

Stock Abbreviation : Hualan NPM

Stock Code : 301093



Jiangsu Hualan New Pharmaceutical Material Co., Ltd.

2024

Environmental, Social and Governance Report



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About this Report

This report is a dedicated Environmental, Social, and Governance report issued by Jiangsu Hualan New Pharmaceutical Material Co., Ltd. (Hualan NPM). This report adheres to the principles of objectivity and authenticity, providing detailed disclosure of the Company's specific actions, key practices, highlight cases, and performance indicators in 2024 related to environmental protection, social responsibility, corporate governance, and the management of ESG risks and opportunities. It aims to address stakeholder concerns and continuously improve the Company's ESG performance and high-quality development.

📅 Reporting Period

This is an annual report. Unless otherwise stated, this report covers the period from January 1 to December 31, 2024. To enhance the comparability and completeness of the report, certain sections of the report may appropriately revisit previous years or include forward-looking statements.

📍 Reporting Scope

Unless otherwise stated, the scope of this report is consistent with the consolidated financial statements of the Company's annual financial report.

📖 References

The preparation of this report is guided by the Self-Regulatory Guidelines No. 2 for Companies Listed on Shenzhen Stock Exchange – the Standardized Operation of Listed Companies on the ChiNext Board (Revised in December 2023), the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report (For Trial Implementation), and the Self-Regulatory Guidance No. 3 for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange – Preparation of Sustainability Report, as well as selected recommendations from the Sustainability Reporting Standards (GRI Standards) released by the Global Sustainability Standards Board (GSSB).

📄 Data Source & Assurance of Reliability

All information cited in this report is primarily sourced from Hualan NPM's internal documents or relevant public materials and has been reviewed and approved by the Company's Board of Directors. Hualan NPM guarantees that this report contains no false records, misleading statements or material omissions, and assumes individual and joint responsibility for the truthfulness, accuracy and completeness of its contents.

👄 Monetary Unit

Unless otherwise indicated, all monetary amounts are listed in RMB for this report.

📄 Access to the Report

This report is published in both paper-based and online versions. The paper-based version is available at the office of the Board of Directors of the Company. The electronic version of this report is available on CNINFO (WWW.CNINFO.COM.CN).

📖 Definitions

| | | |
|----------------------------------------------|-----------|------------------------------------------------------|
| Hualan NPM / This Company / The Company / We | Refers to | Jiangsu Hualan New Pharmaceutical Material Co., Ltd. |
| Sanhai Lanling | Refers to | Chongqing Fuling Sanhailanling Co., Ltd. |
| Huayang Medical | Refers to | Jiangsu Huayang Medical Technology Co., Ltd. |

Message from Chairman

Dear shareholders, partners, employees, and all friends supporting Hualan NPM,

In this challenging yet promising time, I'd like to extend my sincere greetings and heartfelt thanks to you on behalf of Hualan NPM. Our significant progress in ESG is inseparable from your support and trust in Hualan NPM over the past year.

2024 witnessed every achievement and challenge to Hualan NPM. On our way making economic benefits, we pay more attention to corporate social responsibilities and sustainable development. Beside our specific measures and highlight cases in environmental protection, social responsibility and corporate governance, the ESG report for this year also reflects our commitment to the stakeholders and our relentless pursuit of quality development.

Sound governance is the bedrock for the development of a corporate

We continuously strengthen Party building to keep our decision-making scientific and compliant; We stand firm on compliance by fostering robust internal controls and compliance framework; We also prioritize the rights and interests of investors by enhancing standardization and transparency of our operations.

R&D and innovation are the inexhaustible power behind corporate growth

We continue to increase our investment in R&D and promote technological and management innovation to adapt to market changes and customer needs; We speed up digital transformation, build an intelligent operation and maintenance system covering the full life cycle of equipment, and achieve refined control of production processes; We cooperate with universities and research institutes to facilitate transformation of scientific research results and empower our long-term development.

Collaboration and trust are the vital bonds driving corporate breakthroughs

We continue to deepen our service philosophy, build a bridge of trust, and continuously improve customer satisfaction; We uphold supplier quality and sustainability, driving principled and transparent procurement and supplier management practices; We actively establish mutually beneficial and trusting relationships with partners to jointly promote technological advancement in the industry.

Responsibility is a powerful demonstration of a corporate humanity

We create an inclusive and open working environment for our employees, safeguarding the legitimate rights and interests of staff, paying attention to the growth and development of them, thus building a harmonious team; We actively engage in public welfare activities, responding to the national rural revitalization strategy, promoting the development of the social economy and education, thus conveying corporate warmth to society.

Environmental protection is a powerful engine for corporate transformation

We actively respond to national policies, champion the development philosophy of eco-friendly, efficient, and sustainable practices, and are committed to reducing carbon emissions and protecting the ecological environment. We optimize energy management, promote energy-saving technologies, strengthen waste control, and drive harmony development between corporate and environment.

I'd like to thank every member of our team for your hard work and contribution to make Hualan NPM sail through the waves in the voyage of sustainable development. In the future, we will adhere to our values "Integrity, Win-Win Collaboration, Innovation, and Pursuing Excellence" to continuously improve our ESG performance, creating greater value for our shareholders, and making greater contributions to society.

Finally, I look forward to working with you to witness Hualan NPM achieve greater achievements in the new year and to jointly create a better future.

Chairman's Signature:



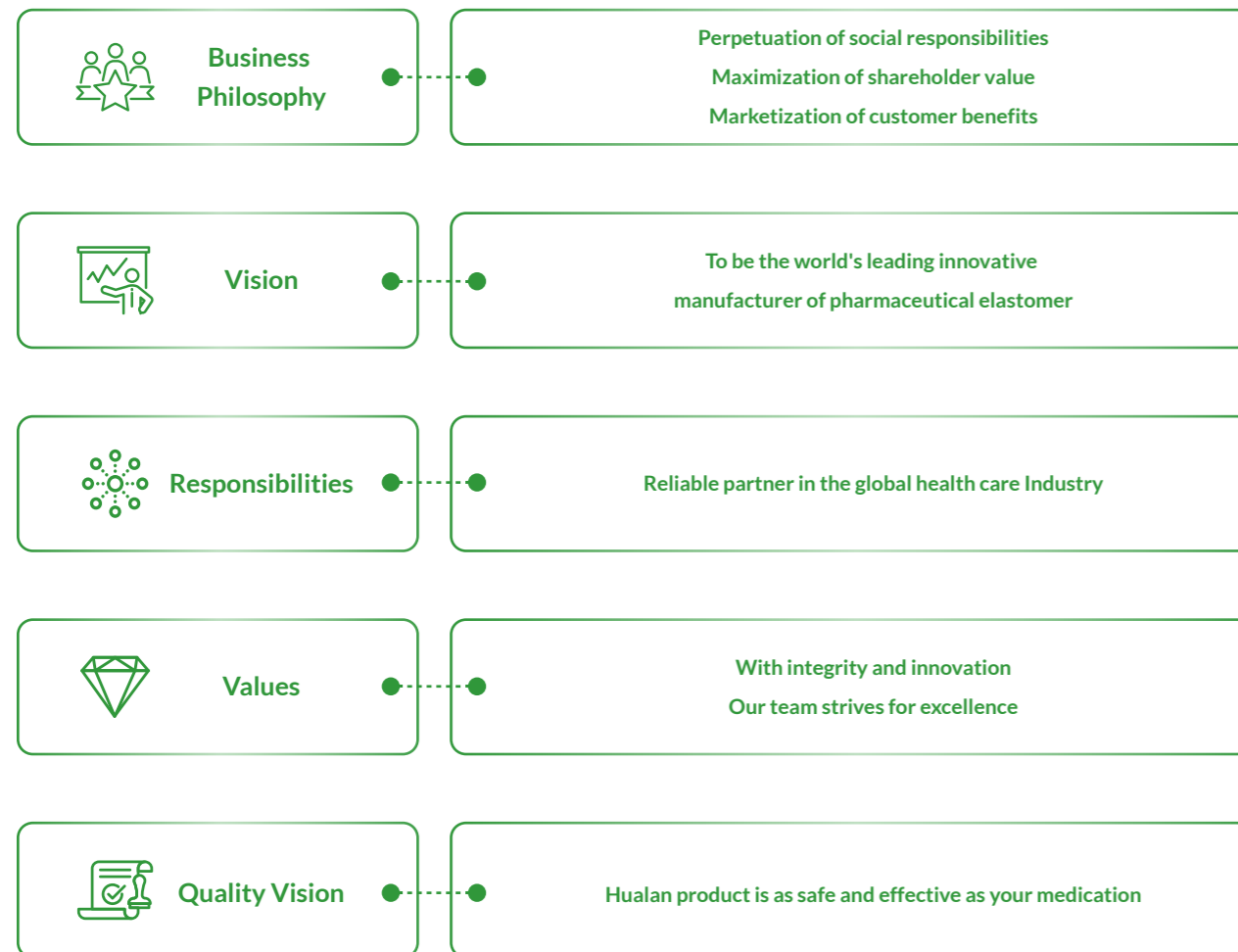
Jiangsu Hualan New Pharmaceutical Material Co., Ltd.

About Hualan NPM

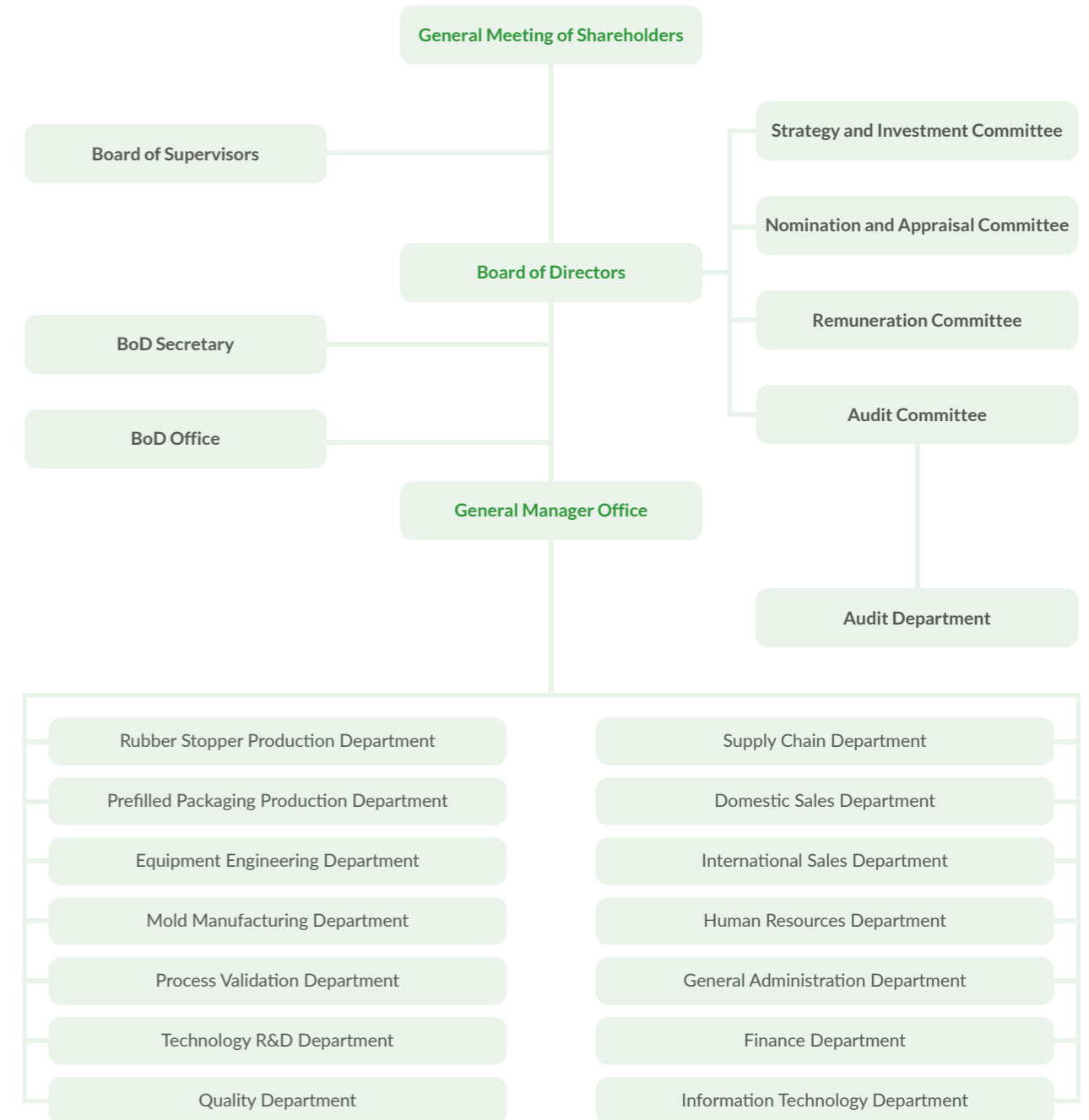
Company Profile >>

Jiangsu Hualan New Pharmaceutical Material Co., Ltd. (hereinafter referred to as "Hualan NPM") is established in 1992. After 32 years of unremitting efforts, Hualan NPM has developed into a national high-tech enterprise with advanced technologies and substantial product variety, specializing in R&D, manufacturing and sales of primary packaging materials for a wide range of injectable medications. Hualan NPM is the first pharmaceutical packaging manufacturer in China to obtain a production registration certificate for laminated stoppers. The Company's main products include laminated stoppers, normal stoppers, primary elastomer components for PFS and cartridges, new sealing assemblies, and other packaging components, used for high- and mid-end injectables globally and in China.

Corporate Culture >>



Organizational Structure >>



History >>

| | | |
|---|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| ○ | 1992 | Jiangyin Lanling Bottle Stopper Co., Ltd. was established |
| ○ | 1998 | Invested and established Chongqing Fuling Sanhailanling Co., Ltd |
| ○ | 2005 | Obtained the first registration certificate of pharma grade laminated stopper |
| ○ | 2009 | Completed the shareholding system reform and officially changed company name to Jiangsu Hualan New Pharmaceutical Material Co., Ltd |
| ○ | 2020 | Successfully developed the general assembly of sealing elastomer for injection |
| ○ | 2021 | Listed on Shenzhen Stock Exchange's ChiNext Board (Stock Code: 301093) |
| ○ | 2023 | The Chongqing factory's new pharmaceutical sealing elastomer project, with an annual production capacity of 6 billion units, has begun construction |

Honors >>

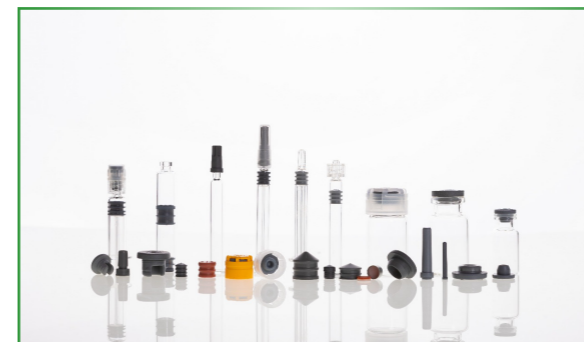
With its technological leadership, comprehensive product range, and strong industry position and recognition in the pharmaceutical rubber stopper sector, the Company continues to drive innovative development in the pharmaceutical packaging materials industry, earning multiple honors. In 2024, the Company was recognized as an "Intelligent Manufacturing Factory of Jiangsu Province", and Sanhai Lanling was named an "Outstanding Private Enterprise of Chongqing City for 2024".



Business Overview >>

Hualan NPM's main business spans various fields of pharmaceutical packaging materials, with its core products including laminated stoppers, normal stoppers, PFS components, elastomer components for inner packaging materials in cartridges, and new sealing combinations. These products are widely used in a variety of pharmaceutical fields, including infusion solutions, lyophilized drugs, powder injections, small-volume injections, vaccines, biologics, antibiotics, and oncology drugs, providing critical protection for the safety and stability of medicines.



The Company actively expands into related business areas, owning subsidiaries such as Chongqing Fuling Sanhailanling Co., Ltd. and Jiangsu Huayang Medical Technology Co., Ltd. Chongqing Fuling Sanhailanling Co., Ltd. focuses on the research, production, and sales of pharmaceutical butyl rubber stoppers, laminated stoppers, PFS components, sealing components for cartridges, and sealing elastomers for oral-use products. Jiangsu Huayang Medical Technology Co., Ltd. specializes in the research, production, and sales of sealing elastomer silicone products used in Class II minimally invasive surgical instruments and medical device accessories.



ESG Management and Strategies

Governance

As a responsible listed company, Hualan NPM has consistently adhered to a green, low-carbon, and high-quality development path as its guiding principle. The Company continuously promotes the improvement of its sustainable development governance system. The Board of Directors serves as the leading and decision-making body for ESG work, while the Company's headquarters and subsidiaries function as ESG executive bodies. All parties collaborate to ensure the smooth progress of ESG-related initiatives.





| | Name of Institution | Level | Scope of Authority |
|-------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------|
|  | Decision-Making Level Board of Directors | Leading and decision-making body for ESG work | Responsible for making decisions on major ESG-related matters |
|  | Executive Level Headquarters and Subsidiaries | Executive bodies for ESG work | Responsible for comprehensively implementing various ESG initiatives |

The Company adheres to the principles of **transparency, consistency, responsibility, and integrity** in information disclosure, regularly updating financial reports and company announcements through its official website and other official channels. At the same time, the Company proactively discloses its ESG management processes and progress to stakeholders through its Annual Report and ESG Report. To enhance ESG-related professional capabilities, the decision-making level and management level of the Company continuously improve their ESG knowledge and skills. Relevant departments and subsidiaries integrate ESG management into their daily work, advancing progress in a coordinated manner and supporting the Company's steady journey toward sustainable development.

