Futian Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8196

2025

Environmental, Social & Governance Report

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ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present the Environmental, Social and Governance ("**ESG**") report for the year ended 31 December 2025 ("**Year 2025**"), with an aim to provide stakeholders with details of the Group's system establishment and performance in respect of sustainable development.

The core business of the Group is to help clients of the Group in China to reduce pollutant emissions for the protection of the environment. Starting from the wastewater and drinking water treatment engineering business, the Group is now gradually expanding to a wider and more comprehensive environmental protection business, including soil remediation, solid and hazardous wastes management, sludge treatment, air pollutants treatment, as well as integrated environmental services.

Since the establishment of the Group, the concept of sustainability has been deeply embedded in the Group's corporate value. Guided by its corporate value and with the aid of a thorough Integrated Management System ("**IMS**", the business of the Group in China is in conformity with the international environmental management system ISO14001:2015 and quality management system ISO9001:2015 standards starting from 2016), the Group not only focuses on pursuing continuous success in business development for the Group, but more importantly, cares for the creation of a better environment and the needs of the next generation.

The Group realises that not only does the report serve as a channel to communicate with stakeholders, but it is also an important tool to summarise the Group's sustainability performance and to aid in evaluating its sustainability practice. Furthermore, disclosing the environmental key performance indicators ("**KPIs**") via this report, we can evaluate and track the performance of the Company more accurately. Therefore, the Group will continue this ESG reporting as part of the strategy to improve the Group's sustainability performance continuously.

REPORTING FRAMEWORK

This report is prepared according to the ESG reporting guide under the Appendix C2 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The report complies with the ESG disclosure requirements of mandatory and "comply or explain" in the ESG reporting guide. The report primarily highlights the environmental and social measures and activities of the Group during the Year 2025. Information regarding the Group's corporate governance is addressed in detail in the Corporate Governance Report.

The report follows the four reporting principles in the ESG reporting guide, including (i) Materiality: the Group has identified a number of issues which cover ESG, and invited stakeholders to assess the materiality of such issues in Year 2025; (ii) Quantitative: this report details the standards, methodologies used and source of conversion factors used for the KPIs related to emissions and energy consumption; (iii) Balance: both positive and negative impacts brought by the business are presented with high transparency; and (iv) Consistency: unless otherwise stated, the report uses the same methodologies and KPIs as disclosed in previous ESG reports of the Group to facilitate comparability at any time.

If you have any comments on the ESG report of the Group, please email to ir@greatwater.com.cn.

REPORTING SCOPE

This report mainly discloses the sustainability performance of three major subsidiaries of the Company, namely Guangzhou Lintao Environmental Protection Technology Co., Ltd（廣州霖濤環保技術有限公司) ("**Lintao EP**"), Guangzhou Hongrun Environmental Protection Technology Co., Ltd. (廣州宏潤環保技術有限公司) ("**Hongrun EP**"), and Guangzhou Great Water Environmental Protection Co., Ltd（廣州中科建禹環保有限公司) ("**Guangzhou Great Water**"). Lintao EP and Hongrun EP engage in design, construction and sale of equipment for wastewater projects. Guangzhou Great Water engages in design and construction and sale of equipment for environmental protection projects. Since the above subsidiaries have higher relevance to ESG aspects. Therefore, this report mainly discloses the policies and KPIs of the above subsidiaries in four environmental aspects and eight social aspects in Year 2025. Regarding the subsidiaries engaged in property leasing, the Group is formulating ESG strategy, reporting framework and data collection mechanism. The Group shall expand the ESG reporting scope in 2026 to include the property leasing segment.

GOVERNANCE STRUCTURE

The Board's oversight of ESG issues

The Directors of the Company are committed to the long-term sustainability of the environment and communities in which the Group operates, and continuously enhance the investment value of stakeholders throughout the operation through appropriate and effective internal control systems and ESG risk management measures. The Board considers ESG-related risks and opportunities as part of the Group's overall strategic planning, and daily operations and business activities often have a significant impact on ESG. The Board has been monitoring ESG issues and identifying and assessing relevant issues, and confirms that, to the best of their knowledge, this report covers material issues related to the Group's operations and fairly presents its ESG performance and impact.

The Board's management approach and strategy for material ESG-related issues

The Board has appointed the management of the Group to oversee the Group's ESG-related issues and works. The management of the Group is responsible for monitoring and reviewing the compliance with local laws and regulations on ESG-related issues. To better understand the opinions and expectations of different stakeholders on ESG matters, the Group conducts materiality assessment annually. The Group ensures that various platforms and communication channels are used to reach, listen and respond to its key stakeholders. Through comprehensive communication with stakeholders, the Group is able to understand the expectations and concerns of its stakeholders. The feedbacks obtained allow the Group to make more informed decisions and to better assess and manage the impact of these business decisions.

