

2024

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT



TAYANG 大洋

(Stock Code : 1991)



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ABOUT THIS REPORT

Ta Yang Group Holdings Limited (the “Company”), together with its subsidiaries (collectively, the “Group” or “we”), is pleased to present its Environmental, Social and Governance Report (the “ESG Report” or “This Report”) for the financial year ended December 31, 2024 (the “Reporting Period” or “FY2024”). The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guidelines (the “ESG Reporting Guide”) set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Report sets out our commitment and strategy on Corporate Social Responsibility (“CSR”) and summarizes our initiatives, programs and performance on environmental, social and governance (“ESG”) for sustainable development.

This Report strictly adheres to the reporting principles of materiality, quantitative, balance and consistency as set out below. In This Report, the Group has strictly complied with the mandatory disclosure requirements and the “comply or explain” clause as set out in the ESG Reporting Guide for disclosure of ESG issues during the Reporting Period. The content of This Report has been determined in accordance with a systematic set of procedures. The process includes identifying and ranking important stakeholders, identifying and ranking important ESG-related issues, determining the boundaries of the ESG Report, collecting relevant materials and data, preparing This Report based on the information, and reviewing the information in This Report.

REPORTING SCOPE

The Group was principally engaged in (i) the designing and manufacturing of silicone rubber products (the “Silicone Business”); (ii) international digital marketing business (the “Digital Marketing Business”); (iii) the provision of retail services (the “Retail Business”) in the United Kingdom; and (iv) healthcare and hotel services (the “Healthcare and Hotel Business”). The ESG Report highlights the Group’s environmental and social performance, where Silicone Business data accounts for the most significant portion of reported metrics.

The Group’s Silicone Business production is located at its Huzhou facility in Zhejiang Province (“Huzhou Ta Yang”) and Dongguan facility in Guangdong Province (“Dongguan Tai Yang”) in the PRC. Consequently, ESG data from these two plants constitute a substantial portion of This Report. The reporting scope remains consistent with the previous period (January 1 to December 31, 2023; “FY2023”), with no significant changes.

The information contained in This Report has been collected and collated from a variety of sources, including but not limited to the Group’s internal control policies, factual evidence of the implementation of ESG-related measures, business data and annual financial data from the Group’s actual operations, as well as data derived from relevant internal statistical reports, administrative documents and other reports.

REPORTING STANDARDS AND PRINCIPLES

The Company has prepared, evaluated and presented the relevant information in This Report with reference to the ESG Guide. The following principles outlined in the ESG Guide have been incorporated into This Report:

<div>Materiality</div> <div>Materiality assessment has been carried out by inviting the management and key stakeholders of the Company, the annual key issues for the year have been identified and disclosed in This Report in a focused manner to ensure that the ESG Report has covered the issues that are material to the Group.</div>	<div>Quantitative</div> <div>Quantitative disclosure has been made in This Report in accordance with the key performance indicators (“KPI(s)”) set out in the ESG Guide, and the methodology, assumptions, conversion factors, and relevant references used therein have been described where applicable.</div>
<div>Balance</div> <div>Performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.</div>	<div>Consistency</div> <div>We use consistent statistical methods and presentations for KPIs so that meaningful comparisons of relevant data can be made in the future.</div>

THE BOARD STATEMENT

The board of directors of the Company (the “Board”) has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management (“Management”) is delegated the responsibility of coordinating the implementation of the Group’s environment, employment and service quality assurance policies.

The Board leads and provides direction to Management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance. The Board continues to explore ways to further strengthen the ESG governance of the Group. The Board reviews ESG affairs regularly, including environmental protection, employment and labor practices, operating practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group.

OUR SUSTAINABILITY STRATEGY

PROMOTING AND ADVOCATING ECOLOGICALLY FRIENDLY PRODUCTS

The Group is dedicated to designing and manufacturing environmentally friendly silicone rubber products as sustainable alternatives to traditional plastic products. Silicone, derived from silicon – the second-most abundant element in the Earth's crust after oxygen – is a key component of silicone rubber. Unlike plastics, which are derived from fossil fuels, silicone is not a by-product of the petrochemical industry and has a significantly lower environmental impact. Its unique properties, such as extreme temperature tolerance, water resistance, and electrical insulation, make it an ideal material for eco-friendly applications.

1. BENEFITS OF SILICONE PRODUCTS

Silicone materials are widely used across various industries, including consumer electronics, computer keyboards, and mobile phone components, due to their exceptional characteristics. These benefits include but are not limited to:

- ◆ Durability: Long-lasting and resistant to wear and tear.
- ◆ Air Permeability: Allows airflow, making it suitable for medical and wearable applications.
- ◆ Flexibility: Adaptable to various shapes and forms.
- ◆ Non-toxic: Safe for use in food-grade and medical applications.
- ◆ Malleability: Easy to mold and shape during manufacturing.
- ◆ Temperature Resistance: Stable performance in extreme heat or cold.
- ◆ Easy to Clean: Resistant to stains and nonstick properties simplify maintenance.
- ◆ Recyclable: Can be repurposed, reducing waste.
- ◆ Non-odorous: Ideal for applications requiring odor neutrality.

2. ADVANTAGES OF SILICONE PRODUCTS OVER PLASTIC PRODUCTS

While plastics and silicone share some similarities in strength and malleability, their chemical and molecular structures differ significantly. Plastics are primarily composed of carbon and hydrogen, derived from natural gas, crude oil, and plants. However, plastics pose environmental challenges, as they degrade into hazardous microplastics and often contain toxic additives like bisphenol A (BPA). In contrast, silicone is more durable, heat-resistant, and environmentally benign. It does not break down into microplastics, making it a safer and more sustainable alternative.

3. WHAT MAKES OUR PRODUCTS ECO-FRIENDLY?

Plastics are ubiquitous due to their low cost, ease of manufacturing, and versatile properties. However, their environmental impact is severe. Plastics like polystyrene, nylon, and polypropylene degrade slowly, fragmenting into microplastics (particles smaller than 5 mm) that persist in ecosystems. These microplastics infiltrate marine environments, harming aquatic life and entering the human food chain. Marine organisms ingest microplastics, leading to reduced food intake, stunted growth, oxidative damage, and behavioral abnormalities. Nanoscale microplastics can even penetrate biological barriers, accumulating in tissues and posing long-term health risks.

In contrast, high-quality silicone is derived from abundant natural resources and contains no petrochemical additives. It does not degrade into microplastics or shed harmful particles, making it a durable and eco-friendly material. Silicone's lightweight and flexible nature also makes it an ideal replacement for single-use plastics, offering similar performance without the environmental drawbacks. By choosing silicone, the Group contributes to reducing plastic pollution and promoting sustainable consumption.

GOOD GOVERNANCE ENHANCES GROWTH

The Group understands that ESG matters may threaten an organization's shareholder value, reputation, supply chain, and the sustainability of the business, which is critical to maintaining the long-term trust that the Group has built with the public.

During the Reporting Period, the Group's ESG Working Group (the "Working Group") assisted the Board in fulfilling its ESG-related responsibilities to promote, develop and implement the Group's ESG-related initiatives, policies, programs, targets and indicators in accordance with all applicable legal, regulatory and supervisory requirements, which consisting of representatives from various departments, continued to deal with ESG-related issues. The Working Group is authorized by the Board to perform the following duties and responsibilities to facilitate the achievement of ESG objectives:

- ◆ Managing ESG Issues: Ensuring effective ESG risk management and internal control systems are in place.
- ◆ Complementing Risk Management: Aligning ESG practices with the Group's business needs to minimize risk exposure.
- ◆ Setting and Monitoring Goals: Establishing annual ESG targets and reviewing progress through monthly data reports to identify areas for improvement.
- ◆ Proposing Solutions: Analyzing the Group's ESG performance and recommending actionable strategies to enhance sustainability.

While the Working Group has made significant progress, the Group remains committed to continuous improvement, regularly assessing its strengths and weaknesses to optimize efficiency and effectiveness.

OUR SUSTAINABILITY GOALS

Sustainability is a core value of the Group, integrated into its decision-making, planning, and development processes. To address environmental and social challenges, such as climate change, the Group strives to minimize its environmental footprint

while maximizing its positive impact. ESG is a top priority, and the Group is committed to fostering a balanced environment for its stakeholders and the global community. The Group has identified five key sustainability goals aligned with its business strategy:



Following the Stock Exchange's rules and guidelines

- ◆ Material issues were identified in line with the provisions of the ESG Reporting Guide.
- ◆ Publicly and transparently disclose issues and matters considered material by stakeholders.



Taking environmental advice from the Chinese government

- ◆ Followed waste management advice from the government.
- ◆ Taken measures to reduce emissions and raise employees' awareness of environmental protection.



Establishing effective and open relationships with stakeholders

- ◆ Communication channels were set up for the Group to hear the voices of various stakeholders, including investors, employees, customers, etc.



Creating an engaging working environment

- ◆ Efforts were put into making a comfortable, healthy, and nurturing working environment.
- ◆ Internal celebratory activities were held to strengthen the bond between employees.



Improving communications with customers

- ◆ Products and internal procedures of the sales process were reviewed to better cater to customers' needs.
- ◆ Listening to customer feedback and responding quickly to enhance trust.

By aligning its operations with these sustainability goals, the Group aims to drive long-term value creation while contributing to a healthier planet and society.

STAKEHOLDER ENGAGEMENT

In order to realize the Group's sustainable development strategy, it is important for us to understand the views and expectations of our

stakeholders on the development and success of the Group, which will help us to assess the potential impact of our future business activities on the environment and society.

During the Reporting Period, the Group proactively consulted with different stakeholders and took measures to strengthen the ties with them and maintain friendly relations with them.

Stakeholder	Key issues	Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> • Corporate Governance Structure and system • Business Strategy and Performance • Transparency and Reputation 	<ul style="list-style-type: none"> • Annual/Extraordinary general meetings • Annual reports and announcements • Company website and email
Employees	<ul style="list-style-type: none"> • Rights and benefits • Remuneration and compensation • Career development and training • Working hours • Occupational health and safety • Working environment 	<ul style="list-style-type: none"> • Employee training • Employee communication meetings • Performance reviews • Employee handbook
Customers	<ul style="list-style-type: none"> • Better product and services • Product safety • Protection of customers' privacy • Delivery time 	<ul style="list-style-type: none"> • Company website • Phone and email communication • Communication with staff • Customer comment cards
Government and Regulatory Agencies	<ul style="list-style-type: none"> • Compliance with policies and regulations • Operational compliance 	<ul style="list-style-type: none"> • Routine reporting and disclosure • Announcements • Press releases
Suppliers	<ul style="list-style-type: none"> • Fair and Open Purchasing • Environmentally friendly • Anti-corruption 	<ul style="list-style-type: none"> • Open Tender • Standardized Procurement Procedures • Face-to-face meetings and site visits • Industry Seminars
Communities	<ul style="list-style-type: none"> • Community environment • Employment and community development • Social welfare 	<ul style="list-style-type: none"> • Community activities • Employee voluntary activities • Community welfare subsidies • Charitable donations

Materiality assessment

During the Reporting Period, the Group conducted its annual stakeholder engagement process to identify material ESG concerns and prioritize key stakeholder interests. In FY2024, we employed multiple engagement channels, including structured questionnaire surveys, direct consultations, and tele-interviews, to gather

comprehensive stakeholder feedback. This systematic approach enabled us to initiate substantive dialogues on ESG matters and evaluate their materiality to both the Group's operations and stakeholder expectations. The outcomes of this process have informed the ongoing development of our sustainable business strategy. The following diagram outlines our materiality assessment methodology for key ESG issues.

