南粵控股
NAMYUE HOLDINGS

NAMYUE HOLDINGS LIMITED
南粵控股有限公司

(Incorporated in Hong Kong with limited liability)
Stock Code: 01058



Environmental, Social and Governance Report
2025

Table of Content

		Page
I.	**About this Report**	2
II.	**Management of Environmental, Social and Governance**	3-10
III.	**Environmental Protection**	11
	1. Management of Emissions	11-18
	2. Management of Resources Utilization	19-24
	3. The Environment and Natural Resources	24
	4. Climate-related Risks	25-26
IV.	**Employment and Labor Practices**	27
	1. Employment	27-29
	2. Health and Safety	30-32
	3. Development and Training	32-33
	4. Labor Standards	34
V.	**Operating Practices**	35
	1. Supply Chain Management	35
	2. Product Responsibility	36-37
	3. Anti-corruption	38
VI.	**Community Investment**	39
VII.	**Environmental Performance Data Summary**	40-42
VIII.	**"Environmental, Social and Governance Reporting Code" by The Stock Exchange of Hong Kong Limited**	43-47

I. About this Report

OVERVIEW

The board of directors (the "Board") of Namyue 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 December 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 environmental, social and governance aspects of its business.

REPORTING SCOPE

The ESG Report covers the investment holding, processing and sale of leather business of the Group. During the Reporting Period, there were no significant changes to the reporting scope.

REPORTING BASIS

The Report discloses the required information of the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules, and has complied with the "comply or explain" provisions set out in Part C of Appendix C2. 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.

1. Materiality

The threshold at which ESG issues determined by the Board are 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. Information about climate-related risks and opportunities that could reasonably be expected to affect the cash flows, access to finance or the cost of capital over the short, medium or long term of the Group is disclosed.

2. 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.

3. 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 format that might inappropriately influence the decision or judgment of the readers of the Report.

4. Consistency

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

II. Management of Environmental, Social and Governance

BOARD STATEMENT

The Board takes overall responsibility for ESG-related (including climate-related) matters and integrates such matters into the management approaches and strategies of the Group. It guides the management and monitors ESG-related (including climate-related) matters that have been identified as relevant to the Group, and reviews the progress made against ESG-related (including climate-related) goals and targets. For the disclosures about the supervision of the Board over ESG-related (including climate-related) matters, the ESG-related (including climate-related) management policies and strategies and the review progress of the Board made against ESG-related (including climate-related) goals and targets and their relationship with the business of the Group, please refer to other disclosures in the section headed "Management of Environmental, Social and Governance", which form part of the Board statement.

REPORT OF THE BOARD

The Group is committed to corporate social responsibility and balancing environmental, social and economic benefits. It also aims to balance its business development with the interests of its key stakeholders and operates its business in a sustainable manner. To achieve this vision, the Group has set a sustainability framework that focuses on environmental protection, resource management, employee and community well-being and guides its sustainability efforts to ensure that sustainability elements are integrated into every business process and all business decisions.

Global warming is a major concern of different countries worldwide. The governments of different countries have developed more stringent environmental laws and regulations. The Group takes the environmental protection policy of the government and environmental management system as the development blueprint, aligns with the strategy of safe, harmonious, green development and clean production, instill the concept of environmental management into the core of its operating activities, and, at the same time pays attention to and loves nature, and makes joint efforts with employees to build an environmental-friendly and resource-saving enterprise.

During the Reporting Period, the heightened economic uncertainties in the globe and China have led to an increased market volatility. In addition, the pace of economic recovery was slower than expected, posing challenges to the business of the Group. In response to these challenges, the Group continues to take proactive steps, including strengthening of its review process on ESG-related (including climate-related) risks and opportunities, adapting to changes caused by the external environment and continuing to promote measures to revitalize the business of the Group. Aside from this, the Group keeps paying attention to the employee remuneration and benefits, career development opportunities and provides a safe working environment, invest resources to develop environmental-friendly products to contribute positively to the global climate change. At the same time, the Group continues to assess climate risks and study various adaptation methods to cope with potential challenges. By doing these, we can seize opportunities in the face of crisis during hard time.

REPORT OF THE BOARD (CONTINUED)

To achieve this vision, the Board has set a number of environmental and social KPIs and taken a top-down approach to distribute the KPIs into the functional departments and urged us to make changes in different areas, such as reducing greenhouse gas emissions, making good use of resources and improving the well-being of employees. ESG-related (including climate-related) matters that the stakeholders of the Group rate as priorities are tracked through the stakeholders' engagement exercise (Please refer to the section headed "Stakeholders' Engagement" below for details). At the same time, the management team and all the employees actively support the Group's sustainable development strategies and objectives; and has made some achievements. The scope, progress and achievements relating to the environmental and social KPIs will be disclosed in the Report.

The Group aspires to become a respectable enterprise and hopes that the Group's professional management team can commit to stable operation and prudent financial management policy, work together with every employee for mutual benefit, dare to rise to continuous challenges, implement sustainable business strategies and improve business performance, and create more meaningful long-term value for the company and our stakeholders.

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 sustainability strategies of the Group. Therefore, we set 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-related (including climate-related) work annually and reports on its performance. The Board also identifies, reviews and evaluates the corporate responsibility, sustainability and climate-related risks and opportunities during internal meetings on a regular basis. The management team set the ESG-related (including climate-related) performance target to assist the Board in evaluating the effectiveness of the ESG (including climate) strategy and measures on an annual basis and assessing and determining whether an appropriate and effective internal control system has established to contain the ESG-related (including climate-related) risks and opportunities. The Directors read climate-related training materials on their own to ensure they keep up with the latest trends of climate-related risks and opportunities and have the necessary expertise and skills to oversee the management of ESG-related (including climate-related) issues. At the operational level, functional units are responsible for ensuring the integration of sustainability (including climate-related) strategies and practices into the business operations of the Group and exploring new action plans or initiatives.

GOVERNANCE STRUCTURE (CONTINUED)

The Board	Board members are responsible for: • Developing long-term sustainable development policies and strategies • Assessing and identifying ESG-related (including climate-related) risks and opportunities • Ensuring appropriate and effective ESG-related (including climate-related) risk management and internal monitoring systems • Reviewing and approving ESG-related (including climate-related) policies, objectives and action plans or measures • Approving ESG reports
Management Team	The management team is responsible for: • Developing and reviewing ESG-related (including climate-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-related (including climate-related) 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-related (including climate-related) issues • Performing ESG-related (including climate-related) risk management and internal monitoring • Ensuring ESG-related (including climate-related) 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-related (including climate-related) matters of the Group and assist in collecting data and information for conducting various analysis and providing improvement recommendations on ESG-related (including climate-related) performance. The Group has also collected the views of key stakeholders on ESG-related (including climate-related) matters during daily operations and conducted a materiality assessment to identify important ESG-related (including climate-related) issues for the Group, details of which are disclosed in the sections "Stakeholders' Engagement" and "Materiality Assessment" below. To effectively lead the ESG-related (including climate-related) 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.

II. Management of Environmental, Social and Governance (Continued)

STAKEHOLDERS' ENGAGEMENT

While the Group is committed to maintaining the sustainable development of its business, it also actively bears the social responsibilities, hoping to achieve both economic and social benefits. It has also provided support in environmental protection to the communities in which it operates for years. The Group maintains a close tie with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc., gain a better understanding of all parties and strive to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. We assess and determine our ESG-related (including climate-related) risks, and ensure that the relevant risk management measures and internal control systems are operating effectively. The following table shows the means of communication with the stakeholders and the management response to the stakeholders' expectations and concerns:

Stakeholders	Expectations and concerns	Means of communication	Management response
Government/regulatory organizations	• Compliance in laws and regulations • Fulfill tax obligation • Alignment with the national development strategy • State-owned assets preservation and appreciation • Safety 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 time, and contribute to the society • Establish comprehensive and effective internal control system • Actively implement policies following the national development strategy • Fully implement safety production accountability system
Shareholders/investors	• Return on investment • Information transparency • Corporate governance system • Anti-corruption and fraud	• Information disclosed on the website of Hong Kong Stock Exchange • Official website of the Company • Annual general meeting and other shareholders' meetings	• Management possesses relevant experience and professional knowledge in business sustainability • Ensure transparent and efficient communications by dispatching information at the websites of HKEX and the Company • Continue to improve the internal control system and risk management and establish anti-fraud system

STAKEHOLDERS' ENGAGEMENT (CONTINUED)