The Board's review progress against ESG-related objectives and targets

The Board has appointed the management of the Group to set ESG-related goals, develop sustainable development strategies, policies and measures, and regularly review the implementation progress. If the progress does not meet the expected targets or the operating conditions change, we will strengthen the communication with stakeholders and adjust the sustainable development strategies.

STAKEHOLDER ENGAGEMENT

The Company places great emphasis on stakeholder engagement and it believes meeting the expectations of the stakeholders is crucial to the future of the Group's business. Hence, their feedback plays a crucial role in formulating the future sustainability strategy. Through multiple communication channels, including the annual general meetings, the corporate website, the dedicated customer services channels, and through the internal communication channels for employees, the Board will listen and respond to stakeholders' concerns related to the performance in the ESG areas.

Stakeholders include Shareholders, government and regulatory authorities, employees, customers, suppliers, society and the public. The Group discussed the expectations and demands of the stakeholders with them through various channels, and the relevant feedback of the Group is as follows:

Stakeholders	Expectations and demands	Communication and responses
Shareholders	• Financial results • Corporate transparency • Improving the risk control	• Improve profitability • Daily information disclosure • Optimising the risk management and internal control
Government and regulatory authorities	• Compliance with laws and regulations • Tax payment	• Compliance operation • Tax payment in full and on time
Employees	• Career development platform • Remuneration and welfare • Safe working environment	• Promotion Mechanism • Provide attractive remuneration packages • Safety committee is formed to oversee the implementation of safety measures
Customers	• Customer information security • Customer rights protection	• Protecting customer privacy • Compliance marketing
Suppliers	• Honest cooperation • Business ethics and reputation	• Building a responsible supply chain • Performance of contracts in accordance with laws
Society and the public	• Green enterprise • Employment opportunities	• Business helps customers to reduce environmental emissions • Providing jobs

EMISSION

With the corporate mission of "Contribute to the environmental protection in China for a cleaner sky and water", the Group strives to create positive impacts on the environment. As an environmental protection engineering service provider, the Group aims not only to minimise adverse environmental impacts from operations, but also to bring positive impacts by providing innovative environmental protection solutions to customers.

The operations of the Group are mainly in relation to environmental construction, which involve assisting customers to install environmental facilities at their premises. Therefore, in view of the Company's business nature, neither significant environmental emissions are generated, nor extensive use of natural resources is required. The Group has commenced a ten-year operating project as regards the development and construction of a sludge treatment project at a wastewater treatment plant in Dashadi, Guangzhou and another three-and-a-half-year sludge treatment project at Guangzhou Baiyun Airport since mid-2020. The electricity consumption, water consumption and indirect greenhouse gas emissions of these two sludge treatment operating projects (the "**Environmental operations**") were relatively huge. The relevant impact has been identified with its details set out in the following sections.

AIR EMISSIONS AND GREENHOUSE GAS EMISSIONS

Due to the nature of its operation, which is mainly office-based, the Company only generates and emits a small amount of air pollutants, mainly generated by the use of vehicles. Such air pollutants include nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM). In Year 2025, the KPIs of the Company's emissions are set out in the table below:

Air Pollutants[1]	Unit	Year 2025 Emissions	Year 2024 Emissions
NO_x	kg	2.48	5.03
SO_x	kg	0.11	0.13
PM	kg	0.18	0.37

1. The emission factors used in the calculation of air pollutants are sourced from the EPD Vehicle Emission Calculation model and the Vehicle Emission Modeling Software of the United States Environmental Protection Agency. These factors are calculated on the assumption that the relative humidity is 80% and the temperature is 25 degrees Celsius with an average speed of 30 kilometers per hour and include running exhaust emission only.

In response to the challenge of climate change, the Group believes that it is its responsibility to cut carbon footprints. Therefore, the Group has formulated the "Greenhouse Gas Emission Policy" and recorded the greenhouse gas emissions in the business process on a monthly basis to minimize the greenhouse gas emissions within the controlled scope.

The Group's main sources of greenhouse gas emissions come from the consumption of vehicle fuel, refrigerant, and electricity for the operations. The Group will continue to look for opportunities to lower greenhouse gas emissions within the operations with reference to the greenhouse gas emissions reporting standards.

