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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Respecting RESOURCES

Cultivating RESILIENCE

力勁科技集團有限公司
L.K. Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 558)

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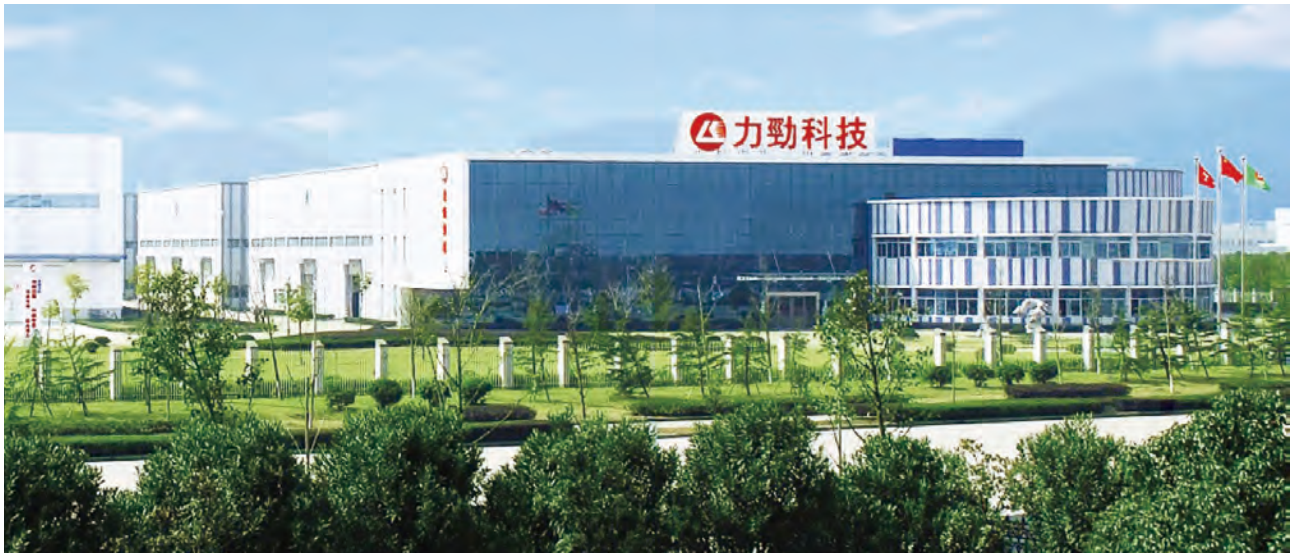
ABOUT THIS REPORT



OVERVIEW

The board of directors (the "Board") of L. K. Technology Holdings Limited (the "Company") is pleased to present the Environmental, Social and Governance ("ESG") Report (the "Report") of the Company and its subsidiaries (collectively as the "Group" or "we") for the year ended 31 March 2025 (the "Reporting Period"). The Report outlines the policies, sustainability strategies, management approach and initiatives implemented by the Group and the performance of the Group in ESG aspects of its business.

REPORTING SCOPE

The Report covers the Group's business in the manufacture and sale of die-casting machine, plastic injection molding machine and computerized numerical controlled ("CNC") machining center and the manufacture of casting in Shenzhen, Shanghai, Chongqing, Fuxin, Ningbo, Zhongshan, Kunshan, Taiwan and Italy, which are the core business and major source of revenue of the Group, covering over 75% of the Group's revenue. Other companies of the Group are not covered in the Report because their impact on the ESG performance is not significant. Tianjin has been excluded from our manufacturing operations during the Reporting Period, and given its insignificant contribution to the Group's revenue, profits, and assets compared to the prior year's reporting scope, this exclusion does not constitute a significant change to the overall reporting scope.

REPORTING BASIS

The Report discloses the required information of the ESG Reporting Code (formerly known as the ESG Reporting Guide) set out in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The relevant provisions and details are set out at the end of the Report.

REPORTING PRINCIPLES

The Group adheres to the following reporting principles as the basis for the preparation of the Report.

Materiality

The threshold at which ESG issues determined by the Board to be sufficiently important to investors and other stakeholders of the Group that they should be reported, details of which are set out in the sections headed "Stakeholders' Engagement" and "Materiality Assessment" below.

Quantification

The quantified environmental and social key performance indicators ("KPIs") are disclosed in the Report to give stakeholders of the Group a comprehensive picture of the Group's ESG performance. The information is accompanied by a narrative, explaining its purposes and impacts.

Balance

Every effort has been made in the Report to reflect the performance of the Group's ESG activities impartially and avoid selection, omission or presentation of information that might inappropriately influence the decision or judgment of the readers of the Report.

Consistency

As far as is reasonably practicable, the Group has used consistent methodologies to allow for meaningful comparisons of ESG data over time.



The Group has used consistent methodologies to allow for meaningful comparisons of ESG data over time

BOARD STATEMENT

Climate change has become a significant concern for countries around the world, with increasingly stringent environmental laws and regulations implemented by various governments. The Group adheres to the requirements of local and international sustainability laws and regulations to ensure our practices are environmentally and socially responsible, and adopts a strategy of green development and clean production. We have established a comprehensive sustainability framework that focuses on environmental protection, resource management, as well as the well-being of our employees and communities. This framework guides our efforts to integrate ESG principles into all business decisions. We integrate environmental management principles into the core of our operating activities and invest in resources to optimize air emissions, wastewater treatment, and solid waste management. Furthermore, the Group is committed to sustainability and collaborates with our employees to foster an environmentally friendly and resource-conscious business. Together, we strive to build a more sustainable future.

The Board assumes overall responsibility for environmental, social, and governance (ESG) matters, including climate-related issues, and integrates these considerations into the Group's management practices and strategic planning. The Board actively monitors ESG matters that are relevant to the Group and regularly reviews progress toward ESG-related goals and targets. For detailed disclosures regarding the Board's oversight of ESG matters, the Group's ESG management policies and strategies, and the Board's review of progress against ESG-related goals and targets, as well as their alignment with the Group's business, please refer to "Governance Structure".

The Group is firmly committed to corporate social responsibility and the balanced integration of environmental, social, and economic benefits. We strive to operate our business sustainably, ensuring that our development aligns with the interests of key stakeholders. During the Reporting Period, we have refined our material topics after careful review and evaluation of previous materiality assessment, and in-depth research on the industry trend regarding the materiality issues. The updated list of material topics informs the Group's future decision-making, and prepares the Group for disclosures in accordance with ESG reporting frameworks. The Group has actively participated in the "ESG Pledge Scheme" organized by The Chinese Manufacturers' Association of Hong Kong in collaboration with the Hong Kong Brand Development Council. By signing the pledge and implementing various action plans, we are dedicated to enhancing our ESG performance and promoting corporate sustainable development. Our goal is to contribute to a more sustainable future for all.

In the face of global climate and economic instability, while hoping that these challenges will pass, the Group remains committed to upholding corporate citizenship. We value the well-being of our employees by providing fair compensation benefits and career development opportunities, and ensuring a safe working environment. We remain steadfast in our goal to continue to actively engage in public welfare activities. We continuously invest resources to optimize facilities for managing various emissions, adjust our product structure to produce more environmentally friendly products, and regularly assess climate risks, which enables us to face challenges head-on and seize opportunities.



To achieve the Group's sustainability vision, the Board has established a series of environmental targets and has adopted a top-down approach to integrate these targets into operation management of functional departments. The management team and all employees actively support the Group's sustainable development strategies and objectives and continuously monitor the progress and periodically review our targets, in pursuit of promoting behavioral changes for reducing greenhouse gas emissions and optimizing resource use.

Through our unwavering commitment to environmental stewardship, social responsibility, and economic sustainability, the Group remains dedicated to navigating the challenges of global climate change and economic instability. By prioritizing the well-being of our employees, optimizing our environmental practices, and actively engaging with stakeholders, we are poised to achieve our sustainability goals and create a resilient and prosperous future.

GOVERNANCE STRUCTURE

The Board believes that sound ESG strategies can create investment value for the Group and deliver long-term returns to its stakeholders. The establishment of an appropriate governance framework is critical to successful implementation of the ESG strategies of the Group. Therefore, the Group sets up the ESG governance structure with clear duties and responsibilities. The Board sets long-term policies and strategies for all sustainability matters, reviews the implementation status and progress of ESG work annually and reports on its performance. The Board also identifies, reviews and evaluates the corporate responsibility, sustainability and climate change response of the Group through internal meetings. The management team reports to the Board on a regular basis to assist the Board in assessing and determining whether the Company has established an appropriate and effective internal control system to contain the ESG risks. At the operational level, functional units are responsible for ensuring the integration of sustainability strategies and practices into the Group's business operations and exploring new action plans or initiatives.

THE BOARD

Board members are responsible for:

- Developing long-term sustainable development policies and strategies
- Assessing and identifying risks and opportunities associated with ESG
- Ensuring appropriate and effective ESG risk management and internal monitoring systems
- Reviewing and approving policies, objectives and action plans or measures related to ESG
- Approving ESG report

MANAGEMENT TEAM

The management team is responsible for:

- Developing and reviewing ESG-related policies, objectives and action plans or measures
- Monitoring and reporting to the Board on the progress and quality of implementation of the action plan or measures
- Identifying ESG risks and opportunities
- Reviewing the ESG report

FUNCTIONAL DEPARTMENT

The functional departments are responsible for:

- Identifying, assessing, defining and reporting to management on significant ESG issues
- Performing ESG risk management and internal monitoring
- Ensuring ESG policies, objectives and action plans or measures are integrated into business operations
- Reporting to management on progress and quality of action plan or measures

The Board has appointed an independent consultant to provide advice on the ESG matters of the Group and assist in collecting data and information for conducting various analysis and providing improvement recommendations on ESG performance. The Group has also collected the views of key stakeholders on ESG matters during daily operations and conducted a materiality assessment to identify important ESG issues for the Group, details of which are disclosed in the sections headed "Stakeholders' Engagement" and "Materiality Assessment" below. To effectively lead the ESG process of the Group, the Board monitors the work of all departments to ensure that they work closely together to achieve the sustainable development goals of operational compliance and social responsibility.