Identification of Material Issues

21 material ESG issues were identified based on the Group's actual business development, feedback from stakeholders, industry developments and other relevant laws and regulations.

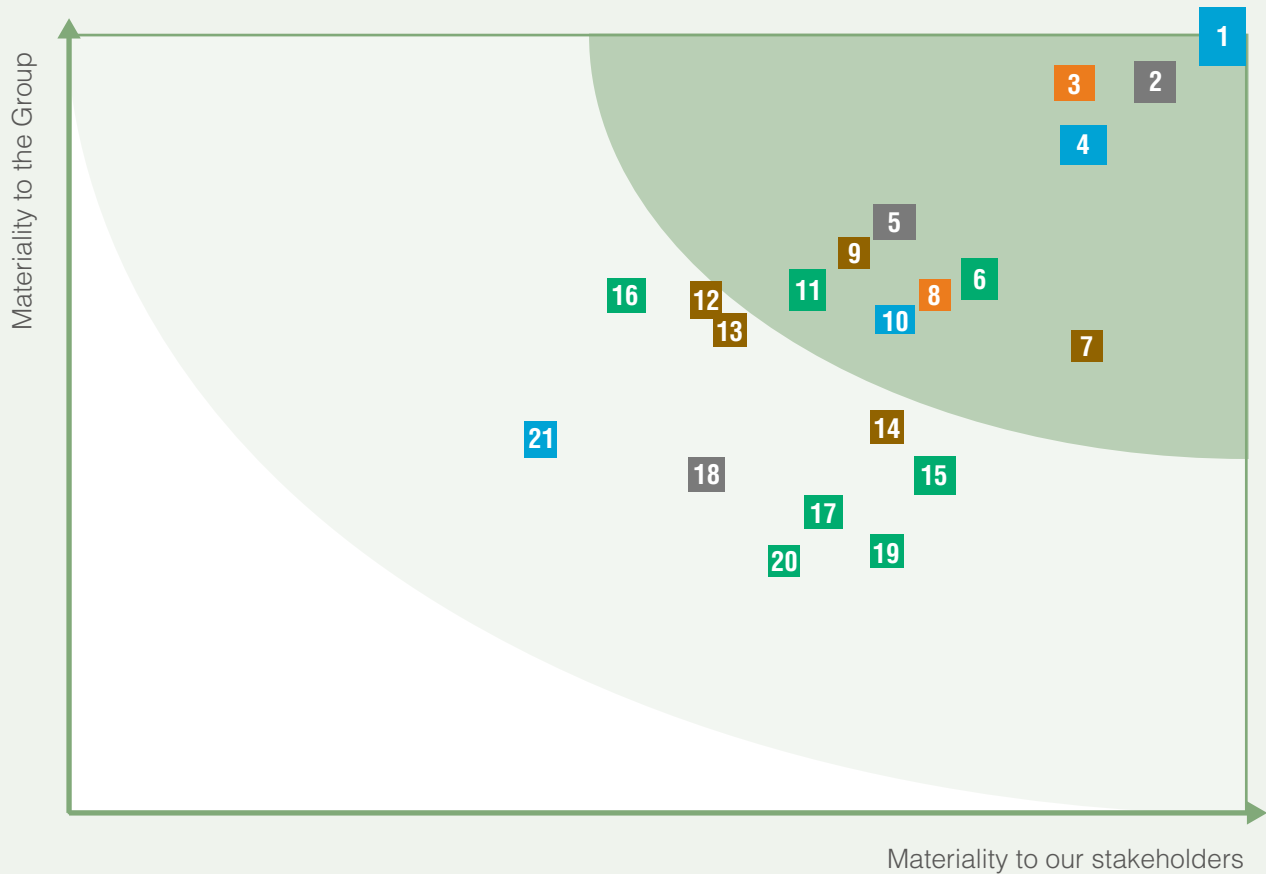
Stakeholder Survey

In-depth exchanges were conducted with various stakeholders to collect their views on the above 21 material issues, and the views and expectations of the stakeholders were incorporated into the assessment and ranking of the issues.

Integration of Assessment Results

Based on the results of the assessment, a matrix of ESG-related issues was compiled by integrating the 'Importance of ESG issues to external stakeholders' and 'Importance of ESG issues to the Group' to determine the materiality ranking of the 21 issues.

ESG Materiality Assessment Matrix of the Group



All 21 issues represent critical areas of concern for the Group's sustainable development, with those positioned in the upper right quadrant of the matrix being of relatively higher importance. During the Reporting Period, we have identified and prioritized seven key issues that demand the most significant attention, as outlined below:

- ◆ Product health and safety;
- ◆ Anti-corruption policies and procedure;
- ◆ Selection and monitoring of suppliers (Clean and Green Procurement);

- ◆ Customer satisfaction;
- ◆ Training provided to directors and employees (including anti-corruption training);
- ◆ Energy and water use; and
- ◆ Employee remuneration, benefits and rights.

The above 7 issues are categorized as the key elements that drive the Group's sustainable business and are further elaborated in the following sections of This Report.

Materiality	Classification	ESG Issues
1	Product and Services	Product health and safety
2	Compliance and Governance	Anti-corruption policies and procedure
3	Operating Practices	Selection and monitoring of suppliers (Clean and Green Procurement)
4	Product and Services	Customer satisfaction
5	Compliance and Governance	Training provided to directors and employees (including anti-corruption training)
6	Environmental Impacts	Energy and water use
7	Employment and Labour Practices	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)
8	Operating Practices	Environmental risks and social risks of the suppliers
9	Employment and Labour Practices	Occupational health and safety
10	Product and Services	Customer information and privacy
11	Environmental Impacts	Use of materials (e.g. packaging, raw materials)
12	Employment and Labour Practices	Preventing child and forced labour
13	Employment and Labour Practices	Diversity and equal opportunity of employees
14	Community Investment	Community support (e.g. donation, volunteering)
15	Environmental Impacts	Greenhouse gas emissions
16	Environmental Impacts	Climate change
17	Environmental Impacts	Hazardous waste production
18	Compliance and Governance	Observing and protecting intellectual property rights
19	Environmental Impacts	Air emissions
20	Environmental Impacts	Non-hazardous waste production
21	Product and Services	Marketing and Promotion

STAKEHOLDERS' FEEDBACK

The Group promotes effective communications with all stakeholders through regular newsletter, notices, announcements, and reports via its Facebook, WeChat and Weibo accounts as well as the company website.

The Group welcomes its stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with us by email at wailun.sze@tayanggroup.com.



PURSUING ENVIRONMENTAL EXCELLENCE

In line with the Group's sustainability mission and vision, the Group is continuously improving its environmental performance with the contribution and support of its employees, business partners, the public and stakeholders. The Group has established the "Procedures for Compliance with Regulations, Standards and Other Requirements", which stipulates that national laws and regulations relating to the environment should be identified and reviewed on an on-going basis to ensure that its business activities are in compliance.

During the Reporting Period, the Group complied with national and local laws and regulations relating to environmental protection and pollution prevention, including but not limited to:

- ◆ Environmental Protection Law of the PRC;
- ◆ Air Pollution Prevention and Control Law of the PRC (2018 Revision);
- ◆ Water Pollution Prevention and Control Law of the PRC;
- ◆ Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
- ◆ Law of the PRC on Prevention and Control of Environmental Noise Pollution;
- ◆ Energy Conservation Law of the PRC;
- ◆ Environmental Protection Act 1990 (UK);

- ◆ Single-Use Plastic Bag Charge (UK);
- ◆ Climate Change Levy (UK); and
- ◆ Climate Change Act 2008 (UK).

During the Reporting Period, no violations of laws and regulations concerning air and greenhouse gas ("GHG") emissions, discharges to water and land, and the generation of hazardous and non-hazardous wastes were found to have a significant impact on the Group.

The Group places a high priority on sustainable development and has implemented a comprehensive suite of environmental management practices. To ensure the Group's sustainable development and green operations, the following policies have been established to regulate processes related to environmental protection and energy management.

◆ Huzhou Ta Yang

- A1-1 Emergency Response Plan for Environmental Emergencies;
- A2-1 Energy and Resource Management Procedure;
- A2-2 Guidelines for Water and Electricity Conservation;

- A3-1 Greenhouse Gas Management Procedure;
- A3-1 Environmental Monitoring and Measurement Control Procedure;
- A3-2 Environmental Aspect Identification and Evaluation Procedure; and
- A3-2 Hazardous Substance Identification and Evaluation Control Procedure.

◆ Dongguan Tai Yang

- RBA35 – Energy Consumption and Greenhouse Gas Emissions Management Procedure;
- EP04 – Waste Management Procedure;
- EP06 – Environmental Monitoring and Measurement Procedure;
- A1.6 Waste management control procedures; and
- A2 Wastewater, exhaust gas, plant noise management program.

PROGRESS ON EMISSIONS CONTROLS


During the Reporting Period, the Group strictly adhered to and fully complied with all applicable national and local laws and regulations in every country and region where it operates, particularly with regard to the management of discharges and wastes generated from its operations. This commitment to legal compliance includes, but is not limited to, the following areas:

- ◆ GB 39731-2020: Discharge standard of water pollutants for electronic industry (PRC);
- ◆ GB 8978-1996: Integrated Wastewater Discharge Standard (PRC);
- ◆ GB 18599-2020: Standard for pollution control on the non-hazardous industrial solid waste storage and landfill (PRC);
- ◆ GB 3095-2012: Ambient Air Quality Standards (PRC);
- ◆ GB 37822-2019: Standard for fugitive emission of volatile organic compounds (PRC);
- ◆ GB 18597-2023: Standard for pollution control on hazardous waste storage (PRC);
- ◆ HJ 1276-2022: Technical specification for setting identification signs of hazardous waste (PRC);

- ◆ National Hazardous Waste Directory (2021 Edition) (PRC);
- ◆ Waste Management Licensing Regulations 1994 (UK);
- ◆ Food Waste Disposal Regulations (UK); and
- ◆ Waste Disposal Ordinance (Cap. 354) (Hong Kong).

OUR TARGET

Regarding environmental performance metrics, including GHG emissions, waste generation, and resource utilization, the Group established specific reduction targets in FY2023. These targets were designed to achieve a year-on-year decrease in emissions intensity, and we are pleased to report steady progress toward meeting these objectives. Detailed data on the above targets and progress in reducing emissions for the Reporting Period are provided in the corresponding sections below.



The overall intensity of the GHG emissions by the Group was 29.73 tCO₂eq./HK\$m revenue of the Group's silicone rubber business.