In Year 2025, the KPIs of the Group's emissions are set out in the table below:

Greenhouse gas emissions	Unit	Year 2025 Emissions	Year 2024 Emissions
Scope 1 greenhouse gas emissions			
Vehicle fuel	tCO_2e	19.51	23.15
Refrigerant	tCO_2e	689.00	1,235.00
Scope 2 greenhouse gas emissions			
Electricity used for non-environmental operations	tCO_2e	135.06	168.05
Electricity used for environmental protection operations	tCO_2e	4,685.58	5,568.69
Total greenhouse gas emissions	tCO_2e	5,529.15	6,994.89
Total number of employees	Number	45	39
Intensity of greenhouse gas emissions	tCO_2e/per employee	122.87	179.36

Standards Used: Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004); and

Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Measurement Approach: Operational control, as operational data is accessible.

Operational Boundary: Lintao EP and Hongrun EP engaged in design, construction and sale of equipment for wastewater projects; and

Guangzhou Great Water engaged in design and construction and sale of equipment for environmental protection projects.

Scope 1: The greenhouse gas emissions generated directly from operations that are owned or controlled by the Group, including greenhouse gas emissions from vehicles and refrigerants used by the Company, with emission factors sourced from the GHG Protocol cross-sector tools.

Scope 2: The greenhouse gas emissions generated indirectly from the purchased electricity consumed by the Group, calculated based on location-based method in accordance with Greenhouse Gas Protocol: Scope 2 Guidance (2015) and the emission factor obtained from the GHG Protocol cross-sector tools.

The Group's 5-year target is to reduce the air emissions and the greenhouse gas emissions intensity by 5% respectively based on the 2021 baseline by the year of 2026.

Environmental KPIs	Emission reduction targets	Base year	Status in 2025
Intensity of NO_x emissions	Reduce by 5% by the year of 2026	Year 2021	Reduced by approximately 57%
Intensity of SO_x emissions	Reduce by 5% by the year of 2026	Year 2021	Reduced by approximately 19%
Intensity of PM emissions	Reduce by 5% by the year of 2026	Year 2021	Reduced by approximately 57%
Intensity of greenhouse gas emissions	Reduce by 5% by the year of 2026	Year 2021	Increased by approximately 17%

WASTE MANAGEMENT

The Group has issued a clear guidance regarding the management of both hazardous and non-hazardous wastes. In our office, non-hazardous wastes such as paper and domestic waste were collected at designated locations by qualified waste collectors. In Year 2025, the Group initiated the collection of data on waste production volume and intensity as part of its ongoing efforts to strengthen environmental disclosure. The Group has given employees sufficient guidance on how to and where to dispose of wastes. In addition, the Group has appointed recycling companies to treat recyclables such as printer toner so as to lessen the burden on the landfill.

Waste	Unit	Year 2025 Emissions	Year 2024 Emissions
Total hazardous waste generated	kg	13.40	N/A
Intensity of hazardous waste generated	kg/employee	0.30	N/A
Total non-hazardous waste generated	kg	6,888.00	N/A
Intensity of non-hazardous waste generated	kg/employee	153.07	N/A

In Year 2025, hazardous waste generated mainly consisted of printer toners and light tubes. Potentially, other hazardous wastes may be produced from the research and development laboratory during experiments. In case hazardous wastes are produced, the Group will label, store, treat, and transport them with strict compliance with related laws and regulations in China.

The Group aims to reduce intensity of hazardous waste generated and non-hazardous waste generated in the next five years by 5% respectively.

Under the Integrated Management System ("**IMS**") which is in conformance to ISO14001: 2015 certified Environmental Management System, the Company is committed to utilising resources efficiently, reducing waste generation and minimising negative impacts on the environment within its operations through formulating its goals and corresponding actions.

#	Goal	Practical actions and policies
1.	100% compliance rate of wastewater discharge	– Strengthening the monitoring of water quality – Appoint qualified third-party unit to conduct monthly investigation – Ensure meeting regulatory standards before discharge
2.	100% compliance rate of sludge discharge	– Ensure effective rainproof and leak-proof work
3.	100% correct handling rate of hazardous waste	– Establish chemical material safety data sheet database – Offer training on proper handling of chemicals – Provision of protective equipment
4.	Zero fire accident	– Configure with sufficient fire-safety equipment – Conduct training and fire drills – Inspect the power system and circuit periodically – Supervise maintenance work closely

The IMS also sets out the management framework, with relevant rules and procedures for proper control on the activities. The Company further ensures the compliance with all applicable laws and regulations by closely following relevant updates in China.

The Group considers environmental protection and preserving natural resources as an important component of its sustainable and responsible business. The Group has also established an Environmental Action Group, which is responsible for identifying and constantly evaluating environmental issues arising from operations including work carried out in the research and development building, and during the provision of operation and maintenance ("**O&M**") for the clients at project sites. The evaluation results act as a base to establish the improvement strategy in pursuing sustainable development.

