

RUIYUAN
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浙江瑞遠智控科技股份有限公司

Zhejiang RuiYuan Intelligent Control Technology Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

Stock code : 8249

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT

2024

* For identification purposes only

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1. ABOUT THIS REPORT

Zhejiang RuiYuan Intelligent Control Technology Company Limited (the “Company”), together with its subsidiaries (collectively the “Group” or “we”), are pleased to publish our ninth Environmental, Social and Governance Report (“ESG Report” or “this Report”), which outlines the Group’s undertakings and principles in practicing sustainable development and fulfilling corporate social responsibility, and describe our idea, vision and mission for sustainable development. This Report should be read together with the “Corporate Governance Report” section in the 2024 Annual Report of Zhejiang RuiYuan Intelligent Control Technology Co., Ltd. to obtain a more comprehensive understanding of the Group’s ESG performance.

REPORTING STANDARDS

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) in Appendix C2 of the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited. The contents covered are in compliance with the “comply or explain” provisions and the reporting principles of materiality, quantitative, balance and consistency in the Guide.

Materiality: This Report has identified the materiality of ESG issues, the process and results of the involvement of key stakeholders and disclosed in this Report.

Quantitative: This Report has disclosed the statistical standards, methods, assumptions and/or calculation tools used for quantitative key performance indicators, as well as the sources of conversion factors.

Balance: This Report presents the performance of the Group during the Reporting Period in an unbiased manner, avoiding selection, omission or reporting format that may inappropriately affect the decision or judgment of the readers of the report.

Consistency: This Report adopts the same statistical method as the 2023 report for disclosure. Any changes in the statistical method or key performance indicators or any other relevant factors that affect meaningful comparison will be explained in the report.

SCOPE OF REPORT

This Report discloses the Group’s policies, measures and key performance indicators (“KPIs”) for sustainable development related to the Company’s business from January 1, 2024 to December 31, 2024 (hereinafter referred to as the “Year” or the “Reporting Period”). Unless otherwise specified, this Report covers the Group’s directly controlled businesses and collects data from the headquarters office of Ruiyuan Intelligent Control and the offices of its two subsidiaries to assess the key performance indicators in the environmental field.

REPORT LANGUAGE

This Report is published in Traditional Chinese and English. In case of any ambiguity, please refer to the Traditional Chinese version.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements, which are based on the current expectations, estimates, forecasts, beliefs and assumptions of the business and market in which the Group operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties and factors beyond the control of the Group. Therefore, actual results and returns may differ materially from the assumptions and statements contained in this Report.

APPROVAL OF REPORT

This Report was confirmed by management and approved by the Board on March 20, 2025.

REPORT FEEDBACK

We attach great importance to your opinions on this Report. If you have any inquiries or suggestions, please contact us via email: ruiyuan_icttech@yeah.net.

2. SUSTAINABLE DEVELOPMENT OF ENTERPRISE

Zhejiang Ruiyuan Intelligent Control Technology Co., Ltd. (the “Company” or the “Company”) is a joint stock limited company incorporated in the People’s Republic of China (the “PRC”), and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries (collectively referred to as the “Group” or the “Group”) are principally engaged in the design, manufacture and sale of computer numerical control (“CNC”) machine tool optical and mechanical products in China, and the sale of controller systems and electronic components for electronic equipment and electronic components. We always regard the fulfillment of social responsibility as our core mission, and strive to reduce the negative impact of our business activities on the environment and society based on sound corporate governance. We strictly abide by local laws and regulations and are committed to creating value for all stakeholders.

2.1 BOARD STATEMENT

We believe that paying attention to various ESG issues and formulating effective energy-saving and emission reducing measures are crucial to the future development of the Company. As the core leader of the Group’s ESG efforts, the Board makes key decisions on ESG matters, establishing a solid governance structure, and reviewing relevant issues and strategies.

The responsibilities of the Board include identifying and managing ESG risks in the company’s business, reviewing the progress of the established environmental goals, and mitigating the impact of the business on the environment to ensure that the company’s development can achieve sustainability. In addition, the Board will rank and confirm important stakeholder issues based on the Group’s policies and business needs, and review and approve ESG reports to ensure the openness and transparency of relevant content.