STAKEHOLDERS' ENGAGEMENT

The Group is dedicated to sustainable business growth while actively fulfilling its social responsibilities, pursuing both economic and social values. For years, we have supported environmental initiatives in the communities where we operate. The Group maintains strong relationships with key stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community etc., to better understand their perspectives. Through ongoing communication, we align their interests with our sustainable development strategy. Our ESG risks are systematically assessed, with corresponding risk management measures and internal controls in place to ensure effectiveness. The table below outlines our stakeholder communication channels and how we address their expectations and concerns:

Stakeholders	Expectations and concerns	Means of communication	Management response
Government/ regulatory organizations	· Compliance in laws and regulations · Tax obligation fulfillment · Green operation · Safe production	· Periodic report/ announcement · Regular communication with regulators · Handle official business through government affairs website or application	· Uphold integrity and compliance in operations · Pay tax on a timely basis, and contribute to the society · Establish comprehensive and effective internal control system · Fully implement safety production accountability system
Shareholders/ investors	· Return on investment · Information transparency · Corporate governance system · Operational risk management	· Information disclosed on the website of the Stock Exchange and the official website of the Company · Annual general meeting and other shareholders' meetings · Opinion mailbox/email	· Management possesses relevant experience and professional knowledge in business sustainability · Ensure transparent and efficient communications by dispatching information at the websites of the Stock Exchange and the Company · Continue to improve the internal control system and focus on risk management · Continue to communicate efficiently with investors through various communication channels

Stakeholders	Expectations and concerns	Means of communication	Management response
Employees	· Labor rights · Career development · Compensation and welfare · Health and occupational safety	· Staff activities · Employee performance evaluation · Induction and on the job training · Internal meetings and announcements · Contact via email, phone and communication applications · Employee rewards and punishments, and innovation and improvement proposal management system · General manager mailbox	· Set up contractual obligations to protect labor rights · Encourage employees to participate in continuous education and professional trainings to enhance ability · Establish a fair, reasonable and competitive remuneration scheme · Pay attention to health and occupational safety · Regularly provide medical check-ups to employees and conduct occupational disease hazard inspection on key positions to identify various occupational hazard source and adopt appropriate response plans as soon as possible · Establish an efficient and rewarding communication mechanism to motivate employees to actively provide opinions to the company and bring opportunities for mutual development to both parties
Customers	· High quality products and services · Timely delivery · Reasonable price	· Business visit · Contact via email, phone and communication applications · Conference and exhibition · Customer service team · Customer satisfaction survey	· Improve the quality of products and services continuously in order to maintain customer satisfaction · Establish an effective, efficient and green supply chain system and actively conduct developments on different type of products to meet customers' requirements · Formulate comprehensive quality assurance process · Ensure fulfillment of contractual obligations · Establish and continuously improve the pre-sales, in-sales, after-sales service and customer training service

Stakeholders	Expectations and concerns	Means of communication	Management response
Suppliers	· Stable demand · Good relationship with the Company · Corporate reputation	· Business visit · Contact via email, phone and communication applications · Conference and exhibition	· Ensure fulfillment of contractual obligations · Establish policy and procedures in supply chain management · Establish and maintain strong and long-term relationship with suppliers · Select suppliers with due care
Community	· Environmental protection · Reduce greenhouse gas emissions · Reduce waste generation · Effective resource utilization · Community contribution · Economic development and community employment	· Official website of the Company and information publicity website of government departments · Community activities	· Pay attention to climate change and actively take various clean production measures · Continue to invest resources in environmental protection · Actively innovate environmental protection technology · Strengthen energy saving and emission reduction management · Instill environmental protection knowledge into employees · Encourage employees to actively participate in charitable activities and voluntary services · Maintain good and stable financial performance and business growth

MATERIALITY ASSESSMENT

The Group holds discussions with the management and conducts or reviews materiality assessment annually. During materiality assessment, the materiality level of the ESG issues are determined by the level of concern and importance to both the Group and its key stakeholders. For the materiality assessment, the Group has adopted the following three processes:

IDENTIFICATION

- Examines and adopts the ESG issues of concern in the past stakeholders' engagement
- Identify emerging ESG issues from the requirements of the Stock Exchange, international and domestic industry trends, benchmarking against industry peers, and stakeholder communication

PRIORITIZATION

- Synthesizes, analyzes and evaluates the views of all parties to identify and prioritize potential and important issues
- Develops materiality matrix based on the importance of the issue to the Group and its key stakeholders

VALIDATION

- Interacts with the management team to validate the materiality assessment and ensure that these issues are aligned with the sustainable development direction sought by the Group
- Reports the materiality assessment to the Board and makes the required disclosures in the ESG report

The Group utilizes materiality assessment as a critical mechanism to align its business objectives and development strategy with stakeholder expectations and requirements. In 2024, we have refined the material topics based on the actual coverage of the topics for effective communications. Moreover, we have reviewed and evaluated the materiality assessment of last year, and new materiality topic "Risk Management" was included after reviewing the industry trend regarding the materiality issues. To keep pace with the ever-changing business environment, the Group continues to regularly review sustainability issues that are relevant to its business and stakeholders. The corresponding chapters in this Report also aligned with these revisions to address all material topics.

The key concerns of the Group and stakeholders are outlined in the following materiality matrix:

Materiality Matrix

Importance to the stakeholders	Low	Medium	High
High	◆ Anti-discrimination measures ◆ Labor practices	◆ Talent management ◆ Staff training and promotion opportunity ● Greenhouse gas emissions	▶ Operational compliance ▶ Customers' satisfaction ▶ Product quality and safety ▶ Suppliers management ◆ Occupational health and workplace safety ● Hazardous emission & waste management
Medium	▶ Community contribution	▶ Anti-corruption ◆ Staff compensation and welfare ● Climate change management ● Use of resources ▶ Risk management ▶ Intellectual property rights	▶ Customers' privacy measures and protection ● Non-hazardous emission & waste management
Low	▶ Product labeling and traceability		

Importance to the Group

● **Environment** ◆ **Employees** ▶ **Operations**

ENVIRONMENTAL PROTECTION

The emissions in the Group's production process are mainly generated by its production plants in Mainland China, Taiwan and Italy. The Group strictly complies with the laws and regulations on environmental protection, including but not limited to the national and local laws and regulations listed below:

- The "Environmental Protection Law of the People's Republic of China"
- The "Prevention and Control of Atmospheric Pollution Law of the People's Republic of China"
- The "Law of the People's Republic of China on the Prevention and Control of Water Pollution"
- The "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"
- The "Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise"
- The "Energy Conservation Law of the People's Republic of China"
- The "Legislative Decree No. 152/2006 approving the Code on the Environment "

The Group has developed a range of emission management measures in accordance with applicable environmental protection laws, regulations and standards, as well as the internationally recognized ISO 14001 Environmental Management System. These measures were developed with consideration of the Group's operational environment, organizational structure, production capacity, human resources and relevant environmental factors, and are designed to regulate emissions such as exhaust air, sewage, noise and various types of hazardous and non-hazardous solid wastes generated during operation and production. The Group's production plants in Italy, Ningbo, Shenzhen and Taiwan have obtained ISO 14001:2015 environmental management system certification. Moreover, the Group has set up various policies and takes actions with an aim to reduce pollution and carbon footprint, thereby reducing the adverse effects on the environment from the enterprise's business activities and the employees' personal life. The details are described in the sections headed "Management of Emissions" and "Management of Resources Utilization" below.

1. MANAGEMENT OF EMISSIONS

Exhaust air, sewage, hazardous and non-hazardous solid wastes and noise are generated during the operations of the Group's business in the manufacture and sale of die-casting machines, plastic injection molding machines and CNC machining centers. We are fully aware that our activities impact the environment and thus have integrated environmental considerations into its business development strategy. Environmental safety supervision departments have been established at each plant to monitor the implementation of the Group's environmental protection measures. We conduct ongoing reviews and inspections of our environmental protection and pollution prevention measures, as well as the related facilities. We also regularly organize seminars to gather insights and solutions for addressing major environmental challenges. The Group has established a comprehensive set of internal rules and regulations to ensure that all employees clearly understand their environmental responsibilities. These initiatives collectively strengthen the effectiveness of the Group's environmental protection policies, minimize pollutant generation and avoid resource wastage. The Group keep close attention to the updates in national environmental protection policies and development strategies, making timely adjustments as needed.



Hazardous Emission & Waste Management

The Group strictly complies with national and local regulations regarding the prevention and control of environmental pollution caused by hazardous sewage and hazardous solid waste. Internal policies and procedures have been established to monitor and manage the collection, storage, treatment, and disposal of these wastes. The environmental safety supervision department oversees the treatment of industrial wastewater, monitors hazardous sewage discharge, and evaluates the effectiveness of emission reduction measures. Hazardous solid waste management includes source control, adoption of clean production methods, and employee training to raise awareness among employees in order to reduce waste generation. Besides, we conduct regular assessments to ensure that employees clearly understand the methods of operating the production equipment, strengthening the internal awareness of the employees on their working behavior and environmental protection, thereby effectively reducing solid waste production during the operating process.

Hazardous Sewage Discharge

The hazardous sewage generated by the Group in the manufacture of die-casting machines and plastic injection molding machines are mainly wastewater generated from production processes. This includes waste lubricating oil, waste cutting fluid, waste emulsion and wastewater discharged from environmental treatment facilities.

To fully comply with national and local water pollution prevention and control regulations and standards, the Group has established wastewater treatment stations at all operational facilities and implemented hazard-free treatment technologies. Before being discharged to municipal sewage treatment plants for further processing, wastewater will undergo a comprehensive treatment process including chemical neutralization, electro-flocculation, coagulation, flocculation, sedimentation, and sand filtration. Certified third-party service providers are engaged to regularly remove sludge from sewage tanks, and dedicated pipelines have been installed to ensure safe wastewater conveyance. The discharge of waste oil, chemicals, or any substances that may obstruct public sewer systems is strictly prohibited. Additionally, regular maintenance and inspections are conducted on all wastewater treatment facilities and pipelines to ensure operational integrity and to prevent leaks that could result in secondary environmental contamination.

Sludge generated from the treatment process, particularly after dehydration and drying, may contain hazardous substances such as heavy metals. Given the specialized requirements for handling hazardous waste, the Group engages qualified contractors to manage the recycling and disposal of hazardous sludge, waste lubricating oil, cutting fluids, and emulsions. Additionally, several plants have implemented water reuse systems, enabling the safe recycling of treated wastewater for reuse in production processes. This increases the repeated use of steel washing water to reduce the overall volume of wastewater discharge. Furthermore, as cutting fluids and emulsions are used in metal cutting and processing processes, their environmental impact is carefully considered. The Group prioritizes the procurement of environmental-friendly alternatives such as the phosphorus-free cutting fluids to reduce and mitigate potential harm to the environment of the waste cutting fluids and emulsions.

At the beginning of the Reporting Period, the Group set a target to keep the production intensity of hazardous sewage constant as compared with that of the previous year. Please refer to the section headed “Environmental Performance Data Summary” below for the relevant data.

Disposal of Hazardous Waste

The Group aligns the standards of local government's hazardous waste registry to define and categorize harmful or hazardous solid waste, and strictly adheres to national and local regulations regarding the prevention and control of environmental pollution caused by hazardous solid waste. In compliance with the legal requirement on "Management Measures for the Transfer of Hazardous Wastes", and other relevant local laws and regulations, and the ISO 14001 Environmental Management System standards, our Plastic Injection Molding Machine operations, as well as our facilities in Italy have implemented a comprehensive framework for hazardous waste management. This includes the preparation of a "Hazardous Waste Transfer Plan" and the signing of agreements with licensed storage and transportation providers that possess valid "Hazardous Waste Operation Permits". All hazardous waste is safety stored on-site before transfer to ensure complete traceability and to prevent unauthorized disposal. Furthermore, approval from the local environmental protection authority is obtained in advance of transferring any hazardous waste to a recycling facility.





