Zhongzheng International Company Limited

(Incorporated in Bermuda with Limited Liability)

(Stock Code : 943)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2024/2025

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ABOUT THIS REPORT

Zhongzheng International Company Limited (the "Company"), together with its subsidiaries (the "Group"), is pleased to present this Environmental, Social and Governance (the "ESG") Report (the "Report") to provide an overview of the Group's management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects. For information regarding corporate governance, please refer to the "Corporate Governance Report" in this annual report.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix C2 to the rules governing the listing of securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") – "Environmental, Social and Governance Reporting Guide" and has complied with "comply or explain" provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its main operating activities which are considered as material by the Group – manufacturing and trading of healthcare and household products (the "Healthcare and household business"). The business segment of properties development, money lending and coal mining business were not included in the environmental and social aspect of this Report owing to their non-materiality to the Group. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures.

REPORTING PERIOD

This Report demonstrates the sustainability initiatives during the year ended 30 June 2025.

CONTACT INFORMATION

The Group welcomes your feedback on the Report for the sustainability initiatives. Please contact the Group by email to info@zhongzheng.com.hk.

INTRODUCTION

The Group is principally engaged in the manufacture and sale of healthcare and household products.

Regarding the manufacture and sale of healthcare and household products, the Group is a leading manufacturer with experiences working with different global major brands in electrical home appliances. The Group designs and develops new idea concepts with in-depth analysis to optimise cost efficiency and benefits to consumers. The production process is managed by professional teams who can effectively monitor the production quality. Continuous optimisation of facilities and production processes are the philosophy to promote the leading position in the personal healthcare products industry.

The Group acknowledges the importance of sustainable development to achieve affordable capital and long-term competitiveness. The Group is committed to maintaining its operations in a responsible manner for the environment and community. Various policies and procedures have established based on the law compliance and the Group's business development strategies. This can help the Group to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

The Group seeks to balance the views and interests of the stakeholders through constructive conversation with a purpose to set the course for long-term prosperity. The Board is responsible for evaluating and determining the ESG risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively. The Group has assigned a responsible person (the "ESG Responsible Person") to review and evaluate the corporate performance on the relevant ESG issues.

GOVERNANCE STRUCTURE

Board's oversight of ESG issues

The Board has a primary role in overseeing the Group's ESG issues. During the reporting period, the Board, the management and ESG responsible person evaluated the impacts of ESG-related risks towards the operation and formulated ESG related policies in dealing with relevant risks. The oversight of the Board ensures that the management and ESG responsible person can have all the right tools and resources to oversee the ESG issues.

To demonstrate the Group's commitment to transparency and accountability, the management and ESG responsible person review and evaluate the Group's performance in respect of ESG issues and report to the Board regularly.

ESG management approach and strategy for material ESG-related issues

To better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group can understand their expectations and concerns. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the impacts of the business decisions.

The Group has evaluated the materiality for each of the ESG aspects through the following steps: (i) identification of ESG issues by the Group; (ii) key ESG areas prioritization with stakeholder engagement; and (iii) validation and determining material ESG issues based on the results of communication with the stakeholders.

Taking these steps enhance the understanding of the expectations and concerns of the Group's stakeholders on various ESG issues, which enable the Board to plan the sustainable development direction to address material ESG-related issues in the future.

Progress review made against ESG-related goals and targets

The Group will closely review from time to time for the performance and implementation progress of the goals and targets. If the progress falls short of expectation or changes of business operations, it may be necessary to make changes and communicate about the goals and targets with key stakeholders such as employees, customers and suppliers.

The Board has set strategic goals to enable the Group to develop a realistic path and focus on the development direction for achieving its vision. The Board will carefully examine the attainability of the targets which should be weighted against the Group's philosophy and goals.

REPORTING PRINCIPLES

This ESG Report is centred on four principles:

Materiality: Stakeholder engagement and materiality assessment were conducted regularly to identify material ESG issues, and to ensure that these issues are addressed in the report.

Quantitative: Data presented in this report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: Both positive and negative sides of the performance have been presented in a transparent manner.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

REPORTING BOUNDARIES

This ESG Report focuses on the ESG performance of the Group during the reporting period in respect of its major subsidiary in the People's Republic of China ("PRC") named Dongguan Weihang Electrical Product Company Limited ("Dongguan Weihang"), which has factory operation in Dongguan, the PRC. Hence, the disclosures in this ESG Report focus on the policies and performance of the plant operation in relation to four environmental aspects and eight social aspects. The social aspect of this Report covers the Group wide data.

The preparation of this ESG Report includes identifying and ranking important stakeholders and major issues relating to ESG; deciding on the coverage of the ESG Report; and collecting relevant materials, data and information.