2.2 ESG GOVERNANCE

The Group attaches great importance to the management of environment, society and governance, and is well aware that good corporate governance and risk management processes play an important role in managing ESG matters and responding to stakeholder expectations. To this end, the Group has established a sound ESG governance structure, including the Board of Directors, the ESG Committee and the Group’s departments. These three parts constitute our main ESG governance structure. The Board of Directors is responsible for the overall strategy and directly formulates ESG management guidelines.

Under the authorization of the Board of Directors, the ESG Committee, which is composed of senior management and various departments, including the Group CEO, Risk Control Department, Human Resources Department and Administration Department, is responsible for implementing policies, collecting daily ESG data, and adjusting business operations in accordance with relevant policies to achieve the company’s sustainable development goals and meet ESG compliance. When implementing ESG management measures, various departments must work together to ensure that these policies are effectively integrated into daily operations.

2. SUSTAINABLE DEVELOPMENT OF ENTERPRISE (CONTINUED)

2.3 COMMUNICATION WITH STAKEHOLDERS

The Group understands that the success of its business depends on the support of its major stakeholders. We communicate with stakeholders in an open and proactive manner to understand their expectations and demands for the Group and continuously optimize our sustainable development planning. The following table summarizes the issues that stakeholders are most concerned about and the relevant communication channels:

Stakeholders	Communication channels
Customers	<ul style="list-style-type: none">• Daily operations/communications• Site visit by customer relationship managers• Phone calls
Shareholders/Investors	<ul style="list-style-type: none">• Annual general meetings• Investor meetings• Interim reports and annual reports• Corporate communications• Announcement of results
Employees	<ul style="list-style-type: none">• Performance evaluation• Meetings and interviews• Employee suggestion box• Employee opinion survey• Employee communication conferences• Business briefing
Suppliers	<ul style="list-style-type: none">• Management process for suppliers• Site inspection
Business Partners	<ul style="list-style-type: none">• Visits• Meetings
Regulators	<ul style="list-style-type: none">• Written responses to public consultations• Compliance reports
Media	<ul style="list-style-type: none">• Announcement of results• Senior management visits

2. SUSTAINABLE DEVELOPMENT OF ENTERPRISE (CONTINUED)

2.4 MATERIALITY ASSESSMENT

Since there have been no significant changes in the Group's business and operating environment during the Reporting Period, the 26 material issues remain applicable. Based on the analysis of the importance assessment results of stakeholders, we identified 16 highly important issues, 5 moderately important issues and 5 generally important issues. The Group's management has reviewed the importance ranking of environmental, social and governance issues. The following are the material ESG issues we have identified for the Year:

Topics of high materiality

• Comply with laws and regulations	• Data security	• Supply chain management	• Customer Service
• Product liability	• Market competitiveness	• Product design and life cycle	• Labor Practices
• Prevention of child labour and forced labour	• Employee health and safety	• Staff development and training	• Water Consumption and Efficiency
• Waste management	• Energy consumption and efficiency	• Emission management	• Use of resources

Topics of moderate materiality

• Anti-corruption	• Reporting mechanisms	• Business Ethics	• Intellectual Property Protection	• Staff Benefits
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Topics of materiality

• Promotion and product service labels	• Staff engagement, Diversity and Inclusion	• Greenhouse gas emissions	• Climate Change	• Caring for Community
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3. LEGAL AND COMPLIANT BUSINESSES

We firmly believe that strict compliance operations are the core elements to promote sustainable development and long-term profitability of enterprises. In its global business activities, the Group not only strictly abides by local laws and regulations, but also actively integrates efficient internal control and risk management mechanisms to strengthen the corporate governance structure. This practice not only improves our management efficiency, but also creates a standardized and compliant corporate image, laying a solid foundation for the Group's future steady development and business expansion. During the Reporting Period, the Group did not have any major violations of laws and regulations.

3.1 ANTI-CORRUPTION AND PROMOTION OF INTEGRITY

The Group strictly prohibits any form of bribery, fraud and corruption. The Group strictly abides by applicable laws and regulations including the "Supervision Law of the People's Republic of China", the "Company Law of the People's Republic of China", the "Criminal Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China" and other relevant national anti-corruption laws and regulations, and adheres to the business principles of integrity and honesty. In order to regulate the professional behavior of all employees, the Group has formulated the "Anti-Corruption Policy" to clearly stipulate the importance of integrity.

