public information dissemination, we have implemented a comprehensive internal review mechanism to guarantee the authenticity, accuracy, and compliance of all communicated content. This process embodies our commitment to consumers – conducting information exchanges through transparent and ethical approaches while providing consumers with beneficial information about product.

6. LOW CARBON AND ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Labixiaoxin actively responds to the national goal of "Achieving Carbon Neutrality before 2060" by promoting the development concept of "green production, green consumption, and green development", and continuously strengthens the control and management of waste gas, waste water and solid wastes. It is committed to building a healthy food company being in harmony with the environment so as to contribute to the national green ecological construction. During the Reporting Period, Labixiaoxin did not record any violation of laws and regulations related to environmental protection.

6.1 Emissions

The Company strictly abides by the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes and other relevant laws and regulations, and implements the Environmental Management Plan to set up a comprehensive system of compliance and disposal of waste water, waste gas and solid wastes, and is committed to achieving environment-friendly management.

- **Waste Gas Management:** The Company operates in strict compliance with national emission standards. We designate professionals every year to measure the emission of waste gas, which effectively controls the environmental impact of waste gas emission.
- **Waste Water Management:** The Company has a special sewage treatment pool to treat the outflow of production water to ensure compliance with environmental requirements.



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- **Solid Waste Management:** The Company has formulated relevant institutional documents to ensure the compliant treatment of waste. Non-hazardous waste mainly includes cartons, packaging scrap wastes and cans. The Company strictly controls the environmental impact during production and operation by optimizing process technology, updating environment-friendly production equipment and emission treatment facilities, meanwhile, signing contracts with qualified service providers for timely and specialized treatment of garbage and waste generated in production and daily operations on a daily basis.

Emission of Waste Gas

Emission type	Unit	2024 total emission
NOx	kg	18.57
SOx	kg	691.81
PM	kg	1.37

Discharge of Solid Wastes

Name of waste	Unit	2024 total emission	2024 emission intensity
Hazardous wastes	tons	0.27	0.00000255
Non-hazardous wastes	tons	475.19	0.00457
Cartons	tons	144.30	0.00139
Packing scrap wastes	tons	166.45	0.00160
Cans	tons	164.44	0.00158

6.2 Use of Resources

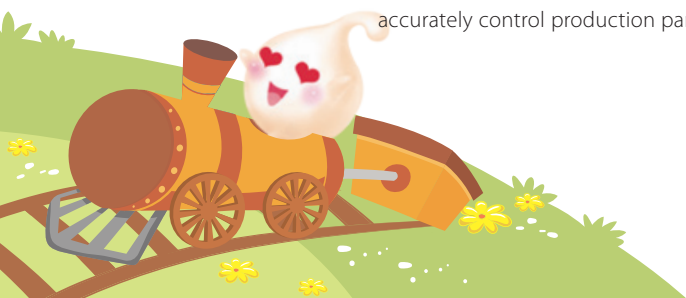
The Company has always adhered to the concept of sustainable development and has adopted strict policies and measures in the management and utilization of resources to ensure the efficient utilization of resources and the satisfaction of environmental protection requirements through a comprehensive management system.

6.2.1 Energy Management

In terms of energy management, the Company has set up an energy management team, which implements monthly inspections for various types of energy-saving specialties and the operation of the energy consumption system. At the same time, the Company has formulated an energy consumption management system and established management standards for energy consumption assessment for personnel at all levels. We organize monthly energy consumption data analysis meetings for department heads, and require departments that fail to meet the standards to develop and implement improvement measures, and the team checks the implementation status.

- **Production Process Optimization**

We have conducted a comprehensive assessment and improvement of the production process to eliminate unnecessary production steps and energy waste, and adopted advanced automated control systems to accurately control production parameters and improve production efficiency and energy utilization;



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- Equipment Upgrading and Transformation

We have scrapped old equipment with high energy consumption and low efficiency, replacing them with energy-saving devices, and have also replaced the sterilization cover plates, which can significantly reduce energy consumption during operation. The equipment operates automatically. Additionally, we have implemented the heat preservation of the equipment to reduce gas consumption as well as the recycling of waste heat;

- Clean Energy Utilization

The Company has gradually increased the application of photovoltaic solar power generation to optimize our energy structure. During the Reporting Period, photovoltaic power generation has become an important source of electricity for us. In addition, the Company has purchased a considerable amount of green power to further reduce its reliance on traditional fossil energy sources.

6.2.2 Water Resource Management

In terms of water resources management, the Company has always regarded compliance and efficiency as the core and key principles. The Company strictly complies with the requirements of the Energy Conservation Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations to ensure the rational use and conservation of water resources in the production process.

In order to improve the efficiency of water resources utilization, we have implemented a series of innovative measures, including the upgrading and transformation of the production water system and the recycling of reused water; the filtered and treated wastewater is used for hygienic cleaning work such as cleaning membrane panels and washing assembly lines, thus effectively reducing the consumption of tap water. In addition, we have launched a special water recycling program and established a new mechanism for recycling water. Through these continuous improvement initiatives, we have achieved significant results in water efficiency. During the Reporting Period, our water consumption decreased significantly compared to the same period, reaching 1.79 tons/ton of product, a decrease of 9.2%, achieving efficient utilization of water resources.