Stakeholders	Expectations and concerns	Means of communication	Management response
Employees	• Labor rights • Career development • Compensation and welfare • Health and safety	• Staff activities • Employee performance evaluation • Induction and on the job training • Internal meetings and announcements • Contact via email, phone and communication applications	• 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 occupational health and safety • Continuously identify, monitor and eliminate hazards in the plant
Customers	• Diversified, high quality products and services • Timely delivery • Reasonable price	• Business visit • Contact via email, phone and communication applications	• Provide diversified and high-quality products and services continuously in order to maintain customer satisfaction • Establish an effective, efficient and green supply chain system • Formulate comprehensive quality assurance process and recall procedures • Ensure fulfillment of contractual obligations

II. Management of Environmental, Social and Governance (Continued)

STAKEHOLDERS' ENGAGEMENT (CONTINUED)

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	• Ensure fulfillment of contractual obligations • Establish policy and procedures in supply chain management • Maintain strong and long-term relationship with suppliers • Select suppliers with due care • Fair, open and impartial bidding process
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 department • Community activities	• Pay attention to climate change • 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 business stability and create job opportunities

MATERIALITY ASSESSMENT

During the Reporting Period, the Group held discussions with the management and conducted materiality assessment through various channels to identify ESG-related (including climate-related) issues in which both the Group and its key stakeholders are interested and assessed the level of concern as viewed by them so as to select the relatively important ESG-related (including climate-related) issues. For the materiality assessment, the Group has adopted the following three processes:

Identification	• Through diverse channels and internal discussions • Examines and adopts the ESG-related (including climate-related) issues of concern in the past stakeholders' engagement • Draws attention to emerging ESG-related (including climate-related) issues
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

MATERIALITY ASSESSMENT (CONTINUED)

Materiality assessment helps the Group to ensure its business objectives and development direction are in line with the expectations and requirements of its stakeholders. The matters of concern of the Group and stakeholders are presented in the following materiality matrix:

Materiality Matrix

Importance to Stakeholders	Low	Medium	High
High	◈ Anti-discrimination measures ◈ Labor rights protection	◈ Talent management ◈ Staff training and promotion opportunity ◈ Staff compensation and welfare	▶ Customers' satisfaction ▶ Product quality and safety ▶ Suppliers management ◈ Occupational health and workplace safety ✲ Clean production and green products
Medium	▶ Community contribution	▶ Anti-corruption/ anti-fraud ▶ Community employment ✲ Greenhouse gas emissions ✲ Use of resources ✲ Climate change	▶ Operational compliance ▶ Customers' privacy protection ✲ Exhaust air emission ✲ Sewage discharge
Low	◈ Preventive measures for child and forced labor ▶ Product labeling and traceability	✲ Water resources utilization ✲ Disposal of non-hazardous waste	✲ Use of raw materials ✲ Disposal of hazardous waste

Importance to the Group

✲ Environmental ◈ Employee ▶ Operation

III. Environmental Protection

The emissions in the Group's production process are mainly generated by its production plants in Chinese Mainland, and the Group strictly complies with the laws and regulations on environmental protection, including the "Law of the People's Republic of China on Environmental Protection ", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", 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 the Prevention and Control of Environmental Noise Pollution", the "Law of the People's Republic of China on Energy Conservation" and local laws and regulations. In order to let employees understand the importance of their impact on the environment, the Group sets up various policies and measures, and takes various actions with an aim to reduce 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

The Group's main emissions come from the production process of the production plant in Xuzhou ("Xuzhou Tannery"). The tannery industry handles large quantity of animal solid wastes and corrosive chemical raw material with strong acid and alkaline. Most of the production processes are carried out under water which increases the possibility of creating negative environmental impact. Facing the current strict national environmental policy and global warming situation, environmental protection is undoubtedly one of the important topics when formulating the operation strategy of the Group. Therefore, we set up a sound "Environmental Protection Management System" that suits the needs of corporate development. This not only can meet the national environmental protection laws and regulations, but also hope to use the environmental resources effectively and systematically, and carry out effectiveness review. The results will bring opportunities for future environmental protection projects. We have set up environment and safety center in the factory to centrally supervise and monitor environmental protection work, to implement the relevant national environmental laws, regulations and policies and to provide appropriate staff training to ensure that each employee has sufficient knowledge of the national requirement. Besides, the environment and safety center works with the production department to promote cleaner production, demand use of harmless, non-toxic or low-toxicity raw and auxiliary materials as priority, make sure that environmental protection facilities and production facilities can operate simultaneously to ensure that various emissions are effectively treated and discharged up to standards, and strictly monitor and evaluate all sewage discharge unit. Based on the "Administrative Measures for Environmental Pollution Incidents", we will implement the "Emergency Plan for Production Safety Accidents" for various sudden environmental pollution incidents, investigate and analyze the incident, report the incident to the relevant government departments in a timely manner, and will never hide or do anything that harms the interests of the public, the community, the Group and the stakeholders.

III. Environmental Protection (Continued)

1. MANAGEMENT OF EMISSIONS (CONTINUED)

China continues to strengthen the environmental protection management of the industry, and the environmental protection requirements for cleaner production processes, water recycling and other aspects have become more stringent. To ensure that we are capable of dealing with environmental incidents promptly and safely to prevent serious pollution or casualties due to the spread of the incidents, we engaged a professional testing agency to help us formulate the "Contingency Plan for Environmental Emergencies" in accordance with the laws, regulations and guidelines of the national and local governments. We also entered into an emergency rescue mutual assistance agreement with the surrounding enterprises of our plant to avoid the lack of supplies in the event of an incident. Meanwhile, the environmental protection work at the management and operation levels was further improved on the back of regular drills and training, resulting in the further consolidation of the foundation of the Group.

Management of Atmospheric Emissions

In order to comply with the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the Group aims at improving the quality of the atmospheric environment within the plant, adhere to control the source of pollution and establish internal policies and procedures with reference to China's "Measures for Environmental Surveillance" to ensure that the air emissions by the plant meet the national emission standards.

The exhaust air and greenhouse gas generated by the Group are mainly come from Xuzhou Tannery with two major sources. One of the sources comes from production such as dust generated during the grinding process, volatile organic compounds produced during the tinting process, greenhouse gas generated from the use of electricity, etc. Another source is the stinky smell of waste meat inside the waste storage area and the hydrogen sulfide odor gas produced by the sewage treatment plant.

During the grinding process, the Group uses cloth bags to collect and compress dust in order to reduce the possibility of dust fluttering in the air. The pigments used in the tinting process must be supplied by qualified and reputational vendors who meet the national standards so as to reduce unnecessary emissions due to the use of substandard products. We use three volatile organic compounds treatment facilities to treat volatile organic compounds waste gas, reducing greenhouse gas emissions into the atmosphere. We also inspected the exhaust gas treatment system in the painting workshop to ensure it was functioning properly. Besides, we strictly require all workers handling tinting process to wear gas masks or simple disposable masks for occupational health and safety purpose. The waste storage zone is built with cover and located far away from the living area so as to prevent the smell from spreading to the entire plant and the surrounding environment. The Group strictly monitors the hydrogen sulfide odor gas from the sewage treatment plant and designates maintenance personnel to regularly inspect and repair the production facilities and equipment so as to reduce the chance of failure and gas pollution.

1. MANAGEMENT OF EMISSIONS (CONTINUED)

Management of Atmospheric Emissions (continued)

Xuzhou Tannery has set up waste gas collection and treatment equipment in the raw leather warehouse, desulfurization tank and conditioning tank. The equipment adopts alkali washing and oxidation washing processes which strengthen the effect on the treatment of various unorganized exhaust air, reduce the emission concentration of hydrogen sulfide and odor, and ensure the exhaust air can be discharged up to the standard. The construction and operation of the equipment have passed the inspection of the professional testing agency which further ensures that the exhaust air after treatment is within the limit of the "Emission Standards for Odor Pollutants". The desulfurization tank and conditioning tank of the sewage treatment station have been covered which also greatly reduces the amount of exhaust air overflow. Besides, we have entrusted professional and licensed treatment company to clean up and deliver the sludge, waste meat and waste fur accumulated in the sludge storage area and waste storage area. Meanwhile, a timely cleaning mechanism with long-term efficiency was also established to avoid waste accumulation and greatly reduce the spread of odorous air that affects the surrounding environment.

