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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 2025

* 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 tenth 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 2025 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 Code (the "Code") 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 2024 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, 2025 to December 31, 2025 (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 inconsistency, the Traditional Chinese version shall prevail.

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 14 April 2026.

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_ictech@yeah.net.

2. SUSTAINABLE DEVELOPMENT OF ENTERPRISE

Zhejiang Ruiyuan Intelligent Control Technology Co., Ltd. (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") 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

As the highest decision-making body for the Group's ESG matters, the Board of Directors assumes overall responsibility for our ESG strategy and reporting. We firmly believe that the effective management of ESG issues and the implementation of energy-saving and emission-reduction measures are pivotal to achieving long-term sustainable development of the Company. To this end, the Board of Directors is committed to establishing a robust governance framework to ensure the seamless integration of ESG principles into our daily business operations.

The Board of Directors is responsible for the comprehensive assessment and management of ESG-related risks pertinent to our business, while regularly monitoring the progress made towards various environmental targets. Furthermore, we identify and prioritize material ESG issues through proactive stakeholder engagement to ensure the precise allocation of resources. The Board of Directors also oversees the final review and approval of the annual ESG report, ensuring that all external disclosures are accurate, open, and transparent.

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 CEO, Risk Control Department, Human Resources Department and Administration Department of the Group, 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	• Daily operations/communications • Site visit by customer relationship managers • Phone calls
Shareholders/Investors	• Annual general meetings • Investor meetings • Interim reports and annual reports • Corporate communications • Announcement of results
Employees	• Performance evaluation • Meetings and interviews • Employee suggestion box • Employee opinion survey • Employee communication conferences • Business briefing
Suppliers	• Management process for suppliers • Site inspection
Business Partners	• Visits • Meetings
Regulators	• Written responses to public consultations • Compliance reports
Media	• 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
- Product liability
- Prevention of child labour and forced labour
- Waste management
- Data security
- Market competitiveness
- Employee health and safety
- Energy consumption and efficiency
- Supply chain management
- Product design and life cycle
- Staff development and training
- Emissions management
- Customer Service
- Labor Practices
- Water Consumption and Efficiency
- Use of resources

Topics of moderate materiality

- Anti-corruption
- Reporting mechanisms
- Business Ethics
- Intellectual Property Protection
- Staff Benefits

Topics of general materiality

- Promotion and product service labels
- Staff engagement, Diversity and Inclusion
- Greenhouse gas emissions
- Climate Change
- Caring for Community

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 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 are 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 a 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 11 major suppliers, all of which were from China, 6 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 regards employees as our most valuable asset. We are committed to fostering an equal and diverse workplace and have implemented practical measures to safeguard employee well-being and rights. As of December 31, 2025, the Group employed a total of 11 full-time employees, all based in the East China region[1]. We maintain a stable and diversified team structure: the gender distribution consists of 8 females and 3 males; by seniority, the team comprises 8 junior staff, 1 middle management and 2 senior management members. In terms of age demographics, 10 employees are aged between 30 and 50, with 1 senior employee aged over 50. Attributed to our comprehensive employee care mechanisms, the Group maintained a 0% turnover rate in 2025, reflecting our excellence in talent retention and team cohesion.

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 the 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 gender[2], 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 trained[2] (%)**
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 EMISSIONS MANAGEMENT

The air pollutants generated from the Group's daily operations are primarily derived from fuel consumption by the Company's vehicles. To effectively control exhaust emissions and practice green operations, we have actively implemented various vehicle management and energy-saving measures. The Group conducts rigorous regular maintenance and servicing for all corporate vehicles to ensure engines remain in optimal condition, thereby maximizing fuel efficiency and minimizing emissions. Meanwhile, we advocate for green travel concepts by encouraging employees to prioritize public transportation for commuting, aiming to reduce the impact of the Company's operations on air quality from multiple fronts.

During the Reporting Period, the air pollutant emissions performance of the Group is as follows:

Indicators	Unit	2025	2024
Nitrogen oxides (NOx)	kg	2.55	2.52
Sulfur oxides (SOx)	kg	0.01	0.01
Particulate matter (PM)	kg	0.23	0.22

6.2 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 120 cubic meters[3] (2024: 160 cubic meters), with a water consumption intensity of 0.01 cubic meters per thousand RMB revenue[4] (2024: 0.01 cubic meters per thousand RMB revenue).

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.

[3] The units of water consumption measurement have been standardized during the Reporting Period, accordingly, the relevant data for 2024 has been updated and restated.

[4] For the year ended 31 December 2025, the Group's revenue amounted to RMB20,189 thousand (2024: RMB22,279 thousand). This revenue data also serves as the basis for calculating other intensity-related figures.