Table of Resource Consumption and Intensity

Resource category	Unit	2024 total consumption	2024 consumption intensity
Electricity	kWh	16,077,389.02	154.46
Steam	ton	75,237.06	0.72
Gasoline	ton	18,957.94	0.18
Diesel	liter	16,562.00	0.16
Water	ton	946,380.67	9.09
Packaging materials	ton	15,617.27	0.15

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6.3 Environmental Impact Management

The Company strictly complies with the Environmental Protection Law of the People's Republic of China and other environmental laws and regulations. In terms of environmental management, the Company has established a comprehensive environmental management system, formulated a series of environmental management regulations and documents, such as the Environmental Protection Management System and the Environmental and Occupational Health and Safety Management Operation Control Procedures, to prevent risk incidents that may cause significant environmental impacts.

The Company adheres to the principles of sustainable development in environmental management and is committed to reducing ecological footprints and advancing green practices. Through green infrastructure development and active participation in environmental initiatives, we continuously implement ecological conservation concepts to enhance corporate environmental stewardship. Concurrently, we adopt circular economy strategies and promote the resource-saving development by recycling and reusing specific components. The Company prioritizes local ecological preservation, supporting biodiversity conservation efforts led by governmental and non-governmental organizations. All production facilities are strategically located outside residential communities and ecological reserves, rigorously implementing environmental protection responsibilities.

6.4 Tackling Climate Change

6.4.1 Governance

To ensure effective implementation of ESG management strategies, Labixiaoxin has integrated ESG practices into daily operations and set up a three-tier ESG management system consisting of the board of directors of the Group, the ESG management team and the ESG working group as the core, which systematically addresses climate change issues through institutionalized governance mechanisms. For detailed responsibilities, please refer to the subsection of "ESG Management Mechanism".

6.4.2 Strategy

Under the backdrop of the economy's gradual transition toward green and low-carbon development, in order to formulate long-term strategies to safeguard business operations from climate change-related transition risks, we have carefully assessed the significant business risks posed by climate change to the assets and operations of Labixiaoxin. Following TCFD recommendations, we have adopted scenario analysis to identify potential physical risks and transition risks that the Company may face.

Labixiaoxin adopts climate scenarios referencing those openly published by internationally authoritative institutions. These scenarios incorporate global and local government policies, as well as environmental, economic, social, technological indicators and market trends. They are used to assess potential risks Labixiaoxin may encounter under different scenarios, including extreme high temperatures, extreme low temperatures, extreme snowfall, extreme rainfall, extreme windstorms, riverine flooding, wildfires, tropical cyclones, policy and regulatory risks, technology risks and market risks.



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Scenario setting	Scenario name	Temperature rise	Applicable industries	Scenario description
NGFS	Net-Zero 2050	1.5°C (2100)	All	Immediately implement stringent climate policies and innovations to limit global warming to 1.5°C and achieve global net-zero CO ₂ emissions around 2050.
	NDCs ¹	3°C (2100)	All	Implement all recognized "Nationally Determined Contributions (NDCs)" target commitments.

Short-term and long-term definitions	
Short-term	2024~2025
Long-term	2025~2050

Risk type	Time dimension	Value chain impact	Potential impact
Extreme high temperatures	Short-term, long-term	Upstream, operation, downstream	Extreme high temperatures may cause instability in raw material supply and reduced production efficiency for Labixiaoxin, while also affecting product transportation and storage, thereby increasing operational costs. Additionally, heatwaves may alter consumer dietary habits, reducing demand for high-calorie snacks, thereby impacting the Company's revenue and market competitiveness.
Extreme low temperatures	Short-term, long-term	Upstream, operation, downstream	Extreme low temperatures may cause supply chain disruptions and reduced production efficiency for Labixiaoxin, while also affecting product transportation and storage, thereby increasing operational costs. Additionally, cold weather may shift consumer dietary habits toward higher demand for hot beverages or high-calorie foods, but may create uncertainty in demand for snack products, thereby impacting the Company's market performance and revenue stability.
Extreme rainfall	Short-term, long-term	Upstream, operation, downstream	Extreme rainfall may cause instability in raw material supply, production disruptions and logistics delays for Labixiaoxin, increasing operational costs. Additionally, rainwater could damage product packaging or storage facilities, leading to inventory losses. In the long term, extreme rainfall may alter agricultural production patterns, affecting raw material quality and availability, thereby intensifying pressure on the Company's supply chain.
Extreme windstorms	Short-term	Upstream, operation, downstream	Extreme windstorms may cause logistics disruptions, instability in raw material supply and damage to production equipment for Labixiaoxin, thereby increasing expenditures related to logistics, production and equipment maintenance.

1 Nationally Determined Contributions (NDCs) are national plans and commitments to reduce greenhouse gas emissions and address climate change, submitted by individual countries under the Paris Agreement. These contributions reflect the efforts of countries in climate change mitigation and adaptation, aiming to achieve the long-term goals set by the Paris Agreement: limiting the global average temperature increase to below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius.

