



HUAJIN INTERNATIONAL HOLDINGS LIMITED

華 津 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2738)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2024

CONTENTS

ABOUT THIS REPORT	3
REPORTING SCOPE	3
REPORTING STANDARDS	3
REPORTING PRINCIPLES	3
FEEDBACK	4
ABOUT HUAJIN	5
BOARD ESG STATEMENT	6
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT	11
A. GREEN PRODUCTION	15
1. EMISSIONS MANAGEMENT	15
2. USE OF RESOURCES	23
3. ENVIRONMENT AND NATURAL RESOURCES	30
4. CLIMATE CHANGE	32
B. EMPLOYEE CARE	33
1. EMPLOYMENT SYSTEM	33
2. HEALTH AND SAFETY	37
3. STAFF TRAINING	39
4. LABOR STANDARDS	41
C. RESPONSIBLE OPERATION	42
1. SUPPLY CHAIN MANAGEMENT	42
2. QUALITY MANAGEMENT	44
3. ANTI-CORRUPTION	46
D. COMMUNITY ENGAGEMENT	48
1. COMMUNITY ENGAGEMENT	48
INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE ISSUED BY THE STOCK EXCHANGE	50

ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “Report”) sets out the organizational performance in fulfilling the environmental and social responsibilities of Huajin International Holdings Limited (the “Company”) and its subsidiaries (the “Group” or “we”), and is published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (www.hkexnews.hk) and the Company’s website (www.huajin-hk.com).

REPORTING SCOPE

The Report presents the Environmental, Social, and Governance performance of the Group for the financial year from 1 January 2024 to 31 December 2024 (the “Year”). The Report covers the Group’s headquarter and our subsidiaries in the PRC, namely Jiangmen Huajin Metal Product Co., Ltd. (“Jiangmen Huajin”), Jiangmen Huamu Metal Products Co., Ltd. (“Jiangmen Huamu”), Guangdong Huajin Industrial Co., Ltd., Jiangmen Huajin Metal Trading Market Co., Ltd., Jiangmen Jinrun Environmental Protection Technology Co., Ltd., Jiangmen Jinhong Logistics Co., Ltd. and Jiangmen Jinlian Environmental Protection Technology Co., Ltd.. The Group’s headquarter in the PRC is located at Xinsha Industrial Zone of Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC and the newly-built Huajin Terminal in Gujing, Jiangmen in 2024. Unless otherwise indicated, all numbers herein are absolute. Personnel from contractors are not considered as employees of the Group.

Looking ahead, the Group will continue to review the scope of our report in a regular manner and gradually expand the scope of disclosure based on the principle of materiality to provide stakeholders with more comprehensive information.

REPORTING STANDARDS

The Report is prepared in accordance with the Environmental, Social and Governance (“ESG”) Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 to the Listing Rules of the Stock Exchange, and is reported in accordance with the four reporting principles of materiality, quantification, balance and consistency as a basis for the preparation of the Report. A complete index is appended to the last chapter of the Report for cross reference to the ESG Reporting Guide.

REPORTING PRINCIPLES

The Report follows the ESG Reporting Guide and applies the following principles:

Materiality: In order to identify and assess the material concerns of our stakeholders, the Group identifies the material environmental and social issues through interviews with management, questionnaire surveys targeted at internal and external stakeholders, as well as evaluating the impact of various environmental, social and governance issues on the operations of the Group. For further details, please refer to the section headed “Materiality Assessment”.

Quantitative: Quantitative information is recorded and estimated by the relevant departments of the Group and, where practicable, annual comparisons of performance will be made between appropriate quantitative information and, where appropriate, information on standards, methodologies, assumptions and/or calculations will be set out in the Report.

Balance: The information and cases in the Report are mainly derived from the statistical reports, relevant documents and internal communication documents of the Group in the current year. The Group undertakes that the Report does not contain any false statements or misleading representations, and makes the fair disclosures on critical aspects of our performance, in terms of the progress made and continuing challenges that we are dealing with.

Consistency: We report in accordance with the Stock Exchange's ESG Reporting Guide. In the future, if there are any changes that may affect comparisons with previous reports, the Group will add a note to the corresponding section of the Report.

FEEDBACK

The Group welcomes all stakeholders to provide feedback on our ESG approach and performance, please share your opinions with us through the following channels.

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ABOUT HUAJIN



Corporate culture	
Corporate spirit	Unity & loyalty, pursuing excellence, pragmatic innovation, and being enterprising.
Business philosophy	Working hard, giving back to society, and growing bigger and stronger.
Corporate objective	Create a first-class brand.

Since its establishment in 2005, Huajin Group has experienced 19 years of steady development and has grown into a leading steel processing and manufacturing enterprise in Guangdong Province. It was successfully listed on the Main Board of the Hong Kong Stock Exchange in 2016. Adhering to the core values of “unity & loyalty, pursuing excellence, pragmatic innovation, and being enterprising (團結忠誠、精益求精、務實創新、開拓進取)”, the Group is committed to promoting the high-quality development of the metal industry. Currently, Huajin Group has two major production bases in Jiangmen City, namely Jiangmen Huajin Metal Product Co., Ltd. and Jiangmen Huamu Metal Products Co., Ltd.. The total land area exceeds 900,000 square meters, with the plant floor area exceeding 260,000 square meters. Equipped with a 30,000-ton general terminal and supporting industrial park, it has formed a comprehensive operation pattern integrating research and development, production, processing, and distribution.

The Company's main business focuses on high-value-added products such as cold-rolled carbon steel coils, galvanized coils, and bright steel pipes. With an existing annual production capacity of over 2 million tons, relying on advanced technology and high production efficiency, it has become a leading high-tech enterprise in the field of cold-rolled carbon steel and galvanized coils in Guangdong Province. The Huajin Metal Industrial Park project located in Xinhui District, Jiangmen City further consolidates the Group's industry position. This project makes full use of the advantages of water and land combined transportation to create a modern metal industrial park integrating functions such as spot trade, processing and manufacturing, warehousing and logistics, and supply chain finance. Through the advantages of water and land combined transportation in the port-related economy, the Group has achieved a significant reduction in logistics costs. For example, transporting cargos via 10,000-ton seagoing vessels can save approximately 50% of marine transportation costs compared to traditional inland river cargo ships, which has significantly enhanced the market competitiveness of steel products. In particular, in the steel industry, freight costs are of crucial importance to costs and competitiveness due to the large volume of cargos. With profound industry experience and strategic layout, Huajin Group is actively meeting the steel demand of the Guangdong-Hong Kong-Macao Greater Bay Area and is committed to becoming a model for the development of large-scale domestic metal industries.

As a responsible enterprise, Huajin always adheres to the business philosophy of "pursuing excellence, pragmatic innovation, and being enterprising (精益求精、務實創新、開拓進取)". It is committed to integrating the principles of Environment, Social and Governance (ESG) into its business operations. Through technological innovation and efficient operation, we actively address environmental challenges, reduce resource consumption and emissions. We also pay attention to the well-being of our employees and the development of the community. While creating economic value, we strive to make positive contributions to the sustainable development of society and the environment.

BOARD ESG STATEMENT

The board of directors of the company (the "Board") firmly believes that sound ESG principles are the key cornerstone for enhancing the investment value of the enterprise and bringing long-term returns to stakeholders and the Group. The Board is committed to integrating ESG governance into the overall strategy and operations of the Group. Through active leadership and supervision, it promotes the Group to achieve sustainable development goals and create a positive impact on society and the environment at the same time.

The Roles and Responsibilities of the Board of Directors in ESG Governance

As the highest decision-making body for the Group's ESG governance, the Board of Directors is fully responsible for formulating, reviewing, and supervising the overall vision, strategy, and initiatives of ESG. The specific responsibilities of the Board of Directors include:

Strategy Formulation and Supervision: The Board is responsible for monitoring the Group's ESG performance, regularly reviewing the effectiveness of the ESG plan and the progress towards achieving its goals, and making necessary adjustments to the ESG management guidelines to ensure they are in line with market trends and stakeholders' expectations. The Board of Directors also directly participates in the communication channels with stakeholders to ensure effective interaction with all parties and provides guiding opinions on the ESG strategy. In addition, the Board supervises the strategies, risks, and opportunities related to sustainable development, approves the response plans for major ESG issues, and conducts discussions and makes decisions on relevant proposals.

Risk Management: The Board attaches great importance to the management of ESG-related risks. It supervises the implementation process of risk prediction and mitigation plans, pays attention to the potential impacts of market trends on business operations, and adjusts the guidelines in a timely manner to reduce the negative impacts on the Group's business.

Resource Allocation: The Board is responsible for approving the Group's ESG budget, such as the procurement of high-efficiency energy-saving equipment, the expansion of green production lines, and the purchase of sustainable materials. It also coordinates the required resources to support the implementation of the sustainable development strategy.

Goal Setting and Progress Approval: The Board approves the ESG goals and their progress on an annual basis to ensure that the Group's performance in the fields of environment, society, and governance continues to improve and remains aligned with the United Nations Sustainable Development Goals (SDGs).

ESG Governance Structure

To ensure the efficient and smooth operation of ESG governance work, the Group draws on advanced ESG management experiences at home and abroad, establishes and improves the Company's ESG management structure, and forms an ESG management mechanism that is implemented layer by layer vertically and comprehensively covered horizontally. The Group's internal ESG governance structure consists of board members and employees of general job series, ensuring that all departments are involved in the Group's sustainable development matters, so as to effectively monitor and practice the Group's sustainable development performance. The specific structure and division of responsibilities are as follows:

Board: As the highest decision-making body for ESG governance, the Board is responsible for supervising major ESG matters, approving relevant response plans, reviewing the strategies, risks, and opportunities of sustainable development, and overseeing the implementation of the sustainable development strategy as well as the coordination of resources.

ESG Report Working Group (“Working Group”): It is responsible for coordinating and implementing ESG-related work. The Working Group assists the Board in supervising ESG goals and plans, and builds a communication bridge among various departments to promote coordination and cooperation. The Working Group regularly reports the progress of ESG to the Board to ensure that the Board can timely understand the implementation status and effectiveness of relevant work. In addition, the Working Group is responsible for preparing ESG reports, continuously following up on the requirements of regulatory authorities, evaluating the progress and performance of sustainable development work, and reviewing the effectiveness of improvement plans.

Management of Each Business Department: The management of each business department is responsible for formulating specific ESG-related goals, implementing corresponding measures, and carrying out self-inspections to ensure the effective achievement of ESG goals. The management also formulates ESG improvement plans and integrates them into the work plans for the next year to continuously enhance the Group’s ESG performance. The departments involved in ESG implementation include the Finance Department, Procurement Department, Human Resources and Administration Department, Production Department, and Quality Management Department, ensuring that ESG measures are comprehensively integrated into the Group’s daily operations.