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. This allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to the Group's business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Expectations	Engagement channels
Government	• Compliance with the laws • Proper tax payment • Promote regional economic development and employment	• On-site inspections and checks • Regular tax filings • Employment of local citizens
Shareholders and investors	• Return with low risk on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders	• Annual general meeting and other shareholder meetings • Announcements of annual and interim reports • Website of the Company and the Stock Exchange respectively
Employees	• Safeguard the rights and interests of employees • Working environment and self–actualization • Career development opportunities and health and safety	• Briefing sessions • Cultural and sport activities • Training and seminars

STAKEHOLDERS ENGAGEMENT

Stakeholders	Expectations	Engagement channels
Customers	• Information transparency and legal and high-quality products	• Websites of the Company and certain subsidiaries of the Company, brochures and annual reports
	• Stable relationship	• Email communication and exhibition
	• Integrity and business ethics	• Customer service hotline
Suppliers	• Integrity cooperation • Business ethics and credibility	• Responsible supply chain • Contract execution according to the laws and regulations
Peers/Industry Associations	• Experience sharing • Cooperation	• Industry conference • Exhibition and site
Financial Institutions	• Compliance with the law and regulations • Information disclosure	• Compliance operation • Announcements of financial information
Public and Communities	• Community involvement and social responsibilities	• Charity and social investment

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) shown in the Report are in accordance with the disclosure requirements of the ESG Reporting Guide under Appendix C2 of the Listing Rules.

The Group has adopted three step process for the materiality assessment which includes identification, prioritization and validation the sustainability topics.

a. Identification

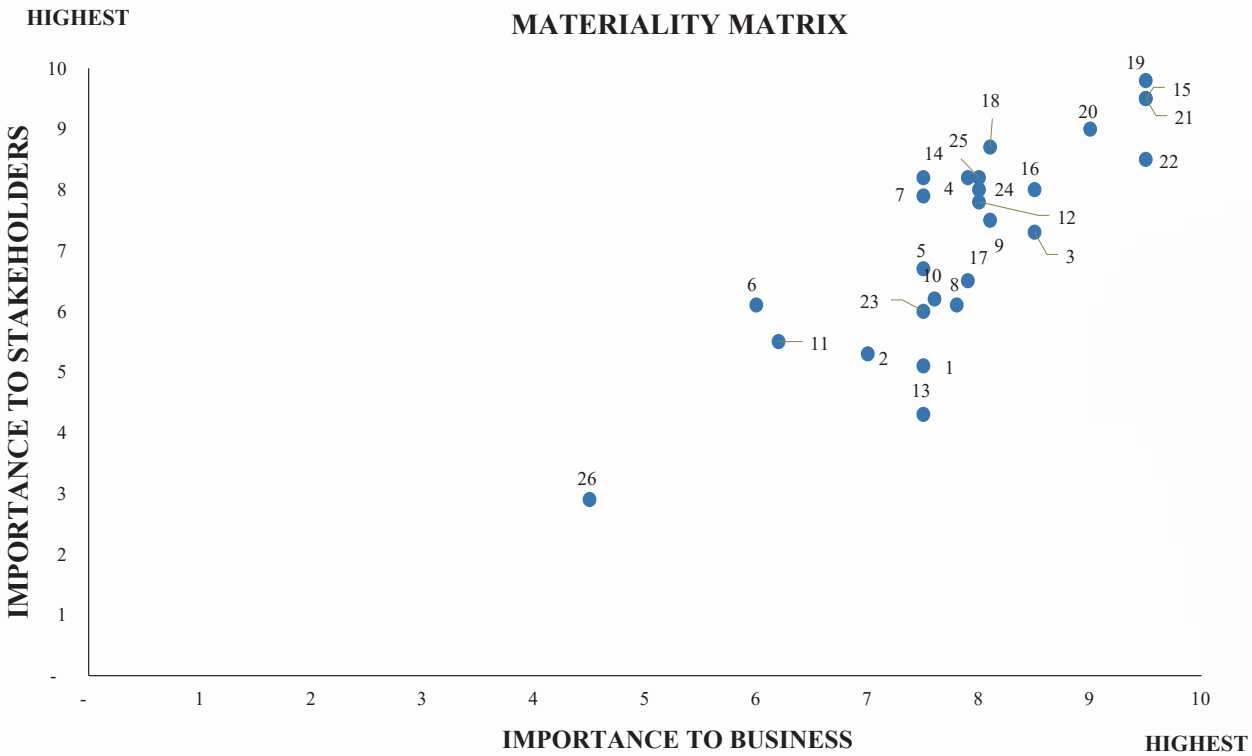
With reference to the scope of disclosure as required under the ESG Reporting Guide, as well as taking into consideration its business features, the Group has identified and determined 26 issues covering greenhouse gas ("GHG") emission, energy consumption, employee welfare, occupational health and safety, training and development, supply chain management, customer privacy, anti-corruption, and community investment with respect to its business operation.

b. Prioritization

During the reporting period, the Company undertook its annual materiality assessment exercise. This involved conducting interviews and/or surveys with internal and external stakeholders to identify "material issues" and reflect the environmental, social and operational issues which have the most significant impacts on the Company's business and the relevant issues which are concerned by the stakeholders.

c. Validation

The report discloses all the materiality topics. The prioritised list of the materiality topics was presented to the management and reported to the Board for validation.