AIR POLLUTION AND GHG

Our Huzhou and Dongguan factories are both certified under the ISO 14001:2015 environmental management system. In order to ensure that emissions do not exceed provincial and industry emission regulations, the Group has engaged a third-party expert to conduct routine inspections of exhaust pollutants generated from the 2 production plants.

During the Reporting Period, the Group's emissions of air pollutants and GHG were mainly attributable to Silicone Business, such as the use of transportation and refrigerants, the procurement of government power resources, and employee business trips. The GHG emission intensity remained relatively stable over the two-year period, with a marginal decrease of approximately 2.1% observed between the two reporting periods.

Detailed indicators of the Group's emissions during the Reporting Period are set out below:

Emission	Indicators	Unit	FY2024	FY2023
Air Emissions ¹	Nitrogen oxides (NO _x)	kg	365.15	228.73
	Sulphur oxides (SO _x)		1.15	0.86
	Particle matters (PM)		35.33	21.48
GHG Emissions ²	Scope 1	tCO ₂ eq.	524.43	417.07
	Scope 2		6,706.3	6,383.42
	Scope 3		24.16	62.50
	Total GHG emissions		7,254.89	6,862.98
	Total GHG emission intensity ³	tCO ₂ eq./HK\$m revenue (Silicone Business)	29.73	30.37

¹ Air emissions are emissions from the combustion of unleaded petrol and diesel fuel in a moving vehicle, which are calculated with reference to the Stock Exchange's "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs".

² During the Reporting Period, GHG emissions were primarily attributed to several key activities: the combustion of unleaded petrol and diesel fuel for road transportation, the utilization of refrigerants, the procurement of electricity, the management of fresh water and sewage by government departments, the disposal of wastepaper in landfills, and business-related air travel by employees. All relevant data has been meticulously calculated in compliance with the Stock Exchange's guidelines outlined in "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs."

³ During the Reporting Period, the Group's Silicone Business generated sales of HK\$244million (FY2023: HK\$226 million). Since most of GHG emissions come from the silicone factories, revenue from the Silicone Business serves as the baseline. The GHG emission intensity was determined by dividing the total GHG emissions by the sales of the Silicone Business (measured in millions of Hong Kong dollars).

The Group is committed to minimizing the use of ozone-depleting substances and reducing emissions across its business operations. Emission reductions are anticipated through the implementation of several control measures, including:

- ◆ Replacing conventional chemicals with non-toxic, environmentally friendly alternatives;
- ◆ Enhancing regular inspection, cleaning, and maintenance of the Group's air-conditioning systems, plant equipment, and vehicles;
- ◆ Prohibiting smoking in the workplace, except in designated smoking areas;
- ◆ Encouraging the use of public transportation and carpooling;
- ◆ Promoting the use of telephone and video conferencing; and
- ◆ Regulating the use of Group-owned vehicles and enforcing speed limits.

WASTE MANAGEMENT

The Group has established comprehensive Waste Management Control Procedures. These procedures are designed to ensure the effective management, segregation, and recycling of all waste generated across our operations, while minimizing our environmental impact.

HAZARDOUS WASTE MANAGEMENT

The Group's operations generate various categories of hazardous waste, including but not limited to:

- ◆ Waste activated carbon
- ◆ Oil-containing sludge
- ◆ Contaminated oil rags
- ◆ Oil-impregnated iron filings

In compliance with national environmental regulations and our corporate sustainability policies, we have implemented a rigorous hazardous waste management protocol:

(a) Segregation and Storage

- ◆ All hazardous waste is properly classified according to its chemical properties and potential risks
- ◆ Designated storage containers with appropriate secondary containment are provided
- ◆ Clearly labeled storage areas are established with proper ventilation and safety measures
- ◆ Incompatible materials are stored separately to prevent chemical reactions

(b) Handling and Disposal

- ◆ The General Affairs Department coordinates with licensed environmental protection contractors
- ◆ All waste transfers are documented through a manifest system
- ◆ Disposal methods comply with recycling contracts and regulatory requirements
- ◆ Detailed exit slips and tracking documents are maintained for audit purposes

NON-HAZARDOUS WASTE MANAGEMENT

The Group's non-hazardous waste primarily originates from:

- ◆ Employee daily activities (general waste, food waste)
- ◆ Office operations (paper waste, discarded supplies)
- ◆ Packaging materials (cardboard, plastics, wrapping materials)
- ◆ Canteen operations (food preparation waste)

Our non-hazardous waste management system follows a circular economic approach:

(a) Recyclable Waste

- ◆ Collected at designated "General Waste Storage Points"
- ◆ Segregated into categories (paper, plastics, metals, etc.)
- ◆ Periodically collected by certified recycling partners
- ◆ Processed according to material-specific recycling protocols

(b) Non-Recyclable Waste

- ◆ Regular collection by municipal sanitation services
- ◆ Transported to approved waste treatment facilities
- ◆ Disposed through environmentally responsible methods
- ◆ Volume reduction through compaction where applicable

Through these comprehensive measures, we aim to minimize our environmental footprint while maintaining full compliance with all applicable environmental regulations and corporate sustainability goals. During the Reporting Period, the intensity of hazardous waste emissions was 0.03 tonnes per HK\$ million in revenue for the Silicone Business, representing a 40% reduction from FY2023 (0.05). Additionally, the non-hazardous waste emission intensity was 0.34 tonnes per HK\$ million in revenue for the Silicone

Business, demonstrating a significant 79% decrease compared to the previous year's intensity of 1.63 tonnes. The waste data generated by the Group in FY2024 and FY2023 are as follows:

Hazardous/ Non-hazardous waste	Type of waste	Unit	FY2024	FY2023
Hazardous wastes	Waste engine oil and others (HW12\49\08\09)	tonnes	8.33	10.96
	Total hazardous waste intensity ⁴	tonnes/HK\$m revenue (Silicone Business)	0.03	0.05
Non-hazardous wastes	Domestic garbage and others	tonnes	84.00	369.46
	Total non-hazardous waste		84.00	369.46
	Total non-hazardous waste intensity ⁴	tonnes/HK\$m revenue (Silicone Business)	0.34	1.63

⁴ During the Reporting Period, sales of the Group's Silicone Business amounted to HK\$244 million (FY2023: HK\$226 million) and the waste generation intensity was calculated by dividing the total waste by the sales of Silicone Business (measured in millions of Hong Kong dollars).

The Group is committed to fostering a culture of environmental responsibility among its employees. Guided by the principle of “turning waste into treasure,” the Group has implemented the “3Rs” waste reduction strategy – Reduce, Reuse, and Recycle – as part of its comprehensive waste management program. The specific initiatives are outlined below:

◆ Reduce

- Double-Sided Printing: All internal office documents are printed on both sides to minimize paper usage.
- Paperless Office: WeChat is widely utilized for communication and documentation, promoting a paperless and eco-friendly workplace.
- Meal Planning: Careful meal planning is implemented to reduce food waste in office cafeterias and during corporate events.

◆ Reuse

- Draft Paper: Single-sided printouts are repurposed as draft paper for internal use.
- Packaging Materials: Packaging materials such as paper, plastic, and expanded polyethylene (EPE) foams are reused whenever possible to extend their lifecycle and reduce waste.

◆ Recycle

- Waste Sorting: Waste is systematically sorted at the source to ensure proper treatment and recycling.
- Designated Recycling Partners: The Group collaborates with certified recycling companies for the collection and responsible handling of recyclable materials.
- Recycling Infrastructure: Recycling bins are strategically installed across office premises to encourage employee participation in waste segregation and recycling efforts.

Through these initiatives, we aim to minimize the environmental footprint, promote sustainable practices, and inspire employees to actively contribute to a greener future.

SEWAGE MANAGEMENT

The Group's sewage is mainly production and domestic wastewater. We have established the “Wastewater, exhaust gas, plant noise management program” to standardize the treatment of wastewater. According to our policy, the principles of wastewater management and control are as follows:

- ◆ Wastewater treatment must be conducted prior to discharging into the centralized wastewater treatment plant.
- ◆ Wastewater treatment stations should be clearly labeled with the name of the pollutant. Additionally, periodic pH value testing of the effluent from the wastewater treatment ponds should be performed.
- ◆ No production wastewater is permitted to be discharged externally.

For domestic wastewater, we take the following measures to reduce the wastewater generated:

- ◆ Toilets must be equipped with septic tanks, and direct access to wastewater pipes is strictly prohibited. The use of phosphorus-containing detergents is also forbidden.
- ◆ Toilets and other living areas should have grease traps and filters installed. It is strictly prohibited to discharge oily wastewater directly into the wastewater pipes. Regular cleaning is required, and the use of phosphorus-containing cleaning agents is not allowed.
- ◆ Oil drums must not be cleaned at living area faucets, and any oil leaked from cleaned equipment should not be disposed of in the gutter.
- ◆ Toilets should be maintained by specialized cleaners to ensure cleanliness and minimize environmental pollution. Septic tanks must be serviced by qualified personnel every six months to prevent blockages and overflow.

- ◆ Bathrooms should also be managed by specialized sanitation workers to maintain cleanliness and reduce environmental impact.
- ◆ Rice water, along with leftover vegetables and rice soup from the cafeteria, should be disposed of in designated slop buckets for recycling and reuse.

Since production wastewater is more specific, we implement the following measures for its management and control:

- ◆ All production wastewater is collected uniformly and directed to sewage treatment ponds for processing.
- ◆ Concentrated wastewater is stored in special containers, labeled by designated departments, and is regularly transferred to qualified disposal parties for treatment by the Group.
- ◆ The factory does not discharge production wastewater externally.
- ◆ Industrial wastewater is collected and sent to qualified units for centralized treatment.

The Group continuously monitors the performance of the wastewater treatment facility. During the Reporting Period, the parameters of the treated effluent – such as pH values, suspended solids, ammonia nitrogen, biochemical oxygen demand, and chemical oxygen demand – complied with the permitted discharge limits outlined in the “GB 8978-1996 Integrated Wastewater Discharge Standard.”

CARE ABOUT OUR USE OF RESOURCES

To minimize resource consumption, the Group has implemented the “Energy and Resource Management Procedures.” This comprehensive framework is designed to effectively manage the consumption of natural gas, electricity, water, raw materials, packaging materials, office paper, and other office supplies, ultimately aiming to enhance energy efficiency and reduce waste.

In our operations, the Group relies on government water supplies for both domestic activities and industrial production. We are pleased to report that we have not encountered any issues in securing water sources to date, ensuring a consistent and reliable supply for our needs.

Additionally, the Group purchases product packaging and protective materials from suppliers who primarily utilize non-renewable raw materials for their production. However, recognizing the importance of sustainability, we are actively exploring alternative packaging options that incorporate a higher percentage of renewable materials. This initiative aligns with our broader sustainability objectives, as we seek to reduce our environmental impact and promote more sustainable practices throughout our supply chain. By prioritizing these efforts, the Group aims not only to enhance resource efficiency but also to contribute positively to environmental stewardship.

