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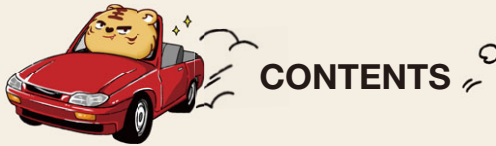
**CHEERWIN**  
朝雲集團有限公司

Cheerwin Group Limited  
(Incorporated in Cayman Islands with limited liability)

# 2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



*Life is Cheerful*



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# ABOUT THIS REPORT

## INTRODUCTION OF THE REPORT

This report is the fifth environmental, social and governance report (the “**Report**” or the “**ESG Report**”) published by Cheerwin Group Limited (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**Cheerwin**”). The Report is published on a regular basis every year, for the purpose of providing information on the Group’s environmental, social and governance (“**ESG**”) system building and performance and objectively disclosing the Group’s management and effectiveness in respect of sustainable development in response to the expectations of its stakeholders and the public, so as to strengthen communication and connection with various stakeholders.

## SCOPE AND BOUNDARY OF THE REPORT

The Report discloses the management and results of ESG-related issues for the period from 1 January 2024 to 31 December 2024 (the “**Reporting Period**” or the “**Year**”) and part of the information dates back to the previous year or covers the first quarter of 2025. For details of the Group’s business, please refer to the annual report of the Company (the “**2024 Annual Report**”).

## BASIS OF PREPARATION

The Report has been prepared strictly in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) as set out in Appendix C2 to the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), responding to and based on the following principles:

**Materiality:** The Report discloses the procedures for identifying material ESG factors, including identifying, communicating and discussing with internal and external stakeholders and conducting assessment on material issues using the materiality matrix, and highlights the key factors and issues related to ESG.

**Quantitative:** The Report measures key performance indicators and discloses quantitative data as required by the *ESG Reporting Guide* issued by the Stock Exchange. The Report also discloses the statistical scope and calculation methods.

**Balance:** The Report provides an unbiased and objective picture of our ESG-related work.

**Consistency:** The Report adopts a consistent data disclosure approach and explains relevant statistical methods and standards.

The content index of the *ESG Reporting Guide* is set out in the Appendix III of the Report for easy and quick reference by readers.

## DATA SOURCES AND RELIABILITY STATEMENT

The information and data disclosed in the Report are based on the statistical reports, formal documents and financial reports of the Group and have been reviewed by the relevant departments. The Group confirms that there is no misstatement or misleading representation contained in the Report and takes responsibility for the truthfulness, accuracy and completeness of the contents of the Report. All the currency amounts in the Report are denominated in RMB.



## ABOUT THIS REPORT

### PROCESS OF PREPARATION

The contents of the Report have been determined based on a set of systematic procedures. Such procedures include, among others, forming a working group, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG issues, deciding the scope of the ESG Report, collecting relevant materials and data, determining the framework, report compiling, report designing and review by the relevant departments and the senior management.

### ACKNOWLEDGEMENT AND APPROVAL

Subject to the acknowledgement of the management, the Report has been approved by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 25 March 2025.

### ACCESS TO AND FEEDBACK ON THE REPORT

The electronic version of the Report will be available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.cheerwin.com](http://www.cheerwin.com)). Should you have any advice or recommendation as to the Group’s disclosure and performance in relation to ESG issues, please contact us through the following way.

E-mail: [esg@cheerwin.com](mailto:esg@cheerwin.com)





# MESSAGE OF THE MANAGEMENT

In 2024, a year full of challenges and opportunities, Cheerwin, which upholds its mission of “Life is Cheerful”, unwaveringly integrated ESG concepts into its development strategies and daily operations. We are committed to promoting our sustainable development and creating long-term and sustainable value for our shareholders, customers, employees and society. We are deeply aware that ESG is not only our beacon for moving forward, but also our solemn commitment to society, the environment and all stakeholders.

At the governance level, we have established a corporate governance and ESG governance structure that is overseen by the Board, and improved risk management and business ethics management to enhance corporate management. In the meantime, we worked out a forward-looking ESG strategy in this year, marking a significant step forward for us on the path of sustainable development. Through this strategy, we identified key areas for action to ensure that ESG concepts permeate all aspects of our operations, contributing to the achievement of business growth goals while strengthening corporate governance, enhancing environmental protection and fulfilling social responsibilities, thereby creating greater value for our stakeholders.

In terms of the environment, Cheerwin upholds the philosophy of green and low-carbon development and actively responds to the national “dual carbon” goals. We are striving to construct a green and low-carbon product system, continuously optimizing our packaging design philosophy, and managing energy use in such ways as technological innovation. The significant decline in waste discharges and emissions is a direct result of our unwavering efforts. We promise to continuously explore and apply new environmental technologies to achieve even more outstanding environmental performance.

As far as product R&D is concerned, we have been focusing on innovation to delve deeply into consumer needs and constantly enhance our product technology and R&D capabilities. We are committed to creating safe, reliable and high-quality products. While continuously improving our customer service experience, we strictly protect user privacy to provide them with an intimate service.

From the perspective of employee development, we believe that talents are the most valuable asset of an enterprise. Continuous efforts will be made to optimize our human resources policies and provide employees with comprehensive training and development opportunities to create a warm, safe and healthy working environment. Synchronously, we are also dedicated to improving employee satisfaction and ensuring their well-being and experience, because we believe that only happy employees can create excellent products and services.

In terms of supplier cooperation, Cheerwin strives to establish mutually beneficial partnerships with suppliers, distributors and other social partners to build a sustainable ecological supply chain. We actively promote responsible procurement and fulfill our social responsibilities. More than that, we strongly support local economic development and cultural activities, and participate in various charity activities to promote social harmony and progress.

In the future, Cheerwin will take firmer steps to deepen its ESG practices, promote actively innovation and sustainable development, and create greater value for shareholders, customers and society.



# STATEMENT OF THE BOARD

The Board and all the Directors warrant that there are no false records, misleading statements or material omissions in the Report. As the top leader of the Company, the Board assumes full responsibility for the ESG governance and work progress.

The Company has established an ESG governance structure to continuously strengthen the management of ESG-related work. The Board takes overall responsibility for the Company's ESG strategies and reporting, and is responsible for comprehensively overseeing the management of ESG-related risks and opportunities. In order to implement the concept of sustainable development and effectively manage ESG issues, the Company has established an ESG office to assist the Board in supervising and promoting the implementation of various ESG strategies. In addition, the Company has also set up an ESG working group, which is responsible for assisting the Board in identifying material issues and prioritizing them depending on their materiality, and reporting regularly to the ESG office and the Board on the effectiveness of the ESG system operation and the Company's performance on environmental and social key performance indicators (KPIs).

In 2024, the Company conducted extensive and in-depth communication with key stakeholders through various channels, identified issues of concern, and actively adopted constructive opinions and suggestions. During the Reporting Period, the Company invited internal stakeholders to review and update issues, and continued to respond to key issues. The Board has carried out active management on the identified key issues, and elaborated the management approach to these issues in the Report. For specific content on the management approach and strategies, please refer to the "ESG Governance" section of the Report.

The Company has established a complete sustainable development strategy system, set clear goals, and through a systematic ESG impact assessment and management mechanism, regularly reviewing the progress and completion of the goals, striving to effectively integrate the concept of sustainable development into daily operations. Looking ahead, the Board will continue to strengthen its oversight of sustainability and continuously optimize relevant mechanisms, striving to create long-term value for all stakeholders.



# ABOUT US

## COMPANY PROFILE

Cheerwin Group Limited (stock code: 6601.HK) was officially listed on the Main Board of the Stock Exchange in March 2021. As a leading company in China's household care industry, Cheerwin Group has established a leading one-stop multi-category platform in China that spans household care, pet and pet products and personal care. It is now the Company with the most diversified brands and sub-categories among the top five household care companies in China.

Through continuous product upgrades and brand system expansion, Cheerwin Group's product matrix covers high-frequency life scenes such as mosquito and insect repellent, household cleaning, pet food care, personal care, etc. It is committed to providing modern families with efficient, safe and convenient quality life solutions, fulfilling its brand mission of "Life is Cheerful".

## CORPORATE CULTURE



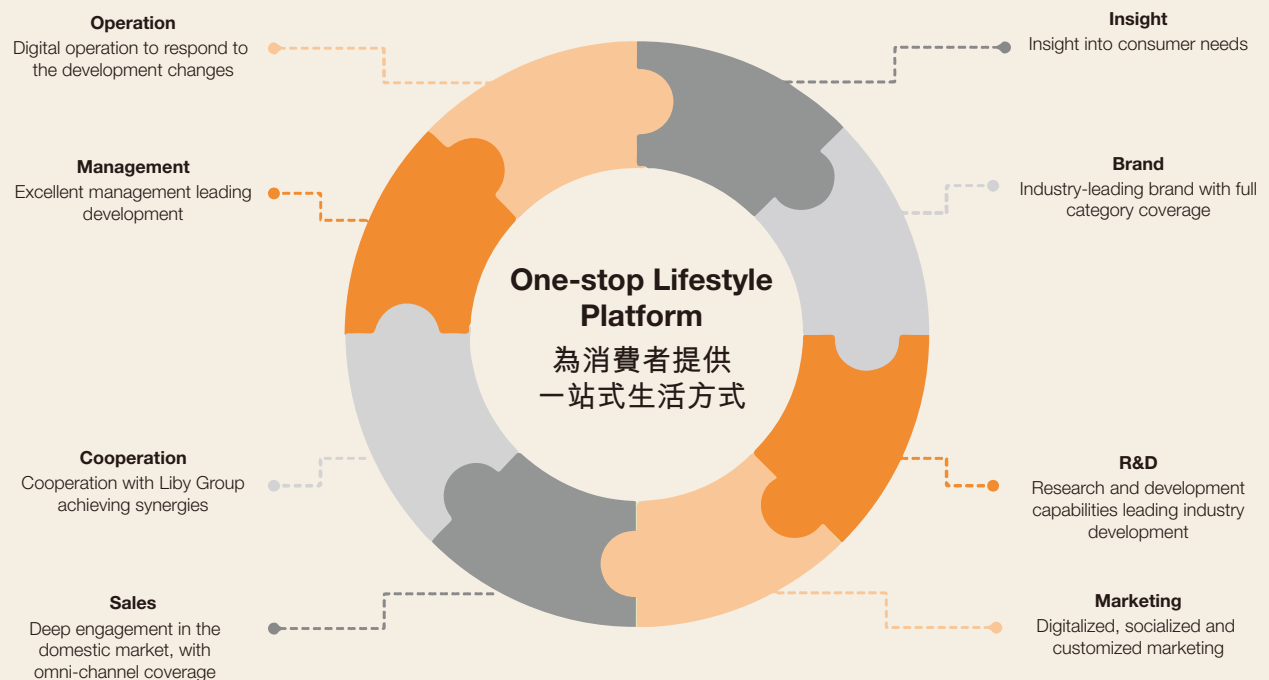


## ABOUT US

### BUSINESS OVERVIEW

Guided by our multi-brand, multi-category development strategy, we continually develop and manufacture a variety of household care, pet and pet products, and personal care products, creating an increasingly diversified product portfolio. With a deep insight into consumer needs, we expand our products to every aspect of household life and focus on creating best-selling, high-quality products in various industries, emphasizing safety, engagement, experience, personalization, and social attributes in our products.

We are committed to providing consumers with a one-stop lifestyle offering through our focus on the eight pillars to underpin our organizational, operational and business structures, which we believe have delivered our success to date. The eight pillars are Insight, Brand, R&D, Marketing, Sales, Cooperation, Management and Operation, under which we operate a fully integrated business process in delivering a one-stop lifestyle offering, from consumer and market research, research and development, procurement and production, to sales and marketing.



Cheerwin makes all-out efforts to establish a nationwide sales network covering both online and offline channels. Currently, Cheerwin has a comprehensive and extensive reach across cities and rural areas in China from tier 1 to tier 5, boasting a network of 1,200 offline distributors, 620,000 sales outlets, 48 key clients, and 11,000 retail outlets. It has witnessed rapid development in online channels, expanding from a single store to 26 self-operated stores and over 20 online channels.



## ABOUT US

We have successfully launched ten categories, covering household care, pet stores and pet products and personal care products. We have nine core brands, namely, “Superb (超威)”, “Babeking (貝貝健)”, “Vewin (威王)”, “Naughty Buddy (倔強尾巴)”, “Naughty Mouth (倔強嘴巴)”, “Cyrin (西蘭)”, “Rikiso (潤之素)”, “Zhuazhua Cat Planet (爪爪喵星球)” and “Mele Family (米樂乖乖)”. We have ranked first in China’s household insecticides and repellents market in terms of market share for 10 consecutive years, ranked second in both household cleaning and air care market shares, and established leading positions in a number of market segments such as personal care and pet care.



Household insecticides and repellents products



Household insecticides and repellents products



Household cleaning and sterilization products



Pet food products



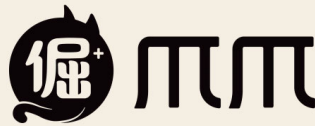
Pet care products



Air care products



Personal care products



Integrated pet chain



Integrated pet chain

During the Reporting Period, Cheerwin opened a total of 60 offline pet stores under brands, such as Zhuazhua Cat Planet, Zhuazhua Pet Care, and Mele Family Store, covering first- and second-tier cities including Shenzhen, Shanghai, Chengdu, Hangzhou, Suzhou, Guangzhou, Chongqing, and Foshan. It also accelerated the expansion of new stores. Through the systematic store upgrade project, we have optimised the multi-dimensional value on the basis of the unified brand visual system. By optimising the design of the consumer flow and expanding the service mode, we have significantly enhanced the interactive experience of consumers and our service efficiency, and led to an 84% increase in operating income.



## ABOUT US



After renovation



We built the “Cat and Cardboard” theme store in Shunde, Foshan. While following the green and environmentally friendly design concept, we renovated the store space and visual effects to strengthen the ecological coordination with the surrounding community environment; In addition, based on our continuously strengthened animal welfare management system, we have optimised the living environment of pets and jointly built a sustainable development paradigm of harmonious coexistence among people, pets and the community.







## ABOUT US

### HIGHLIGHTS

#### Environmental

- The hazardous waste discharge intensity fell by 30.46%, and the non-hazardous waste discharge intensity dropped by 23.23%
- We optimized product designs based on the principle of green chemistry, with a total of 8 products obtaining the China Environmental Labelling certification
- Both Anfu Cheerwin and Panyu Cheerwin successfully passed the certification of ISO 14001 environmental management system and ISO 50001 energy management system
- Anfu Cheerwin was awarded the title of National Green Factory
- Panyu Cheerwin was honored as Guangzhou Zero Waste Factory
- Through optimization of production schedules, modification of production processes, recycling of wastewater and other measures, we achieved water savings of 7,386 tons
- We promoted the direct delivery logistics model, and the annual direct delivery volume increased by 230,000 parcels, a year-on-year increase of 3%
- We promoted a circular economy and recycled 475 tons of waste materials in 2024

#### Social

- There are 1,202 employees, of which 53.16% are females
- The employee training hours totaled 9,757 hours, with an average number of 8.12 hours per person, empowering employees' growth
- We participated in the revision of 9 industry standards and 3 association standards
- In 2024, we applied for 68 patents and 107 trademarks, of which 30 patents were licensed and 51 trademarks were granted
- The renovation of offline pet stores has achieved remarkable results, driving up revenue by 84%
- We actively fulfilled our social responsibilities by participating in public welfare activities such as disaster relief, care for vulnerable groups, and dissemination of health knowledge

#### Governance

- Women account for over 34% of the management team and over 28% of senior executives.
- We have been honored as one of the Best Managed Companies for four consecutive years
- We joined the Enterprise Anti-Fraud Alliance to build a corruption-free society together with industry benchmarks
- Anti-corruption and anti-fraud compliance training was launched, covering 100% of employees and directors
- We established a clear ESG strategic framework, laying a solid foundation for strengthening ESG management



## CORPORATE HONORS

During the Reporting Period, Cheerwin received a number of domestic awards and recognitions, and its brand influence continued to grow:

### Awards and Honors

### Awarding Institutions

2024  
Best Managed Companies



Deloitte, Bank of Singapore, Business School of The Hong Kong University of Science and Technology, Harvard Business Review (Chinese Edition)

2024  
Listed Company with Most Growth Potential in Consumer Goods



National Business Daily

Golden Guru Club Award  
Annual Growth Value Award



Guru Club

Golden Sail Award  
Annual Outstanding Hong Kong Listed Company



21st Century Business Herald  
21st Century Economic Institute



# ABOUT US

## Awards and Honors

Gold and silver medals of the 17th ROI Business Creativity Awards



## Awarding Institutions

ROI Festival

Best Sustainable Development Award



AICPA

Science and Technology Progress Award



China National Light Industry Council

# OPENING: SUSTAINABLE CORPORATE GOVERNANCE

Remaining true to the original aspiration of building a sustainable future, Cheerwin deeply integrates ESG concepts into its corporate governance system, striving to create safer, healthier, and more environmentally-friendly products and services for consumers. We continue to optimize our governance system and work with our employees and partners to promote sustainable development of the society.

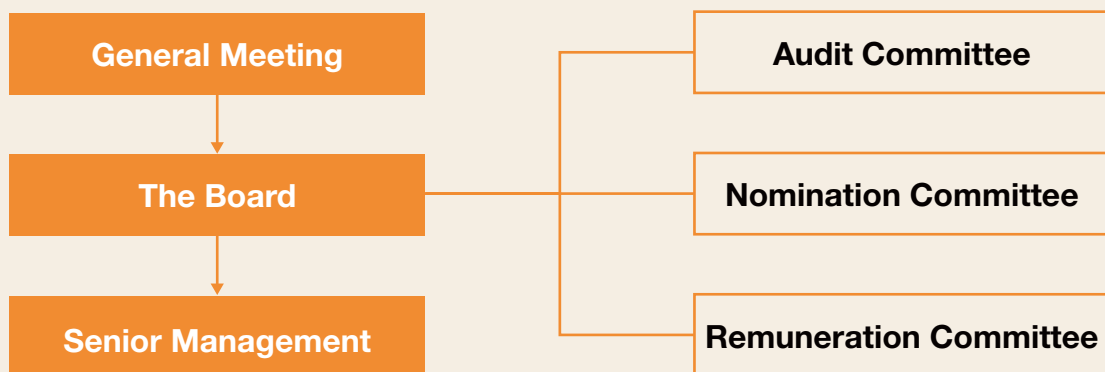
## CORPORATE GOVERNANCE

### • Governance Structure

Cheerwin endeavors to establish a scientific and sound corporate governance structure to ensure its long-term and steady development. We firmly believe that an excellent governance structure can significantly enhance corporate transparency, accountability, and credibility, and further boost the confidence of investors and stakeholders.

