



China Boton Group Company Limited 中國波頓集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3318)



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I. ABOUT THIS REPORT

This is the Environmental, Social and Governance Report (the “ESG Report”) of China Boton Group Company Limited (the “Company”), together with its subsidiaries (collectively, the “Group”), for the period from 1 January 2025 to 31 December 2025 (the “Reporting Period” or “Year 2025”).

BASIS OF PREPARATION

The ESG Report presents the policies, the management systems, the performance and plans of the major business segments of the Group related to the material environmental and social issues. It is prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Code (the “ESG Code”) under Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The corporate governance is disclosed separately in the Corporate Governance Report which is set out in the annual report of the Company for the year ended 31 December 2025 published on 17 April 2026.

The contents of the ESG Report are determined in accordance with a set of systematic procedures, which include identifying and prioritizing various stakeholders, determining and prioritizing the materiality and key issues relating to environmental and social issues, defining the reporting scope and boundary, collecting relevant materials, compiling data based on the required information, and analyzing the relevant information. On this basis, the Company has made quantifiable disclosures on the key performance metrics, analysis and comparison of data, together with comprehensive reporting on ESG performance.

In Year 2025, the Group enhanced its climate-related disclosures including the assessment of climate risks and opportunities. These practices not only meet the new disclosure requirements under the ESG Code but also strengthen its climate resilience and better address climate change. We are dedicated to further enhancing our assessment to drive positive improvement.

The information in the ESG Report was gathered through the collection of internal policies of different subsidiaries of the Group, the historic data of the ESG practices in the Group, the feedback from various stakeholder groups via online surveys and data analysis according to the numeric information submitted by different subsidiaries of the Group. All information is prepared and published based on existing policies, practices and official documents in an accurate, genuine and transparent manner based on the reporting principles of “materiality”, “quantitative”, “balance”, and “consistency”.

This report is available on the website of the Company (<https://www.boton.com.hk>) and the news website of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>).



II. REPORTING BOUNDARY & BOARD RESPONSIBILITY

ABOUT THE GROUP

The Group is principally engaged in the manufacturing and selling of extracts, flavors and fragrances. It is also engaged in design and manufacturing high-quality electronic cigarettes and related products as well. There are five business segments in the Group, namely: Tobacco Flavors Segment (previously known as “Flavor Enhancers Segment”), Food Flavors Segment, Fine Fragrances Segment, e-Cigarette Products Segment and Investment Properties Segment. Among which, Tobacco Flavors Segment, Food Flavors Segment, Fine Fragrances Segment and e-Cigarette Products Segment are the major business segments. All major business segments have its own production lines and production plants in the People’s Republic of China (the “PRC”). In addition, the Food Flavors Segment and the Fine Fragrances Segment operate a production plant in Indonesia.

BOUNDARY SETTING

The Board of Directors of the Company (the “Board”) has set a clear reporting boundary. The ESG Report covers the Shenzhen (“SZ”) Headquarters, Hong Kong (“HK”) Office and the four major operations of the Group in the annual report of the Company for the financial year ended 31 December 2025, which include Tobacco Flavors Segment, Food Flavors Segment, Fine Fragrances Segment and e-Cigarette Products Segment in the PRC and Indonesia. Since the products of Food Flavors Segment and Fine Fragrances Segment are both produced by the production plant in Dongguan, the PRC, the environmental data and Key Performance Indicators (“KPIs”) of these two segments would be presented collectively.

BOARD RESPONSIBILITY

The Board has overall responsibility for overseeing the Group’s ESG related strategies, policies and reporting and monitors the ongoing compliance and continuous improvement of the operations of the major business segments of the Group pursuant to the ESG Code and related provisions issued by the Stock Exchange. The Board of the Company shall review the environmental and social issues of the Group periodically.

The Company has a sustainability policy and has also an ESG working committee (the “Working Committee”). The Working Committee consists of the department heads, staff members of finance department and company secretarial department of Hong Kong Office, the director of the financial centre of Shenzhen Headquarters (深圳總部財務中心總監) and all finance managers and the related senior staff members of all major subsidiaries of each business segment. Under the supervision of the Board, the Working Committee shall work with the management of each business segment to develop, implement and regularly review the effectiveness of the Group’s ESG-related management systems and goals from top down to different levels of the Group. The Working Committee shall report to the Board on, among others, material ESG issues, relevant risks (including climate-related risks and opportunities) identified and achievements in the ESG area.





III. STAKEHOLDER ENGAGEMENT

Since the opinions and expectations of all stakeholders are very important to us, the Group has identified its key stakeholders and is committed to engaging with them through various channels, in order to address their concerns and enhance corporate management efficiencies. The Group’s stakeholders consist of both external and internal individuals or corporations, including government and regulatory bodies, shareholders, business partners, customers, suppliers, employees, media, the public and the community. The Group would communicate with various stakeholders periodically in order to understand their concern and expectations. The communication channels with all stakeholders include face-to-face meetings, telephone calls, questionnaire surveys and on-site visits. The following table summarizes various types of stakeholders, their expectations and communication channels.

Stakeholders	Expectations	Communication Channels
Customers	<ul style="list-style-type: none"> • Products and service quality • Protection of consumers’ interest • Production quality assurance • Customer satisfaction 	<ul style="list-style-type: none"> • Customer satisfaction surveys • Face-to-face meetings and on-site visits • Customer service hotline and emails • Online questionnaires
Investors and shareholders	<ul style="list-style-type: none"> • Investment return • Timely and transparent disclosures • Corporate governance • Law and regulation compliance 	<ul style="list-style-type: none"> • Regular reports • Announcements • Annual general meetings • Official website
Business partners	<ul style="list-style-type: none"> • Achievement of sound industrial development • Win-win partnership 	<ul style="list-style-type: none"> • Regular meetings • Industry exchange and promotion activities
Suppliers	<ul style="list-style-type: none"> • Fair and open procurement • Win-win upstream and downstream cooperation • Protection of intellectual property rights 	<ul style="list-style-type: none"> • Open tenders • Suppliers’ satisfaction assessments • Teleconferences or physical meetings and on-site visits • Online questionnaires
Government and regulatory authorities	<ul style="list-style-type: none"> • Law and regulation compliance • Anti-corruption policies • Occupational health and safety 	<ul style="list-style-type: none"> • Supervision on compliance with local laws and regulations • Workshops • Routine Frequently Asked Questions (“FAQ”)
Employees	<ul style="list-style-type: none"> • Reasonable remuneration and benefits • Staff training, development and promotion • Staff welfare • Health and safety in the workplace 	<ul style="list-style-type: none"> • Performance appraisal • Regular meetings and training courses • Written comments via emails, notice • Spirit activities with management • Online questionnaires
Media	<ul style="list-style-type: none"> • Positive interaction with media • Information transparency 	<ul style="list-style-type: none"> • Responses to enquiries • Face-to-face interviews
Community and general public	<ul style="list-style-type: none"> • Support for community charity • Promote healthy culture • Involvement in communities • Employment opportunities • Conformance to business ethics • Awareness of environmental protection 	<ul style="list-style-type: none"> • Responses to enquiries • Face-to-face interviews • Volunteer services and public charity campaigns • Online questionnaires • Email address on the official website





III. STAKEHOLDER ENGAGEMENT (CONTINUED)

STAKEHOLDERS' FEEDBACK

We highly appreciate and welcome feedback from our stakeholders on the ESG Report so that we may meet their concerns and expectations more accurately in our next report. The stakeholders may contact us via their usual communication channels or forward any opinion to us by ordinary mail addressed to Flat A-B, 37/F., Boton Technology Innovation Tower, 368 Kwun Tong Road, Kowloon, Hong Kong.





IV. MATERIALITY ASSESSMENT

Since the risks and concerns relating to environmental and social issues are different among various stakeholders, it is necessary to determine the priorities of those environmental and social issues. During the Reporting Period, the Group examined a list of stakeholder groups and identified the stakeholders who had been ascertained to or were likely to be impacted by the Group's business decisions and activities or vice versa. The Group then invited the representatives of those stakeholder groups to participate in an online survey of the ESG issues of the Group. During the Reporting Period, the Group consolidated similar issues from original 32 items down to 28 items to streamline the assessment process. These 28 issues were subsequently prioritized based on the survey results and the materiality topics recommended by the Sustainability Accounting Standards Board ("SASB"). Of the 28 items, 10 issues are identified as having highest materiality.