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Risk type	Time dimension	Value chain impact	Potential impact
Extreme snowfall	Short-term	Upstream, operation, downstream	Extreme snowfall may cause logistics disruptions, instability in raw material supply and reduced production efficiency for Labixiaoxin, thereby increasing the Company's expenditures.
Tropical cyclones	Short-term	Upstream, operation, downstream	Tropical cyclones may cause production disruptions, logistics delays and instability in raw material supply for Labixiaoxin, increasing operational costs. Additionally, damage to inventory and production equipment from tropical cyclones could trigger additional capital expenditures for the Company.
Riverine flooding	Short-term, long-term	Upstream, operation, downstream	Riverine flooding may cause severe damage to Labixiaoxin's production base, disrupt raw material supply chains, and delay logistics and transportation, increasing operational costs. Additionally, floods may lead to contamination of raw materials, compromise product quality, and even trigger food safety issues.
Wildfires	Short-term	Operation	Wildfires may cause damage to Labixiaoxin's production base, disrupt raw material supply chains, and delay logistics and transportation, increasing operational costs.
Policy and law	Short-term, long-term	Upstream, operation, downstream	With the acceleration of global climate change mitigation efforts, the Company may face increasingly stringent environmental regulations and carbon emission restrictions, which could lead to significant cost increases in upgrading production processes and investing in energy conservation and emission reduction. Meanwhile, heightened requirements for green supply chain management may force the Company to adjust supplier selection criteria, raising procurement costs. Additionally, the implementation of carbon tariffs in international markets could subject exported products to higher trade barriers, weakening market competitiveness and ultimately posing challenges to the Company's profitability and sustainable development.
Technology	Long-term	Upstream, operation, downstream	With the growing consumer preference for eco-friendly products and the global push toward carbon neutrality, Labixiaoxin may need to allocate more resources to clean production and low-carbon technology R&D to adapt to market demands and enhance brand competitiveness. Meanwhile, the promotion of digital transformation and smart manufacturing may require large-scale upgrades to production equipment and technology, thereby increasing capital expenditures. Additionally, the lengthy development cycles for new eco-friendly materials and processes could slow product innovation and market responsiveness if timely technological breakthroughs are not achieved, potentially weakening the Company's competitive edge.



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Risk type	Time dimension	Value chain impact	Potential impact
Market	Long-term	Operation, downstream	With the increasing global awareness of climate change, consumers are gradually shifting toward low-carbon and environmentally friendly products. If Labixiaoxin fails to timely launch products that meet environmental standards, it may lose market share. Simultaneously, heightened international market requirements for carbon labeling and green certifications could raise barriers to product exports, impacting its international expansion plans. Additionally, competitors may gain market dominance through faster green transitions, further narrowing Labixiaoxin's market space and exerting pressure on its brand influence and sales revenue.

6.4.3 Risk Management

Labixiaoxin launches climate risk prioritization initiative to achieve the most efficient allocation of resources for risk mitigation. The heads of business units evaluate risk drivers, existing/planned measures and controls, adaptability and future risks, and discuss the potential impacts of risks on Labixiaoxin's business. The corresponding risk matrix and results are set out below.

Climate Change Risk Matrix of Labixiaoxin



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6.4.4 Indicators and Targets

The Company conducts daily and monthly data tracking on climate change-related indicators. In 2024, key indicators showed a downward trend. At production facilities, through capacity-maximized production scheduling and improved sterilization insulation covers, steam consumption decreased by 0.1 ton/ton of product year-on-year, a 23.4% reduction. The implementation of photovoltaic power generation projects also led to a significant decrease in electricity consumption.

Specific climate change indicators for 2024 are as follows:

Indicator	Unit	2024 Data
Total Greenhouse Gas Emissions (Scope 1 & 2)	tonnes CO ₂ e	250,998.45
Direct Greenhouse Gas Emissions – Scope 1	tonnes CO ₂ e	109,769.95
Indirect Greenhouse Gas Emissions – Scope 2	tonnes CO ₂ e	141,228.51
Total Energy Consumption	kWh	495,693,882.65



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7. CARING FOR EMPLOYEES AND PROMOTING THEIR GROWTH

Labixiaoxin knows deep down that employees are our most valuable asset. We adhere to the people-oriented management philosophy, and advocate mutual respect, candid communication, fair evaluation and common development. Labixiaoxin endeavors to create a more suitable working environment for our employees, continually improves the living conditions for them, provides them with a broader career development platform, and works together with our employees to achieve the long-term goals of the Group.

7.1 Employment and Interests of Employees

7.1.1 Employment

In the recruitment process, the Company ensures the standardization and legality of recruitment activities through strict control of the recruitment procedures and regular internal review and supervision. The Company protects equal rights in genders, ages, races, nationality, physical condition, religious beliefs, skills and educational background, and prevents any form of discrimination and harassment.

In terms of employment and interest protection, the Company has established standardized recruitment procedures and criteria, as well as a fair employee promotion mechanism, while focusing on the management of employee distribution and turnover, and actively promoting a diverse and inclusive work environment. During the Reporting Period, the Company did not record any illegal employment.

We strictly prohibit the recruitment of child labor and forced labor by any of our operating units and partners, and we insist on signing labor contracts with all formal employees. In order to prevent child labor and forced labor, the Company strictly complies with relevant laws and regulations, requires candidates to present identity documents, and takes strict control of the recruitment procedures and other measures, to ensure the standardization of recruitment activities.

Highlighted Data

During the Reporting Period, we did not record any child labor and forced labor within the scope of business operation.



