China Yurun Food Group Limited

中國雨潤食品集團有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 1068



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025



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ABOUT THIS REPORT

BASIS OF PREPARATION

This is the tenth Environmental, Social and Governance ("ESG") Report (the "Report") issued by China Yurun Food Group Limited ("Yurun Food" or the "Company") and its subsidiaries (collectively referred to as the "Group" or "we"). The purpose of this Report is to report the Group's ESG strategies and management performance and enhance communication with stakeholders. In order to gain a comprehensive view of the Group's ESG performance, this Report should be read in conjunction with the Annual Report 2025 of China Yurun Food Group Limited (in particular the "Corporate Governance Report" contained therein).

This Report was prepared in accordance with the mandatory disclosure requirements and "comply or explain" provisions of the Environmental, Social and Governance Reporting Code (the "ESG Code") set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("SEHK"). This Report was prepared in adherence to the reporting principles of materiality, quantitative, balance and consistency. Appendix 2 of this Report provides detailed information about the content index of the ESG Code for readers' reference.

The reporting principles complied with by the Company in the preparation of this Report are as follows:

Materiality

The Group determines material issues relevant to the Group through materiality assessment. The materiality assessment process includes inviting stakeholders to prioritise ESG issues, verifying the material issues by the board of directors of the Company (the "Board"), etc. For details of the materiality assessment process, please refer to the section headed "Materiality Assessment" of this Report.

Quantitative

In order to fully assess the Group's ESG performance during the Reporting Period (as defined below), the Group disclosed the applicable quantitative key performance indicators ("KPIs") referred to in the ESG Code and set out the standards, methodologies, assumptions, and references used for the calculation of the quantitative KPIs, including the sources of the key conversion factors.

Consistency

Unless otherwise specified, the methodologies used in this Report are consistent to allow readers to make meaningful comparisons of the Group's ESG data.

Balance

This Report adheres to the principles of neutrality and comprehensiveness, presenting the Group's ESG performance in an impartial and objective manner. It aims to avoid unduly influencing readers' decision-making or omitting significant information.

1. ABOUT THIS REPORT

REPORTING SCOPE

During the Reporting Period, there was no significant change in the nature of the Group's principal activities. The reporting scope of this Report is consistent with that of the Annual Report 2025 of China Yurun Food Group Limited, which covers the Group. Unless otherwise specified, this Report covers the Group's businesses that are under the Group's control and have significant environmental and social impacts, including the production and sales of a wide variety of raw pork (chilled pork and frozen pork), low temperature meat products ("LTMP") and high temperature meat products ("HTMP") with a particular focus on pork products.

Unless otherwise specified, this Report covers the period from 1 January 2025 to 31 December 2025 (the "Reporting Period").

RESPONSE TO THE REPORT

You are welcome to provide feedback on the Group's ESG performance and this Report by email.

Email: ir@yurun.com.hk

MESSAGE FROM THE BOARD



"Food is of paramount importance to people, and food safety must always come first". Food safety is a critical concern tied to public well-being, and the belief that "You trust because we care" has been the foundational business philosophy of Yurun Food since its establishment. The Group consistently places social interests ahead of corporate interests, actively fulfils its corporate social responsibilities, and incorporates these values into its business management strategies to build a trustworthy and beloved brand among consumers.

Yurun Food deeply understands that product quality is the cornerstone of sustainable business development. We have established stringent internal quality control systems covering all aspects of operations, including procurement, production, sales, and logistics, to ensure that every product meets the highest standards of quality and safety. Through these comprehensive management measures, the Group has earned a strong reputation in the market for food safety and high-quality products. Looking ahead, we will continue to increase our investment in quality inspection and testing to ensure that all products comply with national regulatory requirements. We remain committed to providing consumers with safe, reliable, delicious, and healthy meat products. At the same time, we will further strengthen communication and collaboration with national and local quality supervision agencies, actively aligning with regulatory requirements and guidelines to ensure our product quality continues to meet national standards and maintain our leading position in the industry.

In terms of sustainability, Yurun Food continues to enhance its ESG governance framework and is committed to advancing ESG initiatives with high standards. We have established an ESG working group, led by the Vice President and composed of senior management from subsidiaries across the Group, to fully support the Board in coordinating and overseeing ESG-related matters. The working group is responsible for formulating ESG management policies and strategies, identifying and assessing ESG-related issues and risks, and regularly reporting significant ESG matters to the Board. Aligned with our sustainability strategy, we conduct annual ESG materiality assessment and integrate the results into our corporate strategic planning to ensure effective management and enhancement of significant ESG initiatives. The Board plays a central role in setting and managing ESG objectives and overseeing their implementation and outcomes.

CLIMATE CHANGE GOVERNANCE

During the Reporting Period, in response to the enhanced climate-related disclosure requirements under the ESG Code, the Board has strengthened its oversight of climate-related risks and opportunities. The Board reviews climate-related issues regularly, assesses their impact on the Group's business strategy, and ensures appropriate resources are allocated to address climate challenges. The Board receives regular updates on climate-related matters through the ESG working group and has integrated climate considerations into strategic planning, risk management, and target-setting processes. Management is responsible for implementing climate-related strategies, monitoring progress against climate targets, and reporting material climate matters to the Board for oversight. This governance structure ensures that climate considerations are embedded throughout the organisation and that the Group remains resilient to climate-related changes.

During the Reporting Period, the Group conducted a comprehensive review and disclosure of its environmental targets, ensuring transparency in progress and making timely adjustments to action plans. These efforts not only enhance our environmental benefits but also lay a solid foundation for achieving sustainability goals. The Group has also conducted climate-related scenario analysis to assess the resilience of our business model and strategy under different climate futures, identifying potential impacts and adaptation measures required to maintain operational continuity and competitiveness.

This Report comprehensively discloses the progress and achievements of Yurun Food's ESG initiatives in 2025. The information disclosed primarily originates from the Group's internal documents and statistical data. The Board has reviewed and approved this Report, assumes full responsibility for the Group's environmental and social strategies and reporting, and has taken necessary steps to ensure the reliability, accuracy, objectivity, and completeness of the disclosed information.

Looking forward, as Yurun Food continues to upgrade its brand, we will remain committed to producing high-quality food products with sincerity and pragmatism, delivering better consumption experience to our consumers. Guided by innovation and responsibility, we aim to create greater value for society while further enhancing the Group's sustainability governance standards and addressing the challenges posed by climate change.

ABOUT YURUN FOOD

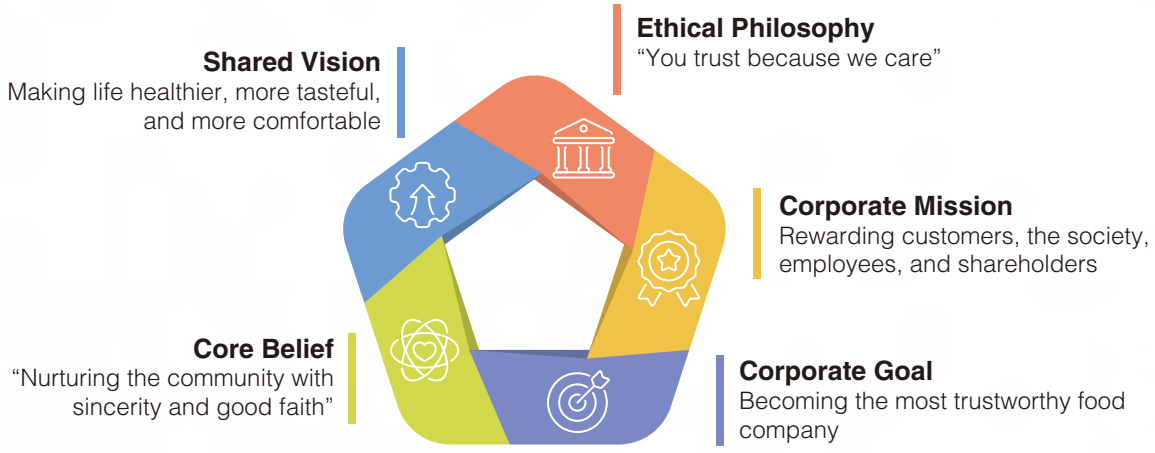
BUSINESS PROFILE

Yurun Food is one of the largest meat producers in the People's Republic of China (the "PRC"). Its products portfolio includes chilled pork, frozen pork as well as LTMP and HTMP which are predominantly pork products. The Group focuses on the business development and promotion of the "Haroulian" brand series. "Haroulian" is not only one of the first "China Time-Honoured Brands" recognised by the Ministry of Commerce but also a national-level leading enterprise in agricultural industrialisation. Its trademark has been recognised as a well-known trademark in China.

As one of the earliest enterprises in China to pioneer the development of Western-style LTMP, Yurun Food is equipped with advanced production facilities and industry-leading processing technologies. Yurun Food places great emphasis on medium- to high-end product innovation and has established a dedicated research and development team focused on developing competitive new products that meet evolving market demands. We are committed to reinforcing our strong brand image among consumers through the delivery of safe and high-quality meat products.

The brand slogan of "low temperature maintains freshness, cold chain preserves newness, delicious taste" is the three core quality standards that Yurun Food is committed to delivering to consumers. It also represents the Group's solemn quality commitment to consumers. Yurun Food remains dedicated to craftsmanship, safeguarding food safety, enhancing consumer confidence, and fulfilling its social responsibility and moral obligations as a trusted "national brand".

CORPORATE VALUE



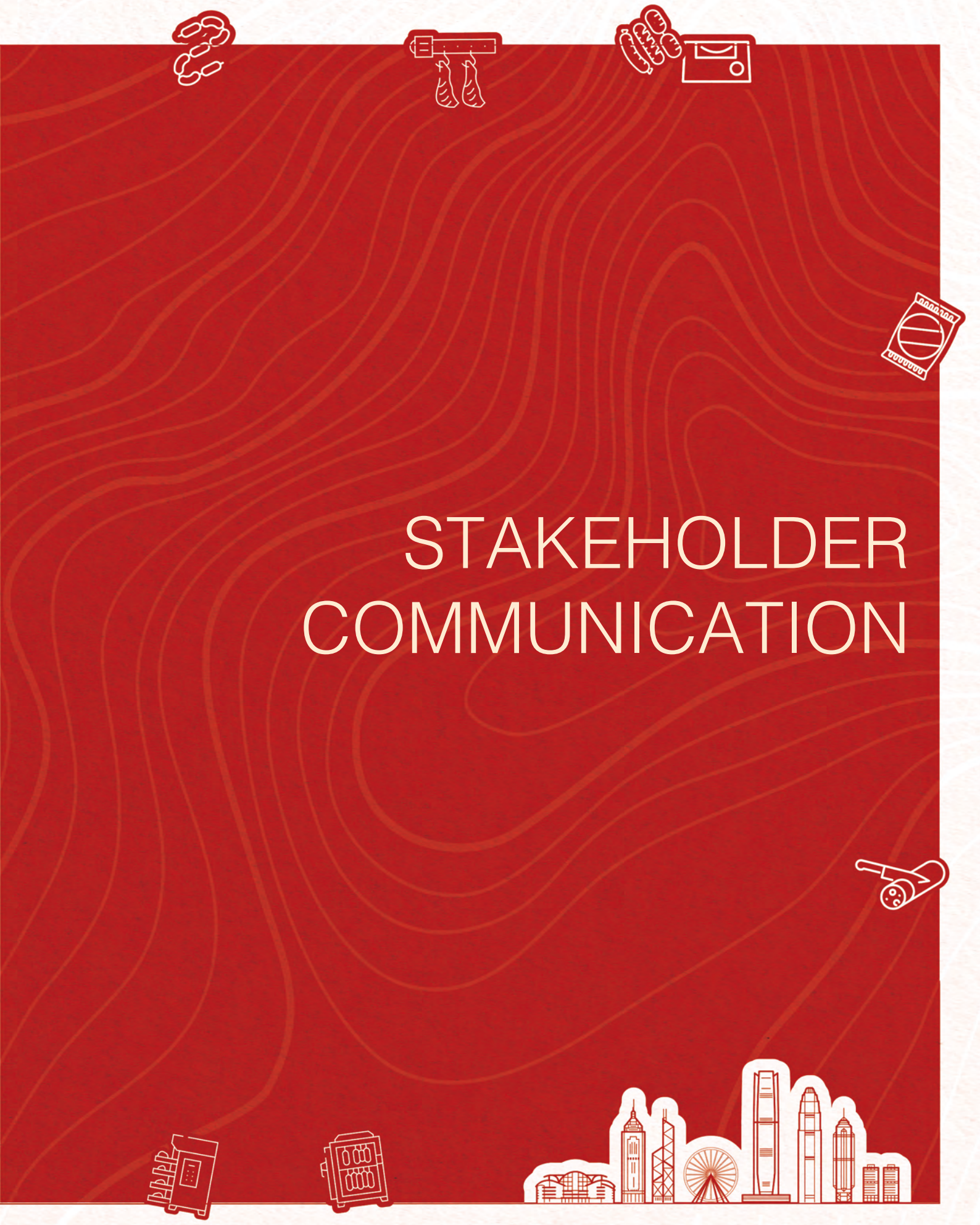
AWARDS AND HONOURS

During the Reporting Period, the Group received numerous awards and honours, including:

Awards and Honours	Issuing Organization
China International Meat Industry Week – Specially Recommended Product	China Meat Association
China International Meat Industry Week – Gold Award for "Joining Hands with Quality Ingredients, Culinary Showcase" Event*	China Meat Association
China International Meat Industry Week – Silver Award for "Joining Hands with Quality Ingredients, Culinary Showcase" Event*	China Meat Association
China International Meat Industry Week – Selected Product*	China Meat Association
Integrity Enterprise	Heilongjiang Bureau of China Food Safety News & Heilongjiang Food Industry Alliance
Heilongjiang Provincial Science and Technology Award	Heilongjiang Provincial Government
Certificate for Specialty Products of Longjiang	Heilongjiang Food Circulation Chamber of Commerce
Outstanding Contribution Award for 75th Anniversary of Longjiang Time-Honoured Brands	Heilongjiang Time-Honoured Brands Association
First-Class Award for Scientific and Technological Progress	Heilongjiang Provincial Department of Science and Technology
National Award for Special Tourism Products	China Tourism Association
Haroulian Recognised as a National-Level Green Factory	Ministry of Industry and Information Technology of China
Product Carbon Neutrality Verification Statement	TÜV SÜD Certification and Testing (China) Co., Ltd.
Honorary title of "Outstanding Contribution Entity to the Protection of Harbin Intangible Cultural Heritage"	Harbin Mass Art Center (Harbin Intangible Cultural Heritage Protection Center)
"Excellent Chairpersons" Annual Grand Ceremony 2025	Harbin Time-honoured Brands Enterprises Association
Advanced Entity for March 15 Consumer Rights Day Publicity Month Service Campaign	Food Industry Professional Committee of Harbin Small and Medium-sized Enterprises Cooperation and Development Services Association
National Key Leading Enterprise in Agricultural Industrialization Certificate	Ministry of Agriculture and Rural Affairs of the People's Republic of China
Second National Meat Products Packaging Creative and Innovative Competition – Cultural Development Integration Award (Silver Award)	China Meat Association
Haroulian Red Sausage – 2026 Superior Taste Award	International Taste Institute

* Different products receive different awards within this event.

STAKEHOLDER COMMUNICATION



COMMUNICATION CHANNELS

Stakeholders	Issues of Concern	Communication Channels	Communication Frequencies
Shareholders/Investors	Business performance Compliance	General meeting Public announcement Press release	Annually/as needed Ad hoc Ad hoc
Government Departments	Food safety Environmental compliance	On-site inspection Online monitoring	Ad hoc Real-time
Food Retailers	Food safety Market management	Questionnaire Food retailers trade show On-site audit	Annually/as needed Annually/as needed Annually/as needed
Consumers	Food safety Consumer rights Market management	Trade fair and marketing activity Factory tour Customer service hotline Questionnaire	Annually/as needed Annually/as needed As needed Annually/as needed
Suppliers	Supply chain management Food safety Environmental compliance	On-site visit Supplier inspection	Annually/as needed Annually/as needed
Employees	Employment and labour policy Employee development and training Remuneration and welfare	Employee union Employee representative symposium	As needed Annually/as needed
Communities	Food safety Community investment Consumer rights	Factory tour Press release Public announcement	Annually/as needed As needed As needed
Media	Food safety Consumer rights Environmental performance	Media interview Press release Public announcement	As needed As needed As needed

MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted a materiality assessment in the form of a questionnaire survey. The Group invited internal and external stakeholders to participate in the materiality assessment to comprehensively understand the ESG topics of concern to stakeholders. The materiality assessment assists the Group in reviewing its ESG management direction and in formulating and improving relevant policies and measures to effectively address stakeholder concerns.

The materiality assessment process consists of the following four major steps:

1

Identification

The Group referred to domestic and international sustainability reporting guidelines and standards, issues of concern to peers, and food industry development trends to refine the Group's ESG issue database. During the Reporting Period, 29 ESG issues relevant to the Group were identified, including climate change as a key environmental consideration.

Prioritisation

2

During the Reporting Period, the Group continued to assess the materiality of 29 ESG issues with reference to their relevance to Yurun Food's business and stakeholders. The materiality ranking of these issues was determined through internal management discussions, consideration of previous stakeholder feedback and benchmarking against industry practices and regulatory expectations. The results of this assessment serve as the basis for prioritising ESG management focus and disclosure in this report.

3

Analysis

The Group analysed the survey results and constructed a materiality matrix. ESG issues that scored high on both the "Importance to Stakeholders" and "Importance to Yurun Food" dimensions were identified as material issues.