Issues of highest materiality		
3	Solid waste treatment	
4	Energy conservation	
8	Climate-related risks	
10	Occupational health and safety	
17	Health and safety relating to products/services	
18	Customers satisfaction	
20	Observing and protecting intellectual property rights	
23	Product design & expiry date	
26	Compliance with all relevant laws and regulation	
28	Risk management	
Issues of moderate materiality		
1	Air and greenhouse gas ("GHG") emissions	
2	Sewage treatment	
5	Water conservation	
6	Use of packaging materials	
9	Employee salary and benefits	
11	Employee development and training	
13	Smooth communication and sound relationship with suppliers	
14	Environmental and social risks of the suppliers	
16	Environmentally friendly products	
19	Marketing and promotion	
21	Product quality assurance and recall percentage	
22	Protection of information and privacy	
24	Anti-corruption policies, training and whistle-blowing procedures	
Issues of relatively low materiality		
7	Mitigation measures to protect environment and natural resources	
12	Preventing child and forced labor	
15	Procurement practices	
25	Community investment and engagement	
27	Relationship with local government and regulators	

Remarks:

Green color – Environmental issues

Blue color – Employment/Labor Practice

Purple color – Operation issues

Brown color – Community issues

Black color – Others



V. ENVIRONMENTAL SUSTAINABILITY

A green economy includes low carbon, resource efficient and socially inclusive elements. Green economic growth is driven by economic activities and infrastructure that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystems. Implementation of the 2030 Agenda for Sustainable Development of the United Nations is the most important green task and challenge globally. China has admitted this global challenge and introduced a vision of ecological civilization. It made explicit national goals and develop strategies and domestic policies to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. Sustainability is also a part of the Belt and Road Initiative and an explicit objective of the Made in China 2025 industrial policy. Organizations are more aware of the climate change and environmental risk issues imposed on their businesses and more companies will make decisions based on the ESG risks exposed to them.

The Group also admits the importance of green economy and maintaining environmental sustainability in its daily operations and aims at operating its business activities in compliance with all applicable national and regional rules and regulations from time to time. In 2020, the Group had adopted a sustainability policy to include responsible consumption of energy and natural resources, minimization of waste and pollution, green and safe working environment, etc. All the existing policies and procedures formed by the Group on emissions and wastes treatment are in full compliance of all applicable national and regional environment protection rules and regulations. The Board would review the ESG issues periodically and set up a general target to control the emission and resources consumption of the Group with not more than 10% annual increment strategically. Since the four business segments are facing different challenges, severe industrial competition and volatile market trends, the target would be reviewed and adjusted subject to different business segments when required.

Since the climate change risks are caused by the increasing severity of global warming effects, indirect GHG emission is a significant factor. The Group is committed to mitigate emissions and minimize the environmental impact of the Group's operations. The Group has actively encouraged all departments and subsidiaries to ensure the efficient use of energy and adopt green technologies. For example, setting a constant room temperature at 26°C with thermostats in the air conditioning system, switching off lighting of certain area and passenger lifts after office hours, using public transportation and reducing the usage of private vehicles, increasing production control so as to minimize the wastage of resources and pollution, improving sewage management and reduce energy consumption. All these precautionary steps are implemented in the headquarters in Shenzhen and offices in Dongguan, Huizhou, Hubei, Shanghai and Hong Kong, etc.

The Group has complied with all relevant laws and regulations which include:

1. Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》
2. Law of the People's Republic of China on the Prevention and Control of Water Pollution 《中華人民共和國水污染防治法》
3. Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution 《中華人民共和國大氣污染防治法》
4. Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste 《中華人民共和國固體廢物污染環境防治法》
5. Administrative Measures of the Shenzhen Special Economic Zone on Permit for Pollutant Discharge 《深圳經濟特區污染物排放許可證管理辦法》
6. Regulations of Guangdong Province on Environmental Protection 《廣東省環境保護條例》
7. Regulations of Guangdong Province on the Prevention and Control of Atmospheric Pollution 《廣東省大氣污染防治條例》
8. Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise 《中華人民共和國環境噪聲污染防治法》



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

In addition, the major business segments of the Group have also established and adopted the following policies and procedures regarding emissions and waste treatment:

1. Control Procedures in Solid Waste Management
2. Control Procedures in Energy Saving and Consumption Reduction
3. Identification and Control of Process Operating Environment (including liquid waste, exhaust emission, fumes and noise)
4. Waste Management Policy
5. Sustainable Development Policy

A.1 EMISSIONS

There are three main types of emissions generated during the business activities of the Group.

(1) Air Emission and GHG Emission

The business activities of the major business segments generate certain air emissions, including nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM"). The most significant air emission arising from the Group's daily production and business activities is indirect GHG emissions, mainly generated from the consumption of purchased electricity, petrol oil and gas consumption.

As energy conservation and environmental protection are the core policies of the Group, we use our best effort to minimize the environmental impact by reducing pollutants and waste during the production process. The Group deploys automated systems across various production plants and other facilities in all the business segments located in Dongguan, Hubei and Huizhou. Furthermore, exhaust gas treatment systems and filtration systems are installed in the production plants to reduce organic gases, odors and GHG emissions to the air.

During the Reporting Period, the Group's aggregate GHG emissions from its major business segments increased significantly when compared to the year ended December 31, 2024 ("2024" or the "Prior Year"). In 2025, the emissions were 13,079.6 tonnes of carbon dioxide equivalent ("tCO₂e"), while in 2024 were 6,320.8 tCO₂e. The increase in GHG emissions in 2025 was primarily due to the inclusion of Scope 3 business travel emissions, the expansion of the reporting scope to include the SZ Headquarters and other offices of the Group, as well as improved data collection methodologies to enhance accuracy.

(2) Hazardous Wastes

For the three major business segments, namely: Tobacco Flavors Segment, Food Flavors Segment and Fine Fragrances Segment, the flavors and fragrances products produced are mainly in liquid form. Water is used to clean the production-related containers and to wash the workshop, which creates limited quantity of wastewater. The Group has installed a sewage treatment system to handle wastewater. The treated wastewater is discharged to the municipal sewage system through pipelines. There are also certain hazardous solid waste resulting from the production activities which are mainly industrial sludge and spice testing wastes. However, the amount of hazardous solid waste is insignificant. The Group engages independent local cleaning companies with requisite environmental experience and specialized licenses to collect and remove wastewater and hazardous solid waste from the plant facilities, thereby avoiding pollution.



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.1 EMISSIONS (CONTINUED)

(2) Hazardous Wastes (Continued)

For the e-Cigarette Products Segment, the production procedures for most of the products (including e-cigarettes and their related accessories but excluding e-liquor products) do not require the significant use of water resources. Consequently, these production plants generate minimal wastewater. Most products, including e-cigarettes and related accessories, are produced by assembling various electronic components and other semi-finished parts according to specified designs. Therefore, the sources of hazardous solid waste are limited to broken or defective electronic parts. The Group has assigned dedicated members to collect and monitor the quantities of this hazardous solid waste and has engaged external licensed service providers to handle and dispose of the waste properly.

To minimize production waste and reduce environmental pollution, the Group prioritizes environmentally friendly materials and establishes appropriate production procedures to enhance efficiency and reduce waste.

During the Reporting Period, the total amount of hazardous wastewater produced by the Group was 68.3 tonnes (2024: 53.7 tonnes) while the total amount of hazardous solid waste produced by the Group was 2.5 tonnes (2024: 0.3 tonnes). The significant increase in hazardous wastewater and solid waste in Year 2025 compared to Prior Year is mainly due to operational changes and enhanced data completeness from facilities to provide more accurate results.

(3) Non-hazardous Wastes

All the major business segments generated non-hazardous solid waste, including used plastic containers, used packaging materials, daily factory commodities, etc. The Group has implemented policies to encourage our staff members to minimize the use of office supplies, such as using re-cycle paper to reduce paper consumption. The Group strives to increase the recycling rate and foster a stronger recycling culture across its offices and production plants in order to reduce the amount of waste disposal.

During the Reporting Period, the amount of non-hazardous solid waste was 47.4 tonnes (2024: 50.3 tonnes), which decreased by 5.8% when compared to Year 2024 attribute to our waste reduction efforts.

The Group has started collecting sewage data since Year 2025. During the Reporting Period, the total amount of sewage was 8,162.5 tonne.



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.1 EMISSIONS (CONTINUED)

Table showed the total emissions of the Group in the Reporting Period and Year 2024.

Emission category/ Key performance indicators ¹	Unit	Amount in Year 2025	Amount in Year 2024
(1)(a). Air Emissions²			
NO _x	kg		
- Headquarters and Office		2.1	-
- Tobacco Flavors Segment		530.2	-
- Food Flavors Segment & Fine Fragrances Segment		674.7	-
- e-Cigarette Products Segment (including e-liquor products)		39.1	-
Total =		1,246.1	-
SO _x	kg		
- Headquarters and Office		0.01	-
- Tobacco Flavors Segment		70.7	-
- Food Flavors Segment & Fine Fragrances Segment		0.7	-
- e-Cigarette Products Segment (including e-liquor products)		0.1	-
Total =		71.5	-
PM	kg		
- Headquarters and Office		0.2	-
- Tobacco Flavors Segment		31.6	-
- Food Flavors Segment & Fine Fragrances Segment		37.7	-
- e-Cigarette Products Segment (including e-liquor products)		3.1	-
Total =		72.6	-
(1)(b). GHG emissions^{3,4}			
Scope 1 (Direct emission) - petrol, diesel and natural gas	tCO ₂ e		
- Headquarters and Office		1.8	-
- Tobacco Flavors Segment		1,627.5	214.1
- Food Flavors Segment & Fine Fragrances Segment		504.3	216.0
- e-Cigarette Products Segment (including e-liquor products)		205.4	103.4
Total =		2,339.0	533.5
Scope 2 (Energy indirect emission) - electricity (location-based) ⁵	tCO ₂ e		
- Headquarters and Office		1,841.5	-
- Tobacco Flavors Segment		1,242.1	1,038.3
- Food Flavors Segment & Fine Fragrances Segment		1,734.2	1,358.4
- e-Cigarette Products Segment (including e-liquor products)		5,833.3	3,390.6
Total =		10,651.1	5,787.3
Scope 3 (Other indirect emission) - Category 6 Business travel (Air travel) ⁶	tCO ₂ e		
- Headquarters and Office		4.2	-
- Tobacco Flavors Segment		28.2	-
- Food Flavors Segment & Fine Fragrances Segment		24.2	-
- e-Cigarette Products Segment (including e-liquor products)		32.9	-
Total =		89.5	-