Identification and Management of Material ESG Issues

During the Reporting Period, the Group engaged a third-party ESG consulting firm to assist in identifying and managing material ESG issues. By collecting and analyzing the opinions of stakeholders on ESG issues, the consulting firm carried out a materiality assessment. The Board participated in the assessment process as a stakeholder, provided opinions, and reviewed the assessment results. Based on the assessment results, the Board will formulate corresponding policies and regularly review the effectiveness of their implementation to ensure that the Group’s performance in all areas meets the expectations of stakeholders and regulatory requirements.

Board Diversity

The Board recognizes the materiality of diversity for effective governance and decision-making and is committed to enhancing the level of diversity within the Board. Currently, the Board is composed of directors of a single gender. However, the Group has formulated a Board diversity policy, taking ESG-related experience and qualifications as key diversity considerations for director appointments. The Board plans to improve gender diversity within the current financial year and will continuously review the effectiveness of the implementation of the diversity policy to ensure that Board members possess a wide range of professional backgrounds and perspectives.

Communication with Stakeholders

The Group attaches great importance to transparent communication with stakeholders and shares the progress of ESG through the annual ESG report and other channels. The Board encourages stakeholders to provide their opinions and incorporates them into the formulation and optimization process of the ESG strategy. Meanwhile, the Group actively cooperates with suppliers to explore opportunities in green finance and sustainable investment, so as to further enhance its ESG performance.

Future Outlook

Sustainable development is an endless journey that requires continuous efforts to make improvements and commitments to society. The Board of the Group understands that fulfilling the commitment to sustainable development is one of the crucial elements for business growth and expansion. Therefore, the Group adheres to the “green” business philosophy and is committed to creating a positive impact on the community and the environment. Looking ahead, the Group will continue to strengthen communication with stakeholders and continuously improve the corporate social responsibility management system. This is aimed at further enhancing the Group’s performance in the environmental and social fields, thereby meeting the requirements of regulatory authorities and investors regarding sustainable development issues. In this way, we can create long-term and lasting value for the Group’s shareholders and stakeholders.

The Group will also actively respond to global trends, such as the net-zero transition and green finance, and explore carbon trading and other innovative solutions to achieve more ambitious sustainable development goals. The Board is committed to leading the Group to achieve outstanding performance in the fields of environment, society and governance through continuous efforts and innovation, so as to create long-term value for stakeholders.

Our ESG strategies	Corresponding SDGs
<p>Responsible operation</p> <p>Legal compliance — Ensure the Group’s corporate governance structure complies with applicable laws and regulations</p> <p>Code of ethics — Uphold the ethical standards of business integrity and foster a culture of compliance throughout the Company</p> <p>Product quality — Ensure that our products are in good quality and compliant with the highest safety standards</p> <p>Contribution to the society — Cooperate with local charities to support the underprivileged members and the needy</p>	<div data-bbox="986 265 1139 416"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div data-bbox="986 433 1139 545"> <p>Responsible Consumption and Production</p> </div> <div data-bbox="1214 265 1367 416"> <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> </div> <div data-bbox="1214 433 1367 545"> <p>Peace, Justice and Strong Institutions</p> </div> <div data-bbox="986 562 1139 713"> <p>17 PARTNERSHIPS FOR THE GOALS</p> </div> <div data-bbox="986 730 1139 804"> <p>Partnerships for the Goals</p> </div> <div data-bbox="1214 562 1367 713"> <p>1 NO POVERTY</p> </div> <div data-bbox="1214 730 1367 804"> <p>No Poverty</p> </div>
<p>Green production</p> <p>Environmental management — Monitor various environmental parameters and review production plans regularly to minimize related environmental impacts</p> <p>Green production practice — Minimize the environmental impacts of the Group’s operations</p> <p>High-performance production chain — Improve our resource efficiency and productivity</p>	<div data-bbox="986 858 1139 1009"> <p>13 CLIMATE ACTION</p> </div> <div data-bbox="986 1026 1139 1056"> <p>Climate Action</p> </div> <div data-bbox="1214 858 1367 1009"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div data-bbox="1214 1026 1367 1138"> <p>Responsible Consumption and Production</p> </div>
<p>Employee care</p> <p>Cultivating talents — Foster a continuous learning environment and encourage employees to develop and advance their careers in the enterprise</p> <p>Diverse and inclusive — Respect the labor and human rights of all our employees, and maintain a high ethical standard, with clearly defined human resources management policies, and promote an inclusive culture throughout the Company</p> <p>Working safely — provide a pleasant, supportive and healthy workplace for our employees, and foster a caring working environment</p>	<div data-bbox="986 1336 1139 1487"> <p>5 GENDER EQUALITY</p> </div> <div data-bbox="986 1504 1139 1535"> <p>Gender Equality</p> </div> <div data-bbox="1214 1336 1367 1487"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div data-bbox="1214 1504 1367 1617"> <p>Decent Work and Economic Growth</p> </div> <div data-bbox="986 1634 1139 1785"> <p>10 REDUCED INEQUALITIES</p> </div> <div data-bbox="986 1802 1139 1875"> <p>Reduced Inequality</p> </div> <div data-bbox="1214 1634 1367 1785"> <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div data-bbox="1214 1802 1367 1875"> <p>Good Health and Well-being</p> </div>

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder engagement

In order to strengthen the Group's business development and corporate social responsibility, we actively listen to the opinions of all stakeholders and continuously obtain an understanding of and respond to the concerns of different stakeholders, so as to build a relationship based on mutual trust and mutual benefit with our stakeholders to promote sustainable development. Below are the principal communication channels we used to communicate with our stakeholders. The communication modes between the Group and stakeholders are as follows:

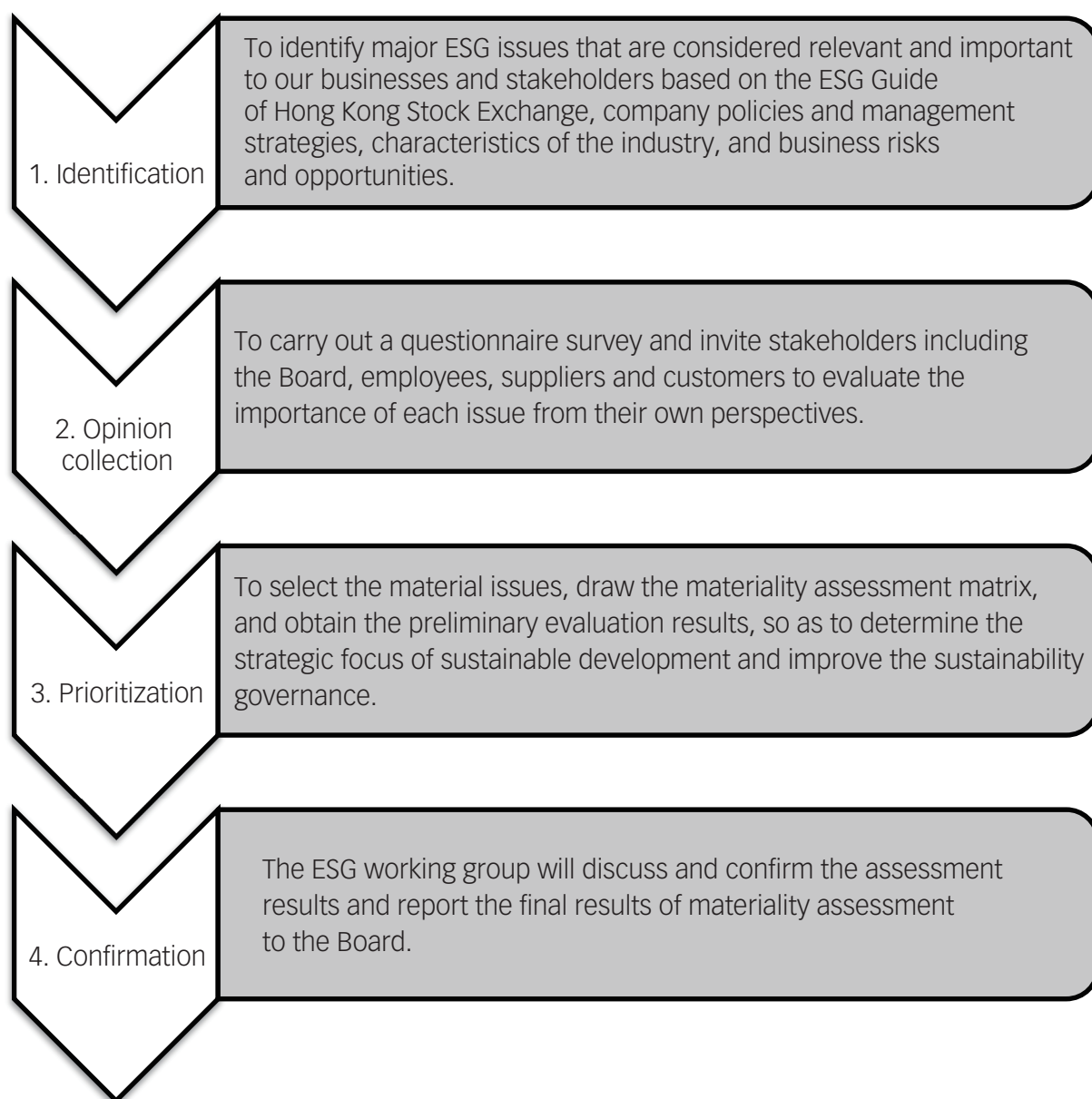
	Stakeholders	Focus areas of ESG	Major communication channels
Internal	Employees	<ul style="list-style-type: none"> • Growth and win-win • Labour standards • Health and safety 	<ul style="list-style-type: none"> • Occupational health and safety training • Regular meetings • Internal publications/bulletin boards • Suggestion box/mailbox/email • Performance appraisal
	Management committee	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Company website • Annual and interim reports • Annual general meeting and other shareholders' meetings • Press releases (if any), announcements, financial and other information about the Company and its business
External	Investors	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Announcements • Annual and interim reports • Corporate website
	Customers	<ul style="list-style-type: none"> • Product responsibility • Supply chain management • Promoting green operations 	<ul style="list-style-type: none"> • Phone/email • Customer quality evaluation form • Customer visits or factory audits • Trade shows
	Suppliers	<ul style="list-style-type: none"> • Supply chain management • Promoting green operations 	<ul style="list-style-type: none"> • Phone/email • Field survey • Annual review of suppliers
	Government	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Government websites • Official documents/meetings • Correspondences/visits • Supervision/inspection
	Environmental organisations	<ul style="list-style-type: none"> • Pollution control • Making good use of resources • Promoting green operations 	<ul style="list-style-type: none"> • Participation in community activities • Donation/sponsorship

Materiality assessment

During the Year, the Group carry out interviews and questionnaires targeted at the management, the Group's internal and external stakeholders respectively to understand their opinions on the sustainability of the Group, and to identify ESG issues that are significant to our operations and stakeholders. Their opinions help the Group to understand and assess our ESG performance and to develop relevant strategies.

In particular, the materiality assessments are carried out according to the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange and the steps below. The Group invites internal and external stakeholders to rate different issues in the aspects of environmental protection, employment and labor practices, operating practices, and community investments through questionnaires, thereby understanding the extent of stakeholders' concern on each issue.

