

# GREEN FRESH BIOTECHNOLOGY COMPANY LIMITED

# 綠新生物科技股份有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 01084



# 2025 ANNUAL REPORT

# VISION MISSION CORE VALUES



## Vision

Being a global leader in the technical development and manufacturing of all-natural performance materials



## Mission

Keeping pace with the times and meeting the evolving application needs of customers with quality and innovation

## Core values

Innovation, growth, and re-innovation





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# CORPORATE INFORMATION

## CHANGE OF COMPANY NAME

After considering feedback from various stakeholders over an extended period, The Company's previous Chinese and English names are considered not effectively conveying the Company's primary focus on the research, development, production, and sales of seaweed products under the context of advanced biotechnology. Seaweed is increasingly recognized as an eco-friendly resource, notable for its carbon-negative footprint during growth stage and its diverse applications as an alternative to fossil fuel-based materials. Subsequent to the passing of a special resolution for approval of the change of company name by the shareholders of the Company ("Shareholders") at the extraordinary general meeting held on 6 June 2025, the certificate of incorporation on change of name was issued by the registrar of companies in the Cayman Islands on 10 June 2025 certifying that the English name of the Company has been changed from "Green Future Food Hydrocolloid Marine Science Company Limited" to "Green Fresh Biotechnology Company Limited" and the dual foreign name of the Company from "綠新親水膠體海洋科技有限公司" to "綠新生物科技有限公司". The certificate of registration of alteration of name of registered non-Hong Kong company in respect of the new company name was issued by the registrar of companies in Hong Kong on 9 July 2025.

## CORPORATE OVERVIEW

Green Fresh Biotechnology Company Limited (stock code on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"): 1084.HK) (the "**Company**") is a global leader in the technical development and manufacturing of all-natural performance materials. The current main products of the Company and its subsidiaries (the "**Group**") include agar-agar and carrageenan products made from naturally breeding seaweed, konjac gum products made from naturally breeding konjac, blended products with extended functions through blending different colloids and gums and professional solutions thereof. The hydrocolloid products developed and manufactured by the Group are mainly applied in processed food such as processed meat, confectioneries, dairy products, sauces, bakery products, pet foods and the rising trend of flavored tea beverages. Additionally, along with the development of functional applications, our products are widely used in beauty and household products such as 100% bio-degradable face masks and air fresheners, as well as plastics-alternative wrapping and soil film. Agarose and agarophyte products manufactured through more complex processes are also primary materials of laboratory culture medium and medium for electrophoresis in genetic sequencing.

The Group has maintained a leading position in the market, ranking first in terms of the sales value, sales volume and the related market shares among manufacturers of agar-agar products as well as refined and semi-refined carrageenan products in the PRC for both 2020 and 2021, and again in 2023 and 2024. Additionally, the Group is recognized as the largest global manufacturer of these products during these years, according to a report prepared by Frost & Sullivan in March 2025. As an enterprise operating within the essential supply chain of large-scale manufacturers, the capabilities of ensuring steady supply through top-class production scale and technological acumen are the key competitive edges of the Group.

As of 31 December 2025, the total annual design production capacity of Green Fresh (Fujian) Production Base Phase I to Phase III and Lvqi (Fujian) Production Base Phase I and Phase II in Zhangzhou, Fujian, and Lvbao (Quanzhou) Production Base in Quanzhou, Fujian: 7,265 tons (2024: 7,265 tons) of agar-agar products, 10,355 tons (2024: 10,355 tons) of carrageenan products, 1,500 tons (2024: 1,500 tons) of konjac gum products, 3,300 tons (2024: 3,300 tons) of blended products; the annual design production capacity of Shiyanghaiyi Production Base: 660 tons (2024: 660 tons) of konjac gum products; the annual design production capacity of PT Hongxin Production Base in Indonesia: 4,300 tons (2024: 4,300 tons) of carrageenan products; the annual design production capacity of Xiamen Sanji Production Base: 10 tons (2024: 10 tons) of Agarose Microspheres products. The total design production capacity was 27,390 tons (2024: 27,390 tons).

As of 31 December 2025, the number of product technical development personnel is 104 (2024: 106).

## CORPORATE INFORMATION

### OUR PHILOSOPHY

Taking human needs for health food as a source of our life and innovation.

### KEY MILESTONES FOR THE DEVELOPMENT OF THE GROUP

- 1999: Lvbao (Quanzhou) Biochemistry Company Ltd. was incorporated, started producing carrageenan products in 2001, and produced blended products as well thereafter.
- 2007: Green Fresh (Fujian) Foodstuff Co., Ltd. was incorporated, mainly engaged in the manufacturing of carrageenan products.
- 2012: Shiyanghaiyi Konjac Products Company Ltd. was incorporated, commencing commercial production of konjac products.
- 2012: Green Fresh (Fujian) Foodstuff Co., Ltd. and Fujian Province Lvqi Food Colloid Company Limited were merged, further expanding the production line scope where carrageenan, agar-agar and blended products were covered.
- 2017: The design production capacity of newly added carrageenan and agar-agar products was 5,775 tons per year, representing an increase of 44.7%.
- 2018: Lvqi Trading (Shanghai) Company Limited was incorporated, energetically strengthening the marketing and sales of quick-dissolve agar-agar, a deep-processing product.
- 2019: The Company was successfully listed on the main board of the Stock Exchange. The design production capacity of newly added quick-dissolve agar-agar and konjac gum was 1,500 tons per year.
- 2021: The Group acquired 82% equity interest in Hung Tai Shun International Trading Limited, a company incorporated in Hong Kong, which in turn holds 99.83% equity interests in PT Hongxin Algae International, a company incorporated in Indonesia which principally engages in the manufacture and safes of semi-refined carrageenan with total designed capacity of 4,300 tons per year.
- 2022: The Group commenced the production of Agarose Microspheres – a separation medium widely used in the fundamental production process of the biomedical sector.
- 2023: The Group commenced the research & development and pre-production of 100% bio-degradable algae membrane for the use in cosmetic fascial mask and plastics-alternative wrapping and soil film through the setting-up of "Xiamen Blue Ocean Algae Membrane Technologies Co. Ltd." in July 2023.
- 2024: The Group acquired additional equity investments at both the listing company level and the subsidiary company level during 2024 in accordance with the Group's business expansion strategy.
- 2025: In May 2025, our seaweed-based bio-degradable product passed the FDA Food Contact Safety assessment, meeting one of the most rigorous food safety standards globally and strengthening our position in the U.S. and international food packaging markets. Subsequently, in August and October 2025 respectively, our product obtained the 100% Bio-Based Certification and No Plastic Certification, from SGS — one of the world's leading testing and certification bodies. In December 2025, our product also demonstrated full compliance in Home Compostability testing, further confirming the technical and market readiness of the Company's product.

## CORPORATE INFORMATION

### AWARDS AND HONOURS

#### 2016:

Green Fresh (Fujian) Foodstuff Co., Ltd. was invited to participate in the drafting of the National Food Safety Standards on Agar-Agar, A Food Additive (GB1886.239-2016) and the National Food Safety Standards on Carrageenan, A Food Additive (GB1886.169-2016). The relevant national standards were respectively implemented in 2016 and 2017.

Fujian Province Lvqi Food Colloid Company Limited obtained the international Food Safety System Certification (FSSC 22000).

#### 2017:

Green Fresh (Fujian) Foodstuff Co., Ltd. and Fujian Province Lvqi Food Colloid Company Limited were respectively awarded "Leading Enterprise of Carrageenan Production in Fujian Province (2016-2019)" and "Leading Enterprise of Agar-Agar Production in Fujian Province (2016-2019)" by Fujian Food Industry Association.

#### 2018:

The research project on the processing technology of red edible seaweed jointly initiated by Green Fresh (Fujian) Foodstuff Co., Ltd., Fujian Province Lvqi Food Colloid Company Limited and Jimei University was accepted by the Ministry of Agricultural and Rural Affairs of the PRC to be added to the list of national-standard agricultural product processing technology research and development centres in the PRC.

#### 2020:

Green Fresh (Fujian) Foodstuff Co., Ltd. was named as a participating enterprise in the "Postdoctoral Programme" organised by the Ministry of Human Resources and Social Security of the PRC.

#### 2021:

Green Fresh (Fujian) Foodstuff Co., Ltd. was awarded the "Key Leading Enterprise in the Industrialised Agricultural Sector of the Fujian Province" by the municipal government of Zhangzhou, Fujian.

#### 2022:

Based on the latest market study commissioned by the Group and issued by Frost & Sullivan Limited in June 2022, the Company is ranked first in the PRC market in 2020 and 2021 in terms of sales value, sales volume and the related market shares of agar-agar products as well as refined and semi-refined carrageenan products. The Company has also become the largest manufacturer of agar-agar products and refined and semi-refined carrageenan products globally in 2020 and 2021.

#### 2025:

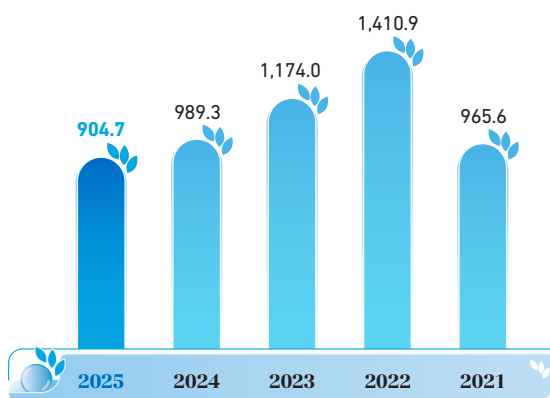
Based on the latest market study issued by Frost & Sullivan Limited in March 2025, the Company continued to rank first in the PRC market in 2023 and 2024 in terms of sales value, sales volume and the related market shares of agar-agar products as well as refined and semi-refined carrageenan products. The Company has also remained as the largest manufacturer of agar-agar products and refined and semi-refined carrageenan products globally in 2023 and 2024.

In March 2025, the Group was honored as an awardee of "2025 Forbes China - Innovative Brands in Industry Development Selection" of the year.

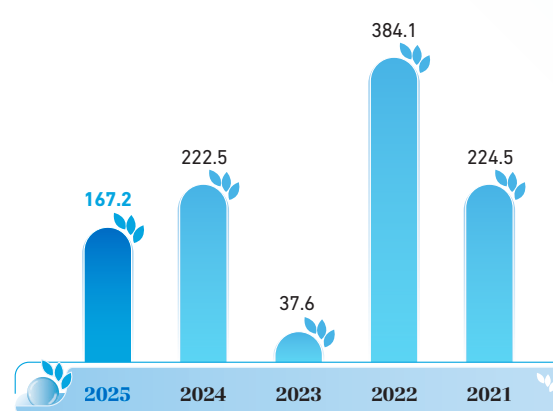
## CORPORATE INFORMATION

## FINANCIAL HIGHLIGHTS

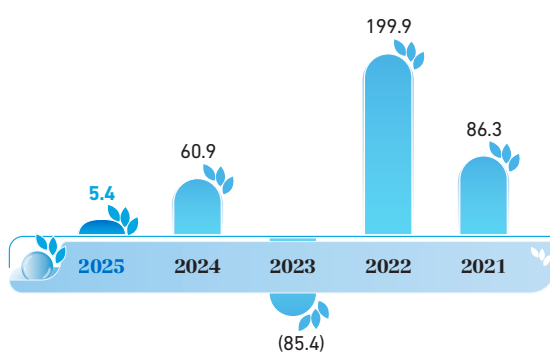
Revenue (RMB' million)



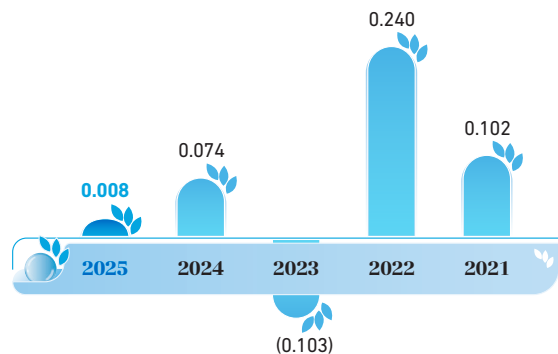
Gross Profit (RMB' million)



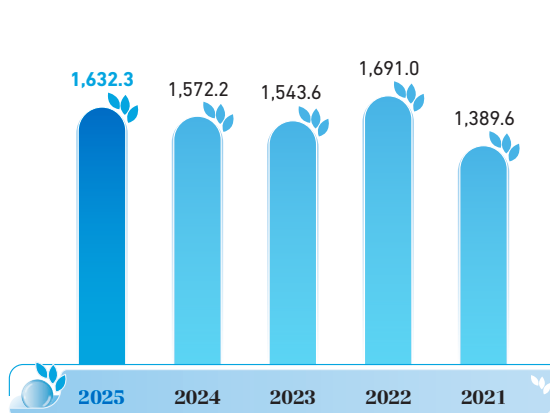
Profit/(Loss) for the year (RMB' million)



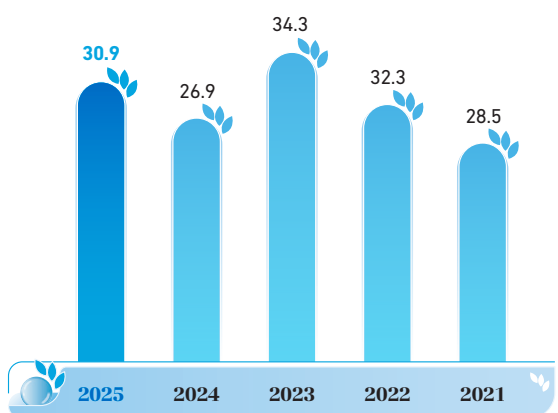
Diluted Earnings/(Loss) Per Share (RMB)



Total Assets (RMB' million)



Net Debt to Total Assets Ratio (%)



## CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2025 (the "FY2025").

### LONG-TERM BUSINESS STRATEGY

Green Fresh Biotechnology Company Limited (the "Company" which, together with its subsidiaries, is referred collectively as, the "Group") is a leading producer of seaweed-based and plant-based hydrocolloid products in the People's Republic of China as well as the global markets. The Group has maintained a leading position in the market, ranking first in terms of the sales value, sales volume and the related market shares among manufacturers of agar-agar products and refined and semi-refined carrageenan products in the PRC for both 2020 and 2021, and again in 2023 and 2024. Additionally, the Group is recognized as the largest global manufacturer of these products during these years, according to a report prepared by Frost & Sullivan in March 2025. The Group's products, including agar-agar, carrageenan, blended products, and konjac gum, offer a wide range of functional properties such as thickening, water retention, and separation medium capabilities for various end-use applications. These include processed foods, skincare, and biomedical products. Notably, agarose and agar gel microspheres products, manufactured through more complex processes, serve as primary materials for laboratory culture media and electrophoresis media used in genetic sequencing. Additionally, konjac gum is commonly included in many health foods due to its high content of soluble dietary fibers. As part of its strategic growth, the Group has successfully expanded into the technically demanding and commercially attractive blended products market, which addresses diverse functional requirements of end products. Recently, the Group has further diversified its expertise by venturing into 100% biodegradable plastic alternatives, including wrapping films and soil films. We believe this area holds significant business potential as environmental conservation becomes a global priority for nations worldwide.

Distinguished from other conventional manufacturers, the Group is positioned itself to be a long-term partner of its customers in the supply chain of raw materials and certain product development process of its customers. This business cooperation is important in building long-term customer's relationship. Moreover, through its product research and development efforts, the Group also supports the development of new applications and new end-products by its customers. These business collaboration efforts are part of the long-term business development strategies of the Group and help the Group to secure business orders from its customers.

### BUSINESS OVERVIEW FOR 2025

During FY2025, the economies of China and European countries, being the two major markets of the Group, remained feeble amidst all the persistent challenges. First, the significant challenges that China faced in 2024 has continued, characterized by a sustained decline in the purchasing power of the general public. This situation has led to widespread "involution" where intensified price competition further undermines business profitability and, consequently, the income and spending levels of the general population. Additionally, demand from overseas markets is deteriorating amid uncertainties arising from the trade tariff war initiated at the beginning of 2025, along with a decline in household income and, thus, reduced spending on consumer goods, including food items. As a result of this broad decrease in demand and the impacts of "involution in China" the sales volume and average selling price of refined carrageenan have fallen by approximately 10.7% and 5.1%, respectively, in FY2025 compared to FY2024. Additionally, alongside the decline in milk and premium leisure foods consumption both in China and globally, the sales volume and average selling price of agaragar dropped by approximately 13.3% and 1.4%, respectively, during FY2025 as compared to FY2024.

## CHAIRMAN'S STATEMENT

During FY2025, the Group's revenue was RMB904.7 million (2024: RMB989.3 million), decreased by RMB84.6 million or 8.6% as compared to FY2024. The decrease in the Group's sales revenue was mainly attributable to the significant decrease in the sales revenue of carrageenan products by approximately RMB76.7 million or 15.7%, caused mainly by the year-round decrease in the selling price of seaweed materials during FY2025, which is the key determinant of the selling price of the Group's carrageenan products, as compared to FY2024. As noted in the Company's annual report for FY2024, following a significant surge in the selling prices of seaweed and carrageenan in FY2022, both prices have declined continuously from FY2023 through FY2025 due to reduced demand stemming from the economic slowdown noted in China and many European countries during this period. On the other hand, the sales revenue of agar-agar decreased by RMB42.8 million or 14.5% during FY2025, as compared to FY2024. These two major products contributed a total of 73.3% of the Group's total sales revenue of the year, representing a decrease of 5.8% as compared to FY2024. This was mainly due to the decrease in the sales revenue of agar-agar and carrageenan products alongside the increase in sales revenue of konjac products, blended products and others by a total of RMB34.9 million or 16.9% during FY2025.

For FY2025, the gross profit of the Group was RMB167.2 million (FY2024: RMB222.5 million), representing a decrease of RMB55.3 million or 24.9%. The overall gross profit margin for FY2025 was 18.5%, representing a decrease of 4.0 percentage points as compared to FY2024. During FY2025, the gross profit margin of agar-agar, carrageenan and blended products decreased by 1.2 percentage points, 7.6 percentage points and 1.3 percentage points, respectively, as compared to FY2024. On the other hand, the gross profit margin of konjac increased by 1.9 percentage points in FY2025, as compared to FY2024. Upon analysis, the decrease in the overall gross profit margin was primarily due to a 7.6 percentage point reduction in the gross profit margin of carrageenan products, stemming from the downward trend in their selling prices during FY2025. Conversely, the lowered average inventory costs resulting from the decline in seaweed prices during the year contributed to a reduced level of inventory provision in FY2025 compared to FY2024.

The Group's net profit for FY2025 was RMB5.4 million, reflecting a decrease of RMB55.5 million or 91.1% compared to the net profit of RMB60.9 million for FY2024. The decline in net profit for FY2025 closely mirrors the decrease in gross profits as explained above. During FY2025, the effect of the decrease in net finance cost of RMB1.9 million and income tax expenses of RMB18.2 million, was largely off-set by the decrease in other income of RMB5.1 million and the increase in other net losses, selling and distribution expenses and administrative expenses of RMB3.8 million, RMB5.3 million and RMB5.9 million, respectively.

While the feebleness of the Group's major markets restrained the overall resurgence of the Group's business performance in FY2025, global demand for hydrocolloid products is expected to pick up in the foreseeable future. Due to the prolonged decrease in the selling price of seaweeds, the price of carrageenan products is expected to bottom out and gradually rise in the foreseeable future due to the turn-around effect of business cycle. This trend is likely to drive up demand from customers. Moreover, the Directors expect that sales performance in the PRC will improve in the near future and the upward trend of blended products will continue, as through the unwavering efforts to build overseas sales networks, the sales volume of blended products has demonstrated a compound annual growth rate of over 20% from 2021 to 2025. Given that the key applications of hydrocolloid products encompass essential consumer goods such as food, household items, skincare and 100% bio-degradable seaweed products, there is consistently strong demand. The Group will benefit from the advantages it has established over the years as an industry leader.

## CHAIRMAN'S STATEMENT

### 2025 FINAL DIVIDEND

In order to share the operating results of the Company with the Shareholders, the Directors recommended a payment of a final cash dividend of HK1.2 cents per share for FY2025, which demonstrated the Company's continuous efforts in attaining the target dividend payout each year after considering the available cash resources. Dividends will be paid in cash.

### SUBSEQUENT EVENT

There was no significant event affecting the Group which occurred after 31 December 2025 and up to the date of this annual report.

### PROSPECTS

As explained in the "Business Review" section in this annual report, the principal risk and uncertainties facing the Group included (i) the change in the market price of hydrocolloid products affected by the dynamic movements in market demand and supply including those related to raw materials and (ii) the change in general spending power of the Group's major markets that would cause price pressure to the end-products side of hydrocolloid.

Although the global economy will still be subject to uncertainties in the near future, the Group will strive to improve its performance and investment return by leveraging on its strengths in the business scale as industry leader, technical expertise built on the continuous pursuit of excellence, as well as product innovativeness as the core values founded inside every member of the Group.

Hydrocolloid is an essential performance ingredient used in a wide array of processed foods, which is all-along a stable and sizable sector on a worldwide dimension, but also many consumer and industrial products riding on the upraising trend of product novelty and environmental friendliness such as flavored tea beverages, bio-degradable skincare and plastic-alternative products envisaged a vast development potential in the applications of hydrocolloid in the future. Furthermore, due to their technical value and ready-to-use nature, blended products demonstrate enormous business potential and present new opportunities for the Group in both local and international markets. The Directors expect that the global demand for the hydrocolloid products would be very promising in the long-run.

### APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all the shareholders, customers, suppliers and business partners for their unwavering support. In the meantime, I would like to express my heartfelt gratitude to the Directors, management and all the staff for their unremitting efforts and contributions over the years.

**CHAN Kam Chung**

*Chairman*

Hong Kong, 30 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During FY2025, the economies of China and European countries, being the two major markets of the Group, remained feeble amidst all the persistent challenges. First, the significant challenges that China faced in 2024 has continued, characterized by a sustained decline in the purchasing power of the general public. This situation has led to widespread “involution” where intensified price competition further undermines business profitability and, consequently, the income and spending levels of the general population. Additionally, demand from overseas markets is deteriorating amid uncertainties arising from the trade tariff war initiated at the beginning of 2025, along with a decline in household income and, thus, reduced spending on consumer goods, including food items. As a result of this broad decrease in demand and the impacts of “involution in China” the sales volume and average selling price of refined carrageenan have fallen by approximately 10.7% and 5.1%, respectively, in FY2025 compared to FY2024. Additionally, alongside the decline in milk and premium leisure foods consumption both in China and globally, the sales volume and average selling price of agaragar dropped by approximately 13.3% and 1.4%, respectively, during FY2025 as compared to FY2024.

### Ongoing Investment in Product Technology

The Group sets out its long-term goal of offering products carrying higher level of product technology which enables us to differentiate from our competitors in meeting the changing needs of customers. Through our ongoing investment in product research and development capability, the Group has been able to enhance product mix and hence profitability in a sustainable manner. For instance, blended products provide customers with readily usable food additives solution which carries added values leading to higher profit margin as compared to that of hydrocolloid products in single-component form. Besides, quick-dissolve agar-agar used in dairy products and deep-processed carrageenan products used in bakery products are products with ample market potential and the Directors believe that these products shall become key contributors to the enhancement of the Group’s profit margin in the foreseeable future. Furthermore, konjac gum has become a key ingredient of various health foods for its rich soluble dietary fibers, and its development is on the momentum. As for the daily necessities, the markets for gel-type air fresheners and skincare products such as facial masks were further developed during FY2025. Last but not the least, the launching of seaweed-based 100% biodegradable algae membrane as an alternative to plastics for a wide array of applications is viewed as a strategic move of the Group to capitalise on the global decarbonisation opportunity for the coming decades. The Directors expect that the diversity in the end-products and the applications will be key areas for business expansion in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS PROSPECTS

While the feebleness of the Group's major markets restrained the overall resurgence of the Group's business performance in FY2025, global demand for hydrocolloid products is expected to pick up in the foreseeable future. Due to the prolonged decrease in the selling price of seaweeds, the price of carrageenan products is expected to bottom out and gradually rise in the foreseeable future due to the turn-around effect of business cycle. This trend is likely to drive up demand from customers. Moreover, the Directors expect that sales performance in the PRC will improve in the near future and the upward trend of blended products will continue, as through the unwavering efforts to build overseas sales networks, the sales volume of blended products has demonstrated a compound annual growth rate of over 20% from 2021 to 2025. Given that the key applications of hydrocolloid products encompass essential consumer goods such as food, household items, skincare and 100% bio-degradable seaweed products, there is consistently strong demand. The Group will benefit from the advantages it has established over the years as an industry leader.

In terms of the Group's effort to diversify the geographical location of the production facilities as well as ongoing endeavor in cost-reductions, the Group's subsidiary, PT Hongxin Algae International ("**Hongxin**"), a company incorporated in Indonesia engaged principally in the manufacture of semi-refined carrageenan with clear advantages in lower operating cost and proximity to seaweed resources, has maintained its production scale on one hand and invested in the continuous enhancement of production facilities on the other with the aim to step up further its product quality as well as cost competitiveness in the foreseeable future.

Looking ahead, the prospects for hydrocolloid products are promising. The Group is committed to driving sustainable business growth and improving returns on investments by leveraging its strengths in scale and technical expertise.

### FINAL DIVIDEND

In order to share the operating results of the Company with our shareholders (the "**Shareholders**"), the Directors recommended a payment of a final cash dividend of HK1.2 cents per share for FY2025, which demonstrated the Company's continuous efforts in attaining the target dividend payout each year after considering the available cash resources. Dividends will be paid in cash.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Group's net profit for FY2025 was RMB5.4 million, reflecting a decrease of RMB55.5 million or 91.1% compared to the net profit of RMB60.9 million for FY2024. Further analysis on the operating results of the Group is set out below.

#### Revenue

During FY2025, the Group's revenue was RMB904.7 million (2024: RMB989.3 million), decreased by RMB84.6 million or 8.6% as compared to FY2024. The decrease in the Group's sales revenue was mainly attributable to the significant decrease in the sales revenue of carrageenan products by approximately RMB76.7 million or 15.7%, caused mainly by the year-round decrease in the selling price of seaweed materials during FY2025, which is the key determinant of the selling price of the Group's carrageenan products, as compared to FY2024. As noted in the Company's annual report for FY2024, following a significant surge in the selling prices of seaweed and carrageenan in FY2022, both prices have declined continuously from FY2023 through FY2025 due to reduced demand stemming from the economic slowdown noted in China and many European countries during this period. On the other hand, the sales revenue of agar-agar decreased by RMB42.8 million or 14.5% during FY2025, as compared to FY2024. These two major products contributed a total of 73.3% of the Group's total sales revenue of the year, representing a decrease of 5.8% as compared to FY2024. This was mainly due to the decrease in the sales revenue of agar-agar and carrageenan products alongside the increase in sales revenue of konjac products, blended products and others by a total of RMB34.9 million or 16.9% during FY2025.

During FY2025, the sales value in the PRC and the overseas markets accounted for 48.1% and 51.9% of the Group's total sales value, respectively (FY2024: 48.0% and 52.0%). Sales value in the PRC market amounted to RMB434.9 million for FY2025, decreased by RMB40.3 million or 8.5% as compared to FY2024. Sales value in the overseas market amounted to RMB469.8 million for FY2025, decreased by RMB44.3 million or 8.6% as compared to FY2024. Within the sales value in the overseas market, the total value of products sold to European countries decreased by RMB51.1 million or 17.8%, which was in line with the region's economic downturn; while the total value of products sold to South America increased by RMB5.7 million or 13.6%, reflecting the decent growth of the region's hydrocolloid-related manufacturing business.

#### Cost of Sales

For FY2025, the Group's cost of sales was RMB737.5 million (FY2024: RMB766.8 million), representing a decrease of RMB29.3 million or 3.8%. This cost was primarily comprised of raw materials (seaweed and konjac), ancillary materials, and production costs. Such decrease was mainly attributable to the decline in the sales volume of agar-agar and carrageenan products by 13.3% and 10.7%, respectively, as compared to FY2024. From the perspective of cost compositions, there was a decrease in direct material cost resulting mainly from the year-round decrease in the selling price of seaweed during FY2025, and an increase in direct labor cost due to salary increment implemented during the year. In addition, further investments in environment conservation represented another item of cost increase for FY2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

For FY2025, the gross profit of the Group was RMB167.2 million (FY2024: RMB222.5 million), representing a decrease of RMB55.3 million or 24.9%. The overall gross profit margin for FY2025 was 18.5%, representing a decrease of 4.0 percentage points as compared to FY2024. During FY2025, the gross profit margin of agar-agar, carrageenan and blended products decreased by 1.2 percentage points, 7.6 percentage points and 1.3 percentage points, respectively, as compared to FY2024. On the other hand, the gross profit margin of konjac increased by 1.9 percentage points in FY2025, as compared to FY2024. Upon analysis, the decrease in the overall gross profit margin was primarily due to a 7.6 percentage point reduction in the gross profit margin of carrageenan products, stemming from the downward trend in their selling prices during FY2025. Conversely, the lowered average inventory costs resulting from the decline in seaweed prices during the year contributed to a reduced level of inventory provision in FY2025 compared to FY2024.

### Selling and Distribution Expenses

For FY2025, the selling and distribution expenses of the Group were RMB25.9 million (FY2024: RMB20.6 million), representing an increase of RMB5.3 million or 25.7%. The increase was mainly due to the increase in the number of sales representatives located overseas for market development. Besides, during FY2025, the Company participated in an increased number of trade shows held locally and overseas, as well as conducted increased number of customer visits, resulting in corresponding increase in travelling and accommodation expenses.

### Administrative Expenses

For FY2025, the administrative expenses of the Group were RMB110.5 million (FY2024: RMB104.6 million), representing an increase of RMB5.9 million or 5.6%, which was mainly attributable to salary increment implemented during the year and the increase in materials consumed in respect of the Group's research and development activities in respect of agar-agar, konjac as well as the 100% biodegradable seaweed products.

### Net Finance Costs

During the FY2025, the finance income and finance costs of the Group were RMB286,000 and RMB27.7 million, respectively, (FY2024: RMB686,000 and RMB30.1 million), representing a decrease of RMB400,000 for finance income and a decrease of RMB2.4 million or 8.0% for finance costs. The decrease in finance income was directly linked to the amount and duration of bank deposit made during FY2025, while the decrease in finance costs was due to the decrease in interest rate on RMB denominated loans as well as the decrease in the average draw-down balance of USD and HKD denominated loans during FY2025 as a result of the continuous decrease in the selling price of seaweeds.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Income Tax Expenses

For FY2025, the income tax expense of the Group was RMB1.8 million (FY2024: RMB20.0 million), representing a decrease of RMB18.2 million or 91.0%. The significant decrease was mainly due to the decrease in taxable profit by RMB73.8 million or 91.2% for FY2025, as compared to the pre-tax profit of RMB80.9 million recorded in FY2024.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax	6,029	9,256
Deferred income tax/(credit)	(4,275)	10,740
Income tax expense	1,754	19,996

### Net Profit

The Group's net profit for FY2025 was RMB5.4 million, reflecting a decrease of RMB55.5 million or 91.1% compared to the net profit of RMB60.9 million for FY2024. The decline in net profit for FY2025 closely mirrors the decrease in gross profits as explained above. During FY2025, the effect of the decrease in net finance cost of RMB1.9 million and income tax expenses of RMB18.2 million, was largely off-set by the decrease in other income of RMB5.1 million and the increase in other net losses, selling and distribution expenses and administrative expenses of RMB3.8 million, RMB5.3 million and RMB5.9 million, respectively.

### Profit Attributable to Owners of the Company

For FY2025, profit attributable to owners of the Company was RMB6.6 million (FY2024: RMB62.2 million), representing a decrease of RMB55.6 million, consistent with the decrease in the net profit of the Group for FY2025.

### Liquidity and Financial Resources

As of 31 December 2025, the Group's cash and bank balances amounted to RMB108.4 million, representing a decrease of RMB33.1 million or 23.4% from 31 December 2024. Cash and bank balances were denominated in HKD, USD and RMB. The financial ratios of the Group as of 31 December 2025 were as follows:

	As at 31 December 2025	As at 31 December 2024
Current ratio	1.68	1.74
Gearing ratio <sup>1</sup>	37.3%	34.3%

Note 1: Gearing ratio is calculated as net debt divided by total of net debt and equity.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Current Assets

As of 31 December 2025, the Group's net current assets were RMB450.5 million, reflecting an increase of RMB7.6 million or 1.7% from RMB442.9 million as of 31 December 2024. This increase was mainly attributable to the increase in inventories and trade and other receivables by RMB90.6 million and RMB17.2 million, respectively. Such increases were largely offset by the increases in trade and other payables and bank borrowings of RMB38.5 million and RMB28.3 million, respectively, along with a decrease in cash and bank balances of RMB33.1 million.

### Borrowing

As of 31 December 2025, the total bank borrowings of the Group amounted to RMB566.6 million, of which RMB488.9 million shall be repaid within one year and RMB77.7 million shall be repaid after one year. The bank borrowings were denominated in HKD, USD and RMB. As of 31 December 2025, the total non-bank borrowings of the Group amounted to RMB18.4 million which was denominated in RMB shall be repaid after one year. The Group did not use any financial instruments for hedging purposes and did not have any net foreign currency investments that are hedged by currency borrowings and/or other hedging instruments.

### Interest Rate Risk

The interest rate risk of the Group arises from short-term interest-bearing deposits and bank borrowings. For FY2025, all the bank borrowings are at variable interest rates and the weighted average interest rate on bank borrowings was 4.57% per annum (FY2024: 5.22%). The Group is exposed to the interest rate risk of cash flow on short-term deposits and bank borrowings at the variable rate. Non-bank borrowings of RMB18.4 million which were outstanding as at 31 December 2025 were at fixed interest rates and expose the Group to fair value interest rate risk. The Group does not have any significant interest-bearing assets other than short-term interest-bearing deposits. The Directors do not expect any material impact on interest-bearing assets from interest rate movement, as interest rates on short-term deposits are not expected to fluctuate substantially.

## TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group adopts a conservative approach to cash management and fund investment. Its receipts and payments are primarily denominated in RMB and USD, which allows for a good degree of natural hedging against foreign currency exposure. The Group will closely monitor foreign exchange fluctuations and will consider hedging if needed. In FY2025, the Group did not use any financial instruments for hedging purposes.

## EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2025, the Group had 1,168 full-time employees, of whom 982 were based in Mainland China and 186 were based in Hong Kong and other countries and territories. The total amount of the remuneration of employee for FY2025 were amounted to RMB131.8 million (FY2024: 117.6 million).

The management of the Group maintains good working relationship with its employees and the Group provides training to keep the employees abreast of the latest developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitive and consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and statutory retirement benefit scheme, discretionary bonuses, share award and share options may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

## DIRECTORS' PROFILE

### Executive Directors

**Mr. CHAN Kam Chung (陳金淙先生)** (formerly known as 陳金鐘), aged 55, is the executive Director, Chairman, and Chief Executive Officer of the Group. Mr. CHAN is also the chairman of the nomination committee and a member of remuneration committee. Mr. CHAN is responsible for formulating our overall strategic planning and business strategies and implementing major development policies and initiatives for the business development of the Group as a whole. Mr. CHAN joined the Group in May 2003.

In addition to his working experience in the food industry, Mr. CHAN completed a number of courses of food preservation technology (食品保鮮技術), food technology (食品工藝) from Zhangzhou Institute of Technology (漳州職業技術學院) in May 2013 on part-time basis. Mr. CHAN also attended the seminar of "Executive Training Programme for Fujian Entrepreneurs (常青藤創新總裁班)" organised by HKU School of Professional and Continuing Education in December 2016. Mr. CHAN has more than 20 years' experience in processed food and hydrocolloid production, corporate planning, and financial and marketing management. Prior to joining the Group, Mr. CHAN was a director and deputy general manager of Guangda (Fujian) Foodstuff Co., Ltd. (光大(福建)食品有限公司) from the period of 1998 to 2001.

Mr. CHAN was appointed as the honorary president of the first session of China Algae Industry Association Carrageenan Branch (中國藻業協會紅藻膠分會) in March 2019.

Mr. CHAN is the younger brother of Mr. CHAN Shui Yip, the executive Director, and the brother-in-law of Mr. SHE Xiaoying, the executive Director.

**Mr. GUO Dongxu (郭東旭先生)**, aged 58, is the executive Director, Vice Chairman, and Vice President of the Group. Mr. GUO oversees the project development, quality control, and external business affairs of the Group. Mr. GUO was the executive director and legal representative of South Fujian Agar Co., Ltd (福建省石獅市閩南瓊膠有限公司) from October 1995 to August 2018. Mr. GUO joined us in March 2009 and his first position in the Group was the supervisor of Lvqi (Fujian). Since December 2012, Mr. Guo has been the executive director and general manager of Lvqi (Fujian). Mr. GUO was subsequently reassigned as the Vice President and General Manager of Greenfresh (Fujian). Mr. GUO has 27 years of experience in seaweed processing and corporate management.

Mr. GUO completed the courses on food preservation, food technology, and organic chemistry (食品保鮮技術、食品工藝、有機化學) from Zhangzhou Institute of Technology (漳州職業技術學院) in May 2013 on a part-time basis.

Mr. GUO was appointed as the deputy chairman of China Seaweed Association (中國藻業協會), Fujian Food Association (福建省食品工業協會) and managing vice chairman of the third session of Fujian Province Food Additive Association (福建省食品添加劑和配料工業協會) in April 2012, March 2017 and February 2016. Mr. GUO was also appointed as an executive committee member (執行委員) of the Industrial and Commerce Association of Longhai City (龍海市工商業聯合會(總商會)委員). In March 2018, Mr. GUO was awarded as an outstanding entrepreneur of the seventeenth session of the outstanding entrepreneur of Fujian city (福建省優秀企業家). Mr. GUO has been appointed as the president of the first session of China Algae Industry Association Carrageenan Branch (中國藻業協會紅藻膠分會) in March 2019.

## DIRECTORS' PROFILE

**Mr. CHAN Shui Yip (陳垂燁先生)** (formerly known as CHAN Kam Ku (陳金鼓)), aged 64, is the executive Director, Vice Chairman, and Vice President of the Group. Mr. CHAN oversees the product management, sourcing, human resources, and general administration of the Group. Mr. CHAN has more than 13 years' experience in business management and more than 18 years' experience in food industry. Mr. CHAN was the deputy manager of Jinjiang Xinyi Leather and Plastic Enterprise Co., Ltd. (晉江市新毅皮塑企業有限公司) from July 1988 to March 1999 and was responsible for production management. Mr. CHAN joined the Group in March 1999.

Mr. CHAN completed the courses of food preservation, food technology, and organic chemistry from Zhangzhou Institute of Technology (漳州職業技術學院) in May 2013 on a part-time basis. Mr. CHAN also completed a part-time advanced business administration course held by the Peking University Shenzhen Graduate School (北京大學深圳研究院) in June 2017. Mr. CHAN completed a part-time president financial training course (金融高管高級研修班) in Renmin University of China (中國人民大學) in September 2018.

Mr. CHAN was awarded as one of the "Talented People of Zhangzhou City" (漳州市優秀人才) by the CPC Zhangzhou Municipal Committee (中國共產黨漳州市委員會) and the People's Government of Zhangzhou (漳州市人民政府) in November 2015. Mr. CHAN was named as the Honourable Chairman of the thirteen session of the Longhai City Commercial and Industrial Association (General Chamber of Commerce) (龍海市工商業聯合會(總商會)) in December 2016 and the vice chairman of the twentieth session of Fukien Athletic Club (香港福建體育會) in March 2017.

Mr. CHAN is the elder brother of Mr. CHAN Kam Chung, the executive Director, and the brother-in-law of Mr. SHE Xiaoying, the executive Director.

**Mr. SHE Xiaoying (佘小迎先生)**, aged 64, is the executive Director. Mr. SHE oversees the sales of our hydrocolloid products. Mr. SHE has more than 14 years' experience in food industry. Mr. SHE was the production manager of Jinjiang Xinyi Leather and Plastic Enterprise Co., Ltd. (晉江市新毅皮塑企業有限公司) from December 1988 to April 2003 and was responsible for production management. Mr. SHE joined the Group in May 2003 and has held a number of positions in the Group. From May 2003 to November 2011, Mr. SHE was the director and deputy manager of Lvbao (Quanzhou). From November 2007 to January 2013, Mr. SHE was the legal representative and general manager of Greenfresh (Fujian). Currently, Mr. SHE is a director of Greenfresh (Fujian) and the deputy general manager of Lvbao (Quanzhou).

Mr. SHE is a brother-in-law of Mr. CHAN Kam Chung and Mr. CHAN Shui Yip, both are the executive Directors.

