



卫龙美味全球控股有限公司
WEILONG DELICIOUS GLOBAL HOLDINGS LTD

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock code 股份代號: 09985.HK

2023

Environmental, Social and Governance Report



CONTENTS

About This Report	1
Message from the Management	3

01

For Responsibility: Sound Corporate Governance

1.1 About Us	7
1.2 ESG Governance	13
1.3 Corporate Governance	17

02

For Quality: Advancing Safety Innovation

2.1 Quality First	27
2.2 Health and Innovation	31
2.3 Supply Chain Management	34
2.4 Exceptional Service	37
2.5 Collaborating for Mutual Success	39

03

For Environment: Green Development

3.1 Environmental Management	43
3.2 Energy Management	46
3.3 Resource Usage	49
3.4 Emissions Management	51
3.5 Addressing Climate Change	55

04

For Employees: Joint Development

4.1 Cultivating an Inclusive Workplace	59
4.2 Promoting Career Development	61
4.3 Caring for Employee Well-being	66
4.4 Employee Health and Safety	68

05

For Community: Community Investment

5.1 Corporate Citizenship	73
5.2 Community Public Welfare Achievements	74

The Stock Exchange of Hong Kong ESG Reporting Guide	77
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About This Report

Overview

This report is the 2023 Environmental, Social, and Governance (ESG) Report released by Weilong Delicious Global Holdings Ltd. ("WL Delicious", "Weilong", or "the Company") and its subsidiaries ("we", "our Group", or "the Group"). It transparently discloses the Group's practices in fulfilling its responsibilities to key stakeholders such as shareholders, customers, partners, employees, the environment, and the community, as well as its performance in environmental, social, and governance (ESG) aspects. The report covers the activities of the financial year from January 1 to December 31, 2023, referred to as "the reporting period", "the year" or "this year". However, some information in this report may trace back to previous years or extend into 2024.

Reporting Scope and Boundary

The policies and data provided in this report cover the Group, and the scope of the report is consistent with the annual report. Unless otherwise specified, all monetary figures in this report are in Renminbi (RMB), and all intensity data are based on the Group's revenue data for 2023 as the denominator.

Preparation Basis

This report is prepared in accordance with Appendix C2, the *Environmental, Social, and Governance Reporting Guide* (the "Reporting Guide") of the Listing Rules of The Stock Exchange of Hong Kong Limited ("SEHK"). The contents of this report comply with the disclosure obligations and reporting principles set out in the Reporting Guide.

Materiality: The Company identifies environmental, social, and governance issues that are significant or relevant to the Company and its stakeholders through active online and offline engagement with stakeholders. The disclosures in this report are informed by the findings of the materiality assessment;

Quantification: The key performance indicators disclosed in this report are quantifiable;

Balance: This report provides a balanced view of the Company's performance in environmental, social and governance aspects;

Consistency: This report employs a data disclosure approach consistent with previous years, allowing for comparison across different years. Any changes that might affect meaningful comparisons with past reports are explained in the relevant sections.

Source of Data and Assurance

The data and case studies in this report are primarily sourced from the Group's statistical reports and related documents. The Board of Directors of the Group affirms that this report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy, and completeness of its contents.

Confirmation and Approval

After being confirmed by the management, this report was approved by the Board of Directors on March 21, 2024.

Access and Feedback to This Report

The electronic version of this report is available on the Company's official website:

<https://www.weilongshipin.com/ESG/>

We highly value the views of stakeholders and the public regarding this report. Should you have any inquiries or suggestions, please feel free to contact us at: ir@wlsjpt.com.





Message from the Management

2023 was a pivotal year for Weilong, marked by active innovation and an accelerated push for omni-channel development. Throughout this year, we remained deeply committed to our ESG strategy, continuously refining our ESG management system and enhancing our governance standards. Our dedication is centered on integrating sustainable development principles into every aspect of our corporate culture and operations, with the goal of providing stakeholders with a comprehensive report that highlights our achievements.

We firmly believe that transparency and trustworthiness are the cornerstones of our Company. The principle of conducting business with integrity informs every decision we make. Our efforts are concentrated on strengthening our governance structure, enhancing our risk prevention and control capabilities, and establishing a robust and comprehensive business ethics system. By fostering a transparent and principled corporate environment, we ensure a stable and sustainable path forward for our Company.

Aligned with our "quality-first" philosophy, we are dedicated to establishing a food safety management system that sets industry standards. We have implemented a comprehensive quality control process that covers the entire lifecycle of our products, fostering a culture of quality that involves every member of our team and safeguards the "lifeblood" of food safety. With a focus on consumer experience, we prioritize product nutrition and health, continually investing in research and development to offer our consumers healthier and more delectable innovative products. Furthermore, we capitalize on our advantage in industry-academia-research-application collaboration, partnering with suppliers, industry associations, and academic institutions to lead the standardization and high-quality growth of the industry.

We firmly believe that "lucid waters and lush mountains are invaluable assets" and are actively pursuing the national strategy of carbon dioxide peaking and carbon neutrality. By integrating the principles of green development and environmental protection into our corporate growth strategy, we are

committed to continually strengthening our environmental management system. Our efforts aim to boost our green credentials and further the attainment of our environmental goals. We champion a dual approach of management enhancement and technological innovation, making persistent investments in areas such as environmental stewardship, energy conservation, emission reduction, and sustainable packaging to actively support green growth.

Adhering to a philosophy that employees at its core, we firmly believe that the creativity of our employees is a valuable asset to the Company. Our commitment lies in fostering a diverse, equitable, and harmonious workplace environment. We prioritize the protection of employee rights and well-being by providing competitive compensation and benefits, structured career development pathways, and comprehensive skill enhancement programs. Our goal is to enhance our employees' sense of belonging, achievement, and satisfaction, inspiring them to flourish alongside the Company.

We are dedicated to fulfilling our corporate social responsibility by actively participating in community public welfare initiatives and sharing the benefits of our development with society. For years, we have consistently followed the "enterprise + professional cooperatives + growers" development model, contributing to the construction of agricultural product industry chains in rural areas and supporting the national "rural revitalization" strategy. Additionally, we leverage our strengths to explore diverse and innovative approaches to community empowerment, actively engaging in areas such as public health, animal protection, and the preservation of intangible cultural heritage, thereby making meaningful contributions to public welfare efforts.

Looking ahead, we are steadfast in our mission of "To Let the World Fall in Love with Chinese Flavors". As a leading Company in the spicy snack food industry, we strive to be exemplary promoters of traditional snack flavors, pioneers of leisure lifestyles, and proponents of a sustainable future. Through collaboration with our partners, we endeavor to craft a promising blueprint for sustainable development.



01



For over two decades, our Group has embraced the corporate mission of "To Let the World Fall in Love with Chinese Flavors". We remain steadfast in our commitment to our core values of "Customer First, Employee Oriented, Operating Business with Integrity and Creating Changes", driving steady progress in our business. Simultaneously, we continuously enhance our corporate governance standards. Our aspiration extends beyond being a leader in the snack food industry; we aim to be pioneers in sustainable development, guided by a sense of responsibility and bold initiative. To this end, we have established a diverse and efficient board of directors, strengthened management in risk compliance and business ethics, and actively engaged with stakeholders to forge the "Weilong Way" towards sustainable growth.



For Responsibility Sound Corporate Governance



About Us



Corporate Governance



ESG Governance





About Us

Business Overview

Founded in 2001, Weilong Delicious Global Holdings Ltd. (stock code 9985.HK) has steadfastly upheld the core values of "Customer First, Employee Oriented, Operating Business with Integrity and Creating Changes" for over two decades. Through relentless efforts, the Company has evolved from a small food processing factory into the largest modern enterprise in China specializing in spicy snack foods, integrating research and development, production, and sales.

- 2023 • Established the Overseas Business Development Center to expand international operations. Accelerated the development of an integrated online and offline omni-channel presence.
- 2022 • The Xinglin Plant in Luohe City commenced partial production. The Company was listed on the main board of the SEHK on December 15, 2022.
- 2021 • Entered the pre-IPO round of financing and introduced strategic institutional investors.
- 2020 • Shanghai Weilong Biotechnology began operations. The construction of the Xinglin Plant in Luohe City started.
- 2019 • Established 22 sales regions and developed an omni-channel sales and distribution network by integrating online and offline resources.
• The manufacturing facility of Weidao Foods was completed and commenced production, significantly enhancing automation levels and production capacity.
- 2017 • Rapidly expanded production capacity. Implemented the globally leading SAP information management system.
• Launched self-operated online store on JD.com to further boost online sales.
- 2015-2016 • Implemented a series of brand and marketing strategies to upgrade the brand image.
• Engaged several well-known celebrities as product ambassadors to increase brand recognition.
• Expanded the production capacities of seasoned flour products and bean-based products.
- 2010-2015 • Introduced stretch film wrapping machines and other automation equipment to improve the production process.
• Opened self-operated online store on Tmall, one of China's leading e-commerce platforms, to enhance online brand promotion.
- 2006-2010 • Construction and production began at the second factory of Ping Ping Foods. Wei Long Big Latiao and Mini Latiao snacks were introduced to the market.
- 2004 • Founded Ping Ping Foods and established operations in Luohe Industrial Park.
- 2003 • Applied for the Wei Long trademark.
- 2001 • The founders, Mr. Liu Weiping and Mr. Liu Fuping, started their venture in Luohe City, Henan Province, created the first Latiao snack.

Products and Business Development

Inspired by traditional Chinese flavors, the founders of our Group began their journey with seasoned flour products, commonly known as "Latiao", laying the foundation for Weilong's business. Today, as a prominent player in China's spicy snack food industry, Weilong has established itself as a renowned snack food brand across the nation. It has accompanied generations of young people through their growth, cultivating a large and loyal fan base.

Our Group focuses on the research and development, production and sales of seasoned flour products, vegetable products, bean-based products, and other categories. Our key products include Big Latiao (大面筋), Mini Latiao (小面筋), Konjac Shuang (魔芋爽), Fengchi Kelp (风吃海带), Soft Tofu Skin (软豆皮), 78° Braised Egg (78°卤蛋), BADAOPANDA Latiao ("霸道雄猫"麻辣辣条) and "XIAO MO NV" Vegetarian Tripe ("小魔女"素毛肚), and "CUI HUO HUO" Spicy Crisp Latiao ("脆火火"辣脆片), among others.

In recent years, amidst the escalating competition in the snack food industry, our Group continuously innovates and expands its product matrix by actively launching new products to meet the diverse needs of consumers. Furthermore, we have increased our investments in workflow processes, organizational structure, and intelligent manufacturing to continuously improve our operational efficiency. As a leader in the industry, our Group now has two R&D centers and a professional research team with expertise in food engineering, food safety and nutrition, polymer chemistry, biology, and inspection and testing. Through a variety of R&D activities, we are constantly upgrading, innovating, and developing new technologies to meet evolving consumer preferences and drive sustainable sales growth.

In response to the evolving purchasing behaviors of modern consumers, we have rapidly expanded our distribution channels, focusing on platforms popular among young demographics, including supermarkets, chain convenience stores, and e-commerce platforms. Currently, we collaborate with 1,708 offline distributors, ensuring our distribution network covers the entire country. Simultaneously, we have strengthened our presence on major e-commerce platforms and leveraged channels such as e-commerce and social media. Through interaction with consumers, our objective is to cultivate a trendy and captivating brand image, thereby the appeal of our products to young consumers and turning them into natural brand ambassadors.





Mission, Vision and Values

Our Mission



To let the world fall in love with Chinese flavors

Our Vision



Make authentic Chinese gourmet more entertaining, casual, convenient and affordable, embrace digital-intelligentization and ultimately build a great business that brings joy and happiness to people for 123 years

Our Values



Customer First, Employee Oriented, Operating Business with Integrity and Creating Changes

Customer First

Centered on Consumer Experience

Only by continuously creating value for our customers can individuals achieve their dreams and enterprises continue to flourish.

Employee Oriented

Focused on the Creator

Creators are the most precious assets of our Company. Focusing on personal growth, employee development, and organizational progress is essential for our survival and advancement.

Operating Business with Integrity

Honesty and Trustworthiness in Conduct, Entrepreneurial Mindset in Action

Honesty and trustworthiness are fundamental to our existence and are the basic principles for communication and cooperation. An entrepreneurial mindset is crucial for establishing a business, enabling individuals to realize their value, achieve success, and maintain our Company's core competitiveness.

Creating Changes

Innovation-Driven Development

In a world where customers and competitive landscapes are constantly evolving, failure to adapt means being left behind by the market. Embracing change and innovation is the only path to victory.

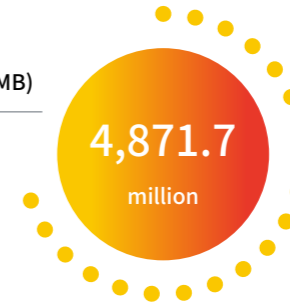
Standards of Practicing Core Values

Economic performance

As a leading enterprise in China's spicy snack food industry, our Group has maintained strong momentum for business growth. Since our listing, we have utilized our significant brand influence to consistently elevate the quality of our products, channels, brand, and supply chain.

In the current fiscal year, amidst the gradual recovery of the consumer economy, our Group has intensified its focus on product innovation and research and development. Building on our foundation of standardized operations, we seized the opportunities presented by the prevailing market conditions and elevated our management standards, resulting in a substantial increase in our revenue. As of the end of 2023, the annual revenue of the Group reached RMB 4,871.7 million.

Revenue (in RMB)





Honors and Awards

Categories	Name of Awards	Awarded by
Capital	Industry Influence Award of the Year	Stockstar
	2023 Annual Growth Top 100 Listed Companies	Xueqiu
Brand	2023 National Consumption Fashion Leading Case	People.cn
	TopBrand China 500 in 2023 Value Certificate of China's Top 500 Brands	China Brand Festival
	Golden Jade Award Weilong Unique Ingenuity Award	2023 China (Zhengzhou) New Consumer Industry Brand Summit led by Zhengzhou Municipal People's Government
	2022-2023 Food Safety Exchange Case Medal	China Food Safety News
	Certificate of "National Quality and Integrity Benchmark Enterprise"	China Association for Quality Inspection
	National Product and Service Quality Integrity Brand	China Association for Quality Inspection
	National Quality Leading Brand in the Spicy Snack Food Industry	China Association for Quality Inspection
Brand	Annual Brand Upgrade Exploration Award	TMTPost
	Consumer Brand of the Year	TMTPost
	Goldsmith Award	CMO CLUB
	Brand Innovation Award	TBI

Categories	Name of Awards	Awarded by
Product	Product Innovation Award of the Year	Lanjinger
	Category Expansion Award	China Business Journal
	Lingfeng Award	DoNews
	National Quality Inspection Reputation Guarantee Product	China Association for Quality Inspection
	2023 Top Ten Quality Consumer Innovation Award	21st Century Business Herald
Marketing	2023 Creator's Product Innovation Grand Award Gold Award	Co-hosted by TopMarketing and New Consumer Creator
	Gold Award in Live Streaming Marketing for the "Everything Has Its Source" PR Communication Project by Wei Long × Xinhuanet	TopDigital
ESG	Weilong Low-carbon Digital Intelligent Factory	Wallstreetcn
	Central Plains ESG Emerging Enterprise	2023 (18th) Yellow River Fortune Forum



ESG Governance

The Group upholds high standards of ESG governance, integrating the principles of sustainable development into our day-to-day operations. Aligned with our business objectives and industry dynamics, we have implemented an ESG management system tailored to our specific development requirements. We proactively engage with stakeholders to promptly identify ESG risks and opportunities, thus consistently improving our overall governance framework. This proactive approach serves as a cornerstone for the sustainable development of our Company.