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As at the end of 2024, the total number of employees reached 858, mainly based in Fujian, Sichuan and Anhui Province, and the details of which are as follows:

Category		Unit	Data for 2024
Total number of employees		person	858
By gender	Male employees	person	452
	Female employees	person	406
By age	Below 30	person	211
	30-40	person	351
	40-50	person	188
	Above 50	person	108
By employment type	Sales	person	192
	Production	person	385
	Management	person	281
By geographical region	Chinese Mainland	person	849
	Hong Kong Region, Macao Region, and Taiwan Region	person	9
	Oversea	person	0

7.1.2 Employees' Rights and Interests

The Company is committed to promoting and protecting the basic rights of employees, and complying with labor laws and regulations by following The UN Guiding Principles on Business and Human Rights and other international and domestic standards and commitments. The Company strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Disabled Persons, Regulation on the Employment of the Disabled and relevant laws and regulations. The Company always adheres to the principles of legality and compliance, and is committed to protecting the rights and well-being of our employees.

The Company fully protects employees' rights and interests through a number of systems such as salary adjustments, democratic management and diversified benefits, which support the Company's sustainable and healthy development and lay a solid foundation of talents for the long-term development.

In terms of remuneration and benefits management, the Company has developed a series of scientific and reasonable policies and systems, aimed at providing fair and just treatment to the employees. The Company provides employees with competitive remuneration based on changes in market remuneration levels, and has conducted general adjustments to the basic salaries for certain employees. At the same time, the Company has established a comprehensive performance management system, which allows the Company, through diversified performance appraisal methods, to monitor, provide feedback on and adjust performance indicators in real time, so as to ensure the fairness and objectivity of performance evaluation.



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In terms of employees' democratic management, the Company focuses on employees' mental health by providing timely communication channels to understand their needs and ease their emotional stress. We also regularly organize staff seminars and provide psychological counseling and consultation services to help them cope with work pressure and other personal problems.

In terms of employees' benefits and security, the Company offers a variety of statutory and non-statutory benefits, including festival benefits, food and accommodation subsidies, and allowances for weddings and funerals. In 2024, the Company offered three free daily meals to employees at the production bases. In order to further enhance employees' sense of happiness and satisfaction, the Company continues to improve their life and work conditions by providing a variety of cultural and sports activities, continuously improving the standard of employee meals, optimizing the accommodation conditions, providing birthday benefits and regular health consultations, so as to enhance employees' sense of gain.

7.2 Health and Safety

The Company attaches great importance to the health and safety of the employees, and strictly observes the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Measures for the Administration of Contingency Plans for Work Safety Accidents and other relevant laws and regulations. At the same time, the Company fully complies with requirements of GB/T 28000 Occupational Health and Safety Management System, to create a safe and healthy working environment for employees. The Company has adopted comprehensive protection measures to ensure that employees are properly protected both physically and mentally.

7.2.1 Work Safety

In terms of work safety, we uphold the highest standards and are committed to creating a safe and efficient working environment for employees:

- The Company has implemented a comprehensive safety training and education program aimed at improving employees' safety awareness and skills, ensuring that they are able to master and strictly adhere to various safety procedures and best practice operating guidelines;
- We have provided employees with necessary personal protective equipment, including but not limited to gloves, work shoes, safety helmets and protective goggles, ensuring their safety during the work activities;
- We have established a sound emergency management system, equipped with necessary safety devices such as extinguishers, and provided emergency rescue services support. In order to ensure the effectiveness of emergency response, the Company regularly organizes simulation drills and training to enhance employees' emergency response capabilities.

The Company has always upheld high standards to ensure that the workplace meets health and safety standards, and has taken various measures to reduce employees' work pressure, relieve work fatigue, pay attention to employees' physical and mental health, and strive to create a comfortable and safe working atmosphere.

Highlighted Data

During the Reporting Period, the number of work-related fatality of the Company was zero.

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7.2.2 Occupational Health

The Company has always regarded employees' health as an important part of corporate development. In terms of occupational health management, the Company has adopted a series of systematic measures to safeguard employees' physical and mental health.

- We have established a comprehensive health examination system to provide employees with regular occupational health examinations, and also offer personalized health advice by hiring professional doctors to interpret health reports;
- We have promoted the "Family Doctor Contract" service, which provides convenient medical consultation services for employees and their families, and regularly organize free clinics to meet employees' health consultation and examination needs in daily life;
- We focus on improving the working environment to ensure that workplaces comply with health and safety standards, and effectively reduce employees' work stress through various measures to create a comfortable working atmosphere;
- We conduct mental health knowledge seminar and provide psychological counseling services to help employees better balance work and life;
- We encourage employees to actively participate in various health activities to achieve more comprehensive occupational health.

7.3 Development and Training

Labixiaoxin upholds the concept of "staying people oriented and making everyone fully display their talent", and regards employees as one of the most important factors in achieving sustainable development. The Company closely integrates training and education with employees' career development, and strives to offer employees diversified and multi-channel training resources.

7.3.1 Talent Development

In terms of talent development, the Company has adopted diversified measures, aiming to help employees realize their personal career goals through a scientific talent cultivation system, while also providing high-quality talents to the Company to support our sustainable development.

The Company has further advanced the construction of promotion system. We have established a unified and open promotion window, formulated standardized promotion evaluation indicators and procedures, to ensure the fairness and transparency of promotion. By establishing a promotion system oriented towards capability and performance, we have clarified the standards and procedures for promotion, to provide employees with a clear career development path and encourage employees to continuously improve their capability and performance, thereby meeting the talent needs of the Company through internal promotion.