**Ms. CHEN Yi (陳熠女士)** aged 38, is currently the vice-president (Management) of the Group overseeing the Group's operational management functions including human resources, administrative and information technology and coordination with external parties. Ms. Chen has more than 14 years' experience in human resources management. Ms. Chen joined the Group in May 2019. Prior to joining the Group, Ms. Chen was the supervisor of human resources and administration department of Anheuser-Busch InBev Sedrin (Zhangzhou) Brewery Co., Ltd. from 2011 and has been promoted as the manager of human resources and administration department in 2013. Ms. Chen obtained a bachelor's degree in administration from Fujian Agriculture and Forestry University (福建農林大學) in 2011 and a master's degree in business administration from the Hongkong Finance & Economics College (香港財經學院) in 2022.

## DIRECTORS' PROFILE

### Independent non-executive Directors

**Mr. Ho Kwai Ching Mark (何貴清先生)**, aged 64, is the independent non-executive Director. He is also the chairman of the audit committee and a member of the nomination committee and remuneration committee.

Mr. Ho received a Bachelor Degree in Social Sciences from the University of Hong Kong in 1984 and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Ho has extensive experience in the securities and futures industry. He was the Chief Operating Officer of Oriental Patron Securities Limited, the Chief Compliance Officer of Hong Kong Mercantile Exchange Limited, the Director of Business Development of Sun Hung Kai Securities Limited and Director of Phillip Securities (HK) Limited. He was also previously Vice President of Corporate Strategy of Hong Kong Exchanges and Clearing Limited and Head of Compliance of Hong Kong Futures Exchange Limited. He is currently the co-founder and Chief Executive Officer of ProMEX Limited, and an independent non-executive director of Lee Kee Holdings Limited (stock code: 0637), Hengan International Group Company Limited (stock code: 1044) and Everbright Grand China Assets Limited (stock code:3699), all of these companies are listed on the Stock Exchange.

**Mr. NG Man Kung (吳文拱先生)**, aged 74, is the independent non-executive Director. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee.

Mr. NG completed an extension course in banking at the Hong Kong Polytechnic University in September 1982. Mr. NG was an honorary president of the 37th Hong Kong Chinese Bankers Club, a member of the Council of Hong Kong Polytechnic University from April 1999 to March 2002, and a member of the 10th Fujian Province Committee of the Chinese People's Political Consultative Conference.

Mr. NG had over 40 years of experience in banking and finance. Mr. NG worked at Chiyu Banking Corporation Ltd. from July 1969 to December 2012 and was a chief executive during the period from 1992 to 2012. Mr. NG retired from Chiyu Banking Corporation Limited in 2012. Mr. NG served as a business consultant of China Orient Asset Management (International) Holdings Limited from January 2014 to April 2015. Mr. NG is currently an independent non-executive director of Fujian Holdings Limited (stock code: 0181) and ELL Environmental Holdings Limited (stock code: 1395), both of which are listed on the Stock Exchange. Mr. NG was an independent non-executive director of Renco Holdings Group Limited (stock code: 2323) from March 2016 to March 2022, a company listed on the Stock Exchange and the chairman of the supervisory board of Well Link Bank in Macau from March 2018 to February 2025.

**Mr. HU Guohua (胡國華先生)**, aged 52, is the independent non-executive Director. He is also a member of the audit committee.

Mr. HU obtained a bachelor's degree in food chemistry and a master's degree in food engineering from Nanchang University (南昌大學) in 1995 and 1998, respectively. Mr. HU subsequently obtained a doctorate degree in engineering from the East China University of Science and Technology (華東理工大學) in 2006.

Mr. HU is experienced in hydrocolloid production and processed food. In addition to his academic qualifications, Mr. HU was named as one of the leading talents in science and technology (科技領軍人才) by Suzhou Industrial Park (蘇州工業園區) in 2010. Mr. HU is the Secretary General of the Professional Committee of Sweet Flavouring (甜味劑專業委員會), which is one of the Professional Committees of China Food Additives & Ingredients Association (中國食品添加劑和配料協會). Mr. HU is an independent non-executive director of Zhejiang Shengda Bio-pharm Co., Ltd (SHA:603079), a company listed on the Shanghai Stock Exchange, Anhui JinHe Industrial Co. Ltd (SHE: 002597), a company listed on the Shenzhen Stock Exchange and Touyun Biotech Group Limited (stock code: 1332), a company listed on the Stock Exchange.

## DIRECTORS' REPORT

The directors of the Company (the "**Directors**") present their report and the audited consolidated financial statements for the year ended 31 December 2025.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set forth in note 34 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

### BUSINESS REVIEW

A review of the business including an overview of principal risk and uncertainties and the likely future development of the Group for the year ended 31 December 2025 is set forth in the "Chairman's Statement", and "Management Discussion and Analysis" on pages 6 to 8 and pages 9 to 14 respectively of this annual report. Those discussions form part of this directors' report.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the Group's consolidated balance sheet as at 31 December 2025 are set forth in the consolidated financial statements on pages 143 to 146 of this annual report.

The Board has recommended a final dividend of HK 1.2 cents per share, totaling HK\$10.5 million (2024: HK 1.2 cents per share) for the year ended 31 December 2025 payable on or around 15 July 2026 to the Shareholders (the "**Shareholders**") of the Company whose names appear on the register of members of the Company on 23 June 2026. The recommendation of the final dividend is subject to the Shareholder's approval at the forthcoming annual general meeting (the "**AGM**").

### FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set forth on page 206 of this annual report.

### SHARE CAPITAL

Details of movements of the share capital of the Company for the year ended 31 December 2025 are set forth in note 22 to the consolidated financial statements.

### DISTRIBUTABLE RESERVES

As of 31 December 2025, the Company's reserves available for distribution amounted to RMB77.2 million.

### EQUITY-LINKED AGREEMENTS

Save for the share schemes as disclosed under the paragraph headed "Share Schemes" in this directors' report, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

## DIRECTORS' REPORT

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the Group's top five largest customers accounted for 24.9% (2024: 23.2%) of the Group's revenue and the single largest customer accounted for 8.0%. (2024: 8.7%) of the Group's revenue. The Group's top five suppliers accounted for 53.0% (2024: 51.2%) of the Group's total purchase and the single largest supplier accounted for 16.6% (2024: 16.7%) of the Group's total purchase.

None of the directors of the Company or any of their close associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital (excluding treasury shares, if any), had any interest in any of the Group's five largest customers or suppliers.

### RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and make necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its customers and suppliers to fulfill its immediate and long-term goals. To maintain its competitiveness, the Group aims at delivering quality services to its customers. During the year, there was no material and significant dispute between the Group and its customers and suppliers.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

For the year ended 31 December 2025, no environmental exceedances were recorded and there was no non-compliance in relation to environmental and social aspects. Given the business nature, the Group recognizes that its daily operation has impact on the environment. The Group is highly committed to making continuous efforts on efficient use of natural resources, promotion of energy conservation in its business and office premises, as well as minimization of its overall emissions on the environment. Engagement with stakeholders has helped the Company to identify stakeholders' concerns on key material issues, which include: Employment, Occupational Health and Safety, Development and Training, Consumer Data Protection and Customer Service. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders for advancing environmental, social and governance management.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. The Group's manufacturing and sales business is obliged to comply with a variety of environmental protection laws and regulations on the discharge of waste, water and pollutants and the labour Law in the PRC. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group. For details, please refer to the Environmental, Social and Governance Report on pages 47 to 131.

## DIRECTORS' REPORT

### DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

#### Executive Directors

Mr. CHAN Kam Chung (Chairman and Chief Executive Officer)

Mr. GUO Dongxu (Vice Chairman and Vice President)

Mr. CHAN Shui Yip (Vice Chairman and Vice President)

Mr. SHE Xiaoying

Ms. CHEN Yi

#### Independent non-executive Directors

Mr. HO Kwai Ching, Mark

Mr. NG Man Kung

Mr. HU Guohua

In accordance with Article 84 of the articles of association of the Company (the "**Articles of Association**"), Mr. CHAN Kam Chung, Ms. CHEN Yi and Mr. HO Kwai Ching, Mark shall retire from office as Directors. All of them, being eligible, offer themselves for re-election at the forthcoming AGM.

The Company has received annual confirmations of independence in accordance with the independence guidelines pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") from all Independent non-executive Directors, and as of the date of this annual report still considers them to be independent.

### DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set forth on pages 15 to 17 of this annual report.

### DIRECTORS' SERVICE CONTRACTS

Except for Ms. CHEN Yi who has entered into a service contract with the Company for a term of three years commenced from 7 June 2024, each of the other executive Directors has entered into a renewed service contract with the Company on 24 September 2025 with no specific term. All the service contracts may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on 24 September 2025 with no specific terms. All the appointment letters may be terminated by not less than three months' notice in writing served by either party on the other.

The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has entered into a service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' REPORT

### CONTRACT OF SIGNIFICANCE BETWEEN THE COMPANY AND A CONTROLLING SHAREHOLDER

No contract of significance has been entered into between the Company, or one of its subsidiary companies, and a controlling shareholder (as defined and amended in the Takeovers Code from time to time or more of the voting power at general meetings of the Company or one which is in a position to control the composition of a majority of the board of directors of the Company) or any of its subsidiaries during the year.

### SHARE SCHEMES

#### a) Pre-IPO Share Option Scheme

On 5 August 2018, the Company approved a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") which is considered to be a modification of the previous share transfer scheme adopted on 26 February 2018. The Pre-IPO Share Option Scheme is for the purpose of recognizing the contribution of certain parties in respect of the Company's successful listing on the Main Board and providing opportunity to them to enjoy the growth of the Group. All options granted under the Pre-IPO Share Option Scheme had been exercised and no further option may be granted under the Pre-IPO Share Option Scheme. Further details of the Pre-IPO Share Option Scheme are set forth in note 23 to the consolidated financial statements.

#### b) Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") on 25 September 2019 which became unconditional and effective on 17 October 2019.

During the year ended 31 December 2025, no option had been granted, exercised, lapsed or cancelled under the Post-IPO Share Option Scheme.

The number of share options available for grant under the Post-IPO Share Option Scheme was 80,000,000 as of 1 January 2025 and 31 December 2025, representing approximately 9.15% of the issued shares of the Company (excluding treasury shares, if any) as at the date of this annual report.

A summary of the Post-IPO Share Option Scheme is set forth below:

1. Purpose:

The purpose of the Post-IPO Share Option Scheme is to enable our Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives: (a) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; (b) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and/or (c) for such purposes as the Board may approve from time to time.

## DIRECTORS' REPORT

2. Participants:
- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or person for the time being seconded to work full-time or part-time for any member of the Group;
  - (b) a director or proposed director (including independent non-executive director) of any member of the Group;
  - (c) a direct or indirect shareholder of any member of the Group;
  - (d) a supplier of goods or services to any member of the Group;
  - (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
  - (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
  - (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.
3. Total number of shares available for issue under the Post-IPO Share Option Scheme and any other schemes of the Company together with the percentage of the issued shares that it represents as of the date of this annual report:
- A maximum of 80,000,000 ordinary shares to be allotted and issued, representing approximately 9.15% of the issued shares of the Company as of the date of this annual report (excluding treasury shares, if any).
4. Maximum entitlement of each participant:
- No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of our shares in issue from time to time.

**DIRECTORS' REPORT**

5. Option period: The Board shall be entitled at any time within 10 years from the date of adopting the Post-IPO Share Option Scheme to offer the grant of an option to any eligible participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to terms of the Post-IPO Share Option Scheme) determine. There is no minimum period for which an option must be held before it can be exercised.
6. Amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid: The amount payable on acceptance of an option is HK\$1.0. An offer of an option must be accepted by the relevant eligible participant not later than 30 days after the offer date.
7. Basis of determining the exercise price The subscription price of a share in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:
- (a) the nominal value of a share;
  - (b) the closing price of a share in the Stock Exchange's daily quotation sheet on the date of grant; and
  - (c) the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the date of grant.
8. Vesting Period: To be determined by the Board for each offer of Post-IPO Share Option from time to time.
9. Remaining life: 10 years from the date on which it becomes unconditional.

## DIRECTORS' REPORT

### c) Share Award Scheme

The Company adopted the share award scheme (the “Share Award Scheme”) on 10 July 2020 for recognising and rewarding the contribution of the selected participants to the business growth of the Group. The Share Award Scheme also provides incentive to the selected participants to continue their contribution to the future business development of the Group. The Share Award Scheme includes (a) the rules relating to Share Award Scheme and (b) a trust deed, pursuant to which an independent trust company has been appointed as the trustee (the “Trustee”) of the Share Award Scheme. Pursuant to the Share Award Scheme, the Company would provide the Trustee with certain funds for on-market purchase by the Trustee of ordinary shares or subscription for ordinary Shares from the Company at par value, which will be used to establish a shares pool for the benefit of the selected participants. All shares comprising the shares pool under the Share Award Scheme have been and will be purchased by the Trustee and will be held by the Trustee for the benefit of the selected participants until vesting. Further details of the Share Award Scheme are set forth in note 23 to the consolidated financial statements. The following table sets forth movements under the Share Award Scheme for the year ended 31 December 2025:

#### List A: Share Award Granted in 2022 started vesting from 2023

Category/name of grantee	Date of grant	Vesting period	Number of awarded shares					As of 31 December 2025	Fair value for each of the awarded shares <sup>(4)</sup> HK\$
			As of 1 January 2025	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year		
SHI Shuangquan	5 December 2022 <sup>(2)</sup>	5 years - 20% each year starting from 1 Apr 2023	1,200,000	—	(400,000) <sup>(3)</sup>	—	—	800,000	3.38
SO Chi Man <sup>(1)</sup>	5 December 2022 <sup>(2)</sup>	5 years - 20% each year starting from 1 Apr 2023	900,000	—	(300,000) <sup>(3)</sup>	—	—	600,000	3.38
LIN Kuncheng	5 December 2022 <sup>(2)</sup>	5 years - 20% each year starting from 1 Apr 2023	480,000	—	(160,000) <sup>(3)</sup>	—	—	320,000	3.38
			2,580,000	—	(860,000)	—	—	1,720,000	

The group used Binomial option-pricing model to determine the fair value of the awarded shares as of the grant date. Key assumption are set as below:

	As at grant date 5 December 2022
Dividend yield (%)	1.74
Risk-free rate (%)	3.72~4.91
Expected volatility (%)	43.67
Fair value per share (HK\$)	3.27~3.50
Exercise price (HK\$)	—

## DIRECTORS' REPORT

## List B: Share Award Granted in 2024 started vesting from 2024

Category/name of grantee	Date of grant	Vesting period	Number of awarded shares					As of 31 December 2025	Fair value for each of the awarded shares <sup>(4)</sup> HK\$
			As of 1 January 2025	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year		
<b>Director</b>									
CHEN Yi	21 May 2024 <sup>(2)</sup>	5 years - 20% each year starting from 21 May 2024	640,000	—	(160,000) <sup>(3)</sup>	—	—	480,000	0.75
<b>Senior Management</b>									
LIN Penghui	21 May 2024 <sup>(2)</sup>	5 years - 20% each year starting from 21 May 2024	640,000	—	(160,000) <sup>(3)</sup>	—	—	480,000	0.75
ZHOU Jianhua	21 May 2024 <sup>(2)</sup>	5 years - 20% each year starting from 21 May 2024	640,000	—	(160,000) <sup>(3)</sup>	—	—	480,000	0.75
WU Zhiyong	21 May 2024 <sup>(2)</sup>	5 years - 20% each year starting from 21 May 2024	560,000	—	(140,000) <sup>(3)</sup>	—	—	420,000	0.75
YANG Qigui	21 May 2024 <sup>(2)</sup>	5 years - 20% each year starting from 21 May 2024	560,000	—	(140,000) <sup>(3)</sup>	—	—	420,000	0.75
			3,040,000	—	(760,000)	—	—	2,280,000	

The group used Binomial option-pricing model to determine the fair value of the awarded shares as of the grant date. Key assumption are set as below:

	As at grant date 21 May 2024
Dividend yield (%)	2.19
Risk-free rate (%)	3.60~4.25
Expected volatility (%)	63.75
Fair value per share (HK\$)	0.71~0.78
Exercise price (HK\$)	—

## Notes:

- Mr. SO Chi Man is one of the five highest paid employees of the Group.
- The closing price of the shares immediately before the grant date in respect of awardees under List A and List B was HK\$3.54 and HK\$0.77, respectively.
- All the awarded shares have been granted to the selected participants for nil consideration and the weighted average closing price of the shares immediately before the dates on which the awarded shares were vested was HK\$0.79 for awardees under List A and HK\$0.78 for those under List B, respectively. The vesting of each tranche of the awarded shares is subject to the satisfaction of such predetermined performance targets as determined by the Board (and its committees). The Group has established an appraisal system for the evaluation of the contributions and performance of the grantees against these performance targets.
- The total amounts of the fair value of the awarded shares at the date of grant are amortised over the vesting period of five years and recorded in "employee benefit expenses" in the consolidated statement of profit or loss.

## DIRECTORS' REPORT

The number of shares held by the Trustee which was available for grant under the Share Award Scheme was 4,934,000 and 6,530,000 (representing approximately 0.56% and 0.75%, respectively of the issued shares of the Company (excluding treasury shares, if any)) as of 1 January 2025 and 31 December 2025, respectively.

A summary of the Share Award Scheme is set forth below:

- 1 Purpose: The purposes of the Share Award Scheme is, through award of shares, to: (a) recognise and reward the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.
  
- 2 Participants: Eligible person(s) means any person belonging to the following classes of persons:
  - (i) any employee of the Group;
  - (ii) any executive director or non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any invested entity;
  - (iii) any customer of the Group or any invested entity;
  - (iv) any supplier of goods or services to any member of the Group or any invested entity;
  - (v) any person or entity that provides research, development or other technological support to the Group or any invested entity;
  - (vi) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;
  - (vii) any person or entity which has contributed to the Group or its business; and
  - (viii) any other person selected by the Board at its sole discretion.

## DIRECTORS' REPORT

- |   |   |   |
|---|---|---|
| 3 | Total number of shares available for award under the Share Award Scheme together with the percentage of the issued shares that it represents as at the date of this annual report:      | A maximum of 6,530,000 shares available for award under the Share Award Scheme, representing 0.75% of the issued shares of the Company as of the date of this annual report (excluding treasury shares, if any).  |
| 4 | Maximum entitlement of each selected participant:   | Not applicable, but the Board has decided that no more than 1.0% of the issued share capital of the Company could be granted to each selected participant.  |
| 5 | Amount, if any, payable on application or acceptance of the awarded shares and the period within which payments or calls must or may be made or loans for such purposes must be repaid: | All awarded shares have been granted to the grantees for nil purchase price. The awarded shares shall be deemed to be irrevocably accepted by the selected participant unless he/she shall within five (5) business days after receipt of notice of award notify the Company in writing that he/she would decline to accept such awarded shares.  |
| 6 | Basis of determining the purchase price of shares awarded:  | All awarded shares have been granted to the grantees for nil purchase price. The Trustee may purchase the shares on the Stock Exchange at the prevailing market price. If the Trustee effects any purchase off-market, the price for such purchase will not be higher than the lower of the following: <ul style="list-style-type: none"> <li>(i) the closing market price on the date of such purchase; and</li> <li>(ii) the average closing market price for the five preceding trading days on which the shares were traded on the Stock Exchange.</li> </ul> |
| 7 | Vesting Period:   | 5 years - 20% each year starting from the first vesting date  |
| 8 | Remaining life:   | The Share Award Scheme shall be valid and effective for a term of 10 years commenced from 10 July 2020.   |

The total number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the financial year divided by the weighted average number of shares of relevant class in issue (excluding treasury shares) for the year was nil.

The Company has relied on the transitional arrangements provided for the existing share incentive schemes and will comply with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

## DIRECTORS' REPORT

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

As of 31 December 2025, the interests and short positions of the Directors and chief executive of the Company or any of their associates in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix C3 of the Listing Rules, were as follows:

#### (i) Interests in the Company

Name of Directors	Nature of interest and capacity	Number of shares or underlying shares held <sup>(6)</sup>	Approximate percentage of shareholding <sup>(7)</sup>
Mr. CHAN Kam Chung	Interest in a controlled corporation <sup>(1)</sup>	161,700,000	18.50%
	Interest under the Concert Party Agreement <sup>(2)</sup>	588,000,000	67.27%
Mr. CHAN Shui Yip	Interest in a controlled corporation <sup>(3)</sup>	161,700,000	18.50%
	Interest under the Concert Party Agreement <sup>(2)</sup>	588,000,000	67.27%
Mr. GUO Dongxu	Interest in a controlled corporation <sup>(4)</sup>	66,150,000	7.57%
	Interest under the Concert Party Agreement <sup>(2)</sup>	588,000,000	67.27%
Ms. CHEN Yi	Beneficial owner <sup>(5)</sup>	818,000	0.09%

#### Notes:

- (1) Mr. CHAN Kam Chung held all issued share in COS Kreation Investment Development Company Limited ("COS Kreation"). Therefore, Mr. CHAN Kam Chung is deemed to be interested in all shares held by COS Kreation for the purpose of the SFO. Mr. CHAN Kam Chung is the sole director of COS Kreation.
- (2) All shareholders are controlling shareholders and concert parties by virtue of the Concert Party Agreement, a summary of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders — Summary of terms of the Concert Party Agreement" in the Prospectus of the Company dated 30 September 2019.
- (3) Mr. CHAN Shui Yip held all issued share in Epoch Investment Development Co., Limited ("Epoch"). Therefore, Mr. CHAN Shui Yip is deemed to be interested in all shares held by Epoch for the purpose of the SFO. Mr. CHAN Shui Yip is the sole director of Epoch.
- (4) Mr. GUO Dongxu held all issued share in Strong Achievement (BVI) Investment Company Limited ("Strong Achievement"). Therefore, Mr. GUO Dongxu is deemed to be interested in all shares held by Strong Achievement for the purpose of the SFO. Mr. GUO Dongxu is the sole director of Strong Achievement.
- (5) These interests include interest in 480,000 shares awarded under the Share Award Scheme which remain unvested as at 31 December 2025.
- (6) All the interests disclosed represent long position in the shares and underlying shares.
- (7) As of 31 December 2025, the total number of issued shares of the Company was 874,120,000.

## DIRECTORS' REPORT

### (ii) Interests in associated corporations

Name of Directors	Name of associated corporations	Nature of interest and capacity	Number of shares of associated corporation	Percentage of shareholding
Mr. CHAN Kam Chung	COS Kreation	Beneficial owner	One	100%
Mr. CHAN Shui Yip	Epoch	Beneficial owner	One	100%
Mr. GUO Dongxu	Strong Achievement	Beneficial owner	One	100%

Save as disclosed above, as of 31 December 2025, none of the directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); (b) entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' REPORT

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 31 December 2025, so far as was known to the Directors, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Shareholders	Nature of interest and capacity	Number of shares held <sup>(9)</sup>	Approximate percentage of shareholding <sup>(10)</sup>
COS Kreation	Beneficial owner	161,700,000	18.50%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Epoch	Beneficial owner	161,700,000	18.50%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Strong Achievement	Beneficial owner	66,150,000	7.57%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Green Forest (BVI) Investment Company Limited (" <b>Green Forest</b> ")	Beneficial owner	92,603,571	10.59%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Mr. GUO Songsen	Interest in a controlled corporation <sup>(2)</sup>	92,603,571	10.59%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
	Beneficial owner	866,000	0.10%
Winning Path Trading Company Limited (" <b>Winning Path</b> ")	Beneficial owner	66,150,000	7.57%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Mr. GUO Yuansuo	Interest in a controlled corporation <sup>(3)</sup>	66,150,000	7.57%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
East Prosperity (BVI) Investment Company Limited (" <b>East Prosperity</b> ")	Beneficial owner	39,696,429	4.54%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Mr. GUO Donghuang	Interest in a controlled corporation <sup>(4)</sup>	39,696,429	4.54%
	Interest under the Concert Party Agreement <sup>(1)</sup>	588,000,000	67.27%
Ms. LI Shun Ching Louisa	Interest of spouse <sup>(5)</sup>	588,000,000	67.27%
Ms. SHE Pin Pin	Interest of spouse <sup>(6)</sup>	588,000,000	67.27%
Ms. WU Biling	Interest of spouse <sup>(7)</sup>	588,000,000	67.27%
Ms. QIU Qiaoya	Interest of spouse <sup>(8)</sup>	588,866,000	67.37%

*Notes:*

- All shareholders are controlling shareholders and concerted parties by virtue of the Concert Party Agreement, a summary of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders — Summary of terms of the Concert Party Agreement" in the Prospectus of the Company dated 30 September 2019.
- Mr. GUO Songsen held all issued share in Green Forest. Therefore, Mr. GUO Songsen is deemed to be interested in all shares held by Green Forest for the purpose of the SFO. Mr. GUO Songsen is the sole director of Green Forest.
- Mr. GUO Yuansuo held all issued shares in Winning Path. Therefore, Mr. GUO Yuansuo is deemed to be interested in all shares held by Winning Path for the purpose of the SFO. Mr. GUO Yuansuo is the sole director of Winning Path.

## DIRECTORS' REPORT

4. Mr. GUO Donghuang held all issued shares in East Prosperity. Therefore, Mr. GUO Donghuang is deemed to be interested in all shares held by East Prosperity for the purpose of the SFO. Mr. GUO Donghuang is the sole director of East Prosperity.
5. Ms. LI Shun Ching Louisa is the spouse of Mr. CHAN Kam Chung. By virtue of the provisions of Part XV of the SFO, Ms. LI Shun Ching Louisa is deemed to be interested in all the shares in which Mr. CHAN Kam Chung is interested or deemed to be interested.
6. Ms. SHE Pin Pin is the spouse of Mr. CHAN Shui Yip. By virtue of the provisions of Part XV of the SFO, Ms. SHE Pin Pin is deemed to be interested in all the shares in which Mr. CHAN Shui Yip is interested or deemed to be interested.
7. Ms. WU Biling is the spouse of Mr. GUO Dongxu. By virtue of the provisions of Part XV of the SFO, Ms. WU Biling is deemed to be interested in all the shares in which Mr. GUO Dongxu is interested or deemed to be interested.
8. Ms. QIU Qiaoya is the spouse of Mr. GUO Songsen. By virtue of the provisions of Part XV of the SFO, Ms. QIU Qiaoya is deemed to be interested in all the shares in which Mr. GUO Songsen is interested or deemed to be interested.
9. All the interests disclosed represent long positions in the shares and underlying shares of the Company.
10. As of 31 December 2025, the total number of issued shares of the Company was 874,120,000.

Save as disclosed above, as of 31 December 2025, the Directors were not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share schemes as disclosed under the paragraph headed "Share Schemes" in this directors' report, at no time during the year or at the end of the year was the Company or its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

### RELATED PARTY TRANSACTIONS

During the year, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. All related party transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. The Company confirms that it has complied with the requirements under Chapter 14A of the Listing Rules. Details of these related party transactions are disclosed in note 32 to the consolidated financial statements.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors is interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

## DIRECTORS' REPORT

### DEED OF NON-COMPETITION

Mr. Chan Kam Chung, Mr. GUO Dongxu, Mr. CHAN Shui Yip, Mr. GUO Songsen, Mr. GUO Yuansuo and Mr. GUO Donghuang, and their controlled corporations, namely COS Kreation, Strong Achievement, Epoch, Green Forest, Winning Path and East Prosperity (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition dated 25 September 2019 with the Company (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, for so long as the Shares remain so listed on the Stock Exchange and the Controlling Shareholders and the then executive Directors (collectively termed as the Covenants), individually or collectively with their associates, are, *inter alias*, directly or indirectly, interested in not less than 30 per cent. of the Shares in issue, the Covenants shall not, and shall procure that none of their associates or affiliates shall, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of the Group. Further, each of the Covenants undertakes that if any new business opportunity relating to any of the products and/or services of the Group (the "**Business Opportunity**") is made available to any of the Covenants or their respective associates, it shall direct such Business Opportunity to the Company with such required information to enable the Company to evaluate the merits of the Business Opportunity.

Details of the Deed of Non-competition are set forth in the section headed "Relationship with Controlling Shareholders — Deed of Non-Competition" of the prospectus of the Company dated 30 September 2019. The Company has received declarations from the Covenants of their compliance with the Deed of Non-competition for the year ended 31 December 2025 (the "**Declarations**"). The independent non-executive directors of the Company have been provided with all necessary information and have reviewed the Declarations and are satisfied that the Deed of Non-competition was complied with and was effectively enforced during the year ended 31 December 2025.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the parent company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025.

### PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association, every Director, Auditor, Secretary and other officer at any time of the Company shall be entitled to be indemnified out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or to be incurred by him in relation to any of the affairs of the Company. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Group. Save for the above, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors or any of the directors of an associated company.

### EMOLUMENT POLICY

The emolument policy of the Group is set on the basis of the employees' performance, qualifications and competence. The emoluments of the Directors and senior management are reviewed by the remuneration committee, with consideration to the Group's operation results and individual performance. The Company has adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and Share Award Scheme to the eligible persons as an incentives or rewards for their contribution to the Group, details of which are set forth in the paragraph headed "Share Schemes" of this annual report.

## DIRECTORS' REPORT

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

### CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company. As at 31 December 2025, the Company has no treasury shares (as defined under the Listing Rules).

### SIGNIFICANT INVESTMENTS

There was no significant investment during the year ended 31 December 2025.

### MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures during the year ended 31 December 2025.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares were held by the public as of the date of this annual report.

### CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors during the year ended 31 December 2025 is as following: Mr. HO Kwai Ching, Mark has been appointed as an independent non-executive director of Everbright Grand China Assets Limited (stock code: 3699) on 19 November 2025.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Island, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### DONATIONS

Charitable donations made by the Group during the year ended 31 December 2025 amounted to RMB95,000 (2024: RMB205,000).

### CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the year ended 31 December 2025.

## DIRECTORS' REPORT

### TAX RELIEF FOR SHAREHOLDERS

The Company is not aware of any relief from taxation available to the shareholders by reason of their holdings of the shares. Shareholders are advised to consult their professional advisers regarding the taxation implications of holding, disposing of or dealing in the shares.

On 5 August 2024, the Company, as the issuer, entered into the subscription agreement with the subscriber "Power Partner Capital Limited", pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 40,000,000 ordinary shares at the subscription price of HK\$0.81 per subscription share under general mandate. The subscription price of HK\$0.81 per subscription share represents: a premium of approximately 3.8% to the closing price of HK\$0.78 as quoted on the Stock Exchange on 5 August 2024. The net proceeds of the subscription, after deduction of all relevant expenses, amounted to HK\$32.34 million representing a net price of approximately HK\$0.81 per subscription share. The share subscription was completed on 23 August 2024.

In respect of the net proceeds of HK\$32.34 million raised from the subscription of new shares under general mandate. The following table summarizes the use of net proceeds from the subscriptions for the year ended 31 December 2025:

	Unused amount of net proceeds as at 1 January 2025 HK\$ (million)	Actual use of net proceeds during the year ended 31 December 2025 HK\$ (million)	Unused amount of net proceeds as at 31 December 2025 HK\$ (million)
Expansion of research and development and production capacity of 100% biodegradable algae membrane ( <i>Note 1</i> )	—	—	—
Expansion of research and development and production capacity of creative and ready-to-use chewing contents for the trendy flavored beverage market ( <i>Note 2</i> )	4.32	2.62	1.7
General working capital	4.84	—	4.84
<b>Total</b>	<b>9.16</b>	<b>2.62</b>	<b>6.54</b>

*Notes:*

- Approximately HK\$16.2 million of the net proceeds is intended to be used to fund the expansion of research and development and production capacity of 100% biodegradable algae membrane applicable in a wide range of environment-friendly products including cosmetic, food and seasoning packing and soil protection film products, which is expected to be utilised in the next 12 months from August 2024.
- Approximately HK\$6.50 million of the net proceeds is intended to be used to fund the expansion of research and development and production capacity of creative and ready-to-use chewing contents for the trendy flavored beverage market, which is expected to be utilised in the next 18 months from August 2024.
- All net proceeds were used according to the intentions previously disclosed.

## DIRECTORS' REPORT

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Friday, 12 June 2026 (the "AGM"), the register of members of the Company will be closed from Tuesday, 9 June 2026 to Friday, 12 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Monday, 8 June 2026.

For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 18 June 2026 to Tuesday, 23 June 2026, both days inclusive, during which period no transfer of Shares will be registered. To qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Wednesday, 17 June 2026.

### EVENTS AFTER THE REPORTING PERIOD

There was no significant events affecting the Group which occurred after 31 December 2025 and up to the date of this annual report.

### AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors, namely Mr. HO Kwai Ching, Mark, Mr. NG Man Kung and Mr. HU Guohua. Mr. HO Kwai Ching, Mark currently serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and financial reporting matters at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee has adopted the terms of reference which are in line with the applicable code provisions in the Corporate Governance Code. The Audit Committee has reviewed the Group's annual results and consolidated audited financial statements for the year ended 31 December 2025.

### AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers, who shall retire and, being eligible, offer themselves for re-appointment in the forthcoming AGM. A resolution will be submitted to the forthcoming AGM for the re-appointment of PricewaterhouseCoopers as auditor of the Company.

### On behalf of the Board

#### **Chan Kam Chung**

*Chairman and Chief Executive Officer*

Hong Kong, 30 March 2026

# CORPORATE GOVERNANCE REPORT

The board of directors of the Company ("**Board**") is committed to uphold a high standard of corporate governance practices appropriate to the conduct and growth in its business in accordance with all applicable rules and regulations. The Board believes that good corporate governance is important in balancing the interests of shareholders, customers and employees and ensuring the success of business.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions set forth in the Corporate Governance Code ("**CG Code**") then in force and contained in Part 2 of Appendix C1 to the Listing Rules. During the year ended 31 December 2025, the Company has complied with all applicable code provisions in the CG Code except for deviations from code provision C.2.1. The deviation from code provision C.2.1 of the CG Code is explained in the paragraph headed "Chairman and Chief Executive" of this corporate governance report ("**this Report**").

## THE BOARD

### Responsibilities

The Board is collectively responsible for the long-term success of the Company. Its key responsibilities include providing leadership and supervision to the Management with a view to protecting the Shareholders' interests and enhancing Shareholders' long-term value. Also, the Board is responsible for formulating the Group's long-term strategy and development plan, deciding major financial and capital projects and reviewing internal control and risks.

The Board has established the Group's purpose, values and strategies and was satisfied that they are aligned with the Group's culture. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil and continually reinforce across the Company's values of "acting lawfully, ethically and responsibly".

During the year ended 31 December 2025, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company's culture are aligned.

The Board delegates aspects of its management and administration functions to the Management for implementing day-to-day operation. The rights and duties of the Board and the Management are designed to guarantee an adequate check and balance mechanism for the excellent governance and internal control of the Company and the Board acknowledges that it is the common responsibility of all the Directors to perform the duty of corporate governance.

## CORPORATE GOVERNANCE REPORT

### BOARD OF DIRECTORS

#### Composition of the Board

As of the date of this Report, the Board consists of eight Directors comprising five executive Directors and three independent non-executive Directors (the "INEDs").

#### ***Executive Directors***

Mr. CHAN Kam Chung (*Chairman and Chief Executive Officer*)

Mr. GUO Dongxu (*Vice Chairman and Vice President*)

Mr. CHAN Shui Yip (*Vice Chairman and Vice President*)

Mr. SHE Xiaoying

Ms. CHEN Yi

#### ***Independent Non-executive Directors***

Mr. HO Kwai Ching, Mark

Mr. NG Man Kung

Mr. HU Guohua

The biographical details of the Directors are set out on pages 15 to 17 of the annual report of the Company for the year ended 31 December 2025. Save as disclosed in the biographical details, none of the Directors have any relationship (including financial, business, family or material/relevant relationship) among board members.

Throughout the year and up to the date of this Report, the Board has complied with the requirement of the Listing Rules on appointment of at least three INEDs, who shall jointly account for at least one third of members of the Board and at least one of whom must have appropriate professional qualifications or accounting or relevant financial management expertise. The qualifications of the three INEDs of the Company fully comply with requirements of the Listing Rules.

None of the INEDs of the Company has any business or financial interests in the Company and its subsidiaries, nor do they hold any executive positions in the Company, which effectively guaranteed their independence. The Company has received from each of the INEDs an annual confirmation of their independence in accordance with the independence guidelines pursuant to Rule 3.13 of the Listing Rules. As of the date of this Report, the Company is of the opinion that all the INEDs are independent in accordance with Rule 3.13 of the Listing Rules.

## CORPORATE GOVERNANCE REPORT

### Directors' Appointment and Re-election

Pursuant to the Article 83(3) of the Articles of Association, any Director who is appointed by the Board to fill the casual vacancy or as an addition to the existing board shall hold office until the next following annual general meeting of the Company and shall be eligible for re-election.

Pursuant to the Article 84 of the Articles of Association, at least one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement at an annual general meeting at least once every three years. However, a retiring Director shall be eligible for re-election.

As such, Mr. CHAN Kam Chung, Ms. CHEN Yi and Mr. HO Kwai Ching, Mark shall retire from office as Directors in accordance with Article 84 of the Articles of Association. All of them, being eligible, offer themselves for re-election at the forthcoming AGM.

Formal service agreements or appointment letters have been entered into with the executive Directors and the INEDs. Except for Ms. CHEN Yi who has entered into a service contract with the Company for a term of three years commenced from 7 June 2024, each of the other executive Directors has entered into a renewed service contract with the Company on 24 September 2025 with no specific term. All the service contracts may be terminated by not less than three months' notice in writing served by either party on the other. Each of the INEDs has signed an appointment letter with the Company with no specific terms, which may be terminated by not less than three months' notice in writing served by either party on the other.

### Chairman and Chief Executive

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chan Kam Chung ("**Mr. Chan**") is the chairman and chief executive officer of the Group. Mr. Chan is responsible for formulating the Group's overall strategic planning and business strategies and implementing major development policies and initiatives for the business development of the Group as a whole. Mr. Chan's vision and leadership have played a pivotal role in the Group's success and achievements to date, and therefore the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The Company's long-serving and outstanding senior management team and the Board, which comprise experienced and high-caliber individuals, provide a check on balance of power and authority. The Board comprises five executive Directors (including Mr. Chan) and three INEDs and therefore has a fairly strong independence element in its composition.

### Mechanism Regarding Independent Views to the Board

The Board has implemented different ways to ensure independent views and input are available to the Board (the "**Mechanism**") which include the engagement of independent consultants to provide expert opinions and the appointment of independent non-executive Directors. The Audit Committee will conduct annual review on the implementation and effectiveness of the Mechanism and the results will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, based on the recommendations made by independent consultants in the relevant designated area of operations, the Board is of the opinion that the implementation and effectiveness of the Mechanism and the results were satisfactory.

## CORPORATE GOVERNANCE REPORT

**Board Diversity Policy**

The Board considers that its diversity is a vital asset to the business and has adopted a board diversity policy (“**Board Diversity Policy**”) for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee shall review the Board Diversity Policy regularly.

The members of the Board, who come from a variety of different backgrounds, have a diverse range of business and professional expertise. The table below sets forth an analysis of the Board’s current composition based on the measurable objectives:

Measurable objective	Category	Number of Director
Gender	Male	7
	Female	1
Age	38-60	4
	Over 60	4
Place of residences	China	4
	Hong Kong	4

In assessing the Board’s composition, the Board would consider a range of measurable objectives set out in the Board Diversity Policy above. The ultimate decision will be based on merit and the contribution that the selected candidates may bring to the Board. The Board currently has one female member and therefore gender diversity has been achieved on the Board. Accordingly, the Company has not set any numerical targets or timeline for furthering gender diversity on the Board and does not consider it necessary to adopt any measures to develop a pipeline of potential successors to the Board to achieve gender diversity.

As of 31 December 2025, among the 1,168 employees (including senior management) of the Group, the percentages of male employees and female employees are 63.5% and 36.5% (2024: 63.5% and 36.5%), respectively. The Board considers that the Group’s workforce (including senior management) is diverse in terms of gender. During the recruitment process, the Group mainly considers the personal merits and capabilities, qualifications, working experiences and performance of the employee candidates regardless of gender. In the interests of enhancing operational efficiency, the Company has not set any measurable objective for further expanding gender diversity at the workforce level.

The Nomination Committee was of the opinion that the Board consisted of members with diversified age, cultural and education background, professional/business experience, skills and knowledge. Further details for the diversity, including the gender diversity, in the workforce during the year ended 31 December 2025 are set forth in the section headed “Environmental, Social and Governance Report” in the annual report.