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.1 EMISSIONS (CONTINUED)

Emission category/ Key performance indicators ¹	Unit	Amount in Year 2025	Amount in Year 2024
(2). Hazardous Wastes			
Wastewater	Tonnes		
- Headquarters and Office		-	-
- Tobacco Flavors Segment		31.6	19.6
- Food Flavors Segment & Fine Fragrances Segment		36.7	34.1
- e-Cigarette Products Segment (including e-liquor products)		-	-
Total =		68.3	53.7
Solid Waste	Tonnes		
- Headquarters and Office		-	-
- Tobacco Flavors Segment		0.6	-
- Food Flavors Segment & Fine Fragrances Segment		1.9	-
- e-Cigarette Products Segment (including e-liquor products)		-	0.3
Total =		2.5	0.3
(3). Non-hazardous Waste			
Sewage	Tonnes		
- Headquarters and Office		-	-
- Tobacco Flavors Segment		8,139.5	-
- Food Flavors Segment & Fine Fragrances Segment		-	-
- e-Cigarette Products Segment (including e-liquor products)		23.0	-
Total =		8,162.5	-
Solid Waste	Tonnes		
- Headquarters and Office		-	-
- Tobacco Flavors Segment		28.6	31.5
- Food Flavors Segment & Fine Fragrances Segment		-	-
- e-Cigarette Products Segment (including e-liquor products)		18.8	18.8
Total =		47.4	50.3

Notes:

- The environmental data of SZ Headquarters and HK Office were newly added in Year 2025.
- Air emissions data were newly added in Year 2025.
- The methodologies for calculating GHG emissions have been enhanced. Hence, the Scope 1 and Scope 2 emissions data for Year 2024 have been restated.
- The methodology adopted for reporting on GHG emissions set out above was based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development and "How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange. Operation control approach is applied as the measurement approach to focus on emissions that the Group has control.
- The emission factor referenced the Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors by the Ministry of Ecology and Environment of National Bureau of Statistics.
- Scope 3 Business Travel data were newly added in Year 2025.





V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.2 USE OF RESOURCES

The Group believes the conservation of natural resources is an indispensable component of our sustainable business. Through actively promoting environmentally friendly measures, the Group encourages the efficient use of different resources, including energy, paper, water and other raw materials. As such, the Group has initiated policies to raise the awareness of electricity conservation and taken energy saving measures in the daily operation.

Staff members are encouraged to support environmental protection, by minimizing use of natural resources and reducing waste. Paper is recycled to reduce paper waste disposal. In line with the Group's power conservation policies, electrical equipment and lights are switched on only when needed. The Group is committed to implementing all feasible policies to minimize the adverse impact of its operations on the environment and natural resources.

During the Reporting Period, the Group continued to adopt stringent cost control on the consumption of all primary resources. Resource consumption varies across business segments, depending on each segment's stage of development and business requirements.

The total electricity consumption was 19,777.7 MWh during the Reporting Period (Year 2024: 10,785.1 MWh). This increase was primarily due to expanded business activities and a new production plant in Huizhou and enhanced data collection methodologies to provide more accurate results.

In addition, the consumption of direct energy (including petrol, diesel and natural gas) was 4,765.1 MWh during the Reporting Period (Year 2024: 2,613.4 MWh). This significant increase was mainly attributable to enhanced data collection efforts, which now included vehicle fuel consumption. The total consumption of water and the usage of packaging materials were also increased by 40.4% and 9.2% respectively when compared to Prior Year because of operational and production needs. The Group endeavors to enhance resource efficiency and reduce consumption despite continued business development.



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.2 USE OF RESOURCES (CONTINUED)

Table showed the total emissions of the Group in the Reporting Period and Year 2024.

Emission category/ Key performance indicators	Unit	Amount in Year 2025	Amount in Year 2024	Year 2025 Intensity (emission/ production quantities) (tonnes/tonnes) *(tonnes/ thousand pieces)	Year 2024 Intensity (emission/ production quantities) (tonnes/tonnes) *(tonnes/ thousand pieces)
Energy Consumption¹					
Indirect Energy Consumption					
Electricity	MWh				
- Headquarters and Office		3,478.6	-	141.98	-
- Tobacco Flavors Segment		2,341.0	1,935.0	1.03	0.49
- Food Flavors Segment & Fine Fragrances Segment		2,964.3	2,531.4	0.49	0.57
- e-Cigarette Products Segment (including e-liquor products)		10,993.8	6,318.7	(i) 0.29* (ii) 1.98	(i) 0.19* (ii) 1.95
Total =		19,777.7	10,785.1		
Direct Energy Consumption					
Petrol	MWh				
- Headquarters and Office		6.7	-	0.27	-
- Tobacco Flavors Segment		343.1	52.3	0.15	0.01
- Food Flavors Segment & Fine Fragrances Segment		463.8	-	0.08	-
- e-Cigarette Products Segment (including e-liquor products)		50.2	28.9	(i) 0.002 (ii) -	(i) 0.0009 (ii) -
Total =		863.8	81.2		
Natural Gas	MWh				
- Headquarters and Office		-	-	-	-
- Tobacco Flavors Segment		1,489.3	991.1	0.66	0.25
- Food Flavors Segment & Fine Fragrances Segment		1,862.9	1,068.0	0.31	0.24
- e-Cigarette Products Segment (including e-liquor products)		545.4	473.1	(i) 0.01* (ii) 0.12	(i) 0.01* (ii) 1.08
Total =		3,897.6	2,532.2		
Diesel	MWh				
- Headquarters and Office		-	-	-	-
- Tobacco Flavors Segment		-	-	-	-
- Food Flavors Segment & Fine Fragrances Segment		-	-	-	-
- e-Cigarette Products Segment (including e-liquor products)		3.7	-	(i) 0.0001 (ii) -	(i) - (ii) -
Total =		3.7	-		





V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.2 USE OF RESOURCES (CONTINUED)

Emission category/ Key performance indicators	Unit	Amount in Year 2025	Amount in Year 2024	Year 2025 Intensity (emission/ production quantities) (tonnes/tonnes) *(tonnes/ thousand pieces)		Year 2024 Intensity (emission/ production quantities) (tonnes/tonnes) *(tonnes/ thousand pieces)	
				(i)	(ii)	(i)	(ii)
Water Consumption							
Total Water Consumption	m ³						
- Headquarters and Office		30,423.0	-		1,241.76		-
- Tobacco Flavors Segment		62,382.7	51,673.1		27.57		13.12
- Food Flavors Segment & Fine Fragrances Segment		27,685.0	29,993.0		4.53		6.80
- e-Cigarette Products Segment ² (including e-liquor products)		111,273.5	83,432.2	(i)	2.93*	(i)	2.41*
				(ii)	10.27	(ii)	18.43
Total =		231,764.2	165,098.3				
Packaging Material³							
Plastic, paper and metal	Tonnes						
- Headquarters and Office		-	-		-		-
- Tobacco Flavors Segment		171.3	263.8		0.08		0.07
- Food Flavors Segment & Fine Fragrances Segment		966.7	835.0		0.16		0.19
- e-Cigarette Products Segment ⁴ (including e-liquor products)		247.4	170.1	(i)	0.01	(i)	0.005
				(ii)	0.45	(ii)	0.05
Total =		1,385.4	1,268.9				

Notes:

- The unit has been updated from consumption amount (liter (L) for petrol and cubic meter (m³) for natural gas) to energy unit (MWh). The unit conversion calculation is based on the conversion factors in "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and "Energy Statistics Manual" issued by the International Energy Agency. Hence the energy consumption data for Year 2024 have been restated. Diesel data were newly added in Year 2025.
- Total water consumption of e-Cigarette Products Segment included usage in production lines of the factory, usage by dining hall and staff quarters in Huizhou, the PRC and water for greening.
- Packaging materials included plastic containers, plastic bags, paper boxes and metallic components for various products of the major business segments of the Group.
- The production of certain products was outsourced to external factories in Year 2025 and the packaging material quantities were not included.



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.3 THE ENVIRONMENT AND NATURAL RESOURCES

The Group is one of the market leaders in the flavors and fragrances industry and engaged in manufacturing and selling of flavors and fragrances products. It is also engaged in manufacturing of high-quality electronic cigarettes and related products. Although the manufacturing process and the business operation do not have significant direct impact on the environment, the Group has the Sustainability Policy to contribute positive effort in environmental protection.