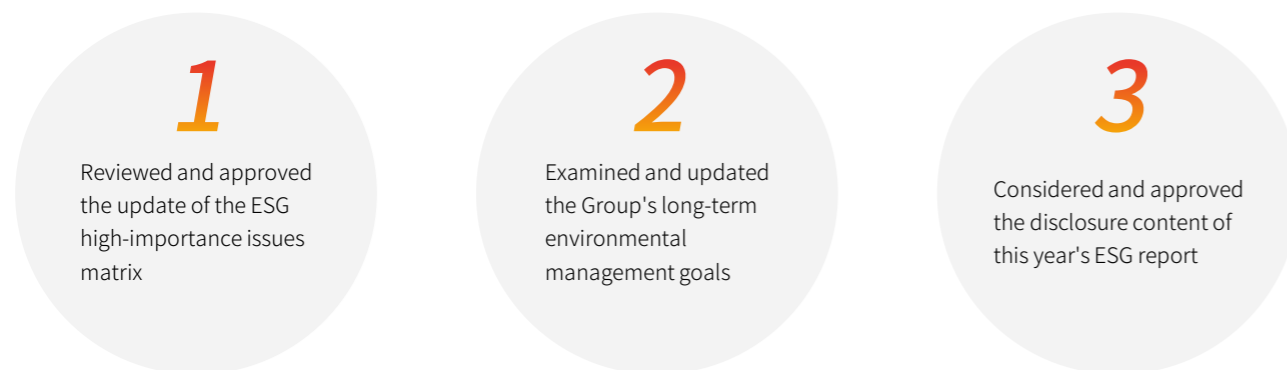
Statement from the Board of Directors

Our Group strictly adheres to laws and regulations such as the *Company Law of the People's Republic of China*, the *Hong Kong Companies Ordinance*, and the *Corporate Governance Code* (Appendix C1) and the *Environmental, Social, and Governance Reporting Guide* (Appendix C2) of the Listing Rules of the SEHK. We continuously enhance our ESG governance capabilities and refine our ESG governance structure.

The Board of Directors directly oversees ESG governance matters and holds ultimate accountability for formulating and monitoring the Group's ESG strategies, policies, and objectives. Additionally, we have established a three-tier ESG governance structure comprising the Board of Directors, the ESG Management Team, and the ESG Working Group, each responsible for the oversight, management, and execution of ESG matters, respectively.

Our Board of Directors keeps a close eye on market trends, evaluates ESG risks and opportunities, and continually refines the Group's ESG management strategies and policies in response to the evolving landscape of our business and external dynamics. The Board also actively communicates with stakeholders to understand their ESG concerns, seeks input from external experts, and consistently identifies ESG issues. This ongoing process allows us to regularly reassess and update material topics, ensuring clarity regarding the focus of our ESG initiatives.

During the reporting period, the Board of Directors undertook the following activities:



ESG Governance

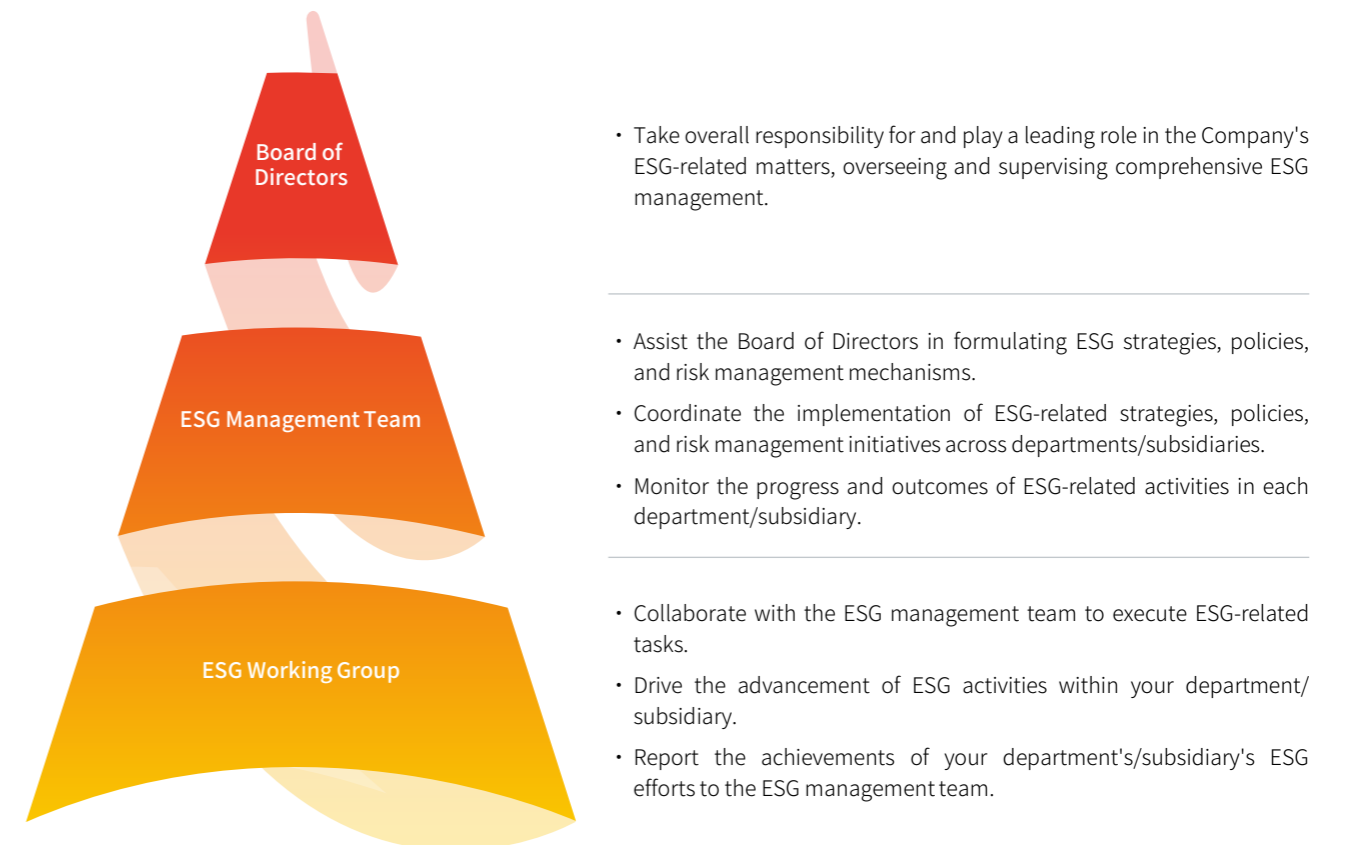
The Group considers ESG management as the strategic core of our sustainable development. To meet the diverse needs of our stakeholders, we continuously improve our ESG strategies and governance structure. This helps us achieve sustainable growth, establish long-term ESG principles, and build strong trust with stakeholders through diverse and efficient communication channels. As we refine our ESG governance, our goal is to cultivate a responsible corporate image, fulfill our social responsibilities, and drive the overall development of our Company.

ESG Concept

The Group is dedicated to being a socially responsible enterprise, embedding ESG principles into our business strategies and daily operations. We prioritize responsible attitudes and sound governance principles to ensure steady development. While consistently innovating and developing products, we maintain rigorous product quality management, striving to bring consumers delicious and joyful experiences while minimizing the negative impact on the environment in every operational process. Additionally, we uphold a people-oriented philosophy, emphasizing employee empowerment and fostering mutual growth between our employees and the Group. We actively engage in charitable activities, striving to give back to society and contribute to its prosperity and progress.

ESG Governance Structure

The Group has established a comprehensive ESG management structure. The Board of Directors, as the highest ESG governance body, oversees ESG risks, strategy formulation, execution, and sustainability disclosure with support from the ESG management team. The ESG working group coordinates the implementation of specific goals and projects across the Group, manages ESG indicator data, and reports results. We define, coordinate, and unify clear responsibilities across all levels, with all functional departments and subsidiaries actively participating in implementing the ESG action plan to ensure the comprehensive and sustainable operation of our business.



ESG Governance Structure and Responsibilities

Stakeholder Engagement

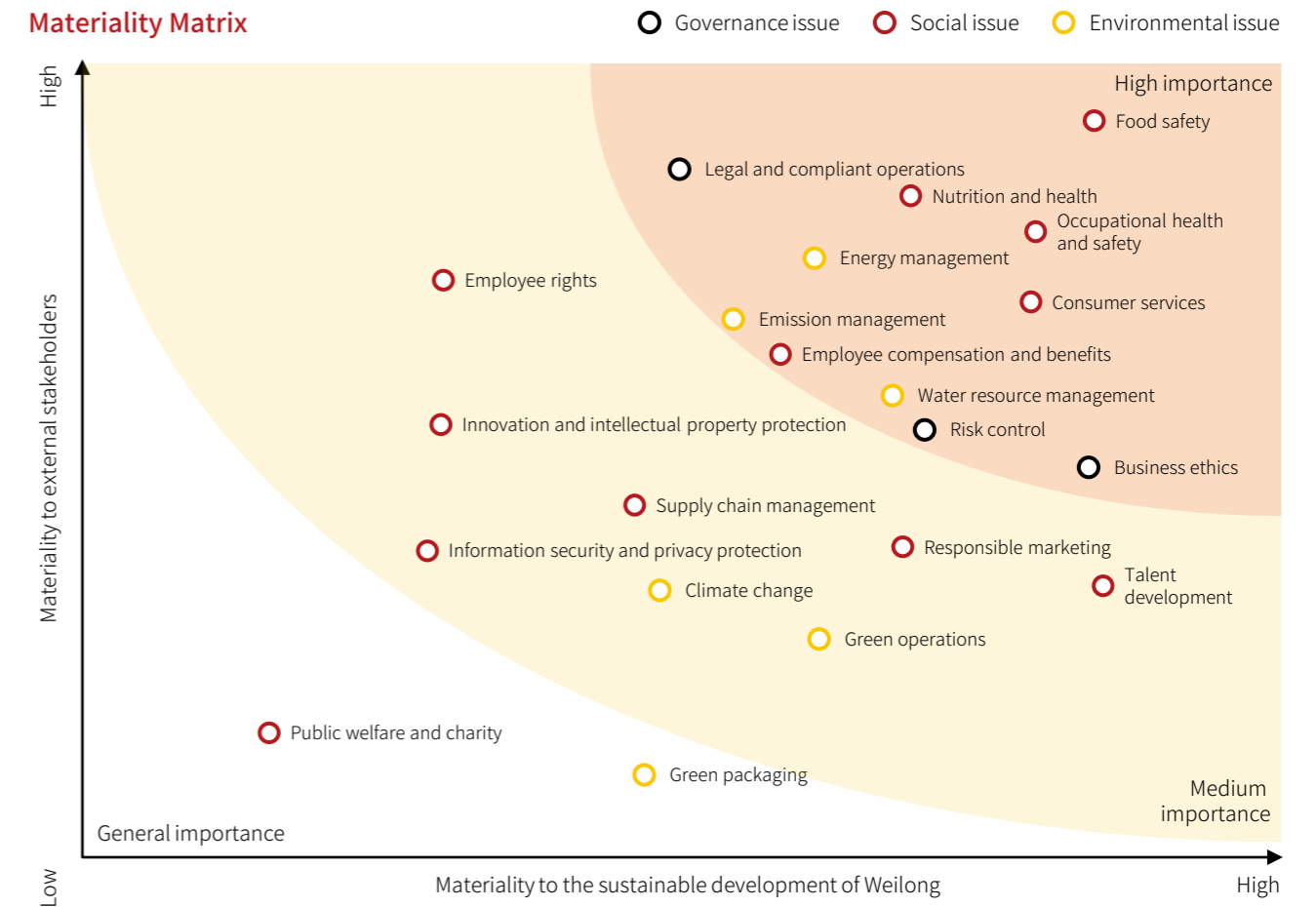
The opinions of stakeholders play a crucial role in shaping the priorities and direction of the Group's ESG-related activities. Therefore, we highly value their input, maintain close contact with them, and promptly respond to their needs to enhance our ESG management. We communicate effectively with stakeholders through various channels such as email, telephone calls, on-site visits, and participation in industry symposia and summits.

Stakeholders	Key Communication Topics	Communication Channels
Shareholders/Investors	<ul style="list-style-type: none"> Board Diversity Compliance operations Anti-Corruption Anti-monopoly and anti-unfair competition Information security and privacy protection 	<ul style="list-style-type: none"> HKEXnews and our Group's official website Regular reports and announcements Emails to investors Investor roadshow meetings Investor Day
Employees	<ul style="list-style-type: none"> Employee compensation and benefits Employee advancement and development Employee training and development Occupational health and safety Protection of employee rights and interests Diversity and equal opportunities 	<ul style="list-style-type: none"> Regular employee meetings Regular communication, surveys, and feedback Internal activity communication channels Training activities Labor Union
Suppliers	<ul style="list-style-type: none"> Supply chain management Product and service quality assurance Compliance management 	<ul style="list-style-type: none"> Contracts and agreements Supplier evaluation Supplier communication and training
Government and Regulators	<ul style="list-style-type: none"> Compliance management Anti-corruption Anti-monopoly and anti-unfair competition Social welfare Energy consumption management Water resources management Sustainable packaging 	<ul style="list-style-type: none"> Information disclosure and reporting Visitor reception Project cooperation Supervision and inspection
Customers	<ul style="list-style-type: none"> Product quality and safety Customer privacy 	<ul style="list-style-type: none"> Customer visits Market surveys National customer service hotline
Media	<ul style="list-style-type: none"> Product and service quality assurance User complaint management Information security and privacy protection Supplier and partner management Social welfare Response to climate change Carbon emission management 	<ul style="list-style-type: none"> Daily communication and response Public opinion monitoring and response News disclosure on the official website Interviews and talks Participation in offline media activities Online media forums
Communities	<ul style="list-style-type: none"> Community investment 	<ul style="list-style-type: none"> Volunteer services Community services

Material Issues

In 2023, guided by the Group's strategy and operational realities, the ESG management team identified 21 ESG-related issues. We engaged in extensive communication with our stakeholders and conducted a thorough analysis and evaluation of these ESG issues, resulting in the creation of a materiality matrix. This matrix comprises 9 issues of high importance, 8 of medium importance, and 3 of general importance.

Materiality Matrix



Degree of Importance	No.	Issues	Category	No.	Issues	Category
Issues of high importance	1	Food safety	Social issue	7	Water resource management	Environmental issue
	2	Occupational health and safety	Social issue	8	Emission management	Environmental issue
	3	Nutrition and health	Social issue	9	Employee compensation and benefits	Social issue
	4	Consumer services	Social issue	10	Risk control	Governance issue
	5	Legal and compliant operations	Governance issue	11	Business ethics	Governance issue
	6	Energy management	Environmental issue			
Issues of medium importance	12	Employee rights	Social issue	16	Innovation and intellectual property protection	Social issue
	13	Responsible marketing	Social issue	17	Climate change	Environmental issue
	14	Talent development	Social issue	18	Green operations	Environmental issue
	15	Supply chain management	Social issue	19	Information security and privacy protection	Social issue
	20	Green packaging	Environmental issue	21	Public welfare and charity	Social issue
Issues of general importance						

Corporate Governance

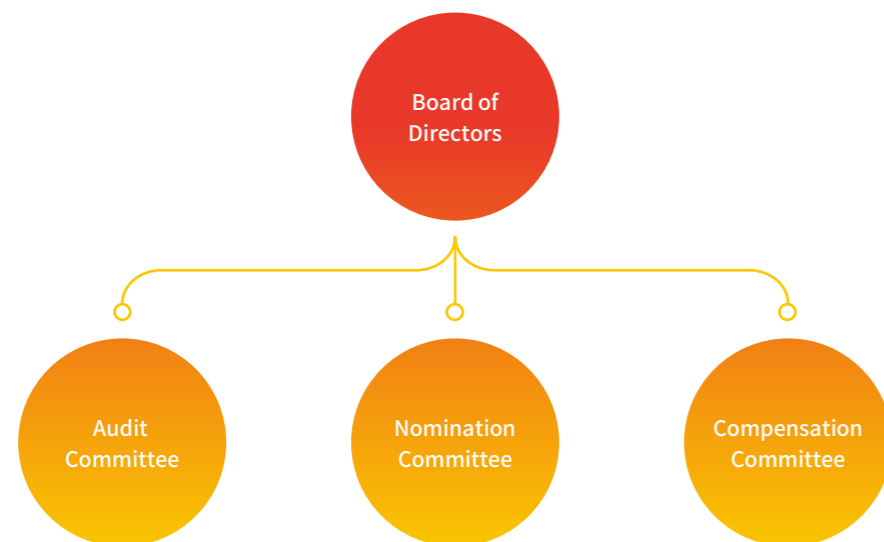
We firmly believe that sound corporate governance is the cornerstone of our Company's robust development. Over the years, we have dedicated ourselves to maintaining stable revenues, complying with the laws and regulations of our operating locations, establishing and continuously improving a robust governance structure, and enhancing our corporate governance capabilities. Simultaneously, the Group has consistently strengthened risk identification and management in operational processes, developed a comprehensive and robust business ethics system, maintained a stable and upright corporate environment, and persevered in achieving the Company's long-term sustainable development.