## CORPORATE GOVERNANCE REPORT

### Board Meetings

The Board shall hold Board meetings regularly, at least four meetings in each year on quarterly basis, involving active participation, either in person or through electronic means of communication, of a majority of Directors. A notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance for them to arrange the attendance for the meeting, with the matters to be discussed specified in agenda of the meeting. Board papers together with all appropriate, complete and reliable information are delivered to all Directors at least three days before the regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The attendance of individual Directors to the Board meetings, board committees meetings and general meeting for the year ended 31 December 2025 is set forth below:

Name of Directors	Number of meetings attended/Number of meetings held				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
<i>Executive Directors:</i>					
Mr. Chan Kam Chung <i>(Chairman and Chief Executive Officer)</i>	4/4	N/A	2/2	2/2	2/2
Mr. Guo Dongxu <i>(Vice Chairman and Vice President)</i>	4/4	N/A	N/A	N/A	2/2
Mr. Chan Shui Yip <i>(Vice Chairman and Vice President)</i>	3/4	N/A	N/A	N/A	2/2
Mr. She Xiaoying	4/4	N/A	N/A	N/A	2/2
Ms. Chen Yi <i>(appointed as a member of the Nomination Committee with effect from 27 June 2025)</i>	4/4	N/A	N/A	1/2	2/2
<i>Independent Non-executive Directors:</i>					
Mr. Ho Kwai Ching, Mark	4/4	2/2	2/2	2/2	2/2
Mr. Ng Man Kung	4/4	2/2	2/2	2/2	2/2
Mr. Hu Guohua <i>(appointed as a member of the Nomination Committee with effect from 27 June 2025)</i>	4/4	2/2	N/A	1/2	2/2

### Nomination Policy

The Nomination Committee (“the **Nomination Committee**”) shall identify candidates who are qualified/suitable to become a member of the Board and make recommendations to the Board on the selection of candidates nominated for directorships with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. In assessing the suitability of a proposed candidate, the Nomination Committee may make reference to certain criteria such as Company’s need, reputation for integrity, experience in principal business of the Group, balance of skills, knowledge and experience on the Board, the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities as a Director and, in case of INEDs, the independence requirements set forth in the Listing Rules (as amended from time to time), and take into account various aspects set forth in the Board Diversity Policy of the Company, number of directorship in other listed/public companies and in case of INED, number of years he has already served.

## CORPORATE GOVERNANCE REPORT

**Directors' Continuous Professional Development**

Every newly appointed Director is provided with an induction upon appointment to ensure that he/she has a proper understanding of the operations and business of the Group and is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Directors are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Company has arranged relevant training for all Directors to ensure that they obtain the needed additional skills and comprehensive information to contribute to the Board. All Directors confirmed that they have complied with the code provision on Directors' training. A summary of their records of continuous development training during the year ended 31 December 2025 is as follows:

Name of Directors	Attending trainings/ briefings/seminars/ conference	Reading regulatory updates relevant to corporate governance
<i>Executive Directors:</i>		
Mr. Chan Kam Chung ( <i>Chairman and Chief Executive Officer</i> )	V	V
Mr. Guo Dongxu ( <i>Vice Chairman and Vice President</i> )	V	V
Mr. Chan Shui Yip ( <i>Vice Chairman and Vice President</i> )	V	V
Mr. She Xiaoying	V	V
Ms. Chen Yi	V	V
<i>Independent Non-executive Directors:</i>		
Mr. Ho Kwai Ching, Mark	V	V
Mr. Ng Man Kung	V	V
Mr. Hu Guohua	V	V

**Directors' Insurance**

The Company has arranged appropriate directors' and officers' insurance cover in respect of legal litigation against its Directors and senior officers.

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES

There are three (3) committees under the Board including the Audit Committee, the Nomination Committee and the remuneration committee (the "**Remuneration Committee**").

#### Audit Committee

The Audit Committee was established pursuant to a resolution of the Board passed on 25 September 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures and corporate governance of the Company; (iv) supervising risk management and internal control systems of the Group; and (v) monitoring continuing connected transactions (if any).

The Audit Committee currently consists of all three (3) INEDs, namely Mr. Ho Kwai Ching, Mark, Mr. Ng Man Kung and Mr. Hu Guohua and the chairman of the Audit Committee is Mr. Ho Kwai Ching, Mark.

Audit Committee held two meetings during the year. The following tasks have been taken up by the Audit Committee during the year ended 31 December 2025:

- (a) reviewed the consolidated financial statements of the Group for the year ended 31 December 2025 including the audit findings from external auditors, annual results announcement and annual report and the condensed consolidated financial statements of the Group for the six months ended 30 June 2025, including the interim results announcement and interim report;
- (b) directed and supervised the Company's internal audit department, reviewed the internal audit report, and reviewed the adequacy and effectiveness of Group's risk management and internal control systems including financial, operational and compliance controls and risk management; and
- (c) considered the re-appointment of the external auditors.

#### Nomination Committee

The Nomination Committee was established pursuant to a resolution of the Board passed on 25 September 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity of the Board on a regular basis; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of INEDs; (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) make recommendations to the Board regarding the candidates to fill vacancies on the Board.

Nomination Committee held two meetings during the year. During the meetings, Nomination Committee (i) reviewed the structure, size, composition and diversity of the Board; (ii) reviewed the independence of INEDs; and (iii) made recommendations to the Board on the nomination of new members of the Nomination Committee and the proposed re-election of the retiring Directors at the forthcoming annual general meeting.

The Nomination Committee currently consists of two (2) executive Directors, Mr. Chan Kam Chung and Ms. Chen Yi, and three (3) INEDs, namely Mr. Ho Kwai Ching, Mark, Mr. Ng Man Kung and Mr. Hu Guohua and is currently chaired by Mr. Chan Kam Chung.

## CORPORATE GOVERNANCE REPORT

### Remuneration Committee

The Remuneration Committee was established pursuant to a resolution of the Board passed on 25 September 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management; (iii) reviewing performance-based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration; and (iv) reviewing and approving matters related to share schemes.

Remuneration Committee held two meetings during the year. During the meetings, Remuneration Committee reviewed and made recommendations on the remuneration packages of the Directors and senior management which is the approach under code provision E.1.2(c)(ii) of the CG Code.

The Remuneration Committee currently consists of one executive Director, Mr. Chan Kam Chung, and two INEDs, namely Mr. Ng Man Kung and Mr. Ho Kwai Ching, Mark. It is currently chaired by Mr. Ng Man Kung.

### Corporate Governance Function

The Board has not established a corporate governance committee. Instead, the full Board is responsible for performing the corporate governance function such as developing and reviewing the policies and practices of the Company on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing the policies and practices of the Company on compliance with legal and regulatory requirements, as well as developing, reviewing and monitoring the codes of conduct applicable to employees and Directors. During the year, the Board reviewed the Company's compliance with the CG Code and the disclosure in this Report. Furthermore, the Board has accepted the recommendation from the Nomination Committee and appointed a member with gender different from the existing members in the Nomination Committee so as to further comply with the Board Diversity Policy.

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of consolidated financial statements of the Group in accordance with the HKFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. The Directors confirm that suitable accounting policies have been used and applied consistently. The Board is responsible for submitting a well-defined assessment on interim and annual reports, share price sensitive information, and other matters that need to be disclosed according to the Listing Rules and other regulatory provisions. The Management has provided relevant and necessary explanation and information to the Board so that the Board could make informed assessment on the financial data and position of the Company for examination and approval.

Save as disclosed in the paragraph headed "Going concern" in Note 2.1 of the notes to financial statements in the annual report, the Board is not aware of any material uncertainty in any areas likely to give rise to the significant doubt of the Company's capability of sustained operations.

The responsibilities of the Company's external auditor with respect to their audit of the consolidated financial statements of the Company for the year ended 31 December 2025 are set forth in the section headed "Independent Auditor's Report" in the annual report.

## CORPORATE GOVERNANCE REPORT

### RISK MANAGEMENT AND INTERNAL CONTROL

#### Responsibility of the Board

The Board acknowledges its responsibility to establish, maintain, and review the effectiveness of the Group's risk management and internal control systems, where management is responsible for the design and implementation of the risk management and internal control systems to manage risks. A sound and effective system of risk management and internal control is designed to manage rather than eliminate risk of failure to achieve the Group's strategic and business objectives and safeguard shareholder investments and the Group's assets for it can provide reasonable assurance against material misstatement or loss.

#### Risk Management and Internal Control Framework

The Board has the overall responsibilities for the risk management and internal control systems of the Group. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management and internal control systems on an ongoing basis by analysing period-to-period changes in the key profile of the Company's assets, liabilities and capital structure so as to identify potential areas of concerns and management actions.

#### Internal Audit Function

The internal audit department is led by the internal audit manager, who reports directly to the chairman of the Board with the support of the Audit Committee. The internal audit department is primarily responsible for conducting internal audit reviews on operational, financial and compliance controls of the operating entities to ensure their compliance with the Group's risk management and internal control policies and procedures. Internal audit department is independent from operation management and has full access to data required in performing internal audit reviews. Internal audits are conducted according to the three-year internal audit plan approved by the Audit Committee to review the major operational, financial, compliance and risk management controls. In 2025, internal audit department performed audits on the key operating entities located in China. During the process of the internal audits, the internal audit department identified internal control deficiencies and weaknesses and proposed recommendations for improvements. Internal audit findings and control deficiencies are communicated to the management, who is responsible for ensuring the deficiencies are rectified within a reasonable period. A follow-up review is also performed to ensure the remedial actions are implemented.

#### Review of Risk Management and Internal Control Systems

The risk management and internal control systems are reviewed by the Audit Committee and the Board on an annual basis. During the year, the Board, with the assistance of the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group by making use of findings from both internal and external audit works as well as the report provided by independent consultants in designated areas and considered that the risk management and internal control systems are as a whole effective and adequate. In addition, the Board has reviewed and has recommended ways to enhance further the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programs and budget.

## CORPORATE GOVERNANCE REPORT

## PROCEDURES AND CONTROLS OVER HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company is aware of its obligation under relevant sections of the Securities and Futures Ordinance and Listing Rules. An Inside Information Disclosure Policy of the Company ("**Inside Information Disclosure Policy**") has been established to lay down practical guidelines on definition and the scope of inside information; disclosure and management framework; exemptions for disclosure; receiving, reporting and disclosing of inside information; confidentiality and records of such information. Pursuant to the Inside Information Disclosure Policy, staff who have access to inside information are required to follow the Inside Information Disclosure Policy to keep the unpublished inside information strictly confidential until such inside information has been officially announced to the public in accordance with the requirements of the Listing Rules. The Board will review and approve the inside information to be disclosed and the Company Secretary has the responsibility to monitor and communicate with professional parties such as the external lawyer and auditor during the process of inside information discussion and announcement preparation.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 December 2025 are set forth in note to the consolidated financial statements of the annual report. The remuneration of the members of the senior management (other than the Directors) for the year ended 31 December 2025 by remuneration band is as follows:

Remuneration Band in HK\$	Number of individuals
HK\$2,000,001 - HK\$3,000,000	3
HK\$3,000,001 - HK\$4,000,000	1

## AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors. During the year ended 31 December 2025, the remuneration paid or payable to the external auditors for audit and non-audit services by the Group are set out as follows:

Services rendered	Fees paid/payable RMB'000
Annual audit services of the Company's auditor	2,050
Non-audit services of the Company's auditor for their assistance in connection with the Company's ESG reporting	220
Statutory audit services of subsidiaries' auditors	290

## CORPORATE GOVERNANCE REPORT

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. All Directors are aware of the requirements under the Model Code. Specific enquiries have been made to all Directors on whether they have complied with the Model Code during the financial year. All Directors confirmed that they have complied with the Model Code during the financial year.

### COMPANY SECRETARY

The Company Secretary, who is a full-time employee of the Company, reports to the Board on corporate governance matters and is responsible for ensuring that Board procedures and all applicable laws, rules and regulations are followed. All Board members have access to the advice and services of the Company Secretary. During the year, the Company Secretary has taken no less than 15 hours of relevant professional training to update his skills and knowledge under Rule 3.29 of the Listing Rules.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company releases its announcements, financial data and other relevant data on its website [www.greenfreshfood.com](http://www.greenfreshfood.com), which serves as a channel facilitating effective communication. Shareholders may send any inquiry in writing to the Company's principal place of business in Hong Kong. The Company will properly handle all inquiries in due course. The Company has established a shareholders communication policy such that opinions raised by Shareholders shall be directed to the attention of the Board as soon as they are received. The Board reviewed the implementation and effectiveness of the shareholders communication policy, including the enhanced arrangement of venue of convening AGM on the practical side, and considered it satisfactory.

The Board welcomes suggestions from Shareholders, and encourages Shareholders to attend general meetings to directly raise any issues that they may have to the Board and the Management. The chairman of the Board and the chairman of respective Board committees would attend AGM to answer questions put forward by Shareholders.

Information on all resolutions to be voted on in general meetings shall be set forth in circulars to Shareholders and detailed voting procedures will be explained at the general meetings.

### DIVIDEND POLICY

The Company endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company adopts a dividend policy, pursuant to which the distribution amount shall be no less than 20% of the distributable net profit attributable to the owners of the Company, subject to such factors as the Board may deem relevant at the time, including, among others, our operation needs, earnings, financial condition, working capital requirements and future business expansion plans.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHT

#### Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/themselves may convene a physical meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Save for the procedures for Shareholders to convene an extraordinary general meeting as set out above, there are no provisions specifying the procedures for Shareholders to put forward proposals at the general meeting under the Articles of Association or the Companies Act of the Cayman Islands. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

As one of the measures to safeguard Shareholders' interest and rights, separate resolutions will be tabled at Shareholders' meetings on each substantial issue, including the election of individual directors. The voting results will be posted on the websites of the Stock Exchange and the Company after the Shareholder's meeting.

#### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company at the address as follow:

Hong Kong Address: Unit A, 16/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong

### CONSTITUTIONAL DOCUMENTS

The memorandum and article of association of the Company are available on the website of the Company and the Stock Exchange. There was no change in the Company's constitutional documents during the year ended 31 December 2025.

### DEED OF NON-COMPETITION BY THE CONTROLLING SHAREHOLDERS

Details of the Deed of Non-competition are set forth in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 30 September 2019 and there is no change thereon up to the date of this annual report. The INEDs have reviewed the status of compliance by each of the controlling shareholders with the undertakings and as far as the INEDs can ascertain, there is no breach of any of the undertakings in the Deed of Non-competition.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE ESG REPORT

Green Fresh Biotechnology Company Limited (hereinafter referred to as “the Group” or “We”) hereby issues the 2025 Environmental, Social and Governance Report (“ESG Report”), to demonstrate the Group’s policies, practices, measures and performance regarding environmental and social areas to its stakeholders. For information on corporate governance, please refer to the “Corporate Governance Report” of the year.

### Reporting Scope

The ESG Report covers the information on the Group’s four production plants located in Fujian Province and Hubei Province in China, namely the production plants owned and operated by subsidiaries companies Greenfresh (Fujian) Foodstuff Co., Ltd. (“Greenfresh (Fujian)”), Fujian Province Lvqi Food Colloid Company Ltd. (“Lvqi (Fujian)”), Lvbao (Quanzhou) Biochemistry Company Ltd. (“Lvbao (Quanzhou)”) and Shiyanhaiyi Konjac Products Company Ltd. (“Shiyanhaiyi”). Compared with the ESG Report released in the Annual Report 2024, there is no significant adjustment in the reporting scope of the ESG Report. In this regard, Hongxin (the Group acquired 82.03% of its equity interest on 15 April 2021), a company incorporated and located in Indonesia, is excluded from our scope of work this year. The ESG Report covers the period from 1 January 2025 to 31 December 2025 (“the Reporting Period”). To enhance the integrity of the Report’s narrative, some content may exceed the scope described above.

### Reporting Standards and Principles

The ESG Report is prepared in compliance with the Appendix C2 *Environmental, Social and Governance Reporting Code* (the “ESG Reporting Code”) to the Main Board Listing Rules (the “Listing Rules”) of Hong Kong Exchanges and Clearing Limited (“HKEX”). The Report is prepared in accordance with the reporting principles of “materiality”, “quantitative”, “balance” and “consistency” as defined in the ESG Reporting Code.

- “Materiality”: The Group identifies material ESG issues by stakeholder engagement and materiality assessment. Please refer to “Responsible Governance” chapter for the detailed steps and results;
- “Quantitative”: Information on the standards, methodologies and source of conversion factors used for the reporting of emission and energy consumption is disclosed. For details, please refer to the “Environmental Sustainability” chapter;
- “Balance”: This Report truthfully and objectively discloses ESG information of the Group with a fair and unbiased presentation of the Group’s ESG performance during the Reporting Period.
- “Consistency”: The method and key environmental performance indicators are consistent with those used in previous years.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### RESPONSIBLE GOVERNANCE

#### ESG Strategy and Organisational Structure

The Group has incorporated ESG-related risks and opportunities into its overall business strategy, established a clear ESG management organizational structure with defined responsibilities, and uses this framework to guide its daily operational activities. The Board of Directors of the Group (“the Board”) is the highest decision-maker of ESG management in the Group. The Board oversees the Group’s ESG issues and takes full responsibility for the Group’s ESG strategy and reporting.

#### **The Board**

- Developing ESG management approaches, strategies and goals;
- Regularly reviewing the performance of the Group on ESG related targets;
- Identifying and assessing significant ESG issues related to the Group’s business, along with their potential risks and opportunities, and prioritize and manage them accordingly;
- Reviewing and approving the Group’s annual ESG Report.

#### **Senior Management**

- Arranging work of ESG working group based on the ESG strategy established by the Board;
- Implementing ESG risk management and reporting the main ESG trends, ESG-related risks and opportunities to the ESG Committee;
- Regularly reporting the progress of the Group’s ESG work and the achievement of ESG-related targets to the Board;
- Reporting the annual ESG Report to the Board.

#### **ESG Working Group**

- Composed of the head of each department;
- Implementing the ESG strategy and policy of the Board;
- Carrying out specific ESG work according to the arrangements of the senior management;
- Preparing annual ESG Report;
- Reporting to the senior management on the progress of ESG work and annual ESG Report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Stakeholder Engagement

Based on the degree of influence and dependence of various stakeholders on us, the Group has identified key stakeholders and established diverse, smooth communication channels. We actively engage in dialogue with both internal and external stakeholders to gain an in-depth understanding of their expectations and demands regarding the Group.

Stakeholders	Expectations and needs	Communication channels
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Compliance with laws</li> <li>• Pay tax according to law</li> <li>• Support local development</li> </ul>	<ul style="list-style-type: none"> <li>• Daily communication</li> <li>• Monitoring and assessment</li> <li>• Government and enterprise cooperation</li> <li>• Work meeting</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Investor relations</li> <li>• Corporate governance</li> <li>• Risk management and control</li> </ul>	<ul style="list-style-type: none"> <li>• General meeting of shareholders</li> <li>• Annual reports, interim reports and announcements</li> <li>• Investor Relations Activities</li> <li>• Group website</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• High-quality products</li> <li>• Satisfactory services</li> </ul>	<ul style="list-style-type: none"> <li>• Quality management and control</li> <li>• Service hotline</li> <li>• E-mail address</li> <li>• Customer Satisfaction Questionnaire</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Healthy and safe working environment</li> <li>• Fair opportunity for promotion and development</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment in accordance with the laws</li> <li>• Training and exchange</li> <li>• Staff care and welfare activities</li> <li>• Drills related to health and safety</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fulfilment of promises</li> <li>• Win-win development</li> <li>• Equal, open and fair procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review</li> <li>• Interview and negotiation</li> <li>• Regular business communication</li> <li>• Open tendering and bidding</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Promotion of local employment</li> <li>• Promotion of community harmony</li> <li>• Enhancement of public benefit awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Charitable activities</li> <li>• Cooperation in community projects</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Disclosure of Information</li> <li>• Business Development</li> </ul>	<ul style="list-style-type: none"> <li>• Press Conferences</li> <li>• Special Reports</li> </ul>

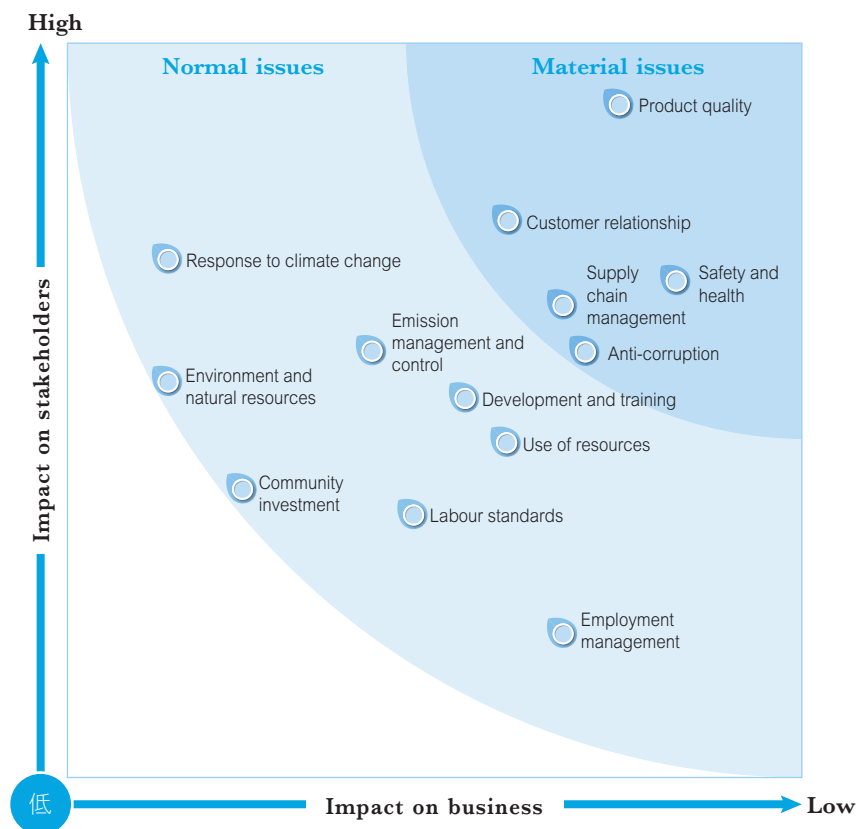
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Materiality Assessment

To further clarify our key areas of focus on ESG, we carried out materiality assessment and identified material ESG issues through the following steps in 2020, which were used to guide our ESG work:

- Identification of ESG issues: Identified the ESG issues relevant to the Group based on the requirements of the ESG Reporting Code, our business operation, industry status, and the concerns of internal and external stakeholders;
- Scoring and prioritising: Based on the scoring and prioritising results on ESG issues identified, analysed and adjusted such issues in the dimensions of "Impact on businesses" and "Impact on stakeholders" to form the materiality assessment matrix;
- Assessment of results: Our senior management discussed the materiality assessment matrix with the ESG working group, determined the materiality assessment results and material ESG issues with reference to experts' opinions, and directed the implementation of the Group's ESG work and the preparation of the ESG Report accordingly.

In 2025, our senior management discussed the materiality assessment results of 2020, and decided to continue with these results considering that there was no significant change in our business operation and operation environment.



Materiality Assessment Results

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### SUSTAINABLE OPERATION

#### Product Management

- **Product quality management system**

The Group adheres to the quality policy of “pursuing advanced technology, continuous refinement, and achieving superior quality,” consistently upholding product quality and safety as the highest priority. We strictly comply with relevant laws and regulations, including but not limited to the *Product Quality Law of the People’s Republic of China*, *Food Safety Law of the People’s Republic of China*, and *Agricultural Product Quality and Safety Law of the People’s Republic of China*. All necessary food production and operation licenses are obtained in accordance with the law, and we actively cooperate with local food safety regulatory authorities in their routine supervision and inspection activities.

The Group has formulated and implemented multiple internal quality management systems, including the *Quality Manual* and *Quality Management Measures*, to ensure comprehensive and end-to-end quality control over raw materials, auxiliary materials, and finished products leaving the factory. During the Reporting Period, we continuously strengthened the construction of an internal control standard system for seaweed extract products. Guided by key technical specifications such as the *Internal Control Standards for Agar Products* and *Internal Control Standards for Primary and Secondary Homogenized Carrageenan Products*, we have progressively improved quality assurance mechanisms spanning all stages from R&D and production to delivery. This ensures that our products consistently comply with national standards and meet the stringent quality requirements of customers throughout their shelf life.

Product quality targets in 2025	Product quality in 2025	Results in 2025
100% inspection rate for raw and auxiliary materials	100%	Achieved
100% inspection rate for finished products	100%	Achieved
100% pass rate for finished products	100%	Achieved
100% disposal rate for nonconforming products	100%	Achieved
Zero significant (>RMB 100,000) quality incidents	0	Achieved

The Group has established an integrated management system that complies with GB/T 19001-2016 “Quality Management Systems Requirements” (equivalent to ISO 9001:2015), BRCGS “Global Standard for Food Safety” Ninth Edition, and ISO 22000:2018 “Food Safety Management Systems.” This system comprehensively covers key quality management aspects such as the procurement of raw materials, auxiliary materials, and packaging materials, as well as production process control, thereby effectively ensuring food safety and product quality. Additionally, in accordance with GB/T 33300-2016 “Integrity Management System for Food Industry Enterprises,” the Group has established an integrity management system to further strengthen its foundation of ethical operations within the food industry.

During the Reporting Period, Greenfresh (Fujian) and Lvqi (Fujian) successfully completed the renewal of their registrations with the U.S. Food and Drug Administration (FDA). Furthermore, the central laboratory of Greenfresh (Fujian) has obtained certification in accordance with ISO/IEC 17025:2017, *General Requirements for the Competence of Testing and Calibration Laboratories*, which fully demonstrates the Group’s standardized and professional capabilities in product quality management. We will continue to uphold a professional and rigorous approach to testing, providing robust technical support for the procurement of raw and auxiliary materials as well as product quality control. This commitment drives the Group toward achieving higher standards in food safety and quality management.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ISO/IEC 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories Accreditation Certificate



ISO 22000:2018 Food Safety Management Systems Certification Certificate



BRGS Global Standard for Food Safety Issue 9 Certification Certificate



ISO 9001:2015 Management System Certification Certificate



Integrity Management System Certificate



FDA Registration Certificate

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, Greenfresh (Fujian) has successfully obtained HALAL Certification, Kosher Certification, and Vegetarian-Friendly Certification. This ensures that while meeting stringent quality standards, the Group has further enhanced its capability to cater to diverse cultural preferences and the needs of different consumer groups.



HALAL Certification



Kosher Certification



Vegetarian-Friendly Certification

In 2025, the Group continued to deepen its quality management practices and systematically implemented multiple quality improvement initiatives. These efforts aim to further enhance the stability and safety of product quality, thereby providing customers with higher-quality and safer products.

- Implement Quality Grid Management to Strengthen End-to-End Responsibility System:** A quality grid management system covering nine major modules has been implemented, including supplier management, raw material acceptance, online control, finished product release, laboratory testing, storage and transportation management, customer feedback, certification audits, and regulatory standards. By establishing a three-tier responsibility grid, clear role-specific duties, inspection criteria, and evaluation mechanisms are defined, ensuring that "every task has an owner and every person has dedicated responsibilities," thereby extending quality management to frontline operational units. Through mechanisms such as regular inspections, score-based reporting, and closed-loop corrective actions, cross-departmental collaboration efficiency and on-site execution capabilities have been effectively enhanced, driving the transformation of quality management toward systematization, visibility, and continuous improvement;
- Deepen Training Systems to Continuously Enhance Professional Competence:** The monthly quality-themed training mechanism has been continuously optimized, with new specialized courses added on production process optimization and grid management. Regular knowledge assessments and skill evaluations for laboratory technicians are organized to strengthen the comprehensive capabilities of the team;
- Deepen customer collaboration to enhance service quality:** Actively participate in on-site quality support for customers, conduct benchmarking of testing methods and result comparisons, assist customers in optimizing acceptance standards and quality control processes, improve consistency in testing and mutual trust levels between both parties, and earnestly fulfill product responsibilities and service commitments to customers;

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Strengthen the foreign object prevention and control system to ensure product safety baseline:** Integrate foreign object prevention and control into routine management. Combine it with grid inspections to standardize the use, inspection, and replacement processes of sieves, forming standardized operational documents and significantly reducing complaints related to foreign objects;
- **Enhance microbial risk management to improve product hygiene and safety:** Embed the microbial prevention and control plan into production grid management. Organize monthly on-site identification, risk assessment, scoring, and ranking across workshops to promote timely rectification of issues, effectively increase the pass rate for microbial indicators, and strengthen food safety defenses;
- **Promote process visualization by implementing SOPs for each workstation:** Continuously advance the display of quality control plans and Standard Operating Procedures (SOPs) on workshop walls, focusing on phased implementation by workstations. Update workshop visual boards to enhance on-site operational standardization and visual management levels;
- **Update critical inspection equipment to ensure testing reliability and operational safety:** Apply for the retirement and replacement of two outdated high-pressure sterilization autoclaves that have exceeded their service life. The new equipment strictly complies with current safety and sterilization process standards, ensuring precise control over key parameters such as temperature and pressure.
- **Strengthen Specialized Quality Management Training:** Invite external certification bodies to conduct specialized training sessions on foreign object prevention and control, “6S” management, etc. This initiative aims to enhance managers’ understanding and application of the latest standards, thereby better integrating relevant requirements into daily production management processes.

### Strengthen On-Site Management to Fortify Quality Defenses: Conduct Specialized Training on Foreign Object Prevention and Control and “6S”

During the Reporting Period, to continuously enhance on-site management capabilities and ensure product quality and safety, the Group invited authoritative third-party certification bodies to conduct specialized training on foreign object prevention and control and “6S” (Sort, Set in order, Shine, Standardize, Sustain, Safety). Through a combination of theoretical explanations, case analyses, and hands-on practice, this training systematically strengthened employees’ understanding of identifying sources of foreign objects, implementing prevention and control measures, and standardizing “6S” execution, thereby improving the team’s on-site management compliance.



Conduct Specialized Training on Foreign Object Prevention and Control and “6S”

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### • Product Testing and Traceability

The Group consistently applies quality standards and requirements throughout the entire process, from raw material inspection and semi-finished product monitoring to finished product testing, ensuring thorough control at every stage. For each type or group of raw materials, we systematically conduct risk assessments and maintain comprehensive records to identify potential risks that may impact product safety, compliance, and quality. Simultaneously, we strictly adhere to the requirements of the *Identification and Traceability Control Procedures*, implementing clear and effective identification management throughout the entire process of product production and service delivery. This prevents confusion and misuse, ensuring robust traceability across the entire product lifecycle.

<b>Raw materials</b>	<ul style="list-style-type: none"> <li>✓ Establish and implement raw material quality control system;</li> <li>✓ Each batch of raw materials delivered to the production plants is sampled for physical and chemical attributes such as appearance, hygienic standard and chemical composition;</li> <li>✓ Strictly control the storage conditions of raw materials, including storage temperature, ventilation and humidity;</li> <li>✓ Each production facility adopts designated hygiene and safety standards, which are followed by all employees in the production process.</li> </ul>
<b>Semi-finished products and finished products</b>	<ul style="list-style-type: none"> <li>✓ Quality Department conducts testing and analysis in accordance with relevant internal inspection standards, including the Semi-finished Carrageenan Product Inspection Standards, the Finished Carrageenan Product Inspection Standards and the Konjac Product Inspection Standards;</li> <li>✓ The testing content includes product safety, legality, integrity and quality;</li> <li>✓ If a product fails to meet the requirements after inspection, it shall be controlled in accordance with the Procedures for Controlling Nonconforming Products.</li> </ul>

The Group actively engages in exchanges and cooperation with external authoritative testing institutions regarding testing methods, continuously enhancing product quality assurance capabilities. During the Reporting Period, we organized key laboratory personnel to visit external laboratories for on-site exchange and learning. These exchange activities not only broadened the technical team's perspectives and deepened their understanding of testing standards but also further strengthened the entire staff's awareness of the importance of food safety. This has infused new momentum into the ongoing optimization of the Group's product quality and safety control system.

In 2025, the Group further strengthened quality monitoring and management throughout the entire product testing process by adhering to multiple product quality and internal control standards, such as the *Acceptance Specifications for Compound Food Additive Raw and Auxiliary Materials*, the *Acceptance Specifications for Solid Beverage Raw and Auxiliary Materials*, and the *Internal Control Standards for Konjac Flour*. This ensures that the quality and safety of raw materials and finished products consistently comply with the latest regulations and testing requirements. The Group continues to fully utilize the "One Product, One Code" food safety information traceability platform, implementing informatized management of product and raw material batches to achieve end-to-end traceability from raw material procurement, production, and processing to warehousing and sales. Leveraging this platform, the Group can swiftly identify the scope of affected products in the event of a food safety incident, accurately trace back to the production source, and efficiently identify risk points. This ensures the timeliness, accuracy, and compliance of product withdrawal or recall efforts, effectively safeguarding consumer rights and brand reputation.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group conducts regular annual product recall and reverse traceability process drills to continuously validate the effectiveness of recall procedures. This ensures that, in the event of actual or potential safety risks associated with products on the market, emergency response mechanisms can be swiftly and systematically activated to minimize the scope and severity of the impact.

In March 2025, the Group conducted its annual product recall drill as scheduled. Starting from the finished product batch number, a comprehensive traceability process was carried out to track corresponding raw material sources. Key steps such as verifying the integrity of batch records for finished products, production process logs, raw material acceptance reports, and assessing the rationality of material balance data were successfully completed throughout the reverse traceability process. This drill effectively validated the reliability of the Group's traceability system and internal coordination mechanisms, further strengthening its capability to prevent and control product safety risks. It provided solid support for safeguarding consumer health and ensuring the Group's compliant operations.

During this Reporting Period, the Group had no products that required recall due to safety or health reasons.

*Below is a logic diagram*

### **The Procedures for Product Recall of the Group**

- The Food Safety Team is chiefly responsible for arranging, deploying and directing the recall of nonconforming products;
- The Quality Control Department is responsible for inspecting recalled products and sampled products; supervising the isolation, marking and sealing of unshipped defect products, recalled products or suspicious raw materials; and reporting to the Food Safety Team in a timely manner and submits relevant information to the local Administration for Market Regulation;
- The Production Department is responsible for verifying the safety of in-production products; strictly implementing the operating procedures of each process; ensuring the health protection of the production environment, machinery and equipment, as well as personnel; and reporting to the Food Safety Team in a timely manner;
- The Warehousing Department is responsible for marking, isolating and sealing recalled products, unshipped defect products and suspicious raw materials; counting and summarising the quantity of defect raw materials and products; and reporting to the Food Safety Team in a timely manner.
- The Marketing Department is responsible for establishing sales records; recording the sales flow of products in detail; and recalling non-compliant products; and notifying customers.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Technological Innovation and Intellectual Property

The Group closely monitors market trends and consumer demands, continuously investing in new product research and development. A dedicated product innovation team has been established to collaborate efficiently with production departments, achieving breakthroughs in optimizing production processes, improving product quality, refining formulation designs, advancing processing technologies, and enhancing production efficiency. Since Greenfresh (Fujian) was approved to establish a postdoctoral research workstation in 2020, the Group's overall innovation capabilities have significantly strengthened, and the efficiency of translating scientific research achievements has continuously improved.

To systematically advance research and development efforts, the Group has formulated R&D and innovation management systems, including the *Process Technology Management Regulations* and the *Hydrocolloid R&D Technology Team Management Regulations*. These measures strengthen the coordination capabilities of the Group's R&D department in key areas such as new project initiation, new product development, and process optimization. By integrating technical resources across production plants and leveraging collective technological strengths, the Group effectively consolidates process technology achievements and continuously enhances product R&D capabilities and core competitiveness. Looking ahead, the Group will remain committed to innovative scientific research and the output of practical technological achievements, striving to build a comprehensive platform for advanced theoretical research and technological development in red algae deep processing, thereby driving industry progress and technological advancement.

In terms of intellectual property management, the Group strictly complies with relevant 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*, and rigorously manages various intellectual property assets including patents and trademarks. Greenfresh (Fujian) has established an intellectual property management system in accordance with GB/T 29490-2023 and obtained third-party certification. Based on the *Group Technological Innovation Incentive Management Regulations*, we have developed a comprehensive innovation incentive mechanism to encourage employees to actively participate in technological innovation and project applications. Detailed reward mechanisms have been formulated, specifying the award amounts for individuals or teams and the bonus distribution system, effectively stimulating innovation across the entire organization and continuously enhancing the Group's core competitiveness.

The Group has obtained multiple patents in China related to the development and optimization of agar and carrageenan processing technologies, as well as efficient carrageenan extraction techniques. As of the end of this Reporting Period, the Group holds a total of 76 patents, including 28 invention patents and 48 utility model patents. During this Reporting Period, the Group filed 6 invention patent applications and 3 utility model patent applications, with 1 utility model patent authorized.



GB/T 29490-2023 Intellectual Property Management System Certification

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Greenfresh (Fujian) has participated in drafting national standards, industry standards, and association standards, including but not limited to:

- National Food Safety Standard Food Additive Carrageenan (GB1886.169-2016)
- National Food Safety Standards Food Additive Agar (GB1886.239-2016)
- *Edible Agar (SC/T 3407-2022)*
- Code of Practice for Agar Extraction of Marine Red Algae (DB35/T 2159—2023)
- **Label management**

The Group strictly adheres to laws, regulations, and national standards regarding food labeling, including the *Food Safety Law of the People's Republic of China*, the *Food Labeling Supervision and Management Measures*, the *General Standard for Prepackaged Food Labeling*, the *General Standard for Prepackaged Food Nutrition Labeling*, and the *General Rules for Food Additive Labeling*. This ensures that product labels clearly and accurately display essential information such as food name, place of origin, producer details, applicable scope and usage methods, storage conditions, production date, shelf life, and food production license number, fully complying with national requirements for food labeling and nutrition labeling. As the Group is primarily engaged in the production and processing of food raw materials and does not currently conduct direct advertising to consumers, the provisions on advertisements under section B6 "Product Responsibility" of the *ESG Reporting Code* are not applicable to the Group at this time.

### Enhanced Services

- **Customer Satisfaction**

The Group places high importance on customer satisfaction with services and continuously optimizes the customer experience through diversified channels. We have established dedicated sales service hotlines and email addresses to ensure prompt responses to customer inquiries and complaints. All customer feedback is strictly managed in a closed-loop manner in accordance with the *Customer Complaint Handling Procedure*. Upon receiving inquiries or complaints, customer service personnel respond promptly and relay them to the relevant responsible departments. These departments then conduct issue analysis, formulate and implement targeted remedial and improvement measures.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Furthermore, the Group systematically compiles and reviews customer complaint data on an annual basis, delving into root causes to extract lessons learned. Based on this analysis, practical optimization plans are developed to continuously enhance the quality of customer service and satisfaction levels.

Customer satisfaction targets in 2025	Customer satisfaction in 2025	Results in 2025
Timely response rate to customer complaints 100%	Timely response rate to customer complaints 100%	Achieved
Resolution rate for customer complaints $\geq 95\%$	Resolution rate for customer complaints $\geq 95\%$	Achieved
Customer satisfaction rate $\geq 90\%$	Customer satisfaction rate $\geq 90\%$	Achieved

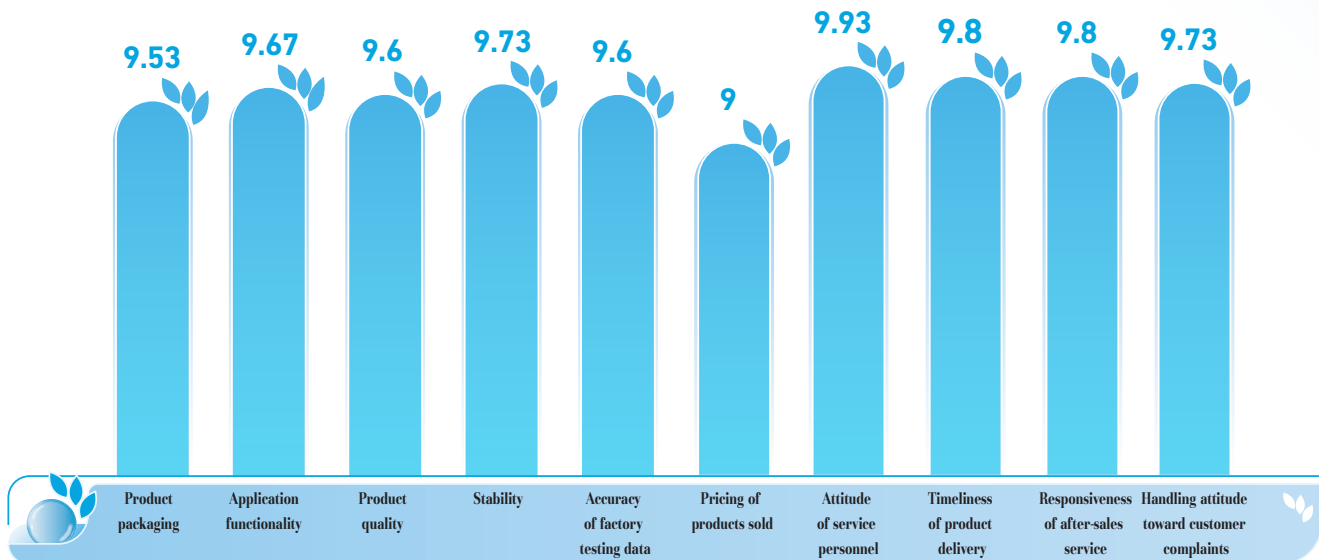
The Group systematically identifies key factors affecting customer satisfaction, gains in-depth insights into customer needs and expectations, analyzes its own product and service strengths and weaknesses, and identifies opportunities for improvement through the annual distribution of random customer satisfaction surveys. During the Reporting Period, we conducted customer satisfaction surveys across two major dimensions: product quality satisfaction and service satisfaction. Evaluation metrics for product quality satisfaction include product packaging, application functionality, product quality, stability, accuracy of factory testing data, and others. Service satisfaction is assessed based on aspects such as pricing of products sold, attitude of service personnel, timeliness of product delivery, responsiveness of after-sales service, handling attitude toward customer complaints, and speed of issue resolution. Through the analysis of survey results, the Group continuously identifies opportunities to enhance product application performance, delivery timeliness, pricing fairness, and other areas, implementing targeted optimization measures to steadily improve customer satisfaction and loyalty.