Environmental

1. Air emissions
2. Noise emissions
3. Greenhouse gas emissions
4. Wastewater discharge management
5. Hazardous waste management
6. Non-hazardous waste management
7. Energy consumption
8. Saving energy measures and utilisation of energy resources
9. Water consumption
10. Packaging material consumption
11. Environmental risk management
12. Legal compliance matters for environmental protection
13. Climate change

Social

14. Employment practices
15. Occupational health and safety
16. Employment development and training
17. Anti-child or forced labor practices

Operating practices

18. Supply chain management
19. Product safety and service quality
20. Customer satisfaction
21. Customer health and safety
22. Customer data protection and privacy
23. Advertising content and labeling
24. Intellectual property rights protection
25. Anti-corruption training
26. Community engagement and investment

ENVIRONMENTAL RESPONSIBILITY

ASPECT A1: EMISSIONS AND WASTE GENERATED

As a manufacturer, the Group recognises its obligation to reduce the operational impact on environment. The Group is committed to continuously improving the environmental sustainability and ensuring that environmental consideration remains one of the top priorities in the operation. The Group has a set of environmental policies and procedures, including "Environmental Monitoring and Measuring Control Procedure" (環境監視和測量控制程序), to monitor all emissions such as air pollutants and wastes. The environmental management system meets regulatory requirements and has ISO 14001:2015 environmental management system accreditation. The Group has also established an environment, health and safety ("EHS") committee to oversee the environmental policies and procedures implementation. Annual assessment is conducted to review the performance.

The Group is committed to adopting environmentally friendly practices throughout its operations. The key points of our environmental policies are shown as follows:

- Comply with all environmental laws and regulations that relate to the Group's operations;
- Prevent the environmental impact of the products throughout their design and manufacturing process;
- Ensure every employee understands and is responsible for incorporating environmental considerations in their daily business activities; and
- Pursue continuous improvement in environmental performance.

Air Pollutants Emission

Air emission control is essential to mitigate the impact on environment and to protect employees' health. The major air pollutants are generated from fuel combustion in healthcare and household manufacturing process. All the exhaust gas emission must comply with "Emission limits of air pollutants (DB44/27-2001)". The Group lowers the air pollutants emission by using fuel with the latest National Standard, such as China V diesel oil. In addition, the Group has engaged a qualified environmental testing company to carry out testing on an annual basis to ensure that the air pollutants emission complies with relevant laws and regulations. The air pollutants emission during the reporting period is as follows:

Air emissions[(1)]	Unit	For the year ended 30 June 2025	For the year ended 30 June 2024
Nitrogen oxides (NO_x)	kg	3.72	3.72
Sulphur oxides (SO_x)	kg	0.001	0.07
Particulate matter (PM)	kg	0.27	0.27

Note (1): The emission factors used to calculate the NO_x, SO_x and PM are sourced from "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by Hong Kong Exchanges and Clearing Limited ("HKEX").

Greenhouse gas emissions

The Group recognises that climate change poses a risk to its businesses as it can seriously affect the crop production in the trading of agricultural and fertilizers products business. The Group is committed to mitigating the effects of climate change. GHG emission is considered as one of the major contributors to climate change. The majority of GHG emission of the Group comes from energy consumption. The Group reduces the GHG emission by implementing various energy use efficiency initiatives. Measures to encourage energy saving have been incorporated throughout the operation. Details are mentioned in the section "Use of Resources" of this Report. The increase in GHG emission during the reporting period was mainly attributable to more unit of production of healthcare and household products during the reporting period. The GHG emission during the reporting period is as follows:

Greenhouse gas emissions[1]	Unit	For the year ended 30 June 2025	For the year ended 30 June 2024
Scope I (Direct Emissions) [2]	tCO_2e	69.33	84.94
Scope II (Indirect Emissions) [2]	tCO_2e	2,014.50	1,842.34
Scope III (Other Indirect Emissions)	tCO_2e	17.01	16.62
Total (Scope I, II and III)	tCO_2e	2,100.84	1,943.90
GHG emission intensity (Scope I, II and III)	tCO_2e per thousand units of production	0.22	0.32

Note (1): GHG emissions data is presented in carbon dioxide equivalent and based on but not limited to "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023–2025" (關於做好2023–2025年企業溫室氣體排放報告管理有關工作的通知》) and "How to prepare an ESG Report–Appendix 2: Reporting Guidance on Environmental KPIs", issued by the Hong Kong Exchanges and Clearing Limited (the "HKEX").

Note (2): GHG emissions (direct and indirect) and its removal can be divided into the following three scopes:

Scope 1: Direct GHG emissions from operations that are owned or controlled by the Group including combustion of fuels in motor vehicles controlled by the Group.

Scope 2: Energy indirect emissions resulting from generation of purchased electricity that is consumed by the Group's including the controlled equipment or its operations within physical building boundary for electricity purchased from power companies.

Scope 3: All other indirect GHG emissions that occurred outside the Group, including both upstream and downstream emissions including: a. GHG emissions due to electricity used for fresh water/sewage processing by the Water Services Department/Drainage Services Department respectively; and b. business travel by employees.