The Group has established various policies to control and minimize all emissions, including indirect GHG emissions (which are a primary contributor to climate change) arising from the business operation. The Group also maintains policies to control the use of electricity and water. For example, under the policy of "Control Procedures in Energy Saving and Consumption Reduction", the staff members are required to set a constant room temperature at 26°C with thermostats in the air conditioning system, switch off lighting of certain area and passenger lifts after office hours. The Group has also encouraged staff members to use public transportation instead of private vehicles or taxis to reduce emissions.

In addition, all equipment and facilities in the Group's production plants have been designed and set up under the criteria of efficient energy standard and low-power consumption for environmental protection and sustainable development. In particular, the environmental management system of the Boton E-Liquid Technology (Shenzhen) Co., Ltd and Shenzhen Boton Flavors & Fragrances Co., Ltd are certified to the ISO 14001 standard. For Food Flavors Segment and Fine Fragrances Segment, the management anticipates that the future trend of flavors and fragrances industry will continue to emphasize natural spices and biological flavors. The Group operates research centers in SZ and Shanghai to identify and evaluate additional natural spice species for prospective products, while building extensive databases on natural materials to support long-term product development.





V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.4 CLIMATE-RELATED DISCLOSURE

The Group strives to gradually comply with the enhanced climate-related disclosure requirements under the ESG Code regarding climate-related risks exposed and climate-related opportunities available. To this end, the Group has begun to enhance its climate disclosures following the four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

The Board is responsible for overseeing climate issues. Its duties include developing the Group's sustainable development strategy, monitoring climate-related risks, as well as approving climate-related disclosures. The Board is dedicated to considering climate-related risks and opportunities in its strategy development, business planning, and operational processes, including the evaluation of major transactions. Climate-related risks and opportunities are discussed as part of the ESG issues on an annual basis through board meetings. To ensure effective oversight of climate issues, the Board annually reviews its composition to maintain an appropriate balance of knowledge and experience in ESG and climate-related matters. At this stage, climate-related performance metrics have not been incorporated into the Group's remuneration policies.

Meanwhile, the Working Committee delegated by the Board works with the management of each business segment to monitor, manage and oversee climate-related issues. For the specific roles and tasks of the Working Committee, please refer to the section headed "BOARD RESPONSIBILITY". As with other material risks, the management applies its existing risk matrix, risk management and internal control procedures to assess and manage climate-related risks and opportunities.

Strategy

The Group is aware of the climate-related risks and opportunities that its business model and value chain may encounter. The Group closely monitors related risks that may affect its operations and strives to grasp any related opportunities.



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.4 CLIMATE-RELATED DISCLOSURE (CONTINUED)

Strategy (Continued)

Potential climate-related risks include the following:

Risk	Description	Potential Impacts
Acute Physical Risk	Increased frequency and severity of extreme weather events (e.g., typhoons, intense rainfall and flooding), which may cause sudden facility damage, power outages, and supply chain disruptions.	<ul style="list-style-type: none"> - Temporary production disruption, which may lead to a decrease in revenue - Damage of facilities may incur repair costs and result in higher insurance premiums, thereby increasing operational costs
Chronic Physical Risk	Gradual shifts in climate patterns, such as rising average temperatures, altered precipitation and increased drought/flood cycles may affect the long-term availability, quality, and cost of natural raw materials	<ul style="list-style-type: none"> - Potential supply shortage may result in higher procurement costs
Transition Risk	In view of China's commitment to peaking emission by 2030 and achieving carbon neutrality by 2060, more stringent policies on emissions are expected, such as stricter emission limits or the introduction of carbon pricing mechanisms	<ul style="list-style-type: none"> - To meet stricter emission limits, the Group may need to incur additional expenditure on technology upgrades and process improvements. - If carbon pricing is implemented, the Group could face extra expenditure on carbon-related obligations, thereby increasing production costs and potentially reducing profitability

Potential climate-related opportunities include the following:

Opportunity	Potential Impacts
Green operation	<ul style="list-style-type: none"> - Through energy efficiency upgrades and renewable energy integration, potentially reducing energy-related operating expenses
Better positioning	<ul style="list-style-type: none"> - By highlighting climate commitments, potentially attracting environmentally conscious customers





V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.4 CLIMATE-RELATED DISCLOSURE (CONTINUED)

Strategy (Continued)

Based on the preliminary risk review, the Group does not anticipate short-term material changes to its business model, strategy, resource allocation and the carrying amounts of assets and liabilities because of the identified climate-related risks and opportunities. The Group also does not encounter material current financial effects. When there is more information that is available, the Group is dedicated to separately identify the anticipated financial effect of the climate-related risks and opportunities and quantify relevant amounts and changes to the financial position, financial performance and cash flows.

The Group strive to undertake further analysis to strengthen its assessment of climate-related risks and opportunities, including an evaluation of the time horizons associated with the potential effects of those identified risks and opportunities and the development of a transition plan which includes effective adaptation and mitigation measures.

As the Group is still in the early stages of evaluating its climate resilience, there is considerable uncertainty regarding the magnitude and timing of potential climate-related risks and opportunities. The Group's ability to adjust its strategy over time is supported by the operational and planning flexibility embedded in its current business model. The Group believes its capacity to adjust or adapt its strategy and business model to climate change is flexible and adequate. The Group will continue to enhance its skills and capabilities to assess climate-related risks using scenario analysis and will disclose such effects as they become measurable in the future.

Risk management

Climate-related risks are addressed as part of our risk management along with other types of risk such as strategic, financial, compliance, and operational risks. The climate-related risk assessment is comprised of key risk management processes to ensure key corporate risks are properly identified and adequately assessed, managed and monitored. The management reviews the findings of the assessment annually.

To better assess and prioritize climate-related risks, the Group plans to utilize pre-determined risk appetite limits which take into account the likelihood and impact of risks. The impact assessment shall consider factors such as financial loss, legal implications, corporate reputation, environmental safety, and business operations. The likelihood assessment shall be based on historical data and the information that is reasonably available to the Group during the Reporting Period. The combined scores of likelihoods and impact will be used to classify risks into different severity levels. Risks that exceed appetite limits based on analysis will be prioritized and reported to our management and the Board in a timely manner. Regarding climate-related opportunities, the Group identifies and assesses them through stakeholder engagement, peer review and market updates on a regular basis.



V. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.4 CLIMATE-RELATED DISCLOSURE (CONTINUED)

Metrics and Targets

Currently, the Group has not established any absolute or intensity-based targets and associated action plans for driving GHG emissions reductions. The Group will consider setting such targets with reference to industry's best practices and the latest international agreements on climate change. Once targets are established, the Group will develop a process to periodically review them and ensure progress toward achieving the targets.

The Group has not evaluated the amount and percentage of assets or business activities vulnerable to climate-related transition risks, physical risks and opportunities. The Group remains committed to enhancing its climate-related data capabilities and will continue to strengthen disclosures as more reliable information becomes available. There are currently no amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. Resources are allocated through operational budgets if necessary. The Group will consider applying industry-based metrics if needed.

The Group does not maintain an internal carbon price during the Reporting Period. Nevertheless, the Group will continuously monitor the relevant carbon price in the market and the latest regulations associated with carbon tax to minimize relevant climate-related risks.





VI. SOCIAL SUSTAINABILITY

1. EMPLOYMENT AND LABOR PRACTICES

For the aspects of employment, health and safety, development and training, and labor standards, the Group has complied with all relevant laws and regulations which include:

1. Labor Law of the People's Republic of China《中華人民共和國勞動法》
2. Labor Contract Law of the People's Republic of China《中華人民共和國勞動合同法》
3. Social Insurance Law of the People's Republic of China《中華人民共和國社會保險法》
4. Minimum Wage Regulations《最低工資規定》
5. Regulations on the Supervision of Labor Security《勞動保障監察條例》
6. Law of the People's Republic of China Work Safety《中華人民共和國安全生產法》
7. Regulation on Work-Related Injury Insurance《工傷保險條例》
8. Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents《生產安全事故報告和調查處理條例》
9. Law of the People's Republic of China on Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》
10. Fire Control Law of the People's Republic of China《中華人民共和國消防法》
11. Regulation on the Safety Management of Hazardous Chemicals《危險化學品安全管理條例》
12. Special Equipment Safety Law of the People's Republic of China《中華人民共和國特種設備安全法》
13. Employment Ordinance (Cap. 57 of the Laws of Hong Kong)《僱傭條例》(香港法例第57章)
14. Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)《僱員補償條例》(香港法例第282章)
15. The Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)《強制性公積金計劃條例》(香港法例第485章)
16. Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)《殘疾歧視條例》(香港法例第487章)
17. Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)《種族歧視條例》(香港法例第602章)
18. Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)《性別歧視條例》(香港法例第480章)
19. Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)《最低工資條例》(香港法例第608章)

The Company appreciates talents and recognizes them as the valuable assets of the Group. The Group has human resources management policies and procedures in place with the objective of providing good working conditions with a safe and healthy work environment where employees are engaged and can do well in whatever they do.