To this end, Cheerwin strictly satisfies the relevant requirements of the *Corporate Governance Code* of the Stock Exchange as the cornerstone of its corporate governance practices. Under the guidance of the code, we have established a system of specialized committees, including the Audit Committee, Remuneration Committee, and Nomination Committee. Each committee operates in strict compliance with the terms of reference authorized by the Board to ensure the scientific and standardized decision-making process. In addition, we have established a regular learning mechanism for the Board. Through organising Board members to participate in various specialised trainings such as the “Workshop on Governance of Hong Kong Listed Companies”, we have helped the Board members to keep abreast of the changes in the regulatory dynamics and professional practices, to continuously enhance the professional level of our governance entities.

While increasing the operational efficiency of the Board, Cheerwin has actively implemented the board diversity policy, taking into full account multiple dimensions of candidates, including professional experience, skills, knowledge base, gender, age, and cultural and educational backgrounds. Guided by this principle, the Board of Cheerwin exhibits diversity: as of 31 December 2024, the Board comprises 8 members, including 4 executive Directors (including 2 females), 1 non-executive Director, and 3 independent non-executive Directors. Such a diversified structure not only demonstrates the Company’s commitment to inclusivity and fairness, but also brings richer perspectives and broader strategic thinking space. Additionally, the structure can fully utilise the independent oversight capability of the independent non-executive Directors in strategic decision-making and other aspects. This procures the establishment of conflict of interest barriers, while injecting cross-dimensional insights into strategy formulation by leveraging on the professional competence of the independent non-executive Directors in various fields, to facilitate the dynamic assessment of corporate governance risks.



Corporate Governance Structure



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

The Board has always regarded shareholder engagement as a core component of the governance system. It has systematically listened to shareholder proposals and incorporated them into its decision-making considerations through multiple channels such as annual general meetings and investor exchange activities. In response to shareholders' concerns about governance transparency and ESG risk management, the Board has established a relevant evaluation and feedback mechanism, whereby reasonable suggestions are evaluated and transformed into concrete improvement measures. This two-way interaction model not only enhances investor trust, but also promotes strategic synergies between corporate governance practices and capital market expectations.

For more corporate governance information, please refer to the Corporate Governance Report section of the Company's 2024 Annual Report.

- **Risk Management and Compliance**

As globalization and digitalization profoundly impact the business environment, risk management has become a core element for companies to maintain competitiveness and achieve sustainable development. Cheerwin deeply recognizes that it is difficult to rely solely on the traditional risk management method to meet the increasingly complex business challenges. So, we have adopted a more systematic and technology-driven risk management approach to ensure our robust development in the face of uncertainties.

The Company has always stuck to the bottom line of compliance and strictly complied with relevant national laws, regulations and industry norms, laying a solid foundation for its long-term development. On this basis, we have formulated and continuously optimized internal management policies in accordance with the requirements of the COSO Internal Control-Integrated Framework, and established a comprehensive risk control mechanism to ensure the legality and compliance of all aspects of our operations. For a detailed list of laws, regulations and internal policies, please refer to Appendix II.

To achieve this goal, Cheerwin has constructed a risk management system covering all aspects of its business, systematically identifying, assessing, classifying, mitigating and monitoring various potential risks related to operations, including procurement management, credit risk, related party transaction control, information disclosure control and regulatory procedures. Meanwhile, the Company systematically sorted out the process authority of business operations, optimized a number of internal systems, including the *Expense Reimbursement System* and *Labor Contract Management System*, and continuously optimized internal control and risk management procedures.

In specific implementation, we have taken a variety of measures to identify and manage risks. For example, we gained in-depth understanding of market changes and the operational status of distributors via market visits and distributor audits, enabling timely identification of potential risks. Moreover, through on-site visits in regional markets, we were able to identify early signs of market fluctuations, allowing us to promptly adjust our distributor management model and mitigate market risks. Adopting the two-pronged approach of "prevention first, coupled with defense and feedback", Cheerwin once again saw steady progress in key business indicators during the Reporting Period.

## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

### • Integrity System

Cheerwin adheres to the principle of zero tolerance towards corruption and strictly abides by national laws and regulations, such as the *Anti-Unfair Competition Law of the People's Republic of China*, resolutely combating all forms of corrupt practices. To prevent corruption risks, the Company has established and continuously improved a series of systems, including important documents like the *Audit Supervision Management System* and the *Corruption Prevention and Punishment Management System*. The Company has designated the Audit Department as the primary supervisory body responsible for handling and following up on internal corruption cases, in a bid to ensure the effective implementation of anti-corruption efforts. It has clearly defined boundaries for employee conduct, strictly prohibiting all forms of illegal activities, such as commercial bribery and tunneling. Beyond that, the Company conducts regular reviews and timely updates of its code of conduct to ensure that relevant guidelines stay up-to-date and remain fully compliant with applicable laws and regulations.

We accept the supervision of all stakeholders through the integrity whistle-blowing channel on our official website at [tousu@cheerwin.com](mailto:tousu@cheerwin.com), in order to enhance the transparency of corporate governance and be subject to supervision by all parties. We promise to strictly protect the privacy and safety of whistle-blowers and will not disclose any information about them to other individuals or entities.

Currently, Cheerwin, which joined the Enterprise Anti-Fraud Alliance, actively participates in various activities organized by the alliance, such as training courses, industry sharing meetings, and visits to outstanding enterprises within the alliance, to learn the latest means of anti-fraud investigation and methods for building an integrity culture, share resources with other outstanding enterprises, and jointly promote anti-corruption and integrity in society.



**Members of the Enterprise Anti-Fraud Alliance**



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

To further enhance business ethics and the management level of the integrity system, we have established a wide range of integrity review measures to create an internal atmosphere of integrity:

### Conflict of interest declaration system for employees

- In order to strengthen employees' moral consciousness and enhance their professional ethics, the Company has constructed a semi-annual conflict of interest declaration system for employees. Through regular declarations, employees are guided to establish correct values and continuously improve their professional ethics.

### Signing the Letter of Commitment to Integrity and Self-discipline for Employees

- The Audit Department and the Human Resources Department jointly revised and issued the 2024 edition of the Letter of Commitment to Integrity and Self-Discipline for Employees, requiring all employees to sign the commitment. This move aims to further strengthen their awareness of integrity, unify norms and standards for all employees, and guide them to make correct judgments and choices that are in line with its core values in their daily business activities.

### Distributor visit mechanism

- The Company continually pays visits to distributors, steps up efforts to build an integrity culture based on existing businesses, and promotes integrity education through face-to-face communication and advocacy.

### Off-office audit for key positions

- In accordance with relevant provisions and work requirements, it strictly implements the off-office audit system for key positions. By conducting a comprehensive assessment on the financial, managerial, and legal and disciplinary responsibilities of departing employees, we have further strengthened the construction of our internal supervision system.

### Audit of personnel transfers in key positions

- For personnel transfers in key positions such as sales, the Company conducts special audits for compliance reviews on the transferred personnel. Based on this, we ensure that personnel in key positions strictly comply with laws and regulations, and our rules and regulations, effectively creating a compliant and clean operating environment.

To further strengthen the awareness of integrity among all employees, Cheerwin organizes at least one anti-fraud and internal control compliance training session for them every year. By systematically explaining the basic concept of anti-fraud, analyzing typical cases, interpreting relevant laws and regulations, outlining the key points of building an internal control system, and presenting the latest progress in Cheerwin's anti-fraud work, we help employees gain a deeper understanding of anti-fraud work, and enhance their legal awareness and internal control awareness, which is conducive to further solidifying the foundation of corruption-free operations. In the future, the Company will continuously improve its anti-fraud mechanism to ensure compliant operations and promote sustainable development. During the Reporting Period, Cheerwin was not involved in any litigation cases related to corruption or malpractice.



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE



Anti-corruption and anti-fraud compliance training

## ESG GOVERNANCE

### • ESG Strategy

With the mission of “Life is Cheerful”, Cheerwin has deeply embedded ESG concepts into its core values and strategic decisions. We firmly believe that our sustainable development is not only about economic benefits, but also about its positive impact on society, the environment and various stakeholders. By integrating the United Nations Sustainable Development Goals (SDGs) and focusing on five key dimensions of corporate governance, responsible procurement, talent development, environmental protection, and innovation and R&D, the Company will work out a scientific ESG strategic plan and systematically sort out a corresponding implementation path, aiming to drive its sustainable development, create a positive image, strengthen stakeholders' trust, and deliver more value for society and the environment.







## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

### • ESG Governance Structure

The Board has always regarded ESG work as an important cornerstone of the Company's long-term stability. As the top leader of the Company, the Board assumes full responsibility for the ESG governance and work progress.

We have established an ESG office ("**ESG office**") under the Board, which is led by an executive Director. The Audit Department of the Company takes the lead in the management and execution of ESG-related matters. We have also established an environmental, health and safety team ("**ESH team**") to assist the ESG Office in assessing and managing all ESG-related matters. The ESG working group composed of various business departments coordinates and promotes the implementation of specific ESG issues, effectively integrates ESG management strategies into key business processes, and ensures the implementation of ESG work.



### • STAKEHOLDER ENGAGEMENT

It is crucial to gain the recognition and support of all stakeholders in a firm's pursuit of sustainable development. The Company has always proactively listened to and understood the expectations and demands of stakeholders, including government and regulatory authorities, investors/shareholders, customers and consumers, distributors, suppliers, and employees. To respond to the demands of stakeholders in an accurate and timely manner, it has established a regular and diversified communication network, which serves as a bridge for interaction with stakeholders. The Company works closely with these key partners to determine its future strategic focus on sustainable development.

During the Reporting Period, it systematically reviewed and analyzed the regulatory requirements, concerns of the capital markets, and best practices of leading companies in the industry. In this context, the Company identified key stakeholder groups that have a significant impact on its decisions and are closely related to its business operations. Below are the carefully identified stakeholder groups that have a significant impact and are crucial to the Company's strategy formulation and execution.

## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

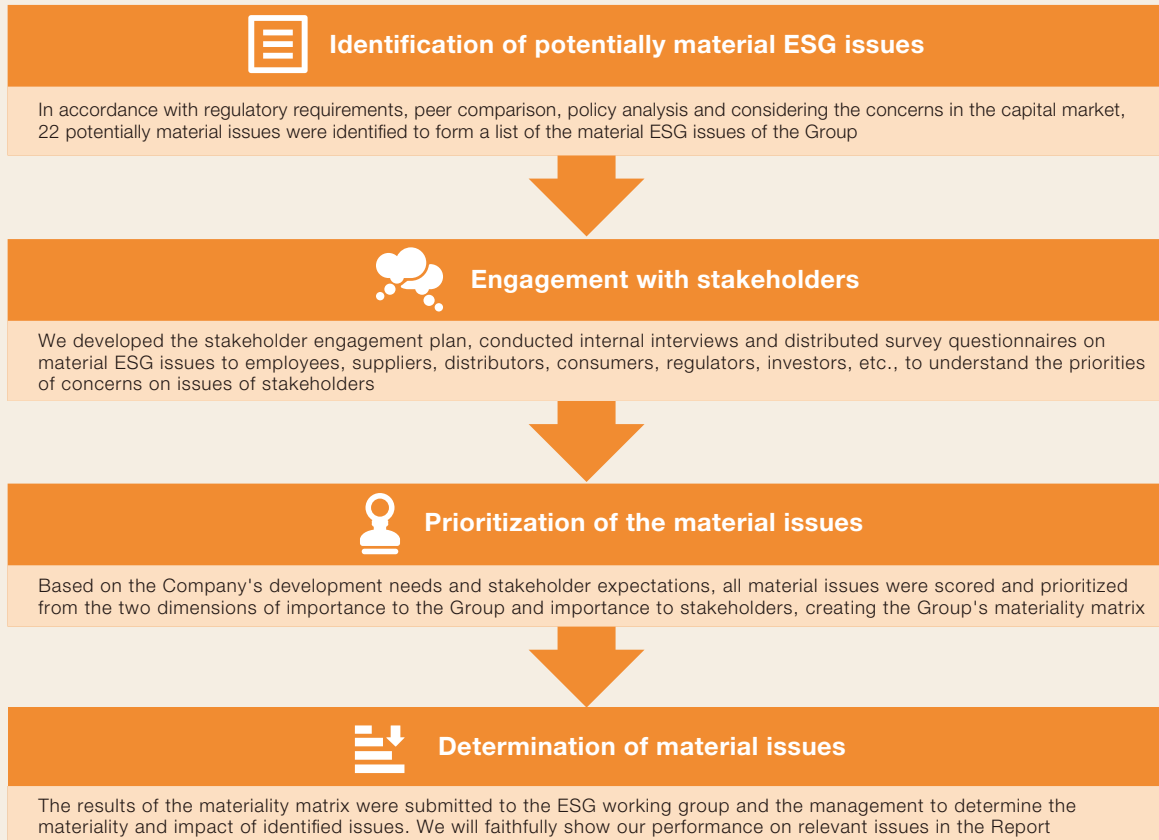
Related parties	Concerns	Communication and response channels
 Governments and regulators	<ul style="list-style-type: none"> <li>• Compliant operation</li> <li>• Tax payment by law</li> </ul>	<ul style="list-style-type: none"> <li>• Reception for research</li> <li>• Proactive reporting</li> <li>• Annual reports</li> </ul>
 Investors/shareholders	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Economic performance</li> <li>• ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings/extraordinary general meetings</li> <li>• Results presentation</li> <li>• Press releases/announcements</li> <li>• Annual reports and interim reports of the Company</li> <li>• ESG reports</li> </ul>
 Customers and consumers	<ul style="list-style-type: none"> <li>• Safe, healthy and environmentally-friendly products</li> <li>• Customer privacy and data confidentiality</li> <li>• Product diversification</li> <li>• Quality service</li> </ul>	<ul style="list-style-type: none"> <li>• Innovative R&amp;D</li> <li>• Whole process product quality control</li> <li>• Brand promotion</li> <li>• Responsible marketing</li> <li>• Consumer service hotline</li> </ul>
 Distributors	<ul style="list-style-type: none"> <li>• Profit guarantee</li> <li>• Boosting business capability</li> </ul>	<ul style="list-style-type: none"> <li>• Distributor selection evaluation</li> <li>• Distributor training and publicity</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>• Supplier selection management</li> <li>• Supplier evaluation</li> <li>• Supplier cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier selection evaluation</li> <li>• Supplier performance evaluation</li> <li>• Regular visits to suppliers</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>• Protection of basic rights and interests</li> <li>• Compensation and benefits</li> <li>• Training and development</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication platform</li> <li>• Regular growth and performance evaluation</li> <li>• Cheerwin Academy</li> <li>• Health and safety training</li> </ul>



## OPENING: SUSTAINABLE CORPORATE GOVERNANCE

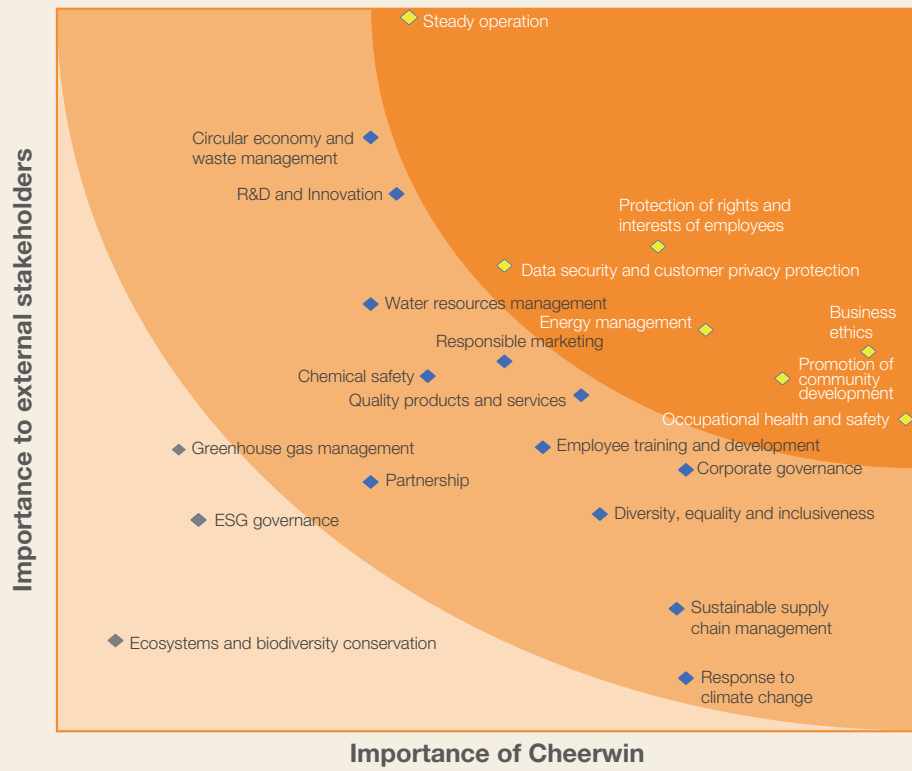
### • IDENTIFICATION OF MATERIAL ISSUES

During the Reporting Period, the Company systematically reviewed the list of ESG issues to align with the latest market dynamics and regulatory requirements. In strict accordance with the Stock Exchange's *ESG Reporting Guide*, and with reference to SASB's Materiality Map and best practices in the industry, it meticulously screened and assessed the issues, reducing the number of the previous years' issues from 26 to 22. Subsequently, via in-depth communication and collaboration with stakeholders, the Company successfully prioritized the issues, ensuring a more focused and effective ESG strategy.



In view of the 22 material issues of the Company, the Group identified 7 issues of high materiality, 12 issues of moderate materiality, and 3 issues of general materiality during the Reporting Period.

## OPENING: SUSTAINABLE CORPORATE GOVERNANCE



ESG Materiality Matrix



# I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

Cheerwin upholds the philosophy of green and low-carbon development and actively responds to the national “dual carbon” goals and initiatives related to sustainable development, aiming to conduct green management throughout the entire product lifecycle. We continuously monitor the potential impact of climate change on our operations. By identifying and evaluating related risks and opportunities, we improve the risk prevention mechanism and enhance our climate resilience. With great importance attached to ecological conservation, we are actively involved in ecological conservation actions and promote environmental awareness via many channels, making all-out efforts to foster a culture of green operation, and advancing the harmonious coexistence between our business and the environment.

We continuously enhance our environmental management system, actively set and update environmental management objectives and indicators, and progressively establish a data management platform to track them. We have taken multiple energy-saving measures in areas such as greenhouse gas emissions, energy use, water resource utilization, and waste discharge, thereby strengthening environmental management and providing a solid foundation for our sustainable development.