Targets set for emissions and steps taken to achieve them

Reduction target of air emissions

Environmental KPI	Reduction Target	Baseline Period
NO_X emission intensity	Reduce 1% by Year 2035	The year ended 30 June 2024
SO_X emission intensity	Reduce 1% by Year 2035	The year ended 30 June 2024
PM emission intensity	Reduce 1% by Year 2035	The year ended 30 June 2024

Reduction target of GHG emission

Environmental KPI	Reduction Target	Baseline Period
GHG emission intensity (Scope 1)	Reduce 3% by Year 2035	The year ended 30 June 2024
GHG emission intensity (Scope 2)	Reduce 3% by Year 2035	The year ended 30 June 2024
GHG emission intensity (Scope 3)	Similar level by Year 2035	The year ended 30 June 2024

As at 30 June 2025, the reduction targets of GHG emission intensity under Scope 1, 2 and 3 and SO_x emission intensity with the targets of reducing 3% by year 2025 compared to the baseline period of the eighteen months ended 30 June 2022 have been achieved. However, the reduction targets of NO_X and PM with the targets of reducing 3% by year 2025 compared to the baseline period of the eighteen months ended 30 June 2022 have not been achieved as more travel distances were travelled by the vehicle.

To achieve fuel saving target, carpooling and task combination travel arrangement have been enhanced to reduce the use of vehicles. Unnecessary business trips were cut down as far as possible. If available, all employees would take seats in the economy class on flights whenever they go on necessary business trips to minimize carbon emissions.

To achieve reducing GHG emission target, the Group has implemented a series of energy-saving measures (see the paragraph under heading "Use of Resources" for details).

Waste management

The Group's "Wastes Control Procedures" (廢棄物控制程序) provides guidelines on classification, collection, storage and disposal of different kinds of wastes. Wastes are classified into hazardous waste, recyclable waste and non-recyclable waste. Each type of waste has its specific storage location and collection procedures.

For hazardous waste, a fixed storage area has been set up in manufacturing sites for collection in the healthcare and household business. The Group has engaged a qualified recycling company to perform hazardous waste disposal and treatment so as to minimise the impact on the nature and to comply with the latest policies of National Hazardous Waste Inventory. The increase in the amount of hazardous waste generated during the reporting period was mainly attributable to more unit of production of healthcare and household products during the reporting period.

For non-hazardous waste, it is classified into recyclable waste and non-recyclable waste. The practice of 3Rs, namely reduce, reuse and recycle, is incorporated in the operation. For example, waste that can be recycled is required to be identified and sorted. Double-sided usage of paper is encouraged to reduce paper waste. Apart from 3Rs practice, different communication channels such as training, meetings and notices are used to inculcate the importance and methods of waste sorting into the employees. The increase in the amount of non-hazardous waste recycled during the reporting period was mainly attributable to more units of production of healthcare and household were produced during the reporting period.

Waste	Unit	For the year ended 30 June 2025	For the year ended 30 June 2024
Hazardous waste generated	tonnes	2.00	2.00
Non-hazardous waste generated	tonnes	10.8	10.8
Non-hazardous waste recycled	tonnes	18.94	16.25
Hazardous waste intensity	tonnes per thousand units of production	0.0002	0.0004
Non-hazardous waste intensity	tonnes per thousand units of production	0.0011	0.0018
Non-hazardous waste recycled intensity	tonnes per thousand units of production	0.0019	0.0027

Targets set for waste management and reduction and steps taken to achieve them

Reduction target of waste produced

Environmental KPI	Reduction Target	Baseline Period
Hazardous waste produced intensity	Reduce 3% by Year 2035	The year ended 30 June 2024
Non-hazardous waste produced intensity	Reduce 3% by Year 2035	The year ended 30 June 2024

As at 30 June 2025, the reduction targets of hazardous waste and non-hazardous waste produced intensity with the targets of reducing 3% by year 2025 compared to the baseline period of the eighteen months ended 30 June 2022 have been achieved.

The Group strictly regulates the operation of its business to ensure the compliance with national and local laws and regulations relating to environmental protection and pollutant emissions. In the reporting period, there was no case of material non-compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on environment. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in the reporting period.

ASPECT A2: USE OF RESOURCES

The Group understands that better resources management is imperative to sustainable development. The Group consistently devotes efforts into energy and resources management by adopting policies and guidelines such as "Energy Resource Control Procedure" (能資源使用控制程序).

Energy

The Group believes that strengthening the employees' conservation consciousness is the basis for energy reduction initiatives, so the Group constantly enhances staff training on energy and resources conservation. Besides, energy consumption of the Group mainly comes from purchased electricity and fuel used for manufacturing process. The increase in total energy consumption during the reporting period was mainly attributable to more units of production of healthcare and household products during the reporting period. The Group has implemented the following measures to minimise the energy consumption:

- Unnecessary lighting and electrical appliances are switched off when they are not in use;
- Regular maintenance is carried out on machineries and equipments to ensure smooth operation and enhance the energy efficiency; and
- Temperature of air-conditioners is maintained at an energy-efficient level above 22 degrees Celsius.