Strategy

Hualan NPM integrates ESG principles into its corporate development strategy and fully fulfills its social responsibilities. The Company regularly identifies and assesses ESG-related risks and opportunities, conducts materiality assessments, and incorporates relevant issues into its unified risk management system. Sustainability-related issues that have a significant economic, social, and environmental impact, along with the measures and actions taken to monitor, prevent, manage, control, and mitigate these impacts, are detailed in the respective sections of this report.



| Issue | Anticipated Risks | Countermeasures |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Innovation-driven Development  | <ul style="list-style-type: none"> Due to factors such as technical difficulty, barriers to technology, and maturity, there are risks of not achieving the expected objectives Technological innovation enhances market competitiveness | <ul style="list-style-type: none"> At the initial stage of the project, conduct a comprehensive technical assessment and analysis, along with technical testing and validation, to ensure the effectiveness and reliability of the technical solutions Efforts to strengthen technological innovation are intensified through increased investment in innovation and the implementation of incentive systems |
| Workplace Safety  | <ul style="list-style-type: none"> Workplace safety concerns pose threats to employee health and safety | <ul style="list-style-type: none"> Establish a robust risk prevention and control mechanism, increase the intensity of safety management and training, and conduct emergency safety drills to enhance the capacity for risk prevention in production safety |
| Supply Chain Management  | <ul style="list-style-type: none"> Supply chain management issues may hinder production and business activities, posing risks such as failure to meet product delivery targets | <ul style="list-style-type: none"> Establish and improve supply chain management mechanisms, strengthen supplier audits, and enhance supply chain resilience |
| Combating Climate Change  | <ul style="list-style-type: none"> For details, refer to the Combating Climate Change section | |

Influence, Risk and Opportunity Management







Hualan NPM integrates ESG responsibilities into business decision-making and internal control evaluation, promoting the shift of ESG work from basic information disclosure to deeper levels of corporate governance. The Company's risk management framework and mechanisms are detailed in the relevant chapter on risk management.

Indicators and Targets

In alignment with stock exchange requirements, Hualan NPM is committed to enhancing the digitalization and informatization of data collection, accounting, and analysis for sustainability-related matters. This aims to improve the reliability and comparability of disclosed data and continuously elevate the quality of sustainability disclosures. During the reporting period, the Company set annual goals and corresponding assessment indicators in its annual work plan, covering environmental, social, and governance (ESG) areas. After careful analysis, this report discloses the setting and achievement of key issue indicators, with details available in the respective sections.

Communication with Stakeholders

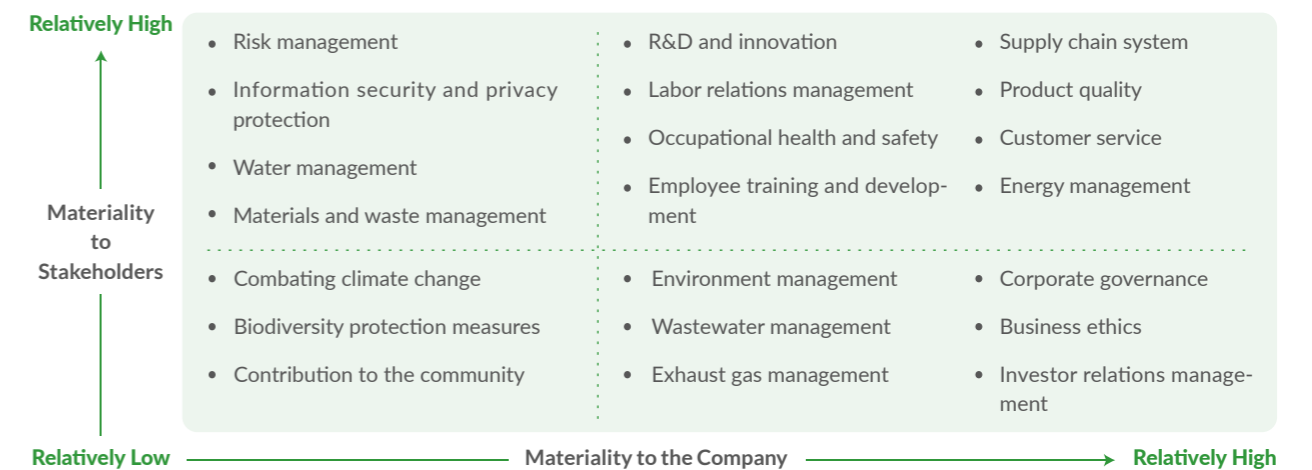
Hualan NPM places high importance on the rights and interests of all stakeholders. By analyzing the Company's business relationships and operational context, it has identified six key stakeholder groups: government / regulatory authorities, shareholders/investors, employees, customers, suppliers, and communities. During the reporting period, the Company maintained regular communication with stakeholders, proactively sought their views on environmental, social, and governance matters, actively listened and responded to their ESG concerns, and established strong cooperative relationships through various communication channels.

| Stakeholders | Expectations and Demands | Responses | Communication Frequency |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Government / Regulatory Authorities  | <ul style="list-style-type: none"> Regulatory compliance in business practices Paying taxes in accordance with the law Environmental protection | <ul style="list-style-type: none"> Compliance with laws and regulations Proactive tax payment Low-carbon development | <ul style="list-style-type: none"> As needed Regular As needed |
| Shareholders/Investors  | <ul style="list-style-type: none"> Improving corporate governance Timely information disclosure Sustainable profitability | <ul style="list-style-type: none"> Enhancing internal control capabilities Regular information disclosure Protection of shareholders' rights and interests | <ul style="list-style-type: none"> As needed Regular As needed |
| Employees  | <ul style="list-style-type: none"> Establishing career development pathways Well-rounded compensation and benefits system Guaranteeing occupational health and safety Safeguarding employee rights and interests | <ul style="list-style-type: none"> Improving internal management systems Ensuring employees' work-life well-being Strengthening occupational health initiatives Employee communication and feedback mechanisms | <ul style="list-style-type: none"> As needed As needed As needed As needed |
| Customers  | <ul style="list-style-type: none"> Protecting customers' rights and interests Enhancing customer satisfaction | <ul style="list-style-type: none"> Customer feedback mechanism Protecting customers' rights and interests | <ul style="list-style-type: none"> As needed As needed |
| Suppliers  | <ul style="list-style-type: none"> Supply chain management Mutual benefit and win-win cooperation | <ul style="list-style-type: none"> Managing suppliers Upholding business ethics | <ul style="list-style-type: none"> As needed As needed |
| Community  | <ul style="list-style-type: none"> Actively engaging with the community Carrying out volunteer activities | <ul style="list-style-type: none"> Rural Revitalization Carrying out public welfare initiatives | <ul style="list-style-type: none"> As needed As needed |

Analysis of Material Issues

Hualan NPM regularly identifies and updates its ESG material issues. Based on the two dimensions of "financial materiality" and "impact materiality" the Company conducts surveys, interviews, and other diverse communication methods to thoroughly gather and organize the concerns and demands of stakeholders. In line with national policies, industry trends, capital market focus areas, and the Company's strategic direction, the Company analyzes its own sustainability challenges and conducts materiality assessments of relevant ESG material issues. The Company's management and disclosure priorities were confirmed through expert analysis and review by the Board of Directors and external specialists.

During the reporting period, the Company systematically carried out materiality assessment in four steps: **conducting background research, establishing a list of issues, evaluating and confirming materiality, and forming an issue report.** Through this process, the Company updated its materiality issue database and conducted in-depth analysis to identify key ESG issues and future development directions.



Governance Foundation: The Steady Vessel for Development

Improving Governance Structure
Ensuring Sound Decision-Making

Strengthening Communication
Protecting Investors' Rights and Interests

Forward-looking Risk Control
Ensuring Steady Progress

Integrating Party Building into Corporate Governance
Strengthening the Foundation for Development

Upholding Compliance Boundaries
Preventing Operational Risks

Improving Governance Structure, Ensuring Sound Decision-Making

Hualan NPM strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, and other relevant laws and regulations, and has established a governance system centered around its Articles of Association, supported by the Rules of Procedure for the General Meeting of Shareholders, the Rules of Procedure for the Board of Directors, and the Rules of Procedure for the Board of Supervisors. A "Three Boards and One Management" governance structure has been formed, with the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors responsible for authority, decision-making, and supervision, respectively, and the managerial level responsible for execution. Through procedural institutionalization and process visibility, the Company ensures that each governance body performs its duties, maintains checks and balances, and operates in a coordinated manner.

Functions and Appointment Procedures

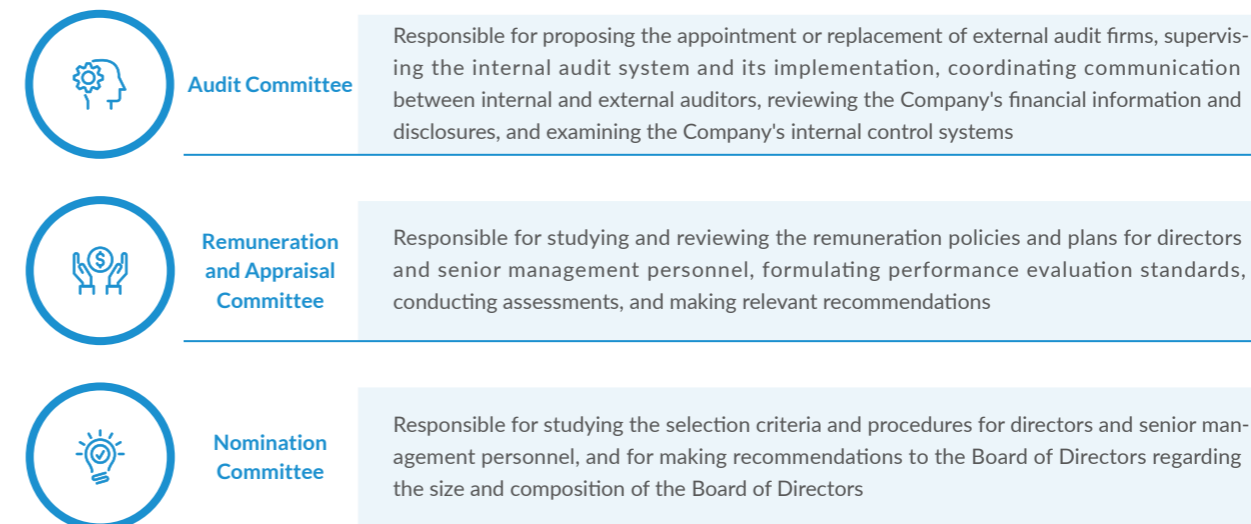
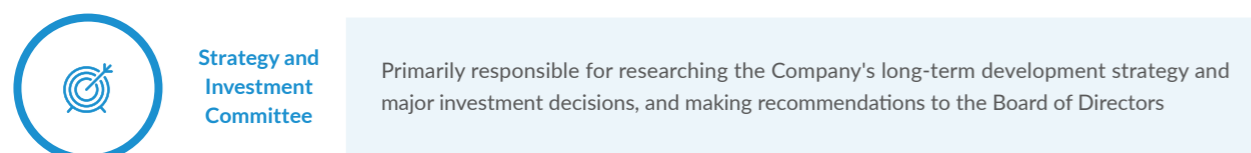
General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest authority, responsible for making decisions on major matters, including the election of directors and supervisors, the review and approval of the Company's annual financial statements, and the review and approval of the Company's profit distribution plan. Resolutions of the General Meeting of Shareholders are binding on all shareholders, directors, supervisors, and senior management personnel of the Company.



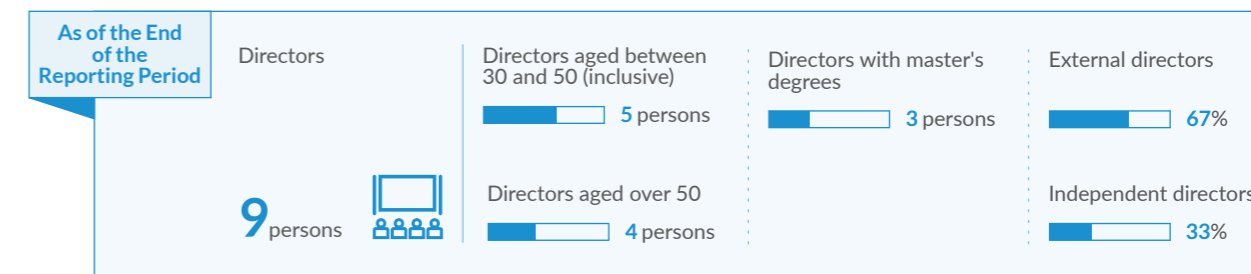
Board of Directors

The Company has established four specialized committees under the Board of Directors: the Strategy and Investment Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. All committee members are directors. These committees research professional matters and provide expert recommendations to support the Board of Directors' decisions.



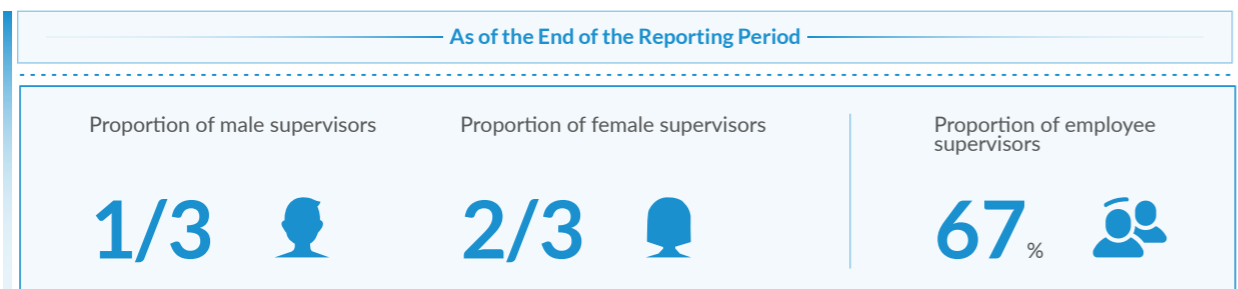
Directors of the Company are elected by the General Meeting of Shareholders for a term of three years and are eligible for re-election upon the expiration of their term. Independent directors cannot serve more than six years. Candidates for independent directors may be nominated by the Board of Directors, the Board of Supervisors, or shareholders individually or jointly holding more than 1% of the total voting shares of the Company. Candidates for other director positions may be nominated by the Board of Directors, the Board of Supervisors, or shareholders individually or jointly holding more than 3% of the total voting shares of the Company. The list of candidates is submitted to the General Meeting of Shareholders for resolution in the form of a proposal. Before the end of a director's term, the General Meeting of Shareholders has the authority to remove the director from office.

| During the Reporting Period | | | | |
|--------------------------------------------|-----------------------|-----------------------------------------------|-----------------------|--|
| The Board of Directors held | Reviewed and approved | The Audit Committee held | Reviewed and approved | |
| 13 meetings | 46 proposals | 5 meetings | 17 proposals | |
| The Nomination Committee held | Reviewed and approved | The Remuneration and Appraisal Committee held | Reviewed and approved | |
| 2 meetings | 3 proposals | 5 meetings | 9 proposals | |
| The Strategy and Investment Committee held | Reviewed and approved | The Board of Supervisors held | Reviewed and approved | |
| 1 meetings | 3 proposals | 13 meetings | 27 proposals | |



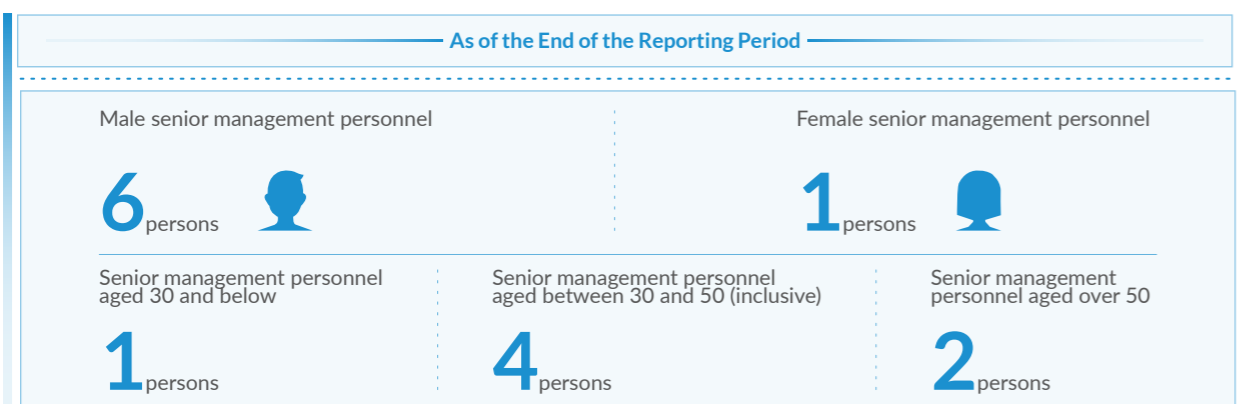
Board of Supervisors

The Board of Supervisors of the Company is accountable to the General Meeting of Shareholders and is responsible for overseeing and reviewing the legality of the performance of duties by directors and senior management personnel, thereby safeguarding the lawful rights and interests of the Company and its shareholders. Each term of the Board of Supervisors lasts three years, with members eligible for re-election. Supervisors who are not employee representatives are elected by the General Meeting of Shareholders, while those who are employee representatives are democratically elected by the Company's employees through the employee representative congress, general meeting of employees, or other forms.



Senior Management Personnel

Senior management personnel are appointed or dismissed by the Board of Directors and are responsible for the Company's day-to-day operations and management. As of the end of the reporting period, the senior management level of the Company consisted of seven members.