Satisfaction Survey Questionnaire Content

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During the Reporting Period, the overall customer satisfaction score of the Group was 9.64 points (out of a maximum of 10 points), reflecting that customers are generally highly satisfied with the Group's products and services. The Group received a total of 2 customer complaints, with a complaint resolution rate of 100%.



Customer Satisfaction Surveys Result of 2025

Note:

1. More than satisfied (scored  $\geq 9$ ); Satisfied (scored 8 to 9); Basically satisfied (scored 6 to 7.9); Dissatisfied (scored 0 to 5.9);
2. Overall customer satisfaction score is the average score after adding up the above individual scores.

In terms of return and exchange management, the Group has established the *Return Management Procedure* to standardize the return process and clarify the handling methods for returns caused by product quality, logistics, or commercial reasons. This approach effectively reduces unnecessary returns while ensuring that all returned products are traceable and controllable, thereby preventing management confusion. If it is discovered that sold products do not meet the Group's standards, customer requirements, or relevant laws and regulations, we will promptly evaluate whether to initiate a product recall procedure. If a recall is deemed necessary, it will be carried out swiftly and systematically in strict accordance with the *Product Recall and Withdrawal Procedure*, ensuring that risks are controlled and addressed efficiently.

- **Information security management and privacy protection**

The Group strictly adheres to relevant laws and regulations such as the *Regulations of the People's Republic of China on the Security Protection of Computer Information Systems* and the *Interim Provisions of the People's Republic of China on the Administration of International Networking of Computer Information Networks*. It has formulated and implemented multiple internal regulations, including the *Information System Operation and Maintenance Management Regulations*, *Computer Network Usage Management Regulations*, and *Information Security Management Regulations*, to establish a standardized information security management system. The Group has established a Network Information Security Leadership Team, with the Information Technology Department serving as the management authority for information security. This structure strengthens information security management, advances the development of an information security framework, and ensures the secure and stable operation of information systems.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established a “three-in-one” information security management framework integrating technical safeguards, institutional constraints, and personnel capabilities, comprehensively supporting business continuity and data security. All data within our information systems is backed up regularly as required. Based on risk assessment results, the Information Technology Department formulates specialized emergency response plans and conducts regular drills for high-risk scenarios, continuously enhancing emergency response capabilities. During the Reporting Period, the Group successfully obtained the Level 2 Certification for Information System Security Protection.



Level 2 Certification for Information System Security Protection.

The Group continues to deepen its exploration and practice in the field of information security, continuously enhancing its comprehensive protection capabilities and earnestly fulfilling its corporate information security responsibilities. By successfully implementing domain controller server technology, we have significantly improved the efficiency and security of internal information management. Through the deployment of domain controller file servers across various business departments within the Group, we have not only achieved centralized and standardized management of file resources, but also ensured orderly sharing and secure isolation of information among different departments and subsidiaries through refined permission configurations. Leveraging this centralized permission management system, the Group has further strengthened the protection of core data assets, effectively mitigating risks such as information leakage, unauthorized access, and data loss, thereby providing robust security support for stable business operations and digital transformation.

During the Reporting Period, the Group continued to strengthen information security and privacy protection efforts, further refining management measures on the existing foundation, enhancing overall security awareness, and earnestly fulfilling its responsibilities in data security and privacy protection. No significant information security incidents occurred within the Group during this Reporting Period.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Information System Security Management**
- ✓ Maintain Level 2 Certification for Information System Security Protection and operate fundamental security facilities such as firewalls and internet behavior management systems on a routine basis;
  - ✓ Establish a monthly system inspection mechanism, promptly update patches, and ensure the stable operation of core business systems throughout the year.
- Log Monitoring and Anomaly Response**
- ✓ Continuously collect operation logs and access records of critical systems, with dedicated personnel assigned for rotational monitoring; refine the rapid troubleshooting process for anomalous activities. In 2025, a total of 15 warning alerts were effectively handled.
  - ✓ Arrange for professional personnel to be on duty during key holidays such as the Spring Festival and National Day to ensure the stable operation of systems during special periods.
- Data Security Management Framework**
- ✓ Conduct monthly reviews of system account permissions to promptly revoke access for employees who have resigned or transferred positions.
  - ✓ Strengthen the management of sensitive information on office computers and shared folders by organizing regular departmental clean-ups to prevent the prolonged retention or unauthorized dissemination of sensitive data.
- Employee Information Security Capability Building**
- ✓ Organize annual information security training for all employees, covering fundamental guidelines such as identifying suspicious emails, password management, and office desk clearance protocols.
  - ✓ Conduct irregular and unscheduled information security awareness activities during daily operations to continuously educate employees on relevant knowledge, deepen their understanding of information security management requirements, and enhance their ability and awareness to implement security measures in practical work.
  - ✓ Incorporate information security content as a mandatory course for new employee onboarding, reinforcing security awareness from the outset.



Information security training sessions for all employees in 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding privacy protection, the *Employee Handbook* of the Group explicitly stipulates that employees must not disclose confidential information and are prohibited from unauthorized release or transmission of company business information. Additionally, the Group has established the *Customer Privacy Protection Policy*, which effectively prevents the leakage of customer information through standardized customer information management procedures, thereby safeguarding the legitimate rights and interests of customers and respecting and ensuring their privacy security.

### Supply Chain Management

The Group has established internal management systems, including the *Supplier Management Measures* and the *Procurement Management Processes and Procedures*, and employs various methods to select suppliers that meet the demands of production and operations. We implement a rigorous supplier qualification and evaluation mechanism, conducting comprehensive reviews across multiple dimensions such as qualification compliance, upstream supply chain management, quality management systems, control of raw and auxiliary materials, production process control, finished product inspection, warehousing and transportation, and service capabilities. This ensures that only suppliers meeting all audit criteria are included in the list of qualified suppliers, thereby guaranteeing that the entire collaboration process adheres to high standards of quality and safety. For key raw material suppliers, the Group has formulated specialized internal control standards such as the *Acceptance Specifications and Requirements for Eucheuma*, further refining management requirements for new and critical material suppliers. This enhances control in areas such as quality control and raw material acceptance, ensuring that suppliers consistently meet high standards of quality and compliance. As a result, the stability of the supply chain and the assurance of product quality are effectively improved.

Procurement management targets in 2025	Procurement management in 2025	Results in 2025
Procurement Timeliness Rate 95%	Procurement Timeliness Rate 100%	Achieved
Raw and Auxiliary Materials Procurement Qualification Rate $\geq 98\%$	Raw and Auxiliary Materials Procurement Qualification Rate $\geq 99\%$	Achieved
Completion Rate of Qualified Supplier Assessment and Evaluation 100%	Completion Rate of Qualified Supplier Assessment and Evaluation 100%	Achieved

In accordance with the *Supplier Evaluation and Audit Procedure*, the Group has systematically standardized the processes for supplier qualification, evaluation, and periodic assessment to ensure their performance consistently meets production and operational requirements. Led by the Group's Procurement Department, a cross-departmental evaluation team, comprising members from the Group R&D Department and Group Quality Department, conducts comprehensive evaluations of suppliers for both production and non-production materials. This is achieved through a combination of on-site and off-site assessments. During the selection of new suppliers, the Group Quality Department and Group R&D Department jointly conduct qualification reviews of potential suppliers. These suppliers are required to submit documentation such as third-party testing reports for their products, batch-specific factory inspection reports, and product execution standards. Samples are also requested for laboratory testing and on-site operational trials. Only after all reviews and tests are successfully completed can a supplier be included in the qualified supplier list and registered in the system.

Furthermore, the Group continuously monitors supplier performance through methods such as sample inspections and on-site audits. The validity of their quality management system certifications is verified annually. Where necessary, targeted guidance is provided to assist suppliers in optimizing their quality control systems, thereby collectively enhancing the overall quality level of the supply chain.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of supplier assessment, the Group's Procurement Department conducts regular evaluations of suppliers based on six key criteria: price, quality, production usability, delivery timeliness, delivery quantity, and cooperation level. Suppliers are classified into four rating tiers: A-level (above 90 points), B-level (70–90 points), C-level (60–69 points), and D-level (below 60 points). If a supplier is rated A-level, we may consider appropriately increasing their quarterly supply quota and prioritize cooperation with them when the Group develops new materials. If a supplier is rated D-level, they are considered unqualified, and we will suspend or revoke their supply qualification while issuing a Supplier Rectification Notice, requiring them to make improvements within a specified timeframe. Additionally, we have established a supplier communication and exchange platform to encourage information sharing and mutual progress among suppliers.

The Group's Procurement Department continues to strengthen full-lifecycle supplier management by not only organizing systematic supplier qualification reviews on a regular basis but also arranging internal team visits to supplier production sites, warehouses, and offices for on-site inspections and knowledge exchange, aligned with business needs. These efforts aim to deepen collaborative synergy between supply and demand parties, enhance understanding of raw material characteristics, production processes, and quality control systems, and simultaneously improve the professional capabilities of procurement and related personnel in supply chain management, raw material identification, and risk prevention. During the Reporting Period, teams from the Group's Procurement Department, as well as quality and R&D departments, conducted on-site visits and technical exchanges at warehouses and production facilities of multiple categories of suppliers.

### On-site Visits to Raw Material Suppliers

To gain an in-depth understanding of perlite raw material characteristics, strengthen supply chain source management, and establish closer collaborative relationships with core raw material suppliers, the Group organized an on-site visit and research activity to perlite suppliers in Xinyang, Henan during the Reporting Period. The aim was to systematically comprehend the resource distribution of perlite ore, extraction processes, quality control standards, and its application requirements in the field of food filter aids. The research team visited mining areas and production sites, focusing on key aspects such as the supplier's raw material sources, production line layout, laboratory testing capabilities, and quality control processes. These visits not only enhanced the Group's knowledge of the perlite industry chain but also provided important practical insights for optimizing raw material acceptance standards, improving tiered supplier management, and advancing the development of high-purity filter aid products. This further consolidated the Group's supply chain development efforts in the field of food processing auxiliary materials.



Perlite Supplier Site Visit and Research Activity

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Conducting On-site Inspections of Potassium Chloride Suppliers

To strengthen quality control at the source of key raw and auxiliary materials, deepen strategic collaboration with core suppliers, and accurately grasp the current supply status and technological trends in the potassium chloride market, the Group organized a dedicated visit and research activity in October 2025. Personnel from quality, procurement, and R&D departments participated in on-site inspections of several major domestic potassium chloride manufacturers, focusing on core topics such as production processes, raw material sources, quality stability, and supply capabilities.

Through this initiative, the Group not only gained insights into the actual operational status of the domestic potassium chloride supply chain and identified potential supply risks but also reached preliminary agreements with high-quality suppliers on raw material acceptance standards, batch consistency control, and long-term collaboration mechanisms. These efforts help the Group further refine its internal quality control standards and provide decision-making support for ensuring the safety and stability of auxiliary materials used in production.



Potassium Chloride Supplier On-site Inspections

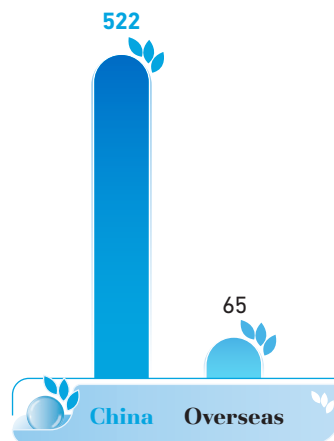
The Group prioritizes establishing stable, long-term strategic partnerships with suppliers who demonstrate excellence in quality, pricing, delivery, service, and business reputation. By signing long-term supply agreements with key raw and auxiliary material suppliers, the Group not only ensures timely material supply and price stability but also strengthens coordinated control across all stages of the supply chain. This effectively enhances the ability to respond to market fluctuations, reduces the risk of supply chain disruptions, and provides solid support for production continuity and product quality consistency. During the Reporting Period, the Group entered into supply agreements with several key suppliers, covering essential categories such as raw materials, auxiliary materials, and critical packaging components. Through these agreements, quality standards, delivery schedules, pricing mechanisms, and acceptance methods were clearly defined, further solidifying the collaboration framework and strengthening supply-demand synergy.

The Group places significant emphasis on potential environmental and social risks among suppliers and explicitly requires that all materials provided comply with relevant national and local laws and regulations, meeting safety, environmental, and other compliance requirements. We prioritize suppliers with a sense of social responsibility who actively adopt environmentally friendly products and green services. Through collaborative efforts, we jointly improve performance in areas such as environmental protection, labor rights, and occupational safety, working together to promote the sustainable development of the supply chain.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group officially issued the *Environmental Management Requirements and Notification for Relevant Parties* to key suppliers and required their signed acknowledgment. This document explicitly requires suppliers to prioritize the adoption of pollution-free or low-pollution production processes, implement green and clean logistics, effectively reduce waste emissions during production, and strengthen safety management for on-site personnel. It fully reflects the shared understanding and commitment among all parties in the supply chain to sustainable development responsibilities.

As of the end of this Reporting Period, the Group has a total of 587 suppliers. The supplier data by geographical region is as follows:



Number of suppliers by geographical region

### Public Welfare

In accordance with the *Charitable and Public Welfare Activities Management Regulations*, the Group actively integrates social responsibility into its corporate development strategy and consistently gives back to society through concrete actions, spreading positive energy. We support community development and social welfare through diversified forms of public service.

During the Reporting Period, the Group organized a series of public welfare activities and provided targeted donations to local communities, fulfilling its corporate social responsibility and contributing to the construction of a harmonious, inclusive, and sustainable community ecosystem.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Lvbao (Quanzhou) "June 1<sup>st</sup>" Love Donation Initiative Supports Rural Education Development

On June 1, 2025, Lvbao (Quanzhou) actively demonstrated its corporate social responsibility by donating RMB 5,000 to Maofeng Central Primary School in Jinjiang City, Quanzhou, Fujian Province. The donation will support the improvement of the school's teaching resources and the organization of student activities, reflecting the Group's deep commitment to youth development and rural education.

As a production base deeply rooted in the local community over the long term, Lvbao (Quanzhou) consistently gives back to society through educational support, environmental collaboration, and other initiatives. This donation not only brought warmth and encouragement to the children during the holiday but also highlighted the Group's philanthropic philosophy of gathering "beams of goodwill" through "glimmers of care."

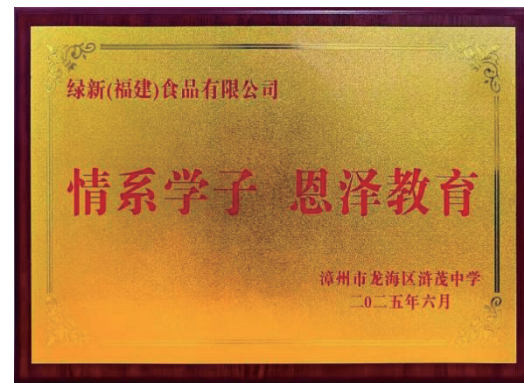


Lvbao (Quanzhou) "June 1<sup>st</sup>" Love Donation Initiative

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Caring for Education, Supporting Learning with Love – The Group Donates Air Conditioners to Improve School Facilities at Humao Middle School**

In July 2025, the Group donated 40 air conditioners valued at RMB 90,000 to Humao Middle School in Zini Town, Longhai District, Zhangzhou City, Fujian Province, effectively enhancing the teaching and working environment for teachers and students and providing relief and care during the hot summer months. Ms. Chen Yi, Vice President of the Group, attended the donation ceremony, joining the school leadership of Humao Middle School to witness this heartwarming moment. This donation stems from the Group's long-term commitment to and support for education. In response to the impact of high summer temperatures on teaching activities, the Group proactively addressed the school's practical needs and took concrete action to assist in upgrading campus infrastructure, creating a more comfortable and healthy learning environment for teachers and students. During the ceremony, Humao Middle School presented the Group with a plaque inscribed with the words "Devoted to Students, Benefiting Education," expressing sincere gratitude for the Group's philanthropic gesture.



The Group Donates Air Conditioners to Humao Middle School

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL SUSTAINABILITY

#### Energy Conservation and Consumption Reduction

The Group strictly adheres to relevant laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, and the *Circular Economy Promotion Law of the People's Republic of China*. It has formulated and implemented internal management systems including the *Energy Management System Manual* and the *Energy (Resource) Consumption and Greenhouse Gas Management Specifications*. Building on this foundation, the Group has established a systematic energy management system and formed an Energy Conservation Leadership Group responsible for the daily operation of energy management, as well as the planning, guidance, supervision, and inspection of energy and water conservation efforts. Guided by the core objective of "committed to green production and reducing resource usage," the Group implements unified and refined management of energy and water resource consumption. During the Reporting Period, the primary energy sources used in the Group's production activities were coal and externally purchased electricity, while all water consumption was sourced from municipal water supply systems. Packaging materials mainly included woven bags, inner bags, cartons, and paper bags.

The Group places high importance on cultivating environmental awareness and building capacity, integrating environmental training into its regular management mechanisms. During the Reporting Period, each production base of the Group regularly conducted tiered and categorized environmental protection training sessions, covering key areas such as the latest national environmental laws and regulations, pollution discharge permit management requirements, pollution prevention technical standards, and emergency response for sudden environmental incidents. This has continuously enhanced employees' awareness of environmental compliance and practical operational skills.

#### **Lvqi (Fujian) Conducts Specialized Training on Environmental Laws, Regulations, and Pollution Prevention**

During the Reporting Period, Lvqi (Fujian) organized a specialized training session titled "Environmental Laws, Regulations, and Corporate Pollution Prevention and Control Awareness," systematically disseminating the Group's environmental responsibilities and compliance requirements. The training focused on key regulations, including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law, the Air Pollution Prevention and Control Law, the Solid Waste Pollution Prevention and Control Law, the Noise Pollution Prevention and Control Law, the Pollutant Discharge Permit Management Regulations, and the Emergency Management Measures for Sudden Environmental Incidents. Combining these with the actual production processes of agar and carrageenan, the training provided an in-depth interpretation of the Group's legal obligations in areas such as pollutant discharge permits, total emission control, environmental monitoring, standardized disposal of wastewater, exhaust gas, and solid waste, factory boundary noise control, and emergency response planning. Specifically addressing critical environmental risk points in the production process, such as high-concentration organic wastewater, boiler exhaust gas, and hazardous waste, the training clarified comprehensive prevention and control measures, covering source reduction, process control, and end-of-pipe supervision requirements. This has laid a solid foundation for the base to standardize operations, prevent environmental risks, and implement green production practices going forward.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group conducts an annual systematic analysis and assessment of its energy and water resource utilization, based on which it formulates yearly energy and water conservation policies, goals, and management plans. Combined with a quota-based evaluation system, energy and water consumption targets are progressively allocated to each production workshop and specific product line. Each workshop further refines its energy-saving and consumption-reduction objectives, develops targeted management measures, and assigns evaluation indicators to teams, ensuring that responsibilities are assigned and execution is effectively implemented. To strengthen the implementation of these goals, the Group has concurrently established the *Energy-Saving and Consumption-Reduction Target Evaluation Plan*, which regularly conducts comprehensive assessments of the achievement of energy and water conservation goals across all systems. Additionally, the Group has installed an online coal consumption monitoring system to enable real-time monitoring and data analysis of energy consumption in each workshop. This provides data-driven support for accurately identifying energy efficiency bottlenecks, optimizing energy consumption structures, and promoting energy conservation and emission reduction.

During the Reporting Period, the Group continued to advance technological upgrades and equipment improvements for existing production lines, aiming to reduce resource consumption per unit of product while increasing production capacity. These efforts are dedicated to achieving the dual objectives of “energy saving and consumption reduction” and “quality enhancement and efficiency improvement.” Specific initiatives include but are not limited to:

#### Greenfresh (Fujian) Advances Workshop Energy Monitoring Digitalization to Achieve Refined Energy Efficiency Management

Since 2023, Greenfresh (Fujian) has comprehensively launched a workshop energy monitoring project. By installing equipment such as smart electricity meters, steam flow meters, electromagnetic flow meters, and data storage systems, the Group conducts real-time monitoring of energy consumption including water, electricity, and gas. This enables precise management of energy usage and energy-saving effects through intelligent technology, informatization, and digital means, significantly reducing workshop energy consumption and cutting energy costs.

During the Reporting Period, while advancing the intelligent transformation of the dehydration process, Greenfresh (Fujian) identified through systematic monitoring that some drying and crushing equipment were idling, resulting in waste of electricity and steam. Additionally, due to overly small mesh holes in the bottom plate of the cooking tank, extraction efficiency was impacted, indirectly leading to increased steam consumption. Based on monitoring data, Greenfresh (Fujian) promptly developed and implemented improvement measures, including optimizing equipment start-stop logic and adjusting key process parameters. The Group also conducted metering tests to evaluate air leakage in pipelines and equipment, effectively reducing unnecessary energy consumption.

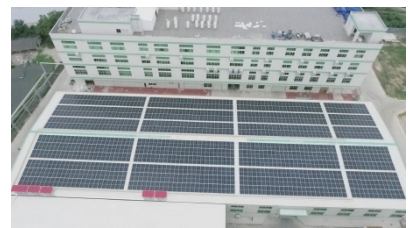


Greenfresh (Fujian) Digital Energy Monitoring System

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Greenfresh (Fujian) Actively Promotes Clean Energy Application

Greenfresh (Fujian) actively responds to the national “carbon peak and neutrality” strategy by vigorously promoting the substitution of clean energy. A 1.346-megawatt (MW) distributed photovoltaic power generation project has been completed and fully put into operation at the base, equipped with 2,448 high-efficiency photovoltaic modules. During the Reporting Period, this project generated approximately 1.4608 million kWh of electricity annually, with the power output prioritized for use in the factory’s production operations. This significantly reduces reliance on externally purchased electricity, effectively cuts Scope 2 greenhouse gas emissions, and provides strong support for the Group’s green and low-carbon transformation.



Distributed Photovoltaic Power Generation Project

The Group actively practices water conservation by continuously promoting the efficient utilization and recycling of water resources. Greenfresh (Fujian) has implemented graded water usage optimization measures in the seaweed cleaning process, where wastewater from the third cleaning tank is reused in the first or second cleaning stages after simple sedimentation. This effectively reduces the intake of fresh water and enhances water resource utilization efficiency in the production process.

During the Reporting Period, Greenfresh (Fujian) established a dedicated water and electricity conservation improvement team to systematically investigate water resource usage across all areas of the base, comprehensively identify potential sources of waste, and produce a specialized research report. Based on the analysis results, the team conducted interviews with responsible personnel in key areas to solicit improvement suggestions, then formulated and implemented a series of targeted water conservation management measures. This further institutionalized, refined, and strengthened the execution of water-saving initiatives, effectively advancing the implementation of green production practices.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Greenfresh (Fujian) Water Conservation Management Measures

- Promote Water-Saving Technical Renovations for Equipment and Facilities: Develop improvement plans for production and auxiliary equipment that exhibit water wastage, set implementation timelines, and promptly complete technical upgrades.
- Optimize Water Extraction Facility Management: The Production Department centrally plans water extraction points, re-optimizes and adjusts existing extraction points, removes most water faucets and other extraction devices, assigns numbers and responsibilities to extraction points, and ensures clear accountability.
- Strengthen Daily Behavioral Norms: Strictly prohibit the direct use of hoses to wash floors (except for specific cleaning needs) and require cleaning staff to prioritize sweeping methods.
- Enhance Water Conservation Awareness Campaigns: Utilize various formats such as bulletin boards, banners, etc., to communicate the importance of water-saving activities and actively mobilize all employees to participate in water conservation initiatives.
- Establish Supervision and Assessment Mechanisms: The Production Department oversees the Human Resources & Administration Department and the Environmental Safety Department in inspecting the implementation of water-saving measures across all departments, with weekly execution reports submitted. Violators will be notified and penalized according to reward and penalty regulations.



Greenfresh (Fujian) water intake numbering and division of responsibility

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Water Conservation Awareness Poster at Greenfresh (Fujian) Production Base

The Group actively responds to the national "carbon peak and neutrality" strategic goals and consistently integrates green development principles into its daily operations. By implementing a series of green office initiatives, we promote a low-carbon and environmentally friendly office culture, aiming to reduce greenhouse gas emissions and resource consumption during office activities. These efforts also contribute to creating a healthy and energy-efficient working environment for our employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Group's Green Office Initiatives

- We abide by the *Management Regulations on Use of Office Air Conditioners*, which stipulates that the temperature for air conditioners in public working space shall be set reasonably (no lower than 26°C in summer and no higher than 20°C in winter), and air conditioners shall be turned off 15 minutes before going off work;
- The Group implements a "power-off when leaving" policy, requiring employees to check office equipment such as computers, printers, photocopiers before leaving work to ensure that they are turned off or in a power-saving mode, so as to reduce the power and standby energy consumption;
- The Group fully adopts energy-saving LED lighting fixtures and installs motion-activated lighting systems in office. Employees are encouraged to keep the habit of turning off the lights when leaving the office, so no lights are left on unnecessarily;
- We fully promote paperless office, using OA cloud-based collaboration platform, with over 90% of documents processed electronically;
- The Group procures energy-efficient equipment, prioritising office devices with an energy efficiency rating of Level 1 in Energy Label, and promotes the use of printers with replaceable consumables. We encourage both-side printing to reduce the use of disposable supplies and papers;
- Disposable plastic cups are replaced with reusable cups in meetings and receptions to reduce plastic pollution;
- The office has fully implemented waste sorting, with dedicated collection points for recyclables, hazardous waste, and kitchen waste. We also cooperate with professional organisations to enable waste recycling;
- We have established an office asset sharing platform to allow cross-departmental reuse of maintained idle office furniture, electronic devices, and other items.
- We encourage employees to choose green and low-carbon travel methods, including public transportation, cycling, or carpooling, etc. to reduce energy consumption and greenhouse gas emissions.



Green Office and Resource Conservation Awareness Posters of the Group

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding the management and use of packaging materials, the Group prioritizes the procurement of recyclable packaging materials and actively promotes packaging recycling mechanisms. We sign packaging bag return agreements with customers and offer a 10% rebate incentive on packaging material costs to clients who return packaging materials such as pallets, paper bags, or woven bags used during warehousing and transportation. This effectively increases the reuse rate of packaging materials and reduces overall consumption. Furthermore, in response to environmental policy requirements, the Group, through full communication and coordination with customers, has optimized the shipment of certain products from small-size packaging to large-size packaging. This initiative further reduces the total volume of packaging materials used while ensuring transportation and usage needs, contributing to resource conservation and green logistics. During the Reporting Period, this measure is estimated to have saved approximately 120,000 small packaging bags.

During this Reporting Period, the Group's resource usage indicators are shown in the table below:

KPIs		2025	2024	2023
Energy	Total direct energy consumption (MWh)	<b>108,943.14</b>	74,328.89	101,600.30
	Total indirect energy consumption (MWh)	<b>90,550.69</b>	80,196.19	54,660.68
	Total energy consumption (MWh)	<b>199,493.83</b>	154,525.08	156,260.98
	Energy consumption intensity (MWh/tonne output)	<b>14.18</b>	11.60	11.54
Water	Total water consumption (tonne)	<b>5,425,948.00</b>	5,231,480.00	4,783,009.00
	Water consumption intensity (tonne/tonne output)	<b>385.59</b>	392.80	353.37
Packaging materials	Total packaging materials (tonne)	<b>193.74</b>	176.37	186.06
	Packaging materials intensity (tonne/tonne output)	<b>0.0138</b>	0.0132	0.0137

Note:

1. The total energy consumption is presented by MWh (kWh in 000's), and the conversion factors are derived from the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Food, Tobacco and Wine, Beverage and Refined Tea Enterprises (Trial)* issued by the National Development and Reform Commission;
2. The consumption of coal, electricity and water comes from the corresponding bills;

### Pollutant Management

The Group strictly complies with relevant laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Environmental Noise Pollution Prevention and Control Law of the People's Republic of China*, and the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*. It has formulated and implemented internal environmental management policies such as the *Environmental Protection Management System* and the *Environmental Management Systems for Wastewater, Exhaust Gas, and Boundary Noise*. Through effective prevention and control measures, the Group strengthens comprehensive environmental management throughout all processes, ensuring that pollutant emissions consistently meet standards and comply with total emission control requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established and effectively operates an environmental management system compliant with the GB/T 24001-2016/ISO 14001:2015 standard, which has been certified by a third party. During the Reporting Period, in accordance with the *Pollutant Discharge Permit Management Measures*, Greenfresh (Fujian), Lvqi (Fujian), Lvbao (Quanzhou), and Shiyan Haiyi have all lawfully obtained pollutant discharge permits. This ensures comprehensive management of wastewater, exhaust gas, noise, and solid waste emissions, strictly keeping them within approved limits and effectively fulfilling the Group's environmental protection responsibilities.



Greenfresh (Fujian)  
Discharge Permit



Lvqi (Fujian)  
Discharge Permit



Lvbao (Quanzhou)  
Discharge Permit



Shiyanhaiyi  
Discharge Permit

The Group has established an Environmental Protection Committee, with the Environmental Protection Group serving as its permanent executive body. This structure centrally leads and coordinates the Group's environmental protection efforts, responsible for formulating environmental strategies, annual objectives, and overall work plans. Each subsidiary unit of the Group strictly implements the environmental target responsibility system, develops annual environmental work plans and pollution source management solutions based on its specific conditions, and appoints dedicated environmental personnel to ensure the effective implementation of environmental measures and strengthen environmental supervision and management throughout all processes. To further enhance environmental governance capabilities and steadily advance the development of a "green enterprise," the Group has issued the *Compilation of Environmental Protection Management Systems*, systematically consolidating and elaborating on various environmental requirements. This compilation specifies concrete measures for key areas such as pollution prevention, resource conservation, waste management, and energy usage. It clearly defines departmental responsibilities and operational standards, promoting scientific, standardized, and refined environmental management. This ensures the Group minimizes its environmental impact across all production and operational activities, consistently upholding the principles of green development.



Environment Management System Certificate

The Group sets "preventing major environmental pollution incidents" as its overarching environmental protection goal, ensuring full compliance of all environmental indicators with national standards. During the Reporting Period, the environmental targets for exhaust gas, wastewater, and hazardous waste have all been achieved.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Discharge targets in 2025	Discharge situations in 2025	Results in 2025
100% pass rate for waste gas discharge	100% pass rate for waste gas discharge	Achieved
100% pass rate for waste water discharge	100% pass rate for waste water discharge	Achieved
100% professional discharge rate for hazardous wastes	100% professional discharge rate for hazardous wastes	Achieved

- **Waste gas**

The Group's exhaust emissions primarily include sulfur dioxide, ammonia nitrogen, particulate matter, and nitrogen oxides generated during production processes. All exhaust gases are treated to ensure compliance with emission standards before release. The Group implements real-time monitoring of exhaust emissions. For example, Lvqi (Fujian)'s production facility conducts online monitoring of flue gases, where the system triggers immediate alerts in the event of exceedances, enabling dynamic control. During the Reporting Period, the Group engaged third-party professional testing agencies on a quarterly basis to conduct on-site inspections of exhaust emissions across all production facilities, providing testing reports and regular comparative analyses. Additionally, the Group performs semi-annual self-inspections to ensure continued compliance with exhaust emission regulations.

To continuously reduce exhaust emissions, the Group has implemented multiple technical and management measures to effectively promote green and low-carbon production:

- Fuel Optimization: Boilers utilize low-sulfur coal as fuel to reduce sulfur dioxide generation at the source.
- Process Upgrades: Introduction and deployment of denitrification technology, projected to cut nitrogen oxide emissions in flue gases by approximately 50%.
- Process Control: Increased dosing of chemicals in desulfurization water tanks, raising pH levels to enhance sulfur dioxide absorption efficiency.
- Dust Emission Prevention: Increased spray frequency in plant areas to effectively suppress fugitive dust and particulate dispersion.
- Emergency Response: During government-issued air pollution emergency alerts, proactive reduction of boiler loads and suspension of non-critical production lines to actively align with regional emission reduction

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Wastewater**

All four production plants of the Group are equipped with dedicated wastewater treatment stations and have established specialized positions such as water purification, wastewater treatment, and sludge dewatering to ensure clear responsibilities and standardized operations across all stages of wastewater treatment. Each wastewater treatment station is equipped with a laboratory, where key discharge indicators are regularly monitored through a combination of online monitoring and manual testing to ensure compliance with environmental regulations in both treatment processes and effluent quality. All production wastewater undergoes rigorous testing and is only discharged once all indicators meet the required standards. Specifically, the treated wastewater from Lvqi (Fujian) consistently meets the third-level wastewater discharge standards and is discharged into the municipal sewage network. Meanwhile, Greenfresh (Fujian) has installed an online wastewater discharge monitoring system, enabling real-time monitoring and data uploads of wastewater discharge quality. This effectively supports unified and standardized management of wastewater acceptance into the municipal network.

During the Reporting Period, the Group continued to strengthen wastewater discharge monitoring. Lvqi (Fujian) and Greenfresh (Fujian) underwent quarterly joint inspections by third-party agencies and local ecological environment authorities, while Lvbao (Quanzhou) and Shiyanhaiyi conducted semi-annual third-party wastewater testing. Additionally, Lvqi (Fujian) and Greenfresh (Fujian) updated and upgraded their existing online wastewater monitoring equipment, further improving monitoring accuracy and system stability to provide more reliable assurance for compliant wastewater discharge.

To further reduce environmental impact, the Group actively introduces advanced purification equipment and treatment technologies. For units in the wastewater treatment process prone to generating odorous gases, comprehensive sealing measures with covers have been implemented, supported by centralized collection and treatment systems to effectively control odor diffusion. Simultaneously, the Group continues to advance the resource utilization of wastewater by systematically recovering steam condensate, press water from plate frame filter presses, and treated discharge water from primary and secondary treatment stages for reuse in production or auxiliary processes. Currently, the comprehensive wastewater recovery rate across all workshops has reached 35%, significantly reducing the intake of fresh water and the total volume of external discharge, thereby tangibly enhancing the level of water resource recycling.



Wastewater treatment facilities within plants

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Waste**

The Group's hazardous waste primarily consists of hydraulic oil from production processes and laboratory waste liquids generated during development. Guided by the principles of "reduction, resource recovery, and harmless treatment," we strictly comply with the *National Catalogue of Hazardous Waste* and relevant laws, regulations, and standards. Internal systems such as the *Hazardous Waste Management Plan* and the *Hazardous Materials Management Regulations* have been formulated and implemented to systematically standardize the full-process management of hazardous waste.

The Group conducts regular inspections and maintenance of hazardous waste collection containers, transport tools, and storage facilities. Standardized signage is prominently displayed at the entrances of storage areas, and a strict hazardous waste in-and-out registration system is enforced to ensure full-process traceability. All hazardous waste generated by the Group is legally entrusted to qualified third-party organizations for safe disposal, preventing illegal dumping or improper handling. This ensures the Group fulfills its environmental protection responsibilities and safeguards environmental and personnel safety.



Warning signs for hazardous waste storage area within plants

The Group's non-hazardous waste primarily includes seaweed residue, construction debris, and general waste. We adhere to source reduction principles and implement classified disposal and resource utilization of all types of non-hazardous waste at the terminal treatment stage to reduce overall discharge. For the management of non-hazardous waste, the Group has established corresponding handling and testing standards. For example, seaweed residue generated during production must undergo moisture content testing before external disposal. The Environmental and Safety Department conducts regular sampling and benchmarking against standard values, explicitly requiring seaweed residue moisture content to be controlled above 95% to ensure compliance with relevant disposal regulations. This measure not only enhances waste treatment efficiency but also effectively reduces the environmental impact of waste while ensuring regulatory compliance.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

- Reduction at the source ✓ Recycling of packaging materials and used work clothes as equipment wipes;
- ✓ Double-sided use of office papers, and recycling of shredded papers;
- ✓ Purchasing recyclable pads, paper woven bags and wrapping straps in an unified way to reduce wastes generated from storage and transportation;
- ✓ The raw material is filtered through a rolling screen device to filter the sediment before use to reduce the amount of seaweed residue produced.
- Terminal treatment ✓ Selling the waste papers and scrap metals to recyclers for reuse;
- ✓ Collecting household waste together before handing over to the environmental sanitation department for clearing, transporting out, and disposal;
- ✓ Recycling all collected wastes as much as possible;
- ✓ Contacting a qualified third party via canteen contractor to store and ferment the kitchen waste so as to decompose the waste into sanitary and odourless humus;
- ✓ Providing the farmers with the crushed organic waste, such as raw seaweed residue (gracilaria residue, eucheuma residue, etc.), which can be used as organic fertiliser for their vegetable and fruit tree planting bases;
- ✓ We have brought in and overhauled equipment to limit moisture content in solid waste to 60% and bring down solid waste discharge by 20%.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's emissions and waste produced and intensity were shown as below:

KPIs		2025	2024	2023
Wastewater	Wastewater discharge (tonnes)	<b>6,444,053.75</b>	5,428,390.00	6,015,099.00
	Chemical Oxygen Demand (COD) (tonnes)	<b>568.96</b>	517.21	651.35
	Ammonia Nitrogen (tonnes)	<b>7.47</b>	5.70	6.56
Waste gas	Smoke (tonnes)	<b>3.28</b>	5.29	5.89
	Sulphur dioxide (tonnes)	<b>6.00</b>	5.69	6.34
	Nitrogen oxides (tonnes)	<b>28.83</b>	32.05	37.08
Hazardous waste	Total hazardous waste produced (tonnes)	<b>2.53</b>	2.01	2.43
	Hazardous waste intensity (tonnes/tonne output)	<b>0.00018</b>	0.00015	0.00018
Non-hazardous waste	Total non-hazardous waste produced (tonnes)	<b>31,588.83</b>	33,558.63	35,891.59
	Non-hazardous waste intensity (tonnes/tonne output)	<b>2.24</b>	2.52	2.65

Note:

1. Data on emissions is derived from the online monitoring system;
2. Data on hazardous waste is extracted from hazardous waste transfer manifests;
3. Data on non-hazardous waste is from daily monitoring.
4. During the Reporting Period, due to intensified market competition and heightened customer requirements for product quality, the Group further elevated the water quality standards for process water used in production, leading to increased load on water treatment and purification processes. Simultaneously, adjustments in product mix and production volume resulted in more frequent equipment shutdowns and a significant rise in cleaning and disinfection cycles, contributing to an increase in production wastewater generation while reducing the volume of recoverable water. Consequently, the overall wastewater discharge volume experienced an upward trend.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Response to Climate Change

The Group places high importance on global climate change trends and their potential impacts on production and operations, actively integrating climate risk management into its business strategy and daily operations. Guided by the national “carbon peak and neutrality” strategic goals, the Group systematically conducts monitoring and accounting of greenhouse gas emissions while continuously strengthening energy conservation and emission reduction initiatives. We proactively respond to the energy-saving and emission reduction requirements set by authorities such as the Fujian Provincial Department of Ecology and Environment, increasing investment in low-carbon technology applications and green product development. Through comprehensive optimization of energy structures, improvement of energy efficiency, and promotion of cleaner production, the Group is earnestly advancing its transformation toward a greener, low-carbon, and sustainable future.