The energy consumption during the reporting period is as follows:

Energy consumption[1]	Unit	For the year ended 30 June 2025	For the year ended 30 June 2024
Purchased electricity	mWh	3,532.35	3,230.50
Diesel	mWh	275.79	286.86
Petrol	mWh	0.35	47.36
Liquefied petroleum gas (LPG)	mWh	8.54	8.54
Total	mWh	3,817.04	3,573.26
Energy intensity	mWh per thousand units of production	0.39	0.58

Note (1): The methodology adopted for energy conversion of the energy resources of the Group was based on "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and the Energy Statistics Manual issued by the International Energy Agency.

Water resources

Water is another important natural resource. As the water supply for Hong Kong office is solely controlled and centrally managed by its property management company, it is not feasible for the Hong Kong office to provide water consumption data as there is no separate water sub-meter to record its water usage. However, the Group still actively seek ways to reduce water consumption in Hong Kong office. The water conservation measures adopted by the Group include:

- Inspect water mains and taps regularly and rectify leakage promptly;
- Turn off water taps when they are not in use; and
- Display water saving posters at appropriate locations to educate employees and enhance their awareness on water conservation.

During the reporting period, the Group has not experienced any difficulty in sourcing water that is fit for the usage of the Group. The increase in water consumption during the reporting period was mainly attributable to more units of production of healthcare and household were produced during the reporting period. The water consumption during the reporting period is shown as follows:

Water consumption	Unit	For the year ended 30 June 2025	For the year ended 30 June 2024
Water consumption	m^3	27,750	27,111
Water consumption intensity	m^3 per thousand units of production	4.49	4.46

Packaging material

The major packaging materials used in the operations are paper, plastic and polystyrene box. The increase in packaging material consumption during the reporting period was mainly attributable to more unit of production of healthcare and household products were produced during the reporting period. The consumption of these materials is summarised below.

Packaging Materials Consumption	Unit	For the year ended 30 June 2025	For the year ended 30 June 2024
Paper	tonnes	165.32	102.20
Plastic	tonnes	63.40	51.60
Total	tonnes	228.72	153.80
Packaging materials consumption intensity	tonnes per thousand units of production	0.023	0.025

Targets set for efficient use of energy and water and steps adopted for achieve them

Reduction target of resources consumption

Environmental KPI	Reduction Target	Baseline Period
Energy consumption intensity	Reduce 3% by Year 2035	The year ended 30 June 2024
Water consumption Intensity	Reduce 3% by Year 2035	The year ended 30 June 2024
Packaging consumption intensity	Reduce 3% by Year 2035	The year ended 30 June 2024

As at 30 June 2025, the reduction targets of energy consumption, water consumption and packaging consumption intensity with the targets of reducing 3% by year 2025 compared to the baseline period of the eighteen months ended 30 June 2022 have been achieved.

The increase of electricity consumed was caused by the increase units of production. The Group will keep on implementing the above said electricity saving methods to save energy.

There are no significant issues identified in seeking appropriate water source. A substantial amount of water is consumed for domestic use and merely a minimal amount of water is used for production. The target set for efficient use of water is to reduce water consumption and water consumed for domestic use per employee.

Educational guidelines to change employee behavior on water usage are listed as follows:

- Reminding the employees to avoid wastage by posting the "Save Water" sign. The message of water conservation was widely spread in the factory to educate every employee to be self-discipline on daily use of water;

- Orientation introduction of how to save water has been arranged for new employees, including the following areas: wash dishes, vegetables and clothes in a container filled with water, instead of washing them under running water; run a washing machine only with a full load of clothes to reduce the frequency of wash; turn off the tap after use or when using intermittently (for example while brushing teeth and washing face); flush toilet with water used for washing vegetables and fruits; and fix dripping taps, water mains and breakdowns of devices using water promptly; and

- Monitoring and inspection from time to time.

Use of water saving measures are listed as follows:

- Replacement of bottled potable water with water filter. The water outlet time and water volume of faucets in toilets have been shortened and reduced by the management office of the building to save water;

- Posting various types of green messages and environmental protection labels (e.g. "please turn off the tap" and "water conservation") at every area of water usage such as pantry and washroom to serve as a friendly reminder to employees; and

- Reuse of cooling water for production process.

For other resource management methods, the Group put recyclable items such as paper, plastics, aluminum, batteries into recycling bins and separate such items into different categories for recycling.

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

For the Group's healthcare and household business, the manufacturing process involves different kinds of emissions which cause harm to the surrounding environment. These include air pollutants generated from fuel combustion and hazardous wastes generation. The Group has implemented "Environmental Monitoring and Measuring Control Procedure" (環境監視和測量控制程序) to manage all these kinds of emissions in order to reduce the significant impact of manufacturing activities on the environment. External qualified institution has been engaged in monitoring and recording the emissions in the factories while the internal department assesses the effectiveness of procedures implemented.

ASPECT A4: CLIMATE CHANGE

Significant climate-related issues and policies on identification and mitigation of such issues:

Incredibly high temperature are becoming the new norm due to global warming. Rising temperatures are impacting productivity in the factory in Dongguan, the PRC. High temperatures will not just impact the productivity, but also put workers at risk. The Group has made policies on identification and mitigation of significant climate-related issues. Actions taken to manage the significant climate-related issues are as follows:

- For extremely hot or cold climates, when the weather reached certain degrees, jobsite air–conditioners and heaters can keep employees and temperature-sensitive components cool or warm enough to work safely. There are even blankets available to help concrete cure properly during the cold winter months; and

- Policy of backup power options has been set. This can help keep things productive during power outages.