Management of Sewage Discharge

The sewage generated by the Group in its operations mainly includes domestic sewage from the office and sewage containing chromium and sulfur from the production process. Domestic sewage is directly discharged to local sewage treatment plants through main pipelines. Sewage containing sulphur and chromium is produced in the unhairing and tanning processes respectively. The sewage is transported through separate pipelines to different sewage collection tank in the plant. After multiple sedimentations and biological or chemical treatments, sewage is discharged to the local sewage treatment plant directly for further treatment, and finally discharged to the sea through the North Jiangsu pipe network. The sewage containing chromium and sulfur is converted from hazardous sewage to non-hazardous sewage after various treatments, and hence the Group does not have hazardous sewage emissions.

III. Environmental Protection (Continued)

1. MANAGEMENT OF EMISSIONS (CONTINUED)

Management of Sewage Discharge (continued)

For handling sewage containing chromium and sulfur, the Group strictly complies with the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" of China's environmental protection department. The Group implements various measures and sets up sewage treatment station and online monitoring system in accordance with the "Measures for Environmental Surveillance" and "Measures for Automatic Surveillance of Pollution" and "Self-monitoring Technology Guidelines for Pollution Sources – Leather and Fur Making Industry". Various environmental protection departments can monitor the emission of ammoniacal nitrogen and chemical oxygen demand data in our plant at any time through the online monitoring system. The environment and safety center conducts sample testing of each sewage outlet regularly, and keeps record of the test result as the basis for management purposes. The testing content includes pH value, color, suspended solids, biochemical oxygen demand, total chromium, hexavalent chromium, total nitrogen, total phosphorus, sulfide and chloride, etc. Relevant data will be uploaded to the information platform for monitoring purposes by the environmental protection department. In the event of considerable changes in the quality of sewage discharged from the production workshop and high readings of individual pollutants in the sewage treatment process, we will promptly adopt the established procedures to sort out the situation and investigate for the reasons, communicate with the production center to adjust the production scale and schedule, stabilize the sewage quality and take the initiative in adjusting the operating parameters to ensure the safe and stable operation of the sewage treatment station and compliance with the sewage discharge standards. We also cleaned the dirt accumulated in the inlet water sampling pipe of the online monitoring system to ensure its normal operation. In August 2024, we commissioned a qualified company to manage the sewage treatment plant for our Xuzhou Tannery to reduce environmental risks and control costs.

During the Reporting Period, the Group generated approximately 0.94 tonnes of hazardous sewage, representing a decrease of approximately 0.01 tonnes or 1.05 times as compared with the previous year. The Group generated approximately 698,231.63 tonnes of non-hazardous sewage, representing an increase of approximately 295,855.71 tonnes or 73.53% as compared with the previous year. This is caused by the increase in the production level, which in turn leads to insufficient wastewater treatment capacity of downstream wastewater treatment plant, resulting in inaccurate measurement of wastewater flow.

The Group set targets at the beginning of the Reporting Period to reduce the emission intensity of hazardous sewage and non-hazardous sewage by 5% respectively as compared with the previous year. This year's target for emission intensity of hazardous sewage has been achieved. Due to the increase in the production level this year, the wastewater treatment capacity of downstream wastewater treatment plant was insufficient, resulting in inaccurate measurement of wastewater flow. Therefore, the emission intensity of non-hazardous sewage was higher than estimation. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" for the relevant data.

1. MANAGEMENT OF EMISSIONS (CONTINUED)

Management of Sewage Discharge (continued)

During the Reporting Period, the Group's data in sewage discharged are as follows:

	2025 (Tonnes)	2024 (Tonnes)
Hazardous Sewage		
Total	**0.94**	0.95
Intensity[1]	**0.0005**	0.0007
Non-Hazardous Sewage		
Total	**698,231.63**	402,375.92
Intensity[1]	**363.28**	302.82

Note:

1 Emission intensity is based on every 10,000 square feet of leather produced.

Management of Disposal of Solid Waste

The Group has always complied with the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes". We have formulated "Measures for Management of Solid Wastes" to regulate hazardous and non-hazardous solid or semi-solid wastes generated from operations. The environment and safety center commissioner regularly and irregularly inspects each production plant, reports to the management any potential hazards of the production plants and proposes remediation plans. The environment and safety center and the engineering department coordinate in evaluating the environmental impacts of all new, expansion or reconstruction projects. Environmental factors are taken into account in preparing the development plan so as to reduce the solid waste produced during and after the construction. In addition, the Group's professional team optimizes and improves the production process continuously and takes the "clean production" attitude actively. The Group wishes to promote technological exchanges internationally in the future for product quality enhancement, to raise its competitiveness and to reduce the negative impact on the environment.

III. Environmental Protection (Continued)

1. MANAGEMENT OF EMISSIONS (CONTINUED)

Management of Disposal of Solid Waste (continued)

Management of Disposal of Hazardous Solid Waste

The Group's hazardous waste was mainly chromium sludge, blue leather bran from the grinding process, finished leather trimming, leather grinding powder, etc. Chromium sludge is precipitated in the sewage collection tank after treatment of sewage containing chromium. Chromium is a toxic and harmful heavy metal, and therefore we use different ditches to separate sewage containing chromium from other waste water to prevent environmental pollution caused by leakage of sewage containing chromium. In order to reduce the transportation volume of chromium sludge, the sewage containing chromium is treated until the discharge standard is reached. The chromium sludge is then reused in the production process after acid dissolution, hydrolysis, filtration processes, etc. Blue leather bran from the grinding process, finished leather trimming, leather grinding powder are hazardous waste generated when processing raw materials or leather.

In accordance with the requirements of the local environmental protection department, the Group sets up the annual hazardous waste management plan, which includes reducing the harmfulness and production of hazardous waste, as well as the prevention measures applied to storing and transferring hazardous waste. The Group strictly complies with the national "Standard for Pollution Control on Hazardous Waste Storage", "Administrative Measures for the Transfer of Hazardous Wastes" and other relevant laws and regulations, and manages the hazardous waste according to the internal "Measures for Management of Solid Wastes". We have set up a warehouse for storing hazardous waste in the plant, and the warehouse has taken measures to prevent scattering, loss, and leakage, etc. There is a warning sign outside the warehouse. All kinds of hazardous waste containers must be labeled with hazardous waste and kept sealed for avoiding the opportunity of secondary pollution to the environment. The environment and safety center regularly inspects the warehouse, and handle the abnormalities found in accordance with the emergency system of the plant to prevent further spread of pollution. The warehouse management staff shall record the hazardous waste entering and leaving the warehouse in detail, which efficiently built the stocking management account. For the disposal of chromium waste liquid residues, the environment and safety center must report to the National Environmental Protection Bureau and apply for the transfer of hazardous waste, and entrust recyclers holding "Permit for Operation of Dangerous Wastes" to transfer the hazardous waste. As the Environmental Protection Bureau closely monitors the situation during the transfer of hazardous waste from the plant to the designated settlement location, thus we need to report the weight of waste, transfer routes, driver information, etc. to the Environmental Protection Bureau to ensure that they will not be dumped illegally and cause environmental pollution. During the Reporting Period, the Group generated approximately 1,083.60 tonnes of hazardous waste, representing an increase of approximately 268.29 tonnes or 32.91% as compared with the previous year.

1. MANAGEMENT OF EMISSIONS (CONTINUED)

Management of Disposal of Solid Waste (continued)

***Management of Disposal of Hazardous Solid Waste** (continued)*

The Group set up a target at the beginning of the Reporting Period to reduce the intensity of hazardous solid waste by 5% as compared with the previous year. This year's target has been achieved. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" for the relevant data.

During the Reporting Period, the Group's data in hazardous solid waste generated are as follows:

	2025 (Tonnes)	2024 (Tonnes)
Hazardous Solid Waste		
Total	**1,083.60**	815.31
Intensity[1]	**0.56**	0.61

Note:

1 Production intensity is based on every 10,000 square feet of leather produced.

Management of Disposal of Non-Hazardous Solid Waste

The non-hazardous solid waste generated by the Group in its operation mainly includes industrial sludge after sewage treatment, etc. The Group advocates the reuse of waste to reduce the generation of waste. Waste such as pallets and plastic barrels can be reused in the production process after disinfection. The remaining non-hazardous waste that cannot be recycled will be stored in designated areas and handled by qualified recyclers. During the Reporting Period, the Group generated approximately 4,062.32 tonnes of non-hazardous solid waste, representing an increase of approximately 587.45 tonnes or 16.91% as compared with the previous year.

The Group set up a target at the beginning of the Reporting Period to reduce the intensity of non-hazardous solid waste by 5% as compared with the previous year. This year's target has been achieved. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" for the relevant data.