Resource utilization intensity for the Reporting Period was overall higher than in the previous year, mainly due to the expansion of the Group's operations in the current year (total resource utilization covers the entire Group, but the revenue used to calculate the intensity includes only the revenue from the Silicone Business). During the Reporting Period, the Group's use of resources and packaging is shown below:

Resource	Unit	FY2024	FY2023
Direct and indirect energy consumption			
Petrol	MWh	303.32	311.40
Diesel		459.50	259.57
Electricity		11,791.94	10,532.97
Total energy consumption		12,554.76	11,103.94
Energy intensity ⁵	MWh/HK\$m revenue (Silicone Business)	51.45	49.13
Water usage			
Total water consumption	M ³	98,342.00	68,025.00
Water consumption intensity ⁵	M ³ /HK\$m revenue (Silicone Business)	403.04	301.00

Resource	Unit	FY2024	FY2023
Package usage			
Packaging material PE type – plastic bags	tonnes	2.15	663.93
Carton		88.59	74.04
Film-Backed		—	5,989.38
Film Paper		33.10	11,816.70
Packing tape, Stretch film, Transparent tape, Locking bags		622.55	21.68
Cardboard box, packaging box		220.26	355.40
Pearl Cotton		332.50	122.50
L-shaped protection sheet		138.00	72.00
Used plastic matting		2,345.30	1,513.40
Paperboard		311,930.68	83,225.72
Total package consumption		315,713.13	103,854.75
Package consumption intensity ⁵	tonnes/HK\$m revenue (Silicone Business)	1,293.91	459.53

⁵ During the Reporting Period, since most of the resource use comes from the Silicone Business, we use the sales revenue of the Silicone Business to calculate the intensity of resource use. Sales of the Group's Silicone Business amounted to HK\$244 million (FY2023: HK\$226 million). Packaging consumption intensity and resource use intensity (direct and indirect energy consumption and water usage) were calculated by dividing the total consumption by the sales of the Silicone Business (measured in millions of Hong Kong dollars).

The Group has adopted several measures to enhance overall energy and resource efficiency. In our offices, general energy-saving initiatives include turning off all air-conditioning units, lighting, and office equipment during non-office hours, as well as regulating the use of heating and cooling systems to optimize energy consumption.

Additionally, the Group has established specific environmental targets, as outlined above, and actively monitors our performance to minimize energy usage and carbon emissions. We meticulously track our monthly electricity consumption and employ various strategies to control and reduce this usage, including:

- ◆ Developing an electricity consumption system to calculate, compare and analyze total electricity consumption;
- ◆ Adopting energy-efficient lighting wherever possible;
- ◆ Selecting energy-efficient vehicles and equipment;
- ◆ Air-conditioning temperature control at 23–25 degrees Celsius;
- ◆ Save fuel consumption by enforcing regulations;
- ◆ Combining trips to reduce fuel use;
- ◆ Educating employees to optimize productivity and reduce unnecessary electricity use;
- ◆ Promoting electricity conservation to employees; and
- ◆ Regular inspection and maintenance of transmission piping. Repair piping as soon as leaks are detected.

The Group continues to conserve water resources and has taken measures to minimize water consumption, such as:

- ◆ Installation of new energy-saving water meters in factories;
- ◆ Installation of touchless water-saving taps in office buildings and staff dormitories;
- ◆ Prohibiting the use of drinking water for other purposes, such as cleaning;
- ◆ Promoting cleaning workers to conserve water in their daily cleaning work; and
- ◆ Enhancing the maintenance and repair of pipes, valves, joints and fixtures to improve water efficiency.

During the Reporting Period, the Group has implemented management systems and procedures, in accordance with national standards and regulations, to reduce the use of energy and resources, to minimize the procurement of raw materials that cause serious pollution, and to minimize the impact on the environment throughout the entire life cycle of its products, from start to finish.

SIGNIFICANT IMPACTS ON THE ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to maintaining a sustainable balance between its economic activities and environmental stewardship, ensuring that its operations have a minimal negative impact on the environment and natural resources. While there are minor environmental impacts associated with emissions and the consumption of natural resources such as water and electricity, these are carefully managed and mitigated through a comprehensive environmental management strategy. The Group proactively monitors and analyzes its environmental footprint by adhering to stringent regulatory restrictions and implementing decisive measures to prevent environmental hazards. This proactive approach not only helps in identifying potential risks but also in formulating effective strategies to minimize the Group's environmental impact.

Moreover, the Group is dedicated to continuously improving the efficiency of its resource utilization. This is achieved through a multi-faceted approach that includes minimizing the use of materials, water, and energy, as well as reducing the generation of waste, pollution, and carbon emissions. To this end, the Group has established clear and measurable targets to reduce the consumption of key resources such as electricity, water, and fuel. Recognizing that electricity is the largest source of greenhouse gas (GHG) emissions within its operations, the Group has implemented specific management measures aimed at reducing electricity consumption. These measures are designed to foster a culture of energy conservation and environmental responsibility among employees.

For instance, the Group conducts regular educational programs and workshops to raise awareness among its employees about the importance of energy conservation. Practical steps are also taken to ensure that energy-saving practices are integrated into daily operations. These include restricting the use of air-conditioning when the ambient temperature falls below a certain threshold, thereby reducing unnecessary energy consumption. Additionally, the Group has placed energy-saving stickers near light switches in its facilities to remind employees to turn off lights when not in use, further promoting energy efficiency.

By combining regulatory compliance, proactive monitoring, targeted resource reduction initiatives, and employee engagement, the Group not only mitigates its environmental impact but also sets a benchmark for sustainable practices within its industry. This holistic approach underscores the Group's commitment to environmental sustainability and its role as a responsible corporate citizen.

STRATEGIES TO ADDRESS CLIMATE CHANGE

Global warming presents a multifaceted array of risks to businesses, encompassing supply chain disruptions, escalating insurance costs, and labor challenges. As the threat of climate change intensifies, the associated physical damages, shifting market perceptions, and growing public preference for environmentally friendly products and services are amplifying the financial, reputational, and strategic risks faced by enterprises. For the Group and the broader industry, climate change will undoubtedly remain a critical concern in the foreseeable future. Given the Group's diverse business portfolio – ranging from silicone production and export, digital marketing, retail supermarkets in the UK, to healthcare and hospitality services – the impacts of climate change are multifaceted and require a tailored approach to risk management and opportunity identification.

IDENTIFIED RISKS ARISING FROM CLIMATE CHANGE

I. Acute Risks

The global impacts of climate change are becoming increasingly evident. The melting of polar ice caps and rising sea levels are just the tip of the iceberg. Extreme weather events, such as typhoons, storm surges, and torrential rains, are expected to disrupt production, transportation, and ultimately, revenue streams. The Group's major silicone production facilities are situated in the Pearl River Delta, a region particularly vulnerable to such extreme weather events. Consequently, the physical risks to both our production plants and human capital are substantial and cannot be overlooked. Additionally, the Group anticipates that climate change will strain power grids, leading to more frequent power outages, which could result in unforeseen operational disruptions.

For the retail supermarket business in the UK, extreme weather events could disrupt supply chains, leading to shortages of goods and increased operational costs. Similarly, the healthcare and hospitality sectors may face increased demand during extreme weather events, such as heatwaves or floods, while simultaneously dealing with potential infrastructure damage and service interruptions.

Given that over half of the Group's silicone business is export-oriented, maritime shipping plays a critical role in the supply chain. However, extreme weather events, such as typhoons and storm surges, pose significant risks to shipping operations. These events can lead to delays, route disruptions, and even damage to cargo, increasing the likelihood of supply chain interruptions and financial losses. Additionally, rising sea levels and unpredictable weather patterns may further complicate port operations and increase shipping costs.

II. Chronic Risks

Long-term Weather Pattern Shifts: Gradual changes in weather patterns will likely drive up capital, operational, and human resource costs across all business units. For silicone production, this could mean higher cooling costs and increased wear and tear on equipment. For retail and hospitality, changing weather patterns could affect consumer behavior, such as reduced foot traffic during prolonged heatwaves or increased energy costs for heating and cooling.

- ◆ **Insurance Challenges:** Premiums are expected to rise, and the availability of insurance for assets in high-risk natural disaster zones may diminish. This is particularly relevant for the Group's production facilities and retail outlets located in areas prone to flooding or extreme weather.
- ◆ **Supply Chain Vulnerabilities:** Climate change impacts various entities and functional levels within the supply chain, creating a domino effect that propagates risks throughout the network. Any disruption in the supply chain could significantly impede production and delivery schedules for silicone products, as well as the availability of goods in retail supermarkets.

III. Regulatory Risks

The global shift toward a low-carbon economy is likely to result in stricter regulations governing greenhouse gas emissions and energy consumption. For silicone manufacturers, these regulatory changes could increase production costs and necessitate adjustments in operational practices. Additionally, the retail and hospitality sectors may face new regulations related to energy efficiency, waste management, and sustainable sourcing, which could increase operational complexity and costs.

IV. Technology Risks

The transition to a low-carbon economy may require the adoption of new technologies or processes. While these innovations are essential for sustainability, they may involve substantial capital expenditures and require the acquisition of new skills or knowledge, posing potential challenges for the Group. For example, the silicone production unit may need to invest in energy-efficient manufacturing technologies, while the retail and hospitality sectors may need to adopt smart energy management systems to reduce their carbon footprint.

V. Market Risks

Changes in consumer preferences and regulatory requirements could influence the demand for silicone products, potentially affecting the Group's revenues and profitability. As environmental concerns grow, market dynamics may shift, necessitating strategic adaptations to remain competitive. For the retail sector, consumers may increasingly favor locally sourced and sustainable products, while the hospitality industry may need to adapt to a growing demand for eco-friendly accommodations and services.

OPPORTUNITIES AMIDST RISKS

While climate change exposes the Group to numerous risks, it also unveils a spectrum of opportunities across its diverse business units:

I. Silicone Business

Silicone's inherent properties, such as heat resistance and the ability to withstand extreme temperatures, make it an ideal material for renewable energy applications, including the production of solar panels and other renewable energy devices. Furthermore, silicone products can be utilized in constructing energy-efficient buildings, thereby reducing energy consumption and greenhouse gas emissions. The material's versatility also extends to the automotive industry, where it can be used in the production of electric vehicles and other alternative energy-dependent transportation solutions. As the world increasingly embraces sustainable development, silicone products are poised to play a pivotal role in this transition.

II. Digital Marketing Business

The Group's digital marketing arm can leverage its expertise to promote sustainable products and practices across all business units. By highlighting the environmental benefits of silicone products, energy-efficient retail practices, and eco-friendly hospitality services, the digital marketing team can help position the Group as a leader in sustainability, attracting environmentally conscious consumers and partners.

III. Retail Business in the UK

The retail sector can capitalize on the growing demand for sustainable and locally sourced products. By expanding its range of eco-friendly goods and implementing sustainable practices, such as reducing plastic packaging and optimizing supply chains for lower carbon emissions, the Group can enhance its brand reputation and attract a loyal customer base. Additionally, the retail business can explore partnerships with local producers to reduce transportation emissions and support the local economy.

In conclusion, while the challenges posed by climate change are formidable, they are accompanied by a wealth of opportunities for innovation and growth. The Group's proactive approach to identifying and addressing these risks, while capitalizing on emerging opportunities, will be crucial in navigating the complexities of a rapidly changing global landscape. By integrating sustainability into our core business strategies across Silicone Business, Digital Marketing Business, Retail Business, Healthcare and Hotel Business, the Group can not only mitigate the risks posed by climate change but also contribute to a more sustainable and resilient future. This holistic approach will ensure that the Group remains competitive and continues to thrive in an increasingly environmentally conscious market.