Operation of the Board

The Group strictly complies with the *Company Law of the People's Republic of China* and other relevant laws and regulations of its operating locations, as well as regulatory requirements of its listing venues. We continuously enhance our internal management systems, elevate our corporate governance standards, effectively mitigate operational risks, safeguard the rights and interests of shareholders and stakeholders comprehensively, fulfill our corporate social responsibilities, and strive for the Company's long-term and stable development.

The Board of Directors serves as the Group's primary decision-making body, accountable to the General Meeting of Shareholders. It is supported by the Audit Committee, Nomination Committee, and Compensation Committee, which assist in corporate governance and oversee specific Company affairs. We recognize that diversity on the Board fosters the exchange and integration of ideas, thereby enhancing governance efficiency. Consequently, we actively promote diversity among Board members in terms of industry experience, professional backgrounds, and skills. As of the end of the reporting period, our Board comprises nine directors, including six executive directors and three independent non-executive directors. Among them, two are female directors, accounting for 22.2% of the Board.

As of the end of the reporting period, we convened four Board meetings.



Corporate governance structure

Risk Management and Control

The effectiveness of risk prevention and governance plays a critical role in determining the stability and sustainability of an enterprise. Our Group meticulously manages risks in its day-to-day operations and has implemented a comprehensive internal control and risk management framework. Our audit department conducts regular risk analyses and assessments, evaluates the internal control system, and offers risk management recommendations to management based on the Company's business and operational conditions.

We have established a comprehensive risk management structure comprising the Audit Committee, Internal Audit Department, Internal Control Department, and Legal Department to ensure the effective implementation of risk management measures and support the Company's stable development.



We have established a top-down, tiered risk management system. The Audit Committee leads the Internal Audit Department in coordinating with various functional departments and subsidiaries to conduct internal audit meetings, carry out annual risk assessments, and oversee the implementation of internal control and risk measures.

In 2023, our Internal Audit Department prioritized risk management with a focus on "identifying weaknesses" and "facilitating rectification". We audited potential risks in business operations, promptly followed up on the progress of risk issue rectification, and enhanced the efficiency of improvements.

Identifying Weaknesses

We conducted internal control audits on our systems, processes, standards, and management requirements in business operations to verify whether there are any missing or flawed designs. This effort primarily targeted the internal control assessment of key control points in business modules such as material procurement, data handover, site management, quality management, equipment management, warehousing, and logistics across various production companies.

Facilitating Rectification

We prompted business departments to address any identified deficiencies or flaws in internal control design and promptly verified the effectiveness of the rectifications. Issues that remained unresolved were escalated to management. Moreover, we enhanced the transparency and efficiency of the rectification system's approval and tracking processes through visualization.



Business Ethics

We are dedicated to fostering a clean and ethical corporate culture, prioritizing the collective interests of the Group and its shareholders. We uphold a strict zero-tolerance policy against corruption and breaches of business ethics. To this end, we have implemented rigorous business ethics standards and policies, fostering internal integrity and information security. Furthermore, we actively encourage our partners to embrace ethical business practices and aspire to become reputable suppliers.

Anti-Corruption

In our daily operations and management, our Group places a high priority on anti-corruption and business ethics management. We have implemented several internal measures to prevent fraud and address deviations. These include conducting anti-corruption campaigns for suppliers and different departments within the Group, as well as providing specialized anti-corruption training for employees, the board of directors, and suppliers. As of the end of the reporting period, the Group has not faced any corruption-related lawsuits.

System Construction

In 2023, we further enhanced our business ethics management system, strictly adhering to relevant laws and regulations such as the *Anti-Unfair Competition Law*, *Anti-Money Laundering Law*, *Audit Law*, the *Anti-Monopoly Law*, *Company Law*, and the *Criminal Law of the People's Republic of China*. Simultaneously, we internally developed and updated systems such as the *Anti-Money Laundering Internal Audit System*, *Reporting Management System*, and the *Weilong Reporting Reward Management Measures*. These systems clarify the Company's business ethics management mechanisms in areas such as anti-corruption prevention and control, internal reporting, investigation, and disciplinary measures, and regulate employee behavior. Furthermore, we deepened compliance management with our partners, revised the *Procurement Integrity Management Measures*, and continued to promote the signing of Integrity Agreements with our partners.

In April 2023, we joined the Trust and Integrity Enterprise Alliance to create an honest and clean business environment with industry allies.



Integrity Education

We continually publish integrity-related posts on our official WeChat account. During periods with heightened corruption risks, such as the Dragon Boat Festival and Mid-Autumn Festival, we release holiday-themed integrity posts and conduct integrity quizzes to promote ethical behavior among our partners and Company employees.



Festival integrity posts

We actively produce and share videos on integrity themes, encouraging employee participation in their creation. This approach subtly strengthens their awareness of integrity and anti-corruption. In September 2023, we independently produced the video "Integrity Confessions", using internal cases to caution employees about adhering to rules and regulations.



At the same time, our self-produced integrity micro-video "Untainted" won third prize in the "Integrity in China, Impacting the World" Micro-Video Competition organized by the Enterprise Anti-Fraud Alliance.



This year, we continued to conduct anti-corruption and integrity promotion training activities, aiming to normalize integrity education, enhance employees' awareness of integrity, and foster a culture of integrity. We hold annual integrity briefings, covering all members of the Board of Directors, senior leadership, and employees in positions vulnerable to integrity risks. Additionally, we require all employees to sign an integrity agreement upon joining and conduct monthly training for new employees. The training covers the Company's internal control system, integrity education, and other topics to strengthen employees' awareness of integrity and fortify our integrity defenses.



New employee training

During the reporting period, each member of the Board of Directors participated in anti-corruption training for an average of 2.5 hours, while other employees participated for an average of 6 hours.



Annual integrity briefing



Reporting Mechanism

We have established accessible complaint and reporting channels and commit to strictly adhering to the updated *Reporting Management System* when handling reported incidents. Additionally, the Integrity Agreement we sign with suppliers highlights the Company's emphasis on addressing supplier corruption. This year, beyond accepting reports via email and SMS, we have also introduced online reporting channels. These include an Enterprise WeChat Mini Program for internal employees to submit reports and a WeChat Mini Program for external individuals.

Reporting Channels of the Group



Enterprise WeChat Mini Program



WeChat Mini Program

Tel.: 13939531914

E-mail: liu_weiping@wlsjpt.com

We implement strict confidentiality measures when investigating reported incidents. Our *Reporting Management System* ensures the privacy and safety of informants, and explicitly prohibits the disclosure of reporting clues and handling methods. Without authorization, no one is permitted to excerpt, copy, borrow, detain, or destroy reporting materials.

For reported incidents, we follow different investigation and handling processes based on the severity of the incident:



Information Security

We consider information security an essential aspect of our legal and compliant business operations. We strictly adhere to national laws and regulations, including the *Cybersecurity Law of the People's Republic of China*, the *Administrative Measures for the Graded Protection of Information Security*, the *Data Security Law of the People's Republic of China*, the *Regulations on the Safety Protection of Computer Information Systems*, the *Personal Information Protection Law of the People's Republic of China*, and the *Administrative Measures for Network Information Security of the People's Republic of China*. Based on these laws and regulations, we have developed internal policies such as the *Information Security Management System*, *Private Cloud O&M Management System*, and *Database O&M Management Specifications*. These policies are designed to strictly safeguard our internal information security, ensure the compliance of our information collection and processing, and enhance our overall information security compliance level.

To achieve the goal of "zero occurrence" of information security incidents in our business activities, we have established a rigorous information security management process. We have deployed professional security systems, including the IOA zero trust platform, EDR endpoint security solutions, and professional next-generation firewalls, to comprehensively protect all endpoint devices, servers, networks, and open systems.

Since 2018, the Group has maintained a record of zero security incidents, demonstrating the effectiveness of our commitment to information security.

Security Management Platform/System

- IOA zero trust platform
- EDR endpoint security solution
- Professional next-generation firewall
- WAF application firewall based on Alibaba cloud-based WAF application firewall
- Mail firewall
- DLP endpoint data loss prevention system
- Disaster recovery platform
- Cloud mirror server security management platform

Safety Monitoring Platform

- In 2023, we updated our information security monitoring platform, which enables automatic detection, real-time monitoring, and early warning of potential security threats
- The platform's early warnings provide detailed information such as the type of attack, affected systems, and recommended countermeasures, facilitating a rapid response from our security teams.



To enhance employee awareness of information security, we regularly disseminate the Company's information security policies and procedures through both online and offline training methods. We mandate that all new employees undergo information security training, which encompasses topics such as information security policies, best practices, and response strategies. Additionally, we designate specific days or weeks for information security awareness, during which we organize lectures, workshops, and other activities to strengthen employees' understanding of information security and their ability to recognize and counteract cyber fraud. In 2023, the information security training reached a coverage rate of 80% among all employees.

Furthermore, in 2023, we conducted internal and external audits related to information security to further ensure the compliance and effectiveness of our information security framework.

Internal Audit

- Regularly evaluate the implementation of information security policies, employee compliance and the effectiveness of security measures
- Review the handling records of information security incidents to ensure adherence to Company systems and regulatory requirements

External Audit

- We have undergone an external audit conducted by a third party, which encompassed risk assessment, data protection, cyber security measures and compliance



02



Our Group firmly believes that food safety is the "lifeline" of a business. Upholding the principle of "quality first", we are dedicated to establishing a food safety system that leads the industry. We rigorously ensure food safety, continually drive research and development innovation, and consistently enhance customer service. Our aim is to provide consumers with healthier and tastier snack options and a more convenient and pleasant service experience. Additionally, we are committed to empowering the collaboration between upstream and downstream industries, strengthening supply chain management, fostering industry communication, and collaborating with various partners to craft a vision of sustainable development.



For Quality Advancing Safety Innovation



Quality First



Exceptional Service



Health and Innovation



Collaborating for Mutual Success



Supply Chain Management



Quality First

Food Safety System

Our Group strictly adheres to legal and regulatory requirements, including the *Food Safety Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China*, and the *Administrative Measures for National Food Safety Standards*. We are committed to fulfilling our primary responsibilities for food safety. We have established a three-tier food safety management process guided by the *Quality and Food Safety Management Manual*. Through a range of process controls and standardized business documents, we have developed a comprehensive food safety management system that covers the entire supply chain.



We have established a comprehensive food safety system, with 100% of our product production plants covered by the Food Safety System Certification (FSSC) 22000 and the Hazard Analysis and Critical Control Points (HACCP) certification.

Annually, we conduct a review of the FSSC 22000 and HACCP systems for each plant to ensure the compliance and effectiveness of our food safety system. During the reporting period, we underwent 10 regulatory reviews and 6 independent third-party system certification audits, all of which were successfully passed. We will continue to advance the certification of various international food safety management systems, drawing on advanced management experiences to construct an industry-leading quality and food safety management system.



Food Safety Actions

Our Group implements full lifecycle quality control for all our products, managing and enhancing every aspect from raw material procurement, production environment management, technological advancements, product testing, to product traceability.

During the reporting period, we were honored with the "National Quality and Integrity Benchmark Enterprise" award by the China Association for Quality Inspection, which reflects the recognition of our product quality and management capabilities by various sectors of society.



Food Safety Risks Management and Control

Our Group rigorously manages food safety risks from source to endpoint, appointing dedicated food safety management personnel across all stages of product production, testing, and sales throughout the entire product lifecycle. We continuously monitor risks arising from various factors, including updates to laws, regulations, and standards, use of raw materials, and production processes. Based on the results of risk identification, we organize control processes and business standards to ensure that risks are preventable and controllable, safeguarding food safety.

Food Safety House Demonstration Initiative

We mandate that all production facilities adhere to uniform standards in the layout and design of food safety houses. By displaying food safety information boards, arranging food safety document cabinets, and setting up food safety wall slogans, we enhance the standardized management of food safety. During the reporting period, our food safety houses underwent 6 regulatory inspections and received high recognition from the State Administration for Market Regulation, serving as a benchmark for the industry.

Quality Management and Testing

Our Group places a high priority on testing and monitoring product quality. Our professional and advanced testing center is equipped with state-of-the-art instruments, including microbial rapid testing devices, liquid chromatography-mass spectrometry, gas chromatography-mass spectrometry, and ICP-MS. These tools enable comprehensive quality testing across all aspects of our products, from raw materials and process microbiological monitoring to finished products, packaging bags, and cartons. Furthermore, we continually enhance our testing management and the capabilities of our testing team, using various testing data to support the optimization and upgrading of our Group's food safety system.

During the reporting period, our Group conducted a specialized food safety risk monitoring initiative in line with the *Provisions on Administration of Food Safety Risk Management Regulation* and the annual monitoring plan. This initiative encompassed comprehensive risk monitoring of quality indicators such as heavy metals, pollutants, mycotoxins, food additives, pesticide residues, and microorganisms in products like edible agricultural products, grain processed products, additives, fresh vegetables, and condiments. The monitoring compliance rate achieved was 100%.

Product Recall Management

In compliance with the *Administrative Measures for Food Recall*, our Group has established the *Product Withdrawal/Recall Control Procedures* and the *Identification and Traceability Control Procedures* to ensure timely management of potential anomalies through standardized processes. Furthermore, we actively conduct simulated recall exercises, requiring each production plant to conduct two simulated traceability exercises annually (one forward and one backward traceability) to guarantee the effectiveness of our product recall protocol.



Product Recall Procedures

At the same time, we continuously enhance and upgrade our food safety traceability system. We employ paperless and automated methods to precisely track product batches and sales endpoints, establishing bidirectional traceability capabilities from raw materials to sales. This ensures accountability and further safeguards product safety and quality.

During the reporting period, our Group did not experience any product recalls related to safety and health.

Food Safety Culture

Our Group is dedicated to raising the quality consciousness and standards of our employees. We conduct regular food safety training for all staff members to foster a culture of food safety in which everyone participates. We rigorously adhere to the Provisions on the *Supervision and Administration of the Implementation of Main Responsibility for Food Safety by Enterprises* issued by the State Administration for Market Regulation. We have established a food safety responsibility system where the principal person in charge of the Company assumes overall responsibility, while the food safety director and food safety officer are responsible at different levels.