This code not only requires employees to strictly abide by it, but also strengthens its implementation through regular anti-corruption and anti-corruption training, with the aim of preventing any behavior that may harm the interests of the company.

During the Reporting Period, the Group's directors and employees received anti-corruption training and read relevant anti-corruption publications to help them understand the basics of anti-corruption laws and maintain a high level of integrity.

The Group's Board of Directors is responsible for maintaining and reviewing the Company's comprehensive internal control and risk management systems to improve operational efficiency and effectiveness, protect corporate assets, ensure high-quality internal and external reporting, and comply with all applicable laws and regulations. The Board continuously monitors these systems to ensure their continued effectiveness and adaptability to changes.

In order to actively combat and prevent corruption, we have established whistleblowing channels and actively encourage employees, customers, suppliers and other external stakeholders to report any form of bribery or misconduct. The Company adopts a fair and transparent approach to violations. When dealing with issues, we strictly protect the information security of whistleblowers and firmly oppose any form of retaliation to ensure a healthy and fair corporate environment.

During the Reporting Period, the Group did not receive any new lawsuits against the Group or its employees or discover any cases of corruption, bribery, extortion, fraud and money laundering.

3. LEGAL AND COMPLIANT BUSINESSES (CONTINUED)

3.2 DATA PRIVACY PROTECTION

The Group attaches great importance to the protection of customers, employees and business information, and ensures that customer privacy is fully protected in accordance with relevant laws and regulations, including the Law of the People's Republic of China on Guarding State Secrets and the Regulations for the Implementation of the Law of the People's Republic of China on Guarding State Secrets. We have formulated business operation rules and service behavior guidelines to regulate the professional behavior and operation procedures of employees in handling and keeping customer information, and at the same time cultivate their awareness of confidentiality and responsible handling of customer information. To further reduce the risk of data leakage, we have strictly restricted the access rights to customer data and internal information of the Group to ensure that only authorized personnel can access relevant data.

3.3 INTELLECTUAL PROPERTY PROTECTION

The Group attaches great importance to protecting its own intellectual property rights and continues to pay attention to trademark trends in the market to prevent any infringement, including counterfeit trademarks. At the same time, we also respect the intellectual property rights of others. Therefore, we require all employees to obtain explicit authorization from the copyright owner in advance when using any copyrighted products or materials, whether intellectual property rights, patent rights, trademark rights or copyrights. For any violation of this policy, the Group will take appropriate disciplinary measures according to its severity.

The Group strictly abides by the Advertising Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Implementing Rules of the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations in terms of commercial information disclosure, ensuring compliance with statutory procedures and standards. At the same time, we aware of the importance of publishing information in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the GEM Listing Rules, ensuring that relevant information is promptly and accurately communicated to the public. The Group is committed to conveying complete and true information through appropriate channels, strictly managing advertising content, product labels and other related matters, and never allowing false or misleading product descriptions and fraudulent behavior to maintain the authenticity and transparency of information transmission.

During the Reporting Period, the Group was not aware of any legal and regulatory matters that violated the health and safety, advertising, labeling and privacy issues of products and services and had a material impact on the Group.

3. LEGAL AND COMPLIANT BUSINESSES (CONTINUED)

3.4 SUPPLY CHAIN MANAGEMENT

The Group is well aware of the importance of supply chain sustainability and is committed to establishing a solid and long-term cooperative relationship with suppliers. Throughout the supply chain management process, we strictly follow the Law of the People's Republic of China on Bid Invitation and Bidding and its implementing regulations and other relevant laws and regulations to ensure that every link in the supply chain meets the requirements of sustainability and compliance. This not only strengthens our cooperation with suppliers, but also promotes the healthy development of the entire supply chain.

In the process of selecting suppliers, we particularly prefer partners who share similar ESG values with us to jointly assume environmental and social responsibilities. We have established a standardized procurement process to ensure the quality and compliance of the supply chain by evaluating the sustainable development performance of suppliers in detail. When selecting suppliers, we not only consider the price and quality of the products, but also consider environmental and social risk factors, and give priority to suppliers with lower risks. In addition, we firmly require all suppliers to comply with local laws and business ethics standards, and strictly prohibit any form of corruption and bribery.

In order to ensure the stability and transparency of the supply chain, we have implemented a supply chain tracking management system to monitor the source, quality and after-sales service of goods and services. For goods or services that do not meet the standards, we will adopt a return processing strategy.