Management and Remuneration Policies for Directors, Supervisors, and Senior Management Personnel

The Company has established a Remuneration and Appraisal Committee under the Board of Directors, responsible for formulating remuneration plans or proposals for directors and senior management, and making recommendations to the Board of Directors. When drafting remuneration proposals, factors such as the Company's goals, remuneration levels in the industry, and the duties and performance of directors and senior management are comprehensively considered. Remuneration for members of the Board of Supervisors is determined by the General Meeting of Shareholders.

Integrating Party Building into Corporate Governance, Strengthening the Foundation for Development

Hualan NPM sets the goal of "growing stronger and contributing to the dissemination of positive social energy". Through the "Dual Development" initiative of Party-building and trade union work, the Company promotes the alignment of key production and operation personnel and model workers with the Communist Party, while also cultivating frontline Party members into backbone employees and model workers. Efforts have been made to strengthen the development of Party members among industrial workers, prioritizing management personnel and skilled workers who are proficient in production and operations, as well as outstanding frontline employees, as candidates for Party membership, thus increasing their representation within company teams. As of the end of the reporting period, the Company's Party Branch currently consists of 24 official Party members and 2 probationary members.

The Company regularly selects Party-member role models, fully leveraging the leadership role of Party organizations. It also publishes Party education information, Party-building updates, and exemplary role model stories through its official WeChat account and corporate website, in order to enhance the political literacy and professional competence of Party-member employees.

Red Heritage – Promoting the Spirit of Model Workers and Craftsmen

On November 6, 2024, a demonstration lecture event titled "Ideological-Political Teachers Enter Enterprises, Model Workers and Craftsmen Enter Campuses" was held at Hualan NPM. Zhang Yan, Vice Chairperson of the Municipal Federation of Trade Unions, attended the event. Nearly 100 people participated, including officials from the Lingang Economic Development Zone and relevant towns and subdistricts, village and community trade union leaders, enterprise trade union representatives, model workers and craftsmen, teachers, and employees. During the event, a young employee representative delivered a themed presentation titled "The Light of Role Models Illuminates the Dream of Craftsmanship", guiding attendees to learn from exemplary figures, listen to their stories of perseverance, draw inspiration from their dedication, and vigorously promote the spirit of model workers, the spirit of labor, and the spirit of craftsmanship.



Strengthening Communication, Protecting Investors' Rights and Interests

Investor Relations Management

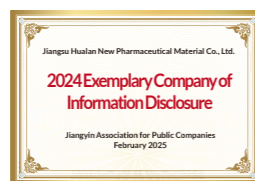
Hualan NPM places great emphasis on investor relations management, with the goal of "actively establishing fair, transparent, and win-win investor relations, proactively listening to investors' voices, enhancing market value management, and safeguarding the long-term interests of investors." The Company is committed to building a fair, transparent, and win-win investor relations management system to ensure the long-term interests of investors.

The Company has formulated and strictly implemented the Investor Relations Management System, established a systematic investor relations management process, and continuously optimized communication content and methods while strengthening the organization and implementation of management. The Board Secretary, as the person in charge of investor relations, is responsible for planning, arranging, and organizing various investor relations activities based on a comprehensive understanding of the Company's operations, management, business performance, and development strategy. The Board Office serves as the functional department for investor relations and, under the leadership of the Board Secretary, efficiently handles the day-to-day investor relations work. This includes maintaining multiple communication channels with investors and ensuring the timely collection and transmission of internal information.

To enhance communication efficiency and ensure compliance and fairness in investor relations efforts, the Company has engaged a third-party professional investor relations management service provider. The Company has adopted multiple measures to safeguard the rights and interests of minority shareholders. While ensuring the legality and effectiveness of the General Meeting of Shareholders, it has facilitated minority shareholders' participation by providing convenient means such as online voting. In the election of directors and supervisors, a cumulative voting system is used to effectively protect the voting rights of minority shareholders.

The Company expands stakeholder engagement and deepens communication through multiple channels such as the General Meeting of Shareholders, performance briefings, the Interactive Easy platform, hotline calls, a dedicated section on the Company website, and new media platforms, strengthening stakeholder recognition of the Company. During the reporting period, the Company answered over 400 investor hotline calls, fully communicating with investors to timely update the Company's operating status, thus promoting the Company's long-term coordinated development with the capital market; held 1 investor communication meeting; disclosed 4 periodic reports; and issued 200 interim announcements, ensuring information transparency and timeliness.

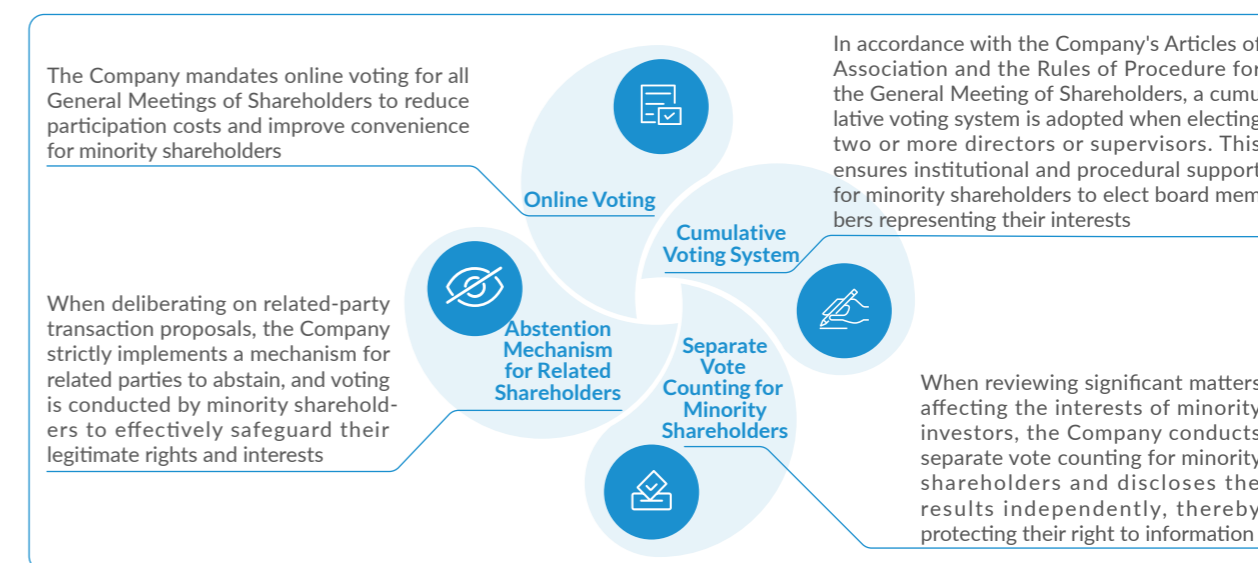
| During the Reporting Period | Number of investor communication meetings held | Number of investor calls answered | Number of periodic reports disclosed | Number of interim announcements issued |
|-----------------------------|------------------------------------------------|-----------------------------------|--------------------------------------|----------------------------------------|
| | 1 meetings | 400+ calls | 4 reports | 200 reports |



Protecting Shareholders' Rights and Interests

Hualan NPM places high importance on protecting shareholder rights by maintaining a well-functioning General Meeting of Shareholders mechanism and shareholder communication policy to fully safeguard shareholders' right to know and right to participate. As the Company's governing body, the General Meeting of Shareholders exercises its powers in accordance with the law. The Company treats all shareholders equally and fully protects their legitimate rights and interests.

Prior to the General Meeting of Shareholders, the Company actively listens to shareholder opinions and seeks the support of minority shareholders. The Company has established a shareholder communication policy, which is reviewed regularly to ensure its effectiveness and to maintain efficient communication with shareholders. The Company has set up a Board Office that serves as a "communication bridge, display platform, and information hub". It is responsible for providing shareholders and investors with necessary materials and services, maintaining active communication with shareholders, investors, and other capital market participants, and ensuring they have a clear understanding of the Company's operations and development.



Shareholder Deliberation Rules

The Company has formulated the Rules of Procedure for the General Meeting of Shareholders to further clarify the functions and authority, proposal methods, voting procedures and other matters of the General meeting. The Company strictly follows the provisions of the Articles of Association by inviting law firms with securities expertise to attend each General Meeting to witness and issue legal opinions, ensuring that the convening, holding, deliberation, and voting procedures of the meeting are legal and compliant.

Shareholders' Right to Information and Participation in Decision-Making

The Company ensures shareholders right to know and right to participate in decisions on major matters as stipulated by laws and administrative regulations. Investors gain a comprehensive understanding of the Company's development strategy, business performance, and financial position through showroom visits and face-to-face interactions, and are encouraged to offer valuable suggestions to improve the quality of development. As the highest authority of the Company, the General Meeting of Shareholders ensures shareholders' right to know and right to participate through various means, promoting effective interaction and shared development between the Company and its shareholders.

Creditor Rights

Hualan NPM strictly abides by the commercial rules of credit cooperation, promptly informing creditors of major information related to them as per procedures, with no incidents of active default, achieving a harmonious and mutually beneficial relationship between shareholders and creditors. During the reporting period, the Company's credit standing remained sound. All credit services were fulfilled as agreed, and no negative credit records occurred in the credit sector.






Upholding Compliance Boundaries, Preventing Operational Risks

Internal Control

Hualan NPM has established a sound internal control system to ensure standardized and transparent operations. The Company has an audit department that operates independently from its business and functional departments. It has formulated the Internal Audit System based on the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Basic Norms for Internal Control of Enterprises and Supporting Guidelines, serving as the overarching framework for internal supervision. Detailed rules for audit operations are also in place to ensure effective supervision. In addition, the Company has developed a series of management systems covering various operational aspects, including the Tendering and Bidding Management System, the Project Settlement Audit System, the Connected Transaction Management System, the Fundraising Management System, the External Guarantee Management System, the External Investment Management System, and the Material Information Internal Reporting System.

The Board of Directors of the Company is the highest decision-making body for internal control management, responsible for determining the Company's internal control system and conducting overall supervision and evaluation of its implementation and effectiveness. The Audit Committee is established under the Board of Directors to guide the construction of the internal control system. The Audit Department independently performs inspection and evaluation functions related to internal control to ensure its effective implementation.

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|  Board of Directors | Responsible for determining the Company's internal control system and conducting overall supervision and evaluation of its implementation and effectiveness |
|  Audit Committee | Responsible for guiding the construction of the Company's internal control system |
|  Audit Department | Responsible for independently performing inspection and evaluation functions related to internal control to ensure its effective implementation |

The Company also established an internal control supervision and inspection mechanism, conducting annual evaluations. The evaluation process includes: formulating the evaluation plan, forming an inspection team, conducting self-assessment, performing inspection evaluations, identifying and recognizing deficiencies, implementing corrective actions, and compiling the evaluation report. The Audit Department supervises all business lines, promptly identifies and orders corrections for any violations of the Company's internal control system. In cases where internal policies are incomplete or unclear, the Audit Department requires relevant departments to improve corresponding procedures and systems. The Audit Department tracks inspection items continuously and conducts follow-up reviews to ensure issues are thoroughly resolved.





Regulatory Compliance in Business Practices

Hualan NPM attaches great importance to compliance management, considering it a key safeguard for risk prevention and sustainable development. In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and other laws and regulations, the Company has clearly defined red-line management requirements regarding related-party transactions and investment matters. It has also formulated the Anti-Commercial Bribery Management System to regulate compliance in the field of anti-bribery, effectively resisting domestic and international commercial bribery, strengthening compliance awareness in domestic and international operations, and mitigating compliance risks.

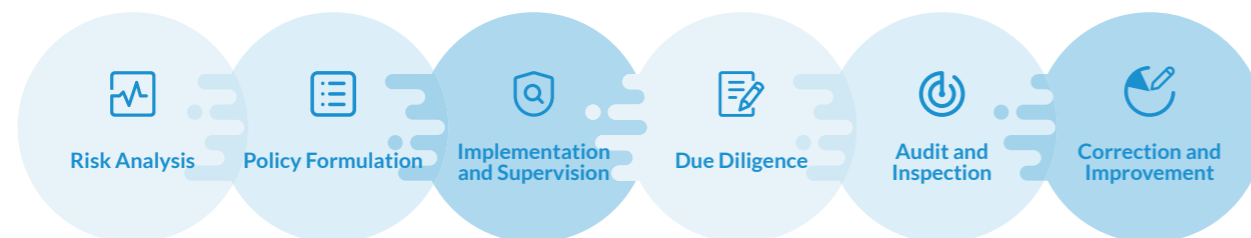
The Company designates business departments as the first line of responsibility for compliance management. They are tasked with identifying and assessing day-to-day compliance risks, reporting risk events in a timely manner, conducting compliance training, and implementing corrective actions. The Audit Department is responsible for independently supervising and auditing the effectiveness of the compliance management system, handling violations, and assisting in the response to compliance crisis events.

Compliance Management Responsibilities

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| <p>Business Departments</p>  | <p>Responsible for the identification and investigation of daily compliance risks, timely reporting of risk issues, conducting compliance training, and implementing corrective actions for compliance problems</p> |
| <p>Audit Department</p>  | <p>Responsible for independently supervising and auditing the effectiveness of the compliance management system, handling violations, and assisting in the response to compliance crisis events</p> |

The Company has established a comprehensive compliance review process covering risk analysis, policy formulation, implementation supervision, due diligence, audit inspection, and corrective measures, ensuring the comprehensiveness and effectiveness of compliance management. The Company continuously improves its compliance complaint and reporting mechanism, allowing external stakeholders, such as suppliers, to submit complaints or reports concerning compliance system construction, special compliance issues, and compliance supervision via both online and offline channels to the Audit Department.





Compliance Management Process



Forward-looking Risk Control, Ensuring Steady Progress

Risk Management



Hualan NPM has established a robust risk management mechanism. The Audit Committee, directly led by the Board of Directors, is responsible for overseeing the Company's overall risk management, reviewing the planning and annual work plans for internal control and risk management, and deliberating on key decisions, major matters, and important proposals. The Company has implemented a series of measures to systematically and continuously collect relevant information, accurately identify internal and external risks related to control objectives, and assess corresponding risk tolerance. Based on risk assessment results and acceptable risk thresholds, each entity balances risks and benefits and applies a mix of risk avoidance, mitigation, sharing, and acceptance strategies to achieve effective risk management. During the reporting period, the Company has not had any major risk incidents.

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| <p>Risk Identification</p>  | <p>The Audit Department organizes annual Company-wide risk assessments, evaluating the potential loss and likelihood of risks, with a focus on significant and major risks, and implements targeted prevention measures</p> |
| <p>Risk Warning</p>  | <p>The Audit Department conducts daily risk monitoring, promptly analyzes causes and assesses the impact of high-risk events, and takes appropriate actions</p> |
| <p>Risk Tracking</p>  | <p>The Audit Department continuously tracks and monitors identified risk events and regularly updates their status. For issues discovered during risk event handling or operational risk in daily business, the Audit Department issues rectification notices to promote proper resolution and ensures timely closure of resolved risk events</p> |
| <p>Risk Control</p>  | <p>The Company applies various strategies to mitigate losses — such as avoidance, transfer, mitigation, or acceptance — based on the nature of each risk. At the same time, the Company has established a defined risk event handling process and categorizes risks as major, significant, or general for hierarchical management and response. It also carries out event-specific management and emergency response as needed</p> |

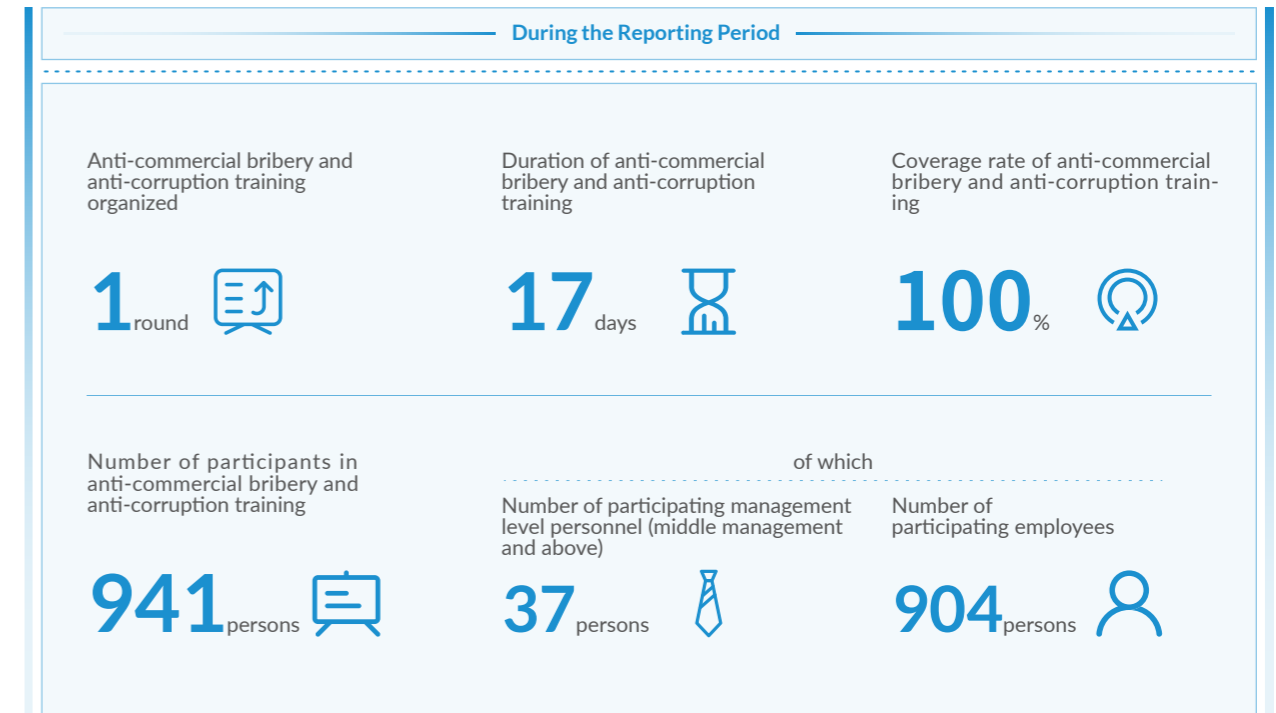
Anti-commercial Bribery and Anti-corruption

Hualan NPM strictly follows the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibiting Commercial Bribery issued by the State Administration for Industry and Commerce, the Law of the People's Republic of China on Pharmaceutical Administration, and the Regulations on Establishing a Commercial Bribery Blacklist in the Pharmaceutical Purchase and Sales Sector, among other regulations. It has established internal regulations such as the Anti-Commercial Bribery Management System, the Anti-Commercial Bribery Agreement, and the Employee Anti-Commercial Bribery Commitment, providing a solid foundation for the Company's long-term and stable development. The Company has established a comprehensive anti-corruption management framework that covers the Board of Directors, Board of Supervisors, and all subsidiaries. The Board of Directors is responsible for advancing anti-corruption work at the decision-making level. The Board of Supervisors organizes or coordinates anti-corruption efforts in accordance with its responsibilities and responsibilities. The Company has established an Audit Department to carry out anti-corruption efforts in compliance with laws, regulations, and disciplinary requirements.