Labeled containers and designated locations for waste treatment

While the generation of hazardous waste is unavoidable in our business operations, the types of hazardous waste generated during the manufacturing of various machines are listed below:

- **Die-casting machines and plastic injection molding machines**
  - Waste oil rags
  - Waste activated carbon
  - Waste paint slag
  - Waste paint buckets
  - Sludge
- **CNC machining center business**
  - Waste oil rags
- **Manufacture of Casting**
  - Waste activated carbon

In addition to complying with national and local rules and regulations, the Group has implemented internal procedures to standardize, monitor and govern the waste management practices. For example, our waste management practices include:

- Establishing designated collection points and containers to ensure proper waste segregation at designated locations within dedicated hazardous waste warehouses
- Designating temporary hazardous waste storage areas equipped with anti-leakage, anti-spill, and anti-loss measures, in compliance with the

"*Standard for Pollution Control of Dangerous Wastes Storage*" and other relevant regulatory standards

- Setting and strictly enforcing maximum waste storage limits
- Ensuring any excess waste is promptly processed to mitigate environmental risks
- Requiring detailed documentation for the transfer of all types of hazardous waste
- Seeking qualified companies to recycle and process
- Providing proper training to minimize the generation of unnecessary hazardous waste
- Conducting regular inspections by environmental protection officers to evaluate the implemented waste management practice and ensure that all facilities operate in accordance with established procedures

The Group prioritizes recovery and recycling over disposal and actively seeks qualified companies with professional capabilities to recycle and treat hazardous waste effectively.

At the beginning of the Reporting Period, the manufacture of die-casting machine and plastic injection molding machine and CNC machining center business set a target to reduce the production intensity of hazardous solid waste by 2% as compared with the previous year. Please refer to the section "Environmental Performance Data Summary" below for the relevant data.

Non-hazardous Emission & Waste Management

Exhaust Air Emissions

The Group's CNC machining center business involves only parts assembly and steel processing. Apart from emissions associated with the use of vehicles, these activities do not generate exhaust gas during production. In contrast, the manufacturing processes for die-casting machines and plastic injection molding machines produce various types of exhaust gas. These include hydrochloric acid mist and hydrogen chloride from acid washing; volatile organic compounds (VOCs) from painting and drying; and dust from powder spraying, sand blasting, shot blasting, and grinding. Additionally, exhaust gases are emitted from the use of fuel in vehicles and forklifts, as well as from the consumption of electricity,



Exhaust air treatment equipment

natural gas, liquefied petroleum gas, and other energy sources.

To ensure compliance with national and local laws, regulations and standards governing the prevention and control of the atmospheric pollution, the Group has implemented waste gas treatment facilities tailored to specific production processes. For instance, alkaline liquid drip towers are used to treat hydrochloric acid mist and hydrogen chloride generated during acid washing; water curtain cabinets, oil curtain cabinets, and activated carbon adsorption devices are employed to capture and treat waste paint mist containing VOCs from painting and drying processes; gas collection hoods and bag filters are used to manage smoke and dust from welding operations. Additionally, suction fans, sand and dust separators, filter cartridge dust collectors, and pulse bag filters are utilized to separate, filter and collect dust from sandblasting and grinding activities conducted in enclosed environments. The Group also promotes the use of water-based paints in place of oil-

based alternatives and employs ring-shaped smoke collectors and dust removal systems to cool and purify hot smoke from casting operations. All treated exhaust gases are discharged at or above the national and local government regulated discharge height after being treated by the environmental protection facilities.

For overall governance of exhaust air emission management, the Group has established a robust monitoring and control framework for relevant departments within the Group to collaborate and monitor key control points of exhaust air emissions, ensuring that industrial waste gas emissions meet the national standards. Maintenance and repair responsibilities for these key control points are jointly managed by the environmental safety supervision and production departments. Any identified risks must be reported immediately to management, and corrective actions are taken promptly to prevent gas leaks and environmental incidents.

Non-hazardous Sewage Discharge

The non-hazardous wastewater generated from the Group's operations mainly consists of effluent from production activities, office and domestic use, as well as oily wastewater from canteen operations. To minimize the generation of domestic wastewater, the Group has implemented a range of water conservation and emission reduction measures. Further details can be found in the section titled "Water Resources Utilization". Given the presence of oil in canteen wastewater, it must undergo oil and grease separation followed by biochemical treatment before being discharged, along with domestic wastewater, into the local sewage pipe network for further treatment by the local sewage treatment plant. In response to increasingly stringent environmental regulations, the Group continuously enhances its production processes and upgrades both production and environmental protection infrastructure. Regular maintenance and repair activities are conducted to ensure the effective operation of wastewater treatment systems. Additionally, wastewater emergency containment pools have been installed to prevent environmental contamination in the event of leakage. In the occurrence of a pollution incident, personnel from the Environmental Safety Management Department are required to report immediately to their supervisors and take appropriate corrective actions to mitigate the environmental impact.

At the beginning of the Reporting Period, the Group set targets to ensure that the production intensity of non-hazardous wastewater does not exceed that of the previous year. Please refer to the section headed "Environmental Performance Data Summary" below for the relevant data.

Disposal of Non-hazardous Waste

Non-hazardous solid waste mainly comes from metal scrap, raw material packaging, welding slag, furnace slag, waste sand, waste iron and domestic garbage generated in production, office and living. The Group adheres to the "Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Waste", "Waste Disposal Act" and the applicable local laws and regulations to categorize and store the waste at designated locations, and sign industrial and domestic waste disposal contracts with qualified companies. Recycled industrial and domestic waste is



mainly disposed of by incineration or landfill. The Group advocates the waste treatment policy of "Reduction, Recycling and Hazardous-free", we actively enhance employees' awareness of waste separation and rational use of materials and strictly require our employees to operate production equipment in accordance with operating procedures to reduce waste from operations. We hope to optimize the utilization of waste, for example, sale of metal scrap to recycling companies with better recycling technologies, use of waste sand as material for ground repairs, reuse large metal scraps in the production process; repair the damaged wooden pallets as far as possible or use the pallet wood to repair other facilities; collect parts and components from disposed equipment for future maintenance; encourage employees to reuse waste paper or stationery; use food waste as plant fertilizer, etc.. Any disposing of hazardous waste and non-hazardous waste together is strictly prohibited to avoid large scale of adverse effects on the environment and human health during the processes of waste collection, transportation, storage, treatment and disposal.

At the beginning of the Reporting Period, the Group set targets to decrease the production intensity of non-hazardous solid waste by 2% as compared with the previous year. Please refer to the section headed "Environmental Performance Data Summary" below for the relevant data.

Greenhouse Gas Emissions

The Group's operations emit greenhouse gas emissions both directly and indirectly, which arise from the use of fuels such as gasoline and diesel in vehicles and forklifts, as well as from the consumption of electricity, natural gas, liquefied petroleum gas, welding and cutting gases, and refrigerants. Emissions are also generated from specific production processes, including hot smoke and dust released during the operation of electric and annealing furnaces in casting and welding processes.

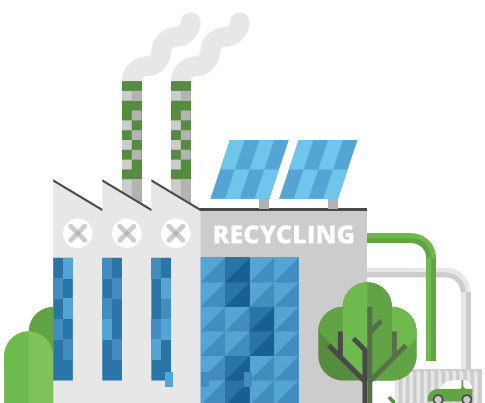




The plants provide storage places and warehouses for different types of waste to prevent recyclable waste from being mistaken for non-recyclable waste disposal

The Group is committed to reducing its carbon footprint and addressing climate change. This is achieved by minimizing resource consumption, upgrading equipment, and fostering a culture of energy conservation. For further details on greenhouse gas emissions, reduction targets, and mitigation measures implemented during the Reporting Period, please refer to the section titled "Conservation of Energy".





Management of Noise

The noise generated during the Group's operations primarily originates from the production machinery and equipment. To ensure full compliance with the "Emission Standard for Industrial Enterprises Noise at Boundary", the Group has formulated the "Management Regulations of Equipment Noise". These regulations govern the location of production workshop, the positioning of production equipment and implementation of vibration and noise reduction measures. For example, put shock absorbers under the equipment; machines with enclosure guard must be shielded properly during operation; regularly conduct repair and maintenance for machinery and equipment, use lubricating oil to reduce wear and tear on the equipment and prevent unnecessary noise; and to purchase low-noise equipment as a priority. Besides, we arrange appropriate production time and plant numerous trees inside factories to reduce the impact of noise on the surrounding community environment. At the same time, we equip our employees with earmuffs or earplugs and adjust working hours to reduce the chance of suffering from occupational diseases.

Compliance

During the Reporting Period, we did not involve in any confirmed violations that are related to emissions and have significant impact on the Group.

2. MANAGEMENT OF RESOURCES UTILIZATION

In order to comply with the "Law of the People's Republic of China on Energy Conservation" and relevant local regulations, and in support of our commitment to sustainable development, the Group has proactively integrated environmental considerations into its strategic planning. In light of escalating climate change concerns and the growing societal emphasis on environmental protection and energy efficiency, we have responded actively to evolving government policies in this domain. The Group has implemented a range of initiatives aimed at conserving natural resources and fostering sense of environmental responsibility. These efforts include enhancing the operational environment of our facilities, encouraging employees to optimize resource usage, and minimizing waste to maximize overall efficiency. Details of our resource conservation measures are outlined below.

Use of Resources

Conservation of Energy

Conservation of Gasoline, Diesel, Liquefied Petroleum Gas, Natural Gas and Welding/Cutting Gas

Gasoline and diesel are mainly utilized for vehicles, trucks, forklifts, product commissioning, and parts cleaning. These vehicles and equipment support key operational functions such as business development, guest transportation, customer service, and goods handling within warehouses. To enhance fuel efficiency and reduce emissions, the Group has implemented a series of conservation measures. These include systematic recording and analysis of fuel consumption, optimized route planning, enforcement of anti-idling policies, usage of forklifts based on operational needs, and routine maintenance and inspections of vehicles and forklifts. Additionally, the Group promotes the reduction of business travel, encourages the use of public transportation among employees, and allocates different types of fuel based on specific operational requirements. For fuel used in product commissioning and parts cleaning, employees are required to strictly adhere to the commissioning procedures. Efforts are also made to maximize the reuse of fuel in cleaning processes to further reduce consumption and enhance efficiency.

The Group set targets for the consumption intensity of gasoline and diesel. At the beginning of the Reporting Period, the Group set targets to decrease the consumption intensity of gasoline and diesel by 2% respectively as compared with the previous year. Please refer to the section headed "Environmental Performance Data Summary" below for the relevant data.