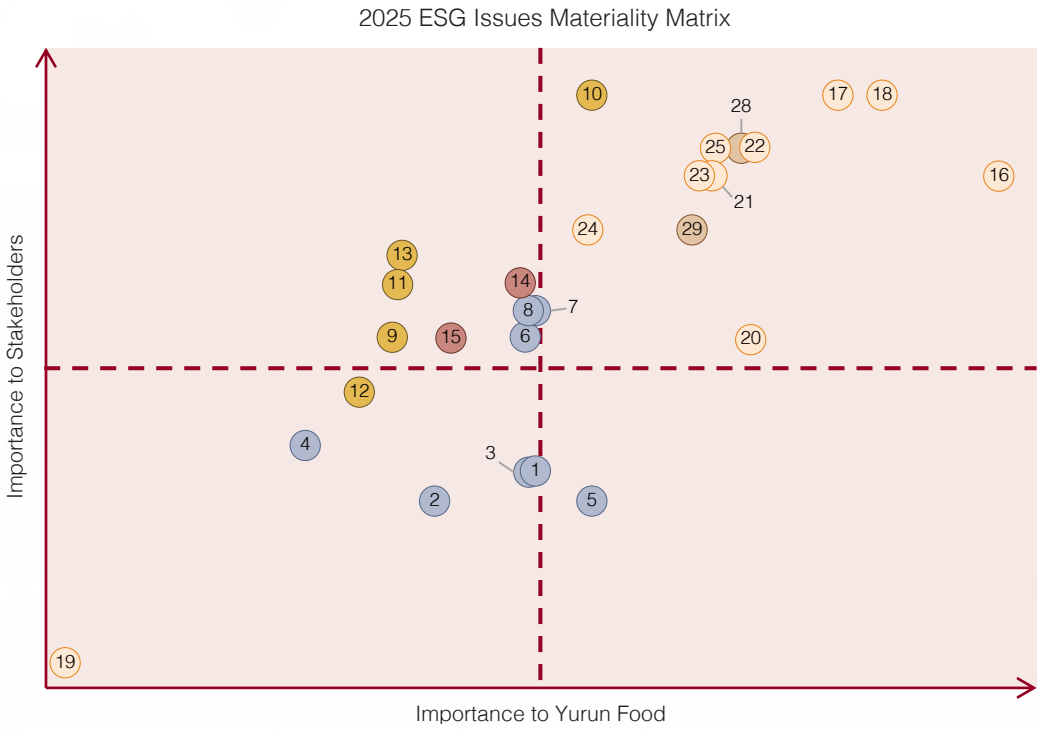
Verification

4

The Board reviewed and verified the materiality assessment results and confirmed the material ESG issues for 2025.

2025 ESG ISSUES MATERIALITY MATRIX

Materiality matrix showing Climate Change and Resilience elevated to High materiality



Aspect	ESG Issue	Materiality
Environmental	1. Environment and Natural Resources	Medium
	2. Air and Greenhouse Gas Emissions	Medium
	3. Use of Resources	Medium
	4. Climate Change and Resilience*	High
	5. Water and Sewage Management	Medium
	6. Waste Management	Medium
	7. Packaging Material Management	High
	8. Green Operation	Medium
Employment	9. Employment Policy and Employee Benefits	Medium
	10. Employee Health and Safety	High
	11. Labour Standards	Medium
	12. Employee Training and Development	Low
	13. Diversity and Equal Opportunity	Medium

Aspect	ESG Issue	Materiality
Supply Chain	14. Responsible Supply Chain Management	Medium
	15. Sustainable Raw Material	Medium
Operational	16. Food Safety and Quality**	High
	17. Customer Rights**	High
	18. Product Responsibility**	High
	19. Animal Rights	Low
	20. Product Nutrition	High
	21. Food Research and Development Innovation	High
	22. Intellectual Property Rights Protection**	High
	23. Responsible Marketing and Labeling	High
	24. Customer Engagement	High
	25. Privacy and Data Security	High
Social	26. Community Engagement and Contribution	Low
	27. Contribution to Industry Development	High
Corporate Governance	28. Anti-Corruption**	High
	29. Corporate Governance and Risk Management	High

* Climate Change and Resilience elevated to High materiality in 2025.

** The five most material ESG issues


















CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

5. CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We integrate ESG principles and measures with the United Nations Sustainable Development Goals (UNSDGs). By aligning our business operations with sustainability issues, we aim to create long-term value for society and actively contribute to achieving specific sustainable development goals.

UNSDGs	Our ESG Principles and Measures
Business Ethics	• Always adhere to the core business philosophy of "You trust because we care" • Place great emphasis on combating corruption and promoting integrity, ensuring business operations are conducted with honesty and integrity • Strictly comply with laws and regulations related to the protection of privacy and personal data
Work Environment	• Employ a diverse workforce with multicultural backgrounds, strictly avoiding any form of discrimination and adhering to a merit-based employment principle • Provide competitive compensation and benefits packages • Respect human rights and provide a fair, healthy, and safe working environment
Food Safety and Quality	• Continuously enhance product quality and food safety management systems, and uphold a spirit of craftsmanship to meet consumer expectations • Adhere to the principle of "Survival by quality, development by innovation; quality determines the life of the enterprise; one-vote veto system for quality" • Establish long-term cooperative relationships with suppliers, conducting regular quality assessments and risk management
Protect the Environment	• Integrate green concepts into the selection and construction of factory sites, as well as every aspect of business operations • Establish an environmental management system and remain committed to ensuring operational activities comply with environmental regulations and minimise environmental impact • Set up a dedicated department to oversee and coordinate energy management, responsible for developing and implementing energy planning and energy management systems
Climate Action	• Assess climate-related risks and opportunities and integrate them into business strategy • Implement measures to reduce greenhouse gas emissions and enhance climate resilience • Conduct scenario analysis to understand potential climate impacts on operations • Set targets to reduce emissions and track progress regularly
Animal Welfare	• Prioritise animal welfare not only out of humanitarian considerations but also to ensure product quality • Ensure daily humane care for animals and adhere to relevant industry standards and best practices












QUALITY FIRST

The Group has always prioritised consumer health and upholds the core philosophy of "Survival by quality, development through innovation". We regard food safety and product quality as the cornerstones of our business values. Guided by the principle that "Quality determine the life of the enterprise; one-vote veto system for quality", we have implemented a quality strategy of "Nurturing the community with sincerity and good faith; Continuous innovation, surpassing the first-class", we continuously improve our food safety and quality management systems.

Each year, the Group conducts no fewer than two food safety self-inspections to ensure that products comply with national and local regulations and standards. We work closely with suppliers to strictly monitor the entire process from raw material quality to production and processing. In addition, we focus on employee training to enhance awareness and responsibility regarding food safety. Through industry-leading quality inspections and testing, we are committed to providing consumers with safe, healthy, and delicious meat products. We will continue to pursue innovation and improvement, working hand in hand with consumers, partners, and society to achieve sustainable development.

We focus on the research and development of medium- to high-end products, supported by a professional research and development team and advanced equipment. Our flagship brand, the "Haroulian" series, is recognised as a "China Time-Honoured Brand" and a well-known Chinese trademark. Established in 1913, Haroulian is a century-old enterprise renowned for its core business in hog slaughtering, fresh product and meat product processing.

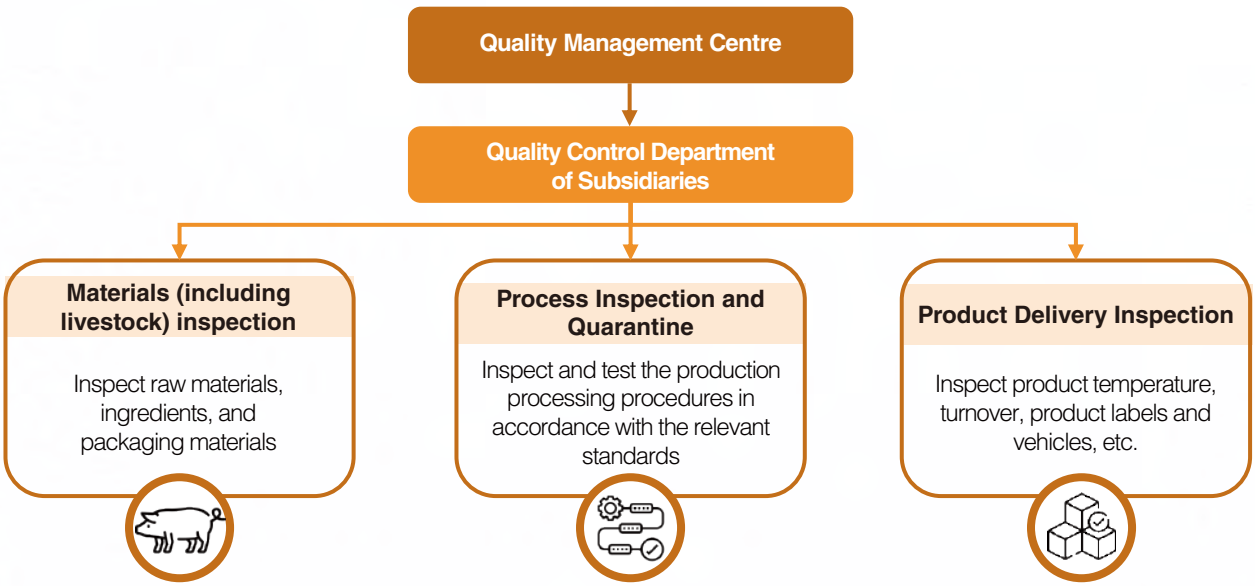
Haroulian has introduced world-class equipment, including state-of-the-art Schouten production lines from the Netherlands and advanced low-temperature processing technology. The brand is equipped with a comprehensive testing centre and quarantine team to ensure product quality and safety. As one of the first meat enterprises in China to obtain "Four-in-One" certifications, including ISO 9001, ISO 14001, ISO 22000, and OHSAS 18001, Haroulian has received numerous honours, including:

- The National Quality Evaluation Committee's Highest Award (National Silver Quality Award);
- The Top Award at the First China Food Expo;
- The Traditional Flavour Gold Award from the China Meat Association for meat production evaluation;
- Chinese Meat Industry's Most Valuable Brands; and
- Superior Taste Award from International Taste Institute.

Furthermore, Haroulian's red sausage production process has been recognised as a "Provincial-Level Intangible Cultural Heritage" in Heilongjiang Province, showcasing its high recognition in the market and among consumers. We will continue to uphold high-quality standards and provide consumers with safe and sustainable food products.

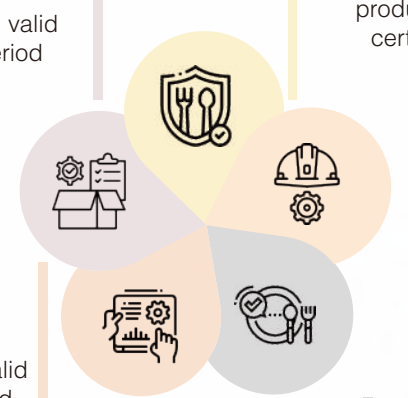
MANAGEMENT SYSTEM

Ensuring food safety and product quality is a solemn commitment from Yurun Food to its consumers. We have established a comprehensive and stringent quality management system that spans the entire process, from raw material procurement and production processing to transportation, distribution, and market management. The Group has set up a Quality Management Centre to oversee product quality and food safety management, while quality management teams of subsidiaries strictly implement the unified standards set by headquarters. A professional quality control team conducts thorough testing and monitoring to ensure that every product complies with relevant regulations and standards.



Energy Management System Certificate
4
production plants obtained/maintained valid certifications during the Reporting Period

ISO 9001 Quality Management System
ISO 22000 Food Safety Management System
2
production plants obtained/maintained valid certifications during the Reporting Period



FSS 22000 Food Safety System Certification
1
production plants obtained/maintained valid certifications during the Reporting Period

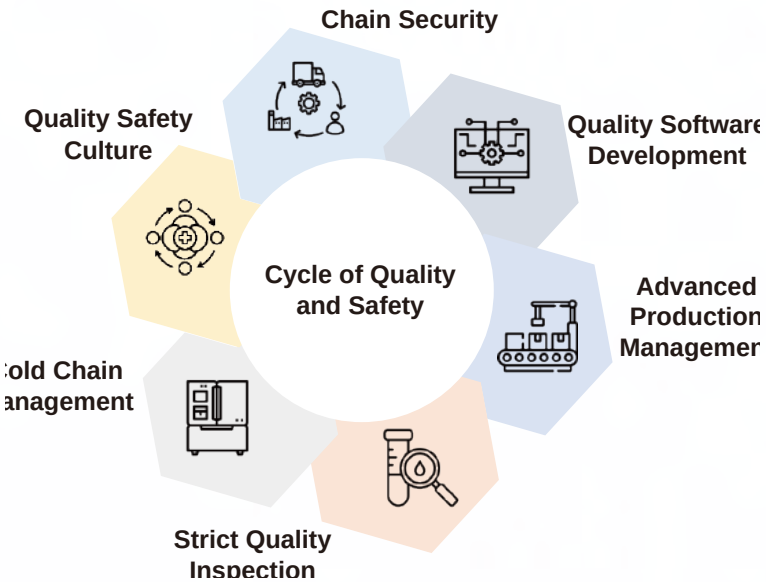
ISO 14001 Environmental Management Systems
ISO45001Occupational Health and Safety Management Systems
3
production plants obtained/maintained valid certifications during the Reporting Period

BRC Global Standard for Food Safety Certification
1
production plants obtained/maintained valid certifications during the Reporting Period



Yurun Food upholds the principles of integrating quality, safety, and environmental awareness, establishing a closed-loop quality control system that tightly connects all stages of raw material procurement, production and processing, transportation and distribution, and sales. This system enables a preventive, traceable, and secure product safety model. In the raw material procurement stage, we rigorously screen suppliers to ensure that the quality and safety of raw materials meet the required standards. We establish long-term cooperative relationships with suppliers, conduct regular quality assessments, and implement risk management measures to maintain control over product quality at the source. In production and processing, we strictly adhere to standardised operating procedures, adopt advanced equipment and processing technologies, and place strong emphasis on employee training. Through these measures, we enhance employees' quality awareness and operational skills, ensuring high standards are upheld at every stage of production.

The transportation, distribution, and sales processes ensure product circulation and service reliability. We adopt appropriate packaging and logistics measures to ensure that products are not contaminated or damaged during transportation, preserving their quality to the greatest extent possible. In the sales phase, we have established a comprehensive sales channel and after-sales service system. This ensures product compliance and stability, while enabling us to respond promptly to consumer needs. Through this comprehensive quality control system, we are committed to providing consumers with safe, reliable, and high-quality food products.



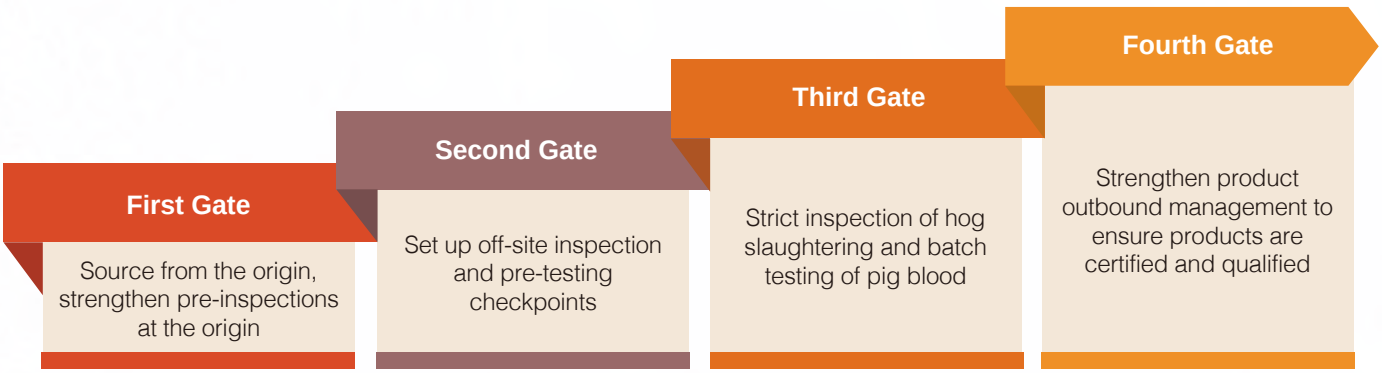
HIGH QUALITY RAW MATERIALS

Yurun Food places great emphasis on the quality of food ingredients and strictly enforces supplier admission and raw material procurement systems, collaborating only with suppliers that meet our quality standards. We regularly conduct quality assessments and risk management for suppliers and implement rigorous inspections for all raw materials to ensure their quality and safety meet the required standards.

To ensure traceability of raw materials, we require suppliers to provide detailed information, including the origin, production and processing methods, and storage conditions.

We have established a comprehensive traceability system to track the source and flow of raw materials, preventing substandard materials from entering the production process. These measures not only safeguard food quality and safety but also help maintain our brand reputation and market competitiveness.

The Group has revised and enhanced the Operating Procedures for the Acceptance and Inspection of Raw Materials to standardise the procedures for raw material acceptance and inspection. Additionally, through the Quality Assurance Agreement for the Purchase of Hogs, we have established four key quality control checkpoints:



Given that the Group's major products are pork-related foods, it is essential to effectively address a highly contagious disease "African Swine Fever" (ASF). The Group has developed an ASF Prevention and Control Plan and established prevention and control task forces at both headquarters and subsidiary company levels. These teams are responsible for policy collection, prevention and control deployment, and implementing emergency response plans to ensure smooth operations throughout the entire process.

Our ASF prevention and control measures include:

- Properly planning facilities layout to reduce the risk of cross-contamination.
- Strengthening the management of personnel, vehicles, and materials to enhance biosecurity.
- Improving hog health management and ensuring compliant waste disposal.
- Conducting production expansion assessments and environmental monitoring to maintain a safe breeding environment.

HYGIENE STANDARDS

Yurun Food has developed and implemented multiple hygiene policies to ensure cleanliness and safety throughout the production process:

- Cleaning and Disinfection Management Regulations: Clearly define responsibilities, workflows, supervision mechanisms, and inspection requirements.
- Hygiene Management System: Set hygiene standards, inspection frequencies, and personal hygiene requirements.
- Cleaning and Disinfection Regulations for Hog Slaughterhouses: Provide detailed guidelines on the scope, methods, and frequencies of cleaning and disinfection.
- Vehicle Cleaning and Disinfection Regulations: Ensure that both the interior and exterior of vehicles meet hygiene requirements during cleaning and disinfection.

To address the cleaning and hygiene requirements of different environments and personnel, we have adopted the following measures:

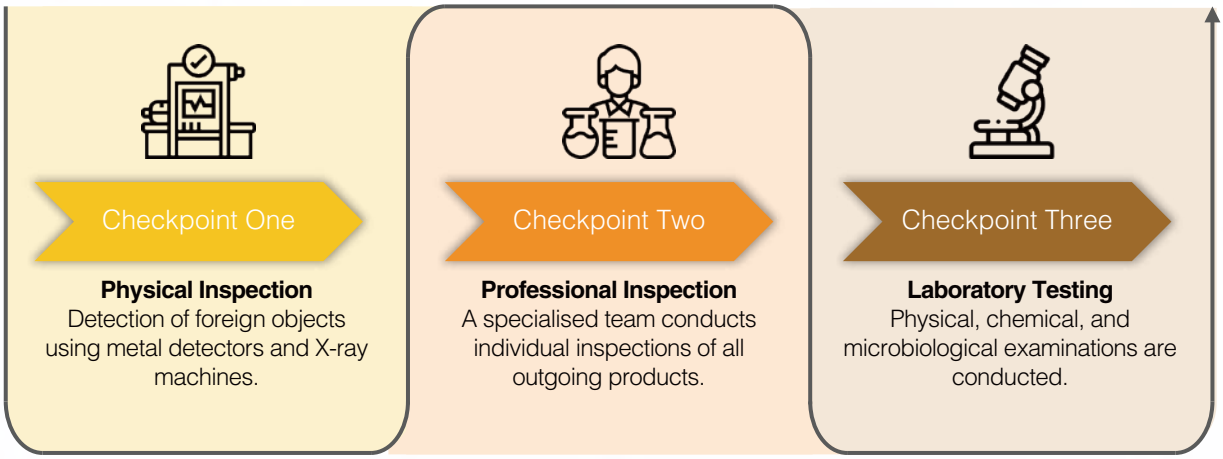
- Production Workshops: After work shifts, ultraviolet lamps and ozone sterilisation machines are activated to comprehensively clean equipment and tools. Regular hygiene inspections are conducted to ensure compliance with relevant policies.
- Production Personnel: Before entering the workshop, all personnel must wash and disinfect their hands and wear uniforms, boots, caps, and masks.
- Vehicles: Vehicles are cleaned, rinsed, and disinfected before loading goods.
- Warehouses: Freezers, refrigerated storage, and finished goods warehouses are cleaned and disinfected regularly to ensure a hygienic storage environment.