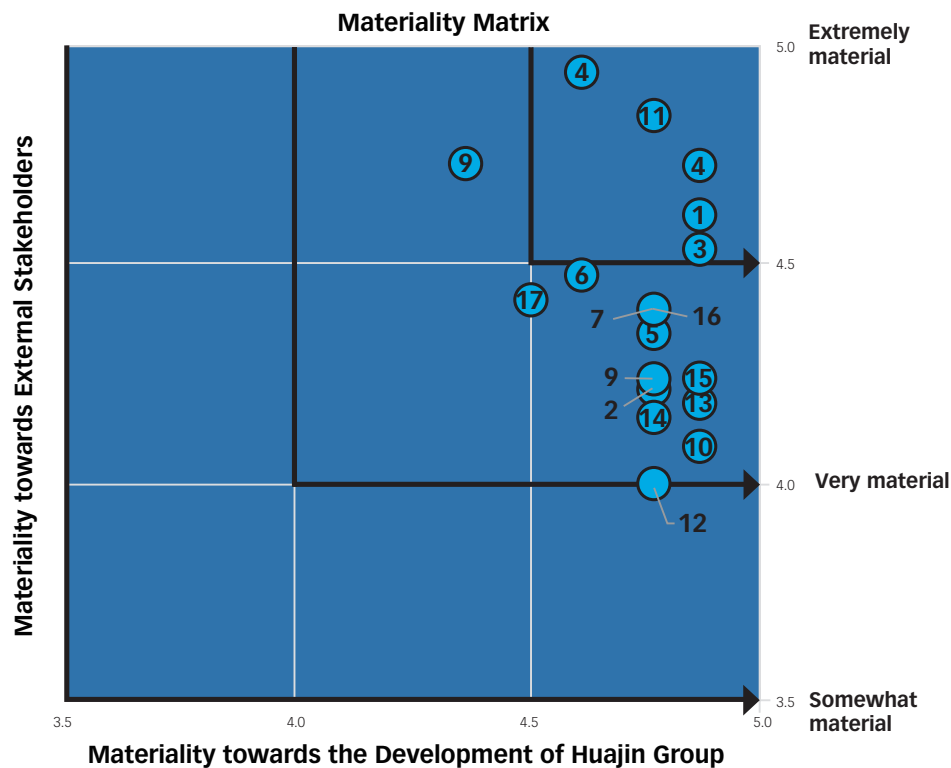
Materiality assessment procedure



The Group carried out an online stakeholder engagement survey from November to December 2024. Stakeholders, including directors, investors, senior management personnel, middle management staff and supervisors, ordinary employees, customers, and suppliers/contractors, were invited to participate in the survey. They rated the reporting issues specified in the ESG Guidelines based on their perception of the importance of these issues to the Group or the stakeholder groups they represented.

Then, the materiality of each reporting issue was determined by aggregating the levels of materiality given by all participants. The importance level of each stakeholder category was the average value of all the respondents within that stakeholder category. The overall materiality level across multiple stakeholder categories was the average value of the importance levels of each category.

To clearly illustrate the results, an materiality matrix will be presented below. It will include the materiality levels assigned to each issue by the Group (comprising directors, investors, and senior management personnel) and other stakeholders (including middle management staff and supervisors, ordinary employees, customers, and suppliers/contractors).



Note: Since all the results of the survey are above 3.5 points, in order to more clearly present the relative distribution of each issue, the blank part below 3.5 points is not shown in the above chart.

Indicate:

Environmental		Social		Governance	
1	Air pollutant management	10	Employment system	14	Supply chain management
2	Greenhouse gas management	11	Health and safety	15	Quality management
3	Waste management	12	Staff training	16	Anti-corruption
4	Wastewater management	13	Labor standards		
5	Energy management	17	Community engagement		
6	Water resource management				
7	Packaging material management				
8	Environmentally friendly production				
9	Climate change				

Wastewater management, health and safety, and environmentally friendly production were simultaneously identified as the most material issues in the stakeholder engagement and materiality assessment, while air pollutant management and waste management were considered the least material. However, all issues are above the critical line of materiality (that is, the materiality to both the Group and stakeholders is above 3.5 points). Therefore, they must be disclosed in the upcoming ESG report.

A. GREEN PRODUCTION



Climate Action



**Responsible
Consumption and
Production**

The Group is committed to achieving the sustainable development of its business operations through systematic environmental management measures. We have adopted a number of policies and measures in environmental protection, covering the management of emissions, the use of resources, the protection of the environment and natural resources, and the response to climate change, so as to reduce the negative impact on the environment and create long-term value for stakeholders. The following is the specific performance and progress of the Group in environmental management in 2024.

1. EMISSIONS MANAGEMENT

The Group believes that environmental protection is of utmost importance to the sustainable development of our business. Therefore, in the process of operational decision-making, from planning and procurement to production, we incorporate the inputs of various departments, entities, and business partners. We adopt a series of measures to reduce the environmental impact, control the emissions of waste gas and greenhouse gases, the pollution of water and land, and reduce the generation of both hazardous and non-hazardous waste, so as to fulfill our continuous commitment to environmental protection.

The Group strictly complies with the Law of the “People’s Republic of China on Promoting Clean Production” (《中華人民共和國清潔生產促進法》), the “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), the “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國大氣污染防治法》) and other relevant laws and regulations in the places where we operate our business.

Air pollutant management

The Group has formulated the “Waste Gas Management Policy” (《廢氣管理政策》) with the aim of controlling waste gas emissions and reducing the impact on the environment and surrounding communities. The specific measures taken in 2024 include:

- Maintaining Compliant Emissions:** The Group strictly implements the “Emission Standard of Air Pollutants for Boilers” (《鍋爐大氣污染物排放標準》) (DB 44/765-2019) and the secondary standard of the second time period in the “Emission Limits of Air Pollutants” (《大氣污染物排放限值》) (DB 44/27-2001) to ensure that the waste gas emissions meet the requirements of relevant laws and regulations.
- Using Clean Energy:** In order to better reduce emissions, the Group has stopped using biomass pellets and fully adopted natural gas as the combustion material to minimize the impact on the neighboring areas. Currently, natural gas is the only source of thermal energy for the Group, and there is no need for exhaust gas end-treatment devices.
- Installing Emission Reduction Equipment:** The Group has installed equipment to reduce waste gas emissions on appropriate machinery and machines. For example, a new wastewater treatment project has been added at the wharf, and the rain shelter and ground anti-corrosion projects in the loading area have been completed. These measures are taken to reduce the possible pipeline damage and environmental pollution accidents caused by factors such as high temperature and excessive pressure.
- Regular Evaluation of Effectiveness:** The Group regularly evaluates the effectiveness of waste gas reduction and carries out regular waste gas inspections every year. In this year, the Group faced certain challenges in pollutant emission control. Specifically, the significant increase in pollutant emissions was mainly affected by the increase in the use of vehicles. In 2024, the Group added new wharf facilities, which led to an increase in the number of vehicles, and in turn, pushed up the emissions of waste gas pollutants related to vehicle kilometers traveled, including sulfur oxides (SO_x) and particulate matter (PM). However, it is worth noting that the Group has actively promoted the transformation to clean energy and added electric vehicles this year to replace fuel-powered vehicles. This measure effectively alleviated the upward pressure on sulfur oxide emissions related to fuel consumption, resulting in a relatively moderate increase in SO_x emissions. The vehicle waste gas emission data of the Group are as follows:

		2023	2024
Pollutant	Unit	Emission of air pollutants	
Nitrogen oxides (NO _x)	Kg	317.01	1891.48
Sulphur oxides (SO _x)	Kg	3.58	4.57
Particulate matters (PM)	Kg	24.77	179.84
Note: The calculation is based on the Reporting Guidance on Environmental KPIs published by the Stock Exchange			

Greenhouse gas management

The Group actively responds to the national policy of promoting a low-carbon economy, and has formulated the “Carbon Emission Management Policy” (《碳排放管理政策》). Through the identification of carbon emission sources, the calculation of emissions, the establishment of emission reduction targets and the regular evaluation of effectiveness, the Group systematically manages greenhouse gas emissions. In the process of quantification, the Group refers to the international standards of greenhouse gas accounting systems such as ISO 14064-1:2018 and ISO 14064-3:2018 to ensure the accuracy and reliability of the data. The Group also manages and reduces greenhouse gas emissions through different channels, and has implemented a number of policies and measures. The specific measures taken in 2024 include:

- **Identification of Carbon Emission Sources:** The Group has conducted data statistics and analysis on the main carbon emission sources, including electricity and natural gas, to facilitate monitoring and review.
- **Adopting Clean Energy:**
 - **Use of Natural Gas:** To better minimise emissions, the Group has ceased the use of biological particles, and fully adopted natural gas as combustion material to reduce greenhouse gas emissions.
 - **Construction of Solar Energy System:** The Group has built a solar energy system within the factory area. The solar electricity generation is connected to the main electricity grid and is mainly used for Electricity Room No. 4, workshop lighting vehicles, office dormitories, and slitting and flattening machine units. In 2024, the total photovoltaic electricity generation increased by 35% compared with the previous year. That is, it increased by 3,023,600 kilowatt-hours, reaching 11,621,800 kilowatt-hours. New projects are still ongoing, and the electricity generation is expected to be further enhanced.
- **Promoting the Use of Electric Vehicles:** In 2024, the Group added 25 more electric vehicles, bringing the total number of electric vehicles in our possession to 52. On average, each electric vehicle is used for 6 hours a day. Calculated at a speed of 30 kilometers per hour, each vehicle travels approximately 180 kilometers per day, which is equivalent to saving about 12 liters of diesel. Throughout the year, the 52 electric vehicles together saved a total of 227,760 liters of diesel.

- Regular Evaluation and Disclosure:** During the Reporting Period, the total greenhouse gas (GHGs) emissions of the Group reached 163,440.56 tCO_{2e}, representing a decrease of 19.66% compared with 203,423.51 tCO_{2e} in the previous year (2023). This decrease was mainly influenced by the change in production volume. The production volume in 2024 was 1,495.46 thousand tons, representing a decrease of 20.6% compared with 1,883.03 thousand tons in the previous year. In addition, 23.89% of the emissions came from direct greenhouse gas emissions (Scope 1). The proportion of direct emissions decreased compared to the previous year, mainly because some production facilities adopted more efficient but higher-emission clean energy sources (such as natural gas) to gradually replace traditional high-carbon fuels; in addition, the Group has also introduced a large number of new energy vehicles as its main means of transport. This transformation strategy is conducive to long-term emission reduction, but it may lead to a decrease in direct emissions in the short term. Despite the significant decrease in production volume, the total greenhouse gas emission intensity of the Group was 109.29 tCO_{2e} per thousand tons of production volume, representing only a slight increase of 1.17% compared with 108.03 tCO_{2e} per thousand tons of production volume in the previous year.