During the Reporting Period, no environmental violations such as chemical leakage and improper disposal of hazardous waste occurred in the Group. Through continuous efforts in upgrading production equipment and enhancing production processes, the Company has strengthened the management of greenhouse gases, energy, and water resources, tracked and optimized the intensity of key environmental indicators such as waste discharge control, and successfully achieved the annual targets. In 2025, we will enhance our environmental performance data management and optimize various environmental management initiatives according to higher standards and requirements, in order to achieve our goal of reducing environmental impact year on year and advance steadily on the path of green development.

## 1.1 CLIMATE CHANGE

Climate change, as a serious challenge facing the world today, has a profound impact on the ecosystem, the macro-economy and social development. Against this backdrop, we are aware that climate change is closely linked to the sound operation of the Company and the sustainable development of the economy and society.

To comprehensively assess the impact of climate change on the Company, we have made reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify and analyze physical risks and transition risks arising from different climate change scenarios, and improve our climate prevention strategies to enhance our risk management capabilities in relation to climate change. Meanwhile, we keep abreast of the latest developments in climate change and flexibly adjust our strategies and business model based on keen insights to comprehensively enhance the Company’s ability to withstand climate change and contribute to the achievement of national dual carbon goals.

## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

Climate Change Risk	Climate Change Risk Item	Description of Major Impacts	Degrees of Impacts
Transition risk	Carbon pricing	<ul style="list-style-type: none"> <li>With the gradual improvement of China's carbon pricing carbon market trading, future trading in carbon emissions will have an impact on Cheerwin's business operating costs</li> </ul>	Moderate
		<ul style="list-style-type: none"> <li>Future changes in carbon price will affect firms' carbon quotas and emissions trading. When the Company's carbon emissions exceed the carbon quota, Cheerwin's operating costs will increase</li> </ul>	
	Policies and laws	<ul style="list-style-type: none"> <li>As the dual-carbon goals are set and implemented, the Chinese government will introduce more stringent regulations and policies, which will lead to stricter greenhouse gas management and emission reduction measures, and an increase in the compliance and operating costs of Cheerwin</li> </ul>	High
	Product packaging	<ul style="list-style-type: none"> <li>Tightening policies on plastic/packaging containers in various countries may increase product packaging costs of Cheerwin</li> </ul>	High
	Disclosure requirements	<ul style="list-style-type: none"> <li>Increasing requirements for the extent and content of corporate disclosures by regulators and government authorities in various countries will increase Cheerwin's information disclosure costs</li> </ul>	High
	Technological innovation and product R&D	<ul style="list-style-type: none"> <li>As China tightens requirements for carbon emissions of enterprises, Cheerwin reduces greenhouse gas emissions by upgrading technologies, optimizing processes, and installing new equipment</li> <li>In the processes of technological investment and R&amp;D, Cheerwin may encounter investment failure in new low-carbon environmental protection technologies</li> </ul>	Moderate



## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

Climate Change Risk	Climate Change Risk Item	Description of Major Impacts	Degrees of Impacts
Transition risk	Market demand	<ul style="list-style-type: none"> <li>Increasing consumers' awareness of carbon emissions and decreasing demand for products with high carbon emissions will lead to a decrease in revenue</li> </ul>	High
	Changes in investor evaluation	<ul style="list-style-type: none"> <li>As climate change has become a global hot topic, investors' expectations for companies to strengthen climate change management are constantly rising. If Cheerwin cannot carry out low-carbon transformation in a timely manner, it may affect its investment and financing activities</li> </ul>	Low
	Rising average temperature	<ul style="list-style-type: none"> <li>Temperatures will increase energy consumption (for cooling) and burden on workers, resulting in increased costs during operations</li> </ul>	High
	Use of water resources	<ul style="list-style-type: none"> <li>Operating cost increases due to water shortages and deterioration of water quality</li> </ul>	Moderate
Physical risks	Flood	<ul style="list-style-type: none"> <li>Flood will cause damage to materials while greatly affecting the supply chain, thus impacting the business</li> </ul>	Low
	Direct/indirect impacts due to abnormal climate Typhoon/Hurricane	<ul style="list-style-type: none"> <li>Typhoon will have a serious impact on Panyu Cheerwin, such as damage to infrastructure/production equipment of the plant, or impact on the production/transportation process of suppliers along the product supply chain, resulting in business interruption or other serious impacts due to insufficient product supply</li> </ul>	High

### 1.2 GREEN OPERATION

Cheerwin, which always insists on green operation, continually improves the Company's environmental and energy management system and optimizes relevant systems and accountability mechanisms. We are devoted to practicing the philosophy of green and low-carbon development throughout the product lifecycle, and carrying out energy conservation and emission reduction measures in all aspects to reduce the carbon footprints of products. Simultaneously, we comprehensively oversee waste discharges, increase energy and resource use efficiency, and promote collaborative efforts across departments to reduce pollution and carbon emissions. We continuously innovate and explore green products and adhere to the ESG action principle of "better products, a friendlier environment, and a happier society" to propel sustainable development within the industry. In production, we uphold the environmental management system principle of "source prevention and full-process control", and consistently adhere to intensive land use, harmless raw materials, clean production, waste recycling, and low-carbon energy on all fronts.





## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

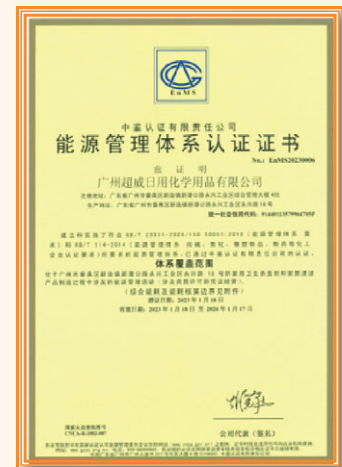
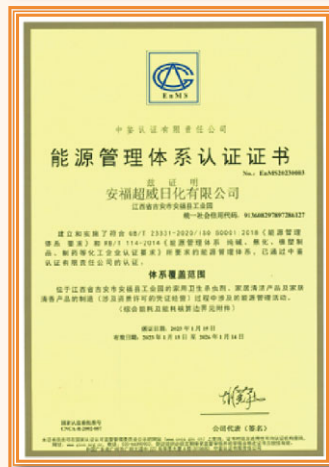
### • Management System

In strict compliance with the national laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, and the *Energy Conservation Law of the People's Republic of China*, we formulated the *Energy Management System* to standardize the environmental and energy management work of our production bases and actively push the relevant certifications. During the Reporting Period, both Anfu Cheerwin and Panyu Cheerwin successfully passed the ISO 14001 environmental management system certification and the ISO 50001 energy management system certification, which means that we are capable of effectively controlling environmental pollution, conserving resources and continuously improving our environmental performance in our production and operation activities. We conduct annual environmental monitoring at Anfu Cheerwin and Panyu Cheerwin to ensure environmental compliance.

### ISO 14001 environmental management system certification



### ISO 50001 energy management system certification



Anfu Cheerwin

Panyu Cheerwin



## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

Additionally, Anfu Cheerwin has established and improved an incentive mechanism for green factory construction to continuously strengthen the Company's green and low-carbon performance. To be specific, it links employee performance with their contribution to green factory construction, mobilizes all employees to participate in green factory construction and launches specialized training programs to enhance their enthusiasm and facilitate the green transformation of the production process. During the Reporting Period, Anfu Cheerwin was successfully awarded the title of National Green Factory.

### • Creating Green Products

Cheerwin, which upholds the product development philosophy of "professionalism, safety, efficacy, and environmental friendliness", reduces the use of harmful substances and implements various carbon reduction and energy saving measures throughout the entire lifecycle of its products, from R&D, design, procurement, and manufacturing to end-use. The Company actively expedites the construction and certification of green factories, aiming to create a replicable and exemplary green development model for daily chemical plants and contribute to the industry's sustainable development.

#### Product R&D and Design

- We integrate the eco-design concept into our product design process and carefully consider the balance between product functionality and environmental impact
- During product R&D, we assess the potential environmental impact of raw and auxiliary material usage, production, recycling, and other stages, and utilize non-toxic, harmless, and environmentally-friendly materials for all our production processes. Currently, the consumption of petroleum-based solvents in mosquito repellents and insecticides is declining year by year

#### Procurement of Raw Materials, Products and Services

- Procurement standards and systems have been constantly refined, and the concept of green procurement has been incorporated into the entire process of raw material, product, and service procurement
- When procuring chemical raw materials, we prioritize suppliers who demonstrate low energy consumption and minimal waste discharges during production, and utilize biodegradable or recyclable materials

#### Product Processing and Production

- We improve production processes by employing more efficient processing methods and reducing the number of steps involved
- We phase out outdated, high-energy-consuming equipment and introduce energy-efficient production equipment
- We monitor and optimize the operating parameters of production equipment in real time to ensure operation at optimal energy consumption levels

#### Product Transportation and Usage

- We actively promote the integration of information technology and industrialization, introduce and intelligent management system and obtain the Integration of Informatization and Industrialization Management System Certificate
- During product transportation, we utilize a transportation management system to standardize and visualize vehicle reservation, entry, and loading/unloading operations, enhance the intelligentization of logistics management, and optimize the transportation process to shorten invalid waiting time, improve transportation efficiency, and lower energy consumption
- We utilize a three-dimensional warehouse management system and warehouse control system for precise and efficient management of orders and warehouses. This ensures a smooth product supply and indirectly mitigates potential energy consumption impacts due to inventory backlog or supply shortages during the product usage phase

# I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

## Package Consumption Reduction

Cheerwin has achieved remarkable results in package consumption reduction and product quality enhancement, providing strong support for sustainable development and improved user experience. In terms of package consumption reduction, the Company has achieved plastic reduction targets for several products through bottle structure optimization, thickness adjustments, and the application of new materials.

- For the Vewin 2.0 kitchen cleaner, we adopted a new bottle design that enhances its pressure resistance and reduces its weight by approximately 8% through methods such as reducing plastic usage. Additionally, we designed a new spray nozzle, achieving an approximate 13% weight reduction compared to the original one



- For the Vewin Clean Master series, we achieved a weight reduction of about 18% per bottle by optimizing production processes and reducing material usage



- For the mosquito-repellent peach jelly, we changed the packaging from “double-layer back card + blister” to “window-sticking easy-tear carton”, simplifying the packaging and reducing paper usage



- In terms of mosquito coil products, we continuously promote non-detachable packaging and optimize packaging solutions, improve production efficiency and reduce labor and material costs while significantly decreasing the use of plastic PP foam





## Raw Material Selection

- ## Production Process

- ## Packaging Materials

- We reduce or eliminate the use and generation of harmful substances from the source, ensuring the minimal impact of chemicals and their processes on the environment and humans. For instance, the mosquito coils manufactured by Anfu Cheerwin contains 80% green materials in its core composition. During the Reporting Period, multiple Superb household insecticides were designed and produced based on the principles of green chemistry. After national testing and on-site audits, they met the technical requirements for environmental labelling products and passed the China Environmental Labelling certification.



## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

### • Enhancing Resource Utilization Efficiency

To further strengthen energy management, Cheerwin has formulated institutional documents such as the *Energy Management System* and the *Energy Management Manual*, based on the provisions and requirements of standards such as GB/T 23331-2020 *Energy Management Systems – Requirements*, and in conjunction with the characteristics and actual situation of business operations, with a view to strengthening its energy management level, reducing material consumption, and increasing energy efficiency. We actively respond to the national strategic policy of a circular economy, implement multiple energy-saving projects and require upstream and downstream partners in the industry chain to cooperate with our circular economy goals to promote sustainable development.

### ✓ Energy Management and Greenhouse Gas Management

Cheerwin endeavors to increase energy utilization efficiency and regards continuous optimization of energy management as an internal management goal. During the Year, we continuously stepped toward a greener production model by improving our energy management system, setting forth energy management objectives, implementing various equipment and facility upgrading measures for energy conservation and consumption reduction, and reducing energy consumption in our business operations and production processes. Moreover, to further improve energy management efficiency, we introduced an information-based energy management system and established an energy data ledger to accurately identify key energy usage procedures, offering effective data support for subsequent energy conservation and emission reduction efforts.

### Optimizing Production Processes and Configuration, and Promoting Energy Conservation and Consumption Reduction

To achieve green development, Cheerwin further reduced energy consumption by optimizing production processes and configuration, based on actual production conditions.

#### • Optimization of Semi-finished Product Manufacturing Process

- Through in-depth analysis of the existing semi-finished product manufacturing processes and procedures, Cheerwin optimized the manufacturing process in a targeted manner, cancelled unnecessary production steps, and reduced energy waste during the production process. By scientifically adjusting process parameters and equipment operating modes, it further reduced resource consumption, and achieved energy conservation and emission reduction while increasing production efficiency.

#### • Non-local Production of Small Products

- To address the high energy consumption issue caused by the long-running clean system, Cheerwin added a batching system at Anfu Cheerwin, transferred the production of small products that are not necessarily manufactured in a clean environment (such as products that do not require steam shrinking), originally produced in the small product workshop, to the integrated factory. This process optimization effectively shortened the operating time of the clean system and significantly reduced the electricity consumption of related equipment.



## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

### Energy Conservation Upgrades and Energy Efficiency Improvement

Aiming to further increase production efficiency and reduce energy consumption, Cheerwin carried out comprehensive energy conservation upgrades for production equipment and air compressors, effectively improving the energy utilization efficiency of production and operation activities.

- **Energy Conservation Upgrades of Production Equipment**
  - Pin inserter acceleration: The number of stations was increased from 6 to 12, high-speed cylinders were replaced and the control procedures were optimized, which increased production speed from 50 pieces/minute to 90 pieces/minute, resulting in a significant 80% increase in production efficiency.
  - Output expansion for fillers: The number of filling heads of the 2-line electric mosquito repellent liquid filler was increased from 10 heads to 14 heads, and two independent filling systems were added to support the filling needs of different types of liquid, resulting in an overall 30% increase in production efficiency.
- **Energy conservation upgrades of air compressors**
  - The addition of an inverter and an automatic control system to air compressors enables an effective reduction in their idle running time. The idle running rate is expected to fall by 15%, saving 34,500 kWh of energy annually.
- **Promoting Green Lighting**
  - Lighting equipment in factories, warehouses, and offices is installed separately and controlled by regional lamps and equipped with timers and the switching time is set according to seasons, effectively reducing electricity consumption.
  - Workshop lighting lamps were replaced with more energy-efficient LED lights to reduce energy consumption. A total of 1,024 lamps were replaced, which is expected to save 4,096 kWh of energy annually.
  - In factories, traditional street lights were replaced with solar street lights.

Through the above transformations, Cheerwin improved equipment operating efficiency, significantly reduced energy consumption, and promoted green manufacturing and operations.



Production equipment upgrades



Solar street lights

During the Year, Anfu Cheerwin established a greenhouse gas management framework led by the Carbon Emission Management Committee and implemented by dedicated departments and teams, and continuously enhanced the capability and expertise of relevant personnel in greenhouse gas management via targeted training and other means, with a view to strengthening greenhouse gas management in the production process. Meanwhile, Anfu Cheerwin also established and improved the rules and regulations for greenhouse gas emission accounting and reporting. By clarifying key control points such as the functions, workflows, content, cycles, and timing of responsible departments and personnel, it further improved its own greenhouse gas management system and processes, laying a solid foundation for Cheerwin to further strengthen greenhouse gas emissions accounting and reporting management in the future.





## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

Concurrently, Anfu Cheerwin obtained greenhouse gas management system certification and tracked the carbon footprint of related products to further strengthen greenhouse gas management and clarify the data foundation for continuous emission reduction efforts. Taking mosquito coils and electric mosquito-repellent liquid as examples, we systematically sorted out the greenhouse gas emission data during raw material transportation, product manufacturing, product transportation, and product recycling, calculated their carbon footprint, and successfully obtained third-party certification.



Product carbon footprint certificate



Greenhouse gas management system certificate

### ✓ Promoting Circular Economy

We strive to find solutions for a circular economy to reduce our environmental footprint. In 2024, we continuously optimized waste recycling and reuse channels, carried out a number of resource recycling initiatives, and innovated in and explored resource recycling methods, integrating the concept of sustainable development into key processes in production and supply chains.



#### Carton recycling

Waste cartons, iron drums, shrink wrap, plastic film, and reworked cartons were collected and sold back to suppliers for recycling



#### Waste reuse

All waste mosquito repellent coils were recycled and reused, with over 475 tons of waste reused annually

All excess blank corners generated in the molding process were collected and reused in production



#### Packaging reuse

Panyu Cheerwin signed turnover agreements for packaging boxes and bag packaging with suppliers

Anfu Cheerwin collaborated with suppliers under the “park-within-a-park” model within the industrial park, and all outer packaging for transportation protection has been fully reused multiple times



#### Hazardous waste disposal cycle

It disposed of hazardous waste from waste drums, attempting to convert it into general solid waste or recycle it





## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

### • Green Office

Cheerwin actively advocates green offices, aiming to work with all employees to build a green and sustainable corporate culture. The Company insists on publicizing environmental protection internally to encourage employees to participate in environmental protection initiatives. Additionally, we have taken a number of measures to reduce carbon emissions in daily operations and strengthen the management of waste and energy consumption, striving to build a green, environmentally-friendly and sustainable workplace.



### • Green Logistics

Cheerwin attaches great importance to green logistics, always regarding it as a key part of achieving its sustainable development. Against the backdrop of global climate change, the Company actively responds to the national strategic dual carbon goals and comprehensively boosts the development of green logistics by optimizing the logistics network, increasing transportation efficiency, and reducing carbon emissions.

Adhering to the principles of "systematization, scientific scheduling, and efficient transportation", we achieve intelligent management during the transportation process through optimizing transportation routes and flexibly adjusting transportation vehicle types. This enables sterilization and disinfection products to be delivered directly from factories to customers, reducing secondary transshipment, loading and unloading, and effectively lowering transportation costs. In 2024, the annual direct delivery volume increased by 230,000 parcels, a 3% year-on-year increase, reducing the transit transportation of trucks by 127 trips.

## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

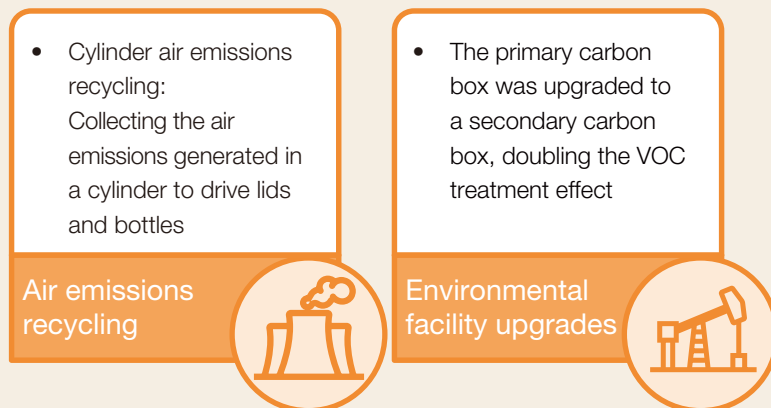
### • Emissions and Discharge Management

Cheerwin strictly regulates the discharge of pollutants and waste during operations. It complies with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*, and has formulated and improved internal management systems regarding air emissions, hazardous and non-hazardous waste discharge, and wastewater discharge, ensuring the compliant discharge and treatment of pollutants. We conduct daily monitoring of emissions and regularly inspect relevant treatment facilities to avoid equipment failures or abnormalities, achieving the goal of 100% compliant emissions.