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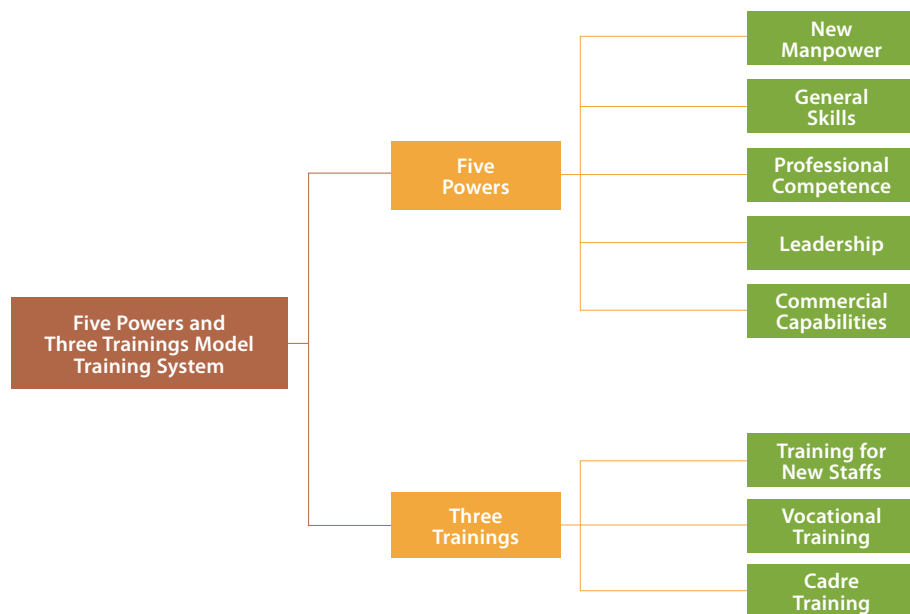
The Company adheres to a systematic talent development method, and provides employees with a structured career development path based on the “721” growth principle. This system identifies key competencies through precise job analysis, and incorporates employees into corresponding talent development plan based on the results of individual capability assessments. For core positions, the Company has formulated specialized development plans to ensure that the talent pool for key positions aligns with the corporate’s strategic needs.

The Company plans to implement differentiated development measures for employees at different levels. The general employees will dedicate themselves to business skills training and gain experience through practical projects, while middle and senior management will focus on enhancing their strategic thinking and leadership. The Company also implements an inter-departmental job rotation system, which allows key position personnel to gain diverse experience in different positions, thereby enhancing overall competitiveness and career breadth.

7.3.2 Talent Cultivation

In terms of training policies and systems, the Company has carried out a number of systematic training activities. We conduct whole lifecycle management for employee training system construction, which makes talent cultivation more systematic, and meets the diverse needs of the corporate development, and significantly improves employees’ overall quality. For key development positions, the Company has formulated specialized talent development plans to ensure that employees in these positions are capable of addressing current and future challenges.

The Company has adopted the model of “Five Forces and Three Trainings” to construct the course system, which combines online and offline teaching forms to comprehensively cover employees’ career development needs.



Five Powers and Three Trainings Model Training System

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The Company has established a targeted training system to conduct different types of specialized training for different types of employees:

- Senior management: Participate in strategic co-creation learning sessions and individual overseas training programs;
- Middle and general employees: Participate in internal online open courses on professional competence, internal online projects on general skills (such as the “Qidian Reading (柒點讀書)” program) and talent echelon as well as training camp for team leader;
- Front-line staff: Master work skills through regular SOP process training.

At the same time, the Company also focuses on the construction of talent succession management. We have carried out a variety of practical activities to optimize talent succession plan, such as conducting talent echelon and team leader training, developing internal trainers and promoting the sharing and inheritance of knowledge within the organization. In addition, we have adopted an action-learning-based job rotation system, updated the model of teaching and learning, and constructed an all-round career capability enhancement system.

The Company has also established a comprehensive internal mentorship mechanism to provide one-on-one career development support to employees. Internal trainers of Labixiaoxin are divided into two categories, internal teaching trainers and project-based development trainers. We have also provided internal trainers with specialized internal trainers experience extraction training to further enhance the quality of teaching.

- Internal teaching trainers: They are composed of management and professional technical backbone, responsible for extracting excellent internal experiences and developing courses, directly participate in teaching and share their practical experience.
- Project-based development trainers: They are composed of outstanding managers or individuals from each department, and are mainly responsible for acting as a coach and mentor for promising talents in project-based development or new employees, so as to help them adapt to work more quickly.

Highlighted Data

During the Reporting Period, the coverage rate of management-level cadres in Labixiaoxin's internal trainer team reached 80%.

Case: Preparation of Learning Maps, and Development of Specialized Courses by Internal Trainers

In 2024, the human resources department of the Company developed a learning map for talent cultivation, and internal trainers from the department taken responsibility for related courses and conducted targeted development, and the trainings were conducted across the Group. We gradually enhance employees' professional and management skills, to support their individual growth and also lay a solid talent foundation for our sustainable development.



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8. SERVING THE SOCIETY AND CONTRIBUTING TO THE WORLD

Labixiaoxin has integrated “social responsibility” as an important part of our corporate development strategy. The Group actively participates in social construction, engages in charity, and builds an image of responsible enterprise that is ready to shoulder duties. Labixiaoxin strictly complies with the Charity Law of the People’s Republic of China and other relevant laws and regulations, focuses on the community construction, environment protection, caring for the underprivileged, education supports and other aspects through social services and charitable donations, actively participates in charity activities, to achieve the synergetic development between the enterprise and the community.