In Year 2025, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, including the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. In addition, there was no report of significant fines or sanctions as a result of noncompliance with the relevant laws and regulations in Year 2025.

USE OF RESOURCES

Using resources wisely and responsibly not only helps to lower operating costs, but also to reduce the carbon footprints. As the Company believes that it is the joint responsibility of all of us to reduce the use of resources, the Company aims to raise the environmental protection awareness among employees by promoting green office practices such as using recycled paper and posting reminders near switches.

Use of energy

The Group is committed to reducing the energy usage and thus the corresponding greenhouse gas emissions by promoting the idea of operations in "green" offices and venues to the employees. For instance, signs are placed near the switches to remind employees to switch off electrical appliances when they are not in use.

Resources	Unit	Year 2025 Consumption	Year 2024 Consumption
Vehicle fuel (diesel) consumed	kWh	N/A	N/A
Vehicle fuel (petrol) consumed	kWh	71,091.41	84,338.82
Electricity consumed (Non-environmental operation)	kWh	236,821.00	275,446.00
Electricity consumed (Environmental operation)	kWh	8,215,911.00	9,127,500.00
Total energy consumption[2]	kWh	8,523,903.41	9,487,284.82
Total energy consumption intensity	kWh/employee	189,420.08	243,263.71

2. Conversion factor used for converting data collected (diesel and petrol) to kWh unit is sourced from the Energy Statistics Manual from the International Energy Agency.

Water resources

Knowing how precious the Group's water resources are, it is responsibility of the Group to manage the use of water in an efficient way. In the Group's premises, signs to encourage water-saving are placed in washrooms to remind the employees to conserve water.

Water resource	Unit	Year 2025 Consumption	Year 2024 Consumption
Water consumption (Non-environmental operations)	m^3	2,742.00	2,094.00
Water Consumption (Environmental operations)	m^3	41,521.00	41,798.00
Total water consumption	m^3	44,263.00	43,892.00
Water consumption intensity	m^3/employee	983.62	1,125.44

During the Year 2025, the Group has not experienced any difficulty in sourcing water that is fit for the usage of the Group.

The Group's 5-year target is to reduce the total energy consumption intensity and water consumption by 5% based on the 2021 baseline by the year of 2026.

Environmental KPIs	Emission reduction targets	Base year	Status in 2025
Total energy consumption intensity	Reduce by 5% by the year of 2026	Year 2021	Increased by approximately 48%
Water consumption intensity	Reduce by 5% by the year of 2026	Year 2021	Reduced by approximately 36%

Packaging materials

The Group operations involve the use of a limited amount of packaging materials. Major types of packaging materials consumed by the Group are paper, plastic, and wood.

Packaging Materials	Unit	Year 2025 Consumption	Year 2024 Consumption
Paper	tonnes	0.05	0.07
Plastic	tonnes	0.01	0.01
Wood	tonnes	0.01	0.01
Total packaging materials used	tonnes	0.07	0.09
Intensity of packaging materials used	tonnes/employee	0.002	0.002

THE ENVIRONMENT AND NATURAL RESOURCES

With the extensive experience in the environmental engineering services and investment in R&D, over the years the Group has devoted its resources to providing over 100 customers in China with an extended range of engineering solutions. These range from wastewater and drinking water treatment to other businesses including soil remediation and waste disposal, with an aim of helping our clients to solve the environmental issues in their operations.

Constructions of all these treatment facilities may cause negative impacts on the environment if not managed properly. By closely following the rules and procedures contained in the IMS, the Group ensures that all construction work is strictly in compliance with the applicable environmental laws and regulations in the China, by adopting the following measures:

— Environmental impact assessment is carried out and relevant approval is obtained prior to the construction of the facilities where required;

— During the construction of the project, environmental monitoring and auditing are conducted to ensure implementation of proper pollution control measures; and

— Final inspection is carried out before the operation of the facilities.

The Group also provides O&M services to the owners of environmental facilities, where the Company strives to ensure the smooth operation and effectiveness of the facilities in dealing with the environmental issues. For example, the prime objective of O&M services for wastewater treatment facilities is to ensure that the effluent quality meets the government's water quality standard. In doing so, the Company has engaged third-party agents to monitor the effluent quality regularly. Likewise, the Company has implemented special measures such as effective leak-proofing and rain-proofing are put in place to prevent leakage and rainwater from infiltrating into the sludge for handling of sewage sludge from wastewater treatment, to avoid any environmental pollution.

In addition, the Group places high importance on research and development on environmental protection treatment technologies in order to improve the existing technologies, and has continually developed other technologies with higher efficiency and effectiveness.

As of 31 December 2025, the Group possesses several patents and will continue to file more patent applications, so as to maintain the Group's competitiveness in the environmental protection treatment market in China.