The Company adopts a "zero-tolerance" policy towards corruption and has established a case review mechanism to analyze the root causes of corruption incidents and strengthen anti-corruption controls in future operations.

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| <p>In procurement</p>  | <p>The Company strictly adheres to its Procurement Management System and Tendering and Bidding Management System, focusing on key processes such as tendering, price comparison, and contract signing. It continuously optimizes oversight indicators and improves its mechanisms for early warning, monitoring, and post-event evaluation</p> |
| <p>For construction projects</p>  | <p>The Company has formulated the Tendering and Bidding Management System, the Measures for the Administration of Engineering Change Order, and the Project Settlement Audit System to ensure full-process supervision of bidding and contract execution</p> |

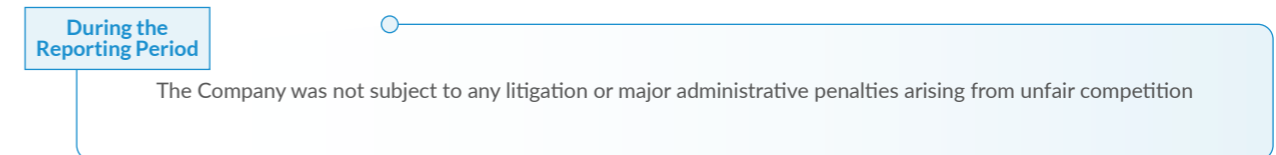
A well-established whistleblowing mechanism established by the Company ensures that all employees and stakeholders can confidentially report suspected misconduct involved in the Company via anti-corruption hotlines, emails, or the supervision website. The Company has implemented strict requirements to protect the whistleblower's identity and rights, ensuring that employees will not face unfair dismissal, harm, or improper disciplinary actions due to their reports.



Anti-unfair Competition

Hualan NPM strictly complies with the Anti-Monopoly Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. Adhering to responsible sales and marketing principles, the Company regulates the compliance behavior of the marketing, sales, and product teams throughout the entire process of business development and contract management to ensure accurate and comprehensive information is provided in market expansion, customer sales, and product labeling.

At the same time, the Company continues to improve its compliance framework in key areas such as anti-corruption, human rights, conflict of interest, fair competition, export control, intellectual property, tax transparency, information security, and data compliance, and instills the importance of legal compliance among employees through online and offline initiatives to strengthen compliance awareness.



Innovation Engine: Leading a New Era of Intelligent Manufacturing

Unleashing Innovation Potential
Driving Technological Transformation

Embracing the Digital Era
Optimizing Operational Processes

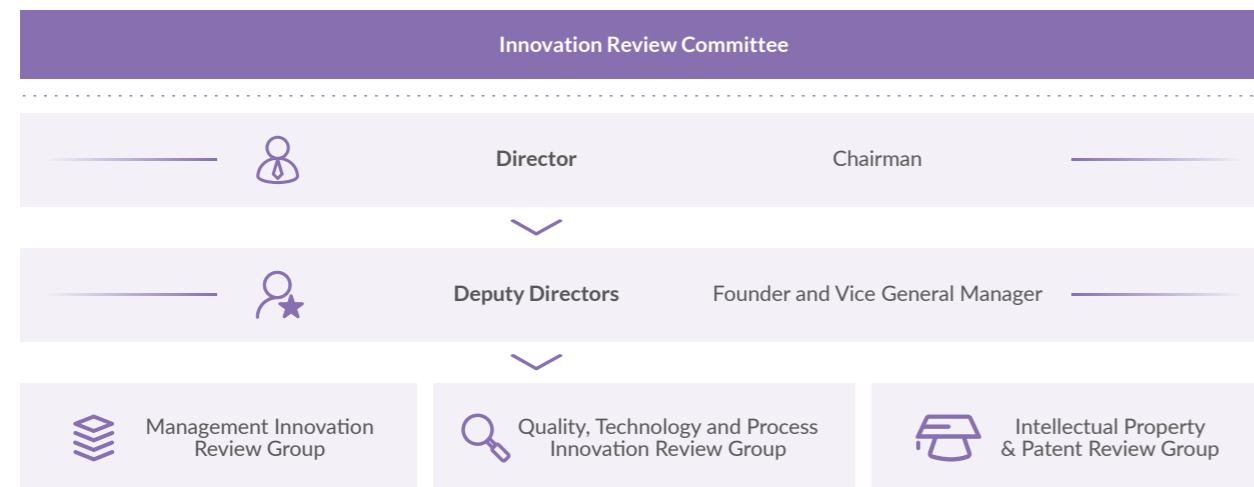
Upholding Quality Standards
Enhancing Product Value

Unleashing Innovation Potential, Driving Technological Transformation

Governance

Hualan NPM places great importance on innovation and R&D. To stimulate employees' enthusiasm for innovation and promote technological and managerial innovation, it has formulated the Measures for the Administration of Employee Innovation Evaluation, encouraging staff to engage in a variety of activities including management innovation, technological innovation, patent applications, application of new materials, innovation proposals (including rational suggestions), national/industry/provincial/municipal honors (achievements), and special contribution awards.

The Company has established an Innovation Review Committee, with the Chairman serving as the Director and the Founder and Vice General Manager serving as Deputy Directors. The Committee consists of three sub-groups: the Management Innovation Review Group, the Quality, Technology and Process Innovation Review Group, and the Intellectual Property & Patent Review Group. The Intellectual Property & Patent Review Group is composed of a patent agency and external experts (user consultants). Some members of the National/Industry/Provincial/Municipal Honors (Achievements) Review Group are external industry consultants (with a focus on users), while other review groups consist of members from various company departments. The Innovation Review Committee holds meetings every three months to ensure the continuous optimization and advancement of innovation and R&D efforts.



Strategy

Hualan NPM actively responds to the National Medical Products Administration's reform of the regulatory mechanism for drugs, pharmaceutical excipients, and packaging materials. In response to higher quality requirements, Hualan NPM has established increasingly close cooperative relationships with pharmaceutical manufacturers. Against this backdrop, the Company has built a collaborative R&D system aligned with market demand. Led by the Technology R&D Department and Process Validation Department, it maintains close external ties with customers and effective internal coordination with the production department to rapidly advance new product development. In addition, the Company has established industry-academia-research cooperation platforms with multiple universities to empower knowledge and support the growth of its technical teams.

Influence, Risk and Opportunity Management

Hualan NPM has established a comprehensive innovation project management process, covering the stages of initiation, approval, and acceptance. Project initiation must follow the principles of innovation and efficiency. An Innovation Project Task Form must be completed, detailing the project content, key innovations, budget, timeline, and expected benefits. After departmental review, the form is submitted to the Innovation Review Office for project approval by the committee. During implementation, the project department is responsible for progress and periodic reviews. If the plan needs to be adjusted, an application must be submitted. Upon project completion, the implementation department submits an acceptance application. The Innovation Review Office will organize the committee and expert groups for acceptance review within one month. For innovation proposals, patents, and honorary achievements, the Company adopts a mechanism of immediate review and immediate reward. Rewards can be applied for directly after project acceptance.

For technological innovation awards, the reviewed project must be implemented and have generated actual economic value, and complete documentation must be provided. One month after project completion and operation, the project team or department may submit an acceptance application. The review committee and expert group will evaluate the project background, innovation, practicality, benefit comparison, and impact on company development, and issue opinions. An acceptance report will be drafted thereafter.

The Company has formulated clear reward standards for innovation achievements: innovations with directly calculable economic benefits are awarded a one-time reward or profit sharing based on evaluation grade; management innovation and other project achievements are awarded a one-time reward based on acceptance group evaluation. Regarding patent rewards: Invention patent application acceptance: RMB 1,000; Invention patent authorization: RMB 8,000; Utility model patent application acceptance: RMB 500; Utility model patent authorization: RMB 2,500; Design patent authorization: RMB 500. Innovation proposals are rewarded at different levels according to their effectiveness or contribution. Honorary achievements are rewarded according to their level: Individual: RMB 500–RMB 2,000; Team: RMB 1,000–RMB 5,000. Management and technological innovation projects are rewarded at different levels based on the importance of the management problem solved and the amount of cost savings or profits generated. Special contribution awards are determined by senior management and the review committee through consultation.

| Reward System | | |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------|
| | Patent Rewards | |
| | Invention patent application acceptance | RMB 1,000 |
| | Utility model patent application acceptance | RMB 500 |
| | Design patent authorization | RMB 500 |
| | Patent authorization | RMB 8,000 |
| | Patent authorization | RMB 2,500 |
| <p>Innovation proposals are rewarded at different levels according to their effectiveness or contribution</p> | | |
| <p>Honorary achievements are rewarded according to their level</p> | Individual | RMB 500-2,000 |
| | Team | RMB 1,000-5,000 |

Indicators and Targets

Hualan NPM's long-term goal is to continuously develop new products and become a leading domestic R&D institution for pharmaceutical packaging materials — especially maintaining a leading position in the research and development of pharmaceutical rubber stoppers — to ensure its leadership in the rubber stopper industry and achieve sustainable development. To this end, the Company has designated annual key projects and exercises comprehensive control over the entire process from project initiation and implementation to evaluation and acceptance. Quarterly progress tracking and discussion meetings are held to ensure projects are carried out as planned.



The Company actively collaborates with universities and has signed cooperation agreements with Nanjing University of Science and Technology, Qingdao University of Science and Technology, and Nanjing University of Aeronautics and Astronautics to promote technological innovation and talent cultivation, accelerating the transformation and application of scientific research achievements. Among them, the project R&D and Industrialization of Vaccine Antibody Pharmaceutical Elastomers and Sealing Components has carried out extensive R&D work through industry-academia-research collaboration with Nanjing University of Aeronautics and Astronautics, securing multiple technological breakthroughs.

Embracing the Digital Era, Optimizing Operational Processes

Intelligent Manufacturing

Accelerating digital transformation and cooperating with technology giants such as Huawei, Hualan NPM is focusing on cutting-edge technologies such as artificial intelligence (AI), big data, cloud computing, blockchain, and AR/VR, the Company has built an Intelligent Operations Center with capabilities in indicator management and data application, enabling refined control over production processes.

The Company has introduced advanced intelligent manufacturing equipment and digital management systems. By utilizing AR-based visualized operation and maintenance technology and digital twin technology, it has built an intelligent operation and maintenance system covering the equipment's full life cycle, achieving real-time monitoring and predictive maintenance of equipment, thus improving product quality and production efficiency. Meanwhile, the Company has implemented the Smart Administration Project, leveraging digitalization and AI technologies to optimize employee services and administrative management.

Digital Operation Management Platform

The Hualan Intelligent Operation Center was designed to support the Company's digital operations. Its core is the intelligent operation management platform (PC version), which includes functions such as indicator management, data application, and data release. The large display screen and mobile terminal are extensions and derivatives of the intelligent operation center.



Smart Administration Project

The Company has implemented a Smart Administration Project, leveraging technologies such as digitalization and AI-based recognition to provide employees with convenient, seamless, and efficient administrative services.

- The smart attendance system uses facial recognition and data integration to achieve seamless clock-in, significantly improving the employee experience.
- The intelligent onboarding services and one-stop employee services ensure that employees receive thoughtful and personalized care throughout the entire employment cycle, from onboarding to offboarding.
- For external reception management, the system offers visualized itinerary planning, seamless access authorization, and accurate visitor movement tracking, delivering an exceptional visiting experience.



Intelligent Meeting Room

Case **AR-powered Intelligent Maintenance System**

By integrating digital twin technology and an AR-based remote collaboration system, the Company has established an intelligent operation and maintenance system covering the full equipment life cycle. This system specifically addresses key issues in traditional equipment maintenance, such as long downtimes, high costs, and safety risks. It integrates AR head-mounted devices, intelligent wearable terminals, a low-code development platform, and a self-developed AR engine to achieve real-time monitoring of equipment status, remote expert collaboration for diagnostics, and predictive maintenance.

AR-based Visualized Operation and Maintenance



- **Intelligent Recognition and Error Correction:**By scanning equipment QR codes or feature points with AR head-mounted displays, the system overlays 3D operation manuals, spare part locations, and process parameters in real time. It automatically compares equipment status against SOP standards and alerts operators via voice prompts or visual warnings when anomalies are detected.
- **Process Monitoring:**During critical processes such as stopper vulcanization and punching, AR technology tracks tool trajectories and spare part usage in real time to ensure operational compliance and reduce human error rates.

Remote Collaboration and Diagnostics

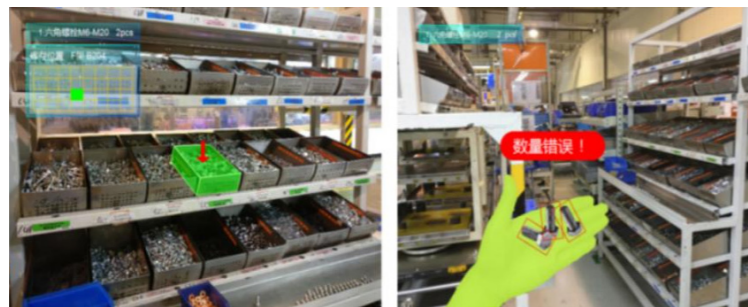


- **Support for Intelligent Wearable Devices:** On-site engineers use AR-integrated smart terminals with sensors to share first-person visuals via 5G networks with remote experts. Experts can annotate fault points remotely, retrieve equipment history, and collaboratively formulate repair plans via video conferencing, achieving "zero-distance" technical support.
- **Low-code Platform Enablement:** Leveraging the low-code platform, maintenance applications can be rapidly developed, allowing frontline staff to customize fault reporting templates and maintenance workflows, reducing system response time by over 30%.

Digital Twin and Predictive Maintenance



- **Virtual Simulation Mapping:** A digital twin model is built using equipment sensor data to simulate operational status in real time and predict potential faults such as bearing wear or seal leakage, triggering maintenance work orders in advance.
- **Data-driven Decision-making:** By integrating data from PLC, SCADA, and MES systems, algorithms analyze equipment load and temperature trends to optimize spare parts inventory and production schedules, increasing equipment utilization by 22%.



AR-based Visualized Operation and Maintenance

Case **AR-CNC Virtual Pilot Optimization**

To address industry challenges such as long new product validation cycles and high maturation costs, the Company independently developed the AR-CNC Virtual Pilot System based on the deep integration of AR and CNC technologies, creating a virtual-physical integrated simulation and testing environment. The system integrates industrial control devices such as PLCs, robot controllers, and CNC systems. Through real-time data exchange using Python scripts and Redis database, it enables design simulation and iterative optimization of key factors such as appearance and structure, ensures information exchange and collaboration between product design and process design, and supports full or partial virtual commissioning of intelligent manufacturing production lines.

Virtual Scenario Simulation



- A virtual production line is built in simulation software to simulate processes such as vulcanization and edge punching. Basic Python programs interact with the Redis database in real time to control signals and drive the operation of virtual models

Multi-dimensional Simulation Support



- The system supports importing external CAD models. Users can configure kinematic and dynamic simulations to emulate equipment behavior under complex conditions.

Physical Characteristics Engine

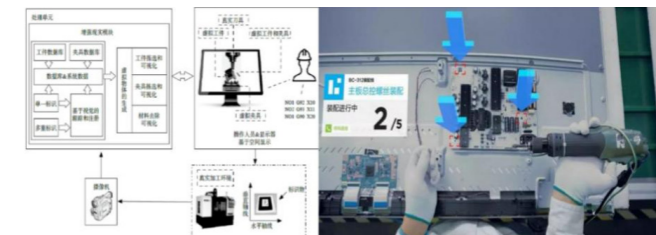


- An embedded physical simulation engine realistically replicates physical parameters such as speed, friction, and impulse during machining, ensuring high consistency between virtual commissioning and actual production.

Virtual-Physical Interaction Verification



- Operators observe virtual machining processes in real time via video see-through displays. Combined with posture feedback from real mold markers, they verify the feasibility of process parameters and equipment collaboration.