6.3 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[5]	2025	2024
Direct energy			
— Gasoline consumption	kWh	8,200.00	8,200.00
Indirect energy			
— Electricity consumption	kWh	9,400.62	9,012.96
Total energy consumption	kWh	17,600.62	17,212.96
Energy consumption intensity	kWh/Revenue (RMB'000)	0.87	0.77

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.

6.4 WASTE MANAGEMENT

As the Group's business scope does not cover manufacturing, waste generated from our daily operations is limited to conventional office consumption at our headquarter and two major subsidiaries. In 2025, the Group generated 1 kg of non-hazardous office waste, with a per capita waste intensity of approximately 0.09 kg, maintaining a consistent performance compared to previous years. Regarding the management of hazardous waste, the generation volume remained identical to that of 2024, involving the disposal of 11 used office batteries and 8 waste ink and toner cartridges. We strictly implement various waste reduction and sorting measures, striving to minimize the environmental burden of our daily office activities at the source.

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 manager. 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.

[5] The units of energy consumption measurement have been standardized during the Reporting Period, accordingly, the relevant data for 2024 has been updated and restated.

In our daily operations, the Group comprehensively promotes paperless practices by prioritizing the election of email for internal communication and business collaboration. For essential printing requirements, we have fully implemented double-sided printing and ink-saving modes. Thanks to the effective execution of these waste reduction measures, our actual paper consumption during the year successfully decreased to 80.77 kg, representing a year-on-year reduction of approximately 3%. During the period, we also properly recycled 1 kg of waste paper to foster resource circularity. Furthermore, to ensure the rigor of our environmental data, we have optimized the statistical methodology for historical data. Internal verification revealed that a bulk purchase in 2024 due to procurement incentives led to a discrepancy between the original data and actual consumption; accordingly, the actual paper consumption for 2024 has been accurately restated as 82.95 kg. We will continue to refine our resource tracking mechanisms to achieve more granular green operation standards.

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.

Given the nature of the Group's business, our daily operations do not involve the significant use or generation of product packaging materials.

6.5 CLIMATE RESILIENCE

Climate change represents one of the most pressing global challenges at present. The Group recognizes that climate-related risks have profound implications for the long-term business development of our design, manufacturing and sales of CNC machine tool body products and electronic equipment controller systems in China. Consequently, we continue to refine our climate risk management system and actively respond to the national vision of achieving carbon neutrality.

To enhance the transparency and quality of our climate-related disclosures, the Group has systematically reviewed the potential impacts of climate change on our business operations based on the four core pillars of the Task Force on Climate-related Financial Disclosures: Governance, Strategy, Risk Management, and Metrics and Targets. Meanwhile, we actively align with the latest climate disclosure requirements mandated by the Hong Kong Stock Exchange, which are based on the International Sustainability Standards Board (ISSB) climate standards, to continuously improve our climate risk management framework and responsive measures.

6. BUILDING GREEN ENTERPRISE (CONTINUED)

Governance

A robust and hierarchical climate change governance system has been established to ensure the effective top-down implementation of our climate change strategies. As the highest decision-making and oversight body for ESG matters, the Board of Directors has formally integrated climate-related risks and opportunities into the Group's overall corporate risk supervision framework. At the management and executive level, the ESG Committee leads and coordinates decarbonization efforts across all departments, ensuring that carbon management indicators and mitigation measures are concretely executed within daily operations. This structure ensures seamless cross-departmental collaboration and effectively drives the comprehensive implementation of the Group's climate strategy.

Strategy

Our climate strategy aims to comprehensively enhance the climate resilience of the Group's operations and supply chain, while capturing potential business opportunities during the transition to a low-carbon economy. As extreme weather events become more frequent and the global trend toward low-carbon transition accelerates, related risks may pose material financial and operational impacts on the Group's business. The Group regularly conducts climate risk assessments, categorizing risk time horizons into short-term (1 to 5 years), medium-term (6 to 10 years) and long-term (over 10 years). Based on these periods, we systematically identify and evaluate physical and transition risks, and formulate corresponding mitigation and business continuity plans.

The Group is currently adopting a phased approach to advance our climate-related financial disclosures. At present, our decision-making mechanisms do not yet incorporate internal carbon pricing, climate-related remuneration assessments for management, or industry-specific metrics. We plan to progressively introduce climate scenario analysis in future annual reports, while continuously monitoring the development of our internal data systems. We will disclose various advanced climate-related key performance indicators as and when appropriate.