CLIMATE CHANGE

The continuous emission of greenhouse gas leads to climate change. In response to climate change, the Group made reference the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) framework to assess climate-related risks. There are two main types of risks, which are: (i) physical risks associated with climate change impacts; and (ii) transition risks associated with low-carbon economy.

The climate-related risks identified by the Group are mainly structural damage to premises of the Group and where the Group's construction and operating projects are held due to the increase in frequency of extreme weather events and flooding due to changes in rainfall patterns. Such climate change may affect labour management and planning, and also increase the risk of work-related injuries for the employees. In addition, there is a risk that the Group's infrastructure and machines may be damaged due to climate change, and facilities damage will affect operations and lead to an increase in operation costs.

In response to the above climate-related risks, the Group has purchased employee injury insurances for all employees. Such insurances covers the expenditure coverage for employees' injuries due to weather conditions. In addition, the Group has also purchased relevant property insurance for all construction projects, operating projects and the Group's key fixed assets to cover property losses due to weather conditions and reduce maintenance costs that may be required.

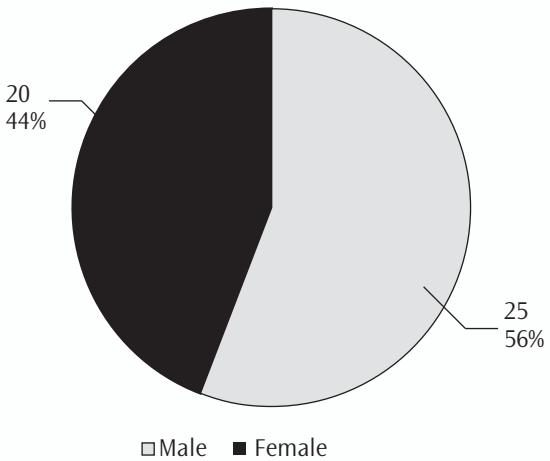
EMPLOYMENT

Employees are the most valuable assets as the Group fully relies on them to carry out its business activities. With the business principle of "improve ourselves, improve the environment, and improve the world", the Company understands that it is fundamental to continuously better itself first before it can improve others. Therefore, the Group pays the upmost care about its employees and strives to provide a pleasant workplace where people are valued and treasured.

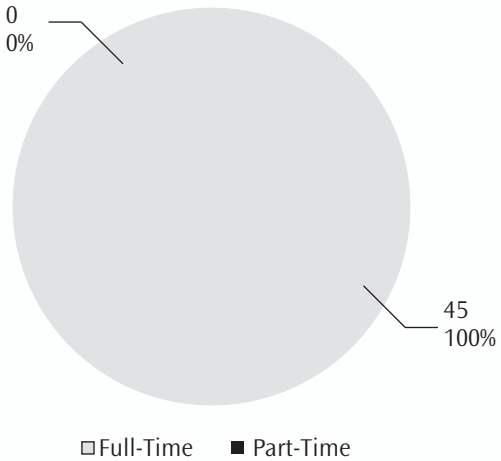
The Group gives competitive remuneration packages to the Company's employees in line with the market, and ensure that the Company is in full compliance with all applicable laws and regulations related to employment including compensation and dismissal, working hours and wages in China. The Company has developed a comprehensive "Human Resource Management Policy" and an "Employee Handbook", both of which detail all the necessary rules and procedures related to human resources management.

As of 31 December 2025, the Group (excluding the property leasing segment) had 45 employees, all of them were full-time employees.