During the reporting period, in line with our annual training plan, we carried out 135 food safety training sessions. These included two training sessions for the main person in charge of the Company, three for food safety directors, and monthly training for food safety officers, actively fulfilling our primary responsibility for food safety.



Health and Innovation

Our Group believes that R&D and innovation are the driving forces behind corporate growth. We steadfastly uphold the core values of "Customer First, Employee Oriented, Operating Business with Integrity and Creating Changes", continually increasing our investment in innovation in areas such as products and technology. We are dedicated to delivering safer, healthier, and tastier innovative products to our consumers.

Innovative R&D System

Our Group considers enhancing product quality and consumer experience as the strategic core, consistently refining our innovative R&D management capabilities. We have established a comprehensive project management system and have standardized the entire product development process through internal management documents such as the *Project Management System*, the *New Product Development Process*, and the *Innovation Management System*.

Our R&D center is comprised of 7 specialized branch teams that conduct R&D work across various dimensions, including products, equipment, packaging, and energy management. This multidimensional approach ensures the robustness of our innovative R&D system.



To enhance our innovation management and decision-making efficiency, thereby fostering the application of innovative ideas, we refined our *R&D Innovation Management Process* and *Innovation Proposal Process* during the reporting period. Through a well-structured innovation system and motivational policies, we significantly boosted our employees' enthusiasm for innovative R&D endeavors. This year, we undertook 40 R&D projects across four major categories: product, technology development, technology research, and management, continually elevating product quality and enriching the consumer experience.

Nutritious and Healthy Products

In alignment with national strategies such as the "Healthy China 2030" Plan and the *Chinese Dietary Guidelines*, our group is guided by the principles of "three reductions and one control"—reducing oil, salt, and sugar intake, while controlling additives. With technology and innovation as our pillars, we develop new formulas, processes, and products, upholding the social responsibilities of a food enterprise.

We conduct nutritional assessments and analyses on various products, consistently gathering consumer feedback, and gradually establishing work plans in domains like salt reduction, oil reduction, and clean labeling. Concurrently, we actively explore more nutritious ingredients and conduct relevant application tests, aiming to offer consumers healthy products that balance delightful taste with high nutritional value.



Intellectual Property Protection

Our Group attaches great importance to intellectual property management, adhering strictly to laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. We are committed to respecting the intellectual property rights of others while vigorously combating any infringement.

We have established the *Intellectual Property Management and Control Procedures* to clearly define the concept, review process, and maintenance and management of intellectual property. By strengthening the comprehensive management of intellectual property, we provide robust support for the innovative development of our Company. Additionally, we actively conduct training and dissemination related to intellectual property, offering courses on intellectual property standard implementation, patent mining skills, and patent search strategies to front-line employees and managers in R&D, supply chain, sales, and legal affairs. Our aim is to continuously deepen the cultivation of an intellectual property culture.

During the reporting period, our Group was granted 11 new patents and filed 34 new patent applications. By the end of the reporting period, our Group had accumulated a total of 197 authorized patents and 982 registered trademarks.

Granted new patents

11

Filed 34 new patent applications

34

Accumulated authorized patents

197

Registered trademarks

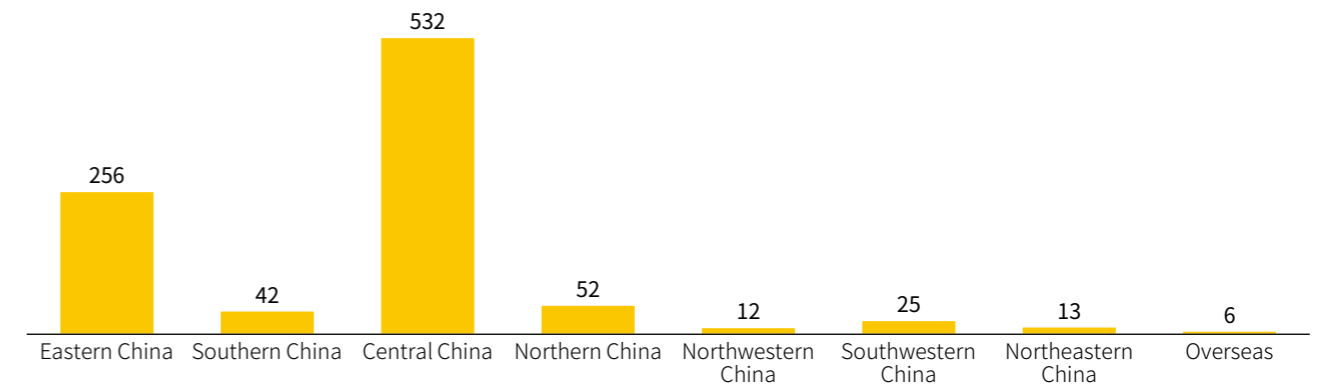
982



Supply Chain Management

A stable, healthy, and sustainable supply chain is a vital safeguard for product quality. Our Group is committed to building a responsible supply chain, continually refining our supplier management system, and collaborating with supplier partners to ensure food safety. As of the end of the reporting period, our Group had a total of 938 suppliers, with all undergoing an access review. This includes 114 suppliers of raw and auxiliary materials, 30 suppliers of agricultural and animal products, 48 suppliers of packaging materials, 674 equipment suppliers, and 72 other comprehensive suppliers. The specific distribution is as follows:

Supplier Status by Region



Supplier Access

To enhance our supplier management mechanism and optimize the construction of our supplier echelon, we have formulated the *Supplier Access Management Measures*, which define the screening criteria and operational procedures in the supplier access phase. During the reporting period, we implemented the Supplier Relationship Management (SRM) system to strengthen the systematic management of the supplier lifecycle. By optimizing functionalities and process designs across the four stages of registration, potential evaluation, qualification, and elimination, we have improved the efficiency of our supplier management.

Supplier Sourcing

- We publicize tender information on the Company's official website and WeChat official account to initiate the search for high-quality suppliers.
- A preliminary background investigation is conducted on potential suppliers, and those who meet the criteria are registered and certified in the SRM supplier management system.

Comprehensive Supplier Audit

- A cross-departmental tender working group conducts a thorough audit of suppliers, evaluating them based on criteria such as corporate qualifications, system certifications, and food safety performance. Suppliers involved in products are required to submit samples for test runs.
- In accordance with our *Supplier Quality Management Process*, we exercise a veto power on suppliers with food safety and quality issues, and all raw and auxiliary material suppliers must be HACCP system certified.

Supplier Factory Visit Evaluation

- The tender working group conducts on-site factory visits and evaluations of suppliers that have passed the audit. They carry out comprehensive inspections focusing on aspects such as upstream suppliers, warehouse management, incoming material management, transportation management, and traceability of non-conforming products. An evaluation report is issued, and the decision to onboard the supplier is made based on the results of the evaluation.

Supplier Access Procedures



Supplier Assessment

To establish and maintain an effective procurement system, our Group has developed the *Supplier Performance Appraisal Management Measures* to manage and assess the quality, delivery, and service of suppliers and purchased products, continuously enhancing our supply chain management.

We conduct supplier assessments quarterly, with joint responsibility shared among the procurement, quality, and R&D departments. Based on the assessment results, we categorize suppliers into risk levels. In addition, we regularly conduct various on-site reviews such as factory visits and spot checks. We mandate that these reviews cover all high-risk suppliers every three years to continuously strengthen our supply chain risk management and control.

Depending on the results of the supplier reviews and evaluation scores, we categorize suppliers into four grades: A (excellent), B (good), C (qualified but requires improvement), and D (unqualified). We then undertake measures for supplier incentives, rectification, and elimination. During the reporting period, we conducted reviews for all suppliers.

We continuously monitor the status of our suppliers' qualifications. Our SRM supplier management system automatically notifies suppliers when their qualifications are due to expire. Suppliers must submit updated qualifications and receive approval through the system before they can place orders.

In response to significant nonconformities that occur with suppliers, we conduct surprise inspections and perform root cause analysis of the issues. We assist suppliers in developing and implementing corrective action plans to address the problems at their source.



Each year, we develop a plan for visiting supplier factories. We conduct comprehensive evaluations of suppliers from various perspectives, including food safety system management, management of secondary suppliers, inspection of incoming raw materials, inspection of finished products before they leave the factory, and control of the production process.

We have stringent green environmental protection standards for all our suppliers, strictly prohibiting the use of vehicles that do not meet the National V emission standards for transporting supplies. Additionally, we are committed to promoting the recycling of materials in our supply chain, encouraging suppliers to reuse packaging turnover boxes, flour flexible freight bags, and ingredient barrels to foster the development of a green supply chain.

Supplier Risk Management and Control

Our Group attaches great importance to suppliers' ESG performance. We integrate ESG factors such as business ethics, product quality, labor rights, and climate change into our supply chain risk management and control system. We have developed preventive and responsive measures for various risk types, aiming to build an efficient, stable, and sustainable supply chain.

Supply Chain Integrity Management

We always adhere to the principle of "conducting business with integrity and upholding morality". We apply the strictest standards to our procurement processes to ensure integrity. We have established the *Procurement Integrity Management Measures*, which specify prohibited actions and penalties for each business process, to prevent incidents that breach integrity principles.

We mandate that all our suppliers sign an Integrity Agreement and regularly conduct integrity reviews and dissemination. Suppliers who violate business ethics and exhibit dishonest behavior will be added to our Group's supplier blacklist and will be permanently barred from future cooperation. Additionally, as members of the Enterprise Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance, we share a blacklist of disreputable suppliers with other member organizations and refuse to collaborate with any suppliers on the blacklist, thereby fostering a clean and honest business environment.

Supply Chain Stability Assurance

External factors such as adverse weather conditions, regulatory requirements, and unexpected social events can significantly impact our supply chain, potentially leading to serious consequences like work stoppages, production halts, and material shortages. To ensure supply chain stability, we have developed the *Procurement and Supply Emergency Response Management Measures*. This document outlines the impact levels, emergency procedures, responsibilities of each department, and response times for different types of risks, aiming to minimize the influence of various risk factors on our Group's production and operations.

Risk Type		Emergency Response Team	Response Time
Climate Risk	The impact of extreme weather such as typhoons, heavy rains, snowstorms, floods, freezing rain, etc. on production, logistics and transportation		1 hour
Policy and Regulatory Risks	The impact of policies such as environmental protection audits and production and electricity restrictions on raw material delivery and production plans	• Production and Marketing Coordination Department	2 hours
Quality Risk	The impact of suppliers on product safety and quality due to insufficient capabilities or irregularities	• Quality Center • Purchasing Center • Marketing Center	4 hours
Social Emergency Risk	The impact of accidents, disasters, public health, social security and other emergencies on the supply chain		Immediate response (no more than 20 minutes)

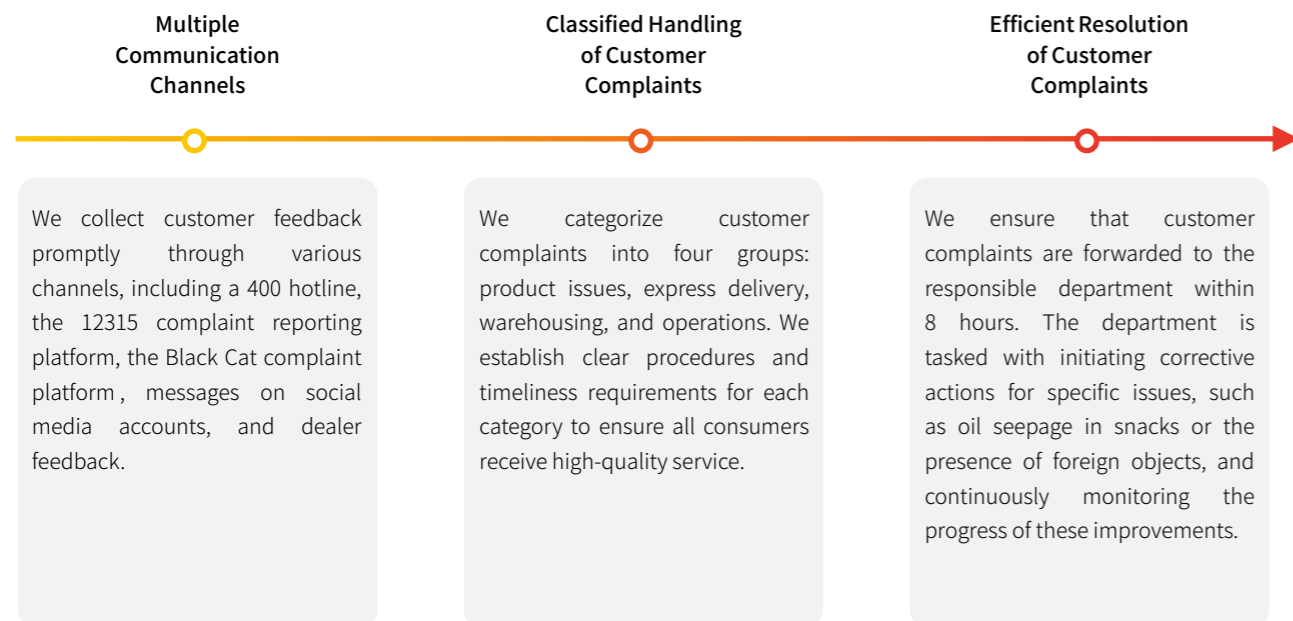
We conduct supplier risk monitoring using the SRM system, continuously tracking risks such as natural disasters, delivery quality, business operations, judicial proceedings, and media sentiment to promptly identify potential supply chain risks. Furthermore, we have entered into strategic agreements with several key suppliers and have taken steps such as increasing raw material safety stocks and diversifying raw material sourcing locations to enhance supply chain stability. During the reporting period, our supply chain operated robustly, achieving a timely delivery rate of 99.91%, marking a further improvement from the previous year.

Exceptional Service

Our group upholds the principle of "customer first", using the protection of customer rights and interests as the foundation and focusing on meeting consumer needs. We continuously enhance service quality and strive to create a brand that customers can rely on and be satisfied with.

Customer Service

We are dedicated to developing an after-sales service system centered on consumer experience. We have established the *After-sales Customer Complaint Handling Control Procedures* to regulate the customer complaint process, ensuring that consumers enjoy a superior service experience.



During the reporting period

Our Group received complaints related to products and services

8,826

Achieved a customer complaint closure rate

98%

To further enhance the quality of our customer service, we regularly conduct professional training for our customer service team on service processes, service quality, and typical case analysis. We also include customer satisfaction as a key performance indicator for the team, continuously improving their capabilities. Additionally, we have established a media monitoring platform to proactively identify potential risks in product quality and customer service, addressing issues at their source to provide consumers with a superior and more satisfying experience.

Customer Rights

Responsible Marketing

We strictly adhere to the *Food Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Advertising Law of the People's Republic of China*, and other relevant laws and regulations. We have established internal management standards such as the *External Release Management Process*, the *Product Packaging Design, Production and Printing Process System*, and the *Dealer Management Standards* to ensure that our marketing activities are lawful and compliant.

We have set up a compliance inspection team comprising legal, marketing, quality, and production departments to conduct rigorous reviews of marketing aspects such as product packaging, product labels, and advertising. We are committed to eliminating exaggerated claims, false marketing, and other illegal activities, fully safeguarding consumers' rights to information and choice.

During the reporting period, we conducted training on product knowledge, brand management, and marketing standards for our marketing team, new employees, and dealer teams. This training aimed to enhance compliance awareness and deepen our commitment to responsible marketing.