III. Environmental Protection (Continued)

1. MANAGEMENT OF EMISSIONS (CONTINUED)

Management of Disposal of Solid Waste (continued)

***Management of Disposal of Non-Hazardous Solid Waste** (continued)*

During the Reporting Period, the Group's data in non-hazardous solid waste generated are as follows:

	2025 (Tonnes)	2024 (Tonnes)
Non-hazardous Solid Waste		
Total	**4,062.32**	3,474.87
Intensity[1]	**2.11**	2.62

Note:

1 Production intensity is based on every 10,000 square feet of leather produced.

Management of Noise

The noise generated by the Group in its operations mainly comes from the production machinery and equipment. We control the impact of noise on the environment through restriction of the production workshop location, the placement setting of production equipment, and implementation of vibration and noise reduction measures. For example, use materials or structure with good insulation for the doors and windows in production workshop; put shock-absorbers under production equipment; strengthen the 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 set up appropriate production time schedule and plant a lot of trees inside factories to reduce the impact of noise on the surrounding community environment. The Group strictly abide by the limits and guidelines for the emission of noise to the environment in the "Emission Standard for Industrial Enterprises Noise at Boundary", and regulates the emission of noise in accordance with the internal environmental management system.

Compliance

Referring to the note 23(a)(ii) to the consolidated financial statements, a provision was made as at the end of the Reporting Period for penalties relating to the contravention of certain environmental regulations in 2021. Except for this, the Group did not involve in any confirmed violations that are related to emissions and have significant impact on the Group during the Reporting Period.

2. MANAGEMENT OF RESOURCES UTILIZATION

In order to comply with the "Cleaner Production Promotion Law of the People's Republic of China", the "Energy Conservation Law of the People's Republic of China" and the related laws, regulations and policies on resource conservation, the production departments and offices of the Group actively take various resource reduction measures in accordance with the requirements of the "Environmental Protection Management System", pay attention to the publicity and education of environmental protection, energy conservation and emission reduction knowledge. We carry out timely environmental protection education and training to continuously improve employees' awareness on environmental protection. Every employee understands the importance of resources conservation, and they are required to make full use of resources, maximize their effectiveness and eliminate resources wastage.

Conservation of Energy

Conservation of Gasoline, Diesel and Refrigerant

Gasoline and diesel are mainly used in vehicles for office use and warehouse forklifts. The Group sets assessment indicators to control the use of fuel. Drivers must plan their routes in advance. If passengers travel to the same or close destinations, they will be arranged to use the same vehicle to reduce gasoline and diesel consumption. The engineering department regularly repairs and maintains vehicles to improve energy efficiency, and to reduce the extra fuel use and exhaust air emission resulting from the failures of vehicle's part.

The Group's gasoline consumption during the Reporting Period decreased by approximately 6.47 tonnes or 77.76% as compared with the previous year, with a total of approximately 1.85 tonnes of gasoline consumed. The Group's diesel consumption during the Reporting Period decreased by approximately 10.36 tonnes or 31.03% as compared with the previous year, with a total of approximately 23.03 tonnes of diesel consumed. The main reason is that the Group sold or disposed of four gasoline vehicles, two diesel vehicles and ten forklifts during the Reporting Period.

As the Group plans to sell or dispose of gasoline and diesel vehicles and forklifts during the Reporting Period, the Group set targets at the beginning of the Reporting Period to reduce the consumption of gasoline and diesel by 80% and 50% respectively as compared with the previous year. The results for the year aligned with expectations. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" for the relevant data.

2. MANAGEMENT OF RESOURCES UTILIZATION(CONTINUED)

Conservation of Energy (continued)

***Conservation of Gasoline, Diesel and Refrigerant** (continued)*

During the Reporting Period, the Group's energy consumption and Scope 1 greenhouse gas emissions data are as follows:

	2025		2024	
	Fuel consumption	**Carbon dioxide equivalent emissions (Tonnes)**	Fuel consumption	Carbon dioxide equivalent emissions (Tonnes)
Gasoline	**1.85 Tonnes**	**6.79**	8.32 Tonnes	30.58
Diesel	**23.03 Tonnes**	**71.82**	33.39 Tonnes	104.45
Refrigerant	**0.01 Tonnes**	**15.20**	0.03 Tonnes	45.61
Group's Total emission		**93.81**		180.64
Group's Emission intensity[1]		**0.02**		0.08

Note:

1 Emission intensity is based on every 10,000 square feet of leather produced.

2. MANAGEMENT OF RESOURCES UTILIZATION(CONTINUED)

Conservation of Energy (continued)

Conservation of Steam and Electricity

Steam is mainly used in production lines for running production equipment, product development and the energy for heating of the sewage treatment station. Steam is acquired from suppliers and the use of steam itself does not produce any greenhouse gas, but steam is produced by burning fuel, resulting in greenhouse gas and exhaust air emissions. Therefore, we have adopted various measures to save the use of steam. We installed thermostatic steam trap in steam pipe networks and equipment. Condensed water, air and non-condensing gas are emitted automatically and the trap can prevent leakage of steam. We continued to strengthen the maintenance of steam pipes and wrapped the pipes with aluminum sheet and thermal insulation cotton to reduce heat loss. The power equipment department is required to report the volume of steam to the finance department monthly, and explain the reason in case the actual consumption exceeds the budgeted amount. The power equipment department regularly inspects and repairs steam pipes to avoid unnecessary waste caused by leakage. During the Reporting Period, the production center and power equipment department optimized and insulated the steam pipelines, resulting in a decrease of approximately 12% of steam consumption as compared with the previous year.

During the Reporting Period, the Group consumed approximately 20,566.00 tonnes of steam, representing a decrease of approximately 2,724.00 tonnes or 11.70% as compared with the previous year. The main reason is the increase in the production level.

The Group set a target at the beginning of the Reporting Period to reduce the consumption intensity of steam by 5% as compared with the previous year. This year's target has been achieved. Please refer to the sections headed "Conservation of Electricity" and the "Summary of Environmental Data and Performance" for the relevant data.

The Group focuses on the design of the production plant and places the machineries and transportation systems in the safest and the most convenient location to reduce energy use. The administration, environment and safety, and human resources departments work together to formulate energy management policies, promote energy management work, increase production efficiency and save electricity, thereby reducing energy loss and increasing profits. Since certain production process needs to be operated at high temperature, large ice cubes are placed inside the production plant to replace use of air conditioners generating greenhouse gas and to reduce indoor temperature and the chance of employees suffering from heatstroke. Besides, the Group has set up a series of energy saving measures in the production plant and office. For example, using natural light, adjusting the light by means of zone control, switching off electrical appliances such as lights, electric fans, air-conditioners, computers, etc. during noon break and after work, and switching on and off production machineries are controlled. In view of the large number of older employees in Xuzhou Tannery, we make use of regular meetings, weekly meetings and regular training as well as assessment procedures and drills to enrich the dull training sessions and arouse the employees' interests and enthusiasm so as to make sure that every employee is able to memorize the operating procedures of the equipment in their position and understand the importance of saving energy, so that the waste of resources due to non-compliance operation could be effectively eliminated while maintaining product quality.

2. MANAGEMENT OF RESOURCES UTILIZATION(CONTINUED)

Conservation of Energy (continued)

Conservation of Steam and Electricity (continued)

In order to control electricity consumption, we have implemented measures such as process optimization and elimination of equipment. The reason for not reducing electricity consumption is that the current requirements for leather are becoming more stringent and the time required for the process has also been extended. We have put in more effort in equipment enhancement, and caused extension to the production cycle.

During the Reporting Period, the Group consumed electricity of approximately 5,696.41 megawatt hours ("MWh"), representing a decrease of approximately 380.26 MWh or 6.26% as compared with the previous year.

The Group set a target at the beginning of the Reporting Period to reduce this year's consumption intensity of electricity by 5% as compared with the previous year, and has achieved this year's target. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" for the relevant data.