Our procurement department has established a comprehensive bidding and procurement process, including strict supplier selection criteria and regular evaluation mechanisms to ensure that the selected suppliers can continue to meet our standards as our business grows. If the supplier fails to comply with the product or service quality standards stipulated in the contract, we will conduct a thorough review and decide whether to terminate the cooperation based on the circumstances.

During the Reporting Period, the Group had 9 major suppliers, all of which were from China, 4 from Zhejiang Province, 2 from Jiangsu Province, 1 from Guangdong Province, 1 from Henan Province and 1 from Anhui Province.

4. PRODUCT AND SERVICE GUARANTEED

4.1 PAYING ATTENTION TO CUSTOMERS' NEEDS

The Group adheres to the principle of “customer-oriented” and attaches great importance to customer feedback and opinions. We have established a complete customer service system, covering all aspects from customer inquiries, complaint handling to after-sales support. In addition, we have set up a dedicated customer communication channel and regularly arrange sales teams to actively understand customer needs and collect feedback through face-to-face meetings, telephone communications and other methods. In the face of customer complaints or product recalls, we will immediately communicate with the affected customers in detail, fully understand their demands, and take prompt action to provide effective remedial measures to compensate for customer losses. At the same time, we conduct internal detailed analysis of customer feedback and reasons for complaints, and continuously optimize and improve service levels. During the Reporting Period, the Group did not receive any complaints about products and services.

4.2 MAINTAINING PRODUCT QUALITY

The Group is well aware that excellent product quality is the key to building brand reputation and maintaining sustainable business development. Therefore, we are committed to managing and improving product quality, always providing healthy and safe products and services, and putting customer needs at the core of our work. We strictly abide by 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 and other relevant product liability laws and regulations to ensure that our products and services not only meet industry standards, but also meet the high standards of customers.

To ensure the excellent quality of the products and services provided, we implement rigorous safety and health standards and ensure that the product quality always meets the standards through regular product sampling inspections. During the Reporting Period, the Group did not have any cases of product recalls due to safety and health reasons.

5. NURTURING TALENT

The Group is well aware that employees are the core driver of the development of the Company, and is committed to creating an equal and diverse working environment. We pay attention to and value the opinions and needs of each employee and actively take measures to protect the welfare and rights of employees. As of December 31, 2024, the Group had a total of 11 employees, all of whom worked in the East China region¹; 8 female employees and 3 male employees; 8 full-time junior employees, 1 full-time middle management, 2 full-time senior management; 10 employees aged 30 to 50 and 1 employee aged 50 or above. In 2024, the turnover rate of the Group was 0.

5.1 IMPROVING STAFF MANAGEMENT

The Group endeavours to defend the personal values of its employees, and strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law, Law on the Protection of Minors and the Prohibition of Using Child Labour and other laws and regulations related to labour and employment. Our talent selection mechanism always adheres to the principle of fairness, democracy and competitiveness, and continuously improves human resources management policies and systems. In recruitment, we focus on the educational background and work experiences of the candidates, and will not base our decisions on their nationality, race, colour, religion, age, gender, political affiliation, sexual orientation, disability, family status and any other legally protected characteristics. We strive to ensure that the employees we choose are competent for the job and can fit in with the Group's development direction.

In order to protect the common interests of employees and the company, the Group signs a formal labor contract with each new employee with clear working terms. Before a new employee joins, the Human Resources Department will carefully check his or her personal identity documents to prevent the use of child labor. When an employee proposes to resign, we follow the established process and explore the reasons for his/her resignation through the Human Resources Department, which helps us further improve management and operations. The Group solemnly promises that any form of discrimination will be strictly prevented throughout the employee's career, whether in recruitment, training, promotion, resignation, holiday management or salary and benefits. Once any violation of this principle is found, we will deal with it seriously in accordance with the company's regulations to ensure a fair and respectful workplace culture.

In addition, the Group actively promotes the diversity and harmonious integration between board members and employees. To this end, we have implemented a board member diversity policy, which comprehensively considers multiple key factors such as gender, age, cultural background, education, professional skills and experience to ensure a wide diversity of board members.

During the Reporting Period, the Group did not violate any relevant laws and regulations on remuneration and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, etc., nor did it have any violations of employment, employment of child labor or forced labor.