PRODUCTION AND INSPECTION

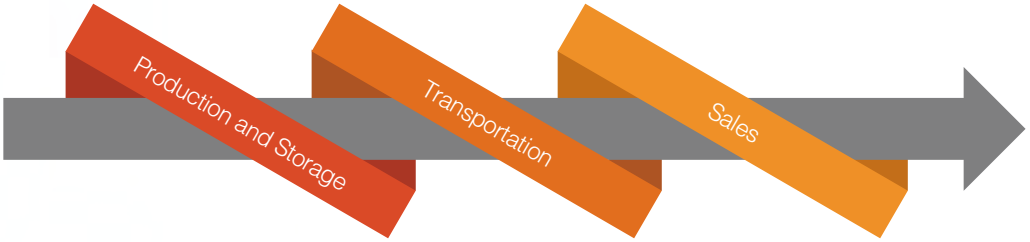
Yurun Food has established food production standards that exceed national requirements, regulating production processes and product quality indicators. We have implemented self-inspection and re-inspection mechanisms to ensure a high rate of product compliance. During the Reporting Period, no non-compliant food products were identified. To monitor production processes in real time, CCTV surveillance systems have been installed in our factories allowing for prompt detection and resolution of the issues. Additionally, we have introduced internationally advanced automated processing equipment to reduce human intervention in the production process, ensuring product consistency and stability.

In terms of testing, we are equipped with professional testing instruments and a dedicated team responsible for analysing nutritional components, microorganisms, additives, and residues. These tests ensure that all products meet relevant standards and regulations. All products must pass the following "three checkpoints" before leaving the factory:



COLD CHAIN MANAGEMENT

Cold chain management is critical to ensuring product quality. By integrating production, transportation, and sales processes, we maintain products at appropriate temperatures to guarantee quality, safety, and freshness. This enhances consumer confidence in our chilled pork, frozen pork, and LTMP. The Group has developed internal policies such as the Product Transportation Management System to comprehensively manage storage and transportation processes, ensuring products maintained at suitable temperature conditions.



Strictly monitor the temperatures on production lines, establish the *Cold Storage Management System*, and conduct regular maintenance of cold storage equipment.

A full cold chain transportation model is adopted to maintain product quality throughout the logistics process. The temperature of cargo compartments is controlled, keeping chilled products between 0°C to 4°C and frozen products below -15°C. Vehicle environments and transportation conditions are monitored in real-time using automated systems.

The Group collaborates with distributors and supermarkets to standardise freezer configurations. Regular inspections are conducted to ensure proper storage conditions.

FOOD SAFETY

The Group places significant emphasis on product quality management after products are launched into the market. To ensure distributors clearly understand product handling methods and related regulations, we provide detailed product handling guidelines. We have implemented the Distributor Excess Inventory Management Standards, which offer fixed-ratio support for expired or excess inventory based on market maturity and sales channel structure. Distributors are required to handle such products following specified procedures, ensuring food safety.

Additionally, we actively promote a market inspection programme. Sales representatives conduct regular inspections of distributors within their designated areas. Inspection results are reported during weekly business analysis meetings, and continuous improvements are made to address identified issues. These efforts ensure stable product quality, enabling consumers to purchase safe and reliable food products. We will continue to strengthen oversight and enhance the effectiveness of market inspections to achieve high standards of quality management throughout the sales process.

Yurun Food upholds the core value of "customer-centricity", consistently prioritising customer satisfaction and needs. We gain deep insights into customer preferences, which serve as the foundation for product innovation and research and development. Our goal is to provide healthy food that meets consumer expectations for nutritional balance, natural ingredients, and additive-free products, while ensuring food quality and safety.

Through continuous innovation and improvement, we have earned the trust and support of our customers. In the future, we will strive to further enhance the quality of our food and services, ensuring that customers feel satisfied and confident when choosing Yurun Food.

RESEARCH AND INNOVATION OF HEALTHY FOOD

The research and development team of Yurun Food focuses on advancing key food technologies, driving innovation in product development, packaging, and flavours. We collaborate with universities to explore new directions in the food industry, with technology-driven development as the core driver of the Group's transformation and upgrading.

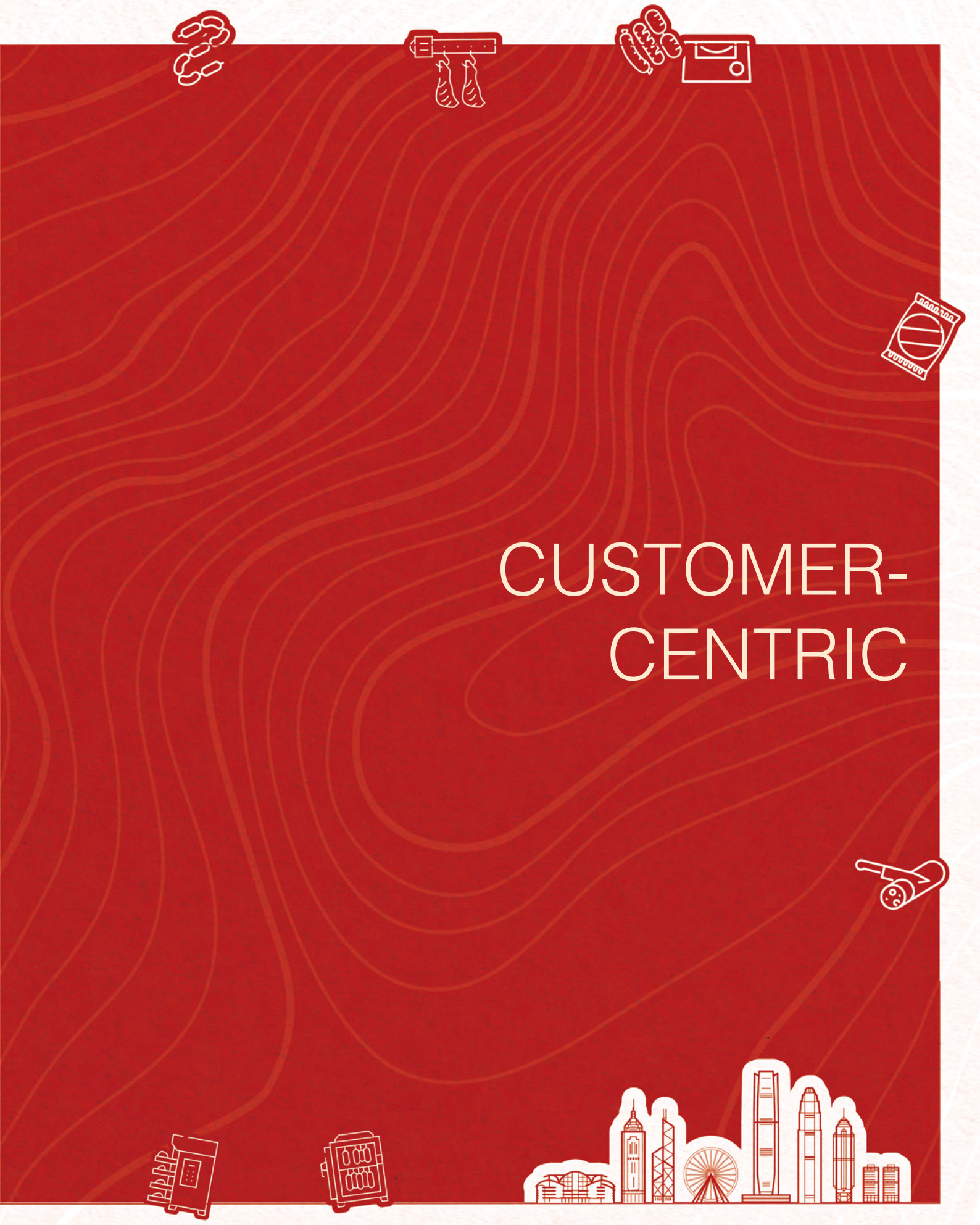
The Group strictly adheres to the Standards for the Use of Food Additives (GB 2760), ensuring that no prohibited food additives are used and no additives exceed permitted levels. During the Reporting Period, we conducted inspections of high- and low-temperature product processes and found no instances of excessive or unauthorised additive usage.

PRODUCT LABELLING AND PROMOTION

Yurun Food complies with regulations such as the Food Labeling Management Regulations, the General Rules for Prepackaged Food Labels (GB 7718), and the General Rules for Nutrition Labeling of Prepackaged Foods (GB 28050). We ensure that product labels are clear, accurate, and include essential information such as production date, shelf life, ingredients, food additives, and nutritional content. To guarantee the accuracy of labelling information, we have implemented the Packaging Material Review Specification, which involves multi-level reviews of product labels. Each piece of information undergoes rigorous checks to avoid misleading consumers and ensure that the content is truthful.

In advertising and promotion, the Group adheres to laws and regulations such as the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Interim Measures for the Administration of Internet Advertising. We ensure the legality and compliance of promotional content, avoiding false advertising or intellectual property infringement. Moving forward, we will continue to enhance the compliance of labelling and promotional activities to protect consumer rights.

CUSTOMER-CENTRIC



PRODUCT TRACEABILITY AND RECALL

Yurun Food has established a comprehensive product traceability system using electronic scanning and tracking technology to ensure "traceable sources, verifiable destinations, and accountable responsibility". In the event of a product recall, the traceability system allows us to quickly identify affected batches and initiate recall procedures through the Product Recall Management Procedure.

The recall team, consisting of senior executives, technical personnel, sales staff, and production personnel. Food recalls are categorised into three levels based on the severity of food safety risks. When necessary, we utilise media channels to promptly inform consumers. Additionally, the Group has developed a Food Safety Incident Management System and an Emergency Response Plan for Food Safety. Emergency teams at both the Group and subsidiary levels are tasked with mitigating the impact of food safety incidents. Regular drills for product traceability and recalls are conducted to ensure the effectiveness of these processes.

During the Reporting Period, our Group did not recall any products due to health or safety reasons. Moving forward, we will continue refining our traceability and recall mechanisms to ensure product quality and minimise risks.

CONSUMER RIGHTS

Yurun Food highly values consumer feedback and complaints to safeguard consumer rights. By updating the Customer Complaint Handling Guidelines, we have clarified the responsibilities of various departments to ensure complaints are addressed promptly and effectively. Customers can submit complaints through customer service hotlines, supermarkets, or distributors. We adhere to the principles of "timely response, thorough verification, effective communication, and proper resolution". Customer complaints are acknowledged within 24 hours, and follow-up calls are made within 48 hours of resolution to confirm outcomes. Each complaint undergoes a thorough investigation to identify root causes, implement corrective actions, and improve preventive measures to avoid recurrence.

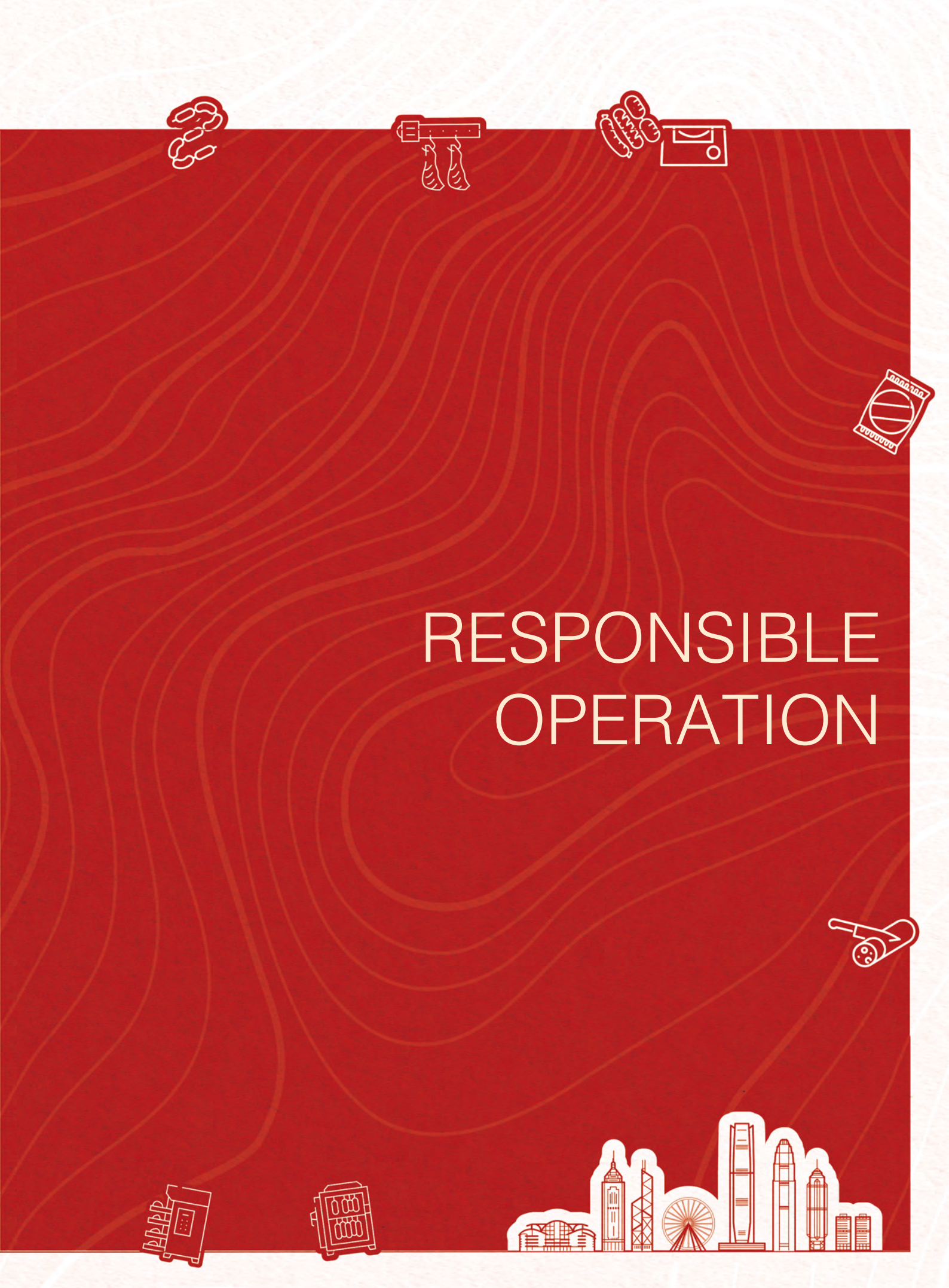
During the Reporting Period, we received 20 product-related complaints, all of which were resolved, achieving a 100% complaint resolution rate. We will continue to enhance our complaint handling mechanisms to improve customer service quality and satisfaction.

PRIVACY PROTECTION

The Group places great emphasis on customer privacy and strictly complies with relevant laws and regulations. We have implemented the Customer Information Confidentiality Policy, requiring all employees handling customer data to undergo training and sign confidentiality agreements. Customer data is never disclosed to third parties without explicit consent.

During complaint handling, personal information such as contact details and identities are concealed, and access to data is restricted to authorised personnel only to ensure data security. The Group continues to improve privacy protection measures, to maintain customer trust and satisfaction.

RESPONSIBLE OPERATION



8. RESPONSIBLE OPERATION

As a responsible company, Yurun Food earns customers' trust through reliable branding. We deeply understand the importance of responsible procurement, market management, anti-corruption, intellectual property rights, and animal welfare in the food industry. To address these critical aspects, the Group has established and implemented corresponding policies and measures. We firmly believe that operating with responsibility is the foundation for building a trustworthy brand that customers can rely on.

RESPONSIBLE PROCUREMENT

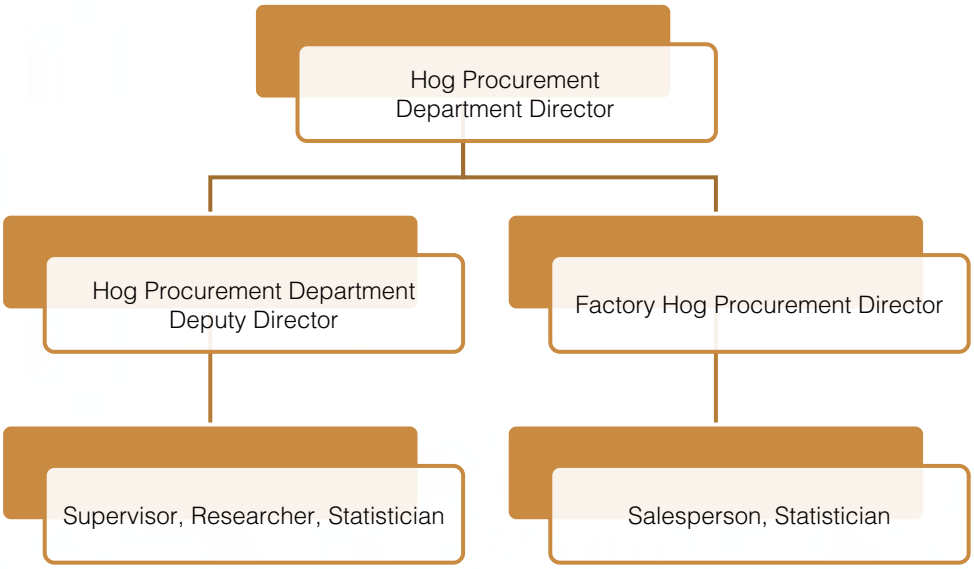
The Group manages its supply chain with caution and responsibility, firmly believing that high-quality, safe, and reliable raw materials are the cornerstone of product quality. To this end, we have implemented various measures to establish a sustainable, transparent, and compliant supply chain system, while continuously improving our supplier management framework. By rigorously screening suppliers, we ensure they uphold sound business ethics and meet our quality standards. Internally, the Group has developed and implemented systems such as the Procurement Contract Management System, Raw Material Acceptance and Inspection Operating Procedure, and Material Supplier Management System. We have also established mechanisms for supplier admission, performance review, evaluation, and elimination to comprehensively manage supplier resources in compliance with laws and regulations, enhancing our supply assurance capabilities.