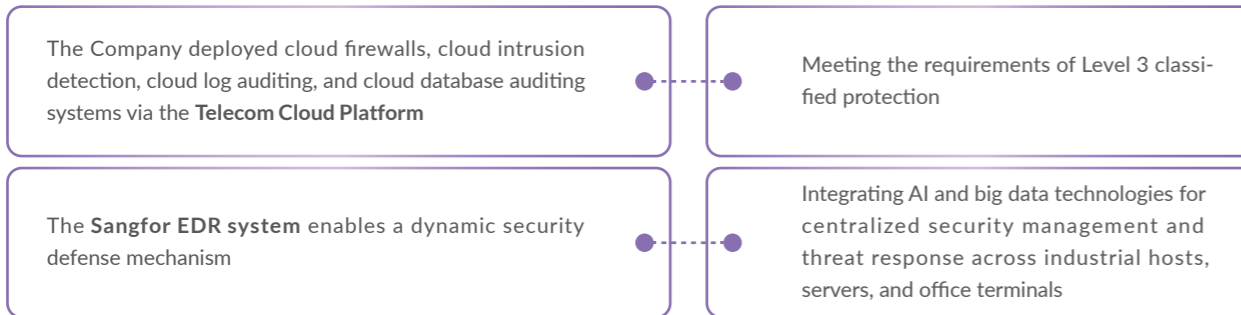


Semi-physical Simulation Diagram

Data Security

Hualan NPM attaches great importance to industrial information security and data security control. By building secure protection for industrial control networks, 5G private networks, and office networks, and integrating IIoT security technologies, firewalls, Internet behavior management, and cloud security measures, a multi-layered security protection system has been formed, covering internal networks, customized private networks, production networks, data acquisition networks, and office networks.

The Company has established a Cybersecurity Leading Group headed by the Chairman and with the IT and Digitalization Director as the First Deputy Chair. This group is responsible for implementing relevant laws, regulations, policies, and work requirements on cybersecurity issued by government authorities. The group is also responsible for reviewing the Company's cybersecurity development strategies, mid- and long-term plans, related regulations, and major decisions, as well as organizing and coordinating major cybersecurity management issues across the Company's networks. The Cybersecurity Leading Group has set up an office under the Information Security Management and Operation Center, which is responsible for the overall coordination of the Company's cybersecurity efforts.



Case Information Security Management System

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|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Network Isolation and Access Control</p> | <p>Security isolation is implemented between office networks, device networks, and customized private networks via firewalls, with bidirectional traffic filtering policies and deployment of detection and protection tools such as IDS/IPS and honeypots.</p> |
| <p>Cloud-Native Security Protection</p> | <p>Cloud firewalls, cloud intrusion detection, cloud log auditing, and cloud database auditing systems are deployed on the Telecom Cloud Platform to meet Level 3 protection requirements.</p> |
| <p>Intelligent Endpoint Defense</p> | <p>The Sangfor EDR system establishes a dynamic defense mechanism. Combined with AI and big data technologies, it enables centralized security management and threat response for industrial hosts, servers, and office terminals.</p> |
| <p>Physical and Logical Isolation</p> | <p>UPF devices are used to physically isolate the 5G private network from the production network, with network segmentation into management, business, and storage domains to ensure the reliability of critical systems.</p> |

Case End-to-End Network Security Protection System

For digital infrastructure integration, the Company has adopted IIoT security technologies, constructed protective systems such as firewalls and internet behavior management, and deployed cloud firewalls, cloud intrusion detection systems, cloud log auditing systems, and cloud database auditing systems for the factory cloud hosts in accordance with Tier 3 classified protection standards. It has established centralized security management and audit platforms for industrial control systems, security situation awareness platforms, and big data platforms for industrial information security, building a comprehensive terminal security protection system across the entire network.

Upholding Quality Standards, Enhancing Product Value

Product Quality

Hualan NPM is committed to providing high-quality products and services, strictly adhering to the Product Quality Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China, and other regulations. It has formulated and strictly enforced internal management systems such as the Sales Service Management Procedures, the Contract Review Management Procedures, the Product Sales Management Procedures, the Customer Complaint Management Procedures, and the Customer Product Selection Management Procedures, realizing comprehensive control from production to service. The Company adheres to the quality policy of "Hualan products are equivalent to medicines; Hualan assumes responsibility for safety and efficacy", and standardizes its quality management system in accordance with ISO 15378, ISO 9001, and ISO 14001 standards, streamlining workflows across departments to ensure seamless coordination from product R&D to production and sales.

During the Reporting Period

The Company did not experience any major safety or quality liability accidents related to its products or services, nor were there any product withdrawals or recalls due to health and safety concerns

- The Company's headquarters has realized intelligent operations. Its product quality complies with YBB, EP, USP, and JP international standards and is benchmarked against global peers.
- The Company has established a prefilled packaging material production line, designed according to GMP requirements and European environmental standards, with a focus on intelligence, standardization, energy conservation, and environmental protection;
- Its water treatment equipment uses two-stage reverse osmosis and EDI modules to ensure water quality meets Chinese, European, and US pharmacopeia standards;
- Mold design and manufacturing are supported by high-precision processing equipment, with the manufacturing process strictly controlled under GMP standards. The scope of central control has been expanded, dimensional measurements have shifted from manual to optical methods, and the sample verification rate has been increased to further enhance product quality.

Huayang Medical Strengthens Quality Management

Focusing on the quality policy of "quality first, innovation and pragmatism; dedicated service, continuous improvement", Huayang Medical has formulated and strictly implemented a series of management systems, including the Procurement Material Code Management Procedures, the Design and Development Management Procedures, the Production and Service Provision Control Management Procedures, the Adverse Event Monitoring and Re-evaluation Control Procedures, the Nonconforming Product Control Procedures, the Management System for Risk Management and Control Procedures, the Product Return and Notification, the Change Control Procedures, and the Control Procedures for Reporting to Regulatory Authorities, to ensure the overall improvement of quality management in key processes.

Product Recall Management Procedure: A designated adverse event officer and team members regularly check adverse event websites for complaints. Upon identifying related incidents, appropriate measures are taken promptly. In case of serious incidents, sales are immediately halted and related products are proactively recalled.

Workplace Safety

Hualan NPM implements national EHS-related laws, regulations, and standards by organizing the development and supervision of workplace safety management systems, and formulates internal management systems and operating procedures, such as the Safety Training Procedures, the Workplace Safety Inspection Procedures, the Hazardous Chemicals Safety Management Procedures, the Safety Training and Education Procedures, the Construction and Maintenance Safety Management Procedures, the Hidden Hazard Identification and Management Procedures, the Special Equipment Safety Management Procedures, the Related-party Safety Management Procedures, and the Work-Related Injury Insurance and Accident Management Procedures.

The Company has established an EHS (Environment, Health and Safety) Committee, chaired by the Chairman of the Board, with the Vice General Manager of the Comprehensive Management Department as Vice Chair, and department managers as members. The committee holds regular workplace safety meetings to coordinate and resolve existing safety issues.

Routine Management



The equipment management department organizes annual reporting, appraisal, and disposal of obsolete equipment at the end of each year to promptly eliminate equipment that is uneconomical, unsafe, or not environmentally friendly. A strict equipment maintenance schedule is enforced, and daily monitoring of equipment status is conducted. Maintenance procedures are established according to operational needs, including routine, periodic, and special maintenance, following the "ten-character" work method to prevent abnormal leakage, overflow, dripping, or seepage, thereby ensuring workplace safety.

Targeted Governance



The Company conducts regular targeted governance for major hazard sources, strengthens source management in safety, occupational health, and fire protection, and advances the review, pre-evaluation, and acceptance processes for multiple projects to ensure that safety and occupational disease prevention facilities are designed, constructed, and commissioned simultaneously with the main projects.

Emergency Incident Handling



The Company has established mechanisms for emergency information reporting, public opinion monitoring, and information disclosure. It has formulated systems for reporting and investigating workplace safety accidents, adhering to the "Four No-Pass" principle for cause analysis, investigation, warning education, and accountability. It has also implemented an accident reporting system, requiring immediate safety notifications to department managers in case of work injury accidents resulting in lost time.

Emergency Response Drills



The Company maintains and regularly updates specialized emergency response plans, organizes reviews of these plans, conducts regular emergency response drills, equips necessary emergency supplies and equipment, and continuously improves the plans. Multiple emergency response drills have been conducted to enhance unified command, overall coordination, on-site rescue capabilities, rapid response, and comprehensive management capabilities.

Safety Training



During Workplace Safety Month, the Company held a wide variety of engaging activities under the theme "Safety for Everyone, Emergency Preparedness for All - Keeping Escape Routes Clear".

Workplace Safety Goals

- (1) Fulfill the workplace safety responsibilities of all employees to ensure workplace safety;
- (2) **Zero** fatal accidents, **zero** serious injuries, **zero** fire and explosion accidents throughout the year;
- (3) **Zero** cases of occupational diseases and **zero** work-related injuries throughout the year;
- (4) **100%** workplace safety training pass rate; over **100%** incident rectification rate;
- (5) **100%** qualification rate for special equipment inspections; **100%** certification rate for special operations personnel.

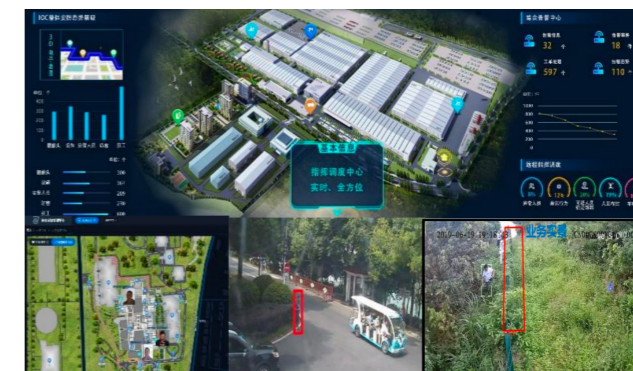
During the reporting period, the Company recorded no major safety incidents.

Digital Navigation to Safeguard All-Area Security Lines

Public Security and Safety

The public security system covers command and dispatch, video patrol, video perimeter monitoring, and personnel management.

- It provides an overview of the overall security situation, offers alarm information and situation analysis, and enables remote command and dispatch.
- Through sequential rotation of surveillance cameras, conduct video patrols. Upon detection of abnormal conditions, an alarm work order is issued for immediate handling.
- With intelligent video analysis technology, detect intrusions and triggers alarms, effectively reducing false and missed alarms for perimeter security.
- A "soft" control approach is used in public areas, supporting blacklist deployment and trajectory tracking to ensure the safety of personnel within the park.



Public Security System

Fire Safety

The IOC Intelligent Operations Center Fire Safety System, enabling fire linkage, equipment maintenance, evacuation guidance, emergency response, and early warning.

- Upon an alarm, the system simultaneously retrieves footage from nearby cameras and triggers access control system linkage.
- By monitoring fire detection equipment online, the Company ensures real-time monitoring of the fire protection system's availability.
- In case of a fire, the system initiates intelligent and manual firefighting according to the fire level and emergency plan, while also monitoring electrical overload, overheating, and temperature or flame anomalies in high-risk areas to provide early warnings.

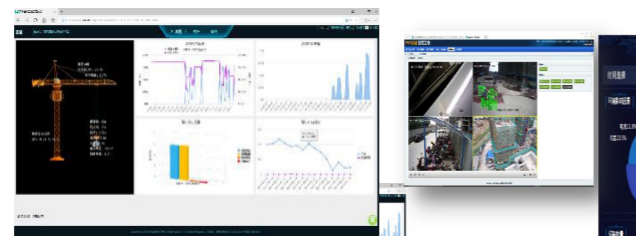


IOC Intelligent Operations Center Fire Safety System

Construction Safety

The intelligent construction safety detection system covers the entire construction management process and intelligent monitoring during construction.

- It manages construction project data, personnel information, worker qualifications and skills, supplier information and credentials, and inspects construction progress and personnel qualifications.
- Using park AI cameras and wireless mobile cameras, the construction site is fully monitored by AI video surveillance, intelligently identifying hard hats, safety belts, fire equipment, high temperature warnings, illegal hot work alerts, and personnel tracking.



Intelligent Construction Safety Detection System

Production Safety

The production safety detection system includes intelligent regional access control, AI intelligent recognition, fire exit obstruction warnings, and electronic fences.

- It enables overtime door-opening alarms and door-closed alarms, with alerts displayed at the intelligent operation center.
- AI recognition technology is applied to monitor compliance with dress code standards and identify hazardous operational behaviors at production sites.
- By recognizing items blocking fire exits, the system issues immediate alarms when obstructions are detected.
- Electronic fence alerts for high-risk areas.



Industry Synergy: Collaborating for Shared Prosperity

Enhancing Service Philosophy
Building Trust Bridges

Joining Hands with Industry Partners
Charting a Development Blueprint

Enhancing Service Philosophy, Building Trust Bridges

Hualan NPM has formulated and implemented internal customer service management systems, including the Sales Service Management Procedures, the Product Sales Management Procedures, and the Customer Complaint Management Procedures, to ensure a high degree of alignment between product design and customer needs and to provide comprehensive after-sales services, ensuring timely and effective resolution of customer complaints.

The Domestic Sales Department includes a market technical support team, composed of regulatory and technical support staff, who collaborate with R&D and technical teams to efficiently resolve customers' technical issues before, during, and after sales, and also conduct training for sales personnel; Regular customer follow-ups are conducted to collect customer satisfaction data and gather suggestions and feedback for continuous service quality improvement.

- Pre-sales services include product consultation, regulatory consultation, on-site communication, sample recommendations, and assistance with testing.
- In-sales services include logistics arrangements, consulting services, and product usage tracking.
- After-sales services include technical support, solution provision, returns and exchanges, and subsequent batch process adjustments.

Case Digital Customer Service System

The Company has deployed a CRM system and deeply integrated AI voice robots and intelligent outbound calling robots, building a digital service system centered on "proactive customer service". The system focuses on handling customer complaints, quality feedback, and demand responses. Through intelligent, real-time, point-to-point communication, data linkage, and quality traceability, it significantly improves customer response speed and service quality.

1.Intelligent Response: When customers initiate inquiries or feedback via phone, app, or website, the AI voice robot responds automatically, provides 24/7 service, and records customer needs before transferring to human service.

2.Complaint Management: When customers have needs, the CRM system routes the complaints in real time to customer service, production, and quality departments. The production department optimizes processes based on the feedback, forming a closed loop of "customer feedback - issue rectification - effect validation".

3.Proactive Service: The CRM system triggers periodic follow-ups, such as AI outbound calls seven days after delivery to confirm product use and identify potential needs.

4.Knowledge Base Support: Customer service representatives use the CRM system's built-in product specifications and inspection reports to quickly and professionally address customer inquiries and improve the service accuracy.



CRM System Service Cockpit

Customer Satisfaction Survey

Hualan NPM conducts customer satisfaction surveys based on customer categories, covering areas such as product quality, service, pricing, delivery timelines, and quality improvement. Analysis reports are prepared based on customer feedback to comprehensively and objectively assess customer satisfaction. Sales departments are responsible for tracking the implementation of suggested improvements and establishing new customer satisfaction targets based on current conditions.

Case Huayang Medical Values Customer Satisfaction Surveys

Huayang Medical has established the Investigation and Control Procedures for Customer Feedback and Satisfaction, the Sales Service Management System, the Customer Complaint Management Procedures, and the Corrective and Preventive Action Management Procedures to ensure efficient after-sales service and high customer satisfaction. Customer complaint information is forwarded by the Sales Service Department to internal teams. The Quality Department leads investigations into quality-related complaints, conducts root cause analysis and corrective/preventive measures, monitors implementation, and verifies effectiveness until the customer is satisfied.

During the Reporting Period

Customers participated in satisfaction surveys
302 customer companies

Survey coverage rate
over **85%**

Customer satisfaction score

97 score

Customer Privacy Protection

Hualan NPM strictly complies with the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the Cybersecurity Law of the People's Republic of China. It has developed internal management systems such as the Information System Security Management Procedures, the Computerized System Account and Access Management Procedures, the Video Surveillance System Management Procedures, and the Computerized System Management Procedures to ensure the effective protection of customer privacy.

During the reporting period, the Company received no complaints related to customer privacy infringement or loss of customer information and recorded no major incidents of data security breaches or customer privacy leaks. The Company's customer privacy protection measures operated effectively.

Joining Hands with Industry Partners, Charting a Development Blueprint



Supply Chain Management

Hualan NPM follows the Civil Code of the People's Republic of China and other applicable laws and regulations, and has formulated and refined internal management systems and procedures, including the Procurement Management Procedures, the Procurement Material Code Management Procedures, the Procurement Manager Job Responsibilities, the Tendering and Bidding Management System, the Supplier Evaluation and Approval Management Procedures, and the Supplier Evaluation and Approval Management Process, to ensure the standardization and transparency of procurement and supplier management.

| | |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Decision-Making Level</p>  | <p>The Project Management Committee is responsible for formulating supplier management directions and strategies and holds meetings from time to time. Meanwhile, the Company maintains regular communication with strategic suppliers to ensure stable and deepening partnerships</p> |
| <p>Executive Level</p>  | <p>A joint team composed of the Procurement Department and the Quality Department is responsible for establishing, reviewing, and implementing supplier management rules. The team holds meetings irregularly, conducts supplier reviews, monitors supply chain anomalies, and resolves supplier-related business appeals. Management of controlled material suppliers is mainly led by the Quality Department, while other suppliers are managed by the Procurement Department</p> |

The Company upholds a rigorous and scientific approach to ensure supplier quality and sustainability, attaches great importance to contract fulfillment with suppliers, strictly adheres to contract terms, and ensures that all payable amounts in compliance with the contracts are paid on time.