SOCIAL

EMPLOYEES

Our employment practices have been developed in strict compliance with the Labour Law of the PRC, the Law of the PRC on Labour Contracts, the Law of the PRC on Work Safety, the Law of the PRC on the Protection of Minors, the Law of the PRC on Prevention and Control of Occupational Diseases, as well as the Employment Ordinance (Cap. 57) of Hong Kong and the UK Employment Rights Act 1996, alongside other relevant laws and regulations in PRC, Hong Kong and the United Kingdom. During the Reporting Period, the Group fully complied with the requirements of these laws and regulations in all material respects, including those applicable to our operations in PRC, Hong Kong and London.

We have established comprehensive policies, including a staff handbook, a salary management system, and basic standards for employees, to regulate key processes such as recruitment,

promotion, discipline, and working hours. These policies are designed to align with local labor laws, including the PRC Labour Law, which governs working hours, rest periods, and employee benefits; the Hong Kong Employment Ordinance, which covers rest days, statutory holidays, maternity protection, and termination procedures; and the UK Employment Rights Act 1996, which addresses unfair dismissal, redundancy, and working time regulations.

Upon joining the Group, employees are required to thoroughly review and understand the contents of the staff handbook, ensuring they are fully aware of and comply with the Group's rules and regulations, as well as the specific legal requirements in their respective jurisdictions, whether in Mainland China, Hong Kong, or London. This approach ensures that our employment practices are legally compliant, fostering a fair and transparent working environment across all regions.

EMPLOYEE RIGHTS AND BENEFITS

The Group is committed to providing competitive and comprehensive remuneration packages and fringe benefits to all employees, ensuring compliance with local laws and regulations while fostering a supportive and motivating work environment. Our compensation structure includes basic salaries, overtime compensation, allowances, incentives, and bonuses, which are reviewed annually and adjusted based on factors such as the overall cost of living, industry pay trends, market conditions, the Group's remuneration strategy, and individual and organizational performance.

In accordance with statutory requirements, the Group provides social insurance (including pension insurance, medical insurance, work injury insurance, unemployment insurance, and maternity insurance), a housing fund, and other benefits tailored to the needs of employees. These benefits are designed to cover all members of the Group, with variations based on position, location, and local legal requirements. The key benefits provided by the Group include:

- ◆ Insurance: mandatory social insurance, supplementary medical insurance, employer's liability insurance and accident insurance;

- ◆ Allowances: service allowance, night-shift allowance, healthcare allowance, heat-prevention allowance, meal allowance, sympathy allowance, breastfeeding allowance, and training allowance; and
- ◆ Bonuses: Performance bonuses and examination bonuses.

During the Reporting Period, the Group maintained full compliance with all applicable laws and regulations related to compensation, termination, recruitment, promotion, working hours, rest periods, and other employee rights and benefits. No material violations were reported, reflecting our commitment to upholding the highest standards of fairness and legality in all employment practices.

The Group has formulated the "Procedure on Prohibiting Forced Labour, Discrimination, and Harassment" to ensure that staff rights and benefits are never violated or compromised.

EQUAL OPPORTUNITIES

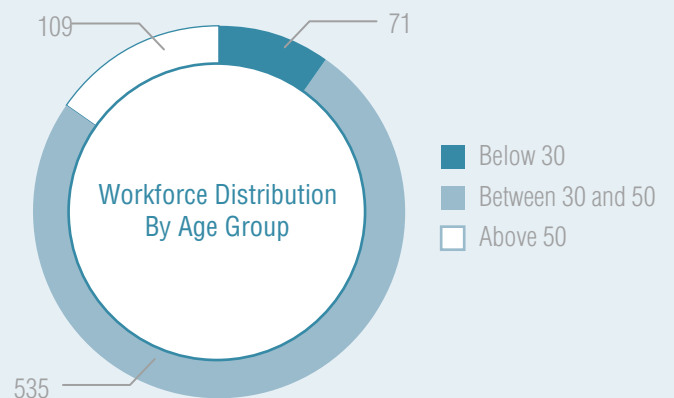
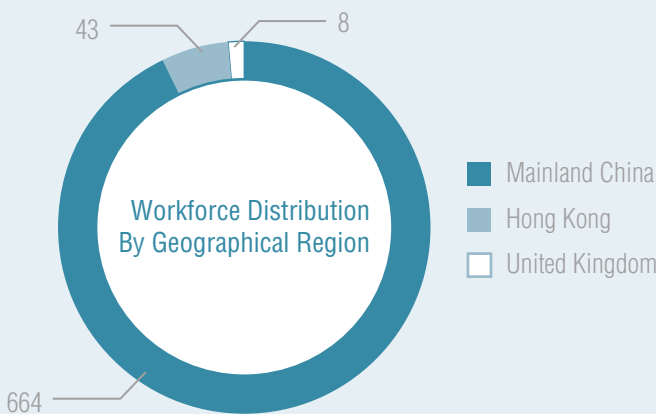
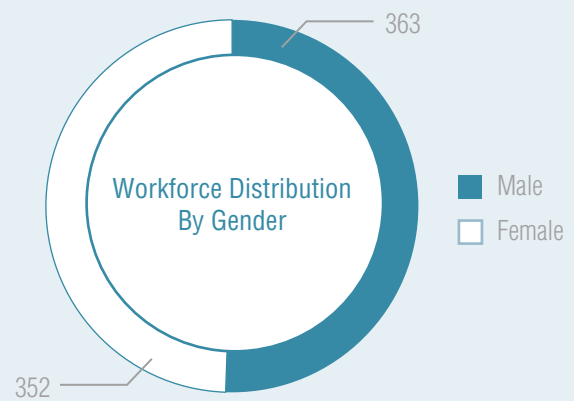
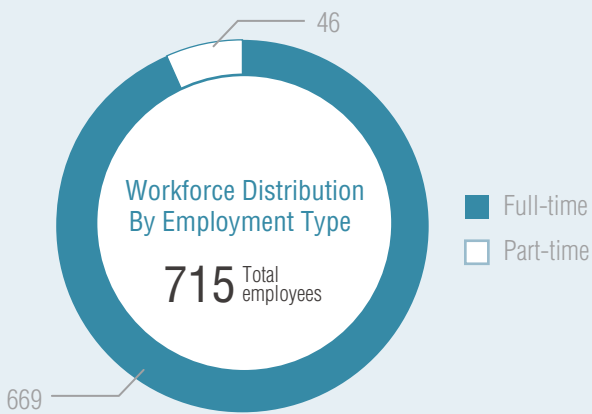
The Group respects diversity in the workplace and treats employees equally regardless of their age, nationality, ethnicity, race, gender, religious beliefs and cultural background. The Group has formulated policies to prevent discrimination, bullying and harassment in the workplace. Procedures against Forced Labor, Discrimination and Harassment have been established to ensure that employees' rights and interests are not infringed upon or jeopardized; that forced labor is strictly prohibited; that any form of discrimination or harassment against any employee will not be tolerated; and that all employees will be treated fairly with regard to job placement, promotion, disciplinary action or dismissal. By implementing the above procedures, the Group ensures that:

- ◆ Employees are guaranteed equal treatment and opportunities, free from discrimination based on their background, personal characteristics, or circumstances.
- ◆ Opportunities for growth and advancement are accessible to all employees, without bias or exclusion due to race, social class, nationality, religion, disability, gender, sexual orientation, union membership, or political affiliation.
- ◆ The rights of every employee are upheld and protected, ensuring a workplace that values diversity and inclusion.
- ◆ Equal opportunities are extended to all employees in every aspect of employment, including access to rights and benefits, performance evaluations, promotions, training, and professional development.

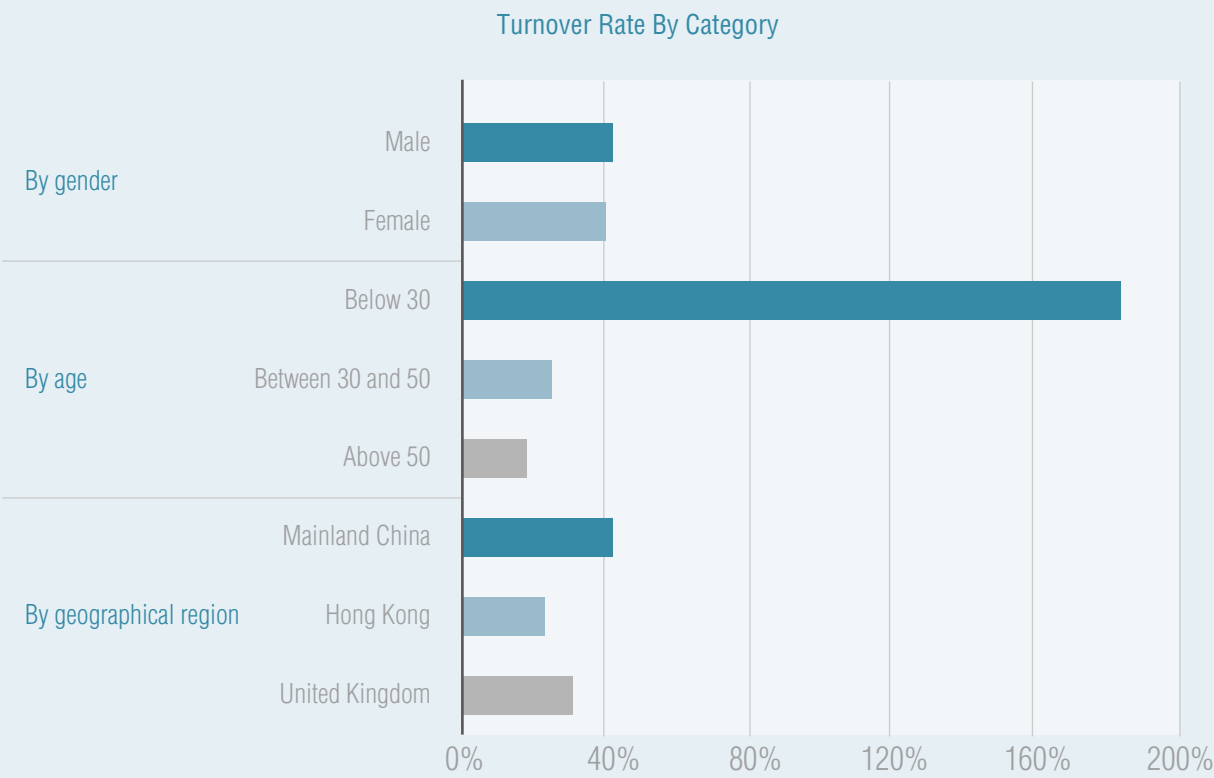
- ◆ Pregnant employees are treated with fairness and respect, with reasonable adjustments made to their working conditions or hours to support their health and well-being.
- ◆ Employees with chronic illnesses or disabilities are provided with necessary accommodation and are not subjected to discrimination based on their health conditions.
- ◆ All forms of sexual harassment, including sex discrimination, sexual coercion, sexual exploitation, relationship violence, stalking, and any unwelcome conduct, are strictly prohibited both inside and outside the workplace.