The Group maintains close cooperation and open communication with suppliers, requiring them to adhere to the Supplier Code of Conduct. Regular evaluations and audits are conducted to ensure that suppliers' production processes and quality controls meet our requirements.

Supplier Management Process:

Shortlisting	Procurement personnel pre-screen suppliers based on qualifications, production capacity, safety systems, and product quality. Suppliers are required to complete the Supplier Questionnaire, which is reviewed by the supplier evaluation team.
Evaluation	The supplier evaluation team, composed of members from the procurement, quality control, legal, and technical departments, conducts rigorous evaluations using the Supplier Evaluation Form, which includes ESG performance. On-site reviews are conducted regularly. Qualified suppliers are added to the SAP system and included in the approved supplier list.
Assessment	The Group conducts annual performance evaluations of suppliers, assessing their performance in product quality, pricing, and service, and managed accordingly based on the evaluation results.
Phase Out	Suppliers unable to provide normal supply without legitimate reasons are subject to suspension of cooperation. Suppliers found to have committed violations during transactions are blacklisted and prohibited from cooperation for 12 months.

To regulate procurement personnel's behaviour, the Group has established the Code of Conduct for Procurement Personnel. Additionally, specific management guidelines for live hog procurement have been developed, clearly defining departmental structures and responsibilities. This ensures standardised management, legal and compliant procurement processes, zero tolerance for corruption, and the safeguarding of food safety. Departments collaborate and supervise one another, forming a comprehensive management mechanism that ensures clear and effective supply chain management.



The Group views supply chain safety and environmental sustainability as critical components of advancing sustainability. We place significant emphasis on the environmental and social risk performance of our suppliers and require them to comply with the Environmental Protection Law of the People's Republic of China. Suppliers must provide pollution treatment certificates or related documents and sign commitments, including the Integrity Commitment Letter, Quality and Safety Commitment Letter, and Information Security Commitment Letter, when entering into procurement contracts.

To reduce environmental impacts and promote supply chain sustainability, we have implemented the following measures:

- New Supplier Audits: New suppliers are rigorously assessed to ensure their quality and operational systems align with environmental principles.
- Material Procurement: Priority is given to sustainable materials, such as reusable packaging, to minimise waste generation.
- Equipment Procurement: We prioritise energy-efficient and low-emission equipment that meets environmental standards.

Additionally, we conduct periodic monitoring of public opinion regarding suppliers. If a supplier is identified as non-compliant during government inspections, cooperation with that supplier will be terminated immediately.

As of the end of the Reporting Period, the Group had a total of 184 suppliers, including 3 overseas suppliers and the remaining are domestic suppliers. The Group applies the aforementioned practices to all suppliers, aiming to establish a responsible supply chain through rigorous management processes.

INTEGRITY AND ETHICAL OPERATION

The Group places great importance on integrity in business operations and ethical management, considering them as the foundation for sustainable development. We maintain a zero-tolerance policy against corruption and strictly comply with applicable local and international laws and regulations, including the United Nations Convention against Corruption. By improving systems, enhancing supervision, and fostering a culture of integrity, we proactively prevent and combat corruption, bribery, extortion, fraud, and money laundering, creating an atmosphere of honesty and transparency within the organisation.

We ensure the protection of the Group's interests and reputation from corrupt practices through three key approaches: (1) improving regulations and policies to establish clear roles, responsibilities, and codes of conduct that provide employees with clear guidance; (2) strengthening supervision by establishing dedicated oversight bodies and internal control mechanisms to ensure compliance and transparency in business activities; and (3) promoting a culture of integrity by cultivating ethical values among employees and emphasising the importance of honesty and ethical behaviour

During the Reporting Period, no lawsuits related to corruption involving the Group or its employees occurred.

Improving Systems

The Group is committed to refining its anti-corruption mechanisms and strictly enforces the Anti-Corruption Management System and the Whistleblower Management System to combat corruption. We encourage employees to report any instances of corruption and pledge to strictly protect the confidentiality of whistleblowers' information. Multiple reporting channels are available, including telephone hotlines, email, and the Group's official WeChat account, ensuring secure and convenient reporting.

Proactively Combat Corruption

We encourage employees to report any acts of corruption or bribery, and we ensure the confidentiality and provide rewards to whistleblowers. We promptly handle such incidents internally or refer them to judicial authorities for appropriate actions.

- Email
- Report Hotline
- WeChat Public Account
- Internal Reporting Channel For Employees – DingTalk
- Letters and Visit the Office

All reports are handled seriously, and once verified, disciplinary actions are taken against the individuals or departments involved based on the severity of the case. These actions may include warnings, demotions, or dismissals, and in severe cases, the matter is referred to judicial authorities for further investigation and legal proceedings.

To ensure the effective operation of the whistleblowing mechanism, we have formalised the handling of violations through the Guidelines for Accountability of Business Violations and the Guidelines for Accountability of Economic Violations, which define violations, principles of accountability, and procedural handling. Additionally, the Voluntary Reporting Policy for Economic Violations encourages individuals involved in suspected violations to voluntarily disclose their issues to seek leniency or exemption from administrative penalties.

To further strengthen anti-corruption efforts, the Group has established permanent institutions, including the Disciplinary Supervision and Charges Review Committee, the Supervision Centre, the Financial Research Office, and the Financial Management Centre. Reporting channels are openly publicised, including telephone, email, DingTalk, WeChat, and written correspondence. The Group has also developed processes for receiving, supervising, and handling anti-corruption complaints to ensure that investigations are compliant and transparent.

Anti-Corruption Clue and Complaint Acceptance, Supervision, and Handling Process Flowchart:



Strengthening Supervision

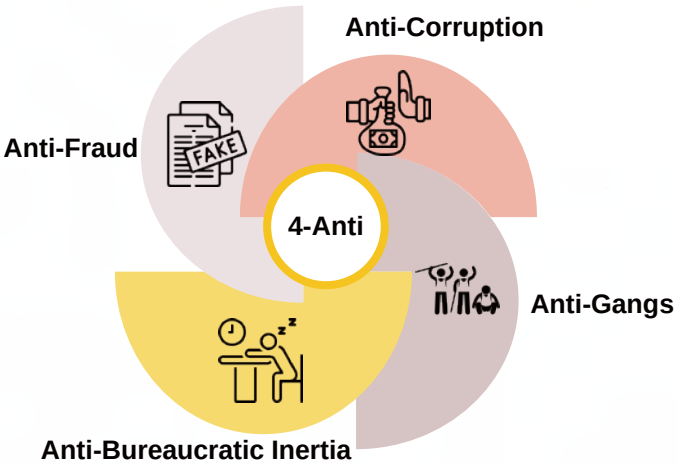
The Group enhances anti-corruption management within the supply chain by requiring suppliers to sign the Integrity Commitment before entering into cooperation. This ensures that suppliers understand the Group's code of conduct and their responsibilities, reducing the risk of corruption. We also conduct regular visits to our partners, including sales markets and raw material suppliers, to strengthen communication and reduce corruption risks. Internally, procurement personnel are managed under a hierarchical supervision principle to ensure transparent internal management and prevent corruption.

Building Integrity Culture

To uphold a corporate culture of integrity and fairness, the Group has implemented various measures to combat corruption, gang-related activities, and fraudulent behaviour. During employee induction training, we promote anti-corruption principles and provide preventative education to enhance employees' awareness of corrupt practices. Additionally, when signing employment contracts, employees are required to sign the Employee Code of Conduct and the Integrity Commitment, which clearly outline the behavioural standards and ethical commitments they must adhere to.

Furthermore, the Group actively carry out the "4-Anti" campaigns to define corporate red lines, strictly combat and penalise corrupt practices, and foster a culture of integrity and honesty.

We regularly publish anti-corruption newsletters through internal platforms and email, disclosing cases of corruption and misconduct identified within the Group as a warning and educational tool.



During the Reporting Period, we conducted 2 training sessions for the Board on ethical corporate management. Additionally, in routine meetings, we consistently reinforced anti-corruption principles and the importance of integrity. Through training initiatives and enforcement actions, the frequency and number of violations have been significantly reduced, and anti-corruption awareness has been strengthened. Our anti-corruption requirements apply to all employees, achieving a 100% coverage rate, ensuring that every employee fully understands the policies and measures and is aware of their responsibilities. For suppliers, we communicate anti-corruption requirements during contract signing, ensuring that a culture of integrity is embedded throughout the business chain.

INTELLECTUAL PROPERTY PROTECTION

The Group fully recognises the importance of intellectual property ("IP") in fostering innovation and safeguarding the outcomes of creative efforts. To regulate related work, we have established a dedicated IP department and implemented internal policies, including the Trademark Management System and the Patent Management System.

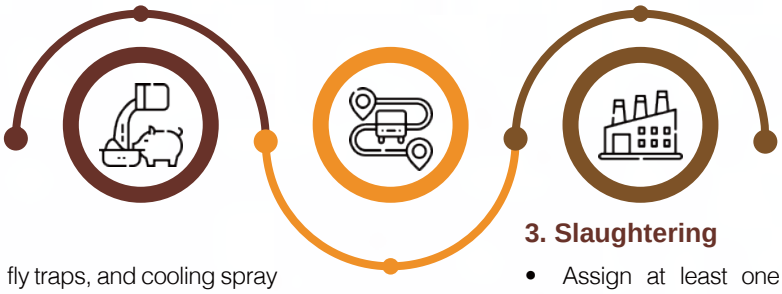
In terms of trademark management, we obtain trademark registration certificates through official registration and certification processes. For major product packaging designs, we apply for design patent protection. Similarly, for new inventions and utility models, we file patent applications to ensure that our innovative outcomes are legally protected. When IP rights are nearing expiration, we promptly renew them to protect the Group's interests. To further strengthen IP protection, we sign confidentiality agreements with employees involved in IP-related matters, clearly outlining their responsibilities in safeguarding the Group's IP. When entering contracts with clients involving IP, we include confidentiality clauses to mitigate infringement risks. In cases of external infringement, we safeguard our rights by collecting evidence, filing police reports, and pursuing legal action to protect our IP from violations. At the same time, we ensure that while protecting our own IP, we do not infringe upon the rights of others. The Group is committed to further strengthening its IP protection measures to ensure the effective safeguarding of legitimate IP interests.

ANIMAL WELFARE

The Group places great emphasis on animal welfare and has established relevant management provisions to ensure humane care throughout the rearing, transportation, and slaughtering processes. Our focus on animal welfare is not only rooted in humanitarian considerations but also contributes to ensuring product quality. For key stages such as rearing, transportation, and slaughtering, we have developed specific guidelines to ensure animals receive appropriate care, adhere to industry standards, and implement best practices.

2. Transportation

- Use ventilated transport vehicles to ensure proper air circulation.
- Provide specialised hog whips to reduce the risk of whip injuries during herding.
- Arrange transportation vehicles appropriately to avoid overcrowding of hogs.



1. Rearing

- Install screen windows, fly traps, and cooling spray devices in hogs' living facilities to prevent mosquito bites and provide cooling during summer.
- Ensure hogs have sufficient feed and drinking water.
- Thoroughly clean and disinfect hogs' living facilities after each cycle to maintain a hygienic environment.

3. Slaughtering

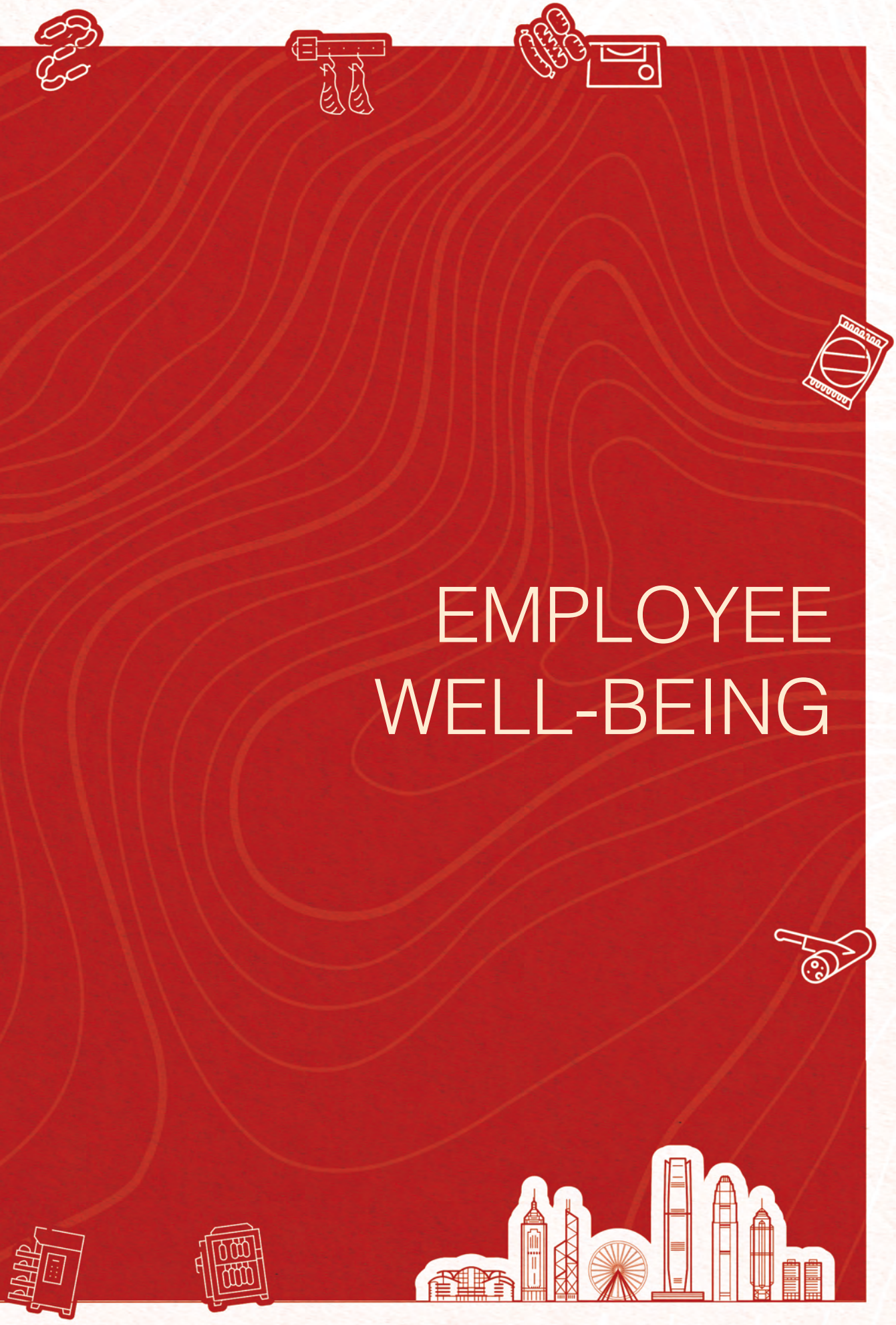
- Assign at least one trained humane slaughter technician to each slaughter stage to oversee operations or guide other personnel.
- Ensure hogs are rendered completely unconscious before slaughter to minimise pain and suffering.

8. RESPONSIBLE OPERATION

Our subsidiaries regularly organise humane slaughter training sessions to enhance the knowledge and skills of relevant personnel, minimising animal suffering. The Group remains committed to continually improving and strengthening its animal welfare measures, ensuring that animals are treated with care and respect in all business operations.

The Group will continue to implement guidelines related to animal welfare, ensuring humane treatment throughout our operations, and continuously refining and enhancing our standards and measures.

EMPLOYEE WELL-BEING



9. EMPLOYEE WELL-BEING

Yurun Food adheres to the employment philosophy of "Respect, Develop, and Utilise People", firmly believing that talent is the cornerstone of corporate development. We are committed to providing employees with a supportive and respectful work environment, encouraging them to realise their potential and personal value. By fostering a positive team atmosphere, promoting innovative thinking and proactivity, and maintaining work-life balance, we strive to cultivate an uplifting corporate culture.

We listen to employee feedback through diverse communication channels and continuously improve our human resources management system to ensure fair opportunities and treatment. By embedding the philosophy of "Respect, Develop, and Utilise People" into daily management, we work hand-in-hand with employees to achieve both individual and corporate goals.

The Group is dedicated to attracting outstanding talent by offering competitive remuneration packages, comprehensive fringe benefits, career development opportunities, and diverse training programmes. We have established the Human Resources System Compilation and the Welfare Management System, which clearly outline policies on salaries, dismissal, recruitment, promotions, working hours, leave, equal opportunities, anti-discrimination, and the prevention of child labour and forced labour, ensuring the full protection of employee rights. We have developed diverse recruitment channels, including internal recruitment, external recruitment, and campus recruitment, with standardized procedures to ensure a fair and transparent recruitment process that continuously brings suitable talent into the Group.

Diversity and Fairness

We adhere to the principle of merit-based selection, ensuring that recruitment and promotion processes are fair and transparent, and avoiding any form of discrimination. The Group follows the principle of equal pay for equal work, ensuring employees receive fair treatment regardless of gender, age, ethnicity, educational background, region, or religion. We are committed to fostering an inclusive corporate culture where employees from diverse backgrounds can fully showcase their talents and achieve common growth. We will continue to uphold fair, just, and inclusive employment standards, while continuously enhancing measures to ensure all employees work and develop in a fair, equal and respectful environment.

Prevention of Child Labour and Forced Labour

The Group strictly complies with relevant employment laws and has implemented the Recruitment Management System, which explicitly prohibits the hiring of individuals under the age of 16. Restriction measures have been set in the personnel system to eliminate the recruitment of child labour. We also firmly oppose forced labour and strictly regulate overtime requirements to prevent employees from working under involuntary conditions. Employees must apply for overtime with their supervisors, and working hours and leave arrangements are carefully monitored to ensure reasonable work schedules and adequate rest.

In the event of violations involving child labour or forced labour, the Group will immediately cease such practices, hold accountable the responsible personnel, and impose administrative penalties for "negligence of duty". Recruitment personnel are also provided with training on recruitment policies to ensure compliance with relevant laws and prevent recurrence of such incidents.

Compensation

To attract and retain outstanding talent, the Group provides competitive salaries and benefits. Employee compensation is adjusted based on factors such as job nature, work performance, business outcomes, consumer price index, and labour market conditions. We have also established reward mechanisms, including monthly, quarterly, and annual recognition of outstanding employees, offering public recognition and material rewards to encourage excellence. We are committed to fostering a positive work environment by implementing fair compensation and incentive mechanisms to enhance employee satisfaction, promote teamwork, and support personal growth.

Termination of Employment

The Group's Employee Handbook outlines detailed procedures for handling resignations, including notice periods and compensation, to protect the rights of both employees and the Company. Employees are required to complete job handovers and resignation procedures to ensure business continuity.

We prioritise transparency and fairness in the resignation process, maintaining mutual respect and responsibility while ensuring smooth transitions to protect the interests of both parties.