During the Reporting Period, the Group's electricity consumption and Scope 2 greenhouse gas emissions data are as follows:

	2025		2024	
	Energy consumption	**Carbon dioxide equivalent emissions (Tonnes)**	Energy consumption	Carbon dioxide equivalent emissions (Tonnes)
Electricity	**5,696.41 MWh**	**2,182.90**	6,076.67 MWh	3,707.38
Steam[1]	**20,566.00 Tonnes**	**N/A**	23,290.00 Tonnes	N/A
Group's Total emission		**2,182.90**		3,707.38
Group's Emission intensity[2]		**1.60**		3.52

Notes:

1 *Steam is resulted from burning wood, plants, biomass fuels or other energy sources in boiler; while the fuel burning process produces exhaust air (such as sulfur dioxide, nitrogen oxides, dust, etc.) and greenhouse gases. The Group started purchasing steam from suppliers since the beginning of 2018. As the suppliers were unable to provide the types and composition of the fuel used for producing the steam, the Group does not have the necessary information to calculate the exhaust air and greenhouse gas emissions.*

2 *Emission intensity is based on every 10,000 square feet of leather produced.*

2. MANAGEMENT OF RESOURCES UTILIZATION(CONTINUED)

Conservation of Water

The water used by the Group was supplied by the government for leather production and daily life. During the Reporting Period, although we did not face any water supply problem, we have actively implemented various measures to educate our employees to save water from daily life. The Group clearly understands the importance of water resources for production, construction and living needs and thus established the water-saving leading team and water-saving office, with each department fulfilling its respective duties to improve water utilization and reduce waste. The power equipment department reduces water pressure, inspects water facilities, hidden water pipes and internal water supply systems, etc., regularly, and repairs damaged water tanks, water taps and other water supply facilities in a timely manner to prevent water leakage and unnecessary wastage. The power equipment department also needs to keep detailed records of all inspection and repair. We also monitor the consumption of each water outlets in the entire plant area, collect and analyze water consumption data to identify departments or production units with higher water consumption, so that targeted remediation plans can be formulated and implemented to eliminate unnecessary water consumption. Xuzhou Tannery is recognized as a water-saving enterprise in Jiangsu Province. In order to enhance proper attitude towards the use of water and enhance environmental awareness of employees, Xuzhou Tannery has posted water saving sign at prominent places to remind employees of controlling the water flow when washing hands, minimizing tap water flow and switching off the tap afterwards.

In the initial stage of the production process, more water is used from fur processing to blue leather than in other stages. The production level in the initial stage of this year increased as compared with the previous year. Therefore, the Group's water consumption during the Reporting Period increased by approximately 90,522.00 tonnes or 24.78% as compared with the previous year, with a total of approximately 455,861.00 tonnes of water consumed.

The Group set a target at the beginning of the Reporting Period to reduce this year's consumption intensity of water by 5% as compared with the previous year, and has achieved this year's target. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" for the relevant data.

During the Reporting Period, the Group's water consumption is as follows:

	2025 (Tonnes)	2024 (Tonnes)
Water Resources		
Total	**455,861.00**	365,339.00
Intensity[1]	**237.18**	274.95

Note:

1 Consumption intensity is based on every 10,000 square feet of leather produced.

III. Environmental Protection (Continued)

2. MANAGEMENT OF RESOURCES UTILIZATION(CONTINUED)

Conservation of Paper

The Group actively promotes "Paperless Office" and encourage employees to transmit information and documents in electronic form to reduce photocopying and printing. We encourage our employees to set the printer to double-sided printing as default, check the file format (such as kerning, margins, and pages) before photocopying or printing, use both sides of the paper whenever possible. We make full use of paper by reuse one-side used paper for printing, used envelope and packaging materials; collect the double-side wasted papers in recycled paper collection box and recycle by qualified recyclers. We also effectively regulate and improve the paper usage habits of various departments through the formulation of paper procurement and requisition procedures. The Group has used public photocopiers since August 2024, The Group's paper consumption during the Reporting Period increased by approximately 0.01 tonnes or 1.72% as compared with the previous year, with a total of approximately 0.58 tonnes of paper consumed.

3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group has been established for more than twenty years at a leading position in the industry by persistently supporting the concept of "Compliance and Integrity Operation", possessing rich experience in environmental protection management and continuously improving the tanning technology. We made investments each year in the facilities for prevention and control of pollution, new tanning technology development, and kept on improving the environment within the plant. The Group will continue to pay close attention to environmental protection related laws, regulations and measures, and strictly abide by the internal environmental protection management system to ensure compliance with laws and regulations. We take the national environmental protection development plan as our blueprint, raise the environmental awareness at all levels within the Group and let everyone to realize the deteriorating global environmental situation, and hope to have more industrial and commercial enterprises, social organizations and general public participating in environmental protection projects and working together to improve environment and build a better world, and to promote its sustainable development.

The Group will continue to increase its investment in various environmental protection projects in the future and will closely monitor and supervise the subsequent implementation of the rectification work above to ensure that the plant handles emissions and waste in compliance with regulations and the risk of causing major pollution is eliminated. We will revisit and identify the sources of wastes produced in operation, to evaluate the impact on the environment for use of resources and to enhance the environmental-friendly facilities and ancillary equipment, and continue to strengthen the control measures in the "Internal Control Manual" to deal with social responsibility risks, including the promotion of cleaner production, energy conservation and emission reduction, extensive use of energy-saving products, and the economical use of office resources. Through effective ways such as publicity and education, we constantly improve employees' awareness of environmental protection and resource conservation, fulfill social responsibilities and obligations in the process of business development, and achieve coordinated development of the enterprise, society and environment. The Group's research and development center focuses on product research and development, eco-leather manufacturing and enzyme agent research and development projects. The manufacturing process of traditional leather requires the use of chromium, which can easily cause heavy metal pollution, but Eco-leather is completely free of chromium, making it suitable for the manufacturing of maternal and infant products, while reducing heavy metal pollution.

4. CLIMATE-RELATED RISKS

Governance

The governance process, controls and procedures the Group uses to monitor, manage and oversee climate-related risks and opportunities are described in the section headed "Governance Structure" of "Management of Environmental, Social and Governance" above.

Strategy

The Group understands that climate-related issues affect its businesses, strategy, and financial planning over the short, medium and long term. Therefore, the Group has identified climate-related risks and opportunities it encounters over various time horizons. We determined climate risks based on the assessment methodology explained in the section headed "Risk Management" below, and has developed respective management approaches and action plans to enhance its resilience to climate change.

The climate risks identified, their time horizon, trend, and the potential financial impacts affecting the Group are described below.

Type of Risks	Climate Risks	Time Horizon	Trend	Potential Financial Impact
Physical Risks	Acute	Long term	Increase	The increase in frequency and severity of extreme weather (such as flooding, heatwave, typhoon, etc.) may cause damage to property, resulting in an increase in the cost of operations and depreciation of facilities. The increased severity of extreme weather events may also threaten the safety of employees working at the premises, causing disruptions to human resources and supply chains.
	Chronic	Long term	Increase	Longer-term shifts in climate patterns can increase capital costs, operating costs, costs of human resources and increased insurance premiums and potential for reduced availability of insurance on assets in locations with high exposure to natural disasters.
Transition Risk	Policy and Legal	Long term	Increase	Governments may revise the related policies, laws and regulations to address climate change. Therefore, the Group may also need to adjust its internal policies and measures to comply with the relevant evolving laws and regulations, which may increase operating costs.

III. Environmental Protection (Continued)

4. CLIMATE-RELATED RISKS (CONTINUED)

Risk Management

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk. Risks are then prioritised and classified into three risk levels: high, medium and low. The overall risk level was determined depending on the overall possibility and impact of the risks.

Risk Levels	Definition of the Overall Risk Levels
High	Risks at this level may have serious consequences. It is highly likely that there will be some impacts to the Group and hindrance for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

The major climate physical and transition risks identified, their overall risk levels and the Group's management approach are described below. The Group will prioritise resources to manage climate risks with high risk levels.

Climate Risks		Overall Risk Level	Management Approach
Physical Risks	Acute	High	➢ To formulate disaster recovery plans to enhance resilience to natural disasters
	Chronic	High	➢ To train employees on emergency procedures
			➢ To provide guidance for the rapid and smooth restoration of services
Transition Risk	Policy and Legal	Low	➢ Continuously monitor change of applicable climate policies and trends

Metrics and Targets

The Group establishes the ESG governance structure. The Board sets long-term policies and strategies for all sustainability matters, reviews the implementation status and progress of ESG-related (including climate-related) work annually. The management team set the ESG-related (including climate-related) targets to assist the Board in evaluating the effectiveness of the ESG strategy and measures on an annual basis and assessing and determining whether the Company has established an appropriate and effective internal control system to contain the ESG-related (including climate-related) risks and opportunities. At the operational level, each functional unit is responsible for ensuring the integration of sustainability (including climate-related) strategies and practices into the business operations of the Group. The climate-related targets include scope 1, scope 2 and scope 3 greenhouse gas emissions, and greenhouse gas emission intensities. The GHG emission data and targets set are shown in the section headed "Summary of Environmental Data and Performance".