By implementing these measures, the Group reaffirms its commitment to providing a workplace that is free from discrimination, harassment, and inequality, where every employee can thrive and contribute to the organization's success. Employees should report cases of violations or suspected violations of the above directly to the Group's union representatives, department heads or senior management.

As of December 31, 2024, the Group had 715 employees (2023: 726). The total workforce by employment type, category, age group and gender are as follows:



During the Reporting Period, the Group's overall employee turnover rate stood at 41%, reflecting a slight increase compared to the previous year (2023: 37%). The detailed breakdown of employee turnover rates by gender, region, and age group is presented in the chart below:



HEALTH AND SAFETY OF EMPLOYEES

The Group complies with laws and regulations relating to health and safety, including but not limited to:

- ◆ The Production Safety Law of the PRC;
- ◆ The Law of the PRC on Prevention and Control of Occupational Diseases;
- ◆ Measures for Supervision and Administration of Occupational Health in Employing Units; and
- ◆ Work Injury Insurance Regulations.

Maintaining occupational health and safety is not only a legal obligation but also a critical component of the Group's long-term sustainable development. To ensure a safe working environment, the Group has established a comprehensive safety management system that encompasses various safety tasks, including contingency plans for emergencies. The Group places the highest priority on workplace safety and has implemented robust preventive measures and emergency response plans to protect employees and minimize the impact of potential incidents.

To further reinforce compliance with regulatory requirements and relevant laws, the Group has taken stringent measures across all operations. Additionally, to recognize and reward outstanding performance in ensuring workplace safety, the Group has established a Safety Award Scheme to incentivize staff and departments that demonstrate exceptional commitment to safety practices.

During the Reporting Period, the Group has developed and implemented the following policies to safeguard the health and safety of its employees:

- ◆ Personal Protective Equipment (PPE) Management Procedures;
- ◆ Labor Protection and Occupational Disease Protection Control Procedures; and
- ◆ Occupational Health and Safety Management Procedures.

SAFE WORKING SYSTEM

Huzhou Ta Yang has established a comprehensive safety management system that clearly defines the responsibilities for safety production management. Each department has the responsibility to seriously comply with relevant laws, regulations and standards. The safety management system includes safety inspections, safety education and training, prevention of occupational diseases, and safety protection equipment.

Similarly, Dongguan Tai Yang has implemented a top-down safety accountability system, whereby employees at all levels are responsible for complying with safety policies. Dongguan Tai Yang has also set up a Work Safety Committee (the "WSC") to manage work safety and ensure that the principle of "working in a disciplined manner and maintaining safety" is implemented. The WSC is responsible for formulating technical safety measures and labor protection programs, arranging and supervising safety inspections, and handling safety-related accidents. To ensure the smooth and safe operation of production, the WSC conducts safety inspections, including factory inspections at least twice a quarter, inspections of production units at least once every two months, and daily inspections of all specialized operations and equipment.

The Work Safety Accountability System requires each production unit to set up a dedicated production safety team responsible for implementing production safety education, formulating implementation details and operating procedures, and ensuring workplace safety in accordance with the instructions of the WSC. Safety Officers are stationed in the plant rooms and plant room teams to oversee the production process. According to the safety system of Dongguan Tai Yang, machine operators and employees handling hazardous substances are required to undergo professional safety skills training, pass assessment tests and obtain relevant licenses before they are allowed to perform their duties independently. New employees, temporary staff, interns and transferees must complete the three levels of safety training (production unit training, machine room team training and production position training) before they are allowed to assume their duties.

PREVENTION AND HANDLING OF ACCIDENTS

The Group strictly complies with the Fire Control Law of the PRC, the Law of the PRC on Prevention and Control of Occupational Diseases, and all other relevant laws and regulations applicable to our operations. The Group has established an emergency response system to prevent and handle unexpected incidents. Precautionary measures and safety training have been implemented to enhance the technical knowledge and skills of corporate safety management to prevent accidents. The Group has also formulated detailed solutions and clearly defined the duties of emergency personnel to respond to incidents such as fires, floods and chemical leaks to minimize casualties and losses.

Safety education is also an area to which the Group attaches great importance. For example, Dongguan Tai Yang has implemented various measures to promote workplace safety, such as posting slogans and distributing promotional leaflets in all departments, workshops and workgroups, as well as organizing “Work Safety Month” and “Work Safety Walk” activities. These initiatives aim to enhance employees’ understanding of the national guidelines and

policies on work safety, as well as relevant laws and regulations, in order to raise their awareness of workplace safety.

The manufacture of silicone rubber products involves potential chemical exposure for employees. To protect their health, Dongguan Tai Yang has improved ventilation equipment to comply with the “Occupational Exposure Limits for Hazardous Chemical Agents (GBZ 2.1-2019)” and is equipped with adequate protective gear such as masks and gloves. Regular third-party assessments are conducted, and free annual medical check-ups are provided to safeguard the health of employees. The Group prioritizes fire emergency safety management and has established a comprehensive fire emergency management system. Fire safety inspections are conducted daily, and hidden dangers are dealt with as soon as they are detected. Evacuation drills are conducted on a quarterly basis to enhance the emergency response capability of staff.

During the Reporting Period, the Group has not had any work-related fatalities in the past three years. Details of the occupational health and safety data are set out in the table below:

Indicators	FY2024	FY2023	FY2022
Work-related fatality	0	0	0
Work-related injury cases	0	2	0
Lost days due to work injury	0	316	0

DEVELOPMENT AND TRAINING TO ENHANCE KNOWLEDGE AND SKILLS

The Group has established comprehensive frameworks, including the Employee Handbook and the Education and Training Management Procedures, to ensure the continuous professional development of its workforce. We are committed to providing comprehensive and effective training programs designed to equip employees with the knowledge and skills necessary to excel in their roles. By investing in employee development, the Group aims to enhance individual performance and productivity, which in turn contributes to the sustainable growth and success of the organization.

The Group is dedicated to fostering a culture of fairness and equal opportunity, enabling employees to advance their careers and build an industry-leading team. Promotions are awarded based on merit, experience, and performance, ensuring that talented individuals are recognized and rewarded for their contributions. Recognizing that the expertise and knowledge of our employees are critical to their success, the Group invests in high-quality training programs tailored to the needs of staff at all levels. These programs are designed to align with our business objectives, enrich employees' knowledge, enhance operational efficiency, and unlock their full potential.

TRAINING INITIATIVES AND PROGRAMS

Dongguan Tai Yang and Huzhou Ta Yang regularly develop annual training plans based on departmental needs and the Group's long-term development strategies. These plans include a mix of internal and external training programs to ensure employees are well-equipped to meet current and future challenges.

- ◆ New Employee Training: New hires undergo orientation training to familiarize themselves with the Group's corporate profile, culture, and management systems. Additionally, induction training is provided to equip them with job-specific operational skills and knowledge of relevant management systems, including quality, safety, and environmental standards.
- ◆ Redeployed Employees: Employees transitioning to new roles receive targeted training to acquire the skills and knowledge required for their new positions.
- ◆ On-the-Job Training: At Dongguan Tai Yang, employees participate in on-the-job training at least once every six months, covering mandatory courses related to management systems and quality standards.
- External Training: The Group encourages employees to pursue external training courses, seminars, and professional qualification assessments by offering training subsidies. This initiative supports employees in keeping updated with industry trends and advancing their professional credentials.

During the Reporting Period, the Group provided a total of 38,318 hours (FY2023: 39,532 hours) of training to 765 employees (FY2023: 680). This resulted in a 107% (FY2023: 94%) training participation rate, with an average of 53.59 training hours (FY2023: 54.45 hours) per employee. Below is a summary of the training activities conducted in FY2024 and FY2023:

Trained employees	FY2024	FY2023
Total trained employees and the percentage of employees trained	765 (107%)	680 (94%)
By gender		
Male	397 (52%)	340 (50%)
Female	368 (48%)	340 (50%)
By employee categories		
Senior management	16 (2%)	4 (1%)
Middle management	27 (4%)	43 (6%)
Frontline employees	722 (94%)	633 (93%)
Training hours		
Total training hours	38,318	39,532
Average training hours	54	54
By gender		
Male training hours	20,179	21,359
Average training hours for Male	56	58
Female training hours	18,139	18,173
Average training hours for Female	52	51

By employee categories	FY2024	FY2023
Senior management training hours	448	354
Average training hours for Senior management	17.92	24
Middle management	3,573	8,458
Average training hours for Middle management	51.04	173
Frontline employees	34,297	30,720
Average training hours for Frontline employees	55.32	46

SAY NO TO CHILD AND FORCED LABOUR POLICIES AND PROCEDURES

Child labour and forced labour are strictly prohibited in the Group. The Group adheres to all applicable laws and regulations on employment and labour standards, including but not limited to:

- ◆ The Labor Law of the PRC;
- ◆ The Labor Contract Law of the PRC;
- ◆ The Law on Protection of Minors of the PRC;
- ◆ Provisions on the Prohibition of Using Child Labor of the PRC;
- ◆ Modern Slavery Act 2015 (UK);
- ◆ Employment Ordinance (Cap. 57) of Hong Kong; and
- ◆ Protection of Children and Juveniles Ordinance (Cap. 213) of Hong Kong.

To operationalize these commitments, the Group has established comprehensive policies, including:

- ◆ TY-2B-20-021 Employee Recruitment Management Procedures;
- ◆ TI-2B-20-009 Procedures for the Protection of Child and Minor Workers; and
- ◆ TI-2B-20-012 Procedures for the Management of Humane Treatment and Non-discrimination.

During recruitment, the Group rigorously verifies applicants' information using official documents such as identity cards and academic certificates to prevent the employment of underage individuals. The Group strictly prohibits the employment of anyone under 16 years old.

REMEDIAL MEASURES

If in the rare event that child labour is identified, the human resources department will:

- ◆ Immediately remove the child from the workplace;
- ◆ Arrange a comprehensive health check to ensure the child's well-being;
- ◆ Contact the child's family and arrange for their safe return home; and
- ◆ Cover all associated medical and transportation expenses.

EMPLOYEE RIGHTS AND PROTECTIONS

All employees are required to sign employment contracts that clearly outline their terms and conditions. The Group ensures the protection of women and minorities through its policies and compliance with national regulations. Overtime work is strictly voluntary and only undertaken when necessary.

The Group maintains a zero-tolerance policy towards any form of abuse, including verbal, physical, or sexual harassment. Violations result in immediate termination of employment and disciplinary action against those responsible.

COMPLIANCE AND RISK MANAGEMENT

No non-compliance with relevant laws and regulations relating to preventing child and forced labor had been identified during the Reporting Period. The Group's operations remain free from significant risks associated with these issues.

SUSTAINABLE SUPPLY CHAIN

The Group has implemented a comprehensive set of policies, including the "Procurement Management Procedures" and "Supplier Selection and Management Procedures," to rigorously regulate and enhance our supply chain management processes. Recognizing that supply chain management is pivotal to the Group's operational success and sustainability, we place a high priority on ensuring the stability, reliability, and quality of our supply chain. Our commitment extends beyond mere compliance, aiming to foster long-term partnerships with suppliers who share our values and commitment to excellence.