Despite the increase in emission intensity, compared with the baseline year (2021), which was 120.44 tCO_{2e} per thousand tons of production volume, this year's emission intensity has decreased by 9.26%, indicating that the Group's efforts in energy conservation and emission reduction measures have achieved certain results. The Group will conduct in-depth evaluations and research to set effective and feasible goals and management plans. The management objectives and emission data of the Group's greenhouse gases are as follows:

GHG management target

	Unit	5-Year target*	Progress in 2024
GHG emissions density	tCO _{2e} /kilotonne of production volume	Reduced by 5%	Reduced by 9.26%
Note: * Baseline Year (2021): 120.44 tCO _{2e} /kilotonne of production volume			

The GHG emission data of the Group

		2023	2024
Emissions category of greenhouse gases	Unit	Emissions of greenhouse gases	
Total emissions of greenhouse gases	tCO _{2e}	203,423.51	163,440.56
Total GHG emissions density*	tCO _{2e} /kilotonne of production volume	108.03	109.29
Direct emissions (Scope 1)	tCO _{2e}	59,884.43	39,055.62
Direct emissions density*	tCO _{2e} /kilotonne of production volume	31.80	26.12
Energy indirect emissions (Scope 2)	tCO _{2e}	143,539.08	124,384.93
Total GHG emissions density*	tCO _{2e} /kilotonne of production volume	76.23	83.18
<p>Notes:</p> <p>The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Fifth Assessment Report, Guidelines for Reporting Carbon Dioxide Emissions Information of Enterprises (Entities) in Guangdong Province (revised in 2021), the latest China grid emission factor released by the Ministry of Ecology and Environment of the People's Republic of China (Ministry of Ecology and Environment, PRC).</p> <p>* Density is calculated per kilotonne of production volume</p> <p>Scope 1 includes emissions from fixed combustion of natural gas, acetylene emissions from diesel and gasoline combustion of vehicles, and fugitive emissions from carbon dioxide fire extinguishers;</p> <p>Scope 2 includes emissions of electricity consumed.</p>			

Waste management

The Group has formulated the "Waste Management Policy" (《廢棄物管理政策》) to achieve the effective management of waste through classified management, reduction of waste generation, and compliant disposal. The specific measures taken and the target achievement in 2024 are as follows:

Hazardous waste management:

- Classification and Identification:** The Group refers to "National Catalogue of Hazardous Wastes (2017 edition)" (《國家危險廢物名錄2017版》) to identify hazardous waste. In accordance with regulations such as the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" (《中華人民共和國固體廢棄物環境污染防治法》) and the "Administrative Measures for Hazardous Waste Transfer Manifests" (《危險廢物轉移聯單管理辦法》), the Group seeks qualified disposal entities for proper waste disposal.

- **Centralized Collection and Temporary Storage:** The Group requires factories to implement centralized collection and temporary storage management of hazardous waste to ensure compliance with national laws and regulations. For hazardous waste that cannot be immediately disposed of due to local limitations, it will be temporarily stored within the factories.
- **Technological Improvement:** In 2024, the Group completed the reconstruction project for the pretreatment of waste acid, basically achieving the expected goals of the reconstruction. Additionally, the Group carried out comprehensive planning and rectification for the comprehensive recycling and utilization of water used in the production site and wastewater. It will be able to handle approximately 50,000 tons of hazardous waste such as waste acid each year, which will help the Group achieve the full recycling and zero discharge of various types of wastewater.

Non-hazardous waste management:

- **Classified Management and Recycling:** In accordance with regulations such as the “Law on the Prevention and Control of Environmental Pollution by Solid Wastes” (《固體廢棄物污染環境防治法》) and the “Measures for the Management of Domestic Waste in Cities” (《城市生活垃圾管理辦法》), the Group conducts classified management of non-hazardous waste. It also contacts qualified producers for recycling. For example, waste paper is sold, oil drums are retrieved by suppliers, and raw material packaging materials are recycled.
- **Provision of Recycling Facilities:** The Group provides waste sorting and recycling bins in the office to cultivate the habit of waste sorting. In addition, we also reuse the edge materials cut off during the finishing of cold-rolled products to make products such as packaging straps and packaging buckles. In the past year, our Group has recycled approximately 37,600 tons of scrap edge materials, effectively saving production costs.
- **Resource Utilisation of Hazardous Waste:** In response to the national call for the reduction of hazardous waste, the Group has implemented the water purification project and the scrap steel project to convert hazardous waste into usable commodities by self-utilisation, reducing the post-processing costs of hazardous waste and lowering the impact on the environment, thus realising the dual objectives of resource recycling and environmental protection.

Objectives and evaluation

Hazardous waste: The total amount is 30,133.08 metric tons, representing a decrease of 18.0% compared with 36,716.28 metric tons in the previous year. This decline is closely related to the reduction in production volume. However, the density of hazardous waste is 20.15 metric tons per thousand tons of production volume, representing an increase of 3.3% compared with 19.5 metric tons per thousand tons of production volume in the previous year, which was due to the average thickness of the products ordered by customers. There is still a certain gap compared with the target of a 1% reduction (i.e., 19.37 metric tons per thousand tons of production volume).

Non-hazardous waste: The total amount is 466.78 metric tons, representing an increase of 34.5% compared with 347.13 metric tons in the previous year. The density of non-hazardous waste is 0.312 metric tons per thousand tons of production volume, representing an increase of 73.4% compared with 0.18 metric tons per thousand tons of production volume in the previous year. This increase is mainly due to the expansion of the Group's business segments, such as terminals, markets, and scrap steel. In addition, it is affected by the increase in the usage of packaging materials. In particular, the usage of paper and plastic has increased by 36.4% and 17.5% respectively. There is a significant gap compared with the target of a 1% reduction (i.e., 0.255 metric tons per thousand tons of production volume).

The Group has taken a number of waste reduction measures, including optimizing the waste classification and recycling processes, and gradually promoting the use of recyclable packaging materials. However, the increase in waste density during the Reporting Period indicates that the effectiveness of these measures has not been fully demonstrated yet. In the future, the Group will further strengthen the application of the circular economy model to achieve the long-term goal of waste reduction.

The amount of hazardous and non-hazardous waste produced by the Group is as follows:

Waste management target

	Unit	5-Year target*	Progress in 2024
Hazardous waste intensity	tonne/kilotonne of production volume	Reduced by 1%	Increased by 2.96%
Non-hazardous waste intensity	tonne/kilotonne of production volume	Reduced by 1%	Increased by 4.04%
Note: * Baseline year (2021): 19.37 tonnes/kilotonne of production volume (hazardous waste intensity) and 0.255 tonnes/kilotonne of production volume (non-hazardous waste intensity).			

Waste generated

		Waste generated	
Category of waste	Unit	2023	2024
Hazardous waste	Tonnes	36,716.28	30,133.08
Hazardous waste intensity	Tonnes/Kilotonne of production volume	19.50	20.15
Non-hazardous waste	Tonnes	347.13	466.78
Non-hazardous waste intensity	Tonnes/Kilotonne of production volume	0.18	0.31
Note: * Intensity is calculated per kilotonne of production volume			

Wastewater management

The Group has taken a number of measures in the area of wastewater management to ensure compliant discharges and the recycling of resources. Specific measures taken in 2024 include:

- Compliant Discharge:** The Group's production processes generate liquid waste, industrial sewage, and urban sewage. The Group strictly applies for relevant discharge permits in accordance with the requirements of the "Discharge Standard of Water Pollutants for Iron and Steel Industry" (《鋼鐵工業水污染物排放標準》) (GB 13456-2012) to ensure that the wastewater discharge complies with the requirements of laws and regulations.
- Wastewater Treatment and Reuse:** The Group has a production wastewater treatment station within the plant area, which is divided into two systems: the acidic wastewater treatment unit and the alkaline wastewater treatment unit. Part of the treated wastewater enters the advanced treatment facilities for reuse for further treatment. After meeting the standards, it is used for degreasing and cleaning water, achieving the recycling of wastewater.
- Engineering Improvements:** In 2024, the Group added a new wastewater treatment project at the wharf and completed the reconstruction project for the pretreatment of waste acid. It also replanned and rectified the comprehensive recycling and utilization of water used and wastewater generated at the production site, basically achieving zero wastewater discharge.

2. USE OF RESOURCES

The Group has formulated the “Green Office Policy” (《綠色辦公政策》) and the “Packaging Material Control Policy” (《包裝物料控制政策》). Through the conservation of energy and water resources, as well as the optimization of the use of packaging materials, the efficient utilization of resources is achieved. The following are the specific policies and measures of the Group in various aspects of resource use in 2024.

Energy management

The Group reduces energy consumption and improves energy utilization efficiency by adopting clean energy, energy-saving technologies, and equipment upgrades. The Group has formulated the “14th Five-Year Plan for Energy Conservation”, under which a series of energy-saving technological transformation projects will be implemented within the next five years. Relevant implementation plans have also been formulated to effectively reduce energy consumption, improve resource utilization efficiency, and mitigate environmental impacts. Over the years, in order to effectively reduce energy consumption, enhance resource utilization efficiency, and minimize environmental impacts, the Group has carried out numerous technological transformation projects in the past, such as:

- **Technological transformation for the speed increase of the cold rolling production line:** By improving the production line efficiency and energy utilization rate, the energy consumption per unit of output is reduced.
- **Replacement of the annealing furnace liner:** New high-efficiency energy-consuming materials are adopted to reduce energy consumption during the annealing process.
- **Technological transformation of the steam boiler heating system:** Through optimizing the boiler operation mode and combustion control, efficient energy utilization is achieved.
- **Energy-saving transformation for waste heat recovery of the steam boiler:** Utilizing waste heat recovery technology, the heat energy in flue gas is converted into useful energy, reducing energy waste.
- **Technological transformation of the cooling system:** Advanced cooling technologies and equipment are adopted to reduce energy consumption during the cooling process.

The specific measures taken in 2024 and the status of achieving the objectives are as follows:

- **Adoption of Clean Energy:** The Group uses clean energy such as natural gas and solar energy to reduce the generation of waste gas pollutants from the source. The new solar energy project is still in progress, and the power generation capacity is expected to increase further.
- **Application of Energy-Saving Technologies:** The Group is gradually replacing the lighting systems in workshops, offices, and warehouses with light-emitting diodes (LEDs). Also, all machinery and equipment (including lights and exhaust fans in restrooms, etc.) are turned off during non-office hours to reduce energy waste.
- **Equipment and Environment Control:** The Group purchases products with Energy Efficiency Labels (such as refrigerators, motors, water dispensers, etc.), and controls the air-conditioning system to maintain the indoor temperature of the office at 26°C to reduce energy consumption.
- **Terminal Project Transportation Optimisation:** Although the terminal operation of the Huajin Metal Industrial Park project has increased electricity consumption, it has significantly reduced transport costs and reduced carbon dioxide emissions from transport vehicles by using shipping as the main mode of transport. Compared to traditional land transport, shipping effectively reduces the carbon footprint and provides a sustainable solution for low-carbon transport.
- **Objectives and Evaluation:** During this year, the Group's total energy consumption was 366,865.19 MWh, representing a decrease of 12.8% compared with 420,628.52 MWh in the previous year. This decrease was mainly affected by the reduction in production volume. However, the total energy consumption density was 245.32 MWh/kilotonne of production volume, representing an increase of 9.8% compared with 223.38 MWh/kilotonne of production volume in the previous year which was due to the average thickness of the products ordered by customers. Nevertheless, compared with the base year (2021) of 256.2 MWh/kilotonne of production volume, the energy consumption density in this year decreased by 4.25%, successfully achieving the target of a 1% reduction (i.e., 253.64 MWh/kilotonne of production volume).