6. BUILDING GREEN ENTERPRISE (CONTINUED)

Risk Management

Based on our industry characteristics and operating model, the Group has identified the following key climate-related risks and opportunities and has formulated targeted response measures:

Risk Type	Risk Description	Time Horizon	Financial Impact	Risk Response
Physical Risks				
Acute Risk	• Increasing frequency of extreme weather events, such as typhoons, rainstorms and floods, posing a direct threat to the operational safety of office facilities	Short to Medium Term	• Supply chain disruptions and forced shutdowns leading to reduced capacity and loss of revenue	• Formulate and continuously refine emergency response plans for natural disasters; closely monitor weather warnings to activate protective measures promptly, ensuring business continuity and the safety of employees and assets
Chronic Risk	• Continuous rise in global average temperatures, leading to an increase in extreme heat days and shifts in long-term climate patterns	Medium to Long Term	• Surge in demand for office air conditioning, resulting in a significant rise in overall electricity consumption, thereby increasing corporate energy and operating costs	• Optimize ventilation and heat dissipation systems in office areas; gradually replace high-energy-consuming equipment to enhance energy efficiency and offset the risk of rising electricity costs

6. BUILDING GREEN ENTERPRISE (CONTINUED)

Risk Type	Risk Description	Time Horizon	Financial Impact	Risk Response
Transition Risks				
Policy and Legal Risk	• Increasingly stringent domestic and international environmental regulations, with regulators raising compliance requirements for carbon emission limits and climate-related disclosures	Short to Medium Term	• Potential fines and litigation for non-compliance; increased administrative costs for ESG data collection and report auditing; reputational damage potentially leading to losing customer	• Closely monitor climate policy and regulatory trends in operating locations; continuously improve greenhouse gas inventory and data management systems to ensure full compliance with requirements of the Stock Exchange and local regulators
Opportunities				
Market	• Growing demand among downstream customers for CNC machine tools and electronic controllers with high energy efficiency and low carbon emissions during the transition to a low-carbon economy	Short to Long Term	• Expanding green and energy-saving product lines helps capture market share, creates new profit growth points, and significantly enhances brand competitiveness	• Commit to developing electronic equipment controllers and components with higher energy efficiency; promote green manufacturing to improve resource utilization and create new profit growth.

Metrics and Targets

In response to the national 'Dual Carbon' policy and to minimize the environmental footprint of our operations, the Group has conducted a comprehensive greenhouse gas emissions inventory of its headquarter and major subsidiaries. This assessment was performed in accordance with the GHG Protocol and the ISO 14064-1 international standard. During the Reporting Period, our primary emission challenges were identified as direct emissions from gasoline consumption by corporate vehicles (Scope 1) and indirect emissions from purchased electricity for operations (Scope 2).

In 2025, the Group's total greenhouse gas emissions amounted to 7.33 tonnes of carbon dioxide equivalent (tCO_2e), representing a steady decline from 7.50 tCO_2e in the previous year. The greenhouse gas emissions intensity was 0.36 kg CO_2e per RMB'000 of revenue.

6. BUILDING GREEN ENTERPRISE (CONTINUED)

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

Greenhouse gas emissions performance[6]	Unit	2025	2024
Direct GHG emissions (Scope 1)	tCO_2e	2.59	2.48
Indirect GHG emissions (Scope 2)	tCO_2e	4.74	5.02
Total GHG emissions (Scopes 1 and 2)	tCO_2e	7.33	7.50
GHG emissions intensity	kg CO_2e/RMB'000	0.36	0.34

Progress Towards Environmental Targets

The Group regularly reviews and tracks the achievement of various environmental indicators to ensure that our environmental protection initiatives are effectively implemented. Using 2019 as the base year, the Group has made solid progress across our four core environmental targets:

Greenhouse gas emissions: Through the rigorous implementation of carbon reduction measures, our total greenhouse gas emissions for the current year have successfully decreased compared to the base year.

Energy use efficiency: By optimizing electricity management and upgrading equipment, our total electricity consumption for the current year recorded a decline relative to the base year.

Water use efficiency: Through the continuous promotion of water-saving concepts and the optimization of water supply facilities, our total water consumption for the current year remained below base-year levels.

Waste reduction: By strengthening resource recycling and material controls, the total generation of non-hazardous waste for the current year was effectively reduced compared to the base year.

[6] 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 electricity emissions for operations in Mainland China are calculated based on the national grid emission factors published by the Ministry of Ecology and Environment of the People's Republic of China. Data are rounded off.

7. SOCIAL RESPONSIBILITIES

Upholding our original aspiration as a responsible corporate citizen, the Group firmly believes that long-term steady corporate development is closely linked to social prosperity and inclusion. We regard society contribution as an indispensable operational responsibility, actively establishing effective two-way communication mechanisms with the communities where we operate to listen to and respond to their genuine needs. Furthermore, our employees are encouraged to participate in various voluntary and charitable activities during their spare time, directly extending corporate care to those in need. By mobilizing corporate resources and the collective compassion of our staff, we aim to consistently inject positive influence into local communities, working alongside stakeholders to create and sustain long-term shared social value.