The Company adheres to the philosophy and principle of Labixiaoxin Group in the field of community investment and public welfare undertaking, and commits to achieving synergistic development with the community, the environment and the society. Through a variety of measures, the Company not only gives back to society, but also promotes local economic development, supports education, cares for the underprivileged, and actively participates in environmental protection and other public welfare undertakings.

In 2024, the Company established a systematic project management mechanism to comprehensively advance various public welfare and charity programs. We actively participate in community charitable public welfare undertakings and implement the “Public Welfare Xiaoxin Love Candy House (公益小新愛心糖果屋)” special action, which aims to provide free healthy desserts to patients and their family members, bringing them warmth and cares.

The Company adheres to the mission of social responsibility and organizes employees to actively participate in public welfare activities, fulfilling the corporate’s social responsibility through practical actions. During the Reporting Period, we organized 100 employees to provide hygiene volunteer services at the red base in Xiaochi, Longyan, an Revolutionary Base Area, contributing a total of 100 working hours in aggregate, which inspired employees to share love and responsibility with society and promoted the development of public welfare undertakings.

We have also demonstrated our active fulfillment of social responsibility through various public welfare donations. On 1 June 2024, the Company donated products with value of RMB80,000 to Hualin Primary School (華林小學) and Yude Primary School (育德小學) to celebrate Children’s Day. In the same year, the Company also donated products with value of RMB5,000 and RMB2,000 in cash to Tiancuo Elderly Association (田厝老年會), and also made a donation of RMB20,000 when employee’s family member was diagnosed with leukemia.



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9. ESG QUANTITATIVE PERFORMANCE INDICATOR TABLE

9.1 Environmental Data Performance Table

Aspect	ESG Indicator	Unit	2024	2023
A Environment				
A1 Emissions	A1.1 The types of emissions and respective emissions data			
	Nitrogen oxides (NO _x)	kg	18.57	3,242.84
	Sulfur oxides (SO _x)	kg	691.81	/
	Particulate matter (PM)	kg	1.37	/
	Waste water	ton	403,829.31	404,243.00
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity¹			
	Total carbon dioxide (CO ₂) emissions	tCO ₂ e	250,998.45	86,694.82
	CO ₂ emissions (Scope 1)	tCO ₂ e	109,769.95	56,787.05
	CO ₂ emissions (Scope 2)	tCO ₂ e	141,228.51	29,907.77
	Total emissions intensity	tCO ₂ e/ton of product	2.41	0.97
	A1.3 Total hazardous waste produced and intensity			
	Total hazardous waste produced	ton	0.27	/
	Hazardous waste emission intensity	ton/ton of product	0.0000025	/
	A1.4 Total non-hazardous waste produced and intensity			
	Total non-hazardous waste produced	ton	475.19	412.14
	Non-hazardous waste emission intensity	ton/ton of product	0.00457	0.00460
	Cartons	ton	144.30	123.52
	Packing scrap wastes	ton	166.45	162.61
	Cans	ton	164.44	126.01

¹ The greenhouse gas scope includes CO₂; among them, direct greenhouse gas emissions (Scope 1) mainly came from the direct energy consumption generated from gasoline and diesel consumption in the production and operation process, and the calculation formula referred to the "Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Enterprises Operating Public Buildings (for Trial Implementation)" (《公共建築運營企業溫室氣體排放核算方法和報告指南(試行)》) issued by the National Development and Reform Commission of the People's Republic of China. Indirect greenhouse gas emissions (Scope 2) arised from indirect energy consumption caused by purchased electricity and purchased steam. The calculated emission factor is 0.5366 tCO₂/MWh, as published in the "Announcement on the Release of the Carbon Dioxide Emission Factor for Electricity in 2022" (《關於發佈2022年電力二氧化碳排放因子的公告》) issued by the Ministry of Ecology and Environment of the People's Republic of China.

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Aspect	ESG Indicator	Unit	2024	2023
A2 Use of Resources	A2.1 Direct and/or indirect energy consumption by type in total and intensity			
	Total energy consumption	MWh	495,693.88	/
	Energy consumption intensity	MWh/ton of product	4.76	/
	Total direct energy consumption	MWh	423,329.56	
	Diesel	liter	16,562.00	/
	Gasoline	ton	18,957.94	17,289.66
	Total indirect energy consumption	MWh	72,364.32	
	Total electricity consumption	kWh	16,077,389.02	14,386,166.48
	Steam	ton	75,237.06	72,440.94
	A2.2 Water consumption in total and intensity			
	Total water consumption	ton	946,380.67	897,111.09
	Water consumption intensity	m ³ /ton of product	9.09	10.01
	A2.5 Total packaging material used for finished products and with reference to per unit produced			
	Packaging materials	ton	15,617.27	13,475.69
	Intensity of packaging materials used	ton packaging material/ ton of product	0.15	0.150



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9.2 Social Data Performance Table

Aspect	ESG Indicator	Unit	2024	2023
B. Social				
B1 Employment	B1.1 Total workforce by gender, employment type, age group and geographical region			
	Total number of employees	person	850	1244
	By gender			
	Male	person	448	618
	Female	person	402	626
	By employment type			
	Management personnel	person	276	270
	Production personnel	person	385	774
	Sales personnel	person	189	200
	By age group			
	Below 30	person	211	259
	30-40	person	350	403
	40-50	person	184	298
	Above 50	person	105	284
	By geographical region			
	Chinese Mainland	person	849	/
	Hong Kong Region, Macao Region, and Taiwan Region	person	1	/
	Oversea	person	0	/