In terms of the energy structure, the proportion of direct energy consumption (Scope 1) increased. The natural gas consumption density increased from 102.7 MWh/kilotonne of production volume to 111.04 MWh/kilotonne of production volume, indicating that the Group has made progress in the clean energy transition. Meanwhile, the density of indirect energy consumption (Scope 2) increased from 119.5 MWh/kilotonne of production volume to 132.36 MWh/kilotonne of production volume, which was due to the expansion of the Group's business segments, such as terminals, markets, and scrap steel. The Group will continue to invest in energy-saving technologies and explore the application of renewable energy to further reduce the energy consumption density. The Group's energy management objectives and total energy consumption are as follows:

Energy management target

	Unit	5-Year target*	Progress in 2024
Total energy use density	kWh/Kilotonne of production volume	Reduced by 1%	Reduced by 4.25%
Note: * Baseline year (2021): 253.64 MWh/Kilotonne of production volume.			

Total energy consumption

		2023	2024
Type of energy	Unit	Energy consumption	
Total energy consumption	MWh	420,628.52	366,865.19
Total energy consumption density	MWh/kilotonne of production volume	223.38	245.32
Direct energy consumption	MWh	195,610.36	168,923.31
Direct energy consumption density	MWh/kilotonne of production volume	103.88	112.96
Including:			
Diesel consumption	MWh	849.46	1,027.21
Diesel consumption density	MWh/kilotonne of production volume	0.45	0.69
Gasoline consumption	MWh	1,371.17	1,840.97
Gasoline consumption density	MWh/kilotonne of production volume	0.73	1.23
Natural gas consumption	MWh	193,389.74	166,055.13
Natural gas consumption density	MWh/kilotonne of production volume	102.70	111.04
Indirect energy consumption	MWh	225,018.16	197,941.88

		2023	2024
Type of energy	Unit	Energy consumption	
Indirect energy consumption density	MWh/kilotonne of production volume	119.50	132.36
Including:			
Electricity energy consumption	MWh	225,018.16	197,941.88
Electricity energy consumption density	MWh/kilotonne of production volume	119.50	132.36
<p>Note:</p> <p>The energy data is converted into MWh with reference to the lower calorific value.</p> <p>* Density is calculated per kilotonne of production volume; gas includes natural gas;</p> <p>Fuel consumption includes: fuel consumption of mobile vehicles, diesel consumption of generator sets.</p>			

Water resource management

The Group's water consumption mainly comes from municipal pipelines, and no difficulties in water intake or issues in finding suitable water sources have been identified. The Group is committed to reducing the use of water resources in its business operations. Through water conservation in daily operations, enhancing the recycling of water resources, and reducing water consumption, the Group achieves efficient management of water resources. There was no violation of laws and regulations in relation to using and discharging water during the Reporting Period. The specific measures taken and the target achievements in 2024 are as follows:

- Wastewater Treatment and Reuse:** The Group is dedicated to reducing the use of water resources in its business operations. By practicing water conservation in daily operations, strengthening the recycling of water resources, and reducing water consumption, the Group has established a production wastewater treatment station within the factory area. The treated wastewater is further reused in the production process to meet the requirements of production water, achieving the goals of emission reduction and conservation. The Group plans to invest in reclaimed water reuse equipment, with an expected recovery rate of 70%. The quality of the reclaimed water will meet the standards for production water. Meanwhile, the wastewater treated by the biochemical system will continue to meet the discharge standards stably, enabling efficient management of water resources.
- Green Office Measures:** The Group promotes water conservation measures in the office. For example, environmental protection signs are posted in prominent locations to remind employees to conserve resources.

- **Technological Improvement and Clean Production:** In accordance with the guiding opinions of the “Opinions of Guangdong Province on Comprehensively Promoting Green Clean Production Work” (《廣東省關於全面推進綠色清潔生產工作的意見》), the Group has added new equipment for the low-temperature drying system of surface sludge. This equipment can reduce the volume of surface treatment sludge by approximately 50–75%, effectively improving the management level of clean production and reducing the generation of wastewater.
- **Objectives and Evaluation:** In this year, the Group’s water consumption was 720,563 m³, a 9.5% decrease compared with 795,989 m³ in the previous year, which was mainly affected by the reduction in production volume. However, the water consumption density was 481.83 m³/kiloton of production volume, representing an increase of 14.0% compared with 422.71 m³/kiloton of production volume in the previous year. This was due to the expansion of the Group’s business segments, such as terminals, markets, and scrap steel. Nevertheless, compared with the base year (2021) of 670.17 m³/kiloton of production volume, the water consumption density in this year decreased by 28.1%, far exceeding the target of a 15% reduction (i.e., 569.64 m³/kiloton of production volume).

This achievement is attributed to the Group’s continuous implementation of water conservation measures, including the application of water recycling systems and the optimization of water-using processes. In the future, the Group will continue to explore more efficient water-saving technologies and set more challenging water-reduction targets to further improve water resource utilization efficiency. The Group’s water resource management objectives and total water consumption are as follows:

Water resource management target

	Unit	5-Year target*	Progress in 2024
Water consumption density	m ³ /kilotonne of production volume	Reduced by 15%	Reduced by 28.1%
Note: * Baseline year (2021): 569.64 m ³ /kilotonne of production volume			

Total water consumption

		2023	2024
	Unit	Water Consumption	
Water consumption	m ³	795,989.00	720,563.00
Water consumption density*	m ³ /kiloton of production volume	422.71	481.83
Note: * Density is calculated per kiloton of production volume			

Packaging material management

The Group attaches great importance to the comprehensive optimization of resource use. Besides focusing on electricity and water resources, it particularly emphasizes the streamlined management of packaging materials in the production process. Under the premise of meeting the quality requirements of brand customers, we actively explore ways to reduce resource consumption and are committed to minimizing the environmental impact of packaging materials. The Group accurately monitors the use of packaging materials through digital means and continuously improves the design with potential environmental burdens to enhance ecological benefits. In addition, based on the geographical differences of customers, flexible packaging strategies are adopted, such as using only single-layer film packaging, to achieve the dual goals of cost savings and environmental protection. The specific measures taken in 2024 include:

- **Identification of Key Packaging Materials:** The Group uses a computer system to count the use of packaging materials for different products and improves the packaging design of products that are more harmful, which helps further improve the environment.
- **Product Design Improvement:** The Group promotes the design of reducing packaging volume to decrease the total amount of waste packaging generated. For example, the use of cardboard, iron sheet, or plastic outer packaging is reduced, and the more harmful packaging designs are optimized.
- **Use of Environment-Friendly Packaging Materials:** The Group strives to recycle packaging materials as much as possible. For example, for wooden frames, relevant quantities are registered to facilitate the implementation of recycling work and achieve repeated use.

- Consumption of Packaging Materials:** In this year, the total amount of packaging materials used by the Group was 732.55 tonnes, representing an increase of 14.2% compared with 641.49 tonnes in the previous year. The packaging material density was 0.49 tonnes/kiloton of production volume, representing an increase of approximately 43.8% compared with 0.34 tonnes/kiloton of production volume in the previous year. This increase was mainly due to the rising demand for exquisite packaging and further processing, which led to an increase in the usage of paper materials (an increase of 36.4%) and plastics (an increase of 17.5%). The Group has noted the impact of packaging materials on the increase in non-hazardous waste and plans to further promote recyclable and sustainable packaging materials in the future to reduce the environmental burden.

Materials	Unit	2023	2024
Paper	tonne	193.31	263.71
Plastic	tonne	138.58	162.81
Metal	tonne	80.73	80.27
Timber	tonne	228.87	225.76
Total packaging materials	tonne	641.49	732.55
Packaging material density	tonne/kilotonne of production volume	0.34	0.49

3. ENVIRONMENT AND NATURAL RESOURCES

The Group has formulated the “Environmental Management System Policy” (《環境管理體系政策》) and the “Environmental Protection Education Policy” (《環保教育政策》). Through systematic environmental management and employee education, it aims to protect the environment and natural resources and reduce the impact of its business operations on the ecological environment. The following are the specific policies and measures of the Group in environmental and natural resource protection in 2024.

- **Environmental Management Committee:** The Group has established an Environmental Management Committee, which is responsible for monitoring and managing the environmental protection measures in the factory and office to reduce safety risks and improve environmental performance.
- **Environmental Management System Certification:** The Group has obtained the ISO 14001 Environmental Management System Certification Certificate. By implementing energy-saving technologies and management strategies, it has significantly reduced energy consumption and greenhouse gas emissions.
- **Digital Transformation in Support of Environmental Management:**
 - **Application of Enterprise Resource Planning (ERP) System:** The Group has fully implemented the ERP system, enabling end-to-end online operations across the entire chain, from raw material procurement, sales, production, inventory management to logistics. Through data integration and intelligent analysis, this system improves resource utilization efficiency. For example, at the production end, the production planning module integrates data on sales orders, raw material inventory and equipment capacity to scientifically guide production scheduling and reduce resource waste. At the inventory management end, it achieves real-time updates and accurate analysis, effectively reducing inventory costs and minimizing resource idleness caused by excessive inventory. In addition, the Group widely uses electronic communication methods such as telephone conferences and video conferences, breaking geographical limitations, reducing the carbon footprint from employee business trips, and enhancing work efficiency.
 - **Electronic Systems and Digital Certification:** The Group’s two major factory areas have established a complete electronic production management system, achieving digital management of the entire process from raw material procurement to logistics. This promotes the refinement of production plans, intelligent scheduling, and the integration of management systems, enhancing resource allocation efficiency and reducing energy consumption. The Group has become the first enterprise in the industry to obtain digital certification issued by TÜV NORD. By enabling data interaction among enterprises, workshops, systems, and equipment, it realizes the rational allocation of production resources, the automatic flow and intelligent analysis of product lifecycle data, and provides scientific guidance for equipment maintenance and fault early-warning, reducing downtime and resource waste. In addition, through the precipitation of knowledge base content, it provides digital support for employees’ technical learning and experience accumulation, promoting talent cultivation and sustainable development.