The Group utilizes liquefied petroleum gas and natural gas mainly for cooking in canteen, operation of heating systems, and selected production line processes. Gases such as carbon dioxide, acetylene, and propylene are released in welding and cutting activities. To promote energy efficiency and environmental responsibility, the Group enforces strict controls on food preparation in canteens to minimize excessive cooking, thereby reducing fuel consumption, food waste, and associated greenhouse gas emissions. Regular inspections of natural gas pipelines, as well as cooking and heating equipment, are conducted to prevent unnecessary waste caused by leakage and equipment damage. Given the significant

risks posed by gas leaks, these measures are also critical to prevent accidents and ensure workplace safety.

Conservation of Electricity

The Group manages electricity consumption mainly through daily operational management. The Group also strengthens the promotion of conservation culture and actively takes technically feasible and economically reasonable measures to use electricity more efficiently and reasonably. Department supervisors are responsible for monitoring and controlling electricity consumption within their respective areas, including production equipment, workshop lighting, office devices, and air conditioning systems. They are also responsible for formulating and implementing targeted remediation plans in a timely manner if abnormal electricity consumption is noticed. The production department strengthens the management of production workshop facilities and equipment. For example, employees are required to follow the standard operating procedures when using electrical machinery and equipment and are prohibited from modifying electrical circuits or setting up high electric power equipment without prior authorization. Any such changes must receive formal approval from management.

To further enhance energy efficiency, the Group is progressively phasing out outdated equipment and replacing it with nationally certified or energy-efficient alternatives with energy-efficient labels. Maintenance and repair of electrical equipment are prioritized, and monthly electricity consumption data is recorded and analyzed. In some facilities, electricity usage is incorporated into monthly performance evaluations and linked to employee bonuses. Given the high energy demands of casting production – particularly from electric furnaces, annealing furnaces, and air compressors – the Group has adopted targeted power-saving measures. These include completing preparatory tasks before activating furnaces to minimize idle time, switching on the electric furnace and annealing furnace according to the production plan to avoid frequently booting of the electric furnace and annealing furnace and wasted energy; and installing a frequency converter for the 24 hours operating air compressor, which enables the equipment to change the operating power of the compressor to effectively reduce electricity consumption.



Solar power energy generation

In line with our core principle of "Reduction at Source", the Group has implemented a comprehensive energy management plan across office operations. This includes the publication of an "Electricity Management Procedures" guideline in Shanghai operation to promote efficient electricity usage. Key initiatives include replacing fluorescent lighting with energy-efficient LED lamps resulting in savings of over 150,000 kWh during the Reporting Period, encouraging the use of natural daylight, regulating air conditioner usage based on seasonal and ambient temperature changes, routinely cleaning air conditioner filters, switching off non-essential electrical equipment after working hours, and utilizing hot water in place of electric heating where feasible. Moreover, during the Reporting Period, we continued the installation of photovoltaic panels at several facilities, with estimated annual savings on purchased electricity exceeding 2,300,000 kWh. To reinforce the message that "Energy Management is Everyone's Responsibility", the Group organizes regular energy-saving training sessions across its facilities and offices. These sessions aim to raise awareness of national safety regulations and policies while enhancing employees' knowledge and skills in energy conservation. Furthermore, we have established an innovation and improvement proposal mechanism to encourage employees to actively contribute ideas, including suggestions for process optimization and energy-saving transformations. By fostering employee engagement in our energy management strategy, we aim to effectively reduce carbon emissions while creating opportunities for mutual growth and development.

At the beginning of the Reporting Period, the Group set targets to decrease the consumption intensity of electricity by 2% as compared with the previous year. Please refer to the section headed "Environmental Performance Data Summary" below for the relevant data.

Use of Materials

The Group actively promotes a "Paperless Office" initiative, encouraging the use of our online office system and urging employees to transmit information and documents electronically to minimize photocopying and printing. Employees are encouraged to set printers to double-sided as the default, verify file formats (such as kerning, margins, and pages) before printing, and to use both sides of the paper whenever possible. We maximize paper usage by reusing one-sided paper for printing and collecting double-sided wastepaper in designated recycling boxes for processing by certified recyclers. The Administration and Human Resources Department oversees paper purchases and tracks usage data. Additionally, we have established a Document Control Department in some facilities, responsible for guiding copying and printing clerks in managing documents, forms, and receipts while controlling paper usage effectively. Aiming to enhance environmental awareness and reduce the operational impact on the environment, we periodically review the paper consumption records of user departments and impose penalties on employees who do not comply with our policies. In addition to paper, we also consider packaging materials in our sustainable material use initiatives. For our operation in Italy, the use of recyclable materials is favored in production, as the company uses only wooden boxes or container in order to ship or delivery our products.

Water Resources Utilization

The Group mainly utilizes government-supplied water sources, though some plants located in remote areas must rely on groundwater due to the absence of municipal pipelines. These water supplies sufficiently support our daily operations. Throughout the Reporting Period, we encountered no issues in accessing necessary water resources; however, we understand that water is a valuable, limited resource essential for both production



and daily living. To reduce our water demand, we are implementing various water usage measures, focusing on developing water recycling technologies to boost reuse rates, promoting responsible water use habits among employees, improving our water use methods during operations, and reducing wastewater discharges.

We also focus on the daily upkeep and management of our water supply facilities, conducting regular inspections to prevent running, dripping, leaking, and excessive water flow. When damaged pipes, valves, or leaks are discovered, we promptly alert our maintenance department for repairs to reduce unnecessary wastage. For managing water use in daily living, we place “Water Saving” signs in prominent locations, educate employees about water conservation, and encourage better water usage habits. Employees are required to shut off taps immediately after washing their hands and dishes. Additionally, we use kitchen washing water to irrigate factory plants, maximizing the efficient use of our water resources. Shanghai Atech has established the Water Management Guidelines to standardize daily water use. Currently, no production line wastewater is generated.

Water usage in the production process primarily involves cleaning the surfaces of steel to remove oil, oxides, and rust, as well as enhancing the corrosion resistance of steel and improving paint adhesion. To reduce water consumption and increase water efficiency, we are enhancing our water recycling measures by extending the aeration period before use, and reusing purified wastewater in production processes. This approach improves the effectiveness of water use during acid washing, degreasing, and phosphorus removal, while also increasing the reuse of cleaning water in the production workshop. The Property Management Department monitors the monthly water consumption of each production department, investigating any abnormalities and taking prompt action to eliminate water wastage.

At the beginning of the Reporting Period, the Group set a 2% reduction target for water consumption intensity compared to the prior year. Detailed data can be found in the 'Summary of Environmental Data and Performance' section.



3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to environmental protection, not only complying with applicable laws and regulations but also maintaining open communication with stakeholders to discuss their concerns. This allows us to set environmental objectives and policies, periodically assess their effectiveness, and properly manage all environmental data. We take corrective actions when problems or irregularities are identified to enhance the effectiveness of our environmental measures. Our dedicated employees play a crucial role in formulating sustainable development strategies, actively supporting and offering feasible suggestions to accelerate our transition to green management.

Factories in various locations have implemented clean production initiatives, such as investing in new pollution prevention equipment and techniques, providing training to enhance employees' environmental awareness, promoting resource efficiency, and reducing the consumption of electricity, water, gasoline, diesel, and other resources. We adhere to the principle of "Use Less, Fully Exploit, Seek Alternatives, Fix and Reuse, Rethink" to minimize negative impacts on the environment and natural resources from our operations. During the reporting year, about RMB 4 million has been saved by environmental implementations such as recycling practices of production resources.

The Group also continues to develop environmentally friendly products, enabling customers to conserve energy and reduce emissions through their use. We will consistently align our development with national environmental protection policies, upholding the principles of safety, harmony, green development, and clean production. Our aim is to embed environmental protection into the core of our operations and collaborate with employees to create an environmentally friendly and resource-saving enterprise. Additionally, we seek to share our environmental protection messages with families, friends, and business partners to raise awareness of the growing severity of global environmental issues, fostering greater cohesion to improve our living environment and promote sustainable development worldwide.

4. CLIMATE CHANGE

Climate change is anticipated to exacerbate the frequency and severity of extreme weather events, leading to catastrophic damage. It is altering seasonal and annual patterns of temperature, precipitation, and other weather phenomena, thereby increasing the risks of heavy rain, rising tides, and flooding. These events can cause significant damage to assets such as buildings, warehouses, and inventories, resulting in economic losses. In response to extreme weathers, the Group has implemented measures to ensure the safety of employees and assets, including the incorporation of windproof designs on workshop doors to withstand strong winds, and deploying sandbags and water barriers on workshop doors to mitigate potential flooding during heavy rainstorms.

In the long term, climate change may lead to rising sea levels and persistent changes in climate patterns, including chronic heat waves. Understanding these trends and their impacts to the Group's business can help in preparing for and analyzing potential risks and opportunities, allowing the Group to build resilience and establish long-term response capability.

Climate change is a significant concern for governments worldwide, which could lead to changes in policies and regulations and potentially impacting the Group's assets and operations. The increased litigation related to climate change may put pressure on the Group's future compliances as one of the climate transition risks. Consequently, the Group must adapt its internal policies and measures to mitigate the risk of encountering new laws and regulations that could elevate operating costs and impact product demand. Both enterprises and society are prioritizing energy conservation and emission reduction. As a result, the Group has invested considerable resources in developing new technologies and products to enhance energy efficiency, aiming for coordinated development among the enterprise, society, and the environment. Additionally, the Group's environmental targets serve as benchmarks for the annual review of progress in greenhouse gas reduction and energy transition, motivating more effective actions to combat climate change.

Employees are considered the Group's most valuable assets. We provide a workplace that fosters non-discrimination, equality, harmony, and safety. The Group has strictly complied with the relevant laws and regulations on employment and labor of Mainland China, Hong Kong, Taiwan and Italy[1].

Relevant information will be described in detail in the sections headed "Health and Safety", "Employment", "Development and Training" and "Labor Practices" below.

1. HEALTH AND SAFETY

The Group prioritizes employee health and workplace safety, and strives to prevent occupational hazards and safeguard our workforce. We have established the production safety committee for overall governance of safety management issues and established internal policies and procedures to ensure safe production. Management and employees at all levels are required to sign the safety responsibility statement, acknowledging the safety responsibilities clearly and adhering strictly to our internal requirement.

Occupational Health and Workplace Safety

The Group sets up annual safety training plan based on the actual need and duty of work of each department. The implementation progress is reviewed at year-end, and new safety risk arising from business or operational changes are assessed. This process ensures reliable insights for developing the following year's safety planning.

The Group strengthens employee awareness of occupational health and safety through targeted training programs, enhancing risk consciousness and professional competencies, particularly for high-risk working positions. All new production staff are required to attend comprehensive training for practical safety precautions, covering departmental workflows, equipment operation guidelines, and safety protocols. Training sessions are held by both the line leaders and the production department to ensure adherence to safety standards.