Privacy Protection

We place a high priority on customer privacy protection. In accordance with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Personal Information Protection Law of the People's Republic of China*, we have established an *Information Security Management System*. This system clearly outlines our requirements for customer privacy protection, including:

- Information Collection and Confidential Handling**

 - When collecting user information, we clearly inform individuals of the purpose, scope, and method of the collection. We also ensure strict confidentiality of the collected information to prevent unauthorized access and use.
- Information Usage Restrictions**

 - We limit internal access to user information, allowing only authorized personnel to access it when necessary. We ensure that the use of information complies with legal and regulatory requirements and is conducted with user consent.
- Data Storage and Security**

 - User information is stored in a secure environment, and we employ various security technologies, such as encryption, to protect stored data from leakage, loss, or tampering.
- Data Desensitization Processing**

 - We adopt desensitization measures when processing and analyzing user data, ensuring that personal information is not exposed in any analysis or reporting.

We regularly review and assess our customer privacy protection measures to ensure they meet the latest security standards and legal requirements. Additionally, we conduct quarterly training on information security and consumer privacy protection, emphasizing the importance of handling user information carefully and enhancing employees' awareness of information security.

During the reporting period, our Group experienced no incidents of customer privacy breaches.



Collaborating for Mutual Success

As a leading enterprise in the spicy snack food industry, our Group actively utilizes its strengths in food safety management and product innovation and development. We collaborate with various partners to jointly drive the industry's high-quality and sustainable growth.

Supplier Empowerment

Building supplier capacity is essential for enhancing supply chain stability and ensuring product quality. We focus on the growth of our suppliers by providing regular communication, skill training, and targeted support, continuously empowering them.

Supplier Specialized Skills Training

During the reporting period, we conducted supplier-specific skills training oriented towards practical application, focusing on the types of goods supplied by each supplier. The training covered topics such as food hygiene design, addressing typical issues with raw materials, and analyzing equipment malfunctions. Additionally, we regularly organized supplier conferences and other interactive events, creating a platform for mutual learning and progress among suppliers, thereby fostering their overall capability enhancement.



Industry Cooperation

Our Group fully leverages the "industry-academia-research-application" synergy. While driving scientific research and innovation in the industry, we continuously nurture and supply high-quality talent, contribute insights and recommendations for the formulation of industry standards, and strive to make original and groundbreaking contributions to the openness and quality assurance of snack food products.

Promoting Scientific Research and Development in the Industry

We persistently increase our investment in innovation, adopting an integrated R&D model that combines independent innovation with technology introduction. We adhere to the path of specialized and innovative development under the industry-academia-research model. For key technologies, we collaborate with R&D teams from the Henan Enterprise Technology Center, Henan Industrial Design Center, China Agricultural University, Dalian Polytechnic University, and other academic and research institutions. This collaboration aims to conduct in-depth research and form a high-tech system with multiple cycles and paths, continuously advancing scientific research and development in the industry.

Promoting the "Three Reductions and Three Health" Goals in the Food Industry

As China's third round of consumption upgrades unfolds and the concept of comprehensive health care deepens, consumers are demanding higher nutritional and health functions from snack foods. Figuring out how to achieve the goals of reducing salt, oil, and sugar in snack foods while maintaining a delicious taste has become a key research direction in the industry.

To advance the salt reduction efforts in seasoned flour products, our Group has collaborated with a team of academicians from Dalian Polytechnic University. We have conducted in-depth research on the role of salt in the processing of seasoned flour products and explored alternative methods. Our goal is to find solutions for the food industry to achieve the "Three Reductions and Three Health" goals, thereby setting a clear development path.

Participating in the Revision of Industry Standards

As a leading enterprise in the industry and an entity engaged in integrated R&D across the entire industry chain, we actively align with national strategies such as the "Healthy China 2030" Plan and the "National Nutrition and Health Plan (2017-2030)". Embracing our corporate mission of "To Let the World Fall in Love with Chinese Flavors", we spearhead the development of high-quality standard systems for the spicy snack food industry. We lead the industry towards standardized, healthy, and high-end growth, continuously providing consumers with safe, nutritious, and delicious spicy snack foods.

As of the end of the reporting period, our Group had participated in the formulation of one industry standard and seven group standards:

1 Industry Standard

- QB/T 5729-2022 Seasoned Flour Products

7 Group Standards

- T/FDSA 034-2022 Children's Snack Egg Products
- T/CMATB 2003-2022 Soft-boiled Eggs
- T/CFNA 6101-2020 Zanthoxylum Bungeanum
- T/LFSA 007-2021 Composite Seasoning
- T/LFSA 007-2021 Cooked Meat Products
- T/LFSA 001-2019 Seasoned Flour Products
- T/LFSA 004-2020 Konjac Ready-to-Eat Foods

03



Our Group is dedicated to leading the charge in advocating for and implementing energy conservation, reducing consumption, and minimizing carbon emissions. We place significant emphasis on the environmental impact of our activities, consistently viewing environmental protection and sustainable operations as essential pillars of our management strategy for sustainable development. We are committed to collaborating with various sectors of society to safeguard clean water and clear skies.



For Environment Green Development



Environmental Management



Emissions Management



Energy Management



Addressing Climate Change



Resource Usage



Environmental Management

Environmental Management System

Our Group strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise*, and the *Environmental Impact Assessment Law of the People's Republic of China*. These national laws and regulations related to environmental management guide and regulate our Group's environmental management practices and emissions control at an institutional level.

Our Group has established a multi-level environmental management structure led by the Board of Directors to comprehensively drive environmental management framework across various facets including decision-making, supervision, management, and execution, continuously improving our environmental performance. The Board of Directors is responsible for reviewing and approving our Group's environmental management policies and objectives, as well as regularly monitoring their implementation and achievement. The Environmental Protection and Safety Department, along with the Equipment Management Department, are tasked with managing emissions and overseeing energy and resource management, respectively. They develop pertinent environmental objectives and seek approval from the Board of Directors. Additionally, the Legal Department and the Audit Department conduct regular internal control assessments of systems, processes, and standards related to environmental management within our Group's business operations, promptly reporting any identified issues or deficiencies to management.



Our Group's environmental management structure

In addition, we are dedicated to establishing a high-standard and efficient environmental management system, consistently strengthening the enforcement of environmental requirements, and promoting system certification among all production units within our operational scope. As of the end of the reporting period, our Group had successfully implemented the environmental management system across all production plants, notably, the Ping Ping Foods plant achieved ISO 14001 environmental management system certification.



ISO 14001 certification of Ping Ping Foods plant under our Group

Environmental Goals

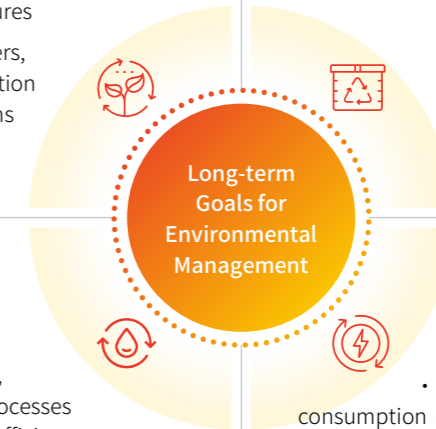
To guide our Group's environmental management endeavors, we have established comprehensive long-term management objectives tailored to our unique characteristics and those of the industry. Furthermore, prioritizing environmental management outcomes and performance, our Group endeavors to minimize the incidence of environmental pollution incidents and accidents. During the reporting period, we set environmental performance targets for the year. As of the end of this period, our Group had not incurred any environmental penalties, and all objectives related to pollutant disposal were successfully achieved.

Carbon Reduction

- Establish a scientific and comprehensive carbon emission data collection process, conduct reasonable summaries and analyses, and continuously enhance carbon emission data management capabilities
- Combine R&D innovation and technical methods to reduce carbon emissions generated by our group's offices and production through various effective carbon emission reduction measures
- Thoroughly assess the carbon emissions of suppliers, encourage suppliers to implement emission reduction measures, and drive reductions in carbon emissions across the product value chain

Waste Reduction

- In accordance with our group's "Three Wastes" management policies, intensify various waste reduction measures and continuously decrease the intensity of waste emissions



- In production, increase investment in the research, development, and construction of water-saving processes and technologies, enhance our group's water use efficiency, and reduce water consumption intensity
- In operations, continuously raise employees' awareness of water conservation, increase the use of water-saving devices, and reduce water consumption in office activities
- Continuously monitor water risks at our group's operating locations, use scientific and rational water risk assessment tools to identify local water risks, and enhance climate adaptability

- In production, strengthen energy consumption management, improve energy use efficiency, and continually reduce energy consumption intensity; fully seize opportunities in clean energy to increase the utilization of photovoltaic power generation across our plants
- In operations, actively adopt low-energy consumption appliances, promote a green office environment, and reduce energy consumption in office processes

Water Resource Use Efficiency

Energy Use Efficiency





Environmental Performance Appraisal

Our Group continuously optimizes and enhances the environmental performance evaluation mechanism, extending to senior management, to effectively incentivize accountable individuals to uphold environmental management standards and fulfill their regulatory responsibilities. Environmental management indicators are integrated as a pivotal element in the performance assessment for these individuals. In the event of a negative environmental incident, we exercise absolute veto power, disqualifying their units from commendation and lowering their annual performance rating to either "C" or "D".

During the reporting period, our Group developed and implemented the *EHS Incident Classification Management System*, which categorizes environmental incidents for targeted control. This system enables us to categorize environmental incidents for targeted control, thereby enhancing the scientific and rational assessment of environmental indicators. We strictly adhere to the *Reward and Punishment Management Measures* to hold accountable those responsible.



Energy Management

Our Group actively supports the initiatives and requirements associated with the national strategy of carbon dioxide peaking and carbon neutrality, meticulously regulating our energy consumption and management practices. We consistently explore opportunities for energy conservation across our offices, production facilities, and other operational areas, bolstering our employees' awareness of energy efficiency and emissions reduction. In doing so, we contribute our efforts to combat global climate change.

Energy Management System

We adhere to the *Administrative Measures for Energy Conservation in Key Energy Consumers*, the *Energy Conservation Law of the People's Republic of China*, the *Renewable Energy Law of the People's Republic of China*, and other relevant energy management laws and regulations. During the reporting period, we further revised the *Weilong Group Energy Management Standards*, refining our assessment mechanisms for energy indicators of responsible units and individuals. We have strengthened the enforcement of policies and clauses, rigorously implemented our Group's energy use and management requirements across all operational areas, and continuously enhanced energy efficiency.

Through our comprehensive energy management system and robust management practices, our Group's energy costs have decreased by RMB 5.39 million compared to 2022.

Leveraging the support of various internal and external systems within our Group, we have established and enhanced the energy management systems of our plants during the reporting period. Notably, the plant of Ping Ping Foods achieved ISO 50001 energy management system certification.

Energy Use

Our Group's primary energy consumption includes steam from power plants, pipeline natural gas, and electricity from the State Grid. Additionally, we actively embrace green energy by supplying electricity and steam for our production and operational activities through photovoltaic power generation and biogas boiler projects.

To meet the needs of our business development, our Group has successively constructed photovoltaic power generation projects in the first, second, third, and fourth phases of the Weidao Plant and the first phase of the Xinglin Plant, establishing a solid foundation for the transformation of our energy structure. In 2023, the Weidao Plant's total photovoltaic power generation was 7,982.8 thousand kWh, with a self-consumption amount of 7,016.4 thousand kWh, resulting in a self-consumption ratio of 88%. The Xinglin Plant's total photovoltaic power generation was 5,673.2 thousand kWh, with a self-consumption amount of 4,682.1 thousand kWh, resulting in a self-consumption ratio of 83%. Throughout the year, our Group's self-used photovoltaic power generation reached 11,698.5 thousand kWh, reducing carbon dioxide emissions by 6,671.63 tonnes compared to the use of outsourced electricity¹.



ISO 50001 certification of Ping Ping Foods plant under our Group

¹ Calculated based on the national power grid average emission factor of 0.5703tCO₂/MWh, as specified in the *Notice on the Management of Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry for 2023-2025*.

The types of energy consumed by our Group and the respective amounts of consumption in 2023 are detailed in the table below.

Energy/Indicator Name	Total Amount/Intensity	Unit
Gasoline	5.21	Tonnes
Photovoltaic generation for own use	1.17	Billion kilowatt-hours
Pipeline natural gas	46.77	Cubic meters
Outsourced steam (power plant)	14.24	Tonnes
Outsourced electricity	8.83	Billion kilowatt-hours
Biomass fuel	27.90	Cubic meters
Total direct energy consumption	2,179.08	Tonnes of standard coal
Total direct energy consumption intensity	0.45	Tonnes of standard coal per million revenue
Total indirect energy consumption	29,158.94	Tonnes of standard coal
Total indirect energy consumption intensity	5.99	Tonnes of standard coal per million revenue
Overall energy consumption	31,338.01	Tonnes of standard coal
Overall energy consumption intensity	6.43	Tonnes of standard coal per million revenue

Total main energy consumption and energy consumption intensity in 2023²

Our Group remains committed to monitoring the GHG emissions resulting from our operational activities and formulates further emission reduction strategies and plans based on the outcomes. Our Group's GHG emissions in 2023 are detailed in the table below.

Indicator Name	Total Amount/Intensity	Unit
Scope 1 GHG emissions	1,026.54	Tonnes of carbon dioxide equivalent
Scope 2 GHG emissions	93,412.29	Tonnes of carbon dioxide equivalent
Total GHG emissions	94,438.83	Tonnes of carbon dioxide equivalent
GHG emission intensity	19.39	Tonnes of carbon dioxide equivalent per million revenue

GHG emissions in 2023³

² The direct and indirect energy consumption figures in this table were calculated based on the principles of converting various energy sources to standard coal equivalents, as outlined in *GB/T 2589 General Rules for Calculation of the Comprehensive Energy Consumption*, along with the corresponding reference coefficients for these conversions.

³ The Scope 1 emissions in this table are calculated based on the low calorific value of energy as stated in the *China Energy Statistical Yearbook 2013*, the carbon content per unit calorific value of energy, and the fuel carbon oxidation rate outlined in the *Provincial Greenhouse Gas Inventory Guidelines (Trial)*. The Scope 2 emissions are calculated according to the national power grid average emission factor of 0.5703tCO₂/MWh, as specified in the *Notice on the Management of Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry for 2023-2025*.

Energy Saving Practices

Leveraging our top-notch R&D capabilities and team, our Group remains at the forefront of advanced production technologies and development trends both within and beyond the industry. We are dedicated to integrating energy conservation and emission reduction with R&D innovation, consistently adhering to practices aimed at reducing energy consumption. Throughout the reporting period, we continued to expand upon our previous energy-saving research and transformation initiatives, completing improvements and construction for several production projects. By phasing out high-energy-consuming processes, developing an intelligent equipment monitoring platform, and improving the recovery of waste heat and cold, we contribute to the realization of green and low-carbon production.

Case Study: Biogas boiler

Since 2021, our Group has invested in a biogas boiler project, utilizing biogas from the sewage anaerobic system to generate steam. The steam produced by the biogas boiler project is used in the production workshops, enabling energy recycling and reducing the need for outsourced steam, thereby lowering energy consumption. In 2023, the total steam generated by our Group's biogas boiler project reached 5,624 tonnes.

Case Study: Xinglin Plant "Konjac Shuang" Benchmark Line Project Construction

To address the issues of high water and steam consumption and low production capacity in the "Konjac Shuang" production process, our Group initiated the construction of a benchmark production line for konjac products at the Xinglin Plant in August 2023. We selected certain production lines as pilot projects and introduced the TPM management system to enhance the unit time production capacity at each production process point, thereby improving production efficiency and achieving energy savings. After the improvement, the production capacity of the "Konjac Shuang" production line increased greatly. This significant enhancement in production efficiency also substantially

improved the utilization efficiency of water, electricity, and steam resources.