¹ Based on actual working location

5. NURTURING TALENT (CONTINUED)

5.2 ATTENTION TO TALENT CULTIVATION

The Group is committed to exploring and improving the potential of employees. To this end, we provide training that is consistent with employees' career plans to support them in achieving their career goals. At the same time, we continue to improve and upgrade our systematic training system to ensure that employees in all positions can receive high-quality and efficient training programs.

In addition, the Group actively encourages employees to participate in external seminars, sharing sessions and exchange activities, and regularly invites industry professionals to conduct in-depth training. These trainings are aimed at deepening employees' understanding of industry laws and regulations, grasping the latest industry trends, and applying them to daily work. For employees who actively participate in further studies, we provide support by providing examination holidays and cash subsidies, so as to comprehensively improve employees' technical skills and knowledge levels and help employees to maximize their potential.

During the Reporting Period, various types of training organized by the Group have covered every employee. In the percentage of employee training divided by gender², the percentage of male and female employees receiving training is 100%; in the percentage of employees receiving training divided by employee category, the percentage of junior employees, middle management and senior management receiving training is 100%. The following shows the average training hours of employees by gender and employee category:

	Average training hours (hours)	Percentage of employees trained² (%)
Female staff	25	100
Male staff	18	100
Junior staff	100	100
Middle Management	10	100
Senior Management	38	100

² Calculation method: Number of employees trained in this category/total number of employees in this category, data is rounded off

5. NURTURING TALENT (CONTINUED)

5.3 STAFF REMUNERATION AND BENEFITS

The Group attaches great importance to recruiting and retaining outstanding talents. Our Remuneration Committee has formulated a comprehensive remuneration management strategy based on market dynamics and company conditions to ensure that employees receive fair compensation.

We regularly conduct annual salary structure reviews and employee performance evaluations, and adjust salaries and benefits based on the results to ensure that they are competitive and fair. For employees who have made significant contributions to the company, we provide special bonuses and long-term service awards to recognize their contributions and commitment.

The Group attaches great importance to the work-life balance of employees, ensuring that all employees enjoy the right to rest on statutory holidays in accordance with the law, and provides a variety of holiday arrangements including sick leave and annual leave to take care of the health and well-being of employees.

In addition, we strictly abide by the Labor Law of the People's Republic of China and other relevant laws and regulations, and provide employees with comprehensive "five insurances and one housing fund" benefits, including basic medical insurance, pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, to help employees solve their worries about life and ensure that they can devote themselves to work.

During the Reporting Period, the Group was not aware of any breaches of laws and regulations relating to leave and other benefits entitlements that would have a material impact on the Group.

5.4 OCCUPATION HEALTH AND SAFETY

The Group is committed to creating a safe and comfortable working environment for its employees, strictly abides by the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Production Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China, the Regulation on Work-Related Injury Insurance" and other occupational safety laws and regulations, and actively fulfills its responsibilities as an employer. To this end, we have implemented a series of occupational safety and health measures to effectively reduce the risk of occupational injuries and ensure that the health and well-being of employees are fully protected while they work hard.

Our Group is committed to creating a safe and healthy working environment and has taken a number of measures to enhance employees' awareness of occupational safety and self-protection capabilities. By providing specialized safety training for various departments and positions, we ensure that employees are familiar with safety regulations and can identify and respond to potential risks in the workplace.

In addition, to enhance safety awareness, we regularly communicate the latest occupational safety information to employees and hold occupational health education activities. We have established an efficient safety accident reporting mechanism to enable employees to quickly report potential safety issues, so that we can take timely measures to investigate and greatly reduce the impact and losses.

To protect the health of employees, we implement strict smoking regulations within the company to ensure that all employees work in a smoke-free environment. Through these comprehensive measures, we aim to provide employees with a safer and more hygienic working environment.

During the Reporting Period, the Group did not violate any relevant laws and regulations on providing a safe working environment and protecting employees from occupational hazards, nor did it lose working days due to work-related injuries, and there were no cases of employee deaths caused by work-related causes in the past three years.

6. BUILDING GREEN ENTERPRISE

The Group is committed to reducing any negative impact on the environment and continuing to contribute to sustainable development. We comply with environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, and continuously optimize and update environmental protection strategies. While promoting business development, we also actively assume the responsibility of protecting the environment. During the Reporting Period, the Group was not aware of any violation of environmental protection laws and regulations.