[1] Relevant laws and regulations include but are not limited to the "Constitution of the People's Republic of China", the "Labor Law of the People's Republic of China", the "Law of the People's Republic of China on Protection of Minors", the "Provisions on the Special Protection on Minor Workers", the "Provisions on the Prohibition of Using Child Labor", the "Law of the People's Republic of China on the Protection of Women's Rights and Interests", the "Insurance Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Regulations on Work-Related Injury Insurances", the "Trade Union Law of the People's Republic of China", the "Employment Promotion Law of the People's Republic of China", the "Labor Dispute Mediation and Arbitration Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Disabled Persons", the "Individual Income Tax Law of the People's Republic of China", the "Implementing Regulations of the Labor Contract Law of the People's Republic of China", the "Prevention and Treatment of Occupational Diseases Law of the People's Republic of China", the "Production Safety Law of the People's Republic of China", the "Prevention and Control of Occupational Diseases Law of the People's Republic of China", the "Work Safety Law of the People's Republic of China (2014 Amendment)", the "Measures for the Supervision and Administration of Employers' Occupational Health Surveillance", the "Occupational Health Examination Management Regulations" of Mainland China, the "Employment Ordinance", the "Employees' Compensation Ordinance", the "Mandatory Provident Fund Schemes Ordinance", the "Minimum Wage Ordinance", the "Sex Discrimination Ordinance", the "Disability Discrimination Ordinance", the "Family Status Discrimination Ordinance", the "Race Discrimination Ordinance", the "Occupational Safety and Health Ordinance" of Hong Kong, the "Labor Standards Act", the "Anti-racial Discrimination Act", the "Labor Pension Act", the "Occupational Safety and Healthy Act" of Taiwan, the "National Collective Labor Agreement for the Metalworking Industry" of Italy.

The Group conducts regular role-based technical training, safety assessments, and team activities to reinforce safety knowledge and preparedness. In Ningbo, employees in specialized roles, including electricians, welders and forklift operators, received certified skills training and participate in annual advanced programs to maintain qualifications. In Taiwan, we arranged for personnel to obtain first aid and fire evacuation certifications to enable emergency response readiness. During the Reporting Period, the Group also organized trainings on various topics, including safety production, warehouse material management, chemical warehouse training, fire protection knowledge, dangerous operation training, etc.. In addition, we periodically conduct emergency drills to prepare employees for emergency situations.

The Group conducts comprehensive risk assessments to evaluate the likelihood of incidents, the severity of their consequences, and the frequency of employee exposure to workplace hazards. We maintain records of all identified hazard sources and have developed robust management policies to address them. For instance, Fuxin and Ningbo facilities have implemented specialized management policies for high-risk operations including hot work, aerial work, and confined space operations, which apply to all employees and contractors. Furthermore, Fuxin has formulated critical control procedures including the Emergency Preparedness and Response Control Procedure, Special Equipment Control Procedure, Solid Waste and Hazardous Waste Management Procedure and Hazardous Chemicals Management Procedure. Through these policies, we systematically identify dangerous operations within our plants and manage them through established control systems. This includes implementing a rigorous approval process where designated supervisors must authorize high-risk activities, with additional preventive measures enforced in particularly hazardous areas such as mold warehouses and production workshops. Our plants further reinforce these protections through clearly visible warning signage in risk zones and the implementation of both engineering controls and administrative measures to eliminate hazards at their source. This comprehensive approach significantly reduces the probability of workplace incidents while ensuring compliance with international safety standards.







Safety training and drill

To effectively address different types of emergencies and ensure employee safety during incidents, the Group has established a safety incident management system that outlines the responsibilities of each department. When emergencies occur, the designated department promptly mobilizes to the site to document critical details including the incident timeline, affected personnel, and any environmental contamination. They perform a preliminary assessment to determine the incident's nature, estimated location, root causes, and environmental impacts, enabling accurate severity classification and implementation of appropriate damage control measures. During the Reporting Period, our plants in Ningbo, Zhongshan, Fuxin and Italy obtained ISO 45001:2018 certification for Occupational Health and Safety Management Systems, demonstrating our commitment to occupational health excellence.



To prevent safety incidents caused by equipment malfunctions, we implement various measures to ensure the optimal condition for productions. The Equipment Department conducts periodic inspections and maintenance on all types of equipment, including production, fire prevention, and specialized equipment. We exclusively use electrical equipment that complies with national standards, featuring proper insulation and protective measures for all metallic shells. For specialized equipment, annual repairs and maintenance are performed by qualified service providers and inspected by the State Bureau of Quality and Technical Supervision, with their recommendations addressed promptly. For example, Ningbo L.K. Plastic Machinery Intelligent Manufacturing has improved gas probes, emergency rescue equipment, explosion-proof communication equipment and safety warning signs. In high-risk zones prone to gas or dust explosions, we mandate the use of explosion-proof electrical equipment. Our facilities maintain comprehensive inventory of first-aid supplies and rescue equipment to address potential occupational poisoning cases, personal injuries, and other incidents. Furthermore, we have strengthened fire prevention capabilities across multiple plants by enhancing our fire safety capabilities, increasing inspection and supervision of fire-fighting equipment, and expanding our inventory of fire-fighting tools to minimize occupational accident risks.

Protective supplies

The Group has established an occupational health management system in compliance with the "Prevention and Control of Occupational Diseases Law of the People's Republic of China", the "Work Safety Law of the People's Republic of China (2014 Amendment)", the "Measures for the Supervision and Administration of Employers' Occupational Health Surveillance", the "Occupational Health Examination Management Regulations" and local regulations. The safety committee is responsible for identifying workplace hazards, including exposure to noise, dust, and chemical toxins, and strictly prohibits assigning minor staff to any tasks involving toxic substances, hazardous conditions, excessive physical labor, or other dangerous roles. To ensure employee safety while meeting production needs, we provide personal protective equipment such as protective masks, safety goggles, safety shoes, and gloves. All employees receive proper training on the correct use of safety equipment, and we monitor compliance with personal protective equipment requirements. We mandate employees to complete pre-employment and on-the-job health assessments. Only personnel who successfully pass these medical evaluations are permitted to work, demonstrating our dedication to employee health and safety.

During the Reporting Period, our plants in Ningbo, Shanghai, Zhongshan, Taiwan and Fuxin engaged third-party professional organizations to assess noise levels or hazardous substances in the air that could lead to occupational diseases to ensure a safe workplace for our employees. Where necessary, we will provide employees with improved protective equipment and strictly require them to use these supplies to minimize the risk of occupational diseases.

There was no work-related fatality occurred in each of the past three years (including the Reporting Period) within the Group.

2. EMPLOYMENT

Talent Management

Our talent management philosophy focuses on attracting talented individuals and leveraging their abilities for the Group's long-term benefit, while incorporating sustainability into our strategic human resources policies. The Group has established internal management system that outlines the requirements for recruitment, promotion, dismissal, working hours, rest periods, compensation, welfare and other benefits.

Staff Compensation and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages. We benchmark current industry compensation data to establish a fair, reasonable, and competitive pay structure. Employee compensation varies among factories and offices based on location, and salary levels are determined by an individual's knowledge, skills, experience, and educational background in relation to job requirements. Our comprehensive compensation structure includes base salary, overtime pay, various subsidies, and performance-based bonuses where applicable. In addition to financial compensation, we provide extensive employee benefits including staff dormitories, complimentary health check-ups, meal allowances, high-temperature work allowances, birthday and festive gifts, work anniversary gifts, and comprehensive social insurance. We also support our employees' long-term welfare through comprehensive retirement planning assistance.

To further enhance employee satisfaction and work-life balance, the Group has established a library and recreation rooms, featuring facilities such as billiard room, table tennis room, chess room, and fitness room. During the Reporting Period, our operations organized a range of leisure activities, including sports day, basketball tournaments, birthday celebrations, International Women's Day events, day trips, New Year gatherings. These initiatives are designed to strengthen team cohesion and cultivate a sense of belonging among employees, and provide opportunities for relaxation and social interaction.

The Group prioritizes employee health and actively promotes work-life balance through comprehensive policies aligned with local labor regulations. Employees' work hours and their rights to rest days and holidays are established in strict compliance with applicable labor regulations in each operating location. The Group provides paid maternity leave for female employees. Adhering to local regulations, some operations extend additional provisions such as paternity leave for male employees and one-hour nursing breaks per day for breastfeeding mothers.

Anti-discrimination Measures

The Group is committed to promoting anti-discrimination, equal opportunity, and workplace diversity through all aspects of our human resources policies and practices. We have implemented comprehensive measures to uphold these principles. In the recruitment process, department heads define position requirements and responsibilities, while the human resources department conducts objective evaluations based on professional qualifications and merit-based criteria including personal character, knowledge, abilities, and job suitability, regardless of their age, gender, race, social class, marital status, language, religion, nationality, or disability. Our non-discrimination policy encompasses all phases of the employment, including hiring, promotions, performance evaluations, trainings, personal development, and terminations. The Group ensures that dismissals and compensation comply with relevant laws and regulations, including Labor Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, and local regulatory requirements for our operations.

At the end of the Reporting Period, the gender ratio in the workforce (including the senior management of the Company) of the Group comprised 83% male and 17% female. Given the nature of the Group's operations, which requires significant manual labor, we believe this gender ratio is within a reasonable range. We will continue to monitor the gender ratio and strive for greater gender diversity in hiring across all positions within the Group.

3. DEVELOPMENT AND TRAINING

Recognizing that an effective corporate team is essential for the Group's sustainable and long-term business development, we have established a rigorous and comprehensive mechanism aimed at nurturing professional talent, encouraging staff to pursue ongoing education and lifelong learning. The Group has implemented the "Employees Appraisal Management Guideline", which continuously optimizes performance evaluation, promotion, and reward mechanisms, ensuring openness, fairness, and impartiality in employee promotions while addressing their career development needs. In alignment with the Group's corporate business plan, we also aim to enhance employees' quality, technical skills, and knowledge through continuous training. This does not only help employees specialize in their roles but also increases their adaptability across various job positions. Training programs include basic knowledge training, management system training, enhancement training, and safety knowledge training.

New hires are required to participate in induction training to familiarize themselves with the Group's background and business, corporate culture, industry knowledge, organizational structure, staff handbook, policies and procedures, work processes and skills, operational safety, and management systems. In addition to fundamental training, we offer skills advancement, professional, and management training to ensure that staff acquire the necessary theoretical knowledge and new skills to tackle challenges. This approach lays a strong foundation for the long-term development of both employees and the Group.