SUPPLIER SELECTION AND EVALUATION PRACTICE

The Group adheres to a stringent supplier selection process, engaging only with those suppliers who have successfully passed our rigorous supplier assessment. This assessment is designed to evaluate potential suppliers across a spectrum of criteria, ensuring they meet our high standards. Once selected, suppliers are subject to continuous evaluation on both a monthly and annual basis. These evaluations are conducted against a comprehensive set of performance criteria, which include but are not limited to, qualifications, productivity, technological capability, performance reliability, and quality management systems.

In line with the Group's established scoring system, suppliers are meticulously assessed and scored. This scoring system not only highlights areas of excellence but also identifies areas requiring improvement. Suppliers who score below our expectations receive detailed recommendations for corrective actions. Those who fail to meet our standards are temporarily suspended from our supply chain until they demonstrate significant improvement in their performance metrics.

Moreover, the Group is deeply committed to enhancing the environmental and social risk management practices of our suppliers. Through on-site assessments, we actively engage with our suppliers to encourage and support them in adopting proactive measures. These measures are aimed at preventing, mitigating, and remediating any existing or potential adverse environmental and social impacts, thereby aligning with our sustainability goals and corporate social responsibility commitments.

REPORTING PERIOD INSIGHTS

During the Reporting Period, the Group maintained a robust network of 463 suppliers (FY2023:495). Each of these suppliers was required to adhere to our stringent selection and evaluation practices, successfully passing the Group's supplier assessment mechanism to qualify as trusted partners. The geographical distribution of these suppliers is diverse, reflecting our global reach and local engagement strategy. This distribution not only supports our operational needs but also contributes to the economic development of the regions in which we operate.

In summary, the Group's supply chain management practices are designed to ensure the highest standards of quality, reliability, and sustainability. By fostering a collaborative and transparent relationship with our suppliers, we aim to create a resilient and

responsible supply chain that supports our long-term strategic objectives and contributes positively to the communities and environments in which we operate.

The contraction of the Group's Retail Business has resulted in a corresponding decline in the number of associated suppliers in the UK market.



SUPPLY CHAIN RISK MANAGEMENT

To effectively manage environmental and social risks within our supply chain, the Group has implemented a series of comprehensive measures to assess and continuously monitor the environmental and social performance of our suppliers. These measures are designed to ensure that our supply chain aligns with international standards and our corporate values. Below is a detailed overview of our supply chain risk management practices:

Supply chain risk management	
Environmental Aspects	<ul style="list-style-type: none"> • Compliance with International Standards: All raw materials used by suppliers must comply with stringent international environmental standards, including the REACH Regulation of the European Union and the Toxic Substances Control Act (TSCA) of the United States. • Discharge Permits: The Group rigorously assesses the discharge permits of suppliers where applicable. Suppliers lacking valid discharge permits are automatically disqualified from our supplier assessment process. • Environmental Management Systems: During supplier evaluations, the Group prioritizes those with certified environmental management systems (e.g., ISO 14001). Such certifications result in higher scores within our supplier scoring system, reflecting our commitment to environmental stewardship.
Social Aspects	<ul style="list-style-type: none"> • Quality Control Certifications: Suppliers and potential suppliers holding recognized quality control certificates such as ISO 9001 or IATF 16949 are given preference. Suppliers with unsatisfactory ratings who fail to implement corrective actions are promptly disqualified. • Safety Protocols: Before entering any of the Group's manufacturing plants, suppliers are required to read and sign an entry term or safety notice. They are also reminded to wear appropriate PPE and adhere to the Group's stringent safety requirements. • Employee Welfare: The Group mandates that all suppliers uphold the highest standards of employee health and safety. This includes providing safe working conditions, regular training, and access to necessary protective measures.

PRODUCT RESPONSIBILITIES

QUALITY CONTROL

During the Reporting Period, the Group adhered strictly to all applicable laws and regulations, including but not limited to the Product Quality Law of the PRC and the Production Safety Law of the PRC. To ensure consistent product quality, we have implemented a robust quality management system aligned with the requirements of ISO 9001:2015 and ISO/TS 16949:2009 certifications. This system effectively monitors and controls the entire production process, from the receipt of raw materials to the shipment of finished goods.

In addition to complying with government regulations and industry standards, the Group has established a series of internal policies to standardize the implementation and supervision of quality control

procedures. These policies enable us to fulfill our product-related responsibilities more effectively and ensure the highest standards of quality and safety. Key policies include:

- ◆ TY-2B-20-024 Procurement Management Procedures;
- ◆ TY-Q0-20-015 Product Inspection Control Procedures;
- ◆ TY-QP-20-021 Product Recall Management Procedures; and
- ◆ TY-Q0-20-018 Customer Complaint Handling Procedures.

Our dedicated quality control team oversees quality assurance at every stage of production, from raw material inspection to the final delivery of finished products. Advanced testing equipment is utilized to conduct rigorous quality checks, such as evaluating the evenness of coating materials on aluminum aerosol cans and



testing the internal pressure tolerance of the cans. Below is a detailed overview of the quality control measures implemented during the Reporting Period:

Quality control measures	
Quality control on suppliers and raw materials	<p>Supplier Approval: Raw materials are sourced exclusively from pre-approved suppliers who meet our stringent quality standards.</p> <p>Random Sample Checks: Upon receipt, the quality control team conducts random sample inspections. Materials failing the preliminary check are flagged, and suppliers are promptly notified for corrective action.</p> <p>Storage Compliance: To prevent accidents, “No Smoking and No Fire” signs are prominently displayed in storage areas. Additionally, the temperature and humidity of the warehouse are continuously monitored to ensure compliance with ISO 14001 environmental management system requirements, guaranteeing proper storage conditions.</p>
Quality control during production	<p>In-Process Inspections: Quality control is conducted at multiple stages of the production line to ensure semi-finished products meet internal benchmarks.</p> <p>Stage-by-Stage Checks: Inspectors perform quality checks at each production process. Only products that pass inspection are allowed to proceed to the next stage.</p>
Testing before delivery	<p>Final Inspection: Before dispatch, the quality control team conducts a comprehensive final inspection of finished goods.</p> <p>Handling of Non-Conforming Products: Any products failing the final inspection are segregated to prevent mixing with qualified goods. Inspectors document the non-conforming products, which are then reworked and subjected to a second, more stringent inspection before being approved for delivery.</p>

The Group is committed to maintaining the highest standards of quality control and continuously improving our processes. We regularly review and update our quality management procedures to align with evolving industry standards and regulatory requirements. By fostering a culture of accountability and excellence, we ensure that our products consistently meet or exceed customer expectations while adhering to environmental and safety regulations.

In summary, the Group's quality control framework is designed to deliver products of exceptional quality, safety, and reliability. Through rigorous inspections, advanced testing, and a commitment to continuous improvement, we strive to uphold our reputation as a trusted leader in the industry.

PRODUCT ASSURANCE AND RECALL

The Group is committed to ensuring the highest standards of product quality by adhering to international standards and implementing rigorous testing procedures. Our manufacturing processes and contractor performance are meticulously managed to maintain consistency and reliability. Any purchased materials, semi-finished products, or finished goods found to be defective are immediately removed from the production line. Substandard products are thoroughly analyzed, and appropriate corrective or preventive measures are taken in accordance with the Group's established policies.

In the event that a product is identified as substandard, the quality control team initiates a comprehensive tracking process to locate the affected shipment. Products with significant quality issues are promptly recalled. To ensure preparedness for emergency situations, the Group conducts product recall simulation drills at least once a year, ensuring that all stakeholders are well-versed in the recall procedures.

During the Reporting Period, no products were recalled due to safety or health concerns, and no material non-compliance with laws and regulations related to product health and safety was recorded.

CUSTOMER COMPLAINT

To address customer concerns promptly and effectively, the Group has established the Customer Complaint Handling Procedure. This procedure ensures timely resolution of complaints, implementation of corrective and preventive measures, and elimination of the root causes of non-conformities. By doing so, we aim to enhance customer satisfaction and prevent the recurrence of similar issues.

The responsibilities of each department in handling customer complaints are clearly defined in our policy. Customers can submit complaints through various channels, including telephone, letter, fax, or other means. The complaint handling process is structured as follows:

Customer Complaint Handling Process	
Receipt of Complaints	<p>The Sales Department (SD) immediately notifies the quality control team upon receiving a complaint.</p> <p>The quality control team confirms the complaint details, including production dates, batch numbers, and the nature of the complaint (e.g., whole batch or specific production line).</p>
Analysis of causes	<p>The quality control team conducts a strict sampling inspection of stocked products to assess their quality.</p> <p>Defective products are analyzed to determine if they align with the customer's returned samples. If discrepancies exist, Quality control team proposes a sample limit for SD and customer confirmation.</p> <p>For valid complaints, the quality control team traces the issue using daily production quality control sheets and issues a Customer Complaint Handling Order to the responsible department for rectification.</p>

Customer Complaint Handling Process	
Handling Result and follow up	<p>After the responsible department implements improvements, quality control team assigns personnel to conduct follow-up inspections, including tracking three consecutive batches to verify the effectiveness of corrective measures.</p> <p>If the measures are ineffective, the quality control team issues a Quality Exception Notice, requiring the responsible department to propose new improvement measures until the issue is resolved.</p>

During the Reporting Period, the Group received 1 complaint case related to products and services. The complaint was resolved through effective communication and corrective actions, and none were classified as major issues.

CUSTOMER PRIVACY

The Group strictly complies with laws and regulations related to consumer rights and privacy, including but not limited to:

- ◆ Law of the PRC on the Protection of Consumer Rights and Interests; and
- ◆ Personal Information Protection Law of the PRC.

To safeguard customer data, the Group has implemented comprehensive data security management policies, such as the RBA42-Privacy and Confidentiality Management Program. Key measures include:

- ◆ Restricting user rights, access privileges, and the use of USB ports and CD-ROM drives;
- ◆ Prohibiting peer-to-peer file sharing and unauthorized software installation by employees;
- ◆ Auditing internet access and activities; and
- ◆ Encrypting core data.

Employees are committed to protecting intellectual property rights and not disclosing any confidential information (including customer information) in their signed employment contracts. Client information includes, but is not limited to, client ideas, inventions, data and models, contents of documents and correspondence, financial information, marketing strategies and trade secrets. In order to protect customer data and confidential information of the Group, we require senior management and senior technical staff to undertake to comply with confidentiality obligations and “non-compete” clauses for a period of two years after the termination of the employment contract. If a customer requests additional measures to protect its intellectual property rights, the Group will enter into a confidentiality agreement with the customer to fully respect its privacy. Employees in breach of their contracts may be dismissed.

During the Reporting Period, there were no substantiated complaints about infringement of customer privacy, discovery of leakage, misappropriation or loss of customer information.