During the reporting period, there was no climate-related risk, including physical risks and transitional risks that had a significant impact to the Group.

ASPECT B1: EMPLOYMENT

Employees are regarded as the most important and valuable assets of the Group. The Group is committed to providing employees with a decent work environment where they can thrive. A set of human resources management policies are in place which set out standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

The Group is in strict compliance with relevant local employment laws and regulations, including Labour Law of the PRC relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, as well as other benefits and welfare. During the reporting period, the Group was not aware of any material non-compliance related to employment.

Equal Opportunities

The Group strives to create a fair and equitable workplace for employees where they are all treated equally. For example, the Group adopts fair employment and promotion systems. Candidates have equal opportunities for recruitment and promotion. They are selected based on their performance, experience and skills to avoid any risk of favouritism or discrimination. The Group does not tolerate any discriminatory act or harassment in workplace based on gender, race, age, nationality, religion, marital status, physical ability and so forth.

Competitive Employment Terms

The Group is committed to offering competitive remuneration and benefits in attracting, retaining and motivating high performing employees. Employees' remuneration is provided and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit. Share options may be granted to any employees who have contributed or will contribute to the Group. In addition to competitive remuneration, the Group also provides excellent benefits such as pension schemes.

Work-life Balance

The Group believes that a proper balance between work and rest can help employees to realise their full potential. The Group is dedicated to help employees to maintain a work-life balance through reasonable contractual working hours, vacation entitlements and different staff activities. Employees are entitled to statutory holidays, paid annual leave, marriage leave and maternity leave, etc. to balance their work and life. Furthermore, the Group organised various activities, such as annual travel during the reporting period, to help employees to relax and enhance the communications among employees.

As at the end of the reporting year, the Group employed 581 employees, of which 274 and 307 are male and female staff respectively. The Group employed 581 full-time staff, with the majority in the age group of 41-50. There were 563 staffs located in the PRC and the remaining 18 staffs located in Hong Kong. The employee compositions (in percentage of employees) as at 30 June 2025 by gender, age group, geographical region, employment category and employment mode are as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Workforce by gender		
Male	47%	47%
Female	53%	53%
Workforce by employment type		
Full-time	100%	100%
Part-time	–	–
Workforce by age group		
<=30	15%	13%
31-40	16%	20%
41-50	41%	47%
>50	27%	20%
Workforce by employee category		
Senior management	6%	6%
Middle management	30%	30%
General	64%	64%
Workforce by geographical location category		
Hong Kong	3.8%	1%
Mainland China	96%	99%

Note: The employment data in headcount was based on the employment contracts entered into between the Group and our employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

The employee turnover rates during the reporting period by gender, age group and geographical region are as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Turnover by gender		
Male	151%	58%
Female	70%	37%
Turnover by age group		
<=30	271%	138%
31-40	201%	66%
41-50	63%	31%
>50	14%	5%
Turnover by geographical location		
Hong Kong	9%	–
Mainland China	108%	47%

Note: The turnover data in headcount was based on the employment contracts entered into between the Group and our employees. The turnover rate was calculated by dividing the number of employees who resigned during the year by the number of employees as at the end of reporting year. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

ASPECT B2: WORKPLACE HEALTH AND SAFETY

Protecting the health, safety and well-being of employees is the key priority. The Group strives for the highest standards of safety and health performance by taking into consideration of all possible precautionary measures. The Group has established various health and safety policies, including "Environment, Health and Safety Control Program" (環境健康安全控制程序) and "Occupational Hazards Control System" (職業病危害防治責任制度), to promote work safety.

The Group strictly complies with the laws and regulations related to health and safety, such as Law of the PRC on the Prevention and Treatment of Occupational Diseases. During the reporting period, the Group had no material violation of relevant laws and regulations in health and safety.

Safety Training and Education

The Group believes that increasing employees' awareness and knowledge in occupational health and safety are the basis for preventing work-related injuries. Therefore, the Group has set up an EHS committee to conduct EHS trainings for employees at all levels. Through safety trainings, employees can be more aware of the safety operating procedures, safety regulations and other information related to their job duties. In addition to trainings, other effective communication channels, such as regular safety meetings and posters on notice boards, are available to deliver the safety messages to employees.

The Group welcomes its employees to bring up any suggestions to improve the Group's EHS system. EHS committee is responsible for collecting and reviewing employees' feedbacks on monthly basis.

Workplace and Equipment Management

The Group places a great emphasis on the safety of instruments by conducting functional and safety checks and arranging maintenance on a regular basis. Equipment is installed with safety protection devices. For chemical and hazardous materials, they are properly labelled for identification and stored in designated area. To enhance indoor air quality and prevent flammable chemicals from explosion, ventilation system is installed.