Comparison of resource consumption per ton of product before and after improvement:

	Before Improvement	After Improvement	Reduction
Water	24.31 tonnes	15.75 tonnes	35%
Electricity	848kWh	660 kWh	22%
Steam	2.39 tonnes	1.65 tonnes	31%

In addition, during the reporting period, we finalized the verification and testing of several new production line technologies. Going forward, our Group will increase its investment in research and development in the field of clean production, continuously enhance the energy efficiency of product manufacturing, and persistently progress on the path of energy conservation and emission reduction.

Our Group places great emphasis on consistently strengthening our employees' awareness of energy conservation. During the reporting period, we conducted multiple awareness and training sessions to actively promote the national government's initiatives and requirements for energy conservation and emission reduction. This ensures that a culture of sustainability that permeates every aspect of our production and operations.

New Production Line Technology Enhancements

- We have integrated certain processes, eliminating unnecessary steps, which directly resulted in savings in the corresponding steam and electricity consumption
- We have implemented energy-saving technologies and new packaging technologies for some processes, resulting in an estimated annual electricity savings of 12 million kWh
- The new processes and production lines have achieved efficient integration at multiple stages, further enhancing per square meter efficiency, reducing energy consumption, and significantly shortening the production cycle.



Resource Usage

As we advance steadily in our production and business endeavors, our Group places great importance on the consumption of resources such as water and packaging materials. We strongly oppose wasteful practices and endeavor to maximize resource use efficiency through key measures including process water conservation, recycling of water resources, and the recovery of packaging materials. Our goal is to foster sustainable development across our value chain.

Water Resources Management

We comply with laws and regulations such as the *Water Law of the People's Republic of China* and strictly regulate water usage in production and office activities according to our Group's resource management strategies. We are actively implementing water-saving measures and technical upgrade projects to continually reduce water consumption in our products.

- Water Resources Recycling**
 - All plants within our Group have implemented reclaimed water recycling projects. Treated reclaimed water that meets the standards at sewage treatment stations is filtered through sand filter tanks and then used for toilet flushing, irrigation of green areas within the plants, and road cleaning, thereby enhancing the efficiency of water resource utilization.
- Improvement of High Water Consumption Processes**
 - To reduce the water consumption in the konjac tank soaking process and further decrease production water usage, our R&D team established an experimental group to adjust the formula and reduce components that easily lead to microbial growth in the soaking tank. This improvement, while maintaining product quality, effectively extends the usage time of the soaking solution and is expected to save 25% of water consumption for this process step.
- New Production Line Technology Enhancement**
 - For some new production processes, we have replaced hot water heating with steam heating, adopting a more water-saving production method from the outset of the new process.

The main source of water for our Group is municipal water, and water samples are taken annually and sent to third-party labs for testing to ensure compliance with GB 5749 Standards for Drinking Water Quality. our group's water usage for the year is as follows:

Indicator Name	Total/Intensity	Unit
Total water consumption	2,097.96	thousand cubic meters
Intensity of water consumption	0.43	thousand cubic meters per million revenue

2023 total water consumption and intensity

Use of Raw and Auxiliary Materials

As a leading food production enterprise in China, our Group implements the policy of "cherishing and conserving grains and practicing frugality". While prioritizing product quality, we have minimized waste of raw and auxiliary materials and enhanced the efficiency of raw material usage through improvements in production line processes.

Improvement of Konjac Jar Soaking Process

To enhance the efficiency of raw and auxiliary material usage in certain production lines, our Group's Weidao Plant has optimized the soaking water process for konjac production lines. The recycling method of soaking water has been changed to a unidirectional flow, allowing the acidic solution used for soaking products to be reused multiple times. This change addresses the challenge of thoroughly replacing the soaking solution in a recycling setup, thereby increasing the efficiency of citric acid usage in the soaking solution while maintaining product quality. This process improvement is expected to reduce citric acid usage by 30% in the relevant production lines.

Use of Packaging Materials

Our Group steadfastly adheres to the "3R Principle" of reduce, reuse, and recycle in the research, development, design, and use of packaging materials. Our goal is to minimize the environmental footprint of product packaging and ensure its compliance with environmental protection standards. Furthermore, we continuously drive eco-innovations in packaging, enhancing its sustainability through improvements in materials, processes, structures, design, and production management.

In 2023, our Group successfully reduced plastic material usage by approximately 122.6 tonnes and minimized adhesive tape usage by about 10,800 square meters through the optimization of packaging materials, processes, and structures. Additionally, by implementing carton film removal and eco-friendly water-based ink printing technologies, we ensured that 100% of our product packaging outer boxes utilized eco-friendly water-based inks and were entirely film-free. This initiative significantly enhanced the recyclability of the outer boxes.

During the reporting period, our group's packaging material usage and usage intensity are as follows:

Indicator Name	Total Amount/Intensity	Unit
Metals	1,359	Tonnes
Paper	32,852	Tonnes
Plastics	18,360	Tonnes
Packaging material usage intensity	10.79	Thousand tonnes per million revenue

Usage of various packaging materials in 2023

Emissions Management

Guided by our Group's environmental management system, we stringently monitor and control the emissions of waste gas, wastewater, and solid waste throughout our production and operation activities to ensure compliance with relevant national laws and regulations. We have established pollution management systems, including the *Three Wastes Management System*, the *Pollutant Discharge Permit Declaration and Implementation Management System*, and the *Hazardous Waste Management System*, to clearly define the responsibilities and procedures for three wastes management.

Wastewater Management

In terms of wastewater management and discharge, our Group strictly adheres to the *Water Pollution Prevention and Control Law of the People's Republic of China*, and other relevant laws and regulations, and local wastewater discharge standards. We ensure that wastewater generated from our operations undergoes is treated in accordance with these regulations, thereby ensuring that discharges meet the required standards.

Our plants employ various methods and measures to ensure compliance with wastewater treatment standards. The wastewater treatment processes currently in use primarily include pretreatment, anaerobic treatment, aerobic treatment, and advanced treatment and etc.. During the reporting period, our wastewater discharge compliance rate was 100%.

In addition, we have established comprehensive internal and external wastewater monitoring mechanisms to ensure that the wastewater generated by our plants complies with the latest national and local requirements through real-time monitoring.

Internal

- Within the Supply Chain Center, the Environmental Safety and Equipment Departments collaborate with the environmental safety departments of each plant to regularly oversee and inspect the frequency and quality of tests conducted by sewage station operators. The inspection frequency is set according to the *Sewage Treatment System Operation Management Specifications*.

External

- The environmental safety departments at each plant also commit qualified third-party organizations to conduct tests in line with the requirements of environmental assessments and pollutant discharge permits, and issue testing reports every six months.
- Each of our plants' sewage station discharge outlets is equipped with the online wastewater monitoring system. We entrust qualified third parties to standardize the management of online testing. In collaboration with these third parties, we continuously monitor and conduct real-time surveillance of indicators such as wastewater discharge flow, chemical oxygen demand, ammonia nitrogen, total phosphorus, and pH values.

During the reporting period, our Group did not experience any incidents of accountability or penalties due to non-compliant wastewater discharge.

Indicator	Amount	Unit
Total discharge of industrial wastewater	1,869,059	Tonnes
COD discharge amount	29.97	Tonnes
Ammonia nitrogen discharge amount	1.90	Tonnes

Relevant Wastewater Indicators in 2023

Waste Gas Management

In terms of waste gas management and emission, our Group strictly complies with laws and regulations such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, as well as local standards for waste gas emissions. Through the implementation of comprehensive waste gas treatment equipment and effective dust removal measures, our Group maintained 100% compliance with emission standards throughout the reporting period.

For Waste Gas from Wastewater Treatment

- Odorous gas, hydrogen sulfide and ammonia are treated using a deodorization spray tower process.

For Oil Fume Generated in the Production Workshop

- Treatment is carried out using a combination of an oil fume purifier, a UV photolysis low-temperature plasma device, and an exhaust funnel.

For Dust Generated in the Production Workshop

- Treatment is carried out using a bag filter and an exhaust funnel.

For Oil Fumes from Central Kitchens and Canteens

- Treatment is carried out using an oil fume purifier and an exhaust funnel.



Waste Management

Our Group has implemented a scientific and safe waste classification management mechanism for waste generated from its production and operational activities. We have established waste management systems such as the *Hazardous Waste Management System*, the *Management System for Temporary Storage Room of Hazardous Waste*, the *6S Management System*, and the *Waste Warehouse Management System*. These systems standardize the collection, storage, and recycling processes of various wastes, prevent the leakage of hazardous waste, and ensure the safety of production sites.

During the reporting period, in accordance with the latest requirements outlined in the *Standard for Pollution Control on Hazardous Waste Storage* and the *Technical Specification for Setting Identification Signs of Hazardous Waste*, we updated the hazardous waste signs in the hazardous waste storage rooms, hazardous waste disposal facility signs, photos of hazardous waste storage area signs, and hazardous waste labels across all of our Group's plants. These updates ensures a more standardized management of relevant waste.

For different types of waste, we have implemented standardized and scientific management measures. These measures are designed to minimize the environmental impact of waste while consistently enhancing the recycling rate of non-hazardous waste, thus contributing to the development of a circular economy model.



Non-hazardous Waste

- General solid waste is categorized and stored according to its type. Disposal contracts are separately signed with partners, who regularly transfer the waste for disposal or recycling.

Hazardous Waste

- Hazardous waste is classified and stored according to its hazardous properties. The hazardous waste storage areas are regularly updated with appropriate labels, segregation, and storage identifications in accordance with regulations.
- A hazardous waste supervision system network has been established, with technical operation and maintenance services provided by third-party companies. This ensures transparent, refined, and standardized management of the generation, storage, transfer, and disposal of hazardous waste.
- All hazardous waste generated is entrusted to qualified third-party companies for regular transfer and harmless treatment.



Hazardous waster warehousing



Hazardous waste transfer



Temporary storage of hazardous waste

During the reporting period, the amount of non-hazardous waste and hazardous waste generated by our Group are as follows:

Indicator	Amount/Intensity	Unit
Total non-hazardous waste	7,042.67	Tonnes
Intensity of non-hazardous waste	1.45	Tonnes per million revenue
Total hazardous waste	14.84	Tonnes
Intensity of hazardous waste	0.003	Tonnes per million revenue

Addressing Climate Change

Our Group fully recognizes the potentially significant impact of climate change on our business operations and development. We actively engage in identifying climate-related risks and continually refine measures to address various climate risks, thereby steadily enhancing our Group's climate adaptability.

Risk Category	Item	Risk Description	Countermeasures
Transition Risks	Policy and Law	<ul style="list-style-type: none"> National laws, regulations, and policy systems related to carbon emissions are becoming increasingly stringent, imposing higher requirements on corporate carbon emissions and data accuracy. In its <i>Consultation Paper on Enhancement of Climate-related Disclosures under the Environmental, Social, and Governance Framework</i>, the SEHK mandates issuers to disclose climate-related information based on TCFD recommendations and ISSB climate standards. This includes providing clearer and more detailed information on climate and risk management frameworks and financial indicators impacted by climate. 	<ul style="list-style-type: none"> Continuously monitor the introduction of new laws, regulations, and policies, and promptly update self-management practices in response to changes in external regulations. Strive to advance the low-carbon transformation of production, shift towards low-emission energy sources, increase the use of renewable energy, and consistently reduce the carbon emission intensity of the product value chain. Enhance the energy management system, ensure data submission and disclosure are in strict compliance with regulatory guidelines, and encourage all plants within our Group to achieve certification of energy management system. In line with the latest recommendations and requirements of the HKEX, integrate climate risks into our Group's overall risk management. Further clarify the climate governance framework and responsibilities of the Board of directors, and conduct qualitative and quantitative analysis of financial indicators that are susceptible to climate change.
	Technology	<ul style="list-style-type: none"> Production cost increase caused by low carbon technology transformation, which contains risks of investment failure. 	<ul style="list-style-type: none"> In the R&D stage, we promote research on reducing the quantity and enhancing the recyclability of product packaging materials to improve the sustainability of packaging materials and reduce their environmental impact. Before undertaking low-carbon technological transformation, we conduct a comprehensive and in-depth assessment of the project's feasibility and related risks to reduce the risk of investment failure. We establish stable cooperation with green technology suppliers and other external institutions to lower investment costs.

Risk Category	Item	Risk Description	Countermeasures
Transition Risks	Market	<ul style="list-style-type: none"> Consumers prefer environmentally friendly products while paying attention to product and service quality; purchasing green raw materials leads to an increase in raw material costs. The supply of raw materials becomes insufficient, and procurement costs rise due to climate change. 	<ul style="list-style-type: none"> Promote green, environmentally friendly, and low-carbon product initiatives to society and the public, and publicly disclose the green and low-carbon attributes of products to create a positive market impression. Comprehensively analyze the long-term economic benefits brought by purchasing green raw materials, identify potential risks associated with high-cost procurement, and take appropriate countermeasures. Strengthen procurement management, actively establish cooperative relationships with multiple suppliers, and achieve long-term cooperation with suppliers to avoid excessive prices caused by reliance on a single supplier. Continuously advance the production process and product R&D, enhance production efficiency and raw material utilization rate, and reduce production costs.
	Reputation	<ul style="list-style-type: none"> Stakeholders' increasing concerns about corporate responsibility and negative feedback. 	<ul style="list-style-type: none"> Continuously enhance the disclosure related to sustainable development and climate change, and ensure compliance with disclosure requirements. Effectively manage public opinions through various channels, actively address issues of social concern, and protect the corporate image. Integrate the reduction of environmental impact and response to climate change risks into the corporate strategy, demonstrating our Group's commitment to sustainable development to all stakeholders.
Physical Risks	Acute Risks	<ul style="list-style-type: none"> The impact of extreme weather such as hurricanes, floods, extreme heat, extreme cold, and drought on employee commuting, supply chain transportation, and production operation. 	<ul style="list-style-type: none"> Analyze typical cases of extreme weather in recent years to develop emergency plans for extreme weather, enhancing the ability to prevent, respond to, and improve before, during, and after extreme weather events. In response to flooding, develop a <i>Flood Control Emergency Plan</i>, specifying the emergency rescue organizational structure and responsibilities during the flood season to ensure the efficient implementation of flood control measures and reduce the impact of extreme weather on our Group's operations.
	Chronic Risks	<ul style="list-style-type: none"> The impact of changes in rainfall, extreme weather fluctuations, rising average temperatures, and rising sea levels on operational locations and operating costs. For example, an increase in average temperature may lead to higher temperature control costs in plant workshops. 	<ul style="list-style-type: none"> Conduct proactive risk identification and assessment of chronic climate risks, incorporating climate risk factors into considerations for selecting operational sites. Continuously optimize software and hardware facilities for heating, cooling, and drainage in the operating environment to improve energy and resource use efficiency and reduce the potential burden of long-term changes in temperature and precipitation on operating costs.

04



Our Group is dedicated to the principle of "employee oriented" and is committed to fostering mutual growth between employees and the Group. We actively champion workplace diversity, focusing on nurturing and developing talents, while offering employees competitive compensation and comprehensive benefits. Moreover, we prioritize safeguarding employee rights, caring for their well-being, listening to their voices, and ensuring their health and safety, all to cultivate a favorable internal environment for their growth and development.