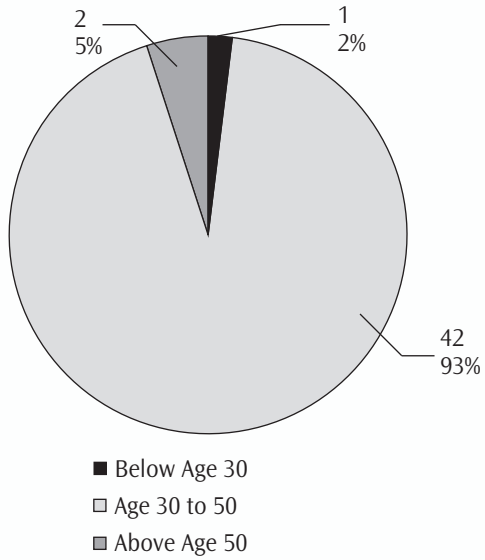
By Gender



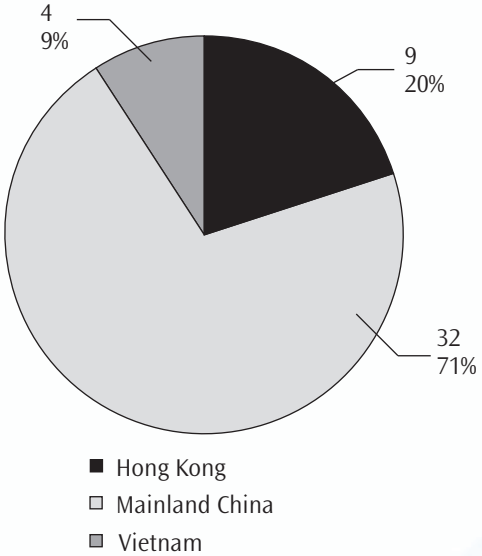
By Employment Type



By Age Group



By Geographical Location



In Year 2025, the employee turnover rate of the Group by categories is as follows:

Employee turnover rate	Year 2025	Year 2024
By gender		
— Male	10.9%	20.3%
— Female	4.5%	9.1%
By age group		
— Under 30	4.7%	9.3%
— 30 to 50	12.5%	23.2%
— Above 50	–	–
By geographical region		
— Hong Kong	–	100%
— China	10.1%	17.6%
— Vietnam	–	–

3. Employee turnover rate by categories is calculated by dividing the total number of employees lost in such category by the average number of employees in the corresponding category.

The Group provides a number of benefits and welfares to the employees based on different needs and characteristics of their job duties. For example, the Group gives subsidies to employees who unavoidably have to work in challenging working conditions with unpleasant odour or high temperature outdoor working environments; allowances and subsidies are given to employees to compensate for any work-related and living expenses such as transportation, meals, and telecommunications.

During the recruitment of employees, the Group upholds the principles including equal opportunity, anti-discrimination and diversity to ensure a fair recruitment process is applied to all candidates, so that only the most suitable candidate is selected and promoted. Likewise, through its comprehensive "Performance Appraisal System" led by the Appraisal Committee, the Group reviews the performances of employees regularly. The Group reward and promote the employees fairly based on their contributions and work performance. In addition, the Group offers various kinds of bonuses to employees as rewards for their outstanding performance, contribution to the Group, and safety performance.

When employees resign, the reasons for resignation and time of departure are required to be provided. After responsible department head and the human resources department have approved the dismissal, the employment contract can be terminated.

The Group has regulated working hours and forbade forced labour or forced overtime work as set out in the employment agreements. Moreover, the Group has established the rest periods system according to national laws and regulations. Employees are entitled to national statutory holidays, paid annual leave, marriage leave, maternity leave and nursery leave, compassionate leave, etc. during their term of employment with the Group.

The Group has stipulated the strict ethical rules, policies, and guidance especially on fair competition, anti-corruption, and conflict-of-interest in the Employee Handbook and have effectively implemented rules, policies and guidances. A whistle-blower system has been put in place which allows employees to directly report on any corruption acts, misconduct, or malpractice related to the Company to relevant personnel for investigation if necessary. The head of human resources directly handles the report of the investigation, and initiates further action by the Board where appropriate. Furthermore, the Audit Committee of the Company holds regular meetings to safeguard the integrity of the Company.

Employees, who are involved in the Group's business operations, are restricted from conducting any insider trading of the Company's stock, or from disclosing any insider information which allows the public to benefit from investing into the Company's stock, or affect the trading price of the stock.

In Year 2025, the Group is not aware of any material non-compliance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other applicable laws and regulations, that have a significant impact relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group. In addition, no non-compliance with laws that resulted in significant fines or sanctions had been reported in Year 2025.

HEALTH AND SAFETY

The Group does its utmost to safeguard the workplace safety of its employees. "Safety comes first, emphasis on precaution" is the Company's motto. In order to achieve this, the Group has established a safety management system to govern the identification, implementation and operation of all necessary safety measures. The safety management system stresses the importance of safety prevention and education in order to prevent potential safety hazards.

A Safety Committee, which comprised of senior management and employees who had received professional safety training, oversees the implementation of safety measures in the Company. The Safety Committee holds meetings regularly to evaluate the performance of the Company in safety, and continuously review its safety management policies.

Out of all identified safety risks in a working environment, the Group pays particular attention to fire hazard and is determined to raise employees' awareness towards fire safety in the workplace. The Group has fire safety training for all employees, and conducts fire drills from time to time to practise and perfect its emergency response to fire hazards.