- **Environmental Protection Education and Awareness Enhancement:** The Group provides safety production and environmental protection knowledge training for newly-recruited and in-service employees. Meanwhile, the Group encourages employees to actively participate in the design of various energy-saving and consumption-reducing programs to enhance their environmental awareness.
- **Internal and External Assessments:** The Group regularly conducts internal environmental protection assessments to review and adjust the effectiveness of existing measures. In addition, the Group commissions environmental protection experts to conduct energy audits on some factories to seek more energy-saving opportunities. During the Reporting Period of this annual report, the Group participated in several environmental-related meetings and trainings, such as the training on power consumption and energy use budget management.
- **Greening and Ecological Protection:**
 - **Greening Measures:** The Group plants a large number of trees around the factory buildings and potted plants in the offices to green the environment and enhance the corporate image.
 - **Ecological Protection:** The Group regularly inspects the impact of pollutants emitted by the factory on the surrounding flora and fauna and conducts environmental impact assessments. It reduces emissions or installs emission-reduction equipment to avoid significant impacts on the ecological environment.
 - **Biodiversity Protection:** The Group supports biodiversity protection, reduces its ecological footprint, and raises employees' awareness of climate change. Since its establishment, the Group has adhered to the commitment of "Saying No to Shark Fin" and provides free lunches for employees, advocating a vegetarian diet and the consumption of sustainable seafood.
- **Collaboration with Stakeholders:** The Group actively participates in environmental protection meetings arranged by the government and invites government officials to provide guidance for internal training. In addition, the Group jointly organizes environmental protection activities with government organizations from time to time to publicize environmental protection messages to the public.

4. CLIMATE CHANGE

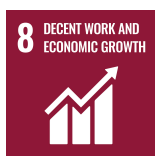
The Group realizes that the impacts related to climate change may bring different risks to the Group's operations. Therefore, we regularly assess and review climate change risks, plan for future financial risks that may arise and make arrangements accordingly. During the Reporting Period, we have considered various risks related to climate change and identified the following risks and countermeasures.

Type of risk	Description of the risk	Risk response measures
Immediate risks (extreme weather events)	Both Jiangmen Huajin and Jiangmen Huamu are located in Jiangmen City, Guangdong Province, China. This region is relatively vulnerable to typhoons. Super typhoons may lead to damage to factory facilities, disruption of production, and pose risks to the safety of employees. At the same time, they may also affect the supply chain and logistics transportation.	Release weather-related information in advance and update the status in a timely manner. Corresponding mitigation measures have been formulated for climate events such as super typhoons, floods, and heatwaves.
Long-term risks (gradual changes in the natural environment)	The gradual transformation of the natural environment caused by climate change may make viruses increasingly powerful, triggering pandemics and affecting the health of employees. In addition, the frequency of typhoons in the Jiangmen area may increase, posing a challenge to the long-term stability of operations.	An emergency response plan for extreme and severe weather conditions has been formulated. This includes strengthening care for personnel during special weather situations and guiding employees to enhance their safety awareness. Regular maintenance of equipment is also carried out to ensure that it can cope with such special weather conditions.
Technological risks	Technologically, it is necessary to keep up with the changes in the economic structure brought about by the trend of climate change. For example, adjustments to a digital business model, responses to the energy transition, and the development of low-carbon and low-pollution production models will all bring additional costs to the Group.	The implementation of clean production has reduced the production costs of the enterprise. In addition, during the Reporting Period, the Group has carried out a digital transformation and established a systematic procurement and production management system.
Policy and regulatory risks	With the increasingly stringent climate-change-related policies, such as the updated ESG disclosure requirements of the Hong Kong Stock Exchange in 2025, the Group needs to invest more time and resources to meet the compliance requirements, which may increase the compliance costs.	Closely monitor the changes in policies and regulations, and prepare response plans in advance. For example, participate in discussions organized by industry associations, hire professional consultants to ensure compliance, and gradually optimize the internal ESG management system to mitigate the impact of compliance costs.

B. EMPLOYEE CARE



Gender Equality



**Decent Work and
Economic Growth**



Reduced Inequality



**Good Health and
Well-being**

Our employees are the most valuable assets of the Company. We are committed to providing a fair, safe, diverse, and supportive working environment, and continuously enhancing the well-being and development opportunities of our employees. This chapter provides an overview of the Company's policies, measures, and performance in areas such as employment, health and safety, development and training, as well as labor standards, fully demonstrating our commitment to caring for our employees.

1. EMPLOYMENT SYSTEM

Human capital is the driving force for the development of an enterprise. The Group adheres to fair, transparent, and competitive employment policies and complies with the "Employment Ordinance of Hong Kong" (香港《僱傭條例》) and other relevant laws and regulations. We are committed to offering attractive compensation and benefits, fair recruitment and promotion opportunities, reasonable working hours and vacation arrangements. Moreover, we actively promote a culture of equal opportunities, diversity, and anti-discrimination. The Group strictly complies with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and welfare, such as the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》) and "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》). The Group has not identified or received any material violations or complaints about discrimination or recruitment during the Reporting Period.

Compensation and Benefits: The Group carries out regular annual salary reviews to ensure that employees' salaries remain competitive in comparison with the market levels, and provides performance bonuses based on employees' performance. Meanwhile, we have expanded the coverage of medical insurance, including mental health support services, to enhance employees' well-being.

Dismissal Policy: The Company strictly complies with the labor laws and regulations of Hong Kong and China to ensure that the dismissal procedures are fair and transparent. It also provides reasonable compensation and support to employees who leave the Company, including career transition counseling.

Recruitment and Promotion: We adopt a structured recruitment process to ensure that all job applications are evaluated based on capabilities. In terms of promotion, we have implemented a transparent internal promotion evaluation mechanism to ensure that employees have fair opportunities for career development.

Working Hours and Leave: The Group pays all statutory social insurance premiums for all its current employees. Employees are entitled to paid leave, sick leave, work-related injury leave, maternity leave, etc. in accordance with the law. The Group specifies the employment terms regarding compensation, dismissal, recruitment, promotion, working hours, leave, etc. in the “Employee Handbook” (《僱員手冊》), enabling employees to have a full understanding of their rights and benefits.

Equal Opportunity, Diversity, and Anti-Discrimination: We are committed to eliminating discrimination in both practice and policy, and promoting multiculturalism in the workplace. We will not tolerate any form of discrimination. The Group undertakes to ensure that all employees will not be harassed, discriminated against, or harmed during their employment due to their gender, pregnancy status, family responsibilities, race, or disability. In addition, employees can anonymously report any discriminatory behavior, which will be independently investigated and followed up on. No relevant complaints were recorded in 2024.

As of the end of 2024, in total, there were 1,492 employees at the Group's operating locations covered in this Report. The gender ratio of the Company's employees was 79.56% male to 20.44% female, and all employees were employed on a full-time basis. The average monthly staff turnover rate for this year was 2.61%. The following chart shows an overview of the Group's employee distribution:

Category	Total number of employees (person)	
	2023	2024
By gender		
Male	932	1,176
Female	251	316
By employment type		
Full-time	1,183	1,492
Part-time	–	–
By age group		
Under 25	127	162
25 to 34	422	503
35 to 44	384	517
45 to 54	190	226
55 to 64	54	78
65 or above	6	6
By region		
Mainland China	1,172	1,485
Hong Kong	8	4
Others	3	3
<i>Note:</i> The above human resources data includes the number of employees of the Group's company in Singapore.		

The employee turnover rate of the Group by category (monthly average) is as follows:

Category	Employee turnover rate (%)	
	2023	2024
By gender		
Male	2.58	2.71
Female	1.65	2.24
By age group		
Under 25	4.02	5.14
25 to 34	2.93	2.77
35 to 44	1.68	2.14
45 to 54	1.66	1.70
55 to 64	2.52	1.92
65 or above	0.00	5.56
By region		
Mainland China	2.39	2.61
Hong Kong	—	—
Others	—	—
<p><i>Note:</i> The calculation was based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange. The calculation method is used as follows: Annual employee turnover/12 months/employee in this category x 100%.</p>		

2. HEALTH AND SAFETY

The Group is committed to providing a safe working environment. The policies on occupational health and safety are clearly stated in the “Employee Handbook” (《僱員手冊》) and the “Health and Safety Management Procedures” (《健康安全管理程序》) to protect employees from occupational hazards. We comply with the “Occupational Safety and Health Ordinance of Hong Kong” (《職業安全及健康條例》), the “Work Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》), the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》), the “Fire Control Law of the People’s Republic of China” (《中華人民共和國消防法》), etc., and adopt comprehensive health and safety management measures to ensure the physical and mental health of employees.

- **Dedicated Safety Management Entity:** The Group has established a safety office for planning the occupational health and safety assessment for each project before execution, conducting daily inspections and recording the implementation of safety measures. It has formulated and updated policies and procedures related to occupational safety and health, including the “Occupational Disease Prevention Archives and Related Emergency Management Mechanism”, the “Measures for the Management of Safety Production Accountability” and the “Measures for the Management of Labor Protection Articles”.
- **Safe Working Environment:** In 2024, the Group carried out a comprehensive safety risk assessment of all office premises and upgraded the fire-fighting equipment and emergency evacuation facilities. We also introduced a smart monitoring system to carry out real-time monitoring of the safety conditions of the office environment.
- **Occupational Health and Safety Measures:** We have partnered with external medical institutions to provide employees with health check-ups and mental health counseling services. The Group will improve the production equipment throughout the factory in accordance with the relevant recommendations from third-party occupational health institutions in their safety evaluations and current situation assessments. We also provide employees with relevant personal protective equipment and gear, and supply corresponding labor protection items in accordance with relevant national policies.
- **Implementation and Monitoring:** The Group has established a Health and Safety Committee, which is responsible for regularly reviewing the effectiveness of safety policies and measures. In 2024, we carried out quarterly safety drills and required all newly hired employees to complete mandatory safety training. Meanwhile, we also utilize internal audits and employee opinion surveys to monitor the implementation of health and safety measures.

During the Reporting Period, there was one work-related death incident recorded in this year. This incident prompted the Group to further review its safety management measures and strengthen relevant risk prevention and control. The number of work injury loss workdays in this year was 2,847.67 days, representing a 38.6% increase compared with 2,055.1 days in the previous year. The increase in the number of work injury loss workdays was mainly affected by the relatively long safety adaptation period during the initial operation of the newly established wharf facilities, as well as the increased exposure to risks due to the growth in the total number of employees. The Group has taken a number of measures to address the above challenges, including enhancing safety training, upgrading equipment maintenance standards, and introducing stricter safety inspection procedures. In the future, the Group will further improve its occupational safety management system, with the goal of achieving zero work-related death incidents and significantly reducing the number of work injury loss workdays.

The Group's work-related injury statistics for the last three years are as follows and there were no work-related fatalities in the past three years including the Reporting Period.

	2022	2023	2024
Work-related fatality	0	0	1
Percentage (%)	0	0	<0.1%
Lost days due to work-related injury	1,602.1	2,055.1	2,847.7

3. STAFF TRAINING

We attach great importance to the professional development of our employees and are committed to enhancing the knowledge and skills they need to perform their duties. We have formulated a comprehensive training and development policy to ensure that employees have ample learning opportunities and to support their long-term career development.

The Human Resources Department or the department which the employee belongs to organizes on-the-job training based on the needs of the job duties. Our training includes induction training, job skills training and so on, which will strengthen the knowledge, skills and management experience of employees and improve their comprehensive quality. The Group offers a clear career progression path to cater the career development goals, interests and strengths of employees. Employees can grow together with the Group to achieve their life values and ideals through knowledge accumulation and skills improvement.