During the Reporting Year, the Group's operations recorded no fatality over the past three financial years, and 128 lost days due to work injury in the reporting period. Safety-related training were also held which raised staff awareness regarding the latest regulatory updates as well as safe operational procedures.

	For the year ended 30 June 2025	For the year ended 30 June 2024	For the eighteen months ended 30 June 2023
Number of work-related fatalities	0	0	0
Lost days due to work injury	128	3	5

Note: The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

Occupational Disease Prevention

The Group cares about employees' health and safety. The Group offers annual medical check to employees to ensure that their health is in good condition. Employees are provided with necessary personal protective equipment such as helmets, masks, gloves, safety shoes and goggles, to minimise the risks of work-related injuries during operation. First aid equipment, such as showers and eyewash facilities, is installed for clean-up of emergency chemical spill incidents. All the personal protective and first aid equipment is well-maintained and regularly checked for proper performance.

ASPECT B3: DEVELOPMENT AND TRAINING

The Group recognises that continuous improvement of its employees is the key to its success. Training and development at all levels are available for employees to proactively equip themselves with knowledge and skills. Based on the Group's "Training System" (培訓制度) are acquired under "Human Resources Control Procedure" (人力資源管制程序), various trainings are provided to employees according to their job positions and operational needs. For example, orientation training is provided to new employees to ensure that proper skills are acquired before performing the assigned tasks.

During the reporting period, the Group organised different training activities which include:

- ISO 9001 quality management system, chemical handling and waste handling trainings for production department;
- Fire safety trainings for production and administrative departments;
- Workshops on the latest industrial development trend for marketing department;
- Resources management training on energy and waste handling for administrative department; and
- Information security training for IT department.

Administrative Department of the Group is responsible for formulating annual training plans to improve employees' knowledge and skills and to enhance the Group's development. Every employee has equal access to training and development opportunities. Furthermore, the Group adopts a systematic performance-based appraisal system to assess employees' performances after training. Salary adjustment and promotion as incentives may be offered to employees with outstanding performance to encourage them to achieve better job performance.

Continuous development of employees is important to the Group's sustainable growth. The Group will enhance the training system in order to promote ongoing development of its employees together with the Group.

During the reporting period, the average training hours completed per employee by gender and by employee category (i.e. senior management, middle management and general staffs) are approximately 6 hours.

	For the year ended 30 June 2025	For the year ended 30 June 2024
Percentage of employees trained	100%	100%
Percentage of employees trained by gender		
Male	47%	47%
Female	53%	53%
Percentage of employees trained by employee category		
Senior management	6%	6%
Middle management	30%	30%
General	64%	64%

Note: Training refers to the continuing development through guides, seminars, webinars, training, etc. that the Group's employees attended during the year. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

ASPECT B4: LABOR STANDARD

The Group upholds human rights and has zero tolerance to child and forced labour. Under the Group's "Recruitment System" (招聘制度), recruitment of employees aged under 16 is strictly prohibited. Candidates are required to provide identity proofs to verify the age. All works should be performed voluntarily and shall not involve forced labour. Any cases of child or forced labour should be reported timely to the human resources department. The business partners are expected to follow the same standard of labour practices when working with us. If there is any case of child or forced labour discovered, the Group will stop the labour from working immediately and carry out investigation promptly to prevent similar case from happening again.

The Group is in strict compliance with the relevant laws and regulations on preventing child and forced labour, including but not limited to provisions on the Prohibition of Using Child Labour of the PRC. The Group did not find any cases related to child and forced labour during the reporting period.

ASPECT B5: SUPPLY CHAIN MANAGEMENT

The Group recognises suppliers as valuable stakeholders within the supply chain as their responsible business behaviours are crucial in contributing to quality excellence, operational efficiency and good reputation of the Group. The Group strives to cooperate with experienced suppliers who are committed to business ethics and have environmental and quality certifications whenever possible. This can strengthen the control of environmental and social risks related to supply chain management. In addition, the Group prefers choosing local suppliers whenever possible with environmental consideration to reduce the carbon footprint attributed to transportation. Most of the goods and services are sourced locally.

The Group has implemented strict selection process on all the suppliers as stipulated in the Group's "Procurement and Supplier Selection Control Procedure" (採購及供應商評審控制程序) to manage the supply chain. All suppliers are selected with fairness and based on a list of criteria, including product quality, capability of providing stable service, price and good after-sales services. Regular assessment and inspection on product quality are carried out to evaluate the suppliers' performance. Long-term and stable relationships with the supply chain partners are maintained based on the assessment and inspection results. The geographical distribution of major suppliers during the reporting period is as follows:

Geographical region	Number of suppliers for the year ended 30 June 2025	Number of suppliers for the year ended 30 June 2024
Mainland China	137	147
Hong Kong	7	7
Others	5	5
Total	150	159

ASPECT B6: PRODUCT RESPONSIBILITY

The Group places importance on quality standard of products to achieve sustainable growth of the Group. The Group always seeks opportunities to improve product quality and enhance customers' satisfaction. The Group's commitments to product responsibility include: "Safe and legal production, continuous improvement of quality, provision of excellent service, exceed customers' expectations."