- ***Climate Governance Structure***

The Group systematically integrates climate-related topics into its existing ESG governance framework, establishing a top-down climate action system. The Board of Directors, as the highest decision-making body for ESG management, regularly reviews climate change policies, objectives, and implementation outcomes to ensure alignment between climate governance and the Group’s strategic direction, while overseeing key climate risks and opportunities. Under the guidance of the Board, the Group’s senior management is responsible for managing climate-related risks and opportunities, formulating and refining climate-related strategic goals, and regularly reporting to the Board on the progress and achievement of these initiatives. The ESG Working Group is tasked with advancing major emission reduction and decarbonization measures, implementing pathways for green transformation, and managing day-to-day climate change response activities. Led by the Board, the Group conducts at least one dedicated meeting annually to review climate change-related topics.

To continuously enhance the climate governance capabilities of the Board of Directors and senior management, the Group regularly engages external experts to conduct specialized training for directors and executives on topics such as climate risk, carbon management policies, and “carbon peak and neutrality” practices. This strengthens their climate awareness and professional judgment in strategic decision-making. In the future, the Group will also actively explore the feasibility of incorporating climate change response performance into the evaluation and incentive mechanisms for directors and senior management, further integrating climate management responsibilities with governance effectiveness.

- ***Climate Transition Strategy***

Based on its business characteristics as a producer of natural hydrophilic colloids, the Group continuously monitors the potential impacts of climate change on raw material supply, energy consumption, production operations, and supply chain stability. In accordance with the requirements of the *ESG Reporting Code* issued by the HKEX and referencing the recommendations framework of the Task Force on Climate-related Financial Disclosures (TCFD), the Group carries out the identification, assessment, and response to climate-related risks and opportunities.

During the Reporting Period, the Group comprehensively assessed the potential impacts of climate change on its business model, key raw materials (such as seaweed resources), energy structure, and various stages of the value chain in the short, medium, and long term, aligning with external policy directions, industry development trends, and internal green development strategies. For the identified priority climate risks and opportunities, the Group has formulated targeted management measures and action plans. By continuously refining its climate transition strategy and implementation mechanisms, the Group is steadily enhancing its climate adaptability and operational resilience.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Identification of Climate Risks and Opportunities

To identify the potential impacts of climate change on its business operations and value chain, the Group conducts the identification, analysis, and assessment of climate-related risks and opportunities through internal and external stakeholder engagement, industry research, and expert consultations. We categorize climate-related risks and opportunities across three timeframes: short-term (1 year), medium-term (1–5 years), and long-term (beyond 5 years).

During the Reporting Period, the Group conducted an annual review of the identified climate risks and opportunities, considering its operational realities, international climate governance trends, and updates to domestic and international regulations. The assessment results indicate that the main risk types, along with their impact duration and severity, remain generally stable. The Group has strengthened targeted response measures, including advancing water resource recycling and energy-saving technological upgrades, to enhance overall climate resilience.

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
Transition Risk	Policy & Legal Risk	<ul style="list-style-type: none"> <li>Enhanced Greenhouse Gas Reporting Obligations: As global and national carbon emission disclosure requirements and related regulations become increasingly stringent, such as the HKEX's heightened compliance disclosure requirements for listed companies regarding greenhouse gas emissions, enterprises need to allocate more resources for carbon emission monitoring, data accounting, and reporting.</li> </ul>	Short-term Medium-term Long-term	High	Increased operational costs	<ul style="list-style-type: none"> <li>Further improve the greenhouse gas emission monitoring and management system to ensure data accuracy.</li> <li>Explore the use of digital technologies to enhance carbon management capabilities and establish an efficient carbon data collection and analysis platform.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
	Market Risk	<ul style="list-style-type: none"> <li>Increase in Raw Material Costs: The instability of energy and water resource prices driven by climate change may further elevate production and operational expenses. Climate factors affecting seaweed cultivation, harvesting, and processing could also exert upward pressure on raw material costs.</li> </ul>	Short-term Medium-term Long-term	High	Increased operational costs, unexpected fluctuations in production costs	<ul style="list-style-type: none"> <li>Establish a diversified supply chain to reduce reliance on a single seaweed supplier or region and secure procurement agreements in advance to mitigate raw material price volatility.</li> <li>Collaborate with upstream suppliers to explore sustainable seaweed cultivation technologies, enhancing supply chain resilience.</li> <li>Continuously optimize production processes, promote energy conservation and emission reduction, and reduce energy and water resource consumption during production to lower costs.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
	Reputational risk	<ul style="list-style-type: none"> <li>Stakeholder concerns: Customers, investors, regulators, the general public, and the media are placing increasing importance on enterprises' efforts in addressing climate change and pursuing green, low-carbon development. Failure to respond adequately to these trends may pose reputational risks for the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Medium-term</li> <li>Long-term</li> </ul>	Low	<ul style="list-style-type: none"> <li>Declining orders and reduced operating revenue</li> </ul>	<ul style="list-style-type: none"> <li>Standardized disclosure of the Company's latest initiatives and achievements in addressing climate change and advancing sustainable development.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
Physical risks	Acute physical risks: Extreme weather events including heavy rainfall, tropical storms, and extreme heat	<ul style="list-style-type: none"> <li>The increasing frequency of extreme weather events, such as typhoons, heavy rainfall, and extreme heat, may severely impact production plants and facilities, raw material and product transportation, leading to reduced production capacity, disruptions in delivery, and higher repair and maintenance costs.</li> </ul>	Short-term Medium-term Long-term	High	<ul style="list-style-type: none"> <li>Revenue decline due to reduced production capacity</li> <li>Decline in fixed asset value caused by damage to production plants and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Increase the frequency of inspections and maintenance to enhance the safety of production plants and equipment and minimise the impact of extreme weather on operations</li> <li>Optimise supply chain management by increasing inventory reserves of raw materials and key supplies to prevent disruptions caused by extreme weather events</li> <li>Obtain relevant insurance coverage, such as property damage insurance and business interruption insurance, to mitigate financial losses from extreme weather events</li> <li>Optimise logistics planning by adjusting transportation schedules in advance during typhoon season and other periods of extreme weather to prevent delays and losses</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
	Chronic physical risks: Rising ocean temperatures, changes in precipitation patterns, and water resource stress	<ul style="list-style-type: none"> <li>The long-term rise in ocean temperatures and changes in precipitation patterns may affect the growth cycle and quality of seaweed, leading to instability in raw material supply and higher procurement costs. Additionally, prolonged climate change may impact water availability, increasing the cost of water used in production.</li> </ul>	Long-term	Moderate	Long-term increase in raw material costs and decline in fixed asset value	<ul style="list-style-type: none"> <li>Invest in climate adaptation technologies, such as improving seaweed processing technologies to mitigate the impact of raw material quality fluctuations on product performance</li> <li>Enhance water conservation management by improving water efficiency in production processes and implementing water recycling systems to reduce reliance on external water sources</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
Opportunities	Resource efficiency	<ul style="list-style-type: none"> <li>Upgrade to more energy-efficient buildings and production equipment: implement energy-saving retrofits for production plants and equipment to reduce energy consumption and improve production efficiency, thus lowering long-term operating costs.</li> <li>Resource recycling and reuse: Implement circular economy practices to reduce resource consumption during production and improve economic efficiency. In addition, minimise industrial waste emissions to lower environmental compliance costs and enhance the Company's sustainability capabilities.</li> </ul>	<p>Medium-term, Long-term</p> <p>Short-term, Medium-term, Long-term</p>	<p>Moderate</p> <p>Moderate</p>	<p>Lower operating costs</p> <p>Reduced raw material and production costs</p>	<ul style="list-style-type: none"> <li>Invest in and upgrade to low-energy, high-efficiency processing and production equipment, such as high-efficiency crushers and drying systems, to reduce electricity and energy consumption</li> <li>Implement smart production control systems and digital energy monitoring systems to optimise equipment operation, minimise energy waste, and improve production efficiency</li> <li>Actively explore circular economy practices by recycling and reusing wastes and materials to minimize resource waste and reduce production costs.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
	Energy source	<ul style="list-style-type: none"> <li>Use of low-emission energy sources: Integrate green and clean energy into production operations to replace traditional carbon-intensive energy sources, helping to meet regulatory requirements, optimise energy mix, and reduce energy costs</li> </ul>	<p>Medium-term Long-term</p>	Low	Lower operating costs	<ul style="list-style-type: none"> <li>Increase the share of green energy in production and operations through various initiatives, such as installing rooftop photovoltaic power generation equipment, outsourcing more renewable electricity, and developing energy storage facilities</li> </ul>
	Products and services	<ul style="list-style-type: none"> <li>Develop new products and diversify business operations: As consumers become increasingly aware of health and sustainable consumption, demand for green, environmentally friendly products made from natural ingredients continues to grow. The Group can meet market demand by developing new products and diversifying its business. operations</li> </ul>	<p>Medium-term Long-term</p>	High	Rising revenue powered by product diversification	<ul style="list-style-type: none"> <li>Actively develop new natural hydrocolloid products that align with market trends.</li> <li>Expand product offerings for consumer-facing sectors, such as ingredients for bubble tea shops, to meet emerging consumer demands.</li> <li>Obtain green, vegetarian and halal certifications to enhance product competitiveness in the market.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Name	Risk/Opportunity Description	Impact Period	Level of impact	Potential financial impact	Response Measures
	Market opportunities	<ul style="list-style-type: none"> <li>Leveraging public sector (governmental) incentives: The Chinese government is actively promoting the "Dual Carbon" goals, green manufacturing, and sustainable industry development by introducing various incentives such as green subsidies, tax reductions, and low-interest loans to support corporate green transformation. The Group can apply for these government grants and financial support to reduce R&amp;D and production costs while accelerating sustainability efforts.</li> </ul>	Short-term Medium-term Long-term	High	Lower production costs by securing government grants and subsidies	<ul style="list-style-type: none"> <li>Stay informed on green development policies at all levels of government and apply for specialised funds and environmental equipment upgrade subsidies.</li> <li>Enhance collaboration with government agencies and industry associations, actively participating in policy-making and industry standards development to gain better resource support.</li> </ul>

## Note:

1. Within the short- and medium-term time horizons, the Group has not identified any climate-related risks or opportunities that are likely to have a material impact on its financial position, financial performance, or cash flows. In assessing the potential financial impacts of climate-related risks and opportunities, the Group has determined that, at this stage, quantitative analysis and disclosure will not be conducted, given that the relevant impacts are difficult to isolate from the overall business and that existing quantification methodologies involve significant uncertainty. Based on the Group's current operational practices and internal capabilities, the Group will consider advancing relevant quantitative assessment work in due course.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Climate Resilience Construction

In response to increasingly frequent extreme weather events such as heatwaves, heavy rainfall, and typhoons amid global climate change, the Group has incorporated climate resilience into its daily operations and environmental management, taking into account the characteristics of the food manufacturing industry. Through a combination of improved systems, process optimization, and emergency response measures, the Group has systematically enhanced the ability of its production plants to maintain stable operations and recover quickly under complex climate conditions.

During the Reporting Period, all production plants strictly implemented relevant requirements issued by local governments regarding ozone pollution prevention and control and responses to heavily polluted weather. In particular, during periods of summer heat, Greenfresh (Fujian) proactively adopted a number of emission reduction measures, including scientifically adjusting production schedules and temporarily reducing the capacity of certain workshops in phases; reducing the boiler blower speed from 1,300 rpm to 1,100 rpm to enable low-load boiler operation and effectively reduce nitrogen oxide generation; and increasing the dosage of desulfurization agents, as well as enhancing the frequency and coverage of plant-wide spraying and humidification, in order to jointly control emissions of volatile organic compounds and ozone precursors and ensure compliance with the control requirements of local environmental authorities.

In addition, the Group has incorporated extreme weather response into its relevant emergency management system, clearly defining key procedures such as meteorological warning response, production scheduling adjustments, personnel safety protection, and environmental protection facility support. The Group has strengthened cross-departmental coordination and resource allocation capabilities, and continuously improved its full-chain management approach covering "prevention–response–recovery". The Group continues to reinforce the foundation of climate adaptation, effectively safeguard employee safety, production continuity, and environmental compliance, and steadily enhance its climate resilience and sustainable operations.

Given that the Group still has room to improve the technical capabilities and internal resources required for climate management, it has not yet conducted climate scenario analysis. The Group fully recognizes that addressing climate change is a long-term and complex systemic undertaking. The related risks and opportunities are influenced by multiple factors, including the pace of advancement of China's "dual carbon" policies, regional climate developments, and market transition demands, and their impact on the Group's business will remain uncertain for a period of time. Going forward, the Group will continue to monitor climate policy developments in its operating locations, industry practices, and advances in climate science models. In light of its business characteristics and operational strategy, the Group will gradually improve its climate risk assessment methodologies, build up its climate scenario analysis capabilities in an orderly manner, and dynamically optimize its low-carbon transition pathway, so as to effectively strengthen its long-term climate resilience.

### Climate Risk Management

The Group has incorporated climate change risk management into the overall risk management system. Based on close communication with internal business departments and supply chain partners, and in light of the characteristics of the food manufacturing industry and the Group's actual operations, we have established a climate risk management mechanism covering the entire value chain to ensure that climate-related factors are effectively integrated into strategic planning, daily operations, and governance oversight. The Group has established a four-in-one closed-loop climate risk management framework of "identification – assessment – response – monitoring and improvement", and continues to enhance the systematic, targeted, and forward-looking nature of its climate risk response. During the Reporting Period, our climate risk management process continued to operate effectively.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

Climate Risks Identification	<p>With reference to the framework of the Task Force on Climate-related Financial Disclosures (“TCFD”) and industry practices, and taking into account the business characteristics of natural hydrocolloid manufacturing enterprises, the Group systematically reviewed the potential impacts of climate change on raw material supply (such as seaweed resources being affected by changes in marine ecosystems), energy consumption, production operations, and supply chain stability. Through cross-departmental discussions, value chain analysis, and consultation with external experts, the Group identified key climate risks, including extreme weather events (such as typhoons, heavy rainfall, and prolonged high temperatures), long-term climate trends (such as water resource stress and environmental changes in raw material sourcing regions), increasingly stringent policies and regulations (such as carbon emissions control), and compliance and technological upgrade pressures arising from the green transition. The Group also keeps track of transition opportunities such as green product development, energy-efficient process optimization, and clean energy application, and has developed a dynamically updated list of climate risks and opportunities.</p>
Climate Risk Assessment	<p>Based on the preliminary identification results, the Group organized relevant departments, including EHS, production, and procurement, to conduct focused assessments. Using a combination of qualitative and semi-quantitative methods, the Group evaluated each climate risk along two dimensions — “likelihood of occurrence” and “degree of potential impact” — with particular attention to its implications for production continuity, cost structure, compliance obligations, and brand reputation. Based on the assessment results, the Group incorporates high-priority climate risks into its annual risk management plan to guide resource allocation and strategic adjustments.</p>
Climate Risk Response	<p>The Group has developed differentiated response strategies for climate risks of different levels. For high-priority physical risks, such as the impact of extreme heat and heavy rainfall on production continuity, the Group adopts proactive prevention and control measures, including adjusting production plans, optimizing equipment operating parameters, and strengthening the maintenance of flood prevention and drainage facilities at plant sites. For medium- and long-term transition risks, such as tighter carbon emission policies and higher compliance requirements, the Group focuses on capacity building, technological upgrades, and green process improvements. The responsible departments, implementation pathways, and timelines for each measure are clearly defined, and key actions are incorporated into the annual work plan for coordinated implementation, ensuring that risks remain under control and responses are timely.</p>
Monitoring and Improvement of Climate Risk Management	<p>The Group’s senior management and ESG working group regularly monitor the implementation progress and actual effectiveness of climate risk response measures, and coordinate to resolve key and difficult issues arising in cross-departmental collaboration. The management of the Group regularly reviews the implementation of climate-related actions, and the Board receives at least one dedicated report each year to oversee progress in addressing major climate risks and the achievement of relevant targets. At the same time, the Group continues to improve its data foundation relating to energy, emissions, and climate, so as to enhance its risk identification and response capabilities and ensure that its climate risk management mechanism remains scientific, effective, and up to date.</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Metrics and Targets

In accordance with the relevant requirements of the *Greenhouse Gas Protocol*, the Group regularly conducts greenhouse gas emissions statistics and accounting. In 2025, the Group completed an assessment of its greenhouse gas emissions, with the accounting boundary consistent with the scope of the Report. The Group's greenhouse gas emissions mainly arise from the purchase and use of electricity, as well as the consumption of coal, natural gas, gasoline, and diesel for production purposes. During the Reporting period, the Group's greenhouse gas emissions were as shown in the table below:

KPIs		2025	2024	2023
Greenhouse gases	Scope 1: Direct emissions (tCO <sub>2</sub> e)	<b>34,872.38</b>	22,773.53	23,017.48
	Scope 2: Indirect emissions (tCO <sub>2</sub> e)	<b>43,313.18</b>	38,852.07	46,244.10
	Total emissions (tCO <sub>2</sub> e)	<b>78,185.56</b>	61,625.60	69,261.58
	Emission intensity (tCO <sub>2</sub> e/tonne output)	<b>5.56</b>	4.63	5.12

Note:

- Based on the requirements of the *ESG Reporting Code* and the applicability of accounting standards, Scope 1 and Scope 2 emissions were calculated in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*. The Group's Scope 1 emissions mainly arose from the use of coal, gasoline, diesel, and natural gas, with relevant parameters based on the default values set out in the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprises (Trial)* issued by the National Development and Reform Commission.
- The Group's Scope 2 emissions mainly arose from emissions associated with purchased electricity and purchased steam. Among these, emissions from purchased electricity were calculated using the 2023 regional average carbon dioxide emission factors for electricity set out in the Announcement on the Release of 2023 Carbon Dioxide Emission Factors for Electricity issued by the Ministry of Ecology and Environment. Greenhouse gas emissions are presented in carbon dioxide equivalent (CO<sub>2</sub>e).
- Due to the excessive cost required to obtain all reasonable and supportable information for the calculation of Scope 3 emission categories and total Scope 3 emissions, the Group has temporarily applied the "reasonable information exemption" to its Scope 3 emissions accounting. Going forward, the Group will gradually improve its Scope 3 emissions data collection mechanism, explore emissions accounting approaches for key categories, and steadily enhance the completeness and accuracy of its Scope 3 emissions disclosure.

The Group will continue to review its current climate management practices and, in light of its business strategy, market changes, and management plans, intends to formulate climate targets and more detailed emissions reduction pathways in future years. This will include specifying concrete implementation measures, timelines, and resource inputs, while continuously improving resource efficiency, increasing the proportion of clean energy use, and exploring green electricity procurement and green certificate trading, so as to ensure the achievement of the Company's emissions reduction targets and alignment with global climate action. As at the end of the Reporting Period, the Group had not applied an internal carbon pricing mechanism in its business decision-making. In calculating certain cross-industry metrics, including the amount and proportion of assets or business activities vulnerable to climate-related physical and transition risks, as well as the amount and proportion of assets or business activities related to climate-related opportunities, the required data involves complex asset classification, climate scenario modelling, and in-depth value chain analysis, and obtaining reasonable and supportable information would require substantial resources. Based on the current management foundation and the principle of cost-effectiveness, the Group has temporarily applied the "reasonable information exemption" to the above metrics. In the future, the Group will gradually improve relevant assessment methodologies and data systems in line with the enhancement of its climate change management capabilities.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Environment and Natural Resources

The Group's products are made from natural seaweed through extraction, with an emphasis on ecological friendliness throughout the production process. After expiration, the products are naturally biodegradable and have minimal environmental impact. If, within 12 months after the expiry date, the products are tested and found to comply with relevant feed regulations, they may also be supplied to feed enterprises as raw materials, thereby enabling resource reuse. In addition, the packaging bags used for the products are made of non-toxic and harmless materials and, after serving their original purpose, can be safely reused for packaging other items without causing harm to the environment.

In terms of noise management, the noise generated by the Group mainly arises from the crushing process. We strictly comply with relevant laws, regulations, and standards, including the *Law of the People's Republic of China on the Prevention and Control of Noise Pollution* and the *Emission Standard for Community Noise*, and actively implement noise reduction measures. At the Group's production plants, highly efficient stainless steel sound-absorbing materials are used in key equipment areas, together with modern multi-layer noise reduction technologies, to effectively reduce operational noise, ensure continued compliance of boundary noise emissions, and minimize the impact on surrounding communities and the environment.



Noise reduction facilities within plants

During the Reporting Period, the Group conducts third-party monitoring for noise at boundary on a quarterly basis to bring the noise at boundary in line with standards. In addition, we took various effective measures to reduce noise at the production site:

- ✓ Replacement of the silencer of old crushers, greatly reducing noise during crushing;
- ✓ Installation of muffler for the mill to further reduce the noise of equipment;
- ✓ Regular detection of workshop noise, and supervision on the effectiveness of preventive measures;
- ✓ Strengthening of daily repair, shortening of the repair cycle, and regular inspection and maintenance of the piston of forcing fans, air inlet units and gearing.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Replace old silencers

The Group places great emphasis on biodiversity conservation and continuously enhances our knowledge and practices in this field. We strictly comply with the *Law of the People's Republic of China on the Protection of Wildlife*, the *Regulations of the People's Republic of China on Nature Reserves*, and relevant laws and regulations. We firmly prohibit the processing, sale, or use of nationally protected wild animals, plants, and their products, and effectively fulfill ecological protection responsibilities.

In terms of project development, the Group conducts detailed environmental impact assessments for all investment and construction projects, including production line technological upgrades and the construction of new workshops, in accordance with the *Regulations on Environmental Management of Construction Project* and the policy requirements of local ecological and environmental authorities. All of the Group's projects strictly implement the "three simultaneity" principle for biodiversity protection, under which pollution control and ecological protection facilities are designed, constructed, and put into operation simultaneously with the main project, ensuring that construction activities do not adversely affect surrounding ecosystems or the habitats of wild animals and plants.

In addition, the Group regularly organizes dedicated training for employees on ecological and environmental protection, updates relevant knowledge in a timely manner, strengthens biodiversity awareness among all staff, and promotes the integration of biodiversity conservation concepts into daily operations and management practices, thereby actively safeguarding ecological security and harmony with nature.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## TALENT SUSTAINABILITY

## Employee Safety

## ❖ Work Safety

The Group takes the “Continuous improvement of work safety technology and management, the pursuit of minimising the occurrence of accidents, no harm to human health, and no damage to the environment” as long-term work goal of work safety and refines the annual work targets of work safety, systematically advancing safety risk prevention and control as well as improvements in workplace safety performance.

Work safety targets in 2025	Results in 2025
Zero safety incidents and work-related injury accidents	<b>Achieved</b>
100% compliance rate with operating procedures for production equipment	<b>Achieved</b>
100% completion rate for rectification of safety hazards	<b>Achieved</b>
100% coverage rate equipment operation training	<b>Achieved</b>
100% completion rate of implementation of controls for hazardous work and key risk-control areas	<b>Achieved</b>
100% completion rate of monthly safety management work plans	<b>Achieved</b>

## Annual work safety targets and achievements

The Group strictly complies with the *Law of the People’s Republic of China on Work Safety*, the *Interim Regulations on Investigation and Control of Hidden Peril of Production Accident*, and other relevant laws and regulations. We have formulated and implemented a series of safety management systems, including *Regulations of Work Safety Management at the Base*, the *Detailed Rules for Rewards and Punishments for Work Safety*, and the *Supplementary Regulations on the Management of Hazardous Operations*, to rigorously regulate employee work behavior, clarify responsibilities and procedures for hazardous operations, and ensure that safety management is carried out comprehensively, effectively and steadily.

Regarding the construction of work safety standardization, Lvqi (Fujian) has been certified as a Work Safety Standardisation Level 3 Enterprise after passing the assessment. Greenfresh (Fujian), Lvbao (Quanzhou) and Shiyanhaiyi have also completed the self-assessment of enterprise work safety standardisation on a yearly basis in accordance with the *Basic Norms for Work Safety Standardisation of Food Production Enterprises*. Each plant identifies potential risks based on the self-assessment reports, promptly implements corrective measures to close the loop, continuously enhances the adequacy and effectiveness of the safety management system, and thereby reinforces the defenses for production safety.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Work Safety Standardisation Level 3 Enterprise Certificate of Lvqi (Fujian)

The Group has fully implemented the work safety responsibility system of which the Supply Chain Department provides consulting services, guidance and supervision, while each base takes full responsibilities. Besides, the Group has established a work safety management structure supervised by the Supply Chain Department and assisted by various production plants. These efforts ensure the implementation of safety management at all levels within the Group as well as the practice and continuous improvement of safety management measures.

- The Supply Chain Department: As the responsible department for work safety of the Group, the Supply Chain Department conducts comprehensive safety management through systematic measures, including developing plans, organizing training, carrying out regular inspections and ad-hoc audits, conducting emergency drills, tracking corrective-action progress, verifying the effectiveness of measures, improving the management system, and performing performance appraisals and operational evaluations, to ensure safety management organizations at all levels perform their duties effectively and to continuously enhance the Group's overall safety performance.
- The subsidiary companies: Under the supervision of the Supply Chain Department, the subsidiary companies strictly implement work safety related laws, regulations, and relevant internal management policies, regularly update work safety guidelines, and work objectives, follow up and implement safety control measures, and continuously improve work safety management performance. The General Manager is the primary person responsible for the Company's work safety and is responsible for all work safety-related matters. The EHS department serves as the designated overseeing body, responsible for organising and advancing work safety management efforts. Additionally, the Company has appointed full-time safety officers and part-time safety personnel in production workshops. These personnel operate under the guidance of the Company's Work Safety Committee to ensure effective implementation and monitoring of work safety measures.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To strengthen the safety accountability system, the Group has incorporated work safety into our performance management framework, setting monthly safety performance KPIs for employees at the specialist level and above, and increasing the weight of frontline production personnel's safety performance in overall evaluations. By combining performance assessments with day-to-day management, the measure effectively raises safety accountability across the workforce, enables timely identification and elimination of hazards, and drives the implementation and continuous improvement of long-term safety mechanisms.

During the Reporting Period, the Group further strengthened safe equipment operation, fire safety management and whole-process control of hazardous chemicals, with particular focus on hot work, fire-use management and proper use of personal protective equipment. The "four major hazardous operations" include hot work, work at height, confined-space operations and activities involving hazardous chemicals, which are subject to strict approval and process supervision. At the same time, the Group has reinforced qualification checks and on-site supervision of outsourced contractors, tightly controlled high-risk operation links, effectively prevented major work-related accidents, and fully safeguarded employee personal safety and the Group's assets.

In routine safety management, the Group conducts a dedicated fire emergency drill every six months to systematically improve employees' emergency response and self-/mutual-rescue capabilities. Ahead of high-risk periods such as resumption after the Spring Festival and National Day holidays, the Group issues advance special notices to strengthen safety production efforts, carries out targeted hazard inspections and pre-job training, effectively preventing potential safety risks and reinforcing the safety production defense line.

### **Greenfresh (Fujian) Systematically Carried Out the 2025 Annual Safety Training Program**

During the Reporting Period, the EHS Department of Greenfresh (Fujian), guided by the objectives of "enhancing safety awareness, strengthening risk prevention and control, and consolidating emergency response capabilities", fully implemented its annual safety training and key work plans to advance safety production capacity. The Company organized 11 major safety training sessions and drills covering resumption-of-work safety, confined-space operations, occupational health protection, hazardous-chemical management, special-equipment operation, fire safety, and other critical areas. Through a systematic, multi-level, and results-oriented safety training system, Greenfresh (Fujian) effectively raised employees' safety competence and emergency response skills, providing strong support for the year's goal of zero major accidents.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Safety education	<ul style="list-style-type: none"> <li>✓ Implement three-level safety education for new employees based on the <i>Management Policy on Safety Education</i> to ensure they fully understand the safety operation regulations and emergency response procedures at the early stage of employment, enhancing their safety awareness;</li> <li>✓ Provide professional safety education for special operation personnel, designate mentors for apprentice, and require operating certificates for independent operation to ensure operational safety;</li> <li>✓ Carry out secondary safety education for personnel who transfer to a different job role to ensure they understand the safety requirements and operating procedures of their new position before transitioning.</li> </ul>
Electrical safety	<ul style="list-style-type: none"> <li>✓ Ensure electricity safety and avoid the occurrence of electrical accidents through electrical technical data management, safe operation of electrical equipment and electrical equipment safety inspection based on the <i>Management Policy on Electricity Work Safety</i>;</li> <li>✓ Based on the <i>Regulations on Emergency Management of Water and Power Outages</i>, make emergency plans for emergencies in order to restore power supply safely, quickly, and orderly in the event of power outages, so as to ensure the normal functioning of the production environment.</li> </ul>
Investigation and rectification of hidden dangers	<ul style="list-style-type: none"> <li>✓ Conduct factory-level inspection, employee self-inspection, seasonal inspection and professional inspection based on the <i>Management Policy on Investigation and Rectification of Hidden Dangers</i>. If hidden danger was found, rectification would be carried out within a definite period and relevant persons in charge would be punished as appropriate to ensure timely mitigation of hazards identified and avoid the occurrence of incidents.</li> </ul>
Hazardous chemicals safety	<ul style="list-style-type: none"> <li>✓ Conduct safety management of hazardous chemicals based on the <i>Management Policy on Hazardous Chemicals</i> to ensure the safe use, storage and transportation of these substances. Specific measures include: <ul style="list-style-type: none"> <li>• Storing inflammables and explosives in designated safe places to avoid fire and explosion accidents;</li> <li>• Regularly checking storage and transportation facilities and equipment with inflammable and explosive materials to ensure they meet safety requirements;</li> <li>• Strictly enforcing fire and explosion protection standards in hazardous areas to minimise safety risks;</li> <li>• Regularly maintaining and managing fire facilities to ensure effective response to fires and other safety incidents in emergencies;</li> <li>• Formulating the <i>Special Emergency Response Plan for Hazardous Chemical Leakage</i> to ensure rapid and effective emergency response in the event of a hazardous chemical leakage, preventing further spread and to reduce the potential harm to our personnel and the environment.</li> </ul> </li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- |                                     |   |   |
|-------------------------------------|---|---|
| Fire safety                         | ✓ | Conduct regular fire inspections, maintenance on safety evacuation facilities and fire equipment, fire hazards rectification, and fire safety education and training based on the <i>Management Policy on Fire Safety</i> to enhance the fire prevention awareness and emergency response capabilities of all staff.  |
| Operational safety in limited space | ✓ | Designate the leader of operations and supervisors of operations for each limited space operation to ensure the safety of the operation process based on the <i>Management Policy on Operational Safety</i> in Limited Space. At the same time, we provide operators with personal labour protection appliances that meet national or industry standards. We also equip them with necessary safety facilities for hazardous operation in limited spaces to prevent safety incidents caused by environmental problems during work. |
| Work-at-height safety               | ✓ | Conduct specialised training for work-at-height to ensure that operators are familiar with the relevant safety requirements and control work-at-height risks through a rigorous approval process based on the <i>Management Policy on Work-at-Height Safety</i> . All work-at-height personnel will undergo a thorough safety check and risk assessment before starting work. They are equipped with harnesses, fall arrest devices and other protective measures to ensure work-at-height safety.                                |
| Outsourcing project safety          | ✓ | Sign the <i>Outsourcing Project Safety Agreement</i> with the contractor to clarify the safety responsibilities and obligations of both parties, ensure that the outsourcing project strictly adheres to the Group's various work safety regulations, and protect the safety of personnel, equipment, electrical and environmental safety during the entire construction process.   |
| Hazardous work safety               | ✓ | Stipulate the responsibilities and procedures of hazardous operations such as fire operation, operation at height, high-voltage circuit construction and lifting operation and ensure that all hazardous operations are conducted under strict safety management based on <i>Supplementary Provisions on the Management of Hazardous Operations</i> .   |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In June 2025, we launched the Group's Work Safety Month with the theme of "Everyone Talks Safety, Everyone Can Respond — Identify the Hazards Around You", organizing hazard inspections, emergency drills, safety training, public education and outcome evaluations. The initiative comprehensively promoted the fulfillment of safety responsibilities, aimed to instill the principle of "safety first, prevention-oriented, and comprehensive management", and sought to improve risk identification and emergency response capabilities, strengthen safety defenses, and effectively raise the Group's overall safety management standards.

In 2025, the Group's Work Safety Month carried out the following key initiatives:

1. **Deepening safety culture promotion:** production plants made full use of bulletin boards, banners, electronic displays and internal communication platforms to widely publicize safety policies, concepts and practical knowledge, enhancing employees' awareness of the importance of workplace safety and fostering a pervasive atmosphere in which everyone pays attention to safety and all activities ensure safety.
2. **Strengthening safety and emergency knowledge training:** production plants actively conducted safety training and publicity, and held safety knowledge exams and competitions for part-time safety officers and department heads, to disseminate safety knowledge broadly and improve employees' safety skills.
3. **Making emergency drills more realistic:** plants carried out targeted drills based on real risk scenarios, including confined-space accidents, hazardous chemical leaks, firefighting and emergency evacuations, with professionals providing on-site guidance on rescue skills and response procedures to improve employees' emergency response and coordinated handling capabilities.
4. **Launching a special campaign to inspect and rectify major accident hazards:** focusing on priority areas and critical links, production bases conducted in-depth thematic activities to systematically identify potential risks, compile hazard lists, develop targeted corrective measures and close out issues within set deadlines, continuously strengthening on-site safety management and reinforcing the safety defense line.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



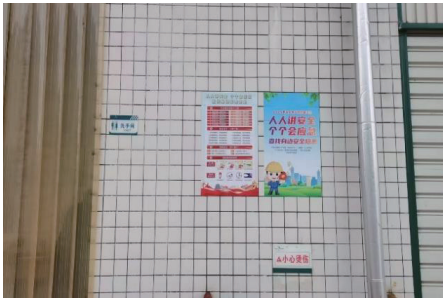
**Fire emergency extinguishing and evacuation drill in 2025**



**Safety knowledge competition in 2025**



**Training on “How to Identify Safety Hazards Around You” in 2025**



**Work Safety Month Publicity Campaign in 2025**

In the last 3 years, the Group had no work-related fatalities. During the Reporting Period, the Group lost 240 working days due to work injury.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ❖ Occupational health

The Group strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations, and has formulated and implemented the *Distribution Standards and Management Measures for Labour Protection Appliance* to provide employees engaged in any special operation with antistatic clothing, high-voltage protective gloves, insulating shoes, inhalers and other labour protection supplies to ensure operational safety and health protection are in place.

At production sites, occupational hazard billboards have been prominently displayed in various workshops, clearly indicating the occupational health risk factors and protective requirements associated with each position, thereby enhancing employees' risk awareness and self-protection capabilities. Meanwhile, the Group regularly organizes occupational health examinations for employees, entrusts professional medical institutions to issue analysis reports of medical examination results, and establishes comprehensive occupational health surveillance records for employees, enabling dynamic tracking and management of their health status.

During the Reporting Period, Greenfresh (Fujian) and Lvqi (Fujian) passed the third-party occupational health assessment and further improved their occupational health and safety measures based on the assessment reports to provide more comprehensive and effective health protection for their employees.

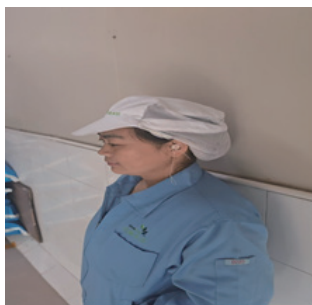


Occupational hazards billboard in production workshops

In addition, in order to safeguard employee health and reduce the impact of noise on employees, we took effective control measures against noise at the production site and consolidated employee protection, including:

- ✓ Distribution of labour protection earplugs for employees, along with superior noise-cancelling earmuffs and helmets for specific positions, effectively reducing the harm of noise to employees;
- ✓ Implementation of appropriate work break schedules for noise-exposed workers, with mandatory withdrawal from the noise environment during rest periods, to ensure effective mitigation of auditory fatigue
- ✓ Regular health inspections for workers exposed to noise, especially on their hearing, to monitor changes in their hearing, enabling the early detection of hearing impairment and the implementation of timely and effective protective measures;
- ✓ Provision of pre-employment physical examinations for workers exposed to noise, and no arrangement of high-noise operations for employees with hearing disorders.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Protective measures for workers in noise-exposed positions

We also conduct regular identification of job risk sources for employees in the departments of storage and transportation, production, technology, human administration and other departments, and develop corresponding safety control measures, to prevent risks at the source, thereby minimizing the occurrence of various incidents and potential harm to employees' personal safety.

### Honesty and Integrity

The Group strictly complies with relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Prohibiting Commercial Bribery*, and the *Anti-Money Laundering Law of the People's Republic of China*, continuously advancing compliance and integrity governance. The Group has formulated the *Code of Discipline* and explicitly outline behavioral standards regarding business ethics and professional conduct for directors, management, and all employees in the *Employee Manual*, including regulations on the declaration of conflict-of-interest matters, to effectively implement anti-corruption and anti-fraud requirements. During the Reporting Period, no corruption lawsuits against the Group or our employees were filed and concluded.

To further strengthen the integrity culture building, the Group has introduced the *Integrity Management Regulations* to systematically guide all departments and subsidiaries in conducting integrity risk prevention and control work, fostering a clean and upright organizational atmosphere, and safeguarding the healthy development of the Group. In 2025, the Group further issued the *Notice on Strict Management Discipline and Integrity Compliance Standards*, which was formulated under the leadership of the Management Department and distributed to all subsidiaries and functional departments. The notice reiterates and reinforces the disciplinary requirements for managers at all levels and all employees regarding integrity in professional conduct and compliance in fulfilling duties. It explicitly prohibits behaviors such as making false claims or misappropriating funds by exploiting one's position, as well as irregularities in payroll compilation. It also imposes stricter regulations on high-risk areas in business dealings, including the acceptance of gifts, benefits transfer, and fraudulent transactions. Furthermore, the Group requires all employees, including senior directors, to sign the *Potential Conflict of Interest Disclosure Form and the Position (Role) Integrity and Self-Discipline Commitment Letter*. These documents explicitly prohibit illegal and non-compliant activities such as bribery, extortion, fraud, and money laundering, effectively preventing conflicts of interest. During the Reporting Period, the Group achieved a 100% signing rate for the *Letter of Commitment to Post (Position) Integrity and Self-Discipline*, fully demonstrating the entire employees' solemn commitment to integrity in professional conduct and their high level of identification with the compliance culture.

The Audit Department of the Group regularly assesses employees' understanding of the integrity rules and regulations, continuously strengthens and improves employees' awareness of anti-corruption, and prevents the occurrence of misconduct. For employees who do not understand the relevant policies, the Group's Audit Department will provide oral or written briefings to ensure effective implementation of anti-corruption efforts.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has formulated a *Whistle-blowing Policy* and established a comprehensive internal monitoring mechanism for irregularities and frauds within the Group, to provide employees with a variety of convenient, and secure whistle-blowing channels and guidelines, including WeChat, mailbox, email, hotline, and internal mailbox. Employees can report any fraud and violation of discipline in real names or anonymously. The Group is committed to handling each report with rigor and impartiality. It strictly maintains the confidentiality of the reporter's identity and related information and firmly prohibits any form of retaliation, thereby effectively safeguarding the legitimate rights and interests of whistleblowers.

**Reporting mailbox:** Flat A, 16th Floor, 169 Electric Road, North Point, Hong Kong

**Reporting email:** freemanso@greenfreshfood.com

**Reporting hotline:** 852-3543 0708

**Reporting WeChat:** 18020698363/18020668663

Staff reporting channels



Internal mailbox at each of the Group's production plants

The Group extends its business ethics standards to partners, actively promoting integrity co-construction. In accordance with the *Regulations on Integrity Procurement*, the Group further standardizes the code of conduct for procurement personnel, strengthens anti-corruption and integrity management in the procurement process, and strictly prevents illicit benefit transfers and abuse of power. Furthermore, when establishing cooperative relationships with business partners, the Group signs an *Anti-Commercial Bribery Agreement* with each party. The agreement clarifies the definition of commercial bribery, prohibitive requirements, and the obligations of both parties regarding reporting suspected bribery, cooperating in investigations, and pursuing liabilities, thereby solidifying a two-way integrity defense. If any violation of the integrity procurement regulations is discovered, any individual may report it through the Group's published reporting channels. Upon verification, the relevant responsible parties will be dealt with seriously in accordance with laws and regulations. During the Reporting Period, the proportion of the Group's business partners signing the *Anti-Commercial Bribery Agreement* reached 100%.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has incorporated integrity education into mandatory courses for new employees. Led by the Group's Management Department, full dissemination and sign-off confirmation of the relevant content in the *Employee Manual* have been completed for all staff. A regular training mechanism has been established, while the Audit Department periodically conducts specialized briefings on the *Code of Discipline* and *Whistle-blowing Policy* for management, continuously reinforcing the integrity, self-discipline awareness, and sense of responsibility of the "key minority".