#### ✓ Air Emissions and Waste Discharge

We strictly abide by laws and regulations such as the “*Law of the People's Republic of China on the Prevention and Control of Air Pollution*” and the “*Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*”, formulate internal management systems and regulations such as the “*Three Waste Emission Management System*”, “*Waste Management System*” and “*Solid Waste and Detergent Wastewater Treatment Procedures*”, and establish a clear accounting management system with a dedicated staff responsible for recording the emission data generated by relevant departments in detail. A series of measures are taken to strengthen the Company's exhaust gas and waste emission management.

In terms of exhaust gas, the Company has established specialized treatment and management mechanisms for different production process flows. We have installed exhaust gas treatment equipment in the mosquito coil workshop and toilet cleaner block workshop of Anfu Cheerwin to purify the exhaust gas. At the same time, the exhaust gas generated during the production process of Panyu Cheerwin will be collected centrally through pipes and hoods to the equipment on the roof of the factory, and adsorbed using activated carbon for treatment. In addition, we regularly invite third-party organisations to test the Company's exhaust gas emissions to ensure compliance with regulations.

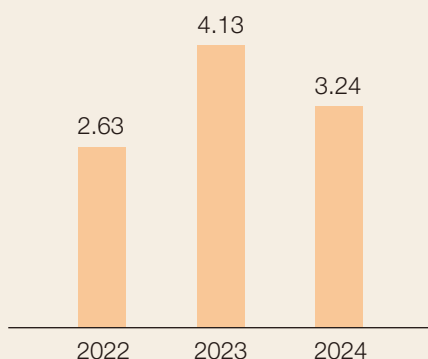




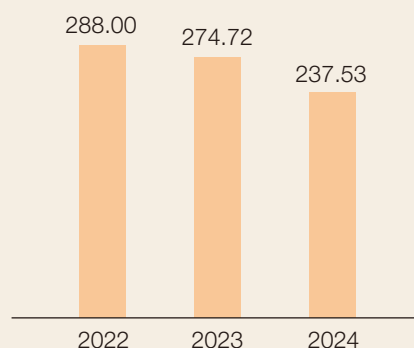
## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

In terms of waste, we have vigorously promoted various recycling methods to achieve waste reduction. We reuse the relevant solvent tanks in the canning process to reduce the amount of related disposal, provided that the solvent and tanks are of acceptable quality. Meanwhile, in terms of final disposal of waste, we have established a special storage warehouse in the factory area to classify and store various types of waste, and professionally trained personnel will keep them, and then uniformly hand them over to professional third-party organisations for compliant disposal. As at the end of the Reporting Period, the Company's total hazardous waste dropped by 21.55% from the previous year, and the total non-hazardous waste produced fell by 13.54% year on year.

**Total hazardous waste produced (tonne)  
(2022-2024)**



**Total non-hazardous waste produced (tonne)  
(2022-2024)**



During the Reporting Period, the Company's exhaust gas and waste emissions met the emission standards specified in the environmental assessment approval, and no illegal emissions were generated. In addition, our production base, Panyu Cheerwin was awarded with the title of "Zero Waste Factory" by the Guangzhou Municipality.

### ✓ Water Resources and Wastewater Discharge

We strictly comply with laws and regulations like the *Law on the Prevention and Control of Water Pollution of the People's Republic of China*, the *Regulations on Urban Drainage and Sewage Treatment* and the *Measures for the Management of Pollutant Discharge Permits (for Trial Implementation)*, and have formulated internal management methods, such as the *Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization*, to specify the management standards for the wastewater discharge and standardize our operating procedures at key parts such as collection, storage and treatment. We established a real-time wastewater monitoring system to record and analyze the chemical oxygen demand (COD), ammonia nitrogen content (NH<sub>3</sub>-N), PH and flow data in wastewater, and submit the records to the environmental regulatory authorities. Additionally, we have effectively reduced the generation of wastewater by optimizing production schedules, modifying production processes and recycling wastewater. During the Reporting Period, our wastewater discharge complied with the Integrated Wastewater Discharge Standard (GB 8978-1996).

## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

A wastewater treatment plant was built to collect and treat industrial and domestic wastewater generated by factories. The treated wastewater was reused for flushing toilets in the factory area to save water resources. In December 2024, the Company improved the sewage pipe network in the living area to prevent sewage from surrounding factories from and rainwater from flowing in the sewage pipes. This effectively reduced the amount of water treated by the wastewater treatment plant and energy consumption during the rainy season. During the Reporting Period, the wastewater treatment plant disposed of 30,342 tons of sewage, of which 7,386 tons were reused for dust removal in the spray tower of the mosquito repellent coil workshop and for flushing toilets in factories after meeting the treatment standards.

### Implementing Reclaimed Water Reuse and Automatic Irrigation to Improve Water Conservation Efficiency

Anfu Cheerwin improves sewage treatment efficiency through innovative sewage treatment and resource utilization solutions. It adopts advanced sewage treatment technology to ensure that the effluent quality stably reaches Class I water standards. An automatic real-time monitoring system is in place to ensure the compliant discharge of approximately 3.5 tons of water a day. To further enhance water resource utilization efficiency, it added a quartz sand filter and an ultraviolet sterilizer based on the original treatment process. The use of the principle of gravity flow enables deep filtration and disinfection of sewage, and the treated water is recycled.

The factory has built a 100-cubic-meter multi-functional clean water tank system, which serves as a water storage facility for green irrigation and also has a fire emergency reserve function. At the same time, an intelligent irrigation pipe network system has been constructed, supporting partitioned and timed automatic irrigation, and significantly increasing water resource management efficiency.

Upon project completion, about RMB150,000 can be saved annually on tap water costs, sewage treatment fees, and manual irrigation costs.



### ✓ Green Package Improvement

Cheerwin stresses the concept of green package design, regarding it as a crucial part of achieving its sustainable development. Against the backdrop of growing global environmental awareness, the Company strives to reduce resource consumption and environmental pollution by creating innovative package designs and choosing eco-friendly materials, driving the packaging industry to move toward greenness and sustainability.



## I. GREEN AND LOW-CARBON GROWTH FOR A HARMONIOUS ECOSYSTEM

To continuously promote ecological protection, we will implement innovative strategies in product package development, prioritize the use of environmentally-friendly materials and reduce the use of scarce or endangered resources. An assessment prioritization mechanism has been in place to evaluate the recyclability of packaging materials such as cartons and plastics. In the meantime, we reduce the use of inner packaging and packaging materials such as plastics by optimizing packaging methods, creating a system for reducing and recycling packages. Furthermore, our old product recycling program has effectively reduced demand for natural resources, significantly reducing the pressure of waste on the ecological environment.

Upholding the concept of “simplification, lightweighting, and sustainability”, we achieve the goal of green packaging by optimizing the bottle structure of our household freshening products to reduce material usage while enhancing compression resistance. We also adopt alkali-resistant and corrosion-resistant shrink label solutions to fully meet product usage needs and improve both eco-friendliness and practicality of our products.

### Unlimited Packaging Creativity: Trend and Practice Sharing Session

To enhance packaging innovation capabilities, we organized a sharing session themed on “packaging trend and innovative application”, in which attendees analyzed current trends in the packaging industry and shared design concepts and practical cases of various innovative functional packaging solutions. Combining new product development and emerging market scenarios, we thoroughly explored the feasibility of these solutions, aiming to provide more inspiration and technical support for future package designs.



### 1.3 ECOLOGICAL PROTECTION

Cheerwin considers protecting ecosystems and biodiversity as one of its core strategies for sustainable development. We integrate the concept of green development throughout our entire production and operation process. We established an environmental management system that covers the entire lifecycle of products from R&D, manufacturing, to packaging, trying to achieve multiple goals: efficient resource utilization, biodiversity protection, and minimal environmental impact. We constantly seek innovative solutions while taking existing environmental protection measures, and improve environmental performance through technological transformation and model innovation, contributing to the balance of ecosystems and green transformation of the industry.

In terms of greening in factories, we adopt a scientific and systematic planning approach to introduce on a large scale native plants (such as camphor trees, bayberry trees, osmanthus fragrans trees, and holly) that adapt to local climate conditions, grow rapidly, and have well-developed root systems. These species not only effectively secure carbon dioxide but also act as natural air purifiers, possessing high ecological value. Through this eco-friendly approach, we not only enhance the environmental resilience of our business operations but also contribute practically to biodiversity conservation and ecosystem optimization.

## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

Hoping to create a better life for thousands of Chinese families, Cheerwin stays abreast of the latest trends, and gains a deep insight into user needs. With innovation as our driving force, we continuously strengthen our product and technology research and development capabilities, create higher-quality products through a comprehensive quality management system, and strictly protect user privacy, committed to providing a more reassuring service experience.

### 2.1 TECHNOLOGY LEADERSHIP

R&D and innovation are powerful engines for enterprises to achieve sustainable development. The Company consistently focuses on the actual needs of consumers, continuously strengthens the professional capabilities of our R&D team, actively explores the potential applications of cutting-edge technologies, and constantly improves product performance.

#### • Product Innovation

Our core strategy is to “good products are available everywhere, and life is cheerful”. To meet consumer needs, we have established a trend insight and technology research system covering our main product categories, integrating internal and external research results, and accumulating our own core patented technologies and key technologies. In 2024, we made significant strides in the functional cleaning products and pet food sectors, attempting to create healthier and more competitive products.

Adhering to the economic concept of sustainable development, Cheerwin is committed to providing eco-friendly and highly efficient cleaning solutions in the household cleaning and disinfection sector. To this end, we have specially developed the Vewin Clean Master series. It utilizes natural ingredients and biodegradable formulations. While meeting cleaning needs, it is also environmentally-friendly, healthy and safe, dedicated to delivering an efficient and convenient cleaning experience through innovative technology.

#### Vewin Clean Master Series

Vewin Clean Master is an innovative product specializing in the high-end cleaning sector. With the design idea of “multi-functions in one bottle” and cutting-edge technology, it provides consumers with efficient and convenient cleaning solutions.

From the perspective of sustainable development, Vewin Clean Master reduces its carbon footprint by using naturally sourced ingredients and lessening its reliance on petrochemical resources. Its biodegradability reduces the risk of long-term environmental pollution. The design idea of “multi functions in one bottle” not only simplifies the cleaning process, but also minimizes packaging waste and promotes resource recycling.

With its outstanding environmental performance, health and safety features, and efficient cleaning capabilities, the Vewin Clean Master series has been successfully launched and has secured a leading position in the high-end cleaning market, gaining popularity among consumers. This product not only meets consumer demand for eco-friendly, healthy, and high-quality life, but also sets a benchmark for green innovation in the cleaning product industry, demonstrating corporate responsibility in environmental, social, and governance aspects.

International fragrance,  natural fruit scent		 Dual-use purpose of foam and spray
Practically non-toxic,  safer to use		 Phosphorus-free, environmentally-friendly
Natural essential oil boosting  technology, powerful cleaning		 Bleach-free, gentle
Natural antibacterial,  99.9% sterilization rate		 Abrasive-free, surface protection





## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

In the pet food and care sector, we carefully select high-quality raw materials and formulations, and continuously launch premium products to provide pets with scientific and health care solutions.

Naughty Mouth Freeze-Dried Snack Sticks	Naughty Buddy Multi-Effect Deodorant Spray	Naughty Mouth Fresh Staple Food
<p>To address the issue of hairballs in cats, we developed freeze-dried snack sticks with added barley grass powder, psyllium, and wheat fiber. Without added oils to stimulate excretion, these snack sticks are natural and healthy, providing cats with a scientific solution for hairball control, hair beautification, and immunity enhancement.</p> 	<p>To tackle odor issues in pet-owning households, we carefully chose five natural plant extracts, leveraged advanced cationic sterilization technology, and adopted a sustained-release antibacterial mechanism to effectively break down odor-causing substances in pet feces, effectively inhibiting the growth of bacteria for a long time and creating a clean and fresh living environment for pet owners.</p> 	<p>We have developed high-quality fresh food that meets AAFCO standards and is free from additives. With scientific formulas, our food aids in hairball removal and improves dry fur, builds a defense line of health for cats, nourishes them with essential nutrients, and protects their heart muscle and urinary health, creating a strong shield for their well-being.</p> 

### ✓ Formulation Technology Upgrade

We delve into and continuously optimize formulation technology, achieving dual improvements in cleaning efficacy and user experience and implementing sustainability and eco-friendliness principles.



By integrating small-molecule grease-dissolving technology and highly efficient worm-like micelle solubilization technology, we achieve rapid grease removal. We also optimize the selection and compounding of penetrating agents to minimize the use of volatile raw materials



The introduction of nano-emulsion cleaning technology further enhances grease removal. Employing green chelation technology and phosphorus-free formulation design, we strengthen the solubility of products



The powerful oxygenolysis and the unique sodium hypochlorite mechanism effectively disrupt the bond between contaminants and surfaces, effectively eliminating bacteria and viruses

### Example of innovation in cleaning products



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### • R&D Management

Guided by the quality policy of “scientific rigor, impartiality, objectivity, and customer first”, we have established a comprehensive technological innovation management system, developed new projects based on customer needs, spurred innovation in testing and research methodologies, and continuously expanded our R&D fields.

According to the *New Project Initiation Management Procedures* and the *Testing Method Management Procedures*, the Company has constructed a comprehensive R&D management system covering project initiation to achievement transformation, and requested project leaders to work out project schedules and to coordinate resource allocation, in a bid to ensure that projects proceed as planned and that goals are achieved.

In 2024, we kept pace with evolving market demand trends and released the *Atlas of Chinese Skin Characteristics* based on our experience in human skin evaluation. We also improved sensory evaluation methods, broadened their application, and established multi-dimensional index parameters and statistical evaluation methods. Simultaneously, we completed a retrieval of fundamental theories and existing technical solutions for our patented pet fur health project, and initiated the development of relevant methods and exploration of equipment suitability, laying the groundwork for future technological breakthroughs.



**Certificate of Atlas of Chinese Skin Characteristics**

### ✓ R&D Team and Lab Construction

We continuously enhance our independent R&D capabilities, actively introduce highly qualified personnel, and ramp up investment in R&D to provide strong technical support for product innovation. As of the end of the Reporting Period, we possess a professional R&D team with a total of 61 full-time R&D staffers, including 22 core researchers. Those with a master's degree or higher account for 22.95% of the team. Moreover, we emphasize R&D innovation in the pet sector and added a dedicated pet cat nutrition evaluation laboratory.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### Building Pet Cat Nutrition Evaluation Lab to Advance Product Innovation and Upgrades

The dedicated pet cat nutrition evaluation laboratory focuses on pet food R&D and quality assessment. By establishing standardized evaluation schemes, feeding regimens, and laboratory management systems, coupled with long-term experimental observation and data analysis, we comprehensively assess the nutritional value of pet food and its impact on pet health, providing robust support for product development and optimization.

### ✓ Scientific Ethics and Animal Welfare

We strictly comply with laws and regulations such as the *Measures for Ethics Review of Biomedical Research Involving Humans*, the *Measures for Ethics Review of Life Sciences and Medical Research Involving Humans*, the *International Ethical Guidelines for Health-related Research Involving Humans*, and the *Drug Administration Law of the People's Republic of China*. In line with internationally recognized principles, we have formulated the *Rules for the Ethics in Clinical Trials and Committee Management*, clearly defining standards for the entire process of volunteer participation in trials. We require all innovative clinical trial protocols to be reviewed and approved by the Ethics Committee. We ensure that all research participants are fully informed and voluntarily sign consent documents. We conduct training on scientific ethics to reinforce our employees' awareness of ethical compliance during trials, and integrate technological innovation with social responsibilities.

To further ensure animal welfare, Cheerwin has developed and implemented a *Cattery Management System* to comprehensively enhance the living conditions for pets. The system ensures from three dimensions of facilities and environment, diet and health, and behavior and psychology that pets enjoy a comfortable living space, a balanced nutritional supply, and appropriate mental stimulation and behavioral training. Moreover, the Company independently developed non-invasive and contactless measurement methods, eliminating the need for traditional testing procedures such as animal shaving or sensory tests. This not only respects animal rights but also minimizes stress and discomfort for animals.

#### Facilities and Environment

- Daily cleaning and regular comprehensive disinfection are conducted. An isolation area is designated for accommodating sick or newly introduced cats, and a buffer disinfection area is set up for external personnel

#### Diet and Health

- Customized diet menus are tailored to pets at different growth stages, and nutritional supplements are provided based on individual health conditions. Regular health check-ups, vaccinations, and grooming are also carried out

#### Behavior and Psychology

- Facilities such as climbing frames and treadmills are available, and toys are regularly replaced to prevent stereotyped behaviors in pets due to environmental stress

## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### Hosting Nutrition Education Activities to Enhance Pets' Quality of Life

We organized a pet nutrition educational activity for the pet experience officer group within our ecosystem. The event covers a detailed introduction to canine and feline nutrition knowledge and a practical guide on scientific feeding methods. This aims to enhance pet owners' awareness of pets' quality of life and welfare. Through this event, we have not only provided essential support for the healthy development of pets, but also laid a solid foundation for the sustainable development of our pet brands.



Pet nutrition educational activity

#### • Standard Establishment

We actively push the compilation and revision of national, industry, and group standards, contributing to the high-quality development of the industry by providing professional advice and technical support. In 2024, we led the compilation of *T/GDCDC 020-2022 Test Method for Skin Firming Efficacy of Cosmetics* and *T/GDCDC 021-2022 Test Method for Skin Soothing Efficacy of Cosmetics*. We collaborated with numerous participants to complete the method development, confirmation, and validation, providing data support and standard method references for product research and development by business partners, thus advancing the healthy development of the cosmetics industry. In the field of pet food, we participated in the formulation of standards such as *T/CAQI 344-2023 Nutritional Specifications for Pet Food*, *T/CAQI 345-2023 Quality and Safety Management Requirements for Pet Snacks*, and *Freeze-Dried Pet Food*, continuously facilitating the standardization of the pet industry.

During the Reporting Period, Cheerwin participated in the revision of 9 industry standards and 3 association standards.