6.1 WATER RESOURCES MANAGEMENT

The use of water resources mainly comes from domestic water in our daily office operations. The Group's water is all from the municipal water supply system at the operating location, so there is no problem of finding a suitable water source. During the Reporting Period, the total water consumption of our head office and the offices of our two major subsidiaries during operations was 160,000 liters (2023: 190,000 liters), with a water consumption intensity of 7.18 liters per thousand RMB revenue (2023: 8.72 liters).

In order to effectively utilize water resources and minimize waste, we have adopted comprehensive water-saving measures. These measures include regular and thorough inspections of the water pipe system to promptly detect and repair any leaks or infiltration problems to ensure efficient use of water resources. In addition, we have posted posters encouraging water conservation in various areas of the company to enhance employees' awareness of water conservation and cultivate their awareness of water conservation in their daily work and life.

6.2 ENERGY MANAGEMENT

The Group's energy consumption mainly comes from electricity consumption required for daily operations and gasoline consumption generated by vehicle transportation. During the Reporting Period, the energy consumption and intensity of our head office and two major subsidiaries' offices during operations are shown in the following table:

Indicators	Unit	2024	2023
Total energy consumption	GJ	61.97	87.77
Energy consumption intensity	MJ/Revenue (RMB'000)	2.78	4.03

We have optimized energy management, emphasizing energy conservation and efficient use. In daily operations, employees are encouraged to turn off lighting, computers, printers and other electronic devices when not in use to avoid unnecessary power consumption. In addition, our office lighting system is managed by zone through independent control switches, ensuring less reliance on electric lights during daytime hours when natural light is abundant. We also set the air-conditioning temperature appropriately to ensure a balance between comfort and environmental protection, and encourage employees to wear casual clothing to work to avoid over-reliance on air-conditioning, thus mitigating its impact on the environment.

6. BUILDING GREEN ENTERPRISE (CONTINUED)

6.3 WASTE MANAGEMENT

During the Reporting Period, since our business scope does not cover the production field, the non-hazardous waste generated by our head office and two major subsidiaries in daily operations is office waste. Total non-hazardous waste generated was 1.00 kg, with an average of 0.09 kg per employee, a decrease of 35% compared to last year. As for hazardous waste, it included 11 pieces of used batteries (2023: 10) and 8 pieces of used ink and toner cartridges (2023: 7).

In order to achieve sustainable development, we actively encourage employees to participate in recycling projects, focusing on reducing waste generation and increasing its recycling rate. In this way, we aim to avoid unnecessary waste of resources and ensure that all waste generated is handled safely and centrally by the building property. Especially for the waste paper commonly found in offices, we not only encourage employees to actively recycle, but also reduce pollution from the source by using environmentally friendly paper.

In addition, we communicate and collaborate via email in our daily office work, effectively reducing the use of paper. When printing is necessary, we insist on using energy-saving double-sided printing and ink save mode to reduce the use of consumables. According to statistics, our paper consumption this year is 176.81 kg (2023: 89.69 kg).

For hazardous waste such as electronic products, batteries, computers and used ink cartridges, we strictly abide by relevant regulations and cooperate with qualified recyclers to handle the processing, so as to ensure that the items are processed safely and effectively to minimize the negative impact on the environment.

6.4 GREENHOUSE GAS MANAGEMENT

In order to achieve carbon reduction targets in line with the national Double Carbon Policy, the Group has adopted a series of measures to reduce our greenhouse gas ("GHG") emissions, particularly targeting electricity consumption and company vehicle emissions, the two major sources of our emissions. We conducted a comprehensive GHG emission assessment for the Group's headquarters and offices of its two principal subsidiaries in accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 as defined by the International Organisation for Standardisation.

6. BUILDING GREEN ENTERPRISE (CONTINUED)

During the Reporting Period, our greenhouse gas emissions are summarized as follows:

Greenhouse gas emissions performance ³	Unit	2024	2023
Direct GHG emissions (Scope 1)	tCO ₂ e	2.48	4.52
Indirect GHG emissions (Scope 2)	tCO ₂ e	5.02	5.02
Total GHG emissions (Scopes 1 and 2)	tCO ₂ e	7.50	9.53
GHG emissions intensity (RMB'000 Revenue	kg CO ₂ e/RMB'000	0.34	0.44

Scope 1: Direct emissions from the Group's vehicles.