VI. SOCIAL SUSTAINABILITY (CONTINUED)

The Group's social commitments are demonstrated through policies and procedures that govern our employment practices and workplace standards. These include:

1. Employee Handbook
2. Human Resources Management Procedures
3. Talent Recruitment Processes
4. Company Code of Conduct and Business Ethics
5. Training Management Procedure
6. Promotion Management Procedure Employee Handbook
7. Recruitment Management Procedure
8. Compensation Management Procedure
9. Welfare and Benefits Management Policy
10. Attendance and Leave Management Procedure

B.1 Employment

The Group formulates a human resources plan in accordance with its development plan and strategic goals, with regular reviews conducted to ensure alignment. Apart from making talent recruitment processes to ensure the continuous availability of new talents, the Group forms human resource management procedures and training programs and establishes all-level position selection and evaluation system. These measures are designed to optimize human resources allocation, internal promotion and nurtures prospective employees to be future leaders in their respective areas.

In addition, the Company has established a set of human resources management policies and procedures. These policies ensure the Group's compliance with applicable labor laws and define clear standards for key employment areas. Specifically, they articulate a non-discrimination principle in recruitment, a performance-based system for promotions and remuneration, and structured guidelines for working hours, rest breaks, and various types of leave (including annual, bereavement and sick leave). The policies also detail grounds and processes for termination. These standards are regularly reviewed to align with evolving legal requirements and industry practices.

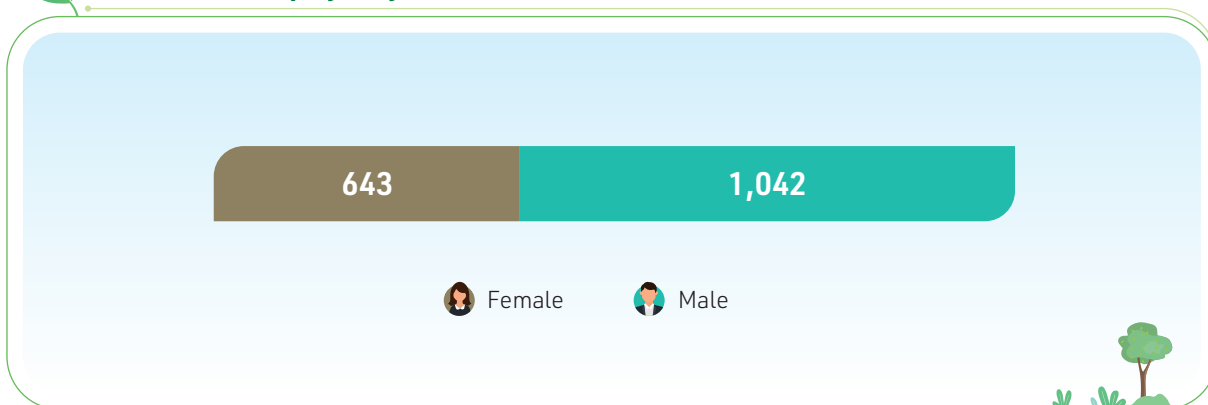




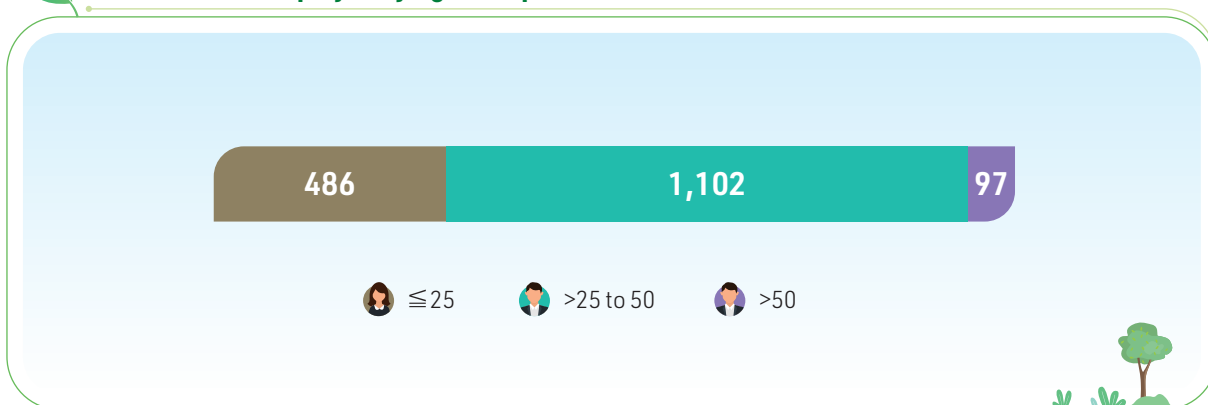
VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.1 Employment (Continued)

(i) Number of Employee by Gender



(ii) Number of Employee by Age Group



(iii) Number of Employee by Major Business Segments

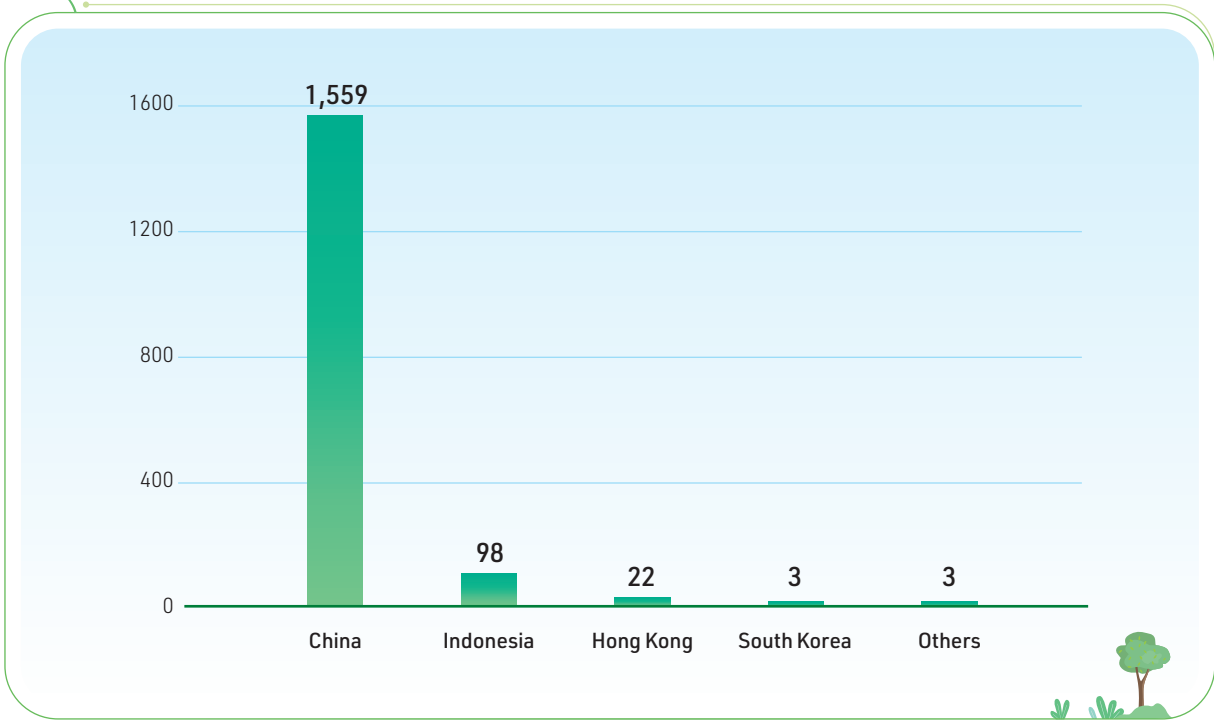




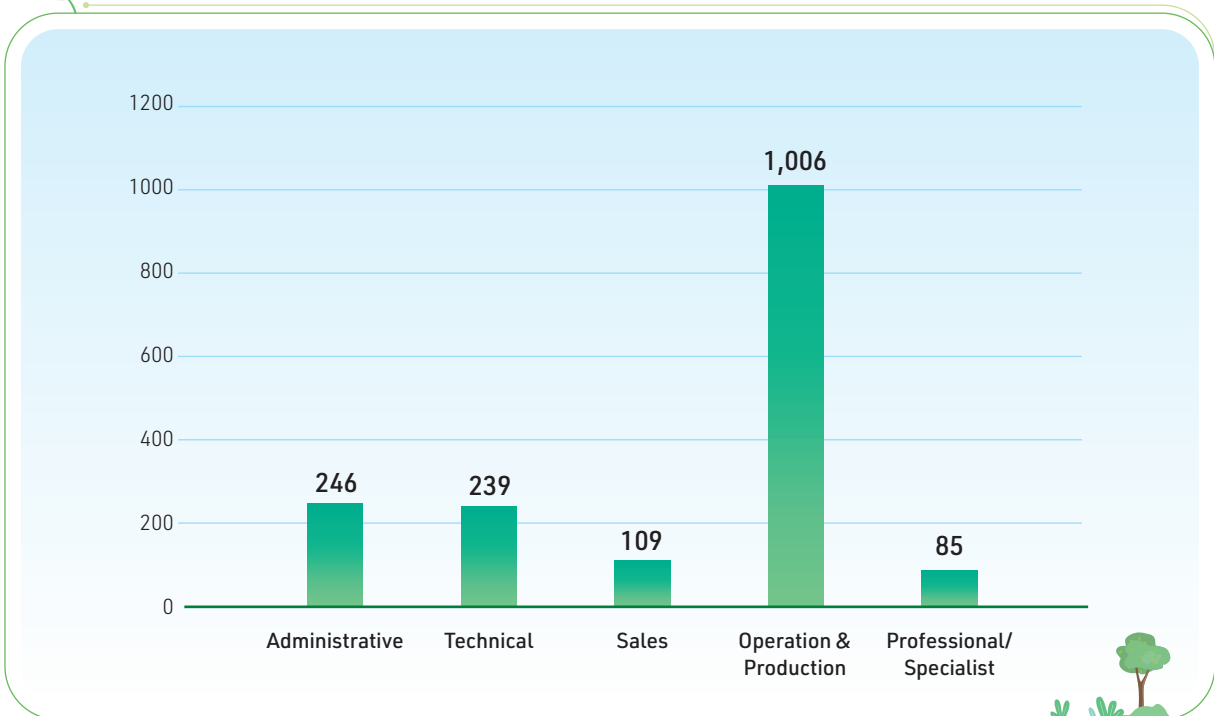
VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.1 Employment (Continued)