#### • Intellectual Property

We regard intellectual property as the foundation for our constant innovation and technological advancement. We strictly comply with relevant laws and regulations, including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*, and have also formulated documents such as the *Trademark Management Measures*, the *Intangible Assets Management System*, and the *New Project Initiation Management Procedures* to regulate the management of intellectual property application, utilization, and maintenance.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### Conducting Patent Application Training to Facilitate Technological Achievement Transformation

The Company invited an elite patent firm to conduct patent knowledge training, helping employees gain a deep understanding of patent laws and regulations and examination standards, master the methods for defining technical innovation points in patent disclosure documents, and thereby promote the transformation of technological achievements into high-quality patents. This training attracted 34 people, covering key elements of patent application, which helps employees master the core points of patent application, laying a solid foundation for subsequent transformation of technological achievements.



Patent knowledge training

During the Reporting Period, the Company's intellectual property applications and acquisitions were as follows:

	Number of applications in 2024 (pieces)	Number of licenses/ grants in 2024 (pieces)	Total as of 31 December 2024
Patents	68	30	172
Trademarks	107	51	2,293
Total	175	81	2,465

### 2.2 HIGH QUALITY

Cheerwin focuses on providing high-quality products, helping consumers achieve their pursuit and expectations for a high-quality life.

- **Product Quality Management**

In accordance with the requirements of the quality management system certification, we have formulated internal systems such as the *Product Quality Policy*, the *Quality Management Manual*, the *Rules for Management of Quality Targets*, the *Rules for Handling of Complaints about Market Product Quality*, and the *Rules for Handling of Quality Incidents* to continuously improve the quality management system and achieve full-lifecycle management of products. During the Reporting Period, Cheerwin successfully obtained ISO 9001 quality management system certification and won the title of China Quality Month Quality Integrity Initiative Enterprise.

## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS



**ISO 9001 Quality Management  
System Certification**



**China Quality Month Quality  
Integrity Initiative Enterprise**

### • Quality Assurance throughout the Lifecycle of Products

We strictly oversee the quality and safety of our products throughout their entire lifecycle, and carry out comprehensive quality control to ensure that products meet consumer expectations and requirements in terms of safety, efficacy, practicality, and stability.

#### ✓ Product Development Stage

Taking compliance as the core principle of product development, we strictly abide by relevant national laws and regulations and industry norms, and formulated the *Measures for Quality Management of New Products and New Projects* to clearly define the quality control requirements and standardized workflow required for each stage from formula trial production, packaging trial production to first-time production, and new project evaluation and verification.

We introduced third-party experts to participate in comprehensive product development experiments, ensuring that product quality meets the higher standards based on the safety, functionality, and compliance of products. During the Reporting Period, we carried out close cooperation with Shandong Academy of Agricultural Sciences for hair beautification, hairball removal, and immunity enhancement, ensuring through scientific analysis that product effectiveness meets expectations.

#### ✓ Raw Material Control Stage

We have established a number of internal systems, such as the *Rules for the Management of Acquisition and Selection of Suppliers*, the *Quality Management Measures for Selection of New Suppliers of Raw Materials*, the *Measures for Daily Quality Management of Raw Materials Suppliers*, and the *Rules on Monitoring and Management of Prohibited and Restricted Substances in Raw Material*, so as to implement a strict evaluation and supervision mechanism from supplier selection to daily operations to ensure the reliability of raw material quality.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS



### ✓ Product Manufacturing Stage

We formulated institutional documents such as the *Sample Management Procedures*, the *Management Measures for Quality Monitoring and Measurement of Semi-finished and Finished Products*, and the *Management Measures for Monitoring and Measurement of Product Manufacturing Process*. We conduct product inspections by combining batch-by-batch inspection with spot check to ensure that product quality meets internal control standards. In accordance with management methods such as the *Testing Work Control Procedures* and the *Monitoring and Measuring Device Control Measures*, we carry out comprehensive management of all monitoring and measuring devices to ensure the accuracy and reliability of measurement data, and support high-quality production and process control of products.

We always concentrate on strict quality control, ensuring that each batch of products can only leave the factory after passing internal inspection and receiving approval by the quality department. Meanwhile, we entrust an authoritative third party every year to conduct comprehensive product testing, and the quality department conducts irregular sampling and inspection to ensure that product quality is controllable throughout the entire process.

For key products, we have formulated special quality management measures. According to national standards like the *Technical Guidelines for Cosmetic Safety Assessment* and internal rules and regulations, cosmetic products undergo type inspection once a year to ensure that product quality meets standards.

### ✓ Product Launch Stage

We strictly follow relevant regulations like the *Non-conforming Product Control Measures* to respond quickly to and handle quality issues with products available on the market. Once a problem is discovered and a product is determined to be a non-conforming one within the scope of recalls, we will immediately take recall actions in accordance with the *Control Measures for Product Recalls and Mock Recalls* to ensure effective control of product quality risks and maximize the protection of consumer rights and interests. No serious safety or quality accidents related to products and services occurred during the Reporting Period.



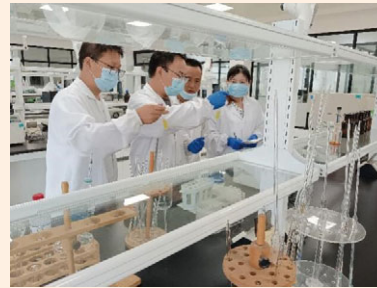
## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### Establishment of a Continuous Quality Improvement Mechanism

In terms of quality control at the post-sale stage, we have strengthened dynamic monitoring through an innovative “dual-track” sampling and inspection mechanism, to establish a systematic quality management network covering the entire life cycle of products. On the basis of the continuation of regular quality sampling inspections, we have synchronised the implementation of diversified means such as surprise market purchases, cross-channel random sampling and surprise warehouse inspections, to effectively enhance our quality risk identification capability. Meanwhile, to further strengthen the transformation of the results, we have established an inter-departmental quality data collaboration mechanism, which transforms the results of the sampling inspections into the basis for suppliers’ management decisions through regular notifications and trend analyses. Simultaneously, we use historical data modelling to anticipate quality fluctuations and formulate preventive improvement measures in advance, forming a management close loop.



**Warehouse Surprise Inspection**



**Sample Testing**

- **Building a Quality Culture**

Cheerwin attaches great importance to building a quality culture. During “3.15” in March and “Quality Month” in September each year, we carry out special activities across the Group and its subsidiaries, including quality promotion, quality training, quality risk investigation, quality improvement, quality competitions, and customer visits, attracting over 500 participants. This helps foster a quality culture where everyone cares about and prioritizes quality.



**Quality Month kick-off meeting**





## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### 2.3 CUSTOMER EXPERIENCE

Cheerwin consistently prioritizes enhancing customer experience as a core strategy, aiming to deliver exceptional service to consumers. We continuously optimize service processes and gain deep insights into customer needs to offer personalized solutions, and build emotional connections and long-term trust with consumers.

- **Responsible Marketing**

We adhere to the principle of integrity, ensuring the truthfulness and accuracy of promotional information, and eliminating any form of misleading or fraudulent conduct. Additionally, we actively communicate our brand philosophy and strive to create a healthy and orderly market environment, demonstrating our corporate social responsibilities.

- ✓ **Brand Promotion**

We strictly abide by relevant laws and regulations, including the *Advertising Law of the People's Republic of China*, the *E-Commerce Law of the People's Republic of China*, the *Measures on the Administration of Internet Advertising*, and the *Regulation on Internet Information Services*. We have established and improved internal management systems, standardized brand promotion processes, and overseen all external promotional information to ensure the truthfulness, accuracy, and compliance of product-related information.



We strictly comply with relevant laws and regulations regarding labelling and privacy for all product categories, guaranteeing the completeness and compliance of label content, including essential information such as product ingredients, instructions for use, and precautions. Our laboratory adheres to the qualification accreditation management system, issuing test reports with the CMA mark within our scope of capabilities. We also entrust professional third-party institutions to conduct efficacy claim tests to ensure the truthfulness and reliability of product efficacy claims.

We clearly indicate the source of imported ingredients on product advertisement pages and attach corresponding customs declaration documents. We also provide detailed disclosure of product ingredient information on product packaging labels and advertisement pages and make it public on relevant national official record-filing websites.

Specific label content management is performed for different product categories.

## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS



In terms of cosmetic products, we comply with the *Regulations on Supervision and Administration of Cosmetics* to ensure the authenticity, reliability, and effectiveness of advertisement claims regarding their effects



As for pesticide products, we comply with the laws and regulations like the *Regulations on the Review and Release of Pesticide Advertisements* and the *Measures for the Administration of Pesticide Labels and Instructions*, in a bid to ensure the truthfulness, accuracy, and legality of product information disclosure



As far as pet products are concerned, we comply with the provisions for pet feed labels in *Announcement No. 20 of the Ministry of Agriculture and Rural Affairs of the People's Republic of China*. Their design and production adhere to the Advertising Law to ensure label content is compliant and complete

Additionally, we prominently indicate safety precautions for product use and storage on packages and in advertisements, ensuring consumers have access to complete and reliable usage information. During the Reporting Period, 100% of our major product and service categories were covered by our disclosure processes for product and service information, as well as for categorized label information.

### ✓ Marketing Activities

We strictly meet the marketing system requirements by tailoring product combinations based on different marketing activity levels, optimizing related sales tactics, and conducting regular price inspections to ensure all marketing activities are carried out compliantly. All external communication materials undergo a pre-release review process, rigorously vetted by our internal legal and regulatory team to ensure content legality and compliance. We emphasize conveying responsible marketing to distributors, salespeople, and shopping guides, reinforcing their compliance awareness and professional skills through specialized training programs. During the Reporting Period, we organized 16 marketing compliance training sessions, with over 1,700 participants, effectively ensuring the standardization and sustainability of our marketing activities.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

### Collaborating with Multiple Parties to Foster Marketing Compliance Awareness

Focusing on product label compliance, the Company held a pesticide advertising compliance training activity with the E-commerce Operation Center, Brand Management Department, Legal Affairs Department, and Technology R&D Department. We also invited the advertising review department of the Bureau of Agriculture and Rural Affairs of Guangzhou to provide guidance on advertisement review procedures, disseminate relevant laws and regulations, and ensure compliant product promotion.

We also organized a training activity and helped participants master label compliance requirements and enhance their problem identification abilities via case studies, interactive Q&A, and other methods, so as to ensure that product labels meet regulatory standards.



### Sharing AI Technology to Drive Marketing Upgrades

In August 2024, the Brand Management Center and the E-commerce Operation Center jointly hosted a technology exchange and sharing session themed “practical applications of AI technology in work” to enhance the team’s AI technology application capabilities and improve marketing efficiency. During the session, colleagues from various positions engaged in in-depth discussions on real-world application cases of AI technology in marketing, data analysis, content creation, and other aspects. They shared their practical experiences and insights, promoting cross-departmental knowledge sharing and collaboration, and injecting new momentum into enhancement of the Company’s core competitiveness in the digital marketing era.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

Adhering to the “consumer-centric” principle, we conduct customized marketing campaigns to build deep emotional connections with consumers and communicate our brand values.

### Insight into Consumer Needs, Continuous Product Innovation

Sales personnel at all levels of our sales centers pay weekly in-depth visits to clients within their respective regions, engage in face-to-face communication with clients and their teams to share the latest market trends, provide detailed explanations of our products’ functionalities and highlights, and propose practical and effective sales promotion strategies for products in various channels and stores.

Concurrently, we leverage in-depth consumer behavior data analysis to accurately grasp market demand and consistently launch products and services aligned with prevailing market trends. During the Year, we specifically addressed the “lazy economy” needs of younger consumers by innovatively launching a hands-free mosquito coil, characterized by features such as “no manual disassembly, break resistance, and enhanced user convenience”. This initiative successfully opened up a new chapter in the market segment, demonstrating substantial market potential.



**Superb Non-detachable  
Mosquito Repellent Coil**



**Babeking Non-detachable  
Mosquito Repellent Coil**

### ✓ Management of Cross-region Sales

To regulate distributor conduct and prevent the flow of products sold within a designated distribution area to regions or channels beyond the scope defined in the *Product Sales and Authorized Sales Agreement*, we have updated our internal management systems, including the *Management System for Cross-region Sales*, to clarify and refine relevant regulations.

Simultaneously, we conduct offline market inspections using standardized cross-region sales management templates, assist distributors in identifying the sources of unauthorized sales and promptly address any violations. In cases of severe violations, we will deduct contractual discounts or even revoke distributor qualifications to maintain fair market competition and promote healthy and orderly channel development.

### • Customer Service

Cheerwin places great emphasis on customer needs, rights and interests. In accordance with internal policies like the *Market Product Quality Survey Measures*, we actively conduct market quality surveys, diligently gather customer feedback, continuously optimize the service process, and enhance the professional capabilities of our service team, in a bid to ensure that consumers enjoy a high-quality and efficient service experience. We actively promote the standardization of customer service processes, regulate the mechanism for accepting and responding to consumer complaints, and establish communication channels such as telephone hotlines, brand distributors, and e-commerce customer service to quickly and accurately collect customer feedback on product usage and continuously improve customer experience.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS

Online Communication Channels	Offline Communication Channels
We have set up a dedicated after-sales service hotline with professional customer service staffers on duty 24/7 to promptly respond to and address consumers' after-sales issues	Salespersons proactively maintain communication with clients and solve problems according to the established procedures based on the nature and severity of the issues raised while ensuring efficiency

We strictly meet the requirements set out in the *Rules for Handling of Complaints about Market Product Quality*, promptly respond to customer complaints and feedback, and complete the collation and reporting of relevant information within the stipulated timeframe, facilitating timely analysis and provision of appropriate solutions by the relevant internal departments. During the Reporting Period, we received and effectively addressed 39 valid customer complaints, safeguarding customer rights and interests and contributing to the ongoing enhancement of customer satisfaction.

### Innovating in Pet Service Model, and Creating One-Stop Pet Care Experience

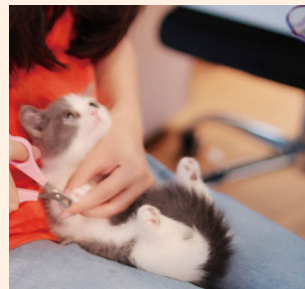
As a comprehensive service platform for pets, our pet stores provide clients with comprehensive and convenient one-stop services, aiming to offer closed-loop services that cover the entire lifecycle of a pet and to become a long-term trusted partner for every client.

We constantly innovate in service details, as attempts to enhance the user experience. In terms of pet grooming services, we have taken the lead in launching free pick-up and drop-off services for members with stored value, with dedicated vehicles and professional drivers. This shortens the time and reduces financial costs incurred by customers while waiting for their pets to be groomed, further enhancing customer recognition and satisfaction.

Furthermore, the ongoing needs of customers after they purchase pets are also one of our core focuses. For pets sold, we undertake to provide lifetime basic care services, including but not limited to nail trimming, ear cleaning, and other daily care. In addition, our salespersons provide personalized long-term guidance services to each customer, patiently answer their questions and offer professional breeding advice, realizing "unlimited service, boundless care".



**Free pet pick-up and drop-off**



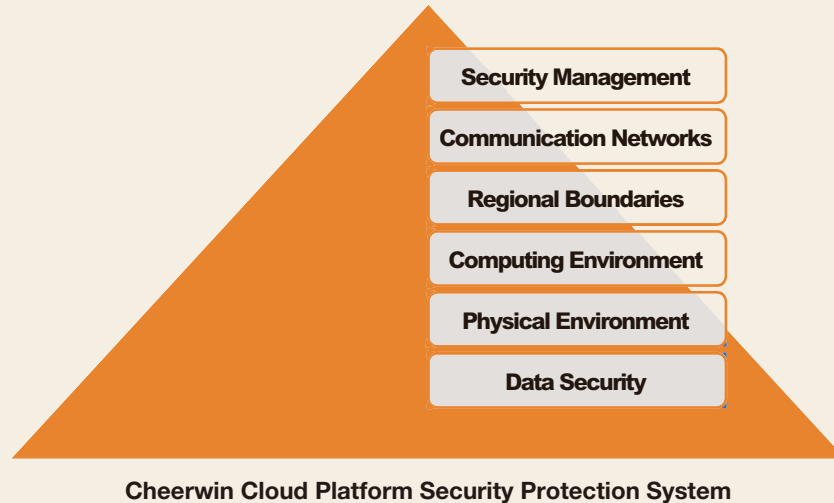
**Free pet care**

## 2.4 INFORMATION SECURITY

We underscore protecting user privacy and strictly abide by relevant laws and regulations, including the *E-Commerce Law of the People's Republic of China*, the *Law on Protection of Consumer Rights and Interests of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Regulation on the Protection of Personal Information of Telecommunications and Internet Users*, and the *Data Security Law of the People's Republic of China*. We have formulated internal policies like the Measures on Management of Information Security, and constructed a multi-layered Cheerwin cloud platform security protection system, which provides comprehensive protection in many aspects and ensures the security of the Company's business data and employees' information.



## II. INNOVATION-DRIVEN CREATION OF OUTSTANDING PRODUCTS



We have established a stringent privacy management system to ensure that only authorized staffers can access and process user privacy information, which will effectively protect consumer personal information. In the meantime, according to the *Procedures for Protecting Client Confidentiality and Ownership*, the Company regulates confidentiality management, requiring all employees to assume confidentiality obligations for any state secrets and trade secrets they become aware of during testing activities.

When signing cooperation agreements with external parties, we explicitly stipulate in the agreements the confidentiality obligations of both parties regarding the content of the cooperation and relevant privacy information. This ensures data security and privacy for both parties and a relationship of mutual trust and cooperation. In e-commerce platform operations, we strictly comply with the platform's privacy policies to ensure the lawful collection of consumer information.

In 2024, the Company launched terminal data information security protection to effectively protect the confidentiality, integrity and availability of data through equipment control, network environment control, password policy control and data transmission and storage control. With the help of PDCA cycle management model, we continue to optimise the network information security system, regularly check for all kinds of security threats, implement self-check for weak passwords, activate complex password policies, and set up password validity and login lockout mechanisms. In addition, we have further strengthened the deployment of firewalls, webpage tampering prevention and security gateway mechanisms. We launch risk inspections targeting communication networks, regional boundaries, computing environments, operation and maintenance management, etc., to practically enhance the overall protection capability.

The Company attaches great importance to the cultivation of employees' awareness of information security. Through regular training and awareness promotion activities, the Company guides its employees to accurately identify potential threats in their daily work. Through the practice and sharing of the data grading and classification method and the system control implementation, the Company aims to strengthen the standards on safe development. At the same time, it regularly organises customer privacy and security training, systematically analyses the core contents of customer data protection agreements and platform security and privacy agreements. Based on the effectiveness evaluation and the actual demand, the Company dynamically updates the contents and forms of training, to ensure the compliance of processing activities and effectively protect the information security of its customers.



### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

Cheerwin firmly believes that talent is the core competitiveness of a business. We uphold the philosophy of “talent first”, embracing, welcoming, and caring for talented individuals from all walks of life. We continuously improve our systems for employee recruitment and employment, training and incentives, hoping to expand our talent pool and provide employees with excellent opportunities for development. To grow together with our employees, we actively optimize communication and feedback channels, enhance occupational health and safety management, and safeguard our employees, who are our most valuable asset.

#### 3.1 TALENT SECURITY

- **Employee Employment**

Cheerwin strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations. We have established and refined internal management systems, including the *Human Resources Planning Management System*, the *Recruitment Management System*, the *Management System on Induction and Probation Period of New Employees*, and the *Employee Separation Management System*. A standardized talent management system has been established to attract and retain high-quality talent.

In compliance with the *Law on the Protection of Minors of the People's Republic of China*, we strictly prohibit child labor, forced labor, and other improper employment practices. We promise to take immediate actions to hold relevant parties accountable if any such issues are discovered. Moreover, based on our operational needs, we have established internal rules and regulations for human resources management and working hours management, which are reviewed by the labor union and filed with the relevant labor supervision department. No labor violations occurred in the Company during the Reporting Period.

To continuously attract diverse, well-rounded, and suitable talent in the ever-changing talent market, we employ diversified recruitment channels, ensuring that our talent pool can adapt to industry fluctuations and future needs. We have set up an internal and external recruitment system, prioritizing online recruitment and supplemented by other recruitment methods, in order to meet the internal talent needs of various positions.

##### Online recruitment

- Our focus is on online recruitment through multiple channels, including but not limited to Liepin, BOSS Zhipin, and 51job, effectively fulfilling the recruitment needs for the majority of positions

##### Headhunting & PRO services

- For high-end and key positions in the industry, we cooperate with headhunters to understand talent flows and reserve high-end positions
- For high-volume and urgent recruitment needs, we engage in PRO collaborations with Liepin and 51job to ensure timely fulfillment of operational requirements

##### Campus recruitment

- In 2024, based on the needs for optimizing the talent structure of various departmental teams and the demand for a reserve of young management talent, we conducted campus recruitment and successfully recruited 20 outstanding graduates

##### Independent target tracking

- We proactively recruited relevant talent to support the multi-brand and multi-category strategy. During the Reporting Period, we hired talent for newly established business units

##### Internal referral

- We formulated the *Internal Referral Management System* and its incentive plan, encouraging employees to actively participate in internal referrals, with which 22 candidates are employed

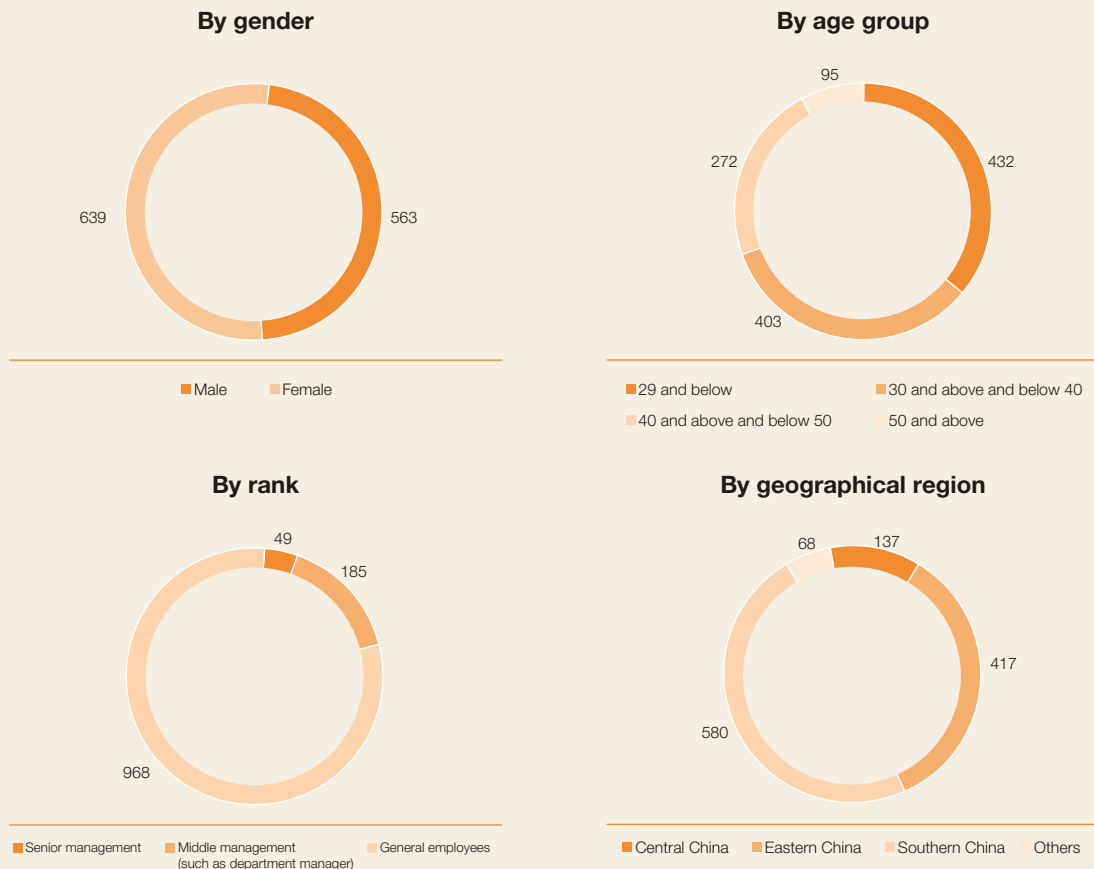


### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

#### • Diversity and Equality

The Company advocates diversity and equality, providing a fair job-seeking environment for employees and talents in the market. We do not discriminate based on ethnicity, gender, religion, age, health status, nationality, or any other factors. We prohibit any form of discrimination or harassment in the workplace and ensure that female employees are not disadvantaged in terms of compensation, benefits, or career advancement due to their gender.

As at 31 December 2024, the Company had a total of 1,202 employees, all of whom were full-time employees, including 639 female employees, accounting for 53.16%. There were 49 senior managers, of whom 14 were women, accounting for 28.57%; a total of 34 ethnic minority employees and 11 disabled persons were employed.



#### • Compensation and Benefits

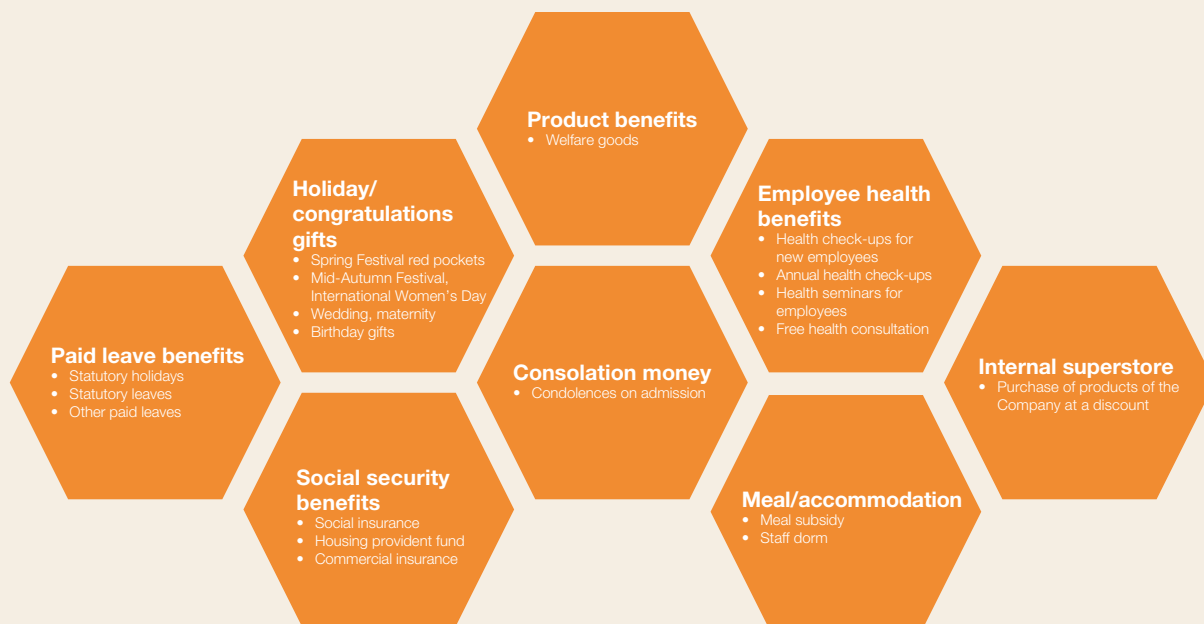
Cheerwin, based on national laws and regulations, has formulated the *Salary Management System*, the *Employee Performance Management System*, the *Employee Benefits Management System*, and the *Social Insurance and Housing Provident Fund Management System* to provide employees with a transparent, fair, and motivating compensation and benefits system.



### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

Type	Management measures
Working hours management	<p>Different working hours management strategies are implemented based on the characteristics of different positions and the market development cycle:</p> <ul style="list-style-type: none"> <li>Sales and management: Discretionary working hours management</li> <li>Frontline production: Comprehensive working hours system</li> <li>Functions and business support: Standard working hours system</li> </ul>
Leave Management	<p>Employee leave is managed in accordance with internal management requirements. Relevant systems are implemented after being reviewed and approved by workers' congress</p>
Remuneration Management	<p>Remuneration and incentive plans are worked out based on job value and performance contribution, such as salary adjustments based on annual performance. Comprehensive analysis is conducted with reference to peers' remuneration and considerations of the actual business capabilities of internal employees to minimize deviations</p>
Overtime Management	<p>Monthly or quarterly settlements are made for employees' overtime hours. Employees can choose to take compensatory leave or receive overtime pay. A dedicated task force oversees implementation, ensuring the protection of employee rights</p>

At present, Cheerwin provides employees with eight benefits, including social security, paid leave and employee health benefits.



**Cheerwin benefits system**

### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

- **Employee Communication**

Cheerwin values employee feedback, encouraging active participation in feedback channels to express concerns and demands. So, clear communication channels, effective mechanisms, and accessible grievance procedures enable employees to promptly raise issues or suggestions to management. In order to actively play the role of the workers' congress in protecting the legitimate rights and interests of employees and as a necessary bond between employees and the management, we explicitly require that any internal management system involving employee compensation, performance and welfare protection must be reviewed and approved by the workers' congress before it can be issued and implemented.

We recognize the diverse needs and aspirations of employees across different levels. In this context, considering employee category, we tailor communication plans for different employees, including probation reviews for new hires, performance reviews for managerial staff, and regular follow-up interviews, ensuring employee voices are heard and concerns are addressed. In July 2024, an employee satisfaction survey was conducted, leading to management improvements based on feedback received.

#### “CHEER 3rd Anniversary, CHEER to Great Achievements” Celebration for 3rd Anniversary of Cheerwin’s Listing

In 2024, the headquarters hosted a “CHEER 3rd Anniversary, CHEER to Great Achievements” celebration to commemorate Cheerwin’s third anniversary of listing. The new and rich games and performances stimulate the enthusiasm of employees to participate and enhance team cohesion, laying a solid foundation for its continued growth.



3rd anniversary of Cheerwin listing



### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

#### • Employee Activities

Cheerwin actively organizes various activities for employees, including establishing sports and cultural clubs and hosting diverse events and competitions, providing employees with opportunities to relax their mind and body. Celebrations are held for employees on festivals and birthdays, making them feel the warmth of homes. We have always cared for female employees, providing special attention and support on festivals like Mother's Day and International Women's Day, and enhancing their sense of happiness and satisfaction.



Employee birthday party



Basketball club



September sports meet



"Care for women" yoga salon



Mid-Autumn Festival



International Women's Day



### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

#### 3.2 TALENT DEVELOPMENT

Cheerwin regards talent development as a crucial strategic initiative, with consistent attention paid to employee career growth. We continuously refine and optimize our talent selection and promotion systems, providing employees with clear and accessible career paths. We support employee development through multi-level, multi-dimensional, and diverse training programs. Meeting job requirements, we enhance their comprehensive abilities and support their personal growth.

- **Selection and Promotion**

Aiming to establish a fair and transparent employee promotion system, the Company develops and optimizes the *Employee Performance Management System* based on business needs and current situations. Remuneration and incentive plans are determined based on job value and performance contributions, emphasizing the accurate reflection of employee performance in incentives.

We have formulated and issued the *Notice on Organizing the 2024 Annual Performance Appraisal*, which serves as the foundation for the Year's performance assessments. We have established corresponding assessment criteria and procedures based on job characteristics and hierarchical levels. Different assessment cycles (monthly and annually) and processes are set based on varying job attributes and ranks. In the meantime, we provide employees with accessible channels for appeals, allowing them to raise questions or concerns regarding the performance appraisal system and results. This ensures fairness and transparency throughout the entire process.

We offer flexible promotion opportunities for talents. For employees in management (M), professional (P), sales (S), and operation (O) categories, we have formulated the *Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards*. Furthermore, we provide employees with internal transfer and competitive promotion opportunities, allowing suitable talents to leverage their strengths and contribute to our stable growth.

<b>Internal transfer</b>	Communication is conducted with employees regarding their intentions, the department out of which employees are transferred provides evaluation recommendations, the department in which employees are transferred conducts interview assessments. The final results are then confirmed	During the Reporting Period, a total of 15 employees were internally transferred across business positions and departments
<b>Competitive Promotion</b>	Based on the principle of "openness, fairness, impartiality, and merit", the candidates will be evaluated on their competitive speeches, on-site debates, performance achievements, and growth potentials, etc. in accordance with the process of application qualification examination, speech and defense, and competency assessment	During the Reporting Period, two specific job competitions were held, and 24 applicants were preferably selected for the corresponding departments



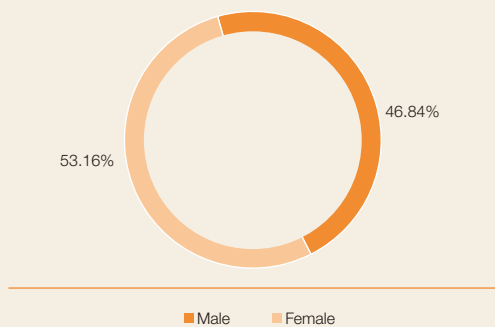
### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

- **Training and Empowerment**

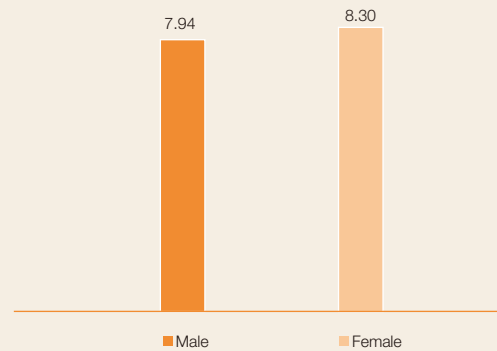
Cheerwin has established a comprehensive talent training system based on its business growth and talent development needs. According to the *Training Management System*, we standardize and refine the requirements for training, meeting the development needs of employees across different levels, stages, and positions. Relying on Cheerwin Academy, we develop a wide range of training courses, providing systematic and specialized training for all employees. This effectively empowers our talent and fuels our continuous development.

During the Reporting Period, Cheerwin conducted a total of 1,049 training sessions covering various groups, including management, campus recruits, and new employees. The total training duration reached 9,757 hours, with an average training time of 8.12 hours per person.

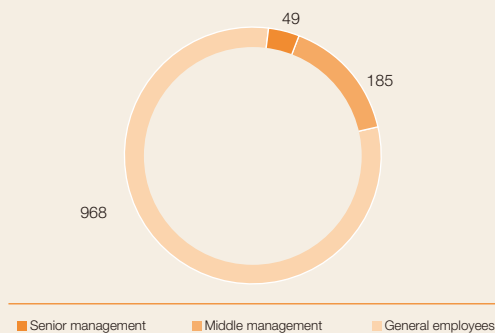
**Employee training ratio by gender**



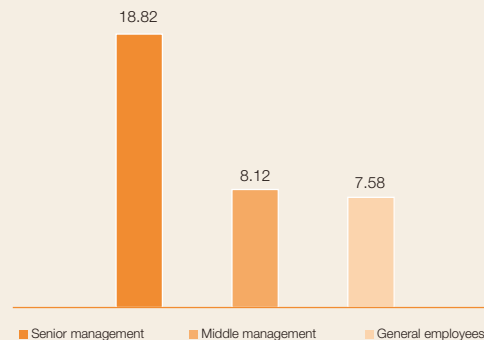
**Employee training duration by gender**



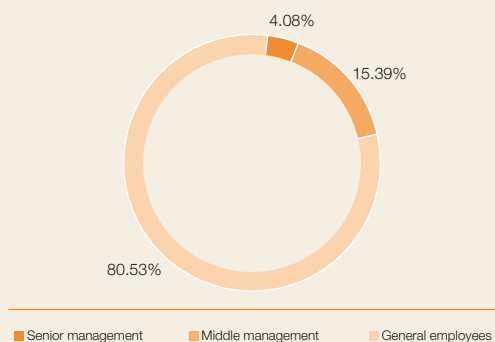
**Number of employees trained by rank**



**Employee training duration by rank**



**Employee training ratio by rank**



### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

9

#### management training sessions

Based on actual circumstances, training is provided to existing and newly promoted managers, helping them master communication skills with subordinates and understand the management dynamics between superiors and subordinates. Additionally, we invite the chairman to conduct training sessions for employees, further strengthening their sense of identification with the corporate culture

14

#### new employee orientation sessions

Training is provided to new employees every 2-3 months to help them quickly integrate into the corporate culture and understand the Company's structure, management systems, and job workflow

3

#### graduate employee training sessions

Within the first three months of onboarding, graduate employees participate in training covering business etiquette, training camps, and other courses, facilitating a smooth transition from campus to the workplace

1,023

#### sessions on general courses

Many specialized training sessions are organized based on specific needs, including Group compliance training, bidding system training, and EDP system training, enhancing the expertise of employees in relevant positions

#### 2024 Cheerwin employee training content

##### Creating CEO Training Courses, and Empowering Talent Teams

To build a sustainable talent team, Cheerwin launched a CEO open class themed From Strategy to Execution in 2024. Its chairman personally gave instructions to employees, conveying the Company's mission, vision, and values in a clear and concise manner, aiming to enhance their sense of belonging to the Company. Additionally, the chairman shared valuable experience in corporate management, emphasizing the importance of management reaching down two levels. The CEO training course ensures that the Company builds a strong talent echelon and creates a comprehensive, empowering organization while steadily growing.