Employee Welfare and Benefits

The Group provides comprehensive employee benefits, including paid annual leave, statutory holidays, and various types of leave (e.g., sick leave, maternity leave, marriage leave, personal leave, bereavement leave, family visitation leave, and parental leave). Additionally, we distribute holiday gifts during traditional festivals and provide free accommodation, meal subsidies, complimentary health check-ups, and birthday gifts. These offerings are designed to fully support our employees' needs. We strictly comply with laws to contribute to social insurance and housing provident funds for employees, as well as offer additional commercial insurance coverage for comprehensive protection. Furthermore, we have established a mutual aid fund to assist employees and their families facing difficulties, demonstrating our commitment to enhancing employees' sense of happiness and belonging.

Meanwhile, the Group has set up effective communication and feedback channels to encourage employees to voice their concerns. Regular surveys, such as executive opinion polls, performance appeals, and benefits satisfaction surveys, are conducted to understand employee feedback and address issues promptly.

OCCUPATIONAL HEALTH AND SAFETY

The Group adheres to the principles of "safety first, prevention-oriented, and integrated governance", strictly complying with relevant laws and regulations to establish an occupational health and safety management system. A safety production leadership team and an emergency command centre have been established to formulate policies and emergency response plans. Regular safety inspections, training sessions, and emergency drills are conducted to ensure that workplaces meet safety standards. The Group continues to improve safety management practices, with multiple factories certified under the OHSAS18001 Occupational Health and Safety Management System, providing employees with a safe and stable working environment.



Safe Production

Safe production is one of the core focuses of Yurun Food. To address potential safety risks in production, we have implemented multi-level safety measures, ranging from equipment management to employee protection, creating a comprehensive safety assurance system. We strictly comply with national laws and regulations, with occupational health protection measures outlined in the Human Resources System Compilation. The Group has established a fire safety leadership team, developed the Fire Safety Management Goal Responsibility Agreement, and regularly conducts hazard inspections, rectifications, and meetings to ensure timely elimination of safety risks. Monthly safety inspections cover the inspection of safety facilities, the use of protective equipment, and the fulfilment of employees' safety responsibilities, ensuring that factories consistently meet safety standards.

In terms of employee protection, we have developed the Code for the Distribution of Protective Equipment and the Employees are regularly provided with protective materials such as cut-resistant gloves, work uniforms, safety boots, and other equipment. Emergency supplies, including gas masks and alarms are stored in safety cabinets. For production equipment, we have implemented standardised safety operating procedures. Through hazard analysis, risk assessments, and protective measures training, we continuously enhance employees' safety awareness and technical competencies. In terms of workplace safety, Safety signs are displayed throughout factories to maintain employee awareness of safety protocols. Equipment is subject to regular inspections, calibration, and maintenance, as outlined in specific regulations such as the Usage Regulations for Heating Equipment in the Processed Meat Department. These regulations require monthly maintenance of heating equipment, with oversight by factory management to ensure proper implementation.

Safe Production Month

The Group places great emphasis on safe production and actively participates in the "Safe Production Month" initiative to enhance employee safety awareness and prevention capabilities, fostering a safe and stable production environment. During the campaign, we organised a series of safety training sessions and emergency drills aimed at strengthening employees' understanding of the importance of safe production and improving their ability to respond to emergencies.

We delivered safety knowledge through various formats, including safety lectures, case studies, and on-site simulations, combining these with practical skill-based training. At the same time, all departments were required to implement safe production accountability systems, integrating safety management into daily operations to establish a long-term mechanism.

Through the "Safe Production Month" activities, the Group further consolidated its safety production foundation, effectively safeguarding employee health and ensuring a safe production environment. We will continue to optimise our safety management system, instilling the concept of safe production into the hearts of employees and driving the healthy and stable development of the organisation.

During the Reporting Period, the Group recorded zero work-related injury cases.

Safety Training and Drills

To enhance employees' safety awareness, the Group continuously improves its emergency response system and conducts regular safety training and drills tailored to different work environments. New employees are required to undergo training on production processes and safe operation procedures upon joining. Specialised roles, such as furnace operators, electricians must complete professional training and obtain relevant certifications before commencing work.

To strengthen employees' fire safety awareness, all subsidiaries are required to organise full-scale fire safety drills for all employees at least once every six months. A Fire Safety Management Responsibility Agreement ensures that fire safety measures are implemented at every management level. Additionally, the Group develops an annual emergency response drill plan, conducting at least two fire drills and ammonia-related emergency drills each year. The results of these drills are evaluated to refine and improve emergency response plans. In the event of an emergency, we promptly activate the emergency response plan, implementing swift and effective rescue measures to minimise losses. Furthermore, we provide employees with production operation and quality safety training to ensure they maintain strong safety awareness and skills during their work.

Physical and Mental Health

Yurun Food prioritises the physical and mental well-being of employees and strives to create a harmonious working environment. Psychological counselling experts are invited to provide mental health services regularly, and counselling rooms are established to help employees alleviate stress.

To promote physical fitness and improve quality of life, the Group offers facilities such as gyms, basketball courts, and badminton courts. Activities, including sports competitions, movie screenings, and team gatherings, are organised to enrich employees' leisure lives. We firmly believe that a healthy mind and body not only improve employee productivity but also create greater value for the organisation.

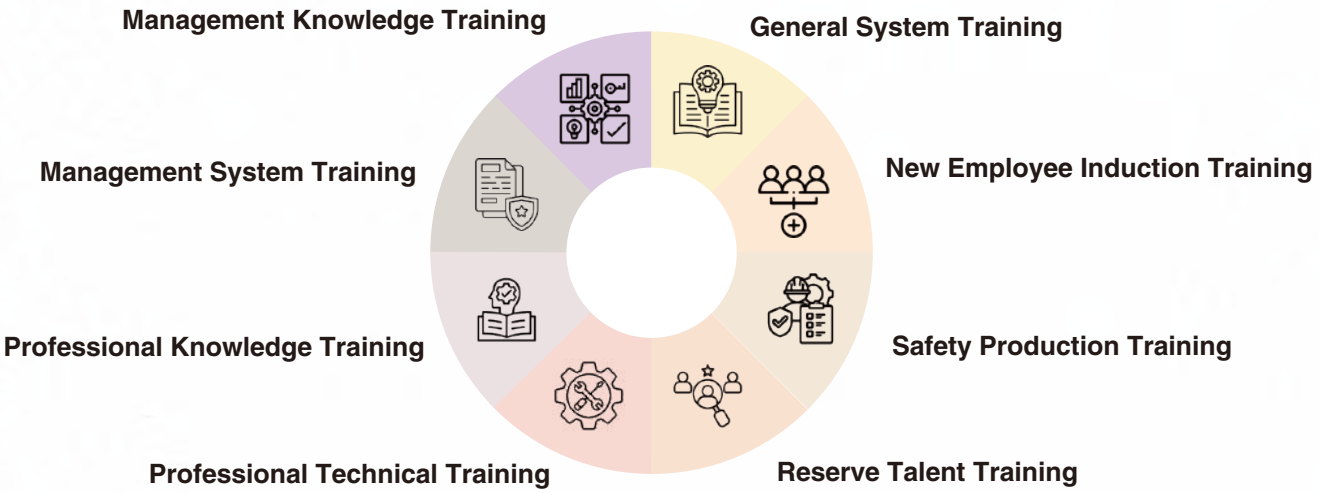


EMPLOYEE TRAINING AND DEVELOPMENT

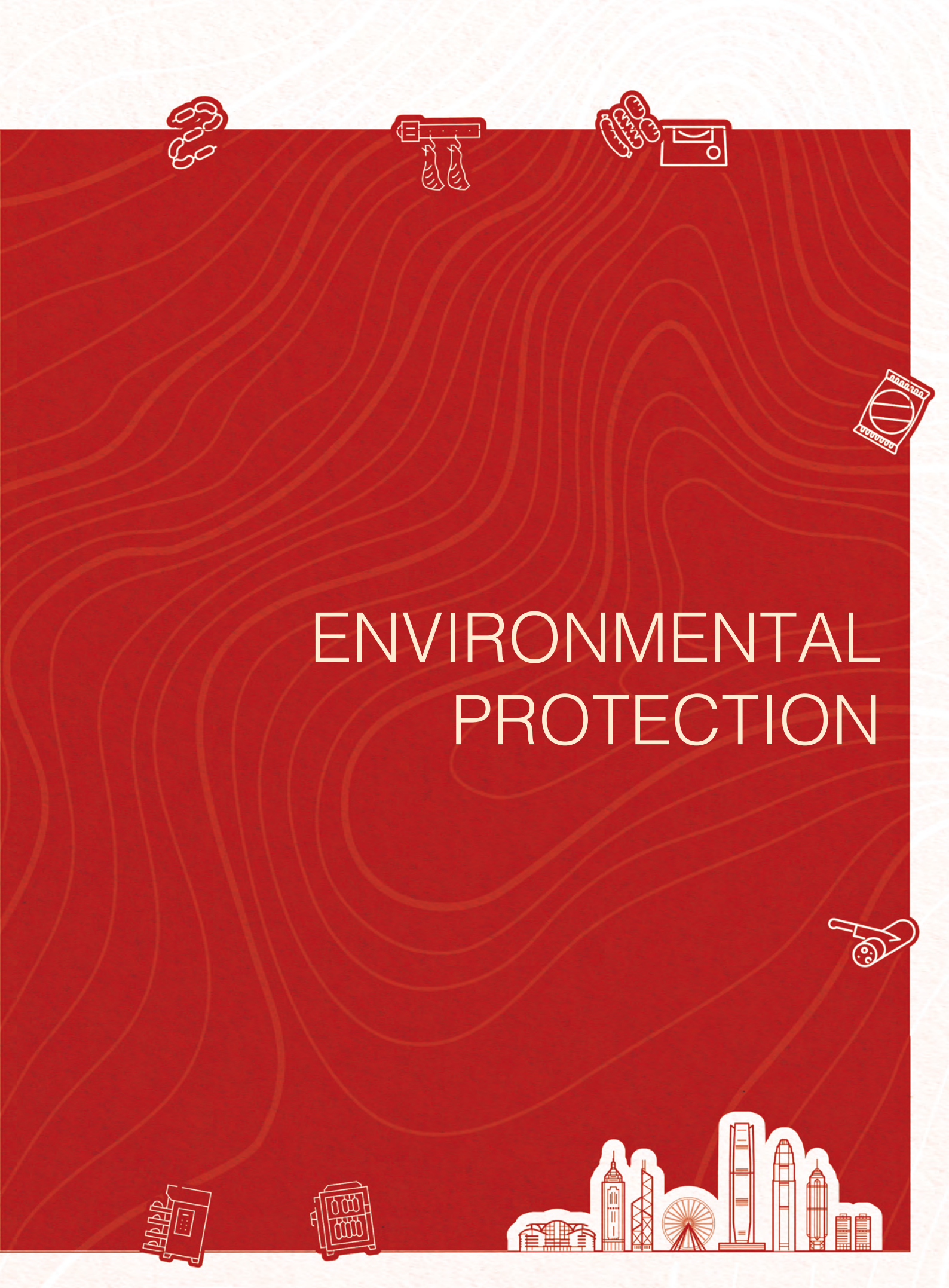
The Group places great emphasis on employee growth and has established a fair and transparent promotion system to provide employees with diverse development opportunities. The Human Resources System Compilation clearly outlines the promotion criteria, talent is selected through methods such as open competition, self-recommendation, and public recommendation, with employee job performance as the primary reference and ethical qualities as the minimum standard. This ensures that the promotion process is open, fair, and impartial.

Additionally, the Group has established the Yurun Training Centre, which leverages both internal and external resources to deliver comprehensive training, including induction training, on-the-job training, and senior management training. The training courses cover diverse areas such as finance, administration, marketing, and safety management. Each business unit is required to submit its training plans, which are randomly inspected by the human resources department to ensure effective implementation. We are committed to providing employees with a professional development platform, supporting them in achieving their career aspirations and fostering mutual growth between individuals and the organisation.

Below are the various types of training programmes conducted by the Group:



ENVIRONMENTAL PROTECTION



10. ENVIRONMENTAL PROTECTION

Yurun Food is committed to reducing the negative environmental impact of its production and operational activities while strictly adhering to relevant environmental laws and regulations. We actively implement a variety of environmental protection measures, including conducting environmental awareness training and case study teaching to enhance the environmental consciousness of management executives and employees, ensuring that everyone fulfils their environmental responsibilities.

To ensure shared responsibility, we control pollutants at the source by requiring employees to sign environmental commitment letters. Additionally, we have established the Environmental and Safety Incident Handling Regulations to ensure the quick and effective resolution of environmental incidents. We optimise production processes, promote energy and water conservation measures, and encourage employees to reduce energy and water waste in their daily lives and work. Furthermore, we strengthen the treatment of waste and wastewater, ensuring that emissions meet environmental standards, and actively promote clean production and clean energy technologies.

In terms of factory site selection and construction, we strictly implement environmental impact assessments and the "Three Simultaneities" system, eliminating outdated production capacities, improving technological processes, and reducing pollutant emissions. During the Reporting Period, three of the Group's subsidiaries obtained ISO14001 environmental management system certification, and we plan to apply for certifications for other subsidiaries to enhance overall environmental management standards.

We review and evaluate five key environmental objectives: atmospheric pollutant emissions, greenhouse gas emissions, waste management, energy efficiency, and water resource utilisation. Records and review reports are prepared, and progress is regularly reviewed by the Board. Based on these reviews, we will adjust objectives, improve implementation mechanisms, and develop next-step strategies to continuously promote environmental sustainability.

EMISSION

Yurun Food has established a comprehensive environmental management system, closely monitoring updates and changes in environmental laws, regulations, and emission standards to implement corresponding measures. For example, we construct waste treatment facilities to handle wastewater, exhaust gases, and waste residues. These are treated internally and then sent for centralised disposal and emissions were monitored by third-party companies. During the Reporting Period, no cases of exceedances were found. We strictly adhere to the emission permit system and control the total amount of emissions.

To address potential pollution incidents, we have established and implemented emergency response plans and conduct regular emergency drills. In the event of a major incident, we commit to assuming responsibility, cooperating actively with relevant authorities to manage the aftermath, and minimising environmental impacts.

Waste Generation and Disposal

The Group is dedicated to effective waste management, reducing environmental impact, and promoting resource recycling. We strictly comply with laws and regulations such as the Law on the Prevention and Control of Environmental Pollution by Solid Waste and the Control Standards for Volatile Organic Compound Emissions. A Hazardous Waste Management System has been established to clarify the responsibilities of personnel and ensure the legal and compliant disposal of waste.

The Group's main hazardous waste, such as sludge generated from wastewater treatment plants, is collected and treated by qualified service providers. Non-hazardous waste, including office waste, and domestic waste, is managed by environmental sanitation departments. We optimise production processes to minimise waste generation and utilise fully automated harmless treatment equipment to process by-products into organic fertilisers. This reduces the burden on landfills and lowers greenhouse gas emissions.

During the Reporting Period, we largely achieved our waste reduction goals and implemented the following measures:

Indicator	Action Plan	Progress
Sludge[1] Dewatering and Solid-Liquid Separation Equipment Coverage Rate	• Install solid-liquid separation equipment to reduce sludge generation • Regularly inspect pollution control equipment to ensure proper operation	✔
Harmless Disposal Rate of Sludge[1]	• Sign contracts with qualified third-party institutions to ensure legal and compliant sludge treatment	✔
Legitimate Disposal of Hazardous Waste	• Maintain communication with the Hazardous Waste Division under the Environmental Protection Bureau and promptly transfer waste for treatment once minimum standards are met	✔
Non-hazardous Waste Recycling Rate	• Use harmless treatment equipment to process by-products generated during the production process (e.g., waste grease, fur, skin with stamps, pale soft exudative meat) into organic fertilisers	✔
Garbage Sorting and Centralised Processing	• Sign contracts with solid waste disposal companies in the production area to ensure timely cleanup and recycling • Set up categorised waste bins in the plant area for separate collection	✔
Reducing the Use of Disposable Items	• Provide microwaves in cafeterias to encourage employees to bring their own lunch • Offer disposable utensils for a fee to reduce usage in the cafeteria • Control and minimise the use of disposable materials in production by requiring team leaders to request and monitor usage, and promote the use of reusable materials	✔
Green Office	• Implement paperless office systems such as OA, SAP, BPM, and DingTalk to minimise paper usage • Apply 6S management practices, record paper usage, and encourage double-sided printing	✔

Notes:
1: Sludge generated from wastewater treatment plants.
✔: The related work has been completed, and the follow-up plans are progressing steadily.



Sewage Discharge

The Group strictly complies with the Water Pollutant Discharge Standards for the Meat Processing Industry and other relevant regulations. We have implemented the Wastewater Process Management System to standardise inspection processes, sampling methods, and discharge concentration standards. Test reports are required to be completed within two hours of inspection. In cases of non-compliance, immediate corrective measures are taken. To enhance the management of wastewater treatment, we have established the Wastewater Operation Guidelines. These guidelines ensure regular updates to outdated equipment, control water usage for cleaning purposes, and promote the use of treated wastewater for recycling. This reduces the overall volume of wastewater discharged.

To mitigate odours generated during wastewater treatment, we have adopted the following measures:

- Install high-efficiency odour control equipment to purify odours.
- Optimise wastewater treatment processes to reduce odour-causing substances.
- Conduct regular maintenance of equipment to ensure proper operation.
- Improve ventilation systems to enhance airflow and minimise odour retention.

Looking ahead, we plan to further optimise wastewater treatment processes and upgrade outdated facilities at wastewater treatment plants. We aim to minimise the use of laboratory chemicals, such as sulphuric acid and caustic soda, by reducing inspection frequency. Additionally, we will strengthen production controls to reduce the discharge of organic materials (e.g., pig blood and hair), thereby decreasing the need for chemical additives in wastewater treatment. The Group will continue to enhance waste management measures and contribute to environmental protection.

Air Pollutants and Greenhouse Gas Emissions

The Group actively supports the national strategy of "peak carbon dioxide emissions and carbon neutrality". We strictly comply with the Comprehensive Emission Standards for Air Pollutants and local emission regulations, implementing various measures to reduce air pollution. Qualified third-party institutions are engaged to regularly monitor pollutant emissions, and we conduct routine maintenance of waste gas emission equipment to ensure stable operations. During periods of severe pollution, we implement production reductions, limitations, or suspensions as required to minimise atmospheric impact.

Boiler exhaust emissions remain the Group's primary source of air pollution. To address this, all coal-fired boilers have been replaced with gas-fired boilers, and electric transport equipment is used within factory premises to reduce emissions. With low-carbon emissions as a core goal, we continue to improve environmental performance by promoting clean production and implementing specific decarbonisation actions.