(iv) Number of Employee by Geographical Region



(v) Number of Employee by Employment Type

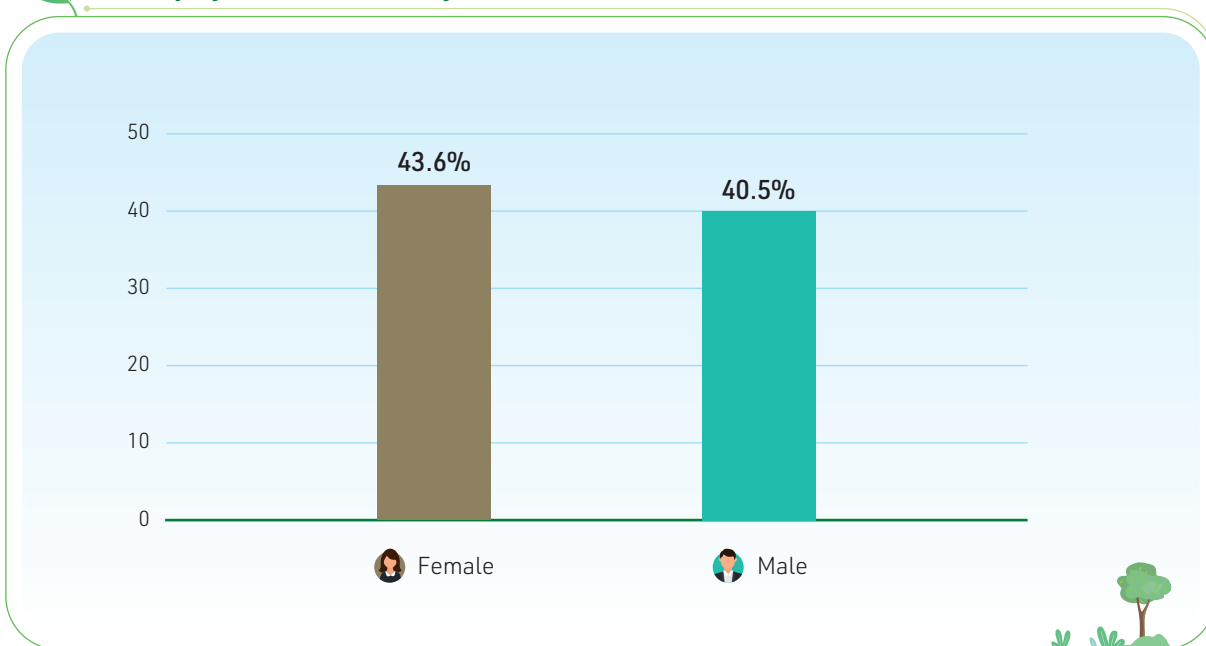




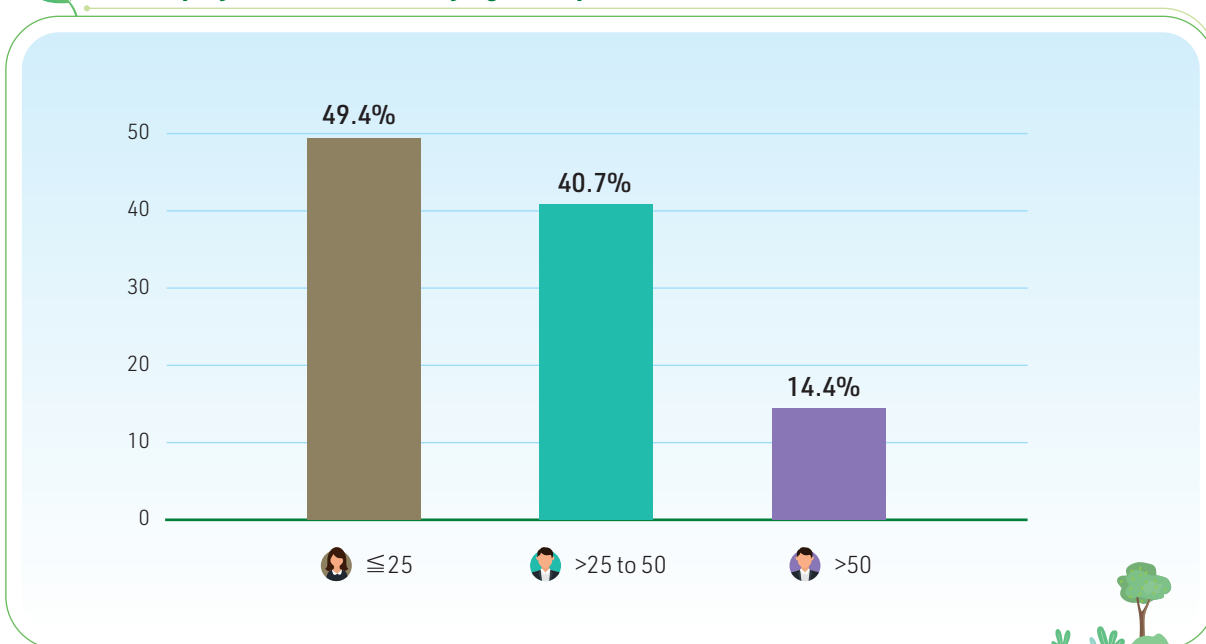
VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.1 Employment (Continued)

(vi) Employee Turnover Rate by Gender



(vii) Employee Turnover Rate by Age Group

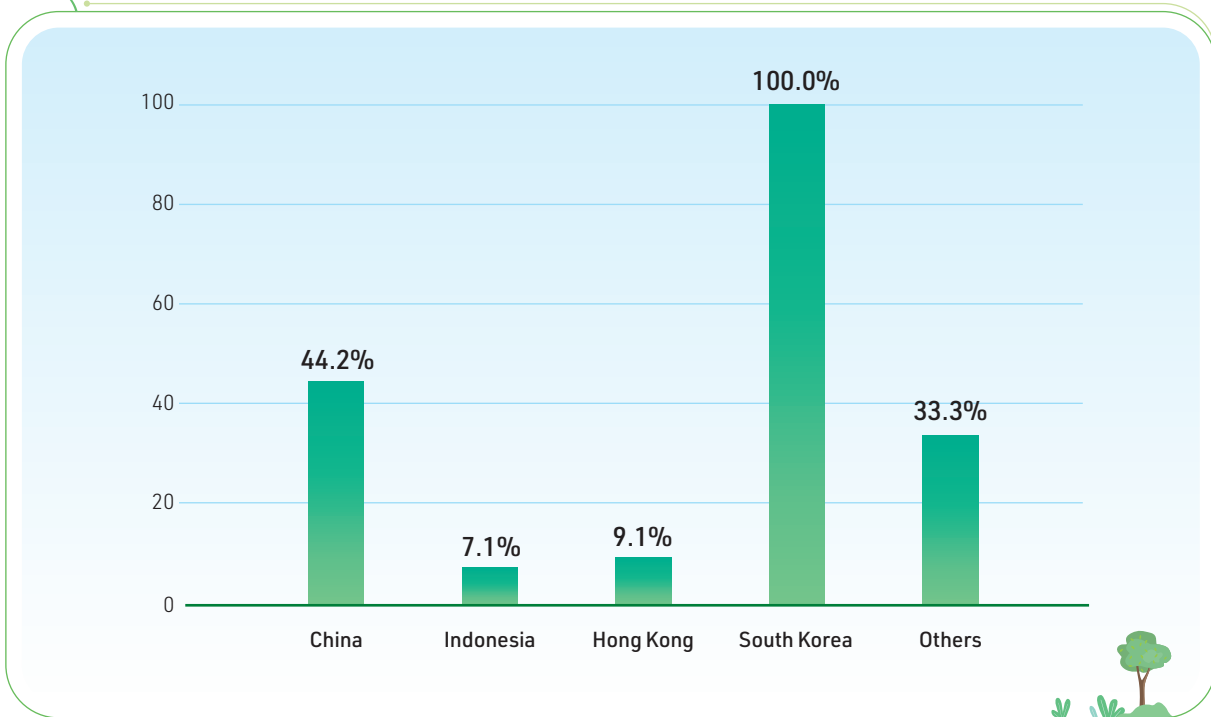




VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.1 Employment (Continued)

(viii) Employee Turnover Rate by Geographical Region



(ix) The Overall Employee Turnover Rate was **41.7%**.