Cheerwin 2024 CEO Open Class





### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

Cheerwin insists on creating a systematic training program for campus recruits, comprehensively empowering 24 new employees graduating in 2024 during their first three months of employment. It achieves a 100% retention rate for participants. Moreover, we have meticulously designed specialized training courses, including Factory Communication Practice and Management Enhancement Bootcamp, to develop personalized training plans based on different job requirements. These courses aim to cultivate employees' professional skills, improve work efficiency, and help them better adapt to and match the ability needs of the positions.



2024 graduate employee training



Factory communication practice



Management enhancement bootcamp

### 3.3 HEALTH AND SAFETY

Cheerwin strictly complies with the national laws and regulations, including the *Production Safety Law of the People's Republic of China*, the *Measures for the Supervision and Administration of Occupational Health Surveillance for Employers*, and the *Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China*. Aiming to achieve the management goal of zero accidents, it continuously improves work safety and employee health management systems, refines the risk assessment mechanism, pushes system revisions and process optimization, and sets forth safety management goals, based on which it conducts hazard identification, safety training, emergency drills, and other activities to create a safer and healthier work environment for employees.

### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

#### • Implementation of Production Safety

Based on external production safety regulations, Cheerwin has re-sorted out internal management systems, including the *Occupational Health Management System*, the *Management System for Personal Protective Equipment*, and the *System for Publicity, Education and Training on the Prevention and Control of Occupational Diseases*. It has completed the filing of the *Emergency Response Plan for Production Safety Accidents* and the *Emergency Response Plan for Sudden Environmental Incidents in Enterprises and Public Institutions*, formulated the *Emergency Incident Handling Procedures*, actively implemented relevant systems, and prioritized the occupational health and safety of employees.

To effectively guarantee employee safety, Cheerwin's production bases have set corresponding safety quantification indicators and targets:

Anfu Cheerwin targets	
Target description	2024 achievement status
Annual work-related injury rate per 1,000 employees < 5.5%	All targets achieved
Annual assessment target: Work-related injuries resulting in more than one lost day ≤ 2 cases	
Panyu Cheerwin targets	
Target description	2024 achievement status
Annual major work-related injury rate = 0	All targets achieved
Annual fire accident rate = 0	
Occupational disease cases = 0	

During the Reporting Period, Cheerwin and its production bases have successfully passed the ISO 45001 occupational health and safety management system certification.



Occupational Health and Safety Management System Certification



### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

#### • Strengthening Risk Management and Control

Cheerwin continuously optimizes its EHS production safety management system, and establishes a comprehensive risk management process that covers pre-event, in-event, and post-event stages. Based on prevention and control matters, it implements relevant management measures, defines responsibilities for each subsidiary and factory, and standardizes operating procedures at key points in production and business operations to prevent occupational diseases and safety accidents. No work-related fatalities have occurred at Cheerwin in the past three years.

Implementation status of safe production at Anfu Cheerwin and Panyu Cheerwin in 2024:



#### **Anfu Cheerwin**

- Organize 3 fire safety drills
- Launch a food poisoning emergency drill in the canteen in October
- Complete occupational hazard detection in the workplace and annual occupational health checkups for employees in key positions in 2024; and
- Conduct at least one safety inspection every month



#### **Panyu Cheerwin**

- Organize a total of 7 special emergency drills for safety accidents, including confined space, chemical leakage, and chemical poisoning
- Conduct 226 daily safety inspections, 31 weekly inspections, and 31 monthly inspections
- Replace 12 emergency lights, 25 fire extinguishers, and 6 arrow indicator lights; and
- Complete the Evaluation of Current Occupational Health Status, declare occupational disease hazards, and update employee occupational health records as scheduled

### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

Pre-event prevention and control		
Regulation review and system improvement	Risk identification	Risk assessment
We study and implement national and local laws and regulations regarding occupational health and safety, improve internal systems, and set relevant indicators	We pay regular visits to the workplace, and analyze processes and on-site operations to comprehensively identify potential risks and occupational disease hazards in work	A professional team has been set up to comprehensively assess and identify potential risks based on the Company's operational status and classify them accordingly
In-event prevention and control		
Risk control	Risk monitoring and dynamic adjustment	
<ul style="list-style-type: none"><li>Establish an emergency response organizational structure and improve the risk emergency response plan</li><li>Conduct regular assessments of existing equipment, carry out modifications based on actual needs and risk conditions to enhance the operational safety of equipment</li><li>Eliminate potential hazards in the environment and improve the working conditions; and</li><li>Provide employees with appropriate and complete personal protective equipment and organize regular fire drills</li></ul>	<ul style="list-style-type: none"><li>Monitor risk factors and carry out special inspections for potential safety hazards on a daily, weekly, and monthly basis; and</li><li>Conduct dynamic evaluation and optimization of existing risk control measures based on the results of risk factor testing and the handling of hidden dangers</li></ul>	
Post-event prevention and control		
Accident reporting and investigation analysis	Health monitoring and follow-up	Mechanism improvement and process optimization
<ul style="list-style-type: none"><li>Create reports and conduct investigations on accidents and incidents</li><li>Identify the direct and underlying causes of accidents and incidents from multiple perspectives, including personnel, equipment, environment, and management; and</li><li>Based on investigation findings, identify problems in safety management and operating procedures, and summarize lessons learned</li></ul>	<ul style="list-style-type: none"><li>Organize regular health checkups for all employees, monitor and evaluate their health status, and adjust health management measures based on the assessment results; and</li><li>Provide timely care and coordinate medical resources for employees injured in accidents or at work, to assist in their swift recovery</li></ul>	<ul style="list-style-type: none"><li>Regularly re-evaluate the various risks facing the Company, and update and improve prevention and control measures in a timely manner based on new risk conditions</li><li>Revise and optimize safety systems and workflows based on updates to laws and regulations and lessons learned from practical work experience</li><li>Strengthen communication with employees to ensure timely and accurate communication of safety information; and</li><li>Strengthen safety training to enhance employees' risk awareness and skills</li></ul>

#### Safety Management System





### III. PEOPLE-ORIENTED AND SOLID DEVELOPMENT FOUNDATION

#### Optimizing Office Environment and Eliminating Health Hazards

- **Office space expansion**

With the rapid development of its business and the continuous expansion of the workforce, Cheerwin has upgraded and optimized the office space in the headquarters building to create a more comfortable, efficient, and collaborative working environment for employees, further enhancing their sense of belonging and happiness.

- **Create a healthy working environment**

At the same time, we purchased a batch of automatic equipment for non-detachable mosquito repellent coils at Anfu Cheerwin to replace the manual disassembly process, which not only improves production efficiency, but also avoids hand injuries caused by mosquito repellent blanks to employees, eliminates potential health hazards, creates a safer and healthier working environment for employees, and achieves the common development of ourselves and employees.



**Newly established office space for conference**



**Automatic equipment for non-detachable mosquito repellent coils**

- **Safety culture development**

Cheerwin continuously builds a safety culture, regularly organizes systematic and comprehensive safety training, and holds Safety Month activities to enhance all employees' knowledge of production safety and occupational health, improve awareness of job safety responsibilities, and ensure proper response and handling of production safety incidents. During the Reporting Period, we completed occupational health and safety training for all employees at production bases, enhancing the professional and management capabilities of relevant employees and ensuring that our safety, environmental and health work is compliant and effectively implemented.

#### Launching Work Safety Month Campaign Themed on "everyone talks about safety, everyone knows emergency response"

In 2024, Cheerwin organized a Work Safety Month campaign themed on "everyone talks about safety, everyone knows emergency response", promoting safety culture development through 15 themed activities, including safety education and training, a safety creative micro-video competition, and a safety knowledge contest. During the Work Safety Month, the Company required all employees to complete a safety pledge and sign a commitment letter, effectively enhancing the safety literacy of all employees by implementing the concept of "safety first".



## IV. WORKING TOGETHER FOR MUTUAL BENEFITS AND WIN-WIN RESULTS

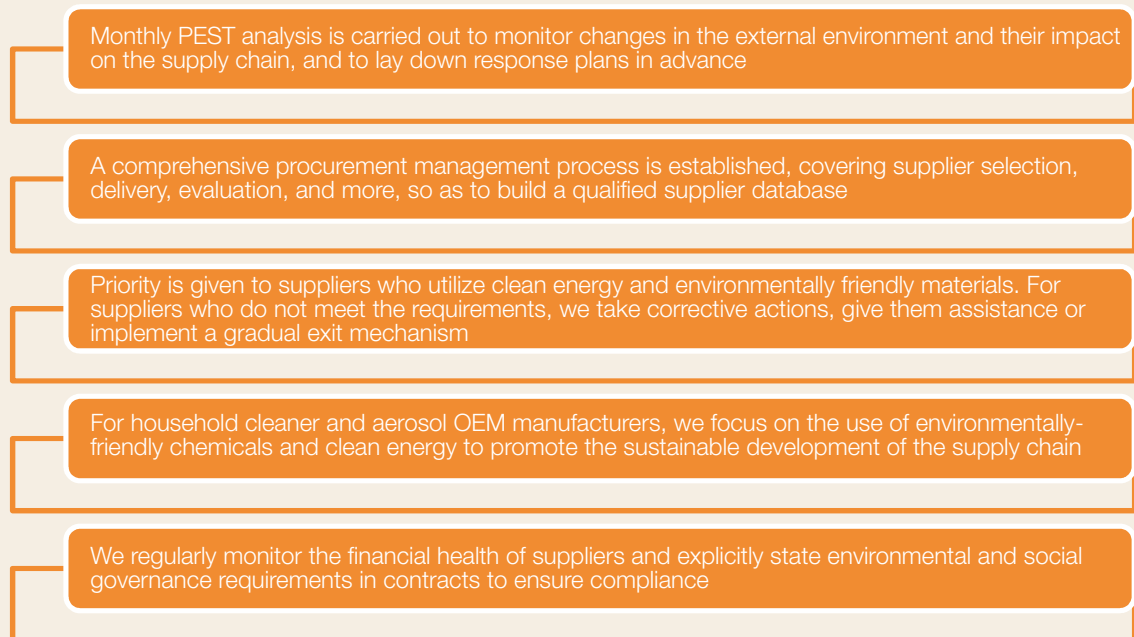
Cheerwin strives to establish long-lasting mutually beneficial partnerships with suppliers, distributors and other social partners to build a sustainable ecological supply chain. We actively promote responsible procurement, fulfill social responsibilities, support local economic development and cultural activities, promote social harmony and progress, and create an inclusive and sustainable social environment.

### 4.1 RESPONSIBLE PROCUREMENT

Adhering to the concept of sustainable development, we prioritize building long-term and stable partnerships with our suppliers, and strictly following the principles of fairness, transparency, and compliance. We ensure that every part in the supply chain meets the requirements of social responsibility and environmental protection, contributing to the realization of green supply chain management and sustainable development.

#### • Supplier management

We have established a comprehensive supplier management system covering supplier development and selection, daily management, and performance appraisal. By formulating a series of documents, such as the *Rules for the Management of Acquisition and Selection of Suppliers*, the *System for Daily Management of Suppliers*, and the *Supplier Performance Assessment Management System*, we take precise management measures based on product characteristics and conduct effective full-lifecycle management of suppliers.

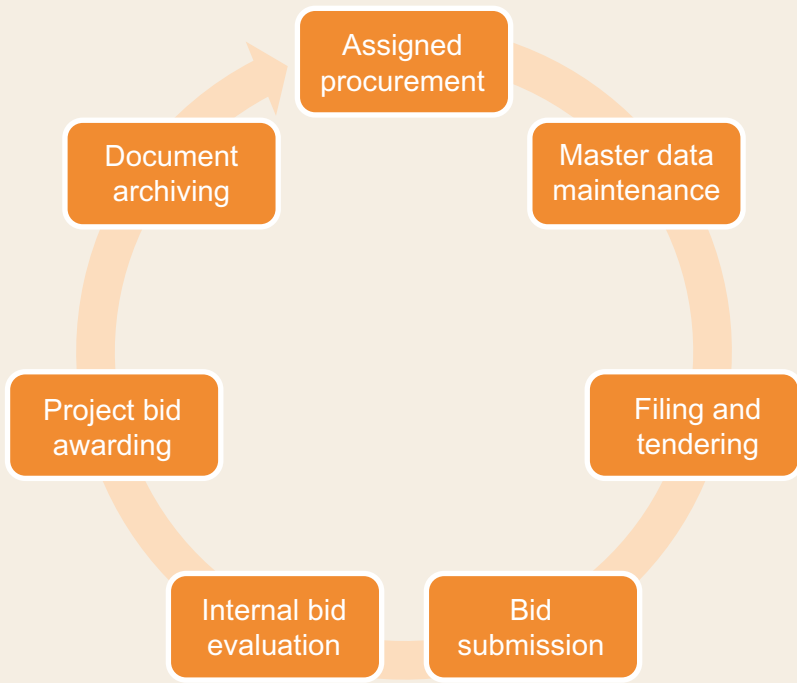


#### Supplier Lifecycle Management

In addition, we have upgraded the SRM procurement management system, improved the bidding management function, and added modules such as online bidding, tendering, bid opening, bid evaluation, and bid awarding, achieving online and standardized operations for the entire bidding management process. This system ensures fairness and impartiality in the bidding process through internal and external collaboration and a unified platform. It also facilitates centralized archiving and management of bidding documents, effectively standardizing bidding procedures and ramping up management efficiency.



## IV. WORKING TOGETHER FOR MUTUAL BENEFITS AND WIN-WIN RESULTS



**SRM Procurement Management System**

During the Reporting Period, we continuously optimized supplier management. Through weekly production, supply, and sales coordination meetings, we promoted cross-departmental information sharing, and identified and resolved material procurement risks in a timely manner. At the same time, we organized integrity training for suppliers, helping them establish a sense of compliance and jointly maintain a fair and healthy business environment.

- **Distributor Management**

We issued notices nationwide strictly prohibiting distributors from unauthorized order consolidation and stock transfers to ensure channel order and market fairness, contributing to the steady development of our business.

In 2024, we implemented the digital TPM system, which replaced the traditional manual verification method of mailing materials, achieving online management. Distributors uploaded verification materials through the TPM system, and verification can be completed after requirements were met, significantly reducing labor costs and improving efficiency. Additionally, distributors can view verification progress and results in real time through the platform's data visualization function, enabling them to better grasp business dynamics.



## IV. WORKING TOGETHER FOR MUTUAL BENEFITS AND WIN-WIN RESULTS

### 4.2 WIN-WIN PARTNERSHIP

Cheerwin, which upholds the concept of openness and cooperation, has forged deep strategic partnerships with its partners. Through resource integration and complementary advantages, it built a mutually beneficial and win-win cooperative ecosystem.

- **Supplier Cooperation**

We establish long-term and stable cooperative relationships with suppliers, promoting mutual growth, achieving resource sharing and mutual benefits, and driving the sustainable development of the supply chain.

#### Working with Industry Partners to Create a Sustainable Future

Cheerwin maintains close cooperation with fragrance supplier Firmenich to jointly promote the sustainable development of raw materials. Through regular exchanges and training activities, we work together to learn about ESG regulatory requirements and the latest industry trends concerning fragrance raw materials, explore more environmentally friendly and responsible production methods, and contribute to the green development of the industry.



#### Deepening Strategic Cooperation to Enhance Product Competitiveness

The Company entered into its fourth five-year strategic cooperation agreement with key supplier Jiangsu Yangnong Chemical, hoping to continuously enhance product competitiveness. Both parties have established a technical team of strategic cooperation to deepen cooperation in areas such as APIs and preparations, expand research and application of new technologies, new materials, new formulations, and new markets, and jointly develop high-quality raw materials and products that meet market demand and have differentiated advantages. By strengthening the information sharing mechanism and optimizing supply chain management, both parties work together to ensure the stable supply of raw materials, effectively reduce overall procurement costs, and ensure long-term mutual benefits and win-win results.





## IV. WORKING TOGETHER FOR MUTUAL BENEFITS AND WIN-WIN RESULTS

### • Distributor Empowerment

Through comprehensive empowerment, we increase distributors' operational efficiency, enhance market competitiveness, and improve customer service levels, supporting their sustainable development and continuously strengthening brand value.

#### Enhancing Market Image

We actively promote the construction of standardized, unified stores nationwide. As at the end of the Reporting Period, we successfully completed the renovation of 120,000 stores. Furthermore, we further developed specialized brands, and established 20,327 image stores and 4,481 Vewin brand flagship stores. We have a total of 15,846 image stores under Vewin throughout the Year, effectively enhancing the distribution capabilities and brand image of stores through centralized display.

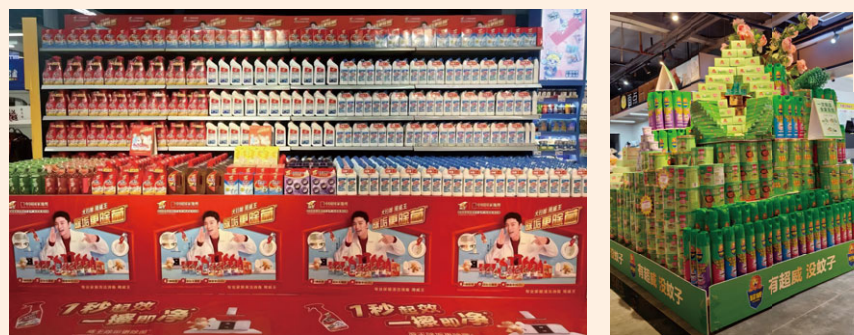


Image store development

#### Training and Distribution Incentives

For new and strategic products, we provide standardized product training materials and strengthen the product knowledge and promotion capabilities of distributor teams through various means such as salesperson subscription meetings. Meanwhile, we implement a distribution incentive mechanism, and focus on promoting the store coverage of the four essential distribution home items, effectively increasing base sales in the non-disinfection market. Moreover, we prioritize the sales increase of “essential distribution products” on a monthly basis, laying a solid foundation for sustained sales growth in 2025.

#### Partners with Chinese National Geography to Explore Green Development

Cheerwin deepens its cooperation with Chinese National Geography, inviting 10 outstanding representatives from distributors to participate in its scientific expedition to Medog, Tibet, to learn about professional scientific research knowledge and promote the green mosquito repellent strength of its brand Superb products. Through in-depth participation, distributors have strengthened their belief in collaborating with Cheerwin for mutual growth and are filled with confidence in future cooperation.

In 2024, Superb successfully became the designated mosquito repellent brand for the scientific expeditions of Chinese National Geography, further enhancing the brand's professional image and market appeal.