There are also potential safety hazards in research and development laboratory of the Group during handling of chemicals and when conducting experiments. The Group has established a "Laboratory Management Plan" which provides rules and procedures to govern the safety of laboratories. This Plan covers areas such as chemical and hazardous waste handling, fire and explosion emergency response, and employees injuries. For example, the Group has strict procedures for handling toxic chemicals, and has prepared the material safety data sheet for all the chemicals involved in the research and development laboratory, to ensure that the employees who handle the chemicals are well aware of the potential hazards (health, fire, reactivity and environment), and understand how to work safely with the chemical products. To ensure employees' work safety, the Group provides safety training and proper personal protective equipment. Hazardous wastes are required to be treat with special cares and in lines with the necessary instructions such that they can only be discharged or disposed of safely, so as to bring the least harm to people and the environment.

In Year 2025, the number of lost days due to work injury is as follows:

	Year 2025	Year 2024	Year 2023
Number of work-related fatalities	–	–	–
Work-related fatalities rate (%)	–	–	–
Lost days due to work injury	–	–	–

In Year 2025, there were no work-related injuries, thus there were no lost days due to work-related injuries and no work-related fatalities.

In Year 2025, the Group was not aware of any material non-compliance with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulation on Work-Related Injury Insurance of the People's Republic of China, the Fire Protection Law of the People's Republic of China and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. In addition, no noncompliance with laws that resulted in significant fines or sanctions had been reported in Year 2025.

During the construction of environmental protection facilities for the Group's clients, safety always comes first. Therefore the subcontractors are required to sign a safety agreement, which commits the subcontractors to complying with the Company's safety requirements, including safety risk identification and evaluation, safety training and inspection, etc.

DEVELOPMENT AND TRAINING

The Group has developed an "Employee Training Management System" to manage all training related activities for different levels of employees within the Group, with the following objectives:

- To establish a corporate culture of continuous learning and development;
- Properly manage all training with the Group and align them with the developments of the Group;
- Continuously develop employees' knowledge base;
- Strengthen employees professional skills;
- Raise overall quality of the business; and
- Increase the Group's competitiveness and internal bonding.

Based on the results of training needs, surveys and assessments, the Group designs corresponding monthly and annual training plans for each employee. Various types of training, including new hire training, soft skills training, technical training, and job-specific training, are provided by the Group in order to cater for the needs of employees and the Group's internal strategic plan. The Group also places emphasis on self-learning, and encourages employees to continuously study. Rewards are given by the Group to employees who acquire relevant qualifications from further education.

For career development at the Group, the Group has provided equal opportunity in promotion based on appraisal on their work performance. Apart from performance, as a means of promoting learning and education, employees also need to attain a certain number of training hours per year in order to be promoted.

	Year 2025	Year 2024
Average total hours of training per employee (hours)	9.1	4.0
Average training hours completed by employee by gender		
— Male (hours)	10	5
— Female (hours)	8	3
Average training hours completed by employee by employee categories		
— Senior Level (hours)	6	4
— Middle Level (hours)	6	3
— Entry Level (hours)	6	1
Percentage of trained employees[4]	100%	89.7%
Percentage of employees trained by gender[5]		
— Male	55.6%	71.4%
— Female	44.4%	28.6%
Percentage of employees trained by employee categories		
— Senior Level	13.3%	2.9%
— Middle Level	17.8%	22.0%
— Entry Level	68.9%	77.1%

4. Percentage of trained employees is calculated by dividing the number of trained employees by the total number of employees.

5. Percentage of employees trained by employee categories is calculated by dividing the number of trained employees of that category by the number of trained employees.

LABOR STANDARDS

The Group believes that the employment of child labour and forced labour is a serious violation of universal values, and is therefore strongly against all employment of child labour and forced labour. The Group strictly complies with all the laws and regulations against child labour and forced labour. The Group has taken measures to avoid child and forced labour to ensure that no person who is underage or under coercion is employed. The administration and human resources department verifies the identity card of the candidates to avoid child labour. In addition, all employees have signed employment contracts with no forced labour practices. If child labour and forced labour are found during the recruitment process, the relevant authorities will be notified.

In Year 2025, the Group was not aware of any material non-compliance with the Labour Law of the People's Republic of China, Prohibition of Child Labour Provisions and other applicable laws and regulations by the Group in preventing child or forced labour. In Year 2025, there were no non-compliance with the relevant laws and regulations that resulted in significant fines or sanctions.

SUPPLY CHAIN MANAGEMENT

The Group values highly the quality and performance of our suppliers and subcontractors. Following the "Procurement Control Procedure", the Group performs supplier assessment for all potential suppliers, and conducts annual assessment for existing suppliers to ensure their supplies and services fulfil our expectations. Apart from the consideration of quality and costs, the Group also takes into consideration heavily the environmental and safety aspects of raw materials procured from or used by the suppliers. For example, the Group always opts for raw materials that are more environmentally friendly, monitors the safety conditions of raw material storage, and reviews the working environment and labour conditions during the assessment.