Notes:

- The employee turnover rate for each category is calculated by dividing the number of employees leaving employment in the specified category during the reporting period by the number of employees in the specified category at the end of the reporting period.
- The overall employee turnover rate is calculated by dividing the total number of employees leaving employment during the reporting period by the number of employees at the end of the reporting period.





VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.2 Health and Safety

The Group cares about the welfare and work safety of our staff members. This commitment is formalized through an occupational health and safety management system certified to the ISO 45001 standard by the Shenzhen Boton Flavors & Fragrances Co., Ltd. The Group has guidelines and formulates health and safety control procedures in accordance with the national laws and regulations and industry standards for strict compliance. During the Reporting Period, the Group has provided protective equipment (including protective shoes, gas masks, activated charcoal masks, protective eye masks, etc.) to the staff members. The Group has also installed explosion-proof cabinets for handling the appliances with high explosion risk (such as oxygen cylinders, hydrogen cylinders). There is adequate fire equipment and first aid equipment installed in all offices and production plants of the Group. In addition, periodic evaluations are conducted to monitor any potential occupational disease or any hazardous factors that could adversely affect the working environment.

Apart from providing safe working environment and equipment for employees, the Group also provides continuous work-related training and operational training of production equipment, etc. These programs aim to enhance employees' industry knowledge thereby strengthening work safety awareness, preventing work-related injuries, minimizing adverse health effects, as well as any reducing the risks of environmental pollution or destruction during production. The Group also pays attention to fire control. There is regular inspection of all equipment by delegated staff. The Group lays down various emergency response plans and holds different kinds of emergency drill each year to substantially improve staff ability to practically deal with different kinds of emergencies if occur. The Group has "Uninterruptible Power Supply" system in place to enhance the Company's ability to endure sudden power failure and ensure normal operation of important units such as core plant for two to four hours' time. The Group has arranged medical checks for employees to help and encourage them to monitor and pay attention to their own health.

There were no work-related fatalities that occurred during the Reporting Period and the past three years. The lost days due to minor work injuries were 8 days during the Reporting Period (2024: 186 days).



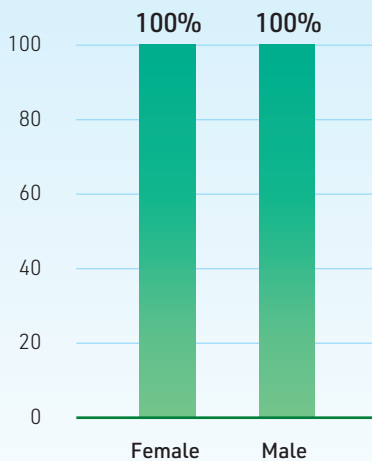
VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.3 Development and Training

In addition to ensuring compliance with relevant rules and regulations, the Group also provides various staff induction courses and continuing educational seminars (including anti-corruption training for staff members and directors), regular staff and departmental meetings, internal publications and bulletin board, intranet communication, etc. These initiatives are designed to help our staff to fully comprehend the culture, vision, mission and values of the Company, while providing interactive communication channels to form a caring community throughout the Group. Specific forms of communication can also be made subject to the communication content and characteristics of participants.

(I) Tobacco Flavors Segment

(i) The Percentage of Employees Trained by Gender



(ii) The Percentage of Employees Trained by Employee Category (%)

Administrative	100.0
Technical	100.0
Sales	100.0
Operation and Production	100.0
Professional/Specialist	100.0

(iii) Average Training Hours per Employee (hours)

Administrative	10.9
Technical	8.5
Sales	9.0
Operation and Production	21.5
Professional/Specialist	10.3

(iv) The average training hours per female and male employee were 10.2 hours and 14.6 hours respectively.



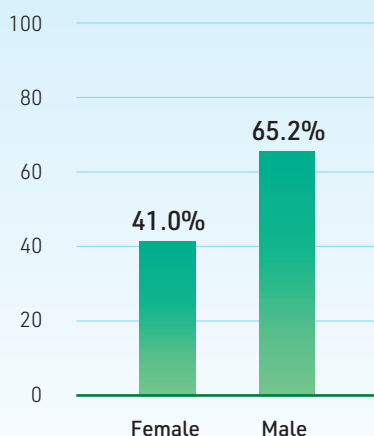


VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.3 Development and Training (Continued)

(II) Food Flavors Segment & Fine Fragrances Segment

(i) The Percentage of Employees Trained by Gender



(ii) The Percentage of Employees Trained by Employee Category (%)

Administrative	35.0
Technical	62.5
Sales	78.1
Operation and Production	56.6
Professional/Specialist	-

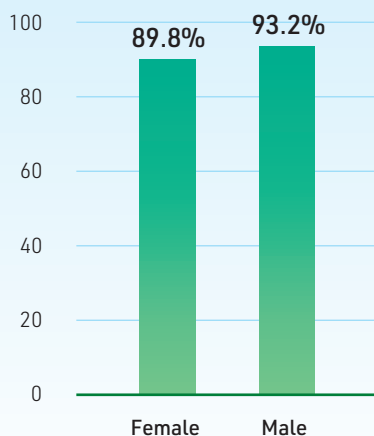
(iii) Average Training Hours per Employee (hours)

Administrative	3.3
Technical	14.3
Sales	15.8
Operation and Production	7.3
Professional/Specialist	-

(iv) The average training hours per female and male employee were 6.7 hours and 11.8 hours respectively.

(III) e-Cigarette Products Segment

(i) The Percentage of Employees Trained by Gender



(ii) The Percentage of Employees Trained by Employee Category (%)

Administrative	82.9
Technical	80.4
Sales	90.0
Operation and Production	95.7
Professional/Specialist	4.3

(iii) Average Training Hours per Employee (hours)

Administrative	25.8
Technical	21.5
Sales	8.1
Operation and Production	8.3
Professional/Specialist	0.5

(iv) The average training hours per female and male employee were 9.9 hours and 10.1 hours respectively.

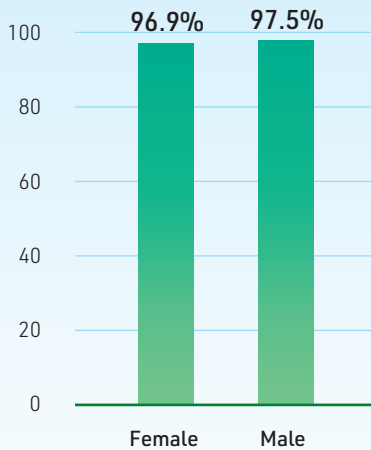


VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.3 Development and Training (Continued)

(IV) SZ Headquarters and Office

(i) The Percentage of Employees Trained by Gender



(ii) The Percentage of Employees Trained by Employee Category (%)

Administrative	94.4
Technical	100.0
Sales	100.0
Operation and Production	100.0
Professional/Specialist	100.0

(iii) Average Training Hours per Employee

Employee Category	Average Training Hours (hours)
Administrative	14.2
Technical	18.0
Sales	12.0
Operation and Production	12.0
Professional/Specialist	12.0

(iv) The average training hours per female and male employee were 13.1 hours and 14.7 hours respectively.

Notes:

- The percentage of trained employees is calculated by dividing the number of trained employees during the reporting period (excluding employees who left) by the total number of employees at the end of the reporting period.
- The average training hours per employee is calculated by dividing the total training hours during the reporting period (excluding employees who left) by the total number of employees at the end of the reporting period.
- The percentage of trained employees by category is calculated by dividing the number of trained employees in the specified category during the reporting period (excluding employees who left) by the total number of employees in the specified category at the end of the reporting period.
- The average training hours per employee by category are calculated by dividing the total training hours of employees in the specified category during the reporting period (excluding employee who left) by the total number of employees in the specified category, at the end of the reporting period.





VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.4 Labor Standards

The Group strictly prohibits child labor and forced labor. Due diligence and verification processes are outlined in its recruitment procedures and related human resources policies. Human Resources Department shall check the identification documents of all potential candidates before recruitment. To avoid child labor, all potential candidates and staff must reach the age of 18 with identity document proof before proceeding with the recruitment process. Furthermore, these standards are communicated to all employees and managers through regular training to ensure vigilant and consistent application throughout the employment process.

In addition, all labor contracts or employment agreements are entered into between the Group and the employees, which clearly states relevant details in order to safeguard mutual interest and benefits to prohibit and prevent any form of forced labor. The staff are valuable assets to the success of the Group, we always care about the emotional condition and welfare of the staff. There are recreational and leisure activities provided for the staff periodically. Also, annual dinners are held at the end of each year so that the directors, senior management and the staff members gather and celebrate the fruitful results and contribution made by all members of the Group.