During the reporting period, the Company recorded zero supply chain risk events and did not have any overdue payment incidents

| | |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Supplier Sourcing</p>  | <p>The Company conducts supplier sourcing based on business operation needs, clarifying sourcing requirements through sourcing needs analysis and evaluating potential suppliers. Evaluation includes factors such as the supplier's business qualifications and the environmental impact of their production activities. Suppliers that pass the sourcing evaluation become candidate suppliers for the Company</p> |
| <p>Supplier Admission</p>  | <p>The Company sets strict entry standards and conducts admission reviews covering multiple aspects, including production capacity, quality management, and environmental protection. Through qualification reviews, the Company thoroughly understands the qualification levels of the shortlisted suppliers to ensure their compliance with corporate standards</p> |

Supplier Evaluation



For approved suppliers, the Company conducts regular evaluations based on performance and risk management dimensions each year through methods such as desk evaluations and on-site assessments, covering quality management and social responsibility management aspects. If any issues are identified during evaluations, suppliers are required to formulate and implement corrective plans within a stipulated time frame. Upon completion, the Company verifies whether corrective measures have been properly implemented. In the event of major quality issues or repeated occurrences of similar quality problems, suppliers are required to cooperate in on-site investigations, analyze root causes, and submit an analysis and rectification report within one week

Digitalization Management of Logistics Planning and Operations

Logistics Network Planning

A comparative trend chart illustrates the warehouse network planning under a multi-factory model and shipment-to-customer scenarios, analyzing the gaps between past, current, and future operational needs. This facilitates timely business planning and adjustments.

Logistics Storage Capacity Planning

- Raw Material Warehouse:** Based on the arrival-to-warehouse and in-transit to warehouse status, combined with subsequent pull-type material distribution from workshops, the system calculates current and future storage shortfalls to adjust plans, prevent overstocking, and ensure stable delivery.
- Semi-finished Product Warehouse:** Displays the status of in-process semi-finished products and future order processing of finished products. It calculates and identifies potential storage bottlenecks and adjusts production pace or storage capacity accordingly.
- Finished Product Warehouse:** Shows storage capacity and incoming data for finished products, along with sales shipment notifications. This allows timely identification of storage bottlenecks so that sales can be notified to expedite shipments or storage capacity can be adjusted to prevent overstocking.

Logistics Capacity Planning

Displays current transportation resources and future transportation needs, with particular attention to resource bottlenecks caused by special seasons or special events, enabling timely adjustments.



Industry Exchange and Cooperation

Hualan NPM maintains a proactive attitude, actively participating in domestic and international exchange activities, engaging in deep and broad communication with industry peers, and showcasing its innovative achievements and technical strength in the pharmaceutical packaging materials field, winning significant industry recognition.



The 3rd COC/COP Technology and Market Forum



Visit and Exchange with Gerresheimer Group Delegation



Visit and Exchange with Ompim Pharmaceutical Packaging Technology (China) Co., Ltd.



BIOCHINA (EBC) 2025

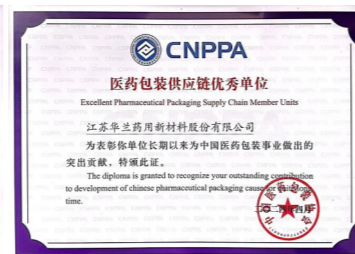


PDI'2024



CPHI China 2024 and PMEC China 2024

In April 2024, the Company was honored with multiple awards at the Sixth Meeting of the Tenth Council, including "Pioneer in Pharmaceutical Packaging Innovation", "Outstanding Entity in the Pharmaceutical Packaging Supply Chain", "Contributor to Standardization Work", and "Outstanding Member in Pharmaceutical Packaging". Company founder Hua Guoping and Chairman and General Manager Hua Yimin were both awarded the title of "Special Contributors to Industry Development".



Case

Injectable Packaging System Technology Forum

In 2024, the Injection Packaging System Technology Forum hosted by Hualan NPM brought together senior experts, technical advisors, and industry elites from the pharmaceutical packaging sector. The forum featured vibrant discussions on the latest technological achievements, development trends, and compliance challenges in injectable packaging systems.



Case

CPHI Milan 2024

In 2024, the Company attended the CPHI Milan 2024 exhibition. Chairman and General Manager Hua Yimin led a team of senior management, marketing personnel, and technical experts to engage in in-depth discussions with domestic and international participants. During the exhibition, the Company attracted numerous international experts and customers for business discussions. The team actively explored project progress and potential collaboration opportunities, bringing new cooperation prospects and market expansion possibilities to the Company. Through this exchange, the Company not only showcased its innovation and technical capabilities but also actively expanded connections with new customers, seeking potential project collaborations to jointly promote the global pharmaceutical and healthcare industry.



Fulfilling Responsibilities: Warming the Heart of Society

20年以上工龄员工手模墙

感恩·传承
有幸遇见 并肩作战
不负韶华 不负梦想

Caring for Employee Growth
Building a Harmonious Team

Giving Back to Society
Spreading Corporate Warmth

Empowering Rural Development
Envisioning Shared Prosperity

Caring for Employee Growth, Building a Harmonious Team

Hualan NPM continuously improves its compensation and benefits system, actively broadens diverse democratic communication channels, safeguards the legitimate rights and interests of all employees, creates an inclusive and open employment environment, and builds harmonious and stable labor relations.

Building a Harmonious Team

Hualan NPM adheres to legal employment practices by clearly defining recruitment processes, job postings, and hiring procedures, ensuring transparency and scientific, rational evaluation methods. The Company enriches its talent pool and continuously optimizes its workforce structure through campus recruitment, social recruitment, and internal recruitment.

- **Campus recruitment:** maintain long-term cooperative relationships with several well-known colleges and universities, and conduct diversified campus activities to attract talent.
- **Social recruitment:** widely attract talent through diversified channels such as online platforms, job fairs, and headhunting firms.
- **Internal Recruitment:** The Company has established a sound internal referral system open to all employees, under which qualified candidates are given priority consideration for recruitment.



Campus Presentations

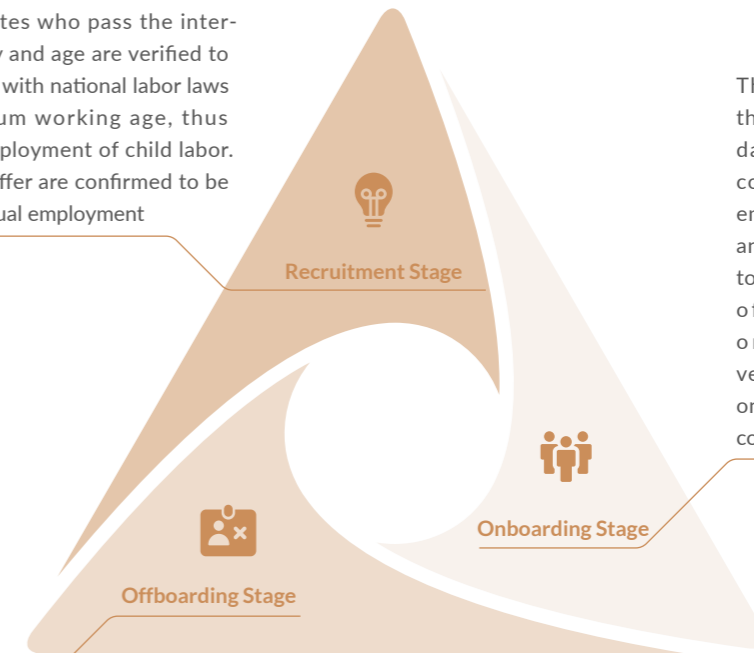


Special Recruitment Sessions

The Company treats employees of different ages, genders, ethnicities, marital statuses, and cultural backgrounds with fairness and equity, firmly prohibits the employment of child labor, and opposes all forms of forced and compulsory labor. During the reporting period, the Company recorded no violations related to discrimination, child labor, or forced labor.

| During the Reporting Period | | | | |
|-------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------|------------------------|--|
| Employees currently employed at the headquarters and its controlling subsidiaries 930 persons | Male employees | Female employees | | |
| | 379 persons | 551 persons | | |
| | Employees aged 30 and below | Employees aged between 30 and 50 (inclusive) | Employees aged over 50 | |
| | 165 persons | 598 persons | 167 persons | |

Job openings are published based on the staffing needs of business departments. Resumes are screened, and interviews are conducted to decide whether to make an offer. For candidates who pass the interview, their identity and age are verified to ensure compliance with national labor laws regarding minimum working age, thus preventing the employment of child labor. The terms of the offer are confirmed to be consistent with actual employment



The Company confirms the willingness of candidates to sign the labor contract to ensure that employment is voluntary and not forced (e.g., due to threats or withholding of documents). The onboarding system verifies age information on the ID through digital controls

For employees who submit resignation applications, an interview is conducted to understand the reasons and collect feedback. Once resignation is approved, work handover, resignation formalities, and final payroll settlement are completed. The Company also verifies whether the resignation notice complies with legal requirements

Safeguarding Rights and Interests of Employees

Adhering to the principles of "strategic orientation, fairness and impartiality, market orientation, performance orientation, cost-effectiveness, and dynamic management", Hualan NPM has established a remuneration management system aligned with its development needs and provides a competitive compensation and benefits structure.



- **Compensation System:** The Company designs and implements differentiated compensation schemes based on job level and nature. Employee compensation fluctuates with position and performance results, reasonably differentiating incomes between various roles and among individuals in the same role.
- **Equity Incentives:** The Company has implemented equity incentive programs for key positions, allowing key employees to hold company shares and share in the Company's development gains, thereby enhancing employees' sense of belonging and loyalty. As of the end of 2024, a total of 948,000 restricted shares had been released from sales restrictions and vested, accounting for 0.75% of the Company's total share capital. The incentive plan involved 70 employees, covering a significant proportion of the workforce and effectively motivating key personnel.
- **Benefits System:** The Company provides all employees with statutory benefits including the "five insurances and one fund" (old-age pension, medical insurance, unemployment insurance, workers' compensation, maternity insurance, and housing provident fund) and supplementary coverage such as additional medical insurance and mutual medical assistance funds. It also enriches employee welfare by offering annual health checkups, birthday gift cards, wedding allowances, maternity benefits, educational awards, hardship subsidies, and critical illness consolation payments — underscoring work-life balance and exploring a health service management system suited to the Company's operations.
- **Dispute Resolution:** Labor disputes are handled fairly and lawfully. The Company has established multiple channels for employee inquiries and complaints, including the reception desk, labor union hotline, and the General Manager's mailbox, ensuring timely follow-up and feedback. Employees in relevant positions are encouraged to study labor dispute mediation, with three employees currently certified as labor dispute mediators.

During the Reporting Period

No labor disputes occurred within the Company

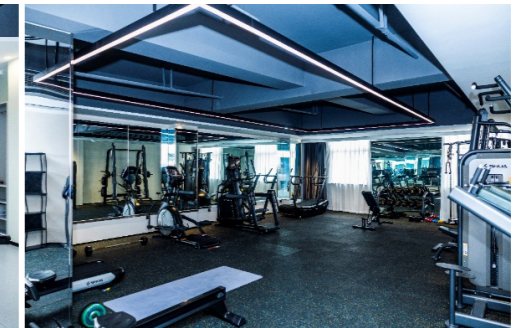
📖 Safeguarding Employee Health

The Company formulated regulations such as the Labor Protection Equipment Management Procedures and the Occupational Disease Prevention Management Procedures, and pays work injury insurance premiums for all employees on time.

- **Enhancing Risk Management:** Hualan engages qualified institutions to regularly test occupational health hazards at production sites and organizes occupational health checkups for employees exposed to such risks, maintaining detailed occupational health records.
- **Improving the Work Environment:** In compliance with regulations, the Company distributes labor protection supplies, standardizes their issuance and disposal, and provides guidance on the correct use of protective equipment. It also upgrades dormitory and canteen facilities, purchases air purifiers, and equips leisure areas with fitness equipment, basketball courts, and badminton courts to provide exercise spaces for employees.
- **Raise Awareness on Occupational Protection:** The Company has set up an employee mental health counseling room, held health knowledge lectures, and organized comprehensive occupational health protection training, set up prominent signs and explanations in the workplace to display occupational health and safety regulations, operating procedures, emergency response measures for occupational hazards, and results of occupational hazard factor detection.
- **Strengthening Work Injury Management:** In the event of a work injury, relevant departments promptly respond on-site and conduct an accident investigation. If necessary, injured employees are sent to appropriate hospitals for treatment, with support provided in applying for injury certification and benefits, along with regular visits and care. Subsequent investigations identify the causes and nature of the accident and assign responsibility, after which improvement measures are proposed and implemented under supervision.



Ping Pong Room



Gym

📖 Building Development Platforms

Hualan NPM has established the Measures for the Administration of Engineer Qualification and Personnel Training Management Procedures, improving its career progression and training management systems. Clear promotion paths and standards are defined across various career tracks and levels. The Company implements a multidimensional training system tailored to employees' individual development needs, encouraging continuous learning and self-improvement while offering fair and transparent development opportunities. In 2024, the Company assisted 36 employees in obtaining relevant professional certifications, significantly enhancing their professional capabilities and career competence.

Training Curriculum

Job Skills Training | Legal and Regulatory Training | Awareness Training
Management Skills Training | General Workplace Skills Training

Employee Training

Number of employee training sessions held

80 sessions

Employee participation

9,261 attendances

Coverage rate of employee training

100%

Average training hours per employee

24 hours



Hualan NPM 2023 Outstanding Employee Commendation and 2024 Mobilization Meeting

Practicing Democratic Management

Hualan NPM has always valued maintaining employees' democratic rights and formulated Management System for Public Disclosure and Democracy of Company Affairs. Under the guidance of higher-level trade unions, the Company union focuses on economic tasks and promotes "harmonious labor relations" by implementing systems for democratic management and disclosure of company affairs, and for collective bargaining agreements.

The Company established a Factory Affairs Disclosure Leading Group comprising Party, administrative, and union representatives, clarifying the organizational structure and responsibilities for information disclosure. The congress of workers and staff has been designated as the primary platform for factory affairs disclosure, supplemented by bulletin boards, automated office platforms, and internet platforms to ensure effective information transparency. The Company further strengthened the implementation of an equal consultation mechanism, consistently prioritizing employees' concerns regarding key and challenging labor relations issues as the main focus of collective bargaining and contract signing.

Caring for Employee Well-being

Hualan NPM is committed to improving employee well-being and quality of life through carefully planned employee care activities and welfare programs.

- The Company conducts summer high-temperature care activities annually and provides holiday benefits during the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, including visiting and caring for elderly family members of employees.
- It includes establishment of rest areas and regular health lectures, and conducts canteen satisfaction surveys.
- Youth Club is established to facilitate networking, learning, and growth for young employees, with at least one quarterly event covering workplace learning, fitness, and arts.
- It organizes sports competitions, hiking events, photography contests, talent shows, outdoor training, and themed team-building activities to foster employee camaraderie and strengthen team cohesion.



2024 Scholarship Roundtable for Employees' Outstanding Children



2024 Summer Cooling Campaign



Employee Cafeteria Satisfaction Survey



Hualan Employee Fun Run

Giving Back to Society, Spreading Corporate Warmth

Hualan NPM has focused on cultivating employees' sense of social responsibility over the years, actively engaging in public welfare activities. Through various public welfare projects – such as supporting youth basketball tournaments, celebrating Teachers' Day, volunteer services, elderly care visits, blood donations, and donations during the pandemic – the Company has spread love and warmth while promoting positive social values, demonstrating the Company's social responsibility and commitment to community development.

Basketball Youth, Chasing Dreams in Jiangdu

Hualan NPM continues to promote youth sports development. In 2024, Hualan spearheaded the formation of the Wuxi Municipal Sports School Basketball Team, which secured third place in the Jiangsu Youth Basketball Championship.



Craftsmanship in Teaching, Virtue Passed Down Through Generations

On September 10, 2024, Hualan NPM held its 40th Teachers' Day celebration and awarded the 10th Hualan Teacher Development Fund Awards, recognizing outstanding teams and individuals for the 2023–2024 academic year and promoting the spirit of educators.



On the same day, the Company held an internal appreciation ceremony titled "Gratitude Ceremony for Masterful Mentorship and Talent Development", to express gratitude and respect to its internal training instructors.



Teachers' Day Gift Box



Internal Trainer Appreciation Ceremony

Heart and Hand in Harmony, Warmth for the Elderly

On December 7, 2024, the Hualan NPM Youth Club "Huaqing Club" visited Jiangyin Yanling Elderly Care Center, bringing warmth and companionship to seniors through activities such as fruit distribution, conversations, massages, and haircuts.



Caring for the Elderly, Warmth on Double Ninth Festival

In the run-up to the 2024 Chongyang Festival, Hualan NPM inherited the fine tradition of respecting and loving the elderly in Chinese culture by organizing a visit. Company founder Mr. Hua Guoping, accompanied by his wife Ms. Yang Julan and the administrative team, personally visited several elderly individuals to deliver heartfelt holiday greetings and well-prepared gifts.



Passion for Giving, Voluntary Blood Donation

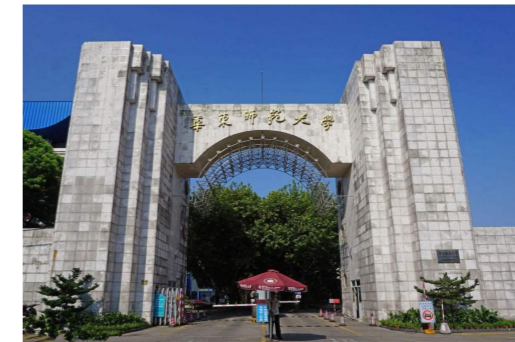
Hualan NPM also holds annual voluntary blood donation events, with enthusiastic participation from employees. On the day of the event held on April 10, 2024, a total of 14,800 milliliters of blood was donated, bringing the cumulative blood donation volume to 64,700 milliliters.



— Empowering Schools Through Digitalization, Leading with Information Technology —

In 2024, Hualan NPM supported colleges and universities in accelerating the pace of digitalization, actively promoted school-enterprise cooperation, fulfilled its social responsibilities, and contributed to the continuous development of higher education in the region.