To continuously strengthen the integrity awareness of all employees and deepen the anti-corruption compliance system, during the Reporting Period, the Group conducted tiered anti-corruption promotion and training sessions for employees, middle managers, and senior executives at various production bases. The training was advanced through a trinity model of "system promotion + measure interpretation + interactive exchange". It focused on conducting warning education by integrating external typical cases, effectively enhancing the depth of understanding and proactive commitment to anti-corruption work among personnel at all levels.



Anti-corruption promotion and training at each production plants in 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### EMPLOYEE DEVELOPMENT

The Group has always regarded talent as the core driving force for development, placing high importance on enhancing employee capabilities and career progression, and is committed to building a systematic and diversified talent cultivation system. To this end, the Group's headquarters has established the Green Future Cottage learning platform, which comprises seven specialized societies, including Human Resource and Administration Society, Environment and Safety Society, Technology Society, Quality Society, Efficiency Society, Management and Leadership Society, and the Green Seeding Initiative targeting young employees. Leveraging this platform, the Group has developed a comprehensive training system that covers all employees and spans their entire career lifecycle. This is achieved through various formats such as systematic training for middle and senior management, outdoor team-building activities, online live courses, and specialized skill courses offered by branches of Green Future Cottage for each subsidiary. This system not only meets the differentiated development needs of employees in terms of professional competence, managerial literacy, and overall effectiveness but also effectively fosters synergistic growth between the organization and individuals, continuously invigorating the Group's talent pool.

Employee training targets in 2025	Completion status in 2025
Training completion rate $\geq$ 95%	Achieved

The Group has established the *Training Management Policy*, under which each production plant formulates annual and monthly training plans. We have also established and nurtured an in-house lecturer team, regularly conducting the selection, training, certification, and management of internal trainers to ensure the maximum sharing of knowledge, skills, and best practices within the Group. During the Reporting Period, closely aligning with business development and talent growth needs and based on thorough research of internal training needs, the Group systematically advanced multi-level and multi-dimensional training programs. Furthermore, the annual Green Future Cottage training project was fully implemented across all bases, offering diverse courses tailored to local needs, thereby continuously strengthening the professional foundation and comprehensive competencies of frontline employees. Through systematic and scenario-based training practices, the Group continuously drives organizational capability enhancement and employee value co-creation, injecting sustained momentum for high-quality development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**The Group Launched Deepseek Training Series: AI Empowers The Workplace, Driving A Leap in Organizational Efficiency**

To actively embrace the transformative wave of Artificial Intelligence (AI) technology and enhance employees' digital literacy and smart office capabilities, the Group innovatively launched the DeepSeek series training program during the Reporting Period. This initiative focuses on the deep application of AI in workplace scenarios, systematically designed with four modules and ten topics, covering a complete learning path from cognitive enlightenment to cross-domain application. The training covered the Group's headquarters and various production plants with a total of 394 employees participating. By combining theoretical explanations, case demonstrations, and hands-on practice, participants not only mastered the use of AI tools but also applied their learnings to actual work, which effectively optimized workflows and enhanced collaboration efficiency and output quality.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Diversified Training Practices of the Group's Subsidiaries: Strengthening Grassroots Capabilities and Consolidating the Foundation of Quality

During the Reporting Period, various subsidiaries, leveraging branches of Green Future Cottage and closely aligning with actual production and job requirements, have conducted in-depth, diversified, and practical training programs. Among these, Greenfresh (Fujian) focused on core quality control processes, organizing multiple thematic training sessions to enhance frontline employees' understanding and execution of full-process quality control. Concurrently, targeting the critical group of team leaders, Greenfresh (Fujian) systematically implemented the "Team Leader Practical Ability Enhancement Camp". The camp's content covered modules such as on-site management, team communication, anomaly handling, and safety supervision, effectively improving the comprehensive performance capabilities of grassroots managers. Regarding the development of professional technical capabilities, Lvqi (Fujian) organized hands-on training centered on the daily testing protocols of the microbiology laboratory to ensure the accuracy and traceability of test data. Furthermore, various bases conducted integrated "theory + drill" training for high-risk scenarios such as confined space operations, hazardous chemical management, and equipment inspection, promoting the deep integration of safety and quality awareness into daily operations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**The Group's Executive Team Visited the Shiyanghai Base to Conduct a Themed Team-Building Activity**

During the Reporting Period, to enhance synergistic collaboration between the Group's headquarters and production plants, and to improve the strategic consensus and cross-departmental collaboration capabilities of the senior management team, the Group organized core management personnel from the headquarters and various bases to participate in a themed team-building activity at the Shiyanghai Base. This activity integrated on-site research, team-building exercises, and strategic workshops, aiming to deepen executives' understanding of frontline operations and strengthen their sense of responsibility and team cohesion.



During the Reporting Period, the percentage of employees trained, and the average training hours completed per employee by gender and employee category of the Group were showed as bellow:

Type	Number of employees trained	Percentage of employees trained	Average training hours completed per employee	
By gender	Male	742	100%	17.6
	Female	426	100%	14.3
By employee category	Senior management	26	100%	10.7
	Middle management	193	100%	23.1
	Junior employees	949	100%	15.2
	Outsourced and temporary employees	145	100%	39.8

Note:

- The average training hours for outsourced and temporary employees are already included in the average training hours for the other three tiers of employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Talent Employment

The Group strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labour*, to effectively safeguard the legitimate rights and interests of all employees. We resolutely prohibit the use of child labor and any form of forced labor. It is explicitly stipulated in our *Employee Manual* and *Policies and Procedures on Internal and External Recruitment* that all new hires must be at least 18 years old, and we strictly prohibit any forced, bonded, or involuntary labor practices.

During the Reporting Period, the Group continued to refine our human resources management policies in accordance with the *Employee Manual*, further detailing and optimizing the policy framework covering employee onboarding management, attendance standards, compensation and benefits, as well as career development and promotion mechanisms. This ongoing effort is dedicated to fostering a work environment that is fair, equitable, transparent, and imbued with a sense of belonging.

- **Recruitment, dismissal and promotion**

The Group formulated the *Policies and Procedures on Internal and External Recruitment* and other policies. Always adhering to the principle of "Capacity matching and merit-based recruitment", we adopt OPR (Organisational Personnel Review) process, internal recommendation, external recommendation and other channels to recruit employees suitable for job requirements. We actively encourage employees to participate in internal referrals and optimize the referral reward mechanism to fully mobilize the resources of the internal talent network, thereby enhancing the efficiency of person-job matching.

In terms of labor relations management, the Group legally signs the *Labor Contract* with employees, which clearly states the specific conditions for termination of the labour contract. At the same time, we have standardised the conditions and procedures for employee resignation through the *Resignation Policies and Procedures* to ensure a transparent and fair resignation process. This initiative aims to prevent arbitrary dismissals and thereby protect the legitimate rights and interests of our employees.

The Group established a complete rank system and implemented the *Regulations on Post Change* and other policies. We promote talent development and talent team construction through OPR, which evaluates employees' performance from four A-dimensions, namely Achievement, Ability, Ambitions and Align culture. The evaluation results will be used for employee promotion and potential personnel training to ensure the reasonable flow and optimal allocation of talents. We have further established the *Management Regulation for Technical Talent Training and Promotion in the Group* and the *Management Regulation for R&D Talent Training and Promotion in the Group*. These policies have standardised and institutionalised the training and promotion of technical and R&D talents, laying a solid talent foundation for our long-term development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have formulated the *Management Regulation for the Greenfresh Group Talent* (GFT), which provides detailed specifications on the selection criteria, mentor responsibilities, counselling allowances, job rotation and promotion of the management trainee program, thereby enhancing the Group's independent training of high quality management talents. Meanwhile, the Group implements the "Talent Ladder Building Programme for Key Departments" and conduct regular research and analysis on talent matching for all departments and key positions in the Group. For employees with high potential and aligned with key development directions, the Group tailors personalized growth plans for them. Through specialized training, project-based experience, and other methods, we systematically enhance their professional capabilities, management competencies, and performance, supporting their growth into a core force underpinning the Group's development. For replaceable or disqualified employees, the Group prioritizes providing targeted coaching and capability enhancement training. If they still fail to meet the job requirements after training, the Group will proceed with position adjustments or exits in accordance with the *Resignation Policies and Procedures*, following laws and regulations in a steady and orderly manner. We resolutely prohibit arbitrary dismissals, effectively safeguard the legitimate rights and interests of employees, and embody a responsible talent management philosophy.

To strengthen cross-team collaboration and communication, broaden employees' career development pathways, and further support internal talent mobility and diversified development, the Group has actively promoted internal exchange and job rotation mechanisms. During the Reporting Period, the Group organized a work exchange activity for the Shanghai marketing team to visit Xiamen. Through on-site visits, business discussions, and experience sharing, the activity aimed to foster synergy and collaboration between regions, enhance the overall operational capability of the teams, and simultaneously provide employees with cross-regional and cross-functional learning and growth opportunities.

The Group continued to abide by the *Regulations on the Dispatch Management Within the Group* to specify the management of dispatched employees. We ensure that our employees are well supported and managed throughout their dispatch, and that they have a stable working and living environment. These ensure a balance between the business needs of the Group and the personal development of our employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at the end of the Reporting Period, the Group had a total of 1,168 employees. The total workforce and employee turnover rate by gender, age group, geographical region and employee category are showed as below:

	Type	Total workforce	Employee turnover rate
By gender	Male	742	21%
	Female	426	14%
By age group	<30	185	27%
	30-50	715	20%
	>50	268	7%
By geographical region	Chinese Mainland	982	21%
	Fujian Province	926	21%
	Hubei Province	42	5%
	Shanghai City	14	7%
	Hong Kong SAR	12	0%
	Others	174	5%
By employee category	Full-time employees	1,023	8%
	Part-time employees	0	0%
	Outsourced and temporary employees	145	54%
By management level	Senior management	26	13%
	Middle management	193	9%
	Junior employees	949	20%

Note:

- The definition of senior management personnel of the Group is those at the level of deputy director and above (director level, senior executives), middle-level management personnel are defined as those at the level of supervisor and above (supervisor, manager), and junior employees are defined as those below the level of specialist (including specialist, staff).
- Employee turnover rate = the number of employees in the specified category leaving employment in the year / (the number of employees in specified category in the year + the number of employees in the specified category leaving employment in the year) \* 100%. As at the end of the Reporting Period, the total employee turnover rate of the Group was 18%.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Compensation and benefits**

The Group strictly adheres to relevant laws and regulations such as the *Social Insurance Law of the People's Republic of China*, formulates and implements the *Welfare Management Policy*, and legally contributes to social insurance and housing provident funds for all employees, effectively safeguarding employees' fundamental rights and living standards.

The Group implements a compensation system centered on job value, individual capability, and performance contribution. The employees' compensation consists of basic salary, performance bonus and duty allowance. We ensure that the basic salary is not less than the local minimum wage. In accordance with internal rules and regulations such as the *Employee Manual* and *Management of On-board Process for New Employees*, we provided reasonable and competitive salaries, with consideration to employees' job responsibilities, professional competencies, work performance, and the Group's overall operating results.

The employees' salaries are regularly reviewed, and adjustments are made based on the Group's operating performance, employees' performance and market salary levels. In addition to regular salary adjustments, we conduct a comprehensive evaluation of our employees' skills and performance, including but not limited to OPR, monthly, quarterly and annual appraisals. The corresponding results will serve as a significant reference for renewal and termination of labour contracts, demotion, promotion, salary raise or position adjustments, ensuring that the incentive mechanism is fair, transparent, and effective. This performance-linked remuneration mechanism not only embodies the principle of "pay for performance and reward for excellence", but also effectively motivates employees to continuously enhance their professional capabilities and work efficiency. It strengthens their sense of belonging and initiative, providing solid talent-driven support for the Group's sustainable development.

The Group is committed to continuously optimizing the performance evaluation system to more effectively stimulate employee potential and enhance organizational efficiency. We are consistently improving our performance-oriented management mechanisms, formulating and implementing the *Performance Appraisal Management Regulations* and the *Group Performance Interview Management Regulations* to drive the transformation of performance management from "outcome assessment" to "process empowerment". During the Reporting Period, to further build a performance management system that aligns with the Group's strategic development and to ensure the effective implementation of strategic objectives, we revised the *Performance Appraisal Management Regulations*. The revision established four fundamental evaluation principles: fairness and impartiality, goal orientation, multi-dimensional assessment, and incentive and constraint. In the performance evaluation process, managers at all levels regularly conduct structured performance review interviews with employees. These discussions focus on in-depth communication regarding goal achievement, capability development, and improvement directions. Aligning with employees' career development needs, managers and employees jointly formulate improvement plans and growth paths. Through this mechanism, the Group not only achieves a fair assessment of employee performance but also fosters an organizational culture of continuous learning and improvement.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*The following designed as a logic diagram*

### **Performance Appraisal Basic Principles of Green Fresh Biotechnology Company Limited**

- Principle of fairness and impartiality: Appraisal criteria are clear and uniform, and the appraisal process is transparent, ensuring that the results genuinely reflect employees' work performance.
- Goal-oriented principle: Guided by the Group's strategic goals, objectives are decomposed level by level, closely aligning individual employee goals with those of the Group.
- Multi-dimensional assessment principle: A comprehensive appraisal is conducted by integrating various factors such as key performance, individual conduct, and teamwork.
- Principle of incentive and constraint: The results of performance appraisal are linked to salary adjustments, recognition awards, promotions, etc., to motivate the advanced and urge forward the underperforming.

Meanwhile, we also formulated the *Employee Ownership Spirit Selection and Reward Policy*, and regularly hold award selections. We recognise and reward those who excel in their work and demonstrate a strong sense of ownership, to motivate them to continue contributing to the Group and set an example for all employees.

- **Working hours and holidays**

As per the relevant national regulations and the requirements of the employees' positions, the Group implements a standard working hour system, dividing the working hours of its employees into two baseline scheduling types, i.e., long day shifts and operation shifts (reverse shifts). Meanwhile, subsidiaries may make adjustment and change, as appropriate, to working hours and working hour systems which suit to the production and operation, and coordinate production schedule to avoid extra work as far as possible. In case of overtime in weekdays and at weekend per production demands, employees shall apply for and obtain approval in advance according to relevant procedures. We arrange compensatory time off for overtime employees first, and overtime pay will be paid on time and in full if it is not possible to do so.

Meanwhile, the Group fully implements employees' rights to leave, ensuring they legally enjoy national statutory holidays such as New Year's Day, Spring Festival, Qingming Festival, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and National Day, as well as paid annual leave and other types of leave (e.g., marriage leave, maternity leave, paternity leave, bereavement leave, personal leave, etc.), guaranteeing employees sufficient rest and work-life balance. For work performed on statutory holidays, the Group strictly complies with regulations by paying the corresponding overtime compensation, reflecting respect and care for employees' hard work.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Equal opportunity, diversity and anti-discrimination**

The Group is committed to fostering a work environment that is fair, inclusive, mutually respectful, and rich in diversity and inclusion. We consistently adhere to the principles of fairness, impartiality, and transparency in recruitment and employment, making hiring decisions based on merit under equal conditions and prohibiting all forms of discrimination.

We strictly comply with all applicable national and local laws and regulations and firmly oppose discriminatory practices based on race, ethnicity, color, religion or belief, gender, national origin, marital status, citizenship status, age, disability, sexual orientation, veteran status, or other characteristics protected by law. In all aspects of human resource management, including compensation and benefits, promotion, dismissal, and leave arrangements, the Group ensures that all employees enjoy equal rights and opportunities.

Furthermore, the Group encourages employees to actively report or raise concerns regarding any suspected discriminatory or unfair treatment through established reporting channels. We are committed to conducting a timely, confidential, and impartial investigation and resolution of all related complaints. Through institutional safeguards and cultural guidance, the Group continually upholds the values of fairness, equality, and respect, striving to cultivate a workplace ecosystem that is healthy, positive, and fosters a strong sense of belonging.

- **Employee Communication**

The Group is committed to fostering a supportive work environment that facilitates employee growth, enhances job satisfaction and well-being, and promotes the mutual development of both the Group and its employees. During the Reporting Period, with the core objective of effectively safeguarding employees' rights to be informed, to participate, to express, and to supervise, the Group continuously improved our systems for democratic employee communication and management. We regularly organize democratic communication activities such as all-staff meetings and employee representative forums. These initiatives serve to promptly communicate the Group's strategic direction, operational progress, and major decisions, while also providing a platform for face-to-face dialogue to listen to employee feedback and suggestions, thereby fostering two-way interaction and collaborative consensus-building.

The Group has standardized the advancement of labour union organization development, actively guided employees to voluntarily join labour unions in accordance with the law, and fully leveraged the labour unions' role as a bridge and link in areas such as rights protection, democratic consultation, and care and support. To further facilitate communication channels, the Group has established a diversified feedback mechanism combining an "online opinion collection platform + offline suggestion boxes + regular departmental communication meetings", and implemented a closed-loop management process of "collection, analysis, implementation, and feedback". This system efficiently addresses employees' reasonable demands regarding the work environment, career development, compensation and benefits, and logistical support. Through institutionalized and regularized practices of employee democratic management, the Group continuously narrows the distance with employees, enhances their sense of belonging, identification, and cohesion, and strives to foster a harmonious, mutually trusting, and progressive organizational atmosphere.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **Listening to New Voices, Fostering Shared Growth — The Group Regularly Conducts New Employee Forums and Establishes Employee Communication Mechanisms**

To help new employees quickly integrate into the organization and enhance their sense of belonging, the Group holds regular new employee forums on a quarterly basis, inviting senior leadership and heads of relevant departments to participate. During these forums, new employees are encouraged to speak freely on topics such as work processes, team collaboration, role adaptation, career development, and living support, raising practical difficulties and suggestions. Management addresses questions on the spot and incorporates common issues into follow-up improvement plans. To enhance the effectiveness of these exchanges, the new employee forums also specially invite outstanding veteran employee representatives to share their growth experiences and practical insights, accelerating the role transition of newcomers through a “mentoring and guidance” approach.

Furthermore, the Group periodically organizes cross-level employee communication meetings, establishing a direct dialogue platform between frontline staff and management. This initiative aims to listen to the genuine voices of employees while promoting the efficient resolution of issues.



Conducting employee communication meetings and forums

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Employee Care

The Group consistently prioritizes the physical and mental well-being as well as the spiritual and cultural needs of its employees. We regularly organize a variety of themed employee activities with rich content, actively fostering a warm, vibrant, and inclusive workplace atmosphere that helps embed corporate culture. During the Reporting Period, the Group successfully held a series of engaging events, including the 6<sup>th</sup> Anniversary Listing Celebration, the Summer Coolness Delivery care activity, the “Greenfresh Power, Vitality Bloom” Staff Sports Games, International Women’s Day activities, and Christmas celebrations. These activities spanned multiple dimensions such as cultural celebration, health care, sports competition, and festive interaction. They not only provided employees with platforms to relax and enhance communication but also further strengthened team cohesion and corporate identity.

### The 6<sup>th</sup> Anniversary Celebration for the Group’s Listing

To celebrate the 6<sup>th</sup> anniversary of the Group’s listing, in 2025, we specially organized the online themed campaign “Six Years of Excellence, Thank You for Being There”. The campaign featured two main sections: “Trail of Achievements” and “My Journey with Greenfresh”, inviting employees to share, through images, text, and short videos, the Group’s milestone accomplishments over the past six years and recount their own growth stories and memorable moments. This initiative engaged employees across various bases and positions. The submissions were sincere and vivid, with outstanding works showcased on the Group’s intranet and promotional platforms. This not only fostered a warm and celebratory atmosphere but also deepened employees’ sense of identification and belonging to the Group.

**六载风华 感恩有您**  
上市6周年作品征集活动 天选绿新人

**征集内容**

【辉煌足迹】——绿新历史成就征集  
(图文/短视频)

【我与绿新】“我在绿新集团的第X年”故事征集  
(图文/短视频)

征集时间: 2025年10月17日 - 10月26日

**奖项设置**

第一名 (每主题1名): “六六大顺” 至尊奖: 266元现金/礼品 + 666分钟福利假  
 第二名 (每主题2名): “崭露头角” 优秀奖: 166元现金/礼品+66分钟福利假  
 第三名 (每主题4名): “绿意盎然” 创意奖: 66元现金/礼品+66分钟福利假  
 “最佳人气奖” (3名): 66张消费券/6张咖啡券 (总额166元)  
 参与奖若干名: 专属零食礼包

欢迎大家踊跃参与  
作品提交到各人力行政部

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### The Summer Coolness Delivery Care Activity

From June to September in 2025, during the peak summer heat, the Group's Management Department coordinated and deployed the comprehensive summer employee wellness program. This initiative was implemented collaboratively by the Human Resources and Administration Departments across all our bases. The program specifically focused on frontline production workshop employees. It encompassed multi-dimensional measures to safeguard employee health and comfort, conveying the Group's deep care for our frontline production staff. Key actions included distributing heatstroke prevention and cooling gift packs, providing scheduled supplies of refreshing drinks, preparing traditional herbal teas for heat relief, and procuring anti-heatstroke supplies such as Huoxiang Zhengqi Shui (a traditional Chinese medicine for heatstroke). Additionally, we installed additional fans and spray cooling equipment in high-temperature work areas. These efforts demonstrated the Group's genuine concern for the well-being of employees.



### “Greenfresh Power, Vitality Bloom” Staff Sports Games

To promote corporate culture, ignite team vitality, and foster a harmonious and striving work atmosphere, the Group successfully organized the “Greenfresh Power, Vitality Bloom” Staff Sports Games during the 2025 May Day holiday. This sports event integrated competitiveness, fun, and a sense of honor. It featured the selection and recognition of outstanding employees, ball game competitions such as basketball and badminton, and a variety of fun sports events. The games attracted enthusiastic participation from employees across all bases. Not only did it enrich employees' personal lives, but it also significantly enhanced cross-departmental communication and team cohesion.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A Heartwarming International Women’s Day: A Tribute to “Her Power”

To honor the dedicated contributions of our female employees and foster a workplace atmosphere of respect and care, the Group meticulously customized and distributed exclusive holiday gifts to all female staff on March 8, 2025, International Women’s Day. This initiative seamlessly wove corporate care into a gesture of sweet appreciation. This gift, embodying both warmth and brand identity, served not only to convey festive blessings to our female colleagues but also to demonstrate the Group’s recognition and deep appreciation for “Her Power”.



### A Warm Christmas, Filling GreenPower with Affection — Christmas Celebration Activity

On the occasion of Christmas in 2025, the Group organized a heartwarming Christmas celebration during work breaks. The venue was decorated with festive ornaments and cheerful music was played, creating a relaxed atmosphere where employees interacted and exchanged blessings. This activity not only alleviated year-end work stress but also strengthened team camaraderie.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, to deepen talent management and stimulate employee motivation, the Group continued to optimize its incentive mechanisms. It provided all employees with diversified and multi-tiered welfare initiatives, effectively recognizing and rewarding their outstanding performance and proactive contributions in their respective roles.

### “Greenfresh Employee Voucher” Employee Welfare Redemption System

The Group launched “Greenfresh Employee Voucher” under the “*Greenfresh Employee Voucher*” Management Regulation. The “Greenfresh Employee Voucher” is a virtual electronic card where employees with excellent personal behaviour in their daily work can win vouchers to redeem gifts once a month at the Group’s Management Centre, including travel gift card, shopping gift card, paid holidays and in-kind rewards. This initiative effectively integrates incentives into daily work scenarios. The system, underpinned by transparent processes and equitable distribution mechanisms, ensures that rewards are traceable and redeemable, fully reflecting the Group’s sound governance principles.

During the Reporting Period, the Group further optimized the monthly application and redemption process for the “Greenfresh Employee Voucher”. By aligning with employees’ actual needs and enriching the selection of redeemable prizes, the initiative enhanced both user-friendliness and practicality. This measure has not only effectively boosted staff motivation and improved work efficiency but also, through diversified recognition methods, strengthened employees’ sense of honor and satisfaction. It fosters a positive, enjoyable, and striving work atmosphere, demonstrating the Group’s management philosophy that equally emphasizes quality and efficiency improvement alongside employee care.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Distribution of Spring Festival Gift Packages

During the Reporting Period, on the occasion of traditional holidays such as the Spring Festival, the Group prepared abundant holiday gift packages for all employees. These packages not only contained various traditional festive foods and supplies but also incorporated the Group's blessings and expectations for employees. The aim was for employees to feel the warmth and care from the corporate family while celebrating the festivities. The distribution of these holiday gift packages further highlighted the Group's emphasis on employee well-being and demonstrated its firm commitment to inheriting and promoting the excellent traditional Chinese culture.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Providing Multi-Tiered Medical Security to Enhance Employee Well-being

The Group places great emphasis on the health and welfare of its employees and is committed to establishing a comprehensive medical security system for them. During the Reporting Period, the Group's labour union further strengthened supplementary safeguards and targeted care initiatives. It arranged complimentary mutual medical insurance for 200 grassroots employees with genuine needs, effectively mitigating their risk of financial hardship due to illness and tangibly conveying the Group's warmth and support. Concurrently, the Group attaches high importance to the physical and mental health of managerial staff. We comprehensively optimized and upgraded the annual health check-up program, selecting medical institutions with greater professional authority and providing supportive services such as detailed report interpretation. Through a multi-tiered health support mechanism comprising "basic security + supplementary mutual aid + precise health management", the Group actively fortifies the health defenses for employees.

### Employee Recuperation and Wellness Activities — Relaxing Body and Mind to Foster Cohesion, Warm Care to Support Development

To enrich employees' cultural life outside of work and foster a caring, joyful, and harmonious corporate atmosphere, the Group, through the labour union, organized two sessions of employee recuperation and wellness activities during the Reporting Period. One session was designed for all management, utilizing immersive team-building exercises to promote cross-departmental collaboration and strategic alignment. The other was specifically tailored for the R&D team, focusing on fostering innovative cooperation and stress relief, thereby helping key technical personnel to spark inspiration and enhance connection in a relaxed environment.

These activities not only allowed employees to unwind from their busy work schedules but also enabled them to genuinely feel the warmth from the union and the Group's humanistic care. They effectively alleviated work-related stress and significantly enhanced team cohesion and a sense of belonging.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HKEX ESG REPORTING CODE INDEX TABLE

## Part 1: Mandatory Disclosure Requirements

Aspects	Disclosure Requirements	Chapter
<b>Governance Structure</b>	<p><b>A statement from the board containing the following elements:</b></p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board's oversight of ESG issues;</li> <li>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ul>	ESG Strategy and Organisational Structure
<b>Reporting Principles</b>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p><b>Materiality:</b> The ESG report should disclose:</p> <ul style="list-style-type: none"> <li>(i) the process to identify and the criteria for the selection of material ESG factors;</li> <li>(ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</li> </ul> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Reporting Standards and Principles
<b>Reporting Boundary</b>	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Reporting Scope

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Part 2: "Comply or explain" Provisions

Aspects, General Disclosures and KPIs	Description	Chapter
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
<b>General Disclosure A1</b>	General Disclosure Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Energy Conservation and Consumption Reduction  Pollutant Management  Response to Climate Change
<b>A1.1</b>	The types of emissions and respective emissions data	Pollutant Management
<b>A1.2</b>	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).	Response to Climate Change
<b>A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Management
<b>A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Management
<b>A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Pollutant Management
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Pollutant Management

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Chapter
<b>Aspect A2: Use of Resources</b>		
<b>General Disclosure A2</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Conservation and Consumption Reduction  Environment and Natural Resources
<b>A2.1</b>	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).	Energy Conservation and Consumption Reduction
<b>A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy Conservation and Consumption Reduction
<b>A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Conservation and Consumption Reduction
<b>A2.4</b>	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.	Energy Conservation and Consumption Reduction
<b>A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Energy Conservation and Consumption Reduction
<b>Aspect A3: Environment and Natural Resources</b>		
<b>General Disclosure A3</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Chapter
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
<b>General Disclosure B1</b>	General Disclosure Information on:	Talent Sustainability
	(a) the policies; and	Talent Employment
	(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.	
<b>B1.1</b>	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Talent Employment
<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Talent Employment
<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure B2</b>	General Disclosure Information on:	Employee Safety
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to providing a safe working environment and protecting employees from occupational hazards.	
<b>B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Safety
<b>B2.2</b>	Lost days due to work injury.	Employee Safety
<b>B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Safety

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Chapter
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure B3</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Safety Employee Development
	Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	
<b>B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development
<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	Employee Development
<b>Aspect B4: Labour Standards</b>		
<b>General Disclosure B4</b>	General Disclosure Information on:	Talent Employment
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact	
	on the issuer relating to preventing child and forced labour.	
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Talent Employment
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Talent Employment

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Chapter
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure B5</b>	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
<b>B5.1</b>	Number of suppliers by geographical region.	Supply Chain Management
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
<b>B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
<b>B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
	General Disclosure Information on:	Product Management
	(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.	
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Management
<b>B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Product Management
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Product Management
<b>B6.4</b>	Description of quality assurance process and recall procedures.	Product Management
<b>B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Management

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Chapter
<b>Aspect B7: Anticorruption</b>	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	Honesty and Integrity
<b>B7.1</b>	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.	Honesty and Integrity
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Honesty and Integrity
<b>B7.3</b>	Description of anti-corruption training provided to directors and staff.	Honesty and Integrity
<b>Aspect B8: Community Investment</b>	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.	Public Welfare
<b>B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Public Welfare
<b>B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Public Welfare

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Part D: Climate-related Disclosures

Pillars	Disclosures Requirements	Chapter
Governance	(a) the governance body(s) responsible for oversight of climate-related risks and opportunities	Response to Climate Change
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Response to Climate Change
Strategy	Climate-related risks and opportunities	Response to Climate Change
	Business model and value chain	Response to Climate Change
	Strategy and decision-making	Response to Climate Change
	Financial position, financial performance and cash flows	Response to Climate Change
	Climate resilience	Response to Climate Change
Risk Management	Risk Management	Response to Climate Change
Metrics and Targets	Greenhouse gas emissions	Response to Climate Change
	Climate-related transition risks	Response to Climate Change
	Climate-related physical risks	Response to Climate Change
	Climate-related opportunities	Response to Climate Change
	Capital deployment	Response to Climate Change
	Internal carbon prices	Not implemented
	Remuneration	Response to Climate Change
	Industry-based metrics	/
	Climate-related targets	Response to Climate Change
	Applicability of cross-industry metrics and industry-based metrics	Response to Climate Change

# INDEPENDENT AUDITOR'S REPORT



**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

## OPINION

### What we have audited

The consolidated financial statements of Green Fresh Biotechnology Company Limited (the "Company", formerly known as Green Future Food Hydrocolloid Marine Science Company Limited) and its subsidiaries (the "Group"), which are set out on pages 143 to 217, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition – sales of goods
- Goodwill impairment
- Provision for inventory impairment

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Revenue recognition — sales of goods</b></p> <p><i>Refer to note 5 to the consolidated financial statements.</i></p> <p>The Group's revenue from sales of goods for the year ended 31 December 2025 amounted to RMB 905 million.</p> <p>Revenue from the sales of goods is recognised when control of the goods has been transferred to the customer, which is usually at the date when the Group has delivered the products to the customer and the customer has accepted the products.</p> <p>We focused on this area due to the significance of the revenue amount and the large volume of sales transactions generated from numerous kinds of products sold to customers at different locations including The People's Republic of China and overseas.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested on a sample basis, management's key controls over revenue recognition in respect of the Group's sales transactions.</li> <li>• Conducted testing of sales transactions on a sample basis by examining the relevant supporting documents including customers' contracts and orders, sales invoices, goods delivery notes, customs declaration documents for export sales and goods receipt evidence for domestic sales.</li> <li>• Circularised confirmations on a sample basis on trade receivable balances as at the balance sheet date.</li> <li>• Tested, on a sample basis, sales transactions that took place before and after the balance sheet date to assess whether the transactions were recognised in the appropriate accounting period based on the supporting documents obtained.</li> </ul> <p>Based on the work performed, we found the sales transactions tested were supported by the evidence obtained.</p>

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Goodwill impairment</b></p> <p><i>Refer to notes 4(d) and 16 to the consolidated financial statements</i></p> <p>As at 31 December 2025, the Group recorded goodwill of RMB 47,060,000 derived from the acquisitions of subsidiaries in the previous years.</p> <p>In assessing the recoverable amounts of the Group's cash generating units ("CGUs") that include goodwill, management engaged an external valuation expert to assist in determining the recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest financial budgets for the next five years and a number of other assumptions, such as annual revenue growth rates, gross profit margins, long term annual growth rate and discount rates. No impairment on goodwill was made after management's assessment.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's internal control process of impairment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the management estimates involved in determining the valuations, including the appropriateness of the significant assumptions adopted.</li> <li>• Assessed the competency, objectivity and independence of the external valuer engaged by management.</li> <li>• Engaged internal valuation experts to assess the appropriateness of the methodology adopted by management to perform goodwill impairment assessment and the discount rates used by management.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Goodwill impairment</b></p> <p>We focused our audit effort in this area because of the significance of the goodwill amount, the high degree of uncertainties associated with estimation of the future operating performance of the CGUs and the complexity and subjectivity of management estimates involved in determining the valuations, including the appropriateness of the significant assumptions adopted.</p>	<ul style="list-style-type: none"> <li>• Checked the mathematical accuracy of the calculations of the goodwill impairment assessment, assessed the reliability of management's forecasts by comparing current year actual results to prior year projections.</li> <li>• Assessed reasonableness of the key assumptions used in the recoverable amount calculation with the involvement of our internal valuation experts; and</li> <li>• Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount.</li> <li>• We found that management's judgements and assumptions used in connection with the impairment assessment of goodwill were supported by available evidence.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Provision for inventory impairment</b></p> <p><i>Refer to notes 4 (c) and 19 to the consolidated financial statements.</i></p> <p>As at 31 December 2025, the Group recorded a net inventory balance of RMB 838,336,000, which is net of an inventory impairment amount of RMB 13,263,000. Inventories were carried at the lower of cost and net realisable value in the consolidated financial statements.</p> <p>The estimate of allowance for inventory impairment involves significant management judgments based on consideration of key factors such as future sales projection, current year sales, and latest selling price, etc.</p> <p>We focused our audit effort in this area because of the significance of the inventory balance, and the significant management judgments involved in estimating the impairment amount.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's internal control process of the estimation of inventory provisions and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</li> <li>• Tested the method, assumptions and data used to estimate inventory provision by performing procedures such as (1) comparing against historical sales pattern including key ratios, (2) comparing the selling price used in the determination of net realisable value against actual selling price subsequent to year end on a sample basis, and (3) testing the accuracy of provision calculation; and</li> <li>• On a sample basis, observed physical condition of inventories during stocktake to identify slow moving, damaged, or obsolete inventories, and inquired management if appropriate inventory provision had been provided for those inventories.</li> </ul> <p>Based on the results of the procedures above, we found that management's judgements in estimating the inventory provision at 31 December 2025 were supported by available evidence.</p>

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

**OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including financial highlights, management discussion and analysis prior to the date of this auditor's report. The remaining other information, including environmental, social and governance report, chairman's statement, corporate governance report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

### RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT



**To the Shareholders of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)**

(incorporated in the Cayman Islands with limited liability)

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fong Wan Huen (practising certificate number: P04689).

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	904,690	989,257
Cost of sales	8	(737,465)	(766,799)
<b>Gross profit</b>		<b>167,225</b>	222,458
Other income	6	6,478	11,557
Other gains/(losses) – net	7	(1,393)	2,420
Net impairment losses on financial assets	20	(1,299)	(989)
Selling and distribution expenses	8	(25,926)	(20,626)
Administrative expenses	8	(110,514)	(104,581)
<b>Operating profit</b>		<b>34,571</b>	110,239
Finance income	10	286	686
Finance costs	10	(27,734)	(30,052)
<b>Finance costs – net</b>	10	<b>(27,448)</b>	(29,366)
<b>Profit before income tax</b>		<b>7,123</b>	80,873
Income tax expense	11	(1,754)	(19,996)
<b>Profit for the year</b>		<b>5,369</b>	60,877
<b>Profit for the year attributable to:</b>			
Owners of the Company		6,588	62,171
Non-controlling interests		(1,219)	(1,294)
		<b>5,369</b>	60,877
<b>Earnings per share for profit attributable to owners of the Company</b>			
Basic earnings per share (RMB)	12	0.008	0.074
Diluted earnings per share (RMB)	12	0.008	0.074

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>	<b>5,369</b>	60,877
<b>Other comprehensive income/(loss)</b>		
Items that may be reclassified to profit or loss:		
– Currency translation differences	<b>3,906</b>	(7,044)
Items that will not be subsequently reclassified to profit or loss		
– Currency translation differences	<b>(4,251)</b>	3,542
<b>Total comprehensive income for the year</b>	<b>5,024</b>	57,375
<b>Total comprehensive income for the year is attributable to:</b>		
Owners of the Company	<b>6,885</b>	58,672
Non-controlling interests	<b>(1,861)</b>	(1,297)
	<b>5,024</b>	57,375

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Land use rights	14	50,757	52,593
Property, plant and equipment	15	362,137	372,947
Intangible assets	16	63,740	67,143
Prepayments for non-current assets	17	1,671	4,231
Deferred income tax assets	29	40,528	36,669
		<b>518,833</b>	533,583
<b>Current assets</b>			
Inventories	19	838,336	747,713
Trade and other receivables	20	166,782	149,536
Restricted cash	21	19,716	20,702
Cash and cash equivalents	21	88,635	120,734
		<b>1,113,469</b>	1,038,685
<b>Total assets</b>		<b>1,632,302</b>	1,572,268
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	7,892	7,892
Other reserves	24	277,643	285,052
Shares held for the share award scheme	25	(8,412)	(8,797)
Retained earnings		561,570	555,723
		<b>838,693</b>	839,870
<b>Non-controlling interests</b>		<b>8,411</b>	10,272
<b>Total equity</b>		<b>847,104</b>	850,142

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED BALANCE SHEET**

AS AT 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	27	<b>96,127</b>	100,995
Lease liabilities	27	<b>6,029</b>	2,196
Deferred income	28	<b>16,695</b>	19,318
Deferred income tax liabilities	29	<b>3,359</b>	3,857
		<b>122,210</b>	126,366
<b>Current liabilities</b>			
Trade and other payables	26	<b>167,760</b>	129,242
Bank borrowings	27	<b>488,874</b>	460,597
Lease liabilities	27	<b>1,818</b>	1,338
Current income tax liabilities		<b>4,536</b>	4,583
		<b>662,988</b>	595,760
<b>Total liabilities</b>		<b>785,198</b>	722,126
<b>Total equity and liabilities</b>		<b>1,632,302</b>	1,572,268

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 143 to 217 were approved by the board of directors of the Company on 30 March 2026 and were signed on its behalf by:

**CHAN Kam Chung**  
*Director*

**CHAN Shui Yip**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Equity attributable to owners of the Company						Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Shares held for the Share Award Scheme RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>Balance at 1 January 2025</b>		<b>7,892</b>	<b>285,052</b>	<b>(8,797)</b>	<b>555,723</b>	<b>839,870</b>	<b>10,272</b>	<b>850,142</b>
<b>Comprehensive income/(loss)</b>								
Profit/(loss) for the year		—	—	—	6,588	6,588	(1,219)	5,369
Other comprehensive income/(loss)								
– Currency translation differences		—	297	—	—	297	(642)	(345)
<b>Total comprehensive income/(loss)</b>		<b>—</b>	<b>297</b>	<b>—</b>	<b>6,588</b>	<b>6,885</b>	<b>(1,861)</b>	<b>5,024</b>
<b>Transactions with owners</b>								
2025 dividend paid		—	(9,461)	—	—	(9,461)	—	(9,461)
Equity-settled share-based payment	23	—	2,440	—	—	2,440	—	2,440
Shares exercised from Share Award Scheme	25	—	(1,426)	1,426	—	—	—	—
Profit appropriation to statutory reserves		—	741	—	(741)	—	—	—
Buy-back of shares		—	—	(1,041)	—	(1,041)	—	(1,041)
<b>Total transactions with owners</b>		<b>—</b>	<b>(7,706)</b>	<b>385</b>	<b>(741)</b>	<b>(8,062)</b>	<b>—</b>	<b>(8,062)</b>
<b>Balance at 31 December 2025</b>		<b>7,892</b>	<b>277,643</b>	<b>(8,412)</b>	<b>561,570</b>	<b>838,693</b>	<b>8,411</b>	<b>847,104</b>
<b>Balance at 1 January 2024</b>		7,485	251,462	(10,274)	496,570	745,243	8,869	754,112
<b>Comprehensive income/(loss)</b>								
Profit/(loss) for the year		—	—	—	62,171	62,171	(1,294)	60,877
Other comprehensive income/(loss)								
– Currency translation differences		—	(3,499)	—	—	(3,499)	(3)	(3,502)
<b>Total comprehensive income/(loss)</b>		<b>—</b>	<b>(3,499)</b>	<b>—</b>	<b>62,171</b>	<b>58,672</b>	<b>(1,297)</b>	<b>57,375</b>
<b>Transactions with owners</b>								
Equity-settled share-based payment	23	—	4,759	—	—	4,759	—	4,759
Shares issued due to options exercised	22	41	—	—	—	41	—	41
Investment from non-controlling interest of subsidiaries		—	—	—	—	—	2,700	2,700
Shares issued to the subscriber	22	366	29,312	—	—	29,678	—	29,678
Shares exercised from Share Award Scheme	25	—	—	1,477	—	1,477	—	1,477
Profit appropriation to statutory reserves		—	3,018	—	(3,018)	—	—	—
<b>Total transactions with owners</b>		<b>407</b>	<b>37,089</b>	<b>1,477</b>	<b>(3,018)</b>	<b>35,955</b>	<b>2,700</b>	<b>38,655</b>
<b>Balance at 31 December 2024</b>		<b>7,892</b>	<b>285,052</b>	<b>(8,797)</b>	<b>555,723</b>	<b>839,870</b>	<b>10,272</b>	<b>850,142</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	30	<b>13,048</b>	136,177
Income tax paid		<b>(6,076)</b>	(7,463)
Net cash generated from operating activities		<b>6,972</b>	128,714
<b>Cash flows from investing activities</b>			
Government grants received relating to purchase of property, plant and equipment		—	3,036
Purchase of property, plant and equipment		<b>(25,751)</b>	(46,220)
Purchase of intangible assets		<b>(344)</b>	(1,771)
Interest received		<b>286</b>	686
Proceeds from disposal of property, plant and equipment		<b>433</b>	488
Net cash used in investing activities		<b>(25,376)</b>	(43,781)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>764,593</b>	763,299
Repayments of borrowings		<b>(739,013)</b>	(818,117)
Dividend paid	13	<b>(9,461)</b>	—
Interest paid		<b>(27,152)</b>	(30,491)
Settlements of lease liabilities		<b>(1,929)</b>	(1,634)
Loans from other third parties	27	<b>1,360</b>	17,000
Buy back of shares		<b>(1,041)</b>	—
Proceeds from shares issued to the subscriber	22	—	29,678
Proceeds from capital contribution by non-controlling interests		—	2,700
Proceeds from exercise of share options		—	41
Net cash used from financing activities		<b>(12,643)</b>	(37,524)
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		<b>120,734</b>	72,600
Effect of foreign exchange rates changes		<b>(1,052)</b>	725
<b>Cash and cash equivalents at end of year</b>	21	<b>88,635</b>	120,734

The above consolidated statement cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

## 1 GENERAL INFORMATION OF THE GROUP

Green Fresh Biotechnology Company Limited (the “Company”, formerly known as Green Future Food Hydrocolloid Marine Science Company Limited) was incorporated on 3 July 2015 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands.