For Employees Joint Development



Cultivating an Inclusive Workplace



Caring for Employee Well-being



Promoting Career Development



Employee Health and Safety





Cultivating an Inclusive Workplace

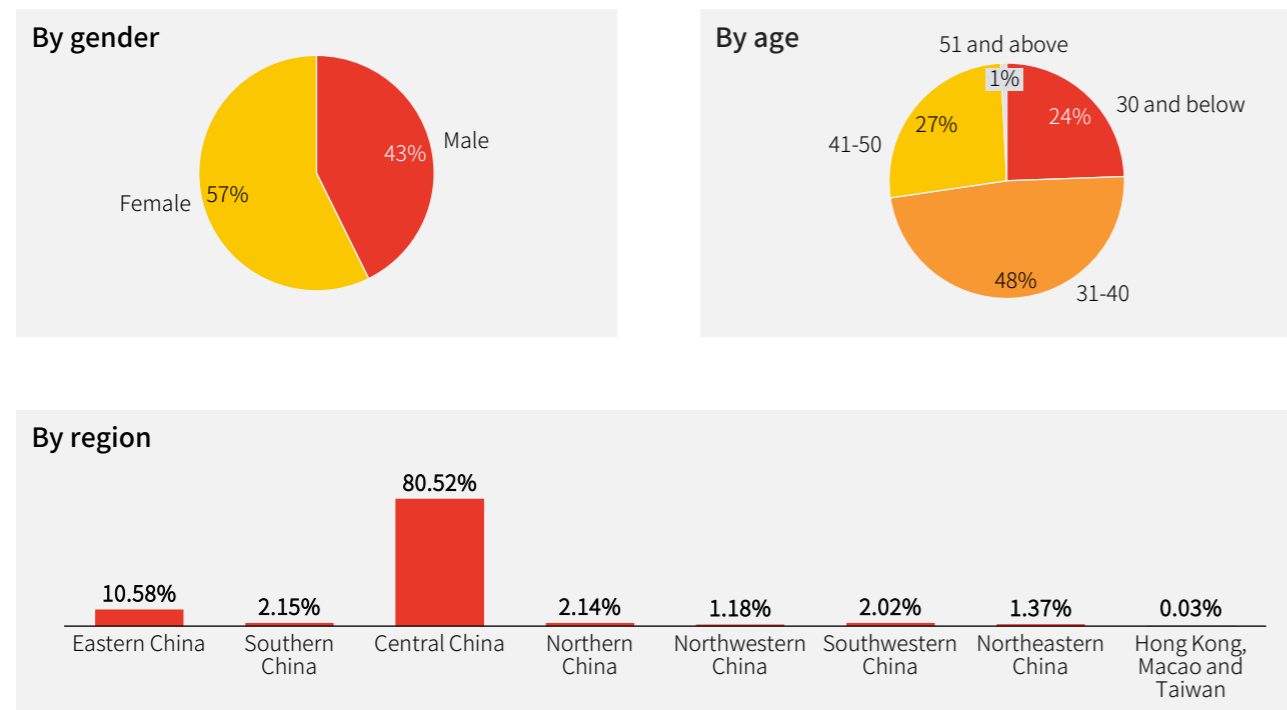
Our Group is dedicated to creating an equal and diverse work environment with an open and inclusive mindset. We uphold an employment policy of equality and non-discrimination, ensuring fair compensation and promotion opportunities for our employees while safeguarding their developmental rights and interests.

Compliant Employment and Diversity

Our Group rigorously adheres to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labor*, the *Provisions of the State Council on the Working Hours of Employees*, and the *Measures for Public Holidays for National Annual Festivals and Memorial Days*, among other legal statutes. We have developed and revised internal policies such as the *Recruitment Management System* and the *Recruitment Information Release Management Specifications* in line with national laws and regulations. We strictly prohibit the publication of any recruitment content that contravenes principles of equality and diversity, maintaining fair and just recruitment practices to ensure equal opportunities.

We equally treat employees of different races, genders, and beliefs, firmly ensuring equal pay for equal work between male and female employees. We also resolutely prevent child labor and forced labor, strictly forbidding the recruitment of employees under the age of 16. By verifying the identity information of new employees, we conduct through identity checks to ensure all employees meet the legal working age. We strictly prohibit any form of coercion or deceit to force anyone to work. During the reporting period, our Group encountered no incidents of child labor or forced labor.

As of the end of the reporting period, we had 6,079 full-time employees, with no part-time employees. Detailed employee data are as follows:



Social Indicators

2023

Number of current employees	6,079
By gender	
Male	2,596
Female	3,483
By age	
30 and below	1,485
31-40	2,933
41-50	1,611
51 and above	50
By region	
Eastern China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian and Shanghai)	643
Southern China (Guangdong, Guangxi and Hainan)	131
Central China (Hubei, Hunan, Henan and Jiangxi)	4,895
Northern China (Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia)	130
Northwestern China (Ningxia, Xinjiang, Qinghai, Shaanxi and Gansu)	72
Southwestern China (Sichuan, Yunnan, Guizhou, Tibet and Chongqing)	123
Northeastern China (Liaoning, Jilin and Heilongjiang)	83
Hong Kong, Macao and Taiwan	2

Compensation and Benefits

To attract and retain high-quality employees, our Group offers competitive remuneration. We have established a comprehensive compensation system and implement competency-oriented incentive measures.

Our Group determines salaries flexibly within the salary bandwidth of each position, based on factors such as the employee's rank, personal work ability, and overall performance. This approach promotes the development of employee abilities while ensuring the flexibility of the compensation system. We design differentiated salary strategies for various categories of personnel according to the Company's positioning and target talent sources. We also adhere to the principle of transparency in management mechanisms such as the job rank system and compensation system.

Furthermore, our Group legally provides employees with social insurance and benefits such as housing provident funds.



Promoting Career Development

Talent development is foundation of our Group's growth. We believe that high-quality talent is the driving force behind our Company's development, and a talent cultivation plan that meets employees' growth needs is the key to retain talent. Our Group has established a series of internal systems to provide employees with equal opportunities for development, conducting rich vocational training programs to continuously enhance their overall quality, promote skill growth, and achieve career breakthroughs.

Employee Training

Focusing on our Group's strategic objectives, business development trends, and employee qualifications, we have built a comprehensive, diverse, and systematic talent development system that meets the needs of both the enterprise and its talent. The training content includes four major areas: management skills, knowledge and skills of each center, Century-Old Weilong People, and Weilong Lecture Hall. We conduct tiered and categorized trainings to comprehensively improve employees' overall quality and work capability, fostering their development.

For new employees, we offer the Century-Old Weilong People - New Employee Induction Training to help them quickly understand the Company's mission, vision, and values. This enables them to grasp the Company's various systems and job responsibilities and start working efficiently.



Century-old Weilong People training



Supply chain TPM training

To better support the employees of our key business lines, we have implemented professional knowledge and skills training across each center, which is organized into two main parts:

Supply Chain Center's "TPM Training Camp"

Trainees: Production team leaders, supervisors, and relevant personnel from the Lean Production Department

Training Content: Concepts of TPM pillars, subsystem operation modes, and tools and methods related to lean production, quality, EHS, and TWI-JI&JR

Training Objectives: Enhance the knowledge and skills of production-related frontline managers to improve production operation management levels and contribute to achieving an excellent supply chain system

Sales System's "Three Battles" Series Training

Trainees: Three key positions including business area directors, customer managers & sales managers, and sales support personnel

Training Content: Establish three major training projects: the Burning War Training Camp, Winning War Training Camp, and FUN Training Camp. Offer targeted and practical professional skills training through theoretical study, practical exercises, reviews, and mentorship, in line with job qualification standards

Training Objectives: Enhance the professional level of sales personnel, strengthen the management capabilities of the sales department's leaders, and promote the development of the Company's sales services

In 2023, to foster management talents that align with our Group's work environment and corporate values, and to enhance team coordination, we initiated open management courses for all managerial staff. These courses, blending online and offline learning methods, covered topics such as financial management and legal knowledge and skills. Three sessions were conducted in the latter half of the year, and received positive feedbacks.

Furthermore, we launched the "Flying Dragon Program", a management skills enhancement initiative for middle-level managers. This program included 75 managerial staff from various centers. It aimed to cultivate a work philosophy in middle-level managers centered on "focusing on experience, emphasizing results, being passionate, and leading by example". The program utilized online micro-courses, offline intensive training, post-training practical application, and senior executive mentorship feedback.

Additionally, leveraging our online learning platform, we established the "Weilong Lecture Hall" to consolidate the Company's internal knowledge and accumulate high-quality experiences, creating a learning hub for all employees. The program includes technical topic and professional knowledge sharings, and career development insights, striving to deepen employees' understanding of the Company, enhance their work capabilities, and empower everyone in their daily tasks.



Weilong Winning War Training Camp

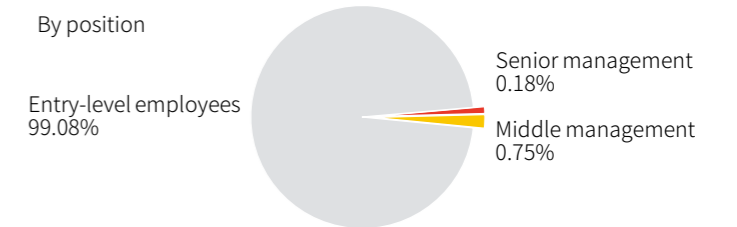
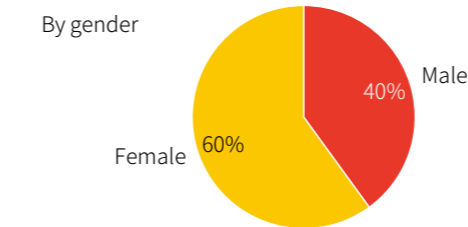


Flying Dragon Program

During the reporting period, our employee training reached a coverage rate of 100%. The statistics for employee training are as follows:

Social Indicators 2023

Percentage of employees trained Percentage of total employees trained 100%



Average training hours per employee (in hours)	Training hours per capita	14.96
By gender	Male	14.96
	Female	14.96
By position	Senior management	24.50
	Middle management	23.57
	Entry-level employees	14.88



Employee Development and Retention

Our Group places a high priority on employee development and talent cultivation. We strongly believe that the growth of our Group is intertwined with the development of our employees. Therefore, we have established clear pathways for employee promotion, endeavoring to provide ample opportunities for growth and development. This approach aims to enhance employees' professional capabilities and competitiveness while fully engaging their enthusiasm.

Performance Management

Our Group conducts performance evaluations tailored to the specific nature of each position. Regular employees undergo monthly, quarterly, and annual performance appraisals. We set performance assessment criterias based on key strategic tasks at the Company/department level and job responsibilities. Through performance management practices, we support the achievement of departmental strategic goals, thereby driving the Company's growth.

For business roles

A monthly or quarterly assessment mechanism is implemented to provide immediate incentives, guiding employees towards sustained excellence.

For functional roles

An annual assessment is carried out, with performance objectives aligned through quarterly reviews, ensuring the attainment of annual targets.

For all employees

An annual assessment is conducted. In addition to KPI evaluations, we also assess adherence to corporate values, encouraging employees to embody these principles in their actions.

Following performance assessments, we require managers at all levels to conduct face to face performance discussions with their employees. For those with outstanding performance, managers should offer affirmation and express expectations; for those with average performance, management should assist in aligning with performance goals and provide guidance; for employees not meeting performance standards, both parties should agree on a direction of improvement, with managers offering support and closely monitoring the progress.

Compensation is calculated based on the employee's performance evaluation, with monthly and quarterly performance bonuses, as well as year-end bonuses. We also tailor the fixed-to-variable pay ratio for different ranks and positions characteristics to align with market salary trends and our Group's compensation status, ensuring the competitiveness of our salary incentives.

Employee Promotion

In 2023, we developed and implemented the *Qualification Management System*, which clearly defines the career development paths for our employees. In this updated system, we maintain the Company's established division into three career paths: management, professional, and operational. We have refined mechanisms to support employees' vertical development within their chosen path, as well as their ability to switch between paths, based on the Company's needs and the employees' desires and capabilities.

When employees' professional skills reach a certain level, we support their requests to switch development paths based on their preferences. The Company encourages internal mobility, including job transfers and cross-functional development.

Furthermore, we continue to combine promotions with salary adjustments. Based on semi-annual and annual performance evaluations, we conduct centralized promotions and salary adjustments for outstanding employees each October. We also address other promotion needs through flexible means, such as appointments and transfers.

In 2023, the Company places a high priority on talent retention, focusing on the following areas:

Retaining Talent through Compensation

- Implement collective salary adjustments, establish fixed periods for salary adjustments, and enhance employee compensation.
- Organize various commendation activities, raise reward standards, and further boost employees' sense of honor and value.
- Develop and implement the *Year-End Bonus System*, with a focus on rewarding employees with annual ratings of S and A.

Retaining Talent through Culture

- Emphasize the cultivation and promotion of corporate culture to increase all Weilong employees' sense of belonging and identification.

Retaining Talent through Care

- Continuously focus on and enhance employee welfare, understand their concerns, and assist in resolving issues; implement employee care activities.

Retaining Talent through Professional Development

- Clearly define career development paths and provide employees with equal opportunities for growth.
- Actively conduct various training activities to enhance employees' professional skills and competencies.

Focusing on Resigned Employees

- Conduct exit interviews and follow-up visits with resigned employees to understand their perspectives and promote internal management improvements





As of the end of 2023, the employee turnover rate of our Group was 26.34%. The detailed data are as follows:

Social Indicators	2023
Employee turnover rate	
Total employee turnover rate	26.3%
By gender	
Male	28.1%
Female	25.0%
By age	
30 and below	35.4%
31-40	25.6%
41-50	17.9%
51 and above	2.0%
By region	
Eastern China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian and Shanghai)	20.7%
Southern China (Guangdong, Guangxi and Hainan)	15.5%
Central China (Hubei, Hunan, Henan and Jiangxi)	27.9%
Northern China (Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia)	26.6%
Northwestern China (Ningxia, Xinjiang, Qinghai, Shaanxi and Gansu)	12.2%
Southwestern China (Sichuan, Yunnan, Guizhou, Tibet and Chongqing)	14.0%
Northeastern China (Liaoning, Jilin and Heilongjiang)	9.8%
Hong Kong, Macao and Taiwan	33.3%

Caring for Employee Well-being

We prioritize our employees' sense of happiness, advocating for a balance between work and life. We integrate care for our employees into our daily operations, actively organize a variety of recreational activities to enrich their lives, and foster a positive and harmonious work and life environment to alleviate work stress. We are committed to listening to our employees, taking their opinions and suggestions into consideration, strengthening the bond and cohesion between the Company and its employees, and enhancing their sense of belonging.

Employee Care

We are dedicated to the health and welfare of our employees, adhering to national policies such as the *Measures for Holidays on National Festivals and Memorial Days*, ensuring comprehensive benefits during holidays and other festive occasions. We provide employee benefits during Women's Day, Mid-Autumn Festival, and Spring Festival and other holidays, and distribute birthday gifts to employees during their birth month.

We have also established a comprehensive employee welfare system, distributing benefits based on job levels.

Employees at the M3/P3 level and above who rent housing outside the Company are entitled to a housing allowance.

Employees at the M2/P2-3 level and above are eligible for annual physical examinations.

Employees at the M2/P3 level and above with homes in other locations are entitled to reimbursement for travel expenses for returning home.

Employees at the M3/P4 level and above can receive a fuel subsidy.

Employees at the M2/P3 level and above, when required for business purposes, can receive a telephone expense subsidy.

Each department is allocated RMB 300 per person per year for team-building activities.

Front-line personnel are provided with funds for employee care and consolation.

In 2023, we founded our Group's Trade Union. As the union organization grows and its systems and mechanisms are established, our Group will be more effectively positioned to safeguard employee rights and interests, focus on their physical and mental health, and create a workplace as warm as home.

This year, we concentrated on enhancing employee satisfaction by launching special projects aimed at improving living conditions in employee dormitories, enhancing the quality of food in employee canteens, increasing the efficiency of shuttle bus operations, and installing charging sheds for employee commuting. According to surveys conducted in 2023, satisfaction with the employee dormitories reached 89.50 points, satisfaction with factory catering achieved 83.74 points, and satisfaction with the shuttle bus service reached 85.66 points, marking significant improvements across the board compared to 2022.