During the Reporting Period, we developed and implemented the following measures:

Indicator	Action Plan	Progress
Environmental Boiler Coverage Rate	• All factories have adopted gas-fired boilers	✔
Reduction in Nitrogen Oxide Emissions	• Implement low-nitrogen combustion equipment in all factories • Adopt electric transport equipment (e.g., electric forklifts) for on-site material transportation	All factories use low-nitrogen combustion equipment and are gradually replacing diesel forklifts
Reduction in Odorous Gas Emissions	• Completed centralized collection and treatment of exhaust gases from the wastewater station to reduce the diffusion of foul odours • Completed closed management of the slaughtering waiting area to reduce the diffusion of foul odours	✔
Reduction in Natural Gas Consumption	• Strengthened controls in gas-powered production processes to shut down burners, flame guns, and pig head burners during employee breaks • Ensured furnace loading meets capacity requirements to reduce natural gas usage	✔
Reduction in Refrigerant Consumption	• Phased replacement of refrigerants with environmentally friendly alternatives • During the winter season, a fresh air system is used to reduce the operation of refrigeration equipment	✔
Factory Greening Rate	• Organised tree-planting activities and encouraged employees to participate in factory clean-up and greening of sewage stations	✔
Accident Prevention and Handling	• Weekly equipment safety and environmental review meetings, as well as daily pre-shift meetings at project companies, have been conducted to organise training, drills, inspections, and corrective actions to prevent accidents	✔

Note:
✔: The related work has been completed, and the follow-up plans are progressing steadily.

In the coming year, we will further advance decarbonisation initiatives. Plans include utilising reclaimed water for landscape irrigation by leveraging existing submersible pumps and fire hoses to enhance water resource efficiency. Additionally, we will coordinate with the government to purchase steam as an alternative to boiler operations, adopting a more efficient energy supply model to reduce costs and enhance operational sustainability. We will continue to prioritise clean production and environmental protection as the cornerstone of our Group's sustainable development.



RESOURCE UTILISATION

Energy Consumption

The Group's primary energy sources are natural gas and purchased electricity. We have established an Energy Management System and an Energy Consumption Control Plan, which regulate the use of electricity and gas and provide guidance on energy-related water use. A dedicated department oversees energy planning, management and supervision to ensure efficient energy utilisation.

Electricity Reduction Measures:

- Schedule production rationally to avoid idle operation or premature activation of equipment.
- Strengthen the management of refrigeration systems by minimising the frequency of opening cold storage doors, reducing energy consumption.
- Use energy-efficient lighting fixtures and turn off lights when not in use to eliminate unnecessary energy usage.
- Leverage peak and off-peak electricity pricing by staggering the operation of high-power equipment and reducing production time.
- Summarise daily electricity usage, identify anomalies, and implement corrective actions promptly.

During the Reporting Period, we completed several action plans:

Indicator	Action Plan	Progress
Improvement of Production Plans and Processes	• Rationally control refrigeration compressor start times to avoid peak power consumption • Centralise production and warehouse scheduling to improve energy efficiency	✔
Replacement of Energy-Saving Equipment	• Adopted variable frequency air compressors with appropriate power capacity to reduce energy consumption of air compressors	✔
Electricity Consumption Management	• Develop annual energy consumption plans based on the specific circumstances of each factory, conduct energy consumption statistics for all operational factories, generate energy consumption reports, track and investigate abnormal data, and urge subsidiaries to identify root causes, formulate solutions, and implement corrective measures • Sign contracts with electricity suppliers and apply for direct electricity purchasing to reduce electricity expenses	✔

Indicator	Action Plan	Progress
Utilisation of Renewable Energy	• Gradually install solar panels for factory streetlights • Gradually install solar panels for factory rooftops • Actively research renewable energy policies and applications to increase the share of renewable energy in total electricity usage	During the reporting period, due to limitations in basic conditions and availability, renewable energy was not used except for streetlights. However, the Group is actively formulating long-term plans to implement the use of renewable energy
Strengthening Promotion and Education of Energy Conservation	• Continuously carry out promotion and training of energy conservation through ways such as bulletin boards and posting energy saving slogans to enhance employees' awareness of energy conservation	✔

Note:
✔: The related work has been completed, and the follow-up plans are progressing steadily.

During the Reporting Period, the Group continued to strengthen energy management and improve energy use efficiency across its production bases. Total energy consumption and energy intensity (by energy type and per tonne of annual output) for 2025, together with comparative figures for 2024, are disclosed in the "Performance Indicators" section. The Group also continued to implement the above energy-saving measures and incorporate them into daily management and employee training. These efforts support the Group's medium- to long-term target of improving energy intensity by 25% by 2030 (with 2024 as the baseline year) and align with the enhanced climate-related disclosure requirements under the ESG Code.

In the coming year, we plan to further implement energy-saving measures. These include recycling steam generated during carton production to heat cold water in slaughterhouse hot water tanks and for slaughterhouse cleaning and sanitation, thereby enhancing resource efficiency. In addition, we will replace air compressors in slaughterhouses with more energy-efficient models and upgrade facilities at wastewater treatment plants to reduce energy consumption and operational costs. Furthermore, we aim to optimise sterilisation processes by refining single-pot sterilisation standards to reduce steam usage. By advancing energy management and technological upgrades, we strive to achieve a win-win outcome for economic and environmental benefits.

Use of Water Resources

The Group primarily sources water from municipal supply networks and underground water, with the latter strictly regulated by local authorities. During the Reporting Period, the Group encountered no difficulties in obtaining suitable water sources. We strictly control water usage and have advanced the installation of water-saving equipment and reclaimed water reuse systems.

To improve water resource utilisation efficiency, we have implemented the following measures:

- Follow planned water usage and investigate abnormalities to prevent waste.
- Conduct regular inspections and maintenance of pipelines and equipment to eliminate leaks.
- Upgrade equipment to replace manual controls with automatic systems to prevent continuous water flow.
- Install water metering devices in different areas to enable refined water management.

In order to continuously improve the usage efficiency of water resources, we have formulated the following specific targets and action plans:

Indicator	Action Plan	Progress
Monitoring Water Resource Usage	• Installed water consumption metering devices to control water waste in production areas • Strengthened inspections and maintenance of water supply systems to reduce leaks caused by improper operation	✔
Water Resource Recycling	• Completed the retrofitting of cooling towers by adding water pumps and installing circulation pumps • Actively advancing the renovation of reclaimed water pipelines to achieve the reuse of water resources.	All cooling towers have been fully upgraded, and the water pipeline renovation initiative is being actively promoted
Improving Equipment and Processes to Reduce Water Usage	• Promoted the use of high-pressure washers to reduce water consumption during cleaning while improving efficiency • Conducted regular inspection and cleaning of boilers to improve water resource utilisation	✔
Water Conservation Education Penetration Rate	• Communicated water-saving requirements during weekly and monthly meetings • Conducted statistical analysis of water consumption across all companies, followed up on anomalies and implement corrective actions	✔

Note:

✔: The related work has been completed, and the follow-up plans are progressing steadily.





Water is mainly used for production processes, equipment cleaning and hygiene management. The Group closely monitored water consumption and water intensity during the Reporting Period. Total water consumption and intensity, as well as the breakdown by municipal and underground water, are disclosed in the "Performance Indicators" section with year-on-year comparisons. In 2025, the Group further optimised cleaning procedures, strengthened leak detection and repair, and raised employees' awareness of reasonable water use at production sites. These measures help to mitigate potential environmental impacts associated with water use and wastewater discharge and support the Group's ongoing efforts in water and sewage management.

Looking ahead, we plan to further promote water recycling by replacing tap water used in filter press operations with treated wastewater, with treated wastewater being piped to filter presses to enhance water resource utilisation efficiency. The Group will continue to deepen water management measures and improve water use efficiency to support the achievement of its sustainability goals.

Raw Materials and Packaging Materials Usage

To enhance the efficiency of raw material and packaging material usage, the Group has implemented the Cost Indicator Incentive Plan for the Meat Processed Division and adopted the following measures:

Enhancing Raw Material Utilisation

- Promote the use of chilled raw materials to reduce thawing losses.
- Use low-temperature thawing equipment to minimise water loss.
- Coordinate planning of cutting requirements to improve raw material utilisation rates.

Enhancing Packaging Material Utilisation

- Reuse plastic turnover boxes and insulated containers to reduce carton usage.
- Adjust packaging designs to increase box capacity and reduce material waste.
- Standardise packaging designs to minimise defective inventory.
- Promote the use of white film with labels as a cost-effective alternative to coloured film.

ENVIRONMENTAL AND NATURAL RESOURCES

Yurun Food recognises that, as a food enterprise, it faces various environmental risks during production and operations. Improper handling of food-grade and industrial-grade oils, lubricants, ink solvents, as well as waste liquids generated by laboratories and equipment, may result in soil contamination. Inadequate management of sludge and pig manure could lead to soil compaction. Furthermore, slaughter by-products such as pig blood and pig hair, if not properly collected and treated, may pollute water. Additionally, odorous gases from wastewater treatment plants and refrigerant leaks may negatively impact the atmosphere.

To effectively prevent environmental incidents, we have implemented the Production Safety and Environmental Accident Handling Regulations, which clearly define personnel responsibilities and ensure that measures are executed effectively. Several subsidiaries have also completed the filing of emergency response plans for unexpected environmental incidents and conducted environmental accident drills, further enhancing emergency response capabilities and reducing the potential impact of environmental risks on the surrounding ecosystem.

ADDRESSING CLIMATE CHANGE

Yurun Food recognises climate change as a significant global challenge requiring collective action. As a member of China's food industry, we acknowledge our responsibility to actively participate in addressing climate change. The Group continues to identify and analyse the risks and opportunities associated with climate change, monitoring policy changes and market trends closely to develop targeted response measures.

During the Reporting Period, we identified physical risks related to climate change, such as droughts, floods, and heavy rainfall, which could affect production and operations. To enhance risk management capabilities, we developed the Specialised Emergency Response Plans for Severe Weather Conditions and the Specialised Emergency Response Plans for Heavy Pollution Days to address extreme weather events, reduce losses, and ensure stable business operations.

Short-Term Measures: Responding to Extreme Weather Events

- Raw Material Safety Stock: Production centres have established raw material safety inventory standards based on production cycles to ensure normal operations during extreme weather conditions.
- Strategic Inventory: In anticipation of potential raw material price increases during extreme weather events, the Group has strategically increased inventory levels for bulk materials to mitigate the impact of price fluctuations and control production costs.
- Transportation Emergency Plans: The transportation department conducts advanced weather research to determine safe and reasonable transportation times, routes, and methods. Emergency plans are in place to address unforeseen issues.
- Supply and Sales Coordination: Factories closely monitor weather changes, prepare raw material reserves in advance, coordinate with the market, and inform customers of delivery times and product availability to maintain supply and demand stability.

Long-Term Measures: Mitigating the Impacts of Climate Change

- Cold Chain Transportation Assurance: To mitigate the impact of global warming on cold chain logistics, our subsidiaries use insulated vehicles for product transportation. Electronic temperature control systems are employed to monitor and maintain appropriate temperatures throughout the transportation process, ensuring product safety.
- Cooling Hogs' Living Facilities: To reduce the effects of climate warming on livestock, we use ventilation fans and sprinkler systems to cool hogs' living facilities during hot weather, providing optimal environmental temperatures to protect animal health.
- Exploring Diversified Raw Material Sources: To address potential disruptions to raw material supply caused by climate change, the Group actively monitors industry dynamics and collaborates with universities to explore diversified raw material sources, ensuring supply chain stability.

Yurun Food integrates short- and long-term measures to reduce the impact of climate change on its operations while enhancing environmental resilience. We remain committed to adopting scientific and systematic management approaches to contribute to sustainable development and the global response to climate challenges.

CLIMATE-RELATED DISCLOSURES

In accordance with the enhanced climate-related disclosure requirements under Part D of the ESG Code effective from 1 January 2025, the Group provides the following disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB) Climate-related Disclosures Standard (IFRS S2).

GOVERNANCE

Board Oversight of Climate-related Risks and Opportunities

The Board has overall responsibility for the Group's climate-related risks and opportunities. The Board oversees the development and implementation of climate-related strategies, policies and targets, and monitors their effectiveness through regular reporting and reviews.

Board's Climate Oversight Activities:

- The Board receives quarterly updates on climate-related matters from the ESG working group, including identification of climate risks and opportunities, progress on climate initiatives, and performance against climate targets
- The Board reviews and approves the Group's climate strategy, transition plans, and material capital expenditures related to climate adaptation and mitigation
- The Board considers climate-related risks and opportunities when reviewing and guiding the Group's business strategy, major plans of action, annual budgets, and long-term strategic planning
- The Board monitors the implementation of climate-related policies and targets, and assesses management's performance in addressing climate issues
- The Board ensures adequate resources are allocated to address climate-related risks and pursue climate-related opportunities

During the Reporting Period, the Board reviewed climate-related matters twice during scheduled board meetings. Climate-related topics discussed included the results of climate scenario analysis, progress on emissions reduction initiatives, physical risks to production facilities, and updates on relevant climate policies and regulations in our operating regions.



Management's Role in Assessing and Managing Climate-related Risks and Opportunities

The ESG working group comprising senior management from key business functions including production, procurement, supply chain, finance, and operations, is responsible for the day-to-day assessment and management of climate-related issues. The ESG working group reports directly to the Board and meets quarterly to coordinate climate-related activities across the Group.

The ESG working group's responsibilities include:

- Identifying, assessing and prioritising climate-related risks and opportunities relevant to the Group's operations
- Developing and implementing climate action plans, including specific measures to reduce emissions, enhance energy efficiency, and strengthen climate resilience
- Monitoring climate-related metrics and key performance indicators
- Coordinating data collection and analysis to support climate-related reporting
- Engaging with external stakeholders, including suppliers, customers, industry associations, and climate experts, on climate-related matters
- Providing regular updates to the Board on climate-related issues and progress against targets

To ensure effective management of climate-related issues, department heads across our production facilities, procurement teams, and supply chain operations have designated responsibilities for implementing climate-related measures within their respective areas. Regular training is provided to management and relevant personnel to enhance their understanding of climate risks, mitigation strategies, and best practices in climate resilience.

STRATEGY

Climate-related Risks and Opportunities

The Group has conducted a comprehensive assessment of climate-related risks and opportunities that could affect our business over the short term (2025–2027), medium term (2028–2030), and long term (2031–2050). Our assessment considered both physical risks arising from climate change impacts and transition risks associated with the shift to a lower-carbon economy.

Physical Risks

Physical risks from climate change could impact our operations, supply chain, and asset values. Key physical risks identified include:

Acute Physical Risks:

- Extreme weather events: Increased frequency and severity of typhoons, floods, and heavy rainfall could disrupt production operations, damage facilities and equipment, affect employee safety, and interrupt supply chains. Our production facilities in mainland China, particularly those in coastal and flood-prone areas, face heightened exposure to such events.

- Heatwaves: More frequent and intense heatwaves could reduce labour productivity during peak summer months, increase cooling costs for production facilities and cold storage, affect animal welfare in livestock rearing areas, and reduce crop yields for feed and raw materials.

Chronic Physical Risks:

- Rising temperatures: Long-term temperature increases could affect livestock health and productivity, reduce the suitability of certain regions for pig farming, increase cooling and refrigeration costs, and elevate food safety risks during transportation and storage.

- Water stress: Changes in precipitation patterns and increased drought frequency could affect water availability for production processes, cleaning operations, and livestock rearing, particularly in regions already experiencing water scarcity.

- Sea level rise: Over the long term, rising sea levels could threaten coastal production facilities and require relocation of assets to inland areas, resulting in significant capital expenditure.

Transition Risks

Transition risks arise from policy, legal, technology, market, and reputational changes as society moves toward a lower-carbon economy. Key transition risks identified include:

Policy and Legal Risks:

- Carbon pricing mechanisms: Introduction or expansion of carbon taxes, emissions trading schemes, or other carbon pricing mechanisms in mainland China could increase operational costs, particularly for energy-intensive processes such as refrigeration, heating, and transportation.

- Stricter emissions regulations: Enhanced environmental regulations requiring emissions reductions, renewable energy adoption, or improved energy efficiency could necessitate capital investments in equipment upgrades and process modifications.

- Enhanced reporting requirements: Evolving climate disclosure requirements and sustainability reporting standards may require additional resources for data collection, verification, and reporting.

Technology Risks:

- Transition to low-carbon technologies: The need to adopt energy-efficient equipment, renewable energy systems, and low-emission refrigerants may require significant capital investment. Delayed adoption could result in asset stranding or loss of competitive advantage.

Market Risks:

- Shifting consumer preferences: Growing consumer demand for low-carbon and sustainably produced food products could affect market share if the Group does not adapt its product portfolio and supply chain practices.

- Supply chain disruptions: Climate impacts on agricultural productivity and livestock farming could increase raw material costs, affect supply reliability, and require diversification of sourcing strategies.

- Increased cost of raw materials: Climate-related impacts on feed crops and livestock productivity could drive up procurement costs, affecting profitability.

Reputational Risks:

- Stakeholder expectations: Failure to adequately address climate risks and demonstrate progress on emissions reduction could damage the Group's reputation among investors, customers, employees, and communities, potentially affecting brand value and market position.

Climate-Related Opportunities

The transition to a lower-carbon economy also presents opportunities for the Group to enhance competitiveness, improve operational efficiency, and create value. Key opportunities identified include:

- Resource efficiency: Investments in energy-efficient equipment, renewable energy, and resource optimisation can reduce operating costs, enhance productivity, and improve margins over time.

- Products and services: Development of sustainable, low-carbon product lines and adoption of eco-friendly packaging could attract environmentally conscious consumers and differentiate the Group's offerings in the marketplace.

- Market positioning: Proactive climate action and transparent reporting can strengthen the Group's reputation, enhance brand value, and improve relationships with stakeholders including investors, customers, and regulators.

- Resilience: Strengthening climate resilience through diversified sourcing, improved infrastructure, and adaptive operational practices can reduce vulnerability to climate impacts and ensure business continuity.

- Access to green finance: Demonstrated commitment to climate action and credible emissions reduction targets can facilitate access to green financing instruments and sustainability-linked loans with favourable terms.

Impact on Business, Strategy, and Financial Planning

Climate-related risks and opportunities could impact the Group across multiple dimensions:

Operational Impacts:

- Disruption to production schedules due to extreme weather events or equipment damage
- Increased costs for energy, water, cooling, and refrigeration
- Challenges in maintaining cold chain integrity during extreme heat
- Reduced labour productivity during heatwaves
- Need for facility upgrades and climate-proofing investments

Supply Chain Impacts:

- Volatility in raw material prices due to climate impacts on agriculture and livestock
- Supply disruptions from extreme weather affecting suppliers
- Need to diversify supplier base and explore alternative sourcing regions
- Increased logistics costs and complexity

Financial Impacts:

- Potential increase in operating expenses from carbon pricing, energy costs, and adaptation measures
- Capital expenditure requirements for facility upgrades, renewable energy installations, and climate-resilient infrastructure
- Potential asset impairment or stranding of high-emission equipment
- Revenue opportunities from sustainable product development and market differentiation

Strategic Response

In response to identified climate risks and opportunities, the Group has integrated climate considerations into our business strategy and financial planning:

- Emissions reduction targets: We have established greenhouse gas emissions reduction targets and are implementing measures to improve energy efficiency, transition to cleaner energy sources, and optimise refrigeration systems (detailed in the Metrics and Targets section).
- Climate-resilient infrastructure: We are assessing the climate vulnerability of our production facilities and implementing adaptation measures such as flood protection, enhanced drainage systems, and backup power supplies.
- Supply chain diversification: We are working with suppliers to assess climate risks in the supply chain and exploring diversification strategies to enhance resilience.
- Innovation and product development: Our R&D efforts increasingly focus on sustainable product innovation, including optimising packaging materials and exploring lower-carbon production processes.
- Renewable energy adoption: We are evaluating opportunities to install solar panels on factory rooftops and procure renewable electricity to reduce our carbon footprint.
- Water management: We have implemented water conservation measures and are enhancing water recycling systems to address potential water stress risks.