IV. Employment and Labor Practices

Employees are the Group's valuable assets. The Group adheres to the "people-oriented" governance philosophy, and strives to provide a non-discrimination, equal, harmonious and safe workplace. The Group based on the long-term benefit of the Group; incorporating sustainability into strategies, in formulating appropriate human resources policies. The Group also constantly reviews the talent management mechanism, creates favorable conditions to attract, develop, retain and identify high potential talents. The Group has strictly complied with the relevant laws and regulations on employment and labor of Chinese Mainland and Hong Kong, including 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" and the "Production Safety Law of the People's Republic of China" of Chinese Mainland, and 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, and other local government requirements and standards. Relevant information will be described in detail in the sections headed "Employment", "Health and Safety" and "Labor Standards" below.

1. EMPLOYMENT

The Group has established internal management system which specifies the requirements for recruitment, promotion, dismissal, working hours, rest periods, compensation, welfare and other benefits.

Recruitment, Promotion, Dismissal, Equal Opportunity, Diversity and Anti-discrimination

The Group has always adhered to the concept of recruiting the talented people and making the best use of their talents. It also advocates equal opportunity and respects personal privacy, and established related policy in this area. During the recruitment process, the department head determines the job positions' responsibilities and requirements, and the human resources department assesses and screens applicants according to the requirements. The appropriate candidates would be selected based on their work experience, professional knowledge, educational background, communication skills, expression skills, morality and work attitude, and regardless of their age, gender, race, religion, nationality or marital status. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination. The Group handles dismissal and compensation in accordance with the local laws and regulations.

IV. Employment and Labor Practices (Continued)

1. EMPLOYMENT (CONTINUED)

Recruitment, Promotion, Dismissal, Equal Opportunity, Diversity and Anti-discrimination (continued)

As at 31 December 2025, the gender ratio in the workforce of the Group (including senior management of the Company) comprised 80% male and 20% female. As the Group's nature of operation requires significant manual labor, the Group believes that the gender ratio of the workforce is within a reasonable range. The Group will review the effectiveness of the measures and practices against the actual circumstances of the Group and will adopt new policies when considered necessary. In particular, it will continue to monitor the gender ratio and will aim at achieving a greater gender diversity in hiring all positions across the Group where practical.

In order to enhance the quality of work and competency of employees, we conduct periodic performance appraisal and fairly assesses the level of awards, salary increment and/or promotion recommendations based on a number of criteria, including working experience, seniority, knowledge and skills, performance, contributions, etc. The Group formulates assessment plan and quantified performance indicators to conduct performance appraisal, as reference for promotion and salary increment of employees.

On the basis of equality, the Group hopes to identify talents who are committed and dedicated to work; the Group has confidence and high hopes on those employees who are willing to take responsibility, keep learning, continuously improving their abilities and willing to move forward with the Group.

At the end of the Reporting Period, the Group had approximately 223 (2024: 261) employees and the distribution is as follows:

	2025	2024
Gender		
Male	**80%**	77%
Female	**20%**	23%
Employment Type		
Full-time	**98%**	93%
Part-time	**2%**	7%
Age Group		
18-30	**1%**	2%
31-45	**32%**	32%
46-60	**67%**	66%
Geographical Region		
Chinese Mainland	**99%**	99%
Hong Kong	**1%**	1%

1. EMPLOYMENT (CONTINUED)

Recruitment, Promotion, Dismissal, Equal Opportunity, Diversity and Anti-discrimination (continued)

During the Reporting Period, the Group's average monthly employee turnover rate is as follows:

	2025	2024
Gender		
Male	**1.42%**	1.11%
Female	**2.61%**	2.81%
Age Group		
18-30	**7.69%**	1.79%
31-45	**1.09%**	0.87%
46-60	**1.87%**	1.78%
Over 60	**–**	25.00%
Geographical Region		
Chinese Mainland	**1.62%**	1.50%
Hong Kong	**3.70%**	3.03%

Compensation, Welfare and Other Benefits

The Group attracts and retains outstanding talents by providing competitive remuneration packages and benchmarks up-to-date remuneration data in their industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries level is decided based on their knowledge, skills, experiences and educational background. Employee compensation varies among factories and offices by location. Some of the factories and offices implement remuneration system that consists of basic salary and performance-based bonus.

The remuneration package includes salary and bonus. Other benefits include the position subsidies, overtime subsidies, overtime meal allowance, festive gifts, birthday gifts, providing staff dormitories, hospitalization and medical care, and general health checkups. Besides, in accordance with the local labor laws and social security laws and regulations, the Group provides social security benefits for all employees. The Group contributes to various social security schemes (endowment insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance) and housing provident funds for the employees in Chinese Mainland and contributes to the Mandatory Provident Fund Scheme for the employees in Hong Kong.

Working Hours and Rest Periods

The Group attaches importance to employees' health and work-life balance and protects the employees' entitlement to rest days and holidays. Employees' work hours are set in compliance with local labor laws.

2. HEALTH AND SAFETY

The Group cares about our employees' health and their working environment safety and believes that the corporate is responsible for production safety work. It should adhere to the concept of "people-oriented, safe development", and strengthen and fulfill the responsibility towards preventing and avoiding occupational hazards from employees.

Safety Production Structure

To comply with the "Production Safety Law of the People's Republic of China" and applicable local laws and regulations and to manage production safety more effectively, Xuzhou Tannery has formulated various production safety policies and procedures and established safety management structure by establishing the production safety committee, the production safety office and the environment and safety center. The organization structure includes a registered safety engineer and several safety officers to enhance the production safety management level of the company. The production safety committee formulates production safety plans and annual production safety targets. Department heads are required to sign production safety responsibility statement every year. It clarifies the safety production responsibility indicators and assessment indicators of each department and main person in charge, and link safety responsibility with performance assessment. It is hoped that management and employees of all levels would clearly understand their own responsibility for safety and assume safety responsibility strictly in accordance with the production safety responsibility statement. In addition, we have also formulated "Administrative Measures against "Three Violations"" to strengthen the company's work on safety management. Employees who violate the laws and regulations in respect of production, command and labor disciplines are warned and, where required, to undergo safety refreshment training to avoid safety accidents and injury to employees.

Safety Training

The Group pays attention to provide the safety training to employees. New employees must receive three-level safety education (company, department and team levels) before they can start working. During the Reporting Period, Xuzhou Tannery organized "Safe Production Month" and "Fire Safety Month" and used signboards, WeChat platform, pre-and post-session meetings and other channels to promote related activities to strengthen employees' safety awareness. The activities included fire safety training activities, watching warning education films, disaster prevention and mitigation training sessions and resumption of work and production training sessions, etc. Employees of special work types (such as electricians, electric welders, boiler operators, forklift operators, etc.) must receive relevant professional safety training and possess valid license from the government authority before they perform these works.

2. HEALTH AND SAFETY (CONTINUED)

Safe Working Environment

In order to implement the safety production policy of "Safety First, Precaution Crucial, Comprehensive Governance", the Group identifies major hazard sources, conducts risk assessments for potential major accidents and proposes corrective measures to eliminate the risks of the occurrence of safety accidents. Safety personnel regularly inspect each production workshop in accordance with company requirements and safety operating procedures, and urge employees of each production workshop to conduct safety inspections of production posts, conduct regular fire inspections every day to check whether the fire protection equipment and fire safety signs are intact and remove tinders. The power equipment department is responsible for the maintenance and daily inspection of various facilities and equipment. For the hidden dangers discovered during the inspection, we will put forward remediation advices, report to the management in a timely manner, supervise the implementation of the remediation plan, and record the details of the inspection and remediation. When hidden dangers are found to be dangerous to employees and affect personal safety, we immediately take emergency measures to suspend relevant operations and evacuate employees from the operations.

Xuzhou Tannery launched a three-year action plan (2024-2026) to tackle the root causes of production safety this year. In terms of safety concepts, safety responsibilities, safety planning, safety standards, safety technology, safety engineering, and safety quality, it aims to improve the ability to discover and solve problems during risk inspections, continuously improve safety standards, and accelerate the modernization of the production safety governance system and governance capabilities. Xuzhou Tannery carried out comprehensive internal hidden hazard investigation and elimination work on an issue-oriented manner, thus achieving closed-loop management. When hidden problems were identified from various safety inspections, we formulated remediation measures for the issues, specified the respective responsibilities of remediation and supervision, completed the relevant remediation work, updated the list of hazard sources identification, and announced such list and preventive measures to all employees. We conducted a comprehensive inspection of fire fighting facilities this year and made detailed records. We promptly replaced or removed fire extinguishers and fire hydrants that posed potential hazards, effectively reducing fire safety risks.