Staff dormitory environment



Plant canteen



Commute shuttle bus

Employee Communication

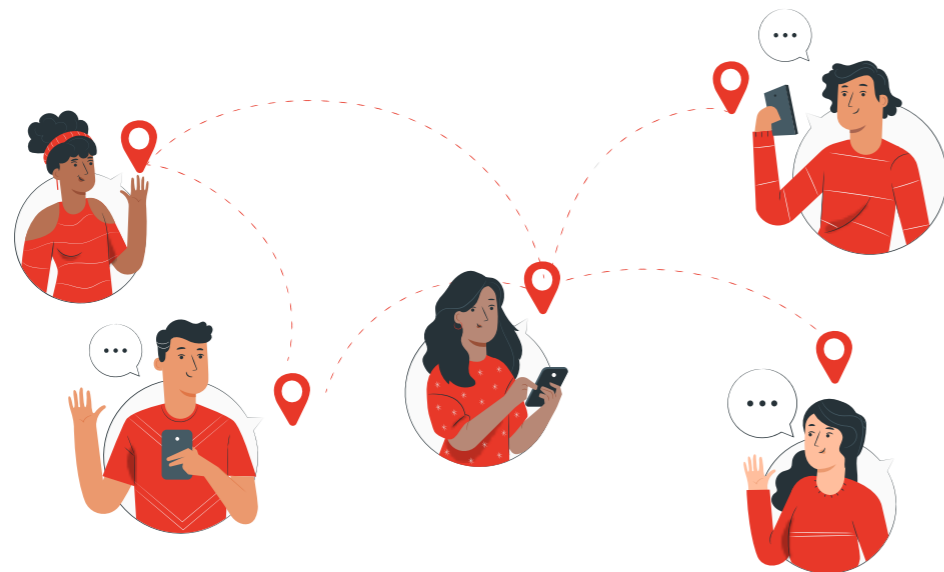
We place a high emphasis on effective communication between employees and the Company. To ensure the synchronization of information with employees, we conduct various activities such as questionnaire surveys, interviews, and seminars. We also actively collect valuable feedbacks from employees through work coaching and interactive exchanges, respecting and seriously addressing every reasonable suggestion made by employees. For any reported issue raised by employees, we conduct thorough investigations and address them to protect their right to freely offer suggestions.

Our Group regularly holds employee seminars to synchronize Company information with employees while also listening to their opinions, addressing their concerns, and answering their questions. We collaborate with departments to find solutions to issues raised by employees and promptly update them on the progress of resolving their feedback, earning unanimous praise from employees.

This year, we held 58 seminars for new and old employees, with 1,019 participants, resolving a total of 228 issues in areas such as safety, cafeteria, tools and equipment, and work environment, thereby improving employee satisfaction.



Employee seminar



Employee Health and Safety

We have established a comprehensive internal health and safety management system and a rigorous safety risk management system to fully protect employees' basic rights to work and live healthily. Our safety measures and investments are focused on our Group's goal of "zero safety accidents". Additionally, we continuously provide occupational health and safety education and training to employees to enhance their awareness of risk prevention and reduce the impact of potential safety risks.

During the reporting period, our Group lost 2,364 working days due to work-related injuries. There have been no work-related fatalities from 2021 to 2023⁴, resulting in a work-related mortality rate of zero.

Safety Production

In our production and operational processes, we strictly adhere to the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used*, the *Special Provisions for the Work Protection of Female Employees*, and the *Provisions on the Administration of Occupational Health at Workplaces*.

This year, our Group has updated the *Safety Management Incentive System* to encourage proactive reporting and intervention of safety issues. We've implemented a safety scoring mechanism, awarding points to employees who report valuable information and deducting points from those directly responsible for identifying hazards. This initiative motivates employees to actively focus on work safety issues, strengthening the Company's overall safety foundation and enhancing employees' ability to recognize safety risks.

Safety Investments

This year, we've increased our investment in work safety. Before the onset of summer, the factory allocated RMB 580,000 to an outsourced cooling project, adding 10 jet air conditioners to reduce the workshop temperature from 38°C to 30°C. This effectively improved the workshop environment and reduced the likelihood of heat-related illnesses among employees.

Additionally, we've upgraded personal protective equipment and improved the construction of climbing platforms by choosing safer climbing products to replace ladders and pallets that do not meet safety requirements. We've also partnered with high-quality suppliers to continuously upgrade equipment and reduce production risks.

Moreover, we've established a safety incentive bonus of RMB 1 million. All of our internal systems such as *EHS Objective Classification Management System*, *Safety Management Incentive System*, and *Supply Chain Reward and Recognition System Management Policies* include rewards for achieving management objectives or reporting potential safety hazards, thereby increasing employees' engagement in identifying and reporting work safety incidents.

⁴ The statistical scope for work-related fatalities refers to the number of fatal accidents that occur to employees of our Group during their work due to hazardous situations.



Cultural Publicity and Education

We've conducted a series of enriching work safety activities aimed at raising employees' safety awareness, identifying safety risks, eliminating potential hazards, and ensuring the safety of employees' lives and property. These initiatives have yielded positive results.

Pre-Shift Meeting Empowerment Mechanism

We require each factory workshop/section to communicate our safety management principles to employees during pre-shift meetings and select one factory leader and one functional department leader to share their experiences in implementing a safety management principle each month.

Fire Evacuation Emergency Drills

We mandate that all factories in the supply chain conduct quarterly fire evacuation emergency drills and trainings on the use of firefighting equipment to enhance employees' fire safety awareness.



Fire evacuation emergency drill

External Training and Exchange

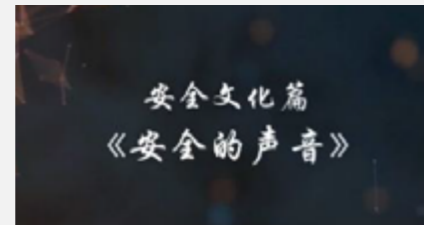
In April and October this year, we invited TÜV Rheinland (China) of Germany to our park for trainings and exchanges. They provided insights into the EU Machinery Directive and general safety requirements. TÜV Rheinland also visited our site to assess our equipment setup and offered suggestions for hazard source rectification measures.



Training and exchange with TÜV Rheinland (China)

Work safety micro-video shooting and knowledge competition

In June, we organized a work safety micro-video shooting and knowledge competition, with prizes ranging from RMB 3,000 to RMB 300. This initiative aimed to encourage active participation, boost employee enthusiasm, and enhance awareness of work safety and health, as well as the importance of occupational health and safety.



The first-place winning work safety micro-video



Work safety knowledge competition award ceremony

Safety Management in Non-Office Areas for Employees

In non-office areas for employees, we assign the Administrative Department of each plant to manage daily traffic safety, conduct daily checks on helmet and reflective vest usage for day and night shift personnel, and perform periodic safety inspections of transportation tools to eliminate safety hazards during employees' commutes.



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Our Group stays true to its core values, upholding the social responsibility principle of "Serving and Giving Back to Society", and continuously focusing on social welfare needs such as rural development, disaster relief, and poverty alleviation. We actively engage in social welfare initiatives, constantly creating "Weilong value" for society.

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For Community Community Investment



Corporate Citizenship



Community Public Welfare Achievements





Corporate Citizenship

Our Group embraces its corporate social responsibilities, offering our kindness and warmth wherever possible, to achieve mutual growth for both the Group and society. Our social welfare actions have gained broad recognitions from various sectors of society. During the reporting period, we were honored with several awards, including the 2022 Henan Food Industry Outstanding Enterprise in Fulfilling Social Responsibility by the Henan Provincial Food Industry Association, and the Charitable Enterprise on the 99 Public Welfare Day by the Luohe Charity Federation in 2022.



Luohe Charity Federation 2022 Annual Charity Work and the "99 Public Welfare Day" Caring Enterprise Medal



"2022 Henan Province Food Industry Outstanding Enterprise in Fulfilling Social Responsibility" Certificate

In 2023, we invested over RMB 4.22 million in community welfare initiatives. Moving forward, we will continue to meet public expectations, contribute to community welfare, and share our developmental achievements with society while striving for our own stable growth.

Community Public Welfare Achievements

Rural Revitalization

Our Group actively aligns with the national "Rural Revitalization" strategy, using practical actions to promote shared prosperity between urban and rural area. To stimulate the rural economy and implement localized procurement, we have supported the chili planting industry in Luohe and surrounding areas through our chili raw material purchases for many years.

In 2023, our Group contributed to the stable increase in income for over 1,500 families in Luohe, benefiting a population of over 60,000. Additionally, we continually explore and establish a development model of "enterprise + professional cooperatives + farmers", actively build a stable and high-quality supply chain, enhance the value of cooperation, and steadily advance win-win outcomes for the industry.

Poverty Alleviation and Disaster Relief

Our Group is committed to fulfilling its corporate responsibilities. When communities or regions need assistance, we are eager to offer support promptly, providing warmth and strength to help those in need overcoming challenges and looking forward to a brighter future.

Golden Autumn Student Aid Activity by Luohe Economic and Technological Development Zone Charity Federation

In September 2023, our Group actively responded to the initiatives of the Luohe Economic and Technological Development Zone government, donating a total of RMB 37,000 in scholarships to 56 primary and secondary school students and 3 university students. Through these actions, we aim to expand educational opportunities for students facing difficulties, and demonstrate our corporate compassion and positive energy.



Material Donation to Jilin Shulan

In August 2023, the Shulan region in Jilin Province experienced flooding. Our Group promptly donated supplies and products to the area, including 437 boxes of 78° Braised Egg and 4,000 boxes of bottled mineral water purchased externally, assisting in ensuring the quality of life for the local residents during this challenging time and standing in solidarity with Shulan to overcome adversity together.



Donation to Gansu Women and Children Development Foundation

On December 19, 2023, an earthquake struck Jishishan in Gansu. Our Group promptly donated RMB 2 million to the Gansu Women and Children Development Foundation to purchase cotton tents, quilts, cotton clothing, and other cold-weather and disaster-relief supplies, as well as daily necessities for women and children, to safeguard the health of those in the affected area.



Empowering Communities

Rooted in and concerned for society, our Group continuously leverages its strengths and actively collaborates with various parties to contribute to social and public welfare initiatives. We maintain our focus on areas such as employee community involvement, biodiversity conservation, and the dissemination of traditional culture. During the reporting period, we embarked on new explorations and practices in the public welfare sector by participating in activities such as national health events, adopting giant pandas, and Shanghai Fashion Week.

"10,000 Steps for Public Health" Activity

On April 28, 2023, our Group encouraged and organized employees to participate in the "10,000 Steps for Public Health" event at Qinglonghe Wetland Park in Luohe High-tech Development Zone. The aim was to raise awareness among our employees about health and environmental protection and to further promote the concepts of "public health" and "ecological environment protection". Additionally, our employees played a significant role in promoting and leading the event as volunteers.



Giant Panda Lifetime Adoption Ceremony

On September 5, 2023, our Group officially announced the lifetime adoption of "Shuangshuang" and "Chongchong", panda twins from Chongqing Zoo, and named them "Baxiaobao" and "Daoxiaobei", respectively. Chongqing Zoo presented us with a certificate of lifetime adoption and expressed gratitude for our Group's support of panda conservation through concrete actions.

This activity represents another endeavor by our Group in social welfare and biodiversity conservation, further enriching our brand's "IP" image while contributing to the protection of giant pandas.



Participation in Shanghai Fashion Week to Promote Intangible Cultural Heritage

On October 9, 2023, we collaborated with designers to showcase at Shanghai Fashion Week. Under our leadership, the exquisite artistry of Nanjing silk flowers, an intangible cultural heritage, was splendidly displayed at the Xintiandi Hongting Venue during Shanghai Fashion Week. This event merged cultural elements with modern fashion, innovatively presenting China's distinctive culture and intangible heritage techniques to the public. It also called for widespread participation in the preservation of intangible cultural heritage, fostering an understanding of China's cultural depth and bolstering national pride.



The Stock Exchange of Hong Kong ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	For Environment: Green Development- Emissions Management
	A1.1 The types of emissions and respective emissions data.	For Environment: Green Development- Emissions Management
	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).	For Environment: Green Development- Emissions Management
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	For Environment: Green Development- Emissions Management
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	For Environment: Green Development- Emissions Management
	A1.5 Description of emission target(s) set and steps taken to achieve them.	For Environment: Green Development- Environmental Management
	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.	For Environment: Green Development- Emissions Management
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	For Environment: Green Development- Energy Management
	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).	For Environment: Green Development- Energy Management
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	For Environment: Green Development- Resource Usage
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	For Environment: Green Development- Energy Management
	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.	For Environment: Green Development- Resource Usage
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	For Environment: Green Development- Resource Usage
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	For Environment: Green Development- Environmental Management and Emissions Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	For Environment: Green Development- Environmental Management and Emissions Management

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Environmental		
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	For Environment: Green Development- Addressing Climate Change
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	For Environment: Green Development- Addressing Climate Change
Social		
Employment and Labour Practices		
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.	For Employees: Joint Development- Cultivating an Inclusive Workplace
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	For Employees: Joint Development- Cultivating an Inclusive Workplace
	B1.2 Employee turnover rate by gender, age group and geographical region.	For Employees: Joint Development- Cultivating an Inclusive Workplace
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 providing a safe working environment and protecting employees from occupational hazards.	For Employees: Joint Development- Employee Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	For Employees: Joint Development- Employee Health and Safety
	B2.2 Lost days due to work injury.	For Employees: Joint Development- Employee Health and Safety
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	For Employees: Joint Development- Employee Health and Safety
	Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		For Employees: Joint Development- Promoting Career Development- Employee Training
B3.2 The average training hours completed per employee by gender and employee category.		For Employees: Joint Development- Promoting Career Development- Employee Training
Aspect B4: Labor 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 labor.	For Employees: Joint Development- Cultivating an Inclusive Workplace- Compliant Employment and Diversity
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	For Employees: Joint Development- Cultivating an Inclusive Workplace- Compliant Employment and Diversity
	B4.2 Description of steps taken to eliminate such practices when discovered.	For Employees: Joint Development- Cultivating an Inclusive Workplace- Compliant Employment and Diversity



Subject Areas, Aspects, General Disclosures and KPIs

Chapter

Social		
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Quality: Advancing Safety Innovation- Supply Chain Management
	B5.1 Number of suppliers by geographical region.	Quality: Advancing Safety Innovation- Supply Chain Management
	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.	Quality: Advancing Safety Innovation- Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Quality: Advancing Safety Innovation- Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Quality: Advancing Safety Innovation- Supply Chain Management
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.	Quality: Advancing Safety Innovation- Quality First Quality: Advancing Safety Innovation- Exceptional Service
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality: Advancing Safety Innovation- Quality First
	B6.2 Number of products and service related complaints received and how they are dealt with.	Quality: Advancing Safety Innovation- Exceptional Service
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Quality: Advancing Safety Innovation- Health and Innovation
	B6.4 Description of quality assurance process and recall procedures.	Quality: Advancing Safety Innovation- Quality First
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality: Advancing Safety Innovation- Exceptional Service
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 bribery, extortion, fraud and money laundering.	For Responsibility: Sound Corporate Governance- Corporate Governance- Business Ethics
	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.	For Responsibility: Sound Corporate Governance- Corporate Governance- Business Ethics
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	For Responsibility: Sound Corporate Governance- Corporate Governance- Business Ethics
	B7.3 Description of anti-corruption training provided to directors and staff.	For Responsibility: Sound Corporate Governance- Corporate Governance- Business Ethics
Community		
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.	For Community: Community Investment
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	For Community: Community Investment- Community Public Welfare Achievements
	B8.2 Resources contributed (e.g. money or time) to the focus area.	For Community: Community Investment- Corporate Citizenship



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