The Group implements a "Subcontractor Management System" for the selection and management of the sub-contractors. Through the system, only qualified parties with good reputation, strong technical expertise, competence, and with good management records are selected and assigned for the work. Our engineering department is responsible for managing the subcontractors for the execution of the projects and ensures the quality of the work can meet the required standards.

The Group strives to compete with its competitors fairly and honestly in the market and strictly complies with the relevant fair competition laws and regulations. Violations of the Group's policies or laws will result in penalties and legal liabilities. In particular, the Group strictly prohibits any price monopoly, market allocation and fraudulent or improper advertising and promotion activities. The Group also ensures fair competition between suppliers and subcontractors, and prohibits any unfair termination of contractual relationships with them.

The Group is engaged in environmental protection engineering and operation of environmental protection projects. When undertaking engineering and operation projects, the Group must construct facilities or operate in accordance with the local government's emission standards for such engineering and operation. Upon completion of the construction, the project is also subject to inspection and acceptance by the customer's local environmental protection department, while the operating project is required to provide emission data to the local environmental protection department on a regular basis.

Number of suppliers by geographical region:

Region	Year 2025	Year 2024
Mainland China	98	129
Vietnam	0	1
Hong Kong	0	1

PRODUCT RESPONSIBILITY

The Group strives to pursue excellence in our products and services, with the aim of achieving maximum customer satisfaction. Apart from providing the best support to customers on their environmental issues in their business operations, the Group has also developed a systematic approach on quality management following the international standard ISO9001, and has set up procedures from project design to after-sales services. For example, a warranty is provided by the Group to ensure that the installed wastewater treatment facilities are operated appropriately and effluent quality meets the government standards.

Customer Feedback and Handling

A customer satisfaction survey is conducted annually to continuously check if the Group's products and services can meet customers' expectations. The valuable opinions obtained are used to review and improve our services. If any complaints were received from customers or any quality issues were identified from regular audits on the product and service quality, the Group would promptly investigate and rectify the problems. In Year 2025, the Group did not recall any products sold or shipped because of safety and health reasons. By all these means, the Group is determined to pursue continuous improvement in the services. The Group has also formulated the "Customer Complaint Handling Procedures" to improve the customer complaint procedures and require relevant departments to keep and manage the complaint records. In Year 2025, the Group did not receive any product recall or complaint on its service or product quality from the customers.

Protection of privacy and intellectual property

Protection of privacy information is also essential to gain trust from clients. The Group has put policies in place and has an "Intellectual Property Management Regulation" and the "Information Security Management Procedure" to regulate how to collect and handle customers' information, and is devoted to protecting intellectual property rights. Policies to protect intellectual property rights in areas such as proprietary technologies, trademarks, inventions, copyrights, and business secrets are developed for the benefits of the Group and its customers.

In Year 2025, the Group was not aware of any material non-compliance with the Regulations on the Work Safety Management of Construction Projects, Ordinance of Quality Control on Construction Works and other applicable laws and regulations. In Year 2025, there was no significant fines or sanctions as a result of non-compliance with any relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters in connection to the products and services provided by the Group.

ANTI-CORRUPTION

The Group forbids any form of bribery to or from suppliers and customers as stated in the related laws and regulations. Suppliers are required to sign agreements to acknowledge and agree to comply with the Company's "Anti-bribery Policy". The policy also forbids employees to receive any benefits from the Company's business partners for any advantages or favours in business. In Year 2025, the Group invited external training institutions to provide training under the theme of anti-corruption to 7 Directors and 38 employees to help them understand the importance of anti-corruption and the terms of laws and regulations.

The Group has also set up and implemented the "Anti-Corruption Policy" and "Whistleblowing Policy" to regulate improper trading practices. The Group encourages employees to report suspected misconduct and is committed to protecting the identity of whistleblowers and ensure strict confidentiality of information provided by them.

In Year 2025, the Group was not aware of any material non-compliance with the Anti-unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other applicable laws and regulations. In Year 2025, there was no legal case regarding corruption brought against the Group or its employees.

COMMUNITY

The Group insists that, as a listed public company, it must shoulder social responsibilities and make contributions to the society, especially in the aspects of society, environment, education and community. Since 2016, the Group has formulated a "Community Investment Policy" and has planned to set up a team for organizing and participating in community activities aiming at making contributions to the community.

During the year 2025, the economy of the PRC was weak after the control of the Coronavirus pandemic and the Group endeavored to control expenses and streamline the Group's workforce. Therefore, the Group did not organize and participate in community activities in 2025. The Group is considering restarting relevant activities in 2026.