At the same time, Xuzhou Tannery put in more efforts in safety training and publicity, normalized the related work and promoted the participation of all employees. During the year, employees joined trainings on fire prevention, poisonous chemical products, special equipment, safety use of electricity, work in restricted space, occupational health and first aid. The plant also carried out different types of emergency drills, including fire emergency drills, confined space emergency drills, poisonous and hazardous chemical leakage drills,. The purpose is to raise the employees' emergency response capabilities, ensure the emergency plans could be carried out effectively, find out the deficiencies in emergency management for remediation and improvement, and in the event of safety accidents, employees can correctly handle the accidents to minimize the damage.

2. HEALTH AND SAFETY (CONTINUED)

Employees' Occupational Health

The Group sets up an occupational health management policy pursuant to the requirements of the "Production Safety Law of the People's Republic of China", the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases" and the applicable local laws and regulations to protect its employees' health, rights and interests. The Group arranges annual medical checkup for its employees. Protective equipment (such as masks, earplugs, uniforms, protective shoes, sawdust, etc.) that meets the national standards, together with the guideline for use, is provided to its employees. In order to improve the monitoring and management of hazard factors, take appropriate measures to eliminate or control risks, and ensure that employees work in a safe environment, we entrusted professional testing companies to comply with the standards of chemical hazards and physical factors in the "Occupational Exposure Limits for Hazardous Agents in the Workplace", and conducted inspection and evaluation of occupational disease hazards at each production post in the plant. The inspection results meet the standards.

During the Reporting Period, the number of lost days due to work injury are as follows:

	2025 (Days)	2024 (Days)
Lost Days Due to Work Injury	**43**	120

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

3. DEVELOPMENT AND TRAINING

An excellent corporate team is critical to the Group's sustainable and long-term business development. Therefore, we have established a stringent and comprehensive recruitment system, standards and procedures; introduced competition mechanism, hoping to explore and cultivate professional talents, and to encourage staff to continue study and lifelong learning. Apart from aligning the Group's corporate business plan, we also hope to enhance the quality, technical skills and knowledge of employees through continuous training and establish a positive working attitude for employees.

New employees of Xuzhou Tannery have to participate in induction training with an aim to introduce corporate culture, industry knowledge, organizational structure, policies and procedures, operational safety, etc. Before employees are transferred, they must receive pre-transfer professional training until they meet the requirements of the job position. For those with outstanding performance in the training, on top of recognition, rewards are given judgmentally. Those who fail to meet the standard, their training period can be extended appropriately. All employees are encouraged to receive external education and training in their spare time as long as their work is not affected. Xuzhou Tannery sets up training plan according to the human resources needs, and organize internal training and participate in training activities organized by external professional bodies. During the Reporting Period, in addition to pre-employment training to new hires, the Group also organized various training relating to production safety (please refer to the section headed "Health and Safety" above for details), anti-corruption (please refer to the section headed "Anti-corruption" below for details), etc.

3. DEVELOPMENT AND TRAINING (CONTINUED)

During the Reporting Period, the percentage of the Group's employees trained[1] is as follows:

	2025	2024
Gender		
Male	**57.89%**	92.14%
Female	**60.00%**	80.00%
Employee Category		
Senior Management	**85.71%**	77.78%
Middle Management	**82.61%**	91.67%
Ordinary Staff	**55.23%**	89.13%

During the Reporting Period, the average training hours[2] per the Group's employee are as follows:

	2025	2024
Gender		
Male	**1.76**	20.23
Female	**1.85**	16.41
Employee Category		
Senior Management	**6.43**	24.67
Middle Management	**3.17**	21.58
Ordinary Staff	**1.51**	18.86

Notes:

1 *"The average training hours" 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.*

2 *"The average training hours" 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.*

IV. Employment and Labor Practices (Continued)

4. LABOR STANDARDS

The Group cherishes human rights and protects labor rights, and follows the applicable laws and regulations in forbidding child and forced labor. The human resources department reviews the identity documents of the candidates in the hiring process to prevent employment of child labor. Besides, the Group also strictly implements various measures to prevent any form of forced labor, including prisoner, indentured servitude, bonded labor; for example, labor contract is signed by the employee on a fair and voluntary basis, ensure employees do not need to bear any onboarding costs, never deduct wages, benefits or property of employees without reason, detention of employee's identity card or other identification documents is strictly prohibited, any form of physical abuse, assault, body search or insult, or forcing an employee to work by means of violence, threat or unlawful restriction of personal freedom is all forbidden. Seeking consent from employees for overtime work is required to avoid involuntary overtime, and the employees are compensated as appropriate in accordance with the applicable labor laws and regulations. In case any possible violations are found, the Group will immediately take countermeasures to rectify and eliminate such violations as soon as possible so as to ensure compliance operations.

COMPLIANCE

The Group did not involve in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group during the Reporting Period.

V. Operating Practices

1. SUPPLY CHAIN MANAGEMENT

The Group conveys its concerns on environmental protection issues to the suppliers and business partners and expects them to join hands with the Group to fulfill the corporate social responsibility. The Group aims to develop business with its suppliers on the basis of equality to achieve a win-win situation. Prior to entering into the contract stage with key business partners, the Group conducts an assessment based on a variety of criteria, including attitude towards environmental and social issues. Therefore, we have established strict internal rules and regulations and evaluation systems for both new and existing suppliers and have prepared an approved vendor list. When selecting a new supplier, the Group assesses the corporate background, certification, production scale, management system, production equipment, etc. and suppliers are categorized into approved vendors or substandard vendors according to the assessment result. The person in charge of each material usage department conducts an annual review for suppliers based on material quality, delivery status, service quality and price level, and categorizes suppliers according to the scoring criteria to determine whether we can continue to carry out business with certain suppliers or need to reduce or suspend purchasing. There is proper segregation of duties from signing of contracts with suppliers to goods or service acceptance so as to ensure that the goods and service providers possess the required qualifications and professional skills, adopt good internal management system, stable quality, on-time delivery, comply with laws and regulations, etc. This is to ensure that the Group's suppliers are competitive and are able to provide good quality products and services.

During the Reporting Period, the number and geographical distribution of the suppliers that have business with the Group are as follows:

	2025	2024
Chinese Mainland	**80**	71

2. PRODUCT RESPONSIBILITY

The Group has been striving for continuous innovation and improvement, and to insist on quality control. Therefore, the Group has formulated policies and procedures to monitor the product quality and customer service processes, maintain communication with customers, understand and meet the customer needs and expectation, and make continuous improvements.

Management of Product Quality

The Group commits to providing quality and safe products, not only to satisfy the customers' basic requirements, but also to meet our production efficiency, effectiveness and quality control targets. Therefore, we formulate the "Internal Control System of Quality Center". The quality center is responsible for monitoring and inspecting the quality of raw materials, crust, blue skins and finished products. Raw material suppliers need to provide testing result data to ensure that their quality meets the national standards. In accordance with the "Guidelines for Quality Inspection of Finished Products", we strengthen the technical training of quality inspectors and improve their technical level and sense of responsibility to ensure that they can effectively monitor the quality of products. If sub-standard products are found during the inspection process, the marketing center and the production center must notify the warehouse in writing that the substandard products cannot be placed in the warehouse to avoid accidentally selling the substandard products to the customers. The testing laboratory under the China Leather Research Institute randomly tests the Group's products annually, and all the products are produced and delivered with a qualified test report.

Management of Customers' Complaints

If customers have product quality issue or the products fail to satisfy their requirements such as peeling off, crack of leather surface, etc., they can approach the Group's after-sales services. In order to better understand customer requirements and continuously improve our products, we regularly consult customers' opinions and suggestions through visits, questionnaires and telephone calls in accordance with the "Customer Satisfaction Survey Management System", to identify the cause of customer dissatisfaction and provide solution in time, hoping to improve the quality of products and services. During the Reporting Period, the Group did not receive products and service related complaints received.

2. PRODUCT RESPONSIBILITY (CONTINUED)

Customer Data Protection and Privacy Policies

Confidentiality is one of the Group's core values. We have established "Customer Information Management System" to ensure our employees handle customers' information diligently and confidentially, and formulated clear guidelines to monitor the use and management of customer files to prevent leakage of customer information. For any confidential information obtained through business relationships, all employees are strictly prohibited to disclose any information to assisting vendors or third parties without proper authority unless there is a legal or professional right or duty to do so. If such information has to be accessed due to business relationships, employees must provide the purpose and reason for the inspection and inspect only after obtaining approval.