INTELLECTUAL PROPERTY (“IP”) AND PRODUCT ADVERTISEMENT

Compliance with Advertising, Labeling, and IP Regulations

The Group is unwavering in its commitment to adhering to all applicable laws and regulations governing advertising and labeling. This includes, but is not limited to, Trademark Law of the PRC and Advertising Law of the PRC. These laws form the foundation of our advertising and labeling practices, ensuring that all communications are transparent, accurate, and truthful.

All advertisements and labels are meticulously designed to provide objective and truthful descriptions of our products and services. This not only ensures compliance with legal and regulatory standards but also reinforces our commitment to ethical business practices. In the rare event of complaints related to advertising or labeling, the Group initiates immediate investigations to identify the root cause. Necessary corrective actions are promptly implemented to address any issues and prevent recurrence. This proactive approach underscores our dedication to maintaining the trust of our customers and stakeholders.

IP Protection

The Group places strong emphasis on protecting its IP and ensuring that its suppliers and business partners respect the IP rights of third parties. We recognize that intellectual property is a critical asset that drives innovation and competitive advantage. To safeguard these assets, all proprietary materials – including drawings, designs, models, and manuals – provided to suppliers or partners are treated as strictly confidential. These materials cannot be copied, disclosed, or used without the Group's explicit consent.

To further mitigate the risk of IP infringement, the Group conducts thorough research and due diligence before entering into partnerships or collaborations. We expect our suppliers and business partners to uphold the same high standards of IP protection and to refrain from any activities that could infringe on copyrights, patents, trademarks, or other IP rights. In the event of any infringement that results in losses to the Group, we reserve the right to hold the responsible parties accountable for all associated costs and damages.

To enhance our IP management capabilities, the Group has established a dedicated IP Management Team. This team is responsible for identifying potential risks, monitoring compliance, and handling infringement cases. Working in close collaboration with the legal department, the IP Management Team takes swift and appropriate actions against infringers, including pursuing legal measures when necessary. This structured approach ensures that our IP assets are robustly protected and that any violations are addressed promptly and effectively.

Reporting Period Highlights

The Group is committed to continuously improving its IP management practices. We regularly review and update our policies and procedures to align with evolving legal requirements and industry's best practices. Training programs are also conducted to educate employees, suppliers, and partners on the importance of IP protection and the specific measures they must follow to comply with our standards.

During the Reporting Period, the Group maintained a strong track record of compliance with IP-related laws and regulations. No material non-compliance incidents were recorded, reflecting our rigorous approach to IP management and our commitment to upholding the highest standards of integrity and accountability.

The Group's adherence to advertising, labeling, and intellectual property regulations is a cornerstone of our business operations. By ensuring compliance, protecting our IP assets, and fostering a culture of respect for third-party rights, we not only safeguard our own interests but also contribute to a fair and competitive marketplace.

ZERO TOLERANCE FOR CORRUPTION

The Group maintains an unwavering commitment to integrity and ethical business practices, strictly adhering to Anti-Unfair Competition Law of the PRC, Anti-Money Laundering Law of the PRC, Criminal Law of the PRC, and other relevant laws, regulations, and regulatory documents pertaining to commercial bribery. We firmly believe that honesty, integrity, and fairness are fundamental to the Group's success and reputation. These principles are embedded in our corporate culture and guide all aspects of our operations.

To safeguard the legitimate rights and interests of our shareholders, investors, and other stakeholders, the Group has established a zero-tolerance policy toward bribery, theft, fraud, misappropriation, and other forms of misconduct. Employees are strictly prohibited from accepting improper advantages, including but not limited to banquets, entertainment, cash, shares, stock options, securities, valuables, and property. To reinforce this commitment, the Group has developed comprehensive policies and regulations outlining appropriate behavior, including guidelines on the acceptance of gifts and the avoidance of conflicts of interest. These policies are designed to promote a culture of integrity and ethical decision-making across all levels of the organization.

The Group regularly reviews and updates its anti-corruption policies and regulations to ensure they remain aligned with evolving legal requirements and industry best practices. These policies are applicable to all business operations, including procurement, manufacturing, marketing, and communication, ensuring that integrity is upheld throughout the entire value chain.

ANTI-CORRUPTION TRAINING AND AWARENESS

To ensure that employees fully understand the importance of anti-corruption and ethical conduct, the Group mandates that all directors and senior management complete anti-corruption and ethics training as part of their induction programs. In FY2024, the Group organized 2 hours (FY2023: 1.5) of anti-corruption training for 40 (FY2023: 43) directors and senior management, equipping them with the knowledge and tools to identify and prevent corrupt practices. Additionally, anti-corruption posters are prominently displayed in workplaces to serve as constant reminders of the Group's commitment to integrity and to provide employees with information on reporting channels for suspected misconduct.

The Group has established a dedicated Discipline and Supervision Department, which oversees all aspects of internal discipline, supervision, and audit functions. This department is responsible for monitoring staff compliance with laws and regulations, conducting regular inspections of the Group's financial income, expenditures, and asset management, and implementing measures to minimize business risks. By maintaining a robust internal control system, the Group ensures transparency and accountability in its operations.

WHISTLEBLOWING AND REPORTING POLICY

To further strengthen our anti-corruption efforts, the Group has implemented a confidential whistleblowing and reporting system. All employees are encouraged to report any unethical behavior, suspected corruption, or other malpractices directly to the General Manager. Reports are handled with the utmost confidentiality, and individuals involved in fraud investigations are prohibited from disclosing any information related to the reports or investigations without authorization.

When suspected violations of laws, regulations, or Group policies are identified, the Group conducts thorough investigations. Upon verification of misconduct, appropriate disciplinary actions are taken, which may include warnings, demerits, demotions, or dismissals. This rigorous approach ensures that all employees are held accountable for their actions and reinforces the Group's zero-tolerance stance on corruption.

PERFORMANCE DURING THE REPORTING PERIOD

During the Reporting Period, the Group maintained a strong track record of compliance with applicable anti-corruption laws and regulations. No material breaches were recorded, reflecting the effectiveness of the Group's anti-corruption policies, training programs, and internal controls. This achievement underscores our commitment to fostering a culture of integrity and ethical behavior across the organization.

Our zero-tolerance approach to corruption is a cornerstone of our corporate governance. Through rigorous policies, comprehensive training, robust supervision, and a transparent reporting system, we are committed to upholding the highest standards of integrity and ethical conduct in all our business activities.

TOGETHER TO BUILD OUR COMMUNITY

The Group is deeply committed to being a socially responsible enterprise, striving to contribute positively to society while pursuing sustainable development. We believe that businesses have a vital role to play in addressing social challenges and improving the well-being of communities. To this end, the Group actively encourages its employees to participate in community involvement initiatives and volunteer work, fostering a culture of giving back and supporting those in need.

SUPPORTING THE ELDERLY

During the Reporting Period, the Group demonstrated its commitment to social responsibility by donating RMB3,000 to the Jinhe Community to sponsor the 19th Spring Festival Senior Citizens' Reunion. This event brought joy and warmth to elderly residents, providing them with an opportunity to celebrate the Spring Festival together. We recognize that caring for the elderly is a shared responsibility of society, and we are proud to make our own contribution to enriching the lives of seniors during their golden years. Through initiatives like this, we aim to promote respect and compassion for the elderly, ensuring they feel valued and supported.

PROMOTING RURAL REVITALIZATION

In addition to supporting the elderly, the Group participated in the "Zhangmutou Town's '6.30' Helping Rural Revitalization and Dongguan Charity Day Fundraising" event. We donated RMB2,000 to support rural development and community revitalization efforts. This initiative aligns with our commitment to fostering sustainable development and addressing social inequalities. By contributing to rural revitalization, we aim to help create thriving communities where individuals can enjoy improved living standards and economic opportunities.

ENGAGEMENT IN COMMUNITY SERVICE

The Group actively encourages its employees to engage in volunteer work and community service. Through organized initiatives and individual efforts, our staff have dedicated their time and skills to support local communities and vulnerable groups. This not only strengthens our connection with the communities we serve but also fosters a sense of purpose and fulfillment among our employees.

As part of our long-term commitment to social responsibility, the Group plans to expand its community engagement efforts in the coming years. We aim to:

- ◆ Increase our support for programs that benefit the elderly, children, and other vulnerable groups;
- ◆ Partner with local organizations to address pressing social issues, such as improving employment rates, and environmental sustainability; and
- ◆ Encourage even greater employee participation in volunteer activities, creating a lasting positive impact on society.

By working together with our employees, partners, and communities, we are confident that we can build a more inclusive, equitable, and sustainable future for all.

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	FY2024 ESG Report
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	This Report – A. Environmental, page 15–16
KPI A1.1	The types of emissions and respective emissions data.	This Report – A. Environmental, page 18–19
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	This Report – A. Environmental, page 19
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	This Report – A. Environmental, page 22
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	This Report – A. Environmental, page 22
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	This Report – A. Environmental, page 17, 20, 23–24
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	This Report – A. Environmental, page 17, 20–21

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	FY2024 ESG Report
Aspect A2: Use of Resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	This Report – A. Environmental, page 24
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	This Report – A. Environmental, page 25
KPI A2.2	Water consumption in total and intensity.	This Report – A. Environmental, page 25
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	This Report – A. Environmental, page 17, 27
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	This Report – A. Environmental, page 17, 24, 27
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	This Report – A. Environmental, page 26
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	This Report – A. Environmental, page 16
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	This Report – A. Environmental, page 27–28
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	This Report – A. Environmental, page 16
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	This Report – A. Environmental, page 28–30

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	FY2024 ESG Report
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	This Report – B. Social, page 31–33
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	This Report – B. Social, page 34
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	This Report – B. Social, page 35
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	This Report – B. Social, page 36–37
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	This Report – B. Social, page 37
KPI B2.2	Lost days due to work injury.	This Report – B. Social, page 37
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	This Report – B. Social, page 36–37

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	FY2024 ESG Report
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	This Report – B. Social, page 38
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	This Report – B. Social, page 39
KPI B3.2	The average training hours completed per employee by gender and employee category.	This Report – B. Social, page 39–40
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	This Report – B. Social, page 40
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	This Report – B. Social, page 40–41
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	This Report – B. Social, page 41

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	FY2024 ESG Report
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	This Report – B. Social, page 41
KPI B5.1	Number of suppliers by geographical region.	This Report – B. Social, page 42
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	This Report – B. Social, page 41
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	This Report – B. Social, page 43
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	This Report – B. Social, page 43

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Aspects, General disclosures and KPI	Description	FY2024 ESG Report
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	This Report – B. Social, page 44
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This Report – A. Environmental, page 46
KPI B6.2	Number of products and services related complaints received and how they are dealt with.	This Report – B. Social, page 46–47
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	This Report – B. Social, page 48
KPI B6.4	Description of quality assurance process and recall procedures.	This Report – A. Environmental, page 45–46
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	This Report – B. Social, page 47

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	FY2024 ESG Report
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	This Report – B. Social, page 49
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	This Report – B. Social, page 49
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	This Report – B. Social, page 49
KPI B7.3	Description of anti-corruption training provided to directors and staff.	This Report – B. Social, page 49
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	This Report – B. Social, page 50
KPI B8.1	Focus areas of contribution.	This Report – B. Social, page 50
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	This Report – B. Social, page 50