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Aspect	ESG Indicator	Unit	2024	2023
B2 Health and Safety	B1.2 Employee turnover rate by gender, age group and geographical region²			
	Number of employees turned over	person	387	/
	Overall employee turnover rate	%	31.29	/
	By gender			
	Male	%	33.13	/
	Female	%	29.10	/
	By age group			
	Below 30	%	34.27	/
	30-40	%	14.84	/
	40-50	%	28.96	/
	Above 50	%	–	/
	By geographical region			
	Chinese Mainland	%	31.31	/
	Hong Kong Region, Macao Region, and Taiwan Region	%	0	/
	Oversea	%	0	/
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including 2024			
	Number of work-related fatalities	person	0	0
	Rate of work-related fatalities	%	0	0
	B2.2 Lost days due to work injury			
	number of work injuries	case	0	0
	Total lost days due to work injury	day(s)	0	0

² Employee turnover rate formula: Employee turnover rate = Number of employees turned over/(Number of employees at the beginning +Number of employees at the end)

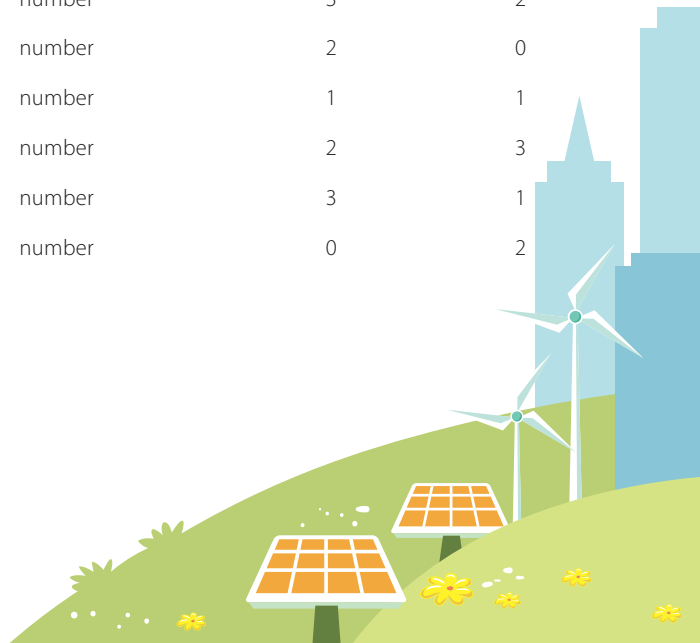


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Aspect	ESG Indicator	Unit	2024	2023
B3 Development and Training	B3.1 The percentage of employees trained by gender and employee category			
	Total number of employees trained	person	1,155	/
	By gender			
	Male	%	60.17	/
	Female	%	39.83	/
	By employee category			
	Management personnel	%	35.50	/
	Production personnel	%	24.85	/
	Sales personnel	%	39.65	/
	B3.2 The average training hours completed per employee by gender and employee category			
	Average training hours of all employees	hour	5.71	2.38
	By gender			
	Male	hour	5.20	/
	Female	hour	6.48	/
	By employee category			
	Management personnel	hour	6.13	/
	Production personnel	hour	9.77	/
	Sales personnel	hour	2.79	/

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Aspect	ESG Indicator	Unit	2024	2023
B5 Supply Chain Management	B5.1 Number of suppliers by geographical region			
	Total number of suppliers	number	411	373
	Local suppliers in production bases	%	47.45	45.84
	By geographical region			
	Anhui	number	25	24
	Beijing	number	5	6
	Sichuan	number	29	20
	Fujian	number	141	127
	Guangdong	number	67	57
	Hainan	number	7	6
	Hebei	number	6	6
	Henan	number	14	13
	Hubei	number	11	10
	Jiangsu	number	22	15
	Jiangxi	number	8	7
	Shandong	number	15	24
	Shanxi	number	1	0
	Shanghai	number	17	20
	Tianjin	number	4	4
	Zhejiang	number	24	23
	Chongqing	number	2	1
	Guangxi	number	2	1
	Liaoning	number	3	2
	Shaanxi	number	2	0
	Yunnan	number	1	1
	Gansu	number	2	3
	Inner Mongolia	number	3	1
	Import	number	0	2



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Aspect	ESG Indicator	Unit	2024	2023
B6 Product Responsibility	B6.2 Number of products and service related complaints received			
	Total number of complaints received	times	1760	720
	Complaint rate	times/kiloton of product	0.94	0.92
	Product qualification ratio	%	99.82	99.88
	Food safety compliance ratio	%	100	100
	Percentage of the total number of products sold or shipped subject to recalls for safety and health reasons	%	0	0
B7 Anti-corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases			
	Number of proposed or concluded legal cases regarding corrupt practices	case	0	0
	B7.3 Description of anti-corruption training provided to directors and staff			
	Number of directors who received anti-corruption training	person	1	/
	Total number of employees who received anti-corruption training	person	235	/
B8 Community Investment	B8.2 Resources contributed (e.g. money or time) to the focus area			
	Public welfare and charities	RMB0'000	25.30	/
	Public welfare related to educational equity	RMB0'000	8.00	/
	Public welfare related to cultural and sports	RMB0'000	10.00	/
	Public welfare related to care for the employees	RMB0'000	7.30	/



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10. HKEX ESG INDICATOR INDEX