The English name and the dual foreign name in Chinese of the Company were changed from “Green Future Food Hydrocolloid Marine Science Company Limited” to “Green Fresh Biotechnology Company Limited” and from “綠新親水膠體海洋科技有限公司” to “綠新生物科技有限公司” respectively with effect from 10 June 2025 subsequent to the passing of a special resolution for approval of the change by the shareholders at an extraordinary general meeting held on 6 June 2025.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are in the business of manufacturing and sale of food manufacturing hydrocolloid products including carrageenan products, agar-agar products, blended products and konjac products in the People’s Republic of China (the “PRC”) and overseas.

The ultimate controlling parties of the Group are Mr. Chan Kam Chung, Mr. Chan Shui Yip, Mr. Guo Songsen, Mr. Guo Dongxu, Mr. Guo Yuansuo and Mr. Guo Donghuang who act in concert under a contractual agreement (the “Controlling Shareholders”).

The Company’s shares have been listed on the main board of The Stock Exchange of Hong Kong Limited since 17 October 2019.

These consolidated financial statements are presented in Renminbi (the “RMB”) and all values are rounded to the nearest thousand (RMB’000) except otherwise indicated.

These consolidated financial statements have been approved for issue by the board of directors of the Company on 30 March 2026.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### 2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 are set out below. The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(Continued)

#### 2.1 Basis of preparation (Continued)

##### *Going concern*

For the year ended 31 December 2025, the Group had profit for the year of RMB 5.4 million, a decrease of RMB 55.5 million from 2024. The Group's cash inflow from operations decreased from RMB 128.7 million for the year ended 31 December 2024 to RMB 7.0 million for the year ended 31 December 2025. As of 31 December 2025, the Group had total bank borrowings of RMB 566.6 million, out of which RMB488.9 million was due for repayment in next twelve months. In addition, in December 2025, the Group has obtained one-time waivers from the relevant banks in respect of a total debt amount of RMB125.6 million, for the requirement to comply with certain financial covenants for the financial year ended 31 December 2025, as disclosed in Note 27.

The management of the Company has prepared a cash flow forecast covering no less than twelve months from the date of these financial statements ("Cash Flow Forecast") by carefully considering the Group's available sources of financing and its operating performance and assessing whether the Group will have sufficient financial sources to continue as a going concern for at least the next twelve months from 31 December 2025. The Directors of the Company have reviewed management's Cash Flow Forecast.

The following plans and measures have been implemented to mitigate the liquidity pressure and to improve the financial position of the Group and have been reflected in the Cash Flow Forecast:

- (a) The Group will continue to implement stringent monitoring of financial covenant adherence across all borrowings. In the event of potential non-compliance of covenant terms, management will proactively engage with relevant banks to seek waivers. The Group expects to continue to obtain such waivers from banks if those covenant terms are not met in the next twelve months;
- (b) The Group has been continuously able to renew bank loan facilities to secure source of financing. The Directors of the Company are confident that the Group will be able to draw down from the facilities and renew the bank borrowings when needed; and
- (c) The Group expects to improve its operating cash flows for the next twelve months by implementing various strategies to accelerate the turnover of inventories and to implement cost savings measures to improve the liquidity level.

The Cash Flow Forecast incorporates assumptions about future events and conditions are subject to inherent uncertainties, including the continuing waivers for covenant terms and renewal of banking facilities. The Directors, after due consideration of the basis of the above Group's plans and measures, are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2025. Accordingly, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(Continued)

#### 2.2 Changes in accounting policies

- (i) A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Standards	Effective for accounting periods beginning on or after
HKAS 21 (Amendments) - Lack of Exchangeability	1 January 2025

- (ii) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2025 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards	Effective for accounting periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments) - Amendments to the classification and measurement of financial instruments	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments) - Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual improvements project - Annual improvements to HKFRS Accounting Standards – volumes 11	1 January 2026
HKFRS 18 (Amendments) - Presentation and Disclosure in Financial Statements	1 January 2027
HK Interpretation 5 (Revised)- Presentation of Financial Statements –Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19 (Amendments) - Subsidiaries without Public Accountability: Disclosures and subsequent amendments in October 2025	1 January 2028
HKAS 21 (Amendments) - Translation to a Hyperinflationary Presentation Currency	To be determined
HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 (Amendments to Illustrative Examples) - Disclosures about Uncertainties in the Financial Statements	To be determined

The Group is assessing the full impact of the new standard, new interpretations and amendments to standards and interpretations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### (a) Market risk

###### (i) Foreign exchange risk

The Group mainly operates in mainland China and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars (the "USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group does not hedge against any fluctuation in foreign currency.

At 31 December 2025, if USD had strengthened/weakened by 10% against the RMB with all other variables held constant, post-tax profit for the year would have been RMB 4,174,000 higher/lower (2024: RMB 3,956,000 higher/lower) mainly as a result of foreign exchange gains/losses on translation of USD denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

###### (ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group does not hedge its cash flow and fair value interest rate risk.

During the year ended 31 December 2025, if interest rate on borrowings had been higher by 100 basis points of current interest rate, with other variables held constant, post-tax profit for the year would have been approximately RMB 1,700,000 lower (2024: RMB 1,355,000 lower).

##### (b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, trade and other receivables and financial assets at fair value through profit or loss. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage the risk with respect to cash and cash equivalents, bank deposits and financial assets at fair value through profit or loss are placed with highly reputable financial institutions.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing days. See note 20 for further information about the Group's credit risk analysis for trade receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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## 3 FINANCIAL RISK MANAGEMENT (Continued)

## 3.1 Financial risk factors (Continued)

*(b) Credit risk* (Continued)

For other receivables, as they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the impairment provision recognised is limited to 12 months expected losses.

The assessment of credit risks of trade and other receivables is set out in Note 20.

*(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2025</b>					
Borrowings	488,874	70,799	25,328	—	585,001
Interest payable on borrowings	13,471	3,261	4,059	—	20,791
Lease liabilities	2,103	1,607	2,109	3,171	8,990
Trade and other payables (excluding non-financial liabilities)	147,195	—	—	—	147,195
	<b>651,643</b>	<b>75,667</b>	<b>31,496</b>	<b>3,171</b>	<b>761,977</b>
<b>At 31 December 2024</b>					
Borrowings	460,597	28,262	71,733	1,000	561,592
Interest payable on borrowings	14,065	3,589	6,178	30	23,862
Lease liabilities	1,424	1,424	921	—	3,769
Trade and other payables (excluding non-financial liabilities)	109,988	—	—	—	109,988
	<b>586,074</b>	<b>33,275</b>	<b>78,832</b>	<b>1,030</b>	<b>699,211</b>

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FOR THE YEAR ENDED 31 DECEMBER 2025

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### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total of bank borrowings and lease liabilities less cash and cash equivalents, restricted cash and financial assets at fair value through profit or loss. Total capital is calculated as total of net debt and 'equity' as shown in the consolidated balance sheet.

The gearing ratio as at 31 December 2025 was as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Total of borrowings and lease liabilities (note 27)	592,848	565,126
Less: Cash and cash equivalents (note 21)	(88,635)	(120,734)
Restricted cash (note 21)	(19,716)	(20,702)
Net debt	484,497	423,690
Equity	847,104	850,142
Total capital	1,331,601	1,273,832
<b>Gearing ratio (Net debt/Total capital)</b>	<b>36%</b>	33%

#### 3.3 Fair value estimation

The Group adopts the amendment to HKFRS 13 for financial instruments that are measured in the consolidated balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group does not have financial instruments except for the financial assets at fair value through profit or loss which was classified within level 2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

#### (a) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors action in response to sever industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

#### (b) Impairment of trade and other receivables

The impairment provisions for financial assets disclosed in note 20 are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### (c) Impairment provision for inventories

The estimation of impairment provision for inventories involves significant management judgment based on the consideration of key factors such as future sales projection, current year sales, and selling price per latest sales transaction. Management reassesses these estimations of impairment provision for inventories at each balance sheet date.

#### (d) Estimated impairment of goodwill

The Group tests annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in note 36.7. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from them. These calculations require the use of estimates. For details of the key assumptions and input used, see note 16 below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

#### (e) Income taxes

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed. Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

### 5 REVENUE AND SEGMENT INFORMATION

The Company's executive directors, the chief executive officer, the chief financial officer and the manager for corporate planning are regarded as the Group's chief operating decision maker. The chief operating decision maker examines the Group's performance from a product perspective and has identified five operating segments of its business as follows:

- (i) Manufacturing and sales of agar-agar;
- (ii) Manufacturing and sales of carrageenan;
- (iii) Manufacturing and sales of konjac products;
- (iv) Manufacturing and sales of blended products; and
- (v) Others, such as trading of seaweed powder and other operations.

The amounts provided to the chief operating decision maker with respect to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of consolidated financial statements. The chief operating decision maker reviews the total assets, total liabilities and capital expenditure at Group level mainly because the manufacturing of the four categories of products of the Group is managed by the same management team and there are certain degree of sharing of production facilities and warehouses, therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

## (a) Revenue and segment information

The segment information of the Group during the year is set out as follows:

	Year ended 31 December 2025					
	Sales of agar-agar RMB'000	Sales of carrageenan RMB'000	Sales of konjac products RMB'000	Sales of blended products RMB'000	Others RMB'000	Total RMB'000
<b>Revenue recognised at a point-in time:</b>						
Sales to customers	252,068	410,644	88,749	138,475	14,754	904,690
Cost of sales	(179,691)	(371,879)	(75,490)	(100,829)	(9,576)	(737,465)
Segment results	72,377	38,765	13,259	37,646	5,178	167,225

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	167,225
Other income	6,478
Other losses – net	(1,393)
Net impairment losses on financial assets	(1,299)
Selling and distribution expenses	(25,926)
Administrative expenses	(110,514)
Finance income	286
Finance costs	(27,734)
Profit before income tax	7,123
Income tax expense	(1,754)
Profit for the year	5,369

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 5 REVENUE AND SEGMENT INFORMATION (Continued)

#### (a) Revenue and segment information (Continued)

	Year ended 31 December 2024					
	Sales of	Sales of	Sales of	Sales of	Others	Total
	agar-agar	carrageenan	konjac	blended		
	RMB'000	RMB'000	products	products	RMB'000	RMB'000
			RMB'000	RMB'000		
<b>Revenue recognised</b>						
<b>at a point-in time:</b>						
Sales to customers	294,852	487,323	57,522	138,420	11,140	989,257
Cost of sales	(206,676)	(404,378)	(50,004)	(98,981)	(6,760)	(766,799)
Segment results	88,176	82,945	7,518	39,439	4,380	222,458

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	222,458
Other income	11,557
Other gains – net	2,420
Net impairment losses on financial assets	(989)
Selling and distribution expenses	(20,626)
Administrative expenses	(104,581)
Finance income	686
Finance costs	(30,052)
Profit before income tax	80,873
Income tax credit	(19,996)
Profit for the year	60,877

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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## 5 REVENUE AND SEGMENT INFORMATION (Continued)

## (a) Revenue and segment information (Continued)

Revenue from external customers by country/region, based on the destination of shipment, is as follows:

	2025 RMB'000	2024 RMB'000
Chinese Mainland	434,931	475,237
Europe	235,121	286,198
Asia (excluding Chinese Mainland)	161,714	161,716
South America	47,796	42,058
North America	20,413	20,647
Africa	4,598	3,212
Oceania	117	189
Total	904,690	989,257

Non-current assets, other than deferred income tax assets, by country/region are as follows:

	2025 RMB'000	2024 RMB'000
Chinese Mainland	413,905	424,691
Hong Kong	906	1,548
Indonesia	63,494	70,675
Total	478,305	496,914

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 5 REVENUE AND SEGMENT INFORMATION (Continued)

#### (b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers at the balance sheet date:

	2025 RMB'000	2024 RMB'000
Contract liabilities (note 26)	7,215	7,500

Revenue recognised during the year in relation to contract liabilities was as below:

	2025 RMB'000	2024 RMB'000
Revenue recognised during the year that was included in the contract liabilities at the beginning of the year	7,500	11,003

For unsatisfied performance obligations, the Group applied the practical expedient and omitted disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

#### (c) Accounting policies on Revenue recognition

**Timing of recognition:** The Group manufactures and sells carrageenan, agar-agar, konjac products, blended products and other products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A contract liability is recorded as advances from customers for the cash received from the customers before the delivery of goods.

**Measurement of revenue:** Revenue from sales is based on the price specified in the sales contracts and is shown net of value-added tax and after eliminating sales within the Group. No element of financing is deemed present as the sales are made with a credit term up to 180 days. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 6 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants		
– Received and recognised during the year	<b>3,572</b>	7,175
– Recognised from deferred income (note 28)	<b>2,623</b>	3,050
Others	<b>283</b>	1,332
	<b>6,478</b>	11,557

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and there is no unfulfilled conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 7 OTHER GAINS/(LOSSES) – NET

	2025 RMB'000	2024 RMB'000
Net foreign exchange gains/(losses)	<b>(1,327)</b>	2,702
Net losses on disposal of property, plant and equipment and patents	<b>(383)</b>	(99)
Donation	<b>(5)</b>	(205)
Others	<b>322</b>	22
	<b>(1,393)</b>	2,420

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 8 EXPENSES BY NATURE

The expenses charged to cost of sales, selling and distribution expenses and administrative expenses are analysed below:

	2025 RMB'000	2024 RMB'000
Raw materials and consumables used	<b>664,895</b>	598,374
Changes in inventories of finished goods	<b>(70,654)</b>	21,991
Provision for inventories impairment	<b>11,086</b>	23,007
Employee benefit expenses (note 9)	<b>131,773</b>	117,576
Amortisation of land use rights (note 14)	<b>1,145</b>	1,244
Depreciation of property, plant and equipment (note 15)	<b>43,706</b>	44,286
Amortisation of intangible assets (notes 16)	<b>2,552</b>	2,482
Utility expenses	<b>31,725</b>	29,280
Other taxes and levies	<b>7,004</b>	6,337
Transportation costs	<b>8,317</b>	9,223
Auditors' remuneration		
- annual audit services of the Company's auditor	<b>2,050</b>	2,050
- non-audit services of the Company's auditor (i)	<b>220</b>	220
- statutory audit services of subsidiaries' auditor	<b>290</b>	251
Advertising and exhibition expense	<b>3,809</b>	3,094
Others	<b>35,987</b>	32,591
Total	<b>873,905</b>	892,006

Research and development expenses incurred during the year are as follows:

	2025 RMB'000	2024 RMB'000
Employee benefit expenses	<b>12,848</b>	10,759
Raw materials and consumables used	<b>12,658</b>	9,792
Depreciation charges	<b>1,075</b>	1,168
Others	<b>2,093</b>	1,089
	<b>28,674</b>	22,808

- (i) Non-audit service fees totalling RMB 220,000 was incurred for assistance provided by the Company's auditor in connection with the Company's annual results announcement and the Company's environmental, social and governance report and Hong Kong profits tax compliance services, carried out by separate non-audit team of the Company's auditor (2024: RMB 220,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2025 RMB'000	2024 RMB'000
Salaries, wages and bonuses	<b>116,519</b>	100,908
Pension, housing fund, medical insurance and other social insurance	<b>12,375</b>	11,627
Equity-settled share-based payment expenses (note 23)	<b>2,440</b>	4,759
Others	<b>439</b>	282
Total employee benefit expenses	<b>131,773</b>	117,576

## (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 include one director (2024: two), whose emoluments are disclosed in the note 33. Details of the remunerations of the remaining four (2024: three) individuals during the year were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and bonus	<b>4,756</b>	3,711
Pension cost – defined contribution plans	<b>49</b>	33
Housing fund, medical insurance and other benefits	<b>44</b>	40
Equity settled share-based payment expenses	<b>1,355</b>	2,618
	<b>6,204</b>	6,402

The emoluments of the non-director highest paid employees fell within the following bands:

	2025	2024
HK\$ 1,000,000 - HK\$ 2,000,000	—	—
HK\$ 2,000,001 - HK\$ 3,000,000	<b>3</b>	1
HK\$ 3,000,001 - HK\$ 4,000,000	<b>1</b>	2
HK\$ 4,000,001 - HK\$ 5,000,000	—	—
	<b>4</b>	3

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

#### (b) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### (ii) Post-employment obligations

The Group operates post-employment schemes via defined contribution pension plans.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance plans on a mandatory or voluntary basis in the PRC and Hong Kong. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

##### (iii) Share-based compensation

The Group operates equity-settled share-based payment plans (note 23). The fair value of the employee services received in exchange for the transfer of shares from the Company is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares transferred, excluding the impact of any non-market vesting conditions (e.g. profitability and sales growth targets).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

A grant of equity instruments, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

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### 10 FINANCE COSTS - NET

	2025 RMB'000	2024 RMB'000
<b>Finance income</b>		
Interest income on bank deposits	286	686
<b>Finance costs</b>		
Interest and finance charges on bank borrowings	(27,152)	(30,491)
Finance charges on lease liabilities	(582)	(366)
Net foreign exchange losses on financing activities	(434)	(174)
	<b>(28,168)</b>	(31,031)
Amounts capitalised in qualifying assets (note 15)	434	979
	<b>(27,734)</b>	(30,052)
<b>Finance costs - net</b>	<b>(27,448)</b>	(29,366)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the Group's borrowings for construction in process during the year ended 31 December 2025 of 4.08% (2024: 4.61%).

### 11 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense and shows how the income tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2025 RMB'000	2024 RMB'000
Current income tax	6,029	9,256
Deferred income tax (note 29)	(4,275)	10,740
Income tax expense	<b>1,754</b>	19,996

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### 11 INCOME TAX EXPENSE (Continued)

The Group's income tax comprises:

#### (i) Cayman Islands, British Virgin Islands ("BVI"), Indonesia and Hong Kong profits tax

The Company is an exempted company incorporated in the Cayman Islands and is not liable for taxation in the Cayman Islands on its Cayman Islands or non-Cayman Islands income.

The Group's subsidiaries incorporated in BVI are exempted companies and are not liable for taxation in BVI on their BVI or non-BVI income.

The Group's subsidiaries in Indonesia are subject to Indonesian profits tax at the rate of 22% (2024: 22%) on the estimated assessable profits for the year.

The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year with the certain concession. Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department from the year of assessment 2018/2019 onwards, the first HK\$ 2 million of assessable profits of one of the Group's companies incorporated in Hong Kong under Hong Kong profits tax during the year ended 31 December 2025 is subject to a tax rate of 8.25% (2024: 8.25%). The Group's remaining assessable profits above HK\$ 2 million will continue to be subject to a tax rate of 16.5% (2024: 16.5%).

#### (ii) PRC corporate income tax ("CIT")

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group's subsidiaries operate. The Company's subsidiaries incorporated in the PRC are subject to CIT at the rate of 25% (2024: 25%), except for Fujian Province Lvqi Food Colloid Company Ltd. ("Lvqi (Fujian)") and Longhai City Donghaiwan Seaweed Breeding Comprehensive Development Company Limited ("Donghaiwan") which are subject to CIT at the preferential rate of 15% and 12.5% for 2025 and 2024, respectively.

Lvqi (Fujian) obtained the qualification of certified high and new technology enterprises and has been entitled to preferential income tax rate of 15% since 2015, subject to renewal of the qualification for every three years interval. The latest approval of the qualification is for the period from December 2024 to December 2027.

Donghaiwan is qualified as an agricultural products enterprise and is subject to a CIT reduction of 50% as granted by the local tax bureau, and the CIT rate is 12.5% during 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 11 INCOME TAX EXPENSE (Continued)

#### (iii) PRC withholding income tax

According to the CIT Law, a 10% withholding tax on dividends received/receivable will be levied on the PRC companies' immediate holding companies established out of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. During 2025 and 2024, the holding companies of the Group's subsidiaries in the PRC are Hong Kong incorporated companies and are subject to a withholding income tax rate of 5%.

The Group's subsidiaries in the PRC have undistributed earnings totalled RMB 586,860,000 (2024: RMB 563,217,000) as at 31 December 2025, which, if paid out as dividends, would be subject to income tax borne by their overseas holding companies. An assessable temporary difference exists, but no deferred income tax liability has been recognised as the parent entities are able to control the timing of distributions from their subsidiaries and the subsidiaries are expected to retain these profits for future development purpose and not to distribute the profits in the foreseeable future.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	7,123	80,873
Tax calculated at the applicable statutory tax rates in the respective regions	870	19,056
Adjustment for tax effect of:		
– Expenses not deductible for tax purpose	1,318	1,160
– Additional deduction of research and development expenses	(1,772)	(1,531)
– (Over)/Under provision in previous year	(707)	500
– Impact of preferential income tax	(1,960)	(2,879)
– Tax losses for which no deferred income tax asset was recognised	4,005	3,690
Tax charge	1,754	19,996

The effective tax rate for the year ended 31 December 2025 was 25% (2024: 25%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 11 INCOME TAX EXPENSE (Continued)

#### (iii) PRC withholding income tax (Continued)

The cumulative deductible tax losses that are not recognised for deferred income tax assets will expire as follows:

	2025 RMB'000	2024 RMB'000
2025	na	550
2026	3,758	3,758
2027	2,569	2,569
2028	4,610	4,610
2029	8,855	8,855
2030	12,196	na
	<b>31,988</b>	20,342

### 12 EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 863,374,822 (2024: 835,526,466) in issue during the year, excluding ordinary shares held for the share award scheme.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the share options issued. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, excluding ordinary shares held for the share award scheme, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

#### Earnings

	2025 RMB'000	2024 RMB'000
Profit attributable to the ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	<b>6,588</b>	62,171

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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## 12 EARNINGS PER SHARE (Continued)

## Shares

	Number of shares	
	2025	2024
Weighted average number of ordinary shares used in issue during the year used in the basic earnings per share calculations	863,374,822	835,526,466
Adjustments for calculation of diluted earnings per share:		
Effect of dilution – weighted average number of ordinary shares: share options	—	2,043,645
Weighted average number of ordinary shares and dilutive potential ordinary shares used as the denominator in calculating diluted earnings per share	863,374,822	837,570,111

## Basic and diluted earnings per share

	2025	2024
	RMB	RMB
Basic		
– For profit for the year	0.008	0.074
Diluted		
– For profit for the year	0.008	0.074

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FOR THE YEAR ENDED 31 DECEMBER 2025

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### 13 DIVIDENDS

	2025 RMB'000	2024 RMB'000
Paid final dividend of HK 1.2 cents (2024: HK Nil cents) per ordinary share	9,461	-

Dividends relating to the year ended 31 December 2025, amounting to approximately RMB 9,461,000, were paid in July 2025 and October 2025.

The above dividends were distributed out of the share premium account of the Company.

	2025 RMB'000	2024 RMB'000
Proposed final dividend of HK 1.2 cents (2024: 1.2 cents) per ordinary share	9,474	9,713

A final dividend in respect of the year ended 31 December 2025 of HK 1.2 cent (2024: HK 1.2 cent) per share, amounting to a total of HK\$10,489,440 (approximately RMB 9,474,000, 2024: HK\$ 10,489,440, approximately RMB 9,713,000), was proposed by the board of directors of the Company on 30 March 2026 and is subject to approval by the Company's shareholders in the forthcoming annual general meeting of the Company. The proposed dividend will be distributed out of the share premium account of the Company. These financial statements do not reflect this as dividend payable.

### 14 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid lease payments for the land of the Group in the PRC and Indonesia and their movements in net book values are analysed as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	52,593	53,913
Amortisation	(1,145)	(1,244)
Currency translation differences	(691)	(76)
At 31 December	50,757	52,593

The Group's land use rights in the PRC are situated in Quanzhou and Zhangzhou in Fujian Province and Shiyan in Hubei Province, and are held under lease terms of 30 to 50 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 14 LAND USE RIGHTS (Continued)

All land in the PRC is state-owned or collectively-owned and no individual land ownership right exists. The Group acquired the rights to use certain land. The premiums paid for such right are treated as right-of-use assets (note 36.18) and recorded as land use rights, which are amortised over the lease periods of 30 to 50 years using the straight-line method. The land use rights are stated at historical cost less accumulated amortisation and impairment.

The Group's land lots in Indonesia are situated in Klatakan Regency of Situbondo Province of East Java, and will expire in year 2042.

As at 31 December 2025, land use rights of the Group with a total net book value of RMB 28,072,000 (2024: RMB 28,895,000) were pledged to secure borrowings of the Group as disclosed in notes 27.

### 15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Right-of- use assets RMB'000	Production machineries RMB'000	Factory devices and equipment RMB'000	Vehicles, office furniture and fixtures RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>At 1 January 2025</b>								
Cost	344,051	7,540	251,992	27,658	11,810	37,912	4,295	685,258
Accumulated depreciation	(119,601)	(4,165)	(154,970)	(20,987)	(9,100)	—	(507)	(309,330)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
<b>Net book amount</b>	<b>223,356</b>	<b>3,375</b>	<b>95,135</b>	<b>6,671</b>	<b>2,710</b>	<b>37,912</b>	<b>3,788</b>	<b>372,947</b>
<b>Year ended 31 December 2025</b>								
Opening net book amount	223,356	3,375	95,135	6,671	2,710	37,912	3,788	372,947
Currency translation differences	(887)	(30)	(455)	(9)	(38)	(259)	(1)	(1,679)
Additions	503	6,023	3,279	960	355	22,309	1,962	35,391
Transfers upon completion	40,737	—	5,686	4,012	818	(51,253)	—	—
Disposals	(56)	—	(625)	(91)	(44)	—	—	(816)
Depreciation charge (Note 8)	(18,070)	(1,647)	(21,117)	(1,497)	(1,024)	—	(351)	(43,706)
<b>Closing net book amount</b>	<b>245,583</b>	<b>7,721</b>	<b>81,903</b>	<b>10,046</b>	<b>2,777</b>	<b>8,709</b>	<b>5,398</b>	<b>362,137</b>
<b>At 31 December 2025</b>								
Cost	383,173	11,911	257,071	31,768	12,525	8,709	6,233	711,390
Accumulated depreciation	(136,496)	(4,190)	(173,281)	(21,722)	(9,748)	—	(835)	(346,272)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
<b>Net book amount</b>	<b>245,583</b>	<b>7,721</b>	<b>81,903</b>	<b>10,046</b>	<b>2,777</b>	<b>8,709</b>	<b>5,398</b>	<b>362,137</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Right-of-use assets	Production machineries	Factory devices and equipment	Vehicles, office furniture and fixtures	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2024</b>								
Cost	338,781	9,222	247,946	25,966	11,633	13,362	1,174	648,084
Accumulated depreciation	(102,186)	(6,717)	(132,803)	(19,685)	(8,450)	—	(411)	(270,252)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
<b>Net book amount</b>	<b>235,501</b>	<b>2,505</b>	<b>113,256</b>	<b>6,281</b>	<b>3,183</b>	<b>13,362</b>	<b>763</b>	<b>374,851</b>
<b>Year ended 31 December 2024</b>								
Opening net book amount	235,501	2,505	113,256	6,281	3,183	13,362	763	374,851
Currency translation differences	(168)	25	(104)	(3)	(13)	(116)	(26)	(405)
Additions	248	2,956	3,249	1,111	420	32,143	3,247	43,374
Transfers upon completion	5,157	—	1,596	724	—	(7,477)	—	—
Disposals	—	(374)	(188)	(15)	(10)	—	—	(587)
Depreciation charge (Note 8)	(17,382)	(1,737)	(22,674)	(1,427)	(870)	—	(196)	(44,286)
<b>Closing net book amount</b>	<b>223,356</b>	<b>3,375</b>	<b>95,135</b>	<b>6,671</b>	<b>2,710</b>	<b>37,912</b>	<b>3,788</b>	<b>372,947</b>
<b>At 31 December 2024</b>								
Cost	344,051	7,540	251,992	27,658	11,810	37,912	4,295	685,258
Accumulated depreciation	(119,601)	(4,165)	(154,970)	(20,987)	(9,100)	—	(507)	(309,330)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
<b>Net book amount</b>	<b>223,356</b>	<b>3,375</b>	<b>95,135</b>	<b>6,671</b>	<b>2,710</b>	<b>37,912</b>	<b>3,788</b>	<b>372,947</b>

- (i) As at 31 December 2025, property, plant and equipment of the Group with a total net book value of RMB 53,317,000 (2024: RMB 58,307,000), were pledged as security for borrowings of the Group (note 27(a)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 15 PROPERTY, PLANT AND EQUIPMENT (Continued)

- (ii) During the year, the amount of depreciation expense charged to cost of sales, selling and distribution expenses and administrative expenses was as follows:

	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment (including right-of-use assets)		
– Cost of sales	<b>36,577</b>	37,231
– Selling and distribution expenses	<b>21</b>	9
– Administrative expenses	<b>7,108</b>	7,046
	<b>43,706</b>	44,286

- (iii) During the year ended 31 December 2025, the Group capitalised interest on borrowings amounting to approximately RMB 434,000 (2024: RMB 979,000) on qualifying assets (note 10). Borrowing costs were capitalised at the weighted average rate of 4.08% (2024: 4.61%) per annum for the year ended 31 December 2025.
- (iv) All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

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### 15 PROPERTY, PLANT AND EQUIPMENT (Continued)

- (v) Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Production machineries	10 years
Factory devices and equipment	3-5 years
Vehicles, office furniture and fixtures	5 years
Leasehold improvements	Shorter of estimated useful lives and remaining lease terms

The right-of-use assets (note 36.18), other than land use rights are presented under property, plant and equipment. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 36.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction-in-progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction, borrowing costs incurred during the construction period and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for operational use.

General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 16 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks and licences RMB'000	Patents RMB'000	Relationship with customers RMB'000	Discharge rights RMB'000	Technology RMB'000	Total RMB'000
<b>At 1 January 2025</b>							
Cost	47,655	2,461	12,345	12,841	14,981	16,087	106,370
Accumulated amortisation	—	(1,720)	(8,675)	(9,918)	(14,981)	(3,933)	(39,227)
<b>Net book amount</b>	<b>47,655</b>	<b>741</b>	<b>3,670</b>	<b>2,923</b>	<b>—</b>	<b>12,154</b>	<b>67,143</b>
<b>Year ended 31 December 2024</b>							
Opening net book amount	47,655	741	3,670	2,923	—	12,154	67,143
Currency translation differences	(595)	—	—	—	—	(298)	(893)
Additions	—	5	16	—	21	—	42
Amortisation charge (note 8)	—	(146)	(356)	(1,002)	(2)	(1,046)	(2,552)
<b>Closing net book amount</b>	<b>47,060</b>	<b>600</b>	<b>3,330</b>	<b>1,921</b>	<b>19</b>	<b>10,810</b>	<b>63,740</b>
<b>At 31 December 2025</b>							
Cost	47,060	2,459	12,361	12,841	15,002	15,692	105,415
Accumulated amortisation	—	(1,859)	(9,031)	(10,920)	(14,983)	(4,882)	(41,675)
<b>Net book amount</b>	<b>47,060</b>	<b>600</b>	<b>3,330</b>	<b>1,921</b>	<b>19</b>	<b>10,810</b>	<b>63,740</b>
<b>At 1 January 2024</b>							
Cost	47,138	2,445	10,288	12,841	14,981	15,743	103,436
Accumulated amortisation	—	(1,548)	(8,424)	(8,916)	(14,981)	(2,677)	(36,546)
<b>Net book amount</b>	<b>47,138</b>	<b>897</b>	<b>1,864</b>	<b>3,925</b>	<b>—</b>	<b>13,066</b>	<b>66,890</b>
<b>Year ended 31 December 2024</b>							
Opening net book amount	47,138	897	1,864	3,925	—	13,066	66,890
Currency translation differences	517	—	—	—	—	145	662
Additions	—	16	2,057	—	—	—	2,073
Amortisation charge (note 8)	—	(172)	(251)	(1,002)	—	(1,057)	(2,482)
<b>Closing net book amount</b>	<b>47,655</b>	<b>741</b>	<b>3,670</b>	<b>2,923</b>	<b>—</b>	<b>12,154</b>	<b>67,143</b>
<b>At 31 December 2024</b>							
Cost	47,655	2,461	12,345	12,841	14,981	16,087	106,370
Accumulated amortisation	—	(1,720)	(8,675)	(9,918)	(14,981)	(3,933)	(39,227)
<b>Net book amount</b>	<b>47,655</b>	<b>741</b>	<b>3,670</b>	<b>2,923</b>	<b>—</b>	<b>12,154</b>	<b>67,143</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 16 INTANGIBLE ASSETS (Continued)

- (i) During the year ended 31 December 2025, the amounts of amortisation expenses charged to cost of sales and administrative expenses were as follows:

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets		
– Administrative expenses	2,543	2,482
– Selling expenses	6	—
– Cost of sales	3	—
	<b>2,552</b>	2,482

(ii) **Impairment test for goodwill**

Goodwill was derived from the acquisition of Lvqi (Fujian) in the PRC in November 2012 and PT Hongxin Algae International (“PT Hongxin”) in Indonesia in April 2021. The Company has performed an impairment review of the carrying amount of goodwill as at 31 December 2025 and concluded that no provision for impairment of goodwill is required. Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

During the year ended 31 December 2025, given the high degree of resource sharing and unified operational decision-making across the businesses, with cash flows being indivisible, the Group consolidated several previously separate small CGUs into a single CGU to enhance synergies and optimise resource allocation. This change is effective from 2025, and the basis for impairment testing has been adjusted accordingly.

The recoverable amount of the CGU is determined based on value-in-use calculations. The calculation of recoverable amount of the CGU uses cash flow projections based on the financial estimates made by the Company, with reference to the prevailing market conditions, covering a period of five years and based on the following key assumptions.

	2025	2024
Revenue annual growth rate		
– average of the forecast period	<b>11.0%</b>	2.3%~11.76%
Average gross profit margins	<b>23.2%</b>	18.50%~26.2%
Annual average capex expenditure (RMB'M)	<b>7.5</b>	0.2~2.1
Long term annual growth rate	<b>2.0%</b>	2.0%
Pre-tax discount rate	<b>14.6%</b>	14.3%~24.0%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 17 PREPAYMENTS FOR NON-CURRENT ASSETS

The Group made prepayments for purchase of land use rights, property, plant and equipment and intangible assets. The prepayments will be transferred to the relevant assets when the relevant title documents are obtained or when the assets are in use, whichever is the earlier.

### 18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2025 RMB'000	2024 RMB'000
(i) Financial assets at amortised cost		
Trade and other receivables (excluding prepayments, deductible value-added tax and export tax rebate receivable)(note 20)	<b>140,962</b>	126,873
Cash and bank balances (note 21)	<b>108,351</b>	141,436
	<b>249,313</b>	268,309
(ii) Financial liabilities at amortised cost		
Bank borrowings (note 27(a))	<b>566,641</b>	544,592
Trade and other payables (excluding non-financial liabilities)(note 26)	<b>147,195</b>	109,988
Lease liabilities (note 27(c))	<b>7,847</b>	3,534
	<b>721,683</b>	658,114

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 19 INVENTORIES

	2024			2025
	RMB'000			RMB'000
Raw materials	146,079			<b>177,134</b>
Finished goods	635,197			<b>674,465</b>
	781,276			<b>851,599</b>
Less: provision for impairment of inventories		Net provision	Transfer out due to sales of inventories	
	(33,563)	(11,086)	31,386	<b>(13,263)</b>
	747,713			<b>838,336</b>

During the year ended 31 December 2025, the cost of inventories recognised as expense and included in 'cost of sales', 'selling and distribution expenses' and 'administrative expenses' amounted to RMB 594,241,000 (2024: RMB 620,365,000).

The provision for impairment of inventories to net realisable value recognised as expenses and included in cost of sales amounted to RMB 11,086,000 (2024: RMB 23,007,000) for the year ended 31 December 2025.

#### Accounting policies of inventories

The costs of individual items of inventories are determined using weighted average costs at the end of the month. Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of output value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The estimation of impairment provision for inventories involves significant management judgment based on the consideration of key factors such as future sales projection, current year sales, and the latest selling price. Management reassesses these estimates of impairment provision for inventories at each balance sheet date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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## 20 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	<b>125,198</b>	114,636
Loss: allowance provision	<b>(3,170)</b>	(1,883)
	<b>122,028</b>	112,753
Prepayments for purchases of raw materials	<b>10,010</b>	12,095
Export tax rebate receivables and deductible value-added tax	<b>15,810</b>	10,568
Other receivables	<b>18,934</b>	14,120
	<b>44,754</b>	36,783
Total	<b>166,782</b>	149,536

## (i) Ageing analysis of trade receivables

The ageing analysis of the trade receivables based on invoice date was as follows:

	2025 RMB'000	2024 RMB'000
Up to 30 days	<b>61,477</b>	60,328
31 to 90 days	<b>32,019</b>	33,554
91 to 180 days	<b>16,302</b>	4,502
181 to 365 days	<b>632</b>	14,268
Over one year	<b>14,768</b>	1,984
	<b>125,198</b>	114,636

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 20 TRADE AND OTHER RECEIVABLES (Continued)

#### (ii) Impairment of trade receivables

For trade receivables, the Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before balance sheet date and the corresponding historical credit losses experienced within this period.

The loss allowance provision of trade receivables as at 31 December 2025 is as follows:

	Within 3 months RMB'000	4-6 months RMB'000	7-9 months RMB'000	10-12 months RMB'000	Over 1 year RMB'000	Over 2 years RMB'000	Total RMB'000
<b>At 31 December 2025</b>							
Expected loss rate	0.13%	1.15%	6.06%	10.60%	16.30%	100.00%	—
Gross carrying amount	93,496	16,302	264	368	14,292	476	125,198
Loss allowance provision	122	187	16	39	2,330	476	3,170
Individually impaired receivables							—
Total allowance							3,170
<b>At 31 December 2024</b>							
Expected loss rate	0.17%	1.47%	6.39%	10.79%	16.56%	100.00%	—
Gross carrying amount	93,882	4,502	13,888	380	1,504	480	114,636
Loss allowance provision	160	66	887	41	249	480	1,883
Individually impaired receivables							—
Total allowance							1,883

Impairment losses are recognised in profit or loss within net impairment losses on financial assets. Receivables for which an impairment allowance recognised are written off against the allowance when there is no reasonable expectation of recovering additional cash. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of more than 24 months.