Supporting Digital Infrastructure at East China Normal University



Supporting Wireless Campus Network Construction at Shanghai Maritime University



Supporting Wireless Network Coverage Project for Education Bureau of Jiading District, Shanghai



Empowering Rural Development, Envisioning Shared Prosperity

In response to the national rural revitalization strategy, Hualan NPM has deepened its commitment through impactful public welfare projects that contribute to rural education and community development, promoting local socioeconomic and educational progress. The Company actively participated in the "Rural Revitalization and Common Prosperity Fund" project, supporting hometown development. As of the reporting period, the Company has contributed to scholarships and teaching awards at NO.1 High School of Jiangyin Jiangsu for ten consecutive years.

Lighting Up the Future Through Education

Adhering to the belief that "Education Lights the Future" and the philosophy of "Nurturing Silently and Steadily", the Company implements systematic and sustainable education initiatives to illuminate more children's futures through education. Since 2018, Hualan NPM has donated to a caring class at DuoCai Boarding School in Zhiduo County, Yushu Prefecture, Qinghai Province, and donated clothes to Yangguang Welfare School in Nangqian County, also in Yushu Prefecture, improving living conditions and supporting students from underprivileged backgrounds. Each of the 25 students in the caring class receives a scholarship of RMB 1,200 per term.



Caring Class at DuoCai Boarding School, Zhiduo County, Yushu Prefecture, Qinghai Province

Winter Clothing Donation Campaign

In 2024, Hualan NPM donated essential supplies to students from impoverished families at Yangguang Welfare School in Nangqian County, Yushu, Qinghai Province, delivering warmth and care to local students.



Green Commitment: Preserving the Beauty of Nature

**Combating Climate Change
Exploring Low-Carbon Pathways**

**Optimizing Resource Utilization
Reducing Environmental Footprint**

**Protecting Lucid Waters and Lush Mountains
Building a Strong Ecological Shield Together**

**Strengthening Pollution Control,
Improving Environmental Quality**

Combating Climate Change, Exploring Low-Carbon Pathways



Governance

Hualan NPM incorporates Combating Climate Change as a key strategic consideration, embedding it into the Company's overall development strategy and the 14th Five-Year Plan. The Company has not established an independent climate governance team; climate-related work is incorporated into the ESG management system. The decision-making level and management level of the Company continuously enhance their knowledge and skills related to climate issues. Relevant departments and subsidiaries integrate climate change risk management into their daily operations to jointly drive progress.





Strategy





Hualan NPM actively responds to the national "Dual Carbon" strategy and the industry directive to "build a green, low-carbon, and circular economy development system". The Company is earnestly implementing the 14th Five-Year Plan for energy conservation and environmental protection and steadily advancing its "Dual Carbon" planning on the manufacturing side, working toward the strategic goals of achieving carbon peak by 2025 and carbon neutrality by 2050.

The Company continues to strengthen its ability to identify and manage climate-related risks, classifying them into two major categories: physical risks related to climate change and transition risks associated with climate change and the low-carbon economy. The Company has identified a total of 13 climate-related risks and opportunities with significant impact, including 3 physical risks, 8 transition risks, and 2 opportunities.

| Risk or Opportunity Type | | Main Categories |
|----------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Risks  | Acute physical risks | <ul style="list-style-type: none"> Natural disasters Extreme weather |
| | Chronic physical risks | <ul style="list-style-type: none"> Lasting heatwave, drought, etc |
| Transition Risks  | Policies and laws risks | <ul style="list-style-type: none"> Carbon market and carbon pricing Stricter environmental regulations Rising carbon prices |
| | Technology risks | <ul style="list-style-type: none"> Low-carbon transition |
| | Market risks | <ul style="list-style-type: none"> Changes in market demand Tightening environmental protection regulations Fluctuations in resource prices |
| | Reputation risks | <ul style="list-style-type: none"> Stakeholders expectations |

| Opportunity  | Policies and laws | <ul style="list-style-type: none"> International/national policy support for the new energy sector |
|-----------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------|
| | Products and services | <ul style="list-style-type: none"> Increased demand for low carbon emission products and services |

| Material Climate-Related Risks and Opportunities | | | | | |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk or Opportunity Type | Risk or Opportunity Description | Potential Impact | | | Countermeasures |
| | | Duration of Impact | Value Chain Scope | Financial Impact | |
| Risk | | | | | |
|  | Extreme heat or cold may cause production shut-downs, supply chain disruptions, and equipment or facility failures | Short-term | Internal operations | Increase in operating costs and employee maintenance costs | Implement early warnings during periods of extreme heat in summer and severe cold in winter, restrict production during heavy pollution events, and slow the rate of air pollution deterioration |
|  | Potential risks include damage to production equipment, transportation disruptions, and supply chain interruptions | Short-term | Upstream and downstream of internal operations | Increase in fixed asset losses | |
|  | Future implementation of stricter environmental regulations by local government Strict Limits and Emission Quotas on Greenhouse Gas Emissions | Medium-and long-term | Internal operations | Increase in operating costs | Stay on top of the changes in the regulations and policies related to dual carbon, and formulate corresponding measures in a timely manner to actively address the changes |
|  | Higher customer demands for low carbon emission technologies in products and services | Medium-and long-term | Internal operations | Rise in operating costs | Conduct energy-saving and carbon-reducing technology transformation in consideration of the current level of technology, and carry out regular maintenance of equipment |

| Material Climate-Related Risks and Opportunities | | | | | |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk or Opportunity Type | Risk or Opportunity Description | Potential Impact | | | Countermeasures |
| | | Duration of Impact | Value Chain Scope | Financial Impact | |
| Risk | | | | | |
| Market risks  | Increased procurement costs for low-carbon raw materials and renewable energy Carbon Prices Are Expected to Rise Further Market preference for low-carbon products and services | Short-term | Upstream Internal operations | Rise in operating costs Decrease in revenue | Implement green procurement principles, and favor green products in raw material purchases and energy-efficient equipment in equipment procurement |
| Reputation risks  | Increasing compliance costs related to stringent environmental performance disclosure requirements to maintain or enhance reputation | Short-term | Internal operations | Increase in compliance costs | Actively take on social responsibility, strengthen clean production, and regularly disclose progress on energy conservation and emission reduction efforts |
| Opportunity | | | | | |
| Policies and laws  | Increased support from national policies for new energy | Short- and long-term | Internal operations | Reduction in energy procurement costs Increase in revenue | Actively respond to policies by innovating new energy products to reduce carbon emissions; develop clean energy projects and measures such as green power purchases |
| Products and services  | In the context of transitioning to a low-carbon economy, social demand for green, low-carbon products and services may increase. | Medium- and long-term | Internal operations | Increase in revenue | Further develop and offer green products |

Note:
The Company categorizes the impact timeframe into short-term (0-1 year), medium-term (1-5 years), and long-term (over 5 years).

Risk Management

Hualan NPM actively monitors and analyzes climate-related policies and regulations. By considering its business characteristics, internal and external development environments, and benchmarking against best practices in climate disclosure, as well as incorporating expert opinions, the Company identifies climate risks and opportunities with significant potential impacts. It determines their specific types and timeframes, comprehensively assesses their effects on investment, R&D, production operations, products and services, and the value chain, and ranks the risks and opportunities based on their impact severity and likelihood. For key identified risks and opportunities, the Company organizes relevant departments to develop countermeasures to minimize financial, market, operational, and reputational impacts while actively seizing industry development opportunities arising from climate change.



Protecting Lucid Waters and Lush Mountains, Building a Strong Ecological Shield Together

Environmental Compliance Management

Hualan NPM places high importance on environmental compliance, strictly adhering to the Environmental Protection Law of the People's Republic of China, the Cleaner Production Promotion Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, and other relevant laws and regulations. The Company has established comprehensive internal management systems, including the Emergency Plans for Environmental Incidents, Resource and Energy Management Procedures, and Monitoring and Measurement Implementation Procedures, to ensure full compliance with environmental requirements in its production and operations. The Company has obtained ISO 14001 Environmental Management Systems certification.

The Company's Board of Directors, as the highest governance body for sustainability and ESG management, oversees environmental management efforts. Under the guidance of the Board of Directors, the Company appointed the Vice General Manager of the Comprehensive Management Department as the person responsible for environmental management, leading the EHS Management Departments at the headquarters and subsidiaries, and reporting directly to the Chairman on progress and goal achievement. To ensure the effective implementation of environmental management, the Company links environmental performance with executive compensation and cascades annual environmental management goals to each subsidiary to ensure the achievement of targets.

The Company complies with national and local environmental laws and regulations, regularly reporting pollutant emission data and treatment results to environmental protection authorities. Major ecological and environmental risks, such as pollution incidents caused by human activities, natural disasters, production operations, and accidents involving production equipment or pollution treatment facilities, are carefully identified and assessed. Communication mechanisms with neighboring communities have been established to promptly investigate, rectify, and restore operations in response to complaints, minimizing any inconvenience to residents.

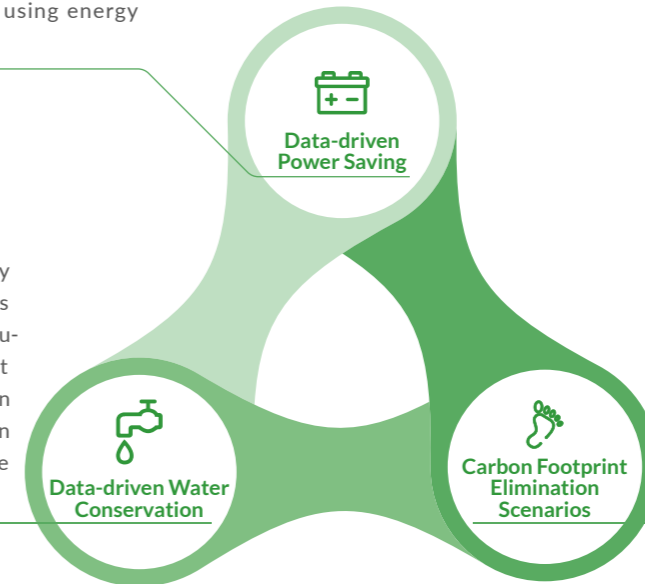
The Company has established a robust emergency response mechanism for environmental incidents and developed the Emergency Plans for Environmental Incidents. According to the severity and urgency of incidents, environmental incidents are categorized into three levels. Incidents are reported to relevant departments when necessary to ensure timely and effective response, maximizing protection of public health and safety. During the reporting period, the Company's total investment in environmental protection amounted to RMB 1.05 million. Neither the Company nor its subsidiaries experienced any environmental violations, nor were they subject to major administrative penalties or criminal liabilities imposed by environmental authorities due to environmental incidents.

Building Green Factories

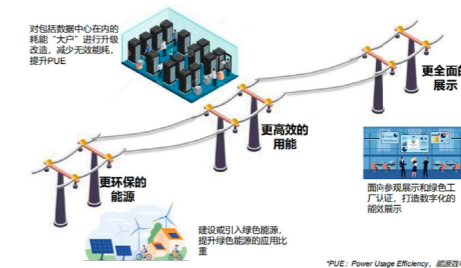
Hualan NPM applies IoT and big data technologies to comprehensively collect energy consumption data. Combined with manufacturing operation data, it performs multidimensional analyses to identify energy efficiency improvement opportunities, verify the effectiveness of measures, support cost reduction and efficiency enhancement, and contribute to building green factories.

It conducts auxiliary analyses of manufacturing equipment resources, production line layout and production activities to enhance lean operations and reduce water costs by using energy efficiency data

Using energy efficiency data, Hualan conducts auxiliary analyses of manufacturing equipment resources and production activities to enhance lean operations and reduce water costs



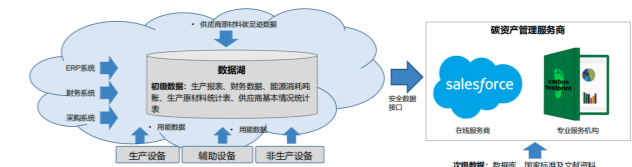
The Company leverages green energy technologies to reduce carbon emissions, accurately measures carbon footprints, and automatically generates credible carbon emission reports and carbon asset reports



Green Factory Facilities

One-Click Generation of Carbon Asset Reports

By utilizing real-time and comprehensive energy consumption and activity data and interfacing with professional carbon asset management service providers, the Company can swiftly generate carbon asset reports with a single click to meet the requirements of the carbon trading market.



Carbon Asset Report Generation Process

Biodiversity Protection

Hualan NPM actively responds to global environmental protection initiatives and firmly supports the Convention on Biological Diversity launched by the United Nations Environment Programme. It recognizes the potential impact of business operations and production activities on biodiversity and regards biodiversity conservation as a key component of its sustainable development strategy.

There are no environmentally sensitive areas — such as habitats of endangered species, nature reserves, or water resource protection zones — within the Company's plant site. The Company implements stringent controls across the entire product life cycle to ensure that its production activities have no direct or indirect impact on biodiversity. Looking ahead, the Company will continue to increase investment in biodiversity conservation, actively carry out related support efforts, and faithfully fulfill its environmental responsibilities, contributing to global biodiversity conservation.



Aerial View of the Industrial Park

Optimizing Resource Utilization, Reducing Environmental Footprint

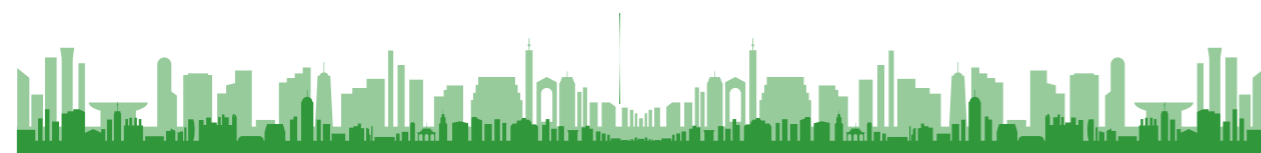
Hualan NPM adheres to a green, efficient, and sustainable development philosophy in resource utilization. The Company is committed to driving harmonious development between enterprise and environment through measures such as optimizing energy management, promoting energy-saving technologies, and improving resource use efficiency.

Energy Management

Hualan NPM strictly complies with the Energy Conservation Law of the People's Republic of China and the Cleaner Production Promotion Law of the People's Republic of China, continuously refining internal energy management processes. The Company actively adopts energy-efficient production equipment, energy-efficient lighting equipment, and energy-efficient temperature control devices, and improves energy efficiency through technologies such as waste heat and pressure utilization and energy cascading use.

Key Energy Management Indicators and Improvement Initiatives

| | |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reduction in Energy Consumption per RMB 10,000 Output Value | <ol style="list-style-type: none"> 1. Optimize management to reduce water and electricity leakage, overflow, dripping, or seepage in the plant area, minimize waste, and control total energy consumption. 2. Optimize equipment selection on production lines, scheduling, and production processes; increase the usage rate of energy-saving equipment; reduce peak-time electricity usage and overall energy consumption in production. 3. Increase the share of green energy to reduce electricity costs. |
| Proportion of Green Energy | Make full use of space within and around the factory and green energy resources to increase Hualan's share of green energy through self-construction or purchasing. |
| Energy Efficiency | By adopting new energy-saving technologies and improving management, reduce the proportion of energy used for non-production activities such as office work and IT server rooms. |
| Resource Reuse Rate | <ol style="list-style-type: none"> 1. Improve the recycling and reuse of water used for factory cleaning and the recovery of thermal energy. 2. Optimize processes to reduce the amount of scrap and waste materials. |
| Product Energy Conservation | <ol style="list-style-type: none"> 1. Purchase green raw materials, develop low-carbon products, and adopt greener transportation methods to reduce both direct and indirect raw material consumption and lower the overall carbon footprint. 2. Increase the share of green energy, control total energy consumption, and improve energy efficiency to reduce Hualan's direct carbon emissions. |
| Digitalization Rate Improvement | In accordance with management and business requirements, the Company installs metering devices or connects equipment to the network to collect comprehensive data on energy consumption by various production and auxiliary equipment. |



Upgrading Energy-saving Equipment

Since 2020, the Company has gradually phased out outdated production equipment and prioritized energy conservation when procuring new machinery. As of 2024, the Company has procured 56 sets of servo hydraulic vulcanizing machines. Compared with traditional hydraulic equipment, these machines can save 20% to 60% in electricity consumption.



Magnetic levitation chiller units have been gradually procured for workshop cooling. These units offer significant energy-saving advantages, achieving over 35% higher electricity savings compared to conventional chillers, while also operating at lower noise levels and improving production efficiency and product quality.



Intelligent Control System

In 2024, the Company commissioned a third party to install an intelligent control system to monitor power usage in real time and enhance the intelligence of its energy management.

- The power distribution room is equipped with automatic inspection robots, enabling unmanned operation and providing 24/7 remote monitoring of all equipment. A dedicated team at the Company headquarters oversees the system around the clock.
- The system offers environmental monitoring and video services, and based on capacity, implements real-time monitoring of electrical equipment current, voltage, and power usage. It also monitors indoor water leakage, temperature and humidity, smoke detection, and video and critical electrical equipment status.



Intelligent Power Control System

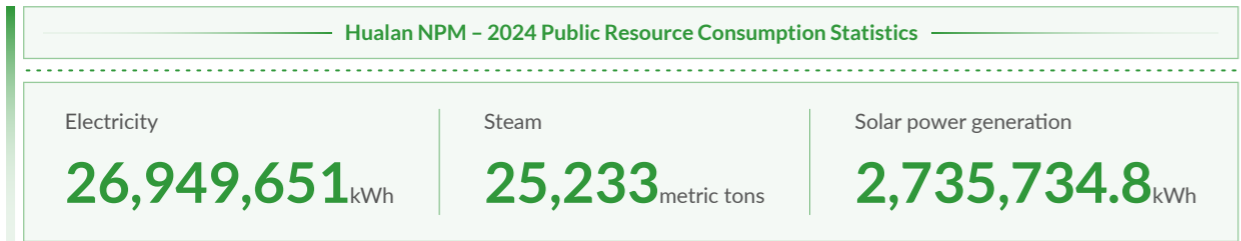


Since the launch of the photovoltaic power generation project in 2020, the Company's installed capacity has reached 3.6 MW as of 2024, covering an area of 38,000 m².