The Group is dedicated to fostering a culture of continuous learning and professional growth. We have established the "L.K. Young Engineers Nurturing Program" at our L.K. technology and research and development center to continuously enhance the competencies and technical skills of young talent, positioning them as distinctive leaders in the industry. To address regional and functional workforce needs, our plants and offices have developed customized training plans. Notably, our Ningbo operation has introduced two flagship programs: "L.K. Dream Pursuit Program" and "L.K. Dream Building Program", for leadership cultivation and high-potential talent development. Comprised of a systematic learning and development process designed to enhance individual and team leadership capabilities, "L.K. Dream Pursuit Program" equips leaders with critical skills such as decision-making, motivation, communication, and strategic planning through a series of courses, practical activities, and mentorship. Participants undergo rigorous competency assessments before advancing to formal leadership or management roles. "L.K. Dream Building Program" targets high-potential, high-performing employees with strong growth aptitude, providing a structured 3-year training and development plan to enhance their professional competencies, leadership capabilities, innovative thinking and collaboration skills. Upon program completion, candidates are ranked based on assessment results, with priority given to top performers for promotions and key appointments. During the Reporting Period, the Group has spent over RMB300,000 on training and development programs for employees, demonstrating our dedication on employees' continuous learning and growth.









Training activities

In addition to training programs for the new hires and managements, the Group implemented various programs focusing on corporate culture, marketing management, sales management, human resources management, finance management, environmental management, information system management, production, and safety management (for details, see the "Health and Safety" section) as well as quality management (refer to the "Product Responsibility" section) to all employees during the Reporting Period. Training sessions included topics such as company and department structures, marketing guidelines, safety management rules, sales requirements, business negotiation skills, resume review techniques for recruitment, financial system training, financial accounting standards, environmental management system training, solid waste regulations, hazardous waste management tests, and Enterprise Resource Planning practical operations. The Group also develops specific training programs for technical and site management staff to comply with local labor regulations. For example, they are required to undergo re-assessment training for electrician and electric welding certifications and must pass these assessments to demonstrate their knowledge and skills for their roles. Shanghai Atech also implements a structured transition program based on anticipated employee retirements and departures over a three-year period. The program provides guided transition support for both retirees and their designated successors, maintaining operational continuity while preserving institutional knowledge.

To enhance the quality and efficiency of employees' work, inspire motivation, and foster effective communication, the Group conducts structured and multi-dimensional performance appraisals at least annually. On a needs basis, we implement more frequent review cycles to support management objectives and operational requirements, such as monthly performance evaluations in manufacturing plants where frequent assessment supports operational excellence, while other locations may follow an appraisal in quarterly basis that better aligns with their workflow requirements and production tasks. This flexible approach allows us to maintain rigorous performance standards while adapting to the specific dynamics of each operation. We fairly assess bonuses, share options, salary increases, and promotion recommendations based on multiple criteria, including work experience, seniority, knowledge, skills, performance, and contributions. The Group aims to identify talented individuals who are committed to their roles, and we have confidence in those who are willing to take responsibility, pursue continuous learning, and advance their skills as they progress with the Group.

4. LABOR PRACTICES

The Group values human rights and protects labor rights, adhering to applicable laws and regulations that prohibit child and forced labor. Plants in China operate in strict accordance with labor contract and employee handbook, which stipulate provisions regarding working hours, overtime and leave, wage payment, and minimum wage guarantees. Our Italy Segment also operates according to code of ethics that does not allow unjust behavior against the difference of gender, age, politics, minorities, etc., and does not allow unlawful behavior.

The Group is dedicated to improving working condition of employees. Our Kunshan operation has established a labor union and organizes regular communication sessions with worker representatives to mitigate potential negative impacts on labor rights and interests. Our Taiwan operation's Work Rules Implementation Guidelines specifies regulations for implementation of labor-management conference. Our Italy Segment has entered into an internal agreement with the internal unions that provides for the recognition of bonuses, in addition to the welfare provided by the National Employment Contract.

During the recruitment process, applicants' identity cards are checked by the Human Resources Department to prevent hiring individuals under 18 years old. Employment of children under 15 is strictly prohibited and in the event such a case is identified, we will immediately coordinate with guardians or local authorities to ensure the child's return to education. Furthermore, the Group strictly implements measures to combat any form of forced labor, including prisoner labor, indentured servitude, and bonded labor. We ensure that all labor contracts are signed voluntarily and fairly by employees, with no onboarding costs borne by employees. Overtime work is strictly voluntary, with proper compensation provided in accordance with labor laws. We prohibit any unjustified deductions from wages or benefits and strictly forbid the confiscation of employees' identity documents. As detailed in our Employee Handbook, any form of physical abuse, assault, body searches, insults, or coercion through violence, threats, or unlawful restrictions on personal freedom is forbidden. If any potential violations are identified, the Group will take immediate action to rectify and resolve these issues to ensure full operational compliance.

Compliance

There were no reported incidents of non-compliance or grievances in relation to employment, health and safety, and labor standards that would have a material or significant impact on the Group during the Reporting Period.

1. SUPPLY CHAIN MANAGEMENT

To uphold its commitment to product quality, the Group has established procurement and supplier management systems to closely monitor supplier evaluation, selection, procurement, goods receipt and acceptance, and quality review processes. This ensures the use of high-quality and environmentally friendly raw materials in production. The Procurement Department, in collaboration with relevant business units, evaluates, selects and periodically reviews suppliers, creating an "approved supplier list". Evaluation criteria include quality stability, on-time delivery, legal compliance, professional skills, and certifications such as environmental management, quality management, and occupational health and safety. Suppliers with better ESG performance are preferred during selection process. For example, Fuxin Lida awards suppliers bonus points during evaluation for using more eco-friendly products, and incorporates environmental and social responsibility clauses, prohibition of hazardous chemicals, minimum wage guarantees and other requirements, into procurement agreements. All approved suppliers must provide formal written commitments guaranteeing both the quality and timeliness of deliveries while ensuring full protection of confidential information. We establish formal agreements with every supplier to safeguard mutual legal interests and explicitly prohibit any corrupt practices. Stringent procedures have been established in supply chain management, along with various reporting channels for employees, suppliers, customers, and other partners to report any violations or suspected abuses of authority, which has been stipulated in official policy documents. For example, our operation in Zhongshan has established Social Responsibility Commitment for suppliers. The Group strictly adheres to relevant practices to engage all suppliers in compliance with internal regulations.



CLASSIFICATION OF SUPPLIERS

Categorize in order of importance



EVALUATION OF SUPPLIERS

Assess suppliers by examining the quality of their materials, their quality assurance abilities, and their ISO certification status



MANAGEMENT OF EXISTING SUPPLIERS

Perform regular management and assessments of suppliers, grading their performance to identify and eliminate sub-standard suppliers, thereby optimizing the overall supply chain



MANAGEMENT OF SUB-STANDARD SUPPLIERS

Require sub-standard suppliers to implement corrective actions and undergo follow-up evaluations; non-compliance will lead to the cancellation of their supplier qualifications

2. PRODUCT RESPONSIBILITY

The Group strives for ongoing innovation and improvement while emphasizing quality control to achieve "zero-defect products". We have developed policies and procedures to oversee product quality and customer service processes, ensuring effective communication with customers to understand and meet their needs and expectations, leading to continuous enhancements.

Product Quality Management

The Group has a robust quality assurance system in place and conducts annual internal audits of product quality management across all production workflows. We adhere to Six Sigma and ISO 9001 quality management systems, establishing strict inspection procedures throughout the entire manufacturing process, from raw material selection and procurement to production and finished goods quality assurance. Our production sites in Shenzhen, Zhongshan, Kunshan, Ningbo, Fuxin, Taiwan and Italy have obtained ISO 9001 certification, signifying our commitment to delivering high-quality products to our customers. One production site in Fuxin has also obtained GB/T048 Upgrade Certification in Quality Management System, further underscoring our dedication to delivering quality product to customers.

In addition to conducting various quality inspections and product commissioning during the production process, we implement traceability measures to prevent confusion or misuse of a wide range of raw materials, spare parts, semi-finished products, and finished products. These measures include using labels, signs, and steel seals to clearly identify different materials, with designated storage areas and batch management systems using first-in-first-out principles. These practices not only provide clear guidelines for employees, reducing the risk of material misuse, but also enhance the quality verification process by ensuring that materials align with the production plan, thereby improving efficiency. When product quality issues arise, we can quickly implement after-sales service procedures to minimize losses for both our customers and the Group.

We believe that the skill of our employees directly influences product quality. Therefore, we regularly offer training courses related to product quality, covering topics such as the basics of ISO 9001, quality control, quality awareness, quality case analysis, the seven major quality control techniques, and key account maintenance skills. This ensures that our quality inspectors have the latest skills and knowledge. We aim for employees to experience job satisfaction and a sense of accomplishment, encouraging them to seize every opportunity to enhance product quality alongside the Group as we strive for higher quality standards.

Customer Service Management

The Group places customer satisfaction at the core of our operations by delivering comprehensive support throughout the entire product lifecycle. To achieve this, the Group has established a complete service system encompassing pre-sales, in-sales, and after-sales phases. Pre-sales services encompass investment budgeting, factory planning, and equipment repairs and maintenance. In-sales services include foundation construction for machines, production support, equipment installation, and training. In our after-sales services, we implement a 24-hour quick response system, which covers machine testing and maintenance, routine visits, technical support, and maintenance assistance.

To improve the professional skills of our customers' operators and technicians, we offer specialized training programs including on-site introductions and guidance such as trial runs. Customers can also arrange to send personnel to our plants for training, allowing them to acquire detailed knowledge about machine operation and maintenance. Our customer trainings include topics such as product structure, control principles, process parameter debugging, safe operation, and maintenance. Following the sale and training, we evaluate our product and service, as well as confirm customer understanding with after-sales customer satisfaction survey questionnaire. This feedback is reviewed promptly and discussed in regular product quality review meetings, where we also share our reflections. Departments related to any complaints are held accountable and must properly address these cases, while customer service personnel are responsible for follow-ups, ensuring ongoing improvement in our product and service quality. Through these comprehensive and professional services, the Group provides extensive technical support and service guarantees to maximize customer benefits.

If customers experience any issues with our products or services, they can provide feedback or submit complaints through our after-sales service mechanism. The Quality Control Department will perform an initial inspection and analysis of the complaints. The responsible department will investigate the causes, create a plan for addressing the complaints, implement corrective actions, and establish a target completion time. A dedicated staff member will follow up with customers to ensure timely resolution of their complaints.

Product Labelling and Traceability

Advertising of Product

The Group's product promotion activities primarily include participation in exhibitions and advertising through magazines, industry websites, search engines, and similar platforms. The promotional content focuses on the product's characteristics, functionalities, parameters, and other relevant information, which is centrally described and provided by the Group. This ensures that all content complies with the "Advertising Law of the People's Republic of China" and other applicable laws, regulations, and standards before distribution to subsidiaries.





Customer Training Sessions in our Kunshan operation

Recall of Products

Internal quality control policies are in place in various segment operations to control the after-sale services for non-compliance products such as repairing and recalling. During the Reporting Period, the Group has no product sold or shipped subject to recalls for safety and health reasons.