Climate Transition Plan

The Group has developed a climate transition plan to guide our response to climate-related risks and opportunities and to achieve our emission reduction targets.

Transition Plan Elements:

1. Emission Reduction Pathway:

- Target to reduce Scope 1 and 2 GHG emissions intensity by 25% by 2030 (base year 2024)
- Interim milestone: 10% reduction by 2027
- Pathway includes energy efficiency improvements, renewable energy adoption, and operational optimisation

2. Energy Transition:

- Continue replacement of fossil fuel equipment with electric alternatives
- Assess feasibility of on-site solar installations at major facilities (target: 15–20% of electricity from renewables by 2030)
- Explore opportunities for renewable energy procurement agreements

3. Operational Improvements:

- Ongoing energy efficiency programme targeting 2% annual improvement
- Water efficiency and recycling measures
- Waste reduction and circular economy initiatives

4. Supply Chain Engagement:

- Work with key suppliers to understand and reduce value chain emissions
- Incorporate climate considerations into supplier selection and evaluation
- Collaborative initiatives on climate adaptation and resilience

5. Innovation and R&D:

- Research into lower-carbon production processes
- Development of products with reduced environmental footprint
- Investment in climate-resilient technologies

Key Assumptions:

The transition plan is based on the following key assumptions:

- Progressive tightening of climate-related regulations in China, including potential implementation of carbon pricing mechanisms
- Continued availability and declining costs of renewable energy and energy-efficient technologies
- Sustained investor and customer interest in climate performance
- Gradual shift in consumer preferences towards lower-carbon products
- Availability of capital for climate-related investments

Dependencies:

Achievement of the transition plan depends on:

- Supportive policy environment including incentives for renewable energy and energy efficiency
- Technological development and commercial availability of key low-carbon solutions
- Supplier cooperation on emissions reduction and climate adaptation
- Continued financial performance enabling climate-related investments
- Maintenance of management and Board commitment to climate objectives

The Group reviews and updates the transition plan annually as part of the strategic planning process, taking into account progress achieved, changes in external conditions, and emerging opportunities.

CLIMATE RESILIENCE

Scenario Analysis

The Group has conducted climate-related scenario analysis to assess the resilience of our strategy and business model to climate-related risks and opportunities. The scenario analysis considered different potential climate futures to understand how climate change might affect our business operations and the robustness of our strategies across these scenarios.

Scenarios Considered:

We analysed two climate scenarios aligned with internationally recognised climate pathways:

1. Higher Warming Scenario (Representative Concentration Pathway 8.5–RCP 8.5):

- Assumes limited climate action and higher emissions trajectory
- Global temperature increase of approximately 3–4°C above pre-industrial levels by 2100
- More severe physical climate impacts including increased frequency and intensity of extreme weather events
- Limited policy interventions and carbon pricing
- Time horizon: 2050

2. Lower Warming Scenario (aligned with Paris Agreement 1.5–2˚C pathway):

- Assumes significant climate action and rapid emissions reductions
- Global temperature increase limited to 1.5–2˚C above pre-industrial levels
- More modest physical climate impacts but significant transition risks
- Strong policy interventions including carbon pricing and regulations
- Time horizon: 2050

Scenario Analysis Approach:

The Group's scenario analysis followed these steps:

1. Defined scenario parameters based on internationally recognised climate scenarios
2. Identified key impact channels through which each scenario would affect our business
3. Assessed qualitative and quantitative impacts on operations, supply chain, and financial performance
4. Evaluated the adequacy of current strategies and identified potential adjustments needed
5. Considered significant areas of uncertainty in the analysis

Key Findings:

Higher Warming Scenario (RCP 8.5):

- **Physical Risks Dominate:** More frequent and severe extreme weather events could disrupt production operations and supply chains. Estimated potential production downtime of 5–10 days per year by 2050 due to extreme weather, with financial impact of RMB8–15 million annually
- **Supply Chain Vulnerability:** Changing climate conditions affecting livestock rearing regions could reduce availability and increase costs of key raw materials. Estimated potential 10–15% increase in raw material costs by 2050
- **Operational Costs:** Rising temperatures would increase cooling and refrigeration costs. Estimated 8–12% increase in energy costs by 2050
- **Water Stress:** Potential water scarcity in some regions affecting production. Estimated need for 20–30% improvement in water efficiency
- **Limited Transition Costs:** Lower carbon pricing and regulatory pressures in this scenario

Lower Warming Scenario (1.5–2˚C):

- **Transition Risks Dominate:** Significant carbon pricing and environmental regulations would increase compliance costs. Estimated carbon cost of RMB3–5 million annually by 2030, increasing to RMB10–15 million by 2050

- **Technology Investment Required:** Need for substantial investment in low-carbon technologies. Estimated capital expenditure of RMB30–50 million over next decade for emission reduction measures

- **Market Shifts:** Changing consumer preferences and requirements from customers for low-carbon products. Potential market share risks if not responsive, but also opportunities for premium sustainable products

- **Moderate Physical Risks:** Less severe physical impacts than higher warming scenario but still material. Estimated potential production disruption of 2–4 days per year

- **Competitive Dynamics:** Early movers on climate action may gain competitive advantage through brand reputation and access to sustainability-focused customers

Resilience Assessment:

Based on the scenario analysis, we assess that our business model and strategy demonstrate resilience to climate change, subject to the following adaptations:

1. **Supply Chain Diversification:** Our strategy to diversify our supplier base geographically provides resilience against regional climate impacts. We will continue to expand this diversification, particularly developing suppliers in regions less vulnerable to climate risks

2. **Energy Efficiency Priority:** Our ongoing energy efficiency programme provides benefits across both scenarios – reducing costs and physical risks in the higher warming scenario, and reducing emissions and compliance costs in the lower warming scenario

3. **Flexible Infrastructure:** Our facilities are relatively modern and can be adapted for enhanced climate resilience (e.g., flood protection, extreme temperature tolerance) with moderate capital investment

4. **Financial Capacity:** The Group maintains sufficient financial capacity to invest in climate adaptation and mitigation measures required under both scenarios

5. **Innovation Capability:** Our R&D capabilities position us to develop products meeting evolving market demands for sustainability

Areas Requiring Strategic Adjustment:

1. **Accelerated Renewable Energy Transition:** Under the lower warming scenario, more rapid adoption of renewable energy is needed to manage carbon costs. We will accelerate feasibility assessments for on-site solar and explore renewable energy procurement agreements

2. **Enhanced Supply Chain Engagement:** Under both scenarios, closer collaboration with suppliers on climate resilience and emissions reduction is necessary. We will enhance supplier engagement programmes and incorporate climate criteria more prominently in supplier selection

3. **Water Security:** Under the higher warming scenario, water scarcity becomes more acute. We will accelerate water efficiency improvements and water recycling investments

4. **Product Innovation:** Under the lower warming scenario, market demand for sustainable products increases significantly. We will enhance R&D efforts on lower-carbon products and obtain relevant certifications

Significant Areas of Uncertainty:

The scenario analysis identified several areas of significant uncertainty:

- Precise trajectory and timing of climate policy implementation in China, particularly carbon pricing mechanisms
- Rate of technological development and cost reduction for key low-carbon technologies
- Extent and pace of changes in consumer preferences towards sustainable products
- Specific manifestation and geographic distribution of physical climate impacts
- Behaviour and climate strategies of suppliers and competitors
- Availability and terms of climate-related financing

The Group acknowledges these uncertainties and will continue to monitor developments, update scenario analyses regularly, and maintain strategic flexibility to adapt to changing conditions.

The quantitative indications of potential production downtime, cost increases and capital expenditure under the climate scenarios represent management's illustrative estimates based on reasonable and supportable information available as at the Reporting Date. These estimates are inherently uncertain, depend on evolving climate policies, technologies and market conditions, and are therefore subject to change. The Group has made use of the reasonable information and capabilities reliefs available under the ESG Reporting Code where full quantification of anticipated financial effects is not practicable at this stage.

Scenario Analysis Update Frequency:

The Group conducts comprehensive climate scenario analysis as part of our strategic planning cycle (currently every three years). We conduct interim reviews annually to assess whether material changes in circumstances warrant updating the scenario analysis. The most recent comprehensive scenario analysis was completed in 2025.

RISK MANAGEMENT

Process for Identifying and Assessing Climate-related Risks

The Group has established a systematic process for identifying and assessing climate-related risks, integrated within our broader enterprise risk management framework.

Identification Process:

1. Risk Scanning:

- Regular monitoring of climate science, policy developments, and market trends
- Review of industry-specific climate risk analyses and peer company disclosures
- Stakeholder engagement to understand climate-related concerns
- Assessment of emerging climate-related regulations and standards

2. Business Impact Assessment:

- Analysis of potential climate impacts on each business unit and function
- Supply chain vulnerability mapping
- Assessment of facility-level exposure to physical climate hazards
- Evaluation of transition risk exposure across operations

3. Cross-functional Input:

- ESG working group coordinates input from operations, procurement, facilities, finance, and legal departments
- External expert consultation where needed
- Integration of insights from scenario analysis

Assessment Process:

Identified climate-related risks are assessed based on:

- **Likelihood:** Probability of the risk occurring (rated as: Low/Medium/High)
- **Magnitude:** Potential financial and operational impact if the risk materialises (rated as: Low/Medium/High)
- **Time Horizon:** When the risk is expected to materialise (Short: 0–2 years/Medium: 2–5 years/Long: beyond 5 years)
- **Velocity:** Speed at which the risk could impact the business

Risks are prioritised based on their overall significance, considering both likelihood and magnitude. High priority risks are those assessed as having medium-to-high likelihood and medium-to-high magnitude.





Risk Register:

Climate-related risks are documented in a climate risk register maintained by the ESG working group. The register includes:

- Risk description and category (physical/transition)
- Assessment of likelihood, magnitude, and time horizon
- Potential financial impact estimates
- Current mitigation measures
- Risk owner and monitoring requirements
- Action plans for material risks

The risk register is reviewed and updated quarterly by the ESG working group and annually by the Board.

Process for Managing Climate-related Risks

The Group manages climate-related risks through our enterprise risk management framework, with specific climate-focused elements:

Risk Response Strategies:

For material climate-related risks, we develop and implement specific response strategies which may include:

1. **Mitigation:** Actions to reduce the likelihood or magnitude of risks
    - Energy efficiency programmes to reduce exposure to carbon pricing
    - Supplier diversification to reduce supply chain vulnerability
    - Facility hardening to reduce physical damage from extreme weather
2. **Adaptation:** Adjustments to cope with climate impacts
    - Enhanced cooling systems to manage rising temperatures
    - Water recycling systems to manage water scarcity
    - Business continuity planning for climate-related disruptions

3. **Transfer:** Shifting risk through insurance or contracts

    - Insurance coverage for climate-related physical damages

    - Contractual arrangements with suppliers on climate-related supply risks

4. **Accept:** Acknowledging and monitoring risks with current controls considered adequate

Monitoring and Review:

- Climate-related risk KPIs are tracked monthly (e.g., energy consumption, emissions, supply disruptions)

- ESG working group reviews climate risk status and mitigation progress quarterly

- Board receives climate risk updates quarterly and conducts comprehensive annual review

- External developments affecting climate risk profiles are monitored continuously

- Risk assessments are updated when material changes occur

Accountability:

- Each material climate risk is assigned to a specific risk owner at senior management level

- Risk owners are responsible for implementing mitigation measures and reporting on progress

- Climate-related KPIs are incorporated into relevant management performance evaluations

- The ESG working group provides oversight and coordination

- The Board provides ultimate oversight and challenge

Integration with Overall Risk Management

Climate-related risks are fully integrated into the Group's risk management framework:

- Climate risks are assessed using the same likelihood and impact criteria as other enterprise risks

- Climate risks are included in the Group's consolidated risk register reviewed by the Board

- Climate risks are considered in strategic planning, capital allocation, and major business decisions

- The risk management committee of the Board reviews climate risks as part of its oversight of the ERM framework

- Climate risk reporting is integrated with overall risk reporting to senior management and the Board

The integration ensures that climate-related risks receive appropriate attention alongside other material risks facing the business and that climate considerations are embedded in decision-making processes across the organisation.

METRICS AND TARGETS

Climate-related Metrics

Metrics Used to Assess Climate-Related Risks and Opportunities

The Group monitors a range of metrics to assess our climate-related risks and opportunities and track progress on climate action. These metrics are aligned with our climate strategy and risk management processes.

Greenhouse Gas (GHG) Emissions:

As required under the ESG Code, we disclose Scope 1 and Scope 2 GHG emissions on a mandatory basis. These metrics provide a measure of our direct climate impact and inform our emissions reduction strategies.

GHG Emissions	**2025**	2024
Scope 1 (Direct Emissions)		
Total Scope 1 emissions (tonnes CO_2e)	**8,047**	13,173
Scope 1 intensity (tonnes CO_2e/tonne of annual output)	**0.86**	0.29
Scope 2 (Indirect Emissions from Purchased Electricity)		
Total Scope 2 emissions (tonnes CO_2e)	**4,047**	5,403
Scope 2 intensity (tonnes CO_2e/tonne of annual output)	**0.11**	0.12
Total Scope 1 and Scope 2 Emissions		
Total emissions (tonnes CO_2e)	**12,094**	18,576
Total intensity (tonnes CO_2e/tonne of annual output)	**0.97**	0.41

During the Reporting Period, total Scope 1 and Scope 2 greenhouse gas emissions decreased by 34.9% compared to 2024, primarily driven by reduced fuel consumption and lower electricity use. The change in emissions intensity reflected variations in production output during the year.

Energy Consumption:

We monitor energy consumption as a key driver of GHG emissions and operational costs.

Energy Consumption	**2025**	2024
Direct energy consumption (MWh)	**17,044**	131,866
– Natural gas (m^3)	**1,272,114**	2,252,559
– Gasoline (litres)	**3,464**	2,495
– Diesel (litres)	**5,048**	7,981
Indirect energy consumption (purchased electricity, MWh)	**5,781**	9,736
Total energy consumption (MWh)	**22,825**	141,602
Energy intensity (MWh/tonne of annual output)	**2.43**	3.14

During the Reporting Period, total energy consumption decreased by 83.9% compared to 2024, while energy intensity improved by 22.6%, reflecting the Group's continued efforts in equipment upgrades, operational optimisation, and implementation of energy conservation measures.

Water Consumption:

Water is critical to our production processes, and water stress is an identified climate risk. We monitor water consumption to support water conservation efforts.

Water Consumption	**2025**	2024
Total water consumption (tonnes)	**135,120**	336,914
Water intensity (tonnes/tonne of annual output)	**14.35**	7.47

During the Reporting Period, total water consumption decreased by 59.9% compared to 2024, mainly due to a decrease in annual production output and adjustments in the product structure. The increase in water intensity reflected changes in production output during the year.

Climate-Related Targets and Performance

The Group has established climate-related targets to drive emissions reductions, improve resource efficiency, and enhance climate resilience. Progress against these targets is monitored regularly and reported to the Board.

Emissions Reduction Targets:

- **Medium-term target (by 2030):** Reduce total Scope 1 and Scope 2 GHG emissions intensity by 30% compared to 2024 baseline (from 0.41 to 0.29 tonnes CO_2e per tonne of product)

- **Long-term target (by 2050):** Achieve net-zero Scope 1 and Scope 2 GHG emissions through a combination of emissions reductions and carbon offset measures

2025 Performance: We achieved a 2.4% reduction in emissions intensity compared to the 2024 baseline, representing progress toward our 2030 target. To accelerate progress, we plan to implement additional measures including expanded renewable energy adoption and further equipment upgrades in the coming years.

Energy Efficiency Target:

- **Target (by 2030):** Improve energy intensity by 25% compared to 2024 baseline (from 3.14 to 2.36 MWh per tonne of product)

2025 Performance: Energy intensity improved by 1.9%, contributing to progress toward our 2030 target. Key initiatives included optimising refrigeration system operation, implementing LED lighting, and improving production scheduling.

Renewable Energy Target:

- **Target (by 2030):** Source 20% of total electricity consumption from renewable sources through a combination of on-site generation (solar panels) and renewable electricity procurement

2025 Performance: Renewable energy accounted for approximately 2% of electricity consumption, primarily from solar streetlights. We are actively evaluating opportunities to install rooftop solar systems at multiple facilities and exploring renewable electricity procurement options.

Climate Resilience Target:

- **Target (by 2028):** Complete climate vulnerability assessments and implement adaptation measures (such as flood protection and drainage improvements) at all production facilities located in high-risk areas







2025 Performance: Vulnerability assessments were completed for 40% of priority facilities. Adaptation measures including enhanced drainage systems and flood barriers were implemented at two facilities. We are on track to meet the 2028 target.

The Board reviews progress against climate targets annually and adjusts strategies and action plans as needed to ensure target achievement.

Internal Carbon Price

The Group is evaluating the implementation of an internal carbon price to inform investment decisions and support our transition to a lower-carbon business model. We are assessing appropriate price levels based on current and projected carbon pricing mechanisms in China and international best practices. We expect to implement an internal carbon price for major capital investment decisions by 2026 and will disclose the price level and its application in future reports.

Remuneration

Climate-related performance has not yet been integrated into management remuneration. The Group is continuously reviewing its remuneration framework and considering the inclusion of climate-related and broader ESG performance indicators in future evaluation and incentive structures as its climate strategy develops.



COMMUNITY CONTRIBUTION



11. COMMUNITY CONTRIBUTION

Yurun Food firmly believes that prosperous, healthy, and supportive communities are the foundation of sustainability. We are committed to giving back to the community and supporting local development through participation in community activities, resource donations, volunteer services, and enterprise-school collaborations. By staying true to our mission of delivering safe and healthy food to households, we aim to promote community sustainability in a broader and deeper way while fulfilling our corporate social responsibilities.