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(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 20 TRADE AND OTHER RECEIVABLES (Continued)

#### (ii) Impairment of trade receivables (Continued)

As at 31 December 2025, the loss allowance provision for trade receivables are reconciled to the opening loss allowance for that provision as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	1,883	894
Loss allowance recognised in profit or loss during the year	1,299	989
Currency translation differences	(12)	—
At 31 December	3,170	1,883

#### (iii) Impairment of other financial assets at amortised cost

Other financial assets at amortised cost include other receivables.

All of these financial assets are considered to have a low risk of default and each of the counterparties has a strong capacity to meet its contractual cash flow obligations in the near term, hence the Group considered them to have low credit risk, and thus the impairment provision recognised is limited to 12 months expected losses.

The Group has assessed that the expected credit losses for these financial assets are not material under the 12 months expected losses method. Thus, no loss allowance provision was recognised during the year (2024: nil). The Group does not hold any collateral in relation to these other receivables.

#### (iv) Fair values of trade and other receivables

The carrying amounts of the Group's trade and other receivables approximated their fair values as at the balance sheet date due to their short term nature.

The carrying amounts of the Group's trade and other receivables (including prepayments) are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
USD	50,320	49,472
RMB	114,361	97,274
HK\$	546	463
Other currencies	1,555	2,327
	166,782	149,536

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### 21 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents		
– Cash on hand	188	180
– Cash in banks	88,447	120,554
	<b>88,635</b>	120,734
Restricted cash - cash in banks	19,716	20,702
Total of cash and bank balances	<b>108,351</b>	141,436

The restricted cash are deposits held at bank pledged for issue of letter of credit and notes payable of the Group.

The cash and cash equivalents are denominated in the following currencies. The restricted cash are denominated in RMB.

	2025 RMB'000	2024 RMB'000
RMB	57,940	94,283
USD	47,590	43,262
HK\$	1,808	3,603
EUR	396	78
Indonesian Rupiahs("IDR")	617	210
	<b>108,351</b>	141,436

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 22 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
<b>Authorised:</b>		
At 1 January 2024 till 31 December 2025	50,000,000,000	HK\$ 500,000
	Number of shares	Share capital RMB'000
<b>Issued:</b>		
At 1 January 2024	829,688,000	7,485
Shares issued upon exercise of share options (i)	4,432,000	41
Shares issued to subscriber (ii)	40,000,000	366
At 31 December 2024	874,120,000	7,892
At 31 December 2025	874,120,000	7,892

**Authorised share capital**

The authorised share capital of the Company is HK\$ 500,000,000 divided into 50,000,000,000 shares of HK\$ 0.01 par value.

**Issued share capital**

- (i) On 20 June 2024, the Company issued a total of 4,432,000 ordinary shares of HK\$ 0.01 par value at HK\$ 0.01 each to three employees of the Group upon exercise of share options granted pursuant to the pre-IPO share options scheme (Note 23(a)).
- (ii) On 20 August 2024, the Company issued a total of 40,000,000 ordinary shares of HK\$ 0.01 par value at HK\$ 0.81 each to the subscriber "Power Partner Capital Limited". The total consideration received is HK\$ 32,400,000 (approximately RMB 29,678,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 23 EQUITY-SETTLED SHARE-BASED PAYMENT

The share-based compensation expenses charged to the consolidated statement of profit or loss during the year ended 31 December 2025 are as follows:

	2025 RMB'000	2024 RMB'000
Share option scheme (a)	—	571
Share award scheme (b)	<b>1,665</b>	3,016
Share award scheme (c)	<b>775</b>	1,172
	<b>2,440</b>	4,759

#### (a) Share option scheme

On 5 August 2018, the then sole director of the Company approved a pre-IPO share option scheme of the Company. On 9 August 2018, the Company granted pre-IPO share options to three employees, a former non-controlling shareholder of a subsidiary and a personal consultant to the directors of the Company. For the share options granted to the three employees, the vesting period is 5 years from the listing date. No vesting period was set for share options grant to the other two parties.

The total amounts of the fair value of the share options to the three employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss from 17 October 2019 to 16 October 2024. Those to the other two parties were expensed immediately and recorded in 'administrative expenses' in the consolidated statement of profit or loss in 2019.

Movements in the number of the options outstanding are as follows:

	2025	2024
As at 1 January	—	4,432,000
Exercised during the period	—	(4,432,000)
As at 31 December	—	—

There are no share options outstanding as at 31 December 2025 as the share option scheme has been fully exercised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

## 23 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

## (b) Share award scheme

On 10 July 2020, the Company's board of directors approved a share award scheme of the Company.

On 5 December 2022, the Company granted awarded shares to three employees, and the first vesting date is 1 April 2023, and the remaining vesting dates shall fall on the subsequent anniversary dates during the vesting period, and the total vesting period is 5 years.

The Company planned to use the shares held for the share award scheme to award the grantees of the awarded shares.

The total amounts of the fair value of the awarded shares to the three employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss. For the year ended 31 December 2025, the amounts of this awarded shares expensed in the consolidated statement of profit or loss is RMB 1,665,000 (2024: RMB 3,016,000)

Movements in the number of awarded shares outstanding are as follows:

	As at 31 December 2025	As at 31 December 2024
As at 1 January	2,580,000	3,440,000
Exercised during the period	(860,000)	(860,000)
	<b>1,720,000</b>	2,580,000

Awarded shares outstanding as at 31 December 2025 have the following vesting period and purchase prices:

	Date of grant	Number of awarded shares outstanding		Vesting period and maximum % of exercisable share options	Exercise period	Exercise price
		2025	2024			
Awarded shares granted to three employees	5 December 2022	<b>1,720,000</b>	2,580,000	20% each year starting from 1 April 2023	1 April 2023 to 1 April 2027. All unexercised awarded shares after the relevant exercise periods or upon resignation will subject to re-granting at management's discretions.	N/A-

As at 31 December 2025, the remaining unamortised fair value of awarded shares transferred to the three employees amounted to approximately RMB 925,000 which will be charged to the consolidated statement of profit or loss in the future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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### 23 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

#### (c) Share award scheme

On 21 May 2024, the Company's board of directors approved a share award scheme of the Company and granted awarded shares to five employees, and the first vesting date is 21 May 2024, and the remaining vesting dates shall fall on the subsequent anniversary dates during the vesting period, and the total vesting period is 5 years.

The Company planned to use "shares held for the share award scheme" to award the grantees of the awarded shares.

The total amounts of the fair value of the awarded shares to the five employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss. For the year ended 31 December 2025, the fair value arising from this share award scheme of RMB 775,000 (2024: RMB 1,172,000) was expensed in the consolidated statement of profit or loss.

Movements in the number of awarded shares outstanding are as follows:

	As at 31 December 2025	As at 31 December 2024
As at 1 January	3,040,000	-
Granted during the period	—	3,800,000
Exercised during the period	(760,000)	(760,000)
	<b>2,280,000</b>	3,040,000

Awarded shares outstanding as at 31 December 2025 have the following vesting period and purchase prices:

	Date of grant	Number of awarded shares outstanding		Vesting period and maximum % of awarded share	Exercise period	Exercise price
		2025	2024			
Awarded shares granted to five employees	21 May 2024	<b>2,280,000</b>	3,040,000	20% each year starting from 21 May 2024	21 May 2024 to 21 May 2029.	N/A- All unvested awarded shares after the relevant exercise periods or upon resignation will subject to re-granting at management's discretions.

As at 31 December 2025, the remaining unamortised fair value of awarded shares transferred to the five employees amounted to approximately RMB 640,000 which will be charged to the consolidated statement of profit or loss in the future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 24 OTHER RESERVES

	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Currency translation differences RMB'000	Total RMB'000
<b>At 1 January 2025</b>	<b>189,618</b>	<b>(35,963)</b>	<b>70,430</b>	<b>78,594</b>	<b>(17,627)</b>	<b>285,052</b>
Currency translation differences	—	—	—	—	297	297
Dividend paid (note 13)	(9,461)	—	—	—	—	(9,461)
Equity-settled share-based payment (note 23)	—	—	2,440	—	—	2,440
Shares exercised from Share Award Scheme	—	—	(1,426)	—	—	(1,426)
Profit appropriation to statutory reserves	—	—	—	741	—	741
<b>At 31 December 2025</b>	<b>180,157</b>	<b>(35,963)</b>	<b>71,444</b>	<b>79,335</b>	<b>(17,330)</b>	<b>277,643</b>
<b>At 1 January 2024</b>	160,306	(35,963)	65,671	75,576	(14,128)	251,462
Currency translation differences	—	—	—	—	(3,499)	(3,499)
New shares issued	29,312	—	—	—	—	29,312
Equity-settled share-based payment (note 23)	—	—	4,759	—	—	4,759
Profit appropriation to statutory reserves	—	—	—	3,018	—	3,018
<b>At 31 December 2024</b>	<b>189,618</b>	<b>(35,963)</b>	<b>70,430</b>	<b>78,594</b>	<b>(17,627)</b>	<b>285,052</b>

**Statutory reserves**

Pursuant to the Company Law of the PRC and the articles of association of PRC subsidiaries, the subsidiaries in the PRC are required to appropriate 10% of each year's net profit (after offsetting previous years' losses) to statutory surplus reserve until the fund aggregates to 50% of their respective registered capital; after the appropriation to statutory surplus reserve, the subsidiaries in the PRC can appropriate profit, subject to respective equity holders' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to equity holders. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the respective company. The entities in the PRC may transfer their respective statutory surplus reserves into paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

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### 25 SHARES HELD FOR THE SHARE AWARD SCHEME

	2025		2024	
	Number of shares	RMB'000	Number of shares	RMB'000
Shares held for the share award scheme	<b>10,530,000</b>	<b>8,412</b>	10,554,000	8,797

The movements are as follows:

	Number of shares	RMB'000
At 1 January 2025 and 31 December 2024	10,554,000	8,797
Buy-back of shares	1,596,000	1,041
Shares exercised (note 23)	(1,620,000)	(1,426)
At 31 December 2025	10,530,000	8,412

### 26 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	<b>132,612</b>	93,302
Contract liabilities - advance receipts from customers (note5(b))	<b>7,215</b>	7,500
Payables for property, plant and equipment	<b>4,496</b>	3,873
Employee benefit payables	<b>10,890</b>	8,094
Other taxes payable	<b>2,460</b>	3,660
Others	<b>10,087</b>	12,813
	<b>167,760</b>	129,242

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### 26 TRADE AND OTHER PAYABLES (Continued)

Trade payables are usually paid within 90 days of recognition. The ageing analysis of trade payables as at 31 December 2025 based on invoice date was follows:

	2025 RMB'000	2024 RMB'000
0-90 days	<b>88,212</b>	67,896
91-180 days	<b>19,271</b>	16,959
181-365 days	<b>25,129</b>	8,447
	<b>132,612</b>	93,302

The carrying amounts of the Group's trade and other payables approximated their fair values as at the balance sheet date due to their short term nature.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	<b>98,478</b>	83,224
USD	<b>59,755</b>	37,517
HK\$	<b>1,011</b>	765
IDR	<b>8,516</b>	7,736
	<b>167,760</b>	129,242

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### 27 BORROWINGS AND LEASE LIABILITIES

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings (a)						
– secured	<b>115,969</b>	<b>57,606</b>	<b>173,575</b>	94,769	74,975	169,744
– unsecured	<b>372,905</b>	<b>20,161</b>	<b>393,066</b>	365,828	9,020	374,848
	<b>488,874</b>	<b>77,767</b>	<b>566,641</b>	460,597	83,995	544,592
Loan from third party(b)						
– unsecured	—	<b>18,360</b>	<b>18,360</b>	—	17,000	17,000
Total borrowings	<b>488,874</b>	<b>96,127</b>	<b>585,001</b>	460,597	100,995	561,592
Lease liabilities (c)						
– unsecured	<b>1,818</b>	<b>6,029</b>	<b>7,847</b>	1,338	2,196	3,534
Total borrowings and lease liabilities	<b>490,692</b>	<b>102,156</b>	<b>592,848</b>	461,935	103,191	565,126
Total secured borrowings	<b>115,969</b>	<b>57,606</b>	<b>173,575</b>	94,769	74,975	169,744
Total unsecured borrowings	<b>374,723</b>	<b>44,550</b>	<b>419,273</b>	367,166	28,216	395,382
Total borrowings and lease liabilities	<b>490,692</b>	<b>102,156</b>	<b>592,848</b>	461,935	103,191	565,126

#### (a) Bank borrowings

The secured bank borrowings of the Group as at 31 December 2025 were secured by the pledge of the Group's land use rights and buildings as follows, and supported by guarantees from Mr. Chan Kam Chung, a director of the Company:

	2025 RMB'000	2024 RMB'000
Land use rights (note 14)	<b>28,072</b>	28,895
Buildings (note 15)	<b>53,317</b>	58,307
Total assets pledged as security	<b>81,389</b>	87,202

The unsecured bank borrowings of the Group were supported by guarantees from Mr. Chan Kam Chung and Mr. Guo Dongxu to the extent of RMB 70,290,000 (2024:RMB 89,670,000) and RMB 10,000,000 (2024: RMB 10,000,000), respectively, as at 31 December 2025.

For the year ended 31 December 2025, the weighted average effective interest rate on bank borrowings was 4.57% (2024: 5.22%) per annum.

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## 27 BORROWINGS AND LEASE LIABILITIES (Continued)

## (a) Bank borrowings (Continued)

In December 2025, the Group has obtained one-time waivers from the relevant banks in respect of a total debt amount of HK\$125.6 million, for the requirement to comply with certain financial covenants for the financial year ended 31 December 2025.

## (b) Loan from third party

The Group's long-term loan from third party, namely Zhangzhou City Longhai District Xinwan Industrial Investment Company Limited ("Longhai District Xinwan"), amounting to RMB 18,360,000 as at 31 December 2025, was arising from the first tranche capital injection of quadripartite investment agreement in relation to an incubation project of bio-degradable bio-polysaccharides membrane of Xiamen Blue Ocean Algae Membrane Technologies Co., Ltd. ("Xiamen Blue Ocean Algae", a subsidiary of the Company), entered into between Green Fresh (Fujian) Foodstuff Co., Ltd. ("Green Fresh", an indirect wholly-owned subsidiary of the Company), Longhai District Xinwan, and other independent non-controlling shareholders, pursuant to which Longhai District Xinwan agreed to inject up to RMB63,850,000 in Xiamen Blue Ocean Algae, for a fixed rate of return of 8.0% per annum.

## (c) Lease liabilities

	2025 RMB'000	2024 RMB'000
Minimum lease payments:		
Within one year	2,103	1,424
Later than 1 year and no later than 5 years	3,716	2,345
Over 5 years	3,171	—
	<b>8,990</b>	3,769
Future finance charges	<b>(1,143)</b>	(235)
Total lease liabilities	<b>7,847</b>	3,534
Payable:		
Within one year	1,818	1,338
Over one year	6,029	2,196
Total lease liabilities	<b>7,847</b>	3,534

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### 27 BORROWINGS AND LEASE LIABILITIES (Continued)

#### (d) Other disclosures

##### (i) Fair value

For majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

##### (ii) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 3.1.

##### (iii) Repayment periods

At 31 December 2025, the Group's borrowings and lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>490,692</b>	461,935
Between 1 and 2 years	<b>72,194</b>	29,592
Between 2 and 5 years	<b>27,030</b>	72,599
Over 5 years	<b>2,932</b>	1,000
	<b>592,848</b>	565,126

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## 27 BORROWINGS AND LEASE LIABILITIES (Continued)

## (d) Other disclosures (Continued)

## (iv) Denomination currency

The carrying amounts of the Group's bank borrowings and lease liabilities were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
USD	100,061	91,248
RMB	449,217	416,423
HK\$	43,570	57,455
	<b>592,848</b>	565,126

## (v) Undrawn borrowing facilities

The Group had the following undrawn borrowing facilities as at 31 December 2025:

	2025 RMB'000	2024 RMB'000
Bank borrowings, at floating rates		
– Expiring within one year	154,047	172,662
– Expiring beyond one year	17,943	13,482
	<b>171,990</b>	186,144

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### 28 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Deferred income on government grants	<b>16,695</b>	19,318

Government grants were received from the local government as subsidies to the Group's purchase of property, plant and equipment. They are amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

The movements of the above deferred income during the year were as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	<b>19,318</b>	19,332
Additions	—	3,036
Released to other income (note 6)	<b>(2,623)</b>	(3,050)
At 31 December	<b>16,695</b>	19,318

### 29 DEFERRED INCOME TAX

	2025 RMB'000	2024 RMB'000
Deferred income tax assets	<b>40,528</b>	36,669
Deferred income tax liabilities	<b>(3,359)</b>	(3,857)
Deferred income tax assets, net	<b>37,169</b>	32,812

The movement in deferred income tax assets and liabilities, net, is as follows:

	2025 RMB'000	2024 RMB'000
Opening balance at 1 January	<b>32,812</b>	43,602
Credit/(charged) to profit or loss	<b>4,275</b>	(10,740)
Currency translation differences	<b>82</b>	(50)
Closing balance at 31 December	<b>37,169</b>	32,812

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## 29 DEFERRED INCOME TAX (Continued)

## Deferred income tax assets

	Deferred income RMB'000	Unrealised profit RMB'000	Provision of loss allowance RMB'000	Provision of inventory and tax losses RMB'000	Accrued employee benefits RMB'000	Provision for property, plant and equipment RMB'000	Total RMB'000
At 1 January 2025	4,049	8,647	1,045	22,717	171	40	36,669
Credited/(charged) to the statement of profit or loss	(547)	1,394	548	2,561	(86)	(9)	3,861
Currency translation differences	—	(1)	—	—	—	(1)	(2)
At 31 December 2025	3,502	10,040	1,593	25,278	85	30	40,528
At 1 January 2024	3,962	7,029	952	35,606	217	50	47,816
Credited/(charged) to the statement of profit or loss	87	1,613	93	(12,889)	(46)	(9)	(11,151)
Currency translation differences	—	5	—	—	—	(1)	4
At 31 December 2024	4,049	8,647	1,045	22,717	171	40	36,669

## Deferred income tax liabilities

	Land use rights RMB'000	Property, plant and equipment RMB'000	Intangible Assets RMB'000	Total RMB'000
At 1 January 2025	(661)	(691)	(2,505)	(3,857)
Credited to the statement of profit or loss	2	49	363	414
Currency translation differences	14	14	56	84
At 31 December 2025	(645)	(628)	(2,086)	(3,359)
At 1 January 2024	(650)	(726)	(2,838)	(4,214)
Credited to the statement of profit or loss	2	44	365	411
Currency translation differences	(13)	(9)	(32)	(54)
At 31 December 2024	(661)	(691)	(2,505)	(3,857)

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### 30 CASH FLOW INFORMATION

#### (a) Cash generated from operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	<b>7,123</b>	80,873
Adjustments for		
– Amortisation of land use rights (note 14)	<b>1,145</b>	1,244
– Depreciation of property, plant and equipment (note 15)	<b>43,706</b>	44,286
– Amortisation of intangible assets (note 16)	<b>2,552</b>	2,482
– Provision of loss allowance (note 20)	<b>1,299</b>	989
– Equity-settled share-based payment expenses (note 23)	<b>2,440</b>	4,759
– Finance costs – net	<b>25,956</b>	29,278
– Amortisation of deferred income (note 6)	<b>(2,623)</b>	(3,050)
– Foreign exchange losses/(gains)	<b>1,052</b>	(725)
– Losses on disposal of property, plant and equipment and patents (note 7)	<b>383</b>	99
– Impairment losses on inventories (note 19)	<b>11,086</b>	23,007
Changes in working capital:		
– Restricted cash	<b>986</b>	(8,953)
– Inventories	<b>(101,709)</b>	14,278
– Trade and other receivables	<b>(18,545)</b>	(23,188)
– Trade and other payables	<b>38,197</b>	(29,202)
Cash generated from operations	<b>13,048</b>	136,177

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### 30 CASH FLOW INFORMATION (Continued)

#### (b) Total debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	2025 RMB'000	2024 RMB'000
<b>Net debt</b>		
Bank borrowings – repayable within one year	<b>488,874</b>	460,597
Borrowings – repayable after one year	<b>96,127</b>	100,995
Lease liabilities – repayable within one year	<b>1,818</b>	1,338
Lease liabilities – repayable after one year	<b>6,029</b>	2,196
Total debt	<b>592,848</b>	565,126
Cash and cash equivalents	<b>(88,635)</b>	(120,734)
Net debt	<b>504,213</b>	444,392
Gross debt – fixed interest rates	<b>159,152</b>	279,671
Gross debt – variable interest rates	<b>433,696</b>	285,455
Total debt	<b>592,848</b>	565,126
Cash and cash equivalents	<b>(88,635)</b>	(120,734)
Net debt	<b>504,213</b>	444,392

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### 30 CASH FLOW INFORMATION (Continued)

#### (b) Total debt reconciliation (Continued)

	Borrowings - Amount					Total RMB'000
	Bank borrowings due within 1 year RMB'000	Bank borrowings due after 1 year RMB'000	due to a third party due after 1 year RMB'000	Lease liabilities due within 1 year RMB'000	Lease liabilities due after 1 year RMB'000	
Total debt as at 1 January 2025	<b>460,597</b>	<b>83,995</b>	<b>17,000</b>	<b>1,338</b>	<b>2,196</b>	<b>565,126</b>
Cash flows - principal	<b>(15,252)</b>	<b>40,832</b>	<b>1,360</b>	<b>(1,929)</b>	—	<b>25,011</b>
Interest expense	<b>21,566</b>	<b>5,586</b>	—	—	—	<b>27,152</b>
Cash flows - Interest payments on borrowings	<b>(21,566)</b>	<b>(5,586)</b>	—	—	—	<b>(27,152)</b>
Foreign exchange adjustments	<b>(3,482)</b>	<b>(49)</b>	—	—	—	<b>(3,531)</b>
Other non-cash movements	<b>47,011</b>	<b>(47,011)</b>	—	<b>2,409</b>	<b>3,833</b>	<b>6,242</b>
Total debt as at 31 December 2025	<b>488,874</b>	<b>77,767</b>	<b>18,360</b>	<b>1,818</b>	<b>6,029</b>	<b>592,848</b>
Total debt as at 1 January 2024	531,965	67,154	—	1,144	1,706	601,969
Cash flows - principal	(113,832)	59,014	17,000	(1,634)	—	(39,452)
Interest expense	27,089	3,402	—	—	—	30,491
Cash flows - Interest payments	(27,089)	(3,402)	—	—	—	(30,491)
Foreign exchange adjustments	123	168	—	(151)	—	140
Other non-cash movements	42,341	(42,341)	—	1,979	490	2,469
Total debt as at 31 December 2024	460,597	83,995	17,000	1,338	2,196	565,126

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 31 COMMITMENTS

#### Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is set out below:

	2025 RMB'000	2024 RMB'000
Contracted but not recognised as liabilities:		
Property, plant and equipment	<b>5,870</b>	9,476

### 32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions.

Except for those disclosed elsewhere in the financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year, and significant balances arising from related party transactions as at the end of the reporting period.

#### (a) Transactions with related parties

Two directors provided personal guarantees for the Group's bank borrowings. Details are set out in note 27(a).

#### (b) Key management compensation

	2025 RMB'000	2024 RMB'000
Key management compensation		
Salaries and bonus	<b>8,498</b>	8,517
Other benefits	<b>250</b>	297
Share-based payment expenses	<b>907</b>	1,870
	<b>9,655</b>	10,684

Key management includes directors (executive and non-executive) of the Company, executive officers and the Company Secretary. The above were compensations paid or payable to key management for services provided to the Group.

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### 33 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of each director of the Company paid/payable by the Group for the year ended 31 December 2025 is set out as follows:

Name of directors	Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Other benefits RMB'000	Total RMB'000
<b>Year ended 31 December 2025</b>					
Chairman and Chief Executive Officer("CEO"):					
Mr. Chan Kam Chung	—	939	—	16	955
Executive directors:					
Mr. Chan Shui Yip	—	1,254	—	16	1,270
Mr. Guo Dongxu	—	887	—	37	924
Mr. She Xiaoying	—	145	—	—	145
Ms. Chen Yi (i)	—	349	—	183	532
	—	3,574	—	252	3,826
Non-executive directors:					
Mr. Hu Guohua	—	183	—	—	183
Mr. Ho Kwai Ching, Mark	—	183	—	—	183
Mr. Ng Man Kung	—	183	—	—	183
	—	549	—	—	549
<b>Year ended 31 December 2024</b>					
Chairman and CEO:					
Mr. Chan Kam Chung	—	912	—	16	928
Executive directors:					
Mr. Chan Shui Yip	—	917	—	16	933
Mr. Guo Dongxu	—	865	—	34	899
Mr. She Xiaoying	—	145	—	—	145
Ms. Chen Yi (i)	—	291	—	280	571
	—	3,130	—	346	3,476
Non-executive directors:					
Mr. Hu Guohua	—	183	—	—	183
Mr. Ho Kwai Ching, Mark	—	183	—	—	183
Mr. Ng Man Kung	—	183	—	—	183
	—	549	—	—	549

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**33 BENEFITS AND INTERESTS OF DIRECTORS** (Continued)

- (i) Ms. Chen Yi, executive director of the Group, was appointed on 7 June 2024. Benefits and interests of directors only included the paid/payable benefits and interests during her director appointment period.

Other than the remunerations disclosed above, there were no retirement benefits, termination benefits paid or payable to any director during the year or at any time during the year (2024: nil).

During the year, the Company provided no consideration to third parties for making available director's services (2024: nil).

There were no loans, quasi-loans and other dealings entered into between the Group and the directors and in favour of the directors as at 31 December 2025 or at any time during the year (2024: nil).

Except for those disclosed in note 32, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 December 2025 or at any time during the year (2024: nil).

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### 34 SUBSIDIARIES

The principal subsidiaries of the Group as at 31 December 2025 are as follows:

Company name	Principal country/place of operation and date of incorporation	Issued/registered capital	Effective interest held		Principal activities
			2025	2024	
<b>Directly held:</b>					
Green Source Limited 綠源有限公司	BVI, 20 July 2015	USD 1	<b>100%</b>	100%	Investment holding
Keen Field Limited 啟泰有限公司	BVI, 22 July 2015	USD 1	<b>100%</b>	100%	Investment holding
Wealth Creation Limited 恒宇有限公司	BVI, 22 July 2015	USD 1	<b>100%</b>	100%	Investment holding
Green Tactics Limited 綠韜有限公司	BVI, 17 August 2020	USD 10,000	<b>100%</b>	100%	Investment holding
<b>Indirectly held:</b>					
<b>Hong Kong incorporated:</b>					
Greenwich (China) Technology Development Limited 格林(中國)科技發展有限公司	Hong Kong, 3 September 2007	HK\$ 10,000	<b>100%</b>	100%	Investment holding and trading company
Green Fresh (H.K) International Co., Limited. 綠新(香港)國際有限公司	Hong Kong, 19 June 2013	HK\$ 10,000	<b>100%</b>	100%	Investment holding
Lubao Technology Development Limited 綠寶科技發展有限公司	Hong Kong, 11 August 2015	HK\$ 1	<b>100%</b>	100%	Investment holding
Hung Tai Shun International Trading Limited 鴻泰順國際貿易有限公司	Hong Kong, 16 September 2015	HK\$ 1	<b>82%</b>	82%	Investment holding
Green Brilliant Limited 綠晟有限公司	Hong Kong, 28 November 2019	HK\$ 10,000	<b>100%</b>	100%	Investment holding
Green Vision International Limited 綠泓國際有限公司	Hong Kong, 21 September 2020	HK\$ 10,000	<b>100%</b>	100%	Investment holding

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## 34 SUBSIDIARIES (Continued)

The principal subsidiaries of the Group as at 31 December 2025 are as follows (continued):

Company name	Principal country/place of operation and date of incorporation	Issued/registered capital	Effective interest held		Principal activities
			2025	2024	
<b>PRC incorporated:</b>					
Lvbao (Quanzhou) Biochemistry Company Ltd. 綠寶(泉州)生化有限公司(Note i)	PRC, 14 May 1999	HK\$ 26,880,000	100%	100%	Manufacturing and sales of carrageenan and blended products
Green Fresh (Fujian) Foodstuff Co., Ltd. 綠新(福建)食品有限公司(Note i)	PRC, 8 November 2007	USD 38,380,000	100%	100%	Manufacturing and sales of carrageenan, agar-agar and blended products
Fujian Province Lvqi Food Colloid Company Ltd. 福建省綠麒食品膠體有限公司(Note i)	PRC, 18 March 2009	RMB 50,000,000	100%	100%	Manufacturing and sales of agar-agar and blended products
Longhai City Donghaiwan Seaweed Breeding Comprehensive Development Company Limited 龍海市東海灣海藻養殖綜合開發有限公司(Note i)	PRC, 16 July 2012	RMB 10,000,000	100%	100%	Manufacturing and sales of seaweed
Shiyanhaiyi Konjac Products Company Ltd. 十堰海乙魔芋製品有限公司(Note i)	PRC, 7 September 2012	RMB 20,000,000	100%	100%	Manufacturing and sales of konjac products
Lvqi (Xiamen) Marine Biotechnology Company Ltd. 綠麒(廈門)海洋生物科技有限公司 (Note i)	PRC, 4 June 2013	RMB 5,000,000	100%	100%	Research and development center
Lvqi Biotechnology (Shanghai) Company Limited 綠麒生物科技(上海)有限公司(Note i)	PRC, 9 February 2018	RMB 10,000,000	100%	100%	Trading company

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 34 SUBSIDIARIES (Continued)

Company name	Principal country/place of operation and date of incorporation	Issued/registered capital	Effective interest held		Principal activities
			2025	2024	
<b>PRC incorporated: (Continued)</b>					
Xiamen Sanji Technology 廈門三冀科技有限公司(Note i)	PRC, 26 August 2021	RMB 10,000,000	<b>100%</b>	100%	Technical Research; manufacture and sales of specialized chemical products and bio-based materials
Blue Ocean Algae Membrane (Fujian) Biotechnology Co., Ltd. 藍海藻膜(福建)生物科技有限公司 (Note ii) (Note iii)	PRC, 10 July 2023	RMB 69,080,000	<b>46.68%</b>	47.15%	Research and manufacturing of biology material technology
Zhangzhou Haiying Algae Biotechnology Co., Ltd. 漳州海盈藻物生物科技有限公司 (Note ii)	PRC, 16 August 2024	RMB 10,000,000	<b>70%</b>	70%	Research and manufacturing of biology material technology
Blandaway (Xiamen) Biotechnology Co., Ltd. 百德美(廈門)生物科技有限公司 (Note i)	PRC, 24 January 2025	RMB 10,000,000	<b>100%</b>	—	Research and development center & trading company
<b>Indonesia incorporated:</b>					
PT Hongxin Algae International	Indonesia, 14 September 2012	IDR 45,172,000,000	<b>82.03%</b>	82.03%	Manufacture and sales of semi-refined Carrageenan Products
PT. Greenfresh Biotechnology Indonesia	Indonesia, 12 August 2016	USD 1,200,000	<b>100%</b>	100%	Investment holding

Notes:

- i. These subsidiaries are Hong Kong, Macao, and Taiwan legal entities owned enterprises established in the PRC and registered as limited liability companies under PRC law.
- ii. This subsidiary is Hong Kong, Macao, and Taiwan legal entities and domestic joint owned enterprises established in the PRC and registered as limited liability company under PRC law.
- iii. Certain portion of the accumulative losses attributable to the owner were offset against capital injected as requested under the investment agreement with the non-controlling shareholder.

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## 35 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY

## (a) Balance sheet of the Company

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries		132,452	133,917
<b>Current assets</b>			
Amounts due from subsidiaries		143,866	147,497
Other receivables		8,645	9,237
Cash and bank balances		509	801
		153,020	157,535
<b>Total assets</b>		<b>285,472</b>	291,452
<b>Equity</b>			
Share capital	22	7,892	7,892
Other reserves		253,790	266,488
Accumulated losses		(91,151)	(85,876)
<b>Total equity</b>		<b>170,531</b>	188,504
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings		—	4,781
<b>Current liabilities</b>			
Bank borrowings		4,637	14,148
Amounts due to subsidiaries		110,203	83,915
Other payables		101	104
		114,941	98,167
<b>Total liabilities</b>		<b>114,941</b>	102,948
<b>Total equity and liabilities</b>		<b>285,472</b>	291,452

The balance sheet of the Company was approved by the board of directors of the Company on 30 March 2026 and was signed on its behalf by:

CHAN Kam Chung  
Director

CHAN Shui Yip  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 35 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

#### (b) Reserve movements of the Company

	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Currency translation differences RMB'000	Total RMB'000	Accumulated losses RMB'000
<b>At 1 January 2025</b>	<b>86,707</b>	<b>102,912</b>	<b>73,348</b>	<b>3,521</b>	<b>266,488</b>	<b>(85,876)</b>
Currency translation differences	—	—	—	(4,251)	(4,251)	—
2025 dividend paid	(9,461)	—	—	—	(9,461)	—
Equity-settled share-based payment	—	—	2,440	—	2,440	—
Shares exercised from Share Award Scheme	—	—	(1,426)	—	(1,426)	—
Loss for the year	—	—	—	—	—	(5,275)
<b>At 31 December 2025</b>	<b>77,246</b>	<b>102,912</b>	<b>74,362</b>	<b>(730)</b>	<b>253,790</b>	<b>(91,151)</b>
<b>At 1 January 2024</b>	57,395	102,912	68,589	(21)	228,875	(77,271)
Currency translation differences	—	—	—	3,542	3,542	—
Investment from shares issued	29,312	—	—	—	29,312	—
Equity-settled share-based payment	—	—	4,759	—	4,759	—
Loss for the year	—	—	—	—	—	(8,605)
<b>At 31 December 2024</b>	<b>86,707</b>	<b>102,912</b>	<b>73,348</b>	<b>3,521</b>	<b>266,488</b>	<b>(85,876)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

#### 36.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for those business combinations under common control (note 36.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, comprehensive income and changes in equity, and consolidated balance sheet respectively.

#### 36.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

#### 36.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Impairment testing of the investments in subsidiaries is also required in accordance with note 36.7.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker assesses the financial performance and financial position of the Group and makes strategic decisions. The chief operating decision maker of non-common control Group consists of the executive directors, the chief executive officer, the chief financial officer and the manager for corporate planning.

#### 36.5 Foreign currency translation

##### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Majority of the subsidiaries of the Group are operating in the PRC and their functional currency is Renminbi (the "RMB"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

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### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.5 Foreign currency translation (Continued)

##### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

#### 36.6 Intangible assets

##### (i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

Impairment testing of goodwill is described in note 36.7.

##### (ii) Trademarks and licences, patents, relationship with customers and technology

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences, patents, relationship with customers and technology acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.6 Intangible assets (Continued)

##### (iii) Sea use rights

The Group acquired the rights to use certain sea area. The sea use rights are stated at historical cost less accumulated amortisation and are fully amortised before 1 January 2024.

##### (iv) Discharge rights

The Group acquired the rights to discharge pollutions within authorised amounts. The discharge rights are stated at historical cost less accumulated amortisation.

##### (v) Amortisation methods and periods

The Group amortises intangible assets with limited useful lives using the straight-line method over the following periods:

Trademarks and licences	3-10 years
Patents	10-20 years
Relationship with customers	15 years
Sea use rights	5 years
Discharge rights	5 years
Technology	15 years

##### (vi) Research and development expenditure

An intangible asset arising from development shall be recognised if, and only if, the Group can demonstrate all of the following:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (2) its intention to complete the intangible asset and use or sell it.
- (3) its ability to use or sell the intangible asset.
- (4) how the intangible asset will generate probable future economic benefits.
- (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (6) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Research expenditure and development expenditure that do not meet the criteria for capitalisation are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.7 Impairment of non-financial assets

Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### 36.8 Financial assets

##### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- b) those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The Company's and the Group's financial assets comprise of trade and other receivables, amounts due from subsidiaries, cash and bank balances and financial assets at fair value through profit or loss.

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.8 Financial assets (Continued)

##### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other (gains)/losses-net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (gains)/losses-net" and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other (gains)/losses-net" in the period in which it arises.

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FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.8 Financial assets (Continued)

##### (iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default or bankruptcy of the relevant company or the counterparty.

##### (v) *Impairment of financial assets*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impairment of trade receivables is described in note 20.

#### 36.9 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are generally due for settlement within 30 to 180 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 36.8 for a description of the Group's impairment policies.

#### 36.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

#### 36.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.12 Shares held for the share award scheme

Where any group company purchases the Company's equity instruments, for example as the result of the on-market purchase of share or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as shares held for the share award scheme until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

#### 36.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 36.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### 36.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.17 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 10 below. Any other interest income is included in other income.

#### 36.18 Leases

The Group leases various land, properties, equipment and vehicles. Rental contracts for properties, equipment and vehicles are typically made for fixed periods of 1 to 10 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

### 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

#### 36.18 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Extension and termination options are included in a number of property leases across the Group. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

The right-of-use assets are presented under land use rights in note 14 and property, plant and equipment in note 15. The lease liabilities are presented separately on the consolidated balance sheet.

#### 36.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

#### 36.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

## FIVE YEARS FINANCIAL SUMMARY

### FIVE YEARS FINANCIAL SUMMARY

RMB Million

	2025	2024	2023	2022	2021
Revenue	<b>904.7</b>	989.3	1174.0	1410.9	965.6
Gross Profit	<b>167.2</b>	222.5	37.6	384.1	224.5
Profit/(Loss) For The Year	<b>5.4</b>	60.9	(85.4)	199.9	86.3
Profit/(Loss) Attributable To Owners of the Company	<b>6.6</b>	62.2	(85.3)	199.2	86.3
Diluted Earnings/(Loss) Per Share (RMB)	<b>0.008</b>	0.074	(0.103)	0.240	0.102

RMB Million

	2025	2024	2023	2022	2021
(As at 31 December)					
Total Assets	<b>1632.3</b>	1572.2	1543.6	1691.0	1389.6
Total Liabilities	<b>785.2</b>	722.1	789.5	838.8	684.9
Net Assets	<b>847.1</b>	850.1	754.1	852.2	704.7

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. CHAN Kam Chung  
*(Chairman and Chief Executive Officer)*  
Mr. GUO Dongxu *(Vice Chairman and Vice President)*  
Mr. CHAN Shui Yip *(Vice Chairman and Vice President)*  
Mr. SHE Xiaoying  
Ms. CHEN Yi

#### Independent non-executive Directors

Mr. HO Kwai Ching, Mark  
Mr. NG Man Kung  
Mr. HU Guohua

### COMPANY SECRETARY

Mr. SO Chi Man

### AUTHORISED REPRESENTATIVES

Mr. CHAN Kam Chung  
Mr. SO Chi Man

### AUDIT COMMITTEE

Mr. HO Kwai Ching, Mark *(Chairman)*  
Mr. NG Man Kung  
Mr. HU Guohua

### REMUNERATION COMMITTEE

Mr. NG Man Kung *(Chairman)*  
Mr. HO Kwai Ching, Mark  
Mr. CHAN Kam Chung

### NOMINATION COMMITTEE

Mr. CHAN Kam Chung *(Chairman)*  
Ms. CHEN Yi  
Mr. HO Kwai Ching, Mark  
Mr. NG Man Kung  
Mr. HU Guohua

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F Prince's Building  
Central  
Hong Kong

### LEGAL ADVISER

LCH Lawyers LLP

### PRINCIPAL BANKERS

In Hong Kong  
Bank of China (Hong Kong) Limited  
29-31 Lee Chung Street  
Chai Wan  
Hong Kong

In the PRC  
Industrial Bank Co., Ltd.  
Block 3, Jiaxin Garden  
Zi Guang Road  
Shima Town  
Longhai City  
Zhangzhou  
Fujian Province  
China

## CORPORATE INFORMATION

### REGISTERED OFFICE

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Grand Cayman  
KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 16th Floor  
169 Electric Road  
North Point  
Hong Kong

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

Anshan Industrial Park  
Zini Town  
Longhai, Zhangzhou City  
Fujian Province  
PRC

### PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

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Shops 1712-1716, 17th Floor  
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Wanchai  
Hong Kong

### COMPANY'S WEBSITE

<http://www.greenfreshfood.com>

### STOCK CODE

01084