2. OPERATING PRACTICES

B.5 Supply Chain Management

All the Group's flavors and fragrances products are own products, Consequently, the raw materials used have a direct impact on the success and quality of production, while fluctuations in raw materials price directly affect the Group's cost of sales. Therefore, the Group sources raw materials by itself. The Company has supplier management procedures and procurement control procedures in place, which govern the selection and management of suppliers.

These procedures clearly define the responsibilities of each department:

- The Purchasing Department is responsible for supplier development, evaluation, and performance reviews.
- The Quality Department monitors, verifies, and enhances supplier quality.
- The Engineering Department provides technical support and conducts sample approvals.

Suppliers are systematically assessed and categorized. Qualified suppliers are selected through a rigorous process that includes preliminary evaluation, sample testing, and an on-site audit if required. Criteria for selection include legal registration, technical and production capability, compliance with Restriction of Hazardous Substances ("RoHS") and other environmental requirements, and the provision of valid certifications and reports. Suppliers are classified into A, B, and C categories based on the criticality of their components to product safety and quality, with A-class suppliers (e.g., battery and e-liquid providers) subject to the most stringent oversight.



VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.5 Supply Chain Management (Continued)

Every stage of procurement is subject to strict scrutiny to ensure all sourced items meet relevant environmental and social requirements, supported by monthly and annual supplier performance appraisals covering quality, delivery, service, and cost. Performance scores directly impact procurement share allocation, with underperforming suppliers required to implement corrective actions. The Group signs detailed cooperation agreements with its suppliers, which clearly laid out quality standards of their raw materials supply and the suppliers' undertaking on quality. Such cooperation agreements also include terms of confidentiality obligations on both sides, as well as requirements for environmental protection and social responsibility. In addition, the Group will also use its influence and require its suppliers to comply with requirements for environmental protection and social concern.

The Group places great emphasis on building a corruption-free and bribery-free organization. At the end of each year, senior management of the Company pays visit to the key personnel of its major suppliers for independent meetings. During these visits, apart from business negotiations, integrity issues and company's requirements are also discussed and reiterated. Such approach has gained extensive recognition and support from suppliers.

During the Reporting Period, the four major business segments of the Group had worked closely with 1,033 suppliers and over 99.7% of the suppliers were based in China.

Distribution of suppliers in the major business segments by geographical locations:

	China	Others: United States, Singapore and Germany
Tobacco Flavors Segment	463	-
Food Flavors Segment & Fine Fragrances Segment	202	-
e-Cigarette Products Segment	365	-





VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.6 Products Responsibility

The Group strictly follows the following national laws and regulations, industry standards and rules in carrying out its product quality management, and has formulated policies and procedures to ensure the quality of each product.

1. Product Quality Law of the People's Republic of China《中華人民共和國產品質量法》
2. Intellectual Property Law of the People's Republic of China《中華人民共和國知識產權法》
3. Food Safety Law of the People's Republic of China《中華人民共和國食品安全法》
4. Advertising Law of the People's Republic of China《中華人民共和國廣告法》
5. Work Safety Law of the People's Republic of China《中華人民共和國安全生產法》
6. Patent Law of the People's Republic of China《中華人民共和國專利法》
7. Trademark Law of the People's Republic of China《中華人民共和國商標法》
8. Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)《個人資料(私隱)條例》(香港法例第486章)
9. Patents Ordinance (Cap. 514 of the Laws of Hong Kong)《專利條例》(香港法例第514章)
10. Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong)《商標條例》(香港法例第559章)

The Group sends out products for third-party testing on regular basis to ensure its advanced testing technologies and accurate measures thus ensuring the quality of the Company's products in compliance with national standards. The Company's commitments to product safety, quality, intellectual property protection, and ethical business conduct are embedded within a structured framework of management systems and formal operational procedures. This integrated approach ensures reliability for customers and upholds the highest standards of integrity.

The commitments are demonstrated through the following policies and procedures:

1. Control Procedures in Production and Provision
2. Control Procedures in Identification and Traceability
3. Final Quality Control Inspection Work Instruction
4. Non-conforming Product Management Procedures
5. Inspection Process Management Procedures
6. Incoming Material Inspection Regulation
7. First Batch Inspection Work Instruction
8. Outgoing Quality Control Work Instruction
9. Product Recall (Withdrawal) Management Procedures
10. Control Procedures in Knowledge Management



VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.6 Products Responsibility (Continued)

The Group's Boton E-Liquid Technology (Shenzhen) Co., Ltd and Shenzhen Boton Flavors & Fragrances Co., Ltd has passed the ISO9001 quality management system and Good Manufacturing Practice ("GMP") certification, to make sure the Group's quality system operate in an effective manner; that its products are safe and reliable and fulfill customized requirements without any infringements and the application of which shall add value to customers' own products. The Group signs sales contracts with its customers, which set out product details, specifications, warranty, conditions of returns, intellectual property, rights and obligations, etc. The Company provides sales service and follow-up service and keeps the information of all customers in safe custody.

During the Reporting Period, there were no products sold subject to recall for safety and health reasons. There were no significant complaints about the product issue, packing issue and product quality issue of the Group. The Group had standard procedures to handle complaints and procedures on products exchange issue.

The Group maintains product recall (withdrawal) management procedures. These procedures define a clear organizational structure and action plan, led by a dedicated Recall Team with executive oversight. The Group has established a four-tier severity classification system for potential incidents, outlines distinct processes for both emergency and general recalls including timely customer notification, product retrieval, and corrective actions and mandates annual simulated recall drills to validate the effectiveness of the response system.

The Group has more than 6,000 registered patents, products design and formula. Therefore, the Group has a long-established department as the internal risk management to monitor and protect the Group's intellectual property rights from time to time. The control procedures in knowledge management are designed to identify, acquire, maintain, and update critical organizational knowledge. It classifies knowledge into defined categories such as intellectual property, lessons learned from projects, technical standards, and competitor analysis and assigns clear responsibilities across departments for collection and validation. The Quality Department centrally maintains a dynamic knowledge repository, ensuring valuable internal and external insights are preserved, shared effectively across the organization through various channels, and regularly reviewed to drive continuous improvement and safeguard the Group's innovative assets.





VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.7 Anti-corruption

The Company values credibility and integrity and follows the principle of fairness in its daily operation. The Company has formulated relevant guidelines and policies, including an Anti-corruption Policy, the Company Code of Conduct and Business Ethics, and an Integrity Management Procedure, which collectively establish clear standards of conduct, define oversight responsibilities, and implement confidential reporting and investigation mechanisms. These policies systematically translate principle into practice by setting behavioral expectations, assigning monitoring roles to dedicated committees, and ensuring allegations are properly reviewed and addressed.

The Company's management holds regular study sessions on laws and regulations applicable to its industry, in order to incorporate them into its daily operational management. At the same time, these requirements are incorporated as part of the Group's code of internal management conduct. Employees of the Company are required to adhere to ethical standards as well as laws and regulations as part of their daily duties.

During the Reporting Period, the Group arranged various training courses on anti-corruption.

Location/Segment	Employees Trained	Total Training Hours
SZ Headquarters and HK Office (including Board Members)	208	388
The Tobacco Flavors Segment	119	199
The Food Flavor Segment + Fine Fragrances Segment	36	162
The e-Cigarette Products Segment	45	82

The Group also communicates in-house rules and requirements, applicable laws and regulations to staff members through meetings and staff communication activities that emphasize compliance. The Group strive to uphold ethical standards and turndown of temptations to prevent corruption and money laundering activities. The Company has implemented a Whistleblowing Policy overseen by the Audit Committee, which establishes confidential reporting channels, ensures protected investigations, and guarantees safeguards against retaliation for good-faith reporters. Complaints are investigated upon report of unethical behaviors. Any confirmed unethical conduct after investigation is strictly handled according to rules. Cases involving breaches of law are reported to local authorities.

During the Reporting Period, neither the Group nor its employees were involved in any breach of law or any legal proceeding in connection with corruption. The Group has provided on-line training materials for the directors of the Company and the staffs of the Group respectively in respect of Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) in Hong Kong and the anti-bribery legislation in the PRC, such as the Criminal Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China during the Reporting Period.



VI. SOCIAL SUSTAINABILITY (CONTINUED)

B.8 Community Investment

Although there is no written policy on community investment or community engagement, the Group always bears in mind to give back to society and actively participates in charity events. These include making donations to victims of natural disasters, helping children deprived of education as well as establishing re-employment funds for laid-off youth in Shenzhen.

The Company's management has been adhering to the idea of building harmony in society and among communities. It actively encourages and leads employees to participate in and organize initiatives that strengthen the local community environment, promote humanistic values, and build a harmonious society. These efforts include taking part in various community social activities, supporting improvements to educational infrastructure, and contributing to the establishment and development of community schools. The Company participates in social welfare activities and makes contributions to charitable community donations.

During the Reporting Period, the Group made contributions totaling RMB903,000 to charitable organizations focused on environmental and social issues in Hong Kong and the PRC.





China Boton Group Company Limited
中國波頓集團有限公司