Since 2020, the Company has successively completed the installation of dozens of charging stations to meet the charging needs of both Company and employee electric vehicles.

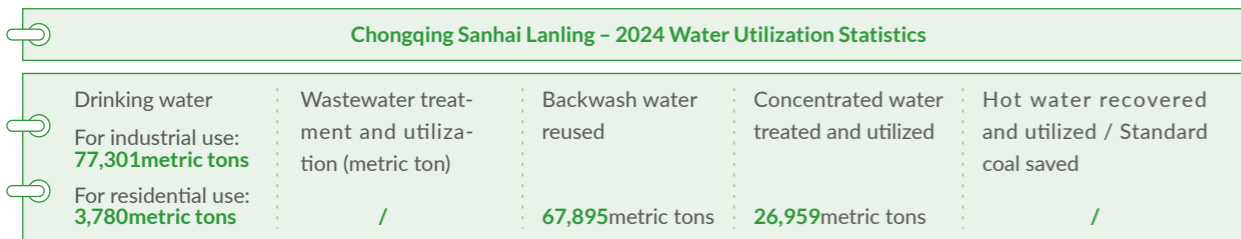
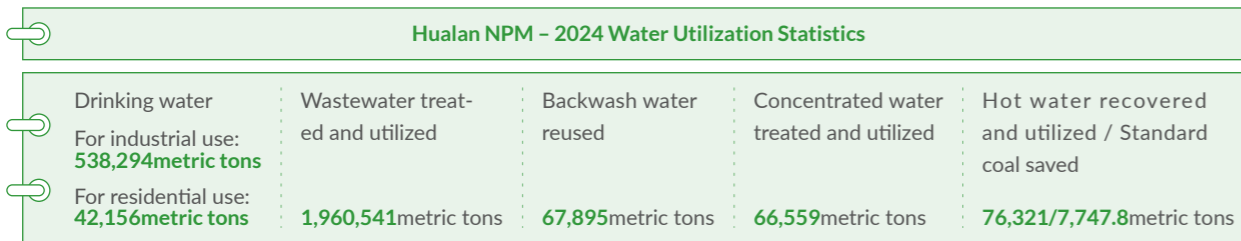
The Company is committed to improving key energy performance indicators, aiming to reduce energy consumption per RMB 10,000 of output value, increase the proportion and efficiency of green energy use, and enhance resource reuse rates and product energy savings.



Water Management

Hualan NPM strictly complies with laws and regulations such as the Water Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Regulation on the Management of Groundwater, and the Pollution Prevention and Control Measures for Drinking Water Source Protection Zones, strategically plans and develops its water use system to ensure legal and compliant water extraction, optimize the water system, improve water efficiency, reduce water waste, and strive for efficient and sustainable water resource management.

Water consumption primarily occurs in specific production processes, with water mainly sourced from municipal supply; in power generation water replenishment processes, surface water is mainly used, while open-loop cooling circulating water is largely sourced from river water.



Circular Economy

Hualan NPM actively practices the concept of a circular economy, strictly complies with the Circular Economy Promotion Law of the People's Republic of China, and has established and improved internal management processes to promote resource conservation and protection. In packaging, the Company uses various materials such as cartons, plastic bags, and stretch films. Through packaging design optimization and the use of recycled materials, the Company reduces material consumption and increases the recycling rate of packaging materials.



During the reporting period, the Company consumed a total of 6,760.09 metric tons of materials. Among them, raw material consumption constituted the majority, including chlorinated butyl rubber, brominated butyl rubber, brominated isobutylene-p-methylstyrene copolymer, polyisoprene rubber, etc. The Company consumed 550.89 metric tons of packaging materials, and through optimization, effectively reduced packaging waste generation.

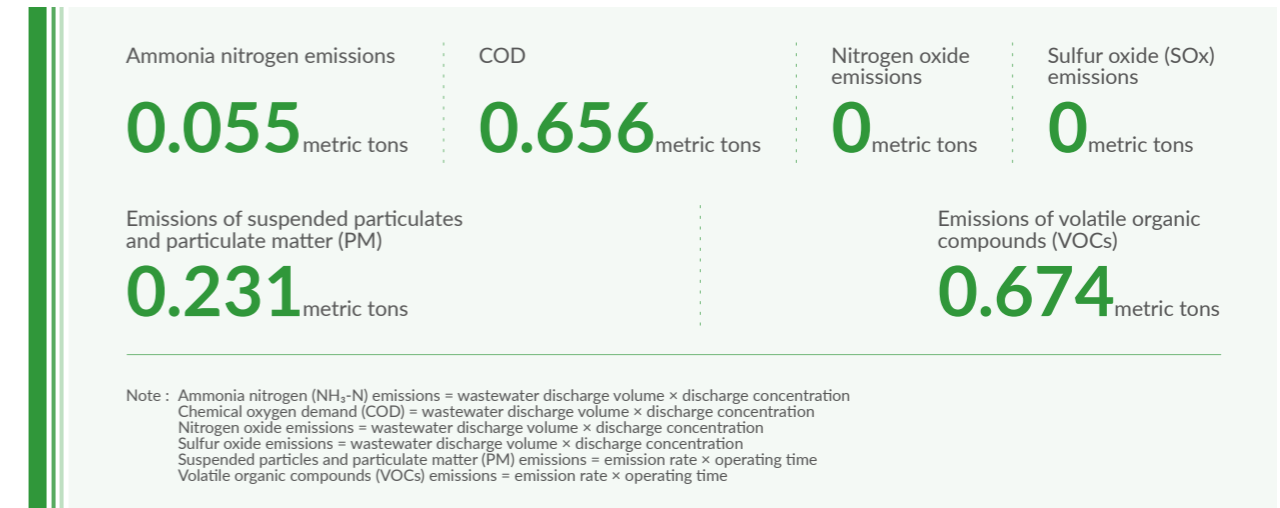
Strengthening Pollution Control, Improving Environmental Quality

Prevention and Control of Pollution

Hualan NPM strictly adheres to relevant national laws and regulations, including the Environmental Protection Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and Law of the People's Republic of China on Noise Pollution Prevention and Control, as well as industry standards such as the Emission Standard of Pollutants for Rubber Products Industry. The Company has established internal management systems such as the Wastewater and Waste Liquid Pollution Prevention and Control Procedures, Emergency Plans for Environmental Incidents, and Resource and Energy Management Procedures, and Monitoring and Measurement Implementation Procedures to regulate the discharge of wastewater, exhaust gas, noise, and other pollutants, ensuring effective implementation of environmental protection measures.

| Type of Pollutants | Management Measures | Description | Treatment Effectiveness |
|--------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Wastewater | Treatment Technology and Process | Adoption of flotation and sand-carbon filtration treatment processes | Wastewater is treated and discharged in compliance with standards. All treated industrial wastewater is reused |
| | Construction and Operation of Pollution Prevention and Control Facilities | Adhering to the principle of "separate clean and polluted water, and separate rainwater and sewage", the wastewater treatment facilities operated efficiently | During the reporting period, the wastewater treatment facilities operated stably without abnormalities |
| | Measures to Reduce Wastewater Discharge | 1. Selection of processes and manufacturing technologies with low water consumption and low pollution 2. Pretreated wastewater is included in the reclaimed water reuse system | Reduction of wastewater generation at the source enables water resource recycling, with a wastewater discharge compliance rate of 100% |
| Exhaust Gas | Treatment Technology and Process | Advanced technologies such as activated carbon adsorption and catalytic combustion were adopted | Exhaust gas was treated and discharged in compliance with standards, without adverse impact on the surrounding environment or population |
| | Construction and Operation of Pollution Prevention and Control Facilities | High-efficiency exhaust gas treatment facilities were installed, with regular maintenance and upgrades | During the reporting period, the exhaust gas treatment facilities operated stably, and the compliance rate of exhaust gas discharge reached 100% |
| | Measures to Reduce Exhaust Gas Emissions | 1. Optimization of production processes to reduce sources of exhaust gas generation 2. Regular maintenance of exhaust gas treatment equipment | Ensuring high-efficiency operation of exhaust gas treatment facilities to minimize the environmental impact of exhaust gas emissions |

The Company has not been listed among enterprises required to disclose environmental information by law, but it consistently complies with environmental protection laws and regulations, voluntarily discloses environmental information, and ensures transparency and public oversight. The Company set clear pollutant reduction targets, achieving a 100% pollutant discharge compliance rate for wastewater, exhaust gas, and noise emissions during the reporting period.



During the Reporting Period

Neither the Company nor its subsidiaries experienced any violations in the environmental field, nor were they subject to major administrative penalties or criminal liability from environmental incidents by relevant authorities

| | Water Pollutants | Air Pollutants | Noise |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Implementation standards | GB27632-2011 Emission Standard of Pollutants for Rubber Products Industry GB8978-1996 Integrated Wastewater Discharge Standard | GB27632-2011 Emission Standard of Pollutants for Rubber Products Industry GB14554-93 Emission Standards for Odor Pollutants | GB12348-2008 Emission Standard for Industrial Enterprises Noise at Boundary |
| Management Systems | Wastewater and Waste Liquid Pollution Prevention and Control Procedures | Exhaust Gas Pollution Prevention and Control Procedures | Noise Pollution Prevention and Control Procedures |
| Type of Emissions | Indirect Emissions | Direct Emissions | / |
| Monitoring Indicators | pH value, suspended solids, COD, ammonia nitrogen (NH ₃ -N), total phosphorus (TP), total nitrogen (TN), 5-day BOD, animal and vegetable oils, petroleum, total zinc | Particulate matter, non-methane hydrocarbons, odor concentration, hydrogen sulfide, ammonia | Daytime, nighttime |
| Testing Frequency | Once per year | Once per year | Once per quarter |
| Treatment Technology / Method | Flotation, sand filtration, carbon filtration, reconcentration | Pulse cartridge dust removal, electrostatic oil mist removal, activated carbon adsorption, water spraying | / |
| Operating Conditions | Normal | Normal | Normal |

📄 Detailed Table of Atmospheric Pollutant Emissions

| Names of main pollutants and characteristic pollutants | Discharge mode | Number of emission outlets | Distribution of Emission Outlets | Applicable Pollutant Emission Standards | Total emission | Approved total annual emissions (metric ton / year) | Excessive emissions (metric ton / year) |
|--------------------------------------------------------|------------------------|----------------------------|-----------------------------------|---------------------------------------------------------------------------|----------------|-----------------------------------------------------|-----------------------------------------|
| PM | Organized, unorganized | 2 | Mixing, rubber compounding | GB27632-2011 Emission Standard of Pollutants for Rubber Products Industry | 0.169 | 1.293 | 0 |
| Non-methane hydrocarbon | Organized, unorganized | 4 | Rubber compounding, vulcanization | GB27632-2011 Emission Standard of Pollutants for Rubber Products Industry | 1.066 | 1.161 | 0 |
| Odor concentration | Organized, unorganized | 3 | Rubber compounding, vulcanization | GB14554-93 Emission Standards for Odor Pollutants | / | / | 0 |
| Ammonia (ammonia gas) | Organized, unorganized | 3 | Rubber compounding, vulcanization | GB14554-93 Emission Standards for Odor Pollutants | 0.15 | 7.506 | 0 |
| Hydrogen sulfide | Organized, unorganized | 3 | Rubber compounding, vulcanization | GB14554-93 Emission Standards for Odor Pollutants | 0.0112 | 0.0206 | 0 |

📄 Detailed Table of Water Pollutant Emissions

| Names of main pollutants and characteristic pollutants | Discharge mode | Number of emission outlets | Applicable Pollutant Emission Standards | Excessive emissions (metric ton / year) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|---------------------------------------------------------------------------|-----------------------------------------|
| COD, ammonia nitrogen (NH ₃ -N), pH value, suspended solids, total nitrogen (TN), total phosphorus (TP), 5-day BOD, petroleum, animal and vegetable oils, total zinc | Organized | 1 | GB27632-2011 Emission Standard of Pollutants for Rubber Products Industry | 0 |

📄 Waste Disposal

Hualan NPM strictly adheres to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Environmental Protection Law of the People's Republic of China, and other relevant laws and regulations, as well as industry standards such as the Standard for Pollution Control on Hazardous Waste Storage. It has established and implemented internal management systems including the Environmental Factors Identification and Evaluation Control Procedures, the Laws, Regulations, and Other Requirements and Compliance Evaluation Control Procedures, the Wastewater and Waste Liquid Pollution Prevention and Control Procedures, the Solid Waste Pollution Prevention and Control Procedures, the Exhaust Gas Pollution Prevention and Control Procedures, and the Noise Pollution Prevention and Control Procedures. These measures ensure the efficiency and compliance of waste management. The Company also adheres to the principles of "reduction, reuse, recycling, treatment, and disposal," actively introducing and promoting new technologies and processes to minimize waste generation.

Non-hazardous waste: The Company implements categorized recycling. Recyclable waste is processed for resource recovery; domestic waste is handled by the sanitation department; and general industrial solid waste is disposed of compliantly by qualified third parties.

Hazardous waste: The Company strictly manages hazardous waste storage, identifies the generation sources and types, classifies and stores hazardous waste, establishes hazardous waste lists and logs, standardizes hazardous waste labeling, and entrusts qualified entities for compliant disposal.

During the reporting period, the Company achieved a 100% compliance rate in the disposal of domestic waste, general industrial solid waste, and hazardous waste, effectively reducing environmental risks.



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Future Outlook

Hualan NPM understands that corporate success is not only reflected in financial statements but also in contributions to society. Therefore, the Company will continue to broaden the scope and impact of its social responsibility initiatives, making greater contributions to society through programs focused on education support, community development, and environmental protection. In building a harmonious corporate culture, Hualan NPM will remain committed to providing employees with a better development platform and working environment, inspiring their potential and creativity.

As the new year unfolds, Hualan NPM will continue to uphold its core values of "Integrity, Win-Win Collaboration, Innovation, and Pursuing Excellence," striving for continuous improvement and self-surpassing to achieve even greater success in 2025 and to shape a brighter future for the Company.

Index of Indicators >>

Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation) (April 2024)

| Dimension | Issue | Clause | Chapter in the Report |
|-------------|-----------------------------------------------|---------------|--------------------------------------------------------------------------------------------------------|
| Environment | Combating Climate Change | Article 21-28 | |
| | Pollutant Emission | Article 30 | |
| | Waste Disposal | Article 31 | |
| | Ecosystem and Biodiversity Protection | Article 32 | |
| | Environmental Compliance Management | Article 33 | |
| | Energy Utilization | Article 35 | |
| | Water Utilization | Article 36 | |
| | Circular Economy | Article 37 | |
| Social | Rural Revitalization | Article 39 | |
| | Social Contribution | Article 40 | |
| | Innovation-driven Development | Article 42 | |
| | Technology Ethics | Article 43 | The disclosing entity is not involved in or engaged in research related to ethically sensitive fields. |
| | Supply Chain Security | Article 45 | |
| | Equal Treatment of SMEs | Article 46 | |
| | Safety and Quality of Products and Services | Article 47 | |
| | Data Security and Customer Privacy Protection | Article 48 | |
| | Employees | Article 50 | |

| Dimension | Issue | Clause | Chapter in the Report |
|-----------------------------------------------|---------------------------------------------|------------|-----------------------|
| Governance Related to Sustainable Development | Due Diligence | Article 52 | |
| | Communication with Stakeholders | Article 53 | |
| | Anti-commercial Bribery and Anti-corruption | Article 55 | |
| | Anti-unfair Competition | Article 56 | |

Questionnaire >>

Dear reader,

Hello! Thank you very much for taking your precious time reading the 2024 Environmental, Social and Governance (ESG) Report of Hualan NPM. We look forward to your comments and suggestions on this report and our work. Please send your comments via mail or email. Each valuable suggestion will serve as a source of motivation for our continued progress. Thank you!

1. What type of stakeholders does your employer belong to:

- Internal personnel Government / Regulatory agencies Shareholders/Investors
 Customers / Potential customers Suppliers/Partners
 Non-governmental organizations Community / The public Others (please specify)

2. Is the information you are concerned with fully presented in this report?

- Yes Partially No

3. Your overall comment on this report:

Readability (expressions of clarity, attractive design, engaging and easy to find the required information)

- 3 points (Good) 2 points (Average) 1 point (Not good)

Credibility (reported information is true and credible)

- 3 points (Good) 2 points (Average) 1 point (Not good)

Integrity of information (balanced positive and negative information and meets your needs on the information)

- 3 points (Good) 2 points (Average) 1 point (Not good)

4. Are you able to find the information you are interested in from this report with ease?

- Yes Partially No

5. What would you like to see in addition to what has been disclosed in this report?

Disclaimer >>

The information contained in this Report does not constitute any investment advice. Investors should not replace their independent judgment or make decisions solely based on such information. The Company does not assume any responsibility for losses that arise or may arise from the use of information in this Report. The information published by the Company is true and accurate. In the event of any inconsistency with statutory disclosure documents, the statutory disclosure documents shall prevail.

The forward-looking statements contained in this report are projections, assumptions, or expectations based on the current production and operational conditions of the Company. They may be affected by risk factors and force majeure during implementation, and actual results may differ from the assumptions and statements presented in this report.

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