- **Training Activities:** In 2024, the Company launched the “Skill Enhancement Program”, which covers courses in various fields such as technology, management, and leadership. We introduced the “Mentorship Program (導師計劃)”, pairing newly hired employees with experienced employees to provide one-on-one guidance, enabling them to adapt to the workplace more quickly.
- **Personal Development Support:** We provide employees with a training allowance that can be fully reimbursed at a maximum amount each year to encourage them to participate in external certification courses or industry conferences. During the Reporting Period, several trainings were also arranged, such as the training session for publicizing and implementing the work of gradient cultivation of standard innovative enterprises.

The proportion of male employees among the trained employees increased slightly from 79.03% in 2023 to 79.66% in 2024, while the proportion of female employees decreased from 20.97% to 20.34%. This change is consistent with the change in the gender structure of employees. The proportion of general employees receiving training remains consistently high, indicating that the Group has made relatively large investments in improving the skills of grassroots employees. The Group will continue to optimize its training programs, especially in terms of training investments for female employees and senior management, to ensure that employees maintain their competitiveness in the rapidly changing business environment.

The percentage of trained employees and average training hours completed per employee of the Group by category during the Year are as follows:

Category	Percentage of trained employees (%) ¹		Average training hours completed per employee (hour) ²	
	2023	2024	2023	2024
By gender				
Male	79.03%	79.66%	23.00	24.33
Female	20.97%	20.34%	23.00	23.27
By employee category				
Senior management	1.15%	1.17%	23.00	9.23
Middle management	3.98%	3.17%	23.00	17.69
Supervisor	4.51%	3.66%	23.00	21.76
General staff	90.35%	92.00%	23.00	24.70
<p>Notes:</p> <p>1: The percentage of the trained employee is calculated based on Reporting Guidance on Social KPIs published by the StockExchange, and is calculated as: number of trainees in that category/total number of trained employees x 100%</p> <p>2: The average training hours completed per employee is calculated as: number of training hours completed in that category/ number of employees in that category</p>				

4. LABOR STANDARDS

The Group strictly complies with the “Labor Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Employment Ordinance” of Hong Kong (香港《僱傭條例》), or the “Employment Act” of Singapore (《新加坡僱傭法》), and firmly opposes any form of child labor or forced labor. We have formulated the “Labor Standards Policy” (《勞工準則政策》), and through regular reviews and monitoring, we ensure that recruitment and labor practices meet the relevant requirements.

- **Policy on Prevention of Child Labor and Forced Labor:** Implement strict identity verification procedures during the recruitment process to ensure that all employees have reached the legal working age. Our labor contracts clearly stipulate the working conditions and ensure that employees participate in labor voluntarily.
- **Review of Recruitment Practices:** In 2024, a comprehensive audit was carried out on all recruitment processes, and the Supplier Code of Conduct was updated, requiring suppliers to also comply with the principles of opposing child labor and forced labor. We also carried out on-site inspections of suppliers to ensure that there are no violations. For details, please refer to the section on “Supply Chain Management”.
- **Handling of Violations:** An internal reporting mechanism has been established, allowing employees and suppliers to anonymously report any potential violations. Once a violation is detected, we will immediately launch an investigation and take corrective measures, including terminating cooperation with the non-compliant suppliers. In 2024, the Company did not find any violations related to child labor or forced labor.

C. RESPONSIBLE OPERATION



**Responsible
Consumption and
Production**



**Peace, Justice and
Strong Institutions**



**Partnerships
for the Goals**



No Poverty

We are committed to upholding the highest standards of responsibility in our operations to ensure that our business activities meet the requirements of environmental, social, and governance (ESG). This chapter provides an overview of the Company's policies, measures, and performance in supply chain management, product responsibility, and anti-corruption, fully demonstrating our commitment to responsible operations.

1. SUPPLY CHAIN MANAGEMENT

We recognize the importance of supply chain management for sustainable development and have formulated the "Supply Chain Management Policy" (《供應鏈管理政策》) with the aim of effectively identifying and managing environmental and social risks in the supply chain. We are committed to collaborating with suppliers who meet environmental and social responsibility standards and actively promoting green procurement.

- **Practice and Monitoring of the Engagement of Suppliers:** We have an effective supplier management system that covers procedures for evaluating, screening and monitoring suppliers, in which, all suppliers and subcontractors will be treated fairly and have equal opportunities. Before the engagement of suppliers, a series of audits would be conducted to assess their quality, environment and safety performance comprehensively, they can be adopted after they are qualified, to ensure environmental and social risks related to the supply chain are minimized.
- **Identify Environmental and Social Risks:** The Group conducts audits and risk ratings for all suppliers every year. Furthermore, the Group performs on-site audits according to the risk assessment of suppliers. If any supplier is in violation of its contractual obligations and operating procedures, the cooperation relationship will be terminated. In the Year, the Company has completed the relevant review of all suppliers in accordance with this policy and the number of suppliers disclosed in the Report has passed the review. The relevant review content includes, but is not limited to, product and service quality, business ethics, environment, labor practices and safety, and other requirements to ensure that the sustainable performance of the supply chain is in line with the Group's policy. The results of the review confirm that all suppliers have implemented the supplier practices specified by the Group.

- **Promoting the Increased Use of Environmentally Friendly Products and Services:** When selecting suppliers, the Company gives priority to local suppliers that offer environmentally friendly products and services, and clearly requires suppliers to comply with standards such as environmental protection, labor rights and interests, and anti-corruption. We have adopted a supplier evaluation system to carry out qualification reviews of all new suppliers, including their environmental management certifications (such as ISO 14001) and labor conditions. Existing suppliers are required to submit self-assessment reports annually and undergo irregular on-site audits by the Group.

In 2024, the Group had 456 suppliers, a 13.3% decrease from 526 in 2023. This decline is mainly due to the integration and optimization of the supply chain. The Group has chosen to cooperate with suppliers that are more sustainable and reliable. Meanwhile, the Group continuously pays attention to the environmental, social, and governance (ESG) performance of its suppliers to ensure that the supply chain meets the standards of sustainable development.

As of 31 December 2024, The number of suppliers of the Group by region is as follows:

Region	Number of suppliers	
	2023	2024
Mainland China	526	456

2. QUALITY MANGEMENT

We are committed to providing products and services that are safe, reliable and in line with ethical standards, and to protecting the rights, interests and privacy of our customers. We have formulated the “Product Liability Policy” (《產品責任政策》), which covers areas such as health and safety, advertising, labeling, privacy protection and intellectual property rights. We also promise to provide customers with effective complaint handling and remedies. The Group strictly complies with relevant laws and regulations, including the “Trade Descriptions Ordinance” (《商品說明條例》) in Hong Kong, the “Personal Data (Privacy) Ordinance” (《個人資料(私隱)條例》) in Hong Kong, the “Product Quality Law of the People’s Republic of China” (《中華人民共和國產品質量法》), and the “Personal Information Protection Law of the People’s Republic of China” (《中華人民共和國個人信息保護法》), etc., to ensure that our products and services meet local and international standards. In 2024, there were no major violations of regulations within the Group.

- **Health and Safety:** All products of the Group have passed strict quality tests to ensure compliance with Hong Kong and international safety standards (such as ISO 9001). To ensure the provision of products and services of the highest standards throughout the operation process, we adopt exclusive systems and procedures and strictly abide by local and national regulations. In terms of supply chain management, we conduct sampling inspections of suppliers’ products to ensure that they meet our production requirements. During the processing, the production department monitors the product manufacturing qualification rate and the achievement rate of the production plan on a monthly basis to ensure stable quality. In addition, the Group hires third-party certification bodies to carry out quality inspections of products and establishes an internal laboratory to evaluate products in accordance with national standards, so as to achieve quality assurance and environmental sustainability.
- **Quality Inspection and Product Recall:** The Group implements a full-process quality inspection procedure, covering from the procurement of raw materials to the delivery of final products, to ensure the stability of product quality. If any problems are found in the products, we will carry out inspections on them, and provide compensation or initiate the recall procedure according to the specific situation. For non-compliant services, we will immediately terminate the relevant services, carry out a thorough investigation into the service process, and formulate relevant guidelines to prevent the recurrence of similar incidents. In 2024, there were no products recalled by the Group due to safety and health reasons.
- **Advertising and Labeling:** All advertisements and product labels of the Group comply with the “Trade Descriptions Ordinance” (《商品說明條例》) in Hong Kong to ensure that the information is true and transparent. All retail advertisements and promotional activities are reviewed and checked to ensure the accuracy of the descriptions, helping customers make informed decisions when making purchases. Product labels are produced in accordance with industry standards, and the labels of exported products are all provided with instructions in both Chinese and English. In addition, we irregularly organize the study, training, and assessment of new laws, regulations, and standards to ensure the effective implementation of relevant regulations within the Group.

- Complaint Handling:** Customer satisfaction has always been the key to the success of our Group. We have set up a customer service hotline and an online complaint platform to ensure that customer complaints are handled in a timely manner. The managers of the business department, quality department, and production department communicate closely. Based on the customers' feedback on product quality issues, they will decide whether to arrange personnel to handle the problems on the customer site. The handling results and the on-site situation at the customer's end will be reported to the General Manager's Office to improve the efficiency of after-sales service and the quality of products. In addition, we have established a systematic management model to track the progress of complaint handling and the implementation effectiveness to ensure that constructive customers' feedback is effectively translated into actionable improvements. In 2024, the Group did not receive any major customer complaints, which demonstrates the continuous stability of the quality of our products and services.
- Intellectual Property Protection:** The Group recognizes that registered trademarks and patents are important intangible assets, which are of great significance to business operations. As of 2024, Jiangmen Huajin and Jiangmen Huamu under the Group have submitted patent applications and registrations to the National Intellectual Property Administration, covering approximately 93 production equipment and technology patents created by employees. We strictly abide by relevant laws and regulations such as patent and trademark laws. Through agreements on research and development concluded with employees, employees are prohibited from using or manufacturing products that involve customers' intellectual property without authorization. During the procurement process, procurement personnel only purchase from reputable suppliers and review whether the purchased products are attached with genuine labels to ensure that the products are genuine. In addition, any third party must sign a "Confidentiality Agreement" (《保密協議書》) when receiving confidential information to maintain the confidentiality of relevant information. In 2024, the Group did not discover any intellectual property infringement incidents.
- Protection of Consumers' Data and Privacy:** The Group complies with relevant laws and regulations such as the "Personal Data (Privacy) Ordinance" (《個人資料(私隱)條例》) in Hong Kong and the "Personal Information Protection Law of the People's Republic of China" (《中華人民共和國個人信息保護法》). It also promises not to use the collected customer data for other purposes without the customers' consent. As the Group gradually digitizes its business processes, we have enhanced the security of the customer data management system. We have adopted a higher level of data encryption technology, and the Information Technology Department is responsible for monitoring the compliance and security of the data processing procedures. In 2024, there were no incidents of customer data leakage.