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.

Recall of Products

During the Reporting Period, the Group has no product sold or shipped subject to recalls for safety and health reasons.

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.

V. Operating Practices (Continued)

3. ANTI-CORRUPTION

As the Group's corporate cultural philosophy are "Honesty, Probity, Effectiveness", maintaining an ethical working environment is one of the Group's core values. We have adopted a zero-tolerance approach for all kinds of corruption, bribery and extortion situation. To comply with the "Criminal Law of the People's Republic of China" and the "Criminal Procedure Law of the People's Republic of China" of Chinese Mainland, the "Prevention of Bribery Ordinance" of Hong Kong and applicable laws and regulations, the Group set up "Human Resources Management Policy" and "Employee Handbook" to regulate the employees' conduct. We have set out strict penalties to combat inappropriate collection and acceptance of bribes, commissions or other illegal interests. The Group demanded all employees to build up a habit of complying to policies and procedures. Employees who are in breach of the company's code of conduct are disciplined or dismissed. During the Reporting Period, we provided directors and employees with various forms of anti-corruption activities, such as holding Party conduct and integrity building and anti-corruption work meetings, and collective integrity talks, watching educational films, etc. We set up a comprehensive disciplinary monitoring system to cover the operation and production processes. Therefore, the "Rules for Discipline Inspection and Supervision Reporting" was formulated and we have established channels, including mailbox and hotline, for whistleblowers to submit reports of suspected personal interests in carrying out one's job duties, briberies, extortion, frauds, money laundering and other illegal acts in an absolute confidential manner. The Group handles such reports in absolute confidence and is determinant in combating corruption and contributes in building an uncorrupted society. During the Reporting Period, there was no litigation of corruption involving the Group or its employees.

VI. Community Investment

The Group is a responsible tax payer and spares no effort in easing local employment pressure. The Group pays the "five insurance and housing provident fund" for mainland employees, contributes to the mandatory provident fund scheme for Hong Kong staffs, and assists its staff to make good plans for their retirement life. The Group has operated its factory in Chinese Mainland for over twenty years and is one of the pillar industries in that area, exercising good practices in its business operation, protecting environment and building a good development order. We have been regarded as a role model for the industry, contributing to social stability.

VII. Environmental Performance Data Summary

	Unit	2025	2024
Greenhouse Gas ("GHG")			
Scope 1[1]			
Total	Tonnes	**93.81**	180.64
Intensity[4]	Tonnes	**0.02**	0.08
Scope 2[2]			
Total	Tonnes	**2,182.90**	3,707.38
Intensity[4]	Tonnes	**1.60**	3.52
Scope 3[3,5]			
Total	Tonnes	**30.98**	29.46
Intensity[4]	Tonnes	**0.01**	0.01
Air Emissions[6]			
Nitrogen Oxides	Kilograms	**746.69**	1,046.69
Sulfur Oxides	Kilograms	**0.48**	0.81
Particulate Matters	Kilograms	**48.04**	67.49
Hazardous Waste			
Sewage Discharged:			
Total	Tonnes	**0.94**	0.95
Intensity[4]	Tonnes	**0.0005**	0.0007
Solid Waste Generated:			
Total	Tonnes	**1,083.60**	815.31
Intensity[4]	Tonnes	**0.56**	0.61
Non-hazardous Waste			
Sewage Discharged:			
Total	Tonnes	**698,231.63**	402,375.92
Intensity[4]	Tonnes	**363.28**	302.82
Solid Waste Generated:			
Total	Tonnes	**4,062.32**	3,474.87
Intensity[4]	Tonnes	**2.11**	2.62
Packaging Materials Used for			
Finished Goods:			
Total	Tonnes	**24.00**	22.06
Intensity[4]	Tonnes	**0.007**	0.009

VII. Environmental Performance Data Summary (Continued)

	Unit	2025	2024
Energy and Water Resources Consumption			
Gasoline:			
Total	Tonnes	**1.85**	8.32
Intensity[4]	Tonnes	**0.00057**	0.00373
Diesel:			
Total	Tonnes	**23.03**	33.39
Intensity[4]	Tonnes	**0.01**	0.01
Refrigerants:			
Total	Tonnes	**0.01**	0.03
Intensity[4]	Tonnes	**0.003**	0.013
Electricity:			
Total	MWh	**5,696.41**	6,076.67
Intensity[4]	MWh	**4.18**	5.77
Steam:			
Total	Tonnes	**20,566.00**	23,290.00
Intensity[4]	Tonnes	**14.89**	21.23
Water Resources:			
Total	Tonnes	**455,861.00**	365,339.00
Intensity[4]	Tonnes	**237.18**	274.95

VII. Environmental Performance Data Summary (Continued)

Notes:

1 *Scope 1 refers to the Group's business direct GHG emission, including combustion of gasoline, diesel, natural gas and refrigerants.*

2 *Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.*

3 *Scope 3 refers to other indirect greenhouse gas emissions generated outside the Group, including greenhouse gas emissions from business travel. Data for other categories of Scope 3 emissions has not yet been collected, and the Group currently does not have the capacity to collect data for such categories; however, the Group will endeavor to allocate resources to complete the disclosure of Scope 3 emissions in due course.*

4 *During the Reporting Period, the Group's principal activities were processing of leather and providing commissioning services for its customers. Since the production processes involved in different products are different, the emission and consumption of key performance indicators in each production process account for different proportions in the entire leather production process. Therefore, the calculation of emissions and consumption intensity of each key performance indicator is based on the actual proportion.*

Intensity is based on every 10,000 square feet of leather produced.

5 *The carbon emissions generated from business travel are calculated with reference to the carbon emission calculation method of 2060 Zero Carbon Corporation Initiative.*

6 *The carbon emissions are calculated with reference to the emission factors published by the "China Regional Grid Baseline Emission Factors" issued by the Climate Change Department of the Ministry of Ecology and Environment of China and the "Reporting Guidance on Environmental Key Performance Indicators" issued by The Stock Exchange of Hong Kong Limited.*

VIII. "Environmental, Social and Governance Reporting Code" by The Stock Exchange of Hong Kong Limited

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. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.* *Hazardous wastes are those defined by national regulations*	11-18
KPI A1.1	The types of emissions and respective emissions data.	15,17-18,40
KPI A1.2	[Repealed 1 January 2025]	N/A
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15,17,40
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15,18,40
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	13-18
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.	13-18
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	19-24
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).	20,22,41
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	23,41
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	19-22
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.	23
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	40

VIII. "Environmental, Social and Governance Reporting Code" by The Stock Exchange of Hong Kong Limited (Continued)

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	24
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	24
Aspect A4	**Climate Change [Repealed 1 January 2025]**	
General Disclosure	[Repealed 1 January 2025]	N/A
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.	27-29
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	28
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	29
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.	27,30-32
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	32
KPI B2.2	Lost days due to work injury.	32
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	30-32

VIII. "Environmental, Social and Governance Reporting Code" by The Stock Exchange of Hong Kong Limited (Continued)

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. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	32-33
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	33
KPI B3.2	The average training hours completed per employee by gender and employee category.	33
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.	27,34
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	34
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	34
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	35
KPI B5.1	Number of suppliers by geographical region.	35
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.	35
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	35
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	35

VIII. "Environmental, Social and Governance Reporting Code" by The Stock Exchange of Hong Kong Limited (Continued)

General Disclosure/KPIs	Reporting Guideline	Page
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.	36-37
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	37
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	36
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	37
KPI B6.4	Description of quality assurance process and recall procedures.	36-37
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	37
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.	38
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.	38
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	38
KPI B7.3	Description of anti-corruption training provided to directors and staff.	38
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.	39
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	39
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	39

VIII. "Environmental, Social and Governance Reporting Code" by The Stock Exchange of Hong Kong Limited (Continued)

General Disclosure/KPIs	Reporting Guideline	Page
C. CLIMATE-RELATED RISKS		
General Disclosure	Governance – The governance process, controls and procedures an issuer uses to monitor, manage and oversee climate-related risks and opportunities.	4-5,25
General Disclosure	Strategy – The strategy of an issuer for managing climate-related risks and opportunities.	25
General Disclosure	Risk Management – The process an issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities.	25
General Disclosure	Metrics and targets – The metrics and targets an issuer uses to understand its performance in relation to climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.	26,40-41



南粵控股
NAMYUE HOLDINGS

NAMYUE HOLDINGS LIMITED
南粵控股有限公司