SOCIAL WELFARE

Yurun Food recognises social welfare as an essential aspect of its community contribution and overall sustainability strategy. During the reporting period, the Group supported sports and public health initiatives to enhance community well-being. Yurun Food sponsored the Asian Winter Games food supply programme, the Nanjing Half Marathon, and the 2025 Harbin International Marathon. These initiatives reflect the Group's commitment to promoting healthy lifestyles, encouraging public participation in sports, and contributing to the long-term social development of the communities in which it operates.

ENTERPRISE-SCHOOL COLLABORATION

The Group has long promoted enterprise-school collaboration, partnering with educational institutions to provide better educational opportunities and practical support for the younger generation. Through internship programmes and employment opportunities, we enable students to gain practical work experience and skills during their academic years, fostering capable and responsible future leaders. Collaborations with universities, vocational training organisations, and research institutions not only facilitate the exchange of knowledge and innovation but also enable the Group to attract outstanding talent, inject innovative ideas, and foster creativity. Enterprise-school collaboration serves as a bridge between businesses and educational institutions, supporting the talent development while advancing sustainable development in today's highly competitive business environment.

CONTRIBUTIONS TO INDUSTRY DEVELOPMENT

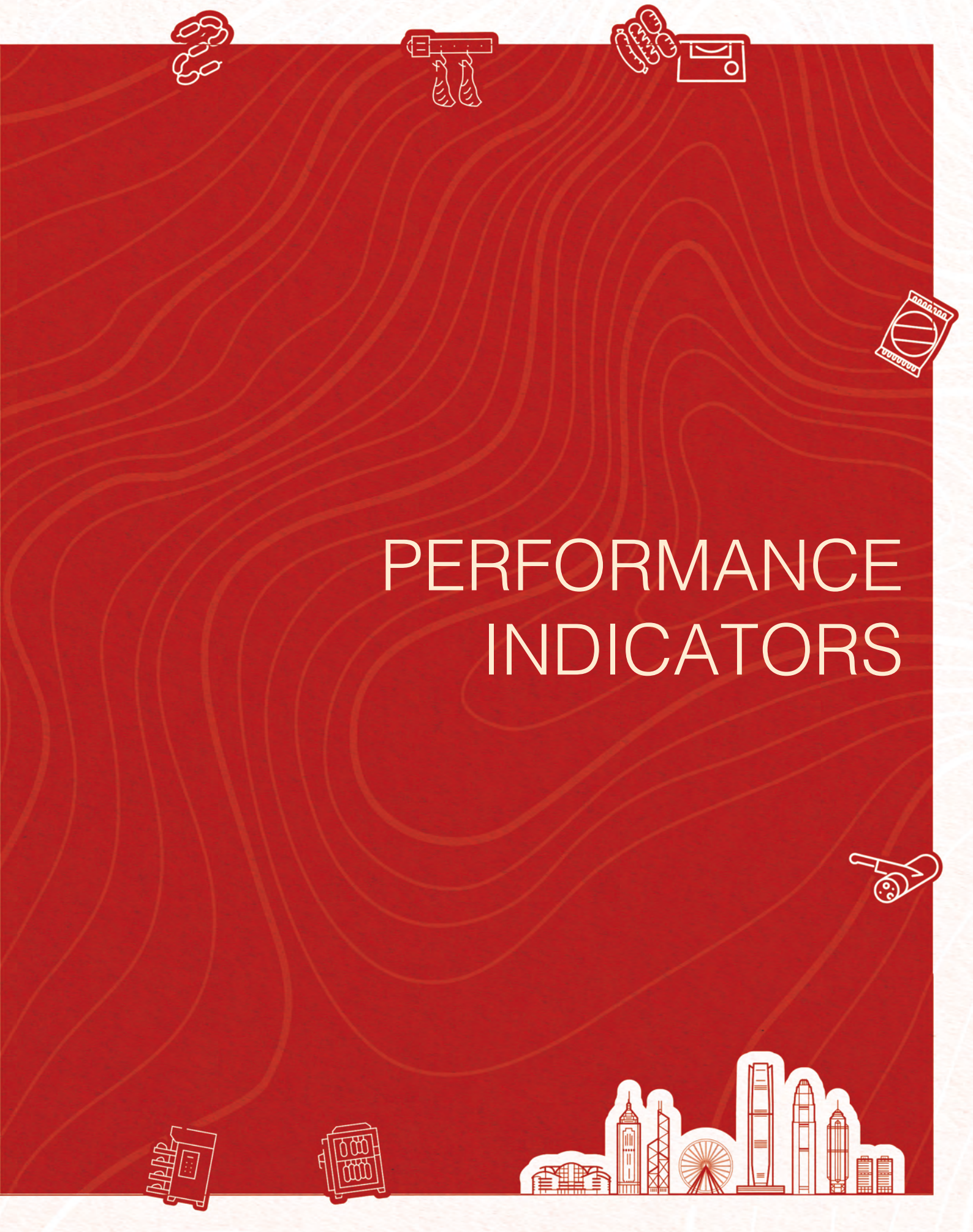
As an important participant in the food industry, Yurun Food is committed not only to its own growth but also to the prosperity and sustainability of the entire industry. We have established close partnerships with supply chain partners, research institutions, industry associations, and government agencies. By sharing knowledge, resources, and experiences, we work together to address industry challenges and explore innovative opportunities. We actively participate in industry forums and events, engaging with peer companies and professionals to exchange best practices, discuss innovation trends, and drive the development of the industry. Yurun Food firmly believes that partnerships and knowledge sharing are key to achieving the industry's sustainability goals and creating greater value for society.

Industry associations we participate in:

Industry Association	Position
China Meat Association	Council Member
Heilongjiang Meat Association	Vice President
Harbin Red Sausage Food Industry Association	Executive Vice President
Heilongjiang Food Circulation Association	Vice President
Harbin Local Food Association	Member
Harbin Food Industry Association	Vice President

Yurun Food regards active participation in industry associations as an important form of community contribution and a key channel to exercise its industry leadership. During the Reporting Period, the Group served as a Council Member of the China Meat Association, a Vice President unit of the Heilongjiang Meat Association and the Heilongjiang Food Circulation Association, and an Executive Vice President of the Harbin Red Sausage Food Industry Association. Leveraging these influential positions, Yurun Food contributes its professional expertise to industry policy exchange and standard-setting, promotes higher food safety and quality benchmarks, and supports the inheritance and enhancement of regional speciality brands. Through these efforts, the Group not only helps to foster a more sustainable, transparent and responsible food industry ecosystem, but also demonstrates its role as a leading enterprise that actively drives positive change and creates long-term value for the wider community and stakeholders.

PERFORMANCE INDICATORS



ANNUAL PRODUCT OUTPUT

	Unit	2025	2024
Annual Product Output[1]	Tonnes	9,393	45,104

EMISSIONS AND WASTES

	Unit	2025	2024
Air Pollutant[2]			
Nitrogen Oxides	Tonnes	7.52	7.15
	Tonnes/tonnes annual output	8.01×10^{-4}	1.59×10^{-4}
Sulphur Oxides	Tonnes	1.30×10^{-4}	1.70×10^{-4}
	Tonnes/tonnes annual output	4.48×10^{-8}	3.77×10^{-9}
Greenhouse Gas ("GHG")			
GHG (Scope 1 and Scope 2)	Tonnes CO_2e	12,094	18,576
	Tonnes CO_2e/tonnes annual output	1.29	0.41
Scope 1: Direct Emissions[3]	Tonnes CO_2e	8,047	13,173
	Tonnes CO_2e	4,047	5,403

	Unit	2025	2024
Wastewater			
Wastewater	Tonnes	102,953	319,378
	Tonnes/tonnes annual output	10.96	7.08
Hazardous Waste			
Waste Liquid generated from Chemical Room	Tonnes	0.25	1.35
	Tonnes/tonnes annual output	2.66×10^{-5}	3×10^{-6}
Non-hazardous Waste			
Total Non-hazardous Waste	Tonnes	63	196
	Tonnes/tonnes annual output	0.007	0.004
Domestic Waste	Tonnes	23	37
Food Waste	Tonnes	10	16
Sludge (Sludge generated from sewage treatment plants)	Tonnes	30	142
Waste Grease from Grease Trap	Tonnes	0.41	0.96

USE OF RESOURCES

	Unit	2025	2024
Energy			
Direct Energy	MWh	17,044	131,866
	MWh/tonnes annual output	1.81	2.92
Natural Gas	m^3	1,272,114	2,252,559
	m^3/tonnes annual output	135.43	49.94
Gasoline	Litres	3,464	2,495
	Litres/tonnes annual output	0.37	0.06

12. PERFORMANCE INDICATORS

	Unit	2025	2024
Energy			
Diesel	Litres	5,048	7,981
	Litres/tonnes annual output	0.54	0.18
Biomass Fuel	Tonnes	0	0
	Tonnes/tonnes annual output	0	0
Indirect Energy	MWh	5,781	9,736
	MWh/tonnes annual output	0.62	0.22
Purchase Electricity	MWh	5,781	9,736
Water			
Total Water Consumption	Tonnes	135,120	336,914
	Tonnes/tonnes annual output	14.39	7.47
Municipal Water	Tonnes	285	126,037
Underground Water	Tonnes	134,835	210,877
Packaging Material			
Total Consumption of Packaging Materials	Tonnes	213	1,571
	Tonnes/tonnes annual output	0.02	0.03
Paper (including carton, paper label)	Tonnes	125	1,167
Plastic (including plastic bag, food bag)	Tonnes	88	404

EMPLOYEES

Item	Unit	2025	2024
Number of Employees	Person	454	933
By Gender			
Male	Person	292	499
Female	Person	162	434
By Employment Type			
Full-time	Person	365	626
Part-time	Person	89	307
By Age Group			
≤ 30	Person	62	98
31–40	Person	146	285
41–50	Person	167	355
51–60	Person	74	184
≥ 61	Person	5	11
By Geographical Region			
Mainland China	Person	451	928
Hong Kong SAR, China	Person	3	5

EMPLOYEE TURNOVER

	Unit	2025	2024
Employee Turnover Rate[5]	%	51.34%	31.09%
By Gender			
Male	%	41.48%	28.19%
Female	%	62.67%	34.38%
By Age Group			
≤ 30	%	36.73%	39.70%
31–40	%	48.77%	18.56%
41–50	%	52.96%	24.32%
51–60	%	59.78%	44.04%
≥ 61	%	54.55%	100.00%
By Geographical Region			
Mainland China	%	50.00%	31.21%
Hong Kong SAR, China	%	40.00%	0.00%

Percentage of Employees Trained by Category[6]	Unit	2025	2024
Percentage of Employees Trained	%	100%	100%
By Gender			
Male	%	100%	100%
Female	%	100%	100%
By Employee Category			
Production	%	100%	100%
Non-production	%	100%	100%
Sales	%	100%	100%

Average Training Hours Completed per Employee[7]	Unit	2025	2024
Average Training Hours Completed per Employee	Hours	28.40	39.38
By Gender			
Male	Hours	27.93	39.90
Female	Hours	29.25	38.78
By Employee Category			
Production	Hours	33.45	39.73
Non-production	Hours	26.29	41.97
Sales	Hours	14.09	34.08

SAFETY

	Unit	2025	2024	2023
Lost Days due to Work Injury	Days	0	0	100
Number of Work-related Fatalities	Person	1	0	1
Rate of Work-related Fatalities	%	0.22%	0.00%	0.07%

SUPPLIER

	Unit	2025	2024
By Geographical Region			
China	Number of Suppliers	181	240
Other Regions	Number of Suppliers	3	5

PRODUCTS AND SERVICE

	Unit	2025	2024
Number of Complaints	Cases	20	31
Complaints Resolution Rate	Percentage	100%	100%

PRODUCT RECALL

	Unit	2025	2024
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons	Percentage	0%	0%

ANTI-CORRUPTION

Item	Unit	2025	2024
Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Group or its employees	Cases	0	0

Notes:

1. The annual product output of the Group was used for the calculation of the intensity of environmental KPIs.

2. The calculation scope of air emissions included vehicles, stationary sources and mechanical equipment for the Reporting Period. Air emissions were calculated using the Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources and the Road and the Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial) issued by the Ministry of Ecology and Environment of the PRC.

3. The calculation scope of GHG emissions (Scope 1) includes vehicles, stationary sources, and fugitive emissions associated with the use of refrigerants. GHG emissions (Scope 1) were calculated using the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial) and the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-Road Transportation Enterprises (Trial) issued by the National Development and Reform Commission of the PRC, and the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC).

4. The calculation scope of GHG emissions (Scope 2) during the Reporting Period includes purchased electricity. GHG emissions (Scope 2) were calculated using the 2022 national grid average emission factor of the Notice on the Management of Corporate Greenhouse Gas Emissions for Power Generation Sector for 2023–2025 issued by the Ministry of Ecology and Environment of the PRC and the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial) issued by the National Development and Reform Commission of the PRC.

5. The formula for calculating employee turnover rate: the number of employees leaving employment/(the number of employees at the beginning + the number of new hires) × 100%.

6. The formula for calculating the percentage of employees trained by category: the number of employees trained in the specified category/the total number of employees trained × 100%.

7. The formula for calculating the average training hours completed per employee: the total number of training hours for employees in the specified category/the total number of employees in the specified category as of the end of the Reporting Period.

Appendix 1: Laws and Regulations Complied with by the Group during the Reporting Period

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the ESG Reporting Guide of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Product Responsibility	
Food Safety Law of the PRC	During the Reporting Period, the Group complied with the applicable laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labels, and privacy matters relating to the products and services provided and methods of redress.
Animal Epidemic Prevention Law of the PRC	
Measures for the Management of Animal Epidemic Prevention	
Measures for the Examination of Animal Epidemic Prevention Requirements	
Animal Husbandry Law of the PRC	
Standardisation Law of the PRC	
Regulation on the Implementation of the Food Safety Law of the PRC	
Product Quality Law of the PRC	
Advertising Law of the PRC	
Interim Measures for the Administration of Internet Advertising	
Regulations on the Administration of Hog Slaughter	
Law of the PRC on the Protection of Consumer Rights and Interests	
Administrative Provisions on Food Labelling	
Law of the PRC on Prevention and Treatment of Infectious Diseases	
Regulation on Responses to Public Health Emergencies	
Measures for the Administration of Sampling Inspections of Food Safety	
Interim Measures for the Supervision and Administration of the Quality and Safety of Food-related Products	

Appendix 1: Laws and Regulations Complied with by the Group during the Reporting Period

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the ESG Reporting Guide of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Emissions	
Environmental Protection Law of the PRC	During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
Environmental Protection Tax Law of the PRC	
Regulation on the Implementation of the Environmental Protection Tax Law of the PRC	
Law of the PRC on Prevention and Control of Water Pollution	
Law of the PRC on the Prevention and Control of Environment Pollution by Solid Waste	
Law of the PRC on the Prevention and Control of Atmospheric Pollution	
Law of the PRC on Prevention and Control of Pollution from Environmental Noise	
Cleaner Production Promotion Law of the PRC	
Measures for Pollutant Discharge Permitting Administration (For Trial Implementation)	
Measures for the Administration of Automatic Monitoring of Pollution Sources	
Catalogue of Industry Varieties Involving Safety Risks of Hazardous Chemicals	
National Catalogue of Hazardous Wastes	

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the ESG Reporting Guide of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Employment and Labour Practice	
Labour Law of the PRC	During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and preventing child and forced labour.
Labour Contract Law of the PRC	
Law of the PRC on the Protection of Women's Rights and Interests	
Law of the PRC on the Protection of Minors	
Prohibition of Child Labour Regulation	
Social Insurance Law of the PRC	
Labour Dispute Mediation and Arbitration Law of the PRC	
Health and Safety	
Work Safety Law of the PRC	During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.
Law of the PRC on Prevention and Control of Occupational Diseases	
Anti-corruption	
Company Law of the PRC	During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud, and money laundering.
Tendering and Bidding Law of the PRC	
Anti-unfair Competition Law of the PRC	
Criminal Procedure Law of the PRC	
Criminal Law of the PRC	
Interim Provisions on the Prohibition of Commercial Bribery Acts	

Note: The English translation of the laws and regulations are for identification only.

Appendix 2: Index of the SEHK's ESG Code

Section	Description	Reference
Governance Structure		
General disclosure	Disclosure of the board's oversight of ESG issues.	ESG Governance
General disclosure	Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues including risks to the issuer's businesses.	ESG Governance
General disclosure	How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance
Reporting Principles		
General disclosure	Description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistency) in the preparation of the ESG report.	About This Report
Reporting Boundary		
General disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

Section	Description	Reference
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.	Environmental Protection
A1.1	The types of emissions and respective emissions data.	Performance Indicators
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).	Performance Indicators
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection
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.	Environmental Protection

Section	Description	Reference
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection
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).	Performance Indicators
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection
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.	Environmental Protection
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Performance Indicators
Aspect A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection

Section	Description	Reference
Part D – Climate-Related Disclosures		
Governance		
General disclosure	Disclosure of the Board's oversight of climate-related risks and opportunities, and the roles of the Board and management in monitoring climate-related issues, reviewing climate-related information and overseeing progress against climate-related goals and targets.	Environmental Protection
Strategy		
General disclosure	Description of significant climate-related risks and opportunities which have impacted, and may impact, the Group's business model, strategy and financial performance over the short, medium and long term (including acute and chronic physical risks and transition risks), and how these are considered in business planning and decision-making.	Environmental Protection
Risk Management		
General disclosure	Description of the processes for identifying, assessing and managing climate-related risks, including how such risks are integrated into the Group's overall risk management framework and regular risk review procedures.	Environmental Protection
Metrics and Targets		
General disclosure	Disclosure of the climate-related metrics used by the Group (including greenhouse gas emissions and other relevant environmental indicators), any climate-related targets set (such as emissions or energy-efficiency targets), and the Group's performance against these targets.	Environmental Protection

Section	Description	Reference
B. Social		
Aspect B1: Employment		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Well-being
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Indicators
B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Indicators
Aspect B2: Health and Safety		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Well-being
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Indicators
B2.2	Lost days due to work injury.	Performance Indicators
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Well-being

Section	Description	Reference
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Well-being
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Indicators
B3.2	The average training hours completed per employee by gender and employee category.	Performance Indicators
Aspect B4: Labour Standards		
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 preventing child and forced labour.	Employee Well-being
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Well-being
B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Well-being
Aspect B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operation
B5.1	Number of suppliers by region.	Performance Indicators
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.	Responsible Operation
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Operation
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Operation

Section	Description	Reference
Aspect B6: Product Responsibility		
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.	Customer-centric
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Performance Indicators
B6.2	Number of products and service related complaints received and how they are dealt with.	Performance Indicators, Customer-centric
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer-centric
B6.4	Description of quality assurance process and recall procedures.	Quality First, Customer-centric
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer-centric
Aspect B7: Anti-corruption		
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 preventing child and forced labour.	Responsible Operation
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.	Performance Indicators, Responsible Operation
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Operation
B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Operation

Section	Description	Reference
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Contribution
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Contribution
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Contribution