Customer Data Protection and Privacy Policies

Confidentiality is a fundamental value of the Group. We manage customer information with care and discretion. The group strictly abides by the Civil Code of the People's Republic of China, the Regulation (EU) 2016/679 (General Data Protection Regulation) and other applicable laws, regulations, and standards to ensure no violation of the regulations when handling privacy data and information. All employees are strictly prohibited from disclosing any confidential information obtained through business relationships to third parties without proper authorization, except when legally or professionally mandated. Our plants in Shanghai, Kunshan and Ningbo have established formal policy documents such as information security work manuals to guide employees in daily work. Additionally, we regularly assess and evaluate the confidentiality risks associated with customer information and cybersecurity. If employees discover security issues (such as phishing emails, system vulnerabilities, or other suspicious activities), they will immediately notify IT department staff. The IT department will conduct a preliminary investigation. If the incident is classified as a major event, it will be escalated to the IT manager and management for follow-up. To strengthen our information protection capabilities, we conduct data protection and cybersecurity training programs across our facilities in Zhongshan, Ningbo, Taiwan, and Hong Kong. These initiatives enhance employee awareness and preparedness in information security.

Maintenance and Protection of Intellectual Property Rights

The Group respects intellectual property rights and employees are not allowed to own or use copyrighted material without the permission of the copyright owner.

Compliance

During the Reporting Period, there was no confirmed violation or non-compliance incident relating to product and service responsibility that had significant impact on the Group and no complaints about violations of customer privacy, loss of customer information and intellectual property rights was received.

3. RISK MANAGEMENT

Risk management is a cornerstone of the Group's daily operations, and we approach it with consistent rigor and diligence. The Internal Audit Department ("IAD") plays a key role in monitoring the Group's internal controls, conducting independent audits to evaluate the effectiveness of these systems in accordance with the Internal Audit Plan. Supported by the Audit Committee, the Board oversees the Group's risk exposure, monitors management's actions, and ensures the ongoing effectiveness of these systems. Management is responsible for setting the appropriate tone from the top, conducting risk assessments, and designing, implementing, and maintaining internal controls. A comprehensive framework of policies and procedures underpins the Group's operations, covering key areas such as operations, finance & accounting, human resources. Regulatory & compliance, delegation of authority, and control self-assessments.

Key business units are required to perform annual control self-assessments to evaluate the effectiveness of internal controls. These assessments are conducted through structured questionnaires that outline key risks and corresponding controls for each critical business process. Upon completion, the management of each business unit confirms and signs the assessment. The IAD reviews the self-assessment results, providing recommendations and feedback for management's consideration and action. To further strengthen its risk management framework, the Group engaged a professional consulting firm supporting the management in conducting an annual assessment of major risks related to the Group's business operations.

4. ANTI-CORRUPTION

Integrity, honesty, and fairness are core values of the Group. We maintain a zero-tolerance policy toward all forms of corruption, bribery, and extortion. To ensure compliance with the "Criminal Law of the People's Republic of China" and "Anti-Money Laundering Law of the People's Republic of China" of Mainland China and other countries' applicable laws and regulations, we have established code of conduct and internal whistleblowing policy, endorsed by the Board of Directors. Employees can file formal reports through specified communication channels anonymously – either via a dedicated corporate email account or through traditional mail correspondence. These submissions fall under the purview of the Company Secretary, who coordinates their review and forwards pertinent cases to the Internal Audit team for appropriate resolution. The Internal Audit Department function subsequently provides comprehensive reports to the governing Audit Committee on an annual basis or as required.

In its commitment to maintain organizational integrity, the Group enforces compulsory anti-corruption training for all personnel across all levels, including the directors. We distribute materials from the Stock Exchange regarding ethical conduct to all directors. During the Reporting Period, we delivered 2,030 hours to employees across all levels, including 58 hours to the senior managements.

The Group's business activities regularly engage in tendering and bidding activities, for which we have established robust internal rules and regulations to ensure fully adherence to "Law of the People's Republic of China on Tenders and Bids". These measures include a clear division of labor aligned with specific job responsibilities, with a strict prohibition against combining multiple responsibilities within a single position – all designed to uphold fairness, transparency, and impartiality throughout the process. During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employee. We are not aware of non-compliance incidents with relevant laws and regulations that have a significant impact on the Group relating to conflicts of interest, money laundering and insider trading.

COMMUNITY INVESTMENT

The Group demonstrates its commitment to social responsibility through active participation in community development initiatives across our global operations. We integrate sustainable practices with people-centric corporate philanthropy to create lasting positive impacts in education, healthcare, and social welfare.

We demonstrated this commitment by joining the "ESG Pledge Scheme", an initiative organized by the Chinese Manufacturers' Association of Hong Kong in collaboration with the Hong Kong Brand Development Council to advance corporate sustainability. To show the determination of sustainable development, pledgers select and report specific measures done in environmental, social or governance area to the organizers annually to improve sustainability performances in different aspects.

We believe education empowers and strengthens communities. During the Reporting Period, we donated over RMB1 million in Mainland China, in Hong Kong and Taiwan to support educational development. These funds provided scholarships to outstanding students or students in need, and improved school facilities. Our donations helped students access better educational resources, giving them greater opportunities to realize their potential.

Our healthcare initiatives focus on improving access to medical services and supporting vital research. We provided financial supports to United Christian Medical Service in Hong Kong to benefit local patients. In Italy, our annual contribution to medical research supports on cutting-edge treatments for rare diseases, including conditions affecting our own workforce. These efforts demonstrate our commitment to both community health and employee wellbeing.

We organized a variety of community events, including charity bowling tournament for the Hong Kong Blind Sports Federation, Nursing Home Charity Program for the elderly, and blood donation activities. These activities not only benefit recipient organizations but also foster team spirit and strengthen our connection to the communities where we operate.

Through these focused investments, we create tangible social value while aligning with our core business values. Our approach ensures every contribution makes a measurable difference. We measure our success not just in dollars donated, but in lives improved and communities strengthened.





Nursing Home Charity Program

In 2024/2025, the Group has obtained and held the following major awards and certifications:

Aspects	Honors and Certifications	Companies
Environmental Management	GB/T 24001-2016/ISO 14001:2015 Certification in Environmental Management System	· Shenzhen Leadwell Technology Co. Ltd. · L.K. Machinery (Shenzhen) Co. Ltd.
	ISO 14001:2015 Certification in Environmental Management System	· Ningbo L.K. Technology Co. Ltd. · Ningbo L.K. Plastic Machinery Intelligent Manufacturing Co. Ltd · Idra S.r.l
Product Responsibilities	ISO 9001:2015 Certification in Quality Management System	· Shenzhen Leadwell Technology Co. Ltd. · L.K. Machinery (Shenzhen) Co. Ltd. · LK Injection Molding Machine Co., Ltd · Shanghai Atech Machinery Co. Ltd. · Ningbo L.K. Technology Co. Ltd. · Ningbo L.K. Plastic Machinery Intelligent Manufacturing Co. Ltd · L.K. Machinery Corp. · L.K. Precision Machinery (Kunshan) Co. Ltd. · Idra S.r.l
	GB/T 19001-2016/ISO 9001:2015 Certification in Quality Management System	· Fu Xin L.K. Northern Machinery Co. Ltd. · Fuxin Lida Steel Casting Co. Ltd. · Chongqing L.K. Machinery Co. Ltd.
	RB/T048-2020; GB/T19001-2016/ISO 9001:2015 Upgrade Certification in Quality Management System	· Fuxin Lida Steel Casting Co. Ltd.
	GB/T 29490-2013 Certification in Intellectual Property Management System	· Ningbo L.K. Plastic Machinery Intelligent Manufacturing Co. Ltd
	ISO/IEC 17025:2017 Certification in General requirements for the competence of testing and calibration laboratories	· Ningbo L.K. Technology Co. Ltd.
	Honor of “Intellectual Property Advantage Enterprise”	· Fuxin Lida Steel Casting Co. Ltd. · Ningbo L.K. Technology Co. Ltd.
	Honor of “High-tech Enterprise”	· Shenzhen Leadwell Technology Co. Ltd. · LK Injection Molding Machine Co., Ltd. · Shanghai Atech Machinery Co. Ltd. · Ningbo L.K. Technology Co. Ltd. · Ningbo L.K. Plastic Machinery Intelligent Manufacturing Co. Ltd · Fu Xin L.K. Northern Machinery Co. Ltd. · Fuxin Lida Steel Casting Co. Ltd.
	Various products were awarded “CE certification”	· LK Injection Molding Machine Co., Ltd
	Honor of “Quality Casting Gold Award”	· Fuxin Lida Steel Casting Co. Ltd.

Aspects	Honors and Certifications	Companies
Health and Safety	ISO 45001:1018 Certification in Occupational Health and Safety Management System	· Shenzhen Leadwell Technology Co. Ltd. · Ningbo L.K. Technology Co. Ltd. · Fuxin Lida Steel Casting Co. Ltd. · LK Injection Molding Machine Co., Ltd. · Idra S.r.l
	Honor of "Work Safety Standardization Level III Enterprise"	· Ningbo L.K. Technology Co. Ltd. · Chongqing L.K. Machinery Co. Ltd.

ENVIRONMENTAL PERFORMANCE DATA SUMMARY[1]

		Plastic Injection									
		Die-casting Machines		Molding Machines		CNC Machining Center		Manufacture of Casting		Total	
	Unit	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024
Greenhouse Gas ("GHG") Emission											
Scope 1[2,4]:											
Total	Tonnes Carbon dioxide equivalent ("tCO_2e") emissions	3,023.85	4,197.14	514.80	780.45	134.29	92.14	919.16	1,014.10	4,592.11	6,083.83
Intensity[4]	tCO_2e emissions per production volume or revenue	1.21	2.67	0.09	0.21	0.25	0.25	7.24	9.63	N/A	N/A
Scope 2[3,4]:											
Total	tCO_2e emissions	9,320.49	10,340.96	6,921.87	5,217.89	542.42	569.07	56,765.85	42,080.88	73,550.63	58,208.80
Intensity[5]	tCO_2e emissions per production volume or revenue	3.74	6.57	1.25	1.42	1.00	1.55	447.26	399.60	N/A	N/A
Air Emission[6]											
Nitrogen oxides	Kilograms	3,430.49	3,629.71	1,441.54	1,484.43	67.02	144.86	627.51	7,029.93	5,566.57	12,288.93
Sulfur oxides	Kilograms	87.38	8.28	20.60	3.63	4.86	0.46	3.80	4.80	116.64	17.19
Particulate Matters	Kilograms	228.75	277.05	102.04	93.27	4.70	9.49	33.57	456.14	369.06	835.95
Hazardous Waste[7]											
Wastewater Discharged:											
Total	Tonnes	367.00	323.66	0	319.20	0	4.10	0	17.20	367.00	664.16
Intensity[5]	Tonnes per production volume or revenue	0.15	0.21	0	0.09	0	0.01	0	0.16	N/A	N/A
Waste Generated:											
Total	Tonnes	418.79	131.62	151.68	56.51	24.28	0	30.42	27.28	625.17	215.41
Intensity[5]	Tonnes per production volume or revenue	0.17	0.08	0.03	0.02	0.04	0	0.24	0.26	N/A	N/A
Non-hazardous Waste[7]											
Wastewater Discharged:											
Total	Tonnes	150,877.36	140,059.80	161,833.00	138,920.00	9,726.00	10,311.20	7,767.00	19,421.20	330,203.36	308,712.20
Intensity[5]	Tonnes per production volume or revenue	60.57	88.98	29.28	37.68	18.01	28.17	61.20	184.43	N/A	N/A
Waste Generated:											
Total	Tonnes	1,566.32	2,953.82	2,330.51	2,007.68	118.87	51.66	398.79	3,894.00	4,414.48	8,907.16
Intensity[5]	Tonnes per production volume or revenue	0.63	1.88	0.42	0.54	0.22	0.14	3.14	36.98	N/A	N/A
Packaging Materials Used for Finished Products											
Total	Tonnes	102.95	72.38	7.21	89.72	53.15	58.13	109.16	222.42	272.47	442.65
Intensity[5]	Tonnes per production volume or revenue	0.04	0.05	0.00	0.02	0.10	0.16	0.86	2.11	N/A	N/A
Energy and Water Consumption[8]											
Liquefied Petroleum Gas:											
Total	Liters	78,622.08	906.09	0	0	0	0	61,736.98	121,434.78	140,359.06	122,340.86
Intensity[5]	Liters per production volume or revenue	31.56	0.40	0	0	0	0	565.56	1,153.16	N/A	N/A