Scope 2: Indirect emissions from purchased electricity consumed by the Group.

During the Year, the main challenges we faced in the operations of our head office and two major subsidiaries were direct greenhouse gas emissions from gasoline consumption and indirect greenhouse gas emissions from purchased electricity. Our total emissions were 7.5 tCO₂e (2023: 9.53 tCO₂e). In addition, the greenhouse gas emission intensity — that is, the emissions generated per thousand RMB revenue — was 0.34 kg CO₂e (2023: 0.44 kg CO₂e). This achievement reflects our efforts and results in environmental protection.

In terms of specific emissions, the Group's vehicle operations generated a total of 2.52 kg of nitrogen oxides (NOx), 0.01 kg of sulphur oxides (SOx), and 0.22 kg of particulate matter (PM). Monitoring and reporting of this data is critical to optimizing our operational strategies and mitigating our environmental impact.

To further reduce emissions and promote sustainable development, we focus on energy conservation and consumption reduction in our daily operations. We regularly maintain our company vehicles to ensure they operate at maximum efficiency and minimise petrol waste. In addition, we actively promote green travel and encourage employees to give priority to public transportation as the main mode of commuting, so as to reduce the use of personal vehicles and reduce the overall carbon footprint. Through these measures, we are committed to achieving a more environmentally friendly and efficient operating model.

³ Greenhouse gas emissions information is presented on a carbon dioxide equivalent basis with reference to, but not limited to, the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standards published by the World Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidelines on Environmental Key Performance Indicators published by the Hong Kong Stock Exchange, the global warming potential values in the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change, and the national grid emission factors in the Notice on Key Tasks Related to Corporate Greenhouse Gas Emissions Reporting Management in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China. Data are rounded off.

⁴ For the year ended December 31, 2024, the Group's turnover was RMB22,279 thousand (2023: RMB21,783 thousand). The data is also used for calculating other intensity data.

6. BUILDING GREEN ENTERPRISE (CONTINUED)

In order to better implement environmental responsibilities, we have linked environmental considerations to our business operations and set directional environmental goals:

Greenhouse gas emissions

Maintain or gradually reduce total greenhouse gas emissions from 2019 by actively implementing and executing the Group's energy conservation measures . During the Year, total greenhouse gas emissions decreased compared to 2019.

Energy use efficiency

Maintain or gradually reduce total electricity consumption from 2019 by actively implementing and executing the Group's energy conservation measures . During the Year, total electricity consumption decreased compared to 2019.

Water use efficiency

Maintain or gradually reduce total water consumption from 2019 by actively implementing and executing the Group's water conservation measures . During the Year, total water consumption decreased compared to 2019.

Waste reduction

Maintain or gradually reduce total amount of waste generated from 2019 by actively implementing and executing the Group's material conservation measures . During the Year, the total amount of hazardous waste generated decreased in 2019.

In the coming year, the Group will continue its efforts to reduce greenhouse gas emissions and explore more feasible emission reduction measures.

6.5 CLIMATE CHANGE MANAGEMENT

Climate change is a global issue that poses a serious threat to the earth and human society and requires joint efforts from all parties to address.

Faced with physical risks caused by climate change, such as typhoons, floods, and extreme heat, we realize that these weather phenomena may force our office locations to temporarily close, causing significant impacts on the company's business operations. In response to these potential risks, we have developed and are continuously improving a set of emergency response plans for natural disasters. These plans include detailed preventive measures and emergency response procedures to minimize the impact of natural disasters on company operations.

At the same time, we closely monitor weather forecasts and climate change trends to ensure that emergency plans can be activated in a timely manner before extreme weather occurs to ensure the continuity of the company's business and the safety of its employees. In addition, we continue to monitor and assess the various risks and opportunities brought about by climate change in order to continuously improve our carbon emissions management capabilities.

The Group will continue to monitor the potential impact of climate change on its business and strengthen its efforts to address climate change.

7. SOCIAL RESPONSIBILITIES

The Group is fully aware that the development of the enterprise cannot be separated from the support of all sectors of society. We actively listen to the voices and opinions of the community and strive to work with all sectors of society to promote community development. We also encourage our employees to participate in voluntary and charity activities in their spare time to support society, local communities and people in need, strengthen relationships with the community and help the community create more value.