The Group strictly complies with laws and regulations related to product responsibility, including but not limited to Product Quality Law of the PRC and Trademark Law of the PRC. During the reporting period, the Group was not aware of any material non-compliance related to product responsibility.

Quality Control

The Group has established "Quality and Environmental Manual" (質量環境手冊) in accordance with different international standards to maintain product quality. The quality control system for the manufacture of healthcare electrical products meets regulatory requirements and has the below quality certifications:

- ISO 9001:2015 Quality Management System – Dongguan Weihang
- ISO 13485:2003 Medical Devices – Quality Management System – Dongguan Weihang

The Group has "Management Review Control Procedure" (管理評審控制程序) in place to assess the performance and effectiveness of the quality management system.

In order to strengthen quality control and stabilise product quality, the Group has implemented "Inspection and Testing Control Procedure" (檢驗與測試控制程序) to monitor the production process. Inspections are carried out at different stages of the production line to ensure product quality, including in-coming quality control on raw materials, in-process quality control during production, line quality control on assembly and packaging, and quality audit on finished products. "Nonconforming Product Control Procedure" (不合格品控制程序) shall be applied to protect the customers against safety risks for any products which are inspected to be unqualified. Analysis will be carried out for quality improvement.

Recall Procedures

In case of any suspected products that can endanger customers' safety and health, the Group has "Working Instruction on Accident Communication & Product Recall Control Procedure" (事故聯繫及召回作業辦法) in place for timely and efficient recall of products.

A mock product recall is conducted on an annual basis to help employees to be familiar with the recall procedures. The Group believes that mock recall practice can continuously improve and ensure the efficiency of the recall procedure. During the reporting period, the Group had no significant sold or shipped product recall for safety and health reasons.

Complaint and Opinion Handling

The Group believes that customers are the foundation of the Group's sustainable development and improvement. The Group values customers' opinions and has implemented "Customer Service Control Procedure" (客戶服務控制程序) to ensure that the customers' complaints are handled and responded in a timely manner. All complaints are carefully followed up by responsible departments within a reasonable timeframe. Relevant investigation is taken and improvement measure is implemented to improve the product and service quality and customers' experiences. The Group regards complaints are valuable opportunities to obtain feedbacks from customers so as to identify the need for quality and policy improvements. During the reporting period, the Group had no significant complaints received against the Group's products and service.

Intellectual Property Protection

Intellectual property is an important asset to the Group. The Group is committed to protecting the technology developed through research and development. Seminars and workshops are organised on an irregular basis to enhance the intellectual property management system of the Group.

The Group is not aware of any material non-compliance with the Trade Descriptions Ordinance, Copyright Ordinance, Prevention of Copyright Piracy Ordinance and other applicable laws and regulations that have a significant impact relating to health and safety, advertising, labelling and privacy matters relating to products and services provided in the reporting period.

Customer Data Protection

The Group acknowledges the importance of data privacy protection. Personal data of our customers is collected in the operations. The Group has established "Information Security and Computer Use Management" (信息安全與電腦使用管理) to provide guidance to employees on managing and using the data. For example, the data is accessible only by authorised personnel and handled with care. Employees are prohibited from disclosing any company data, such as customers' data to third parties. All company data is properly managed by the IT Department under stringent security.

During the reporting period, the Group is not aware of any non-compliance with the relevant laws and regulations in the PRC relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

ASPECT B7: ANTI-CORRUPTION

The Group operates with a high standard of integrity and ethics. The commitment to preventing any forms of corruption is stipulated in "Anti-Bribery and Anti-Corruption Management Regulation" (反腐敗反商業賄賂之管理規定). The Group's principle on anti-corruption is well-conveyed to employees through daily communication. Payment or acceptance of any kickbacks from external parties is strictly prohibited. Every employee is required and has the responsibility to adhere to this regulation. The Group takes disciplinary action or refers any suspected case to the respective law enforcement authorities to combat against any violation of the Group's regulation. During the reporting period, the Group conducted training to raise employees' awareness on anti-corruption.

The Group strictly complies with the applicable laws and regulations related to anti-corruption, including but not limited to Anti-Unfair Competition Law of the PRC and Anti-Money Laundering Law of the PRC. During the reporting period, no concluded legal case was brought against the Group or the employees in relation to corruption. The number of employees received anti-corruption training and the training hours during the reporting period by employment category are as follows:

Anti-corruption training For the year ended 30 June 2025	**Number of employees received training**	**Number of training hours**
Board of directors	2	3
Senior management	34	20
Middle management	175	12
General	372	189
Total	583	224

Anti-corruption training For the year ended 30 June 2024	**Number of employees received training**	**Number of training hours**
Board of directors	0	0
Senior management	32	9
Middle management	167	35
General	352	1,013
Total	551	1,057

ASPECT B8: COMMUNITY INVESTMENT

The Group is committed to supporting to the community by incorporating social participation in the business development strategy. Dongguan Weihang, one of the subsidiaries engaged in the healthcare and household business, has obtained international certifications in social responsibility, such as Sodex Members Ethical Trade Audit. The Group encourages employees to contribute to the community by participating in different voluntary activities. The Group believes that this can nurture great corporate culture and practices in itself.

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