	Result	
	2023	2024
Percentage of products subject to recalls for safety and health reasons	0	0
Number of complaints about products and services received by the Company	0	0

3. ANTI-CORRUPTION

The Group adopts a zero-tolerance attitude towards any form of corruption (including bribery, extortion, fraud and money laundering). To build a sound corporate atmosphere and maintain normal operation and management order, we are committed to guiding and regulating daily work behavior of our employees. The Group has established various policies and systems, such as the “anti-fraud management system” (《反舞弊管理制度》), “whistle-blowing procedures and channels” (《舉報程序及管道》) and the “conflict of interest policy” (《利益衝突政策》), so as to ensure its business procedures are in compliance with the “Prevention of Bribery Ordinance of Hong Kong” (香港《防止賄賂條例》) and applicable local and international laws on prevention of bribery, extortion, fraud and money laundering.

The Board, as the Group’s top governance authority, oversees the formulation, review, and compliance of corporate governance policies. We strive to uphold the highest level of business ethics and we maintain a zero-tolerance stance toward all forms of corruption, including bribery, extortion, and fraud. The Board also strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates.

- **PREVENTIVE MEASURES:**

- o **Regulatory Anti-corruption System:** The Group effectively conducts integrity construction work, establishes and improves internal audit regulations and internal control systems, and strengthens internal supervision, risk control, and anti-corruption management. In 2024, we further improved the “Anti-bribery Policy” (《防止賄賂政策》), explicitly requiring regular reviews of operational processes and guidelines, and strengthening internal control and compliance reviews.
- o **Corruption Risk Management:** The Group has appointed a Chief Auditor who is fully responsible for internal audit supervision and the construction of the internal control system. We also have an internal audit department, which supervises the Group’s financial revenues and expenditures, financial budgets, financial final accounts, asset quality, operating performance, and other related economic activities, as well as internal investment projects such as infrastructure projects and major technological transformations, so as to reduce operational risks. The internal audit department regularly assesses corruption risks management and formulates long-term improvement measures for each corruption case.
- o **Corporate Governance Supervision:** The Group’s Corporate Governance Committee is composed of three independent non-executive directors, who are responsible for formulating, reviewing, and monitoring corporate governance policies and practices to ensure compliance with laws and regulations.

- o **Employee Code of Conduct:** The Group regulates employees' behaviors through the "Code of Conduct Policy for Business Activities" (《商務活動行為規範政策》). In particular, for employees within the procurement system, acts of corruption and fraud are explicitly prohibited through the "Integrity Statement" (《廉潔聲明書》) and the "Commitment Letter of Integrity and Self-discipline" (《廉潔自律承諾書》). Any employee in the procurement system who engages in disciplinary violations will be punished in accordance with the Group's regulations, depending on the extent of the impact of their actions. If the behavior violates the law, it will be handed over to the judicial authorities for handling in accordance with the law, and no leniency will be shown. In addition, the Group strictly prohibits employees who are involved in business operations and represent the Group's professional image from obtaining personal benefits or advantages by taking advantage of business opportunities. Employees are also reminded from time to time that they should not accept any form of gifts from suppliers.
- o **Supplier Management:** For suppliers collaborating on raw materials, the Group signs the "Supplier Quality Assurance Certificate" (《供應商品質保證書》) and the "Integrity Statement" (《廉潔聲明書》) in accordance with the specified procedures, ensuring that all employees, business partners, and agents are aware of the Group's anti-corruption policies.
- **Reporting Procedures:** The Group has adopted a reporting policy, enabling employees and other stakeholders to report any suspected improper or illegal behaviors within the Group in a confidential manner, ensuring that whistleblowers will not be subject to retaliation or harassment. We have established an independently operated internal audit department and set up an audit mechanism. We also provide public complaint and reporting channels, including a reporting mailbox and a telephone hotline. We actively investigate and handle internal corruption reporting information and firmly resist the occurrence of events such as corruption and fraud. For the investigation results of fraud involving non-senior management personnel, the internal audit department will report to the management. For the investigation results of fraud involving senior management personnel, the internal audit department will report to the board of directors and the audit committee.
- **Anti-corruption Training:** The Group continuously strengthens the construction of a clean and honest work environment, constantly improves the organizational discipline and the awareness of integrity and self-discipline among leading cadres at all levels and employees, and enhances moral cultivation. Everyone is required to always respect themselves, reflect on themselves, alert themselves, and encourage themselves, firmly establishing an ideological and moral defense line against corruption and degeneration. We provide anti-corruption training for directors and employees. For detailed content, please refer to the "Requirements and Usage Guidelines of the Anti-bribery Management System" (《反賄賂管理體系要求及使用指南》).
- **Implementation and Monitoring:** The Group's Audit Committee is responsible for supervising the implementation of the anti-corruption policy. Independent auditors are hired to audit the internal finances to ensure financial transparency and compliance. The internal audit department regularly assesses corruption risks management and puts forward improvement suggestions for the problems discovered.

D. COMMUNITY ENGAGEMENT

1. COMMUNITY ENGAGEMENT

The Group has always been committed to community investment and promoting sustainable development. We have formulated the “Community Group Cooperation Policy” (《社區團體合作政策》), aiming to understand the needs of the communities where our operations are located through community participation and ensure that community interests are fully considered in our business activities. We maintain smooth communication channels with community groups such as the government agencies of Muzhou Town, Xinhui District, Jiangmen City, the Nan’an Village Committee of Muzhou Town, Xinhui District, Jiangmen City, the Party-Mass Service Center of Nan’an Village, Muzhou Town, Xinhui District, Jiangmen City, the Caihong Social Work Comprehensive Service Center (Volunteer Federation) of Xinhui District, Jiangmen City, the Vocational Education Federation of Jiangmen City, and the Education Promotion Association of Gujing Town, Xinhui District, Jiangmen City. During festivals or in case of emergencies, we carry out effective communication and provide appropriate assistance. We believe that through active investment in the community, we can promote the development in the fields of education, health, social welfare, and environmental protection, and jointly create a more prosperous, healthy, and sustainable community.

- **Holding Charity Activities with Community Organizations:** In 2024, the Group actively participated in community charity activities through the Huajin Trade Union and the Huamu Trade Union. The Huajin Trade Union organized a total of 14 activities, including the application for model workers, a tour of the Wuyi countryside, the Spring Festival plant arrangement, a tree-planting activity, a survey of employees in difficulties, the improvement of female employees’ quality, a fun sports meeting, providing cooling supplies in summer, volunteer cleaning, and unpaid blood donation, etc. The Huamu Trade Union organized a total of 18 activities, covering sending warmth during the Spring Festival, tree-planting activities, training for female employees, mental health lectures, rural tours for employees, first aider training, coffee tasting, labor skill competitions, and giving out Spring Festival couplets, etc. These activities aim to enhance employees’ participation, give back to the community at the same time, and promote community unity and development.
- **Holding Charity Activities with Poverty Alleviation Organizations:** In 2024, the Group organized a total of 3 activities to visit poor families. Collaborating with organizations such as communities, towns, trade unions, and Party branches, the Group provided on-site care and support to vulnerable groups, alleviating their living pressures.
- **Holding Charity Activities with Environmental Protection Organizations:** The Group participated in 3 voluntary lecture and education activities organized by environmental protection departments. These activities aimed to interpret and implement national environmental protection policies and enhance the environmental protection awareness of community residents.

- **Holding Fundraising Activities:** On 27 June 2024, the Group participated in the “June 30th” activity in Xinhui District to support rural revitalization. Through fundraising, the Group supported rural development projects.
- **Holding Community Care Activities:** The Group continuously visits poor families and sick employees, and regularly organizes monthly visits to employees who are hospitalized due to work-related injuries, demonstrating care for employees and community residents.
- **Implementing Community Improvement Plans:** The Group participated in the “Rural Tour for Employees” (《職工鄉村遊》) event organized in Xinhui District. Through the form of tourism, it aimed to promote the revitalization of the community and drive economic development.
- **Donation Projects:** During the Reporting Period, the Group donated approximately RMB145,000 to the Charity Association of Xinhui District. The funds were used for community charity activities such as providing care for the elderly, supporting orphans, assisting students in need, relieving the poor, and carrying out disaster relief efforts.
- **Volunteer Services:** During the Reporting Period, the total hours of volunteer services provided by the Group reached 14 hours, which fully demonstrates our sense of social responsibility.

INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE ISSUED BY THE STOCK EXCHANGE

A	Environmental	Chapter
ASPECT A.1	Emissions	A1
KPI A.1.1	The types of emissions and respective emissions data	A1
KPI A.1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1
KPI A.1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1
KPI A.1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1
KPI A.1.5	Description of emissions target(s) set and steps taken to achieve them.	A1
KPI A.1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1
ASPECT A.2	Use of Resources	A2
KPI A.2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2
KPI A.2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2
KPI A.2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2
KPI A.2.4	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.	A2
KPI A.2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2

A	Environmental	Chapter
ASPECT A.3	The Environment and Natural Resources	A3
KPI A.3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	There were no incidents with significant impact on the environment and natural resources during the period
ASPECT A.4	Climate Change	A4
KPI A.4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4
B	Social	Chapter
ASPECT B.1	Employment	B1
KPI B.1.1	Total workforce by gender, employment type for example, full- or part-time, age group and geographical region.	B1
KPI B.1.2	Employee turnover rate by gender, age group and geographical region.	B1
ASPECT B.2	Health and Safety	B2
KPI B.2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2 There were no work-related fatalities in the past three years including the Reporting Period
KPI B.2.2	Lost days due to work injury.	There was a total of 2,847.67 lost working days due to work-related injury during the period
KPI B.2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2

B	Social	Chapter
ASPECT B.3	Development and Training	B3
KPI B.3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3
KPI B.3.2	The average training hours completed per employee by gender and employee category.	B3
ASPECT B.4	Labor Standards	B4
KPI B.4.1	Description of measures to review employment practices to avoid child and forced labor.	B4
KPI B.4.2	Description of steps taken to eliminate such practices when discovered.	There were no violations during the period
ASPECT B.5	Supply Chain Management	C1
KPI B.5.1	Number of suppliers by geographical region.	C1
KPI B.5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	C1
KPI B.5.3	Description of practices relating to environmental and social risks in each supply chain process where the practices are being implemented, how they are implemented and monitored.	C1
KPI B.5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	C1

B	Social	Chapter
ASPECT B.6	Product Responsibility	C2
KPI B.6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no products subject to recalls for safety and health reasons during the period
KPI B.6.2	Number of products and service related complaints received and how they are dealt with.	There were no complaints about quality during the period
KPI B.6.3	Description of practices relating to observing and protecting intellectual property rights.	C2
KPI B.6.4	Description of quality assurance process and recall procedures.	C2
KPI B.6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	C2
ASPECT B.7	Anti-corruption	C3
KPI B.7.1	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.	There were no legal cases regarding corruption during the period
KPI B.7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	C3
KPI B.7.3	Description of anti-corruption training provided to directors and staff.	C3
ASPECT B.8	Community Investment	C4
KPI B.8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	C4
KPI B.8.2	Resources contributed (e.g. money or time) to the focus area.	C4