ENVIRONMENTAL PERFORMANCE DATA SUMMARY

		Plastic Injection									
		Die-casting Machines		Molding Machines		CNC Machining Center		Manufacture of Casting		Total	
	Unit	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024
Natural Gas:											
Total	m^3	255,722.00	72,084.22	93,538.00	69,323.00	53,374.00	4,917.00	0	0	402,634.00	146,324.22
Intensity[5]	m^3 per production volume or revenue	102.66	45.80	16.92	18.80	98.84	13.43	0	0	N/A	N/A
Gasoline:											
Total	Liters	536,727.49	292,542.96	183,363.29	169,443.60	47,077.30	26,366.88	298,990.40	30,720.92	1,066,158.48	519,074.36
Intensity[5]	Liters per production volume or revenue	215.47	129.50	33.18	45.96	87.18	72.04	2,739.00	291.73	N/A	N/A
Diesel:											
Total	Liters	688,902.08	249,637.36	89,019.88	70,409.92	4,950.36	4,262.16	323,335.28	281,579.48	1,106,207.60	605,888.92
Intensity[5]	Liters per production volume or revenue	276.56	110.51	16.11	19.10	9.17	11.65	2,547.57	2,673.91	N/A	N/A
Welding and Cutting Gas[8]:											
Total	Tonnes	177.48	290.47	7.75	0	0	0	3.85	19.54	189.09	310.01
Intensity[5]	Tonnes per production volume or revenue	0.07	0.18	0.001	0	0	0	0.03	0.19	N/A	N/A
Electricity:											
Total	MWh	17,887.79	20,058.45	15,152.58	10,478.41	874.17	1,060.65	91,484.04	68,973.74	125,398.58	100,571.25
Intensity[5]	MWh	7.18	12.74	3.17	2.84	2.17	2.90	720.80	654.98	N/A	N/A
Water Resources:											
Total	m^3	149,811.17	136,171.80	226,696.00	139,496.00	12,024.00	12,889.00	13,265.00	23,479.00	401,796.17	312,035.80
Intensity[5]	m^3 per production volume or revenue	60.14	86.51	41.02	37.83	22.27	35.22	104.52	222.96	N/A	N/A

Notes:

1 The Group constantly revisits the methodology to achieve higher accountability standards. For the preparation of 2024/2025 data, the methodology to record and calculate the respective data has been updated to better reflect the Group's ESG performance, which may result in significant differences between performance data in two years.

2 Scope 1 refers to the Group's business direct GHG emissions, including the use of liquefied petroleum gas, natural gas, gasoline, diesel, welding and cutting gas.

3 Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity from renewable and non-renewable sources.

4 The abovementioned carbon emissions in 2024/2025 are calculated under operational control approach with reference to the emission factors in "China Regional Grid Baseline Emission Factors" issued by the Climate Change Department of the Ministry of Ecology and Environment of the PRC and the "Reporting Guidance on Environmental Key Performance Indicators" issued by the Stock Exchange.

5 The emission/production/consumption intensity of the business of manufacturing die-casting machine, plastic injection molding machine and CNC machining center are calculated based on the number of production units. The emission/production/consumption intensity of the manufacturing of casting business are calculated in terms of production per kilo-tonne.

6 Air emissions in 2024/2025 are calculated based on the combustion of fuels including liquefied petroleum gas, gasoline and diesel.

7 The Group monitors the metrics for optimizing waste management strategies and performances. In 2024/2025, the overall waste diversion rate is 48%. For the plants without flow meter installed in wastewater discharge ports, the amount of non-hazardous wastewater produced is estimated based on 80%–90% of the volume of water consumed.

8 No consumption data of coal, towngas, and refrigerant in 2024/2025.

9 Including Acetylene, Carbon dioxide, and Propane for Welding and Cutting in 2024/2025.

	Unit	2024/2025	2023/2024
Employment[2]			
Gender			
Male	People (%)	3,693 (83%)	85%
Female	People (%)	742 (17%)	15%
Employment Category			
Senior Management	People (%)	47 (1%)	-
Middle Management	People (%)	360 (8%)	-
Junior Management	People (%)	511 (12%)	-
General Staff	People (%)	3,517 (79%)	-
Share of Women in Management			
Senior Management	%	19%	-
Middle Management	%	19%	-
Junior Management	%	12%	-
Employment Type			
Full-time	People (%)	4,435 (100%)	100%
Age Group			
18–30	People (%)	1,445 (33%)	34%
31-45	People (%)	2,048 (46%)	46%
46-60	People (%)	903 (20%)	19%
>60	People (%)	39 (1%)	1%
Geographical Region			
Mainland China	People (%)	4,219 (95%)	96%
Hong Kong	People (%)	48 (1%)	1%
Taiwan	People (%)	58 (1%)	1%
Italy	People (%)	104 (2%)	2%
Other[3]	People (%)	6 (0.1%)	-
Ethnicity			
Chinese	People (%)	4,316 (97%)	-
Italian	People (%)	104 (2%)	-
Others[3]	People (%)	15 (0.3%)	-
Hiring			
Total Number of new Hires	People	821	-
Positions filled by internal candidates	People	34	-
Gender			
Male	People	144	-
Female	People	677	-
Employment Category			
Senior Management	People	3	-
Middle Management	People	13	-
Junior Management	People	18	-
General Staff	People	787	-

SOCIAL PERFORMANCE DATA SUMMARY

	Unit	2024/2025	2023/2024
Employee Turnover Rate[4]			
Gender			
Male	%	23%	-
Female	%	23%	-
Age Group			
18–30	%	36%	-
31-45	%	18%	-
46-60	%	13%	-
>60	%	15%	-
Geographical Region			
Mainland China	%	23%	-
Hong Kong	%	6%	-
Taiwan	%	53%	-
Italy	%	7%	-
Others	%	0%	-
Voluntary Turnover			
Voluntary Turnover	%	20%	-
Percentage of Employees Trained[5]			
Gender			
Male	%	85%	61%
Female	%	15%	55%
Employee Category			
Senior Management	%	1%	-
Middle Management	%	7%	-
Junior Management	%	13%	-
General Staff	%	79%	-
Average Training Hours[6] **per Employee**			
Gender			
Male	Hours per employee	14.41	6.04
Female	Hours per employee	12.88	6.02
Employee Category			
Senior Management	Hours per employee	8.58	2.96
Middle Management	Hours per employee	13.23	5.37
Junior Management	Hours per employee	61.02	-
General Staff	Hours per employee	7.52	6.11
Health and safety			
Lost days due to work injury	Days	4,877	2,215
Employee work-related fatalities	People	0	0
Contractor work-related fatalities	People	0	-

	Unit	2024/2025	2023/2024
Suppliers (by Geographical Regions)			
Mainland China	Number	**2,001**	1,415
Hong Kong	Number	**81**	18
Taiwan	Number	**195**	185
Europe	Number	**334**	373
Others[7]	Number	**88**	34
Products and Service-related Complaints			
Complaints received	Number	**320**	34
Product recall for health and safety reasons	Number	**0**	0

Notes:

1 The Group constantly revisits the methodology to achieve higher accountability standards. For the preparation of 2024/2025 data, the methodology to record and calculate the respective data has been updated to better reflect the Group's ESG performance, which may result in significant differences between performance data in two years.

2 Total number of employees is 4,435 in 2024/2025, and the total number of employees was approximately 5,100 with breakdowns presented in percentage in 2023/2024.

3 Including Staff from England, Finland, Ghana, Pakistan, Poland, and Senegal.

4 Turnover rate is refined to an annual basis for better for the alignment of industry practices in 2024/2025.

5 "Percentage of Employees Trained" refers to the number of Group's employees trained under the category within the Reporting Period divided by the total number of Group's employees trained within the Reporting Period. The methodology to calculate the respective data has been updated to better reflect the Group's ESG performance and respond to the Listing Rules on the Stock Exchange. The respective performance in 2024/2025 is not directly comparable to the performance of 2023/2024.

6 "Average Training Hours per Employee" refers to the number of training hours provided by the Group to its employees within the Reporting Period divided by the sum of Group's number of employees at the end of the Reporting Period and the number of departing employees within the Reporting Period.

7 Including suppliers from Europe (except Italy), North America and other regions.

THE STOCK EXCHANGE "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE" CONTENT INDEX

General Disclosure/KPIs	Reporting Guideline	Page
	A. Environmental	
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	10–19
KPI A1.1	The types of emissions and respective emissions data.	35–36
KPI A1.2	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).	35–36
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	35–36
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	35–36
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	14–19
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	11–15
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	16–19
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	35–36
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	36
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	16–18
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	18–19
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	35

General Disclosure/KPIs	Reporting Guideline	Page
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	20
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	20
Aspect A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	20
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	20
	B. Social	
Aspect B1	**Employment and Labor Practices**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	21–27
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	37, 39
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	38–39
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	21–24
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	24, 37–39
KPI B2.2	Lost days due to work injury.	38
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	21–24

THE STOCK EXCHANGE "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE" CONTENT INDEX

General Disclosure/KPIs	Reporting Guideline	Page
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	25–26
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	38–39
KPI B3.2	The average training hours completed per employee by gender and employee category.	38–39
Aspect B4	**Labor Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	27
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	27
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	27
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	28
KPI B5.1	Number of suppliers by geographical region.	39
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	28
KPI B5.3	Description of practices used to identify environmental and social risks.	28
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	28
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	29–31
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	29–31, 37–39
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	39
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	30–31
KPI B6.4	Description of quality assurance process and recall procedures.	30
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	30

General Disclosure/KPIs	Reporting Guideline	Page
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	31
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	31
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	31
KPI B7.3	Description of anti-corruption training provided to directors and staff.	31
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	32
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	32
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	32



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