Disclosure Index	Relevant Section
Aspect: Environment	
A1: Emissions	
General Disclosure	
Information on:	6. LOW
a) the policies; and	CARBON AND
b) compliance with relevant laws and regulations that have a significant impact on the issuer	ENVIRONMENTAL
relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	PROTECTION
Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations.	FOR GREEN
Hazardous wastes are those defined by national regulations.	DEVELOPMENT
A1.1 The types of emissions and respective emissions data.	ESG Quantitative
	Performance
	Indicator Table
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Quantitative
	Performance
	Indicator Table
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Quantitative
	Performance
	Indicator Table
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Quantitative
	Performance
	Indicator Table
A1.5 Description of emissions target(s) set and steps taken to achieve them.	6.1 Emissions
A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.1 Emissions



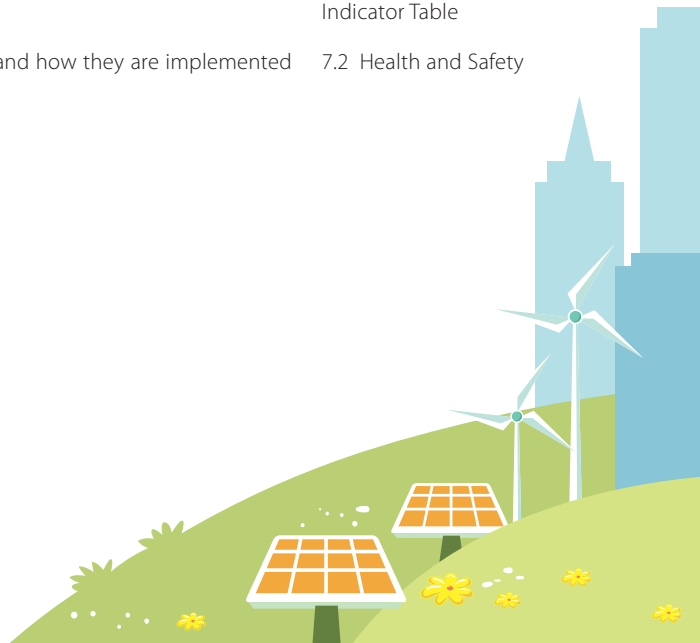
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Disclosure Index	Relevant Section
A2: Use of Resources	
General Disclosure	
Policies on the efficient use of resources, including energy, water and other raw materials.	6.2 Use of Resources
Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Quantitative Performance Indicator Table
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Quantitative Performance Indicator Table
A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2 Use of Resources
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.2 Use of Resources
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.2 Use of Resources
A3: The Environment and Natural Resources	
General Disclosure	
Policies on minimising the issuer's significant impacts on the environment and natural resources.	6.3 Environmental Impact Management
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.3 Environmental Impact Management
A4: Climate Change	
General Disclosure	
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.4 Tackling Climate Change
A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.4 Tackling Climate Change



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Disclosure Index	Relevant Section
Aspect: Social	
B1: Employment	
General Disclosure	
Information on:	7. CARING FOR EMPLOYEES AND PROMOTING THEIR GROWTH
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	7.1 Employment and Interests of Employees
B1.2 Employee turnover rate by gender, age group and geographical region.	7.1 Employment and Interests of Employees
B2: Health and Safety	
General Disclosure	
Information on:	7.2 Health and Safety
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Quantitative Performance Indicator Table
B2.2 Lost days due to work injury.	ESG Quantitative Performance Indicator Table
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.2 Health and Safety



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Disclosure Index	Relevant Section
B3: Development and Training	
General Disclosure	
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.3 Development and Training
Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG Quantitative Performance Indicator Table
B3.2 The average training hours completed per employee by gender and employee category.	ESG Quantitative Performance Indicator Table
B4: Labor Standards	
General Disclosure	
Information on:	7.1 Employment and Interests of Employees
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
B4.1 Description of measures to review employment practices to avoid child and forced labor.	7.1 Employment and Interests of Employees
B4.2 Description of steps taken to eliminate such practices when discovered.	7.1 Employment and Interests of Employees
B5: Supply Chain Management	
General Disclosure	
Policies on managing environmental and social risks of the supply chain.	5.1 Supply Chain Management
B5.1 Number of suppliers by geographical region.	ESG Quantitative Performance Indicator Table
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1 Supply Chain Management
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Supply Chain Management
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Supply Chain Management

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Disclosure Index	Relevant Section
B6: Product Responsibility	
General Disclosure	
Information on:	5. FULL NUTRITION AND ASSURED QUALITY
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2 Product Quality Management
B6.2 Number of products and service related complaints received and how they are dealt with.	5.3 Customer Service
B6.3 Description of practices relating to observing and protecting intellectual property rights.	4.4 Patent-driven Innovation
B6.4 Description of quality assurance process and recall procedures.	5.2 Product Quality Management
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.3 Customer Service
B7: Anti-corruption	
General Disclosure	
Information on:	2.4 Corporate Governance
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.4 Corporate Governance
B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.4 Corporate Governance
B7.3 Description of anti-corruption training provided to directors and staff.	2.4 Corporate Governance

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Disclosure Index	Relevant Section
B8: Community Investment	
General Disclosure	
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8. SERVING THE SOCIETY AND CONTRIBUTING TO THE WORLD
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	8. SERVING THE SOCIETY AND CONTRIBUTING TO THE WORLD
B8.2 Resources contributed (e.g. money or time) to the focus area.	8. SERVING THE SOCIETY AND CONTRIBUTING TO THE WORLD