## IV. WORKING TOGETHER FOR MUTUAL BENEFITS AND WIN-WIN RESULTS



### 4.3 SOCIAL WELFARE

Social welfare embodies Cheerwin's core values, and is also an important way for us to give back to society and spread warmth. We always uphold the mission of "making every family have a better life", participate in various public welfare activities, focus on the needs of vulnerable groups, and support education, environmental protection, emergency rescue and other fields, contributing to the construction of a more harmonious and beautiful society.

- **Charity Donation**

We actively participate in social welfare undertakings, closely follow social dynamics, take action, and earnestly fulfill our corporate social responsibility. During the Reporting Period, we donated over RMB1 million worth of disinfection and sterilization products to society.

#### Aiding Disaster-Stricken Areas and Supporting Sanitation Recovery

In the face of sudden natural disasters, Cheerwin always maintains a high sense of social responsibility and emergency response capabilities. In June 2024, Huangshan, southern Anhui and Changsha in Hunan were hit by rare heavy rainfall, causing serious floods and severely affecting the lives of residents in many areas. To help the affected people return to normal life as soon as possible, we immediately launched an emergency relief plan, quickly organized resources, donated 4,866 boxes of sterilization and disinfection products to the disaster-stricken areas, and fully supported the work of ensuring the living hygiene of local residents. At the same time, we arranged dedicated personnel to connect with the recipients, ensuring that the donated materials were delivered precisely to where they were most needed, and provided necessary usage guidance to the recipients, safeguarding the health and safety of the affected people through practical actions.



Disaster relief supplies





## IV. WORKING TOGETHER FOR MUTUAL BENEFITS AND WIN-WIN RESULTS

### • Public Welfare Activities

We earnestly fulfill corporate social responsibilities, carry out diverse public welfare activities, work together with all sectors of society to seek environmental protection and sustainable development, and to build a harmonious and beautiful social home.

#### Caring for the Elderly, and Spreading Warmth on Mid-Autumn Festival

During the Mid-Autumn Festival, Cheerwin, in collaboration with the Guangzhou Charity Federation, launched an elderly care campaign, gained a deep understanding of the wishes and needs of the elderly and carefully prepared Mid-Autumn Festival gift packages containing food, daily necessities, and health care products.

During the campaign, staff members went deep into the communities to bring festive greetings to the elderly, listen to their life stories, and convey the warmth and kindness from all sectors of society. This contributed to promoting the traditional virtues of respecting and caring for the elderly, further highlighting the Company's focus on and support for social well-being.



Mid-Autumn Festival elderly care campaign

#### Preventing Dengue Fever, and Safeguarding Healthy Homes

In June 2024, Cheerwin cooperated with the neighborhood committee of Mingxin Road Community in Liwan District, Guangzhou to host a science education lecture for residents. The aim was to raise residents' awareness of dengue fever, disseminate prevention knowledge, and teach them the correct methods of using mosquito repellent products. This science education lecture not only enhanced the residents' self-protection abilities, but also enabled them to better understand and support community health work, contributing to safeguarding healthy homes.



Science education lecture for Dengue Fever prevention



# APPENDIX I: TABLE OF ESG KPIS

## ENVIRONMENTAL KPIS

KPIs		Unit	2022	2023	2024
<b>A1. Emissions</b>					
<b>A1.1 The types of emissions and respective emissions data</b>					
Wastewater Discharge	Total wastewater discharge	Tonne	45,411.00	17,401.00	29,539.00
	Total wastewater discharge intensity	Tonne/RMB million	31.49	10.77	16.23
Air Emissions	Sulfur oxides	Kg	0.06	0.13	0.07
	Nitrogen oxides	Kg	37.09	82.98	42.02
	Particulate matters	Kg	2.73	6.11	3.09
	Volatile organic compounds	Tonne	81.25	0.01	0.12
<b>A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity</b>					
Greenhouse Gas Emissions	Scope 1 greenhouse gas emissions	tCO <sub>2</sub> e	14.36	14.42	15.64
	Scope 2 greenhouse gas emissions	tCO <sub>2</sub> e	985.29	1,011.70	1,221.77
	Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO <sub>2</sub> e	999.64	1,026.12	1,237.41
	Greenhouse gas emission intensity	tCO <sub>2</sub> e per RMB million	0.69	0.64	0.68
<b>A1.3 Total hazardous waste produced and intensity</b>					
Hazardous waste	Total hazardous waste produced	Tonne	2.63	4.13	3.24
	Hazardous waste intensity	Kg/RMB million	2.07	2.56	1.78
<b>A1.4 Total non-hazardous waste produced and intensity</b>					
Non-hazardous waste	Total non-hazardous waste produced	Tonne	288.00	274.72	237.53
	Non-hazardous waste intensity	Kg/RMB million	199.70	170.00	130.50
<b>A2. Use of Resources</b>					
<b>A2.1 Direct and/or indirect energy consumption in total and intensity by type</b>					
Direct energy use	Gasoline	Liter	3,972.00	8,886.00	4,500.00
	Diesel	Liter	1,977.30	1,660.00	2,176.80
Indirect energy use	Total electricity consumption	kWh	1,872,644.90	1,922,843.74	2,344,534.46
Energy consumption	Direct energy consumption	Tonne of coal equivalent	6.83	6.88	7.66
	Indirect energy consumption	Tonne of coal equivalent	230.15	236.32	288.14
	Total energy consumption	Tonne of coal equivalent	236.98	243.20	295.80
	Energy consumption intensity	Tce/RMB million	0.16	0.15	0.16
<b>A2.2 Water consumption in total and intensity</b>					
Water resources	Total water consumption	Tonne	62,518.00	28,268.99	38,053.00
	Reclaimed water use	Tonne	8,058.00	7,041.00	7,386.00
	Water consumption intensity	Tonne/RMB million	43.35	17.49	20.91
<b>A2.5 Total packaging material used for finished products, with reference to per unit produced</b>					
Packaging Materials	Total packaging materials	Tonne	2,179.60	2,419.00	3,243.00
	Packaging material intensity	Tonne/RMB million	1.51	1.49	1.78



## APPENDIX I: TABLE OF ESG KPIS

### Environmental data description:

- The environmental data, covering the period from 1 January 2024 to 31 December 2024, were collected from two production bases, Anfu Cheerwin and Panyu Cheerwin, as well as the Company's headquarters office area in Guangzhou.
- The intensity of environmental data is calculated using the total data in 2024 divided by the Company's revenue for that year in RMB million.
- The main sources of greenhouse gas emissions (Scope 1) are diesel and gasoline, and greenhouse gas emissions (Scope 2) are from purchased electricity. Greenhouse gas emissions are calculated with reference to the *Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines – Other Industries (Trial)* and the *Announcement on the Release of Carbon Dioxide Emission Factors for Power Generation in 2022* published by the National Development and Reform Commission of the People's Republic of China.
- The direct energy type includes diesel and gasoline, and the indirect energy type includes purchased electricity. The energy consumption is calculated with reference to the national standard of the People's Republic of China – *GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption*.
- The non-hazardous wastes are office garbage and domestic garbage generated in the office area. The hazardous waste is mainly raw material packaging drums containing meperfluthrin mother liquid and dimefluthrin mother liquid. During the Reporting Period, Anfu Cheerwin disposed of raw material packaging drums harmlessly, and the weight data was included in the non-hazardous waste.
- The total water consumption statistics include water used for production at the Company's production bases and water used in barrels at the Company's headquarters office area in Guangzhou. The municipal water consumption of the Company's headquarters office area is not included in the statistics and disclosure for the Year as it is centrally managed by the building property and the water consumption cannot be measured separately.
- The air emission data mainly come from gasoline consumption of official vehicles and air emission monitoring data of the production bases. The emission data of Panyu Cheerwin are uniformly discharged, treated and centrally monitored by the industrial park, and the Company does not record the level and density of its emissions. The calculation of emissions from petrol consumption of official vehicles is based on the *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.
- The packaging consumables are cardboard boxes and PET bottles used for product production.



## APPENDIX I: TABLE OF ESG KPIS

### SOCIAL KPIS

KPIs		Unit	2024
<b>B1. Employment</b>			
<b>B1.1 Total workforce by gender, employment type, age group, employee category and geographical region</b>			
Total workforce		Person	1,202
Gender	Male	Person	563
	Female	Person	639
Employment type	Full-time	Person	1,202
	Part-time	Person	0
Age group	29 and below	Person	432
	30 and above and below 40	Person	403
	40 and above and below 50	Person	272
	50 and above	Person	95
Employee category	Senior management	Person	49
	Middle management	Person	185
	General employees	Person	968
Geographical region	Central China	Person	137
	Eastern China	Person	417
	Southern China	Person	580
	Other regions	Person	68
Employee type	Disabled	Person	11
	Ethnic minorities	Person	34
<b>B1.2 Employee turnover rate by gender, age group and geographical region</b>			
Annual employee turnover rate		%	26.69
Gender	Male	%	47.07
	Female	%	52.93
Age group	29 and below	%	59.95
	30 and above and below 40	%	24.36
	40 and above and below 50	%	9.60
	50 and above	%	6.09
Geographical region	Central China	%	10.54
	Eastern China	%	27.63
	Southern China	%	54.80
	Other regions	%	7.03
<b>B2. Health and Safety</b>			
<b>B2.1 Number and rate of work-related fatalities occurred in each of the past three years</b>			
Work-related fatalities	Rate of work-related fatalities	%	0% in 2022-2024
	Number of work-related fatalities	Person	0 in 2022-2024
<b>B2.2 Lost days due to work injury</b>			
Losses due to work-related injuries	Lost days due to work injury	Day	0 in 2022-2023 50 in 2024



## APPENDIX I: TABLE OF ESG KPIS

KPIs		Unit	2024
<b>B3. Development and Training</b>			
<b>B3.1 The percentage of employees trained by gender and employee category</b>			
Percentage of employees trained		%	100.00
Gender	Percentage of male employees trained	%	46.84
	Percentage of female employees trained	%	53.16
Employee category	Percentage of senior management trained	%	4.08
	Percentage of middle management trained	%	15.39
	Percentage of general employees trained	%	80.53
<b>B3.2 The average training hours completed per employee by gender and employee category</b>			
Gender	Average training hours completed per male employee	Hour	7.94
	Average training hours completed per female employee	Hour	8.30
Employee category	Average training hours completed per senior management officer	Hour	18.82
	Average training hours completed per middle management officer	Hour	8.12
	Average training hours completed per general employee	Hour	7.58
<b>B5. Supply Chain Management</b>			
<b>B5.1 Number of suppliers by geographical region</b>			
Total number of suppliers		Supplier	245
Geographical region	Northern China	Supplier	9
	Central China	Supplier	28
	Northwestern China	Supplier	2
	Southern China	Supplier	128
	Eastern China	Supplier	77
	Northeastern China	Supplier	1
<b>B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented</b>			
Number of suppliers under review		Supplier	245
<b>B6. Product Responsibility</b>			
<b>B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons</b>			
Product recalls	Percentage of products subject to recalls	%	0
<b>B6.2 Number of products and service-related complaints received</b>			
Product complaints	Number of valid complaints about products and services	Complaint	39
<b>B7. Anti-corruption</b>			
<b>B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period</b>			
Corruption litigation	Number of legal cases regarding corruption	Complaint	0



## APPENDIX II: LIST OF APPLICABLE LAWS AND REGULATIONS AND INTERNAL POLICIES OF CHEERWIN GROUP

Area	Major Laws and Regulations	Major Internal Policies
Environmental	<p>Environmental Protection Law of the People's Republic of China</p> <p>Environmental Impact Assessment Law of the People's Republic of China</p> <p>Law on the Prevention and Control of Water Pollution of the People's Republic of China</p> <p>Measures on the Administration of Pollutant Discharge Permits (Trial)</p> <p>Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China</p> <p>Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China</p> <p>Law on the Prevention and Control of Noise Pollution of the People's Republic of China</p> <p>Regulations on Urban Drainage and Sewage Treatment</p> <p>Energy Conservation Law of the People's Republic of China</p>	<p>Environmental Protection Management Policy</p> <p>Energy Management System</p> <p>Energy Management Manual</p> <p>Wastewater, Air Emissions and Solid Waste Discharge Management System</p> <p>Waste Management System</p> <p>Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization</p> <p>Rules on Management of Use of Air-conditioning</p>
Social	<p>Labor Law of the People's Republic of China</p> <p>Labor Contract Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Interim Provisions on Wage Payment</p> <p>Production Safety Law of the People's Republic of China</p> <p>Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China</p> <p>Fire Protection Law of the People's Republic of China</p> <p>Patent Law of the People's Republic of China</p> <p>Trademark Law of the People's Republic of China</p> <p>Copyright Law of the People's Republic of China</p> <p>Advertising Law of the People's Republic of China</p> <p>Anti-unfair Competition Law of the People's Republic of China</p> <p>E-Commerce Law of the People's Republic of China</p> <p>Criminal Law of the People's Republic of China</p> <p>Anti-Money Laundering Law of the People's Republic of China</p> <p>Law on Protection of Consumer Rights and Interests of the People's Republic of China</p>	<p>Human Resources Planning Management System</p> <p>Recruitment Management System</p> <p>Probation Period Management System</p> <p>Resignation Management System</p> <p>Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards</p> <p>Training Management System</p> <p>Management System on Induction and Probation Period of New Employees</p> <p>Employee Performance Management System</p> <p>Employee Code Management System</p> <p>Employee Attendance Management System</p> <p>Management System on Social Insurance and Housing Provident Fund</p> <p>Employee Handbook</p> <p>Employee Benefits Management System</p> <p>Code of Safe Conduct for Employees</p> <p>Labor Contract Management Measures</p> <p>Management System on Occupational Health Protection of Laborers and Their Archives</p>



## APPENDIX II: LIST OF APPLICABLE LAWS AND REGULATIONS AND INTERNAL POLICIES OF CHEERWIN GROUP

Area	Major Laws and Regulations	Major Internal Policies
	Product Quality Law of the People's Republic of China	Accountability System on Prevention of Occupational Diseases
	Regulation on the Protection of Personal Information of Telecommunications and Internet Users	Publicity, Education and Training Systems on Prevention and Treatment of Occupational Diseases
	Measures for the Supervision and Administration of Online Transactions	Disposal and Reporting Systems on Hazards and Accidents of Occupational Diseases
	Personal Information Protection Law of the People's Republic of China	Emergency Rescue and Management System on Harms of Occupational Diseases
	Data Security Law of the People's Republic of China	Management System on Personal Protective Equipment
	Measures for Ethics Review of Biomedical Research Involving Humans	Safe Operating Procedures for Site Operations
	Measures for Ethics Review of Life Sciences and Medical Research Involving Humans	Management Procedures for High-risk Operation
	International Ethical Guidelines for Health-related Research Involving Humans	Occupational Health Management System
	Drug Administration Law of the People's Republic of China	Management System on Source of Dangers
		Safety Inspection System
		Chemical Management System
		Commitment System on Safety Production
		Measures for Management of Operations of Distributors
		Rules for the Management of Acquisition and Selection of Suppliers
		Quality Management Measures for Selection of New Suppliers of Raw Materials
		Measures for Daily Quality Management of Raw Materials Suppliers
		Rules on Monitoring and Management of Prohibited and Restricted Substances in Raw Materials
		the System for Daily Management of Suppliers
		Management System for Purchase of Productive Materials
		Management System on Procurement and Bidding
		New Project Initiation Management Procedures
		Measures for Quality Management of New Products and New Projects
		Testing Method Management Procedures
		Product Quality Policy
		Quality Management Manual
		Rules for Management of Quality Targets



## APPENDIX II: LIST OF APPLICABLE LAWS AND REGULATIONS AND INTERNAL POLICIES OF CHEERWIN GROUP

Area	Major Laws and Regulations	Major Internal Policies
		Rules for Handling of Complaints about Market Product Quality 7
		Rules for Handling of Quality Accidents
		Management System on Acquisition and Selection of OEMs
		Management System on Appraisal of OEMs
		Management Measures for Introduction and Appraisal of ODM Products
		Sample Management Procedures
		Management Measures for Quality Monitoring and Measurement of Semi-finished and Finished Products
		Management Measures for Monitoring and Measurement of Manufacturing Process of Products
		Cattery Management System
		Management Measures for Brand Service Providers
		Rules on Control and Management of Technical Standards of Factories
		Objectives for Product Quality Management
		Quality Assurance Plan of Disinfectant Products
		Non-conforming Product Control Measures
		Control Measures for Product Recalls and Mock Recalls
		Integrity Cooperation Agreement
		Patent Management Rules
		Trademark Management Rules
		Copyright Management Rules
		Measures for Handling Quality Accidents
		Measures on Management of Information Security



# APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

2024 Environmental,  
Social and  
Governance Report

## Subject Areas, Aspects, General Disclosures and KPIs

### A: Environmental

#### Aspect A1:

#### Emissions

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

KPI A1.1

The types of emissions and respective emissions data.

KPI 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).

– “Scope 1” emissions

– “Scope 2” emissions

KPI A1.3

Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

KPI A1.4

Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

KPI A1.5

Description of emission target(s) set and steps taken to achieve them.

KPI 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.

#### Aspect A2:

#### Use of Resources

General Disclosure

Policies on the efficient use of resources, including energy, water and other raw materials.

KPI 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).

KPI A2.2

Water consumption in total and intensity (e.g. per unit of production volume, per facility).

KPI A2.3

Description of energy use efficiency target(s) set and steps taken to achieve them.

KPI 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.

KPI A2.5

Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.



## APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2024 Environmental, Social and Governance Report
<b>Aspect A3:</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
<b>Aspect A4:</b>	<b>Climate Change</b>	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
KPI 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.	
<b>B: Social</b>		
<b>Aspect B1:</b>	<b>Employment</b>	
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
<b>Aspect B2:</b>	<b>Health and Safety</b>	
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	



## APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

### 2024 Environmental, Social and Governance Report

#### Subject Areas, Aspects, General Disclosures and KPIs

<b>Aspect B3:</b>	<b>Development and Training</b>
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
KPI B3.2	The average training hours completed per employee by gender and employee category.
<b>Aspect B4:</b>	<b>Labor Standards</b>
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.
<b>Aspect B5:</b>	<b>Supply Chain Management</b>
General Disclosure	Policies on managing environmental and social risks of the supply chain.
KPI B5.1	Number of suppliers by geographical region.
KPI 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.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

## APPENDIX III: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2024 Environmental, Social and Governance Report
<b>Aspect B6:</b>	<b>Product Responsibility</b>	
General Disclosure	Information on: (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.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B6.4	Description of quality assurance process and recall procedures.	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	
<b>Aspect B7:</b>	<b>Anti-corruption</b>	
General Disclosure	Information on: (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.	
KPI 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.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
<b>Aspect B8:</b>	<b>Community Investment</b>	
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.	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

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